

Creative Economy as a Driver of Economic Growth in the Digital Era

Tri Martial¹, T. Arief Pahlevi Pasha², Rudy Badrudin³, Gabriel Amadeus Sitompul⁴

¹ Universitas medan area, Sumatera utara, Indonesia

² STIE PERSADA BUNDA PEKANBARU, Indonesia

³ STIE YKPN Yogyakarta, Indonesia

⁴ Universitas Sumatera Utara, Indonesia

Email: trimartial@gmail.com, tengkuarifpahlevi0@gmail.com, rudybadrudin.stieykpn@gmail.com,
gabrielamadeussitompul@gmail.com

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ABSTRACT

The creative economy has become a strategic sector in supporting economic growth in the digital era. This research aims to explore the opportunities and potential of the creative economy through digitalization and the challenges faced in developing this sector. This study uses a qualitative study method, with in-depth interviews and observations as data collection techniques to explore the experiences, strategies, and obstacles faced by business actors. The results show that digitalization plays an important role in expanding market reach, improving operational efficiency, and driving innovation. Business actors utilize e-commerce, social media, and digital applications to promote creative products and interact directly with consumers effectively. However, this success still faces challenges, including limited internet infrastructure and low digital literacy among small and medium business actors. Appropriate policy support and increasing digital literacy are key in overcoming these obstacles. This research concludes that with collaboration between the government, the private sector, and the community, the creative economy in Indonesia has great potential to become a key pillar of sustainable economic growth and strengthen competitiveness in the global market.

Keyword: Creative economy, digitalization, e-commerce, innovation, policy, indonesia

INTRODUCTION

The creative economy is increasingly recognized as one of the main pillars in encouraging economic growth in the digital era. In Indonesia, the sector has shown a significant contribution to Gross Domestic Product (GDP) and job creation. Data from the Creative Economy Agency (Bekraf) shows that in 2016, the GDP of the creative economy reached Rp 922.59 trillion and contributed 7.44% to the national economy, with leading subsectors such as culinary, fashion, and crafts (Rahmi, 2018; Bimantara, 2020). Not only is it one of the solutions in facing global economic challenges, the creative economy also plays an important role in strengthening cultural identity and increasing innovation through human resource-based creativity.

In the digital era, digitalization and information technology play a major role in expanding market access and increasing the efficiency of production and distribution processes in the creative economy sector. However, the phenomenon on the ground shows that not all regions and subsectors are able to take advantage of this opportunity optimally. For example, in Pedekik Village, although the community has developed handicraft-based creative industries such as coconut shells and coir, the results have not been able to significantly improve economic welfare due to the lack of innovation and digital skills (Wahyuningsih & Dede, 2019). At the national level, there are still challenges in the form of limited access to technology, low digital literacy among small business actors, and lack of effective policy support. Although initiatives such as the development of startup ecosystems have begun to be implemented to encourage digital transformation in the creative sector, challenges such as limited capital and digital skills remain obstacles



that must be overcome (Syauqi, 2016; Perdana & Anisa, 2022). In addition, the COVID-19 pandemic has also tested the resilience of this sector, where many creative small businesses have experienced a decline in sales and operational disruptions (Siagian, 2021).

Although there is a lot of research on the creative economy, there is still a research gap in understanding the relationship between the adoption of digital technologies and the increasing contribution of the sector to sustainable economic growth. Most studies tend to focus on specific aspects, such as the development of specific subsectors or regional case studies, but few analyze the comprehensive integration of creativity, innovation, and government policies in supporting the creative economy (Bimantara, 2020; Perdana & Anisa, 2022). In addition, research that links the social and cultural impacts of the creative economy with the sustainability of economic growth is still limited, even though this aspect is important to create an inclusive and sustainable economic ecosystem (Purnomo, 2016).

This research is very important to conduct because it can provide comprehensive insights into the potential of the creative economy as the main driver of economic growth in the digital era. The main objective of this study is to analyze the synergy between creativity, innovation, and digital technology in increasing the contribution of the creative economy to the national economy, which is increasingly driven by technological advances and changes in consumer behavior. In addition, this research also aims to identify the strategic role of government policies in creating a creative economy ecosystem that is inclusive, sustainable, and able to compete at the global level, where policies that support the creation of an environment conducive to the growth of the creative industry are urgently needed. From this research, it is hoped that strategic recommendations can be generated for policymakers and creative industry players, focusing on measures such as increasing digital literacy, access to capital and technology, and policies that support cross-sector collaboration. With the right approach, the creative economy can be an innovative solution to improve people's welfare, strengthen local cultural identity, and support sustainable economic growth in Indonesia, while contributing to a better understanding of the utilization of the potential of creative human resources and increasing local capacity to adapt to changing global challenges (Marlinah, 2017; Aysa, 2020).

METHOD

This research uses a qualitative approach to explore in depth how the creative economy plays a role as a driver of economic growth in the digital era. The qualitative approach was chosen in order to capture the perspectives, experiences, and strategies of business actors, policy makers, and experts in the creative economy sector. The research subjects include business actors in creative subsectors such as culinary, fashion, and crafts, relevant government officials, and academics who understand the development of the creative economy. The sampling technique uses purposive sampling, where informants are selected based on experience and direct involvement in the sector. Data collection techniques are carried out through in-depth interviews, participatory observation, and documentation. Semi-structured interviews are used to gain insight into the strategies and challenges faced in developing the creative economy in the digital era.

RESULTS AND DISCUSSION

Based on the results of data analysis from interviews, observations, and documentation, it was found that the creative economy sector in Indonesia has great

potential as a driver of economic growth, but still faces various challenges. Here are some of the key findings from the study:

1. Increasing the Contribution of the Creative Economy through Digitalization

Digital transformation has become one of the main drivers in strengthening the creative economy sector in Indonesia. Digital technology allows creative businesses to expand market access, improve efficiency, and create innovative products. For example, the use of digital platforms such as e-commerce, social media, and business applications has opened up opportunities for creative economy actors to reach consumers more easily and effectively (Nasib et al., 2022; Abdullah, 2023). In the digital era, the use of digital-based marketing strategies has helped various subsectors, such as culinary, fashion, and crafts, in expanding market share and increasing sales (Novitasari, 2022; Ismunandar et al., 2023). A study in Ngepoh Village, for example, shows that digital marketing training helps local MSMEs leverage social media and business platforms to market their products more widely (Dewanti et al., 2023). In addition, activities such as product rebranding and improving packaging quality through professional photos also increase the attractiveness of products in the digital market (Pratama & Dian, 2023).

Digitalization not only supports marketing, but also accelerates production and innovation processes. With the application of information technology, creative industry players can respond to consumer trends faster and produce products according to market needs. However, the main challenges faced are the lack of digital literacy among small business actors and limited infrastructure in several regions (Syahsudarmi, 2019; Bangsawan, 2023). The government's digital transformation acceleration policy is an important key in supporting the growth of this sector. The government is expected to expand access to technology and infrastructure, as well as provide digital literacy training to business actors in remote areas (Bangsawan, 2023). In addition, synergy between industry players, the government, and the community is urgently needed to create an inclusive and sustainable creative economy ecosystem (Ismunandar et al., 2023). Digitalization has a positive impact on the creative economy sector by strengthening competitiveness and expanding the market for creative products, both at the local and international levels. With the right policy support and increasing digital literacy, the creative economy in Indonesia has the potential to become one of the important pillars in supporting sustainable national economic growth (Syahsudarmi, 2019; Novitasari, 2022)

Business actors in the creative economy sector stated that digitalization has helped improve efficiency and market access. The use of digital platforms and social media, such as e-commerce and sales apps, allows creative products to be marketed more widely at a lower cost. Several business actors in the fashion and culinary subsectors also admitted to experiencing an increase in sales after switching to digital platforms. Based on in-depth interviews with business actors in the creative economy sector, it was found that digitalization has played a significant role in improving operational efficiency and market access. Business actors in the fashion and culinary subsector, in particular, recognize that the use of e-commerce platforms, such as Shopee, Tokopedia, and social media such as Instagram, Facebook, and WhatsApp Business, has helped them market their products more widely and efficiently. Lower marketing costs compared to conventional methods are one of the important factors that make digital platforms increasingly attractive to business actors.

Businesses in the fashion subsector noted that promotions through social media allow them to connect directly with consumers without the need to rely on physical

stores. Features such as paid advertising and collaboration with influencers accelerate increased sales and brand awareness of their products. In addition, the integration of services such as digital payments and online delivery services facilitates the transaction process and increases customer satisfaction. In the culinary sector, businesses are using food delivery platforms such as *GoFood* and *GrabFood* to reach new consumers and maintain sales amid restrictions on activities during the pandemic. Some businesses also mention that marketing strategies with interactive content, such as cooking tutorial videos or promotional live streaming events, help increase direct consumer engagement.

2. Challenges of the Creative Economy through Digitalization

In the digital era, the creative economy in Indonesia faces complex challenges that require integrated handling so that this sector is able to develop and make maximum contributions to the national economy. The main challenge in this case is limited access to capital, where many small and medium enterprises have difficulty obtaining funding. This is due to the complicated application procedures and the lack of information on available sources of financing, which has an impact on inhibiting innovation and expansion of creative businesses (Bangsawan, 2023; Rohyati et al., 2024). The resource person revealed that access to capital is still the main obstacle in their business development. Although there are several funding programs, businesses face complicated procedures and requirements that cannot always be met. This shows that small business actors still find it difficult to reach formal financing, such as banks or conventional financial institutions, due to limited information and guarantees. In addition, the lack of education related to digital financing alternatives such as *crowdfunding* or *peer-to-peer lending* also narrows their opportunities to grow. This condition reinforces the need for inclusive funding platforms and deeper financial education.

The interview also revealed that uneven internet access is a significant obstacle to digital ventures. Business actors in areas with poor infrastructure find it difficult to utilize digital platforms for marketing and market development. This reinforces the fact that the development of technological infrastructure is still uneven in Indonesia, especially in rural areas. The speaker hoped that the government and the private sector would accelerate the development of digital infrastructure so that business actors throughout Indonesia can take advantage of opportunities in the digital era. Disparities in technology infrastructure are slowing down the digitalization of the creative economy sector. Uneven internet access, especially in remote areas, makes it difficult for many business actors to utilize digital technology for marketing and market expansion, thereby widening the gap between urban and rural areas (Muhammadiyah et al., 2024; Aini et al., 2024).

Business actors admit that they do not fully understand how to utilize digital technology to improve business. Limited digital skills and knowledge hinder them from running online marketing and managing customer data effectively. This indicates that more intensive and continuous digital literacy training programs are urgently needed, especially those that include online business management, digital marketing, and cybersecurity. This education must be easily accessible and adapt to the needs of business actors so that they are able to face the challenges of technology that continues to develop. The low digital literacy among business actors adds to the complexity of the challenges faced. Many business actors do not have adequate skills and knowledge in operating digital technology to support business, such as *e-commerce* and online marketing. A comprehensive and sustainable digital literacy training program is needed so that business actors can adapt quickly and make optimal use of the potential of technology (Kaparang et al., 2024). Another challenge is the existence of regulations that are not fully adaptive to technological developments that hinder innovation in the creative economy

sector. Some policies and regulations have not been responsive enough to the needs of the digital market, especially in terms of copyright protection and digital transactions, limiting the space for innovation (Bangsawan, 2023).

Another challenge is the increasing cybersecurity risks along with the widespread adoption of digital technology. Business actors need to face the risk of data theft, online fraud, and cyberattacks that have the potential to reduce consumer trust in digital services. Therefore, strategic steps are needed such as increasing awareness and education about cybersecurity as well as strengthening security infrastructure to protect the digital ecosystem (Rohyati et al., 2024; Aini, 2024). The resource person also highlighted concerns related to cybersecurity risks. Although they have not experienced it directly, they are aware of threats such as data theft and online fraud that can harm businesses. This shows the importance of awareness and education related to cybersecurity among business actors. With the increasing number of transactions being carried out digitally, cybersecurity is an important element to build consumer trust and maintain business sustainability.

The resource person also mentioned that despite the government's initiatives in supporting the creative economy sector, the synergy between the government, the private sector, and the community is still not optimal. Some existing policies and regulations have not fully supported innovation and digital business growth. This reinforces the need for regulations that are more adaptive and responsive to technological developments. In this context, collaboration between the government, the private sector, and the creative community is crucial. The government needs to ensure the availability of supporting infrastructure and regulations, while the private sector and communities play a role in innovating and creating a dynamic and inclusive ecosystem (Kaparang, 2024).

3. Opportunities and Potential of the Creative Economy through Digitalization

The opportunities and potential of the creative economy through digitalization in Indonesia provide new hope in driving economic growth, increasing global competitiveness, and creating a sustainable business ecosystem. Based on the results of the interviews, it is clear that digitalization has created significant opportunities for creative economy actors to expand their market reach. Digitalization allows creative products to be accessible to consumers, not only at the local level, but also globally. The use of e-commerce and social media platforms such as Instagram and TikTok has helped businesses expand their market share without geographical restrictions.

Digitalization not only expands the market reach for creative products, but also changes consumption patterns and the way businesses operate, opening up new opportunities for business actors to utilize technology in marketing, distribution, and innovation (Aysa, 2020; Fadlilah et al., 2024). Digitalization facilitates direct interaction between business actors and consumers, allowing them to get real-time feedback and quickly adjust products according to market needs. The speed of information and ease of transactions through digital technology provide a competitive advantage for creative businesses, especially in anticipating changes in market trends. With the presence of *e-commerce platforms*, social media, and digital applications, creative economy products can be easily accessed by global consumers, thereby reducing geographical barriers and increasing market access for small and medium enterprises (MSMEs) in remote areas (Wijaya et al., 2023). This proves that digitalization plays an important role in connecting producers with consumers faster and more efficiently.

The interview also revealed that digitalization opens up new opportunities that would not be possible without technology, such as the use of interactive features and

advanced technologies such as augmented reality (AR). This feature not only adds value to the product but also provides a new experience for consumers, increases buying interest, and strengthens customer loyalty. The creative economy encompasses a wide range of industry sectors, such as art, design, music, film, fashion, digital games, and publishing, which combine creativity and technology to create added value. Products from this sector not only serve as economic commodities but also play a role in promoting local culture and identity to the international stage. With the ability to adapt to market trends and needs, creative industry players can continue to innovate and present relevant and attractive products to consumers (Abdullah, 2023; Muhammadiyah, 2024).

The creative economy through digitalization plays an important role in job creation and poverty alleviation. The sector encourages the participation of the younger generation and women to engage in digital-based creative businesses, providing new opportunities for entrepreneurship and increasing family income. For example, the women's empowerment program in online business has proven that digital technology can be a tool to increase economic independence and overcome socio-economic obstacles (Muhammadiyah, 2024). With access to digital platforms, business actors can run their businesses without requiring large capital for physical infrastructure, thus opening up more opportunities for MSMEs to develop and compete in the global market (Aini, 2024).

However, to maximize this potential, support from various stakeholders, including the government and the private sector, is urgently needed. The government has an important role in ensuring equitable digital infrastructure development throughout the region, especially in areas that still experience limited internet access. In addition, policies that support innovation and creativity must continue to be developed, including regulations that protect intellectual property rights and strengthen cybersecurity (Marlinah, 2019; Bangsawan, 2023). Synergy between the public and private sectors is also needed to provide more inclusive access to financing and relevant digital literacy programs for creative business actors (Rohyati, 2024; Fadlilah, 2024).

Overall, the creative economy through digitalization has great potential to become the main pillar of Indonesia's economic growth. The synergy between creativity, technology, and culture can increase national competitiveness and strengthen Indonesia's branding in the global market. In addition, this sector plays a role in creating a more inclusive and sustainable economic ecosystem, opening new jobs, and reducing economic disparities between regions. With the right strategy, Indonesia can take advantage of this opportunity to drive innovative, competitive, and inclusive economic growth in the digital era (Bangsawan, 2024; Abdullah, 2023).

CONCLUSIONS

Digitalization has created great opportunities for the creative economy in Indonesia, opening up wider market access and accelerating innovation. The use of e-commerce platforms and social media allows businesses to interact directly with consumers without geographical boundaries, increasing efficiency and expanding product reach. Creative sectors such as fashion, culinary, and fine arts are experiencing increased sales through technology integration, which not only improves business performance but also strengthens local cultural identity in the global market. However, this success also depends on the support of digital infrastructure, technological literacy, and adequate access to capital. Challenges such as internet inequality and limited digital skills among small businesses are still obstacles. Therefore, collaboration between the government, the private sector, and the creative community is urgently needed to create an inclusive and sustainable digital economy ecosystem. With policies that support

innovation and digital skill improvement, the creative economy can become a key pillar of national economic growth and improve people's welfare.

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