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## Creative economy policy in developing countries: the case of Indonesia

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## **CREATIVE ECONOMY POLICY IN DEVELOPING COUNTRIES: THE CASE OF INDONESIA**

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### **Abstract**

This paper investigates how the global discourse on creative economy is interpreted in a developing country context, and in particular the case of Indonesia. We accomplish this by examining how this discourse is institutionalized in several cities. We found that the discourse is interpreted differently across localities. Bandung appears as a special case of the knowledge-based creative industry development, as it is strongly supported by academia and communities who really wanted to experiment with this policy narrative. The Bandung case also provides an insight that the creative economy, as a relatively new idea, develops not only as a discourse, but also as a workable framework for development policies. Meanwhile, other cities seem to pragmatically rebrand the policy to drive economic development, without considering the local contexts, whereby traditional cultural industries are rebranded as creative industries, although they hardly perform new knowledge learning and innovation. Apart from this, as we learn from Bandung there are possibilities for a developing country like Indonesia to foster the creative economy by reshaping local institutions that will support successful experimentation with this new policy idea.

**Keywords:** creative economy, cultural industries, creative industries, discourse,  
interpretation, Indonesia

**JEL codes:** D02, O43, O53, R58, Z18

## INTRODUCTION

Richard Florida's thesis on the creative class has been appealing to academics and policymakers. He actually is not the only one, but there are many other scholars increasingly paying attention to creativity and culture factors in regional development from different angles. These factors are increasingly considered as an alternative model for generating economic growth. Such an idea has been reshaping policy developments and local institutions both directly and indirectly. The creativity literature is dominated by American and European contexts, while little research is to be found in the context of Asian and developing countries (Yusuf and Nabeshima, 2005). Many of them are actually implementing creativity-led development policies, and even have a leading growth in creative industries, e.g. Korea, Singapore, Taiwan, Hong Kong and China (United Nations, 2004). However, it is unclear to what extent they utilize this concept to drive economic development, as is sometimes done in the Western context.

We argue that in Asian and developing countries it could be difficult to adopt the original concept of creative economy. First, the motivation behind applying the creative economy policy is different. In developed countries, the creative economy idea is mainly used as a tool for regenerating the economy and revitalizing derelict neighbourhood especially in deindustrialized regions, as well as for innovation strategies (Hall, 2000; Gibson and Homan, 2004; Pratt, 2008; Pratt, 2009b). Meanwhile, developing countries tend to prioritize the use of their comparative advantage in the production costs of cultural products rather than new knowledge generation (Evans, 2009b). Second, the characteristics of regional economies in these countries are less advanced, and this could hinder them from creative and intellectual processes, which require technological innovation. This condition is different from middle and higher income countries that possess more resources to perform innovation (Yusuf and Nabeshima, 2005). Finally, cultural values and societal contexts in developing countries are different from those in America and Europe. Therefore, we may expect that this policy will not merely work in the same way, and thus will not necessarily result in the same outcomes in these countries.

This paper aims to examine the degree to which the creative economy idea is relevant for countries beyond Europe, America and Australia. In this paper, we refer to the creative economy as a discourse, which can be defined as a set of thoughts, notions and categories in which meaning is penetrated to social life and embedded in practice (cf. Hajer and Versteeg, 2005). This is important to define since we observe how this travelling discourse becomes a

development strategy in different institutional settings. In many cases this discourse is increasingly adopted as a normative panacea to urban development regardless of locational contexts (Gibson and Klocker, 2004; Kong et al., 2006; Evans, 2009b; Pratt, 2009a). Nevertheless, we argue that local institutions and contexts influence the successfulness of this policy. Social preferences, complementarities between institutional components, and differences in institutional arrangements influence the way policy strategies are being institutionalized (Rodrik, 2008). Hence, this paper helps to fill the knowledge gap on how different national contexts, economic, geographic and institutional factors affect the way creative industries are stimulated (Chapain et al., 2012).

We focus on an Asian and lower-middle income country that looks for the best form in applying the creative economy, viz. Indonesia. The creative economy discourse has been appealing in this country particularly since creative industries emerged in Bandung, one of cities in Java. The progress of Bandung becomes a barometer, as other municipalities (*kota*) and districts (*kabupaten*) gradually start to exercise a similar policy. However, they strive hard to understand and differentiate the creative economy concept, as it is confused with traditional cultural products. For instance, Yogyakarta and Surakarta are designated as pilot creative cities with specialization in traditional arts and crafts. This generates questions: how is the creative economy being interpreted in these different contexts? Does the interpretation align with current international views? Could this hinder the successful adaptation of the creative economy policy? To answer these questions, we use the practical perspective of how the creative economy has been developed through government policies and how they are responded by other local actors. We use the case study approach, in which analysis is done and compared at the local level. This approach is relevant as Indonesia has experienced Big Bang decentralization, whereby policy developments mostly take place at the level of municipalities and districts.<sup>1</sup> Besides, this policy is implemented in different ways in these localities, and thus it is not enough to observe policies only at the national level. This paper will eventually provide an insight into how such a new policy idea is structured and reshaping local institutions to pursue the development goals (cf. Rodrik, 2014). It will be elaborated whether the creative economy works as an innovative policy framework that can be

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<sup>1</sup> Indonesia has three tiers of government: (a) national, (b) province, and (c) *kota* (municipality) and *kabupaten* (district) which have the same authorities to manage their development. Municipality is usually characterized as mostly urbanized and of a relatively higher level of function with respect to its surrounding region.

operationalized into actions, or is just fashioned as a narrative and territorial branding.

The remainder of this paper is structured as follows. To construct a guideline in comparing Western and Asian concepts of the creative economy, the next two sections provide a literature review on cultural and creative economy debates, as well as policy transfer issues. Section four briefly describes methodology. Section five delivers a brief overview of case studies. Subsequently, empirical findings will be presented in section six. The last section reflects the practice of Indonesian creative-led local policies on international literature.

## **THE CULTURAL AND CREATIVE ECONOMY**

Creative economy is a fuzzy concept, and there are many different interpretations of this notion. This concept is often denoted by other terms, such as ‘creative class’, ‘creative industries’, ‘cultural industries’ and ‘artists’. Each of them actually has different perception about the relationships between creativity and economic development, and the importance of innovation and new knowledge learning.

Florida’s creative class has appeared to be the most popular thesis on how people make money from ideas and ‘creative capital’ (Florida, 2002; 2005; 2012). Florida’s basis of argument actually has nothing to do with culture. What he means by creativity is universal, including technological and economic creativity which are nurtured by and interact with artistic and cultural creativity (Florida, 2012). He offers three fundamental aspects of the creative economy, namely technology, talent, tolerance (3Ts). This idea basically says that regions will be successful in the economy by attracting the so-called creative class, that is, those people who use knowledge and intellectual capital in their jobs, ‘whose function is to create meaningful new forms’ (Florida, 2012: 38). The creative class occupations are not only bohemians, but also *super creative core* and *creative professionals*, e.g. scientists, engineers, architects, management, business and legal occupations. To attract this creative class, Florida has argued, regions should have an advanced technology, sufficient amenities and socially friendly environment. He has received many criticisms for this argument. Attempts at attracting the super creative core are rated as another form of neoliberalism, as exclusively targeting certain group of social class, or of ‘picking winners’. In practice, strategies are made in the other way around than Florida says: regions tend to make use of and sustain cultural resources, including social tolerance, as economic assets (Peck, 2005). Another critique states that Florida exaggerates the role of creative capital and diversity, whereas the impact of

human capital is more significant (Glaeser, 2005). Besides, the relationship between amenities and creativity could be the opposite. As Glaeser has argued, ‘skilled cities are growing because they are becoming economically productive [...], not because these cities are becoming more attractive place to live’ (Glaeser and Saiz, 2003).

Meanwhile, the term creative industries, which is introduced by British scholars and government, covers different categorization (Caves, 2000; DCMS, 2001; Pratt, 2010). According to DCMS (2001: 00.05), creative industries are ‘those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property’, i.e. advertising, architecture, arts and antique markets, crafts, design, designer fashion, film, video and photography, interactive games, music, performing arts, publishing, television, radio.<sup>2</sup> It is worth noting that in the UK, the term creative industries can be said as a substitution of the ‘cultural industries’ notion that was generally used in 1980s-1990s (Hesmondhalgh, 2008). The term creative industries is considered to be more friendly with the debate on the commodification of culture (Pratt, 2009b). Therefore, it is no surprise that the cultural industries have overlapping categorization with the creative industries (cf. Hesmondhalgh, 2002). Yet, the cultural industries mentioned here are actually different from Adorno’s conceptualization of ‘culture industry’ (Adorno, 1991). Whilst Adorno’s concept suggests a negative image of culture that has been commodified and lost its capacity in social life, the current understanding of cultural industries represents positive metaphors of ‘complex, ambivalent and contested’ values in modern life that can deliver useful impacts on the economy (Hesmondhalgh, 2002: 17; Pratt, 2009b).

Some others argue that the creative industry idea is not something new, as artists and cultural industries have existed for a long time (Markusen et al., 2008; Andersson et al., 2013). Artists also contribute to significant economic impacts in terms of their high self-employment rates (Markusen, 2006; Markusen and Schrock, 2006). Debates on the definition of artists, cultural and creative industries remain inconclusive. Some people might think these terms are just the same. Cultural industries have properties of creativity, intellectual property and symbolic meaning, as well as use value and certain methods of production (Galloway and Dunlop, 2007), as do creative industries. However, it can be indicated that they are actually different in terms of innovation and knowledge learning. Artists are generally not

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<sup>2</sup> Recently, the UK considers to remove antique markets and crafts from the DCMS list of creative industries (Creative Skillset, 2013).

entrepreneurs, which make them different from creative industries that originate novel ideas and adapt new technologies (cf. Potts, 2007). The term creative industries seems to be influenced by the knowledge economy agendas in that they are expected to have more economic values (Scott, 2006). These approaches argue that they should have some features, such as intellectual property rights (IPRs), technology and innovation. These features are needed to encourage market values so as to enhance economic development (Costa, 2008; Stam et al., 2008), provide sources of wealth, continuous learning and a high possibility of experimentation that stimulates cumulative growth (United Nations, 2004). An impression from this debate is therefore that creative industries could be similar to cultural industries, which can come from ancient and traditional skills, but they should be combined with the latest technology and IPRs (cf. Barrowclough and Kozul-Wright, 2008).

It remains difficult to reach agreement on this debate because of the ambivalent and overlapping definition, and it is no surprise that the creative and cultural economy concept is interpreted normatively. As Gibson and Kong (2005: 549) explained, the meanings of cultural economy ‘coalesce in singular, definitive interpretations’. However, we can highlight that there are two main different views of the relationships between creativity and economic development. The first view can be referred as the creative economy, which suggests that original and innovative ideas will help generate economic values, and in this paper we use this understanding to examine the creative economy in empirical cases. The second view can be called the cultural economy, which perceives that current values and social beliefs can be fruitful, and thus it is acceptable to conservatively maintain them. These definitions are not mutually exclusive in that creative and cultural economies could be strongly interrelated. Culture has intrinsic values, as embedded in cultural amenities, which can become magnet that attracts the creative class (Pratt, 2008). This is to say, existing culture can ‘buzz’ creativity and generate innovative milieu for those activities which use cognitive skills and inventive ideas. On the other hand, these different interpretations actually influence to what extent these industries are perceived to impact on the economy and how they should be stimulated by policy strategies.

## **THE CREATIVE ECONOMY FLIES TO ASIA**

Not only countries in the developed world foster creative industries, but also those in Eastern Europe, Latin America, Asia and Africa (UNCTAD, 2010). As ‘a global phenomenon and quasi scientific policy rationales’, the creative industry discourse travels to developing

countries through policy transfer (Evans, 2009b:1005). This process is accelerated by international mediators and transnational cooperation (Kong et al., 2006), as well as academia and professionals who work in consultancy fields (Ren and Sun, 2012). Nevertheless, such 'Xerox policies' (Pratt, 2009a: 15) could be inappropriate because institutional contexts are different, 'the trajectories and lived experiences may vary and, critically, causalities may be unproven or be very different from case to case' (Evans, 2009b:1006-7). This concept cannot be copy-pasted instantly to Asian and developing countries (Kong et al., 2006; Scott, 2006; Pratt, 2009a).

There are different interpretations of the creative economy concept, as Western countries also have different categorization of creative industries (cf. Evans, 2009b). These differences are also found in developing and Asian countries. The first reason for this is 'traditional barriers', and especially language limitations that cause misinterpretation (Kong et al., 2006: 191), which remains despite advances in IT and knowledge exchange between scholars. Second, there is the conscious movement within Asian countries against 'cultural homogenization', that is, culture becoming globally similar because of intense knowledge penetration, which is primarily brought together with Western creative products (Jaguaribe, 2008). Although creativity notions are cited in the policy documents of Asian countries, the essential meaning is taken for granted, and the influence of foreign values are minimized (Kong et al., 2006).

As such, the creative economy in developing countries is often connected with other development priorities, e.g. poverty alleviation, cultural heritage and basic infrastructure, sustainable development, gender equality, social inclusion and global partnership (Cunningham, 2009; UNCTAD, 2010). To generate an impact on economic growth, creative industries are also often linked with tourism, in which creative products become attractions and commodities in tourist destinations (UNCTAD, 2010). Meanwhile, efforts to govern innovation within creative industries are few and far between. The resistance to intellectual properties is generally found in these countries, as indicated by piracies and the lack of awareness of copyrights (ibid). In terms of income and export revenues, the economic contribution of these industries in developing economies could be considered as not really significant. However, along with the huge expansion of MNCs, developing countries have a faster opportunity to learn new technology. As the result, they are not only locations of mass production activities, but also growing as an economic system comprised by socio-cultural, institutional and economic features (Potts, 2009).

It is not an easy task for developing countries to promote creative industries. However,



this depends on which interpretation they would refer to: knowledge-based creative economy or cultural-artistic economy, as we have outlined in the previous section. If they seek to develop the cognitive creative economy, they might be hampered by poor technology and infrastructure (UNCTAD, 2010). It could also be problematic as they wish to compete with developed countries, while still importing creative products from the West (Barrowclough and Kozul-Wright, 2008). On the contrary, if they refer to the cultural and artistic economy, policy strategies can be designed in a different way. Fine arts and cultural industries are generally supported by a more top-down approach through directly delivering subsidies (Hesmondhalgh, 2002). Meanwhile, the fostering of creative industries means encouraging the improvement of innovative capacity, which is complex and not that easy. Although policy strategies to support this aim are still debatable, it is essential to nurture innovative milieu and to create preferable conditions that supports value creation mechanisms (Hall, 2004; Costa, 2008; Törnqvist, 2011).

Apart from this, the foremost important phase in adopting the creative economy is to learn thoroughly whether this concept fits the societal contexts through policy transfer (cf. Evans, 2009a). In this phase, local actors collaboratively make sense of the discourse to ensure that it can be processed to the next level of governance. The discourse is firstly introduced, and then it becomes a vocabulary which is used in the mobilization of rules, resources and the framing of ideas (Healey, 2006). As each actor plays a role in implementing the policy goals, it is possible that this process could also require strong levels of social capital so as to build an institutional collective action (cf. Putnam, 2002).

From the above explanation, we therefore highlight several aspects to observe in our empirical analysis. The first thing is to check how the definition of creative industries is being interpreted in Indonesia. We can indicate whether the interpretation is close either to the cultural economy or the knowledge-creative economy definitions. Second, we observe the process through which this new idea is institutionalized and does reshape local institutions. We then identify the role of the various actors in this process. How they communicate and build collaboration is our central attention here.

## **METHODS**

To examine how the international discourse on the creative economy is interpreted in Indonesia, we observe how this new idea is institutionalized at the local level. In this paper, the creative economy policy is seen as a means of qualitative process through which

development goals are being achieved (Garofoli, 2009), as well as institutionalization involving various actors who communicate with each other and perform their own roles (Tolbert and Zucker, 1999). Several cases were studied, i.e. Bandung, Yogyakarta, Cimahi and Surakarta (see **Table 1**). They are some of the first cities in Indonesia that account for creativity in their local development policies. They have different population sizes and different levels of social diversity, as well as specialization in traditional or modern type of creative industries. The qualitative research method was done by interviewing related stakeholders at the national and the local level. This was accomplished in order to obtain perceptions from related actors about how the creative economy discourse was being embodied as development frameworks. During these interviews, several issues were explored and especially the ways in which the creative economy has been institutionalized by all the stakeholders, i.e. national and local governments, universities, and creative communities. The interviewees were identified first through a preliminary desk study of policy documents and newspapers, and further chosen by the snowballing mechanism, that is, recommendations from the previous interviewee. The information presented in this paper is based on the fieldwork in 2013.

## **OVERVIEW OF CASE STUDIES**

Indonesia has seriously wished to promote creative industries since President Yudhoyono issued the President Instruction 6 (2009) and formed the Ministry of Tourism and Creative Economy in 2011. It can be inferred from this name that the national government has an ambivalent interpretation of the creative economy. On the one hand, the government wishes to facilitate the generation of novel ideas that are economically valuable within creative industries. On the other hand, there are attempts to link creative (or cultural) industries with tourism development, by utilizing local cultural potentials that are spread out in 1,340 ethnicities. The question is, however, why does such a lower-middle income country like Indonesia want to develop the creative economy? In fact, the agricultural sector still creates 42% of employment, and manufacturing industries contribute to 23.9% of GDP (2010). Nonetheless, the government claimed that creative industries have created 8.6 million employment (7%) and 468.1 trillion rupiah (7%) of GDP, and their growth is expected to increase (MTCE, 2011). The national government then encourages local governments to design local policies that support creative industries. Concomitantly, local governments use this momentum to enhance their competitiveness. However, policy strategies in fostering

creative industries are still unclear both at the national and the local level. Localities that currently implement the creative economy policy mostly locate on Java Island, possibly because its level of economic development and urbanization is relatively advanced. Tertiary sectors not only grow in large metropolitan areas on this island, but also in small and medium-sized cities (cf. Fahmi et al., 2014). Nonetheless, each of these cities has its own internal structure and institutional setting, and this could matter for how the creative economy policy is implemented.

### Figure 1 Locations of case studies

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#### Bandung

Bandung, located 180 km from the national capital Jakarta, is the provincial capital of West Java and the third largest city in Indonesia. Since the Dutch colonial period, this city has been well-known as a vibrant place and called ‘Parijs van Java’ (Paris of Java). The development of Purbaleunyi highways, that connect Jakarta and Bandung, indirectly attract people from Jakarta to visit Bandung at weekends for leisure, shopping and a gastronomic experience. The service sectors are growing, and so are the creative industries. Contemporary fashion, music and design are some leading creative industries in this city. Apparels are famous creative products from Bandung, which are usually sold in distribution outlets (*distros*) (Lestari, 2006).

The emergence of creative industries was firstly recognized in this city in the late 2000s. It has been witnessed that some young entrepreneurs have developed new trend in fashion styles and sell their products in *distros*. Some others have advanced a new movement in independent music genres (*indie*). These creative entrepreneurs formed the so-called ‘creative communities’,<sup>3</sup> that is, associations of creative entrepreneurs and academia who are interested in developing the city’s creative economy. Hence, the creative economy discourse

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<sup>3</sup> In this paper, we mean ‘creative communities’ not as people who are creative or work with creativity in a general sense (Markusen, 2006; cf. Florida, 2012), but as associations (organizations) of creative entrepreneurs.

in Bandung, and thus in Indonesia, was also introduced by the epistemic community (cf. Ren and Sun, 2012), especially from the Institute of Technology Bandung (ITB) and creative entrepreneurs who have wide international channels. Some of them attended the Yokohama meeting in 2007, in which Bandung was picked as one of the pilot projects of creative cities in East Asia (Suwarni, 2012). This project was not inter-governmental cooperation, but initiative among international creative networks. The British Council also played a role in delivering technical assistance to those creative entrepreneurs, together with experts from local universities. Further developments of creative industries in Bandung were followed by events and festivals in which creative products were displayed, e.g. Kickfest and HellarFest. Communities that involved in these events eventually formed Bandung Creative City Forum (BCCF), an alliance of creative communities in Bandung. Beside promoting creative industries, BCCF has sought to encourage infrastructure improvement so as to enhance the creative city image of Bandung (Interview, creative community). The local government responded to this pressure later on by formulating a policy for promoting these enterprises.

## **Yogyakarta**

Yogyakarta, also called ‘Jogja’,<sup>4</sup> is well-known as a cultural city, which holds Javanese and Sultanate traditional identities.<sup>5</sup> It is also a student city, which attracts artists and creative entrepreneurs through higher education institutions. The presence of *Kraton* (sultanate palace) has influenced particular social pillars. However, not everybody is attached to the *Kraton* traditions, as royal arts cannot be performed at every place. Here, the public enjoys different arts and cultural performances, namely folk arts and contemporary arts. Uniquely, this condition makes Jogja both traditional and cosmopolitan at the same time. The creative economy discourse was applied by the national government to Yogyakarta, and then the local government included it as one of development agendas. Creative products are expected to support tourism development. Nevertheless, only craft industries and traditional

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<sup>4</sup> When we mention ‘Jogja’ (Greater Yogyakarta), suburban areas stretching beyond the administrative boundary of Yogyakarta Municipality are also included, i.e. some subdistricts in Sleman and Bantul. To our knowledge, the creative economy is currently adopted by Yogyakarta Municipality and Sleman District. However, we only examine Yogyakarta Municipality that clearly accounts for creative industries in its development plan.

<sup>5</sup> Yogyakarta Special Province (DI Yogyakarta) has a special status in Indonesia. The Governor is not elected through general elections, but inherited by the royal family status.

performing arts are endorsed because the rise of young creative entrepreneurs in clothing industries and contemporary performing arts is taken for granted.

### **Cimahi**

Cimahi is a small city located to the west of Bandung Municipality, right after the Baros toll gate which connects these two localities (see **Figure 1**). Because of this close distance, Cimahi was easily tempted by the creative economy trend in Bandung. The local government wished to apply a similar policy through a city branding strategy. ‘Cimahi Cyber City’, which had been formulated in the late 2000s, was changed to ‘Cimahi Cyber Creative City’. At the beginning, the cyber city idea was influenced by the academia movement, which advised that this city had a strategic position within the Bandung High Tech Valley (BHTV) corridor (the projected national development corridor for high tech and IT industries). Cimahi was recommended to provide internet networks to its surrounding regions. When the creative economy discourse emerged and the city brand was changed, the local government intended to attract IT-based creative industries, such as software, animation and interactive games, and offer them facilities through cluster-based development.

### **Surakarta**

Surakarta Municipality, or popularly called Solo, is another cultural city in Indonesia, located in Central Java Province and transected by the Semarang - Yogyakarta regional highways. Similar to Jogja, the presence of Kraton has influenced urban spaces and cultural identities, as we can see in batik (dyed-textile) clusters, cultural heritage, and social systems. The local government referred batik philosophy as a basis in deciding traditional crafts and batik as prioritized creative industries. City branding ‘Solo Kreatif Solo Sejahtera’ (Creative Solo, Wealthy Solo) was prepared to build the creative city image and to attract visitors to cultural festivals and batik clusters, where cultural products are distributed. On the other hand, local communities showed initiative in revitalizing old batik clusters, e.g. Kampong Kauman and Kampong Laweyan, that were transformed into tourist attractions.

**Table 1 All cases compared**

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## **HOW IS CREATIVE ECONOMY INTERPRETED IN INDONESIA?**

This section presents empirical findings on how the creative industry discourse is interpreted and institutionalized. We examine how the discourse is accepted, adopted and embodied within policy arena, and to what extent stakeholders play a role. We highlight the influence of creative communities in the last subsection because as has been explained in the previous section, these communities played a proactive role in introducing the discourse. These communities also depict a unique picture of creative industry development in Indonesia.

### **Traditional versus modern creative industries**

The creative economy policy in Indonesia is much influenced by the British concept of creative industries. This particularly corresponds to the British Council involvement in assisting creative communities in Bandung, and bilateral collaboration in the creative industry sector between Indonesia and UK. The national government has made reference to the British (DCMS) concept in developing the policy and categorize creative industries. Yet, traditional cultural industries are also included, e.g. batik, crafts and traditional performing arts. Besides, we found during interviews that some of local government officials doubted whether traditional cultural industries can also be included as creative industries. They found limited resources to learn and comprehend the creative economy concept. They eventually picked their own understanding of this concept, and pragmatically followed the national government direction to promote creative industries.

Different interpretations are found at the local level. In Bandung, as introduced by creative communities and academia, creative industries are defined as those modern arts, recent design and other DCMS style creative industries. This interpretation is also adopted in Cimahi. We can indicate that they interpret creative industries as those have contemporary values and adopt technology.

In Yogyakarta, the local government defines creative industries as traditional craft and batik industries (Municipality of Yogyakarta, 2012). Although the government has announced Yogyakarta as one of creative city pilot projects, efforts related to promoting creative industries do not seem to be accentuated. First, the local government aims to promote and preserve traditional culture, both royal and folk arts, even though contemporary arts are also growing. Second, they desire to connect creative industries with other development agendas, especially tourism and poverty alleviation. Yogyakarta has heavily relied on tourism, which is

one of the main sources of its local income. As a popular tourist destination in Indonesia, traditional crafts are largely distributed in the city, although they were mostly imported from other regions.<sup>6</sup> In line with this, it was considered that traditional cultural industries should be prioritized, also to support tourism and poverty alleviation.

A similar interpretation is also comprehended by Surakarta, as influenced by the strong attachment to Sultanate and Javanese traditions. Batik philosophy was picked as the foundation of Surakarta's creative economy, as it was seen not only as aesthetic motifs, economically valuable commodities, but also a way of life. The local government considered that batik, as cultural heritage, should be the focus of creative industry development. In this respect, we found that Yogyakarta and Surakarta's interpretations of creative economy tend to be more relevant to the cultural economy understanding.

These local governments do not seem to take into account innovative features that should be possessed by creative industries. The creative economy concept is thus interpreted in a different way. Innovation and new knowledge learning are very limited compared to cultural preservation efforts that have been done. Especially for Yogyakarta and Surakarta, they tend to pragmatically adopt the term but still refer the same economic activities, which are traditional cultural industries. We can thus indicate that these cities prefer the cultural economy definition, and they also use the concept as a branding tool. They recognize that they have these industries in their territories, which can be 'sold' to the global markets through the creative economy jargon that has become popular recently.

### **Institutionalization**

The creative economy policy at the local level is organized in different ways. In Bandung creative communities, especially BCCF, showed initiative in developing creative industries. Surprisingly, the local government did not play an aggressive role in this initial phase. Later on, BCCF urged that local government should play a role in governing creative industries. Although in the beginning the local government was not sure about the growing trends of creative industries, BCCF attempted to build deeper communication with the government. This community believed that the government should take the lead in developing

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<sup>6</sup> This is confirmed through an observation to cultural product shops in Malioboro area, Yogyakarta, as well as from data collected through Department of Industries and Trade of DI Yogyakarta (2012). The data shows that actually crafts are mostly produced in Sleman and Bantul, but mostly sold in Yogyakarta.

creative industries, as it has the legal authority to do that. The local government, slowly but surely, opened communication with this community and started thinking to include the creative economy in its local development policy. Collaboration between the government and creative communities, especially BCCF, has advanced. The local government started supporting the community activities, conducting policy research and framework, integrating the government and the communities' programmes, and also providing a subsidized room for co-working space and BCCF office.

Different from Bandung, the creative economy policy was institutionalized in Yogyakarta and Surakarta in a top-down way, as strongly influenced by the national and provincial governments through the creative city pilot projects (see also **Table 1**). This effort can be indicated as a rebranding of the policy development in Bandung, which is evaluated as successful and can be tried in other cities, too. The government selected the development focus, and formulated the policy directions and plans. In Yogyakarta the development focuses on small scale craft industries (SMEs), so as to alleviate poverty by delivering subsidies to the lower-income class. Subsidies are delivered collectively through entrepreneur associations (*paguyuban*) (Municipality of Yogyakarta, 2012). However, these programmes had been performed even before the creative economy was included in the local development plan.

In Surakarta, as suggested by a policy study by the Surakarta Office of Bank of Indonesia (BI) and the University of Muhammadiyah Surakarta (UMS), the development focuses on crafts, fashion and performing arts (Kompas, 2010a). City branding '*Solo Kreatif, Solo Sejahtera*' (Creative Solo, Wealthy Solo) was also designated to promote the creative economy agenda and synergize it with tourism development. Meanwhile, local communities showed initiative in revitalizing old batik clusters and transforming them into a tourist destination. Kampong Laweyan and Kampong Kauman were, among others, best practices of these revitalization programmes. A small group of local residents initiated the development, then persuaded their neighbours to reopen their batik businesses and renovate the areas. The local government welcomed this initiative and then delivered subsidies, including training, equipment and promotions. Cultural festivals have also been organized in line with the city branding strategy, and promote cultural products and those revitalized clusters.

The top-down policy approach was also used in Cimahi, as the local government was strongly motivated to enhance its territorial competitiveness. The local government lobbied the Ministry of Research and Technology and the provincial government to fund the building construction costs. The local government also formed Cimahi Creative Association (CCA), an BCCF-alike, to generate innovation and learning frameworks, and to ease the delivery of



subsidies and trainings. Unfortunately, this effort did not seem working properly, in which among 1500 potential entrepreneurs identified in 2009, only around 20 people have actively worked at BITC.

We can conclude that Bandung appears as a special case of creative industry development in Indonesia, as it was initiated by such an epistemic community, and thus the nature of interpretation is quite similar to the creative economy understanding. The community plays quite a crucial role in directing other actors to grasp the definition of knowledge-based creative industries. Meanwhile, other cities are influenced either by policy narrative of the national government or trends of other localities. They employ and rebrand this concept to enhance competitiveness, and these different interpretations are also enabled by the political autonomy they have. They tend to exercise influence over the cultural and artistic economy by delivering direct subsidies.

### **Creative communities and ‘do it yourself’**

In this part we extend our discussion on the role of creative communities (associations of creative entrepreneurs) in institutionalization process, as we notice that in Bandung such an epistemic community plays a significant role in reshaping local institutions towards the idea of creative economy policies. As has been indicated in the previous part, BCCF and its joined communities played a crucial role in suggesting the creative economy policy idea to the local government. More precisely, these communities attempted to influence on the way in which the local government formulates policies and programmes on creative industries. There were many creative communities in this city,<sup>7</sup> but not all of them were in agreement with BCCF. This anti-BCCF group had their own networks and preferred to organize programmes at the ‘grass root’ level without having influenced by sponsorships that, they thought, can hinder them from the freedom of creativity (Interview, community). Nevertheless, these anti-mainstream communities did not influence the significant roles of BCCF and other cooperative communities in building collaboration with the local government.

It is important to mention that the BCCF movement was much influenced by academic thinking, whereby university actors directly involved and became member of the creative communities. Thus, universities do not only play formal roles in educating potential creative

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<sup>7</sup> Some creative communities in Bandung are Common Room, Kreative Independent Clothing Kommunity (KICK), Bandung High Tech Valley (BHTV), Taman Kota, Balai Kota, Tobucil, and Ujungberung Rebel.

entrepreneurs and fostering spin-offs, but also directly assisting the community activities. These people did these activities only as part of their social works. This in turn shows that universities could influence local institutions more simply through the networks they have within the societies.

Furthermore, the ideas about creative community movement in Bandung is attempted to be duplicated in other cities. In some cases, the local government formed such a community to generate agglomeration economies between creative industries—though it failed, as was done in Cimahi. In other cases, such communities grow organically, like in Yogyakarta. Yet, as the Yogyakarta government only prioritizes traditional cultural industries, these communities<sup>8</sup> had to independently establish their system. The fruitful collaboration between the local government and communities as established as in Bandung has not come into play yet in Yogyakarta. Although they have shown that they can independently meet their needs ('do it yourself'), develop their businesses and build local and international channels, the government did not see them as part of the creative city branding project.

Meanwhile, a similar but different story is identified in Surakarta. The batik revitalization projects were initiated by university teachers who lived in the neighbourhood, who really wanted to exercise the academic concepts about urban renewal and building preservation (Adi, 2012b; 2012a). Although the community had similarly initiated the programme on their own before the local government delivered subsidies, the nature of community actions was different. In the batik clusters, the community helped each other to develop their businesses, share production scale when some others obtain large orders, and develop a financial help institution (*koperasi*). These strong ties can be connected with the Javanese cultural characteristics, namely *gotong royong* (the spirit of working together). This illustration characterizes the cultural and artistic economy in general, with has no intention to learn new knowledge and push an innovative policy within an environment.

In brief, creative communities have a potential capacity to self-organize themselves, build their own networks, and more importantly, persuade their surrounding institutions to grasp ideas about the creative economy. University actors seem to utilize this medium to penetrate their ideas. The presence of such communities also reflects a peculiar characteristic of creative industry development in Bandung and part of Yogyakarta, which also differentiate

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<sup>8</sup> Some creative communities in Yogyakarta are Petak Umpet (advertising), Papermoon (performing art), Ketjil Bergerak (performing art), Open Apparel, Soundboutique, Gate Store, Energy Room, and areaXYZ (clothing and *distros*).

it from cultural and artistic economy. In the Bandung case, the community succeeded to advance the communication process, while in Yogyakarta such collaboration has not come into play yet. It turns out that, again, the development characteristics of creative economy institutionalization depends on the complexity of actors and nuance that exist at the local level, including the type of specialization in creative or cultural industries in the region.

## **DISCUSSION AND CONCLUSIONS**

This paper has elaborated on how the global discourse on creative economy is being interpreted in Indonesian localities. In line with other Asian countries, academic fora and international policy influence have accelerated the flight of this discourse to Indonesia (Kong et al., 2006; Ren and Sun, 2012). The Indonesian creative economy entails challenging debates, along with the debate on ambivalent interpretations of knowledge-based creative economy, in contrast to artistic and conservative cultural economy. Our finding confirms previous investigation which concludes that creative economy ideas are interpreted differently according to geographical and institutional contexts (Kong et al., 2006; cf. Barrowclough and Kozul-Wright, 2008; Pratt, 2009a). The creative economy discourse is not merely accepted in its original form, in which creative industries should generate novelty and employ new technologies (Potts, 2007; Barrowclough and Kozul-Wright, 2008). The essential meaning of this discourse also is not really grasped, but rather normatively used to strengthen the image of the local economy (Gibson and Kong, 2005; Kong et al., 2006). However, we found that the discourse is also interpreted differently across localities. Bandung appears as a special case of knowledge-based creative industry development, which is strongly supported by academia, international agents and creative communities who really wanted to introduce this development narrative. These actors built communication with each other to experiment with the new policy. Meanwhile, the creative economy emerged in other cities as policy rebranding, as influenced both by horizontal and vertical stimuli at the national level. These different interpretations correspond to several factors, which most notably are a strong attachment to local traditions and the local political economy of the regions. The latter can be observed as an influence of decentralization, which provides rooms for localities to experiment new ideas for development strategies. Notwithstanding whether the approach is bottom-up or top-down, this in turn reflects the fact that the creative economy is a development by chance, involving a mix and match of resources and momentum.

In cities with strong culture influence such as Surakarta and Yogyakarta, local

institutions turn against cultural homogenization that originates from global cultural products. On the contrary, they attempt to highlight local resources and traditional values, as they think that local culture can also become a competitive source of creativity. Traditional cultural industries are imposed as creative industries, although 'modern' creative industries are increasingly growing, particularly within university graduates in Yogyakarta. The creative economy has therefore been adapted into their own interpretation, which differs from that in the developed world. At this stage, it is no surprise that this policy works in a different way, and thus might impact on different outcomes. We can discuss this from several aspects.

First, the government thought that creative industries shall be stimulated by creating pathways from existing culture and traditions to knowledge-based creativity. Thus, the policy strategy is not to attract creative people to their regions, but rather to improve existing local potentials and deliver subsidies if necessary. This is of course arduous, as traditional cultural industries still produce the same products. Strong attachment to traditions may even become a barrier to producing innovative design, as the motivation behind the policy is not only to boost economic growth as mentioned in literature (Bontje and Musterd, 2009; Currah, 2009; Evans, 2009b), but also to preserve traditional culture values.

Second, creative activities are often linked with their function as the accumulation centre of cultural expression and enjoyment in post-Fordist cities (Scott, 1997). Theoretically, cultural products are the result of commodification of cultural artistic values, which then be distributed as economic goods. In Indonesia this argument is turned in another way around, as tourism is more important to many local governments. The governments think that they have tourism activities in their localities, and they want to enhance tourism by introducing the creative industries, which reflect a new imaginary and attraction of tourist activities. Therefore, creative industries are considered just as a supporting system for tourism, or in another word, only commodities. These creative industries, or more accurately called cultural industries, might not be interested in new knowledge learning, as they might think that innovation is not necessary to produce exotic cultural products.

The third argument is related to creative and social capital debates. Social capital can be both useful and harmful for creative industry development. Social capital is useful to generate collective actions in institutionalization process. Creative communities, that generally have quite strong social capital, particularly contribute to accumulating creativity potentials of entrepreneurs. As we see in Bandung and Surakarta, implementation of the creative economy policy is the result of communication between local government, universities and communities. Strong ties are extensively found within Indonesian societies,

especially Javanese. Nevertheless, too strong social solidarity can destroy the emergence of new and dynamic economic institutions and competition among entrepreneurs (cf. Putnam et al., 1993). As we see in Surakarta, the Javanese cultural spirit of *gotong royong* (work together) has created strong ties and cooperation between cultural industries. However, this spirit does not encourage the batik entrepreneurs to perform innovation, as they do not feel necessary to compete with their peers.

Nonetheless, we argue that the way in which Indonesia and its localities interpret the creative economy is just normal. As found in other international experiences, the creative economy concept is interpreted differently, too (Kong et al., 2006; Evans, 2009b; Pratt, 2009a). The current interpretation in many localities is now more relevant to the artistic and cultural economy concept. However, the Bandung story suggests that the knowledge-based creative economy can indeed be developed in a lower-middle income country such as Indonesia. The Bandung case provides an insight that such a relatively new idea, at least for developing countries, can work not only as a discourse, but also an operationalized framework that guides policy experimentation and reshapes local institutions. The experiment with this new policy idea was successful due to the presence of formal and informal institutions that support the discourse structuration process. Therefore, there is always an opportunity for lower income countries like Indonesia to be successful in implementing the creative economy policy, although not in all regions. Creativity is path dependent, as it comes from traditional knowledge and skills which are combined with the latest technology and IPRs (Barrowclough and Kozul-Wright, 2008). As IT advances and societies are intermingling, the chance to innovate is always there. As we have presented, in the case of Indonesia creative communities could be the leading actor responding this challenge, as in some cases they played more aggressive role than the government in organizing events and activities, and in building local as well as international networks. Furthermore, as we have indicated, this different interpretations could lead to different outcomes, especially for the local economy. Further research can be conducted to pay more attention to this issue, and particularly to what extent creative industries impact on the regional economy and through which mechanisms these impacts can occur.

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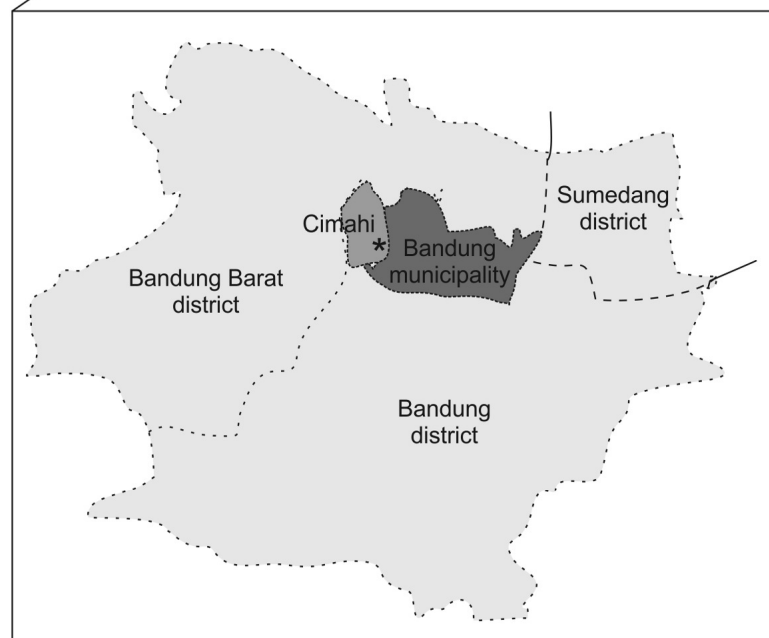


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**TABLE 1 ALL CASES COMPARED**

Aspect	Bandung	Yogyakarta	Cimahi	Surakarta
Urban size	Larger	Medium-larger (including outer agglomeration)	Smaller, part of Metro Bandung	Smaller
Population	~2.4 million	~1 million (including outer agglomeration)	~550 thousand	~501 thousand
Social diversity	Diverse	Diverse	Less diverse	Less diverse
Educational institution	National top universities	National top universities	Universities in Bandung	Regional scale universities
Cultural inspiration	Contemporary	Traditional and contemporary	Contemporary	Traditional
Type of creative industries	Fashion, Design, Music, Culinary	Crafts, Performing arts, Fashion	Animation, Creative content	Crafts, Design (batik), Performing arts
‘Creative economy’ in development policies	Assumed as an important factor for urban development	Assumed as a key aspect of the development	Explicit, city branding	City branding
Initiative	Communities	Government	Government	Government and communities
National government forces	Less; the national government learns from Bandung	Strong	No, only subsidies	Adequately strong
Outward influence	Global discourse	National government forces	Inspired by Bandung progress	National comparison
Grouping	Strong and grouped, strongly connected but also conflicted	<ul style="list-style-type: none"> <li>Traditional: grouped</li> <li>Contemporary: grouped, weak ties</li> </ul>	Created by purpose	Grouped, strong ties between internal members
Role of communities	Policy influence, advocacy, alternative policy	Doing their activities as ‘do it yourself’	Education and learning, particularly for students	Initiating actions, collecting interests, learning and knowledge sharing
University role	Create and attract the creative class, act as community advocates	Develop certain creative sectors (animation, traditional arts)	Policy recommendations	Create the creative class; involving in collaborative action in defining policy



**Greater Bandung**

\*) BITC location (subsidized cluster)



**Greater Yogyakarta**



**Surakarta**

1. City centre
2. Kampong Batik Laweyan location
3. Kampong Batik Kauman location