

Analysis of the Contribution of the Creative Economy to Job Growth in Medan City

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Abstract: This study analyzes the contribution of the creative economy to employment growth in Medan City. The results of the study show that the creative economy sector, especially culinary, handicrafts, publishing, and fashion, has a significant role in creating job opportunities. These sectors are able to absorb a large number of workers, both on the scale of micro, small, and medium enterprises. However, the development of the creative economy still faces various challenges, such as limited access to capital, lack of supporting infrastructure, and suboptimal regulations. To overcome these obstacles, a collaborative strategy is needed between the government, the private sector, and the creative community to create an environment conducive to the growth of the creative economy. Through the right policies, financial support, and innovation, the creative economy can be the main motor in increasing employment and community welfare in the city of Medan.

Keywords: Creative economy, employment, creative sector, economic policy

INTRODUCTION

The creative economy has become one of the sectors that has contributed significantly to economic growth in various countries, including Indonesia (Syafitri & Nisa, 2024). The city of Medan as one of the economic centers on the island of Sumatra has great potential in the creative economy sector. With various subsectors such as performing arts, culinary, design, and digital media, the creative economy is able to create new job opportunities and improve people's welfare (Riswanto et al., 2023). However, the extent to which the creative economy contributes to employment growth in Medan City is still a question that needs to be answered through this research. In economic theory, employment growth is often associated with factors such as investment, innovation, and the development of the industrial sector (Sapthu, 2023). The endogenous growth theory developed by Romer also emphasizes that innovation and creativity are the main factors in driving economic growth and job creation (USA, 2023). On the other hand, empirical data shows that in various countries, the creative economy sector has a higher growth rate than the conventional economic sector (Mustapita, n.d.). However,

specific research that discusses the impact of the creative economy on job growth in Medan City is still limited.

Although various studies have shown that the creative economy plays a role in increasing employment opportunities, statistical data and empirical studies describing the specific impact on employment growth in Medan City are still limited. Some previous studies have focused more on the creative economy on a national scale or in big cities such as Jakarta and Bandung. Therefore, this study aims to fill this gap by analyzing the contribution of the creative economy to employment growth in Medan City.

Based on a literature review, the creative economy is expected to have a positive effect on job growth through increased innovation, business diversification, and increased demand for creative labor. This research contributes to the development of science in the field of creative economy and employment. From an academic perspective, this study enriches the study of the impact of the creative economy on employment in the context of developing cities such as Medan. From a practical perspective, the results of this study can be a reference for local governments in formulating policies that support creative economic growth and job creation.

THEORETICAL REVIEW

Creative Economy

The creative economy is an economic sector that focuses on creativity, innovation, and the use of ideas as the main source of added value (Riswanto et al., 2023). The sector includes a wide range of cultural and technology-based industries, such as graphic design, film and animation, music, fashion, creative culinary, and app and game development. In the creative economy, ideas and creativity are the main assets that drive economic growth without being too dependent on natural resources (Riswanto et al., 2024). Along with the development of digital technology and globalization, the creative economy is growing rapidly, allowing individuals or companies to create products and services that have high selling value, both in local and global markets.

Employment

Employment, on the other hand, encompasses all aspects related to labor, including the availability of jobs, the relationship between workers and employers, and labor protection (Suparman, 2022). In the labor system, some of the main factors that need to be considered are job opportunities, labor productivity, wages and welfare, as well as labor regulations that regulate the rights and obligations of workers and employers (Nirvana & Damayanti, 2024). In addition, the unemployment rate is an important indicator in measuring the employment conditions of a country. With the right policies, employment can be managed to improve the welfare of the workforce and support sustainable economic growth.

Conceptual Framework

The conceptual framework is intended to provide an overview or limitations about the concepts used as the basis for the research to be carried out. The initial stage of this research is to start by conducting a data collection process sourced from secondary data or primary data about creative economy-based industries in Medan City. Furthermore, identify creative economy activities to provide an overview of the conditions of the

creative economy in Medan City. In this case, a field survey was admitted that used in-depth interview and observation methods. Finally, several potentials and strategies can be formulated in the development of the creative industry in the city of Medan with a descriptive approach.

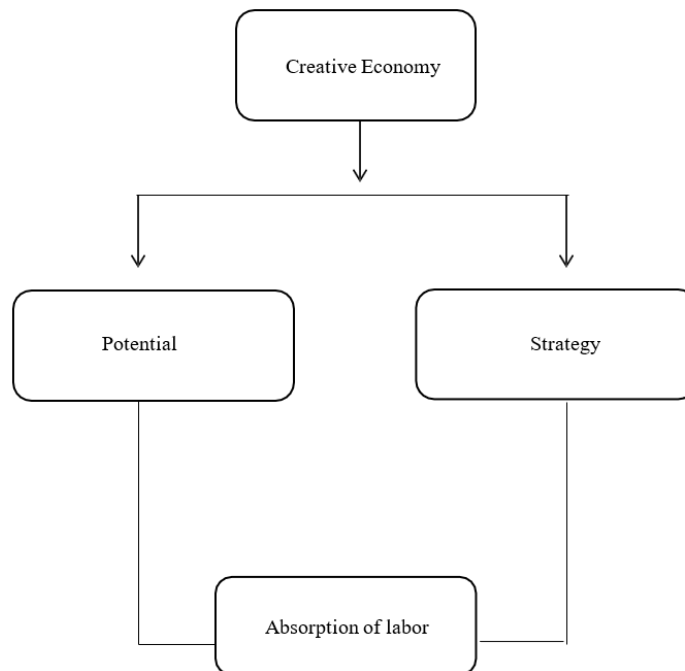


Figure 1. Conceptual Framework

METHODS

Research Approach

The research approach was carried out by taking a case study in the city of Medan. The selection of the title in this study was carried out because of the many creative industry sectors in the city of Medan. The emphasis of this study uses a descriptive approach. The variable that will be observed is the absorption of labor by the Creative Economy in the city of Medan. The population in this study includes all objects that are the focus of the study. According to (Hermawan & Pd, 2019), a population is a group of elements made up of people, objects, transactions, or events that are of concern to the research. In this study, the population is non-probability or the exact number is unknown. The sample was selected using the judgement sampling method, which is part of purposive sampling, where the researcher determines the sample based on certain characteristics relevant to the research (Hermawan & Pd, 2019), This study took a sample of 50 creative economy business actors in Medan City.

This study uses three data collection methods, namely literature studies, interviews, and questionnaires. Literature studies, according to (Priadana & Sunarsi, 2021), includes personal documents such as business records and correspondence, as well as public documents that can or may not be published. This method facilitates access to information, presents weighty data, and provides written facts that do not need to be interpreted anymore. Interview, according to (Edi, 2016), is the process of collecting data through direct questions and answers between researchers and respondents using an

interview guide. Interviews can serve as the primary method, complementary, or research criteria. Deep (Diahratri, 2022) Questionnaires are used to collect data by distributing question forms to respondents to obtain information relevant to the research.

Data Analysis Techniques

This research is descriptive, which aims to find out the value of variables independently without comparing or relating them with other variables (Ernawan & Zuswana, 2024). Data analysis was carried out by evaluating the level of labor absorption by each creative economy business owner through questionnaires and interviews. The data obtained will be formulated, interpreted, allocated, analyzed, and interpreted descriptively to provide a real picture of the problem being studied.

RESULTS

Geographical Location and Area of Medan City

The city of Medan has an area of 265.10 km² or 3.6% of the territory of North Sumatra, with a sloping topography to the north at an altitude of 2.5 - 37.5 meters above sea level. Geographically, Medan is located at 3° 30' – 3° 43' N and 98° 35' - 98° 44' E, bordering the Strait of Malacca in the north and Deli Serdang Regency in the south, west, and east. The region is supported by natural resource-rich areas such as Deli Serdang, Labuhan Batu, and Simalungun, which drive economic growth and regional partnerships. As a trade gateway in the Strait of Malacca, Medan develops in two main poles, namely Belawan and the city center. Administratively, Medan is divided into 21 sub-districts and 151 sub-districts, with land use including settlements (36.3%), mixed gardens (45.4%), and other sectors such as industry, rice fields, and swamp forests.

Table 1. Number of sub-districts and area in the city of Medan

District	Broad (km ²)	Percentage (%)
Medan Tuntungan	20,68	7,80
Johor Field	14,58	5,50
Sandpaper Field	11,19	4,22
Trail Terrains	9,05	3,41
Medan Area	5,52	2,08
Medan Kota	5,27	1,99
Medan Maimun	2,98	1,13
Medan Polonia	9,01	3,40
Medan Baru	5,84	2,20
Medan Selayang	12,81	4,83
Medan Sunggal	15,44	5,83
Helvetia Field	13,16	4,97
Medan Petisah	6,82	2,57
West Medan	5,33	2,01
East Medan	7,76	2,93
Field of Struggle	4,09	1,54

Medan Tembung	7,99	3,01
Medan Deli	20,84	7,86
Medan Labuhan	36,67	13,83
Medan Marelan	23,82	8,99
Medan Belawan	26,25	9,90
Medan City	265,10	100,00

Medan City Labor

Employment Status is a type of position of a person in doing work in a business unit/activity. The results of the study show that most of the working population in Medan City has the status of laborers/employees/employees of 54.39 percent (610,156 people), followed by those with self-employed status of 24.03 percent (269,641 people), and trying to be assisted by non-permanent workers/unpaid workers by 6.76 percent (75,871 people). Meanwhile, the population working with the status of freelance workers in agriculture has the smallest percentage, which is 0.19 percent (2,101 people).

Economic Development of Medan City

The economy of Medan City based on the amount of Gross Regional Domestic Product on the basis of effective prices in 2023 reached Rp 303.31 trillion and on the basis of constant prices in 2010 reached Rp 173.44 trillion, with economic growth of 5.04 percent compared to 2022 (y-on-y). In terms of production, the three categories of business fields with the highest growth are Accommodation and Food and Beverage Provision by 12.65 percent, Transportation and Warehousing by 11.16 percent, and Other Services by 10.38 percent, while in terms of expenditure, the component with the highest growth is Consumption Expenditure of Non-Profit Institutions Serving Households by 12.06 percent, followed by Household Consumption Expenditure by 6.04 percent, and Gross Fixed Capital Formation of 3.97 percent. The economic structure of Medan City in terms of production is dominated by the Wholesale and Retail Trade Business Field, Car and Motorcycle Repair by 26.64 percent, Construction by 18.60 percent, and Processing Industry by 14.07 percent, while in terms of expenditure dominated by Household Consumption Expenditure of 43.67 percent, Gross Fixed Capital Formation by 39.68 percent, and Net Export of Goods and Services by 11.52 percent.

DISCUSSION

Potential for Creative Economy Development from the Aspect of Labor

Employment is an important factor in the development of businesses and the economy of Medan City has great potential in the provision of labor, supported by a large population and a high labor force. The creative industry sector in Medan City shows a positive trend in labor absorption, such as the handicraft industry which absorbs 89 people, culinary, publishing and printing 28 people, and fashion 21 people, with a total workforce absorbed from 40 respondents reaching 198 people. Every addition of creative industry business units contributes to creating jobs, reducing unemployment, and improving people's welfare, which ultimately encourages consumption and production growth, as well as increasing national income. Therefore, synergy between the

government, the private sector, and the community is urgently needed to optimize the potential of the creative industry to support sustainable economic development.

Creative Economy Potential Development Strategy

The strategy for developing the potential of the creative economy in the city of Medan can be determined based on business conditions, potential, and challenges faced. Of the 40 respondents, 70% relied on personal capital, while 30% used mixed capital. A total of 12 respondents have similar business branches. However, there are several obstacles such as high store rental costs, lack of promotional strategies, and difficulty in obtaining raw materials. Therefore, support from various parties is needed to overcome this problem to encourage the growth of the creative economy in the city of Medan.

CONCLUSION

This research reveals that the creative economy has a significant role in increasing job opportunities in the city of Medan. Based on the results of the analysis, the creative economy sectors that contribute the most to job creation are the culinary, handicraft, publishing, and fashion sectors. These four sectors are able to absorb a large number of workers, both in the form of micro, small, and medium enterprises. Despite having a positive impact, the development of the creative economy in Medan City still faces various challenges. One of the main obstacles is limited access to capital for creative business actors, especially for startups and small-scale businesses that often experience difficulties in obtaining funding. In addition, supporting infrastructure such as creative spaces, training centers, and access to technology are still limited, limiting the development potential of this sector. Regulations that have not fully supported it are also an obstacle, where policies related to the creative economy still need to be improved to be more adaptive to the needs of business actors. To overcome these obstacles, a collaborative strategy is needed between the government, the private sector, and the creative community. The government can play a role in providing more flexible regulations and supporting facilities such as access to capital and adequate infrastructure. The private sector can help in the form of investment, business assistance, and opening a wider market for creative products. Meanwhile, the creative community has a role in strengthening networks, sharing knowledge, and encouraging innovation in the creative industry. With an integrated and sustainable strategy, the creative economy in Medan City has the potential to continue to grow and become one of the main drivers in creating new jobs. This not only has an impact on local economic growth, but also improves the welfare of the community as a whole.

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