

## **Policy Capacity for Creative Economy Development in Central Java Province**

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### **Abstracts**

The performance of the creative economy in Central Java Province, based on data from the Ministry of Tourism and Creative Economy in 2021, managed to absorb a workforce of 1,410,155 people and create 3,146,702 business entities. The Creative Economy is vital in increasing community productivity and income, providing revenue for local governments, driving economic growth, and responding to various regional economic and social challenges. The Central Java Provincial Government has implemented regional regulations on creative economy development. These regulations involve a non-structural institution, the Creative Economy Committee, whose members consist of the creative economy community, academia, business, and media, to assist the Tourism Office, which has limited authority due to the decentralization of the division of concurrent affairs by the Local Government law. This qualitative research aims to analyze and measure the policy capacity of the two institutions in implementing creative economy development policies based on their duties and functions. Competencies were categorized into three general skills necessary for policy success - analytical, operational, and political - while policy capabilities were assessed at the individual, organizational, and system resource levels. The research findings show that the lack of policy capacity of the Tourism Office can be improved by collaborating with the Creative Economy Committee to improve policy capacity in developing effective and efficient creative economy policies in Central Java Province.

### **Keywords:**

policy capacity; creative economy

### **Introduction**

Indonesia's efforts together with 22 countries have successfully pushed The 2021 International Year of Creative Economy putting the creative economy front and center at a time when creative solutions are needed to overcome global challenges. As highlighted in the United Nations General Assembly resolution 74/198,4 the creative economy is contributing to the Sustainable Development Goals (SDGs) in multiple ways, especially to Goals 1 (no poverty), 5 (gender equality), 8 (decent work and economic growth), 9 (industry, innovation, and infrastructure), 10 (reduced inequalities), 11 (sustainable cities), 12 (sustainable consumption and production patterns), 16 (peaceful and inclusive societies) and 17 (means of implementation and global partnerships).

Indonesia's success in pushing the creative economy (CE) issue of SDG solutions at the international level must undoubtedly be realized in policies at the national level. Moreover, Indonesia is in the midst of efforts to transform the Indonesian economy from a commodity-based economy without added value to an economy based on science, research, and innovation by utilizing the demographic bonus until 2045. The success of a country in producing innovation is highly dependent on the ability of policy capacity to foster science and technology that triggers the creativity of its human resources/talents. (Kwan & Chiu, 2015). *The ability of policy capacity to manage creative demographic bonus talents to produce innovation is the key for Indonesia to escape the demographic disaster and the middle-income trap.* The ability to develop policy capacity is highly dependent on skills and resources or competencies and capabilities needed to produce policy functions (Wu et al., 2015). (Wu et al., 2015).

There is no single definition of the creative economy. The creative economy is an evolving concept that builds on human creativity into ideas/imagination to make money (Hawkins, 2001). Creativity as the initial driver of innovation will fuel the economic growth of a city, region, and nation (Florida, 2003). (Florida, 2003). The *United Nations Conference on Trade and Development* (UNCTAD) defines the creative economy as the *interplay of human creativity, ideas, intellectual property, science, and technology giving rise to creative industries.* The creative economy is a *knowledge-based economy.* (Veselá & Klimová, 2014).

The issue of the creative economy and its impact has been a topic of research over the last ten years, such as driving technological innovation (Alsayel et al., 2022), strategies to enhance creativity (Marozzo et al., 2024), the competitiveness of a country (Rossi et al., 2024), rural transformation (Ince Keller & Velibeyoğlu, 2021), overcoming poverty through entrepreneurship (Morris et al., 2020), covid 19 pandemic (Shaughnessy et al., 2022) (Santosa, 2020), circular economy (Sierra-Pérez et al., 2021), economic recession (Mazilu et al., 2020), enrichment of cultural diversity (Błaszczuk & Krysiński, 2023), increased foreign trade (Boix, 2012), urban transformation (Fachinelli et al., 2014) and tourism (Lee et al., 2015) and others. CE will always encourage economic activities triggered by human creativity to find solutions to problems that arise so that they are dynamic, contextual, and responsive. (Borre et al., 2023)..

The target performance of the creative economy at the national level, according to Bappenas in 2029, is the growth rate of the value added of the Creative Economy of 6.12%, the Creative Economy GDP ratio of 8.4%, the added value of the creative economy of Rp 2,784 trillion, the growth of creative economy exports by 9.21%, the value of creative economy exports of USD 31.43 billion, the number of creative economy workers 26.62 million people, the value of creative economy investment of Rp 564.4 billion (data source: Bappenas 2024).

The strategic role of the creative economy in the Indonesian economy has encouraged the central government to formulate creative economy policies in Law (UU) No. 24/2019 on the

Creative Economy. The law is expected to provide legal certainty for creative economy development policies to be sustainable. The technical regulation of the Law is Government Regulation (PP) No. 24 of 2021 concerning Regulations for the Implementation of Law (UU) No. 24 of 2019 concerning the Creative Economy.

The law will likely become a guideline for local governments to be involved in developing the creative economy. The role of local governments is very strategic in providing public services because most creative economy actors have business activities in the regency/city. The business activities of the creative economy sector in Central Java Province, which is spread across 35 regencies/cities, have shown quite positive results. The contribution of the creative economy in Central Java Province is can absorb a workforce of 1,410,155 people and create a total of 3,146,702 business units spread across 17 CE sub-sectors including 1) culinary 22.94%, 2) craft 19.49%, 3) fashion 14.10%, 4) photography 11.02%, 5) publishing 8.12%, 6) TV and Radio 4.81% 7) architecture 3.86%, 8) performing arts 3.02%, 9) fine arts 3.07%, 10) product design 2.09%, 11) visual communication design 1.77%, 12) applications 1.45%, 13) advertising 1.25%, 14) film, animation and video 1.13% 15) interior design 0.81%, 16) music 0.78%, 17) game developers 0.29%. (data source: Ministry of Tourism and Creative Economy, 2021)

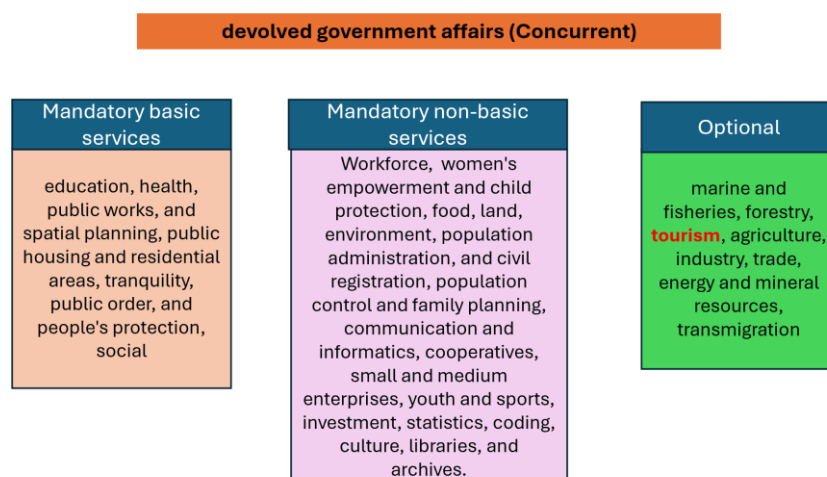
The business productivity of the creative economy sub-sector, which is divided into 264 Indonesian Business Field Standard Groups (IBFSG), also encourages the growth of regency/city government economies through Gross Regional Domestic Product (GRDP) in regency/city which are divided into the manufacturing industry sector, construction, food and beverage providers, trade, information and communication and other services. The business activities of several creative economy sub-sectors in the regency/city also contribute directly to the receipt of Regional Original Revenue (PAD) through restaurant tax (culinary), billboard tax (advertising), entertainment tax (performing arts, film and music) and building tax (architecture). The existence of 17 creative economy sub-sectors with their creativity that can produce various innovative goods and services will open up various job creation options for Central Java Province, which is also experiencing a demographic bonus until 2035 after it enters the aging population.

However, its implementation must look at the context of local government authority by the provisions of Law No. 23 of 2014 concerning Regional Government. The provisions in the Local Government Act have regulated the decentralization of the division of concurrent government affairs, which are divided into two affairs, namely mandatory and optional (voluntary). Mandatory affairs have norms of authority that must be carried out, and optional affairs may be carried out or not adjusted to regional potential.

Creative economy affairs in the Local Government Act are placed in the Tourism sub-affairs. Of course, this provision creates structural obstacles, namely the limited policy capacity of local provincial and regency/city governments. Law No. 23 of 2014 concerning Regional

Government, which regulates decentralization, creates regional autonomy, which gives the authority to regulate and manage government affairs and the interests of local communities according to their initiatives based on community aspirations within the unitary state system of the Republic of Indonesia. The following picture shows the division of concurrent affairs of local governments, both provincial and regency/city below:

**Figure 1.**  
**Concurrent Government Affairs**



*Source: Law 23/2014 on Regional Government*

The impact of these provisions led to Government Regulation (PP) No. 18/2016 on Regional Apparatus. The regulation regulates the nomenclature of the Department of Tourism and the merger with other affairs, including education, culture, youth, sports, and tourism; the PP does not mention the nomenclature of the creative economy. Creative economy affairs are placed in the Tourism sub-affairs, resulting in the absence of the Department of Creative Economy in the regency/city. This condition will confuse the public, especially creative economy actors who do not understand the nomenclature system of Regional Government affairs. It certainly raises public questions about why, at the central level, there is a ministry of creative economy. Meanwhile, in the regional government, there is no similar nomenclature, namely the creative economy department, unlike in the ministry, which mentions the creative economy nomenclature, giving the impression that there is no clear coordination between the central and regional government in implementing creative economy development policies.

This study is expected to explore strategies for increasing policy capacity in developing the creative economy in Central Java Province, which faces structural institutional problems and a narrowing of authority with the regional government legal system.

## Methods

This research used a descriptive qualitative approach to analyze the policy capacity of authorized institutions in creative economic development in Central Java Province. Two institutions are authorized to oversee creative economy development policies in Central Java Province, namely the structural institution of the Department of Youth, Sports, and Tourism (DYST) and the non-structural institution of the Creative Economy Committee (CEC). The aspects of policy capacity that will be analyzed include nine criteria consisting of three levels of capability/ability and resources ranging from individual, organizational to system levels to analyze three skills/competencies in terms of analysis, operational, and political of an institution in implementing policies (Gleeson et al., 2014). (Gleeson et al., 2011) (Wu et al., 2015) in the capacity of creative economy development policies to be effective and efficient.

The search for data and information using the triangulation model of observation and documentation was confirmed through *in-depth interviews* with credible and authorized informants in Central Java, namely the structural institution Departement of the Youth, Sports, and Tourism (DYST) and the non-structural institution of the Central Java Creative Economy Committee (CEC).

## Results

Furthermore, the results obtained during observations and in-depth interviews will be described to obtain data related to the perspective of creative economy development policies in Central Java Province, both in the form of a regulatory framework and institutional framework. Both aspects are a form of legal certainty commitment and institutional framework to ensure local government commitment and strategies to improve policy capacity in creative economic development in Central Java Province.

### ***Regulatory and Institutional Framework Policy for Creative Economy Development in Central Java Province***

Central Java Province, as a central government representative, coordinates creative economy development policies in 35 regencies/cities, which are the span of control as autonomous regions. As explained in the background, the implementation of Law No. 24/2019 on the Creative Economy has experienced institutional structural constraints, especially in regency/city as the frontline in public services for creative economy actors in the regions.

The provisions of Government Regulation (PP) No. 18/2016 on Regional Apparatus make the nomenclature of regional apparatus for Tourism affairs at the provincial to regency/city levels as autonomous regions variously translated. It can stand alone as the Department of Tourism or be combined with other affairs by its grouping, namely with education, culture, youth, and sports.

The following table shows the various nomenclatures of the Department of Tourism in 35 regencies/cities in Central Java Province below.

**Table 1.**

**Nomenclature of the Departement of Tourism in Central Java Province**

| <b>No.</b> | <b>Nomenclature</b>                               | <b>Total</b> | <b>Regency/city</b>                                                                                                                                                                                                                                                                                                                                    |
|------------|---------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.         | Department of Tourism and Culture                 | 11           | Semarang City, Brebes Regency, Salatiga City, Kudus Regency, Jepara Regency, Rembang Regency, Temanggung Regency, Wonosobo Regency, Banjarnegara Regency, Surakarta City, Kebumen Regency                                                                                                                                                              |
| 2.         | Departement of Tourism                            | 2            | Demak Regency, Semarang Regency                                                                                                                                                                                                                                                                                                                        |
| 3.         | Department of Youth, Sports and Tourism           | 20           | Semarang Regency, Tegal Regency, Tegal City, Pemalang Regency, Pekalongan Regency, Batang Regency, Kendal Regency, Magelang Regency, Magelang City, Pati Regency, Purworejo Regency, Banyumas Regency, Purbalingga Regency, Cilacap Regency, Karanganyar Regency, Tegal Regency, Boyolali Regency, Sukoharjo Regency, Wonogiri Regency, Sragen Regency |
| 4.         | Department of Youth, Sports, Culture, and Tourism | 2            | Klaten Regency, Blora Regency                                                                                                                                                                                                                                                                                                                          |

*Data Source: Processed by Researcher*

Based on the search for Regent/Mayor Regulations related to the Organizational Structure and Work Procedures of the Department of Tourism, there are still some that do not mention the affairs/tasks of authority related to the creative economy, namely. Blora, Kudus, Jepara, Semarang Regency and Magelang City. Of course, the absence of norms of authority will have an impact on the absence of policies for creative economy actors in the five regencies/cities. The existence of various nomenclatures of the Departement of Tourism also impacts the structure of officials responsible for carrying out creative economic development policies carried out by echelon 3 and 4 officials. The more affairs that are the responsibility of a department that is not only tourism, the more the capacity of creative economic development policies will be increasingly limited.

For Central Java Province, the Department of Tourism is combined with the affairs of the Department of Youth, Sports, and Sports following Governor Regulation No. 58 of 2021 concerning the Organizational Structure of the Work Procedure of the Department of Youth, Sports, and Tourism. The affairs of creative economy development are under the Head of the Tourism and Creative Economy Human Resources Division. CE affairs are managed by the head of the Creative Economy Human Resources section by implementing policies on the development of creative economy human resources through competency certification and facilitation of Intellectual Property Rights.

To expand policy capacity in the development of the creative economy, the Central Java Provincial Government, as a representative of the central government and autonomous regions, provides strengthening and legal umbrella guidelines for creative economy development policies for regency/city governments. The Central Java Provincial Government has formulated regulatory and institutional framework policies for creative economic development through Regional Regulations and Regional Heads. The following creative economy development policies in the form of a regulatory framework and institutional framework in Central Java Province appear in the following table:

**Table 2.**  
**Regulatory and Institutional Framework Policies for Creative Economy Development**  
**in Central Java Province**

| No. | Policy Regulation                                                                                                                                                                  | Policy Scope                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | Regional Regulation (Perda) of Central Java Province No. 5 of 2021 concerning Creative Economy Development.                                                                        | <p>Providing legal certainty for the local government of Central Java Province in developing a creative economy that aims :</p> <ol style="list-style-type: none"> <li>1. Increase the competitiveness and creativity of entrepreneurs and CE actors.</li> <li>2. Improve the creative industry's competitiveness, growth, diversity, and quality.</li> <li>3. Create jobs and reduce poverty.</li> <li>4. Encourage cultural heritage in the regions of Central Java as an economic potential and a means of cultural preservation.</li> <li>5. Sustainably improve the protection, development, and utilization of natural resources for the creative industry.</li> <li>6. Provide guidelines for the development of CE in Central Java Province.</li> <li>7. To realize Creative City as a city that can serve the interests of CE development and fully utilize creative assets as the basis for sustainable economic, environmental, and social development,</li> <li>8. It is realizing creative villages as villages that can optimize village potential for economic independence.</li> <li>9. Encourage and develop the tourism industry and investment climate</li> </ol> |
| 2.  | Regulation of the Governor of Central Java No. 58 of 2021 concerning the Organization and Work Procedures of the Department of Youth, Sports and Tourism of Central Java Province. | Assisting the Governor in the formulation, implementation, monitoring, evaluation, and reporting of policies in the fields of Youth, Sports, Tourism Destination Development, Tourism Marketing and Tourism Human Resource Development and Creative Economy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3.  | Java Governor Regulation No. 3 Year 2023 on Creative Economy Committee.                                                                                                            | Assist the Governor in formulating, determining, coordinating, synchronizing, initiating, and monitoring the evaluation of creative economy development policies with a thematic, holistic, integrative, and spatial approach.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

*Source: jdih.jatengprov.go.id*

Central Java Province Regional Regulation No. 5/2019 on Creative Economy Development resulted in Governor Regulation No. 3 /2023 on the Creative Economy Committee (CEC) as a participatory non-structural institution platform to serve as a guideline for 35 regencies/cities as autonomous regions to create regency/city CEC. Of course, it is also hoped that it can be followed up to develop the same regulatory framework, both regional regulations and regent/mayor regulations.

A creative economy committee institution for local government tasks opens up space for public participation platforms in local government administration at the provincial and regency/city levels. The creative economy committee is given broad authority to assist regional heads in formulating, determining, coordinating, synchronizing, initiating, and monitoring the evaluation of creative economy development policies.

The existence of CEC as a non-structural institution is in line with Government Regulation No. 45 of 2017 concerning Community Participation in the Implementation of Regional Government, a derivative regulation of the Regional Government Law. The existence of the CEC institution is interesting to study as an institutional platform born from regional regulations to open space for *civil society* participation to assist local governments in coordinating the development of creative economy policies with non-governmental and intergovernmental elements.

The functions of the CEC according to Governor Regulation No. 3/2023 are:

1. A forum for the aspirations of creative economy communities/organizations.
2. A medium for communication and coordination of creative economy communities with creative economy stakeholders.
3. A strategic working partner of regional apparatus in the development of the creative economy.
4. Connecting and orchestrating resources to strengthen the creative economy ecosystem in provinces and districts/cities.

The results of observations of regulatory and institutional system support in 35 regencies/cities as autonomous regions that replicate the policies of the Central Java Provincial government are as follows:

**Table 3.**  
**Regulatory and Institutional Support for Creative Economy Development in several District/City Governments in Central Java Province**

| No. | Regulatory and Institutional Support    | Total | Regency/city Government                                                                                          |
|-----|-----------------------------------------|-------|------------------------------------------------------------------------------------------------------------------|
| 1.  | Regional Regulation on Creative Economy | 9     | Semarang City, Salatiga City, Karanganyar District, Kendal District, Semarang District, Demak District, Banyumas |



| No. | Regulatory and Institutional Support                                | Total | Regency/city Government                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----|---------------------------------------------------------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                     |       | District, Magelang District, Purworejo District                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 2.  | Regional Head Regulation on Creative Economy Committee              | 3     | Semarang City, Karanganyar Regency, Banyumas Regency                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 3.  | Regional Creative Economy Committee that has a Regional Head Decree | 29    | Tegal Regency, Surakarta City, Salatiga City, Magelang City, Pemalang Regency, Pekalongan City, Batang Regency, Kendal Regency, Pati regency, Banyumas Regency, Cilacap Regency, Karanganyar Regency, Wonogiri Regency, Sragen Regency, Grobogan Regency, Rembang Regency, Kudus Regency, Jepara Regency, Klaten Regency, Banjarnegara Regency, Grobogan Regency, Wonosobo Regency, Temanggung Regency, Demak Regency, Kudus Regency, Jepara Regency, Banjarnegara Regency, Semarang City, Kebumen Regency. |

*Source: researcher processed, 2024*

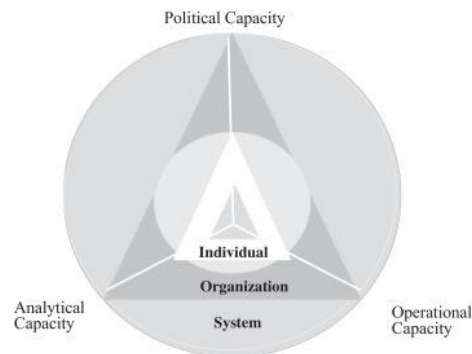
There are still draft gubernatorial regulations that have not been made by the provisions of the Central Java Provincial Regulation No. 5/2021, namely on the Creative Economy Development Master Plan, the identity of Central Java creations, capacity building of creative economy actors, development of creative economy ecosystems, creative economy incubators, supervision, and control.

#### ***Policy Capacity Analysis of Individual, Organization, and System Aspects***

From the observations previously described, two institutions were found to be responsible for developing the creative economy in Central Java Province, one structural institution, namely the Department of Youth, Sports and Tourism and a non-structural institution, namely the Creative Economy Committee. Policy capacity in developing the creative economy in Central Java Province is highly dependent on the duties and functions of these two institutions in developing and implementing policies on the creative economy, as well as the ability of administrative capacity in developing policy programs (Bitterman & Koliba, 2014). (Bitterman & Koliba, 2020). Administrative capacity starts from the planning system: a 20-year master plan, a 5-year action plan, and a collaborative local government annual work plan involving intergovernmental and non-governmental organizations.

For this reason, it is necessary to identify and analyze the policy capacity of the two institutions according to the duties and functions that are their responsibility in terms of individual, organizational, and system-level capabilities that are aligned with competencies in conducting analysis, operationalization/mobilization, and seeking political support. (Wu et al., 2015) in formulating and implementing CE policies in Central Java Province.

**Figure 4.**  
**Policy Capacity**



*Source: Wu et al., 2015*

The following are the results of *in-depth interviews* with the Department of Youth, Sports, and Tourism (DYST) and the CEC of Central Java Province. Furthermore, we will compare these two institutions in terms of individual, organizational, and system-level capability policy capacity which relates to skills/competencies in terms of analysis, operational mobilization, and political support which will be described as follows:

**a. Policy capacity at the individual level aspect of Analytical, Operational, and Political competencies**

The results of observations and in-depth interviews related to individual capacity in the aspects of analytical, operational, and political skills in two institutions of the Department of Youth, Sports, Tourism and the Creative Economy Committee are as follows:

Interview results with DYST :

Creative economy affairs are in our section, namely creative economy human resources under the tourism and creative economy human resources sector. Our program of activities is the certification of competence in creative economy human resources for baristas, chefs, music, and photography. Facilitate intellectual property rights for creative economy product brands according to the technical instructions of the Ministry of Home Affairs. Our human resources are limited to 4 personnel who are paid by the state and can analyze policies according to procedures. Our knowledge of the creative economy still needs to be improved. We are an administrator institution that translates the vision and mission of the governor and the specified work procedures and does not dare to exceed the authority.

We are individuals who work in a hierarchical, bureaucratic, and procedural manner and, therefore, cannot be flexible in communicating with various stakeholders.

Interview with the CEC :

*We are a non-structural and independent organization, a strategic partner in the development of the creative economy in Central Java Province. We know about the development of the creative economy because we are representatives of business actors in the creative economy. Our members are also academics who have research skills and are connected to a network of*

*researchers at universities. We are policy analysts. We oversee the vision and mission of the 20-year creative economy development master plan, which is translated into a 5-year action plan and annual work plan. We are not a bureaucratic institution with broad authority, so we are not too hierarchical and bureaucratic, but our work patterns are collegial, collaborative, and agile, making it easier to communicate to convey the aspirations of creative economy actors with decision-makers and stakeholders. We also easily reach out to stakeholder representatives from academia, business, creative economy communities, media, NGOs, and financial institutions.*

*We, as community representatives, are used to organizing and can create programs and activities independently by involving various creative economy communities. Our working hours are flexible, following the requests of the creative economy community to discuss the problems and proposals of CE actors in the region.*

Broadly speaking, the results of the interviews are then entered into a table, as can be seen in the table below:

**Table 4.**  
**Individual-Level Policy Capacity**

|             | <b>Individual Analysis Capacity</b>                                                                                                                                                                                              | <b>Individual Operational Capacity</b>                                                                                                                                                                                                                                                                                                                                | <b>Individual Political Capacity</b>                                                                                                                                                                                                                                            |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DYST</b> | <ul style="list-style-type: none"> <li>▪ Domain knowledge about the creative economy is still limited</li> <li>▪ General research skills are still limited</li> <li>▪ Skill in policy analysis according to the rules</li> </ul> | <ul style="list-style-type: none"> <li>▪ Visionary leadership adjusts the regional head</li> <li>▪ Strategic and operational management skills are still procedural.</li> <li>▪ Result orientation and conflict management skills are not dynamic</li> <li>▪ Have Incentive support for individuals, paid by the state.</li> <li>▪ Permanent working hours</li> </ul> | <ul style="list-style-type: none"> <li>▪ Networking, communication, and influence skills are too procedural</li> <li>▪ Interpersonal skills and Communicative capacity inflexible, constrained by hierarchy</li> </ul>                                                          |
| <b>CEC</b>  | <ul style="list-style-type: none"> <li>▪ Domain knowledge of the creative economy is better</li> <li>▪ Better general research skills</li> <li>▪ Better skills in policy analysis</li> </ul>                                     | <ul style="list-style-type: none"> <li>▪ Visionary leadership according to the master plan</li> <li>▪ Strategic and operational management skills are progressive.</li> <li>▪ Result orientation and conflict management skills are more dynamic.</li> <li>▪ Volunteer</li> <li>▪ More flexible working hours.</li> </ul>                                             | <ul style="list-style-type: none"> <li>▪ Networking, communication and influence skills are more flexible</li> <li>▪ Interpersonal skills are more agile</li> <li>▪ Communicative capacity</li> <li>▪ Better stakeholder communication and consensus-building skills</li> </ul> |

**b. Policy capacity from the organizational level aspect on competence analysis, operational and political support.**

Furthermore, an in-depth interview was conducted with informants related to the organizational level of DYST with the following results:

We in the Creative Economy HR Sub-Coordination have four personnel with the support of policy analysts according to procedures. Data on creative economy actors has not been

optimized, so evidence-based policies are still experiencing obstacles. We compile programs and activities based on guidelines requested by individual performance reports following achievements and indicators.

Accountability for programs and activities is monitored and evaluated internally and externally only to the extent of administrative, not outcome; then, we report both organizational and individual performance.

The budgeting of work programs is still top-down. They only socialize without receiving direct community aspirations, only through the regency/city department, and our budget per year is very limited. Working patterns with policymakers are only procedural and business as usual.

Interview with CEC:

*We are a new organization that has just been established through Governor Regulation No. 3/2021; we have data collection, training and research, marketing and financing, infrastructure, policy and regulation, and regency/city coordinators; our team has 20 people. Public funds facilitate us in the form of a 50 million / year grant for the organizational consolidation of 35 regional creative economy committees through the Central Java Creative Forum activity. Our activities are the result of collaboration from various resources sourced from the community, university funds, sponsorship, and media partners. Organizational performance is reported annually to the Governor. We can easily communicate with policymakers without any obstacles.*

Broadly speaking, the results of the interviews are then entered into a table as can be seen in the table below:

**Table 5.**  
**Organizational Level Policy Capacity**

|             | <b>Organizational Analytical Capacity</b>                                                                                                                                                                                                                         | <b>Organizational Managerial Capacity</b>                                                                                                                                                                                                                                                  | <b>Organizational Political Capacity</b>                                                                                                                                                                                                             |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DYST</b> | <ul style="list-style-type: none"> <li>Consists of a section head with 3 policy analyst staff</li> <li>Data collection from the regency/city the department of tourism but not yet optimal</li> <li>Evident-based policy capability is not yet optimal</li> </ul> | <ul style="list-style-type: none"> <li>The budget is very limited for competency certification activities for 200 people/year and brand registration for 80 people.</li> <li>Only has one organizational structure with activities only in human resources and IPR development.</li> </ul> | <ul style="list-style-type: none"> <li>Gaining legitimacy as a structural institution in formulating the policy process but its authority is limited</li> <li>The process of public involvement is only limited to the object of activity</li> </ul> |
| <b>CEC</b>  | <ul style="list-style-type: none"> <li>It consists of 20 people with various backgrounds from academia, business, media, and the creative economy community.</li> <li>Broader data collection can access other agencies and connect with the</li> </ul>           | <ul style="list-style-type: none"> <li>The budget is very minimal only for organizational consolidation activities with regional creative economy committees in the Central Java Creative Forum.</li> <li>Has 5 organizational structures and its</li> </ul>                               | <ul style="list-style-type: none"> <li>Gaining legitimacy as a non-structural institution in formulating policy processes but broad authority can coordinate activities between local government organizations.</li> </ul>                           |

|   |                                                                                            |                                                                                             |
|---|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
|   | creative economy activities lead to building an ecosystem                                  | ▪ The process of public engagement is very meaningful and can be passed on to policymakers. |
| ▪ | The ability of evidence-based policy is better even at the level of research-based policy. |                                                                                             |

**c. Policy capacity from the system level aspect on competence analysis, operational and political support.**

The results of the in-depth interview with informants related to the system level of DYST are as follows:

We have limitations in coordinating between agencies because our position is equal. The data collection system for creative economy actors could be more optimal because it involves inter-service agencies. We work according to existing procedures and authorities. Public involvement in policy formulation has not been optimal because we work according to procedures; public involvement is only the target of our activities. We only focus on our sector, and even though other agencies also carry out facilitation activities for the creative economy sub-sector, we cannot intervene, so sometimes they overlap.

Results of an interview with CEC:

*We are the ones who push for regional regulations through the DPRD Province initiative as a legislative institution. We are a new organization tasked with assisting the Governor based on Governor Regulation No. 3/2021 with broad and powerful authority, namely coordinating, synchronizing, initiating, monitoring, and evaluating the development of the creative economy ecosystem in the region. We can get the authority to coordinate and collaborate with inter-governmental and non-governmental organizations. CEC institutions in the areas have formed 29 regional CECs from 35 regencies/cities. We have succeeded in encouraging Creative Economy Regional Regulations in 9 regencies/cities. Regional CEC institutions involve elements of academia, business, NGOs, communities, financial institutions, and the media to build ecosystems in the regions. Political support for policies by regional regulations has not yet been optimally implemented due to a weak culture of compliance among local governments. Our task is not only to coordinate but also to collaborate to generate a consensus to encourage stakeholders to release their resources.*

Broadly speaking, the results of the interviews are then entered into a table as can be seen in the table below:

**Table 6.**  
**System Level Policy Capacity**

|             | <b>Systematic Analytical Competency</b>                                                                                        | <b>Systematic Managerial Competency</b>                                                                                                   | <b>Systematic Political Competency</b>                                                                            |
|-------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>DYST</b> | ▪ The system for collecting and disseminating information through the regency/city department network is still sectoral-based. | ▪ Intergovernmental coordination in the provincial work area is still experiencing obstacles in coordinating because it does not have the | ▪ Political accountability for policy is still normative<br>▪ Non-governmental participation in policymaking runs |

|            | <b>Systematic Analytical Competency</b>                                                                                                                                                                                                                                                                                  | <b>Systematic Managerial Competency</b>                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Systematic Political Competency</b>                                                                                                                                                                                                                 |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|            | <ul style="list-style-type: none"> <li>Political support for policy analysts is still sector-based or business as usual.</li> </ul>                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>authority and is only limited to coordinating with the regency/city department.</li> <li>Policy coherence with the public is still not optimal</li> <li>Clarity of agency roles by Local Government Law and procedural rules</li> </ul>                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>according to non-organic rules (tokenization)</li> <li>Output-based activity orientation</li> </ul>                                                                                                             |
| <b>CEC</b> | <ul style="list-style-type: none"> <li>A system to collect and disseminate information through a network of CE Committees in 29 districts that are directly connected to creative economy actors and cross-sectors.</li> <li>Political support for policy analysts to be given broad authority across sectors</li> </ul> | <ul style="list-style-type: none"> <li>Intergovernmental coordination in the provincial work area has no obstacles because it has the authority to coordinate with regency/city department through the regency/city creative economy committee.</li> <li>Policy coherence with the public is quite optimal because it is built organically.</li> <li>Clarity of agency roles according to rules Local regulations on creative and substantive economy</li> </ul> | <ul style="list-style-type: none"> <li>Political accountability for legitimacy-based policies</li> <li>Non-governmental participation in policymaking is organic (Community control)</li> <li>Output and outcome-based activity orientation</li> </ul> |

## Discussion

From the results of interviews and analysis of the policy capacity of the two organizations authorized in the development of the creative economy, there are differences. The Department of Tourism has limitations because the system in the bureaucracy is very procedural and hierarchical, so it needs to be more flexible in building communication with policymakers. In contrast, the CEC is an independent organization that is very flexible, agile, and not too hierarchical in building communication with policymakers, both the Governor and DPRD politicians. This is responsiveness in closing the gap in the capacity of creative economic development policies from a rigid bureaucracy and becoming agile, evidence- and research-based policy with the existence of the Creative Economy Committee.

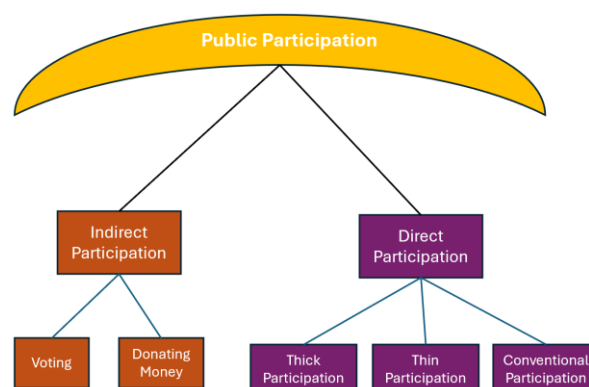
Supporting the regulatory and institutional framework in Central Java Province that opens up meaningful public participation space makes creative economy development policies more effective and efficient. Public participation is consolidated in a non-structural institutional platform of the Regional Creative Economy Committee, whose members consist of elements of academia, business, creative economy communities, NGOs, and the media. The CEC orchestrates

the many actors involved to help harmonize the interests of the actors and expand the limited authority of local governments in developing a complex creative economy ecosystem. The creative economy ecosystem, according to laws and regulations on the creative economy, consists of:

1. Development of education.
2. Marketing systems.
3. Research development.
4. Facilitation of intellectual property-based financing.
5. Provision of infrastructure.
6. Provision of incentives.
7. Facilitation of intellectual property.
8. Protection of creativity results.

The existence of the CEC manifests substantial democracy, namely direct community involvement in the 21st-century democratic era. (Tina Nabatchi & Leighninger, 2015) in regional development. So far, public participation has only been indirect, direct, conventional, and thin, such as providing input in development deliberations. CEC is a thick participation platform because it is involved in formulating, determining, coordinating, synchronizing, initiating, and monitoring the evaluation of creative economy development policies with thematic, holistic, integrative, and spatial approaches.

**Figure 2.**  
**Umbrella Public Participation**

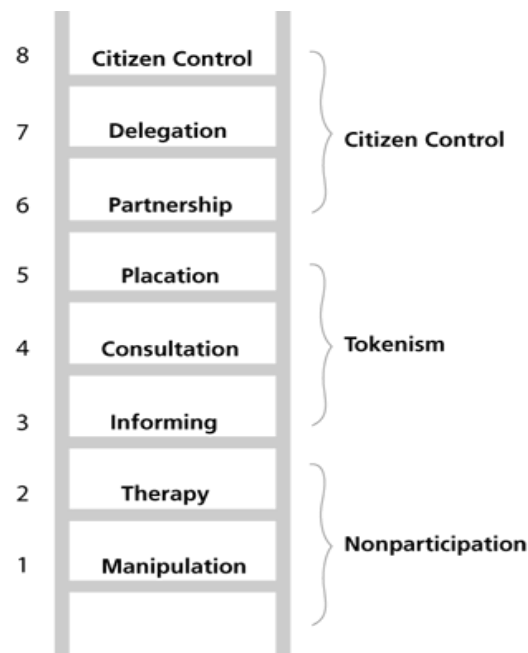


*Source: Tina Nabatchi & Leighninger, 2015*

According to the participation ladder (Arnstein, 1969) Arnstein's ladder of participation (1969), which creates a gradation of public participation in power, shows the position of the CEC with the authority of its duties and functions at the highest level (ladder 8) where public participation is directly involved in formulating, implementing, monitoring and evaluating policies (*citizen participation is citizen power*). In general, the implementation of public

participation in the power structure in Indonesia is still at the level of “tokenism,” which is only limited to being heard and having a voice. Still, there is no guarantee that the community's aspirations will be considered and followed up by policymakers. The existence of the CEC can be forwarded to policymakers; this has been regulated in local regulations and, if not done, will have consequences that can be sued in the State Administrative Court (PTUN) or public pressure from creative economy businesses.

**Figure 3.**  
**Levels of the Ladder of Public Participation**



**Arnstein's Ladder (1969)**  
Degrees of Citizen Participation

*Source: Arnstein, 1969*

According to (Janet V. Denhardt et al., 2015), from the perspective of public administration theory, there has been a shift from old public administration towards new public administration and, finally, toward new public service. The new public service is based on democratic theory, which demands egalitarianism and equal rights among citizens. In the new public service model, public interests are formulated as the result of a dialogue of various values in society, and the bureaucracy that provides public services must be responsible to society as a whole. The role of the government or bureaucracy here is to negotiate and explore the interests of citizens and various existing community groups. The public administration system model in implementing creative economic development policies in Central Java Province by the provisions of regional regulations tries to adopt a new public service approach.



CEC network in 29 regencies/ cities will help regency/city governments reach out to the proposals of CE actors together with the network Departement of Tourism in the regency/city. CEC's flexible organizational work pattern makes it easy to absorb the aspirations of CE actors in the regions. These aspirations can be forwarded to the Departement of Tourism and other agencies according to their authority. CEC can assist DYST in collecting data on CE actors in the regions because it has a CEC network in 29 regencies/ cities that are directly connected to creative economy actors. The limited number of human resources in DYST can be assisted by CEC members in providing public services.

The policy capacity of the Department of Youth, Sports, and Tourism, through the support of Regional Regulation No. 5/2021 concerning creative economic development, can create new norms of authority that open up public participation through the Creative Economy Committee to increase policy capacity and limited resources. The pattern of the non-structural institution CEC, which is independent and has broad authority, makes it easier to coordinate and collaborate, is more agile, and is better responsive in establishing relationships with grass root, policymakers such as the Governor and the provincial DPRD, compared to the structural institutions of the Department of Youth, Sports, and Tourism which are still very hierarchical, procedural and bureaucratic.

## **Conclusion**

The policy capacity of the Department of Youth, Sports, and Tourism, through the support of Regional Regulation No. 5/2021 on creative economic development, creates a new norm of authority that opens up public participation through the CEC platform to increase policy capacity and limited resources. The working pattern of the CEC, which is independent and has broad authority, makes it easier to coordinate and collaborate, more agile, and better responsive in establishing relationships with grassroots and policymakers such as the Governor and the provincial DPRD, compared to the Department of Youth, Sports, and Tourism which is still very hierarchical, procedural and bureaucratic.

Central Java Province, as an autonomous region with the authority to regulate its region based on the aspirations of the community, is realized in the regulatory framework system Perda No. 5 of 2021 concerning Creative Economy Development. It will also be a participatory institutional framework through Pergub No. 3 of 2023 concerning the Creative Economy Committee as a thick and meaningful platform for direct public participation to assist the Central Java Provincial Government in orchestrating the development of the creative economy and its complex supporting ecosystem. The model for increasing policy capacity in developing the creative economy carried out by the province of Central Java through institutional and institutional framework support can be used as a reference for other provinces in Indonesia.

The Department of Youth, Sports, and Tourism and the CEC can work together to orchestrate and collaborate on various resources by involving intergovernmental and non-governmental organizations. Collaboration has been running for a long time in the social practices of the people of Central Java, commonly known as “gotong royong” as local wisdom. However, at the government level, it has not been adopted to organize the government system. Collaboration is a strategic step in solving complex problems in organizations. (Wanna, 2008). Collaboration aims to achieve mutual agreement (consensus) between stakeholders; if there is no consensus, it is not collaboration (van Oortmerssen et al., 2008). (van Oortmerssen et al., 2015). Problem-solving that results in consensus will avoid conflict (Provan & Kenis, 2008). (Provan & Kenis, 2008).

Collaborative process activities require *governance* based on trust and commitment through face-to-face dialog, commitment, trust, facilitative leadership, and participatory institutional design. (Ansell & Gash, 2008). It requires the principles of engagement, shared motivation, and joint action in dynamic collaboration (Emerson et al., 2012) and inclusion (Erik W. Johnston et al, 2011) (Ansell et al., 2020). *Collaborative governance* is a government effort to meet public goals through collaboration between organizations and individuals. (Donahue, 2011). Collaborative governance is a government effort to fulfill public goals through collaboration between organizations and individuals (Donahue, 2011). (Mewhirter et al., 2024). Future research can be followed up by taking a collaborative governance approach to making and implementing policies (Ansell & Gash, 2008) in developing the creative economy in Central Java Province.

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