

THE CREATIVE ECONOMY IN THE HAND OF LOCAL GOVERNMENT: FRAGMENTATION, OVERLAPPING MEANING, AND THE ABSENCE OF INTERMEDIARY GROUP

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Abstract

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The creative economy does not only attract the attention of practitioners for regional economic development but also academics to contribute knowledge in identifying the success or failure of the creative economy (Boğa & Topcu, 2020). It may produce unique and different findings. This research tried to identify problems in developing a creative economy at the local government level. It is to identify factors that make the creative economy less developed. Informants from local government representatives and entrepreneurs were interviewed to obtain an overview of the creative economy in Ogan Ilir Regency. The findings show three main factors inhibiting the creative economy, namely the fragmentation of creative economy management, the overlapping meaning of the creative economy, and the last is absence of an intermediary group, the creative group. These findings practically contributed knowledge about the constraints of the creative economy that must be immediately resolved by local governments and contribute to the literature on a set of creative economic development.

Keywords: Creative Economy, Creative Industry, Overlapping, Intermediary Group

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1. INTRODUCTION

The creative economy is a shift from industrial and agricultural economics. It has been recognized as an important part of promoting sustainable development (Bendassolli & Borges-Andrade, 2011;

Maryani & Lambelanova, 2019). The creative economy uses intellectual capital, skills, talents, and creativity. It is different from an industrial economy that relies on natural resources (Sanfuentes & Garreton, 2021; Zuzmelia et al., 2020). Therefore, the creative economy is predicted to provide high-

value income. Tracing the history of the creative economy brings us to Howkins (2002) introduced the concept of the creative economy for the first time. The first idea of the creative economy was based on the transactional activities of creative products which are goods and services that have economic value. This idea was then forwarded by the United Nations Conference on Trade and Development (UNCTAD, 2009) which defines the creative economy as creative assets and products that encourage economic growth and better economic development (Rosyadi et al., 2022).

In recent years, the interest of academics and practitioners towards creativity and the creative economy has become increasingly massive. Although creativity is still questionable in its definition and practice (Chang et al., 2021; Maryani & Lambelanova, 2019; Sanfuentes & Garreton, 2021; Zusmelia et al., 2020), it remains a solution to various kinds of economic development problems. Likewise, the definition of the creative economy is still ambiguous and often debated (McKelvey & Lassen, 2018). The creative economy is defined in the literature as an economic activity that relies on individual creativity involving intellectual property (Chang et al., 2021; Maryani & Lambelanova, 2019). Other definitions also include a cultural dimension (Chang et al., 2021; Vangjel & George, 2022), although the definitions are often confusing and the absence of consensus often results in overlapping terms such as creative industry and cultural industry, which are used interchangeably.

In Indonesia, the history of the creative economy began in 2005. Furthermore, in 2006, the Ministry of Trade issued the Indonesia Design Power Program which focused on the development of the service sector and could provide space for creative actors and industries. The creative economy has become increasingly serious since the ratification of Presidential Instruction No. 6 of 2009 concerning Creative Economy Development, which was followed by the 2009–2015 National Creative Industry Development Plan. This seriousness has increased since 2015 with the establishment of the Creative Economy Agency (CEA).

The creative economy then moved from discourse and practice at the national level to local governments, secretly delivering the idea that the creative economy should be a priority and will bring local governments to a better state. Since then, local governments have started working on internalizing creative economy ideas and trying hard to match and trigger their economic activities to become part of the creative economy (Rosyadi et al., 2022). This is where the problem begins. Big ideas such as sustainable development, smart cities, green cities, and also in this case the creative economy often become problematic when they are in the hands of local governments. The ideal creative economy requires a conducive environment for government support and a good ecosystem between entrepreneurs and the community that cannot be generalized to a one-size-fits-all policy. In the hands of local governments, the creative economy is very likely to develop if the determining factors can be controlled to work. On the other hand, failure is very clear because, under fragmented management, the creative economy may very well not develop.

This paper contributes to the research of the creative economy in the hands of local governments that although promising, the transfer of creative economy policies from the central government to local governments is not a simple effort and often encounters obstacles. We argue, in this paper, that these difficulties are caused by the fragmentation of creative economy management, various meanings, and the absence of intermediary actors. To prove this argument, we take a case study in the Government of Ogan Ilir Regency, which currently focuses on the fashion and culinary industries. We interviewed some informants from the government, business circles, and academics to obtain a real description of the creative economy. In addition, we also analyze policy documents to find meaning and implementation of funds for creative economic development. Practically, this paper contributes to the development of the creative economy that there are special issues that must be considered for the success of the government's action to transfer creative economic policies to improve the regional economy.

The rest of this paper is structured as follows. Section 2 offers a literature review that illuminates the current academic landscape regarding local government fragmentation. Section 3 elaborates on the research methodology, detailing the methods and analytical approaches employed. Section 4 and Section 5 present the results and discussion, which analyze and interpret the empirical data. These findings are situated within the broader context of existing research. Section 6 concludes the paper synthesizing the study's key insights and offers both conclusions and recommendations for future research.

2. LITERATURE REVIEW

The concept of fragmentation pertains to the quantity of distinct entities inside the framework of the local government system (Dolan, 1990; Schneider, 1986). A fragmented local government is characterized by a significant quantity of local government units, whether assessed in absolute terms or per capita (Alexander, 1991; Dolan, 1990). Fragmentation within the literature is regarded as a singular aspect of the local government system, with a particular emphasis on the allocation of tasks pertaining to service delivery and income production (Boyne, 1992). The concept of local government fragmentation pertains to the representation of distinct entities that share public obligations. This discourse examines the division of governmental authority into several local governance structures and jurisdictional organizations.

The concept under discussion encompasses two distinct aspects, namely horizontal and vertical fragmentation (Goodman, 2019). Horizontal fragmentation is a term used to describe a kind of regional government that serves several purposes without any overlapping functions. On the other hand, vertical fragmentation pertains to the dimensions of regional government institutional design, wherein the duties of different layers of government commonly overlap (Goodman, 2019). Vertical fragmentation is frequently motivated by the establishment of distinct entities, such as social

affairs, public works, development planning, tourism, and other similar organisations (Carozzi et al., 2022; Salvati, 2022; Škarica, 2021). In theory, it is highly feasible for any assortment of structures to exist and have more influence within a local government.

The proliferation of local government fragmentation results in redundant efforts and inefficiencies. Consequently, a potential solution to enhance effectiveness is to decrease the number of local governments or their associated agencies (Goodman, 2015). Advocates of the public choice theory claim that the expansion of local government via competitive enhancement is probable and has the potential to result in enhanced efficiency in the delivery of public goods and services. In a more precise manner, individuals' inclination to diminish their inclination for public goods and services is aimed at allocating resources to those with greater preferences, so evading the necessity of contributing taxes required to attain the desired standard of service provision (Goodman, 2019). However, proponents of institutional reform argue that the horizontal fragmentation observed in local government demonstrates efficiency through the proliferation of local government agencies, which leads to escalating expenses and a greater likelihood of overlapping authority. In the interim, the potential for capitalizing on economic advantages diminishes (Goodman, 2019).

Analogous to horizontal fragmentation, this form of fragmentation proposes a proliferation in the quantity of local governing bodies. This framework facilitates the division between the development of public services by local government and the actual implementation of these services (Billing, 2019; Choudhury & Sahu, 2022). In the context of institutional reform, there is a prevailing perspective that the proliferation of local governments and their associated agencies in a hierarchical manner contributes to inefficiency, mostly stemming from the duplication of services and suboptimal administrative practices (Goodman, 2019). From a public choice perspective, it is not necessary for the government to be the sole provider of public services. According to Goodman (2019), when examining institutional transformation, it is important to acknowledge that vertical fragmentation has the potential to result in inefficiencies due to the escalation of service transaction costs and the presence of overlapping authorities. The proposed solution entails establishing institutional mechanisms to facilitate coordination. Therefore, it is possible to minimize all negative potentials. This concept is to foster collaboration in order to minimize redundancy and provide a generally uniform provision of public services (Mao & Zhu, in press; Ünal et al., 2023).

3. METHODOLOGY

This research was a qualitative case study intended to explain, describe and explore events or phenomena in the everyday context in which these phenomena occur (Yin, 2018). Research with this strategy can help to explain the causal relationship and the resulting pathways from new initiatives or policies in this case are the creative economy (Yin, 2018). The selection of qualitative case study designs and strategies was relevant to the phenomenon raised in this study. It was the creative economy at the local government level. Our main argument was that the creative economy did not run smoothly in the hands of local governments because local governments worked in a fragmented manner which made the creative economy a policy in many local government agencies working in overlapping circumstances.

This research took a case study in Ogan Ilir Regency which has been currently focusing on developing the creative economy and focusing on fashion and culinary. However, Ogan Ilir Regency has other creative economic potentials, such as traditional music and performing arts. Besides, there are higher education institutions that can help develop the creative economy and become a development laboratory, linking knowledge, intellectual property, and creative economy practices. In addition, it is also interesting to examine the fragmentation aspect of local government and its implications for the creative economy.

The data in this research were mainly sourced from semi-structured interviews with stakeholders at the local level. We started the interview by trying to ask what is the creative economy, what are the achievements of the creative economy to date, what are the future development plans and also the obstacles faced and efforts to overcome these obstacles. We conducted interviews for approximately 60–90 minutes with each informant, who we first asked for approval through a formal process by sending a letter. We protect the data that each informant discloses by making it anonymous. During the interview, we made field notes to assist the process of reading the data. In addition, we also interviewed local entrepreneurs and applied the subject matter expert (SME) strategy for interview and research ethics. During the COVID-19 pandemic, we also implemented strict health protocol.

Informants in our study consisted of various local government agents as shown in Table 1. In addition to Table 1, we also interviewed five entrepreneurs engaged in the creative industry from three representatives of *songket*, a craftsman, and a person who ran a culinary business.

Table 1. Research informants from local government agencies

<i>Local government agencies</i>	<i>Tasks in the creative economy</i>	<i>Number of informants</i>
Educational and Cultural Affairs Agency	Preparing creative economy human resources and creative economy development laboratories at the high school level and cultural development programs.	1
Agency for Labour and Transmigration	Preparing workforce training to support the creative economy.	2
Village Community Empowerment Agency	Development of cultural tourism villages, culinary and <i>songket</i> producers.	1
Agency for Industry, Trade, Cooperatives, and Small and Medium Enterprises	Creating a conducive business climate, developing entrepreneurship and competitive advantage for small and medium-sized enterprises (SMEs), and increasing the institutional capacity of cooperatives.	1
One-stop Investment and Licensing Affairs Agency	Investment promotion and cooperation.	2
Youth Affairs, Sports and Tourism Agency	Management and development of cultural wealth and diversity and tourism destinations.	1
Livestock Affairs Agency	Increased production and quality of livestock products to support culinary businesses.	2

Source: Gathered from various sources, 2021.

Besides interviews, we also collected policy documents on the creative economy. We asked government agencies to provide data in the form of medium-term development plans, annual work plans, creative economy performance as well as activity programs and budgets for the creative economy. Because the creative economy is managed by several different agencies, we requested the documents from different agencies as well. This policy document will help researchers analyze the level of fragmentation in the management of the creative economy.

After the data were collected, we then analyzed it. This activity started with transcribing the interviews manually translating them into words and numbers and we also took some policy documents. All of them were read and reread to find the collected patterns. In analyzing the data we followed the stages of interactive analysis of Milles et al. (2013) which consisted of data collection, data condensation, data verification, and concluding. Then, we coded the data, grouping them into three main categories: 1) fragmentation of local government, 2) unfavorable environment, and also 3) the absence of intermediary actors. Each coding is supported by sufficient data before we finally conclude to explore the three themes.

One notable limitation of this study pertains to the restricted scope of case studies, specifically focused on the Ogan Ilir Regency within a certain location. The implications of this may have an impact on the applicability of the results, thereby limiting the ability to draw conclusions about policy or practice variances in different local government contexts. Furthermore, qualitative methodologies possess certain limits in their ability to quantitatively measure variables, hence posing challenges in establishing a precise causal relationship between local government fragmentation and the performance of the creative economy.

In order to facilitate additional investigation, there exist various other methodologies that warrant consideration. Quantitative research presents itself as a viable approach for attaining a more exact measurement of the relationship between variables. An illustration of employing regression analysis to ascertain the impact of local government fragmentation on indices of creative economic performance. Additionally, employing a qualitative methodology with several case studies might offer a more thorough and comprehensive understanding. Conducting numerous case studies across various

local governments will yield a more comprehensive comprehension of the impact of fragmentation on the creative economy within diverse contexts. Through the comparative analysis of multiple examples, this study is able to offer more robust recommendations and enhance the overall applicability of its findings.

4. RESULTS

In this section, we grouped our important findings into three broad themes, namely: 1) the meaning of the creative economy, 2) the consequences of government fragmentation, and 3) the absence of creative communities but firstly we illustrated the context of creative economy development in Ogan Ilir Regency.

4.1. Creative economy in Ogan Ilir Regency

The creative economy in Ogan Ilir Regency is supported by micro and small businesses. Basically, the entrepreneur has started his business before the national and regional governments encourage the development of the creative economy. In Tanjung Batu District, for example, 80% of the people are blacksmith craftsmen (male) and *songket* weaving craftsmen (female). Still, in the same sub-district, the people of Tanjung Atap Village are makers of aluminium kitchen utensils and woven mats. In Tanjung Batu Petai Village, the people are famous for producing wooden houses. Furthermore, in Tanjung Batu Village, some people work as gold and silver craftsmen.

The Ogan Ilir Regency government also held a series of activities to showcase products from the creative industry in the Ogan Ilir Regency in various ways, one of which was by holding the 2022 Ogan Ilir Expo. In this activity, the local government facilitated promotion and collaboration. This activity becomes a vehicle and a showcase for all products produced from the creative industry in Ogan Ilir Regency. The creative economy is also supported by state-owned enterprises through its corporate social responsibility program, namely Bank Negara Indonesia (BNI) which established Kampoeng BNI in the middle of the weaving center in Ogan Ilir. Kampoeng BNI is the center for ordering and marketing woven products. In addition, this place is also a workshop location for people who want to learn about weaving.

4.2. Creative economy under a fragmented government setting

In general, creative economy development is managed collaboratively by both government and non-government sectors. The Ogan Ilir Regency government and its agencies were the initiators and facilitators of the creative economy. Meanwhile, academics are facilitators in the development of human resources and also help provide laboratories

for the development of the creative economy. Furthermore, some communities are liaisons between business actors and the government as well as universities. The community is also given the task of being a facilitator. The last is business actors who are the subject of the creative economy.

In more detail, Table 2 describes the division of tasks among local government agencies that are in charge of the creative economy.

Table 2. Division of tasks among local government agencies

<i>Agency</i>	<i>Responsibility</i>	<i>Target</i>
Regional Development Planning Agency	Adjusting the programs and activities in each agency not to overlap.	Compilation of a creative economy development roadmap.
Educational and Cultural Affairs Agency	Integrating the creative economy curriculum to support the availability of human resources.	Some subjects contain material about creative economic practices.
Agency for Manpower Affairs and Transmigration	Providing training programs that support the creative economy.	The Availability of training such as digital marketing and industrialization of traditional creative economic activities.
Village Community Empowerment Agency	Encouraging the development of the creative economy at the village level.	Availability of creative economy development locations at the village level.
Agency for Industry, Trade, Cooperatives, and Small and Medium Enterprises	Building a creative economy development center.	Availability of creative economic development center.
	Facilitate the promotion and marketing of products from the creative industry.	Facilitated promotion and marketing of products from the creative industry.
	Facilitate intellectual property management.	Socialization and management of intellectual property.
One-stop Investment and Licensing Affairs Agency	Facilitating investors to invest in creative industries.	Facilitating investors to invest in the development of the creative economy.
Youth Affairs, Sports and Tourism Agency	Facilitating youth training activities to support creative industries.	Availability of youth training activities to support creative industries.
Livestock Affairs Agency	Holding training to obtain superior raw products.	The availability of training to obtain superior raw products.

Source: Gathered from various sources, 2022.

Our findings indicated that a roadmap for creative economy development in Ogan Ilir Regency has not yet been drawn up. This was why fragmentation occurred. The absence of a roadmap has made each agency create its activities without any clear directions. An informant from the Regional Development and Planning Agency stated that *“it is difficult to determine creative economy development activities because there is no roadmap even though the regional head has big dreams in this activity”* (AA, personal communication, August 19, 2020). This roadmap should be made by the Development Planning Agency and the Agency for Industry, Trade, Cooperatives, and Small and Medium Enterprises. Both sectors could share the role of the Agency for Industry, Trade, Cooperatives, and Small and Medium Enterprises can identify creative economic problems while the Development planning agency initiates a discussion to sit down together to discuss the development plan.

Our informants from the business sector said that they received more than one of the same training. It was no longer relevant to what they needed *“we received training on creative economy socialization by several different agencies but the training was not useful because there was no technical support and accompaniment”* (AB, personal communication, August 4, 2020). Furthermore, our informants revealed that they did not receive assistance which was the main core of the training activities. Without assistance, the materials they receive would be in vain because, after the training, they were confused about what they should do. This overlapping authority was very likely to occur because there were at least three agencies that

conducted it, namely: 1) the Agency for Industry, Trade, Cooperatives, Small and Medium Enterprises, 2) the Agency for Manpower and Transmigration Affairs, and 3) the Agency for Youth Affairs, Sports and Tourism. This was one source of the problem. Although the organizational structure and governance had distinguished the main tasks and functions of these agencies, it seems that this had not yet been translated into creative economic activities.

Hereafter, our informants were also confused about which agency they should report to when they proposed training from the micro-, small-, and medium-sized enterprises (MSME) entrepreneur association. They were promised to be facilitated the next year because the local government budget did not allow it to be changed. *“One time we encountered problems, especially digital marketing issues and we hope that there would be an agency that would organize this training, but it was only a promise and it would be facilitated in next year’s budget, but it didn’t happen. We report not only to one service because we are confused about who is obligated”* (AC, personal communication, August 4, 2020). This reaffirms the fragmentation of creative economy affairs which also has an impact on the confusion of creative industry players as to who they should report to when there are technical problems in the field.

Furthermore, the third problem was program budgeting. Our informant said: *“There are programs that we cut and give to other agencies because they are deemed not following our main duties and functions”* (AA, personal communication, August 19, 2020). This implies that there was no understanding

among agencies regarding the main tasks and functions in the development and management of the creative economy. Our informant then argued: “I regret the cutting of the program because we are very close to creative economy SMEs and have organized training and mentoring programs” (AD, personal communication, August 11, 2020).

“We once held a hearing with the local government and they promised to commit to developing the creative economy but the results of the hearing were not followed up” (AE, personal communication, August 13, 2020), said our informant from one of the entrepreneurs. The results of the hearing should be stated in a roadmap which would later become a direction for the development of the creative economy in Ogan Ilir Regency. Unfortunately, these were not put to good use and led to the creation of programs that are not in harmony with each other.

To summarize, the fragmentation of the management and development of the creative economy in the hands of local governments brought two major problems without any harmonization efforts in making the roadmap for creative economy development. The first was the potential for overlapping authorities, which created duplication of programs and budgets. It made it possible for the same program to be budgeted twice. The second was the confusion of creative industry entrepreneurs to whom they should report their problems when technical problems were found.

4.3. Creative economy or culture

In various laws and regulations at the national and regional levels, the economy and the creative industry have been interpreted the same way. However, the meaning changes when it is defined by officials from government agencies who try to simplify the meanings, and in the end, they overlap. This section shows its consequences. In general, in the creative economy law No. 24 of 2019 and also its derivatives in regulations at the regional government level as contained in Table 3, there has been a clear definition of the creative economy and its related matters.

Table 3. Definition of the creative economy and the related terms

<i>Term</i>	<i>Description</i>
Creative economy	<i>Creative economy</i> is the embodiment of added value from the intellectual property from human creativity based on cultural heritage, science, and/or technology.
Creative economy actor	<i>Creative economy actors</i> are individuals or groups of Indonesian citizens or business entities that are legal entities or not legal entities established under Indonesian law that carry out creative economy activities.
Creative industry	<i>Creative industries</i> can be defined as a collection of economic activities related to the creation or use of knowledge and information.

Table 3 explains that the creative economy puts forward the dimensions of intellectual property originating from creativity. This creativity can come from culture, science and/or technology. This is where the different meanings come from. The word “culture” seems to equate the creative economy with the cultural economy as well as the cultural industry.

Our informant from an agency said that the creative economy is “an economic activity used to develop a local culture to compete at the national and even international level”. Another agency said that the development of the creative economy is “an effort to develop local products so that they are recognized and not inferior to similar products” (AA, personal communication, August 19, 2020). Besides, other agencies convey a different meaning, “economic activities originating from the local community’s economy such as culinary and songket to provide added value so that the market is not only in the local market” (AD, personal communication, August 11, 2020). Another agency revealed a relatively similar definition, “the development of local MSMEs so that they can be recognized by the national and international community” (AA, personal communication, August 19, 2020).

From these definitions, the representatives of the agency expressed the meaning that leads to the same three conclusions, namely “local economy and products”, “competitive and comparative advantage” and “local product competitiveness”. From the definitions they argued, none of them stated that they are intellectual property-oriented. This definition was more similar to the development of the cultural industry than the creative economy which emphasized intellectual property. This was perhaps part of their memory in the national government program, namely, MSME goes international.

The practical consequence of this wrong definition is that there was no attempt to patent MSME products produced by creative industry players. This could be dangerous because, without this effort, anyone could copy and reduce the uniqueness of products developed by local communities. Even though local business associations started to become aware of intellectual property as stated: “We want to patent our product but it seems that the local government has not been able to facilitate it even though our product is a unique product that has different characteristics from songket in other areas both from the motifs, materials used or making” (AH, personal communication, August 4, 2020).

Another consequence of these differences was that the programs and activities they created often overlapped and did not lead to an orientation to encourage the integration of knowledge, technology, and cultural heritage that would produce unique intellectual property. Our informant from the agency said: “It is difficult to distinguish the creative economy, creative industry and cultural industry on a practical level because the boundaries are very thin and the people here are still oriented towards selling as much as possible, not intellectual property and the uniqueness and advantages of the product” (AF, personal communication, August 24, 2020).

In short, the difference in meaning from the overlapping creative economy with the cultural industry had consequences for making programs and policies that did not lead to the creative economy but rather to the preservation of local culture and orientation to product competitiveness in the national and international arena. This was also caused by government officials who are still imagining the previous central government programs and also by people who are not yet fully aware of the meaning of the creative economy.

4.4. The absence of the creative community as an intermediary group

Seeing the success of other regions in Indonesia, the creative industry and economy can develop because of the creative community factor that plays a role in producing a creative ecosystem, aligning the interests of the government and creative industry actors to be equally oriented in regional development.

We found that the collectivity owned by the community in the research site was a form of collectivity at the village level; they are very passionate about developing the village. This is not decent but collaboration between villages was also needed to jointly move in the development of the creative economy. Our informant said: *“Creative communities exist but do not develop because people prefer to gather with other people from the same village, so if we initiate creative forums at the district level the forum is less developed”* (AI, personal communication, August 25, 2020). Communities in villages were grouped based on certain characteristics such as gender and age. For example, women at the village level would gather with other women in the village to weave *songket*, men would gather with craftsmen and youth would gather with other youths to form youth organizations. Meanwhile, at the local government level, the creative community was absent.

This also distresses local governments because they were confused about where to channel aid or invite training and also hold hearings. Our informant said: *“It is different with Bandung and Yogyakarta, the people here are not united in the village, so if we have training or dialogue, we only invite representatives from the village community, for example, each village sends 2 or 3 representatives”* (AJ, personal communication, August 5, 2020). Another informant from an agency said: *“We regret that there is no creative community here but how else can it be forced and difficult to initiate”* (AD, personal communication, August 11, 2020). The informant emphasized that the absence of the creative community is also due to the characteristics of the local community which prefer to gather with people who have relatively the same identity.

At the student level, there were communities that could be invited to join, but the community members changed frequently because they usually only lived 4-5 years and then graduated and moved from Ogan Ilir Regency. Our informant from an agency said: *“Students from Sriwijaya University can be invited to work together, yet, the students only stayed 4-5 years here, so after that, they leave”* (AI, personal communication, August 25, 2020). Another informant said: *“Because there is no community, the methods used in other areas such as Bandung and Yogyakarta can't be easily replicated, so we have to find new ways”* (AD, personal communication, August 11, 2020).

Therefore, the absence of an intermediary group had consequences for the absence of actors who created, provided, and maintained the creative economy ecosystem at the study site. Another consequence was that the local government did not find creative community partners, which had an impact on whom the creative economy would continue to be driven if the government no longer

facilitates the development of the creative economy. In addition, local governments cannot easily replicate the determinants of creative economy success in Bandung City and Yogyakarta City because of other characteristics of the community whose collectivity was built at the village level.

5. DISCUSSION

This research aims to analyze the causes of the obstacles to the development of the creative economy in Ogan Ilir Regency due to three main factors, there was: 1) fragmentation of local government, 2) overlapping meanings of the creative economy, and 3) the absence of intermediary groups. This section attempts to discuss the important findings and bring them into the wider literature.

Our first finding is that the fragmentation of the management and development of the creative economy in the hands of local governments was because the management of the creative economy was not carried out together (Elyta & Sahide, 2021; Hartini et al., 2021). As a consequence, there was a potential for overlapping authorities, resulting in duplication of programs and budgets, which enabled the same program to be budgeted twice. This is following the opinion of institutional reformist experts that the vertical fragmentation of local government will lead to two or more agencies working on the same affairs (Goodman, 2019). In addition, there was confusion from industry players to whom they should report their problems when technical problems are found. This is following previous research that overlapping authorities also results in the government running away to solve certain public problems because of very specific tasks and very general problems that do not meet (Elyta & Sahide, 2021; Lee, 2015; Rosyadi et al., 2022).

Our second finding is that there was an overlapping meaning of the creative economy with the cultural industry. This is following the literature because academics who searched the literature on the creative economy and industry also found the same thing in defining the creative economy or looking at creative economy practices (Chang et al., 2021; Sanfuentes & Garreton, 2021; Zuzmelia et al., 2020). This continued to occur even though the legislation had found a consistent meaning, namely “economic activities that generate intellectual property from knowledge, technology or cultural heritage” (Law no. 24 of 2019 concerning Creative Economy, Article 1). We found that the creative economy was more interpreted by government officials as a cultural industry and an effort to increase the competitiveness of local products at the national and international levels. This meaning had consequences for policymaking that ignores efforts to patent creative products as a consequence of the phrase intellectual property (Maryani & Lambelanova, 2019).

The third was the absence of an intermediary group. Intermediary groups in the creative economy are usually interpreted as creative groups that function to carry out government duties or take their initiative to create a creative ecosystem which is one of the formulas of the creative economy (Fahmi, 2019; Fahmi et al., 2016, 2017). In our research, local people preferred to gather at

the village level rather than built a community at the district level because of the characteristics of the local community. As a result, the replication strategy of creative economy development could not be enforced as in the city of Bandung and the city of Yogyakarta. Another consequence was that a strategy must be developed independently without relying on the creative community.

6. CONCLUSION

The creative economy is the direction and development of the local economy in Indonesia because it assures greater profits. After all, there is a capitalization process of intellectual property sourced from technology, cultural heritage or knowledge. Unfortunately, not all local governments are able to take advantage of this opportunity. This research proves that there are three major problems in the development of the creative economy in the hands of local governments, namely: the fragmentation of local governments, overlapping meanings, and the absence of intermediary groups. The first problem has consequences for the fragmented creative economy and it results in the identification of problems that, although carried out as a whole, are solved separately. The second is the overlap of meanings which have consequences for the development of programs and policies that

are not following the characteristics of the creative economy. The three absences of creative groups as intermediary groups make local governments have to work alone and harder because there is no other group that can lighten the burden.

This academic research contributes new knowledge about the obstacles that come from local governments dealing with the creative economy which has not been revealed in the literature. A series of problems identified in this study can contribute to the failure of the creative economy. Practically, the government must first develop a roadmap to align the directions and steps for developing the creative economy. In addition, the government must continue to study what a creative economy is and what distinguishes it from other types of economy or business. The three local governments must develop development strategies that take into account locality aspects.

This research is a single case study. Therefore, further research can be carried out in several local governments to confirm and compare the findings with each other. Second, Quantitative studies may be conducted to examine the impact of the creative economy on the improvement of the local economy. Third, practical research to develop a creative economy that pays attention to the locality aspect of the community can also be performed.

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