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The Role of the Creative Economy in Stimulating Entrepreneurial Growth in the Digital Era

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Abstract: This study analyzes the role of the creative economy in driving entrepreneurship growth in Indonesia in the digital era. Using a desk study and secondary data analysis from the Central Statistics Agency (BPS) and the Ministry of Tourism and Creative Economy, this study reveals the creative economy sector's significant contribution to the growth of digital entrepreneurship. The results show that in 2022, the creative economy's Gross Domestic Product reached IDR 1.28 quadrillion, employing 23.98 million people. Digital transformation has transformed the entrepreneurial landscape through e-commerce platforms, mobile applications, and technology startups. The culinary, fashion, and crafts subsectors are key drivers, contributing 49.54%, 23%, and 20.85%, respectively, to the creative economy workforce. Digitalization provides broader market access, reduces barriers to entry for new entrepreneurs, and creates innovative business models. This study concludes that the creative economy plays a strategic role as a catalyst for entrepreneurial growth through the use of digital technology and continuous innovation.

Keyword: creative economy, digital entrepreneurship, startups, digital transformation, innovation

INTRODUCTION

The digital era has brought about a fundamental transformation in the global economic structure, including in Indonesia. This paradigm shift has opened up new space for the development of the creative economy, a strategic sector driving the growth of modern entrepreneurship. The creative economy, defined as the creation of added value based on ideas derived from human resource creativity and knowledge, has proven itself to be a new driving force for the national economy (Central Statistics Agency & Ministry of Tourism and Creative Economy, 2020). Indonesia, with its large population and abundant cultural wealth, possesses highly promising creative economy potential. Data from the Ministry of Tourism and Creative Economy shows that by 2024, creative economy businesses in Indonesia will reach 15,898 units, indicating significant growth in this sector. The digital transformation accelerated by the COVID-19 pandemic has further strengthened the creative economy's position as a driving force for new entrepreneurship.

Developments in digital technology have transformed the way entrepreneurs conduct their businesses. Digital platforms, e-commerce, social media, and various technology applications have become new infrastructures that enable entrepreneurs to create, distribute, and monetize their creative products more efficiently. Coordinating Minister for Economic Affairs Airlangga Hartarto emphasized that the creative industry is one of the sectors expected to support national economic growth, especially with the support of the rapidly growing momentum of digitalization. The startup and digital entrepreneurship phenomenon has become a global trend that cannot be ignored. In Indonesia, the startup ecosystem has grown rapidly, supported by digital technology that enables continuous innovation. Digital entrepreneurship is not only transforming traditional business practices but also creating new opportunities for the younger generation to develop creative ideas into sustainable and scalable business models.

Generation Z and millennials, as digital natives, have the advantage of mastering technology that can be combined with their creative ideas. They possess significant capital in the form of creative and innovative ideas that can be implemented in the digital industry. This combination of creativity and digital technology has created a dynamic entrepreneurial ecosystem that is adaptive to market changes. Digital transformation in the creative economy is also driven by changes in consumer behavior, which increasingly relies on digital platforms to access products and services. Internet penetration, which reached 93.7 million users by the end of 2015, with 37% of them smartphone users, has created a large digital market for creative products. This significant market share makes the development of the creative economy and digital entrepreneurship a highly promising sector.

E-commerce platforms have become a major catalyst for the growth of the digital creative economy. Through these platforms, creative entrepreneurs can sell their products with a wider reach without being limited by geographic boundaries. This has enabled MSMEs and creative startups to access global markets and increase their competitiveness internationally. The Indonesian government has also demonstrated a strong commitment to supporting the development of the creative economy through various programs and policies. The Ministry of Tourism and Creative Economy has launched various digital talent incubation programs, such as Baparekraf Developer Day, Baparekraf for StartUp, Baparekraf Digital Talent, and Baparekraf Digital Entrepreneurship, to encourage the growth of the digital entrepreneurship ecosystem.

This research aims to analyze in-depth the role of the creative economy in driving entrepreneurial growth in the digital era, with a focus on the transformations occurring in Indonesia. The analysis will cover economic contributions, changes in business models, the use of digital technology, and its impact on the national entrepreneurial ecosystem.

Library Review

The concept of the creative economy was first introduced by Richard Florida, who identified the creative class as the driving force of the modern economy (Florida, 2002). In Indonesia, the creative economy is defined as economic activities that rely on the creativity, expertise, and talents of individuals or groups to create added economic value through the creation and utilization of intellectual property (Ministry of Tourism and Creative Economy, 2014). Howkins (2001), in his work "The Creative Economy," emphasized that the creative economy is the transaction of creative products that have economic value and are based on intellectual property. This definition aligns with developments in Indonesia, where the creative economy sector has expanded into 17 subsectors, including culinary arts, fashion, crafts, music, animated film and video, and interactive applications and games.

Schumpeter (1947), in his creative destruction theory, posits that entrepreneurs are the primary innovators and that entrepreneurship is the primary driver of the economy,

generating growth through continuous innovation. This theory is highly relevant to the development of digital startups in Indonesia, which continue to create disruption and innovation in various economic sectors. Research conducted by Prastya, Nugraha, and Wahyuastuti (2017) shows that with each new digital startup emerging with nearly identical features, the skills, innovation, and creativity possessed by young people must be applied to create differentiation and competitive advantage.

The digital economy theory developed by Brynjolfsson and McAfee (2014) emphasizes that digital technology has fundamentally changed how the economy operates, including the creation of value, distribution, and consumption of products. In the creative economy, digital technology has enabled democratization of access to global markets and reduced barriers to entry for new entrepreneurs. Pine and Gilmore (1999), in their concept of the "Experience Economy," explain that the economy has evolved from commodities, goods, and services to experiences. This concept is highly relevant to the development of the creative economy, which emphasizes creating unique experiences for consumers through creative products and services.

Landry (2000), in "The Creative City," highlights the role of creativity in urban economic development and how the creative industry can be a catalyst for economic regeneration. This concept has been adopted by many cities in Indonesia in developing sustainable creative economy ecosystems. The platform economy theory, developed by Parker, Van Alstyne, and Choudary (2016), explains how digital platforms have transformed traditional business models into network-based business models that enable value creation through interactions between various stakeholders. E-commerce platforms such as Tokopedia, Shopee, and Bukalapak have become successful examples of platform business models implemented in Indonesia's creative economy.

Rogers' (2003) diffusion of innovation theory explains how new innovations are adopted and spread within society. This theory is relevant for understanding how digital technology is adopted by creative economy actors in Indonesia and how this adoption process influences entrepreneurial growth. Chesbrough's (2003) concept of "Open Innovation" emphasizes that the best innovation occurs when organizations combine internal and external ideas. This concept has been adopted by many startups and creative companies in Indonesia, which utilize collaboration and strategic partnerships to develop innovative products and services. Tapscott and Williams' (2006) work on "Wikinomics" explains how mass collaboration and peer-to-peer production have transformed the way companies innovate and create value. This phenomenon can be seen in the development of crowdsourcing platforms and the collaborative economy in Indonesia's creative sector.

METHOD

This research uses a qualitative approach using library research to analyze the role of the creative economy in driving entrepreneurial growth in the digital era. This method was chosen because it allows for in-depth analysis of available secondary data and academic literature relevant to the research topic. The data used in this study are secondary data sourced from official government publications, research institutions, academic journals, and industry reports. The primary data sources include publications from the Central Statistics Agency (BPS), the Ministry of Tourism and Creative Economy (Kemenparekraf), the Coordinating Ministry for Economic Affairs, and various related research institutions.

Data collection techniques were conducted through documentary studies of various scientific publications, government statistical reports, and policy documents related to the creative economy and digital entrepreneurship. Data were collected from 2010 to 2024 to provide a representative overview of trends and developments occurring over a period of time. Data analysis was conducted using a descriptive analytical approach, utilizing data source

triangulation techniques to ensure the validity and reliability of the information. The analysis process included pattern identification, data categorization, and interpretation of the results to answer the research questions.

The analytical framework used includes an analysis of the creative economy's contribution to national GDP, an analysis of workforce growth in the creative economy sector, an analysis of the development of startups and digital entrepreneurship, and an analysis of the impact of digital transformation on business models in the creative sector. The research period focuses on the digital era, starting in 2010, when internet penetration began to increase significantly in Indonesia, and continuing through 2024, reflecting the current state of the digital creative economy. This period was selected based on the availability of consistent and representative data for analyzing long-term trends.

Data validity was ensured through cross-checking between various official sources and triangulation of information from multiple sources. Data reliability was maintained by using credible sources with a consistent track record of data publication from year to year. Limitations of this study lie in its reliance on secondary data, which may have a publication lag, and the limited access to primary data directly from business actors. However, the use of multiple sources and data triangulation can minimize bias and increase the accuracy of the analysis.

RESULT AND DISCUSSION

Contribution of the Creative Economy to the National Economy

The creative economy sector has shown significant growth in its contribution to the Indonesian economy. Based on the 2020 Creative Economy Statistics data published by the Ministry of Tourism and Creative Economy in collaboration with the Central Statistics Agency, the Gross Domestic Product of the creative economy has consistently increased from IDR 525.96 trillion in 2010 to IDR 1,153.4 trillion in 2019. The latest data shows that in 2022, the GDP of Indonesia's creative economy sector reached IDR 1.28 quadrillion with a workforce of 23.98 million people. Despite fluctuations in the 2021-2022 period due to the impact of the COVID-19 pandemic, this sector continues to demonstrate strong resilience with a contribution to national GDP of 6.54% in 2022. The contribution of creative economy exports also showed a positive trend, with export value reaching US\$19.68 billion in 2019, despite a decline from the previous year due to global economic conditions. The fashion subsector dominated exports with a contribution of 62.04%, followed by crafts at 30.95%, and culinary at 6.76%.

Digital Transformation in the Creative Economy

The digital era has brought about a fundamental transformation in the way creative economy players run their businesses. The continued rise in internet penetration, from 93.7 million users at the end of 2015 to a much larger projection by 2024, has created a highly potential digital market for creative products. E-commerce platforms have become a game-changer in the distribution of creative economy products through digital marketplaces like Tokopedia, Shopee, and Bukalapak, creative entrepreneurs can reach consumers throughout Indonesia and even internationally without the need for a physical store, which requires significant investment. Digital transformation has also enabled the emergence of new business models in the creative sector. Content creators, influencers, and digital artists are new professions born from the intersection of creativity and digital technology. Platforms like YouTube, Instagram, TikTok, and Spotify have become new platforms for creators to monetize their work.

Startup Growth and Digital Entrepreneurship

Indonesia's startup ecosystem has grown rapidly, particularly in sectors related to the creative economy. Data shows that Indonesian startups have attracted significant investment from both domestic and international investors, reflecting confidence in the sector's growth potential. The government, through various incubation programs such as Baparekraf Developer Day (BDD), Baparekraf for StartUp (Bekup), Baparekraf Digital Talent (BDT), and Baparekraf Digital Entrepreneurship (BDE), has committed to supporting the growth of startups and digital entrepreneurship in the creative sector. The characteristics of digital entrepreneurship in the creative economy demonstrate several advantages over traditional business models, including high scalability, operational flexibility, global market access, and relatively lower initial capital. It has enabled more young entrepreneurs to start their businesses in the creative sector.

Impact on Labor and Job Creation

The creative economy sector has proven to be a significant workforce absorber. Data from the Central Statistics Agency shows that the number of people working in the creative economy sector has experienced consistent growth from 13.447 million people in 2011 to 19.240 million people in 2019. Labor growth in the creative economy sector reached 4.02% in 2019, higher than the national labor force growth of only 2.02%. This indicates that this sector has a strong labor absorption capacity and has the potential to be a solution to reduce the unemployment rate in Indonesia. The distribution of the creative economy workforce is dominated by three main subsectors: culinary (49.54%), fashion (23%), and crafts (20.85%). These subsectors are also the ones that utilize digital platforms the most to develop their businesses, creating synergy between the traditional creative economy and digital technology.

The Role of Digital Technology in Changing the Entrepreneurship Landscape

Digital technology has fundamentally changed the way entrepreneurs in the creative sector run their businesses. Artificial intelligence, the Internet of Things, and blockchain have been used to create more innovative and attractive products and services for consumers. Social media platforms have become key digital marketing tools for creative businesses. Through Instagram, Facebook, TikTok, and other social media platforms, entrepreneurs can build brand awareness, engage with customers, and conduct direct selling at relatively low costs. Fintech has also played a crucial role in supporting the growth of entrepreneurship in the creative sector. Payment gateways, digital wallets, and peer-to-peer lending have facilitated transactions and access to capital for creative startups and MSMEs.

Government Strategy in Supporting the Digital Creative Economy

The Indonesian government has implemented various strategies to support the development of the creative economy in the digital era. Entrepreneurship policy development strategies include increasing business capacity and access to financing for entrepreneurs, increasing the creation of business opportunities and start-ups, and increasing the added value of social enterprises. The National Movement for Proudly Made in Indonesia (Gernas BBI) program has successfully encouraged more than 12.1 million MSMEs and artisans to onboard to digital platforms. Currently, more than 20.1 million MSMEs have entered the digital ecosystem. The government's target of transforming 30 million MSMEs into the digital realm by 2024 demonstrates a serious commitment to encouraging the digitalization of the creative economy sector. It is predicted that by 2025, the digital economy sector's contribution will reach USD 146 billion, equivalent to IDR 2,131.6 trillion.

CONCLUSION

Based on the analysis conducted, it can be concluded that the creative economy plays a strategic role in driving entrepreneurial growth in Indonesia's digital era. The sector has demonstrated a significant contribution to the national economy, with a GDP reaching IDR 1.28 quadrillion and employing 23.98 million people in 2022. Digital transformation has transformed the entrepreneurial landscape in the creative economy sector through several key mechanisms. First, digital platforms have provided broader market access for creative entrepreneurs, enabling them to reach global consumers without geographic limitations. Second, digital technology has reduced barriers to entry for new entrepreneurs by providing more accessible and cost-effective business infrastructure.

Third, digitalization has created new, more scalable and sustainable business models, such as content creation, digital marketing services, and platform-based businesses. Fourth, the digital startup ecosystem has grown rapidly, supported by the government incubation programs and investment from the private sector. The culinary, fashion, and crafts subsectors have proven to be key drivers of the digital creative economy, contributing 49.54%, 23%, and 20.85% of the workforce, respectively. These subsectors have successfully integrated digital technology into their business operations and created more efficient value chains.

The government's role in supporting the development of the digital creative economy is crucial through various programs and policies. The Gernas BBI program has successfully encouraged more than 20.1 million MSMEs to enter the digital ecosystem, while the target of transforming 30 million MSMEs by 2024 represents an ambitious yet realistic long-term vision. The economic impact of entrepreneurial growth in the digital creative sector is very positive, reflected in the 4.02% growth in the workforce, exceeding the national average of 2.02%. This demonstrates the sector's significant potential to address unemployment and drive inclusive economic growth.

Going forward, the digital creative economy is predicted to continue growing, with the sector's contribution projected to reach USD 146 billion by 2025. This demonstrates that investment in the development of the digital creative economy will provide significant returns to the national economy. This research confirms that the synergy between creativity, digital technology, and entrepreneurship has created a dynamic ecosystem that is adaptive to global market changes. The creative economy not only plays a role as an independent economic sector, but also as a catalyst for innovation and digital transformation in various other economic sectors.

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