

The COVID-19 pandemic and its positive impact on the growth of the digital-based creative industry in Indonesia

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ABSTRACT The COVID-19 pandemic that has spread throughout the world since early 2020 has had a major impact on various sectors, including the digital creative industry in Indonesia. This research aims to analyze the positive impact of the COVID-19 pandemic on the growth of digital-based creative industries in Indonesia. In a challenging situation, digital-based creative industries demonstrated rapid adaptation and significant innovation, capitalizing on the increasing need for digital services and home entertainment. In Indonesia, this pandemic has not only brought challenges but also new opportunities, especially for digital-based creative industries. This research aims to explore the positive impact of the COVID-19 pandemic on the growth of the digital creative industry in Indonesia. This research uses a qualitative approach. A qualitative approach is used to understand the perspectives of stakeholders and creative industry players. Participants in this research are creative industry players in several big cities in Indonesia (Jakarta, Bandung, Yogyakarta, Surabaya, and Makassar), as well as stakeholders from government, creative industry associations, and academia. Secondary data was taken from the official report of the Ministry of Tourism and Creative Economy (Kemenparekraf), the Central Statistics Agency (BPS), and other relevant annual reports. The research results show that the COVID-19 pandemic has become a catalyst for accelerating digital transformation, expanding market reach, and increasing collaboration and creativity among the creative industries. In conclusion, although the COVID-19 pandemic presents many challenges, it has also provided a significant impetus for the growth of digital-based creative industries in Indonesia, creating opportunities that have the potential to change the landscape of the creative economy in the long term.

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1. INTRODUCTION

The post-pandemic era has had a significant influence on the growth of the digital-based creative economy, where young entrepreneurs play an important role in driving economic growth (Aghion & Howitt, 1990). The pandemic requires the use of the internet for product marketing, thereby encouraging MSMEs to think innovatively and creatively (Petry et al., 2020). Developing the creative economy in the MSME sector is very important to encourage economic growth based on entrepreneurship and the formation of new businesses (Nguyen et al., 2023). Creativity has been highlighted as important for economic growth, job creation, trade, and innovation (Khlystova et al., 2022).

One of the important transformations that is occurring is the rapid growth of the digital economy, which is an important driver of economic development. The digitalization of various economic activities is accelerating, causing fundamental changes in the way businesses operate and com-

pete in the market (Amankwah-Amoah et al., 2021). This shift is especially visible in the creative economy, where digitalization has become a major determinant of growth (Gruia et al., 2019). The integration of digital technology not only revolutionizes traditional economic sectors but also creates new opportunities for innovation in all aspects of life, including education, economics, politics, and socio-culture (Budiarti & Yasmin Adar, 2023).

The impact of the COVID-19 pandemic has accelerated digital transformation in various sectors, leading to a shift to virtual operations and remote work (Kim, 2020). Eradigital has had a tremendous impact on various economic sectors, including the creative sector (Solehudin, 2023). With the increasing penetration of digital technology in everyday life, the digital-based creative economy is becoming increasingly relevant and has the potential to become the main pillar of post-pandemic economic recovery (Solehudin et al., 2023). Digital innovation in the creative industry covers a wide range of sectors, including arts, en-

tainment, design, and media, all of which contribute to overall economic growth (Solehudin et al., 2023).

This transformation not only impacts businesses but also influences the way consumers engage in digital sales and the resilience of supply chains (Quayson et al., 2020). Additionally, the spatial implications of the digital economy are known to have a significant impact on urban innovation, especially in the Chinese context (Huang et al., 2022). Open access to technology today has led to changes in the sources of information accessed by the public. If previously people only relied on radio, television, and newspapers, now there is a shift. Even though they do not have a formal educational background in informatics engineering or computer science, the availability of human resources (HR) who have self-taught IT skills has experienced significant development (Solehudin, 2023). Their competencies and skills can be improved to further enrich these abilities (Windarti et al., 2022). Social media has become a source of information and an effective communication tool, even being used by various generations with a wider reach (Solehudin, 2023; Budiarti, 2023).

The impact of digitalization on economic growth has been the subject of extensive research, with studies highlighting its role in driving economic recovery and sustainability in the post-pandemic era. The transition to a circular economy and green growth has been facilitated by digital innovation and entrepreneurship, highlighting the potential for a more sustainable economic landscape (Pablos, 2022). Additionally, the digital economy has played an important role in mitigating the impact of emergencies, such as the COVID-19 pandemic, by enabling sectors such as tourism to undergo digital transformation and adapt to new challenges (Li et al., 2022).

Several studies show that this pandemic has caused significant changes in consumer behavior towards online shopping and greater reliance on digital marketing channels (Rahmani & Kordrostami, 2023). This shift has encouraged the business world, especially small and medium enterprises (SMEs), to adjust their marketing strategies to focus more on online platforms and e-commerce (Safitri et al., 2022). One study focuses on the digital transformation strategies adopted by handicraft SMEs in Gianyar Regency, Bali, during the pandemic (Telagawathi et al., 2022). This research explores how SMEs in the crafts sector are adapting to the digital world amidst the challenges posed by COVID-19. Another study discusses the impact of the pandemic on the development of e-sports events in Indonesia, which shows the potential of creative industries to revitalize the tourism sector (Lim & Setiawan, 2022).

MSMEs are recognized for their importance in navigating potential crises during the pandemic and play an important role in post-pandemic economic defense (Ndou et al., 2019). The impact of the pandemic on economic growth has been studied widely, especially in regions such as Java (Zhao et al., 2021). To aid economic recovery, a physical-based approach has been proposed to bridge the digital transformation gap in the creative economy sector (Folawewo & Adeboje, 2017). Empowering communities economically through identifying potential creative business opportunities is critical to maintaining livelihoods during the pandemic (Yoon, 2017). Furthermore, the literature emphasizes the need to invest in digital technology to support remote delivery of products and services in the creative economy (Lazzaro, 2021). The creative economy, driven

by creators and innovators, relies on the creative industry sector for its growth and innovation (Ghazi & Goede, 2017). Corporate innovation encompasses a holistic approach to innovation, encompassing product, process, and marketing innovation, as well as organizational changes that support and encourage innovation throughout the company (Mustapha et al., 2021).

So this is where SMEs need to implement digital marketing strategies to remain competitive in the post-pandemic era. The role of digital marketing in reaching and engaging customers has become increasingly important after this pandemic (Putri & Sanica, 2022). The impact of COVID-19 on the tourism industry is so great that it requires the development of new marketing strategies to revitalize the sector (Abbas et al., 2021). Digital marketing has been identified as a key element in the travel and leisure industry's post-pandemic recovery and continued growth. People who have a positive perception have complied with applicable regulations and have taken the vaccine; there are also those who vaccinate because of government obligations and instructions (Aisyah et al., 2023).

In Indonesia, the COVID-19 pandemic has brought various significant challenges, including a decline in economic activity, an increase in unemployment, and disruption in the education system. Economic activity slowed drastically due to social restrictions and lockdowns, causing many businesses to close and unemployment to rise sharply. The education system also experienced major disruption with the sudden transition to online learning, highlighting disparities in technology and internet access in various regions (Khuluqo et al., 2020). However, amidst these challenges, new opportunities also emerge, especially for digital-based creative industries. Many people are starting to develop new skills, create digital content, and utilize online platforms for business, which ultimately drives the growth of the digital economic sector in Indonesia. Creativity and innovation are key to adaptation, with many companies and individuals turning to digital solutions to survive and thrive in this time of crisis (El Khuluqo et al., 2021).

Even though there is optimism regarding the potential for post-pandemic digital-based creative economic growth, there are still several challenges and questions that need to be answered. This research aims to explore the positive impact of the COVID-19 pandemic on the growth of the digital creative industry in Indonesia, especially to determine to what extent this sector can be the main driver of economic growth, what factors can accelerate or hinder its development, and how public policy can play a role in supporting the development of this sector.

2. METHODOLOGY

This research uses a qualitative approach. A qualitative approach is used to understand the perspectives of stakeholders and creative industry players. Participants in this research are creative industry players in several big cities in Indonesia (Jakarta, Bandung, Yogyakarta, Surabaya, and Makassar), as well as stakeholders from the government, creative industry associations, and academics. Secondary data is taken from official reports from the Ministry of Tourism and Creative Economy (Kemenparekraf), the Central Statistics Agency (BPS), and other relevant annual reports, scientific articles, and journals discussing the contribution of the creative economy in Indonesia, as well as mass

media news related to developments and current issues in the creative industry. Data collection techniques are carried out through semi-structured interviews with creative industry players, the government, and other stakeholders to gain in-depth insight into the challenges and opportunities facing this sector. This approach allows researchers to explore diverse perspectives, dig up detailed information, and understand the dynamics and interactions between various actors in the creative industry. With the flexibility offered by semi-structured interviews, researchers can adjust questions based on respondents' responses, thereby obtaining richer and more comprehensive data about real conditions in the field as well as strategies used to overcome various obstacles and take advantage of existing opportunities.

3. RESULTS AND DISCUSSION

3.1 RESULTS

After the pandemic, the creative industry in Indonesia experienced significant growth, showing the resilience and great potential of this sector in facing global economic challenges. Various subsectors, such as performing arts, film, animation, video, visual communication design, and digital creative industries, experienced quite a marked increase. This growth is largely driven by the increasingly massive adoption of digital technology among the public, as well as a shift in consumer behavior toward consumers who are more inclined to consume digital content. Along with that, the government has also paid more attention to the creative industry as a potential sector for driving economic growth.

Incentive programs and policy support have been introduced to provide additional encouragement for creative industry players, both in terms of funding, market access, and the development of skills and creativity. However, despite positive growth, the creative industry is still faced with a number of challenges. Among these are issues of protecting intellectual property rights, the need for better digital infrastructure, and a lack of access to funding and quality human resources. Therefore, to maximize the potential of the creative industry in the future, collaboration is needed between the government, the private sector, and academics in developing a holistic and sustainable strategy for the development of this sector.

The local gaming industry and ecosystem have great potential to contribute to Indonesia's creative economy. According to the Ministry of Tourism and Creative Economy, in 2017, the contribution of games to Indonesia's creative economy reached 1.93 percent of GDP, with 44,733 workers in this subsector. In the same year, there were 51 new local game developers, and this number continues to increase every year.

In the context of development, architecture has a crucial role in designing the foundations for the development of a city. Recognizing its significant potential, the Ministry of Tourism and Creative Economy has identified architecture as a subsector that requires more serious attention. Currently, the architecture subsector is faced with various challenges, including a shortage of architects in Indonesia. Based on data from members of the Indonesian Architects Association (IAI), the number of architects in Indonesia is only around 15,000, a limited number considering Indonesia's population reaches 250 million people. Apart from that, another challenge is the dominance of large de-

velopers who prefer to use the services of foreign architects rather than local architects (Anwar, 2022). The significant growth of the digital economy in Indonesia, which will reach US\$71 billion in 2022, an increase of 49% from US\$47 billion in 2020, is influenced by potential economic disruption due to the COVID-19 pandemic (Marimin & Romdhoni, 2017).

Increasing the creative economy sector can be influenced by various factors, including education level as in Figure 1. A high level of education, especially in art, design, technology, and other related fields, can produce more innovative and creative individuals. Universities and higher education institutions can become centers of innovation and research that support the development of the creative economy sector.

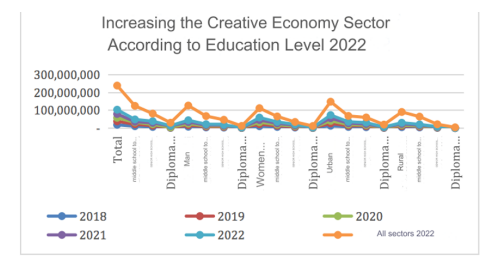


Figure 1. Graph of the Increase in the Creative Economy Sector According to Education Level in 2022
Source: Data and Information Center of the Ministry of Tourism and Creative Economy, 2022

According to data from the Ministry of Industry in 2023, the creative economy sector contributed around 7.8% to the national gross domestic product (GDP), showing the large contribution of this sector to the country's economy. However, amidst the development of the digital era, new challenges have emerged. How can we continue to support and develop the local craft industry amidst these changes? One approach worth considering is supporting micro, small, and medium enterprises (MSMEs) in the local Indonesian craft sector.

Based on data from the Ministry of Tourism and Creative Economy, the gross domestic product (GDP) of Indonesia's creative economy sector continues to increase after the COVID-19 pandemic hit in 2020. In 2022, the GDP value of the creative economy based on current prices will reach IDR 1,280 trillion, or IDR 1.28 quadrillion, setting a new record high. However, in 2022, the creative economy sector will only contribute 6.54% of the total national GDP value. This contribution decreased compared to 2021 and reached its lowest level since 2010, as seen in the graph above.

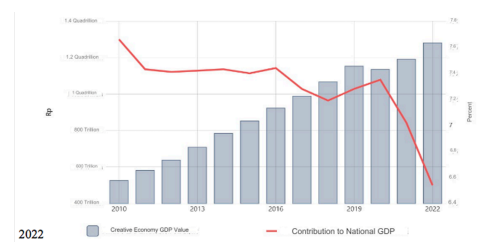


Figure 2. Graph of Creative Economy GDP Value 2010-2022

Based on data from the Ministry of Tourism and Creative Economy, the gross domestic product (GDP) of Indonesia's creative economy sector continued to increase

after the COVID-19 pandemic hit in 2020. In 2022, the GDP value of the creative economy at current prices will reach IDR 1,280 trillion, or IDR 1.28 quadrillion, setting a new record high.

Data collected from several cities through telephone interviews and focus group discussions (FGD) conducted via the WhatsApp application with 50 members of MSMEs and digital creative industries shows a surge in growth in this sector. One of the main findings is changes in people's shopping patterns. The COVID-19 pandemic has encouraged many people to reduce activities outside the home, including shopping at traditional markets. Instead, they are starting to switch to shopping directly from manufacturers through digital marketing platforms.

This transition not only changes consumer habits but also encourages MSMEs and creative industries to adapt quickly to these changes. Many business actors who previously relied on offline sales are now turning to digital platforms to reach consumers. They utilize social media, e-commerce, and other applications to market their products, which has proven effective in attracting new buyers and retaining old customers.

This adaptation has a positive impact on creative industry players and MSMEs. With wider access to the market, they were able to increase sales volume and achieve significant growth even in the midst of a pandemic. These findings show that the use of digital technology and online platforms is not only a short-term solution during the pandemic but also has the potential to permanently change the

business landscape in Indonesia, with more and more business actors seeing strategic value in digital transformation.

3.2 DISCUSSION

Indonesia is a huge market for digital creative industry content. Based on data from We Are Social, in 2021 the number of internet users in Indonesia will reach 202.6 million people, or 73.7% of the population, with 98.5% of them watching online videos. Currently, there are more than 8.2 million creative businesses in Indonesia, the majority of which operate in the culinary, fashion, and craft sectors. Apart from that, there are four sub-sectors of the creative economy with the fastest growth, namely film, animation and video, performing arts, and visual communication design. Rapid growth in this sector is driven by the increasing adoption of digital technology in society (Limanseto, 2022).

The COVID-19 pandemic emphasizes strategies such as product promotions, product updates, service improvements, and digital marketing to support economic growth (Hasan et al., 2021). Additionally, research has highlighted the role of visual communication design in combating misinformation during the pandemic, emphasizing the need for critical thinking and creative exploration to overcome the spread of hoaxes (Marsudi et al., 2020). Growth in the creative economy sector reached around 5.76%. This means that growth is higher than in the electricity, gas, and clean water, mining and quarrying, agriculture, livestock, forestry, and fisheries, services, and processing industries sectors (Kominfo, 2022).

Table 1. Table of FGD Results for Creative Industry Actors in Several Cities

| No | City name | Number of participants | Types of Creative Industries | Findings |
|----|------------|------------------------|--|---|
| 1 | Jakarta | 10 Home Industries | Design, Entertainment Media, Culinary | There is a surge in growth due to the tendency of people to shift from direct shopping patterns in the market to shopping patterns directly to producers via digital marketing platforms. |
| 2 | Bandung | 5 Home Industries | Clothing, culinary, and handy crafts | There is a surge in growth due to the tendency of people to shift from direct shopping patterns in the market to shopping patterns directly to producers via digital marketing platforms. |
| 3 | Semarang | 5 Home Industries | Culinary, processed food, and handy craft | There is a surge in growth due to the tendency of people to shift from direct shopping patterns in the market to shopping patterns directly to producers via digital marketing platforms. |
| 4 | Yogyakarta | 5 Home Industries | Jewellery and accessories, handicrafts, culinary | There is a surge in growth due to the tendency of people to shift from direct shopping patterns in the market to shopping directly with producers via digital marketing platforms. |
| 5 | Surabaya | 5 Home Industries | Culinary, processed food, and handicrafts | There is a surge in growth due to the tendency of people to shift from direct shopping patterns in the market to shopping directly with producers via digital marketing platforms. |
| 6 | Bali | 5 Home Industries | Tourism industry | There is a surge in growth due to the tendency of people to shift from direct shopping patterns in the market to shopping patterns directly to producers via digital marketing platforms. |

This growth is also reflected in a significant increase in the use of digital banking, with transactions growing by 46.53% to IDR 3,732.8 trillion in February 2022 compared to the previous year (Wage, 2020). In addition, the stability of the Indonesian financial system and economy is influenced by fluctuations in the rupiah exchange rate, inflation, and other macroeconomic variables. Foreign direct investment (FDI) has played a positive and significant role in the country's economic growth in various sectors, such as agriculture, mining, trade, transportation, warehousing, and communications (Chrismastianto, 2017).

Growth in the creative economy sector reached around 5.76%, showing a significant increase and higher than several other sectors. Sectors such as electricity, gas, and clean water; mining and excavation; agriculture, animal husbandry, forestry, and fisheries; services; as well as the processing industry, all lag behind the creative economy sector in terms of growth rate. This achievement underscores the important role of the creative industry as a key driver of the Indonesian economy, showing how innovation and creativity are able to generate a greater contribution to the gross domestic product (GDP) compared to more traditional sectors. This growth rate reflects the potential and resilience of the creative economy sector amidst various economic challenges, while emphasizing the need for continued support and supportive policies to continue to spur the development of this sector.

Strong confidence in the future of the creative economy sector encouraged the President to form the Creative Economy Agency (Bekraf). This step is based on the belief that the creative economy sector has great potential to become the main driving force for Indonesia's economic growth. Bekraf is expected to function as an accelerator that accelerates the development and contribution of this sector to the national economy by facilitating and supporting various creative initiatives throughout the country (Hanifah et al., 2023).

The formation of Bekraf reflects the government's commitment to creating an ecosystem that is more conducive to innovation. By having a special institution that focuses on developing creative industries, the government is trying to strengthen Indonesia's global competitiveness and encourage the emergence of more creative business actors in various fields. This includes everything from art, design, and fashion to technology and digital media (Damanik & Sabila, 2022).

Apart from that, the government is also trying to diversify sources of economic growth through Bekraf. By reducing dependence on traditional sectors such as agriculture and mining, the government wants to open up new opportunities for creative and innovative young generations. Bekraf aims to create an environment that supports the emergence of new ideas, develops skills, and facilitates access to a wider market for Indonesian creative products (Nursanty et al., 2021).

Overall, the formation of Bekraf is a strategic step to advance Indonesia's creative economy sector. With strong government support and adequate infrastructure, this sector is expected to make a significant contribution to national economic growth as well as improve people's welfare and quality of life.

Furthermore, a study on the role of entrepreneurial marketing in improving SME business performance in the post-pandemic creative economy industry highlights the

importance of innovative marketing strategies in driving growth and resilience (Setiyaningrum et al., 2022). In addition, the development of the halal industry in Indonesia post-pandemic has been identified as a potential sector to accelerate economic recovery, emphasizing the sector's contribution to economic growth and stability (Mulyani et al., 2022).

The growth of digital-based micro, small, and medium enterprises (MSMEs) in the post-pandemic era reflects the extraordinary adaptation of this sector to the drastic changes triggered by the COVID-19 pandemic. The pandemic has forced many MSMEs to switch to digital business models for the continuity of their operations. In a situation where physical interactions are limited and many physical stores have to close, MSMEs have no choice but to utilize digital technology to stay connected with their customers. This move not only allows them to survive difficult times but also opens up new opportunities that they might not have previously thought possible.

As time goes by, many MSMEs not only survive but also continue and increase their online presence. They realize that digital presence is no longer just a temporary solution but an essential long-term strategy. MSMEs are starting to invest their resources in digital technology, such as e-commerce, mobile applications, and various other online platforms. This investment allows them to expand their market reach, improve operational efficiency, and provide better service to customers. This digitalization process has also brought many MSMEs to a higher level of professionalism in managing their businesses (J Ferdinand Pardede et al., 2022).

Changes in consumer behavior also play an important role in the growth of digital-based MSMEs. Consumers tend to be more comfortable shopping online after experiencing the pandemic. The online shopping habit, which has increased drastically during the lockdown period, has become the new norm for many people. The convenience, ease of access, and various product choices offered by online platforms make consumers increasingly interested in making digital transactions. This creates great opportunities for MSMEs to expand their customer base and increase sales (Perdana et al., 2023).

However, the digital transformation of MSMEs is not without challenges. They need to continually adapt to rapid technological developments and ensure that they have adequate digital infrastructure to support their operations. Apart from that, MSMEs must also continue to innovate in the face of increasingly fierce competition in the digital market. With the right support, both from the government and the private sector, MSMEs can continue to grow and play an important role in the post-pandemic economy. This digital transformation, if managed well, can have a significant positive impact on Indonesia's overall economic development (Suhaeli et al., 2024).

MSMEs that adapt well to this model can enjoy significant sales growth. Consumers are increasingly concerned about the security and convenience of digital transactions. MSMEs need to focus on customer experience, transaction security, and good customer service. This is part of innovations in responding to market challenges and opportunities, namely process innovations focused on significantly improving performance through the application of new production or distribution methods or by improving existing methods (Lin et al., 2011; Rong & Xiao, 2016).

Many MSMEs are presenting new digital products and services to meet growing consumer needs, such as digital payment applications, delivery services, and e-learning platforms. MSMEs can take advantage of partnerships with large platforms or fellow MSMEs to increase visibility and access larger markets. Digital financial platforms and fintech can provide easy access to financing for MSMEs. This can help business growth and innovation. In addition, MSMEs need to increase their understanding of the benefits and risks of digital financing, as well as how to manage finances effectively.

On the regulatory side, the government has a crucial role in creating an environment that supports the growth of digital MSMEs. Appropriate regulations can provide fiscal incentives for MSMEs that invest in digital technology, such as tax reductions or subsidies. In addition, the government can provide digital training to help MSMEs develop the skills needed to manage online businesses. Technical assistance can also be provided to ensure that MSMEs can utilize technology effectively and efficiently. These steps not only encourage digitalization but also increase the competitiveness of MSMEs in the global market (Fauziyah et al., 2020).

Apart from regulations, support for the formation of an ecosystem that is conducive to the growth of digital MSMEs is also very important. The government can establish business incubators that provide work space, access to mentors, and start-up capital for MSMEs. Training centers can be established to provide continuing education in technology and business management. Collaboration forums, where MSMEs can share experiences and collaborate with large companies, academics, and the government, also need to be developed. A well-structured ecosystem will help MSMEs overcome challenges and take advantage of opportunities that exist in the digital era (Budiman et al., 2020).

The growth of digital-based MSMEs in the post-pandemic era requires rapid technological adaptation. However, this is not enough without the right business strategy. MSMEs must be able to identify the right market, understand consumer needs, and offer relevant products or services. Effective digital marketing strategies, such as the use of social media and e-commerce, are also important for reaching new customers and retaining old ones. In addition, MSMEs must continue to innovate in their products and business processes to remain competitive (Azizah et al., 2022).

Collaboration and support from various parties, including the government, private sector, and society, are very necessary for the success of digital MSMEs. The private sector can play a role by providing digital platforms, logistics services, and financial support. The community can support this by prioritizing local products and actively participating in the digital ecosystem. The synergy between these various parties will strengthen the foundation of digital MSMEs and ensure sustainable growth (Hambali & Rizqi, 2024).

Overall, the success of digital MSMEs in the post-pandemic era does not only depend on technological capabilities but also on supportive regulations, a conducive ecosystem, careful business strategies, and strong collaboration. With this integrated approach, MSMEs can develop and make a significant contribution to the national econ-

omy, create jobs, and improve community welfare (Kamanjaya et al., 2021).

Through various assistance programs, training, and tax incentives, the government has a very important role in encouraging MSMEs to utilize digital technology effectively. Assistance programs can take the form of financial support, such as grants or low-interest loans, that help MSMEs acquire the digital technology they need. This assistance can be used to purchase hardware, software, or other digital services that are essential to running a business online. With adequate financial assistance, MSMEs can accelerate the digitalization process without being burdened by high costs.

Digital training is also an important component of the government's efforts to encourage the digitalization of MSMEs. This training can cover various aspects, from the basics of using information technology to more advanced digital marketing strategies. Training tailored to the needs of MSMEs can improve their skills and knowledge in utilizing digital technology. This also allows MSMEs to be more adaptive to changes in technology and market trends. With the right skills, MSMEs can run their business operations more efficiently, increase productivity, and provide better service to customers (Meiriasari et al., 2021).

Tax incentives are another step the government can take to encourage the digitalization of MSMEs. By providing tax incentives, such as tax reductions for MSMEs that invest in digital technology, the government can ease the financial burden faced by MSMEs. These incentives not only encourage more MSMEs to adopt digital technologies but also give them more room to allocate their resources to other important areas, such as research and development of new products or improving customer service. This tax incentive can also be an attraction for investors to invest in the MSME sector, thereby providing additional encouragement for growth (Hambali & Rizqi, 2024).

These steps will not only help in driving the digitalization of MSMEs but also enhance their competitiveness in the global market. With digital technology, MSMEs can expand their market reach, reaching customers beyond local geographic boundaries. They can leverage e-commerce platforms to sell their products to international markets, use social media for global promotions, and utilize data analytics to understand consumer trends and preferences in various markets. In addition, digitalization allows MSMEs to operate more efficiently, reduce operational costs, and improve the quality of the products or services they offer (Firmansyah et al., 2021).

With the right support from the government through assistance programs, training, and tax incentives, MSMEs can overcome the various challenges faced in the digitalization process. They can become more innovative, competitive, and ready to face competition in the global market. These efforts, in the end, not only strengthen the MSME sector but also make a significant contribution to national economic growth, create jobs, and improve the welfare of society as a whole.

4. CONCLUSION

The digital-based creative industry sector has great potential to become the main driver of economic growth in Indonesia. Its significant growth shows that this sector can make a greater contribution compared to traditional sec-

tors. However, the development of this sector is influenced by several factors that can accelerate or hinder its progress. Factors that can accelerate development include high adoption of digital technology, continuous innovation, and adequate digital infrastructure support. On the other hand, obstacles such as limited access to technology, a lack of financial support, and unsupportive regulations can hinder the growth of this sector. Government support in the form of public policy has an important role. Proactive and supportive policies, such as providing incentives for creative industry players, increasing investment in digital infrastructure, and simplifying regulations, can accelerate the development of this sector and maximize its contribution to the national economy.

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