

# CHAPTER I

## INTRODUCTION

### 1.1. Background

The creative economy is a new wave in the 21<sup>st</sup> century, when people start to run the economy through an idea. In an economy wheel which moves using this concept, intellectuals can be likened to wealth that can create money, employment opportunities, income, and prosperity.<sup>1</sup> In its implementation in the real world, the creative economy does not only involve the role of a new system or some particular technology. But the creative economy requires the development of imagination, exploration, experiment, discovery, and collaboration of new things that will support the creation of an idea.<sup>2</sup>

Creativity and economy are two different things that have been known to the public for a long time. What is new from creativity and economy is the relationship created and the combination to create incredible value and wealth between the two.<sup>3</sup> Furthermore, it can be said that the creative economy is a concept that finally people use in getting economic value from exercising their imagination.

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<sup>1</sup> Suryana, *Ekonomi Kreatif, Ekonomi Baru: Mengubah Ide Dan Menciptakan Peluang* (Jakarta: Salemba Empat, 2013).

<sup>2</sup> Steve Denning, "The Best New Books on the Creative Economy," *Forbes*, December 28, 2013, accessed August 25, 2019, <https://www.forbes.com/sites/stevedenning/2013/05/07/>.

<sup>3</sup> John Howkins, *The Creative Economy: How People Make Money from Ideas*. (Penguin Books, 2001). <https://books.google.co.id/books>.

The transformation that occurred in the structure of the global economy was quite fast. Initially, the wheels of the economy based on natural resources and now began to lead to human resources as its basic. This change was accompanied by the turn of the next era, from the era of manufacturing and information to the era of the creative economy. Ideas belonging to the creative economy are certainly not an ordinary idea which cannot be explored further. The ideas here are groups of original ideas which can be categorized and protected by valid law towards intellectual property rights including advertisement, design, game, video, and music.<sup>4</sup>

The discussion on the creative economy is inseparable from the term of the creative industry, different but continuous. The creative economy is a concept that is then used by the creative industry in gathering economic activities related to the creation or use of knowledge and information.<sup>5</sup> Which then the term is often used when discussing the creative economy.

Specifically, international institutions such as United Nations Conference on Trade and Development (UNCTAD) define the creative economy as a concept dominated by images, sound, text, and symbols through the involvement of creativity, culture, technology, and economics.<sup>6</sup> The great potential possessed by the creative economy then succeeded in attracting the

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<sup>4</sup> Faisal Afiff, "*Pilar-Pilar Ekonomi Kreatif, "Rangkaian Kolum Kuster I*, (2012), accessed August 25, 2019, <http://sbm.binus.ac.id/files/2013/04/Pilar-Pilar-Ekonomi-Kreatif.pdf>.

<sup>5</sup> UNESCO, "What Do We Mean by The Cultural and Creative Industries?" *Capacity-Building Programme in Africa. Document No.11*, n.d. [https://en.unesco.org/creativity/sites/creativity/files/digital-library/What Do We Mean by CCI.PDF](https://en.unesco.org/creativity/sites/creativity/files/digital-library/What%20Do%20We%20Mean%20by%20CCI.PDF).

<sup>6</sup> UNCTAD, "UNCTAD's Work on the Creative Economy,". (UNCTAD). <https://unctad.org/en/Pages/DITC/CreativeEconomy/Creative-Economy.aspx>.

attention of the world. As an international institution that is considered capable of facilitating the development of a creative economy globally, UNCTAD created the UNCTAD Creative Economy Program. This program aims to provide information and understanding trends regarding the creative economy from the past to the future through reliable data provided by this program.<sup>7</sup> In addition, in 2009, UNCTAD together with other international institutions such as the United Nations Educational, Scientific and Cultural Organizations (UNESCO) and International Labour Organization (ILO) also sought to implement interagency projects in strengthening the creative economy in African, Caribbean and Pacific (ACP) countries.<sup>8</sup> There is also the role of United Nations Industrial Development Organization (UNIDO) who participated in the development of the creative economy in the world through creative industries for young people and several other programs.<sup>9</sup>

The world has considered the creative economy as something serious to be developed further. But to be able to realize what the world expects from the creative economy, the collaboration between various creative actors such as scholars, governments and businesses from each country is needed.<sup>10</sup> The roles of creative actors are then supported by UNESCO's findings which show that

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<sup>7</sup> UNCTAD, "Creative Economy Programme," (UNCTAD).

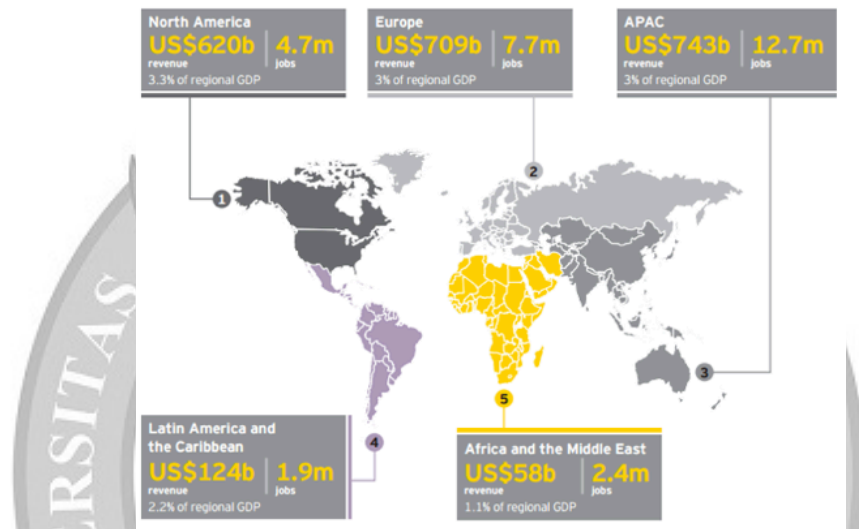
<https://unctad.org/en/Pages/DITC/CreativeEconomy/Creative-Economy-Programme.aspx>.

<sup>8</sup> UNCTAD, "Interagency Project: Strengthening the Creative Industries in Five ACP Countries through Employment and Trade Expansion," (UNCTAD) <https://unctad.org.aspx>.

<sup>9</sup> UNIDO, "Creative Industries for Youth: Unleashing Potential and Growth," (2013). [https://www.unido.org/sites/default/files/2013-05/13-81037\\_Ebook.pdf](https://www.unido.org/sites/default/files/2013-05/13-81037_Ebook.pdf).

<sup>10</sup> Kementerian Pariwisata dan Ekonomi Kreatif RI, *Ekonomi Kreatif: Kekuatan Baru Indonesia Menuju 2025*, (Kementerian Pariwisata dan Ekonomi Kreatif RI: 2014).

the Asia-Pacific's creative economy is the largest, 33% for creative industries of the global total.<sup>11</sup>



**“The Global Breakdown of the Creative Economy by Region”**  
 (Source: Cultural Times: the first global map of cultural and creative industries, UNESCO, 2015)<sup>12</sup>

That way each actor can find out the right steps for the development of the creative economy. Seeing the data released by UNESCO, countries in Asia certainly have great potential and opportunity, including Indonesia.

In Indonesia, the concept of the creative economy is also a trend that has been discussed for a long time ago in the community, but it has not been too popular for most people. It started in 2006 when President Susilo Bambang Yudhoyono gave instruction to develop the creative economy initiative in

<sup>11</sup> CISAC, *Cultural Times: The First Global Map of Cultural and Creative Industries*, (2015). [https://en.unesco.org/cultural\\_times\\_the\\_first\\_global\\_map\\_of\\_cultural\\_and\\_creative\\_industries.pdf](https://en.unesco.org/cultural_times_the_first_global_map_of_cultural_and_creative_industries.pdf).

<sup>12</sup> CISAC, “Cultural Times: the first global map of cultural and creative industries, UNESCO,” (France, 2015).

Indonesia after making an opening speech at INACRAFT 2005. This thought was then supported by the encouragement of the Ministry of Trade of the Republic of Indonesia in 2007 through a study of the existence of the creative economy in several countries that were able to contribute to the country's GDP.<sup>13</sup> Then the result of the study produced a blueprint for the development of Indonesia's creative economy.

The next concrete step was by issuing Presidential Instruction No.6 of 2009 concerning Creative Economy Development.<sup>14</sup> This step is considered as President Susilo Bambang Yudhoyono's commitment to growing the creative economy in Indonesia. Not only in the field of law, in the same year, President Susilo Bambang Yudhoyono then fostered his commitment through the holding of the Indonesian Creative Product Week.<sup>15</sup> In 2011, creative economy in Indonesia received more attention with the formation of Presidential Regulation No. 92 of 2011 which stated about the formation of the Ministry of Tourism and Creative Economy in the structure of the state ministries.<sup>16</sup> The formation of this ministry is a serious step taken by Indonesia in developing the creative economy. Then this ministry created a design of the Creative Economy:

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<sup>13</sup> Kementerian Pariwisata dan Ekonomi Kreatif RI, *Ekonomi Kreatif: Kekuatan Baru Indonesia Menuju 2025*.

<sup>14</sup> Presiden Republik Indonesia, "Peraturan Presiden Republik Indonesia No.6 Tahun 2009" (Jakarta: Presiden Republik Indonesia, 2009).

<sup>15</sup> Kompas, "Presiden: Pengembangan Ekonomi Kreatif Tingkatkan Daya Saing Bangsa," *Kompas*, June 23, 2009, accessed August 29, 2019, <https://kompas.com>.

<sup>16</sup> Presiden Republik Indonesia, "Peraturan Presiden Republik Indonesia No.92 Tahun 2011" (Jakarta: Presiden Republik Indonesia, 2011).

Indonesia's New Power Towards 2025 as a refinement of the blueprint of Indonesia Creative Economy Development which was launched in 2009.<sup>17</sup>

The ministry that was built in 2011 ended in 2014, leaving only the Ministry of Tourism.<sup>18</sup> But since the economic growth experienced by Indonesia especially in 2015 through an increase in GDP, it succeeds to bring back and paving the way for the development of the creative economy in Indonesia.<sup>19</sup> The Government of Joko Widodo took this opportunity to make the creative economy one of its priorities by establishing a non-governmental institution called the Creative Economy Agency (BEKRAF). The decision was made through the implementation of Presidential Regulation of the Republic of Indonesia Number 6 of 2015 concerning the Creative Economy Agency. Furthermore, this agency is responsible for the development of the creative economy in Indonesia by assisting the president in formulating, establishing, coordinating and synchronizing policies in the creative economy under President Joko Widodo first administration.<sup>20</sup>

BEKRAF in realizing its vision and mission certainly has several excellent programs such as *Bisma*, *Bekraf Satu Pintu*, and one that attracts the attention of the world is WCCE.<sup>21</sup> The World Conference on Creative Economy

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<sup>17</sup> Kementerian Pariwisata dan Ekonomi Kreatif RI, *Ekonomi Kreatif: Kekuatan Baru Indonesia Menuju 2025*.

<sup>18</sup> “Kementerian Pariwisata Kini Didukung 4 Deputi Dan 4 Staf Ahli.” Sekretariat Kabinet Republik Indonesia, Last modified February 2015. <https://setkab.go.id/kementerian-pariwisata-kini-4-deputi-dan-4-staf-ahli/>.

<sup>19</sup> Kementerian Pariwisata dan Ekonomi Kreatif RI, *Ekonomi Kreatif: Kekuatan Baru Indonesia Menuju 2025*.

<sup>20</sup> BEKRAF, *Tonggak Baru Ekonomi Kreatif Indonesia*. <https://www.bekraf.go.id/profil> (accessed August 29, 2019).

<sup>21</sup> BEKRAF, *Program Unggulan*. <https://www.bekraf.go.id/program/unggulan> (accessed August 29, 2019).

is a conference that discusses the problems and challenges in the development of the creative economy. Not only discussing about the countries involved but also the continuity of the creative economy for the world at large. For that reason, the first WCCE in Bali, 2018, which was attended by the world's creative leaders took the theme "Inclusively Creative".

The WCCE is the first world-class conference that discuss the creative economy.<sup>22</sup> Of course Indonesia, represented by BEKRAF together with the Ministry of Foreign Affairs of the Republic of Indonesia should be proud to be the organizer who also officially opened WCCE as an Indonesian brand. Indonesia considers that the creative economy has the potential to be a major driver of economic growth for a country. So, through WCCE, Indonesia is committed to taking a greater role in the development of the global creative economy.

This shows that Indonesia appears to be very serious in managing its creative economy. Therefore, it is important to document its efforts & to learn more about creative economy from Indonesia's perspective. To explore more how this country takes the opportunities of global creative economy and overcomes the challenges that it presents.

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<sup>22</sup> BEKRAF, WCCE, <https://www.wcce.id/about/> (accessed August 29, 2019).

## **1.2. Research Question**

Based on the discussions above, this thesis highlights the following research question:

1. What are the opportunities and challenges of the rise of the global creative economy for Indonesia?
2. Learning from Indonesian experiences, what is the role of Indonesian government in supporting the creative economy at a global level?

## **1.3. Research Objectives**

The purpose of this study is to identify and analyze the opportunities and challenges of global creative economy for Indonesia. As an effort in placing itself to take greater role in the development of the global creative economy.

## **1.4 Research Significance**

The results of this research proposal will provide insight into how Indonesia can take greater role in the development of global creative economy through the opportunities and challenges. This research topic is one of the most important topics in the international world today. Because this topic covers the world as a whole in facing and utilizing a new economic era that can be a milestone in driving the world economy. In addition, this research was also made to broaden public knowledge about the existence of the concept of the creative economy which has its foundation on each human being. So, that it can be developed and contributed to the world along with other social science abilities especially in international relations. It is hoped that this research will



not only be useful for students of social sciences, but also among the general public.

### **1.5 Structure of Writing**

The first chapter is the introduction, which provides an overview of the main content and idea of the thesis, including the background of the selected topic, the research question, which this thesis tries to find the answer, and also to describe the purpose of this thesis.

The second chapter is the theoretical framework, which elaborates the international theory and concept used in this thesis as the framework to analyze the opportunities and challenges of the global creative economy for Indonesia. This chapter is also providing comparison and summaries from the previous scholarly studies on the concept of global creative economy related to Indonesia, especially concepts that are able to give an insight on the opportunities and challenges that Indonesia has in the global creative economy through its experience and capabilities.

The third chapter is the methodology, which provides a thorough description of the research approach, methods, and data collection techniques used in gathering important data needed for the research. This chapter also provides data analysis methods used in analyzing the data collected to answer the thesis research questions.

The fourth chapter is the discussion, which is the focal point of the thesis, because this chapter contains analysis and presentation of all data collected on the opportunities and challenges of global creative economy for Indonesia,

systematically based on the theories and concepts used. In the end, the results are used to answer research questions from this thesis.

The fifth chapter is the conclusion, which contains the final result that concluded the analysis from the previous chapter about the opportunities and challenges of global creative economy for Indonesia.

