



Strengthening Creative Economy Digital In Ambon City

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Abstract

A creative Economy is a concept in the new economic era, which relies on information and creativity, ideas, and a stock of knowledge from human resources and is the main production factor in economic activity. Anticipating the challenges of globalized creative economy competition, a number of strategies need to be prepared, including strengthening digital infrastructure and digital talent of human resources. Ambon, the capital of Maluku Province, has only 1,304 entrepreneurs using the internet, and 34,833 out of 36,137 entrepreneurs do not use it. This phenomenon illustrates that most entrepreneurs running their businesses are still conventional or do not use digital platforms. Using qualitative research methods, and SWOT analysis, the results of this study illustrate that the strategies that can be expected from the Regional Government are: (1) strengthening digital infrastructure, (2) improving the quality of human resources in order to adapt through literacy movements, (3) strengthening the innovation ecosystem with collaboration between the Government, entrepreneurs, universities, (4) guaranteeing ease of doing business, and (5) assistance and supervision to the entrepreneurs.

Keywords: *Creative Economy, Digitalization*

1. INTRODUCTION

The concept of creative economy emphasizes ideas, creativity, and human knowledge as the main assets, by prioritizing technology in driving the economy. As we approach the era of society 5.0, the challenge lies not only in preparing human resources but also the other hand, employment becomes a much more urgent need. The number of university graduates in Ambon City has increased from time to time. The condition of number of workers (fresh

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graduates) who have been designed by higher education institutions becomes a challenge, in which we can see when there are government or private agencies that open job vacancies, it appears that thousands of applicants are lining up to get a job, even though only those requested are not in high numbers. This reality is beyond question because the curriculum is designed by universities to generate labor, not entrepreneurs. In fact, the number of job seekers is not comparable to the available employment. As a result, it causes a growing number of unemployed. In February 2022, the open unemployment rate in Ambon City was 6.44% (Ambon City, bps.go.id)

On the other hand, most of the entrepreneurs in Ambon City are still conventional or do not use digital platforms in running their businesses. It can be seen in table 1 below, for Ambon City, the number of entrepreneurs who use the internet is only 1,304 people, and those who do not use the internet are 34,833 entrepreneurs out of 36,137. However, overall, in Maluku Province, the number of entrepreneurs who use the internet is 2,062, and those who do not use as many as 147. 757 entrepreneurs out of a total of 149. 819. Here is table 1 as follows:

Table 1. Internet Media Utilization by Entrepreneurs by Regency/City in Maluku Province, 2016

Districts/Cities	Internet Media Utilization			
	Sales and Purchase	Other than Trading	Not Utilizing	Total
(1)	(2)	(3)	(4)	(5)
MTB	21	32	12596	12649
Southeast Maluku	22	18	5219	5259
Central Maluku.	65	34	37835	37934
Buru	77	34	11918	12029
Aru Islands	36	55	5055	5146
SBB	46	155	17129	17330
SBT	25	52	6389	6466
MBD	8	7	6446	6461
South Buru	4	0	5448	5452
Ambon	792	512	34833	36137
Tual	33	34	4889	4966





Maluku	1,129	933	147757	149819
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Source: BPM Maluku Province, 2017.

Considering the reality as illustrated in table 1, the Ambon City Government continues to create business opportunities through digitalization, through the digital village program that has been launched since 2016. Besides, cooperation is also carried out as outlined in the Memorandum of Understanding (MOU) Number: 05/NK/Dep.4/V/2016 and Number: K.Tel.67/HK.840/ENT-00/2016 between the Ministry of Cooperatives and MSMEs of the Republic of Indonesia with Telkom Indonesia. (Maluku Province Cooperative and MSME Office, 2019). The purpose of the development of Digital Village and cooperation in the Memorandum of Understanding (MoU) in Ambon City is an effort to bring technology closer to entrepreneurs in order to create sustainable business opportunities and expand the marketing area within Ambon City as well as in outside of it while increasing the economy in the MSME sector. It is understandable that there are many problems in achieving business targets as expected by the Ambon City Government, one of which is the transition of business models from conventional to digital.

Based on the above background, the research question in this study is how the role of the creative economy in the globalized digitalization era. The challenges of Government regulations that continue to roll, in order to improve the standard of living of the community in the era of digitalization, by promoting independence, empowerment, and creativity, this study aims to provide scientific literacy that the importance of strengthening the digital-based creative economy.

2. THEORETICAL FRAMEWORK

2.1 The Concept of Creative Economy

John Howkins in his book entitled *The Creative Economy: How People Market Money* first introduced the term creative economy. Howkins stated that a creative economy is a community economic activity that spends most of its time generating ideas, not only doing routine and repetitive things.

I Gusti Bagus Arjana (2016) said that the creative economy is a new economic concept, which combines information and creativity that relies on ideas, notions, and knowledge from resources as production factors. Meanwhile, according to Mari Elka Pangestu (2008), a Creative Economy is a form of sustainable development through creativity, in which





sustainable development refers to a competitive economic climate and has a reserve of renewable resources. Based on the opinions of the experts, it can be said that the creative economy is a manifestation of the spirit of survival by utilizing unlimited resources through ideas, talents, and creativities.

The three essentials factors of the creative economy are: (1) Creativity that can be described as a capacity or ability to produce or create something unique, which is realized through a new idea, from something different from what already exists (in other words, thinking out of the box.); (2) Innovation, is the transformation of ideas based on creativity by utilizing existing inventions to produce better, value-added, and useful products that have high selling value; (3) Invention which emphasizes in creating something that has never existed before and can be recognized as unique or previously unknown work.

2.2 Digital Economy Concepts

The industrial revolution 4.0 has found a new pattern when disruptive technology comes into the spotlight and threatens major industries. This era is characterized by the presence of the internet as the key to success in developing business.

The digital economy was first introduced by Tapscott (1997). He argued that the digital economy is a social phenomenon that affects the economic system. These social phenomena include information, access to information, and information processing. According to Simmerman (2000), the concept of the digital economy is an interaction between the development of innovation and the advancement of information and communication technology that has an impact on socioeconomic conditions. The digital economy is characterized by global trade and there is no longer a barrier to entry, allowing for a wider range of market participants. The digital economy is a business opportunity for start-ups.

3. RESEARCH METHOD

Using qualitative research methods, are based on the assumption that the reconstruction of reality and its meaning is known as a social phenomenon, or it can be said to establish intense interaction with the reality being researched and is natural. (Sugiyono, 2005). SWOT analysis is a combination of internal factors (strengths and weaknesses) and external factors (opportunities and threats) to determine the performance of entrepreneurs.





The data collection method used is the documentation method by searching or exploring data from literature related to research problems in order to answer these research problems.

Secondary data sources were chosen in this study, which were obtained from the results of previous research or from books and scientific reports contained in articles or journals, and even related agencies.

4. RESULTS AND DISCUSSION

4.1 The Realization of Digital Economy Acceleration in Ambon City

The momentum of the COVID-19 pandemic is changing lifestyles with the increasing utilization of the digital economy. The opportunity to revive the digital economy through the utilization of digital transformation must continue to be encouraged. The utilization of the digital economy has structurally changed the way of working, activities, consumption, and transactions, from offline with physical contact to online and digital. The process of digitization and acceleration of digital transformation as a form of economic recovery provides new hope for the growth of e-commerce-based businesses, this provides opportunities for entrepreneurs especially micro, small, and medium-sized enterprises (MSMEs) to expand the market to increase their products.

Government support through regulation and strengthening of infrastructure with the release of Law number 11 of 2020 concerning job creation, encouraging job creation, and regulating business licensing mechanisms through *Online Single Submission* (OSS) became a momentum to bring out the transformation of accelerated digitalization of MSMEs to be more flexible and adaptive to change.

4.2 Digital Economy Phenomena in Ambon City

The reality has been observed that since 2016 economic agents (MSMEs) in Ambon City have used *Facebook* as a platform to market their products. A community of Maluku people formed through the "Maluku Dagang" organization, which aims to bring buyers and sellers together through *Facebook*. Referring to the news reported in "Maluku Dagang" On-Line, the number of members who use the platform is 75,000 people (Source: Maluku Dagang On-Line, October 2022). This shows that entrepreneurs are increasingly aware of the benefits of trading digitally or online. There are several benefits of trading online (e-commerce); (1) More cost-effective, (2) Broader market area, (3) Effective and efficient in





terms of time and sales costs, (4) Information on messages and delivery of goods through social media can be received quickly, (5) Sales can be opened for 24 hours.

Implementing the Government Program on the role of the digital economy in Ambon City, for entrepreneurs, the role of the Bank Indonesia Representative Office to accelerate the creation of economic activity through the development of superior products by MSMEs by utilizing digital platforms (marketplaces) continues to be carried out. The purpose is for entrepreneurs to be literate in digital technology. The programs that have been carried out, include: (1) inflation control program, Local Economic Development (LED), (2) Bank Indonesia's Superior Entrepreneurship (WUBI), (4) Tourism Village Development, and Sharia Economic Development.

Based on the Focus Group Discussion (FDG) with Bank Indonesia, several programs mentioned above, there are 50 MSMEs spread across several business groups in Ambon City, West Seram Regency (SBB), West Southeast Maluku Regency (MTB), Buru Regency, and Southeast Maluku Regency. Out of the 50 business groups, 27 groups among them are still active. Among them are 19 groups of woven fabric and craft businesses, where some have already e-commerce using the Tokopedia platform, Shopping.com, Ambon @ccess, Nurbaya initiatives, Kaskus, Blibli.com, and some still use social media (*Facebook* and *Instagram*). In running an e-commerce business, entrepreneurs use several digital platforms mentioned above simultaneously, with the intention of selling their products quickly.

Table 2. Business Groups Assisted by Bank Indonesia that Marketing Products Online

E-Commerce Platform					Social Media	
Tokopedia	Ambon@ccess	Kaskus	Blibli.com	Blanja.com	Facebook	Instagram
4	4	1	1	1	10	9

Source: Bank Indonesia, 2019

Based on table 2 above, the method of marketing products is still dominated by social media, namely *Facebook* and *Instagram*, following the results of interviews with business owners assisted by Bank Indonesia as follows:

"Bank Indonesia really helped our business, the support donation was provided in the form of the business capital of IDR 25,000,000, and this capital is used to make crafts (souvenirs). For marketing, we did it through Ambon @ccess and WhatsApp. (Interview with Mr. Mandalesi, and Mr. Rais, 2020)





Strengthening the digitalization economy continues to be carried out by the Ambon City Government. This is proven by the launch of 2 (two) digital villages, namely the Ralsasam Weaving business located in Tawiri Village, Ambon City, and the Handicraft and Fish Scales business located in BTN Wayame Residence, Ambon City. This cooperation aims to increase the productivity and competitiveness of business agents. The following is an explanation of the informant in the Ralsasam weaving business as follows:

"The donation was given in the form of 2 units of computers and 1 unit of internet modem for 2 years. But the problem was that for 6 months the internet was slow, so finally we installed Indihome internet and marketed it through WhatsApp and Facebook." (Interviewee: Mr. Nik, 2020)

This phenomenon illustrates that the launch of digital villages will give new hope for business actors, namely being able to try out *e-commerce*, but it is still far from their expectations. This is due to the lack of intense mentoring, monitoring, and evaluation from the Ambon City Government, even though according to the informants, *e-commerce* helps to improve their business, does not require a business license, has a wide market area, and can operate to meet consumer demand for 24 hours. The benefits of marketing online are positive for entrepreneurs, such as the number of orders increasing, and the market quickly reaching.

In addition to the digital village, there is the role of Ambon @ccess which is an Android-based application that provides integrated services through digital technology in Ambon City. Ambon @ccess application was designed to deliver local, regional and international event information. Based on the data we collected, in 2019, the number of business players (MSMEs) who already had this application was 3,433 people. The following is the description of the informant as follows:

"Since 2018, I have used the Ambon @ccess application, and the benefits are considerable, which are a wider market area, consumers/buyers can call directly to order goods. Before I installed this application, it was rather difficult to sell goods, and this had little impact on the income received, but when I used the Ambon @ccess application, the income increased, and was known to many people." (Interviewee: Mr. Raziq, 2020)

Based on this reality, it can be observed as described above that doing business using e-commerce can provide benefits, namely: (1) no place restrictions, which means that entrepreneurs do not have to be confused about where to find a place to market their products, but only by having one or more social media accounts to market them, (2) no time





		optimal in terms of infrastructure in accordance with the cooperation agreement (2 years), which in reality for 6 months, internet usage was slow.
<p>Opportunities (O)</p> <ul style="list-style-type: none"> • Internet users are growing, mobile users and social media are driving a shift in consumer shopping behavior from conventional to e-commerce • The cost of digital marketing (online) is cheaper than offline • The existence of facilities from the Regional Government through Ambon @ccess 	<p>SO Strategies: Strengths to take advantage of opportunities:</p> <ul style="list-style-type: none"> • Improvement of internet infrastructure through the Regional Government program. 	<p>WO Strategies: Minimize weaknesses to take advantage of opportunities:</p> <ul style="list-style-type: none"> • The necessity of strategic policies from the Regional Government on the supply <i>chain</i> to face the scarcity of raw materials • HR quality education to expand e-commerce marketing to reach regional and international markets
<p>Threat (T)</p> <ul style="list-style-type: none"> • Lack of assistance and monitoring supervision • Weak understanding of Digital technology from business players. Asking their children more about social media operations 	<p>ST Strategies: Strategies using power to address threats:</p> <ul style="list-style-type: none"> • The need for intense mentoring and monitoring to create sustainable businesses • The availability of the optimum internet 	<p>WT Strategies: Minimize weaknesses to avoid threats:</p> <ul style="list-style-type: none"> • Build connections with relevant agencies in relation to Government Regulations in improving sustainable businesses.





<ul style="list-style-type: none">• Limitations on access to capital from the bank and non-bank financial institutions• The availability of internet access is still limited and often disrupted.	<p>infrastructure in accordance with the regional government's program for digital villages.</p> <ul style="list-style-type: none">• Maluku Dagang and Ambon @ccess become role models to create a sustainable business climate• Practical socialization of access to business capital for business players by relevant agencies.	<ul style="list-style-type: none">• Build connections with similar and dissimilar business players (Supply Chain)
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Based on the SWOT analysis above, a strategy can be prepared and can be recommended based on the level of urgency and level of importance as shown in the figure below:



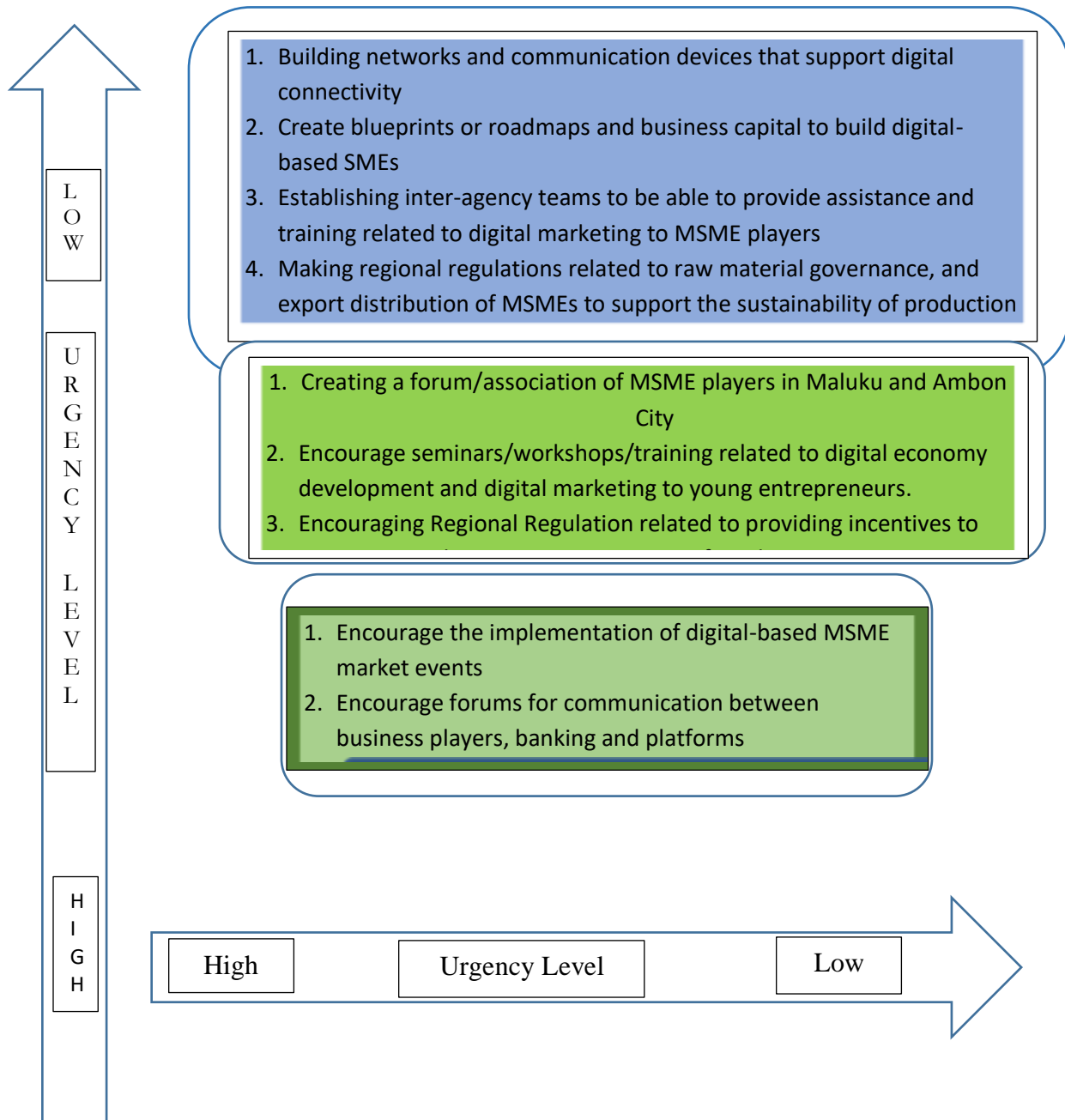


Figure 1. The Strategy of Business Actors Based on Urgency Level in Ambon City



5. CONCLUSION AND SUGGESTIONS

5.1 Conclusion

1. Business players have experienced the benefits of doing business online/digitally
2. Business players are still dominated by social media accounts in marketing products, while those who use e-commerce platforms are still few
3. SWOT analysis to analyze the strategies of business players in developing sustainable businesses. For this purpose, it is necessary: (1) to strengthen digital infrastructure, (2) to improve the quality of human resources so that they can adapt through literacy movements, (3) to strengthen the innovation ecosystem with collaboration between the Government, businessmen, universities, (4) to guarantee the ease of doing business, and (5) to provide assistance and supervision to the businessmen.

5.2 Suggestion

1. Synergy is needed between business players, government stakeholders including related OPDs, and the private sector in planning empowerment programs for MSMEs.
2. Assistance and supervision by related parties of business players must be carried out until they are completely independent.

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