

## STRATEGY FOR CREATIVE INDUSTRY DEVELOPMENT IN THE PROVINCE OF BALI

Ngurah Gede Dwi Mahadipta  
Made Suyana Utama

---

### ABSTRACT

*The creative economy is one of the sectors that make a major contribution to the Indonesian national economy. Development of creativity as an important capital of the creative economy. It needs to be improved considering the level of creativity and innovation of Indonesian people is still lower than neighboring countries. Bali Province as one of the leading tourist destinations in Indonesia has a great creative economic potential from local cultural wealth. The strategy of developing a creative economy in Bali by utilizing the potential of local forces can be packaged into creative products with nuances of local culture. Digital technology plays a very important role in the development of the creative economy. The role of digital technology and new media such as mobile-based applications and the use of digital content platforms can facilitate the creative economy in the commercialization and promotion of their products. The government also take a role as regulator, facilitator and catalyst is also very important to support the development of the creative economy. The Creative Economy Agency as a government agency runs programs and events to create a creative ecosystem by facilitating startup businesses, registering intellectual property rights and accessing capital and taxation. This paper uses a literature review on strategies for developing the creative economy in Indonesia and focus in Bali.*

Keywords: Creative Economy, Development, Local Strength, Role of Government

---

### INTRODUCTION

The world economy always develops overtime. The economic development can be classified into several stages. According to Toffler (1980) there are three stages of economic development, such as the wave of agricultural economy, the wave of industrial economy, and the wave of the information economy. Then it is predicted that the next wave will be a wave of creative economy based on creative ideas. This new economic wave is a combination of various related activities whose ideas are transformed into goods and services of cultural value, where the goods and services have a value determined by intellectual property (Restrepo and Marquez, 2015).

Creative economy is a form of efforts to find sustainable economic development through a creativity, which is sustainable economic development is an economic climate that are competitive and reserve of renewable resources (Ministry of Trade, 2008). In other words, the creative economy is a manifestation of the survival spirit. It is very important for developed countries and offers equal opportunities for developing countries. According to Howkins (2001) the creative economy is an economic activity where the input and output are ideas or in other words, the essence of creativity is ideas. The big message offered by the creative economy is the use of reserve resources that are not only renewable but also unlimited. They are ideas, talents and creativity.

Indonesian Presidential Regulation Number 72 Year 2015 concerning Amendment to Presidential Regulation Number 6 Year 2015 concerning the Creative Economy Agency has reclassified the creative industries sub-sector from 14 sub-sectors to 16 sub-sectors, such as (1) Architecture; (2) Interior Design; (3) Visual Communication Design; (4) Product Design; (5) Film, Animation and Video; (6) Photography; (7) Craft; (8) Culinary; (9) Music; (10) Fashion; (11) Application and Game Developer; (12) Issuance; (13) Advertising; (14) Television and Radio; (15) Performing Arts; and (16) Fine Arts. Based on data from the Indonesian Central Statistics Agency, the Gross Domestic Product (GDP) of Indonesia for creative economy has a value-added growth of 4.38% with a contribution to national GDP of 852.24 trillion or 7.39 percent in 2015. Whereas in 2016, GDP the creative economy increased to 922.59 trillion or around 7.44 percent and reached an export value of 20 billion dollars. This shows that the creative economy has good development potential where the creative economy contributes significantly to the total national economy. The significant contribution of the creative economy sector to the national economy is a very good potential to be developed. However, if viewed from the competitiveness and individuals creativity in Indonesia, but it still needs more attention. This can be seen from the global creativity index (global creativity index) in 2015, Indonesia which ranks 115 out of 139 countries (Florida, et al, 2015). Research conducted by the Martin Prosperity Institute examines the creativity index based on three components. The components are talent (HR capacity), technology (technology) and tolerance (tolerance) placing Indonesia below ASEAN neighboring countries like Singapore (rank 9), Malaysia (rank 63) and Vietnam (ranked 80). In addition, there is also a global innovation index (Global Innovation Index) that can be used as a parameter in measuring and stimulating a country's innovation activities, where innovation is a driving force for a country's socioeconomic development. Based on the GII, Indonesia is still ranked 85 out of 129 countries. This can provide an illustration of the importance of stimulation in increasing creativity and innovation in the context of accelerating the creative economy in Indonesia.

The creative economy in Indonesia can't be separated from creative resources. The development of the creative economy in Indonesia is an interconnected and complementary support component. The components are creative businesses and intellectuals, business (private) and government. The three components also known as Triple Helix (Ministry of Trade of the Republic of Indonesia, 2009). The creative business actors or scholars is the main role because they are the source of ideas and creativity which are the basic capital in the development of the creative economy. Besides the role of scholars in this case scientists or academics aimed to increase the curriculum or research that can support creativity and entrepreneurship orientation in the world

of education. The private sector or business here take a role as the commercializer or marketing of creative economy products. In addition, the role of the private sector in this case is also to help in terms of capital, especially for new creative businesses or start-ups. The government plays an active role in developing the creative economy in terms of institutions, regulations and various efforts to increase the productivity of the creative economy.

The growth of the creative economy sector in Bali Province increased from 12.54 percent in 2015 to 12.58 percent in 2016. The contribution of the Gross Regional Domestic Product (GRDP) of the creative province of Bali experienced an increase from 2014 to 2016. In 2014 the contribution Bali's creative economy GRDP of the national creative economy GDP of 2.53 percent and 2.61 percent in 2015 and increased to 2.67 percent in 2016 (Bekraf, 2018). Whereas if seen from the contribution of the creative economy to Bali's GRDP in 2016 amounted to 12.58 percent. If viewed from the number of residents in the province of Bali who work in the creative economy sector amounted to 557,126 people in 2016 with a total of 196,999 business units. The number of creative economy workers in the Province of Bali get a significant growth from year to year with a percentage of growth of 19.74 percent in 2016 with total exports of the creative economy of Bali Province amounting to 247,337,582 dollars. According to Marquez and Restrepo (2015), the creative economy combines the cultural industry which is an important capital with functional creations, new media and software. The value added of Bali Province in the form of culture and local wisdom has the potential to be able to develop a creative economy. The strategy for developing a creative economy in the Province of Bali can be carried out optimally by utilizing the resources and values of local culture and supported by rapidly developing information technology.

## DISCUSSION

According to Howkins (2001), the creative economy is the economic sector of how people make money from ideas. The creative economy also is defined as the transaction of creative products that have economic wealth or services that result from creativity and economic value. The Understanding of the creative economy according to the Ministry of Trade of the Republic of Indonesia (2008) is an economy that comes from the use of creativity, skills and individual talents to create prosperity and employment through the creation and utilization of creative and creative power of individuals. Creative Economy is a form of efforts to find sustainable development through creativity. The sustainable development is expected create economic climate that is competitive and has a reserve of renewable resources (Ministry of Trade, 2008). In other words, the creative economy is a manifestation of the spirit of survival and very important for developed countries. It is also offers an equal opportunities for developing countries. The creative economy in Indonesia is very strategic to be developed which can be seen from various aspects of human resources, cultural diversity, and large domestic markets (Bekraf, 2017). The development of the creative economy in Indonesia can be seen from the role of the government in accelerating the existing potentials by compiling the Creative Economy Development Roadmap compiled by the Ministry of Trade as well as the formation of the Indonesian Creative Agency specifically tasked with developing the creative economy sector in Indonesia.

There are a number of issues that generally need attention. According to Bekraf (2017) several weaknesses in the development of creative economy include: Human Resources (HR), infrastructure, regulation, capital, marketing, law enforcement, distribution. In terms of human resources, the development of the creative economy in Indonesia is constrained by the limited quantity and quality of creative actors according to their field expertise and ability to run and manage businesses. Other problems that often become obstacles are complex business licensing regulations, taxation provisions, market access, capital and law enforcement. According to Firdausy (2018), businesses in the creative economy are generally still small and still in the form of ideas of creativity and intangible assets, so generally do not have collateral for banking or not yet bankable.

The development of the creative economy in Indonesia as stated in the Development of the Creative Economy of Indonesia in 2025 focuses on (1) Industry; (2) Technology; (3) Human Resources; (4) Institutions (Ministry of Trade, 2008). According to the Global Economic Forum (2016) there are five important factors in the development of the creative economy, namely: (1) local strengths; (2) digital technology (digital technology); (3) inspirator (inspiring entrepreneur); (4) the role of government (role of government); and (5) regional power (power of place). Local strengths in the development of the creative economy in Indonesia can be seen from the strength of rooted locality, including long-standing local customs and culture and making it mature for its development (World Economic Forum, 2016). A similar sentiment was also expressed by Firdausy (2018) that in the development of a creative economy there needs to be an increase in innovation and creativity characterized by local excellence with global competitiveness. Creative economic development or also often referred to as orange economy is a group of various related activities whose ideas are transformed into goods and services of cultural value (Marquez and Restrepo, 2015).

the concept of economic actors rests on cultural economy. All activities include traditional artistic activities, namely activities related to maintaining and distributing cultural heritage and conventional cultural industries. Bali is one of the regions in Indonesia that is culturally superior to local culture that has been recognized worldwide and is one of the most desirable tourist destinations in the world (ranked first out of 25 world travel destinations by Tripadvisor 2018 version). The diversity and cultural uniqueness of Bali makes Bali the leading tourist destination in Indonesia. The development of orange economy especially in Bali is closely related to the tourism sector. The tourism sector in Bali in particular has begun to shift from 3S (sun, sand and sea) to other 3S namely serenity (spirituality), spirituality (spirituality tourism) and sustainability (Azahari, 2018). This can be seen from the concept of something to see tourism such as performances and festivals based on local culture such as Denpasar Festival, Ulundanu Festival, Tanah Lot Festival, Mahabandana Budaya, Ubud Jazz Festival, Buleleng Festival (Bulfest) and Sanur Village Festival which gives more space for creative economic actors in marketing creative products in the form of goods or services imbued by a strong local culture. Judging from the concept of tourism something to do that is in harmony with the local culture of Bali, it refers more to spiritual and serenity tourism such as yoga activities that are able to attract tourists, such as one of the largest yoga activities in the world, the Bali Spirit Festival which is a festival of yoga, dance and music. This activity is held every year and is included in the calendar of events of the Indonesian Ministry of Tourism. The existence of various local

cultural-based tourism activities will certainly open up opportunities for creative economic actors from various sub-sectors in marketing their creative products in accordance with the concept of tourism something to buy. The development of an orange economy based on a cultural economy must also be supported by a creative industry that combines conventional cultural industries with functional creations, new media and software. The same thing was expressed by Reis (2008) that in the development of the creative economy of new media and information technology plays a very important role. Creative economy practitioners, especially in Bali, can apply new media and software in the promotion and commercialization of creative products. Creative economic actors in the field of music, such as Gus Teja, utilize the digital Youtube platform in popularizing world music music that blends traditional Balinese music and modern music. The development of local strengths in the development of the creative economy in Bali is in line with the program of the Bali Creative Industry Center (BCIC) in developing leading innovations to improve competitiveness and develop research, technology, design, arts, local culture and national creative industry innovation (BCIC, 2019) . In one of the creative economy subsectors, namely architecture, the optimization of local strength in Bali can be seen from the existence of Regional Regulation No. 5 of 2005 concerning Architectural Requirements for Buildings which states that buildings in Bali are obliged to accommodate the noble values of Balinese culture such as the principles, requirements, shapes and character of traditional Balinese architecture.

The strategy of developing a creative economy cannot be separated from technology whose development is very rapid. According to Reis (2008), the development of the creative economy is strongly influenced by the economic appreciation of intangible culture and communication technology including creating new business models, increasing production, distribution and access to creative goods and services and increasing the literacy of technology users. The business model of the creative economy is different from the traditional business model that is linear and concentrates on distribution. The creative economy during the Industrial Revolution 4.0 is expected to use more platforms based on digital technology and communication in terms of marketing its products. Utilization of digital technology and communication can be done by utilizing and optimizing internet-based search engines by conducting search engine optimization (SEO) by increasing traffic and optimizing search engines (search engines) so that business websites of creative economy players are always on the first page so as to provide more opportunities large consumers in accessing. In addition, digital technology-based digital marketing is also developed by optimizing social media marketing (SMM) and utilizing online Business to Consumer distribution channels that can cut conventional distribution channels. Utilization of technology in the development of the creative economy is also done by utilizing mobile platforms both Android or iOS. According to Firdausy (2008) the use of the internet by the creative economy needs to be encouraged and supported to facilitate the creative economy to do marketing with broader market objectives, so that opportunities to penetrate exports are wide open and can reduce transaction costs. Bekraf Indonesia in this case also launched Bisma's mobile-based information system, which facilitates creative economy practitioners in promoting their products and makes it easier for consumers to choose creative economic products according to their needs.

The strategy of developing a creative economy in Indonesia cannot be separated from the role of government as a regulator, facilitator and catalyst. In Bekraf's strategic plan as a special body in charge of the creative economy. The direction of policies and strategies for developing the creative economy is done by facilitating creative economic actors along the value chain that starts from the stages of creation, production, distribution, consumption, to conservation (Bekraf, 2017). According to Sidauruk (2013), the role of the government in developing the creative economy can be done by providing guidance in the form of marketing or exhibition cooperation, facilitating banking access, facilitating protection of intellectual property rights and cooperation between regions in fulfilling raw materials to produce creative products. The government can help create the right conditions for the development of the creative economy with the right regulations for creative entrepreneurs to start a business (start-up), intellectual property, copyrights, trademarks, and the government can provide incentives for creative entrepreneurs, for example in the form of tax incentives (World Economic Forum, 2016). The role of the government in this matter through Bekraf, has compiled programs that help the creative economy in starting a business. One program to support creative economic start-ups is Bekraf For Pre-Startup (BEKUP) which is specifically designed to mature the integration of the start-up ecosystem from upstream to downstream, namely the maturation of prospective human resources who will build start-ups in homeland with the aim of bringing aura, culture, and paradigm of entrepreneurship, especially in the digital industry. As an economic model that relies on the strength of human resources, the creative economy builds its foundation on intellectual property rights (IPR) where the creative economy can grow rapidly if the ideas and work of the perpetrators are protected (Bekraf, 2016). Based on the survey results of the Central Statistics Agency (BPS) and Bekraf (2016), creative economy actors have registered IPR as much as 11.05% of the total 8.2 million creative economic actors with three subsectors with the highest IPR ownership namely the film, animation and video subsectors 21.08%; culinary by 19.75% and television and radio subsector 16.59%. Related to the protection of intellectual property, in accordance with Regulation of the Head of Creative Economy Agency No.1 / 2015 Article 106 explains that the Deputy Facilitation of Intellectual Property Rights and Regulations has the task of formulating, establishing, coordinating, and synchronizing policies and facilitation programs of Intellectual Property Rights and synchronization regulation in the creative economy.

The Government through Bekraf as a catalyst for the development of the creative economy also provides facilities for creative economy actors from sixteen subsectors to gain access to sources or owners of capital. Creative economic actors can get access to capital in various forms, grants, venture capital, or loans from banks. The program was initiated to bring together the owners of funds or investors with creative economic actors. In addition, assistance is also provided to creative industry players in the form of capacity building, especially on matters relating to business knowledge and financial management (Bekraf, 2016). The capacity development plan of the creative economy actors according to the results of the BPS and Bekraf survey (2016) shows that most have development plans in the form of increasing business capacity (86.93%), product innovation (80.63%), increasing expertise (79.97%) and branding reinforcement (68.85%). In addition, the government also carried out Government Incentive Assistance programs provided to creative economy players where in 2017 incentives were given to 34 creative economy actors

and 52 recipients in 2018. In addition, Bekraf also cooperated with the national banking sector, in this case BRI and BNI to facilitate access to capital for creative economic actors.

The development of the creative economy rests on the creativity of human resources which are the main capital. According to Suryana (2013), in an effort to increase creativity as the main capital investment in education, training and research and development is needed. This is very important to do that can increase knowledge, skills and skills that are needed to increase productivity, value added and competitiveness of the creative economy (Parrish, 2009). Strengthening human resources is carried out by the government to increase the number and qualifications of creative people with mindset and creative moodset with an increase in quality creative human resources; increasing the number and improvement of the quality of education and training institutions; an increase in community appreciation for creative people and an increase in the number of creative entrepreneurs to encourage the growth of creative employment (Ministry of Trade, 2008). The human resource improvement program is also carried out by Bekraf by holding several programs such as Bekraf Creative Labs, Create, Finance Class, and IKKON. Bekraf also facilitates the technical guidance of professional certification to improve the quality of creative economy practitioners by collaborating with Professional Certification Institutions based on the Indonesian National Work Competency Standards (SKKNI) such as the certification of creative economy actors in the photography, animation and culinary subsectors (baristas). Quality and creativity improvement through the certification of expertise of creative economy actors is also carried out by professional associations. Professional certification especially in the subsector related to the construction sector was carried out by the Indonesian Architects Association for the architectural subsector and the Indonesian Interior Designers Association for the interior design subsector whose legality was authorized by the Construction Services Development Institute (LPJK).

## CONCLUSION

The creative economy is one of the economic sectors that has a significant effect on the national economy of Indonesia, amounting to 922.59 trillion or around 7.44 percent of the total national economy. The province of Bali succeeded in achieving the export value of creative economy products amounting to 247.337 million dollars in 2016. The potential of local wisdom and culture owned by Bali in particular is an important capital in the development of a creative economy or orange economy based on cultural economy. The development of the creative economy cannot be separated from the main driving forces, namely scholars or academics, business people and also the government. The strategy of developing a creative economy in Bali can be carried out by optimizing local strength (local strength) by adopting a local culture in the creative economy including those related to tourism sensation with the concept of tourism serenity, spirituality and sustainability. Utilization of digital technology is done by optimizing SEO, SEM and mobile-based applications Bisma initiated by Bekraf and the use of digital content platforms such as Youtube in promoting creative products. improvement in terms of human resources and creativity can be accelerated by the role of government through Bekraf as regulator, facilitator and catalyst. The government in this case facilitates creative economic actors regarding the registration of intellectual property rights (IPR). In addition, the government through Bekraf also designed programs to build creative ecosystems and startup business development. Easy access to finance and taxation is one of the strategies for the development of the creative economy.

## RECOMMENDATION

There should be a synergy between the local government and the community of creative economy actors. The regional government as an extension of the central government to further develop the creative ecosystem by involving creative communities or professional associations and increasing creative events based on local culture that can be a vehicle for creative economic actors in the commercialization and promotion of creative products to consumers. This is important for the sustainability of the creative economic development program of the central and regional governments.

## REFERENCES

- Badan Ekonomi Kreatif dan Badan Pusat Statistik. 2016. Data dan Hasil Survei Ekonomi Kreatif. Jakarta: Badan Ekonomi Kreatif.
- Badan Ekonomi Kreatif. 2017. Rencana Strategis Badan Ekonomi Kreatif 2015-2019. Jakarta: Badan Ekonomi Kreatif.
- Departemen Perdagangan RI. 2008. Pengembangan Ekonomi Kreatif Indonesia 2025. Jakarta: Departemen Perdagangan Republik Indonesia.
- Firdausy, C.M., 2017. Strategi Pengembangan Ekonomi Kreatif di Indonesia. Jakarta: Yayasan Pustaka Obor Indonesia.
- Florida, R. 2016. The Global Creativity Index 2015. Toronto: Martin Prosperity Institute.
- Newbiggin, J. 2010. The Creative Economy: An Introduction Guide. London: The British Council Creative Economy Unit.
- Pangestu, M.E. 2008. Hasil Konvensi Pengembangan Ekonomi Kreatif 2009-2015. Naskah Lengkap Pekan Produk Budaya Indonesia 2008. Jakarta 4 – 8 Juni
- Reis, A.C.F., 2008. Transforming Brazilian Creativity into Economic Resources. In: Reis, A.C.F. (eds.) Creative Economy As Development Strategy: A View of Developing Countries. 1st edition. Sao Paulo: Itau Cultural. p. 124-141
- Restrepo, F.B dan Marquez, I.D, 2015. Orange Economy: Potensi Kreativitas yang Tak Terbatas. Jakarta: Noura Books
- Saksono, H. 2012. Ekonomi Kreatif: Talenta Baru Pemicu Daya Saing Daerah. Jurnal Bina Praja, 54 (2), 141-158.
- Sidauruk, R. 2008. Peningkatan Peran Pemerintah Daerah Dalam Rangka Pengembangan Ekonomi Kreatif di Provinsi Jawa Barat. Jurnal Bina Praja, 5 (3), 141-158.
- Soumitra, D., dkk. Global Innovation Index 2019. Geneva: World Intellectual Property Organization.
- Suryana. 2013. Ekonomi Kreatif: Ekonomi Baru Mengubah Ide dan Menciptakan Peluang. Jakarta: Salemba Empat
- World Economic Forum. 2016. Factors for Enabling The Creative Economy. Geneva: World Economic Forum.

- Bekraf. 2019. Bekraf for Pre Startup. [Online] Available from: <https://bekup.bekraf.go.id/> [Accessed 9 Oktober 2019].
- Bekraf. 2019. Tugas Badan Ekonomi Kreatif Indonesia Deputi Fasilitasi Hak Kekayaan Intelektual dan Regulasi. [Online] Available from: <https://www.bekraf.go.id/profil/tugas/deputi-fasilitasi-hak-kekayaan-intelektual-dan-regulasi> [Accessed 9 Oktober 2019].
- Bekraf. 2019. Petunjuk Teknis Bantuan Insentif Pemerintah 2019. [Online] Available from: <https://www.bekraf.go.id/berita/page/17/petunjuk-teknis-bantuan-insentif-pemerintah-2019> [Accessed 9 Oktober 2019].
- Bekraf. 2019. Kompetisi Bantuan Insentif Pemerintah 2019. [Online] Available from: <http://bip.bekraf.go.id/> [Accessed 9 Oktober 2019].
- Bekraf. 2016. Badan Ekonomi Kreatif (Bekraf) RI Fasilitasi Sertifikasi Profesi Fotografi di Makassar. [Online] Available from: <https://www.bekraf.go.id/kegiatan/detail/badan-ekonomi-kreatif-bekraf-ri-fasilitasi-sertifikasi-profesi-fotografi-di-makassar> [Accessed 9 Oktober 2019].
- Yustiana, K. 2018. Bali Turun Peringkat di Daftar Destinasi Top Dunia. [Online] Available from: <https://travel.detik.com/travel-news/d-3929861/bali-kok-turun-peringkat-di-daftar-destinasi-top-dunia> [Accessed 20 Oktober 2019].

Ngurah Gede Dwi Mahadipta  
*Economics and Business Faculty,*  
*Udayana University, Bali -Indonesia*  
*Email: dwimahadipta@std-bali.ac.id*

Made Suyana Utama  
*Economics and Business Faculty,*  
*Udayana University, Bali -Indonesia*  
*Email: suyanautama@gmail.com*