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Indonesian Creative Economy Performance In 2015-2020

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Abstract

The creative economy is a sector that makes a large contribution to Indonesia's GDP. When the pandemic outbreak weakened Indonesia's economy, the creative economy sector continued to grow in several sub-sectors. The purpose of this study is to assess the performance of the creative economy in Indonesia during the 2015-2020 period and assess Indonesia's potential to develop the creative economy sector. This study uses descriptive analysis and qualitative methods with interpretation of statistical data from eight main factors of creative economic performance. The results of the study show that Indonesia has great potential to develop the creative economic sector by strengthening the factors of education, leadership, infrastructure, culture, government policies, technological innovation, creative clusters/networks, and diversity.

1. Introduction

Before the COVID-19 pandemic, the creative economy was one of the fastest growing industrial sectors in the world in demographic and economic statistics, creating more jobs at lower costs than other sectors (UNCTAD, 2018). In Indonesia, the creative economy sector is able to create 18.1 million jobs with workforce growth reaching 4.02%. The growth of the workforce in the creative economy sector is greater than the growth of the national workforce which was only 2.02% in 2019.

The creative economy is one of the sectors in the world that contributes greatly to the country's economic growth. The creative economy absorbs a large workforce spread across all regions in Indonesia so that this sector plays an important role in promoting prosperity, technology and culture. When the Covid-19 pandemic attacked the Indonesian economy from various directions, the creative economy actually experienced growth in the culinary subsector.

Creative economy is a term that developed from the concept of capital based on creativity, culture and the environment which has the potential to increase economic growth. Peters (2010) reports that the knowledge-based economy is built on three pillars, namely the learning economy, the creative economy, and the open knowledge economy. Thus, the creative economy is an integral part of the success of a knowledge-based economy.

The creative economy is also said to be the fourth wave of the economy which is a continuation from the industrialization era to the information era. The information era is marked by discoveries in the field of technology which increasingly encourage humans to become more creative and productive in discovering new technologies. The subsectors of the creative economy are game development, crafts, interior design, music, fine arts, product design, fashion, culinary, film, photography, visual communication design, television and radio, architecture, advertising, entertainment, publishing and applications.

The creative economy sector in several countries contributes to Gross Domestic Income (GDP). In Indonesia, the creative economy was introduced to the public in 2004 by President Susilo Bambang Yudhoyono (SBY) after the emergence of the Asean Economic Community (AEC) and then developed by President Joko Widodo by forming the Creative Economy Agency (BERKRAF). The creative economy is still faced with increasingly broad global economic challenges. Therefore, the role of government is highly expected to continue to encourage the creative economy sector so that it is able to play a more effective role in the national economy through contributions to

Gross Domestic Product (GDP), job creation and exports.

Florida (2014) estimates there are 15 million super-creatives and 23.3 million creative professionals in the US, for a total of 38.3 million creative workers, which is about 30 percent of the total US workforce. In Indonesia, there are 8 million creative economies, which places Indonesia as the third largest country after the United States and South Korea.

The performance of the creative economy is measured based on the sector's ability to contribute to GDP, job creation and exports. The creative economy is the competitive advantage of a region in the modern economy as a form of combination of creativity and innovation. White et. al., (2014) developed 8 main factors for developing the creative economy. These eight factors depend on each other. These eight factors are then used as indicators for measuring the performance of the creative economy. The eight indicators are Education, Leadership, Infrastructure, Culture, Government Policy, Technological Innovation, Cluster/Network, and Diversity.

Much of the debate about the creative economy has centered on the network effects of talent locations in large and cosmopolitan cities implying that significant cultural and creative activity is an urban phenomenon of first-tier cities (Florida, 2003) and that cultural convenience in downtown areas is a key driver. location decisions for the creative class (Florida, 2014). Cunningham and Higgs (2009) found that city policy actors can exercise effective agency in a tripartite government system. This means that policy and asset management at the local level can deliver extraordinary cultural infrastructure benefits by focusing on the demands of local communities.

This research adopts research conducted by White et. al., (2014) to look at the performance of the creative economy in Indonesia in 2015-2020 and assess the potential of the creative economy in increasing economic growth. The selection of the year period is based on conditions before and after the pandemic outbreak attacked Indonesia.

2. Literature Review

2.1 Creative Economy

The creative economy is a concept for realizing sustainable economic development based on creativity through the use of resources that are not only renewable, but even unlimited, namely ideas, ideas, talents and creativity. So economic value is determined by creativity and innovation. The creative economy relies on ideas generated by human intellect. The output of the creative economy produces technical innovation, which has an impact on improving everyone's standard of living.

The term "creative economy" first appeared in John Howkins' 2001 book entitled The Creative Economy: How People Make Money from Ideas, where Howkins defined the creative economy as creative product transactions that have economic goods or services that result from creativity and have value. economy (Policy Research Group, 2013). In 2013, the most common definition of the creative economy was provided by the UK Department for Culture, Media and Sport, which defined the creative economy as those industries that derive from individual creativity, skills and talent and that have the potential for wealth and job creation through the creation and exploitation of intellectual property.

The creative economy is defined through presidential instruction (Inpres) no. 6 of 2009, economic activities are based on creativity, skills and talents to create creations and inventions that have economic value so that they can improve the welfare of the Indonesian people. The creative economy is a concept that positions creativity and knowledge as the main assets driving a country's economy so that it no longer relies solely on resources. The creative economy is a variety of things that require creativity, skills and talents to create job opportunities and prosperity through the exploitation of intellectual property. The

creative economy in Indonesia has 17 subsectors (Kemenparekfaf.go.id).

Through Triple Helix Synergy, it is a strategy taken by the government to encourage the development of the creative economy (BeKraf, 2017). This synergy includes academics, business people and government (ABGC). The strategic needs of the business world are complemented through research from non-ministerial institutions and universities. Academics are required to perfect the curriculum and form a creative mindset from an early age. This aims to increase the number of human resources who have competitiveness in creativity. Business actors play a role in financing and commercialization. The government plays a role through coordination mechanisms, action programs by central and regional government agencies.

2.2 Measures of Creative Economy Performance

The creative economy relies heavily on humans as the most important asset. Therefore, companies need to create an environment that rewards people for innovative behavior and partners with them to ensure their continued success. The creative economy intensifies information and creativity by relying on ideas from humans (Bekraf, 2017). This is the reason why it is difficult to determine the boundaries of the creative economy. Human creativity has no quantitative benchmarks and is very variable.

Cunningham and Higgs (2009) proposed a framework for assessing the creative economy based on industry analysis through the creative trident, namely specialist mode, support mode, and embedded mode., support mode, and embedded mode. They identify this mode as the creative trident used to evaluate the creative economy. Others use pure economic analysis at the macro and micro levels as indicators of the creative economy (Center for International Economics, 2009). Neither approach has been widely adopted. This is due to the difficulty of finding uniform indicators to measure the creative economy. A constant need for the establishment of measures and metrics for creativity (Nicodumus, 2012).

Factors that influence the creative industry based on investment categories and input supply are state subsidies, interest rates, consumer price index, unemployment rate, GDP growth (Nurani, 2019). While White et. al., (2014) offers eight main factors to measure creative economy performance. These eight factors depend on each other. These eight factors are then used as indicators for measuring the performance of the creative economy.

3. Research Methods

This research is descriptive research with a qualitative approach. The qualitative descriptive method is a research method based on postpositivism philosophy (Sugiyono, 2016:9). This method is used to examine the condition of natural objects where the researcher is the key instrument. Qualitative research results emphasize meaning rather than generalization. Qualitative research aims to describe, describe, explain, explain and answer in more detail the problems to be studied. The data in this research is quantitative data in the form of statistical data.

The data sources used are secondary data, namely annual reports from BeKraf and other reports related to the required information. The data is then described qualitatively to provide an overview of the performance of the creative economy in Indonesia in 2015-2020. Interpretive is used as a data analysis technique. Interpretive is a data analysis technique used to find the meaning of an observed phenomenon. An interpretive approach was used to conduct content analysis of research data.

4. Results and Discussion

4.1 Education

Humans are a very important asset for the creative economy. Stimulating creative minds in an open and flexible environment is a fundamental requirement of the creative economy. Therefore, a structured approach is needed in education that provides a solid

foundation for forming creative and innovative students through innovative learning designs.

Education is one measure of creative economic performance. White et. al., (2014) defines education operationally as flexibility in the curriculum, technology-embedded curriculum, research degrees, diversity in the curriculum, adult learning. Indonesia, through the Ministry of Education, Culture, Research and Technology (KEMENDIKBUDRISTEK) has promoted the concept of Independent Learning Campus (MBKM). MBKM provides a flexible space for students to study anything and anywhere by providing opportunities for students to hone their skills according to their talents and interests by going directly into the world of work in preparation for their future careers. This is a strategy used to narrow the distance between theories obtained in educational spaces and the reality that occurs in the field. Education can be measured by the number of new programs introduced, the number of patents registered, the number of college graduates. The data can be seen in the following table.

Table 1. Education Indicators in Indonesia

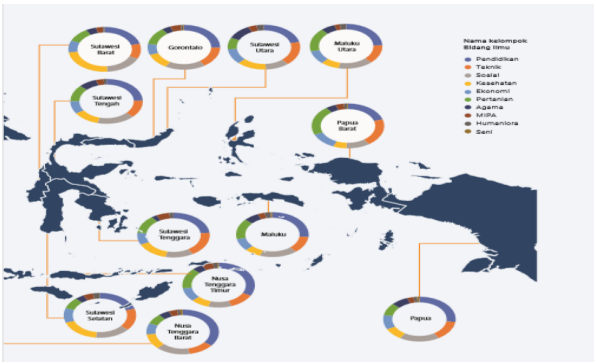
Period	Study program		College Graduate		Patent	
	Amount	Growth	Amount	Growth	Amount	Growth
2015	19,373	-	904,469	-	2,729	-
2016	24,638	27.18%	1,013,884	12%	3,709	36%
2017	20,516	-16.73%	1,046,141	3%	5,317	43%
2018	27,779	35.40%	1,247,116	19%	6,701	26%
2019	28,879	3.96%	1,757,169	41%	11,203	67%
2020	28,413	-1.61%	1,535,074	-13%	8,543	-24%
Average	**9.64%**		**13%**		**30%**	

Source: Directorate General of Higher Education Higher Education Statistics and DJKI Annual Report, processed.

Study programs in Indonesia continue to grow with an average growth rate over six years of 9.64% every year. This shows that Indonesia supports creative economic performance through education by providing a diversity of study programs spread throughout Indonesia. Based on the distribution of universities throughout Indonesia, the potential for the development of the creative economy is very good in educational terms, namely with the growth of study programs, college graduates and patents showing positive numbers.

Curriculum flexibility is demonstrated by the implementation of an MBKM-based curriculum in tertiary institutions. The MBKM curriculum provides eight programs for students who can hone their skills according to the needs of the world of work and industry. These programs include Internships, Independent Student Exchange, Humanitarian Projects, Entrepreneurship, Village Building, Teaching Campus, Research or Research, and Independent Study. The Ministry of Education and Culture also collaborates with private companies and state-owned companies, such as Google and the Ministry of Energy and Mineral Resources, to involve students in company business activities to hone their skills. This collaboration is designed to hone skills and career readiness to face economic challenges in the digital era and industrial reform 5.0.

Figure 1. Distribution of Study Programs in Indonesia



Source: Directorate General of Higher Education Higher Education Statistics 2020

The number of college graduates continues to increase with an average six-year graduate of 1,250,642 people every year. This shows that the educational literacy rate is getting higher. Self-concept influences students' creativity. Self-concept itself is the cognition or knowledge that a person has. Therefore, it is important to develop creativity through education. Self-efficacy and optimism have a positive effect on innovative output (Tho, 2021). These two components can form sufficient conditions for innovation to occur.

Humans are the main capital in the creative economy. Therefore, it is important to improve cognitive abilities to hone creativity in producing innovations. Universities as educational institutions are required to present case-based learning methods and team-based learning in order to provide a comprehensive understanding to students. This comprehensive understanding will form students' mental readiness to be involved in the world of work, business and industry/

The creativity created can also be seen in the number of patents. The number of patents in Indonesia shows an increase with an average annual rate of 30% over a period of six years. A patent is an inventor's exclusive right to an invention in the field of technology for a certain period of time to implement it himself or give approval to another party to implement his invention. The creativity that is built in higher education through a flexible curriculum is proven by the increasing number of patents as a form of creativity.

The creative and innovative work of a region has high economic potential, but is vulnerable to violations (Nuraini, 2019). There needs to be adequate IPR protection through the optimal role of regional institutions. Synergy between the central and regional governments, with related agencies, facilitating IPR registration, data collection, guidance and advocacy, as the implementation of an effective IPR protection development model, supports increased growth of Indonesia's creative economy.

4.2 Leadership

Leadership plays an important role in stimulating people to produce extraordinary work. The core task of leadership is to create an innovative work climate (Florida, 2014). An innovative work climate makes it possible to encourage and catalyze ideas and create value from them. Dvir and Pasher (2004) found that an innovative work climate will lead organizations towards sustainable growth and success based on continuous innovation.

White et. al., (2004) formulated leadership indicators to measure the performance of the creative economy as the number of new jobs created, the number of initial public offerings, and the assessment of creative companies. The assessment of these indicators is presented in the following table.

Table 2. Leadership Indicators

Yr	Index Expectation Availability Field Work	Growth Index Expectation Availability Field Work	Number of IPOs	IPO Growth	Creative Company Assessment
2015	101.8	-	13	-	Top 25 Indonesia Most Creative Companies
2016	102	0.2%	15	15%	
2017	102.2	0.2%	37	147%	
2018	122.4	19.8%	55	49%	
2019	126.7	3.5%	55	0%	
2020	117.7	-7.1%	51	-7%	
2021	133.7	13.6%	54	6%	
Average		**5.0%**		**35%**	

Source: Bank Indonesia; Consumer Confidence Index and Indonesian Stock Exchange. Data processed, 2022.

The employment expectations index shows people's optimism regarding the available jobs. The presence of the creative economy is able to contribute to employment, but it is not comparable to the unemployment rate. The number of jobs available increases people's motivation to develop their skills and creativity according to the needs of the world of work so that they can be absorbed by the world of work, business and industry. Judging from the number of companies that applied for IPOs, they were only able to increase employment by 5.0% over seven years and reduce the unemployment rate from 7.07 in 2020 to 6.49 in 2021. The higher the number of IPOs, the greater the number of jobs available. available, so that labor absorption becomes greater. The large number of jobs available will have a positive impact on reducing the number of unemployed.

Top 25 Indonesia Most Creative Companies is an award organized by the SWA Group as a form of appreciation for companies that are able to innovate continuously and are born from endless creativity by showing consistent and comprehensive performance. Globally, Indonesia is ranked 85th out of 131 future economies or countries in the 2020 Global Innovation Index (GII) (WIPO, 2020). The existence of national awards has not been able to encourage increased innovation. This is shown by the stagnation of Indonesia's ranking in GII over the last three years. Indonesia's ranking in GII can be seen in the following table.

Table 3. Indonesia's ranking in GII

Period	GII Score
2015	97
2016	88
2017	87
2018	85
2019	85
2020	85
Average	**88**

Source : Global Innovation Index, 2020

GII has become one of the leading references for measuring economic innovation performance. GII is a reflection of the latest global innovation trends and ranks the performance of economic innovation ecosystems around the world. There are two indices to measure the competitiveness of a country's indicators, namely the Global Competitiveness Index Ranking issued by the World Economic Forum (WEF) and the Global Innovation Index (GII) issued by the World Intellectual Property Organization (WIPO).

4.3 Infrastructure

The infrastructure needs of the creative economy are in line with the regular needs of the advanced economy, namely housing, schools, hospitals, communication systems, security systems, transportation, cultural facilities and hotel companies. Infrastructure is an important driver of creativity.

Table 4. GDP Growth Rate by Expenditure

Period	Rate GDP growth acc Expenditure			
	Health and Education	Housing area	Transportation and Communication	Restaurants and Hotels
2015	4.37	4.80	5.17	5.44
2016	5.65	4.07	5.40	5.50
2017	5.00	4.63	5.47	5.63
2018	6.60	4.66	4.78	5.96
2019	3.09	2.28	-9.57	-8.14
2020	1.70	2.19	2.62	3.87
Average	**4.40**	**3.77**	**2.31**	**3.04**

Source: Central Statistics Agency.. Data processed, 2022.

Indonesia received a score of 42 for infrastructure indicators on a scale of 1 – 100 on the GII. This shows that Indonesia's infrastructure is still relatively low. The availability of infrastructure greatly influences people's quality of life. Quality of life is important and functions to create creative people (Angnapa and Roy, 2014). The most important infrastructure in the era of industrial revolution 5.0 is technology. Information and communications technology is a critical infrastructure requirement for connecting global resources, libraries, research laboratories, centers of excellence and universities. Access to information is very important as a link between space, knowledge and capital (Peters, 2010).

Indonesia spends on education at an average of 4.40% over six years. This figure is too far from the average total expenditure on education in OECD countries as measured by the proportion of total government expenditure, namely 11%. This means that of the total 100% of government spending, only 4.4% is spent on education. Education is a very important factor in instilling and honing creativity and innovation. Through education with curriculum and technology flexibility, people will produce sustainable innovative work.

The 2018-2025 Creative Economy Development Master Plan prioritizes the development of adequate infrastructure for the development of creative economy businesses. The Creative Economy Agency (BeKraf) provides creative spaces and increases the availability and quality of infrastructure through providing government assistance in the form of physical infrastructure revitalization, and creative space facilities for creative actors in the regions. In 2019 there were 2,266 creative actors who received infrastructure revitalization assistance (LAKIP BeKraf, 2019).

4.4 Culture

Rice (2003) presents a conceptual framework that explains how the process of knowledge creation in companies is influenced by cultural variables. Regional culture will encourage the emergence of cultural entrepreneurs, for example artists who become blind to regional culture. Developing creativity that leads to innovation that produces profits is greatly influenced by the workplace environment.

Culture is defined as a set of characteristics and values that provide a fundamental quality of life as a construction of global meaning through local experiences and as an expression of national identity. The development of a creative culture can be enhanced by providing appropriate institutional recognition and appreciation of new ideas and new designs.

Indonesia, through the Ministry of Tourism and Creative Economy, has designated 100 cultural events as national events. There is still no data on the number of cultural festivals in Indonesia, making it difficult to obtain relevant information regarding the number of cultural festivals held each year. However, judging from the cultural diversity that exists in Indonesia, which consists of 478 tribes/nations (Kominfo.go.id). Indonesia has the potential to develop a creative economy based on local wisdom.

4.5 Government Policy

Government policy is a stimulation for the creative economy among individuals or community groups. Therefore, the government must be careful in making policies and programs so that they can make a positive contribution to the formation and growth of the creative economy. The impact of government policies on innovation can create an environment that supports innovative activities which in turn leads to rapid growth (Yusuf and Nabeshima, 2005).

Government structures and policies must provide an environment that stimulates innovation, protects intellectual property and ensures the growth of creative activity. Ease of starting a business, support for new businesses,

small business-friendly labor policies, tax policies and government investment in technology make the climate for setting up creative companies more attractive for entrepreneurs and investors.

The indicators for measuring government policies include the number of jobs created, the number of new companies, the number of tourists, the number of immigrants, and economic growth.

Table 5. Contribution of CE to GDP and Exports

Period	CE Contribution to GDP (Trillion Rupiah)	Growth Contribution of CE to GDP	EK's contribution to Exports (US$ Million)	Growth EK's contribution to Export	Amount Traveler (Million People)	Growth Amount Traveler
2015	852.56	-	5.74	-	10 . 230 . 775	-
2016	923.05	8%	19.98	248.1%	11 . 519 . 275	13%
2017	989.15	7%	20.00	0.1%	14 . 039 . 799	22%
2018	1,066.64	8%	20.60	3.0%	15,810,305	13%
2019	1,153.4	8%	22.07	7.1%	16 . 106 . 954	2%
2020	1,157	0.3%	15.06	-31.8%	3,620,000	-78%
Average	**9%**		**35%**		**10%**	

Source: BeKraf (2021), BPS.go.id; Data processed by the author, 2022.

The number of new jobs opened can be seen based on the number of companies applying for an IPO (Table 2.) with a growth of 25% and opening up expectations of job availability of 4.4% (Table 2). The growth of the workforce in the creative economy sector reached 4.02%, while the national workforce was only 2.02% in 2019.

The growth of the creative economy's contribution to GDP has increased. However, on average the creative economy contributed 9% over six years to GDP. This is influenced by the growth of creative industry companies. The government provides assistance to increase capital for creative economy actors in banking access amounting to 8,195 billion Rupiah and 180 billion Rupiah for non-banking assets (LAKIP BeKraf, 2019) which aims to develop the businesses of creative economy actors.

The increase in the number of tourists has an influence on the development of creative businesses through the promotion of creative businesses to develop domestic and foreign markets. In 2019 the government provided promotional assistance amounting to IDR 35,850,000,000 for 4,996 creative economy actors and facilities for creative economy products to be exhibited/roadshow abroad amounting to IDR 95,593,200,000 for 146 creative economy products (LAKIP BeKraf, 2019). The total employment absorption by the creative economy sector is as follows.

Table 6. Number of Creative Economy Workers

Period	EK Workforce (Billion People)	EK Workforce Growth
2015	15.96	5.21%
2016	16.91	5.95%
2017	16.40	-3.02%
2018	16.70	1.83%
2019	19.24	15.21%
2020	18.76	-2.49%
Average	**17.32**	**3.8**

Source: BekRaf, 2021. Data processed by the author, 2022

The decline in the creative economy sector workforce in 2020 was caused by the Covid-19 pandemic outbreak. The pandemic outbreak has resulted in a weakening of the Indonesian economy which is influenced by the weakening performance of companies and business actors. This condition has an impact on the high rate of worker dismissal. In the creative economy sector, at least 6,048 billion people have lost their jobs. One of the factors causing this is the weakening of the tourism sub-sector as indicated by the number of foreign tourists visiting Indonesia.

In 2019, the creative economy was able to generate 18.1 million jobs (Tourism Outlook, 2020). However, the pandemic has had a significant impact on the creative economy sector. Various problems have emerged, such as declining income and disappearing customers. The reduction in projects carried out by business actors results in a decrease in the volume of demand and leads to a reduction in the number of workers. Cost efficiency carried out by the creative economy sector as a reaction to uncertain market conditions has resulted in an increase in the number of unemployed. Overall, the number of workers in the creative economy sector has decreased significantly. The biggest decline in the creative economy sector was experienced by the Music, Film and Performing Arts subsector, namely 49.43%. Around 98% of creative economy players admitted to being affected by the pandemic and 8% admitted to experiencing an increase in turnover, namely from the culinary subsector.

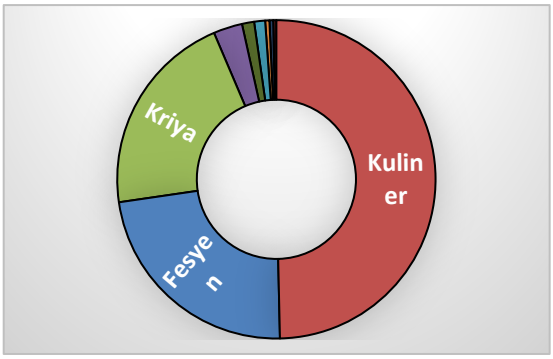
For example, in the architecture subsector, the pandemic has resulted in delays in medium-scale and large-scale projects. In the Fashion Subsector, the impact of the pandemic was felt by the decline in people's purchasing power, causing fashion sales to decline significantly. In the Film, Animation and Video (FAV) Subsector, pressure occurred due to the paralysis of cinemas throughout Indonesia. The condition of Large-Scale Social Restrictions (PSBB) which is running throughout almost all of Indonesia means that cinemas have to close completely. Around 79% of photography businesses lost turnover of more than 50% compared to the same period in 2019.

The Ministry of Industry noted that the impact of the COVID-19 crisis on export activities of small and medium industries (IKM), furniture and crafts was reduced by around 3% to 5%. According to the Director General of Small, Medium and Miscellaneous Industries (IKMA) of the Ministry of Industry, Gati Wibawaningsih, as quoted from Bisnis.com, what happened was not only cancellation of orders but there was also a suspension of purchases of up to 70%.

Based on data released by Amity Asia Agency, a professional booking agent operating in Indonesia in the last few years, in one year at least Rp. 11.2 trillion is spent by music organizers to pay musicians who perform at various events in 11 big cities in Indonesia. Since PSBB was implemented, there have been almost no live music events held throughout Indonesia. This means that trillions in funds that should have changed hands with musicians and their crew just disappeared. Potential income from the 101,400 music events that usually take place every year is disappearing. As a result, many bands, solo singers and music crews have lost income because they cannot work. PSBB caused the total performing rights income for Semester I 2020 to only reach IDR 11 billion. Very far compared to revenue throughout 2019 which reached IDR 63.7 billion.

The various problems and challenges faced by the creative economy sector have an impact on the sector's ability to earn income and have a negative impact on the sector's ability to absorb labor. Even though the creative economy sector absorbs a larger workforce than the national workforce. The distribution of creative economy workers based on subsectors in 2019 is as follows.

Figure 2. Distribution of creative economy workforce by subsector in 2019



Source : BeKraf , 2021.

4.6 Technological Innovation

Innovation is important for the growth of the creative economy. Therefore, systems and structures must be established that are able to stimulate individual creativity by providing adequate access to technology. Support for smaller creative companies can be done by providing technological incentives designed to overcome the company's limited resources, thereby enabling these companies to compete and develop.

According to Kearney (2019) Indonesia is ready to gain major benefits from the digital revolution, such as the wider region. Kearney estimates that digitalization could add US$1 trillion to ASEAN GDP by 2025 or an increase of 20-30% from the region's current output. Indonesia has taken several important steps to fulfill its digital ambitions. The government has launched a number of initiatives to help strengthen digitalization, including creating the Indonesia 4.0 roadmap, e-commerce roadmap, digital infrastructure and innovation ecosystem.

In 2020 Indonesia's investment in technology doubled compared to the previous year to around $4.4 billion. This is a manifestation of Indonesia's ambition towards digitalization. To truly realize its digital ambitions, Indonesia needs to articulate a national narrative and develop a comprehensive roadmap to turn its ambitions into reality. The roadmap should focus on developing digital infrastructure, increasing consumer awareness and trust, developing a future-ready workforce, and growing the innovation ecosystem and supporting local businesses.

In the next five years, key needs in infrastructure, talent, consumer education, and access to capital must be met so that Indonesia's digital ecosystem can develop and become one of the most dynamic ecosystems in the world (Kearney, 2019). The formation of a digital ecosystem will have an impact on the development of creativity and innovation which will lead to Indonesia's economic growth through GDP growth from the creative economy sector.

On the GII, Indonesia ranked 27th in the ICTs & Organizational model creation indicator and ranked 32nd in the Computer software spending indicator, % GDP. These two indicators are the strengths that Indonesia has to increase the value of the creative economy. Through investment in the field of technological innovation, it will create a conducive environment and facilitate access for creative actors to innovate to produce sustainable innovative work.

4.7 Creative clusters/networks

Creative clusters or networks are a form of formal support program to increase creative economy actors, such as the formation of creative worker forums, the formation and encouragement of synergistic networks of creative companies and the development of special economic zones for creative industries. The establishment of programs like this results in special economic zones that concentrate creative economy actors and catalyze better

communication and access to resources. Better communication and access to resources will ultimately increase the number and value of the creative economy. Apart from that, the formation of creative clusters/networks will also increase the added value of disseminating information through cross-fertilization. This cross-fertilization will increase knowledge which will have a positive impact on creative innovation.

Social network analysis provides a market-based interpretation of concentrated creative industries (Potts et. al., 2008). Regionally based innovation clusters are a new model (Davis et. al., 2009; Wolfe and Bramwell, 2016). A new structure is needed to encourage the formation of creative clusters. The creative class is moving from traditional corporate communities to creative centers (Laakso and Kostiainen, 2010). Optimally developed creative clusters/networks can be seen based on the growth of the creative economy, the number of conferences held, the number of new products and new services developed, and the number of tourists.

The value of tourism foreign exchange in 2020 experienced a very large decline, namely 81%. This decline was caused by the Covid-19 pandemic which reduced the number of foreign tourist visits. The number of foreign tourists in 2019 was 16,106,954 people while in 2020 it was 4,052,923 people. This number decreased by 74.8 percent. This incident resulted in a decrease in the number of workers in the creative economy sector in 2020 by 2.49 percent compared to the previous year. The decline in the number of foreign tourists has clearly affected occupancy in hotels spread throughout Indonesia. According to BPS data, in January occupancy was still at the normal average for the quarter, namely around 49.17% and 49.22%. However, when COVID-19 reportedly entered Indonesia, there was a quite drastic decline in room occupancy rates. According to BPS data, around 409 people in the tourism sector lost their jobs.

The growth is quite significant from year to year which makes the Tourism sector targeted as well as becoming the leading sector of the economy, surpassing CPO (crude palm oil) and contributing to national GDP of around 6.7% in 2019. Large employment absorption occurs in the tourism sector with the number of workers is 7.44 million or around 6.9% of the total national workforce. Seeing this condition, it is very natural that the tourism sector will be favored in absorbing more workers in the years to come.

The increase in tourism in Indonesia is also recorded as part of the trend of increasing tourism in Southeast Asia. According to the World Travel & Tourism Council in Global Economic Impact & Trends 2020, GDP growth in Indonesia and countries in Southeast Asia in the tourism sector reached 4.6%. The average growth in incoming tourists to Indonesia was recorded at 15.4% per year before the pandemic outbreak. This also had an impact on income from international tourists in 2019 reaching US$ 16.9 billion. The average GDP growth from the tourism sector over five years was 3% every year.

The export value of creative economy products decreased by 31 percent in 2020 compared to the previous year. This is also the impact of the reduced number of tourists visiting Indonesia in 2020, resulting in minimal promotional activities for local products being offered to the international market. The average growth in the export value of the creative economy over five years is 35% every year.

This has great potential for Indonesia to develop the creative economy sector and strengthen tourism as an attraction for tourists to visit Indonesia. Tourism is a place to introduce local products as the work of local creative economy actors so that they have market share. Increasing the number of tourists will increase foreign exchange earnings which will also have a positive impact on the contribution of the creative economy to national development.

The creative industry sector has the opportunity to contribute to Indonesia's sustainable economic growth by increasing exports of unique products such as traditional crafts that carry the uniqueness of regional culture in Indonesia (Septina, 2020). The weakening of the rupiah increases the use of local raw materials used by the fashion and crafts subsector so that the increase in raw material prices (inflation) does not have a significant impact.

As an effort to overcome the decline in the number of foreign tourists due to the pandemic outbreak, the Ministry of Tourism and Creative Economy/Baparekraf also encouraged the Ministry of Finance to release Minister of Finance Regulation no. 44 2020 concerning Tax Incentives for Taxpayers Affected by the COVID-19 Pandemic (Exemption from PPh 21, 22 and PPh 25) which also applies to the tourism and creative economy sectors, and coordinating to realize the opening of the Natural Tourism Area on 22 June 2020.

In the Recovery phase, efforts were made to restore Domestic Tourism by opening tourist attractions in stages with the implementation of the CHSE (Cleanliness, Health, Safety and Environmental Sustainability) protocol. Apart from that, it also supports the optimization of domestic MICE (Meeting, Incentive, Convention and Exhibition) activities by K/L and BUMN. In this phase, a restrategy of tourism development is also carried out. In the Normalization phase, what is being done is preparing destinations regarding the CHSE protocol and increasing market interest by continuing to provide incentives, discounts for tour packages and MICE. One of them is by holding a Virtual Travel Fair for five consecutive weeks from August-September 2020.

One of the interesting things is the emergence of the virtual traveling phenomenon, where tourists are invited to travel to several locations, just via their cellphone. There are more than 64 locations in Indonesia that can be visited virtually, through various applications available on Google Playstore and App Store. . The Regional Government also seized the opportunity to hold this virtual event. Several virtual tourism events that have been running in 2020 are Manado Fiesta 2020 and Dieng Culture Festival 2020.

4.8 Diversity

Diversity functions as a competitive advantage in the creative economy. Diversity stimulates culture and serves as a spark to attract talent from around the world. The premise is that human capital drives social and economic growth (Yigitcanlar et. al., 2007). Cross-fertilization can occur between industries, artists, scientists closely related to diversity, mobility of people is very important for cross-fertilization and in turn generating creative ideas. This diversity includes diversity in people, culture, industry, economy, education and skills.

Indonesia is an archipelagic country that has a diversity of cultures, races, ethnicities, beliefs, religions and languages. This diversity is the wealth that Indonesia has as capital for capitalization to increase economic growth. This diversity has also given birth to creative economy actors spread across all provinces in Indonesia.

Table 8. Distribution of Creative Economy Business Units by Province

Province	Amount	Amount Resident	Ratio
West Java	1,504,103	49,565,200	3.0%
East Java	1,995,148	39,955,900	5.0%
Sumatra	1,471,946	20,344,100	7.2%
Central Java	1,410,155	34,738,200	4.1%
Sulawesi, Maluku, Papua	535,337	28,548,000	1.9%
DKI Jakarta	482,094	10576.400	4.6%
Bali, Nusa Tenggara	427,090	9,640,300	4.4%
Kalimantan	406,338	16,432,900	2.5%
Banten	299,385	12,895,300	2.3%
In Yogyakarta	172,230	3,919,200	4.4%
Total	**8,203,826**	**269,603,400**	**42.4%**

Source : Creative Economy Statistics and BPS. Data processed in 2022.

Business unit economy creative has spread all over regions in Indonesia with average numbers spread by 3.9%. Amount economy creative in Indonesia still spelled out small If compared to with amount residents in Indonesia , namely amounting to 42.4%. Number of business units smallest namely in the provinces of Sulawesi, Maluku and Papua which are part eastern Indonesia. This matter need become attention government to please capable stimulate excitement public For work increase contribution local regional through economy creative.

5. Closing

5.1 Conclusion

Judging from the eight factors of creative economic performance, it shows the great potential that Indonesia has to develop the creative economic sector. Education in Indonesia has been designed to prepare people who have skills, creativity and talent through the flexibility of the MBMK-based higher education curriculum. Intellectual property can be realized through an education system that has nuances of innovation and liberates students. In 2015-2020 the number of study programs, number of graduates and number of patents in Indonesia continued to increase. This means that Indonesia has prepared education well as a place to produce creative intellectuals who are capable of creating sustainable innovation.

Leadership that aims to create an innovative work climate has also been realized as seen in the growth of the expected job availability index, growth in IPOs, and an increase in Indonesia's ranking on GII. Regarding the infrastructure factor, Indonesia needs to increase the amount of investment to facilitate creative economy actors' access to resources and creative spaces in order to even out the distribution of creative economy actors throughout all regions in Indonesia which promotes local, regional wisdom. Moreover, Indonesia is an island country that is rich in cultural, ethnic and linguistic diversity.

Government policies have created a climate that supports creative economy actors to continue to innovate to produce sustainable work. This can be seen from the growth in the contribution of the creative economy to GDP, which increased by an average of 9% during the 2015-2020 period, which was also followed by growth in the contribution of the creative economy to exports. The creative economy sector was able to absorb a workforce of 17.33 million people during the 2015-2020 period. It's just that in 2020 there was a decline in employment numbers in the creative economy sector due to the pandemic outbreak. However, the culinary subsector was able to increase turnover by 8% during the pandemic. The sector most affected by the pandemic is the tourism subsector. Therefore, revitalization of the tourism subsector is needed as a recovery measure due to the Covid-19 pandemic which reduced the number of tourists by 79% and foreign exchange decreased by 81% in 2020. Considering that the tourism subsector contributed 3% to GDP during the 2015-2020 period.

Indonesia has doubled its investment in innovation and technology compared to the previous year to around $4.4 billion. This shows Indonesia's seriousness towards digitalization which supports the growth and development of the creative economy. The Indonesian government has provided physical infrastructure assistance and the construction of creative spaces to build creative clusters/networks to encourage synergistic networks of creative companies and the development of special economic zones for creative industries.

5.2 Suggestion

This research uses a qualitative approach to analyze data so that the data. Descriptive qualitative research aims to explain phenomena as they occur. So it is recommended that further research quantitatively examine the factors that influence the performance of the creative economy in Indonesia.

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