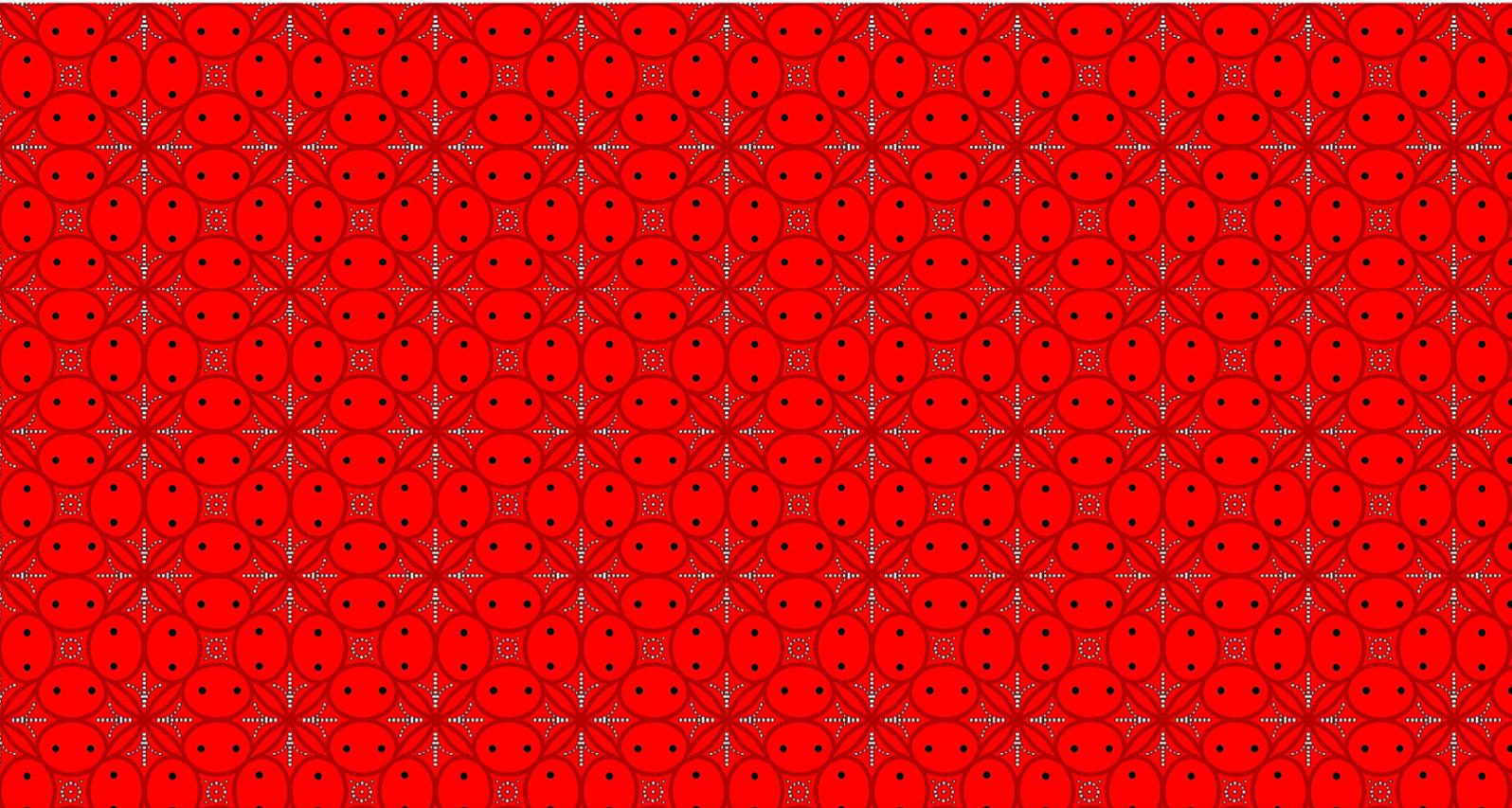


Fikri Zul Fahmi

CREATIVITY ON THE MOVE

How creative economy policies work in Indonesian cities



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Creativity on the move

How creative economy policies work in Indonesian cities

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Listen to your stomach, work hard and take the opportunities coming across your path!
– Philip McCann

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Groningen, August 2013

Abstract

The thesis sheds light on the growing discourse of creative economy in developing countries, as also found in the developed world. It is questioned to what extent the creative economy can be applied as local development strategies in Indonesia. To examine the institutionalization process of creative economy policy, several cases are studied which represent both large cities (Bandung and Yogyakarta) and small and medium-sized cities (Cimahi and Surakarta). This study employs the qualitative research method by interviewing related stakeholders at the national and local level, i.e. government, university, and creative entrepreneurs and communities, in companion with analysis of policy documents and the other source of information. It is found that localities in Indonesia have different underlying assumptions in implementing the policy, as deindustrialization is still not witnessed in the country. The creative economy is seen as an alternative to development strategies in the urban competitive milieu by taking advantage of local culture potentials. Nonetheless, the process by which the policy is being institutionalized is different from one another according to local culture attachment, institutional contexts, diversity in actors and the local political economy. It is also concluded that the creative economy in Indonesia could be different in nature due to limitations in knowledge and innovation aspects. Thus, the creative economy, or the cultural economy if it is argued to be more relevant, is applicable to development strategies as if it is adjusted to the nature of local and cultural contexts.

Keywords: creative economy, cultural economy, creative industries, institutionalization, developing countries, Indonesia

1 Introduction

1.1 The rise of creativity in regional development literature

Recent literature on economics and geography signifies a new type of Fordist economy in which knowledge, information, design and symbolic value are fundamental in the advanced capitalist world (cf. Bontje & Musterd, 2009). Differentiated and proliferated consumer cultures are essential matters, even since the mass production era in the 1970s (Scott, 1997, 2000). Human capital, especially the ability to tackle huge information and to come up with brilliant ideas, is the key resources of economic development (Bontje & Musterd, 2009). The 'knowledge economy' is noted as the highest point of economic development (Pratt, 2010).

Cultural and creative industries are currently widened to a knowledge economy incorporating arts (Evans, 2009). It has never been imagined before that artistic expressions – cognitive process within humans – are processed to be economically valuable goods and services. Accordingly, these creative industries are now enforced in a dual form of commodification and industrialization: not only has to express the value of arts, but also to communicate it with others so as to facilitate production processes (Evans, 2009). The marriage between arts, technology and economy is believed to significantly contribute to regional economic development, as manifested among others in employment and GDP (Evans, 2009; United Nations, 2004).

To the general audience, the creativity idea in economic development is promoted by Richard Florida's thesis on the creative class (Florida, 2002, 2005, 2012). His argument has greatly influenced both scientific thoughts and policymaking directions. Attracting creative people to live and work in their cities, along with providing preferable housing and amenities, *inter alia*, becomes one of focus of local development policies. With regards to Florida's thesis, socio-cultural diversity and tolerance are essential preconditions for creative people to feel comfortable in a place. For his illustrations of diversity and tolerance, i.e. creativity index, Bohemian index and gay index, Florida has received many criticisms. Among others, Glaeser (2005) pointed out that Florida's argument to attract bohemians who prefer socially free areas with appropriate amenities is unreasonable. Glaeser thought that it is not clear where the idea came from, although he affirmed the importance to cities of attracting human capital. Meanwhile, Peck (2005) mentioned that Florida only promotes another style of urban entrepreneurialism.

Regardless of his influential, yet controversial ideas, Florida was not the very first one who introduced creativity in regional development. Åke Andersson, a Swedish scholar, in 1985 introduced the importance of infrastructure and transportation networks in the creative economy (Andersson, Andersson, & Mellander, 2011). Other arguments have emerged even before Florida published his books: cultural economy, creative field (Scott, 2000), creative economy (Howkins, 2001), creative industries (Caves, 2000), creative milieu, creative city (Landry, 2000, 2012). In general, it is emphasized the importance to foster creativity at the level of cities and regions (cf. Bontje & Musterd, 2009; Evans, 2009). Motivation behind this is usually connected with economic growth and employment creation (Pratt, 2010). Accordingly, there needs to establish and maintain competitive advantage in regional development where business incentives designed to persuade the creative class to come (Florida, 2005).

The creative economy has inspired many localities which are recently experiencing deindustrialization: the decline of manufacturing industries (Pike, 2009) has forced those regions to search for the new alternative of economic activities (Hall, 2000). On the other hand, collapsed industrial districts can be used to build new workplaces for those cultural activities. Urban regeneration, in fact, is often followed by gentrification by a group of people who start a new business in creative sectors (Gibson & Homan, 2004; Waitt & Gibson, 2009). However, a question remains: through which mechanisms creativity can contribute to economic development? As Currah (2009) emphasized, it needs more investigations to fit in alternatives with specified regions; comparative studies are expected to be helpful. One thing that is always connected with the creative economy is local culture. As culture is embedded in people's daily life, it is presumed that there is

always an opportunity to successfully exercising the creative economy, either in the developed or developing world (United Nations, 2004).

There is little research on how different national contexts, economic, geographic and institutional factors influence the way creative industries work and which policies supporting them (Chapain, Clifton, & Comunian, 2012). Thus, this thesis draws a collateral line with the enormous number of literature on human capital in regional development as well as creativity in the economy. Motivated by the same curiosity, it is argued that understanding how creative activities can contribute to local economic development is important, either for academic or policymaking purposes.

1.2 The developing world's struggle with the creative economy

Literature on creativity has been dominated by North American and European contexts (Currah, 2009), while the discussion on Asian and developing countries is still little (cf. S. Yusuf & Nabeshima, 2005). There are actually many developing countries currently implementing creative-led development policies. Some of them are remarked to have a leading growth in creative industries, including Korea, Singapore, Taiwan, Hong Kong and China (United Nations, 2004). In addition to these higher-income countries, there are a number of lower income countries that attempt to promote creative and cultural industries, such as Thailand, India (ibid), Malaysia, The Philippines, Indonesia (S. Yusuf & Nabeshima, 2005), Mozambique (UNCTAD, 2011a), Zambia (UNCTAD, 2011b).

For the middle and higher income countries, innovation is an essential matter to escalate the level of economic development (Stam, De Jong, & Marlet, 2008; S. Yusuf & Nabeshima, 2005). In reverse, it is a huge challenge for those lower-income countries, as their capability to do so is doubtful. Human capital, technology and investment are obvious obstacles. Until here, one problem arises: if innovation is the case, how can developing countries practice the creative economy?

There is an indication that developing countries attempt to abuse their comparative advantage in production costs of cultural products, along with exploiting their own cultural and creative potentials (Evans, 2009). However, they distinguish the creative industries that come from copyright and creative content and the cultural industries that generate content in local cultural values (ibid). UNCTAD (United Nations, 2004) highlighted that in developing countries, creative industries have contributed to employment creation and export expansion. However, the wider potential of these industries recently is unrealized because they are still vulnerable in terms of job security and export earnings. For this reason, the United Nations has suggested a crucial need to modernize these activities and improve local capacities to optimize their contribution to the development.

Another problem that should be taken into account is the different contexts, especially the characteristics of culture and institutions of these developing countries. Culture indeed is always different from one another and it could result in different characteristics of creative products. On the other hand, many developing countries are currently trialling decentralization policies which somewhat nurture localities in a competitive milieu: they more proactively seek to enhance competitive advantages. Once the creative economy is seen as an important element of the development in developing countries, it should be taken into account that this concept is not to be entirely imported (Pratt, 2009; Scott, 2006). Apart from the problem of policy transfer, Scott also argued that creative (cultural) activities should be organically growing through the complex intertwining relationships of production work and social life in specific urban context. In other words, in order to apply the creative economy, regions should have sufficient potentials or existing creative activities that can be facilitated through the policy.

1.3 Objectives and research questions

Objectives

This study is intended to deliver a better international insight into the emerging creative economy in Asian and developing countries. This study aims to elaborate on how developing countries can rely on creative economy strategies to enhance local competitiveness. The developing world has

different contexts and characteristics of social environment and cultural values and thus, differentiated from the developed world. In a sense, it would be a comparison to international literature on creativity and culture in the contexts of Western Europe and North America. In so doing, we intend to focus on one example of Asian countries that is now struggling to look for the best form in applying the creative economy, which is Indonesia. This country is interesting to study because it still heavily relies on manufacturing economies, but its cultural properties construct an increasing belief that cultural properties can be a great potential of the future creative economy.

Research questions

As earlier mentioned, this thesis attempts to shed light on the different contexts between the developed and developing world in exercising the creative economy. Due to the specific contexts and background, it is possible that literature and concepts that are globally well-known could not merely be working in the developing world, particularly in Indonesia. Therefore, the main research question can be defined as follows:

To what extent can the creative economy be applied as local development strategies in Indonesia? (Q0)

This question can be detailed into several sub questions as follow. The first sub question deals with motivations behind policies and pilot projects in several cities in Indonesia. The starting point of policies in creativity and the cultural economy in those cities is central to analysis. It is also questioning expectations of local actors in applying the creative economy in these cities, as well as potentials and infrastructure presumed by these localities that are perceived to support the creative economy. In line with this, the first sub research question can be defined as follows:

What are the underlying assumptions of those localities in applying the creative economy policy? (Q1)

The next sub question is coping with the practice of the creative and cultural economy in Indonesian cities. The current development of policies in creativity and cultural economy, growing creative activities (industries), networks and communities is mainly questioned. In other words, this question deals with the institutionalization process where creative activities are being developed in these cities, i.e. who started or initiated the development, what aspects the policy is focused on, which actors involved, what roles they have, to what extent social environments and infrastructure support the policy, and how communication between actors takes place. It is also questioned to what extent the national actors and policies affect this institutionalization processes. Hence, the second sub research question can be defined as follows:

How has been the creative economy developed and institutionalized in Indonesian cities? (Q2)

It is also important to mention that this sub question also concerns to where the institutionalization process takes place within the city-regions: what kind of creative milieu and where, and what sub sectors are focused on.

Meanwhile, the last sub question tries to link the empirical observation on the contexts and theoretical sight as found in literature. Many issues can be confirmed based on propositions. For example, whether size does matter in applying the creative economy: only metropolitan and larger cities can apply, or also small and medium-sized cities and non-metropolitan regions? Secondly, it is also considered whether specific types of local cultural or creative industries, the characteristics of local cultural-creative capacity and social environments affect the applicability of the idea in Indonesian contexts. Thus, the last sub question can be defined as follows:

To what extent is the international literature relevant to the context of Indonesian cities? (Q3)

At the end of this thesis, policy recommendations can be assembled according to research findings and thus suggest any mechanisms by which localities can enhance their performance in creative activities.

1.4 Relevance

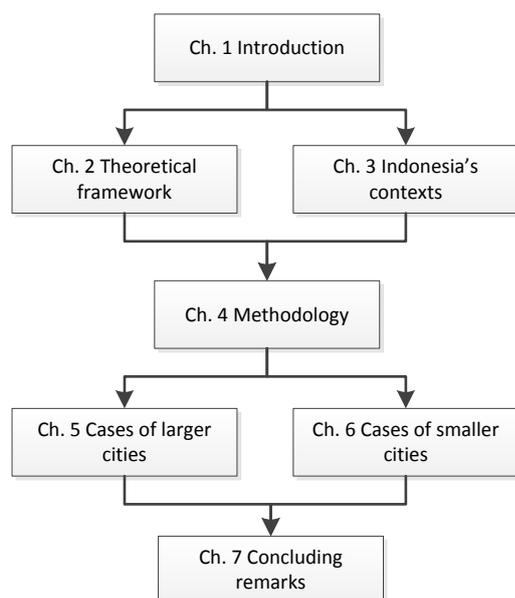
Academic relevance

This study is very much in line with the emerging international trends in regional development literature which are particularly focused on creativity and its impacts on regional competitiveness and development. This study fills the lack of discussion on the creative economy in developing countries. It will deliver a better international insight into this topic, especially on the policy perspective on how the creative economy can contribute to local development in the developing world and how specific social and institutional contexts influence the process of policy implementation in the country (Evans, 2009; Pratt, 2009; Scott, 2006). There are growing similar publications to this study among others in *Urban Studies*, *Regional Studies* and many books that primarily focus on many perspectives, i.e. creative cities, creative regions, creative clusters, creative industries and creative milieu.

Societal and policy relevance

There are many attempts to copy-paste policies from the developed world, whereas the contexts are different (Pratt, 2009). The policy model from Europe and North America should be criticized whether it fits in the societal and institutional characteristics of developing countries. This study is relevant to policy questions in search of a suitable model for local creative-led development policies, especially in the context of decentralizing (developing) countries. In general, it is supposed to suggest policy recommendations, both for the national government and local governments about how creative industries can be facilitated and encouraged. Specifically, for the Indonesian government, this study can suggest a policy model of promoting creativity for local economic development that can be applied at provincial and local (municipality/district) levels.

Figure 1.1 Structure of the thesis



1.5 Structure of the thesis

This thesis consists of seven chapters that their relationships are illustrated by **Figure 1.1**. The organization of the remaining six chapters can be explained as follows.

Chapter 2 assembles theoretical framework related to creativity and local development. The notions of creativity and the difficulties in defining them, geographical aspects of creative activities, their impacts and the institutional aspect of the creative economy policy will be clarified.

Chapter 3 presents a brief overview of Indonesia's creative economy. The economic contribution of creative industries at the national level and the essence of the current creative economy policies

will be elaborated. In addition, the rise of creative activities at the level of cities and regions will be highlighted.

The preceding three chapters are the background argument on why and what the research is about. Theoretical reviews and Indonesia's contexts are positioned to suggest an appropriate methodological framework. **Chapter 4** presents the research framework and design of this thesis. The choice of case studies, ethical issues and reflexivity are also included.

Chapter 5 and **Chapter 6** analyse empirical findings on how creative economy policies are being implemented in the selected cases. Cases of larger cities and small and intermediate cities will be analysed respectively. Each chapter includes analyses of underlying assumptions and institutionalization processes of creative economy policy.

Finally, **Chapter 7** concludes the thesis with comparison of larger and smaller cities and reflection on theories and literature for the context of developing countries. Further remarks will also be expanded, especially related to policy implications for developing countries in general and Indonesia in particular. Finally, a further research agenda will be elucidated.

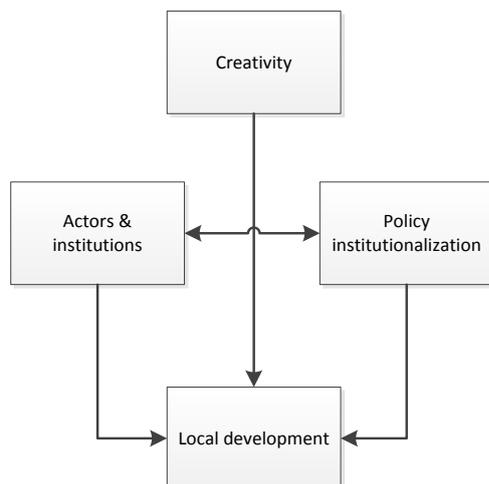
2 The creative turn

2.1 Introduction

Creativity is quite new in scientific discussions, as it had never arisen before the war periods (Törnqvist, 2011). There is now much literature on creativity in economics, geography and other disciplines related to development. Economists could be interested in innovation processes, social networks and all the aspects related to firm or entrepreneurial productivity. Meanwhile, geographers are interested in locational matters, regional differences, place making and its relation to regional economic development. Urban planners, too, have a strong interest in creative cities and related issues such as implications for infrastructure and zoning.

In the previous chapter, the growth of creative activities was highlighted as important in the regional economy. This chapter reviews literature on creativity and its relationship with regional economic development. However, the debates and critiques of taking advantage of culture as an economic commodity is beyond our focus (see for instance Adorno, 1991; Horkheimer, Adorno, & Noerr, 2002). This chapter seeks to elaborate and compound the-state-of-art by which fashion creativity can contribute to the economy. Because we employ the policy perspective, some concepts of institutions and institutionalization will be raised and connected with each other (see **Figure 2.1**).

Figure 2.1 Theoretical framework



The notion of ‘creative economy’ has been used from the beginning of **Chapter 1**. However, in **Section 2.2**, some notions of creativity are presented as to introduce what terms are being used in this thesis, as well as why creativity is always channelled to culture in our discussions. The creative economy is mostly used in this thesis because we use the policy perspective. The creative economy is more wide-ranging, both for facilitating creative industries and creating creative milieu. This is also relevant to the ‘creative economy’ term that is used in policy documents of the Indonesian government.

2.2 Dilemma in defining creativity

Creativity is an elusive concept and could have different meaning according to who (which discipline) defines it. For instance, psychologists refer creativity to the cognitive process in which intellectual property is being utilized, while sociologists concern more to creative settings. Jeffcutt and Pratt (2002) highlighted that creativity requires a context and organization: it needs knowledge, networks and technologies in which novel ideas and contexts are being interconnected. In relation to the economy, creativity encourages the application of ideas and valuable knowledge to be economic goods and services (Currah, 2009). Our concern to creativity is referred to creative activities that take place in certain regions and possibly deliver impacts on economic development. As earlier mentioned in **Chapter 1**, there are many notions of creativity with regards to economic development.

The *creative economy* by Howkins (2001) is a concept that relates creativity and the economy: how the economy can grow by creative ideas to produce marketable goods and services. His concept of the creative economy comprises four main aspects i.e. copyright industries, patent industries, trademark and design industries. As influenced of British empirical development, his categorization for those industries includes subsectors of *creative industries* in the UK.

Despite introduced by Howkins and the Department for Culture, Media and Sport of the UK, the term *creative industries* was learnt by Caves (2000). Creative industries relate to cultural, artistic or just entertainment value. They have specific characteristics, such as small size, short-term contract, fluctuated demand, and flexible specialization as the effort to survive. There are two general types of creative products, i.e. simple creative goods and complex creative goods. What makes different is how goods are being dispatched: if they pass between one or more hands, they are complex creative goods, and vice versa.

Another important term of creativity is the *creative class* of Richard Florida, which refers to those people who have talent and capability in processing new ideas and producing innovative products. However, those people have different levels of creativity, referred as super creative core and creative professionals. In line with this, Gabe (2011) also mentioned that each type of occupation, or cultural industries, has different values of creativity. It depends on how deep the creative and/or innovation process is executed. This somewhat nurtures debates on whether an occupation is creative or not: defining creativity.

Allen Scott has also contributed to the creativity thoughts in regional development. He has mainly focused on interactions between place, culture and economy which result in cultural products. He has used the '*cultural economy*' to explain this concept. He emphasized the importance of cultural values which encourage firms and workers converged in the cities. Agglomeration economies that present in the cities then stimulate innovation through face to face interactions, learning and inter-firm linkages. In addition, he frequently mentioned the *creative field*, which is set of interrelated parts that stimulate and link individual expressions of creativity, including agglomeration economies and interactions within them and the supporting infrastructure (Scott, 2006). As a regional system of creativity and innovation, it does not only include production system, but also the geographical environment where production occurs (Scott, 2000).

Meanwhile, Landry's concepts of *creative city* and *creative milieu* focus on urban planning issues. He emphasized the importance of both soft and hard infrastructure to support the creation of new ideas and inventions. Through his ideas, principles for urban planning that promotes creative activities within its urban areas can be found.

Among these terms, the 'creative class' and the 'creative industries' dominate the debates on creativity in regional development (Bontje & Musterd, 2009). Apart from this, those all concepts actually come up with similar ideas: cultural values, and thus creativity can be useful in economic development. The next problem is which values are economically valuable, and thus can be utilized? Apart from this debate, there are increasing critiques to creativity ideas for several points. In the creative economy, artists are seen as entrepreneurs while their freedom to express is neglected; it is focused on urban areas which represent a class-based dimension; and thus its priorities to the middle class (Edensor, Leslie, & Millington, 2010).

Creative versus cultural industries

To some people, 'creative industries' and 'cultural industries' are just the same. Those cultural industries are different from other ones as the result of the mode of organization of the production of culture, but it does not mean that they produce culture (Pratt, 2010). Cultural product industries can include: (a) unique and often very complex prototypes of final products, and (b) small batches of output for niche markets (Scott, 2000). Cultural industries have the properties of creativity, intellectual property, symbolic meaning, use value and certain methods of production (Galloway & Dunlop, 2007). As the symbolic meaning explains related sets of beliefs commonly held in societies, it can explain what is cultural from cultural industries. However, there is an indication that the term 'creative industries' is influenced by the knowledge economy agenda. Creative industries

have symbolic meanings, as cultural industries do, but they are forced to have more economic values (Scott, 2006).

In line with this, there is an urgent need to be familiar with technology, because consumers do not longer prefer old style cultural industries and real time arts consumption (Galloway & Dunlop, 2007). Creative industries cannot longer be separated from information and communication technologies and digitalization. Technology contributes to open new communication networks and thereby be a driver of creativity and productivity. As indicated that some cultural industries are included as creative industries, it could become dilemmatic to define whether an industry is creative, or not. In fact, it is possible that the old style or traditional cultural industries could not be included as creative industries, if they are not doing innovation. Thus, creative industries and traditional cultural industries are different in the way knowledge is being processes. Traditional cultural industries could come from know-how knowledge and experience, which is tacit knowledge, while creative industries need that knowledge is also codified.

2.3 Where creativity flourishes?

Compared to each other, there will be different ways to capture where creativity flourishes in accordance to which term is used: 'creative class' or 'creative industries'. The term 'creative industries' is referred to *firms* or business units, thus the growth and concentration of creative industries can be captured simply as we observe firm agglomeration or clustering. Meanwhile, the creative class that represents *people* who have occupations or work in specified creative sectors, the clustering will be seen different. Here we realize that urban clustering is not simply about firms, nor labour, but the combination of both. It also embraces interactions of people, including how ideas are facilitated and spread (McCann, 2013).

In his books, Florida frequently mentioned that creative communities which are centres of diversity, innovation and economic growth would prefer to live and work in vibrant places where sufficient amenities and socially diverse and tolerant societies are there (Florida, 2005). He also presented metropolitan regions as an illustration of creative milieus, or in other words, possible preferred places for those creative people. Törnqvist (2011) mentioned that some places are attractive because of capital/cultural centres, meeting places (geographical setting), diversity and variation, structural instability. It is also found that innovation occurs in rather chaotic, less order places.

Meanwhile, creative industries are indicated to frequently found in metropolitan areas, as Scott (1997) mentioned some examples, i.e. New York, London and Tokyo. Creative industries mostly found especially in inner-city and city fringe areas that are located close to important institutions (Evans, 2009), for example, Amsterdam, Berlin, London and Toronto. An observation by Gabe (2011) showed that creative people who work in metropolitan areas have a higher wage premium. Creative workers who are surrounded by similar people who work in similar jobs in high concentrated areas obtain a higher wage premium than those in peripheral regions. It is indicated that higher productivity corresponds to proximity and size of metropolitan areas. However, productivity does not become increasing by working around people who are doing a similar type of service. In this case, localization economies seem not preferred by creative activities.

Large cities appear as the locus of innovation because of their broad and diversified economic structure (Bontje & Musterd, 2009). Cities with diversified industrial structures are more resilient and can offer more chances to encourage the knowledge transfer between industries. Large cities provide enormous unplanned learning opportunities and those creative people can catch them without having to relocate their family (Desrochers & Leppälä, 2011). Meanwhile, knowledge spillovers likely to occur through informal communications between creative firms (Van Oort, 2002), which are possible to take place in larger and metropolitan cities.

Van Oort (2002) summarized two beliefs in the relationship between innovation and agglomeration economies. The first argument is pro *localization economies* which believe that the concentration of similar activities yet strong competition will support innovation. The other belief is pro diversity of industrial activities and *urbanization economies*, yet still supports competition. For the Dutch case, location and agglomeration do not have considerable impacts on the distribution of innovative

activities. Localized clustering of innovative firms is not randomly distributed. Nevertheless, a high concentration of innovative firms is found in metropolitan regions which make them benefit from the proximity of highly skilled workers.

The concentration of creative industries in metropolitan cores does not stand for itself, but interconnected with other systems. This cluster requires connectivity with producers and intermediaries, as well as with markets. Proximity is a requirement to foster innovative milieu (Evans, 2009). On the other hand, creative industrial clusters in metropolitan cores are also interconnected with adjoining residential areas where labour resides. Whilst migrants, workers and squatters are located in inner-city areas, residential and population growth in suburban areas is also increased (ibid). As the result, creative city development could concur with social tensions and polarization because the development mostly focuses on creative entrepreneurs and academics (Bontje & Musterd, 2009). Therefore, this is the line that connects the creative economy and the importance of urban planning.

2.4 Creativity and the competitiveness

Many attempts at promoting creativity are always addressed to employment creation, export expansion and economic growth. Localities are exercising the creative economy, seek to enhance their competitiveness. Regional competitiveness itself is an eclectic concept, as Kitson, Martin, and Tyler said (2004). In short, regional competitiveness is the ability of an urban (regional) economy to keep firms in stable or increasing market shares in line with its efforts to deliver good standards of living for people who live in the region. Productivity is mostly used to represent the competitiveness, while there are actually several factors determining the level of productivity, such as institutions, human capital, technology and innovation (Gardiner, Martin, & Tyler, 2004; Kitson et al., 2004; Porter, 2003).

Further to urban competition, cities are typically complementary to another in mutual exchange of specialized products. On the other hand, they compete with each other to protect collective interests in the world of finite resources (Scott, 2006). The existence of cultural activities represents a symbiotic relationship between place and culture, in which the region takes advantage of the specific production conditions of each place. This can be done in broader flexible specialization structures and in vertically disintegrated production systems (Costa, 2008).

Nevertheless, measuring economic impacts of creativity at the regional level could be somewhat unsatisfactory. An observation by Marlet and van Woerkens (2007) reported that the presence of creative class is indicated not to have a significant effect on employment at the regional level. They argued that the relationship between creativity and economic growth encompasses urban process, knowledge spillovers being rather limited in spatial range. Innovation is something takes place within specified areas which then becomes important in regional development because of interactive mechanisms and learning processes that hearten interactions among actors.

In line with this, if creativity is intended to enhance economic development, it has to encourage market value through knowledge and innovation (Costa, 2008; Stam et al., 2008). The combination between technological application and intellectual property can provide sources of wealth, unremitting learning and a high degree of experimentation that can stimulate cumulative growth (United Nations, 2004). If innovation is successful, it will increase the total volume of activities in a creative sector because it engages with more than the remodelling of a constant flow of creative goods to the market (Caves, 2000). Meanwhile, innovation requires mutual learning and knowledge sharing, which should not only between firms and firm networks, but also individuals within socio-spatial contexts (Rutten & Boekema, 2007, 2012). The real problem is, however, encouraging creativity is not that easy. There are many questions related to innovation within creative industries, or the creative class.

With regards to the creative class, Florida argued that to gain competitive advantage, regions need to establish mechanisms in which knowledge and ideas are being facilitated. In this sense, the quality of place and amenities should be improved. Weak ties between creative people, yet still

enable them to exchange ideas are preferable to enable knowledge sharing and collaboration (Florida, 2005).

Meanwhile, the perspective of creative industries seems to be influenced by the agglomeration economies thinking. According to the general understanding in cluster-led regional development, clustering and specialization of firms are crucial requirements of competitiveness and innovation in the region where the development occurs (Garofoli, 2009). We may expect the region to be benefited from scale effects and externalities (Costa, 2008), indicated as spillovers. However, it could only be a symptom, rather than the cause of economic development (Currah, 2009). If regional growth is driven by increasing returns and agglomeration specific learning process, there is reasonable expectation that these contracts will grow sharper with the passage of time (Scott, 2000). However, as indicated in **Section 2.3** creative activities could grow within diversified economies, often larger cities. In many cases, physical clusters are not always requirements in the development of creative activities, but meeting places and information technology are absolutely required.

Efforts in promoting creative activities have also been associated with entrepreneurship. There is much literature discussed on the role of entrepreneurship in regional development. New started business will carry tangible cultural value added to deprived communities, and feed the knowledge economy with innovation buzz (Bathelt et al., 2004 in Evans, 2009). Besides, cultural factors also influence regional entrepreneurship: not all places can generate new entrepreneurs as they differ in the ability to sustain business, the assortment of information and other knowledge that is necessary for the firm establishment and business success (Malecki, 1993). For creativity, local cultures contribute to shape the nature of intra-urban economic activity, while economic activity becomes a dynamic aspect of the culture generating and innovative capacities of given places. Place, culture, economy are highly symbiotic: the capabilities of regions in generating culture are being coupled with productive purposes, thereby creating new varieties of localized competitive advantages with impacts on employment and income (Scott, 1997).

The further question is therefore what suitable efforts to foster the creative economy growth: public sector subsidies or cluster-led development (Evans, 2009)? If the general public policy model is applied, some tools that can be used to intervene may include high education, employment, investment, etc. Interventions can be towards hard factors, i.e. agglomeration economies, rent levels, availability of office, accessibility, traffic and technical infrastructure, local and national tax regimes; also soft location factors, i.e. residential amenities, aesthetics and cultural amenities, tolerance for alternative lifestyle and or ethnic diversity, lively sub cultural scenes, and the creation of meeting places for business and leisure purpose (Scott, 2006).

2.5 Institutionalizing creativity

In order to realize the goals of development in sustaining growth and reaching a convergence with the living standards, high-quality institutions are needed. Economic development strategies should be accompanied by institution building, in which it is being ensured that there is always a source of growth and the economy is resilient (Rodrik, 2008). Institutionalization is an important process in which the creative economy can be implemented (d'Ovidio & Pradel, 2013; Evans, 2009). However, the way creative economy policy is being institutionalized in order to achieve the goals could be different, according to differences in social preferences, complementarities between each part of the institutional landscape, and differences in institutional arrangements (Rodrik, 2008).

It is expected that constructing creative cities would not that easy and needs a quite long time process (Hall, 2004). Meanwhile, as a global phenomenon and quasi scientific policy rationales, there are many attempts to import the creativity idea from the developed world through policy transfer (Pratt, 2009; Scott, 2006). The creative economy is adopted as competitive city strategies in urban policy. Evans also mentioned that policy transfer could be problematic as trajectories may vary; causalities may be unproven or different from another. Policy transfer should consider wicked problems that sophisticate policy implementation. There are some common objectives to instrumenting culture with regards to the creative economy policy, i.e. (1) to defend and preserve the local definition of high culture from global influences; (2) figured by economic development,

place marketing and place-based competition, (3) social inclusion, (4) intrinsic focus cultural and creative industries (Pratt, 2010).

In institutionalizing creativity, the requirements are not only the potentials of culture and creativity, but also supporting milieu both for creative actors and policy implementation. However, to create preferable conditions that stimulate creativity is not easy (Hall, 2004; Scott, 2006; Stam et al., 2008; Törnqvist, 2011). Some crucial prerequisites for creative milieu may include a financial basis with no tight regulation; basic original knowledge and competence, an imbalance between experience need and chance; a diverse environment; good external and internal possibilities for personal transport and communication; structural instability, uncertainty of the future (Scott, 2006); urban residential milieu and social climate (Musterd & Deurloo, 2006).

Promoting creative activities, in a sense, means to encourage the improvement of local innovation capacity. Efforts related to this objective are, among others, value creation mechanisms, seizing social capital and creativity to promote economic competitiveness and local development, departing from cultural activities and creative resources (Costa, 2008). From this statement, it can be indicated that the creative economy can come from local culture and resources. In line with this, again innovation and practical applications of technology would be helpful not only to enhance economic values, but also transform and impacts on social conditions (Törnqvist, 2011). Indeed, creative process, innovation and mutual learning are a social process, and thus a medium of social transformation. Further to this, Costa (2008) mentioned that innovative milieu consists of: (a) a specific technical productive system, (b) a specific governance system, (c) a specific collective (internal and external) representation system that encourages cultural activities. In so doing, there needs communications among local actors, a specific interaction logic, a collective workspace and collective learning dynamics, innovative capacity.

From the above explanation, it can be concluded that institutionalizing creativity does not only mean to think about agglomerative dynamic and flexible specialization in cultural activities, but also to prepare how those processes can be carried out. All stakeholders have their own roles in institutionalizing creativity. As the government will tackle policymaking and implementation, creative firms focus on innovation and creative processes, the role of universities is related to enforcing innovation to take place and attracting, or bearing, the creative class (Florida, 2005; Scott, 2006; Törnqvist, 2011). Furthermore, interactions among these actors will need certain conditions to smooth the process. Whilst Florida (2005) suggested weak ties between creative community members to flourish new and innovative ideas, institutionalizing creative-led policies is indicated to require a strong social capital to perform an institutional collective action (Putnam, 2002).

2.6 Creativity and the small city

Whilst the previous section indicates the growing creative activities in metropolis, many attempts have been done to experimenting creativity in small cities and less urbanized regions. Some perceive this as overlooked expectations towards cooperative advantages within creative activities in transborder cluster or smaller cities (Evans, 2009). The problem associated with creativity in small cities is size and proximity. They could be too small, do not have enough cultural amenities to attract creative people and lack of innovation (Waitt, 2006; Waitt & Gibson, 2009). Florida indicated that the size of urban areas does matter, as well as its diversity is necessary to generate new ideas, promote the use and creation of new technology and help talented people to express and apply their creations (Florida, 2005). The inappropriate scale and capacity of cities to institutionalize a sustainable creative economy will be the case for urban cognitive-cultural economy (Evans, 2009). Stam et al. (2008) showed that creative industries in urban areas in the Netherlands are more familiar with innovation in process and distributions than in less urbanized areas.

Meanwhile, Bell and Jayne (2006, 2009) emphasized the importance and possibility to mobilize local identity, culture and creativity aspects of small city development. In their book "*Small Cities: Urban Experience beyond the Metropolis*" they presented some cases of small cities that struggle with local identity and culture to foster urban development. Among others, Waitt (2006)—also in Waitt and Gibson (2009)—presented a case study on urban regeneration in Wollongong. They

observed gentrification, unforeseen variations in the way that material transformation in the city may occur. The challenges of economic restructuring became a catalyst for the first stirring of engagements with ideas of the creative city. The important things are size and proximity: to promote creative industries have tended to see it as both too small because of lacking cultural amenities to attract creative class. Creative workers take place in suburbs Wollongong, not in the inner city. (ibid). Creativity of the arts became a ‘tool’ for addressing not only social justice, but also urban renewal and environmentally sustainable economic regeneration.

Another interesting chapter of the book was written by Fleming, Ghilardi, and Napier (2006) who presented some creative cities in Sweden, the USA and Bosnia-Herzegovina. They indicated differentiated mechanisms and interventions to creativity and cultural clusters, in which each has different contexts and characteristics. In Malmö, Sweden, the learning-by-doing approach is used to implement large regeneration projects using the tools of planning and public policy. In Boise, the USA, the pioneer model is seen as fundamental to the success of creative small cities. This model seeks to have clear leaders or champions who can find new veins in the sense of creativity. Meanwhile, in Tuzla, Bosnia-Herzegovina, cultural democracy (engaging, listening, willingly accountable), maximizing the value of the past and developing new markets and a new voice (skills) are key factors in developing the creative city.

It can be indicated that small cities can apply the creative economy if they can find an economic niche so that they can compete with others in urban systems. Puissant and Lacour (2011) argued that niche competitiveness does not only correspond to industrial specializations and belongs to metropolitan regions, but also scattered alongside the surrounding regions, including small and medium-sized cities. It could happen because the small city is located close to larger cities: the proximity to a metropolis delivers an advantage in rent prices, accessibility, and an urban way of life. On the other hand, these cities could be an alternative to metropolis which are sometimes less preferable, polluted, or noisy. In some cases, small remote towns are forced to be more proactively and autonomously promote their potentials; otherwise, they remain isolated. Alternatively, the factors of institutional contexts and historical industrial environments, like leadership, can help small cities to apply the creative economy.

2.7 Conclusion

As concepts and debates on creativity and its positions within regional development have been presented in this chapter, however, most of them are in the context of the developed world. This suggests some important points for reflection on the current study. With less contexts of the developing world, it should be taken into account that this literature could not merely fit in Indonesia’s contexts. The literature failed to explain differentiated strategies for economic development which should take into account the potentials, the resources and conditions to enhance growth and how the local economy can be developed (Mok, 2009). Therefore, it should be careful to import the original concept of creative economy policy because there could be many unfitted contexts become barriers (Pratt, 2009).

Firstly, related to debates on the definition of creative industries, or cultural industries, there is no indication that it is a problem with the different characteristics of local cultural industries. The problem is indeed how to mobilize cultural potentials and resources into the cultural-creative platform. Further to this, the urgency of innovation depends on the nature of creative processes and products, and the applicability and availability of technology. Nevertheless, the knowledge economy concept of creativity suggests the importance of learning and building networks so as to encourage innovation. In fact, regions, particularly in the developing world have different innovative capabilities and could face problems such as lack of resources and investment.

The second conclusion is related to the debates on proximity and agglomeration. It seems that the concept of localization economies, or cluster-led development, still influences on how creativity should be encouraged. However, there is emerging standpoint that physical clusters are not really necessary for creativity: economic diversification is more essential. What important from cultural clusters are not physical qualities, but relationships, social networks and tacit knowledge sharing (Cinti, 2008; Kong, 2009). At this stage, we can conclude that the needs for creative clusters depend

on the type of creative activities and the characteristics of innovative and learning climate within the milieu; thus, it could be case by case.

Another important conclusion is that creativity can also flourish in small cities, despite metropolis. However, there could be implications and differences in how the creative economy policy should be applied either in metropolitan regions or in smaller cities. According to some cases in literature, smaller cities have to do more efforts in realising the cultural-creative platform due to size matters. Institutional design and collaboration as well as a smart choice of economic niche are indicated to be one of plenty solutions to this problem.

3 The Indonesia's creative economy

3.1 Introduction: is there anything new?

The 'creative economy' is recently a popular vocabulary in Indonesia, especially since the Presidential Instruction 6 (2009) on the Creative Economy Development issued. This instruction was actually a follow-up step towards a study by the Ministry of Trade (2007) on creative industries mapping in Indonesia. This instruction has pushed local governments to encourage the growth of creative industries and include the creativity agenda in their local development policies. Affairs related to creative industries were coordinated by the Ministry of Trade until in October 2011 President Yudhoyono announced the cabinet reshuffle. Creative economy matters were evaluated as one of the national priorities so that some ministries have been reorganized, including the establishment of the Ministry of Tourism and Creative Economy (MTCE)¹.

Having the creative economy policy enacted, the preparedness of each locality to apply the creative economy is different. As has been indicated in the Presidential Instruction, and other national policies, the development of creative industries has to induce local wisdom yet take into account the prospect of the global market. Therefore, innovation is needed to develop the global competitive advantage. In fact, local governments still elaborate by themselves on the definition of creative industries. There are growing 'contemporary' creative activities, such as contemporary design and arts, software, animation and other media based industries in some larger cities. This type of creative industries that is mostly characterized by young and highly educated people could be relevant to the definition of the knowledge economy concept of creative industries. However, the MTCE and many local governments also include traditional cultural industries like batik, traditional crafts (*ukiran, anyaman*, etc.) as creative industries. It is debatable: how creative are these 'creative industries'? How involved are they into innovation and the use of new technology, both for production and distribution? To what extent do they value creativity and creative process in producing cultural products? As this kind of activities has existed since a long time ago and has even clustered in many regions – not only in large urban areas, there is a particular indication that the Indonesia's creative economy is not something new. There tends to be old stuff that is titled with a brand new name.

International influence

Once we look at Indonesia's creative economy policy documents (Ministry of Tourism and Creative Economy, 2011; Ministry of Trade, 2009a, 2009b), it can be found that many British terms are adopted there. The policy is more or less influenced by the DCMS concept of creative industries in the UK. Hereby, the term "creative industries" is defined:

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 (DCMS, 2001)

The term 'creative industries' itself is popularized by the British government and scholars (Caves, 2000; DCMS, 2001; Pratt, 2010). The categorization of creative industries is identical to what the DCMS, including advertising, architecture, arts and antique markets, crafts, design, designer fashion, film, video and photography, interactive games, music, performing arts, publishing, television, radio and a new category added: culinary. The definition of each subsector is also referred to the British understanding. Traditional culture product industries, meanwhile, are

¹ Formerly was Ministry of Tourism and Culture. After the reshuffle, culture preservation affairs have been tackled by the Ministry of Education and Culture.

included in of those categories. In line with Evans (2009), Indonesia is one of developing countries that cultivate both copyright industries and those industries that generate from traditional culture.

Figure 3.1 Traditional versus contemporary cultural products



Source: Ministry of Tourism and Creative Economy (2011)

As we can see in policy documents and interactions between communities, it can be indicated that the 'creative economy' in Indonesia is somewhat influenced by international discourse, particularly from the United Kingdom. There has been a strong bilateral collaboration between Indonesia and the UK on creative industries since 2004 the British Council had a technical assistance programme on the development creative industries in Bandung. At that time, the British Council helped and cooperated with local communities and universities to build a new image of Bandung as a creative city. The development of Bandung creative city was also pushed by an East Asian meeting in Yokohama which suggested Bandung as one of pilot projects for creative cities (Suwarni, 2012a).

We can conclude that Indonesia has absorbed the knowledge economy concept of creativity through policy transfer. Nowadays, the national government, also local governments, still mix and match the best concept or model for encouraging creativity. It is fully recognized that Indonesia has its own nobleness of culture and traditions that can be valuable in the economy. However, in going through the global competition, the Indonesian government increasingly paid attention to this issue and concern to improve the economic value of those cultural products to be more competitive.

3.2 Why creative economy?

One may ask question why Indonesia leaps to the advanced phase of economic development while the mass-production economy period has not finished yet. Referring to sectoral employment and GDP shares (see **Table 3.1** and **Table 3.2**), the agricultural sector still dominates labour force, even though the added value is lower than manufacturing industries. The manufacturing sector is actually not declining, even increasing. The contribution of this sector to GDP is the highest among other industries, while the employment of the services sector is larger. We can expect that the urban economy is different from the rural one. As the agricultural sector still dominates rural activities, now we found a transition from mass production to the post-Fordist economy in large urban areas. Larger and 'millionaire' cities have largely contributed to the national economy (Firman, 2012) through trade and service sectors.

According to the Strategic Plan of the Ministry of Tourism and Creative Economy (2011), there are several reasons why Indonesia is currently exercising the creative economy, including:

- a) *Economic contribution.* As indicated by GDP, employment and export revenues, creative industries become increasingly important to the national economy. These industries have contributed approximately to 7-8% of employment and added value (see **Table 3.1** and **Table 3.2**);

- b) *Business climate*. It is believed that creative industries can create new employment for other sectors and thus improve the dynamics of business climate in the country;
- c) *Country's image and identity*. An important starting point is strong and enormous national icon and cultural potentials, strengthening local culture and values;
- d) *Renewable resources*. Creative industries come up based on knowledge and ideas, also they are environmentally friendly;
- e) *Innovation*. Creativity creates added value to be economically valuable goods and services; and
- f) *Social impacts*. Creative activities can contribute to enhance the quality of life, welfare distribution, social empathy.

Accordingly, Indonesia seeks to find new possible sources for economic development. Deindustrialization is not the reason why Indonesia is currently implementing the creative economy policy. Given rich properties within 1128 ethnics (Kartapranata, 2010), local culture can be economically fruitful. As each region has its own local wisdom and characteristics, there will be great varieties in cultural and creative products.

Table 3.1 Sectoral contribution to employment in Indonesia, 2002-2010

No.	Sector	Employment (in million)									Average
		2002	2003	2004	2005	2006	2007	2008	2009	2010	
1	Agriculture	40.6	42	40.6	41.8	40.1	41.2	41.3	41.6	41.5	42.00%
2	Trade, hotel and restaurant	13.7	13.5	15	15.3	16.1	17.2	17.6	18.2	18.6	16.50%
3	General services	10.2	9.6	10.3	10.4	11.2	11.8	12.9	13.7	15.7	12.00%
4	Manufacturing	8.4	7.9	8	8.2	8.3	8.7	8.9	8.8	9.6	8.70%
5	Creative industries	8.1	6.7	7.5	7.4	7	7.4	7.6	8.2	8.6	7.80%
6	Transportation and communication	4.7	5	5.5	5.5	5.7	5.9	6.2	6.1	5.6	5.70%
7	Construction	4.3	4.1	4.5	4.4	4.7	5.3	5.4	5.5	5.6	5.00%
8	Finance, Real Estate and business service	0.9	1.2	1	0.9	1.2	1.3	1.3	1.4	1.6	1.30%
9	Mining	0.6	0.7	1	0.8	0.9	1	1.1	1.2	1.3	1.00%
10	Electricity, gas and water	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.20%

Source: Ministry of Tourism and Creative Economy (2011)

Table 3.2 Sectoral contribution to added value GDP in Indonesia, 2002-2010

No.	Sector	Added value (in IDR trillions)									Average
		2002	2003	2004	2005	2006	2007	2008	2009	2010	
1	Manufacturing	454.8	494.5	560.7	667.4	798.6	933.8	1226.3	1292.4	1402.1	23.90%
2	Agriculture	281.6	305.8	329.1	364.2	433.3	541.6	713.3	858.3	979.7	14.40%
3	Trade, hotel and restaurant	236.3	262	284.5	339.5	402.8	477	560.9	611.2	747.8	12.10%
4	Mining	160.9	167.6	205.3	309	366.5	441	543.4	591.5	708.4	10.20%
5	General services	162.6	195.2	232.5	271	330	392.3	474.9	564.4	625.7	9.80%
6	Creative industries	160.3	167.4	192.1	214.5	256.9	293.3	345.5	394.9	468.1	7.70%
7	Construction	110.5	125.3	151.3	195.1	251.1	305.2	419.3	555	636	7.70%
8	Finance, Real Estate and business service	141.6	158.1	174.7	206.7	238.7	266.7	318	347.5	395.6	7.00%
9	Transportation and communication	97.7	118.7	142	180.2	231.1	263.7	311.6	351.5	406.9	6.30%
10	Electricity, gas and water	15.4	19.1	23.7	26.7	30.4	34.7	40.9	46.8	51.8	0.90%
Total		1,822	2,014	2,296	2,774	3,339	3,949	4,954	5,613	6,422	100%

Source: Ministry of Tourism and Creative Economy (2011)

3.3 Creative economy policy at the national level

The formation of the Ministry of Tourism and Creative Economy means that the ministry has become the leading organization to coordinate the development of creative industries (Interview, A1). When needed, the ministry will also coordinate with other ones; for instance, in enhancing the quality of creativity coordination is made with the Ministry of Education and Culture, coordinating export issues with the Ministry of Trade and the Ministry of Foreign Affairs. In order to coordinate creative economy affairs, the MTCE subordinates two directorate generals i.e. Directorate General of Creative Economy based on Arts and Culture, and Directorate General of Creative Economy based on Media, Design, Science and Technology. Each directorate general has its own focus to coordinate the development of several types of creative industries, see **Table 3.3**.

These two directorate generals basically reflect that there are two types of creative industries in Indonesia: (a) traditional arts and culture based industries; (b) innovative technological design industries. This classification affirms the observation by Evans (2009) that in developing countries like Indonesia, old arts and cultural industries are subsumed into creative industries.

Table 3.3 Division of tasks of the two directorate generals by the type of creative industries

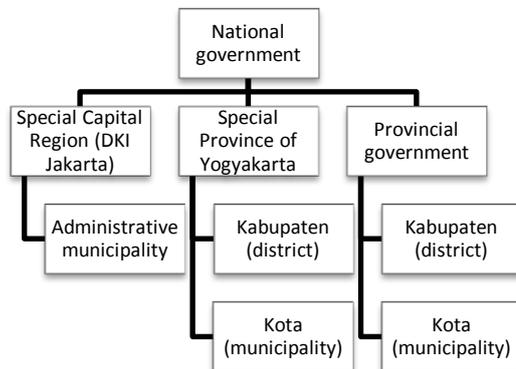
Arts and culture based creative industries	Media, design, science and technology based creative industries
<ul style="list-style-type: none"> • (Commercial) film • Music (all genres) • Arts (graphic, crafts, painting, ceramic, photography) • Performing arts 	<ul style="list-style-type: none"> • Advertising • Animation • Games and creative contents (apps) • Design (visual communication, product, interior) • Architecture • Fashion

Source: Summarized from Ministry of Tourism and Creative Economy (2011)

The main directions of the national policy on the creative economy development relate to some foci as follows:

- a. Resource and technology development;
- b. Creative industry development;
- c. Finance access facilitation;
- d. Market access facilitation; and
- e. Institutional strengthening.

Figure 3.2 Regional government in Indonesia according to Law 32 (2004)



From central to local: the effect of decentralization

An important context of regional development in Indonesia is local autonomy that enables local governments to make their own development decisions. The Big Bang decentralization policy since 1999 has delivered Indonesia into a decentralized governance system which is tiered into three levels: national, provincial and local government. There are two types of local government:

municipality (kota) and district (kabupaten). Both of them have similar positions and autonomic rights; municipalities are typified by more urbanized characteristics, while districts also consist of wide rural areas. Autonomic rights somehow make localities exclusive, even the national government is difficult to intervene local development decisions and conflicts. In relation to the creative economy agenda, the national government can only inform and persuade local governments to make a framework for the creative economy, find an economic niche for their own localities, and start to encourage creative industries (Interview, A1).

3.4 The rise of creativity in Indonesia's cities and regions

The creative economy at the local level is particularly stylized by bottom-up development. The creativity idea would have never come up at the national level unless it emerged for the first time in Bandung. Thanks to the pioneer groups who came from local communities, Bandung creative city was introduced and has become a benchmark for the creative economy development in Indonesia. The Bandung creative economy is known as a new movement of young creative people who introduce brand new design products, as well as proactively suggest the urgency of high quality urban environments to support creativity and wealth. As Bandung has inspired other localities, however, the characteristics of cultural and creative activities are different from one another, as can be explained as follows.

Bandung

Some typical creative industries from Bandung consist of fashion, design and performing arts, which mostly characterized by contemporary culture and innovative design. Although Sundanese symbols sometimes inspire its creative products, traditional (culture) products are not included in the creativity roadmap of the city. The development of creativity in Bandung has to do with the presence of many universities – some of them are high ranking universities within the country – which create a group of ‘creative class’. Of them are even still students who have nascent business.

From Bandung we know the so-called ‘creative communities’, that is, creative people – could be creative entrepreneurs, university researchers – who make groups (associations), create place to learn and share knowledge, and often declare themselves to emphatically desire a better quality urban environment that will be valuable to support creativity and quality of life. An association, namely Bandung Creative City Forum (BCCF) is particularly popular for its role in suggesting policy influence to the local government regarding creative economy and creative city.

Outer Bandung regions (including West Java)

The creativity boom in Bandung has influenced its surrounding regions to practice similar attempts in cultivating creative activities. The provincial government of West Java in 2012 formed the Committee for Creative Economy Development in the province. The committee has been delegated to study the current trends of creative activities and assess unique potentials, or economic niche, of cultural products of each municipality and district in the province. It is also found that all the committee members are the same actors who stake the development of creative economy or creative city program in Bandung.

One of the strongest effects of the creativity wave in Greater Bandung has occurred in Cimahi, which is located directly west of Bandung. Cimahi has recently developed a city branding policy and seriously facilitate anime and creative content entrepreneurs. The local government also formed an association for potential entrepreneurs, locate them in a cluster and deliver subsidies.

Jakarta

As the capital city, Jakarta has everything in terms of economic and social living. The progress of its economic development is always farther advanced than other regions. Along with an extraordinary progress of business and services sectors, there are plenty activities that can be categorized as creative industries. Entertainment industries, like music, film, performing arts, are concentrated in this huge city. Considering their level of externalities, creative industries in Jakarta are not just the case for local development, but the national economy.

Bali

Bali is an exotic tourism destination in the world; even some people understand Bali is not a part of Indonesia. To our knowledge, Bali is one of examples of regions that have cultural products that are categorized as creative industries. Most cultural products, including crafts, arts and antique market, and performing arts, are derived from local traditions and culture; some believed Hindi religious traditions also influence the value of products. Creative activities that we refer are mostly associated with those around Denpasar and tourism attractions. Therefore, it is indicated to be strongly related to the tourism agenda. Despite its traditional nuance, the creative economy in Bali indicates some movements of creative communities.

Yogyakarta Special Province

Yogyakarta, also popularly called Jogja, is another tourism destination in Indonesia. It is called 'special province' because it is the only one region that still has a strong and influential sultanate, which greatly affects traditions, social values and culture. The existence of Sultanate traditions results in differentiated characteristics of the royal and folk arts. Some notable cultural products from Yogyakarta are batik, crafts and traditional performing arts (*wayang*, dance, etc.). Uniquely, nowadays there are growing creative activities that are inspired by contemporary culture, such as fashion design (likely in Bandung), contemporary performing arts and animation. The presence of universities, just like in Bandung, also highly influences the characteristics of creative products. Creative communities are there, but not as many as in Bandung.

Surakarta

Surakarta, also known as Solo, is a medium-sized city located in between Semarang, the capital city of Central Java Province, and Yogyakarta. It is believed that Surakarta often loses in regional economic competition due to this relative position. On the other hand, this strategic position also benefits the city to be an alternative place for certain activities. Surakarta is well-known for good quality and philosophy of batik. Although the characteristics of creativity development are mostly traditional, the presence of universities, growing creative communities and partnership between the local government and communities reflect a unique progress of the cultural economy of Solo. For this reason Solo is one of cities in Indonesia that is currently applying for the UNESCO Creative City Networks, in companion with Bandung and Yogyakarta.

Some potential creative cities and regions

In addition to those cities, there are actually growing cities and districts that encourage creative activities in their localities. Jember, a less urbanized district in East Java, is well known for its creative festival which shows up their creative fashion design and crafts. Some other cities like Batam, Pekalongan, and other cultural cities also currently seek to apply the creative economy policy.

3.5 Conclusion

As mentioned before, the difference in Indonesia and international contexts is expected to influence the extent to which the international concept of creative economy can be applied in Indonesia. To conclude this chapter, some propositions will be specified to develop a methodological framework that will be presented in the following chapter. These propositions include some statements as preliminary judgment on why and how the concept can be applied in Indonesia. This corresponds to some considerations which are composed as propositions that will be tested in the study.

Types of cultural-creative industries

Although the Indonesian government has categorized creative industries into 14 subsectors that are identical with the UK classification, the characteristics of their products are different. In general, there are two kinds of those cultural and creative industries. The first type refers to those that come from 'old' traditional culture which has already existed since a long time ago and could have been local peculiarities of a place, for example, *batik*, *ukiran* and *wayang* performance. On the other hand, the second type comprises products of contemporary arts and culture; they also adapt more

technology during production processes. Indie music, clothing companies and 'distros' and modified batik are some example of this type.

It is expected that the characteristics of creative activities, which particularly are more cultural based, could influence the underlying assumptions and presumed expectations of local governments in encouraging the creative economy. In addition, it could affect the needs to innovate and the necessity to collaborate or associate. This will figure out how institutionalization differs from each other.

Informal business

Apart from types of creative and cultural industries, small firms and entrepreneurs in Indonesia often are informal business, that is, the business unit without corporate legal status. As their nature is very small, often they are not applicable to taxation. It is then problematic to measure the economic contribution of those creative firms and entrepreneurs particularly at the local level.

Agglomeration economies

It is believed that the creative economy needs diversity of economic activities, which often corresponds to large and metropolitan cities. This suggests that the creative economy profoundly requires urbanization economies. On the other hand, as mentioned before, many old clusters of cultural-based industries have localized, representing inherited tacit knowledge sharing from one to another generation; otherwise, it represents the argument of localization economies. Therefore, this could make Indonesian creative milieus differ from international cases.

Social environments

Florida has always emphasized social environments are essential for creativity. Tolerance and social diversity then are perceived as indicators of good places for creative people. However, many arguments regarding this aspect are not relevant to the Indonesia's context. Social environments and creativity are more referred to the ability and localized knowledge to create something valuable, that is, the local cultural-creative capacity. Supports from the social environment, therefore, are the key aspect that could differentiate the Indonesian creative economy from other contexts.

Migration and city attractions

The creative economy, especially Florida's style one, seeks to attract creative people to such cities. However, that kind of migration is not preferred in Indonesia, as urbanization really is dilemmatic in metropolitan and mega urban regions due to its implications to infrastructure and basic service needs. The creative economy in Indonesia is seen as an alternative to local development by which local potentials are being utilized to promote economic development.

Tourism agenda

There have been particular attempts to link creative industries as a supporting system of tourism development. Meanwhile, tourism has never been mentioned in creativity literature; the cultural economy mentioned it as cultural enjoyment and consumption. The extent to which tourism is linked to the local creative economy agenda is essential to conceptualize how important it is in the Indonesian concept of the creative economy.

Creative communities: human capital vs. social capital

Also related to the social environment contexts, there have been emerging creative communities as part of growing creativity in the local economy. Creative communities are also one of the peculiarities of the Indonesian creative economy, which are often seen as an important aspect of creative city development. However, a question still remains, whether they can work based on the human creative capital principle, while it is also indicated that social capital exists there: which one is applicable for Indonesia, weak ties á la Florida or strong ties á la social capital theory? Human capital is skills and productivity, while social capital is glue that connect human capital of one person with another (Törnqvist, 2011).

Figure 3.3 The geography of ethnicities in Indonesia



Source: Kartapranata (2010)

4 Methodology

4.1 Research framework

Philosophical influence

The normative motivation behind this research, as briefly explained in **Chapter 1**, is to test the applicability of international literature to practical policies in Indonesia. Therefore, a set of research questions and claims derived from the theoretical background are prepared, which characterizes reductionism. This idea could be addressed as positivist research. However, it is also realized that absolute truth can never be found, as the research questions need answers from diverse informants who can confirm certain knowledge and develop relevant, true statements that can help to explain the situation or that describe the causal relationship of interests (Creswell, 2002). Therefore, this study is more or less influenced by post-positivism thinking, where research is a process of making claims and refining or abandoning some of them for other claims more strongly warranted (ibid). Post-positivism has amended some assumptions of positivism, conceiving that in our postmodern world, there should not be a single answer or truth about a problem (Babbie, 2010; Creswell, 2002).

This research represents the product of a postmodern world, in which all reality is internal and built on perceptions (Babbie, 2010). Researchers need to be objective to deal with data, evidence and rational considerations in which knowledge come from. However, as most early positivist research employs quantitative modelling, this study uses the qualitative approach. This approach is relevant to the reality faced and investigated in this research, where each actor, i.e. national government, local governments, creative communities, universities and creative entrepreneurs, for instance, are asked to aspire their stories about how the social environment supports the development of creative sectors, how creative city policy being enforced and how interactions take place.

As Reimer (1996) explained,

“... Qualitative research is based on a different conception of knowledge - what Aristotle called *phronesis*, which means practical wisdom. Such knowledge deals with the particular rather than the general. For the particular, the appropriate mode of knowledge is perceptual rather than conceptual...” (p. 124).

The quantitative approach is not suitable for this case because the data and information on communications and interactions between institutions is not available. In reverse, by elaborating stories from key informants and other available resources, an expanded analysis of concepts can be carried out and thus answer the research questions.

Dealing with observational equivalence

Cooke (2008a) highlighted three general approaches that are usually employed to investigate cultural-creative platforms as follows.

- *The worlds of production* characterizes the basic variety of industrial organizational forms in regional space in the *fin de siècle* era, different forms of production organization are internally coherent in terms of their driving institutions, network interactions and conventions.
- *The related variety approach*, which is an evolutionary concept: spatial dimension is of key importance to its theoretical force; absorptive capacity where knowledge challenge to a large firm by outsourcing research and development knowledge which is previously in-house.
- *The regional innovation systems approach* emphasizes the importance to search for usable, regionally relevant knowledge through the articulation of a regional knowledge exploration subsystem.

This represents an observational equivalence where some viewpoints look at the same phenomenon, which is the creative economy, but then employ a different philosophical and methodological basis in doing their research. According to McCann (2007), there are two approaches to urban and regional issues: *regional science* that is more mathematical and empirical, and *regional studies* that is nonmathematical and nonquantitative. Many perceive that regional science approach can provide

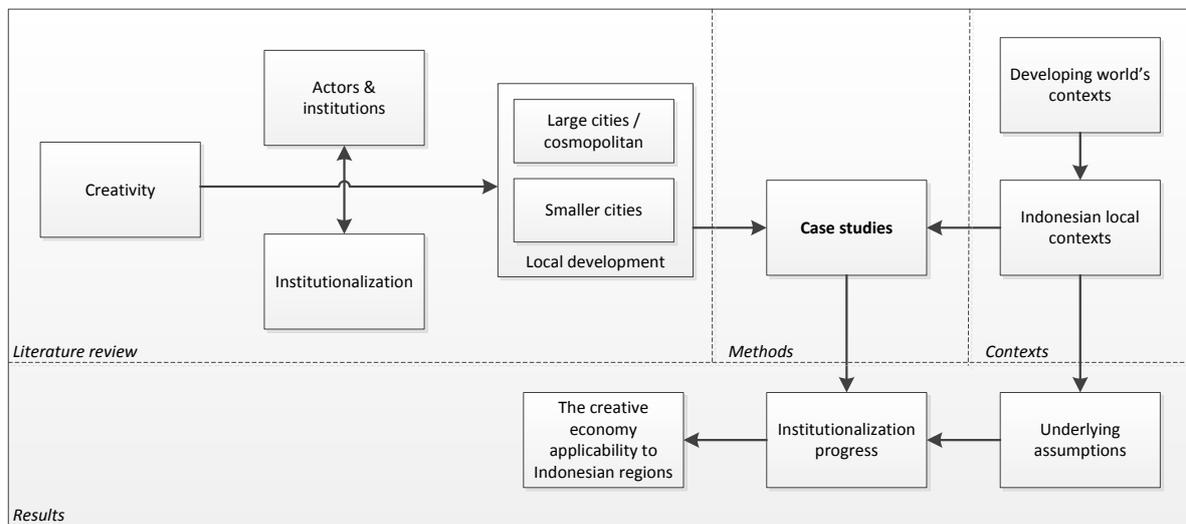
more concrete answers, compared to the regional studies approach which tends to be used in ex-post. Apart from competing debates between these two poles, this study is more suitable with the regional studies approach to uncovering the creative turn in Indonesia as newly pertinent issues which require a scientific analysis. Moreover, there has yet been little research on this topic in Indonesia, advising that this research should deal with a basic question of how this new concept can be applied in Indonesia. The regional innovation system approach particularly suggests the importance of learning process and interactions between individual actors which could lead to innovation and value creation mechanisms (Cooke, 2008a; Rutten & Boekema, 2012).

Conceptual framework

The wider intention of this thesis is to link creativity with local and regional development. In accordance with this, local development is represented by the process through which actors communicate with each other and perform their own roles. This process is called institutionalization (Tolbert & Zucker, 1999), where local development involves several institutions. Therefore, local development is seen as a qualitative process and governance of how development goals are being achieved (Garofoli, 2009).

There are several points that would cover our critical concerns, see **Figure 4.1**. Firstly, as literature has indicated the problem with the compatibility of creativity in small cities, this study elaborates and differentiates how the creative economy works in larger cities, or cosmopolitan, and smaller ones. Secondly, this study employs the policy perspective, where we approach the conditions or problems through how the policy in encouraging creative activities is implemented in the city-region. Accordingly, research framework can be specified by contesting the result of literature review with the contexts of Indonesia as developing countries. This part is critical as our main proposition has been emphasized that the European or American creative economy concept could not fit in the local contexts; thus, that is the main focus of this study.

Figure 4.1 Conceptual framework



After the philosophical and methodological basis has been compounded by critical reflection of literature on Indonesia's contexts, this study can be operationalized through making step-by-step for answering each research question. Empirical part of this study on how creativity institutionalized is contested back to literature to reflect on to what extent current theories can explain the reality, and if necessary, what aspects can be added to the literature.

4.2 Research design

Approach

In specifying methodology for this study, a macro level analysis could be one of alternatives. In fact, the process of how the creative economy policy is being implemented and coordinated among government organizations and other stakeholders takes place at the local level, even in a smaller part of urban areas (Cooke, 2008b; Karlsson, 2011; Kong, 2009; Lazzarotti & Cinti, 2013). Therefore, this kind of processes should be checked within a specific spatial boundary, which requires the *case study* research method. This method enables a deep and detailed elaboration on specific contexts and issues for each studied case (Thomas, 2011).

When doing a case study based research, there are always options to choose either single or multiple cases. As mentioned in the research questions and objectives, this study aims to review whether larger and smaller cities have different process, problems and obstacles in institutionalizing the creative economy policy. Hence, a multiple case study is more suitable. This option also avoids favouritism of Bandung as a model of the Indonesian creative economy which is already in line with the knowledge economy concept, whereas many other regions are still far from that – although they are striving to develop a cultural economy. Thus, this study will be also a comparative study on some cities that are applying creative and cultural economy policies. This is not to search for who is the winner or loser, but to come up with a general overview of how the creative economy *does* and *can* encourage local development in Indonesia.

Choosing study cases

Considering current practices of the creative economy policy in some regions as explained in **Chapter 3**, several cities were selected as study cases which were suitable to research objectives. It has been previewed that creative activities are mostly located on Java Island, which has a more developed economy. Some cities are thus chosen so as to represent the progress of the growing creative economy policies at the level of cities on this island. In so doing, some considerations have been taken into account. Firstly, one or some should represent larger – cosmopolitan – cities, while others represent smaller cities. Secondly, both ‘traditional’ and ‘contemporary’ creativity should be taken. Thirdly, selected cities should have considered the creativity concept as an important aspect of their development programmes, inter alia, through mentioning it in policy documents or place branding.

Table 4.1 Typology of study cases

	Bandung	Cimahi	Yogyakarta	Surakarta
Urban size	Larger	Smaller, part of metro Bandung	Medium-larger (including outer agglomeration)	Smaller
Population	~2.4 million	~550 thousand	~1 million	~501 thousand
Social diversity	Diverse	Less diverse	Diverse	Less diverse
Educational institution	National top universities	Universities in Bandung	National top universities	Regional scale universities
Cultural inspiration	Contemporary	Contemporary	Traditional and contemporary	Traditional
Type of creative industries	Fashion Design Music Culinary	Animation Creative content	Crafts Performing arts Fashion	Crafts Design (batik) Performing arts
‘Creative economy’ in development policies	Assumed as an important factor for urban development	Explicit, city branding	Assumed as a key aspect of the development	City branding

Among some possible cities, Bandung, Cimahi, Surakarta and Yogyakarta are considered as selected study cases, as they all have taken creativity into their development consideration. They also have different typology of creative economy development as shown in **Table 4.1**. Accordingly,

analysis can be done by clustering each size of cities: Bandung and Yogyakarta as larger (cosmopolitan) cities; Surakarta and Cimahi as smaller ones. In a sense, this study will also become a comparative study that will enrich our understanding in study cases, and thus will be more interesting.

Bandung and Yogyakarta are also comparable in terms of their comparable source of creativity, types of creative activities, types of governmental intervention and the possession of higher-educational institutions. They similarly have diverse societies, but Bandung has no cultural barrier to only develop contemporary arts and design industries. Meanwhile, Surakarta and Cimahi are also comparable as local governments similarly implement the city branding policy, while some contexts are different: the relative geographical position that Cimahi is located quite close to a metropolis, while Surakarta is not. Surakarta has strong cultural values and traditions, while Cimahi does not.

Research staging

After fixing the conceptual framework, this study can be operationalized through some steps as follows.

Step 1: Desk study and preparing fieldwork research

A desk study was conducted before the fieldwork research in Indonesia to have a good understanding on study cases and retrieve several data and information available from policy documents, newspaper articles and other sources in the internet. The interview protocol was prepared based on and detailed from the research questions. The essence of questions that were asked to each informant was similar, but the protocol was defined for each type of informant i.e. government, creative firms, association or communities, university experts. See **Appendix 2** for the list of questions (interview protocol).

Step 2: Conducting fieldwork research

All interviews were conducted in March – April 2013 in Indonesia. Institutional matters during the fieldwork were helped by the Regional and Rural Planning Research Group, School of Architecture, Planning and Policy Development, Institute of Technology Bandung.

Step 3: Data compiling and making the codebook

All interviews were then transcribed, while a codebook was also prepared to analyse the data. The codebook was prepared by expanding aspects and bullets asked in the interview. The codes determined were used in the next step.

Step 4: Analysing data

Analysis was carried out according to the qualitative analysis methods that will be described in **Section 4.4**.

Step 5: Interacting the analysis results with theoretical review

The ultimate part of this study is to link empirical findings with theoretical foundations. This thesis is not intended to create a new theory, even though the topic is quite new, but will indicate some prospective aspects that can further be studied or theorized.

4.3 Data collection

This study mainly involves data from policy documents, newspaper articles and interviews. The first two sources were used to have general and publicly available information on the overview of the creative economy in the cities. Meanwhile, the main data for this study is gathered through in-depth interviews to some key informants in each city and in the national government. In-depth interviews were conducted to find convergent information (Hennink, Hutter, & Bailey, 2010) on how the creative economy has developed and institutionalized by all the stakeholders. The key informants were first identified through the desk study on available information on the internet. They were then contacted and asked for a face to face interview. Some of them were not available to contact or refuse to participate in the interview. When this happened, the snowballing method

was referred as a solution. Snowballing and interviews were finished when information needed is adequate for comparative analysis. However, in case of information from interviews were not enough, information from the internet, including blogs of creative communities and online newspaper articles were relied on.

In total, there were 27 interviews for all study cases (see **Appendix 1**). Key informants were including:

- a. A directorate-general responsible for creative economy policy at the national level who answered questions about the underlying assumptions of the national creative economy policy, the national focus, coordination between the national and local governments;
- b. Local government officers who had knowledge of the local development policy, which always included the Board of Local Development Planning (Bappeda) and other departments when necessary, including departments for cooperatives (koperasi) and SMEs, industries and tourism;
- c. University experts, often acted as not only researchers, but also stakeholders who actively involved in the development of creative activities and/or clusters and collaboration with the government and communities; and
- d. Creative entrepreneurs and/or creative communities who were mostly affiliated with certain associations and proactively develop creative activities and/or clusters.

In fact, some double agents were found, for example, experts from universities who also act as a creative community activist. As various informants have been interviewed, triangulation ensures convergent ideas to be collected (Hennink et al., 2010).

4.4 Data analysis

To analyse the data mentioned in the previous section, the qualitative analysis method was employed. The step-by-step analysis was done with regards to the basic principle of the qualitative research method (Babbie, 2010; Hennink et al., 2010; Schutt, 2012). The next step was managed by categorizing the data into several codes that have been defined. In this stage, the software Atlas.ti ver.7 was used to codify and categorize the data into some families and sections. Accordingly, codes and quotations were collected and thus used to perform our analyses as follows.

- a. Codes were linked and categorized into some families in order to ease and divide analysis sections;
- b. Quotations from each code were collected and summarized, thus concluded, to answer all the guiding questions; and
- c. The results were summarized and presented, as can be seen in **Chapter 5** and **6**.

4.5 Ethical considerations

In scientific research, ethical issues are critical to take into account (Babbie, 2010; Creswell, 2002; Schutt, 2012). There are several ethical considerations that apply for the whole process of study, including data collection, analysis and presentation. During interviews, it was always emphasized that the participation of respondents in interviews was voluntary. They were informed about the position of this master thesis research and the possibility that this study will be disseminated as scientific publications. Key informants were also informed that the interview would be recorded, while all information will be kept confidential. All their names will be not mentioned in the thesis and any kind of publications, although this study mostly does not contain sensitive information. Interview transcripts would only be shared between the student and the supervisor.

4.6 Reflexivity, positionality and limitations

In this part, some positional issues will be evaluated, and can thus be reflected on the quality of this research. Firstly, as an Indonesian, it is not really a great problem for the author to understand and differentiate the contexts of cases that are being studied. The author is fully aware that somehow the 'creative economy' or 'cultural economy' that is being studied could be different from what has been defined in the literature. Therefore, during the data collection period this question was always being checked. There were also several local notions that should be taken into account, such as

‘creative communities’ and ‘*ekonomi kerakyatan*’ (the economic system that sides more to people), which can contain different meanings from those in the literature.

The background of the author who has studied regional planning and economic geography, the questions asked to key informants mostly concentrate on issues of the relationship between creative industries and local economic development. However, some respondents were not always aware of that, as they might not focus on that issue, for instance, they more focus on the making of creative places. In the end, their information on this kind of issues was taken for granted.

On the other hand, the author in the past had done some works on creative industries in Bandung. The author had studied at ITB and worked for a research group at this university. Therefore, understanding on contexts and issues of the Bandung case are adequately better than that of other cases. As a Sundanese, the cases of Bandung and Cimahi were thus easier to elaborate, as during the interviews Sundanese language was sometimes used. Meanwhile, it required some more time to understand the Javanese contexts of Yogyakarta and Surakarta.

During the fieldwork research, it was attempted to meet in person and interview key informants who were responsible for that case or had a position in his/her organization to provide an official answer in the interview. As mentioned before, they were not always available and some of them were thus replaced by his/her colleagues. The quality of information would, of course, be different; however, as they have gradually involved in the organization this is expected to be minimized.

Another important reflection is addressed to the quality of analysis as data and information were in bahasa Indonesia, while the thesis is written in English. The qualitative data analysis with Atlas.ti was done in bahasa Indonesia; only several quotations that need to use in this thesis were translated into English. It can be expected that this will not influence the quality of analysis and final conclusion.

5 Cosmopolitan culture? How the creative economy policy works in Bandung and Yogyakarta

5.1 Introduction

Bandung and Yogyakarta are frequently compared for their attractiveness and vibrancy. Yogyakarta is one of the most popular tourism destinations, while Bandung is increasingly well-known as the best place for gastronomic and shopping experiences. Compared by their size, Bandung is far larger: it is the third largest city which has more than two million inhabitants (7.9 million including metropolitan areas). The Municipality of Yogyakarta has only around 400,000 inhabitants, but it has a wider 'grey' area including some subdistricts in Sleman and Bantul. The total population of the extended Yogyakarta urban agglomeration is approximately one million people (see **Table 5.1**). However, both cities can be considered as large cities, as can be defined by their 'cityness' (cf. Jayne & Bell, 2009). Compared to other cities in Indonesia, both cities meet sufficient requirements for urbanism, amenities and cultural diversity. They are also arguably comparable for their cosmopolitan characteristics. The presence of top national universities as well as tourism magnetism could attract many people from various cultural background and ethnicities.

Given urban development in both cities is extended, creative activities grow stretches beyond administrative boundaries and thereby could involve more than one local administration. In Greater Bandung, there are at least two territories that promote the creative economy policy i.e. Municipality of Bandung and Municipality of Cimahi. In Greater Yogyakarta, the Municipality of Yogyakarta has rather clear policy concern to creativity, while there is growing attention within the District of Sleman to also implement the creative economy. Not all territories already engage with creative economy policies. This analysis only focuses on the creative economy institutionalization which mainly occurs in the core of those metropolitan regions; analysis of the Cimahi creative economy is included in **Chapter 6**. Besides, as the decentralization policy has enacted, localities are enforced to an urban competitive milieu where the development and institutions mainly take place in their own territories.

The remainder parts of this chapter will be organized as follows. **Section 5.2** introduces regional characteristics of Bandung and Yogyakarta. The next section elaborates why the creative economy has come to the cities. Accordingly, the institutionalization process of the creative economy policy in each city is described in **Section 5.4**. A concluding discussion and comparison will also follow in the last section of this chapter.

Table 5.1 Population in Greater Bandung and Greater Yogyakarta (2010)

	Greater Bandung	Greater Yogyakarta
Administrative areas	Bandung (municipality), Cimahi, Bandung (district), Bandung Barat, Sumedang	Yogyakarta, Sleman, Bantul
Core city population	2,394,873	388,088 (around one million including the whole agglomeration) ²
Metropolitan total population	7,889,047	2,389,200

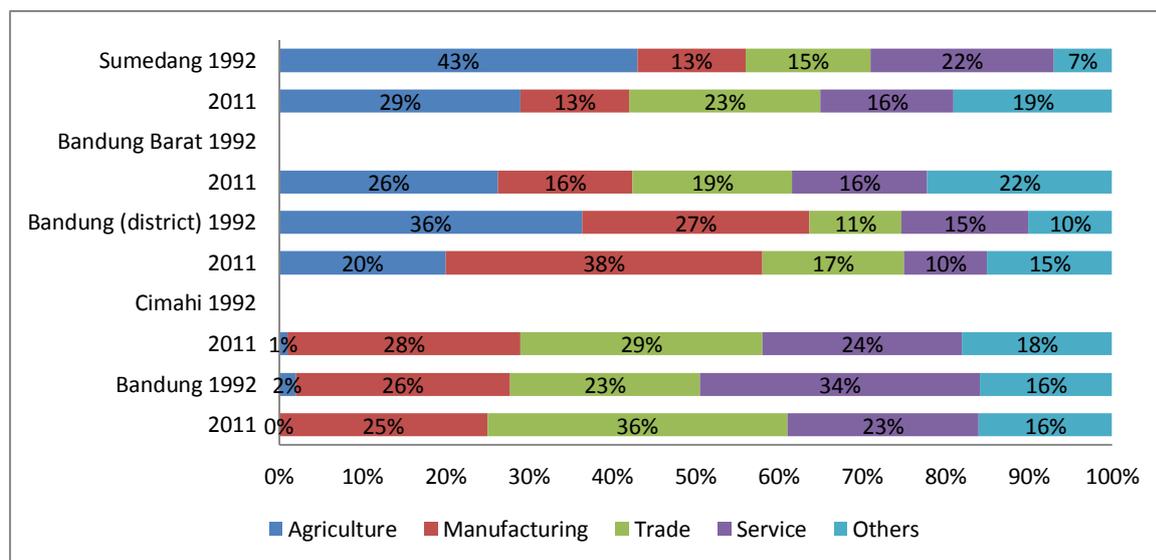
Source: Adopted from Central Statistics Agency (2011a, 2011b)

² There are several means to define urban areas either by administrative or functional boundaries. According to the administrative boundary definition, the core of Metropolitan Yogyakarta only includes the Municipality of Yogyakarta which has population of 388,088. In fact, urban characteristics cannot be differentiated if we come by to the northern and southern urban agglomeration respectively in Sleman and Bantul which in total has population of 907,575 inhabitants (Bappeda DI Yogyakarta, 2007).

5.2 Regional characteristics

Bandung and Yogyakarta have different characteristics, as seen from their economic progress, institutional and cultural contexts. However, it can be indicated that both cities are currently stepping toward an advanced economy where the trade and services sectors typify the regional economy structure. In Metropolitan Bandung, municipalities of Bandung and Cimahi were dominated by non-agricultural sectors both in 1992 and 2011, while Sumedang, Bandung Barat and Bandung districts have been typified by agricultural economies. In the Municipality of Bandung, the agricultural sector is almost zero (2011), while there is a slight decline in the contribution of the manufacturing sector (only 1%). However, there is no significant evidence of deindustrialization in Bandung, as the economic structure has not changed in general. The trade dominates the economy of Bandung Municipality. In Bandung, creative industries are mostly included in the service and manufacturing sectors, also the trade sector for distros.

Figure 5.1 Sectoral employment shares in municipalities and districts in Greater Bandung (1992 and 2011)*

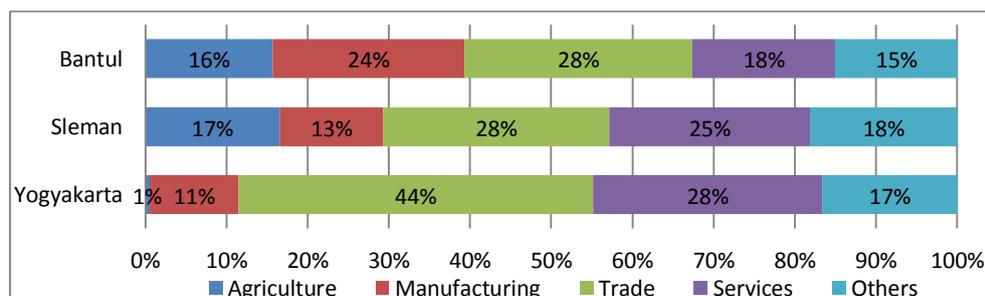


Source: Central Statistics Agency (1992, 2012c)

*) Bandung Barat and Cimahi are the results of discretion of local government (*pemekaran daerah*) in which they have not formed yet in 1992.

Meanwhile, for Greater Yogyakarta, the trade and service sectors dominate the economy in those three localities (see **Figure 5.2**). The agricultural sector is defeated by those sectors even in Bantul and Sleman districts. The Municipality of Yogyakarta acts as the trade centre in the region, as indicated by the strong contribution of the trade sector. Creative industries in Yogyakarta, those craft industries, are included in manufacturing and service sectors.

Figure 5.2 Sectoral employment shares in municipalities and districts in Greater Yogyakarta (2011)



Source: Central Statistics Agency (2012a)

Bandung: Paris van Java

Bandung is the capital city of West Java Province, located 187 km from Jakarta. In the Dutch colonial period, Bandung is known as ‘Paris van Java’ for its beautiful and comfortable living. Although nowadays its environmental quality has declined, many people still prefer to live and visit Bandung for its unique attractions, gastronomic experience and tourism attractions. The progress in the creative economy in Bandung becomes a barometer in Indonesia, as other municipalities and districts increasingly start to exercise a similar policy. There are at least 5,291 creative firms which contribute to 14.6% of the total added value of the city (regional GDP) (Bappeda Kota Bandung, 2008a).

Creative activities in Bandung mostly comprise contemporary fashion, music and design. Contemporary fashion design in Bandung is popular with clothing industries and ‘distros’ (Lestari, 2006). Clothing industries make apparel with their own design, usually in limited number. They sell their products in ‘distros’ (distribution outlets). In later 2000s, there was clothing and distro booming in the city, in line with the growing indie music. This was regarded as the ‘creativity boom’ in Bandung, which signified the birth of an era of creative industries, or the creative economy, in Bandung as well as in Indonesia. Culinary products in Bandung are also well-known as innovative ones; thus, the MTCE has categorized them as creative industries.

The presence of universities supports the vast development; take note for the Institute of Technology Bandung (ITB), University of Padjadjaran, Indonesia University of Education and a lot of private universities. Meanwhile, creative communities are an important aspect of the creative economy in Bandung. The ‘communities’ term hereby means association or alliance where creative entrepreneurs join and involve various activities. There are many creative communities in Bandung, such as Bandung Creative City Forum (BCCF), Common Room, Kreative Independent Clothing Kommunity (KICK), Bandung High Tech Valley (BHTV), Taman Kota, Balai Kota, Tobucil, Ujungberung Rebel, and so on. Many of these communities provide free rooms or space that can be used by creative people as rehearsal space, also place to meet, learn together and collaborate.

Yogyakarta

Different from Bandung, when we mention Yogyakarta, the ‘grey’ area will also be included. It means not only the Municipality of Yogyakarta as the core of the urban area, but also a part of urban agglomeration in Sleman and Bantul districts in the northern and southern part respectively. Trade and service activities, including tourism, mostly take place in Yogyakarta Municipality. The northern part of this urban area (Sleman District) is characterized as a consumerist city. As many universities are located there, there are many incoming students from outside Yogyakarta Region and thus escalate price standards. Meanwhile, the southern part includes several subdistricts of Bantul which is less urbanized and less economic activities. The Indonesia Institute of Arts (ISI) is located in the southern part of Yogyakarta, also surrounded by several art galleries.

Yogyakarta has been surveyed as the most liveable city according to the Indonesian Association of Planners (IAP) for its relative quality of urban environment and amenities, infrastructure management and social welfare (Muttaqin, 2010). This aspect could also support its function for tourism development and student city. Recently, the creative economy discourse turned up to the city, as strongly penetrated by the national government, through both the Presidential Instruction 6 (2009) and the pilot project of creative cities in Indonesia. Yogyakarta is one of three cities – together with Surakarta and Bandung – which are currently proposed to be a part of the UNESCO Creative City Network.

Yogyakarta has a strong cultural identity, with the existence of the Sultanate symbol. The sultanate is the only one survived local kingdom in Indonesia which posits the provincial administration. For this reason, the Province of Yogyakarta bears the status of the Special Region (Daerah Istimewa Yogyakarta) where the governor is not chosen by an election, but is inherited according to the pedigree of Sultan Hamengkubuwono and Pakualam. Another symbol is cultural centres where cultural products, such as batik, crafts and folk arts are usually presented (Wijayanto, 2006).

Malioboro, Seturan and Prawirotaman are three well-known places, must-visit tourist destinations in Yogyakarta.

Table 5.2 The number of craft production centres in Yogyakarta Province, 2012

No.	Localities	Clusters	Firms
1	Yogyakarta	7	78
2	Bantul	14	541
3	Sleman	10	1595
4	Kulonprogo	17	360
5	Gunungkidul	22	1045

Source: Department of Industries and Trade (2012)

Creative industries in Yogyakarta are acknowledged to have a significant role in creating employment. These industries created 142,388 employment in which 114,548 are crafters while 26,186 work in fashion industries and 1,338 work in computer and software industries (Municipality of Yogyakarta, 2012). Apart from these cultural industries, there are also growing contemporary creative industries, including clothing industries and distros, and contemporary performing arts which mostly take place in the northern part of the city. However, there is an indication that crafts that are sold in Yogyakarta Municipality are not local products, but imported from other regions. The number of firms and clusters in Yogyakarta is far smaller than other localities within the province (see **Table 5.2**). In other words, Yogyakarta seems to be just a place to distribute cultural products as accommodated by tourism activities.

5.3 Why creative economy?

It is widely presumed that localities apply the creative economy to improve economic growth and territorial competitiveness, boost GDP and employment and thus implied to the quality of life (Bontje & Musterd, 2009; Pratt, 2009). Hence, our first review is addressed to the question why Bandung and Yogyakarta have decided to follow the mainstream and exercise the creative economy policy.

Bandung

There are several reasons why the creative economy policy is being adopted by the local government of Bandung. In line with the increasing contribution of creative industries to the local economy, it is expected that these activities can escalate the total added value (GDP), create more employment, and thus accelerate economic development (Interview, B2). The creative economy is seen as a suitable tool for urban development while natural and land resources are gradually scarce in the city. As can be seen in **Figure 5.1**, the contribution of the agricultural sector is almost zero. In many discussions it can be found that land is a great problem: this city has only 8.76% green open space (Bandung Oke, 2013). Economic development should be efficient and environmentally friendly (RPJMD 2009). One of interviewees from the local government mentioned,

“... we are aware that we are poor of natural resources, even we can say not there at all... but we are rich of human resources; the question is how to promote and optimize the creativity so as to enhance the quality of life in the future...” (Interview, B2)

In reality, the Bandung government also promotes inward investment growth which invites larger scale industries to the city and thus marginalizes local small business and enterprises (Iskandar, 2012). The creative economy policy can compensate this by facilitating small and medium-sized enterprises in which they can elaborate entrepreneurial ability. On the other hand, the local government also realizes that there are growing creative potentials found in communities as influenced by the Sundanese character of ‘*motekar*’, that is, creative and tenacious to improve and step forward (Interview, B1). Even though there is no real association between Sundanese culture and the growing creative industries, it is found that there is a certain class who innovatively creates cultural products, design and music.

This policy is also to show that the government responds and facilitates the growing active movements of creative entrepreneurs and communities in Bandung. The growing creative

movements in Bandung that have been witnessed since the Hellar Festival in 2007 were evaluated as an important aspect to be facilitated by the local government (Interview B1, B2). However, it is considered that the policy does not have to address a complete direction of creative economy development. The government would only like to take a small portion of roles in facilitating creative industries as they can actually grow without much support of the government. One of interviewees mentioned,

“... the government has to take roles in facilitating them, right? Either from the regulatory side, promotion, or infrastructure for example, because not all of them need it... for instance, those creative communities actually have enough capacity already” (Interview, B1)

Because there is only little attention and intention to creative industries, the particular focus of development as can be seen in the local policy documents (Bappeda Kota Bandung, 2008b) is rather inclusive. The all 14 subsectors are found in Bandung; the government is not motivated to focus on a certain type of activities (Interview B1, B2).

Yogyakarta

To enhance economic development is also the motivation of the Municipality of Yogyakarta to pay attention to creative industries in the mid-term development plan (Municipality of Yogyakarta, 2012). It can be indicated that this was stimulated by the national policy direction, in which local governments should encourage creative industries. One of interviewees from the local government mentioned,

“... I guess the Presidential Instruction 6 (2009) actually mandated to encourage existing industries, so we intend to focus on products from crafters. The Presidential Instruction was in 2009, and it was embodied by some programmes...” (Interview, E2)

Meanwhile, it is also recognized that there are great cultural and creative potentials among communities, including of universities that run off creative entrepreneurs. The local government is aware of heterogeneous culture and cultural products: folk arts, masterpiece arts (arts and traditions that come from the Sultanate palace) and contemporary arts. However, the government is more intended to preserve traditional culture and arts while encouraging creativity. This can be indicated from statements as follows.

“... I mean, the Special Province of Yogyakarta.. we have something special, that is, our culture itself.” (Interview, E1)

“... but the traditional arts have to be taken into account because maybe they do not have international networks.. while Indonesian people now do not really appreciate them. Therefore maybe the government thinks the traditional arts should be preserved...” (Interview, E6)

The creative economy is particularly relevant to the current urban economy of Yogyakarta that needs little hardware, yet only focuses on improving skills and qualifications (Interview, E4). In addition, creative industries are seen as potential to support tourism which has been a preminent sector in Yogyakarta (Warta Ekonomi, 2013a, 2013b).

In conclusion, both Bandung and Yogyakarta are doing experiment in the creative economy because they think that cultural potentials can generate economic progress, whereas land and resources are rather scarce. The creative economy is expected as a solution to this problem by utilizing culture and creativity and empowering community capacity through entrepreneurship. Therefore, the underlying assumptions of Bandung and Yogyakarta creative economy are quite different from those in literature (cf. Costa, 2008; Evans, 2009; Törnqvist, 2011), that they do not attempt to look for new activities due to deindustrialization, but rather try to diversify the urban economic structure so as to develop an advanced economy where there will be variations of job opportunities for people.

5.4 Institutionalizing the ‘creative economy’ and ‘creative city’ of Bandung

Initiation

The creativity boom has occurred in Bandung since around 2007, as indicated by some important momenta. The ‘creative city’ discourse has been penetrated since the Yokohama meeting mentioned Bandung as one of the pilot projects of creative cities in East Asia (Suwarni, 2012a). At the same time, there were growing events and festivals where creative showed up their existence to the general public. The British Council took a role in delivering technical assistance to those creative entrepreneurs in initiating collaboration between creative communities and some experts from local universities. The collaboration between some creative communities, The British Council and universities was indicated set of joint events where the growing creativity in Bandung was displayed, including:

- a. ‘Kickfest’, hosted by the Kreativitiy Industry Clothing Kommunity (KICK), where clothing industries and distros introduced their products;
- b. The launch of Creative Entrepreneur Network (CEN), in which Bandung would be channelled with other twelve creative cities in the world. This event was promoted by The British Council and was included in the Kickfest agenda; and
- c. The Artepolis 2, an academic conference on architecture and creative cities organized by Department of Architecture, Institute of Technology Bandung (ITB). The first conference held in 2006 also shed light on the growing discourse of creativity in Bandung.

The collaboration between several creative communities can be indicated to exist since this period. They eventually opened dialogues and organized several events together, as mentioned by an interviewee from one of creative communities as follows.

“... it was thought that the creative energy in Bandung seems so huge, but why have not we had a chance meet and open a dialog, communication... therefore, in 2007 we initiate an informal forum named Bandung Creative City Forum. So, it was just an informal forum... but in the end, we thought that we need to make something together...” (Interview, B6)

Strong ties between creative communities became an embryo of the alliance of creative communities in Bandung. One year later, these collaborated young creative entrepreneurs and some university experts took a step forward by hosting another event namely ‘HellarFest’ where local creative products were performed. This milestone is believed to be another important jumping-off ground of the creative economy – and creative city – institutionalization in Bandung (Interview, B2; Soedarsono, 2009). Afterwards, those groups that have involved in several events established and made legal the Bandung Creative City Forum (BCCF) which declared itself as a not-for-profit and independent organization that focuses on promoting the creative economy development and infrastructure improvement that will support them (Interview, B6). In 2008, the second HelarFest was organized as well as the Creative Entrepreneur Network was established.

As an alliance, BCCF comprises various stakeholders from different background, i.e. university lecturers, professional experts and creative entrepreneurs. On the one hand, this group can be identified as the ‘creative class’, because some academics and experts involved, also that those creative entrepreneurs mostly went to a university. In fact, it is also found that not all communities have involved in BCCF. From the beginning, it was indicated that creative communities in Bandung are diverse and different from another. This can be implied from this statement:

“no, no.. please do not get it wrong. BCCF is not the melting pot for all the creative communities in Bandung... I am so critical about this... they formulated by themselves what creative is... seems that they made a model according to their own version which maybe cooler and more academic, more elite...” (Interview, B5)

From this statement it can also be indicated that the establishment of BCCF was such grouping of a similar type of communities, possibly, in terms of ideology or basic principle. Although there were other communities that did not participate in, the establishment of this alliance has helped to collect individual interests and place them in a bargained position. This aspect will be more elaborated in the next parts.

Following-up

In analysing the previous phase of development, we could have missed the government roles in institutionalizing the creative economy or the creative city. In fact, the government was not the first one who conveyed the development of creative activities in Bandung, but the communities. This can be indicated by statements of interviewees from the local government as follows.

“... in Bandung, they indeed formed their own communities. For example, the community of software makers...” (Interview, B1)

“...we felt especially since 2007, when the communities were unified until we recognized their creative energies were extraordinary. Moreover, they formed community forum, at that time we saw it was BCCF, in addition to Common Room, BHTV and ... indeed the most prominent one was BCCF...” (Interview, B2)

“... perhaps at the beginning, they are only individuals, then spread out to others.. those who have similar works then formed an association where they support each other. Finally, perhaps the government observed... build communication... and we were aware that they indeed have contributions too.. (Interview, B1)

However, the local government has followed up the ‘creative economy’ discourse that currently spread out in the city. The Local Development Planning Board (Bappeda) carried out policy mapping studies in 2008 that sought to identify the patterns and characteristics of creative industries in Bandung (Bappeda Kota Bandung, 2008a). It is therefore interesting to compare what each perceived about the creative economy. For example, the local government listed several kinds of creative industries, including doll industries (Department of Cooperatives SMEs Industries and Trade, 2012). Meanwhile, the community commented on this:

“... beforehand, I assumed that they design and make dolls by themselves, but in fact no.. they just produce dolls as figured of Mickey Mouse, Donald Duck and so on... It is indeed not creative industries, but copyright piracy!” (Interview, B6)

In this case, we found that it could be dilemmatic to define creative industries, if referred to the knowledge economy concept. In addition, the local government, in fact, does not fully understand what is meant by the term ‘creative industries’. The difference is also found in what each focuses on: creative communities comprise mostly young entrepreneurs who work on creative contemporary arts and design, while the government also includes the local SMEs who produce cultural products, even those that do not consider intellectual property and innovation. This can be inferred from a statement as follows.

“...the government particularly focuses on smaller enterprises... we intend to facilitate them so they can promote their products...” (Interview, B1)

Despite this different perspective on what defines creative industries, a problem in communicating the ‘creative economy’ discourse was habitually found between BCCF, including its group of communities and the Bandung government. It can be indicated that the communities should spend more time to build understanding and inform the government about what should be done. Here is an example:

“...at the beginning the government thought BCCF sought to find projects. So, we found that they did not get what we wanted to communicate, whereas we did not have interests in doing projects (money). BCCF only wanted to contribute to the city improvement...” (Interview, B6)

Although it was not easy, those creative communities involved themselves to build deeper communications with the government. BCCF and friends thought that it was important to strive hard to build partnerships with the government because they had not enough power to realize what they need. It is not only a place for creative people, but also a medium where creative people and communities can synergize to deliver solutions to many problems in Bandung (Pikiran Rakyat, 2013). This can be illustrated from this statement:

“...if you see the organizational structure of BCCF at the beginning, it was like a government, right? We seemed to think about this city... whereas it is not our mind. We saw that.. we cannot just criticize them, but we need to give them feedback in a positive way. We cannot just shout, we need also to do

something, give alternative options. We intended to help the local government in finding another perspective...” (Interview, B6)

They informed the local government about their perspective on many issues, especially infrastructure management and the place quality that can support liveable conditions for creative people and the general public. In the end, the government realized that BCCF has particularly an important position, as most creative communities are affiliated with this forum. Therefore, it could be easier to facilitate and communicate with them by supporting this organization. This can be reflected from this statement:

“... to BCCF, because we presume that they represent all the communities in Bandung – although it does not cover another chance to cooperate with other organizations...” (Interview, B2)

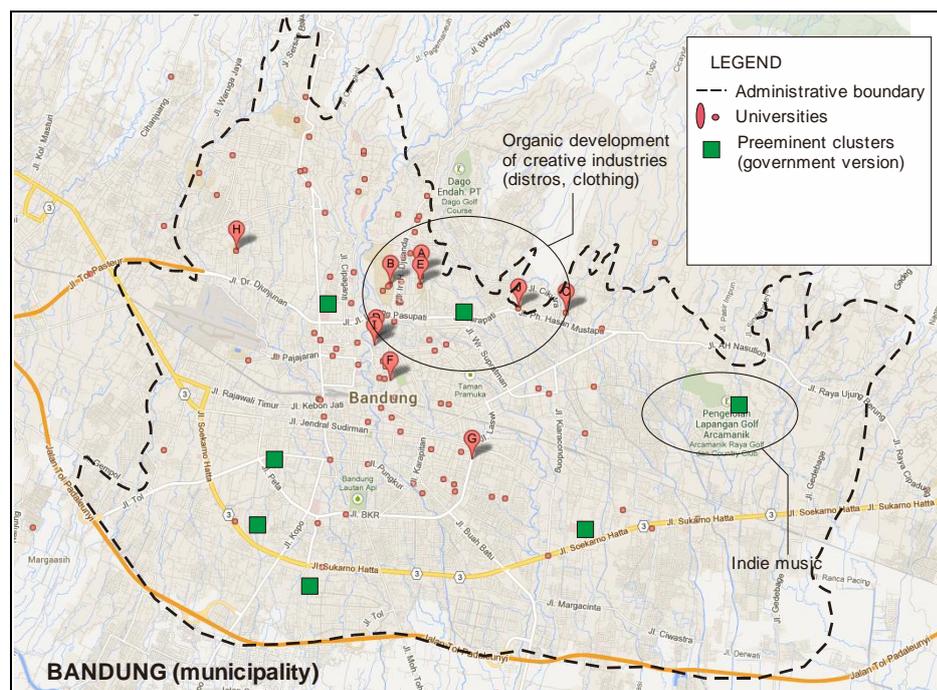
A fruitful communication between these two parties can be indicated from the collaboration where the government supported BCCF action-based programmes, such as Bike Sharing. Since 2012, the local government has also delivered subsidies to BCCF to rent a building (Simpul Space#2 in Jalan Purnawarman) (Pikiran Rakyat, 2012) where all the involved communities can meet and participate in collaborative works, and importantly, be functioned as a locus for learning and exchange knowledge between creative people and communities.

Subsequently, it can be inferred that government policy and programmes in encouraging creative industries in Bandung are still unclear. The government intended only to *facilitate* creative people, including these creative communities. These communities themselves have their own programmes and projects, like Creative Kampong improvement (M. Yusuf, 2012) where they sought to empower kampong residents to have an ability in producing creative products and more sensible to respond their environments. This can be illustrated from this statement:

“...if we like to be honest, from the government side their policy is rather slow... we can see indeed there is an understanding disparity where the local government is still confused because they still do not understand what really is the creative economy...” (Interview, B8)

Therefore, institutionalization that has been discussed in this section, is not about implementing the government plans, but how the government communicates with other parties, especially creative communities, and work with them. Whilst the dynamics of creative communities are already farther, the government still strives hard to identify what is going on and how they can go about it.

Figure 5.3 The development pattern of creative industries in Bandung



Source: Adapted from Google Maps

Prioritization

It could be tricky to determine the creative economy policy prioritization in Bandung, since it is not there in the current government documents and reports. As frequently mentioned before, several important activities, including fashion, design (including distros), performing arts (including indie music) and culinary dominate the characteristics of creative industries in Bandung. However, the local government mentioned that there is no specified sector to be developed; all activities are supposed to be facilitated (Interview, B1, B2). From this point, it can be indicated that the government does not expect to specialize in certain subsector of creative industries.

The organic development pattern of creative industries is typified by concentration in inner-urban areas where retails and services are located (see **Figure 5.3**). This location is also close by to some universities, where young and university students live in. Meanwhile, the Bandung government has prioritized the development in seven preeminent economic clusters where creative industries are also attached on these places. The local government currently develops a showroom centre in Cigondewah where creative SMEs products will be displayed there. Nevertheless, the programme is still on going.

Community dynamics

From the previous discussion, we can conclude that communities are the main cause of the vast development of creative industries. They have had initiatives and proactively introduced the discourse. It should be emphasized that not all communities involve and support the communication process with the government. Contrarily, they are grouped and contrasted, although are not in conflict. Several statements that support this can be indicated as follows.

“... it is strange that between all these communities there have not been a partnership... it is like.. this is your slot, while this is mine. We cannot blame it anyway because each has its own interests... some are into social interests, while others are into business and political interests...” (Interview, B6)

“... some (communities) play on top, I mean, in the upper segment, they do approaching to the government, officials. Meanwhile, we feel we are in the bottom... just interacting with general people...” (Interview, B7)

“... I learnt that the connection between communities is not that strong, in my opinion, because I still heard that they come and go, some are active while other are not, some are contrast, ...” (Interview, B2)

Whilst the communities that participate in BCCF involve the local networks provided, the anti-BCCF group has their own communities and networks and organize their own programmes. It can be indicated that it is not a problem that they did not participate in any BCCF events, while they can organize their own events, which is in line with their goals. This can be inferred from these quotations:

“... they have their own communities, pathways and links... and in my opinion their links are more ‘underground’. They work by their own system... and platform. Communities that have similar platform will collaborate, but those with different platform will never collaborate...” (Interview, B5)

“... we think, like.. it was for their gang only... if they liked to be fair, they would have invited us.. even though we would not assure that we were going...” (Interview, B7)

Uniquely, it can be indicated as well that these different poles have similar hunts to a liveable place and high quality of life. They eventually pay attention to environmental conditions and seek to preserve them. They practice mutual learning and exchange knowledge within their own groups. However, those who do not participate in BCCF seem more reluctant to involve in the local network, and thus, more difficult to impact on the local economy. Even though they have international networks, they do not involve in local production linkage and the local learning process. One of interviewees mentioned:

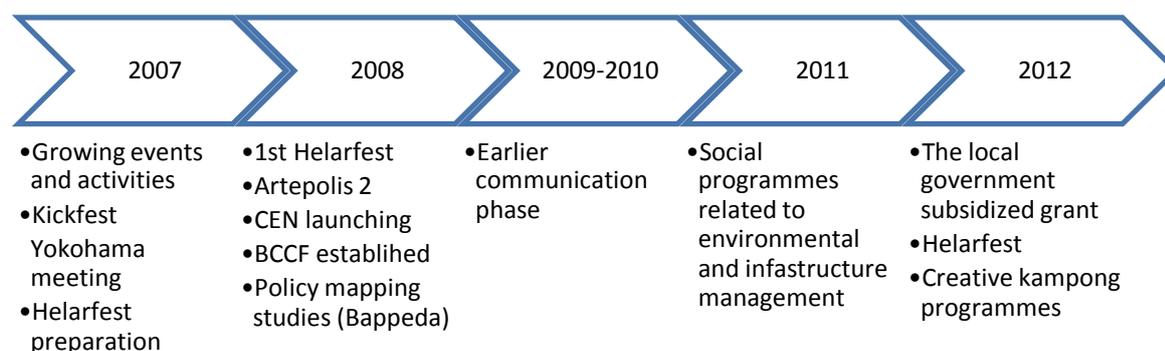
“... we see that communities that are growing indeed those are open, connected with each other, involve in interactions, negotiate.. and sometimes are being confronted... and these dynamics, tensions actually result in new innovations...” (Interview, B8)

Communities that are more flexible can collaborate with many other parties, including corporate and government (see **Table 5.3**). They can involve more compliantly in the institutionalization process, which aims to realize the development of creative economy in the city. On the other hand, we found that the grouping in BCCF could also be resistant to the different point of views and tends to be exclusive in building social networks. As indicated that this group represents educated creative people, those other people who did not go to a university will not be facilitated.

Table 5.3 Typology of creative communities in Bandung

<i>Similarity</i>	<ul style="list-style-type: none"> • DIY (do it yourself) • Goals in creating liveable place and enhancing the quality of life • Sharing and learning framework
<i>Difference</i>	<ul style="list-style-type: none"> • Ideological preference • The way they go about their goals • Relationship/partnership with the local government • Willingness to collaborate with sponsors

Figure 5.4 Institutionalization process timeline



Universities

The roles of universities in Bandung are undoubtedly important in spinning-off and attracting the creative class. Many creative people went to a university beforehand; the Institute of Technology Bandung (ITB) particularly bears creative people, as it has several faculties related to creative activities, i.e. arts and design, architecture, informatics and electrical engineering. Apart from this, the institutional role of universities in institutionalizing the creative economy is rather limited. This can be referred to the threefold role of universities in Indonesia (Tridharma Perguruan Tinggi) i.e. teaching, research and community outreach. A higher education institution such as School of Business and Management ITB, can deliver a formal education for creative entrepreneurs-to-be, conduct research projects and policy evaluation for the local government, deliver training for creative entrepreneurs. However, this role is rather passive because those programmes particularly training and research are upon request. Universities will do so as if the government asks for it (Interview, B4).

It is a classic problem that academics are difficult to communicate their scientific ideas to policymakers, as this happens not only in Indonesia. For example, when lecturers in Architecture wanted to spread out the result of the Artepolis conference which revealed creative activities, the problem is that the local government does not merely accept it, even because of technical problems like language difficulties. This can be illustrated from this statement:

“... academicians tried to do community outreach, but the government does not merely welcome this. If we talk about diffusion of new ideas, perhaps the publication is handed in to the government, but we

are not sure if the government will use it...also an obstacle is that they understand little English”
(Interview, B4)

On the other hand, there are many lecturers involve in activities in BCCF, not only in making concepts, but also take a structural position in communities and actively participate in many programmes. However, their roles in creative communities do not represent their institutional positions, but rather their social activities. This condition also reflects that this is the way by which the academics attempt to search for alternative means to diffuse and apply their ideas, instead of the traditional institutional collaboration with the government. In this sense, participating in a creative community program could be more realistic and can smooth their attention to the growing creativity. For example, see this quotation:

“... I am absolutely happy to join this community. I can find a synergy when many people from different background come and sit on together. It is different when only architects come together.. believe me!...” (Interview, B4)

Therefore, the role of universities is somewhat integrated in the role of communities. This reflects a collective action between creative entrepreneurs and university experts to speak with the local government in realizing their intention to create preferable social and environmental conditions to develop the creative economy.

Coordination with the upper level governments

The creativity boom and growing movements of creative communities in Bandung have woken up the government to realize their existence, not only the local government, but also the national and provincial governments to think of the prospect of the creative economy in Indonesia's regions. They have thought that creative people should be facilitated so as to enhance economic performance. Uniquely, it is found that many actors involved in policy making processes at the national and provincial level are the same persons who actively involved in Bandung. They become project experts in the Ministry of Tourism and Creative Economy and were asked by the provincial government to do a policy study on creative economy potentials in West Java municipalities and districts (Interview, B6, B8). Therefore, it is clear why Bandung becomes a barometer for Indonesia's creative economy, as all the thoughts came from the same brains.

Evaluation

A concluding aspect to analyse in this section is how we can expect the creative economy in the future for the Bandung case. As differences in the government and the community foci are found, the challenge is how to synergize the government policies with the creative community needs. Even without government supports, they can carry out many creative projects, including environmental improvement; governmental roles cannot be just limited to facilitate their activities. That the government has an unclear direction in the creative economy policies is also a challenge for the future, because it would be not sustainable for many aspects of development.

5.5 Just do it yourself? The Yogyakarta case

Delineating the geography and coordination issues

Examining how the creative economy is being institutionalized in Yogyakarta could be problematic because the urban area stretches beyond its administrative boundary, that is, the 'grey area'. Therefore, our analysis on coordination issues will be done by considering the multi-level i.e. the Special Province of Yogyakarta, Greater Yogyakarta and Yogyakarta Municipality.

The provincial government has encouraged localities in the province to stimulate creative economy potentials, especially Yogyakarta Municipality. Among other things, the Department of Tourism and Culture of the province has helped the Municipality of Yogyakarta in preparing the proposal for the UNESCO Creative City Network (Kabari News, 2012). The municipality is strongly supported as it is an important place of tourism activities. At the regional level, it is recognized that the contribution of the tourism sector is significant to the economy. In line with this, some subsectors are acknowledged as preeminent creative industries in the province, i.e. fashion, design, craft, software and anime.

Greater Yogyakarta consists of three administrative areas where currently two of them promote the creative economy. Sleman District won a Baksycaraka award from the national government for its progressive support to creative entrepreneurs in developing their products and copyright issues (Sigmanews, 2012). Meanwhile, Yogyakarta Municipality has adopted the creative economy discourse in the development policy and presumed that creative industries have a strong potential in the economy. There is no a form of collaboration – new regionalism practice – on the creative economy development between these localities. Whilst these localities have an inter-local government cooperation which has successfully looked after infrastructure management within the areas (Hudalah, Fahmi, & Firman, 2013), this collaboration does not include the creative economy development. Our further analysis will focus on institutionalization in Yogyakarta Municipality which has relatively a clearer direction in the development policy regarding creative economy issues.

Discourse and initiative

Different from Bandung, the creative economy discourse has come up in Yogyakarta not because of community movements. The national government forces have stimulated localities in Indonesia, including Yogyakarta to also apply a similar direction in their development policies. The President Instruction 6 (2009) has particularly become a reason to include this discourse in policy documents and thus pay attention to the development of creative industries. This can be inferred from this statement.

“... on the dynamics of our policy, we somewhat interpret what is meant by the policy of Ministry of Tourism and Creative Economy.. also the President Instruction 6 (2009)..” (Interview, E3)

Besides, the provincial government has supported to identify and define the creative economy the municipality. In accordance to the MTCE programme to propose three cities in Indonesia to the UNESCO Creative City Network, the provincial government has helped to transmit the national government forces to embody the ‘creative city’ concept in Yogyakarta (Kabari News, 2012). It is clear that the municipality and the provincial government work together to realize this concept.

Prioritization

The new creative economy direction in development policies in Yogyakarta can mainly be found in the midterm development plan in which the potential of creative industries is recognized (Municipality of Yogyakarta, 2012). It is recognized that there are many obstacles in encouraging these industries, such as lack of funding, limitations to deliver training and innovation, and importantly, the poor understanding on the creative economy concept and how to go about it. According to this policy, the development of creative industries in Yogyakarta is focused on the craft subsector and those industries with small scale. Due to scale and accountability reasons, the government can deliver subsidies through a group or association (*paguyuban*). Along with this, there could be 28-46 groups of micro, small and medium-sized enterprises that can be facilitated.

The municipality has actually littler potential of crafters than Bantul and Sleman, as can be indicated by **Table 5.2**. The number of crafters in Yogyakarta is much lower than in that both districts. Craft industries in Yogyakarta have also gradually declined. As can be observed in tourist places in Yogyakarta, like Malioboro and the popular Mirota shop, many products sold there do not come from Yogyakarta areas, but surrounding regions such as Sleman, Bantul, Surakarta and Pekalongan. Craft products from Yogyakarta actually have little competitiveness.

Meanwhile, the municipal government currently open a new cluster to promote craft industries in surrounding. It is located in the southern part of the city, originally was a bus terminal that was revitalized and named ‘XT Square’. The cluster was designated as a craft market where crafters would be placed to sell their products, also as a tourism attraction. The cluster was also designed to break up the crowd in Malioboro area where most tourism attractions are located around there (Interview, E3). Craft distributors who wanted to have one of kiosks in the market should follow the selection procedure as determined by representative managers.

Unfortunately, this effort seems not so successful; only little number of people visits there. This unsuccessfulness can also be addressed to the condition where promotions by the government are

evaluated to be minimum (Herawati, 2013). Tourists still opt to stay and visit around Malioboro, as it is the essential cultural centre of Yogyakarta (Wijayanto, 2006). This just illustrates that the government has paid a strong attention to this particular subsector, though the outcome is still not optimum.

It can be indicated that what the government has done for the creative sector is not really new. The programmes, like delivering subsidies to crafters, training and capacity improvement, have been carried out, even before the new discourse turned up. There is an indication that the local government has adopted the term only, but did not understand yet the essence and the means to implement it. Opportunities of developing creative industries are acknowledged, but the way they go about it is still the same; no innovation. It can be inferred from a statement in the mid-term plan as follows.

“...some fundamental reasons are that stakeholders have not understood about creative industries, no intensive studies on the development patterns and their impacts on the city economy, also the funding to develop creative industries are limited...” (Municipality of Yogyakarta, 2012)

Further to this, it seems that the local government tries to make out the national government directions, but some difficulties found which then in the end, they only do what they can do. On the other hand, it is found that the current policy does not take into account the growing trend of creative people which markedly exist in the city. Therefore, this is the gap that should be overcome.

The fight of traditional and contemporary culture

Whilst the government only focuses on traditional craft industries, Yogyakarta has more than that: there are growing contemporary performing arts, design products, anime and software industries, apart from traditional performing arts. However, they are not included in the government priorities to subsidize. A question could arise, why the government does not stimulate the growing contemporary creative industries?

The answer to this question can firstly be addressed to the motivation behind the development policy. As mentioned in the midterm development plan (2012), creative industries are expected to improve economic performance and create new employment. Nevertheless, the creative economy is not the only one development focus in Yogyakarta, but a new discourse that is currently considered to be one of the important aspects of urban development. See this quotation:

“... so, there are many demands to the city: education city, student city, city without motorcycle, patriotic city, city of culture, city of tolerance, liveable city, child friendly city, healthy city and so on.. meanwhile, the size of our city is rather small... As demands to the city are huge, it is not possible to prioritize one thing only... then we just intend to provide conducive spaces for them, like open spaces where they can interact and improve their performance in creative industries...”

Furthermore, what the government can do is to facilitate these creativity movements by granting freedom to express and held any events. The government would not block their access to infrastructure and facilities, as mentioned by an interviewee as follows.

“... we have also contemporary artists, we widely enable discretion to them. If they want to expose or perform something, please do so. We have the Culture Park, please use it; please do use all the public spaces...” (Interview, E4)

On the other hand, it can be indicated that the municipality has other development foci that are more important in which the creative economy should support them. Thus, the development of creative industries should be in collateral line with tourism development and poverty alleviation. In relation to tourism, the ‘creative city’ concept is expected to be valuable in the place marketing strategy in which urban images are created to invite more tourists. Meanwhile, creative industries – crafters – are expected to be empowered by this integrated programme; as one of interviewees mentioned:

“...when we help small industries, it will somehow support poverty alleviation as well, because they are mostly lower and middle income people. It means that that can be a unique focus... in line with the empowerment of lower income people...” (Interview, E3)

The reason why contemporary arts are not prioritized is due to its value: traditional arts and culture have more urgent and exotic values to be preserved, as they will gradually reflect the nation's identity. This argument is perceived by several contemporary artists in the city, for example:

“... traditional arts are very local, while we contemporary artists are going global, I mean, we have had strong international networks. In my opinion, the government have not thought about us again as we can just survive with our own networks, while the traditional ones cannot. Moreover, nowadays the way Indonesian people appreciate traditional culture is declining. The government thought they should indeed be preserved...” (Interview, E6)

Thus, it can be indicated that this kind of prioritization reflects a unique institutionalization of the creative economy in Indonesia. It does not always support young talented people to create and innovate, but also support the existing cultural industries to be more competitive. It is defendable to conclude that Yogyakarta has quite strong cultural barriers to develop non-traditional arts and culture. As they have folk and masterpiece arts which typify the local traditional arts, the local government doubts to wholeheartedly support contemporary art products. In the end, they prioritize the traditional ones, while letting the development of contemporary arts as it is.

On the dynamics of nascent creative young artists

As mentioned before, there are a growing number of young people who have started a creative entrepreneurial business; many success stories have been heard from them. They have involved in international events and networks, also can independently grow their businesses. Most of them went to a university and, among others were grouped beforehand, which then created a small community. This kind of community was actually a kind of student association, but then turned to be a business unit. Some examples of this are Petak Umpet (advertising), Papermoon (performing art), Ketjil Bergerak (performing art), Open Apparel, Soundboutique, Gate store, Energy Room, and areaXYZ (clothing and distros).

Apart from their vast growth and development, it could be interesting to identify why contemporary arts is out in Yogyakarta while its folk and Sultanate arts are popularly strong and influential. Whilst this aspect is not a focus of our current study, we check their movements and whether they are involved in institutionalizing the creative economy policy in this city.

Firstly, conditions by which they grow can be defined here. Apart from its exotic culture, Yogyakarta again is a heterogeneous place, where people currently live in various social values. This can be indicated by these examples:

“... it is not true that the cultural system is dominated by the palace (kraton). Why not? Even people outside the palace have taken for granted the palace, and have their own culture. Even the culture of people from coastal and mountainous areas is different...” (Interview, E7)

“... I do not want to lie and accommodate those exotic things because firstly, in our daily life I do not feel it as a part of my life. We do not watch ‘wayang’ opera everyday.. I just feel it is culture that we need to preserve...” (Interview, E6)

Some also presume that the presence of the Sultanate system in the region has greatly influenced development processes and decisions. However, this is not always true for some reasons. Firstly, as the decentralization policy impacts on autonomic rights localities have and their abilities to manage territories by themselves. This has been confirmed from interviewees that many development actions in the Municipality of Yogyakarta mostly correspond to the municipal government willpower (Interview, E5, E6, E7). The provincial government can only open coordination and communication with the local government, but can intervene little the final decisions. In addition, the Kraton (palace) tradition is not the only societal values believed by the general public. Not just any Kraton arts can be performed in any place, which has made polarization of culture: the general public has also grown up and enjoyed the life with folk arts culture, as well as contemporary culture.

On the other hand, these creative young artists are also not homogenous. Apart from their different focus and style of arts and products, the differences are found in several aspects, especially in how they perceive sponsorship (external agents) (Interview, E5, E7). Some interviewees indicated that it

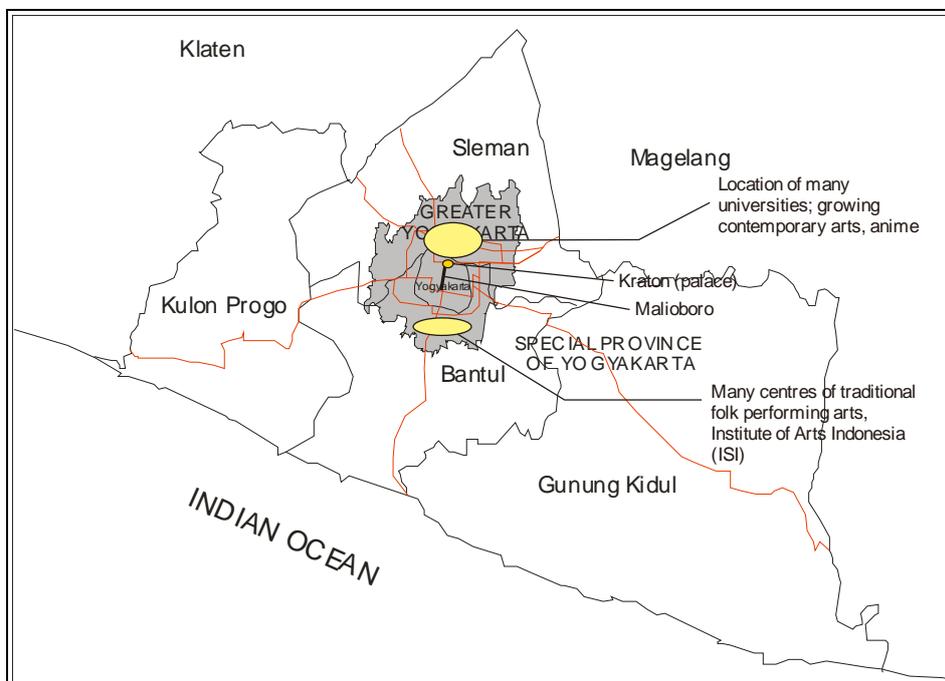
can be differentiated by where they are located: the northern and southern part of Yogyakarta. However, there is inconsistency to conclude that the perception regarding sponsorship is distinguished by geography. This can be indicated from this discussion:

“... around 1980s all the artists actually sat in Malioboro, until the Mall Malioboro built, they have been widespread. Some were in north, while others in south... the south is more commercialistic as the Indonesia Institute of Arts (ISI)...” (Interview, E5)

“... it is difficult to unite the north and the south. The north is those who like discoursing, while the south are artistic, expressive.. UGM and others are in the north, while ISI is in the south..” (Interview, E7)

What can be concluded from here is that the northern and southern part of Yogyakarta has different characteristics of creative artists and communities; communities are also different in perceiving sponsors, but not defined by locations. The locational differences are due to influences of universities which are located there to the value of arts produced: commercial creative business, such as clothing industries and distros emerge in the north, while traditional performing arts and galleries mostly take place in the south.

Figure 5.5 Geography of culture in Greater Yogyakarta



Apart from the cultural preference of young artists, it can be indicated that Yogyakarta is a preferable place for starting creative activities in terms its social conduciveness, openness and heterogeneity, and importantly social ties which support the activities between these young artists. This can be inferred from these statements:

“...Jogja is a place where you can live if you have a lot of pals, especially when you have an interest in something, you will regularly see the same people... when you speak out something, surroundings will recognize you as a new identity; and you will be involved in many events. You will also be recommended to many channels..” (Interview, E6)

“...an important thing is.. you have to be communicative. As far as I am concerned, here communities are rather idealistic so we always talk about concrete things...” (Interview, E7)

Whether it involves strong or weak ties between them: it is a further question. If creative communities in Bandung are strongly grouped, yet polarized, it seems that creative young artists in Yogyakarta are not largely congregated in the so-called creative communities or associations. They gradually meet each other, sometimes collaborate in doing works or projects, but do not legitimately declare themselves as a unity in a collective action. It can be reflected from these statements:

“...we just meet almost each week in art events, there must be at least one or two events...” (Interview, E7)

“... there is no special forum or association.. we usually meet at café, having lunch or dinner together, or going out...” (Interview, E6)

“... it is clear that Yogya people are ‘guyub’ (like to gather), and we conserve this attitude, we need it sill, including in relation to develop togetherness between young people...” (Interview, E7)

Therefore, we can infer that social capital between these young creative artists is strong, but remain in informal ties. This makes a difference from the Bandung case, as these young educated people do not seek a collective quest to influence government development policies. They only do their creative works, but not involve themselves in public policy discussions. A reason that they do not seek to request something from the government could be addressed to a condition where social and environmental conditions of Yogyakarta are far better than other cities. Therefore, it could be not necessary to do so. As inferred from some interviewees as follows.

“... it is not easy; I was sick of lobbying the government. I did apply for a sponsorship for an international festival, but the official said ‘oh, we do not have money, but we can discuss it on our meeting’. Then we were informed again that the money was not possible to give, as they already gave to a gamelan (traditional orchestra) festival...” (Interview, E6)

“... we are not that influenced by the government policies, especially young people... so we never rely on them, never expect that we will get funding and support from them, no. We never talked about this in any discussion...” (Interview, E7)

As these young artists do not involve in this process, there is a lack in the creative economy institutionalization in Yogyakarta. As these young talented people can also contribute to the cultural preservation agenda by using traditional culture values to their products, the involvement of this young creative class is necessary. There should be a good scenario to deal with this issue.

Universities

Similar to Bandung, Yogyakarta has a huge number of higher educational organizations, both state and private universities, which have their own field and specializations. Among others, Indonesia Institute of Arts (ISI) Yogyakarta contributes to the development of cultural value, particularly traditional arts and performing arts. Specializing in information technology and software, AMIKOM is not only the place for education, but also a pole where nascent animators and software makers born. Meanwhile, in many student dormitories in the north, where the University of Gadjah Mada and others locate, creative clothing industries have emerged.

Apart from its role in building creative talents, how universities take institutional parts in realizing the creative economy policy in Yogyakarta is blurred. Their involvement in defining policy directions is upon request, as invited by the government organizations. Nevertheless, what the government has done in facilitating craft industries is not a new thing: it has been done since the past.

Evaluation

It can be argued that the creative economy development would be sustainable if the community participates in the process. In this case, we found that the involvement of the young creative class would accomplish the institutionalization process of the creative economy policy in Yogyakarta. They could fulfil the missing element of communities’ roles in the creative economy development. However, this seems difficult if the government strives hard with the cultural preservation agenda; traditional culture industries become barriers for more contemporary creation.

5.6 Discussion

Bandung and Yogyakarta have different largeness, but their progress in institutionalizing the creative economy is interesting to compare (see **Table 5.4**). There is an extensive growing of the creative class in each city as they have many universities in their territories. The presence of higher education institutions has stimulated the baby booming of creative young entrepreneurs because they have good access to information technology, and thus, the global creative networks. Whilst this

merely reflects the development of Bandung, in Yogyakarta, the existence of traditional cultural industries should not be forgotten: they are already there since a long time ago and their presence has nothing to do with the creative economy trends as in Bandung. Although they are in different societal realms, creative communities in Bandung and Yogyakarta similarly accept their philosophical methodology as ‘do it yourself’. The government could not always be relied on; private organizations can solely accentuate actions in enhancing attribute value (D. E. Andersson, 2011).

Table 5.4 Typology of the creative economy institutionalization in Bandung and Yogyakarta

		Bandung	Yogyakarta
1	Underlying assumptions	<ul style="list-style-type: none"> • Economic growth (GDP and employment) • Entrepreneurship • Facilitate the growing creative activities 	<ul style="list-style-type: none"> • Economic growth (GDP and employment) • Cultural preservation
2	Initiation		
	Initiative	Communities	Government
	Technical assistance	<ul style="list-style-type: none"> • The British Council • University actors 	Not present
	Outward influence	<ul style="list-style-type: none"> • Yokohama meeting 2007 • The British concept of CI 	National government forces
	National government forces	Less; the national government learns from Bandung	Strong recommendations
	Local forces	Increasing trends in creative entrepreneurial activities	High potentials of local culture
3	Policy focus		
	Embodiment	Assumed as an important aspect of development	Assumed as an important factor to develop, but less clear intention
	Focus on subsectors	Unclear (everything is supported)	Crafts, (traditional) folk arts
	Focus on geographical areas or cluster	Unclear	Unclear
	Role of local government	Enabler, facilitator	Facilitator
4	Communities		
	Potentials	Contemporary design, music, fashion, culinary	Traditional arts and crafts, traditional performing arts, contemporary performing arts
	Grouping	Strong and grouped	<ul style="list-style-type: none"> • Traditional: grouped • Contemporary: grouped
	Interconnectivity	Strongly connected but also conflicted between two poles	Connected, weak ties
	Role of communities	Policy influence, advocacy, alternative policy	Doing their activities as ‘do it yourself’
4	University role	Create and attract the creative class, act as community advocates	Develop certain creative sectors (animation, traditional arts)
5	Evaluation	Needs a clearer direction in the government policies	Needs integration between the two poles: traditional and contemporary arts

This issue can also be addressed to the underlying assumptions of applying the creative economy, which also relate to the local political economy of these cities, which is rather capitalistic. Both Bandung and Yogyakarta are known for their efforts in promoting inward investments especially for larger industries. On the one hand, it is understandable that the government intended to create a large employment from those investments. According to the urban competition paradigm localities are encouraged to search for various alternatives in reaching economic growth and development (Marcuse, 2009). On the other hand, the presence of large scale firms in the city becomes a great

challenge for small and medium-sized enterprises. Local governments are actually aware of this, and thus posit the creative economy programmes and prioritization as a tool to subsidize small firms and entrepreneurs. Through this policy, it is expected that SMEs can be helped out and the poverty alleviation agenda can be concomitantly reached.

This reflects that the government is confused with the creative economy discourse, which is now adopted as one of development priorities. It is seen as an opportunity to enhance economic growth and competitiveness. Nonetheless, the government could not accept that creative entrepreneurs, who mostly are the middle class, should be merely prioritized; they can just live by their own efforts. For the Bandung case, creative industries that extensively grow are relevant to the international definition of creative industries. Meanwhile, for the Yogyakarta case, it can clearly be indicated that the local government has taken for granted the increasing development of contemporary creative industries. Traditional cultural industries are observed to be more important to subsidize than creative young graduates who start creative firms. Thus, these traditional cultural industries are categorized as creative industries in the local policy and development vocabulary. Again, this is a problem of defining creative industries which is confronted to cultural industries (Galloway & Dunlop, 2007; Garnham, 2005). Even though traditional cultural industries can possess symbolic meaning, they are poor in processing codified knowledge and innovation.

Further to this, it should be criticized that actually local governments do not really understand the concept of creative economy and how to go about it. It can be indicated that they need a longer time to identify clearer policy directions, rather than just opportunistically include existing traditional culture activities and products as creative industries. A strong influence from the national government and regional competition also enforces them to immediately transmit the discourse to their policy.

Institutionalization in brief

For both cases we found that the local governments do not adopt cluster-led development methods to prioritize creative activities, but the public policy approach. Nevertheless, the creative economy has been institutionalized through interactions between diverse stakeholders who have different and conflicted interests (Sandven, 2008) which invites diverse knowledge and patterns of learning (van Geenhuizen & Nijkamp, 2000). In Bandung, interactions mostly involve the local government and communities, while university experts eventually included in creative associations. Conflict of interests, bargaining processes and collaborative coordination take place between them with regards to attempts in realizing the creative city. Creative associations become advocates who deliver an 'alternative' policy and programme for creative people conveying their needs. They also assist the local government in understanding the creative economy, as the progress is rather slow.

In Yogyakarta, the local government version of creative economy policy has been accentuated, though in fact, programmes and subsidies are not different from those are normally given to traditional crafters or other cultural industries. There have not been communications yet between the local government and 'real' creative industries: those university graduates who inspired from contemporary arts. Therefore, we should conclude this fact as a weakness of the Yogyakarta case of creative economy implementation.

Informal institutions and social capital

In both cases we found that informal institutions contribute to the growing creative economies so that creative entrepreneurs feel comfortable and at ease to being in space that supports them (Rantisi & Leslie, 2010). Informal institutions as seen from creative associations, or communities, create a preferable social climate where creative people can share knowledge and involve in mutual learning to enhance their own capability. Whilst there are many creative associations in Bandung comprise a number of creative entrepreneurs who do so, in Yogyakarta, this kind of associations have a smaller size, not that widespread as in Bandung. The complex networks between these associations can be inferred in both cities, as well as conflict of interests and ideological frameworks. In general, this association becomes a crucial place for learning and innovation for creative entrepreneurs, as they can meet diverse people who have similar jobs.

It can be indicated that to enhance the creative capital of firms and entrepreneurs, mutual learning and innovation and other activities related to microeconomic activities, weak ties between them are just enough (Florida, 2005; Törnqvist, 2011). However, for institutionalizing development policy, more convergent and collaborative institutions can help to intensify collective actions. In Bandung, creative associations combine their interests and cooperatively seek to influence government policies, among others, through Bandung Creative City Forum. In Yogyakarta, such collaboration is not there; creative communities are linked, but without formal ties. They do not seek to ask collaborative governance for realising the creative economy or the creative city.

A high social capital is found in both cases, however, in different embodiment. In Bandung, urgent needs for a better quality of place along with initiative from certain community groups inspired other people to come up with a similar thought and go about it through collaborative actions. The strong Javanese 'gotong royong' culture also influences the social capital of Yogyakarta actors so that they can easily communicate, alleviate conflicts and collaborate with each other. However, the problem is that the government has its own agenda which does not fit in the nature of contemporary creative industries, which result in just 'do it yourself'.

After all, we should reflect on the size relativeness that Bandung is far larger than Yogyakarta. Bandung can generate larger agglomeration economies and diversity, and thus generate more creative capital, create more creative entrepreneurs. Meanwhile, as a medium-large city, Yogyakarta is supposed to benefit from geographical proximity to control social and environmental costs and generate creativity. In fact, it is not the case for several reasons. Firstly, the local government does not really understand the concept of creative economy. Secondly, again, Yogyakarta has a deeper root in the cultural background which creates a barrier to benefit from other than local culture and societal values.

6 Does size matter? Contesting creativity in small and medium-sized cities

6.1 Introduction

Whilst the applicability of the creative economy concept is solely questionable for the developing world, this chapter couples the question for smaller cities. Some scholars have argued that the creative economy can only be applied in larger and metropolitan cities. Others found that small and medium-sized cities can encourage creative industries for some notable reasons. Capello and Camagni (2000) argued that medium-sized cities could generate a greater endogenous capacity to manage development costs, especially in terms of social, economic and environmental circumstances. With regards to labour markets, medium-sized cities could be more effective in combining skills and talents of high skilled workers so as to develop their niche competitiveness (Storper & Manville, 2006). On the other hand, there could be many problems in encouraging creative activities in small and medium-sized cities. This can be addressed especially to the scale question that the creative cultural platform is rather difficult to develop. Innovation could happen only little as development is strongly driven by real estate speculation (Keane, 2008 in Evans, 2009).

This chapter is focused on the applicability of creativity ideas in small and medium-sized cities in Indonesia. Among smaller cities that currently stimulate the creative economy policy, Cimahi and Surakarta, or also known as Solo, are interesting to compare for several reasons. Firstly, they locate in different natures of the local political economy. Cimahi, as same as Bandung, is strongly pushed by the market-driven economy, while Surakarta is on a more command-driven system. Secondly, Surakarta is strongly influenced by Javanese traditional palace culture, which makes it has a deep root in culture. Thirdly, they similarly employ the city branding method to develop the creative economy. Cimahi is named “Cyber creative city” while Surakarta brands itself as “Creative Solo, Wealthy Solo”.

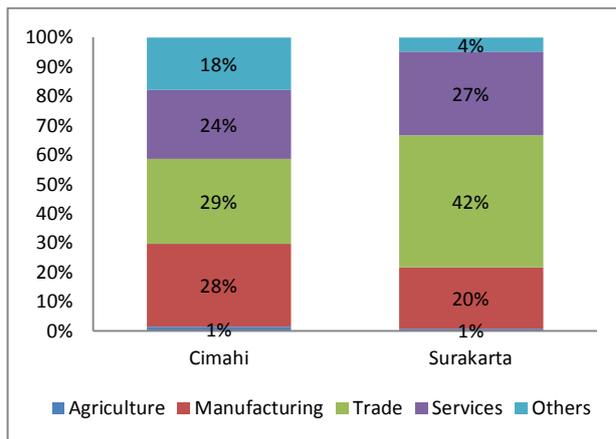
The remainder part of this chapter will be organized as follows. **Section 6.2** introduces the characteristics of Cimahi and Surakarta. The following section examines the underlying assumptions by which the creative economy is currently endeavoured in those cities. The next two sections respectively analyse institutionalization processes of the creative economy policy in Cimahi and Surakarta. The last part sums up the discussions and conclude with considerations of which question.

6.2 Urban characteristics

Cimahi

Cimahi is located directly west of Bandung Municipality, right after the Baros toll gate which connects the two localities. It was one of the very first localities in Indonesia as the result of the proliferation of local governments (pemekaran daerah) trend of the Big Bang decentralization policy. It was formed in 2001 and has a population of 550,894 in 2011 (Central Statistics Agency, 2012c). It is a part of Metropolitan Bandung which has functioned as suburban areas, where many people live but commute to work in Bandung. The contribution of manufacturing, trade and service sectors tend to be similar around 25% (see **Figure 6.1**). Some industrial districts are located in Cimahi, particularly the textile manufacturing which has slowly decreased.

In the late 2000s, Cimahi was acknowledged to brand itself as the ‘cyber city’, motivated by its strategic position within the Bandung High Tech Valley (BHTV) corridor, that is, the projected development corridor for high tech and IT industries, and thus an important regional economic cluster in Indonesia. In line with the creative economy wave in the late 2000s, as held in Bandung, Cimahi has attempted to reread its branding policy and readjust it with the current trend. As it was strongly motivated and highly concerned to this matter, the local government performed many aspects including forming Cimahi Creative Association to collect creative industries, especially animators and software makers, facilitating them at a creative industry cluster, training, and so on.

Figure 6.1 Sectoral employment share in Cimahi and Surakarta, 2011

Source: Central Statistics Agency (2012b, 2012c)

Surakarta

The Municipality of Surakarta, or popularly called Solo, is another cultural city in Indonesia, located in Central Java Province and transected by the line that connects the provincial capital of Semarang and Yogyakarta city. Surakarta is relatively medium-sized cities with a population of 501,650 (Central Statistics Agency, 2012b). This city has a long story of the Mataram dynasty since the 18th century, where its capital also located there. According to the Giyanti Treaty in 1755, the Mataram Dynasty was divided into two sultanates including the eastern part which had the capital in Surakarta and the western part in Yogyakarta. Whilst Yogyakarta has become a special province, after the Declaration of Indonesian Independence in 1945 the Sultanate of Surakarta was fragmented into a municipality and some districts, including the Municipality of Surakarta.

The urban economy of Surakarta is dominated by trade and service sectors (see **Figure 5.2**). Cultural activities have typified the economy and social life of the city, which are covered in manufacturing and service sectors. Among others, batik has characterized the cultural identity of Surakarta, which is seen as cultural assets, social values and historical preservation. There are many cultural clusters in the city, which have existed since many years ago. Nowadays, there are growing revitalization movements in many kampongs which are expected to empower the community capacity and generate local economic development. Kampong Laweyan and Kampong Kauman are of two successful stories. Along with strong cultural identities and values, people in Surakarta eventually hold firmly Javanese traditions and societal values in their daily life.

6.3 Why creative economy

In this section, the underlying assumptions by which the creative economy policy is applied in these smaller cities are examined. It is mainly questioned to what extent motivations like economic growth and employment are being presumed.

Cimahi

Because of its nearby position, Cimahi is strongly affected by the creative wave from Bandung. Cimahi takes a chance of this creative economy trend, by branding itself as another good location for creative industries. The city branding ‘cyber city’ was a bit revised into ‘cyber creative city’ (Interview, C1). This represents a symptom of the decentralized policy where local governments seek to find alternative tools for development, and thus be more ready in a stiff urban competition. This can be reflected from this statement:

“... because of decentralization, there should be a change.. not in the economic structure, but in the way how we manage the territorial economy both on fiscal policy, that is, budgeting plan (APBD) and the development of economic activities...” (Interview, C1)

The Cimahi government has attempted to do so, as they feel that this city has not really sufficient resources for development. Meanwhile, there was a chance to clearly observe the rise and fall of

creative activities in Bandung, thus learns many lessons from this development. The local government is then motivated to apply a similar policy, also to accelerate economic growth and development, even though it does not merely mean that Cimahi has a sufficient potential number of creative entrepreneurs. As one local official mentioned:

“... not all regions are creative, but it is true that human capital can be improved its creativity...”
(Interview, C1)

Further to the Bandung benchmark of creativity, the Cimahi local government takes lessons learned about how the policy is being institutionalized and to what extent the outcome is useful. They not only learn successful things from Bandung, but also obstacles and weaknesses. This can be inferred from this statement.

“...we learnt that when the Bandung government meets creative communities, it seems rigid, their interactions are not good. In Cimahi, we want to make an antithetical of that, even though in fact we have not succeeded yet, but essentially we would like to...” (Interview, C1)

Therefore, the motivation behind the creative economy policy in Cimahi is not driven by internal forces, not really because of potentials they have. It is also not forced by the decline of manufacturing industries as they have industrial districts in the south of the city (Interview, C1). It seems more to be such talkative response to a rising discourse that concomitantly came with an opportunistic momentum, thus offered such a promising prospect for territorial competitiveness.

Surakarta

Different from Cimahi, Surakarta is one of pilot creative cities in Indonesia according to the Ministry of Tourism and Creative Economy (2011). It has relatively strong characteristics of culture in which the national government encouraged Surakarta to apply the creative economy policy. Conversely, the local government has responded the growing trend of creative industries in Indonesia as a golden opportunity to enhance its urban competitiveness, especially with regards to place marketing thoughts. It was fully recognized that Surakarta is not as large and strategic as Semarang or Yogyakarta: two large cities in the north and south of Surakarta. For this reason, Surakarta needs to seek another mean, be creative in choosing alternatives, to enhance its urban competitiveness (Interview, D4).

The motivation behind this policy is to generate economic development and enhance welfare through active community participation (Interview, D1). Along with this, it is realized that Surakarta has robust potentials of cultural identities that can become commodities and attractions, whereas other resources for development such as natural exploration and manufacturing industries are not visible. In line with the place marketing principle, this policy aims to attract consumers to enjoy cultural products and services in place.

“.. we do not have natural resources, but only human resources.. and I have seen that Surakarta only becomes a showcase; here it is, we need to get in the development, then we wrap it with a calendar of events where people will have interests (to visit)...” (Interview, D2)

In this sense, batik is seen as an answer beyond these underlying assumptions. It is a strong identity as has deeply rooted in the city's history (Interview, D2, D3, D4). It is a source of philosophy, inspiration in which people can see in their daily life. It has been there in culture and traditions, likely as formal dress, cultural and palace symbols, and importantly that it has various meanings depending on its motive and design (Interview, D3). The palace also has a meaningful spirit, positive symbols and magic vibrations (Ardhati, 2006). On the other hand, as a cultural product batik is economically valuable. The modification and design of batik can be attractive, and thus create niche markets. Batik clusters have widespread across the city since more than a hundred years ago, where people have inherited skills and tacit knowledge.

As they have been existed, but have gradually declined, the current development policy is intended to revitalize these cultural districts while empowering people – small firms and entrepreneurs. To some extent, it is acknowledged that cultural activities that have existed are not automatically categorized into the knowledge economy concept of creative industries. However, it is also assumed

that these old cultural industries can be renewed through several actions. This can be reflected from interviews, for example:

“... the creative culture should have emerged since Solo has a deep root in Javanese culture... which we can deduce from the Mataram palace existence. The Mataram Kingdom was here; Yogya as well was a part of it..” (Interview, D3)

“... we should affirm that our passions are not creative yet. Let say it is creative (economy), but more characterized by cultural ones. Therefore, the current creativity still needs leaps. We need stepping forward.. just step by step. We have a basis of culture, as the root of Solo’s culture is indeed strong so that it really influences mind frame and its atmosphere in general. It is also a weakness that people are too faithful of these cultural values: it is difficult to do creative ‘stepping’ as I mentioned before...” (Interview, D4)

In a sense, it is rather confusing whether the creative economy is really being applied in the city. Whilst the local government acts to follow the growing discourse ‘creative economy’ as commonly prepared by the national government, we found that the underlying assumptions tend to strongly be influenced by the preservation of local culture. Therefore, it will have implications to the way by which the policy is implemented: whether it is in line with the international concepts of creative economy which emphasize knowledge creation and innovation. Also a question is how local cultural values can benefit the creative economy practice in the city. These questions will be addressed in the next part.

6.4 Agglomeration by design? Cimahi experiment on encouraging anime and software industries

Initiation

For the Cimahi case, we found that the local government is strongly motivated to apply the creative economy policy as an important tool for urban development. The earlier branding policy for ‘cyber city’ was studied by a consultant and confirmed by an expert from a university in 2005 (Interview, C1, C3). It was found that Cimahi has a strategic position to specialize in providing a wide internet connection for surrounding regions. Therefore, they gradually built a large fibre-optic network for internet connection that potentially meets the bandwidth needs of certain regions.

In 2009, a follow-up study was performed and found that Cimahi could also specialize in anime and IT subsectors, instead of providing the internet infrastructure only. Subsequently, the Cimahi government took the foremost step in initiating some actions to realize this thought. The Local Development Planning Board (Bappeda) then invited animators and software makers in Indonesia who originally are from this city to a workshop where they discussed the possibility to open a new cluster where they will be located and facilitated (Ministry of Research and Technology, 2011). In this meeting, it was concluded that it was feasible to seriously develop a creative cluster in Cimahi, where the local government will subsidize and facilitate the entrepreneurs. The new city brand was then revised to be ‘cyber creative city’.

Universities

The involvement of university experts can be indicated by their opinion on policy directions, through consultancy (Fauzi, 2009). Apart from this, there has been an attempt to create Silicon Valley-alike in Indonesia, called Bandung High Tech Valley (BHTV). It can be defined as the corridor development connecting Cilegon, Jakarta and Bandung where could be an important development path for IT companies, and thus open large business opportunities in these areas. This thought was also orchestrated by a number of IT experts, particularly from ITB to realize it through the BHTV Foundation (Rahardjo, 2006). As a part of Metropolitan Bandung, Cimahi is included in BHTV, in which the experts then suggested many things about Cimahi.

In their blog, they wrote:

“...Cimahi is an industrial city. Unfortunately, it is ‘sunset’ industries: textile. This industry is defeated by China. Many of them have and would have closed in Cimahi. There are some ways to respond this. The positive way is to find chances and innovate by holding out this industry (Not to mention, it seems to be difficult). Another way is diversification. Principally, investment will be still

there in Cimahi. It is suggested to get into the future's industries, that is, the creative economy where IT becomes one of supporting systems (enabler) and even the main component. This should be learned more..." (BHTV, 2005)

This idea was similarly suggested to the Cimahi government through consultancy. This represents how the government and experts were communicating discourse which then followed up by experimentation.

From branding to programmes

The workshop in 2009 was an important turning point for the Cimahi local government to readjust the focus of local development policy. The discourse has not only changed the city branding, but also refocus the current development projects. At that time, the local government constructed a building for the IT centre, where the regional bandwidth services would be delivered, but then the IT centre was decided to also function as a station and an incubator for those invited animators and software makers (Fauzi, 2009; Interview, C1). This building is called Baros Information Technology and Creative Centre (BITC), located in Baros area which is really close by to Bandung: right after the toll road that connects Cimahi and Bandung. The construction of this building was helped by the Ministry of Research and Technology and the provincial government (Suwarni, 2012b) through funding grants.

Figure 6.2 Location of the creative cluster developed by the Cimahi government



The local government also formed an association in which creative animators and software makers would be accommodated, namely 'Cimahi Creative Association' (CCA). The association was inaugurated by the Mayor and is structurally under the Cimahi government. In the workshop, as many as 1500 animators and software makers in Indonesia were identified and included onto the association. All the potential creative entrepreneurs were invited to occupy the provided room at the BITC building. Subsidies that have been granted, including a free venue at BITC and training, are exclusively given through CCA.

In practice, realizing the expectation by which creativity can be accommodated is not that easy. Among those 1500 CCA members, only around 20 people are active at BITC, while others are idle members (Ardia, 2013). In addition to this number, there are also around 100 vocational high school (SMK) students who are also active at BITC. As an active member said,

"... active members.. are likely less than 100, mostly internees from Surabaya, Semarang. So, after CCA was established, the chief (of CCA) eventually do roadshow, promotion, to other cities. But, those originally from Cimahi.. mostly from Bandung Barat, Cimahi, Bandung; mostly dominated by non-Cimahi ones..." (Interview, C2)

The local government intended to adopt the principle of localisation economies by locating creative entrepreneurs together in a cluster, where learning process and innovation can gradually take place. However, it seems not that easy since those animators and software makers are already established, already had works in other places. Coming to Cimahi does not enhance their competitiveness, compared to being in large cities like Jakarta, Singapore or Tokyo since there are still not enough externalities to generate economies of scale. In the end, Cimahi lacks potential creative entrepreneurs which can generate local economic activities. It fails to buzz a climate in which creative activities can grow and invite potential creative entrepreneurs to relocate to the place.

In reverse, the incubator provided at BITC is only relevant to newly born or potential entrepreneurs. It is used for training and internship by a number of vocational high school students from many places in Indonesia, with a guidance of CCA members. Learning processes are there, but not at an advanced level where innovation can generate economic development. A local official also evaluated this as follows:

“...economic activities are there, but we could not find them in statistics. Institutionally we do not prepare things, for instance, beneficiaries should have a taxpayer number (NPWP), have a firm unit – or obligated to start one, invest within the city area.. those things were not prepared. At the building (BITC) there are many training programmes, face to face interactions are also there, economic transactions sometimes happen, but the rise of this activity is not as big as we expected at the beginning...” (Interview, C1)

It can be indicated that even though the government has a clear vision on the creative city branding and strong commitment to encourage the creative economy, mechanisms by which the policy is being operationalized were not well-prepared. This shows that the local government has poor understanding on the creative economy concept that has been performed. Although several experts participated in defining policy directions, their involvement was fragmented and only upon request. There is no established feedback mechanism to control how the policy is being accentuated as academics did not thoroughly control the practice according to their ideas.

Communities, association and the fight to follow the policy

Within its members, especially those active ones, the role of CCA is clear in enabling mutual learning and knowledge sharing. Hence, the association members have a chance to develop channels that could be useful to their productivity. As one of members said,

“... as far as I am concerned, to ‘start-up’ (nascent) entrepreneur like me, there are many chances for human resource improvement here. When there are new human resources, just train them for a couple of months then they have sufficient (knowledge and skills). So, when we get overloaded with works, we can ask the team to help us. Besides, channels to ministries and so on also smooth the promotion agenda. If we mention ourselves ‘Cimahi’, they would recognize us...” (Interview, C2)

However, this role is limited to some extent due to many circumstances. CCA was formed by the local government, which signifies very little initiative and desires of the real actors: creative communities. On the other hand, as the association is directed by the local government, they are not independent on their move. One thing that can be indicated from the interaction between both is that the government expects much from the association. It is projected to deliver a significant economic contribution, through channelling, learning and innovation in a localized network. Unfortunately, the optimum size by which creative entrepreneurs can share knowledge and perform innovation is not sufficient. CCA is successful to organize learning and knowledge sharing at BITC between students, but not economic actors. This issue is then being a critical point evaluated by the local government. As a local official mentioned,

“...since 2008, so it has been five years, but what is the outcome? If we want to refer to any legal evidence, I mean, their contribution to GDP and so on, so what?...” (Interview, C1)

Meanwhile, the association member argued,

“... for the local revenue (PAD) we have heard about that question, how much we contribute to tax revenue; we do not know yet. Principally, we intend to make how people in Cimahi do not search for job, but create new job; we also attempt to make an incubator. This kind of question indeed bothers

us, but what can I say? They also have to understand that we just established in 2010, we have not done anything yet. You know, Taiwan and Korea, they had started work on this industry in 1950s, but just gained the outcome in 1970s. Not in a very short time...” (Interview, C3)

These contrast arguments show a gap between both parties on understanding the progress of current creative economy policy. Whilst the local government expected instantaneous outcomes, practitioners perceive that learning and innovation which will generate economic development is a long lasting process. It is then problematic with the ambitious policy pursuit and stiff evaluation term, which is too short and rigid. The evaluation of development programmes are only based on checking whether the budget is already allocated and invested, and whether the outcome is reached during the programme is carried out.

The future of policy

The creative economy institutionalization in Cimahi represents a top-down development approach carried out by the local government. It should be critically evaluated that this story is not good practice, while it is also too early to judge the failure of this experimentation. As the practitioners perceive, there will be many phases of learning and innovation. However, the extent to which we can expect, and when, is an important question. Having observed the conditions of CCA and BITC, it can be considered that this policy will not sustain for a long time from now. The factors of size and buzz are critical and cannot be fulfilled by this locality. If the government strives hard to survive in this framework, which promotes education, it is indeed a long term project.

6.5 Batik as a way of life and a way to live the life: the Surakarta story

Initiation

The creative economy discourse was introduced in Surakarta at the same time it was encouraged by the national government (Interview, D3). As mentioned before, Surakarta is one of pilot creative cities of the Ministry of Tourism and Creative Economy. This has encouraged the local government to identify and understand as soon as possible the concept of creative economy policy to be applied in the city. In line with this, the Bank of Indonesia Office in Solo together with the University of Muhammadiyah Surakarta (UMS) accomplished a policy study in 2010 in which creative industry potentials of the city were identified. According to this study, three main subsectors i.e. crafts, fashion and performing arts can perform well as prioritized creative industries in Surakarta (Kompas, 2010a).

On the other hand, there were growing initiatives from local communities, particularly in two old batik clusters since 2004 i.e. Kampong Laweyan and Kampung Kauman, to revitalize the kampongs and modify them into a tourism destination. It can be indicated that somehow the growing creative economy policy is institutionalized as collaboration between the local government and communities. Once the communities have initiatives to do a certain programme, the local government offers facilitation and subsidies.

Kampong Batik Laweyan

Kampong Laweyan was found in 1912 by the first trading association in Surakarta, also in Indonesia, Syarikat Dagang Islam (Adi, 2012b). Cultural activities in this batik cluster had grown until 1970s, when its production scale gradually declined. There were no batik activities during 1970-2000, as similar products have to compete with cheap Chinese manufacturing products. Finally, Alpha Fabela Priyatmono together with eight remaining batik businessmen in Laweyan initiated the area revitalization project in 2003. They wanted to renovate buildings and reimage the area as a tourist village, as it was expected to attract more consumers (Interview, D5), as he mentioned:

“With some of my peers in Laweyan, I wanted to revive batik-making based on a tourism concept. This neighborhood is unique, abounding with old structures. While buying batik, visitors can also look at heritage buildings,” said Alpha at his home in Sayangan Kulon in Laweyan. (Adi, 2012a)

This community programme was also the realization of his postgraduate research, where he is also a university teacher, to preserve historical buildings and reimage the city. He and his peers then

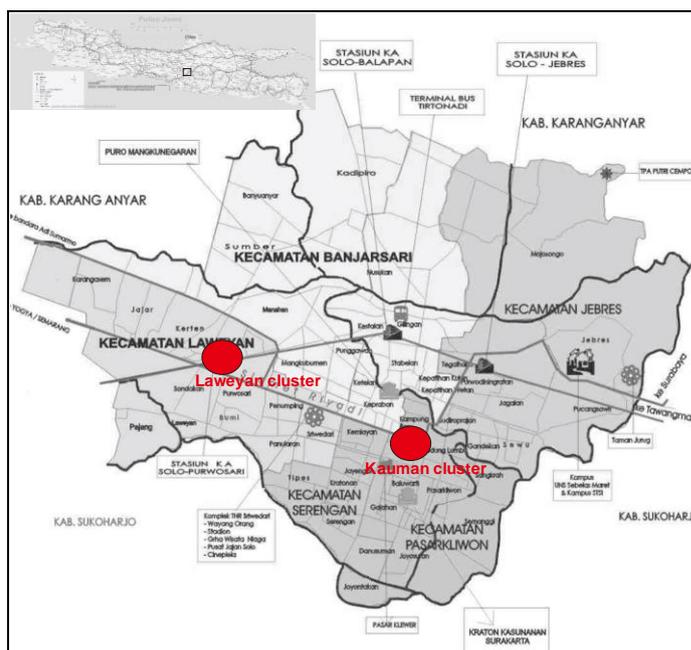
formed an association called Kampong Laweyan Development Forum (Adi, 2012a, 2012b), which indicates a common action to develop the kampong in 2004. Accordingly, the local government responded this growing initiative by facilitating this community and delivering subsidies, particularly equipment needed to make batik (Sinombor, 2009). The local government also helped to patent 215 batik motifs, indicating that they have great attention to copyright issues (Adi, 2012b).

Nowadays, the kampong has reincarnated and redeveloped both its physical look and system of activities. Of 110 households living in the kampong, 90 families have batik businesses, with 20 others work as hand-painted, stamped and sablon (silk screened) batik makers (Adi, 2012b). The presence of local initiators is important in mobilizing community interests, empowering community members, sharing experiences, and importantly enabling the mutual learning processes among businessmen who are involved in the association. There are strong ties between the association members, as they gradually meet to update the development issues and problem solving. However, innovation is little found, as most batik businessmen do not want to take risks in their business cycle. As mentioned by the local interviewee:

“... regarding creativity, it is rather difficult. There are still many people who are not aware yet. That we have woken up again is good already, but to create something new it takes time. Not all people would like to take risk, while creativity is to take risk!” (Interview, D5)

What the government and communities have been done in this area appears as an effort to appreciate batik values through tourism activities. Meanwhile, this growing cluster not only invites visitors, but also incoming investors who intend to open the same business. There are new batik shops in the surrounding of this cluster. However, they do not participate in the association, and thus have no strong ties as association members do (Interview, D5).

Figure 6.3 Locations of batik clusters in Surakarta



Kampong Batik Kauman

Kampong Kauman also has a long story in relation to the Surakarta Hadiningrat Palace in the 1800s. Inspired by Laweyan, there was a similar movement in Kampong Kauman which was also accentuated in a bottom-up style to rejuvenate the life of batik traditions in this cluster. A number of people coordinated by Gunawan Setiawan formed the Kampong Kauman association in 2006. They have organized free training for local people so that they can open batik businesses. The cluster was also revitalized into a tourist village for preservation purposes where they can widely introduce batik traditions to the general public (Sinombor, 2009).

Similar to Laweyan, Kampong Kauman has received subsidies and grants from the local government as well as the national government to provide equipment (Wakhidah, 2013). Training that have been organized gradually involve experts from universities, local young associations (karang taruna) and larger businessmen (Sinombor, 2009). The association members gradually involve in meetings, where they can share knowledge and experiences. Whilst Laweyan businessmen tend to have a similar level of knowledge, learning in Kauman is typified by a mentoring system where one teaches another (Interview, D5, D7).

The association members have strong ties as they help each other for free, very much characterized by the Javanese philosophy of 'gotong royong', where people support each other to reach goals. The association is exclusive for those businessmen who have a residency in the kampong, as shown by their IDs (KTP) (Interview, D7). There are now more 80 members who interact and learn together, and even share production scale. As one of interviewees mentioned,

“... this association is for social purposes only, there is no business mission... related to business, the cooperatives (*koperasi*) will tackle the members' business. For example, I got an order for 1000 pieces, while I can fulfil 100 only, then the association will ask help other members and share production for A 100 pieces, B 50 pieces, C 200 pieces and so on..” (Interview, D7)

There are many incoming investors and speculators who open a new business in the surrounding areas. They mostly rent building or rooms and open batik shops. However, the strong social capital owned by the association members does not apply to this new group. Similar to Laweyan, the association preserves learning and benefits, including subsidies, just for the local people so as to ensure that the development impacts will come back to the local residents (Interview, D7).

Linking batik philosophy, branding, tourism and festival

Apart from the government responses to the growing revitalization movements in some old clusters, the local government has actually its own roadmap for the creative economy development. Its focus is on cultural industries, including batik and traditional crafts (Interview, D1). The local government has applied the city branding method to introduce and promote the attractions available in the city. This branding policy connects cultural and creative activities with the tourism development agenda: cultural identities and creative activities are packed to attract visitors to come to the city. It is also expected that the branding 'Creative Solo, Wealthy Solo' will suggest the public to recognize the government programme, and accordingly support it through their own initiatives. As the local officials mentioned during interviews,

“... first, city branding.. then people in Solo recognize that there are many ways to generate the economy. It should be noticed perhaps events do not deliver direct economic impacts, but how about coming tourists who will buy batik, taste foods and so on?” (Interview, D3)

This branding policy is accentuated through events and festivals where people can present their products and activities (Kompas, 2010b). There are some notable events, such as Solo International Performing Art, Solo International Ethnic Music and Solo Batik Carnival which attract many visitors. These festivals are then being identified and collected, included in a calendar of events which is officially published by the Surakarta municipal government (see www.eventsolo.com). This calendar is created regularly by the local government as one of promotion tools and can be a guide for potential tourists to plan their visit to Surakarta (Interview, D3). Not all events can be included in the calendar; event organizers and communities should first propose and register. Local officials select and evaluate which events are decent to promote. However, those selected events are a combination of government programmes and community-initiated events; those are synergized events (Interview, D3, D6).

Tightening up the ties

In companion with enabling community based activities, the local government intends to unify the movements and synergize the actions to be in line with the development roadmap. The Department of Tourism and Culture initiated to open integrated communications between the local government, creative firms and communities and universities. In earlier 2013, this communication has resulted in the formation of Solo Creative City Network (SCCN) which is very likely to an association in

Bandung, BCCF; however, SCCN was formed by the local government, not by the communities. SCCN is not only delegated to prepare the proposal for the UNESCO Creative City Network, but also expected to be a melting pot for all parties who have interests in creative city development. Thus, the local government is currently creating collaborative governance where each related stakeholder can communicate and contribute to problem solving.

The government also stimulates these parties to become the next stakeholders who guard the development process (Interview, D3). Bottom-up initiatives and participation are sought to happen, as the role of government is limited, and they cannot only focus on one development priorities. A convergent impression of all these communities is that their involvement is essential to realize the successful creativity agenda, as identified through interviews.

“... even though we facilitate them..., they actually established by themselves, fund independently, organize their own activities.

We are so grateful to those communities who voluntarily want to bring forward our city, Solo, and accelerate the creative city agenda.. (Interview, D2)

“.. we just initiate, but afterwards—it is incredible that—they can follow up themselves, open discussions, and so on..” (Interview, D3)

“.. I think the event could make the kampong residents are more aware and motivated to develop cultural potentials. This stimulates other kampongs to do so,” Heru said in response to his previous event. “To develop the city we can begin by involving the young generation.” (Bisnis Jateng, 2013)

Although the role of SCCN in institutionalizing the creative economy policy has not seen yet, there are convergent interests in realizing Surakarta as a successful creative cultural city. Each creative association, or community, has its own focus and characteristics. For example, Red Batik Solo intends to appreciate batik and introduce more to young people; Blusukhan Solo focuses on exploring places in the city; Republik Aeng-Aeng and Mataya Heritge frequently organize cultural festivals. These communities involve in SCCN activities, even though not all can contribute conceptual ideas (Interview, D4). All in all, the nascent collaboration is seen from this case.

Universities

Universities could contribute as a source of cultural industries. It is frequently found that some batik businessmen in Surakarta are university graduates. In Laweyan, Alpha Fabela Priyatmono, the pioneer of revitalization programme, is a university teacher. His position and previous research on cluster revitalization inspired him to exercise it in the real world. In addition, Institute of Arts Indonesia (ISI) Surakarta also formally educates artists and crafters.

The role of universities can be determined as they have been involved in policy studies, research and collaborative works with the local government. Their involvement is by request and case by case. However, through SCCN there is an attempt by the local government to call those universities to participate in a continuous period of collaboration and involve in a more sustainable discussion and problem solving. On the other hand, it is also found that those universities are not really similar, but are now collected to contribute in this collective action. As mentioned by an interviewee,

“... we would like to unite, though not extremely different, poles of universities in the west and the east. In the west we have UNS, UNIBA, AKMI, while in the east we have UMS, ISI. The east ones feel that they are suburbs. To be honest, traditions in Solo: when we know someone can do something, we will always refer to the same person. But now we try to invite unusual persons..” (Interview, D4)

For this case, we found that it is easier to initiate communications between universities, and between the government and universities. The relative size of this city could be a possible explanation: the geographical proximity and homogeneity of societies ease them to bargain their interests, apart from the cultural context where they can easily cooperate through the ‘gotong royong’ principle.

Cultural barrier?

As has been elaborated, the Surakarta version of the creative economy is largely typified by the existing cultural industries in companion with new movements that promote cultural preservation

and enjoyment. A question remains: to what extent the knowledge economy concept of creative economy can be related to this case? Innovation and new learning are limited compared to cultural preservation efforts that have been done by the local government and indigenous people. There are strong forces to let culture as it is and differentiate it with current contemporary values. On the one hand, this can be useful as there are still large markets that have interests in exotic cultural products and festivals. On the other hand, it is evaluated as unsustainable, whilst the appreciation of people towards traditional culture is gradually declined.

Some community actors realize that it is important to be more flexible and seek to involve more young people in realizing this creative economy agenda. As identified during interviews,

“... we need to insist the communities that arts and culture should not be a barrier; that is the first thing. Do not make this barrier as obstacles to make leaping; no fear of being damned because we do not preserve local wisdom. We try to provoke through cultural discussions that traditional arts and culture can be inspiration, just get rid of the barrier and realize that arts and culture can be explored without having damaged... of course it needs a long time, but we need stepping forward. Just step by step...” (Interview, D4)

“... because to take care of this city, we actually need young people... We wanted to continuously stimulate young people to be creative...” (Interview, D6)

As literature mentioned, cultural entrepreneurs and SMEs that have been cooperated with each other and also with the public sector can be a source for regional innovation (Landabaso, 2010). In fact, cultural barriers make innovation is little. There is now growing awareness to take into account this issue by involving young people and nascent entrepreneurs in creative activities. In this sense, young people are expected to be main players in the future who will take care of the progress of cultural-creative economy.

Evaluation

Surprisingly the case of Surakarta can be indicated as a good practice of the creative economy institutionalization in Indonesia. However, there are still many challenges if the knowledge economy concept is preferred. The cultural economy in Surakarta would be sustainable if they do not rely on cultural consumption, especially exotic culture, but responds to the global demands to cultural products in which creativity is needed.

6.6 Discussion

In this chapter it has been shown that smaller cities habitually rely on policy strategies in promoting cultural and leisure activities (Lorentzen & van Heur, 2013). Compared to larger cities, small and medium-sized cities have fewer sources to improve the competitiveness. Culture and creative activities are seen as a great alternative to accelerate economic development. It can be indicated that Cimahi and Surakarta have accepted this and thus, progressively promote the development of cultural and creative activities. They similarly adopt the branding strategy and cluster-led development in promoting the creative economy. The role of local government in both cities is indicated to be progressive in facilitating creative and cultural activities within certain boundaries. Whilst there are growing community movements in Surakarta to regenerate cultural clusters, an association of creative entrepreneurs in Cimahi was created by purpose, as expected to generate agglomeration economies.

Both cases reflect diversity in institutionalizing policy in the knowledge economy era (Sandven, 2008). There are many stakeholders who have particular interests and proactively involve in realizing the creative economy agenda. Institutionalization and learning processes take place in a smaller place than the entire city, that is, the cluster. Subsequently, it reveals localized learning where actors interact, build trust, share knowledge and contrast their interests (Cinti, 2008). Nonetheless, the depth of learning in those cities is different and will be reflected in the next subsections.

The effectiveness of city branding

Basically, city branding is designated to build the city through image and perceptions (Kavaratzis & Ashworth, 2005). Smaller cities eventually employ place branding to build an imaginary of exciting cityscapes through leisure, cultural enjoyment or the experience economy (Lorentzen, 2013; Smidt-Jensen, 2013; Waite, 2006). This is done as they do not have a wide range of choices to perform local economic development, and thus attempt to invite tourists and investors. Surakarta and Cimahi have just practiced this concept: whilst Surakarta highlights cultural values and enjoyment, Cimahi brands the IT-based creative cluster to attract investors and similar entrepreneurs to the city. However, it should be critically evaluated whether this strategy is successfully deduced to clear policy directions and programmes.

Table 6.1 Typology of the creative economy institutionalization in Cimahi and Surakarta

		Cimahi	Surakarta
1	Underlying assumptions	<ul style="list-style-type: none"> • Economic growth (GDP and employment) • Facilitate the growing creative activities 	<ul style="list-style-type: none"> • Economic growth (GDP and employment) • Cultural preservation
2	Initiation		
	Initiative	Local government	Local government and communities
	Technical assistance	None	None
	Outward influence	Bandung	National comparison
	National government forces	No, only subsidies	Yes, for pilot creative cities; subsidies
	Local forces	Deceleration of manufacturing activities	Cultural potentials can be valuable for tourism
3	Policy focus		
	Embodiment	City branding; explicit approach	City branding; explicit approach
	Type of programmes	Cluster-led development	Festivals, cluster-led development
	Focus on subsectors	Animation, software	Design (batik), crafts
	Focus on geographical areas or cluster	Baros Information Technology and Creative Centre	Kampong Laweyan, Kampong Kauman
	Role of local government	Provider	Facilitator, communicator
4	Communities		
	Potentials	Little	Cultural industries in old clusters: batik, crafts, traditional performing arts
	Grouping	Created by purpose	Grouped, strong ties
	Interconnectivity	N/A	Exclusive for local people, but can collaborate with other parties
	Role of communities	Education and learning, particularly for students	Initiating actions, collecting interests, learning and knowledge sharing
4	University role	Policy recommendations	Create the creative class; involving in collaborative action in defining policy
5	Evaluation	Too little agglomeration economies, still a long way to reach outcomes	Lack of innovation

For the case of Surakarta, cultural values and symbols become an essential inspiration to develop the city image. Javanese traditions are something already attached on public perceptions and societal values. The local government has clearly made use of this condition not only to regenerate the philosophy of social life within local people, but also spread this insight to potential visitors and tourists. In this sense, place branding is responsible for linking the creative economy policy with tourism development, though the creativeness of Surakarta creative economy can still be debated. In addition to kampong revitalization programmes and cluster-led development, the branding policy is personified in cultural festivals that attract many visitors and importantly buzz cultural economic activities in the city (Bradley & Hall, 2006).

Meanwhile, in Cimahi there are no strong sociocultural values that become a development basis. Cimahi is not a cultural city that was part of ancient kingdom areas like Surakarta. Place branding is employed to anticipate decelerated manufacturing industries that have become economic pedestal. In a sense, it is an effort to prepare and create the new path of development, in which new type of activities are being built. This brand does not reflect the actual potential of Cimahi, as creative activities have not developed yet. The brand attempts to build an image of the city to attract investors. Therefore, the effectiveness of this effort should be evaluated through its programmes, whether it is successful to create a system of activities or just imagination of a new era of urban economy in the city.

Cluster-led development

In both cases it can be indicated that there are certain areas defined for cluster-led development. Accordingly, mutual learning and innovation are expected to happen in these clusters. For the Surakarta case, in Kampong Laweyan and Kauman we found collective action between local batik businessmen to endorse their businesses, share knowledge in making batik, and expand production scales. It can be affirmed that Javanese culture and traditions have empowered people to collaboratively revitalize the cluster as well as its system of activities. The culture that constitutes tacit knowledge enables mutual learning (van Geenhuizen & Nijkamp, 2000) not only between those businessmen, but also attracted the government and universities to involve. Accordingly, this process can stimulate economic regeneration, which potentially becomes sources of urban competitiveness.

The successful localized learning in two Surakarta's clusters can be indicated by a consensus between local businessmen, the government and universities. This collective covenant enables networking to promote knowledge creation and flow, transformation of knowledge in which vocabulary and frameworks are being smoothed, management of human capital, management of public stocks of knowledge (Cinti, 2008; Cooke, 2008b; van Geenhuizen & Nijkamp, 2000). However, identification of new learning and knowledge needs are still little found; innovation is unlikely to occur. This can be explained by several reasons. Firstly, as a smaller city, Surakarta lacks of economies of scale and diversity to generate innovative learning. Secondly, strong attachment to local culture hampers people to modify the characteristics of original culture products. Thirdly, the social capital that is too strong successfully created good collaboration, but hampers competition which is still needed to innovate (Van Oort, 2002).

In the Cimahi case, agglomeration economies effects are created by purpose to generate localized learning. However, this effort seems to be less successful due to size problems. Although there are many people in the cluster, they are not the real animators and software makers, but students and potential entrepreneurs. There is an insufficient number of actors to involve in local networks and create a creative cluster. Therefore, it is found that Cimahi suffers from limited agglomeration economies as specialized workers – animators and software makers – would prefer to move away from this city (Lorentzen & van Heur, 2013).

For now, we can conclude that city branding can be either a successful or poor tool to realize the creative economy policy. Surakarta can take advantage of local culture and social values to form perceptions and imaginaries of 'Creative Solo, Wealthy Solo' through well-integrated cluster-led development and festivals. This is not the case for Cimahi that strives hard to buzz the creative system to work properly. In this chapter it has also been shown that creative workers in small cities suffer from lack of agglomeration economies (Lorentzen & van Heur, 2013). Size does matter, especially when it is difficult to buzz creative activities. Nevertheless, this comes up with an easy explanation: Surakarta has cultural commodities, while Cimahi does not, which can be very useful in tourism development. A strong commitment of local government, university involvement and proactive community movements are not sufficient if economies of scale is failed to create.

7 Towards a creative-led policy model for local development strategies

7.1 Introduction

For such countries with low per capita income, the international audience might think that chances for the creative economy in Indonesia are overlooked. This country might leap too fast to the creative economy era, whilst there is little fact indicating deindustrialization either at the national or regional level. The agricultural sector still dominates the national workforce (around 40%) and the manufacturing sector contributes largest to the total added value (GDP) (Ministry of Tourism and Creative Economy, 2011). In all the selected cities in this thesis, services and trade sectors typify their urban economy structure. However, there is an indication that creative industries become increasingly important to the economy, as they create approximately 7% employment and contribute to 8% GDP (ibid). The creative economy could be the next path of economic development in Indonesia, as there are huge potentials of culture and traditions which are seen as a starting point.

Though creative activities are vastly growing in Indonesia, the basic question remains: to what extent international literature on creativity, which is dominated by North America and Europe, fits in the Indonesia's contexts? The new creative economy policy should not be 'Xerox policy' (Pratt, 2009), as it might not be suitable for Indonesia's societal and institutional characteristics. There are many aspects that can prohibit the compatibility of creativity ideas in Indonesian localities, such as cultural barriers (Scott, 2000), innovative capacity (Cooke, 2008b; Costa, 2008) and government prioritization (d'Ovidio & Pradel, 2013; Evans, 2009). We are not going to move Silicon Valley, Durham Helsinki or Florence to Indonesia. Every single aspect should be evaluated, though the intention is to generate the competitiveness.

This thesis is intended to answer the question through elaborating how localities attempt to institutionalize ideas and policies on the creative economy. It is focused on how the policy is being communicated which thus involve diverse stakeholders. The discussion of mutual learning and innovation between creative industries in order to generate firm competitiveness is, however, beyond our emphasis. Three sub questions were prepared to elaborate on this thesis. The first question deals with the underlying assumptions of those localities in applying the creative economy. Secondly, it is questioned to what extent the development progress and this policy is being institutionalized. The final question reflects empirical findings on current academic debates on creativity.

The growth and development of creative activities in Indonesia's regions is not geographically similar. There are some localities in frontline that apply development policies which encourage creative industries and accordingly inspire others to exercise similar policy directions. In this thesis, four cities have been examined as case studies i.e. Bandung, Cimahi, Surakarta and Yogyakarta. These cities have been compared to their relative size and how it differentiates the progress of the creative economy policy institutionalization.

The remainder of this last chapter is organized as follows. **Section 7.2** concludes our ongoing discussion on how urban size differentiates the progress of institutionalizing the creative economy policy. The next section highlights several points that interact empirical findings with international concepts of creativity. A further reflection on the developing world contexts is included in the subsequent part. To conclude this thesis, the last two sections discuss several points as policy recommendations and reflections on the quality of study and further research.

7.2 Large and smaller cities compared

Bandung and Yogyakarta are justified as larger cities, while Surakarta and Cimahi are relatively categorized as medium-sized cities. Our findings can be reflected for large cities and medium-sized cities; very small cities and less-urbanized regions are not covered in case studies. Although there are several characteristics that can be contrasted between them, not all the aspects can be

generalized (see **Table 7.1**). Each city is embedded in its own cultural contexts, institutional environments, and the local political economy. These aspects make the creative economy work differently in the city and uniquely deliver varied outcomes.

A more diverse society can be captured in larger cities like Bandung and Yogyakarta, even though stronger cultural values are found in Yogyakarta. This corresponds to the presence of universities and the inward investment policy that attracts in-migrants, who are among others creative entrepreneurs. Meanwhile, the scale of economic externalities that is not very large in medium-sized cities makes them more homogenous. Creative communities and associations are more plentiful in larger cities, often conflicting with each other. This condition is not seen in smaller cities, as the number of creative entrepreneurs is also fewer. In addition, the diversity of actors makes institutionalization in large cities is more complex than in medium-sized cities. This corresponds to more varied interests which interact and confronted, thus make a more dynamic process (Sandven, 2008).

Nevertheless, there is inconclusive finding on how this differentiates the type of creative industries in those cities. One might expect that medium-sized cities are typified by traditional cultural industries, while larger cities are characterized by contemporary arts and design industries. In fact, the Yogyakarta government prioritizes the traditional ones rather than the growing contemporary performing arts, fashion and software industries. In reverse, animators and software industries are present in Cimahi. The geography of traditional and contemporary arts could better be identified by the degree of which culture and traditions attached on social life. Yogyakarta and Surakarta have strong cultural identities, while Bandung and Cimahi do not.

A further finding is still related to diversity which influences the propensity of communications, networking as well as learning and innovation between creative industries that is more likely in large cities. Large and dense urban areas seem to be more preferable for network behaviour, because they benefit from density, suitable communication modes and associative cultures, including higher education institutions (Karlsson, 2011). On the other hand, smaller cities have to deal with size matters: generate agglomeration economies effects, buzz creative activities with various programmes and events, and create localized learning to make it happen (Lorentzen & van Heur, 2013; van Heur, 2013; Waitt & Gibson, 2009).

Table 7.1 The creative economy in large cities and small and medium-sized cities compared

	Large cities	Medium-sized cities
Social characteristics	More diverse	Homogenous
Institutional environments	Depends on the local political economy	Depends on the local political economy
Type of creative industries	Contemporary arts can cultivate, but if local culture is not strong	Mostly traditional culture, but contemporary CI can emerge in smaller cities close to metropolitan core
Creative communities	Diverse and plentiful	Smaller size, homogenous
Opportunity to mutual learning and innovation	Likely	Less likely
Policy institutionalization	Complex	More simple
Agglomeration economies creation	Urbanization economies	Localization economies

Size has also implications for the chance of how creative industries can be developed. In larger cities, it seems that creative industries can be encouraged without a delineated specific cluster where localized learning and knowledge sharing take place. Common meeting rooms and cultural amenities such as galleries, theatre and concert halls and studios are eventually needed (Cooke, 2008b; Costa, 2008; Romein & Trip, 2011; Vanolo, 2008). Meanwhile, in the selected medium-sized cities show it has been attempted to create localization economies through creative clusters which are smaller than the city boundary. This should critically be evaluated, although it does not merely mean that in the future, there will be not creative clusters developed in larger cities. In

general, large cities can benefit from social and economic diversity (Desrochers & Leppälä, 2011; Hall, 2000) in which creative entrepreneurs do not have to converge in localized clusters. They can develop channels with the global world without having disengaged with the local networks.

However, size is not the only problem of exercising the creative economy in smaller cities. It has been shown that a progressive role of the local government accompanied by collaboration with communities and universities could be fruitful in realizing the creative economy agenda. This applies for Surakarta, which is rather successful to collaboratively construct a cultural-creative milieu (Cooke, 2008b), while does not for Cimahi which is constrained by size and agglomeration economies. Whilst Cimahi chooses priorities and focus that are not suitable with its potentials, Surakarta intelligently utilizes its culture circumstantial to be economically fruitful. All in all, high quality institutions are strongly required to overcome circumstances (Rodrik, 2008). Through collaboration, each actor is aware of the new discourse and policy directions and thus proactively participate in achieving the creative economy agenda.

As a further conclusion, one might be questioning: to what extent this pattern can explain other large cities and even smaller cities and less urbanized regions in Indonesia? To answer this question, the nature of societal and institutional contexts should be considered. Other larger cities in Indonesia will not be very different from Bandung (Soegijoko, 2006). Otherwise, the presence of strong local culture and traditions will determine the nature of creative milieu and its institutionalization. Meanwhile, small and medium-sized cities and less urbanized regions will similarly suffer from lack of agglomeration economies and be difficult to buzz the creative milieu. It is important to mention that the creative economy agenda is not always necessary if the economy structure is not advanced yet: agriculture and manufacturing sectors still grow. The creative economy institutionalization would be necessity when there are a sufficient number of cultural industries, while their products have niche competitiveness to be sold in the global market.

It should be reflected that all the selected study cases are located on Java Island, where its level of economic development is farther than regions on the outer islands. Urbanization on Java Island is typified by metropolitan and mega urban region development, which is triggered by highly complex drivers. Meanwhile, on outer islands the focal point of development still appears to be small and medium-sized cities, which generally correspond to natural exploration activities (Fahmi, Hudalah, Rahayu, & Woltjer, forthcoming; Firman, 2012). Therefore, this reflection could fit in cities on Java Island, including small and medium-sized cities which have more advanced economies.

7.3 Reflecting the Indonesian creative economy on international literature

The most difficult part of this thesis is to come up with a conclusion about research problems. This section is dedicated to particularly answer the research questions. First of all, we can reflect that the Indonesian creative economy is unique and different from the concept in literature. Whilst the Indonesian government includes traditional culture product industries as creative industries, the knowledge economy concept of creativity strictly requires originality, copyright issues and innovative ideas (Galloway & Dunlop, 2007; Garnham, 2005). As has been emphasized, the government seems to opportunistically include existing cultural activities as a part of the current creative economy policy.

Creativity notions, such as the creative class of Florida, the creative economy of Hawkins and other knowledge economy concept of creativity seem to be reluctant in Indonesia. If Florida refers technology, talent, tolerance (3T) as essential aspects of attracting the creative class, it could be problematic for many Indonesian cities. Even though manufacturing industries exist in several regions, they are eventually not attached to innovation. Many of them are MNCs that technology is imported and frequently have no local networks. There are many people who have talent and creativity, but as has been presented in this thesis they are contextual of local culture. Finally, diversity actually exists in the city, but in different ways: people with different ethnicities and religion live together. For Indonesian societies, tolerance is something crucial in daily life and has become the national identity: 'unity in diversity' (Bhinneka Tunggal Ika). It is different from tolerance, which is meant by Florida, though there are some international cities in the country, such as Bandung, Yogyakarta and Jakarta. Besides, the argument of attracting the creative class is not

applicable to Indonesia as inter-regional migration could be problematic especially to larger cities. It can have great implications for infrastructure management.

Alternatively, there is another concept to refer: the cultural economy of Scott (1997, 2000). This concept can better explain the importance and contexts of local culture. Scott emphasized the role of the cognitive-cultural economy, which tends to encourage firms and workers to converge in the cities in accordance with tacit knowledge, face to face contacts and flexible linkage between firms. Furthermore, agglomeration economies allow innovation among those firms. This argument can particularly explain the emergence of creative industries in the meantime in Indonesia. Creative entrepreneurs emerge in the city, often around inner-city areas, as they seek opportunities to sign in local networks. When they locate in cities where other creative entrepreneurs also take place, it is likely to involve in mutual learning, knowledge sharing and of course, open economic transactions with others.

This concept also signifies that cities are seen as the accumulation centre of cultural expressions and enjoyment, which feed people with consumerist behaviours who liked to involve in cultural consumption. This is also in line with the fact that creative industries are being linked with the tourism agenda. However, it is important to recall that Scott referred urban cultural economy as a form of the development of post-Fordist cities. It can therefore describe the rise of contemporary creative industries in Bandung, Yogyakarta and Cimahi. Yet, this concept cannot explain the existence of old traditional culture product industries, like batik and craft clusters, as a form of activities deduced from cultural values and expressions. Their presence was at the same time by the rise of agriculture and manufacturing industries. In addition, innovation and learning are still a problem even though those cultural industries are converged in the cities. In many cases, especially in regions with strong local culture and traditions, cultural barriers are present. Local cultural entrepreneurs are reluctant to innovative ideas to modify and take advantage of cultural identities in producing creative products.

With regards to the first sub research question, the underlying assumptions by which localities in Indonesia promote the creative economy are different from those in literature. Although they are motivated by the same premises of economic growth, employment creation and competitiveness (Bontje & Musterd, 2009; Currah, 2009; Evans, 2009), Indonesian cities start from different macroeconomic conditions, societal realms and institutional contexts. There is a strong indication that the creative economy is actually prepared as the future's path of economic development. Once mass production economic activities could no longer be relied on, people are expected to involve in entrepreneurship. Thus, creative industries are of activities where they can do so.

As has been indicated in **Section 7.2**, by now, the creative economy could be applicable to cities with advanced economies, particularly on Java Island. However, local and provincial governments on outer islands increasingly consider the opportunity to exercise similar policies, as they feel that they also have great potentials of local culture and identities. As we learnt from cases of Cimahi and Surakarta, urban regions with less advanced economies could found that the creative economy problematic if agglomeration economies effects are failed to create. Accordingly, mutual learning and knowledge sharing could not occur because there is only little number of firms or entrepreneurs who are ready to involve in the knowledge economy.

The creative economy in the fight with other development agendas

The second sub question is related to the institutionalization process of creative economy policy in selected cities. We found that the nature of institutionalization processes in these cities is different from each other in relation to local culture attachment, institutional contexts, diversity in actors and the local political economy. Various interests of stakeholders determine the complexity of networks and communications between them. Nevertheless, we can identify where the creativity ideas came from, who took initiatives to develop the creative economy in the city. Among the cases, there are some local governments that strongly promote the creative economy, deliver subsidies and develop creative clusters. Meanwhile, others let the development as it is and facilitate creative activities through minimum actions. When this is the case, communities will take the role in seeking their

own needs. In the case of Bandung, communities even act as an advocate who has an alternative policy, as if they are an 'alternative' government.

In all the cases, the creative economy discourse is eventually intertwined with the 'creative city'. This indicates the tight relationship between place, culture and economy (Scott, 1997, 2000), where creative people need adequate places not only for production and workspaces, but also meeting points, cultural amenities to show their products and infrastructure to link with markets and the global network (Å. E. Andersson, 2011). Besides, the creative economy agenda is often related to tourism development: cultural and creative products are expected to attract more tourists and visitors. In the knowledge economy concept of creativity, creative industries and their companions have never connected with tourism, but the cultural economy of Scott has. This is also to suggest that the

Social capital, 'do it yourself' and bottom-up initiatives

Creative entrepreneurs, or those who are grouped in communities, are the main players in the creative economy era. There are many discussions found in literature regarding the dynamics of mutual learning, knowledge sharing and innovation in creative milieus (Cooke, 2008b; Costa, 2008; Lazzeretti & Cinti, 2013; Scott, 2006; Stam et al., 2008). However, there is no one mentioning 'creative communities' or 'creative associations'. In Indonesia, these communities are typical of the creative economy development. It is an embodiment of a high social capital where creative entrepreneurs not only involve in mutual learning to enhance production scales and firm competitiveness, but also collaboratively succeed the creative economy policy agenda.

Florida argued that a strong social capital is not necessary between creative people; weak ties between them are preferable to enable knowledge sharing and competition which can result in highly innovative products (Florida, 2005, 2012). Meanwhile, Törnqvist (2011) mentioned that social capital is a glue that can paste human capital owned by every single person. Social capital concomitantly represents collaboration and competition in close-knit networks. Social capital is essential both in developing local networks of creative entrepreneurs and in institutionalizing collaborative actions toward the creative economy policy. For Indonesian contexts, strong ties between creative entrepreneurs are useful to advance trust and in-group feelings which can enable and ease knowledge sharing processes. By creating associations, they feel that they share valuable information to insiders only. On the other hand, as shown by the Surakarta case, the social capital that is too strong hampers competition between them, which is not good to perform innovation.

It could be true that only human capital is needed to create highly innovative products; weak ties could be preferred to enable collaboration and competition at the same time (Florida, 2005, 2012). Nevertheless, in institutionalizing the creative economy policy which not only includes creative entrepreneurs, but also other stakeholders, social capital is needed to build an institutional collective action. Although this conclusion can be challenged through further examinations, it has been shown that creative communities that have a strong social capital and are open-minded can easily collaborate and support each other in institutionalizing the creative economy policy. In Bandung and Surakarta cases, their communications with the local government reflect a fruitful collaboration which can result in clearer directions in development policy and its outcomes. Meanwhile, for the Yogyakarta case, it has been shown that creative communities have a strong social capital without formalized associations; their relationships are weaker than those in Bandung. There is little communication between them and the local government which results in the disjointed outcomes of the creative economy policy.

As a reflection, a strong social capital can be both strength and weakness. In spite of creating a strong collaboration between creative entrepreneurs within a cluster, creating a competitive climate is still needed. For institutionalizing the creative economy policy, it is recommended that bottom-up initiatives and participation of these communities are important to critically communicate the policy directions with the local government (Rodrik, 2008). It does not mean that a formalized alliance such as BCCF is needed. On the other hand, the government should consider including these potential groups as a player in the institutionalization process.

Creative clusters

There is particular focus among scholars on creative and cultural clusters, in which cluster theories are contested in the context of creative and cultural activities (Cinti, 2008; Cooke, 2008b; Costa, 2008; Karlsson, 2011; Kong, 2009). Although there is an indecisive conclusion whether urbanization economies or localization economies could be preferable for creative firms and entrepreneurs, it is believed that cultural cluster can be important to stimulate localized learning and innovation. In our cases, Surakarta and Cimahi employ cluster-led development to promote creative industries, while Yogyakarta and Bandung do not have clear ones. As shown by Surakarta and Cimahi cases, physical clusters deliver benefits both for creative firms and the local government. They can help to stimulate localized learning and generate economies of scale for creative firms and entrepreneurs, while the local government can easily monitor the growth and development of creative firms there. Institutionalization of the creative economy policy can more easily be focused on specified areas, which economize costs for delivering subsidies.

However, as medium-sized cities, they found difficulties in performing new learning and innovation for different reasons: cultural barriers in Surakarta, while size and ‘buzz’ in Cimahi. Developing new clusters is not easy, because ‘artificial’ agglomeration economies eventually fail to stimulate local networks and typical interactions between creative firms and entrepreneurs. One lesson learned from these cases is that creative cluster-led development could be a viable strategy if it reaches an adequate number of creative firms that will generate localized learning. Yet, it needs further examination to acknowledge how large the size could be.

The role of universities

It has been admitted that the roles of universities are to attract creative people (Florida, 2012), perform specific research regarding certain issues, involve in teaching and vocational training, become centres for innovative ideas and be a critical partner in defining policy directions (Törnqvist, 2011). From our cases, it can be learnt that universities can act more than as educational and research institutions. Apart from their functions to generate spin-offs—nascent creative firms and industries, university actors eventually perform an active role within communities, have creative business, involve in initiating bottom-up development and communicate with other stakeholders as if they are not university teachers. It is therefore interesting that in Indonesia university actors can involve in community activities because research activities are still problematic due to limited resources. Besides, there is still little awareness to conduct research and publish it; some lecturers prefer to do more ‘real’ roles by attaching themselves to community activities and work together with them, thereby acting as facilitators.

Wrapping up

All in all, we can conclude that the ‘pure’ knowledge economy concept of creativity could not fit in Indonesia’s contexts yet. The creative economy is potential as an alternative to local development strategies, but needs adjustment according to the contexts of regional economies, local culture and local political economy. This concept is applicable to selected cities and regions that have advanced level of economic development and urbanization. For regions with little agglomeration economies effects and creative potentials, this policy could be problematic.

To some extent, the Indonesian creative economy is institutionalized as path dependence with the starting point of culture and traditions. Local cultural values and potentials are indeed useful to generate ideas and economically valuable products. In fact, local culture can also be a huge barrier to innovate and make highly creative products. It should be criticized that the creative economy should not only about cultural consumption, but also cultural production. In the end, the creative economy, or the cultural economy if it is judged to be more relevant, is just a name. The more important thing is that localities now consider another opportunity to stimulate entrepreneurship and yield more options for local development strategies. Our task is then to compound any possible strategies that can be applied at the local level. In accordance with this, ongoing challenges should be accepted, especially related to innovation, copyright issues, learning and networks, also spaces and infrastructure needs.

7.4 The prospect of creative economy in developing countries

The creative turn has arisen in Asia and developing countries, not only in West Europe and North America. The ‘hallyu phenomena’ (Korean wave) is currently hot in Asia. Korean music and drama industries have shown a vast development since the last decade. The booming ‘Gangnam style’ is only a small example of which Asian arts and cultural products are now considered by the worldwide consumers. Despite Korean creative industries, there have been many popular entertainment and cultural products from Japan, Taiwan, Hong Kong, and India.

Indonesia is not the only low-middle income country that seeks a fortune in encouraging creative industries. UNCTAD has documented that, among others, Mozambique and Zambia currently promote the growth of creative industries (UNCTAD, 2011a, 2011b). They similarly practice an opportunistic style of development by including traditional arts and culture products as creative industries. Therefore, it can be argued that the challenges faced by developing countries in general are likely with those found in Indonesia’s cases.

This study suggests important lessons for developing countries that are currently experiencing similar trends. In general, the creative economy could be a viable strategy for local development if localities can properly identify potentials and contrast them with contexts and underlying assumptions. From Indonesia’s experiences, it has been shown that the problems related to intellectual property rights, innovation and market creation could be critical challenges in realizing the creative economy agenda. According to the knowledge economy concept, the nature of creative industries should be innovative and friendly with information technology. Meanwhile, the developing world strives hard to deal with innovation and technology due to limited resources, both soft and hard infrastructure.

However, creativity can be possessed by anyone; talents and cultural values can be economically fruitful. What makes different is the chance to involve in the creative nexus in which creative people can attach themselves to inter-firm linkages and reciprocal learning with other firms and entrepreneurs. In this case, learning and frequent interactions are essential to build their competitiveness (Cooke, 2008b; Costa, 2008; Rutten & Boekema, 2012; Scott, 2006). For the developing world, the government needs to facilitate creative industries to build this network. As they are mostly small firms and entrepreneurs, their capabilities still need to be stimulated. A wide access to high quality resources, especially that relate to intellectual property and information technology can be preferable for them (Cooke, 2008b; Costa, 2008; Landry, 2012). In so doing, high quality institutions are needed to mobilize resources and networks so as to embrace those creative entrepreneurs. Besides, community participation can help to ease inter-actor interactions and goal achievements. As indicated by most literature on creativity, young generation is to whom we can rely on (Florida, 2005). Creative and resilient young people could be fashioned through education and favourable social environments. Again, the role of government is to monitor these institutions to involve in collaborative governance in realizing the development agenda.

7.5 Policy implications

The title of this ultimate chapter seeks to constitute a policy model which can be referred by localities to develop the creative economy. In fact, it might be difficult to construct such complete model without considering aspects that are not covered in this study. This section will just indicate points to consider in institutionalizing the development policy which promotes the development of creative industries.

In general, local economic development policies should cover at least infrastructure, inward investments, labour skills and local firms (Conti & Giaccaria, 2009). In accordance with the creativity agenda, there are many points that can be included in the policy, both related to software and hardware. Bontje and Musterd (2009) suggested that in the creative-led development policy there should be emphasized stimulating creativity and facilitating creative people to attach more in knowledge. The government is supposed to be responsible for strengthening innovative capacity, attracting more firms and stimulating industrial clustering. The national government is in charge to monitor macroeconomic stability flows of trades that will influence the dynamics of creative

industries (Evans, 2009). Meanwhile, the local government as the forefront runner in grasping the creative economy agenda should take into account all the aspects related to creative firms and entrepreneurs. Some aspects that can be considered are mentioned as follows.

a. Economic contribution

All the local governments would pay a strong attention to the economic contribution of creative industries as they are expected to have a great impact on the economy (Evans, 2009). A well acknowledgement on the nature and characteristics of creative industries, their business cycle and fluctuations, and strengths and weaknesses will help the government at ease to envisage well-advised policy directions in the future.

b. Attracting creative skills

There are alternative ways to improve the creative milieu: attracting new creative people (Florida, 2005; Scott, 2000) and improving existing creative firms (Costa, 2008). To attract the creative class, it needs to establish the local production system, attracting relevant labour force, ensuring all the harmony needed to develop creative milieus, manage externalities, resolve free riders and ensure the provision of infrastructure.

c. Improving existing creative industries

Meanwhile, Garofoli (2009) pointed out that main objectives of local development can include improvement of existing firms (labour productivity, human resources, strategic capacity of firms, positioning in the market), formation of new enterprises, diffusion of knowledge and success stories, linkages among firms. In addition, Costa (2008) suggested to take advantage of existing environments, ambiances, networks, institutions and regulations, which are followed by improving skills, creating audiences or consumers, promoting tolerance and building identities. To improve the capability of firms and entrepreneurs, training could be an option, in addition to other interventions and subsidies: property, business support services, grants and loans, fiscal/tax schemes (Evans, 2009). Supporting creative firms and entrepreneurs could be carried out either at the beginning or at a higher level of interventions.

Whether it comes up with cluster-led development or not, strong agglomeration economies effects are needed to reduce transaction costs and improve knowledge and information flows so as to enable mutual learning and innovation (Costa, 2008). Whilst specified clusters encourage concentration in certain areas for specific creative or innovative products, the development without physical cluster still needs to address the importance of interactive learning and communications between creative firms.

d. Physical infrastructure

There is a significant belief that successful creative economies are related to urban amenities and physical infrastructure. This is also in line with the relationship between the creative economy agenda and the creative city, which very much focus on place making and provision of urban amenities and infrastructure (Costa, 2008; Florida, 2012; S. Yusuf & Nabeshima, 2005). As Scott (2006) mentioned, urban social milieus enable required conditions that can smooth familiarization and socialization of workers, ease the circulation of regional labour system and retain the idiosyncratic advantages of the local production system. If it is the case, there could be many infrastructure to provide, such as favourable housing, environmental quality (Florida, 2005) and cultural amenities like galleries, studio, meeting points and so on (Cooke, 2008a).

However, providing subsidies, clusters or physical infrastructure would not be enough. To realize the creative economy agenda it needs high quality interactions between stakeholders who take each of their roles (Rodrik, 2008). There should be collective and integrated actions in supporting creative activities and providing liveable places at the same time. In accordance with this, each party should be open to other perspectives and interests. Opening communications for the first time would not be easy, but it is something essential to do.

Recommendations for the Indonesian government

Apart from those general directions, recommendations can also be addressed particularly for the Indonesia's government. As has been presented, in the decentralizing Indonesia the development habitually occurs at the local level. The national government can indicate policy directions to be applied at the regional and local level. This can include several points as follows.

- a. *Indicating directions and prioritization at the regional level.* Java and the outer islands have different potentials and contexts which need different interventions and focus. There is no one size fits all in development. Efforts that have been done in Bandung or Surakarta would not merely be applicable to other regions.
- b. *Improving the understanding in the concept of creative economy.* As we have found that there is asymmetric comprehension in the creative economy concept and how to go about it, the national government should first focus on introducing the essence of creative economy policy in Indonesia. Intellectual property, innovation and local networks are of issues that should be addressed.
- c. *Suggesting framework for provincial and local governments to determine policy directions at the local level.* As the national government can only recommend and encourage policy foci and the local government is the one that will accomplish it, a framework or guideline will be useful to help local governments understanding how to implement the policy.

Meanwhile, for the local government specific issues related to local contexts should be more renowned. Several points as recommendations can be presented as follows.

- a. *Identifying the potentials that can generate sufficient agglomeration economies effects.* For localities that have no diverse creative industries like Bandung, it is tricky to focus on a certain type of creative industries. It should be taken into account that the chosen focus should be in line with the existing potentials that can be largely found within communities. Thus, the outcomes of the policy will be efficient.
- b. *Balancing the collaborative and competitive climate among creative entrepreneurs.* Especially when the cluster-led development approach is used, it should be ensured that face to face interactions and mutual learning between these entrepreneurs do not hamper the competitive climate where they can innovate and seek to enhance their productivity.
- c. *Opening communications with creative entrepreneurs and communities so as to involve them in proactive participation.* Because they are the main players, those who will benefit from subsidies and programmes, creative entrepreneurs should be involved in defining policy problems and directions. This will help to acknowledge what they actually need and how the government can facilitate them.
- d. *Cooperating with universities to result in innovative ideas and spin-offs.* A well-advised policy could also be supported by input from university experts by their research and outreach programmes. If the localities have universities in their territories, it would be smart to synergize the development programme with their research roadmap.
- e. *The creative economy is not a must.* In the end, it should be emphasized that the creative economy does not always have to be leading focus nor branding, though nowadays the trend strongly spreads out. The creative economy could be just one of alternatives to local development strategies, where localities can implement it if they have sufficient potentials.

7.6 Study limitations

Although we have successfully examined all the cases and answered the research questions, it is fully acknowledged that the thesis has limitations. This thesis has concluded a generalization from all the examined cases, which deliver a good insight to the rising creative turn in many cities and regions in Indonesia. However, as Thomas (2011) indicated that generalization could be problematic for the case study method. The design of this thesis has attempted to cover all the contexts of urban size and local culture contexts. Yet, our case studies are limited to the Java contexts that have more advanced economies. In the end, the conclusion could not deliver detailed explanations about institutionalization of the creative economy policy in other local environments.

Besides, it should be reflected that this study covers many stories from four localities, but for some aspects it is not possible to do a very in-depth analysis. This study does not cover every detail of the micro-politic interactions between actors. This also includes the discussion of complex interactions between creative entrepreneurs; it was covered in a general picture, not detailed. This is because this thesis uses the policy perspective to test the research questions; as if analysis is done at the firm level, there will be different deepness of analysis.

7.7 Further research agenda

From this thesis, we have little knowledge on the current conditions of creative economies in the developing world, particularly in Indonesia. Underlying assumptions as inferred from theories and previous studies have been challenged for these different contexts. It has been found that the creative economy works differently in its premise and practice. The creative economy is still on the move; the national government and localities will continually seek to find the best model to encourage creative industries. This therefore suggests that our discussion on this topic will still be ongoing, as there are huge possible aspects to elaborate.

Although we have concluded that the creative-led policy can be a good alternative to local development strategies in Indonesia, this study cannot entirely answer the giant question about to what extent the creative economy can be applied outside European and American contexts. By now, there is little research and publication on this topic, particularly for Asian and developing countries. Some pieces of work, like Evans (2009); Kong (2009); Mok (2009); Pratt (2009), have uncovered that there could be many important considerations to implement the creative economy in Asian countries. Assumptions and contexts should be challenged. It needs more evidence and comparison to construct theories in the creative economy in Asian and developing countries.

The knowledge economy concept of creativity, as inferred from any thoughts such as creative class, creative industries, creative milieu, and so on, has set up some important preconditions. One that is important is not only knowledge and information about differentiated consumer behaviours, but also the content and properties of economically valuable products. In the creative economy, goods and services should involve creative thinking and cultural expressions. This kind of things, of course, is not a new matter. However, the creative economy concept sees a continuous and innovative improvement. As we have found in the study, this is a challenge for many developing countries that are not prepared for innovation and continuous learning. This thesis has concluded that developing countries, particularly Indonesia, have a different style in implementing the creative economy.

The first inquiry is, therefore, to what extent developing countries can expect economic impacts as benefited from the premise of creative economy? What can they obtain by enforcing cultural potentials to develop the creative economy? This also leads to the question, to what extent will they benefit from encouraging cultural activities, including traditional ones in relation to the creative-led policy framework? Importantly, how do locally-rooted specific circumstances influence these matters? This problem indeed is important as actually the nations and localities implement the creative economy to enhance regional competitiveness. As indicated by literature, these impacts could be differentiated by various reasons, which are embedded to their locations (Lazzeretti, Capone, & Boix, 2012). The field of economic geography is therefore useful to deal with the lack of discussion of this topic in the meantime.

The second problem is consequently by which mechanisms developing countries can enforce realizing the creative milieu. Although literature has suggested many recommendations (Bontje & Musterd, 2009; Cooke, 2008b; Costa, 2008; Evans, 2009; Pratt, 2010), the context of developing countries is lacking (Kong, 2009; Mok, 2009; Pratt, 2009). Instead of doing an observation at the regional level, we also need to pay attention to deeper processes, such as interactions between creative industries or entrepreneurs, innovation and learning, and how actors improve the competitiveness by enhancing such processes. It can also be particularized how specific cultural values and properties can determine the process and outcome of the mechanism. For Indonesia, as well as Asian and developing countries, culture could be more varied and locally rooted. This also leads to the consideration for how we change over from the exotic-cultural consumption to creative-innovative cultural production. In a sense, it can be hypothesized that there could be path

dependence between the current traditional cultural properties and the knowledge economy concept of creativity. To prove this of course is challenging and could need many pieces of work. The difference in contexts and circumstances, as have been propositioned and evaluated in this thesis, should be confirmed over again. We may consider some local-specific circumstances that therefore should be checked, including traditional attachment within society, institutions and local political economy, and clustering and networks.

Traditional attachment that can also become a barrier in promoting the creative economy could determine the innovative capacity of creative economies. One that can be measured is to what extent local firms and actors are willing to reconcile the use of technology and contemporary properties with existing social beliefs. A possible way to observe this is how they innovate through utilizing cultural potentials as a competitive product in the global market, while interact each other in the local milieu utilizing externalities and cross-fertilization (cf. Lazzeretti & Cinti, 2013). This can also be linked with another agenda, such as tourism, which strongly influences the institutionalization of creative economy policies. Through which means tourism is related to creative industries could be an option to look at.

As habitually shown in this thesis, institutions are the crucial factor influencing the development of creative activities in a place. Uniquely, in Indonesia localities can have their own political economy where one can be market driven, while another can be command driven. The question is how such circumstances influence the business climate of creative industries? How does this condition affect entrepreneurial attitude and activity, while speculative behaviours appear from land and housing markets? Accordingly, how specific local regulations, subsidies, existing networks and facilities expand regional entrepreneurship can be elaborated.

This thesis has revealed that institutionalizing creative activities is not only about enhancing human capital as shown by Florida (2005, 2012), but also social capital. One question is how this implies the needs for building networks and clusters? In addition, though networks and interactions are often mentioned in this thesis, it does not cover analysis on the complex networks and interactions between creative firms and how this relationship can fruitfully result in innovative products and local competitiveness. An analysis at the firm level or specific clusters can thus be performed. An important question is, however, if social capital is the case, does economic impacts absolutely matter to the creative economy development? Otherwise, it could appear that social impacts, like social inclusion, happiness and participation, become more essential desired outcomes. In the end we just realize that local development is a qualitative process that involves bargaining of various interests and achieving common goals, rather than attempts to reach economic measures and statistics.

In so doing, we may consider that further studies can be performed in different directions. Whilst this thesis used the policy perspective, analyses both at the regional and firm level can be done to uncover how the creative economy works and impacts on local development. However, we may consider several small topics that can be elaborated in the near future as follows.

a. Regional differences in creativity

An interesting aspect to uncover is the economic geography of creativity. There is a huge variety of cultural properties and ethnicities in Indonesia. This suggests that each locality can specialize in a certain sub sector of creative industries. Our current finding has confirmed that creative activities mostly emerge and grow on Java Island, which has a more advanced economy; this is in line with Pratt's argument (2010). However, it needs a deeper examination to highlight the importance of place for creative economic process (Boix, Lazzeretti, Capone, De Propris, & Sanchez, 2013). Some regional factors can be considered, for instance, regional income, wage (Florida, 2012), skill and education (Glaeser & Saiz, 2003), diversity of sectors, related variety (Lazzeretti et al., 2012; Lazzeretti & Cinti, 2013). We could also expect that creative industries would grow in major cities as knowledge, creativity and innovation can more easily flourish (Musterd & Deurloo, 2006) than in less urbanized, smaller cities and districts.

b. Impacts on local and regional economic development

Local innovative capacity can be developed through value creation mechanisms, improving social capital and creativity (Costa, 2008). Local culture is therefore expected to shape the nature of intra-urban activity. Economic activities become a dynamic element of the culture-generating and innovative capacities of the regions. To this point, we can construct an analytical framework to draw the pathway from traditions to creativity. An analysis of impacts on GDP and labour system is therefore would not be enough; it should be complemented by case studies or micro analysis on how this can be accentuated between firms and/or network of firms.

c. Specific topics

In relation to these two aforementioned issues, we can address some peculiar aspects that exist and influence the contexts and assumptions. For the case of Indonesia, we can note tourism and creative activities as examples of those specific topics. For example, to what extent is the actual sectoral linkage between creative industries and tourism? To what extent do creative communities or alliance enhance entrepreneurial and firm productivity? Otherwise, they are a kind of social activities that do not generate economic impacts. Learning process and knowledge sharing between these firms are also important issues to investigate in line with our search for mechanisms that can be applied to promote creative economies in the developing world.

8 Bibliography

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Appendix A: List of interviewees

No.	Code	Organization	Position	Date	Location
NATIONAL GOVERNMENT					
1	A1	Directorate General for Creative Economy based on Arts and Culture	Director General	10/04/2013	Kemenparekraf
BANDUNG					
2	B1	Local Development Planning Board, Municipality of Bandung	Staff (jabatan fungsional)	08/03/2013	Bappeda Bandung
3	B2	Dept. of Industry, Trade and SMEs	Head of Department	15/03/2013	Disperindag Bandung
5	B3	School of Business and Management, ITB	Professor	13/03/2013	SBM ITB
6	B4	Dept. of Architecture/ Artepolis	Assistant Professor / Artepolis founder-SC	21/03/2013	Center for Urban Design Studies
7	B5	Creative communities partner	Freelance researcher	15/03/2013	Akatiga
8	B6	Bandung Creative City Forum	Internal Director	18/03/2013	Dept. Product Design ITB
9	B7	Taman Kota	Coordinator	19/03/2013	Jalan Wira Angun-Angun
10	B8	Common Room	Director	21/03/2013	Common Room
CIMAHI					
4	C1	Local Development Planning Board, Municipality of Cimahi	Economic section, staff	20/03/2013	Bappeda Cimahi
11	C2	Cimahi Creative Association	Member/Mentor BITC, animation maker	21/03/2013	BITC
12	C3	Cimahi Creative Association	Coordinator	21/03/2013	BITC
SURAKARTA					
21	D1	Dept. of Industry and Trade, Surakarta	Head of Sub Dept. of Industry	25/03/2013	Disperindag
22	D2	Local Development Planning Board, Surakarta	Head of Economic Section	25/03/2013	Bappeda
23	D3	Dept. of Culture and Tourism, Surakarta	Head of Preservation, Promotion and Partnership	27/03/2013	Disbudpar
24	D4	Solo Creative City Network	Coordinator	27/03/2013	Disbudpar
25	D5	Kampong Batik Laweyan Forum	Chief	27/03/2013	Laweyan
26	D6	Mataya Heritage, Red Solo Batik Community, Blusukan Solo	Chief	01/04/2013	Mataya
27	D7	Kampong Batik Kaoeman Association	Financial manager	01/04/2013	Kauman
YOGYAKARTA					
13	E1	Dept. of Industry and Trade, Special Province of Yogyakarta	Staff, Sub Dept of Programming	26/03/2013	Disperindag
14	E2	Dept. of Industry and Trade, Special Province of Yogyakarta	Head of Sub Dept. of Metal, Clothing and Various Industries	26/03/2013	Disperindag

No.	Code	Organization	Position	Date	Location
15	E3	Development Planning Borad, Municipality of Yogyakarta	Secretary staff	02/04/2013	Bappeda
16	E4	Development Planning Borad, Municipality of Yogyakarta	Development and Control Section; member UNESCO CCN proposal team	02/04/2013	Bappeda
17	E5	lidahibu & mediasastra.com	Founder, Member	26/03/2013	Warkop lidahibu
18	E6	Papermoon Puppet	Managing Director	28/03/2013	Papermoon
19	E7	Ketjil Bergerak	Managing Director	01/04/2013	nDalem Suratin Resto
20	E8	kotakhitam	Managing Director	03/04/2013	Parsley café

Appendix B: Interview protocol

INTERVIEW PROTOCOL

Transcript code _____

Name _____

Affiliation _____

Date of interview _____ at (hour) _____

Interviewed by _____ at (location) _____

As we know, given rich potentials of local culture, Indonesia has encouraged the creative economy. One of efforts in doing so is to form the Ministry of Tourism and Creative Economy which is responsible for coordinating policy on creative industries.

This interview aims to clarify, and confirm, policies in the creative economy and creative industries, and how they are being institutionalized at the local level (cities). This interview is a part of research project conducted in the Regional and Rural Planning Research Group (KK PWD), School of Architecture, Planning and Development, Institute of Technology Bandung (ITB) which will also be my master thesis in Regional Studies, at the University of Groningen.

This interview will be recorded. There is always an option for interviewees to keep anonymous your identities. Alternatively, their names will be mentioned in the report and/or analysis.

Type 01/NATIONAL GOVERNMENT

Type 02/LOCAL GOVERNMENT

Type 03/UNIVERSITIES AND EXCELLENCE CENTRES

Type 04/CREATIVE COMMUNITIES AND ENTREPRENEURS

ORGANIZATIONAL ISSUES (all)

1. What are the main tasks and responsibilities of this directorate with regards to the creative economy?

WHY CREATIVE ECONOMY (type 01, 02, 03)

2. What are motivations behind the policy in creative economy in this city?
Probe: starting point
3. What are expectations from applying the creative economy?
4. Where did the policy ideas come from?
- e. Probe: initiations from informal institution, pilot project, place branding

POTENTIALS AND PROGRESS (type 02, 03)

5. What potentials does this city (region) have in the creative economy?
6. To which extent, do you think, has been the development of creative economy in this city (region)?
Probe: economic contribution, program implementation
7. What infrastructure does support the creative economy?
8. To what extent does the current social environment support the creative economy policy?

POLICY AND DEVELOPMENT FOCUS (type 01, 02, 03, 04)

9. Is there a direction from the national government to focus on certain things?
10. What efforts have been done?
Probe: subsidies, taxes, creative clusters, trainings
11. Who are mainly to involve?

Probe: bohemians, artists, creative entrepreneurs

12. Which kind of creative industries does the city (region) focus on?

Probe: cultural based, technology based

13. In what sectors is the creative economy policy in this city focused on? Why?

14. Where is the development of creative industries concentrated on, if any? Why?

POLICY ENFORCEMENT AT THE NATIONAL LEVEL (type 01)

15. Which other organizations are related with in terms of the creative economy policy?

16. How is coordination performed between related organizations?

17. How much budget has been allocated, and focused for what?

Probe: subsidies, taxes

18. What is the role of universities? Which universities are mostly involved, if any?

19. What are main obstacles? How to cope with them so far?

POLICY ENFORCEMENT AT THE LOCAL LEVEL (type 01)

20. In which cities (or regions) is the policy focused? Why?

Probe: pilot project of creative cities, other initiatives

21. Which cities and regions do perform very well in the creative economy? In what aspects?

22. At the local level, who is responsible for, and who does determine policy?

23. What kind of initiations has been emerged from local actors?

24. Why are creative communities seen as an important determinant to realize creative cities?

CREATIVE CLUSTER – CASE STUDY (type 02, 03, 04)

25. In line with the development focus, what has been done for this cluster?

26. What is expected from this cluster?

27. What have creative entrepreneurs done? How is the situation?

Probe: social networks, productivity enhancement

28. Does being agglomerated mean profitable?

29. Is there any competition to be there, get subsidies, or something like that?

ACTORS AND INSTITUTIONS (type 02)

30. Who are related? What are their roles?

31. Who are the most important, influential? In what sense?

32. How does the local government oversee inter-actor relations?

33. Do universities have a great role? In what sense?

Probe: diffusion of innovation, learning process

34. Creative communities are often seen as an important component of creative cities. Does it apply in this city (region)? In what sense?

INSTITUTIONALIZATION (type 02, 03, 04)

35. How is the relationship between actors and institutions performed?

36. Who has the most influential position?

37. How is the policy being implemented?

38. How does the society support this implementation?

39. To what extent the national government affect institutionalization process?

Probe: policy influence, subsidies, grants, pilot projects

40. What are main obstacles so far? How to cope with them?

FUTURE DIRECTIONS (type 01, 02, 03, 04)

41. What is expected to be the future policy? How do we go about it?

