

Enhancing Tourism and Creative Industries in Indonesia: The Role of Government Policy and Business Strategy

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Abstract

The tourism industry and creative businesses in Indonesia have great potential to become important pillars in the national economy. However, to achieve this potential, strong support from the government and the right business strategy from business actors is needed. This research aims to analyze government policies and business strategies implemented to support the growth of the tourism industry and creative businesses in Indonesia. The research method used is literature study and descriptive analysis of various government policies and business strategies that have been implemented. The research results show that the government has demonstrated a strong commitment to advancing the tourism industry and creative businesses through various policies, such as infrastructure development, tourism promotion, human resource development, providing incentives and conducive regulations. On the other hand, business actors have also implemented various business strategies, such as developing innovative products and services, utilizing digital technology, building collaboration and developing human resources. Synergy between government policies and appropriate business strategies is the main key in encouraging the growth of the tourism industry and creative businesses in Indonesia. Collaboration between business actors, academics and local communities is also an important factor in creating a conducive ecosystem.

Keywords: Government Policy, Business Strategy, Tourism Industry, Creative Business, Economic Growth, Indonesia.

Introduction

The tourism and creative economy (parekraf) sectors are central to Indonesia's economic framework, contributing 14.82% to the country's Gross Domestic Product (GDP) in 2021. The sector's significance extends beyond economic contribution, as it provided employment to 23.1 million workers in 2020, highlighting its role as a major job creator (Pratiwi, 2022). Recognizing parekraf's importance in spurring national economic growth, the Indonesian government has implemented several strategic policies to foster its development. Key initiatives include the Creative Economy Masterplan 2020-2024, the National Tourism Master Plan 2020-2024, and Government Regulation Number 52 of 2012 concerning the Creative Economy (Pratiwi, 2022). These policies aim to guide the sector's growth and adaptability in attracting both tourists and consumers (Barusman & Rulian, 2020).

Despite these efforts, the implementation of policies faces notable challenges. Issues such as inadequate coordination among government agencies, limited infrastructure, insufficient human resource skills, and restricted access to capital hinder the effective promotion and growth of parekraf (Khalil & Alameddine, 2020). Addressing these obstacles is crucial to enhancing the sector's potential and ensuring that policies achieve their intended impact (Orji et al., 2021).

Tourism, as a driver of economic development, generates jobs, boosts income, and improves living standards. Law Number 10 of 2009 reinforces tourism's role in meeting tourists' needs while increasing state revenue for public welfare. Additionally, tourism stimulates economic activity in destination regions, creating new business opportunities and fostering regional prosperity. However, this sector also faces challenges, including environmental and cultural impacts (Siswahto & Muryani, 2020).

For successful tourism development, the government must focus on key factors such as tourist attractions, facilities, infrastructure, transportation, and hospitality. Proper management of these elements can transform regions into prime tourist destinations, benefiting local communities and contributing to national economic progress (Yan et al., 2017).

Indonesia's rich natural and cultural resources present substantial opportunities for tourism development. Provinces like West Java and Lampung exemplify this potential, with West Java offering diverse attractions and improved accessibility, while Lampung is known for its scenic beauty and cultural richness (Juliana et al., 2022). Despite these strengths, the tourism sector faces emerging trends and challenges, such as shifting tourist preferences toward niche markets, the rise of digital tourism, inadequate infrastructure, and limited human resource skills. Additionally, access to capital and global competition pose significant hurdles (Qian et al., 2019).

This research aims to analyze the impact of government policies and business strategies on the growth of *parekraf* in Indonesia (Barusman et al., 2019). By exploring these dynamics, the study seeks to identify factors that both support and impede sectoral growth, providing insights into how Indonesia can better harness its tourism and creative economy potential (Rusmawan et al., 2023). The research will address the following questions: How effective are current government policies in supporting the growth of *parekraf*? What business strategies are most successful in enhancing tourism and creative enterprises? What are the primary obstacles to implementing these strategies and policies? By identifying these factors and gaps, the research aims to offer actionable recommendations for improving the growth and sustainability of Indonesia's tourism and creative sectors (Purba et al., 2022).

Methodology

This research employs a qualitative approach to explore and understand the underlying meanings and complexities of the research problem. As highlighted by (Haryana, 2020) qualitative methods are particularly effective for gaining a deep and nuanced understanding of the phenomena under investigation (Aspers & Corte, 2019). For this study, data was gathered through a comprehensive literature review, which involves examining a range of written sources, including scientific journals, books, and articles, to collect relevant information and insights related to the research topic.

The qualitative approach, facilitated by the literature review, provides several key advantages. It enables researchers to explore various perspectives and viewpoints on the issue at hand, helping to uncover diverse and potentially contrasting understandings (Barusman et al., 2021). Additionally, this method allows for the identification of emerging patterns and themes within the data, which can enrich the analysis and interpretation of findings (Delahunt, 2017). By synthesizing information from multiple sources, the literature review also strengthens the validity of the research arguments and conclusions (Alsalamy, 2022).

Overall, the use of a qualitative approach and literature review in this research aims to offer a deeper understanding of the problem under study, contributing valuable insights into the impact of global trends on the tourism and creative sectors (Gato et al., 2022).

Results and Discussion

Government Policy

Government policy plays a crucial role in supporting the growth of the tourism industry and creative businesses. Developing tourism infrastructure, such as transportation access, accommodation facilities, and other supporting amenities, is essential. Investments in these areas can increase the attractiveness of destinations, expand accessibility, and create new business opportunities in hospitality, culinary, and local crafts. Additionally, targeted tourism promotion policies can boost destination visibility and attract both domestic and international tourists. Creative marketing campaigns and strong branding strategies can highlight the unique culture and natural attractions of each destination.

Government policies that support the formation of creative business clusters and innovation ecosystems can stimulate the growth of creative businesses in the tourism sector. Encouraging collaboration between business players, government, educational institutions, and training providers can turn creative business clusters into centers for innovation and new product development. Fiscal incentives and financing policies, such as tax exemptions for creative industries, subsidies for skills training, or funding for innovative projects, can further facilitate investment and development in creative businesses.

In Indonesia, the government has five main functions in supporting tourism and creative businesses: service provider, regulator, developer, representative, and coordinator. As a service provider, the government ensures infrastructure development, security, health, and hygiene services. As a regulator, it formulates and enforces business-friendly regulations. As a developer, it actively invests in infrastructure and human resources. As a representative, it promotes Indonesia's tourism and creative potential internationally. Finally, as a coordinator, it aligns various stakeholders to ensure sustainable development. Effective government roles create a conducive environment for industry growth, contributing to economic development, job creation, and community welfare.

Business Strategy

Business strategy is essential for supporting the growth of tourism and creative businesses in Indonesia. First, leveraging technology and digitalization can enhance competitiveness and efficiency. Online platforms can market products globally, manage reservations, and improve customer service. Second, differentiating products and experiences can help businesses stand out by emphasizing Indonesia's unique culture, traditions, and natural beauty. Third, collaboration between businesses and government can provide support in promotion, infrastructure development, skills training, and project financing. Fourth, adopting sustainable and environmentally friendly practices can attract tourists who value responsible tourism.

Developing unique and attractive products and services by exploring local culture, natural wealth, and traditional arts can attract tourists. Utilizing digital technology for promotion, customer interaction, online ordering, and electronic payments can reach a broader market. Building collaboration and synergy between business actors, both domestically and internationally, can open new opportunities and strengthen competitiveness. Paying attention to sustainability by using eco-friendly materials and supporting conservation programs is increasingly important.

Developing superior human resources through training and workshops can enhance business success. Strengthening branding and promotion with unique, memorable brands and targeted marketing can increase awareness and interest. Keeping up with market trends and adapting to changes ensures competitiveness. By implementing these strategies, businesses in Indonesia can thrive in the tourism and

creative industries, positively impacting the national economy, job creation, and community welfare. Effective strategies require creativity and innovation, adapting to dynamic market conditions for sustained success.

Conclusion

The Indonesian government shows a strong commitment to advancing the tourism industry and creative businesses through various strategic policies and attractive incentives. This effort is in line with the effective and innovative business strategies of business actors, opening up golden opportunities for the growth of these two sectors. The main key lies in the synergy between government policy and the right business strategy. Collaboration between business actors, academics and local communities is also an important factor in creating a conducive ecosystem.

By focusing on infrastructure development, tourism promotion, improving human resources, and conducive regulations, the government is creating a solid foundation for the tourism industry and creative businesses. On the other hand, business actors need to utilize digital technology, build collaborations, and develop unique and innovative products and services to attract tourists and consumers. The success of the tourism industry and creative businesses will have a significant positive impact on the national economy, job creation and community welfare. With solid cooperation and synergy, Indonesia can realize its vision of becoming a leading tourist destination and creative business center in the world.

It is important to remember that success in this industry does not come instantly, but requires long-term commitment, hard work, and adaptation to changes occurring in the global market. With a spirit of never giving up and persistence, Indonesia can reach its full potential and become a major player in the global tourism and creative business industry.

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