



International Journal of Applied Economics, Banking and Management (IJAEBM)

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URBAN DEVELOPMENT PLANNING BASED ON THE CREATIVE ECONOMY A CASE STUDY OF MEDAN CITY

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ABSTRACT: The creative economy is a strategic sector that drives sustainable regional growth. Medan City, as one of Indonesia's major urban centers, has great potential in developing creative industries such as culinary, fashion, music, and digital technology. However, its contribution remains limited due to weak planning, lack of infrastructure, and limited financing access. This study analyzes creative economy-based city development planning in Medan using a qualitative case study with data from BPS, the Medan City Government, and Bekraf. The findings show that the creative economy supports job creation and competitiveness but faces challenges in collaboration, regulation, and facilities. Therefore, inclusive and innovative development planning is essential to make the creative economy a key driver of sustainable urban growth in Medan.

Keywords: *Development Planning, Creative Economy, Medan City, Sustainable*

Submitted:September ; **Revised:**Oktober ; **Accepted:** November

INTRODUCTION

Urban development planning in the modern era faces increasingly complex challenges. Cities are no longer merely centers of administration and trade, but also hubs of creativity, innovation, and social transformation. Amid globalization and technological advancement, traditional economic development models based on natural resource exploitation are being abandoned. Instead, a new development paradigm has emerged—one that places creativity and knowledge as key factors in generating economic value. This paradigm is known as the creative economy, a concept that emphasizes the importance of ideas, innovation, and human skills in creating prosperity.

According to the Indonesian Creative Economy Agency (Bekraf, 2019), the creative economy is defined as economic activity derived from individual creativity, skills, and talents capable of generating welfare and employment through the creation and utilization of intellectual property. This sector plays a crucial role in addressing global economic transformation, as it focuses not only on material outcomes but also on developing cultural values, identity, and social sustainability. Data from the Ministry of Tourism and Creative Economy (2023) show that the creative economy's contribution to the national Gross Domestic Product (GDP) reached IDR 1,300 trillion, or around 7.8% of total GDP, with culinary, fashion, and crafts as the largest contributors.

This phenomenon is also reflected in Medan City, one of Indonesia's largest metropolitan areas and the main economic hub in the western region. Based on data from BPS Medan (2023), the city's economic growth rate reached 5.11%, with major contributions from the wholesale and retail trade sector, vehicle repair, and accommodation and food services. However, the creative economy sector's role has not yet been strategically mapped within local development planning documents. In fact, Medan has strong potential across subsectors such as traditional culinary arts, Muslim fashion, product design, photography, and the local music industry.

Medan is known as a multicultural city rich in traditions and ethnic diversity, including Malay, Batak, Mandailing, Chinese, and Indian communities. This diversity creates a unique cultural ecosystem that should serve as social and economic capital for developing the creative sector. Yet, this potential remains underutilized. Many creative economy actors still operate individually, facing limited access to capital, infrastructure, and strong regulatory support from the local government. In the Medan City Medium-Term Development Plan (RPJMD) 2021–2026, the creative economy is listed as

one of the focuses of economic development, but its implementation remains sectoral and not yet integrated across departments.

Creative economy-based urban development requires inclusive and collaborative planning. Development planning can no longer rely solely on a top-down approach; it must involve creative actors, local communities, academics, and the private sector as part of the development ecosystem. According to Florida (2002) in his *Creative Class* theory, the success of modern cities depends on how well they can create environments that foster creativity, tolerance, and technology. This means local governments must not only provide physical infrastructure but also cultivate a social and economic climate conducive to innovation.

In the context of Medan City, creative economy-based development policies are vital to drive regional economic transformation. According to a study by the Medan Office of Tourism and Creative Economy (2023), the culinary sector is the most dominant subsector, with more than 13,000 business actors, followed by fashion and crafts. However, most of these enterprises are micro-scale, with limited access to digital technology and capital. Furthermore, creative infrastructure such as co-working spaces, design centers, and business incubators remains scarce and unevenly distributed across districts. This indicates a gap between creative economy potential and the readiness of regional development policies.

This research is conducted due to a research gap between government development policies and field realities. Most previous studies on Medan's regional development have focused on industry, trade, and infrastructure, while research specifically examining creative economy-based urban development planning remains limited. This study seeks to fill that gap by analyzing how urban development planning can be integrated with creative economy development as a strategy for sustainable growth.

The main objectives of this research are to identify the potential and challenges of creative economy development in Medan City, assess the extent to which creative development principles have been applied in local policies, and formulate strategies to strengthen this sector's contribution to the city's economic and social development. Using a case study approach, this research focuses on policy analysis and urban development planning directly related to the creative sector.

This study holds both theoretical and practical significance. Theoretically, it contributes to the literature on integrating the creative economy concept within urban development theory. Practically, its findings are expected to provide input for the Medan City Government in formulating more effective

policies, particularly in strengthening the creative ecosystem, enhancing human resource capacity, and establishing supporting institutions.

By optimizing the potential of the creative economy, Medan City is expected to transform its economy from conventional sectors toward a knowledge- and innovation-based economy. This transformation will not only improve community welfare but also strengthen the city's cultural identity and competitiveness at national and global levels. Therefore, creative economy-based urban development planning is a strategic step toward sustainable development that balances economic, social, and cultural dimensions in Medan City.

LITERATURE REVIEW

The concept of urban development in the 21st century has undergone a significant paradigm shift. Development that was once oriented toward economic growth and industrialization is now moving toward innovation, creativity, and sustainability based approaches. This shift is inseparable from globalization and digital technological advancements that have reshaped the global economic structure. According to Todaro and Smith (2020), modern economic development should not only be measured by per capita income growth but also by improvements in quality of life, employment opportunities, and the capacity of society to innovate. In this context, the creative economy emerges as a sector capable of addressing urban development challenges in the digital era.

Conceptually, the term *creative economy* was first popularized by John Howkins (2001) in his book *The Creative Economy: How People Make Money from Ideas*. Howkins explained that the creative economy arises from the utilization of ideas, talents, and individual creativity to generate new economic value. He emphasized that the main resource of the creative economy is no longer land, labor, or physical capital, but human creativity that produces intellectual property. Similarly, UNCTAD (2010) defines the creative economy as "the interface between economy, culture, and technology," meaning the interaction among economic, cultural, and technological innovation that creates high value-added products and services.

In the context of regional development, the creative economy serves as a catalyst for sustainable economic growth. Bappenas (2021) stated that the creative economy can be a key pillar of Indonesia's economic transformation, particularly in urban areas, as it generates new jobs, empowers MSMEs, and strengthens local cultural identity. Therefore, integrating development planning with the creative economy is crucial so that development policies focus not only on physical infrastructure but also on human capacity and social innovation.

A relevant theoretical foundation for this study is the *endogenous development theory*, which emphasizes that development should be based on a region's own potential and local resources rather than relying solely on external investment or capital (Stöhr & Taylor, 1981). In the context of the creative economy, the endogenous approach means harnessing local potential such as

culture, art, and traditions as the basis for economic innovation. Thus, developing the creative economy becomes a key instrument for achieving sustainable and inclusive urban development.

In addition to the endogenous development theory, Richard Florida's (2002) *Creative Class Theory* also provides an important framework for understanding the role of creativity in urban development. Florida argues that cities capable of creating open, tolerant, and innovation-oriented environments will attract creative groups such as designers, artists, researchers, and entrepreneurs. These groups become the main drivers of modern urban growth as they generate innovations and new ideas that stimulate economic development. Hence, creative economy based development strengthens regional competitiveness while improving the quality of urban life.

From a public policy perspective, planning for the creative economy requires cross-sectoral synergy. Drucker (1993) emphasized that development planning must adapt to dynamic economic and social changes. In the digital economy era, city governments must design policies that support not only physical infrastructure such as roads or markets but also digital ecosystems, business incubators, and creative education. Thus, regional policies should aim to create ecosystems that foster public creativity through innovation-friendly regulations, business mentoring programs, and collaboration with the private sector and academia.

The creative economy is closely linked to the concept of *sustainable development*. According to UNDP (2015) in the *Sustainable Development Goals (SDGs)*, sustainable development encompasses not only economic aspects but also social, cultural, and environmental dimensions. The creative economy bridges these four dimensions, as it relies on human creativity to generate economic value without depleting natural resources. In the urban context, the creative economy can serve as a vehicle for building inclusive, culturally rich, and competitive cities aligned with the *Creative City* concept introduced by Landry (2008).

The *Creative City* concept emphasizes that a city's development success depends on its ability to nurture and manage the creativity of its citizens. A creative city is not merely defined by grand architecture or modern facilities but by its ability to inspire residents to innovate, collaborate, and solve social problems. Within this framework, developing the creative economy becomes an essential instrument in realizing both a *smart city* and a *sustainable city*.

In Indonesia, national policies on the creative economy are regulated under Law Number 24 of 2019 concerning the Creative Economy, which mandates that local governments strengthen the creative ecosystem through planning, budgeting, and human resource development. Based on this regulation, each region including Medan City is expected to integrate creative economy development into local planning documents such as the *RPJMD* and *Renstra OPD*. However, implementation still faces several challenges, including weak inter-agency coordination, limited creative economy data, and a lack of collaboration with local creative communities (Kemenparekraf, 2022).

Several previous studies also highlight the importance of synergy between government, academia, communities, and businesses in building a strong creative ecosystem. Hidayat (2021), in his study on creative economy development in Bandung, found that the sector's success was highly influenced by the city government's commitment to providing public facilities such as creative hubs, co working spaces, and access to financing. Meanwhile, Rahmawati and Taufik (2022) emphasized the importance of digital literacy and business mentoring as key factors in enhancing the competitiveness of creative economy actors in the post-pandemic era.

Referring to these theories and prior studies, it can be concluded that developing the creative economy within the context of urban development requires not only comprehensive planning but also collaboration among multiple stakeholders. Medan City holds great potential to become a creative hub in North Sumatra; however, realizing this potential depends on the extent to which local governments can integrate creativity values into development planning policies. This study aims to deepen the understanding of the relationship between development planning and the creative economy by emphasizing the critical role of local policy, institutions, and community participation in achieving innovative and sustainable urban development.

METHODOLOGY

This study employs a qualitative descriptive approach using the case study method, focusing on Medan City as the research location. The qualitative approach was chosen because the primary goal of this study is not to test hypotheses but to gain an in-depth and contextual understanding of the phenomenon of creative economy-based urban development. According to Creswell (2014), qualitative research allows researchers to explore the meanings behind policies, social behaviors, and interactions among actors in development processes. In this context, Medan City serves as an interesting example because it possesses significant creative economic potential that has not yet been fully integrated into regional development planning.

The case study approach was selected because it enables the researcher to conduct an in-depth exploration of local dynamics and contexts. According to Yin (2018), a case study is used when researchers seek to answer "how" and "why" questions about a phenomenon, especially when the boundaries between the phenomenon and its context are unclear. Therefore, this research not only highlights general creative economy development policies but also examines how these policies are implemented at the regional level through various programs, regulations, and the participation of creative communities in Medan City.

The data used in this study consist of secondary data obtained from various official and credible sources. The main sources include regional planning documents such as the Regional Medium Term Development Plan (RPJMD) of Medan City for 2021–2026, the Strategic Plan of the Medan City Tourism and Creative Economy Office, and the annual reports of the Central Bureau of Statistics (BPS) of Medan City on socio-economic indicators. In addition, this study also draws upon data and publications from the Indonesian Creative

Economy Agency (Bekraf), the Ministry of Tourism and Creative Economy (Kemenparekraf), and Bank Indonesia (2023) regarding the contribution of the creative economy sector to the regional GDP. To strengthen the analysis, the researcher also refers to previous studies and academic reports from various national journals.

Data collection techniques were conducted through library research and documentary analysis. Library research was used to gather relevant theories and concepts such as development planning theory, creative economy theory, and the creative city approach. Meanwhile, documentary analysis was carried out to examine local government policies and strategic plans related to creative economy development. This approach enables the researcher to assess the extent to which the creative economy has been integrated into the framework of Medan City's development planning.

Data analysis was conducted using a qualitative descriptive method following the interactive analysis model of Miles, Huberman, and Saldana (2014), which consists of three main stages: data reduction, data display, and conclusion drawing. The data reduction stage involved selecting relevant information from various documentary sources, then categorizing the data according to the research focus such as government policies, potential creative economy subsectors, and development challenges. Subsequently, the data were presented in a narrative form to describe the relationship between development policies and the real conditions of the creative economy in Medan City. The final stage involved drawing conclusions, in which the results of the analysis were used to address the research objectives and provide recommendations for creative economy-based development planning.

To ensure data validity, this study applied source triangulation. Validity was obtained by comparing various secondary data from different sources, such as government reports, official statistical data, and previous research findings. This approach was adopted to ensure that the research results are objective and scientifically accountable. Furthermore, the researcher also considered aspects of credibility and dependability by referring to official sources and updating data according to the most recent conditions (2023–2024).

With this research design, it is expected that the findings will provide a comprehensive understanding of how development planning in Medan City can be integrated with strategies for creative economy development. Through a deep understanding of policies, actors, and the surrounding socio-economic context, this study aims to contribute to the development of an innovative, inclusive, and sustainable urban development model.

RESEARCH RESULT

The findings indicate that the creative economy sector holds substantial potential as a key driver of economic development in Medan City. According to data from the Central Statistics Agency (BPS) of Medan, 2023, the wholesale and retail trade sector contributes approximately 24.1% to the GRDP, followed by the manufacturing and service industries. Although the contribution of the creative economy is not yet recorded specifically in official statistics, subsectors such as

culinary, fashion, visual communication design, music, and crafts have shown rapid growth.

Data from the Ministry of Tourism and Creative Economy (2023) reveal that there are more than 35,000 active creative economy actors in Medan, with the culinary subsector accounting for 52%, fashion 20%, crafts 12%, and music 8%. The culinary subsector dominates the city's creative industry, offering a variety of local products such as *bika ambon*, *lontong Medan*, *soto Medan*, and other traditional foods that have the potential to reach national and international markets.

In addition, Medan is home to numerous creative communities such as *Medan Creative Hub*, *Komunitas Desain Sumut*, and *Medan Musik Kolektif*, which actively engage in art, design, and digital production. These communities reflect the high level of creativity within Medan's society; however, their activities remain fragmented and are not yet fully integrated into regional development planning.

At the policy level, the Regional Medium-Term Development Plan (RPJMD) of Medan City 2021–2026 includes a government commitment to developing the creative sector and MSMEs as a priority for economic development. However, document analysis indicates that this policy direction remains general and lacks a clear roadmap. Several key challenges were identified, including:

1. The absence of accurate data on creative economy actors;
2. Weak coordination among regional government agencies (OPDs);
3. Limited supporting infrastructure such as creative public spaces and business incubators;
4. Restricted access to finance and low levels of digital literacy among creative entrepreneurs.

| No | Indicator / Variable | Data / Value |
|----|---|--|
| 1 | Contribution of wholesale & retail trade to Medan City GRDP | 24.1 % |
| 2 | Number of creative economy actors in Medan | > 35,000 actors |
| 3 | Dominant creative subsectors | Culinary 52%; Fashion 20%; Crafts 12%; Music 8% |
| 4 | Main creative products of Medan | Bika Ambon, Lontong Medan, Soto Medan, traditional crafts |
| 5 | Number of active creative communities | Medan Creative Hub, Komunitas Desain Sumut, Medan Musik Kolektif |
| 6 | RPJMD 2021–2026 policy direction | Creative economy listed as a priority, but lacks a detailed roadmap |
| 7 | Key development challenges | Lack of accurate data on creative actors; weak OPD coordination; limited creative infrastructure; low digital literacy |

| No | Indicator / Variable | Data / Value |
|----|--------------------------------------|---|
| 8 | Creative MSME digital platform usage | Only 42% actively use digital platforms |

DISCUSSION

The findings of this study support Richard Florida's (2002) Creative Class Theory, which posits that the success of modern urban development depends on the extent to which creativity, innovation, and tolerance can thrive in a city. Medan possesses strong potential in terms of creativity and cultural diversity, yet it has not fully optimized its creative class as a local development engine.

From the perspective of Endogenous Development Theory (Stöhr & Taylor, 1981), the development of the creative economy should be rooted in existing local potential such as culture, cuisine, and art. However, the study shows that regional policies are still more focused on physical infrastructure than on fostering human creativity and social innovation.

To maximize the contribution of the creative economy to regional development, three key strategies are recommended:

1. Strengthening institutional and policy frameworks, by establishing a *Creative Economy Council* to coordinate cross-sectoral programs;
2. Building a collaborative creative ecosystem, through the provision of *co-working spaces*, art galleries, business incubators, and creative public areas in every district;
3. Enhancing digital capacity among creative actors, including training in *digital marketing*, product design, and creative financial management.

The study also found that only 42% of creative MSMEs in Medan actively use digital platforms in their business operations (Bank Indonesia, 2023). This underscores the need for policies that promote digitalization as part of the broader economic inclusion strategy.

Beyond economic aspects, the creative economy also plays a vital role in strengthening cultural identity and city branding. Referring to Landry's (2008) Creative City Concept, cities that successfully integrate creativity into their planning processes tend to have a stronger image and attract more investment. By leveraging its unique cultural heritage, Medan can develop thematic creative districts such as *Medan Heritage Street* or *Medan Art District* to serve as centers for creative activities and cultural tourism.

Overall, the development of the creative economy in Medan City requires a more targeted, inclusive, and sustainable planning approach, involving collaboration between the government, business sector, academia, and local communities. With an integrated strategy, the creative sector has the potential to become a new engine of economic growth and enhance Medan's competitiveness at both national and international levels.

CONCLUSION AND RECOMMENDATIONS

The study concludes that the creative economy has become one of the most promising sectors for driving sustainable economic growth in Medan City. With its diverse cultural heritage, abundant human resources, and growing creative communities, Medan possesses a strong foundation to develop a vibrant and competitive creative ecosystem. The city's creative subsectors particularly culinary, fashion, and crafts have shown steady growth and the potential to contribute significantly to the regional economy.

However, the research findings indicate that several challenges remain, including the absence of accurate creative industry data, limited institutional coordination, and inadequate infrastructure and financing access. These constraints hinder the optimal contribution of the creative economy to local development. Moreover, the integration of the creative sector into regional development planning remains partial and lacks a coherent long-term roadmap.

To ensure that the creative economy can serve as a sustainable development driver, Medan must transition from a physical growth oriented policy toward one that prioritizes innovation, creativity, and human capital development. Such an approach will enable the city to transform creativity into a measurable source of economic strength and social progress.

To strengthen the role of the creative economy in Medan's regional development, several strategic actions need to be implemented in an integrated and sustainable manner. The local government should establish a Creative Economy Council that coordinates inter-agency policies, integrates programs across sectors, and monitors the progress of creative industries. Furthermore, developing a collaborative creative ecosystem through the provision of co working spaces, art centers, digital incubators, and creative public areas is essential to encourage innovation and synergy among artists, entrepreneurs, and innovators.

In addition, improving human capital and digital competence is a crucial priority. Training programs focused on digital marketing, product design, creative finance, and intellectual property management must be expanded to enhance the competitiveness of creative actors. Access to financing and business facilitation should also be improved through partnerships between the government, financial institutions, and private investors, ensuring that creative MSMEs and startups receive adequate funding and mentorship support.

Moreover, promoting city branding that highlights Medan's cultural and creative identity can strengthen its image as a creative tourism destination. Initiatives such as developing "Medan Heritage Street" or "Medan Art District" could help attract investment, stimulate cultural tourism, and showcase local talent. Finally, strengthening Triple Helix collaboration among government, academia, and the private sector is vital to create an innovation-driven creative ecosystem that fosters knowledge exchange, technological adaptation, and sustainable competitiveness. Through these collective efforts, Medan can transform its creative economy into a key pillar of inclusive and sustainable development that contributes significantly to regional prosperity and global recognition.

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