

THE IMPACT OF PUBLIC POLICY TOWARD CREATIVE ECONOMY IN INDONESIA

DEDDY SUPRIADY BRATAKUSUMAH

Faculty of Economic and Business, Universitas Esa Unggul, Jakarta, Indonesia.
Email: deddy.supriady@esaunggul.ac.id

Abstract

As an economic concept, that bases its sources on ideas and creativity, creative economy terminology is extended to various industry classifications, from art to science and technology. Within the same perspective, the creative economy includes the industries and activities that focus on the production and distribution of products, services, or intellectual property that are related to culture. This study aims to determine the concept of creative economy development and policy empowerment in Indonesia. The research method used in this research is the literature review. This study will elaborate on how Government efforts are conducted to increase the capacity of creative economy actors related to business knowledge and financial management through their policies. The study argues that dominant policy trends although it has increased the income of creative economy actors, on the other hand, have marginalized the social character of culture, and have generated an obfuscation of the broader political imaginary that has divested cultural policies of their facility.

Keywords: Creative Economy, Public Policy, Empowerment, Indonesia.

JEL Classification: O11, E65

INTRODUCTION

Simply, Creative Economy is a synthesis of Economy and Creativity. In other words, it is how one's creativity becomes economically valuable. Creative economy focuses on a variety of creativity associated with economic activities. This system relies on creativity generated by humans to be used as the basis for economic activities. The creative economy is a term that was first introduced by John Hawkins¹ in the book: "The Creative Economy: How People Make Money from Ideas", which describes the existence of a new economic wave based on the creativity of ideas or ideas that produce economic value. John Howkins defined creative economy as economy makes culture creative, cultural heritage, and environmental. Howkins found attendance of creative economic wave after realizing first time in 1996 United States copyrighted masterpiece exporting sale value equal to US\$ 60,18 billion which is abysmal far other sector exporting like automotive, agriculture, and plane.

According to Howkins (2002), newly economic activities have emerged in around creative industry which controlled by intellectual properties law like patent, copyrights, brand, and royalty of design. Creative economy represents development of concept pursuant to creative asset, which has potency to improve growth of economy. This system, at that time, is a new wave of an economy that was previously based on information. Creative Economy is an industry that is based on creativity and ideas in the process of creating a product, both goods and services. Therefore, in the creative economy ideas are the main intellectual assets that can

drive economic activity. This creative economy wave requires industry players to focus on generating new ideas, which are an important part of the progress of the business being run. Therefore, in the system of creativity to generate new ideas are the main endeavour that can generate profits and new jobs so that the economic movement can run faster. According to John Newbiggin², the concept and their importance, is recognised by almost every government in the world and is beginning to give way to a much more inclusive idea of a wider concept. The desire to define specific industries as ‘creative’ persists, and will no doubt continue to be so. In some countries the definitions revolve closely around the arts and culture, other countries have broader definitions that include, for example, food and gastronomy on the basis that food and cuisine have both economic and cultural significance. Other countries have a definition that includes well-established business-to-business industries such as publishing, software, and advertising and design (British Council, 2014, para. 5). In Indonesia, the creative economy is not new because the introduction of this sector has been carried out since 2006 and began to be developed in 2007. Even now there is a Ministry of Tourism and Creative Economy that specifically develops the creative economy movement in Indonesia. The creative economy in Indonesia itself is currently developing very rapidly and is one with a fairly high contributing to GDP in 2019. In the national export balance, Creative Economy exports are included in the non-oil and gas export category. In 2019, the contribution of Indonesia Creative Economy’s exports to national exports was US \$ 19.6 billion or 11.9%³.

The creative economy is a new economic phase that becomes an important point that helps the movement of an economy. The creative sector is a new part that must be developed. The creative sector opens up new job opportunities for the wider community. Economic growth is contributed with various new industries in the creative sector. The creative industry has broad market coverage. This phenomenon encourages the creation of various new product innovations. Creative Economy in Indonesia covers 17 sub-sectors of activities, as described in Table 1.

Table 1: 17 Creative Economic Sub-sectors

No	Creative Economy Sub-sector
1	Application
2	Architecture
3	Visual Communication Design
4	Product Design
5	Interior Design
6	Photography
7	Music
8	Craft
9	Culinary
10	Fashion
11	Publishing
12	Film, Animation and Video
13	Advertising
14	Interactive Game
15	Performing Art
16	Fine Art
17	TV and Radio

Source: Adopted from Creative Economic Statistics of 2020

Because the creative economy that is known and developed in Indonesia has been going on since 2006, then it is appropriate to observe how the government's policies towards this creative economy are? How the government comprehends an issue? Are the government's policies on creative economy formulated for creative economy growth? Those are the question that will be elaborated in this study.

LITERATURE REVIEW

Public Policy

The definition of Public Policy as stated by Dye (1972) is: "Whatever the government chooses to do or not to do." Meanwhile, according to Anderson (1994), Public Policy is: "Actions that have a purpose followed by actor or actors in dealing with problems or matters of concern."

Public Policy is the legal basis for every activity in running the government. The cycle of public policy according to Lester and Stewart (2000) begin by sorting and selecting what urgent or priority issues must be made immediately. Then the authorities carry out the formulation up to the determination of the policy. After the policy is decreed and published, the next stage is the implementation of the policy. In line with its implementation, the policy also needs to be evaluated, which means that the policy can be revised or replaced or the other possibility is that the policy can be terminated or revoked, according to the results of the evaluation. According to Bratakusumah (2018)⁴, after evaluating the policy, the treatment that must be carried out on the policy is:

Firstly, if the Policy is judged to have been able to achieve the planned results in accordance with the purpose of its publication, then the Policy is recommended to continue its implementation,

Secondly, if the Policy is deemed not to have achieved the planned results in accordance with the purpose of its publication, even bringing harm, then the Policy is recommended to be "Revoked," and its implementation terminated.

Thirdly, if the Policy is considered to have been able to achieve some of the planned results in accordance with the purpose of its publication, and there are still many shortcomings, then the Policy is recommended to be "Improved" or "Revised." Improvements or revisions are intended so that the Policy can achieve the planned results effectively and efficiently and no one is harmed.

Public Policy toward Economic

Public policies related to the creative economy should be a form of government intervention in encouraging the development of the creative economy. Regarding the economy, of course, the reference begins with paying attention to the opinion of Adam Smith, who is called the father of modern economics. According to Smith there is no need for government intervention in the economy, there will be an 'invisible hand' that will create a balance. However, several economists who emerged later said that there were 'market failures' caused by 4 things, Brander (2000) summarized the market failures into⁵: Imperfect Competition, Public Goods,

Externalities, and Informational Problem. Furthermore, Brander (2000) stated that each of this market failure is the rationale behind a major area of government policy. The government policies in economic sector mainly to pursue the good economic performance and to achieve the welfare of citizen. Regarding the goals of policies towards private sector Shepherd (1991) mention implicitly that is 'good economic performance'. The elements of good economic performance are⁶: Efficiency, Technological innovation, Fairness, Competition itself, and Wider Benefits.

Policy consideration toward Creative Economy, not only in macro-level, there are also very specific regional components in the business environment creation. It is in accordance to the regional science knowledge regarding the process of development the business environment at regional level, the concept is the endogenous theories of regional development. Regarding this concept Cvetanović, et.al (2015) mention that: "Endogenous growth theory contributes to a better understanding of various experiences with long-term growth of countries and regions. It changes the key assumptions of the Neoclassical growth theory and participates in the modern regional development physiology explanation."⁷

RESEARCH METHODOLOGY

This study conducted with a qualitative non-doctrinal approach. This type of study in this research is descriptive, because it intends to describe clearly about various matters related to the object under study that is creative economy. This research is also a scientific paper from the results of literature study, so that the data source of this study is data in the form of legal documents laws, literature, and scientific journals.

RESEARCH RESULT AND DISCUSSION

National Context

Public policies toward the Creative Economy should embody the government's role in encouraging the growth of this economic sector. There are many aspects that the government can do regarding strengthening the creative economy, especially for micro, small and medium entrepreneurs as well as for start-ups. The policies made should contribute to: Fostering innovation, Promoting competition, Protecting Intellectual Property, Education related to Creative Economy, Access to Capital, Marketing and Promotion, and Standardization. With public policies that encourage these various aspects, it will in turn produce favorable developments for creative economy actors, both in terms of products and income. This creative economic growth will contribute to national economic growth.

Various public policies in Indonesia that have been enacted at the national level have officially been implemented since 2005. The first policy that encourages the development of the creative economy begins with handicraft activities carried out by various groups of people in the region. The manifestation of this policy is held an event under the name of "Inacraft". An exhibition and promotion forum for handicraft producers from all over Indonesia. Furthermore in 2009 the president issued Presidential Instruction No 6/2009 on Creative Economy Development, which

ordered all ministries and state institutions to plan very urgent support for the creative economy. After that, various sector laws were issued which greatly affected the creative economy. The laws and regulations that have been issued regarding the creative economy are listed in Table 2. In particular, the government has issued Law No 24/2019 on The Creative Economy. The purpose of this law is to optimize these human resources; it is necessary management of the Creative Economy potential in a systematic, structured, and sustainable. Therefore, it is necessary to mainstream the Economy Creative in national development plans through development Creative Economy Ecosystem that adds value to products of Creative Economy. In turn the Creative Economy products will be highly competitive, marketable, and protected legally.

Actually, the development of the Creative Economy experienced several obstacles, such as limited access to banking, promotion, infrastructure, capacity building of Creative Economy Actors, and synergy among stakeholders. For that, it is necessary a comprehensive Creative Economy arrangement based on Indonesia state pillars which consist of: (1) Pancasila, (2) the 1945 Constitution of the Republic of Indonesia, (3) the Unitary State of the Republic of Indonesia, and (4) Bhinneka Tunggal Ika and based on faith and piety to God Almighty, benefits, justice, sustainability, and national identity. In general, the Law on Creative Economy regulates materials subject matter of Creative Economy Actors, Creative Economy Ecosystem, and Creative Economy Institutions.

Table 2: Law and Regulation Impacted Creative Economy

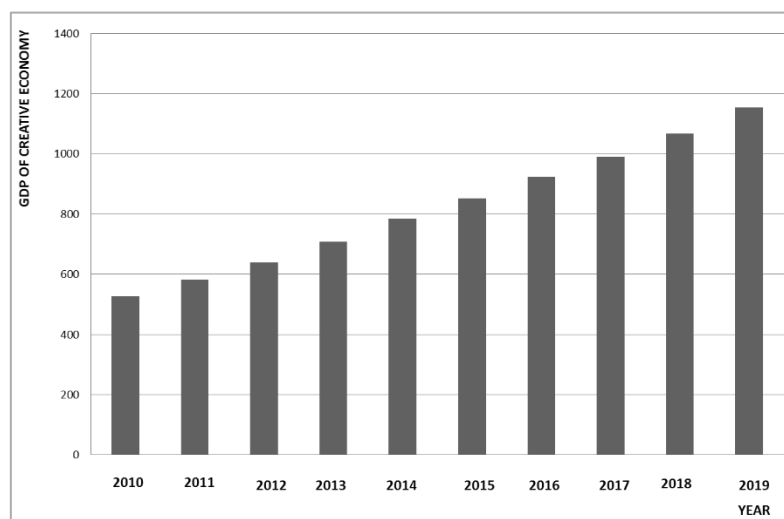
No	Law and Regulation	Related Creative Economy
I	Law	
	Law No 17/2006 on Customs	Fine Art
	Law No 26/2007 on Spatial Planning	Architecture
	Law No 40/2007 on Limited Liability Company	all
	Law No 11/2008 on Electronic Information and Transaction	ICT
	Law No 14/2008 on Openness of Public Information	Publishing
	Law No 20/2008 on Small and Medium Enterprise	all
	Law No 40/2008 on Pornography	Photography, Fine Art, Advertising, Publishing
	Law No 10/2009 on Tourism	all
	Law No 28/2009 on Regional Tax and Retribution	Advertising
	Law No 45/2009 on Archives	Fine Art
	Law No 11/2010 on Cultural Conservation	all
	Law No 3/ 2014 on Industry	all
	Law No 23/2014 on Regional Administration	TV and Radio
	Law No 28/2014 on Copyright	ICT, TV and Radio, Design, Photography, Fine Art, Craft, Advertising, R&D, Publishing, Music
	Law No 24/2019 on Creative Economy	all
	Law No 11/2020 on Job Creation	all
II	Presidential Regulation	
	Presidential Instruction 6/2009 on Creative Economy Development	all
	Presidential Regulation 92/2011 regarding Ministry of Culture and Tourism changed into Ministry of Tourism and Creative Economy	all

Source: Author's Compilation

The public policies published in Indonesia have been completely enacted, so it is expected that the Creative Economy in Indonesia can be grew and developed faster and produce a significant contribution to Indonesia's economic growth. In turn, the public policies that have been issued by the government have encouraged an increase in the share of Indonesia's GDP. The development of the GDP of the creative economy is illustrated in Figure 1.

From Figure 1 it is clearly that, in 2010 the GDP of the creative economy sector has generated a GDP of IDR 525.96 trillion, with encouragement from various government policies, so in 2019 the GDP of the creative economy sector has increased to IDR 1153.4 trillion. This means that within a decade the GDP generated by the creative economy sector has more than doubled. This is proof that government policies related to the creative economy have had a very positive impact.

**Figure 1: Creative Economic GDP at Current Price 2010 – 2019
(In Indonesia Rupiah [IDR])**



Source: Creative Economic Statistics of 2020

Recently, to facilitate investment in all areas of the economy, the government has issued Law No 11/2020 on Job Creation. The purpose of the issuance of this law is to remove obstacles for investors. Thus the investment will create new jobs. Of course, this law will also affect the progress of the creative economy.

Regional Context

In the regional development concept, one of the applicable theory is about the concept of endogenous regional development. The concept is elaborating the cooperation among economy, research, education and policy at all regional circumstances. Hence the concept can be applied for regional economy improvement, competitiveness growth of small and medium

sized enterprises, innovation promotion, new firms formation, attraction of new stakeholders to regions, human resource development and infrastructure development and modernisation.

The concept that focuses on the conditions and resources that exist in a particular region is very appropriate to be applied to the process of identifying public policy needs related to the creative economy at the regional level. Indonesia, with its diversity in various aspects, is very appropriate to use a regional approach in public policy making at the regional level regarding creative economy. Indonesia has a diversity of geography, natural resources, culture and the potential of creative human resources. This condition will, of course, also affect the various conditions and resources in each region. Therefore, toward economic creative, in addition to national public policies, it should also be encouraged to implement regional policies based on their respective regional specifics.

Several provinces, districts and cities in Indonesia have issued Regional Regulations related to the Creative Economy in their regions. This phenomenon occurs especially in areas that have tourism potential and high creativity of the population. For example, the City of Bandung has issued City Regulation No 1/2021 on Structuring and Developing the Creative Economy. Bandung is one of the Metropolitan City in Indonesia.

This Bandung City Regulation aims to: (1) encourage all aspects of the Creative Economy in accordance with development of culture, technology, creativity, innovation city residents, and changes global economy; (2) improve the welfare of the community and improve City own income; (3) create a powerful Creative Economy Ecosystem national and global competitiveness; (4) create new job opportunities in favour of creative values, artistic and cultural values of the Indonesian nation as well as City area economic resources; (5) optimizing the potential of Regional Creative Economy Actors in the City based on priority scale; (6) protect the creativity of Creative Economy Actors; and (7) mainstreaming the Creative Economy in the City Regional Development Plan.

What is anticipated by the city of Bandung is a reflection of the application of the characteristics and potentiality of a city or area on Creative Economy as mentioned in the theory. This regulation is enacted based on the existing creative resources in the area. It is clear that several regions in Indonesia have realized the role and potential of the creative economy for regional economic growth and for regional income.

Meanwhile, the District of Lebong in Bengkulu Province, Sumatera enacted the District Regulation 10/2021 on Application of Batik Motifs of the Lebong Batik. Batik is a technique of wax-resist dyeing applied to the whole cloth. This technique originated from the island of Java, Indonesia.

The arrangement for the use of the Lebong Batik motif, of the Lebong area, is intended to have a distinctive regional identity and the preservation of cultural values that describe the existence and pride of the region. Furthermore, the use of the Lebong Batik motif is to protect, preserve and develop Lebong culture through Lebong Batik as a creative work and cultural product of the local community.

CONCLUSIONS

Since 2005 Indonesia has been pushing for the development of a creative economy. This effort is carried out by issuing various policies which are essentially aimed at facilitating creative economy actors in various aspects, especially copyright, licensing and capital. These various policies in Indonesia have proven to be able to encourage the rapid growth of the creative economy.

Likewise, regional regions, province, district and city, have issued various regional regulations with the same aims as the central government, taking into account the special potential in their respective regions. This regional effort has proven to have generated income for its citizens and created jobs as well as regional income and preserving local wisdom.

As a conclusion, public policies toward the creative economy in Indonesia have proven to have a positive effect in accordance with the objectives of the policy goals. The impact to the creative economy sector proven that within a decade the GDP generated by the sector has increase more than doubled.

LIMITATIONS

The limitations in this study are due to the fact that detailed data on the creative economy in Indonesia cannot be obtained officially. It would be better for future researchers to be able to identify the growth of each creative economy sub-sector. Therefore, it can be seen which sub-sectors of the creative economy perform as the main contribution to economic growth and job creation.

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