

# Creative Economic Sustainability in Digital Transformation and Government Policy Instability in the Society Era 4.0

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**Keywords:** Creative Economy Sustainability, Digital Transformation, Government Policy Instability.

**Abstract:** Economic resilience is a dynamic situation of the nation's economic life and resilience that contains the ability to develop national strength when facing and overcoming all threats, obstacles, disturbances, challenges both from abroad or within the country either directly or indirectly to ensure the economy of the state of the Republic of Indonesia derived from Pancasila and the 1945 Constitution. Digital transformation is currently one of the important agendas regarding Indonesian economy, which is Indonesia's creative economy, the demand for transformation is a top priority for companies, to be more agile in a market which changing rapidly. Those changes are a result of fundamental, disruptive and dynamic transformation. This research uses empirical and qualitative method, and or a combination of both. The results of creative industry research have contributed to economic development. However, it's still had many issues, especially regarding human resources, which has an impact on competitive advantage, based on the concept of competitive advantage, having local resources and support for protection policies from the government, also domestic and foreign markets. In order to gain a sustainable competitive advantage, digital transformation, collaboration and cooperation from all parties involved in the entrepreneurial ecosystem in each creative industry area are needed.

## 1 BACKGROUND

The creative economy sector in Indonesia provides a significant economic contribution. The development of the creative economy in Indonesia is supported by the Presidential Instruction of the Republic of Indonesia Number 6 of 2009. This industry consists of: Advertising (creation and production of advertisements), architecture (city planning, landscaping, etc.), arts, crafts, design (interior, exterior), graphics, fashion (styling), video, film & photography, interactive games, music, performing arts, publishing & printing, computer services & software, television & radio, research & development. (Meira, 2013) The creative industry is an industry based on creativity and innovation utilizing natural resources and the environment. This creativity and innovation added value to the product and has a positive impact on the economy and social life of the community. In accordance with the West Java Provincial Government Regional plan as stated in the West Java Regional Medium-term Development Plan (RPJMD) 2013 – 2018, Chapter VI-4 (Source: West Java Regional Medium-term

Development Plan (RPJMD) 2013 – 2018, Chapter VI-4), stated that one of the strategies in the industrial sector is to increase industrial competitiveness, with the following policy directions:

1. Increasing small and medium-sized industrial business units and inter-industry partnerships;
2. Increased production and quality of leading industries (agro-industry, creative industry and information and communication technology industry).

With this, the creative industry becomes the main focuses of the regional government's industrial sector program. According to Hesmondhalgh and Pratt in Maryunani, Salfitrie Roos and Mirzanti, Isti Raafaldini, (Issenberg, 2011) the creative industry began with the commercialization of cultural production in the nineteenth century, and from the early 20th century onwards then increased in advanced industrial societies. One of the first literatures on the creative industries was Adorno and Horkheimer, who developed the notion of the 'culture industry', which was intended to draw attention to the commodity of art. In the mid-20th century, the growth of the "culture industry" increased. (Hoffman, 2000)

The term creative industries then began to be used by researchers to describe those sectors of the British economy where science and creativity gain economic and social value to goods and services.

In its development, the creative industry is considered as one of the most promising economic activities in developed countries, having an environment that has the potential to contribute to job availability. Furthermore, another role of creative industries in research and policy making is the performance of economic innovation. Later, this innovation becomes one of the sources of strength for competitive advantage. Local Competitive Advantage Porter stated that the factor of comparative advantage has been outweighed by technological advances. However, each region still has a special advantage factor which is not only based on low production costs, but more than that, is the existence of innovation. Therefore, each region is expected to have the ability to innovate how to produce products or services in order to be superior products with great competencies that describe the unique potential of each region. (Yun, 2017:1-11)

Regions that have reached the core competency stage have four attributes:

1. The ability to provide access to a wider variety of markets
2. The ability to make a significant contribution to customer opinions regarding the benefits of goods and services offered.
3. The ability to produce superior goods and services that are difficult to imitate and create entry barriers for other regions to provide similar services.
4. The ability to perform complex coordination of various technologies and skills.

Local Economic Development (LED) emerged as a new strategy in regional development. In this concept, communities determine what and how their own future will be, identify local potentials (resources), and think about what kind of economic activities will be developed according to local potentials and characteristics. According to Blakele, the main goal of local economic development is to create and increase the number and types of jobs that are adapted to the skills and expertise of the local community. The more job opportunities for local workers develop, the more the welfare of the community will increase. An increase in the welfare of the community is an indication that the region is experiencing development.

Each region has a pattern of economic growth that is different from other regions. Therefore, the first step of planning the economic development is to

recognize the economic, social and physical characteristics of the region itself, including its interactions with other regions. Thus, every region will have different economic development strategies. On the other hand, the plan of regional economic development strategies, both in the short and long term, an understanding of the theory of regional economic growth, which is summarized from a study of patterns of economic growth from various regions, is a factor that is sufficient to determine the quality of the region economic development plan.

MSMEs/SMEs who have inadequate knowledge and experience with digital models in carrying out their business activities have a great potential when experiencing a crisis during the COVID-19 pandemic. In contrast with large or established businesses that have experience knowledge and access to digital models which made them respond to changes relatively quickly, MSMEs/SMEs must adopt digital models then continue to carry out digital transformation into their business activities in order to remain stable. Digital transformation can also be carried out as one of the anticipations to have sustainable business activities after the COVID-19 pandemic, namely the new normal era.

Based on a report from the World Economic Forum, during the COVID-19 pandemic the use of digital models experienced a significant increase. Internet usage increased by 70%, the use of application-based communication increased by 2 times and the daily use of video streaming services increased by 20 times. Below are some factors in the era of digital transformation. (Kurjakovic; Masuda; Kohda, 2017)

1. In the era of digital transformation, the business sector is expected to be able to adapt to changes that occur and adjust its business strategy in order to maintain its competitive advantage
2. Changes in the business sector that constantly occurs pose challenges for MSMEs/SMEs to harmonize information technology with their business processes.
3. In digital transformation, business owners do not only use technology to increase efficiency in running a business, but can also explore existing potentials through digital innovation.

According to Article 3 of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) (Republic Of Indonesia Law Number 20, 2008:Article 3) the objective of Micro, Small, and Medium Enterprises shall be engendering and developing their businesses in the context of building the national economy based on equitable economic

democracy. One of the objectives of empowering MSMEs based on Article 5 letter (c) of Law Number 20 of 2008 concerning Micro, (Republic Of Indonesia Law Number 20, 2008:Article 5) Small and Medium Enterprises is to improving the role of Micro, Small, and Medium Enterprises in regional development, creating job opportunities, even distribution, economic growth, and alleviation of people from poverty. Meanwhile, digital transformation, also known as digitization, has changed the way people communicate and interact with their environment. (Simon; Fischbach; Schoder, 2017)

Digital transformation is defined as a company's initiative to use new capabilities by leveraging digital technology to change an organization's strategy and operations. Digital transformation is a new concept that looks different for every company, digital transformation is closely related to: (Berghaus and Back, 2016)

1. The use and alignment of digital technology within a company,
2. Make organizational alteration,
3. Enable activity
4. Create and capture new opportunities and valuesopportunities and values.

According to Garzoni et al, the four-level approaches to digital transformation are digital awareness, digital needs, digital collaboration, and digital transformation. Meanwhile, according to Bautista et al, digital transformation is divided into 4 stages, namely analysis, execution, optimization and big data. (Nasiri; Ukko; Saunila; Rantala, 2020) The main goal of digital transformation is to redesign the organization's business through the introduction of digital technology, achieving benefits such as increased productivity, reduced costs and innovation. Successful and consistent digital transformation requires not only investments in IT artifacts and infrastructure (e.g. hardware, software, networks, etc.), but also in strategic, intellectual, structural, formal and informal, social and cultural dimensions. (Li,2020)

Despite the high demand from the industry for a digital transformation approach, most companies are not satisfied with their current activities regarding digital transformation. Digital transformation among MSMEs ensue the four stages of the digital technology initiation process, changes in functions and processes, the management of the resulting skill gap, and strategic shifts, which are also driven by managerial cognition, social capital development, human resource development, and organizational capacity development. The needs of MSMEs in the digital transformation processes are varied thus the

content privatization is needed through company size, sector, and MSMEs, the speed of digital transformation is actually determined by consumer demands, the key factor to support SMEs to take advantage of technological opportunities in connection with digitalization is the adaptation of high concepts with demands company specific. (Jeansson and Bredmar, 2019)

Industry 4.0 and the digital transformation had major challenges for companies and employees. Digitalization requires radical changes both in terms of strategy and in terms of culture within the company. However, according to Ericson, implementing digital transformation does not necessarily require more disruptive and radical changes in organizational culture and leadership. Changes, adaptations and innovative business models that do not involve large investments in new technologies seem to be quite common among SMEs. While digitalization can offer great opportunities for SMEs to enter new markets, the path of digital transformation remains unclear, and manufacturing SMEs face major barriers to digital services. (Graf; Peter; Grivas, 2019)

## 2 PROBLEM FORMULATION

1. How is Creative Economy Sustainability as an Alternative Solution to Improve National Competitiveness in the Digital Age?
2. How the Government Prevents Creative Economy Instability and Digital Transformation in Indonesia?

## 3 RESEARCH METHOD

The problems that have been formulated above will be answered or solved using an empirical juridical approach. The juridical approach (law is seen as a norm or *das sollen*), this research uses legal materials (both written law and unwritten law or both primary and secondary legal materials). Empirical approach (law as a social, cultural reality or *das sein*), because this research uses primary data obtained from the field research. Thus, the empirical juridical approach in this study is intended to analyze the problem by combining legal materials (which are secondary data) with primary data obtained in the field. Thus, the empirical juridical approach in this study is intended to analyze the problem by combining legal materials (which are secondary data) with primary data obtained in the field, namely about the sustainability

of the creative economy in digital transformation, which is engaged in industry and has a large, small, or medium scale.

## 4 THEORETICAL FRAMEWORK

### 4.1 People's Economic Theory

#### A Background

There are 4 (four) reasons why the people's economy needs to be used as a new paradigm and a main strategy for Indonesia's economic development. The four reasons referred to are:

##### 1. Characteristics of Indonesia

The success of South Korea, Taiwan, Singapore, Brazil, imitated the concept of economic development carried out by Western European and American countries, in fact for other developing countries, which applied the concept that gave different results. By relying on foreign loan funds to finance development, investment from abroad, strengthening the export substitution industry, for two to three decades it has succeeded in encouraging a fairly high growth of national output and providing ample employment opportunities for the people. Even though Indonesia was once dubbed as one of the eight countries in Asia as the Asian Miracle or a magical Asian country, due to its fairly steady economic growth rate for three decades, it turned out to be very vulnerable when faced with supply shocks. The Bath currency crisis in Thailand, in fact, quickly brought Indonesia into a serious economic crisis and in a very short time, the Indonesian economy collapsed.

This fact shows us that the concepts and strategies of economic development that are successfully implemented in one country will not necessarily be successful if applied in other countries. Harrod-Domar's growth theory, Rostow's growth theory, David Romer's growth theory, Solow's growth theory, are built from the structure of the community of economic actors that is different from the economic structure of Indonesian society. Each theory is always built with certain assumptions, which not all countries have assumed conditions. That is why, to build a strong, stable and just Indonesian economy, it is not possible to use existing generic theories. We must formulate our own concept of economic development which is in accordance with the political demands of the people, the demands of our constitution, and in accordance with our objective conditions and subjective situation.

##### 2. Constitutional Demand

Although the formulation of our constitution concerning the economic order that should be built is not clear enough and a bit hard to explain and even can be interpreted in various ways (a kind of pendulum clock economy, depending on the owner's ideological beliefs); however from historical analysis actually the meaning is quite clear. (Republic of Indonesia Constitution, 1945:Article 27 & 33) The spirit of the economic system of business which money based on kinship is an economic system that provides opportunities for all people to participate as economic actors. The economic order that should be built is not a monopoly, monopsony or oligopoly economic system. The economic system demanded by the constitution is an economic system that provides opportunities for all people or citizens to own assets in the national economy. The national economic system is an economic system that clearly distinguishes which goods and services must be produced by the government and which goods and services must be produced by the private sector or the non-government sector. Regarding the form of economic institutions, although in the explanation of article 33 it is interpreted as a form of cooperative, but must adapt to the development of society and the environment.

##### 3. Empirical Facts

Rupiah against the dollar, apparently did not paralyze the national economy. That due to the economic crisis, the prices of basic necessities have soared, inflation has barely been controlled, exports have decreased (especially exports of manufactured products), imports of capital goods have decreased, production of manufactured goods have decreased, unemployment has increased. However, all of this did not have a serious impact on the people's economy, whose source of income is not from selling labour.

Many businesses that are engaged in or owned by the people, whose products do not use imported materials, have almost no significant shocks. Another fact is that when investment was zero percent, and there was even a decrease in capital, it turned out that the Indonesian economy was able to grow 3.4 percent in 1999. This all proves that the Indonesian economy will be strong if the economic actors are carried out by as many citizens as possible.

##### 4. Failure of Economic Development

The economic development that we have carried out for more than 32 years, from one aspect, has indeed shown quite good results. Even though during that period, we faced 2 economic crises (namely the Pertamina debt crisis and the crisis due to the drop in

oil prices), however the average national economic growth is still above 7 percent per-year. Per capita income or GDP also increased sharply from 60 US dollars in 1970 to 1400 US dollars in 1995. The volume and value of oil and non-oil exports also increased sharply. But on another aspect, we must also recognize that the number of poverty is increasing (SUSENAS) the income gap between population groups and between regions is getting wider, the amount and ratio of debt to GDP has also increased sharply, as well as the transfer of ownership of economic assets from the people to a small group of citizens.

Although we have implemented various poverty alleviation programs, we have launched 8 equalization pathways, but in fact all of them have not been able to solve these problems. Therefore, what we really need now is not a poverty alleviation program, but to reformulate a development strategy that is suitable for Indonesia. If the present economic development strategy is correct, then all development programs are the same as poverty alleviation program.

## B Sustainability Theory

Sustainable development aims to improve people's welfare, to meet human needs and aspirations. Sustainable development is essentially aimed at seeking equal distribution of development between generations, both now and in the future. According to KLH development (which is basically more economically oriented) sustainability can be measured based on three criteria, namely: (Djajaningrat, 2001)

1. There is no waste of use of natural resources or depletion of natural resources;
2. No pollution and other environmental impacts;
3. The activities must be able to increase useable resources

In line with the above concept, Sutamihardja stated that the sustainable development targets include efforts to realize the occurrence of: (Susmihardja,2004)

1. Equitable distribution of the benefits of intergenerational development results (intergenerational equity) which means that the use of natural resources for the sake of growth needs to pay attention to reasonable limits in the control of ecosystems or environmental systems and is directed at replaceable natural resources and emphasizes the lowest possible exploitation of resources irreplaceable nature.
2. Safeguarding of the preservation natural resources and the environment and preventing ecosystem disturbances in order to ensure a good quality of life for future generations.

3. The use and management of natural resources is solely for the sake of pursuing economic growth regarding equitable distribution of sustainable use of natural resources between generations.
4. Maintaining sustainable people (society) welfare both in the present and in the future (inter temporal).
5. Maintaining the benefits of development or management of natural resources and the environment that have long-term or sustainable impacts between generations. Also, maintaining the quality of human life between generations in accordance with their habitat or replaceable resources.

From Fauzi's economic point of view, there are at least three main reasons why economic development must be sustainable. (Fauzi, 2004)

1. First, concerns moral reasons. The current generation enjoys goods and services produced from natural resources and the environment, so it is morally necessary to pay attention to the availability of these natural resources for future generations. The moral obligation includes not extracting natural resources to the point of damaging the environment, which could deprive future generation opportunities to utilize the same advantages.
2. Second, regarding ecological reasons, for example, biological diversity has a very high ecological value, therefore economic activities should not be directed at the use of natural resources and the environment alone, which in the end can threaten ecological functions.
3. Third, economy is the reason to pay attention to the sustainability aspect. The reason from the economic side is still in debate because it is not known whether or not economic activity has met the sustainability criteria, as we know, that the sustainable economic dimension itself is quite complex, the sustainability aspect from the economic side often only limited to the measurement of intergenerational welfare maximization.

According to Sutamihardja, in the concept of sustainable development, policy collisions may occur between the need to explore natural resources to fight poverty and the need to prevent environmental degradation also need to be avoided. Sustainable development also requires the fulfillment of basic needs for the community and providing broad opportunities for community members to pursue the ideals of a better life without compromising future generations.

The development of the concept of sustainable development needs to consider socially and culturally reasonable needs, disseminate values that create different consumption standards within the limits of the environment's capabilities, and naturally everyone is able to aspire to it. However, there is a tendency that the fulfillment of these needs will depend on the need to realize economic growth or production needs at a maximum scale. Sustainable development clearly requires economic growth where the main needs cannot be consistent with economic growth, as long as the content of growth reflects the

principles of sustainability. However, the reality is that high production activity can occur simultaneously with widespread poverty. This condition can harm the environment. So sustainable development requires people's needs by increasing their production potential and at the same time ensuring equal opportunities for everyone. How can this be done? The government certainly needs a policy realistic strategy that can be implemented with an appropriate control system. Exploitation of natural resources is recommended preferably on replaceable natural resources so that the ecosystem or environmental system can be maintained. (Heal, 1998)

## 5 RESULTS OF ANALYSIS AND DISCUSSION

### 5.1 Creative Economy Sustainability as an Alternative Solution to Improve National Competitiveness in the Digital Era?

As a new talent, the creative economy is expected to be able to leverage competitiveness. Its existence requires recognition that must be realized through various regulations/policies and joint actions between regulators, mediators, facilitators, implementors, actors, and even other beneficiaries.

From a managerial perspective, a sense of urgency perspective, there are 5 (five) creative economy development agendas that have been identified as requirement which need complete arrangement and management. The five agendas are: (Buhler, 1999:14)

1. Mapping of operational constraints;
2. Breakthrough efforts;
3. Commitment and action;
4. Public awareness; and
5. The importance of database

The term creative economy developed from the concept of creativity-based capital that could potentially increase economic growth in an area. According to President Susilo Bambang Yudhoyono in Agung Pasca Suseno, "The creative economy is the fourth wave of economy which is a continuation of the third wave of economy with an orientation towards creativity, culture, and cultural and environmental heritage". Jo Foord (Foord, 2008) stated that there must be an integration between public institutions and private sector with corporate growth and social causes that are increasingly popular at the city regarding the development of the creative economy.

Promotional activities and support for the development of creative industries require strategic

planning. At the same time, the growth of creative industry employment began to be erratic in the centers of cities thus it need wider and greater economic knowledge to overcome them. Economy creative based on the book titled *The Development of Indonesia Economy Creative 2025: Indonesia Economy Creative Plan in 2009-2015*, published by the Ministry of Trade of the Republic of Indonesia is a new economic era that intensifies information and creativity by relying on ideas and stock of knowledge from its human resources as the main production factor in its economic activities. In other words, the main concern of the creative economy is on the human capital factor.

Science (knowledge) in the modern economy plays the most important role. A society that develops, is advanced in civilization and has good welfare is a society that has a good foundation of economic knowledge. This is absolutely necessary, especially in Indonesia, whose economy is still developing. Quoting from the *Creative Economy Blueprint 2025*, the creative economy is an act to add value (economic, social, cultural, environmental) based on ideas born from the creativity of human resources (creative people) and the implementation of science, including cultural heritage and technology. Creativity is not limited to works based on art and culture, but can also be based on science and technology, engineering and telecommunications. There are 3 main things that form the basis of the creative economy, including creativity, innovation and invention.

#### a. Creativity

Can be described as a capacity or ability to produce or create something unique, fresh, and generally accepted. It can also generate new or practical ideas as a solution to a problem, or do something different from the existing one (thinking out of the box). Someone who has creativity and can maximize that ability, can create and produce something useful for themselves and others

#### b. Innovation

A transformation of ideas based on creativity by utilizing existing inventions to produce a product or process better than the original, added value, and its usefulness. As an example of innovation, look at some of the innovations in Youtube videos with the keyword "lifehack". The video shows how an original product is then innovated and can produce something of higher selling value and more useful.

#### c. Invention

This term emphasizes creating something that has never existed before and can be recognized as a work

that has a unique function or has never been known before. Making applications based on Android and iOS is also one example of inventions based on technology and information that greatly facilitates humans in carrying out their daily activities.

The term Creative Economy has been widely discussed since John Howkins, wrote the book "Creative Economy, How People Make Money from Ideas". Howkins states the Creative Economy as an economic activity in which its inputs and outputs are ideas. In short, the essence of creativity is an idea. So it is conceivable that only with the ideas, someone who is creative can earn a relatively high income. The economic condition expected by Indonesia is a sustainable economy and also has several sectors as pillars and supports for economic activity in Indonesia.

Sustainability in question is the ability to adapt to new geographical conditions and economic challenges, which ultimately results in sustainable growth. High growth is reflected in the competence of individuals in creating innovation. Creative Economy in which there are creative industries have high bargaining power in a sustainable economy because individuals have creative basic which they can use to create innovations. In Indonesia, what is meant by contribution to the economy are as follows: First, contribution to Gross Domestic Product (GDP). According to data from the Central Statistics Agency (BPS) this industry in Indonesia contributed 7.28% to GDP in 2008 and 7.8% to GDP on average from 2002 to 2008. The creative industry's contribution to GDP mostly came from fashion (3.7%) and handicrafts (1.9%). Second, job creation, data from BPS shows that the creative industry in Indonesia absorbed 7,686,410 workers in 2008 and an average of 7,391,642 workers employment from 2002 to 2008. On average from 2002 to 2008, the creative industry absorbed 7.7% of the total workforce in the industry. With such a large percentage, the creative industry is the fifth largest industry that absorbs labour after the agriculture, livestock, forestry, and fisheries industries; trade, hotel and restaurant; community services; and processing services. (Department Of Trade Republic Of Indonesia)

## 5.2 The Government Prevents Creative Economy Instability and Digital Transformation in Indonesia

Indonesia is one of the countries that has the greatest economic performance. In 2015 Indonesia recorded growth in gross domestic product (GDP) 4.79% higher than global economic growth which was

estimated to only reach 2.4%. This positive climate is certainly the right moment for the government to strengthen the foundation of the economy, especially in the real sector. One of the real sectors that has become a priority is the creative economy. The government is optimistic that it will become the backbone of the Indonesian economy. In contrast to other sectors that are highly dependent on the exploitation of natural resources, the strength of the creative economy relies more on the superiority of human resources. (Burhanuddin, 2008)



Diagram 1: Presentase Kontribusi Perekonomian Indonesia.

The creative industry in Indonesia has made a good contribution to petrify the national economy. This can be seen from the increasing number of creative industries in Indonesia. So that it can make a very good contribution to national economic growth. The creative economic system is believed to be able to be a solution in overcoming these problems, as well as an alternative in facing global economic challenges that will shift the existing economic system. Indonesia, which is rich in culture and has a large population, has enormous potential in developing the creative economy. (Suwartawan and Purbadharmaja, 2017).

The development of the creative economy has developed into a phenomenon in facing the developments and challenges of globalization. The information technology factor makes the development of the creative economy more rapid, so that the creative economy becomes an answer to the challenges in the welfare of the community, besides that the creative economy can reduce the unemployment rate. (Fahrudin, 2008) The creative economy will provide added value both to the production process and to human resources so that the creative economy system is believed to be able to answer the challenges of various problems that exist today. The development of science and technology has been able to change the perspective, mindset, and pattern of human life and is able to encourage the

creation of inventions which hinder the scarcity of goods and services. (Saksono, 2012:93) Through continuous innovation, research, development, products and services are created according to consumers want and need. Creative economy development can increase business income. Revenue is the amount of money that craftsmen receive from selling products to customers. Income is one indicator to measure the level of prosperity and welfare of the community so that the size of economic income reflects economic progress. (Azizah and Muhfiatun, 2017:66)

The government efforts in preventing the instability of the creative economy and digital transformation are:

1. Labour sector: the most constraining obstacle is the absence of workers, this is further exacerbated by the low quality and undiscipline workers, as well as the poor management system
2. Production process sector: the most constraining obstacles is the poor implementation management system which includes operations and production, governance, technology maintenance, and innovation, in addition to the low quality of human resources, which is reflected in the low awareness of workers regarding safety and quality.
3. Facilities sector: the most constraining obstacle is the complexity of the bureaucratic process in obtaining permits and assistance. Another factor is the ignorance and inability of creative economy human resources (owners) to make a correct and good financial reports, general infrastructure that is far from expectations.
4. Business competition sector: the most constraining obstacle is the instability of raw material prices and selling prices as well as the number of craftsmen, another factor is the insensitivity of creative economy actors to the latest information and global competition.

## 6 CONCLUSION

1. Sustainability of the creative economy of digital transformation is a concept in the new economic era that intensifies information and creativity by relying on ideas and knowledge from human resources (HR) as the main production factor in economic activity. Therefore, ideas are an important factor in the development of the creative economy. The

creative economy can affect the economy in Indonesia because human resources in Indonesia always have new ideas. Thus that the creative economy sector experiences economic growth which can be seen from the Gross Domestic Product or GDP. Creative economy has no effect on economic growth.

2. Based on the discussion above, it can be concluded that the development of information and communication technology contributes and encourages the growth of the creative economy, which can be used as a solution for the welfare of the community because the creative economy system provides added value both to the industry itself or to its human resources.

## 7 SUGGESTION

1. There are still obstacles to developing creative economy such as lack of fund, skilled personnel, and lack of fund assistance from the local government. Therefore, for cases in several regions, it is an assignment for us to solve problems more serious and need cooperation from all parties, both the community, the government and the private sector in developing the creative economy so that their products have innovative value and high competitiveness also are useful for improving more stable economic growth.
2. The existence of the creative economy has a positive impact in reducing the unemployment rate and will ultimately increase the level of the economy.

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