

Original Research Article

DESCRIPTIVE ANALYSIS AND BUSINESS MODEL INNOVATION ON CREATIVE ECONOMY DEVELOPMENT IN YOGYAKARTA

ABSTRACT

Aims: In this transformation era, creativity and knowledge quickly became powerful tools to drive progress in economic development. Unforeseen economic challenges around the world are pushing many countries and regions to adapt in new ways and are oriented towards the creative economy. The creative economy is a development concept based on creative capital that has the potential to increase economic growth. As a city of education and culture, Yogyakarta has social, economic, and cultural wealth potential to be developed into a creative industry. However, the potential for the creative economy has so far not been identified and utilized optimally. This study aims to map performance, potential, and several keys to success for the development of the creative economy in Yogyakarta.

Study design: The analytical method used is the descriptive analysis method, business model, and Critical Success Factors (CSF).

Place and Duration of Study: The description of the creative economy of Yogyakarta begins by analyzing the number of creative entrepreneurs in Yogyakarta city in 2021.

Methodology: The methodology of this study is a qualitative study by observations in the field, interviews with the Yogyakarta government, and creative economy actors.

Results: The results obtained to develop the creative economy of Yogyakarta City are six critical success factors, namely: a) Database, b) Human resources, c) Mastery of technology, d) Creative arena and infrastructure, e) Financing and investment, and f) Institutional.

Conclusion: The creative economy is a sector with considerable potential in the city of Yogyakarta because there are many creators who have quite high production values. Unfortunately, the creative economy in Yogyakarta has not been properly recorded and is still underestimated.

Keywords: Creative Economy, Critical Success Factors, Economic growth

1. INTRODUCTION

The era of globalization is a reality that has brought major changes in lifestyles around the world. There is a clear need to better understand the complex interactions between economic, cultural, technological, and social aspects that guide the dynamics of the world economy. To face world competition which is increasingly dynamic and complex, more value is needed in work and knowledge. In this era of transformation, creativity and knowledge quickly become powerful tools to drive progress in economic development. Unforeseen economic challenges around the world are pushing many countries and societies to adapt in new ways, and this includes promoting the creative economy (Flew, 2012).

Developed countries are starting to realize that at this time they cannot only rely on the industrial sector as an economic resource in their country, but they must rely more on creative human resources because human creativity comes from their thinking power which is the basic capital for creating innovations in the face of increasing market competition. So that in the 1990s a new economic era began that prioritized information and creativity and was popularly known as the Creative Economy which was driven by the industrial sector called the Creative Industry.

According to BEKRAF (2018), the creative economy is a concept that places creativity and knowledge as the main assets to drive the economy. The creative economy is based on people using their creative imagination to increase the value of the idea. It can then become a solution where the business world promotes creativity, knowledge, and advanced technology to create new markets and new jobs. The creative economy, which includes creative industries, is believed to be the most productive industry in the future.

The creative economy has proven to have a positive influence in building countries across continents to explore and develop their creative potential. Countries develop creative economic potential in their own way according to the capabilities of the country. The UK is building its creative industry through the Department of Culture, Media, and Sports (DCMS), New Zealand through New Zealand Trade and Enterprise (NZTE), Singapore through the Ministry of Information, Communications, and the Arts (MICA) with the concepts of Renaissance City, Media 21 and Design., Malaysia through the Malaysia Design & Innovation Center (MDIC), Thailand with Thailand Creative & Design Center (TCDC), and PRC (People's Republic of China) are gradually giving birth to new creative cities and have been at the forefront of economic contribution creative.

The Creative Economy in Indonesia contributes positively to the national economy, through added value, employment, and increased exports. The following is the development of Creative Economy performance in Indonesia:

Table 1 Realization of Creative Economy Strategic Targets

Indicator	Year				
	2015	2016	2017	2018	2019*)
Creative Economy GDP Growth	4,41	4,95	5,06	5,07	5,10
Total Workforce (Million people)	11,96	16,91	17,68	18,21	19,01
Gross export value	19,36	19,99	19,84	21,24	22,07

*) BPS provisional data as of 31 December 2019

Source: Performance Report of Badan Ekonomi Kreatif (BEKRAF), 2019

As a city of education and culture, the City of Yogyakarta has social, economic, and cultural potential to be developed into a creative industry. However, the creative economy's potential has not been identified and utilized optimally. Even now, Yogyakarta has never been awarded the title of Creative City. Therefore, the creative economy of the City of Yogyakarta needs to be studied to gain a comprehensive understanding of how creative economic potential can be mapped in the urban context. Mapping the creative economy is a very important tool in determining policies related to planning for sustainable economic development, urban planning, infrastructure planning and policies in business and investment management, as well as policies in encouraging the formation of a creative society. The purpose of this study is to carry out a comprehensive study or study on the mapping of potentials and problems, as well as analysis for preparing policy directions, development strategies, steps to develop a creative economy in Yogyakarta.

2. LITERATURE REVIEW

2.1 CREATIVE ECONOMY CONCEPT

Opus Bekraf (2017) defines that Creative Economy (Ekraf) is a new economic concept that relies on ideas, ideas, or creativity from Human Resources (HR) as the main production factor in its economic activities. The main resource in the Creative Economy is creativity, namely the capacity or ability to produce or create something unique, a solution to a problem, or something different from the standard (thinking outside the box).

The definition of the creative economy was first put forward by a British economist named Howkins (2001), he defined the creative economy as the creation of values because of ideas. He explains that economic activity in a society which spends most of its time to generate ideas. He focuses on an economy on a well-thought-out idea that can produce better results.

In the context of economic development, an economic model that intensifies creativity and information is a creative economy, where the industry that drives it is known as the creative industry. The importance of developing a creative economy can be summarized in Table 2.below.

Table 2. Creative Economy Contribution in the Economy

No.	Aspect	Contribution
1.	Economy	Increase in GDP, creation of jobs, increase in non-oil and gas exports
2.	Social	Increasing quality of life, equal distribution of wealth, increasing social tolerance
3.	Innovation and creativity	Development of ideas and ideas, increased value creation
4.	Renewable Resources	The products produced are knowledge-based, community and create a green community.
5.	Business Climate	There has been job creation, increased marketing activities, and the creation of linkages between sectors
6.	National Image and Identity	Emergence of national icons, increasing tourism attractiveness, building culture, preserving cultural heritage and local values

Source: data is processed from various sources

From table 2 it can be shown that the role of the creative economy in the economy is not only in direct economic contribution, but includes many aspects, both environmental preservation (through the green economy), and even includes national identity.

2.2. Characteristics of Creative Economy Products

Creative products are the result of what is called the creative state of the art industry in the creative industry 'system' (Chalukov, I., Borissova, VI., 2007). They can be created as Important Characteristics And Market Products of Creative Industries independently by an individual artist, on a business order, or can be the result of serious research activities of a creative endeavor. Creative Products:

- is the result of creativity,
- has an intangible character,
- expressed in any way in any objective form,
- unique and new,
- have originality,
- are the company's business assets,
- have a price.

In Indonesia, the creative economy has been popularized since Presidential Instruction No. 6 of 2009 concerning Creative Economy Development. In its development, Law no. 14 of 2019 concerning the Creative Economy, where the meaning of the Creative Economy is the embodiment of added value from intellectual property originating from human creativity based on cultural heritage, science and/or technology. Furthermore, according to the 2020 Creative Economy OPUS, the creative economy sub-sector has changed from 16 to 17 sub-sectors with the addition of the application sub-sector. The 17 subsectors are:

(1) Game Developer, (2) Architecture, (3) Interior Design, (4) Music, (5) Fine Arts, (6) Product Design, (7) Fashion, (8) Culinary, (9) Film, Animation, and Video, (10) Photography, (11) Visual Communication Design, (12) Television and Radio, (13) Crafts, (14) Advertising, (15) Performing Arts, (16) Publishing, (17) Applications.

2.3. Creative City Concept

UNCTAD in the 2013 Economic Creativity Report emphasizes the importance of mapping the profile and potential of the creative economy in the local or urban scope. In this report, the concept of a creative city is developed which is based on three domains, namely:

1. Preservation of artistic and cultural heritage
2. Media and entertainment industry
3. Business-to-business services for the creative industry.

Among these three domains, business-to-business services for the creative industry are the most important because their role is to create added value to every product and service produced. A creative city is described as an urban area where cultural activities are an integral part of the social and economic functions of an urban area. The characteristics of a creative city are cities that are built with strong social and cultural infrastructure, are concentrated with creative human resources, and become attractive for investment due to the availability of adequate cultural facilities. In the concept of a creative city, humans are the main resource. Humans with all their intelligence, desire, motivation, imagination, and creativity replace the factors of location, natural resources, and limited market access.

According to the Indonesia Creative Cities Network (ICCN), which is a network node for Creative Cities/Districts that was formed in April 2015 at the Creative Cities Conference on April 27, 2015, in the City of Bandung, 10 principles of the Creative City emerged, namely:

1. A compassionate city
2. An inclusive city
3. A city that protects human rights
4. A city that glorifies the creativity of its people
5. Cities that grow together with a sustainable environment
6. A city that maintains historical wisdom and at the same time builds a spirit of renewal.
7. A city that is managed in a transparent, fair and honest manner.
8. Cities that meet the basic needs of society
9. Cities that utilize renewable energy
10. Cities that are able to provide proper public facilities for the community.

2.4. Creative Economy Policy in Indonesia

The government has carried out various initiatives to develop creative industries in Indonesia. The interventions carried out by the Indonesian government so far have been regulated in various regulations and policies made since 1984 related to the economy and creative industries. Table 3 below contains a summary of the various policies that have been established to support the development of the creative economy.

Table 3 Regulations/Policies Related to the Economy and Creative Industries

Regulations/Policies	Description
Law No. 5 of 1984 concerning Industry	Chapter VI Article 17 states that industrial product designs receive legal protection

Regulations/Policies	Description
Law No. 31 of 2000 concerning Industrial Design	Stating that industrial product design is in the Protection of Intellectual Property Rights
Decree of the Minister of Industry and Trade No. 20/MPP/Kep/I/2001	Establishment of the National Design Council/National Design Center (PDN)
Presidential Instruction No. 6 of 2009 concerning the Creative Economy	Contains the definition of the creative economy, the classification of the creative industry sub-sector, the formation of the coordination team for the development of the creative economy and the goals, directions and strategies for developing the creative economy 2015-2019
Presidential Regulation No. 6 of 2015 concerning the Creative Economy Agency	The head of the Creative Economy Agency is held by Triawan Munaf
Law No. 24 of 2019 concerning the Creative economy	State Gazette of the Republic of Indonesia of 2019 Number 212
Regulation of the President of the Republic of Indonesia Number 97 of 2019	Establishment of the Tourism and Creative Economy Agency
Presidential Decree Number 15 of 2021	Formed a Proud Made in Indonesia National Movement Team
Government Regulation of the Republic of Indonesia Number 24 of 2022	Regulations for Implementing Law Number 24 of 2019 concerning the Creative Economy

Source: data is processed from various sources

Apart from the regulations listed in Table 3, there are several initiatives that have been carried out by the government in the form of facilitation. Complete milestones for the development of the creative economy can be seen in Table 4 below.

Table 4 Milestones for Creative Economy Development

Year	Achievement
2005	The President stated that the nation's craft industry and creativity must be improved.
2006	A Trade Expo was held which became a facility to develop the service sector and provide zones for actors in the creative industries.
2007	Indonesian Cultural Products Week Held (PPBI 2007) IDP Team Development Indonesian Creative Industry Mapping
2008	Blueprint for the Development of Indonesia's Creative Economy
2009	The issuance of Presidential Instruction No. 6/2009 concerning Creative Economy The Declaration of the Year of Creative Indonesia
2010	Creative Economy Communication Platform Launch: WWW.INDONESIAKREATIF.NE
2011	Establishment of the Ministry of Tourism and Creative Economy Published Indonesian Batik Blueprint
2015	The issuance of Presidential Instruction No. 6/2015 concerning the Creative Economy Agency

Year	Achievement
2016	The Creative Economy Agency (BEKRAF) is pushing for the creation of a Creative Economy Law so that Indonesia's creative industries can develop more and Creative Economy actors have a strong legal basis. BEKRAF started to penetrate various regions in Indonesia in order to create an efficient and conducive Creative Economy ecosystem.
2017	The three Creative Economy sub-sectors, namely culinary, craft and fashion, made the largest contribution to the Creative Economy with contributions of 41.69%, 15.70% and 18.15% respectively.
2018	4 of the 16 creative economy sub-sectors have the potential to become new economic forces, namely film, music, art and games (animation). These four sub-sectors have the most rapid economic growth values.
2019	There was a change in the nomenclature of the Creative Economy Agency based on Presidential Regulation of the Republic of Indonesia Number 68 of 2019 dated 23 October 2019 concerning State Ministry Organizations stipulating that the Creative Economy Agency rejoins the Ministry of Tourism to become the Ministry of Tourism and Creative Economy/Tourism Agency
2020	The creative economy sub-sector is broken down into 17 sub-sectors
2021	Defined as the International Year of Creative Economy for Sustainable Development/International Year of Creative Economy for Sustainable Development at the 74th session of the General Assembly of the United Nations (UN) Resolution Number A/RES/74/198 of 2019.
2022	<i>The G20 side event is the 2022 World Conference on Creative Economy (WCCE) in Bali on 5-7 October 2022.</i>
2023	Indonesia Creative Economy Festival (ICREFS) 2023 which is the First National Creative Economy Festival Event in Indonesia.

Source: data is processed from various sources

From the table above it can be shown that Indonesia has gone through a long process of developing a creative economy.

3. METHODOLOGY

3.1. Data and Data Sources

The data used in this study are primary data and secondary data. For qualitative analysis, primary data is used more, while secondary data is used to provide quantitative descriptions and to corroborate or provide complementary evidence from primary data analysis.

Primary data collection in this study uses several methods and approaches, namely:

- a. Observation in the field (observation), namely observing creative groups that are developing in the city of Yogyakarta.

- b. Interviews with creative economy actors, creative groups, academics and creative activity observer communities, creative entrepreneurs, investors in the creative sub-sector, and the City Government who oversee the creative sub-sector.
- c. Discussions with several stakeholders guided by the City Government of Yogyakarta.
- d. Literature study on the results of creative economic analysis

For secondary data, this study collects performance data for 17 Creative Economy sub-sectors according to the Ministry of Tourism and Creative Economy, which are described in section 2.2. In addition to this data, secondary data was also taken from several publications, especially records from OPD (Regional Apparatus Organizations) related to the creative economy, both directly and indirectly.

3.2. Analysis Tools

3.2.1. Descriptive Analysis

Qualitative descriptive analysis is used to provide an overview of the creative economy in the city of Yogyakarta. This analysis will observe how the existence of creative entrepreneurs and their performance. In addition, it will be identified and compared between field conditions and ideal conditions obtained from literature studies and literature reviews.

3.2.2. Business Model Analysis

The business model analysis basically aims to determine the suitability classification of the creative economy sub-sector with the type of industry based on the activities and products/services offered. This analysis is important, considering that the effectiveness of government policies and interventions is largely determined by the suitability between the type of industry and the type and intensity of government intervention.

To carry out business model analysis, this study adopts Porter's framework (Rasmussen, 2007), where 5 indicators can be used to determine a business model, namely:

- a. Industry character, namely customers and competitors
- b. Products and services offered.
- c. organizational activity
- d. Resources and competencies
- e. Markets and suppliers.

Based on these five indicators, then 17 creative economy sub-sectors are grouped based on their business model, especially based on the service products offered. The grouping is carried out on four industrial classifications, namely:

- a. Manufacturing industry
- b. Professional service industry
- c. Entertainment and performing arts industry.
- d. Digital industry

3.2.3. Critical Success Factor (CSF)

From the descriptive analysis, critical success factor (CSF) analysis is then carried out, which is a critical factor that determines the success of business development. Conceptually, CSF analysis is a method for identifying industrial environmental conditions that can affect its success.

The concept of key success factors was put forward for the first time by John Rockat in the study of project management (Rockat, 1979). In this study, CSF analysis is a method for identifying critical factors that will determine the success of creative economy performance. CSF information can be obtained from the description of the performance data of 17 creative economy sub-sectors. Within the same industry, it may have different CSFs for different regions. This is because one source of CSF is the industrial environment, both external and internal.

4. RESULTS AND DISCUSSION

4.1. Description of the Creative Economy City of Yogyakarta

The description of the creative economy of the City of Yogyakarta begins by analyzing the number of creative business actors in the City of Yogyakarta. Yogyakarta City Creative Economy Catalog data in 2021 can be shown in the following table:

Table 5: Number of Creative Economy Entrepreneurs in the City of Yogyakarta in 2021

No.	Sub-sector	Total	Location distribution
1	Architecture	6	Located in 5 districts (Mergangsan, Gedong Tengen, Jetis, Gondokusuman, Mantrijeron)
2	Design interior	14	Located in 11 districts
3	DKV	29	Located in 10 districts, mostly around Wirobrajan, Mergangsan and Mantrijeron)
4	Product Design	0	-
5	Film, Animation, Video	9	Located in 6 districts (Mantrijeron, Jetis, Wirobrajan, Mergangsan, Kraton and Umbulharjo)
6	Photography	0	-
7	Crafts	80	Spread in 13 districts, except Jetis
8	Culinary	820	Spread in all districts
9	Music	0	-
10	Fashion	216	Spread in all districts
11	Aplication	0	-
12	Game Development	0	-
13	Publishing	39	Located in 10 districts, mostly around Gondokusuman, Mergangsan and Umbulharjo)
14	Advertisement	45	Spread in 13 districts (except in Gedong Tengen), most of them are in Gondokusuman and Mergangsan
15	TV & Radio	16	Located in 9 districts
16	Performing Arts	178	Located in 14 districts
17	Art	21	Located in 10 districts, most are in Mantrijeron.

Source: Yogyakarta City Creative Economy Actors Catalog (<http://ekraf.jogjakota.go.id>) and List of Cultural Actors, processed

From the table above, it can be shown that of the 17 creative economy sub-sectors in the city of Yogyakarta, there are still four sectors whose actors are not recorded, namely photography, product design, applications, and game developers. From the results of observations in the field, there are actually quite a number of actors in these four sectors, and there is even great potential for both production value and development. The results of interviews with the City Government, it was stated that many creative business actors were individuals, locations were not settled, so the Government could not detect them either in the framework of guidance or business permits. Most of those detected by the Government are of a manufacturing nature, or services that require a business license, and performances that require a performance permit. Beyond that, even if there is recorded data, it is likely that the data will be biased (under estimate).

Weaknesses in the data collection above do not only occur in Yogyakarta City, but also occur in other regions, even nationally. From the results of interviews with business actors, the City of Yogyakarta basically has great potential for the digital sub-sector, both applications (programmers) and game developers (game developers). Unfortunately there are still many unresolved obstacles, particularly related to infrastructure. Little is known about this by the Government as an infrastructure provider, due to the weak availability of such data.

To develop the creative economy, the City of Yogyakarta involves four sectors within the City Government, namely the Tourism Sector, the Culture Sector, the Industry and Trade Sector, and the Communications, Informatics and Encryption Sector. The development of a creative economy improvement program is highly dependent on the main tasks and functions of the OPD which are responsible for these four sectors.

The development of the creative economy in the Tourism Sector is carried out through the Quality Improvement of Tourism Attractions and Creative Economy programs aimed at supporting the achievement of the target of increasing the length of stay of tourists or Length of Stay (LoS). Some of the programs implemented include tourism village, e-booking application, Wayang Jogja Night Carnival. Programs that are developing are basically tourism programs, while programs that are specific to the creative economy cannot yet be seen specifically and measurably. Likewise with the cultural sector, the programs that emerge are basically programs for documentation, preservation and development of culture (both material and intangible culture), traditional ceremonies and traditions, as well as the development of traditional arts.

Slightly different from the tourism sector and the cultural sector, the Program from the Industry and Trade Sector of the City of Yogyakarta in the development of the creative economy increases production capacity and product and packaging designs. The program aims to increase added value, market and promote creative economy products in the food, craft, fashion, performing arts, photography, music, podcast, video editing subsectors. Even though it appears that many sub-sectors are supported by the Industry and Trade Service, the focus of fostering the creative economy is product development and marketing from Small Micro Enterprises (UMK), which is the main function of the Yogyakarta City Industry and Trade Office. Creative economy training is in the context of developing UMK products.

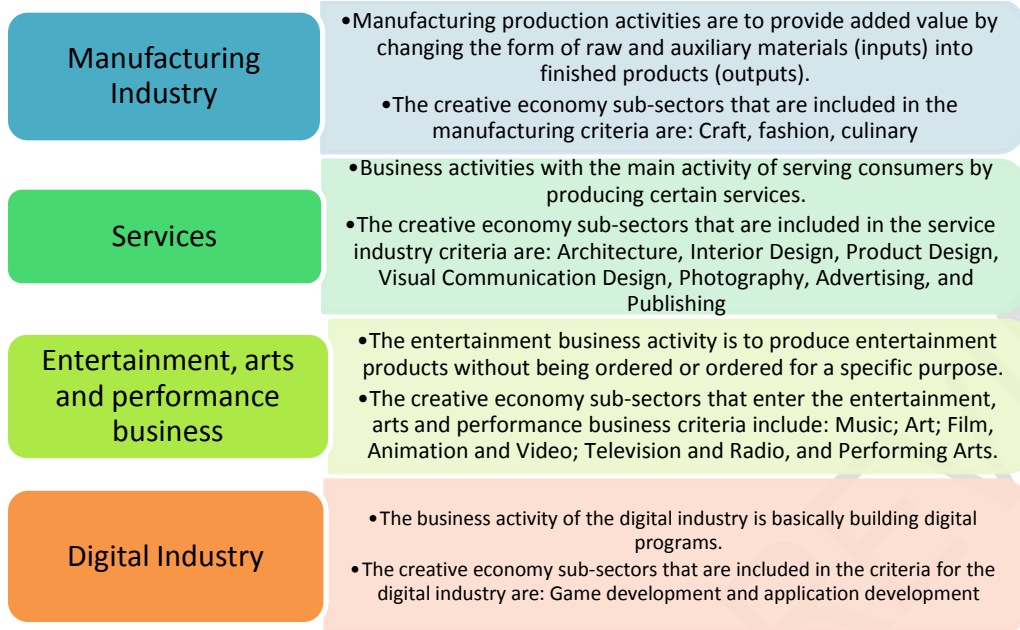
For the information and communication sector, the development of the creative economy is in the first target, namely the improvement of Public Information Services. The Information and Communication Sector of the City of Yogyakarta has played a role in facilitating the development of the digital ecosystem and introducing and promoting the products of the creative economy of the City of Yogyakarta. Creative economy sub-sectors that have been accommodated through these facilities include: culinary, fashion, animation, video, film, broadcasting, media and publications, games.

Regardless of all the programs that have been developed by the Yogyakarta City Government, from the results of interviews with creative actors, creative sector entrepreneurs, and communities engaged in creative fields, it was found that basically they are very optimistic about the development of the creative economy in the City of Yogyakarta. According to them, the city of Yogyakarta is an oasis of creativity, especially in the fields of film, music, design and digital. This sub-sector has thus far received less attention, both in terms of incentives, infrastructure, facilities and other policies. This is in line with the data availability performance shown in table 1 above.

4.2. Creative Economy Business Model

The lack of intervention and facilitation in several sub-sectors of the creative economy is partly due to the unfamiliarity of the business model of each sub-sector. As a result the Government only focused on easily identifiable subsectors. Analysis of the Creative Economy Business Model reveals the character of the business (business) in carrying out the production process to produce goods, services or added value. From the results of observations on the character and business models based on the indicators described in 3.2, there are 4 business models that are suitable for 17 creative economy sub-sectors. The creative economy business model can be summarized as shown in the following figure.

Figure 1. Creative Economy Business Model



Source: Author's Analysis, 2021

a. Creative Economy Business Model: Manufacturing Industry

The manufacturing industry business model is a series of processes and activities that generate added value by transforming raw and auxiliary materials (inputs) into finished products (final goods). The creative economy sub-sectors included in the manufacturing industry criteria are craft, fashion and culinary. The creative process in the manufacturing industry starts with research and development activities which produce an innovation or invention in the form of a prototype which is then patented or obtains Intellectual Property Rights (IPR). The next stage is the production process of converting raw and auxiliary materials (input) into final products (output). Furthermore, the product is marketed through distribution channels to reach consumers.

Government intervention space in the creative manufacturing industry lies in product development and product marketing. In this case the form of intervention is differentiated according to the character and size of the business. Interventions on product development, design development, development of alternative raw materials are suitable for large and small businesses. However, intervention in the form of establishing a public arena that brings creators together with big business actors and providing meeting rooms: physical exhibitions, digital showrooms, product design contests, is more suitable for large businesses. Interventions for micro businesses are in the form of marketing creativity which is manifested in brand development, packaging design, logos and marketing media.

b. Creative Economy Business Model: Service Industry

The characteristic of the service industry is to serve consumers by producing certain services. The service industry for the creative economy includes the Architecture, Interior Design, Product Design, Design and Visual Communication (DKV) sub-sectors, Photography, Advertising, and Publishing. Based on the business scale, there are 3 types of categories, namely: 1) Beginner creators, 2) Medium service companies, and 3) Large service companies. The completeness of the equipment owned by creators will determine the scale of services they are able to offer to consumers. Beginning creators rely on creativity with very minimal tools. Medium service companies have sufficiently complete equipment, so they can offer services with both creative and managerial elements. Large service companies are characterized by very adequate equipment and business activities are carried out in a professional managerial manner so as to produce products with standard standards.

Medium and large service companies no longer need government intervention in the creative value chain. On the other hand, novice creators really need government support and intervention due to limited access to capital and high-tech equipment.

Government intervention space can be in the form of providing equipment facilities needed by young creators, or involving them in programs that require the services of Architecture, Interior Design, Product Design, DKV, Photography, Advertising, and Publishing through subcontracting activities.

c. Creative Economy Business Model: Entertainment, Arts and Performance Industry

Value chains in the entertainment, arts and performance businesses are shorter. The commercialization of artistic creativity occurs through relations between novice artists and major artists in events or business activities that involve the role of investors or owners of capital in financing. Government intervention spaces are: 1) providing stages, performance halls, showrooms both directly and digitally (online); 2) providing exercise rooms such as creative houses; and 3) "buying services" of art performances and products.

d. Creative Economy Business Model: Digital Industry

The creative stage in the digital sector business model begins with start-up companies. The creative activities of start-up companies will have high economic value when there is investment that finances business development.

From a start-up to a digital company, then developing into a unicorn and then a decacorn. Space for government intervention is needed to give birth to start-ups, in the form of: 1) infrastructure for free internet access in public spaces, 2) digital literacy for all people, and 3) facilitating hardware for the lower classes of society.

4.3. Critical Success Factor (CSF)

The following discussion on CSF is a summary of in-depth interviews that have been conducted with creative economy sub-sector actors in the City of Yogyakarta. CSF identification is carried out by understanding the creative economy value chain along with all the potential, advantages, uniqueness, challenges and problems that accompany each of these value chains. In general, there are 5 creative economy value chains, namely: 1) the creation stage, 2) the production stage, 3) the distribution stage, 4) the consumption and appreciation stage, and 5) the conservation or preservation stage. Furthermore, based on in-depth interviews with various sources, 6 critical factors can be summarized that will determine the success or failure of creative economy development, namely: a) Database, b) Human resources, c) Mastery of Technology, d) Creative arena and infrastructure, e) Financing and investment, and f) Institutional.

a. Database

Creative economy data is the main indicator for planning the creative economy sector. Apart from that, data on the creative economy is also needed to determine regulation, intervention and facilitation so that it is right on target and according to the needs for the development of the creative economy. The database includes both quantitative and qualitative data to reveal the characteristics and dynamics of each creative economy sub-sector. Quantitative data includes:

- Total and production value of each sub-sector
- Number and distribution of business actors
- Labor absorption
- Supply chains, value chains and markets for each sub-sector
- facilities and infrastructure, export, financing, community, agglomeration

While qualitative data includes:

- Actor and market characteristics of each sub-sector
- Updating technology

– Creative economy business dynamics

b. Human Resources

Human resources are the main factor in the concept of developing a creative economy. In the five creative economy value chains there are different roles of human resources, according to their functions in each chain and will form a creative community ecosystem.

The role and availability of creators in leading sub-sectors is so important. The creators in question are designers, painters, artists, composers, animators, authors, choreographers, directors, and other creators. In this case, creativity is not a resource that just appears (given resources), but is a resource that is embedded in the course of history and the development of the social life of a society or is called cultural creativity. Cultural creativity is related to the ability to imagine and find new ideas and ways of interpreting the world. This cultural creativity plays a role in opening up new opportunities for developing sources of welfare and creating jobs in the production and distribution chain, influencing trends in the consumption chain, thus creating synergies across sub-sectors of the creative economy. Education, insight, skills and mastery of technology are the basis for the availability of reliable creators. In this case, the support of educational institutions is needed which encourages the birth of reliable creators in superior sub-sectors, for example vocational schools, studios, studios, documentation.

The city of Yogyakarta has a long history as one of the important cultural and educational centers in Indonesia. This is capital and a strong foundation for the development of a creative economy community ecosystem. In-depth interviews with designers, musicians, filmmakers, animators, artists and painters in the city of Yogyakarta reveal that the city of Yogyakarta is a kind of "candra dimuka crater" for art activists before then spreading throughout Indonesia and even traveling across the world to pursue a career in the creative world. This proves that the City of Yogyakarta has strengths and advantages in producing superior creators for sub-sectors that produce knowledge-based products through educational institutions and creative economy communities. However, the birth of reliable creators is not accompanied by an adequate investment climate, so some of them move to big cities to develop themselves professionally.

The manufacturing-based sub-sector, namely fashion, craft and culinary (food products) faces problems in weak product design, both in quantity and quality. The main reason is limited knowledge and insight into domestic and foreign markets, resulting in low-quality designs and minimal contemporary touch. In the production chain, the problem with human resources is the low work ethic and worker productivity. Often, ethos and productivity problems are associated with a lack of incentives. The phenomenon that is often encountered is when an entrepreneur receives a large order, due to low ethos and productivity, the entrepreneur has a problem with QCD (quality, cost and delivery). As a result, orders will no longer be continued because the order will look for entrepreneurs or craftsmen from other countries. Domestically, this sub-sector group faces stiff competition with the entry of handicraft, fashion and art goods made in China, where the designs are beautiful at very low prices. China can achieve efficiency due to the high work ethic and productivity of its workforce. The comparison is 6:1 for China: Indonesia (Development of Creative Industries Towards Indonesia's Creative Economy Vision 2025, Ministry of Trade 2008). Thus investment in human resources in this sub-sector group is in the form of incentives, capacity building in design, craftsmanship and work ethic, and commercialization capabilities. In particular, the Yogyakarta City Office of Industry, Cooperatives and SMEs has provided quite a lot of training, mentoring and several incentive schemes to support the development of the fashion, culinary and craft sub-sectors. However, the problem of work ethic and productivity has not been significantly resolved, so it is necessary to seek alternative schemes of cooperation between Creative Economy players, academics, government and the private sector to overcome these problems.

The performing arts sub-sector has unique human resource investment characteristics. In this sub-sector, the chain of creation starts with individual artists, art communities and educational institutions. At this level, the performers do not really think about the value of the commercialization of a performance, but rather the actualization of the taste, intention and creation of a work of art. To a certain extent, they do not think too much about market hegemonic tendencies or directions, because they prioritize ways to express the soul of art and present high-quality works of art. The production chain consisting of producers or event organizers plays the role of packager and organizes a work of performing arts. Meanwhile, commercialization is related to the tourism service sector, promotional media and the government.

c. Technology Mastery

The creation of added value is generally through the utilization of science and technology. The knowledge-based creative economy sub-sectors use a lot of high-tech software and equipment. Creative entrepreneurs in these sub-sectors face the problem of the high price of software and internet infrastructure, where almost all of the supporting technology for this industry is imported. In addition, even though the price is affordable, the amount of production and post-production

technology is not sufficient to serve all requests. So in addition to investment in human resources in the form of incentives, capacity building (including work ethic), these subsectors invest a lot in updating technology (hardware) and software (software). The high price of high-tech equipment to support production in the knowledge-based creative economy sub-sector has opened up the market/business for renting film, video and photography equipment.

This is a challenge for actors in the design sub-sector, especially product and application design, to find new machines and software, so that other sub-sectors do not need to import supporting technology from abroad. To answer this challenge, investment is certainly needed to carry out a series of experiments based on the knowledge that is mastered.

d. Creative Arena and Infrastructure

Creative arena (creative space) consists of creative space and public space. Creative space is a means to develop creativity and innovation. One example is the Prawirotaman Creative Space which accommodates the creation and production stages for the music, film, animation, video, photography and performing arts sub-sectors. There are several informal creative spaces such as community painter workshops in Sonosewu where novice painters connect with senior painters, cultural village pilots and cultural arts groups that accommodate creativity and innovation in the performing arts subsector, with many creative economy actors in the city. Yogyakarta is certainly open to the presence of other creative spaces to encourage creativity and innovation in other creative economy sub-sectors. The existence of this creative space plays a very important role in the creation and production stages of the creative economy value chain. Creative space development can be realized through Creative Village, which is a synergy with the tourism village program, the pilot cultural village and the Ministry of Communication and Informatics program which facilitates the presence of wifi in 150 urban villages in the city of Yogyakarta. The formation of a creative village is an effort to develop a bottom-up creative economy because it involves the active participation of residents in accordance with the potential for local creativity (village). The development of a creative village is an embryo of the birth of a creative ecosystem which is a prerequisite for the emergence of a creative class or creative community as citizens of a creative city.

Public space is a forum for collaboration between the government, the creative community, the business world and academia, which functions as a center for activity and interaction for creative economy actors (government, business/industry players, academics and creative communities/forums). The existence of public space plays a role in strengthening the distribution stage, the consumption stage and the conservation stage in the creative economy value chain.

The essence of the availability of the creative arena (creative space and public space) is continuous connectivity and exchange between creative actors, content, users, investors, entrepreneurs, technology and government. One example, the Jogja Asian Netpac Film Festival (JAFF) in 2006 was the embryo of the development of the film and video industry in Yogyakarta today. JAFF gave birth to networking media and gave rise to references to Asian films which became the beginning of the creation of independent and simple films in the city of Yogyakarta. Initially there were 60 film communities, now it has grown to around 200 film communities, with 300 film crew names and 700 film actors in Yogyakarta. However, the filmmaking profession has not yet become a mainstream profession, and is still a side job for novice filmmakers. Likewise, the Yogyakarta Arts Festival (FKY) is a means of providing a public space for the development of the fine arts sub-sector (paintings, sculptures and other art objects), crafts and fashion (including batik). FKY has become a springboard for budding artists to develop to national and international levels.

The availability of physical and non-physical infrastructure supports the creation of a creative arena. The existence of creative arenas, starting from the smallest in the form of hubs and incubators, to the largest in the form of Creative Cities, is really needed to accommodate the creative economy ecosystem. All activities that occur in the creative arena must be connected to infrastructure, both physically (roads, parks, stadiums, airports and shopping centers), as well as information and communication technology (fiber optics, antennas and wi-fi). The availability of both types of infrastructure is necessary so that creative actors are able to broaden their horizons, network, identify new opportunities, develop new ideas, enrich and enliven the existing space through their creations. This condition is important for each region in an effort to develop local potential as a regional advantage and identity. Bandung is an example of a city that has a creative space development direction in accordance with its competence in the design sub-sector (fashion, interior and architectural products). Likewise, the City of Yogyakarta has the potential direction for the development of a knowledge and culture-based creative economy (music, applications, game development, video animation films) in addition to the leading sub-sectors that have long been developing, namely fashion, craft, and culinary products.

It should be realized that not all cities have five creative economy value chains. One city is a place for creation and production, while another city is a place for exhibitions and marketing. This situation can be bridged through a connector that connects the creation stage and the production stage with access to funding and bringing in consumers

from outside the region. The challenge of connection between cities, between sub-sectors, between stakeholders and creativity can be overcome by networking and providing physical and non-physical infrastructure. The development of the creative arena in a sustainable manner will form creative economic institutions, which are prerequisites for the development of the creative economy and the concept of a creative city.

e. Investment

Commercialization of ideas, ideas and creativity to produce added value and employment requires financing and investment. Investment in the creative economy is divided into two types of investment. The two types of investment include:

1) investment to run a business in the creative industry (the chain of stages of creation, production, distribution and consumption); And

2) investment to develop, preserve and guarantee regeneration and sustainability of cultural, human, social and institutional capital (the fifth chain is conservation)

The first investment decision is made by business people in the creative industry by emphasizing the ability to create value added products, and considering aspects of market opportunities (demand and trends in consumer tastes), economic benefits and accompanying risk factors. The amount of investment that needs to be invested is largely determined by the characteristics of the sub-sector to be developed and the availability of initial capital as a basic potential for developing the creative economy.

The creative economy sub-sector that uses a lot of computer and internet technology (namely the application sub-sector, game development, music, television and radio, advertising, architecture, product design, interior design, video animation, photography, publishing and printing, advertising) has an industrial value chain which are almost the same, consisting of: creative team, public relations services, production houses, media planning and buying, commercialization and distribution where each chain requires financing. The sub-sectors in this group require financing and investment in software and internet infrastructure, where almost all of the supporting technology for this industry is imported. So in addition to investment in human resources in the form of incentives, capacity building (including work ethic), these subsectors invest a lot in updating technology (hardware) and software (software).

While the creative economy sub-sector uses more raw materials from nature such as stone, clay, wood, natural fibres, wood, textiles, agricultural products (fine arts, crafts, fashion, culinary) relatively does not use expensive technology, except for products -products made of metal. This sub-sector group faces problems in weak product design, both in quantity and quality, high commercialization costs, including costs for finding out the regulatory conditions and preferences of foreign and domestic consumers, brand management and promotion. Another problem is the low work ethic and worker productivity. Often ethos and productivity issues are associated with a lack of incentives. Thus investment in this sub-sector group is in the form of incentives, capacity building in design, craftsmanship and work ethic, and commercialization capabilities.

The creative industry in the performing arts sub-sector also has unique investment characteristics. The production chain consisting of producers or event organizers plays the role of packager and organizes a work of performing arts. It is in this production chain that a large investment is required including costumes, layout, equipment, technology and infrastructure for the theater. Meanwhile, commercialization is related to the tourism service sector, promotional media and the government.

Ease of access to funding and capital for creative communities and actors in carrying out their program of activities is an important factor in the successful development of the creative economy. The in-depth interviews revealed that the difficulties for creative economy actors to get access to funding in Yogyakarta City caused 2 things, namely: 1) activities in the creative economy sub-sector were not their main job, but a side job; and 2) migration of creators and arts workers to other cities where there is easier access to funding due to the greater velocity of money in the creative industries.

Access to funding is provided by the Central, Regional and Municipal Governments; banking sector in the CSR program; and integration of joint funding from several government and private agencies. Interviews with academics suggested funding for MSMEs with profit-sharing or share ownership schemes, so that MSME actors have encouragement and incentives to improve their work ethic, productivity and professionalism. In this scheme, universities can be involved in assisting the development of MSME business design and management.

The second investment decision (related to the fifth value chain, namely conservation) is determined by the orientation and goals that stakeholders (the government through OPD) and stakeholders (community members who are driven by noble concerns and interests) want to strive for in the development context. Sustainable development, improving welfare and improving the quality of life of the community. In this case creativity can arise not only from artistic workers, but from intellectuals (scientists), engineers, social workers, advocates, civil servants, housewives, teenagers, children and anyone who is able to think inventively. This investment decision will form a creative class that includes creative bureaucrats, creative individuals, organizations, schools, universities and other parties that prioritize creativity as an approach in viewing opportunities and problems faced.

The necessary investment is aimed at creating conditions that enable city residents to think, plan and act with imagination and creativity in taking advantage of the various opportunities available. The required infrastructure is a combination of hard and soft investments, including infrastructure and mentality. These investments include:

- 1) Provision of facilities that enable the realization of cultural expression (art practice in a broad sense), thus opening the widest possible space for city residents (individuals and groups) to actualize ideas, innovation, and creativity. These facilities can be in the form of holding festivals, exhibitions, art and cultural events, talent search events and physical infrastructure in the form of creative spaces, theatres, or landscapes as a means of cultural expression.
- 2) Preservation of cultural heritage both tangible and intangible, so that a strong memory of the local culture is built, as well as the development of knowledge, skills and creativity which are vital for maintaining the continuity of the relationship between humans and natural resources and ecosystems. The Yogyakarta City Cultural Office has invested heavily in this regard. However, investment is still needed for commercialization with the tourism service sector, businesspeople, event organizers and related OPDs.
- 3) Urban planning and urban architecture in the context of a creative city to support the creation of an environment and infrastructure that allows an increase in the quality of life and healthy businesses to create and innovate. In this case, investment is to build social and cultural infrastructure so that Yogyakarta becomes an investment attraction due to the availability of adequate cultural facilities, educational institutions as suppliers of labour and expertise needed to support creative industries, as well as creating an attractive city for tourism destinations and business (attraction to set up a company and do business). This includes the formation of clusters and agglomeration of creative industry sub-sectors which have advantages that are unique to Yogyakarta.

f. Institutional

Institutions are an important factor for developing an industry including the creative economy. The institutional aspect does not only concern institutions within the Government, but also industrial institutions, such as associations, cooperation between actors, partnerships, and other institutional forms. From the aspect of institutional bureaucracy, it is very important to carry out coaching, conducive arrangements, and facilitation. Institutional can be in the form of a formal institution or a form of assignment.

5. CONCLUSIONS AND POLICY RECOMMENDATIONS

5.1. Conclusion

From the results of the analysis described earlier, it can be concluded that several aspects related to the creative economy of the City of Yogyakarta are as follows:

- a. The creative economy is a sector with considerable potential in Yogyakarta because there are many creators who have quite high production values. Unfortunately, the creative economy of Yogyakarta has not been properly recorded and is still very much underestimated.
- b. Of the 17 creative economy sub-sectors, only 3 sectors are considered to have good development, namely craft, culinary and fashion. However, the sector outside that has a performance that may be much better, but unfortunately, there is not enough data and information to judge.

- c. For the City of Yogyakarta, the film sub-sector has indications of superiority and potential for development. The film production process has a high multiplier effect, absorbs a lot of manpower, and drives other creative sub-sectors such as DKV, photography, product design, animation, games, and applications. Apart from that, it also drives sectors outside the creative sector, such as hospitality, transportation rental, property rental, catering, and many other sectors. Yogyakarta's competitor in the film is only Jakarta, and even then, only because there are many investors from DKI. The real potential remains that Yogyakarta is superior, so the film sub-sector is a competitive sub-sector.
- d. Creative economy development is placed in several OPDs which are estimated to be in accordance with their duties, principles, and functions. Currently, there are 4 OPDs assigned to develop the creative sector, namely OPD Industry, Trade and SMEs, OPD Tourism, OPD Culture, and OPD Kominfo. In developing the creative economy, OPD is very bound to the suitability of the main tasks and functions and is not optimal in reaching creative aspects.
- e. Yogyakarta is a warehouse for creators. But unfortunately, the City of Yogyakarta has never been called a Creative City in any dimension. The creator community does not need that status.
- f. Creative communities need creative infrastructure according to their fields. Specific creative space is the need for exercise and the provision of affordable tools. In addition, public space is also needed to develop capacity through synergy and competition.

5.2. Policy Recommendations

From the conclusions above, several policies can be recommended as follows:

- a. The city of Yogyakarta needs to immediately have a creative economy development roadmap to be used as a guide in regulating, intervening, and facilitating the creative economy sector so that it plays an optimal role in economic development.
- b. It is necessary to immediately collect data on 17 creative economy sub-sectors. Data collection can cooperate with institutions that are considered to have expertise in data collection, for example, the Central Bureau of Statistics.
- c. Creative economy development agencies can be deployed to OPDs that have the appropriate duties and functions or stand as special creative economy institutions. This needs to be studied comprehensively.
- d. The government needs to strive for Yogyakarta as a Creative City so that it becomes an attraction for producers and investors.
- e. Specific infrastructure for the creative economy, such as creative space, needs to be built thematically. Examples of music creative spaces, craft creative spaces, digital creative spaces, etc.
- f. All sub-sectors of the creative economy need a digital touch, so the telecommunication infrastructure needs to be provided optimally.
- g. In addition to creative space, it is also necessary to provide public space for creators to develop community and capacity through synergy and competition. Examples: festivals, competitions, exhibitions, talent search events, etc.
- h. Develop the creativity of government officials to optimize coaching

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