Chapter 5

Circular Creative Economy Growth: The New Strategy to Thrive

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‘Skills are cheap, passion is priceless’. Gary Vaynerchuk’s famous quote must be taken seriously when designing a strategy for creative economy growth. Although a primary goal of intellectual property law is to promote creativity in technology and the arts, current creative economy development in Indonesia pays remarkably little attention to how to advance creativity, particularly in the gaming sector. The country focuses more on production, job creation, and contribution to GDP. However, without creativity, business is limited and sustainability is not guaranteed. Integrating the dimension of creativity forces us to rethink the current growth model. The study draws attention to the importance of creativity to help the gaming industry face the challenge of winning a bigger share of the domestic market and to increase export sales.

The evolution of the gaming industry has tracked the growing global market and changing trends. Platforms have been evolving rapidly, from the early years of console games to hundreds of new mobile games available each day on our phones, and cloud streaming and new PlayStation 5 and Xbox series console platforms. According to Agate, Indonesia’s most prominent game studio, expansion depends on how locally made games are marketed rather than on how games evolve with technology. In the beginning, many developers created mobile games because they were more accessible and making PC games or buying consoles was still expensive. Even so, the mobile market turned out to be top-heavy, making it difficult for new mobile games to catch up. As a result, Indonesian developers eventually switched to PC and console games, which were exported because PC and console players were more open to trying new games.

Other aspects influenced the decision to focus on the export market. According to Peta Ekosistem 2021, most Indonesian players prefer freemium mobile and laptop games, and consoles are not as widespread as mobile phones. Another reason is that making a PC game for the Indonesian or the global market requires the same investment of time and money, but games sell at a higher price on the global market. Finally, many developers are not interested in targeting the local market and say so openly. They have played global games and want to make games for global players. They would be happy to see their games sell in Indonesia, too, and are confident that Indonesians will play their games once they are popular globally.

Today, the industry advocates for more capital and funds to grow capabilities and products and to win market share. ‘Indonesia ranks 16th in the world for the gaming industry, which, in 2020 reached US$1.6 billion in value. The challenge is to increase the local game market share significantly by managing the gaming industry ecosystem, starting from talent, design, development, funding, then monetisation and growth and sustainability’, said Hari Sungkari, an Agate advisory board member, during the launching of the Agate Skylab Fund by Agate International.
But will more products manage to win market share? What if prices on Steam were to suddenly drop? Indonesia’s gaming industry is driven by classic linear thinking. The value of its economy is produced by making games and selling products. It has brought many benefits. It has created a pool of skilled developers; seen the growth of game studios; and connected Indonesia to game developers, publishers, and players around the world. Such development was possible only because Indonesian game developers followed and adapted to market trends and to what consumers liked by analysing reviews and taking international publishers’ advice. The downfall of the approach is that it has conditioned the intellectual process of making games on global gamers’ consumption patterns. When asked about their source of inspiration, young Indonesian game developers all reply that first, they wanted to make a game that made them happy, but that after releasing their first game, they analysed the market and reviews and looked at websites analysing Steam for insights. That is where they get ideas. Then they discuss them with their team until they can visualise a game project, and look for references in books, films, games, music, places, etc. to develop it. They say they try to find a balance between market satisfaction and team pleasure because the game will engage their time for 2 to 3 years. Another reason is to be on the safe side to ensure their studio’s sustainability.

That approach is closer to product development than to ‘creativity’.

Hundreds of definitions can be found in the literature in several disciplines—psychology, business studies, cognitive science education, and the humanities and social sciences—elaborating on the context (field, organisation, environment, etc.) that determines the originality and/or appropriateness of the created object, and the processes through which it came about (Peter, 2009). The commonly accepted definition of creativity is a phenomenon whereby something new and valuable is formed (Mumford, 2003; Sternberg, 2011). Creativity is generally distinguished from innovation, where the emphasis is on implementation. For example, Teresa Amabile and Michael Pratt, psychologists and professors at Harvard Business School and Boston College, define creativity as production of novel and useful ideas and innovation as implementation of creative ideas (Amabile and Pratt, 2016). The Organisation for Economic Co-operation and Development (OECD) and Eurostat state: ‘Innovation is more than a new idea or an invention. An innovation requires implementation, either by being put into active use or by being made available for use by other parties, firms, individuals or organisations’ (OECD, 2018).

Peter Meusburger (2009, pp.97–8) provides the following comprehensive explanation, with solid references, about the creative process:

A greater number of scholars accepted that creativity is not an innate attribute of a single individual, no matter how intelligent and talented that person might be. It was recognized that creative ideas emerge and develop in complex, dynamic interaction between the creator and his or her environments (Amabile et al., 1996; Amabile, 1996; Csikszentmihalyi, 1988; Csikszentmihalyi, 1999; Ericsson, 1996; Feldman, Csikszentmihalyi and Gardner, 1994; Gardner, 1988; Gardner, 1993; Gardner, 1995; Mayer, 1999; Mumford, 1995; Sternberg and Lubart, 1999). It was realised that creative ideas arise from a large set of well-developed skills and a rich body of domain-relevant knowledge that must be acquired through laborious apprenticeship (Simonton, 2000). Creativity, in other words, requires time and certain environmental conditions.
Second, viewing creativity from an interactional perspective accentuates the relevance of situational, contextual, and cultural determinants and various layers of existential dimensions. Place matters, because a stimulating environment and talented individual must come together and interact before a creative process can occur (Sternberg and Lubart, 1991). That process requires preparation through learning, gaining experience, and identifying and solving problems. It takes cognitive skills and results from complex and dynamic interaction between the actor and his or her surroundings. This individual potential for creativity has to be actualised and cultivated by the family, the school environment, role models, organisational structures, challenges, disciplinary cultures, and chance opportunities in professional careers. As this viewpoint suggests, interaction of this sort is not mechanistic. Creative, talented people are not just raised, trained, and embedded in particular milieus. In their careers, they tend to be attracted to certain institutions and places where they can develop their abilities and ideas have the occasion to interact with other knowledgeable agents, procure the necessary support, be inspired to tackle challenges and command the necessary resources. Complex problem solving implies the efficient interaction between a solver and the situational requirements of the task and involves a solver’s cognitive, emotional, personal, and social abilities and knowledge (Frensch and Funke, 1995).

Thus, according to Meusburger (2009, pp. 97–98), ‘The interactional perspective posits that the social and material environment, with its ability to promote or hinder such development, is an important constituent of creativity’. That raises the question of creativity and innovation dimension in the linear economic model but also partly explains the low market share in Indonesia. What would attract an Indonesian player to play a global game made by an Indonesian rather than a global game made by a Turk or a German?

If developing countries follow the global market trend without regenerating creativity, if they follow the global market, then their creative process cannot differentiate itself and make its own place, and it cannot be sustained. If a country wants to develop, it needs a new system. The Republic of Korea (Shin, 2017) as an entertainment trendsetter and Bombay, India with Bollywood (Hong, 2021) did precisely that. They did what they wanted and chose to exploit their local assets and comparative advantage; they did not follow the trend. And they are supported by incredible local demand. They built on their creativity, constantly reinventing, re-enchanting their culture, heritage, social challenges, and sense of humour that fuelled their imagination in the first place.

The second downfall of the linear development approach is that it does not see past the sale, except for the merchandising or derived products made from the intellectual property of the game—tee-shirts, bags, figurines, and manga—primarily to monetise the game. Games are not made to be reused or to be made into something new.

Two Indonesian horror games—DreadOut by Digital Happiness and Pamali by StoryTale studios—inspired by Indonesian superstition and supernatural culture were made into films.9

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9 https://tinyurl.com/4r38fypa
Unlike merchandising that is initiated by the studios, the idea came from film directors inspired by the games. The games encourage a new way to think about the sector’s growth, in tune with current mainstream thinking, based on the circular economy approach.

People associate circular economy mostly with waste management and recycling as strategies for sustainability. In the study, the author proposes to use it to manage creativity. The rationale behind a circular economy approach is to make the fullest use of resources through reuse and recycling. According to the Ellen MacArthur Foundation, ‘Circular economy is a systemic approach to economic development designed to benefit businesses, society and the environment. In contrast to the “take-make-waste” linear model, a circular economy is regenerative by design and aims to gradually decouple growth from the consumption of finite resources’ (Ellen MacArthur Foundation, 2023).

The same logic guiding growth and innovation can be transposed to creative economy to revive and boost creative production. Instead of using creativity to make a game that will ultimately sell on the market and become obsolete after a while, creative circular economy recognises the value of creativity. In creative circular economy, games are designed with a long-term vision of durability, reuse, and recycling that will give birth to new products by other creators and keep products circulating in the economy whilst generating revenue for the first developer. In its initial stage, the design can build on the reusing and recycling culture or a social feature, for example, that the local, regional, or global market can identify with because it will, in turn, inspire other creative people to develop new products. Thus, in creative circular economy, production builds and regenerates the creative process.

That is what happened in the case of DreadOut and Pamali. They inspired Indonesian filmmakers and, in return, receive royalties for the use of their intellectual property as well as publicity for their game.10 It was possible because the studios had a vision and both stories were inspired by something unique: Indonesian culture and society, to which the audience could relate because of its universal dimension (superstition, ghosts, etc.). The film had a local market and, by being distributed on Netflix, it reached out to the global market, further creating publicity for the game. A foreign filmmaker would probably not make a film based on an Indonesian game. But, thanks to the film, the global audience can discover Indonesian culture. Thus, a virtuous circle begins feeding the intellectual process whilst royalties contribute to the production of new games. Filmmakers earn from the sale of their films and continue to produce new ones. The circle can be endless. Films, music, shows, stand-up comedy acts, all can, in turn, inspire new games, new films, and so on.

Advancing creativity should be seen as at least as important as capital because it expands possibilities and generates capital flow between many actors. In the process, the virtuous circle regenerates the image of the game. It is now seen as an Indonesian game, encouraging players to pay for it because it has become the new trend and can help reduce parents’ anxiety about its impact. The circular creative regenerative growth approach (Figure 5.1) enables different sub-sectors of creative economy to work and to grow. The story of a game will inspire a filmmaker to make a film and a musician will earn royalties for writing the game and show soundtracks. The story of a show will inspire others to make a new game. In the process, everyone creates

10 https://tinyurl.com/4r38fypa
and earns directly from the sale of their art and from the royalties generated from the use of their intellectual property by others. The model has more chances to be sustainable because it rests on relations between creators.

**Figure 5.1. Circular Creative Regenerative Growth Approach**

![Diagram showing the circular nature of creative growth]

IP = intellectual property.  
Source: Author.

That is not to say that Indonesian game developers must no longer target the global market or make games only with Indonesian visuals and cultural elements. What will change is the time spent in a quality intellectual process through exposure to Indonesian social challenges, humour, music, stories, people, research, observation, travels, etc. to create something new, to innovate, not to please a market. Only then will the game be different, unique, and inspire other creators. Most game developers have played foreign games and learnt to make games by making foreign games. Many mostly interact with the gaming community and are disconnected from Indonesian cultural and social diversity. Re-establishing links with people from different walks of life and social backgrounds will be essential to reconnect and to build a community of players. It will require an action plan to progressively shift from a linear to a circular model in which game developers will gain confidence when they realise that game studios can make money from the sale of their games in Indonesia. Game developers will also gain the entrepreneurial skills to envision and manage revenue from different sources. The Indonesian domestic and regional markets are large enough for innovations to grow, regenerate, and rejuvenate, ensuring sustainability and a vibrant creative economy.
1. **Musicians and Circular Creative Growth**

The music industry has long embraced circularity thinking in different ways, through sampling, for example, that reuses a segment of sound recording in another recording, or though synchronisation use of music in films, TV, and advertisements. Music is used for another purpose than just listening, and the royalties earned from it enable musicians to produce new music. Music inspires new music. And it does not stop there. For example, soloist Iksan Skuter, who started his career as a songwriter and guitar player, is now also a singer. In 2023, he will record the songs he wrote 10 years ago in a new album, reusing songs sung by another singer. The new indie bands have done so and the relationship they develop with their fans is fuelling their creativity with business ideas that have a positive impact on local development and other sectors. Float Band’s annual concert in the middle of nature in remote places in Indonesia is an example. The band not only strengthens its relationship with fans through the time they spend together but also gets new ideas. The idea of playing in nature came from a fan, and doing so encourages tourism in the region where the band plays, ensuring the sustainability of its business model and the band’s livelihood. The band is not dependent on commercial trends; it helps create trends supported by fans, to whom it provides a unique emotional experience.

An examination of the music and the gaming sectors offers a thought-provoking perspective. The music industry never anticipated the disruptions it faces today with the arrival of digital economy. The digital economy has given musicians the opportunity to break free from a rigid commercial model that conditioned their creativity and livelihood and to grow a parallel industry. Major labels are forced to rethink their strategies to keep their market advantage. One way is to collaborate with indie labels but in a more balanced manner because they have a name, bring new creativity, and have an audience. The gaming industry could learn from the music industry in many ways, particularly from the indie movement, with its adaptative and creative entrepreneurial capacities, and its growing momentum because of its being anchored in Indonesian society. The domestic market is the Indonesian music sector’s strength. Support from the community of fans is a unique asset. The gaming industry has already benefitted from it. Rachman Imron, Digital Happiness CEO, likes to say that Indonesians’ support was key to crowdfunding. Although the financial contribution of fans was small, their great number attracted world funders to projects.

By investing time in the creative process, game developers will connect or reconnect with their own people and culture and, in the process, build unshakable supportive communities. Collaborating with musicians on game soundtracks is a first step towards connecting with communities.

The cases of music and game sub-sectors encourage us to rethink the growth of creative economy in Indonesia, by focusing on the growth of the artists through financial and entrepreneurial inclusion and a creativity process that spurs circular creative growth.