

CHAPTER I

INTRODUCTION

1.1 Research Background

In the new era of digital and modern days, the creative economy has caught the attention of many and taken part in the momentum of economic revival due to the recent event the world had to deal with, which was the COVID-19 pandemic. The government and policymakers had taken their time to look in-depth at the potential of a creative economy as a recovery in the economic industry by creating a variety of excellent programs such as the digital market, etc. The most obvious shift that the pandemic has caused in the economic industry is in the sales system (Hevia C, Neumeyer A, 2020). This turns into a big challenge for the global creative industry, which has switched from offline economic transactions to online activities once people started to avoid the risk of physical contact due to the transmission of the pandemic, costing significant challenges and changes in the creative sector that affect mostly the developing countries (Wardana, 2018). Unfortunately, not all creative economy industries understand and maximize the use of online methods, which affects the sustainability of the creative economy (Rosyadi et al., 2020).

Creative economics is the basis of economic activity in Indonesia. A prior study proves that Indonesia's Gross Domestic Product (GDP) contributed IDR 1.105

Trillion through additional income from the creative economy (Santoso, 2020). By being a country that contributes a great amount of GDP to the creative sector, Indonesia ranks third in the world with the most GDP (Santoso, 2022). This fact gives Indonesia a bigger motive to maximize its potential in the creative economy, alongside other countries. Indonesia is playing its role by providing new job opportunities. Bekraf (Badan Ekonomi Kreatif) is an Indonesian agency for creative economy that was formed in the year 2015 Presidential Decree. It is known as a non-ministerial government institution that are responsible for the creative economy industry (*Thinking*Room Inc. — Design Studio Based in Jakarta*, n.d., 2017)). Indonesian president Ir. H Joko Widodo has the expectation that Bekraf will be the leading sector for national economic growth that is based on the creative economy. It is presented by the 16 creative industries, which are architecture, interior design, visual communication design, product design, fashion, movies, animation, videos, photography, craft, culinary, music, publishing, advertisement, art performance, television and radio, and application and game developers (*Indonesia's Creative Industry | GBG Indonesia*, n.d.-b, 2018). The creative economy's growth is targeted to increase by 7–7.5% from 2015–2019. In Indonesia, the regional domestic growth product of the creative industry accounted for 5–6% of annual growth. Indonesia has its own expectations for employment in the creative industry. With the help of digital technology, it is expected that the industry will account for 10,5-11% of total national employment (Post, 2014). Bekraf had six key fields to focus on in the creative industry of Indonesia, which considerably has the highest contribution to national

economic growth in terms of gross domestic product, job opportunities, and income improvement. Which are film/movie, animation and design, music, craft, fashion, and culinary (Post, 2014), (Hidayat et al., 2017).

Culinary, or more known as F&B (food and beverage), nowadays is one of the most prominent sectors in the creative industry. Food and beverages are fairly basic human needs (Komaladewi et al., 2017). The industry is counted in many categories, from street food to small-medium-large restaurants, bakery shops, cafes, caterers, and many others (Hidayat et al., 2017).

The diverse range of culinary arts and experiences offered by the food and beverage industry makes it a crucial component of the creative economy (Armstrong, 2020). This industry includes food production, food service, and beverage service and often collaborates with other sectors like tourism, hospitality, and entertainment to provide unique experiences for consumers. (*Food & Beverage Overview | Business Indonesia*, n.d, 2019). Moreover, the food and beverage industry plays a vital role in influencing cultural and social trends by reflecting the shifting tastes and preferences of consumers. As the food and beverage industry continues to evolve, it has the potential to promote innovation and growth in the creative economy. According to (*Food & Beverage Overview | Business Indonesia*, n.d, 2019) by embracing new technologies and innovative solutions, the industry can create more captivating experiences that meet consumer preferences and society's trends.

A study review ensures that running a creative industry business needs ideas, creativity that can be provided by all communities, and perseverance (Rosyadi et al., 2020), (Panzera, 2011). Equally, research shows that the creative economy can assist socioeconomic development (Cultural Trends, 2018). Besides being profitable, implementing a creative business can be a very big advantage for business opportunities (Zhou, 2020). With the help of technology, the creative economy has developed and grown with sophistication (Nobre G, 2020). Making it easy for people of all ages and social classes to start a business and become entrepreneurs. An online business can be done at any community level, including that of Generation Z also known as 'Gen Z.

Based on Gorynski (2023), members of Gen Z were born between the year 1997 to 2012, with the range of 15 years old to 26 years old as of 2023. This generation is mostly known as the first fully 'digitally native' generation because they grew up with the full advantage of social media and smartphones. Therefore Gen Zs are used to living in a digital-first world. The diverse generations are also known to be highly motivated and are very risk-averse than previous generations (Gorynski, 2023).

Gen Z can start being creative and take advantage of their productive time and season of life, especially in the pandemic, to conduct productive activities in creative business through the use of technology, the internet, and social media to help their family's economy as well as their own pocket money. Based on Khrysgiana (2018)

survey says that half of Gen Z - 56% consider themselves creative, compared to 44% of those over the age of 24. They are more likely to do something creative every day by 63%, compared to 57% among other generations. Social media has turned into an inspirational outlet for Gen Z, 47% of them agree that checking social media makes them more creative (Khrysgiana, 2018).

Online businesses these days are very suitable for Gen Z to explore their passion with emerging driving forces, creative innovation, and unique concepts that have the chance to attract modern customers. Traditional employment is seen as very stressful, competitive, and undesirable to Gen Z. Doing online business has created a new opportunity for them to build innovation on their own terms by taking full advantage of the internet to take control of their future. These experiences lead Gen Z to have a higher level of independence, entrepreneurial skills, and key life lessons at a younger age (Hulse, 2022). Gen Z entrepreneurs must have a specific set of skills, attitudes, and practices (Magano et al., 2020). It can be implemented in the food and beverage industry. The industry is one of the most critical components of the creative economy, and it has contributed to a significant amount of job creation and economic growth in Indonesia (Yusoff et al., 2019).

Regarding all the facts, building digital literacy has to involve a lot of parties, which is the role of community activities (Allen S.J, 2020). Digital literacy is one of the indicators of achievement in the education and economic industries. It is important and includes our obligation to prepare knowledge about all the information

roaming around the internet (Liu et al., 2020). It had also become essential for F&B to enable them to reach a wider audience and increase sales. The digital age has forced us to maximize the use of social media, and other digital platforms as marketing tools. It is crucial to have digital literacy skills such as online marketing, social media management, and digital content creation to enable them to thrive more in the industry. Moreover, the rise of e-commerce and cloud kitchens with digital platforms can change the landscape of the F&B industry (Drew's editorial team, 2022).

Further discussion of the creative economy, also needs an entrepreneurial attitude. This describes a certain attitude toward entrepreneurship that consists of knowledge that can be implemented in the thinking process of the entrepreneur (Arvidson et al., 2020). In conducting an online business that is based, Gen Z must need and have access to tolerable knowledge and business motivation (Kumalasari, 2021). Support from a family for a new entrepreneur in the family is indeed needed and can be acquired for both moral and material support. These kinds of support can increase motivation, give them an early fighting spirit, and also inspire them to conduct online business (Walker et al., 2021). Businesses mostly start with strategies that are adapted from existing opportunities, such as businesses in the F&B industry. By having positive attitudes towards entrepreneurship, it is necessary for Gen Z to have the willingness to take risks, be proactive, and have a growth mindset. It is an adaptation that enables an entrepreneur to survive and perform well in their business.

These are reasons why business sustainability is necessary, allowing them to expand the business into a broader market (Parida et al., 2019). Consumers are becoming increasingly conscious of environmental and social issues. Therefore, they expect businesses to act more responsibly for their environment and adopt sustainable practices to improve their brand reputation and attract more F&B markets.

Gen Z becoming an entrepreneur relates to them having to be creative, have the guts to be brave, and dare to try new things with broad knowledge and skills that can be shared with a team in conducting a business. Nobody says that it is easy to be an entrepreneur, it surely takes a lot of effort and literacy (Rusliati et al., 2020). Although, not all entrepreneurs achieve their goal immediately on the first try to achieve success. Achieving the destination of being a successful entrepreneur demands a full commitment and a great attitude (Rusliati et al., 2020). Thus, the research examines dimensions that affect Gen Z's creative economy in Jakarta. As well as identifying factors that affect business sustainability and creative economy instruments. **Table 1.1** below shows the difference between Generation Z and other Generations, which shows that Gen Z holds the most population in Jakarta in the year 2020.

Jumlah Penduduk Hasil Sensus Penduduk 2020 menurut Generasi dan Kabupaten/Kota di Provinsi DKI Jakarta (Jiwa)						
Kab/Kota	Pre-Boomer	Baby-Boomer	Generasi X	Milenial	Generasi Z	Post Generasi Z
Tahun	2020	2020	2020	2020	2020	2020
Jakarta Selatan	32178	252 975	547 666	583253	565953	238 381
Jakarta Timur	34 391	33191	712837	806 603	792 092	349312
Jakarta Pusat	18744	133067	253013	277 599	263 444	108 802
Jakarta Barat	32227	264046	569 611	665 783	621776	276335
Jakarta Utara	21466	186 574	407 955	488123	45796	211063
DKI Jakarta	139 242	872199	2496641	2828858	2297094	1187716

Table 1.1 Sumber: Sensus Penduduk 2020, BPS

Including two major contributions, this research examined literature involving some things that affected the creativity economy during and after COVID-19 in Jakarta. It also involved digital literacy, business sustainability, and entrepreneurial attitudes in Jakarta, which are missing in other studies. Some existing studies, for example, based on Gouvea et al. (2021), have not addressed the nexus between digital literacy, business sustainability, and entrepreneurial attitudes. The research also provides an understanding of business enhancement and the significance of digital literacy, business sustainability, and entrepreneurial attitudes. In addition, the study in Jakarta benefits from the unique variety of populations and resources because it applies a satisfying amount of creative economy.

The study will be done in Jakarta, appropriately covering the growing economy in Jakarta, Indonesia. Based on the result of the 2020 population census, Generation Z in Jakarta has reached a total of 75.49 million people, which is 27.94% of the total population of 270.2 million (Jayani, 2021).

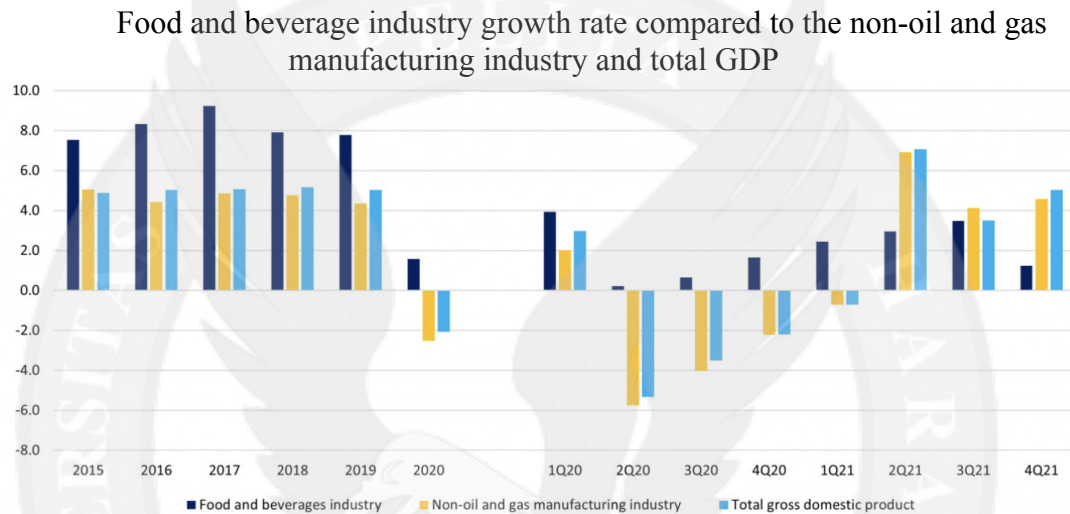


Figure 1.1 F&B industry growth rate.(Bank Mandiri/-)

According to Dewi (2022) from **Table 2.2** above, the growth of food and beverage in the creative industry in Jakarta, a developing city, has increased. As an industry that provides basic necessities. It has shown improvements in line with Indonesia's economic recovery, with a growth of 0.2% year-on-year while other industries are experiencing contraction. Food and beverage are one of the industries that Indonesia's manufacturing industry relies upon. The growth of this industry had been projected to increase by 5-7 percent (Dewi, 2022). For all the facts above, this research on the food and beverage industry will be held in Jakarta.

1.2 Problem Statement

In this era, many Gen Zs are experiencing a good impact from the rising of the digital era (Gorynski, 2023) Which shows that they have taken advantage of the online creative economy, especially in Jakarta. Therefore, it enables them to maximize the advantage. There are a few factors that are needed to be involved in the process. The research examines the dimension that affects the creative economy of Gen Z in Jakarta by identifying factors affecting them in creative economy instruments. According to Wardana et al. (2022) the research aims to underline some things that affected the creative economy post the pandemic covid-19 disease in Indonesia. The research also includes the links Digital Literacy, Business Sustainability, Entrepreneurial Attitude in Indonesia that are missing in other studies, as well as presenting the importance and significance of Digital Literacy, Business Sustainability, Entrepreneurial Attitude Gouvea et al. (2021). The research will be based in Indonesia to analyze its unique and huge population and resources, with a sufficient number of creative economy. In detail this research includes Jakarta for the representative that covers the growing economy in Indonesia (Jayani, 2021).

The purpose of this study is to explore those factors and the relationship between Digital Literacy, Business Sustainability, and Entrepreneurial Attitude in the Creative Economy to achieve the goal of F&B business based in Jakarta. It will determine the positive impact of each variable or factors on one another by giving in depth explanation regarding the F&B business in the competitive industry.

1.3 Research Questions

The whole purpose of the research was to establish an examination based on the background and introduction that are described in the statement of the problem in this research as in the following:

- Does digital literacy have a positive impact on entrepreneurial attitude on Gen Z in Jakarta ?
- Does business sustainability have a positive impact on the entrepreneurial attitude on Gen Z in Jakarta ?
- Does digital literacy have a positive effect on the creative economy on Gen Z in Jakarta ?
- Does business sustainability have a positive effect on the creative economy on Gen Z in Jakarta ?
- Does entrepreneurial attitude have a positive impact on the creative economy on Gen Z in Jakarta ?
- How does an entrepreneurial attitude mediate the link between digital literacy and a creative economy on Gen Z in Jakarta ?
- How does an entrepreneurial attitude mediate the link between business sustainability and a creative economy on Gen Z in Jakarta ?

1.4 Research Objectives

The objectives of conducting this research are based on the research questions:

- Analyzing Digital literacy positive impact on entrepreneurial attitude on Gen Z in Jakarta.
- Analyzing Business sustainability positive impact on entrepreneurial attitude on Gen Z in Jakarta.
- Analyzing Digital literacy positive effect on the creative economy on Gen Z in Jakarta.
- Analyzing Business sustainability positive effect on the creative economy on Gen Z in Jakarta.
- Analyzing Entrepreneurial attitude positive impact on the creative economy on Gen Z in Jakarta.
- Analyzing Entrepreneurial attitude mediating link between digital literacy and a creative economy on Gen Z in Jakarta.
- Analyzing Entrepreneurial attitude mediating link between business sustainability and a creative economy on Gen Z in Jakarta.

1.5 Research Contribution

The general purpose of this research will be conducted to achieve academic and practical / performance benefits.

1.5.1 Academic Benefit

The research that is conducted is expected to bring broader insight and provide motivation for the community members who are involved and mentioned in the research. Providing information that is useful will give purpose and inspiration for doing research on a similar topic in management. Mainly, that involves digital literacy, business sustainability, entrepreneurial attitude, and the creative economy for Gen Z that are interested in entrepreneurship.

1.5.2 Researcher Benefit

The goal of the study is to understand a broader vision of the independent variables and dependent variables. Another study is to find the connection between digital literacy and business sustainability based on entrepreneurial attitudes in the creative economy. As well as the connection of all variables to Gen Z in Jakarta, who are in the F&B industry.

1.6 Research Scope

In the community that is keen and interested in the entrepreneurship industry, which in this case mostly talks about Gen Z, most people are firstly inspired and influenced by a particular role model or a good reference that they can look up to. Their interest in the F&B industry will make them continue to investigate their level of proficiency in using social media, online marketing, e-commerce platforms, and other digital tools, enabling them to implement their skills (Rusliati et al., 2020). Especially the industry that is online based and uses all the advantages of this digital era.

The attitude and behavior of Gen Z must include their awareness of the environment and social issues. By then, they may already be able to practice the adaptation of their willingness to do the sustainable practice. Analyzing the mindset of entrepreneurship in Gen Z in the F&B industry shows through their motivation, aspiration, and attitude toward risk-taking, as well as innovation and creativity (Parida et al., 2019). Gen Zs in the creative economy are forced to start thinking outside the box to contribute to developing new inventions in the F&B industry, including their influence on food culture and trends (Alberto Ferraris, Demetris Vrontis, Zhanna Belyaeva, 2020).

Thus, this research wants to find all the internal factors that are behind digital literacy, business sustainability, and entrepreneurial attitude in the creative economy, including those Gen Z that are keen on the F&B entrepreneurship industry.

1.7 Organization of The Study

CHAPTER 1: INTRODUCTION

The chapter starting this research explains the background of the study. Research problem, research question, research objectives, and organization of the study, which outlines the thesis

CHAPTER 2: LITERATURE REVIEW

In the second chapter of the research, explain the theories behind each variable and the conceptual framework that is built to connect one variable with another to generate the purpose of creating a hypothesis from it.

CHAPTER 3: RESEARCH METHOD

The third chapter explains the analysis method that is used utilizing the research, including researching the data source and questionnaire that will be used to solve the case.

CHAPTER 4: DISCUSSION AND ANALYSIS

In chapter four, the result has been completed by the researcher on the case, and data analysis will be provided and which will provide further review through the application of statistical calculations on the collaboration between all the variables involved and to confirm whether the hypothesis is accurate.

CHAPTER 5: CONCLUSION AND SUGGESTIONS

The fifth chapter includes the final statement from the researcher for the research and suggestions that the researcher comes across after doing the research with regard to finding out the problem and coming up with alternatives. It also provides a conclusion where it explains the statistical calculation of the data that is gathered.