



## Chapter 9

# Exploring the Role of Culture and Digital Capital in Establishing Community Resilience through Creative Economy in Indonesia

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## A. Introduction

Contributing to one in four of all new jobs created across the world and employing 10.6% (334 million) of the world's workforces, the creative economy, alongside the tourism sector, is the one of the largest sectors in the world in encouraging socio-economic development and creating jobs (World Travel & Tourism Council, 2021) Thus, encouraging the sustainability of this sector will have a substantial impact on people's welfare.

Before the pandemic hit in 2020, Indonesia's tourism sector contributed IDR 280 trillion in 2019. The creative economy sector is estimated to make an enormous contribution in the upcoming years and become the leading sector for Indonesia's development, with revenues of IDR 1153 trillion in the same year (Ministry of Tourism

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and Creative Economy, 2020). Growth in the creative economy sector is estimated to be even more significant after 2019, but Covid-19 thwarted that estimation. Covid-19 hit almost all countries significantly.

The restrictions on movement and human interaction during the Covid-19 pandemic have disrupted the economy of all countries. UNTWO reported that due to the massive decline in international travel during the January – June 2020 period, export revenues from the global tourism sector suffered a loss of US\$460 billion. Within the next two months, July and August 2020 losses increased by US\$270 billion (UNWTO, 2021). The Asia Pacific region experienced the most significant loss of 96% from August 2019 to August 2020. Meanwhile, the Southeast Asian region experienced a decline of 73.5% in the same period (UNWTO, 2021). Due to the Covid-19, it is estimated that this sector accounts for around 2.9% of the increase in unemployment worldwide. This figure is equivalent to 100.8 million jobs (UNWTO, 2021).

Covid-19 made a significant change in human activities, especially technology adoption. We see a phenomenon where almost everyone is doing their activities from home. Employees work from their rooms. Students learn from their homes. During Covid-19, internet usage increased significantly (Király et al., 2020). At the same time, the digitalisation of the economy is snowballing. For businesses with adaptive capacity, a significant change in people's lifestyles from offline to online is captured as a positive opportunity to develop business and create innovation, including practitioners' creative economy. Digital capital plays an essential role in recovering from the Covid-19 crisis, not only to recover but some creative economy players can develop their businesses.

This chapter explores the role of creative economic actors in Indonesia in creating a resilient society with the support of cultural and technological factors. Through this, current challenges and opportunities for the creative economy will be presented as well as the role they play in creating cultural and community resilience in Indonesia.

## B. Community Empowerment

According to Elliott et al. (2019), community empowerment is a collaborative process involving the community to create change in society through the development of social energy and influence on the aspects necessary. According to Perkins & Zimmerman (1995), empowerment is a construct that links individual strengths and competencies, social systems, and proactive behaviour to social policy and social change. In theory, this construct connects the existence of individuals with other individuals to help each other and create a standard response (Christens, 2012).

A study by Christens (2012) explains that empowering the community contributes simultaneously to development at the individual and community levels and positive changes in a system. It is driven by the formation of power, resilience, and control in individuals, organisations, and society. The concept of empowerment is widely adopted to create economic strength, improve the quality of education, and promote global mental health (Christens, 2012). Admittedly, community empowerment is a hot topic to promote economic and social change in many countries in line with the sustainable development goals (SDGs) of 2045. Empowerment is often defined as a mechanism whereby individuals, organisations and communities build joint solutions to various problems (Christens, 2012).

In a broader sense, empowerment is defined as 'a group-based, participatory, developmental process through which marginalised or oppressed individuals and groups gain greater control over their life and environment. Moreover, empowerment acquires valued resources and fundamental rights, achieve essential life goals, and reduce societal marginalisation (Maton, 2008).

Put it simply, community empowerment is basically a mechanism to put the bottom line of society as the basis to create changes by mobilising them to play critical roles as an initiator or a worker to generate benefits and values. The same mechanism works for creative economy where community, on one hand, is the main source to create

values and run the business, on the other hand, community is also the one who receives benefits through the empowering process, including psychological and economic strength. Psychological strength is formed through social support and it turns out to be source of resiliency for the local community. While economic strength is built as consequences of their economic activities (Laverack, 2001; Christens, 2012; Laverack, 2001).

### C. Creative Economy

The term creative industry has been increasingly popular lately, even though the understanding of this industry is still confusing for some people. Although in the end, the creative industry came to be known as a derivative of the creative economy. According to Rahman & Rasulong (2015), creative activities in this industry are within the framework of realising business innovation by utilising the existing resources, including scientific and technological findings. These findings are then applied to create new products, tools, methods or approaches, and technologies to address market needs.

Rahman & Rasulong (2015) further says that the growth of a creative economy only occurs through the capitalisation of creativity and innovation that produces a product or service with a touch of creativity (Rahman & Rasulong, 2015). The embodiment of this creativity can occur in terms of the content/product itself or the method or approach in carrying out its business activities.

In Indonesia, creative industry covers a broad range of several sectors starting from culinary, fashion, music, film & videos, to advertising, etc. Among them, culinary sector accounts for 41.6 percent, followed by fashion and handicrafts for 16 percent and 15.7 percent (Global Business Guide Indonesia, 2018) (Rahman & Rasulong, 2015). In this chapter, we use a community empowerment framework to investigate how the creative industry promotes the community resilience in terms of financial, economic, and psychological aspects.

The creative industries that empowers community predominantly produce products, such as the arts and antique market, food & beverage, handicrafts, fashion, and performing arts. Another sector that also empowering the community the most is tourism, despite tourism itself is not a separate sector where, other sectors such as culinary, handicrafts, and performing arts are part of it. Tourism, inevitably, relies on local community participation, whether they are acting as individual or micro or small enterprises. Agustang & Adam (2021) supports this idea, where according to this study, globally, tourism is dominated by small businesses, which simultaneously produce goods and services to offer tourists. In reality, tourism is more than that, where its also closely related to hotels, restaurants, fashion, and transportation. Therefore, according to Agustang & Adam (2021); Frederick et al. (2020), tourism is a sector that positively impact the people's welfare, especially those around tourist objects. We admit that the creative economy is not only tourism as we mentioned earlier, but its scope to some extent can draw its role and impact on creative economy in Indonesia as a whole.

The Indonesian government has recently paid great attention to developing the creative economy in line with the enactment of the Law of the Republic of Indonesia number 24/2019 regarding the creative economy. It says that the government plays a significant role accelerating the development of the creative economy by ways of:

- a) Training, technical guidance, and assistance to improve the technical and managerial capabilities of Creative Economy Actors.
- b) Support facilities to deal with technological developments in the business world; and
- c) Business standardisation and professional certification.

Admittedly, the creative industry is broad; therefore, this chapter only focuses on investigating the role of the creative industry that adopts the community empowerment approach. Hopefully, these

observations will become a benchmark that can be developed and input for developing of the creative economy in the future.

#### D. Community Resilience

Magis (2010) explains that the community has various internal and external resources that can be utilised to respond to change. Economic resources, while important, are only one of the factors that make communities resilient. Besides economic resources, society needs to use social, cultural, political, and human resources collectively and strategically to respond to change. People can intentionally develop resilience because that essential ability is part of their instincts as living beings. However, society, he argues, needs to learn to live and adapt to uncertainty and actively build capacity to thrive in that context (Magis, 2010).

Berkes & Ross (2013) argue that the concept of resilience is assumed to apply to all levels, from individuals to earth systems. According to this study, resilience is a continuous process of personal development to adapt to face difficulties and threats. The process happens because society does not control all the conditions that affect them. However, humans can change many conditions that can increase their resilience. They can build resilience by learning and responding to stress and actively developing resilience during the process. Among the most critical components are people-place connections; values and beliefs; knowledge, skills and learning; social network; governance involved (involving collaborative institutions); a diverse and innovative economy; community infrastructure; leadership; and a positive outlook, including readiness to accept change.

The main point is, as mentioned by Aldrich & Meyer (2015), community resilience is a collective ability of a society to deal with adversity and efficiently continue their lives or even improve their lives after difficult situations (Aldrich & Meyer, 2015).

## E. Opportunities and Challenges of the Creative Economy in Indonesia

### 1. Opportunity

Indonesia's cultural wealth, natural resources, and biodiversity promise prosperity for the community. Even though the challenges faced are complex. Apart from the readiness of creative economy actors, there are also challenges in ecosystem support and structure. According to the Indonesian Minister of Labour, Ida Fauziyah, there are three crucial things that the creative industry must strive for: first, the optimisation of technology usage and information; second, encouragement to adopt a collaborative approach; and third, the establishment of relevant competence (Tempo.co, 2021).

Opportunities for the creative economy in Indonesia are widely open due to internal and external factors. Indonesia is an archipelagic country rich in natural resources, culture, biodiversity, and local wisdom from internal factors. From external factors, there is a fast technological transition where technology provides convenience in all aspects of life, such as transportation, transactions, communication, and others. Now, the beauty of Indonesia and its products can be seen by people worldwide with a single click on the internet. Creative economy actors have a big chance to tap into the international market.

Subsequently, a population of 280 million people is a promising domestic market. This market is an enormous economic value if it can be reached inclusively. The government has been realising efforts to encourage locals to buy domestic products. Some programs include *Program Stimulus Bangga Buatan Indonesia* (PSBBI), initiated by the Minister of Tourism and Creative Economy. This program is just one example of a mass effort by the government to support the creative economy. Under this program, customers get a 50 percent discount. At the same time, MSMEs get a voucher of a maximum of IDR 50 million (Hudayanto, 2021).

Regarding community resilience, this program, if can be continuously encouraged, will bring an impact on first, the economic

resilience of the actors behind the industry, whether they are acting as individuals, or as micro-small enterprises. Second, the psychological resilience that is sharpened by way of social support and institutional support (read: government) they received. Seeing from the lens of pyramid of resilience, the fact that Indonesia has its own resource to develop creative economy, it drives stakeholders to generate a strategic planning at the national level to organise those resources and turn them into value-added product/service. This strategic planning is delivered through collaboration effort among Ministry of Tourism and Creative Economy and several ministries/agencies including the Coordinating Ministry for Maritime Affairs and Investment, Ministry of Finance, Ministry of Investment/ Investment Coordinating Board, Ministry of Law and Human Rights, Ministry of Home Affairs, Investment Coordinating Board (BKPM), the Financial and Development Supervisory Agency, etc. to strategically mobilise those resources to create a dynamic-ecosystem for creative economy to grow (Hudayanto, 2021). Of course, as a result, this ecosystem will create more job opportunities and increase the economic and psychological resiliences of people.

## 2. Challenges

Along with the massive potential of the creative economy, the significant challenges are to be addressed. These come from various aspects such as geographical challenges, technology, infrastructure, regulation and policy, and intellectual property rights.

### a. Lack of capital, technology, and skills

Investment requires sufficient funding to acquire talent and technology to meet market demands in the digital age, such as digital infrastructure, internet, software, and other training. In many sub-sectors of creative industries, capital such as technologies and skills to operate them are not quite ready. Massive efforts are needed to reach areas with great creative economic potential but are not yet digitally connected due to the unreadiness of digital infrastructure, internet, funding, and human skills.



## b. Low regulatory capacity and policy coherence

Investment in the creative industry sector is undeniably diverse in its products and services. For example, the film and cinema industry regulations are undoubtedly different from tourism or fashion. Besides the variation of its products and service, the creative industry also varies in business size, business model, location, and the depth of technology adoption. There is no one-fit-all policy to manage them. Therefore, the government needs an extra effort to consolidate many perspectives to make better policies.

Furthermore, the coherence for couple of policies are still overlapping. Due to creative economy development in Indonesia is mainly affected by at least four Ministry, Ministry of Trade, Ministry of Industry, Ministry of Cooperative and SME, and Ministry of Creative Economy. Each ministry has their own policy and implementation plan, and there must be a simplification of those complex procedures and regulations. Vertically, the ministries and local government is in some cases mismatch in term of authority, local wisdom, policy, and realisation plan.

## **F. Contribution of the creative economy to build economic resilience in society**

A creative economy is an economic activity driven by creative industries that respect the role of intellectual property. The creative industry is operated by entrepreneurs who have creativity and innovative ability. What is more, tourism and MSMEs are some of the main components of this industry.

According to data from the Ministry of Cooperatives and Small Businesses in 2018 (Ministry of Cooperatives and Small Businesses, 2018), the number of MSME units in Indonesia was around 64 million and in 2019 it was around 65 million. This increase by around 1 million new units or 1.98 percent growth rate, of course, brings a positive opportunity by creating more jobs for people.

Indonesia has attracted many tourists with its abundant natural wealth, culture, and tourism destinations. In 2018, foreign tourist visits reached almost 16 million, and in 2019, the percentage increased by 1.88 percent (Ministry of Tourism and Creative Economy, 2020). The tourism sector has a vital role in the country's economy and is expected to create jobs and reduce unemployment.

Since 2019, the Covid-19 outbreak has been causing a multidimensional crisis which includes health, economic, and political crises.

One of the badly hit sectors was tourism and the creative economy (Ministry of Tourism and Creative Economy, 2020; World Travel & Tourism Council, 2021). The pandemic has forced people to work and study at home. The government also closed tourism sites to prevent the spread of the virus.

The community is required to survive amid the Covid-19 pandemic. Creativity is needed to create solutions with limited resources and unsupportive situations. The creative economy is considered capable of creating jobs and reducing unemployment.

According to the Ministry of Tourism and Creative Economy, there are 17 sub-sectors of the creative economy in Indonesia, ranging from photography, arts, and culinary to film. With 17 sub-sectors, Indonesia is ranked 3rd in the world regarding its contribution to GDP (gross domestic product) after the US and South Korea. Beyond that rank, labour absorption in the creative industry in Indonesia is more extensive than in the US (Ministry of Tourism and Creative Economy, 2020). In 2019, Indonesia's creative economy absorbed up to 17 million workers. This figure is much higher than the US, with only 4.7 million workers in the creative economy sector. According to the Ministry of Tourism and Creative Economy (2020), the contribution of the creative economy sub-sector to the national gross domestic product (GDP) reached IDR 1,211 trillion.

The development of MSMEs is the government's focus during the pandemic and the tourism sector. This effort is accompanied by helping these business actors to be able to rise and recover during the pandemic and post-Covid-19 pandemic. Various training and

guidance were carried out to rebuild the Indonesian tourism and creative economy sectors.

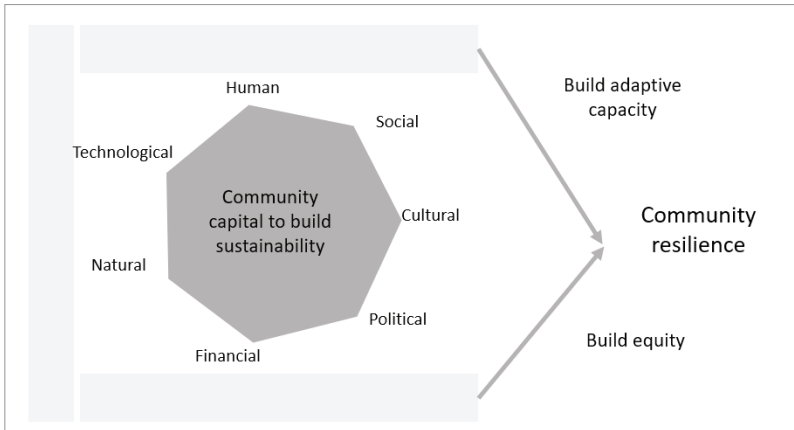
One example is the island of Labuan Bajo in East Nusa Tenggara. In it, there are several beautiful tourist attractions. Such as Kelor Island, Komodo National Park, Manjaritte Island and Padar Island. During Covid-19, these islands are isolated from visitors. The locals who typically make money from the current tourism have no choice except to change their job (Makur, 2021). Another example is a coffee seller, Agustinus, in Labuan Bajo changing his marketing method from traditional selling by motorbike to packaged coffee products. In collaboration with local creative economy actors, Agus has reached many Indonesia regions. The government responded generously by providing BEDAKAN assistance (design training for culinary sellers). BEDAKAN is a program of the ministry of tourism and creative economy aimed at increasing the value of culinary products to be more attractive and able to compete in the market. Agus's Kopituk has tapped into the international market through social media because its distinctive taste (Makur, 2021).

Another instance is the Kopituk Colol-Cobo is processed by a community business group (KUBE). KUBE Suka Maju can network with other creative communities in East Manggarai, on Flores Island, and outside of Flores Island. Their products are marketed through Youtube (Makur, 2021).

In the Indonesian context, we can see that the empowerment approach is naturally embedded in the national culture called *Gotong Royong*. It has been used to build the country and its economy for a long time. Nowadays, the government pushes the effort to utilise empowerment throughout the country by creating policies to make it well-organised and linked to the technological advancement. Seeing the role of culture and technology that impact people's life, undeniably, culture and technology must be counted as two capitals to help community addressing crisis, being resilient during and after crisis Covid-19 pandemic. Discussion of these two capitals will be elaborated afterward.

## G. The Framework of Community Resilience Building

We can simplify how a creative economy builds community resilience, as shown in Figure 9.1. This framework is drawn by Cafer et al. (2019). This study explicitly states two essential elements that build resilience in the community: adaptive capacity and equity.



Source: Cafer et al. (2019)

**Figure 9.1** Community Resilience Factors

In realising community resilience, capital is needed. Those capitals can be a money, natural resources, social, government support, cultural support, and technology. Without capital, all people will be vulnerable. According to Cafer et al. (2019), these capitals must also be owned even by people who are not dominant in a community structure. They must be given access equally to those capitals.

Adaptive capacity to deal with vulnerabilities is only formed if each person has equal access to the capital. According to Cafer et al. (2019), adaptive capacity is a person or group's technical and social capabilities to deal with environmental and socio-economic changes. In the creative economy, adaptive capacity can be defined as the ability of entrepreneurs to develop alternative strategies to survive when facing a crisis.

For example, Raos Magelang, one of the creative economy practitioners in Magelang changed her business model into a packaging producer for export to several countries once COVID-19 pandemic hit the world. Adaptive capacity in this context is also influenced by the ability of the founder to read the market, grab the opportunities, and then turn them into action. In the case of Raos Magelang, which changed its original business from selling culinary to being a packaging producer from bamboo, they utilise the local resources. Bamboo itself is widely available in the village and underutilised. This enterprise empowers local people to involve in their chain production. Villagers are the center of this business. Road redesign the workflow, packaging, product appearance, and marketing while the local people are still being the center as art workers. By redesigning the product to fit the market, Raos can sell the product at a price 20–30 times higher than before.

Cafer et al. (2019) framework does not specify that resilience is limited to certain types of resilience, such as disaster. It is prepared to cover general resilience. General resilience is focused on adapting to the complex, unprecedented, and unexpected disturbances (Biggs et al., 2010; Cafer et al., 2019); furthermore, it is also focused on bolstering a diverse range of the system to increase their interconnectedness, responsiveness, and efficacy to all potential types of disaster or shock, short- and long-term (Kais & Islam, 2016).

## **H. The Role of Technology and Culture Capital in the Creative Economy**

Cafer et al.'s (2019) framework mentioned two factors: technology, and culture, as essential components in creating a resilient society specially under crisis. As we mentioned before, Indonesia since its early development stage, has been strongly influenced by its unique culture called *Gotong Royong*. This culture was used by founding fathers to mobilise people to build the country and resilience through collective movement in any sector. Besides culture, we consider technology as another main capital which contributes to resilience establishment a

lot. Inevitably, every aspect of human life nowadays is heavily relying on technology. In one device, someone can do everything about his life starting from shopping, working, studying, socializing, and so on. Our need of technology is dramatically increase during Covid-19 pandemic. These capitals will be explored in the following sections.

## **I. Technological Capital**

Today, the vital role of digital technology is undeniable. Digital technology has penetrated almost all aspects of our life, including economic activities. The adoption of digital technology is happening very quickly as an active response to the Covid-19 pandemic. Since being declared a global pandemic by WHO in March 2020, the negative impact of Covid-19 on the creative economy sector is significant, especially in tourism, which covers its economic aspects, job opportunities, public services, livelihoods, and the entire industrial value chain in all countries.

The decline in tourist visitation globally is estimated to be around 58-78 percent, and the decline in tourist spending is around 310 to 570 billion US dollars in 2020 (Ministry of Tourism and Creative Economy, 2020; UNWTO, 2022). In Indonesia, the decline reached 75 percent, from 16.11 million to 4.02 million visits in 2020 Tourism suffered a loss of IDR 202 trillion in 2020; this loss was followed by hotels and restaurants, where 1,139 hotels and 1,033 restaurants closed permanently (Ministry of Tourism and Creative Economy, 2020).

The correct use of digital platforms could positively solve society's problems during a crisis. To illustrate it, we can see the study of Chu & Yang (2020), which was conducted on the Chinese community in Houston, US. The results show that digital platforms enable these communities to build social connections and coordinate various aspects of their lives during disasters, including mobilising social capital and creating community resilience.

The creativity of creative economic actors is needed to answer the challenges of the Covid-19 crisis. They transformed the normal events to be virtual during crisis. Although the concept of the virtual

event has emerged since the 2010s, there were 100 digital platforms used for many virtual events and to accommodate participants in large numbers. Those platforms are AltSpace, Breakroom, Engage, LearnBrite, MootUp, SpotMe, VirBELA, and so on (Ministry of Tourism and Creative Economy, 2020). During the Covid-19 pandemic, the virtual event increased by 1000 percent, and the most frequently used platform is Zoom (Ministry of Tourism and Creative Economy, 2021). Of course, the technology advancement today is expected to bring new approach to operate their business. For example, technology helps our local art worker to reach global market instantly just by a single click. It is truly different marketing practice if we compare years back where internet and digitalization have not yet inclusively touch people's life.

### **1. Virtual and Hybrid Event**

The digital transition happens fast in all countries and covers all aspects of human life. Including the way people get along, interact, work, learn, and do business. The creative economy actors creatively respond to the crisis through digital strategies. One form of response is the implementation of virtual events. Virtual events compromise the continuation of the ongoing economic activities and prevent the spread of the virus. Virtual events are held with various social media platforms such as Zoom, Youtube, Instagram, and Facebook, integrated simultaneously to ease more audiences to join.

An event, virtually, can attract even more audience. Through virtual, participants in remote areas can attend the events quickly and significantly cheaper. With virtual, location and cost are no longer barriers for anyone to be involved in an event—no more costs such as building rent, transportation, accommodation, and consumption.

### **2. Digital Marketing and Online Selling**

Creative economy actors are not at their wit's end to survive the pandemic. Digital strategy is the primary option to continue their economic activities. Digital marketing makes it possible for the actors

to reach more audiences faster and cheaper. SEO, artificial intelligence, and social media marketing have acquired new customers more effectively. It is also driven by the increasing number of users of social media and digital platforms.

Although, on the other hand, business competition is becoming extremely intense, customers can quickly compare the price and quality. However, success opportunities are always open for those who are creative. What is more, anyone can open their business nowadays with little burden. With the availability of couriers, transportation, internet, smartphone, digital marketing, and capital, people can run their business from their rooms.

### **3. Keep in Touch with Customers.**

Another benefit of digital technology is the easiness the creative economy actors perceive to build customer interactions. The business can ask for feedback from customers more efficiently. Likewise, customers can easily convey their feedback to companies or businesses through various platforms. They can submit feedback via social media, WhatsApp, website, or email.

## **J. Contribution of Cultural Capital for Resilience in Indonesian Community**

Besides technology, the contribution of culture in creating resiliency is more fundamental to Indonesia since the culture creates values and norms that become a reference for people to act and act. This article will investigate the impact of the Gotong Royong culture in realising a resilient society through a creative economy.

Gotong Royong is the basic principle used to build the Indonesian nation and achieve resilience in various sectors: economic, educational, political, environmental, and social (ref). Simply put, Gotong Royong is a collective effort made by the community to achieve a common goal. We see many creative economic actors in Indonesia who empower the community to carry out their economic activities. Tourism, for example, is the management of most destinations



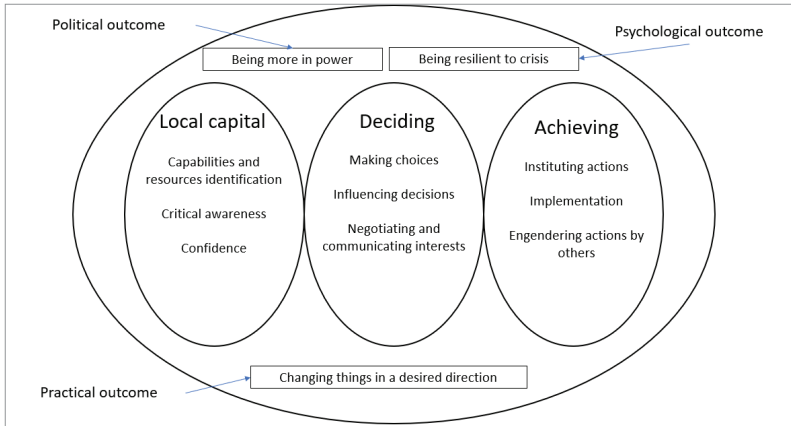
initiated and run by involving the community (Agustang & Adam, 2021; Ministry of Tourism and Creative Economy, 2020; World Travel & Tourism Council, 2021). Likewise, agriculture, medicine, crafts, design, and even fashion maximise community empowerment. The role of the community here can be in the form of suppliers, employees, and partners.

During the Covid-19 pandemic, the business operations cannot be denied having a light impact—especially sectors whose operations are disrupted due to mobility restrictions. However, sectors such as traditional medicine, merchandise, fashion, and entertainment have benefited from Covid-19. For example, Agradaya as a producer of traditional medicine in Yogyakarta, its production and sales increased because people are increasingly concerned about their health. Another example is Kraosan Magelang which produces crafts; the founder said that their sales increased and even exported to several countries. It happens along with the increasing number of new online businesses, and they need creative packaging for their products.

Meanwhile, the Covid-19 pandemic is an exercise for the extent to which a business can respond to the crisis appropriately. Leadership, managerial capabilities, creativity, and flexibility are factors that contribute to the resilience of a business or at least ease the burden of losses that must be borne (Habiyaremye, 2021).

The government takes a vital role to supporting the sustainability of the creative economy. A study by Habiyaremye (2021) says that government intervention is needed to secure the existence of the creative economy by creating supporting policies and facilities. In addition, the government also plays a role in building a mechanism that connects the creative economy with the private sector and other stakeholders, both national and international. Habiyaremye (2021) recommend the Quadruple-Helix Model as a form of collaboration between government, business, academics, and society to achieve sustainability in the industrial era of Industry 4.0. However, the collaboration ecosystem demands a flexible, dynamic, and open platform.

## K. Model of Community Empowerment through the Creative Economy



Source: Modified from Ade Kearns (2016)

**Figure 9.2** Model of community empowerment through the creative economy

Ade Kearns (2016) argues that in empowering community, the initiator must reveal what kind of resources and capabilities are available. He adds critical awareness and confidence as factors that contribute to make a sense of why such action is important and help someone to drive and organise the resources. This study supports our findings that the ability of founder to critically identify the problem, give them the ability to provide the right solutions. For creative industry such as Agradaya, Raos Magelang, Rumah Kinasih, to successfully empower the locals, they have something in common. First, they are never against the local culture but in opposite, properly use it. Second, they adopt technology to innovate and adapt to change. Creative economy which employs community, first, will have political gain where they have more power to organise the resource. In addition, by working together, of course, will create the psychological strength of everyone when facing difficulties. The last, by having political power and psychological strength, economic goals will be probably achieved.

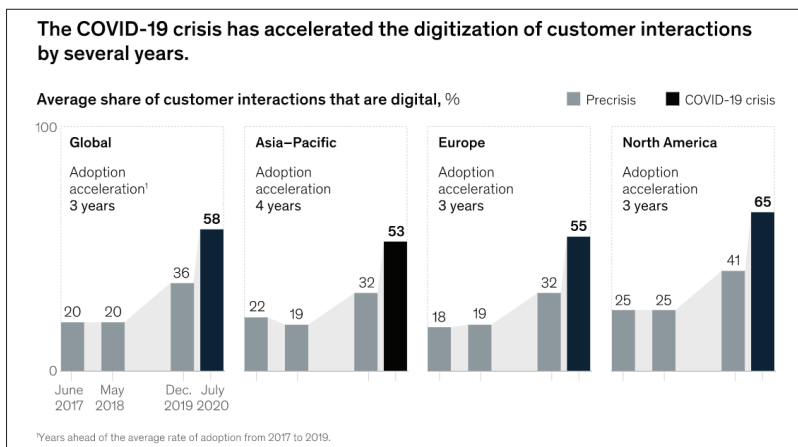
## **L. Recommendations**

### **1. Quadruple-Helix for the Collaboration Model**

Science, policy, industry, and society must work in synergy as this collaboration will make a greater impact (Habiyaemye, 2021). The creative industry's performance is rooted in excellent creativity supported by contributions and interactions between universities, businesses, government, and society. Nowadays, collaboration has been horizontally built amongst ministries in Indonesia to support creative industry to develop gradually make an impact. For example, tourists who visit Lombok, their spending will be distributed on hotel, transportation, culinary, fashion, artwork & crafts, and ticket for concert and everything. In other words, even though different stakeholders play their own roles, they cannot be separated. Just to illustrate, when science generates and validates a specific product, we need industry to mass-produce it. Government creates a good policy to ensure that process is being protected. Furthermore, we need society to use it or deliver the message to the customer.

## **M. Acceleration of Digital Technology Adoption**

According to McKinsey (2020), consumers have moved dramatically toward online channels during the pandemic, and companies and industries have responded in turn. The survey results confirm the rapid shift toward interacting with customers through digital channels. They also show that adoption rates are years ahead of where they were when previous surveys were conducted—and even more in developed Asia than in other regions (Figure 9.3). Respondents are three times likelier now than before the crisis to say that at least 80 per cent of their customer interactions are digital.



Source: McKinsey (2020)

**Figure 9.3** Rate of digitalisation adoption

The study results also show that along with the multi-year digital acceleration, the crisis has significantly changed the mindset of executives about the role of technology in business. In our 2017 survey, nearly half of executives ranked cost savings as one of the most important priorities for their digital strategy. Today, only 10 per cent view technology in the same way; in fact, more than half say they are investing in technology for a competitive advantage or are refocusing their entire business around digital technology (McKinsey, 2020).

## N. Investing in Skills Development and Technological Capacity

Related to the previous point regarding technology adoption, creative economy actors also need to improve their technical and strategic thinking skills. Developing these skills and capacities is also part of the government's strategy to encourage the creative economy in Indonesia. Therefore, the government drafted the Creative Economy Law no. 24 of 2019, where Article 10 states that Creative Economy Ecosystem

Development is carried out through: 1) Research development; 2) Educational development; 3) Funding and financing; 4) Provision of infrastructure; 5) Development of marketing systems; 6) Incentives; 7) Facilitation of intellectual property; and 8) Creativity protection.

First, educational institutions need to align academic training with industry standards and regulations. Second, the government's role is to facilitate knowledge transfer from foreign technology developers and experts, promote collaboration and joint ventures, and the freedom of professional services.

## **O. Improvement on Access to Finance and Tap into Impact Investment**

Due to Indonesia's environmental, regulatory, and economic landscape risks, commercial banks and investors may be reluctant to invest in the creative economy sector. Therefore, the government needs to provide alternative funding to the creative economy sector. One of them is the Impact Investment program which has been expanded globally. For example, in 2019, the total value of impact investments was estimated at \$715 billion (United Nations Conference on Trade and Development, 2021). The government is advised to create a supportive investment climate so that creative economy actors in Indonesia can become the target of local and global investors.

## **P. Conclusion**

To summarize this chapter, we must acknowledge that the role of the creative economy has a significant impact on society in Indonesia. Supported by two main capitals: technology and culture, the creative economy through a community empowerment approach contribute to not only increase the economic welfare but also creating resilience amongst community, particularly in times of crisis. Technology is adopted as an adaptive strategy under changing environments as it helps community and business to optimise marketing, production, financial management, and the whole process of their business. In

addition, rather than against the local culture, creative industry actors use it to create values. The local culture known as Gotong Royong that is basically the idea how people can be mobilised to achieve a certain purpose.

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