

## **Legal Politics Village Government Policies in Organizing Village-Owned Enterprises Based on Creative Economy**

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### **Abstract**

The development of the creative economy continues to experience high productivity. It must be well adopted by creative economic actors, not least by a government-owned enterprise with very potential, namely the Village Owned Enterprise. This scientific paper aims to analyze and reveal the legal politics of village government policies in implementing Village Owned Enterprises based on a creative economy to improve the local economy by utilizing regional potential. The method used was a normative legal research method, namely by examining the concept of law as a principle of justice in the moral system and as a rule in legislation under the research focus in this scientific paper. The analysis in this scientific paper used three research approaches, namely the philosophical approach, the legislative approach, and the conceptual approach. In the end, the analysis and research revealed the ideal political-legal policy direction to be implemented by the village government in the implementation of a creative economy-based Business Entity by utilizing local potential to be developed and managed to create a productive and innovative economic activity. Therefore, it could support the improvement of the community's economy.

**Keywords:** *Legal Politics; Village Government; Creative Economy*



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### **INTRODUCTION**

The current industrial revolution has developed rapidly, especially in Indonesia. These developments provide a very basic change in people's lives. These changes occur along with the creativity and innovation development using information technology that disrupts various aspects of Indonesian people's lives, including the economic aspect. The industrial revolution that is happening today has resulted in the development of a creative economy as one of the formulas to be developed productively in facing and winning the global competition. This can be done by carrying out various innovations in increasing added value through creative ideas, especially in economic activities, in order to realize sustainable national development, especially in the economic field.

The creative economy is important to be developed beyond just looking at numbers as its contribution to economic growth. For Indonesia, it is important to increase employment and entrepreneurship to improve the welfare of farmers and society in general. For agribusiness, a creative economy is needed to rebuild the agrarian civilization, which is the true identity of this country. Politically, the Ministry of Trade of the Republic of Indonesia stated that the creative economy needs to be developed continuously through a structured and systematic scheme because it makes an increasingly real economic contribution to the gross domestic product, creates wider employment opportunities, and increases the volume and value of exports to foreign countries, creating a positive climate business, strengthening the identity and image of the Indonesian nation as a country rich in culture, contributing to the utilization and use of renewable resources, as a centralizing and reference country in creating the formation of creativity

as a result of innovation, and most importantly providing a positive impact in social life. (Sartika et al., 2022)

The absolute importance of developing the creative economy is because the industry is relatively strong in facing the global and domestic economic downturn. (Firdausy, 2018) The opportunities in developing the creative economy ecosystem in Indonesia have their dynamics. A sector that can play an active role in developing the creative economy ecosystem is the village area through a Village Owned Enterprise. It is a business entity whose entire or most of the capital is owned by the Village through direct participation from village assets which are separated to manage assets, services, and other efforts for the greatest welfare of the Villagers. Therefore, this scientific paper examined the legal politics of village government policies in actively developing a creative economic ecosystem in Indonesia through Village Owned Enterprises. Thus, in the end, this scientific paper could analyze and reveal the legal politics of village government policies in the implementation of Village Owned Enterprises based on a creative economy to improve the local economy by utilizing regional potential.

## **LITERATURE REVIEW**

### Village Owned Enterprises

Village Owned Enterprises can be interpreted as a business characterized by a village that was established jointly by the village government together with the village community. Where this business entity has the task of being able to utilize all the economic potential as well as the potential of natural resources and the potential of human resources in the frame of increasing the level of welfare of rural communities (Suleman et al., 2020) In the laws and regulations, Village Owned Enterprises are defined as business entities whose entire or most of the capital is owned by the Village through direct participation originating from Village assets which are separated in order to manage assets, services, and other businesses for the greatest welfare of the Village community (Law Number 6 of 2014 concerning Villages, 2014).

### Creative Economy

The creative economy has become widely known since the emergence of the book '*The Creative Economy: How People Make Money from Ideas*', written by John Howkins. Definitely, John Howkins interprets the creative economy as "*the creation of values resulting from the idea*". He believes that economic activities make creativity, cultural heritage, and the environment to be the future foundation. Creating added value based on creativity, culture, and the environment adds value to an economy. The point is that productivity comes from creative people relying on their knowledge. Firdausy (2018) stated that in the laws and regulations, the creative economy is defined as the embodiment of added value from intellectual property sourced from human creativity based on cultural heritage, science, and technology (Law Number 24 of 2019, 2019). The literature review represents the theoretical core of an article. The purpose of a literature review is to "look again" what other researchers have done regarding a specific topic. A literature review is a means to an end, namely to provide background to and serve as motivation for the objectives and hypotheses that guide one's own research. A good literature review should not merely provide a summary of previous relevant research; the researcher is also expected to critically evaluate, re-organize and synthesize the work of others.

## **RESEARCH METHOD**

The method used in this scientific paper was a normative legal research method, as a legal research method that examines law from an internal perspective, with the object of research being legal norms. (Diantha, 2016) Namely by examining the concept of law as a principle of justice in the moral system and as a rule in legislation under the research focus of the scientific paper. The analysis used three research approaches. The first one was the Philosophical Approach, examining the philosophical values of the creative economy under the research in this scientific paper. The second was the Legislation Approach, which in this case specifically examined the creative economy law as the basis and foundation for implementing the ecosystem of the creative economy in Indonesia and the village law as the legal basis for implementing village-owned enterprises in Indonesia. Furthermore, the third was a Concept Approach that emphasized concrete steps that stakeholders could take. In this case, under the research of this scientific paper, the village government grew and developed a creative economic ecosystem following the village's potential.

## **FINDINGS AND DISCUSSION**

The Preamble to the 1945 Constitution of the Republic of Indonesia mandates that the national goal of the Indonesian nation is to protect the entire Indonesian nation and the homeland of Indonesia, promote public welfare and educate the nation, and participate in implementing world order based on independence, eternal peace, and social justice. Furthermore, Article 33 paragraph (4) of the 1945 Constitution of the Republic of Indonesia mandates that "The national economy is organized based on economic democracy with the principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, and by maintaining a balance of progress and national economic unity". In achieving a just and prosperous society that can promote the general welfare, the Indonesian state must optimize all economic resources, especially optimizing the creativity of human resources based on cultural heritage, science, and technology. It is necessary to manage the potential of the Creative Economy in a systematic, structured, and sustainable manner to optimize these human resources. Therefore, it is necessary to mainstream the creative economy ecosystem in the formulation of a national development strategic plan that provides added value and specificity as a characteristic of creative economy products that can compete with global or foreign products, facilitate public access to fulfill needs, and be protected by applicable laws, especially in terms of intellectual property rights.

The wealth of cultural heritage that needs to be utilized as a product creates added value through the creative economy development to promote public welfare as mandated in the 1945 Constitution of the Republic of Indonesia, which is outlined in statutory regulation, namely Law Number 24 of 2019 concerning the Creative Economy. The main objective of forming the creative economy law is to emphasize economic growth to increase state income through the potential of the Indonesian nation.

Philosophically, the Creative Economy Law was born to realize a comprehensive creative economy regulation that is based on Pancasila, the 1945 Constitution of the Republic of Indonesia, the Unitary State of the Republic of Indonesia, and Bhinneka Tunggal Ika and is based on faith and devotion to God Almighty, benefits, justice, sustainability, and national identity. The issuance of the Creative Economic Law is also driven by the urgency of mainstreaming the creative economy in the national development plan by developing a creative economy ecosystem that provides added value to creative economy products that are highly competitive, easily accessible, and legally protected so that the creative economy law as the legal basis for the creative economy ecosystem can encourage the optimization of the potential management of the Creative Economy in a systematic, structured, and sustainable manner in Indonesia.

The main objective of the Creative Economy Law is to encourage all aspects of the creative economy under the development of culture, technology, creativity, innovation of the Indonesian people, and changes in the global economic environment through a Creative Economy ecosystem that is globally competitive to optimize the potential of creative economy actors so that they can prosper the Indonesia people and increase state income as a form of encouragement for national development.

One of the important pillars that have the potential to develop to achieve the productive goal of the creative economy ecosystem in Indonesia is rural areas. The village government is responsible for improving the villagers' economy, which is its jurisdiction. Village Owned Enterprises are one of the formulas for improving the community's economy. By utilizing the village area's potential, the creative economy can be developed through Village Owned Enterprises under the direct control and coordination of the village government.

The Village Owned Enterprise development based on a creative economy is one of the manifestation concepts of the Creative Economy Act, which states that the development of a creative economy ecosystem can be carried out through several mechanisms, including research development, education development, funding, and financing facilitation, infrastructure provision, system development marketing, providing incentives, facilitation of intellectual property, and protecting the results of creativity. It will be in harmony that the Village Government, through Village Owned Enterprises, can develop a creative economic ecosystem based on its potential under what has been mandated by the Creative Economy Law.

*Research Development*, concerning the implementation of Village Owned Enterprises, the village government can facilitate the people to conduct research on the village environment's potential to be developed and utilized as creative economic activities. Research development in the creative economy sector is carried out on products, Creative Economy Actors, local potentials, and markets. Research development can also involve research institutions if the people as human resources only have insufficient ability to develop research. The involvement of research institutions remains in coordination and is directly facilitated by the village government. In another scheme, the Village Owned Enterprises management or organizers can also be actively involved directly to carry out research development with the assistance of research institutions. Therefore, there is a knowledge transfer from research institutions to the Village Owned Enterprises management or organizers. Consequently, in the future, in developing further research, the Village Owned Enterprises management or organizers can carry out research development independently with their competencies.

*Educational Development*, as a form of giving birth to the seeds of creativity, innovation, and entrepreneurship in the Creative Economy sector, is structured to create and improve the quality of Creative Economy Actors who can compete globally. Educational development can be implemented through two schemes, namely formal and non-formal. Formally, it can involve educational institutions through extracurricular activities in schools that are carried out according to the national education curriculum based on applicable laws and regulations. After completing formal education, the seeds of creative economy actors can be born from the younger generation. In the non-formal scheme, the development of education can be directly carried out by the village government to the community or the administrators and organizers of the Village Owned Enterprises to be actively involved in the creative economy development training program.

*Funding and Financing Facilitation* is one of the vital facilities for developing the creative economy ecosystem. The village government can provide distribution or allocate a budget sourced from the Village Fund to finance the entire development of the creative economy ecosystem, especially if this creative

economy will become an ecosystem developed in Village Owned Enterprises. The problem that often occurs in developing a business is the capital problem. The seeds of the creative economy ecosystem will grow productively with funding and financing facilities from the village government.

*The village government must provide infrastructure* Provision and adequate creative economy infrastructure for the creative economy to develop Village Owned Enterprises based on a creative economy. Creative economy infrastructure includes physical infrastructure and information and communication technology infrastructure. Physical infrastructure includes physical space and facilities that support the implementation of creative economic ecosystem activities. Meanwhile, information and communication technology infrastructure is a means in the form of technology to prepare, collect, process, analyze, and announce by disseminating and storing information. Information and communication technology includes software, hardware, networks, and services that support it, such as internet networks, cloud computing, digital marketplaces, and data centers. The provision of these two infrastructures is significant in supporting the productive activities of the creative economy ecosystem. In this case, the village government can create an infrastructure facility in physical form, namely a building equipped with all the physical infrastructure needed for information and communication technology infrastructure to develop a creative economy ecosystem starting from the earliest stages until a creative economy creation is born from the public. Thus, the development's creative economy ecosystem will be more integrated so that it is easy to assist and supervise the village government.

*Marketing System Development* is a marketing system that prioritizes intellectual property, including licenses, franchises, technology transfer, joint branding, and transfer of rights through a marketing system for creative economy products based on intellectual property. Developing a creative economy product marketing system based on intellectual property is certainly not easy. Assistance by intellectual property experts is required. The facts on the ground showed that awareness related to the ownership of intellectual property rights owned or attached to a product has not grown well and was fully understood by the public. Therefore, assistance from the village government in collaboration with competent intellectual property practitioners will lead to good creative economic productivity.

*Providing incentives* is done through two incentive schemes: fiscal and non-fiscal incentives. Fiscal incentives are fiscal support for creative economic actors through income, expenditure, and financing. It will greatly support the growth of the potential creative economic sector in rural areas because the incentive support provided by the village government will create opportunities for all people who want to develop the creative economy without having to have inequality between creative economy actors who have capital or experience limited capital. Meanwhile, non-fiscal incentives provide facilities to support creative economy actors in physical and non-physical facilitation. Forms of non-fiscal incentives include fast licensing processes, provision of land locations, services, and provision of technical assistance. The bureaucratic administration process sometimes becomes an obstacle for business actors because ineffective and inefficient service administration and licensing processes are still common. In this case, the village government must ensure that services at the first level, namely the village government administration sector, must respond quickly, precisely, effectively, and efficiently. It must be ensured that it is implemented properly, considering that the creative economy ecosystem can be said to be a fairly new industry, and it must continue to be developed to the fullest.

*Facilitation of Intellectual Property and Protection of Creative Products in the form of Intellectual Property* is implemented by the village government by facilitating the recording of copyright and related rights and registration of industrial property rights to creative economy actors. It includes assistance in the convenience, consultation, and recording of copyright and related rights and registration of industrial

property rights to creative economy actors. It will be maximized if the village government cooperates with the government agency responsible for the intellectual property administration process for a product produced. It is to maximize the productivity of the creative economy ecosystem in the community.

The existence of the creative economy law is indeed a breath of fresh air for creative industry players. However, it will positively impact society if the substance in the creative economy law is. Based on the description of the idea of developing a creative economy ecosystem through the mechanism of research development, education development, funding, and financing facilitation, infrastructure provision, marketing system development, incentives provision, intellectual property facilitation, and protection of creativity results through village government policies on Village Owned Enterprises; it was certainly still a long way off from the word 'productive'. There were still many pillars in developing the creative economy ecosystem mandated by law but had not been implemented properly.

Opportunities for creative economic productivity are growing rapidly through village-owned enterprises in line with the role of the village in the economy and widely open development. First, the village as Hinterland provides opportunities with the potential for villages that produce more than they consume. This is reflected in the supply of various basic needs production chains, which are supplied from rural areas to urban areas. The two villages, as a source of energy, contribute to a large number of workers in urban areas who come from the countryside. This shows that workers in rural areas have the opportunity to increase their potential to be productive in rural areas themselves. The three villages are development partners. The formation of a developed country actually starts from the progress of the village in the country itself. The village as a regional unit that has a variety of potential wealth that can be developed provides a strong contribution to the progress of a country. (Bawono & Setyadi, 2019) These three potentials provide strong support for creative economy productivity through village-owned enterprises.

The village government should be more active in developing the creative economy ecosystem through Village Owned Enterprises. The right formula is to actively cooperate with the Creative Economy Agency, which the President established through Presidential Regulation of the Republic of Indonesia Number 6 of 2015 concerning the Creative Economy Agency or *Bekraf*. This agency is responsible for the development of the creative economy in Indonesia. *Bekraf* is tasked with assisting the President in formulating, establishing, coordinating, and synchronizing policies in the creative economy. Certainly, it would be appropriate if the Creative Economy Agency became an active partner or even fully responsible for assisting the process of developing the creative economy through Village Owned Enterprises.

With all the resources as a nation's wealth, Indonesia was still neglected. Wealth and potential that could be utilized to grow a creative economic ecosystem that could develop optimally were still far from productive. The awareness of village governments in Indonesia has not been fully aware of the potential of the creative economy ecosystem that could develop rapidly in its territory. It should receive serious attention from the central government. Hence, the creative economy ecosystem was not only contained in a formulation of laws and regulations but can be implemented and had positive and productive effects on the Indonesian people's welfare as the noble ideals of the Indonesian nation.

## **CONCLUSION**

Based on the research that has been described, it can be concluded that the legal politics of village government policies in growing and developing a creative economic ecosystem through Village Owned Enterprises still had dynamics that had not been productive. The lack of awareness of the village government, the lack of community participation, and the lack of socialization and supervision by the

central government concerning the development of the creative economy ecosystem in Indonesia were factors that have resulted in the creative economy ecosystem not being targeted productively in rural areas, especially to be developed through Village Owned Enterprises. It was highly unfortunate with the condition of Indonesia as a rich country in potential resources and diversity. It was still not being used properly. As a recommendation on the dynamics of the existing problems, a constructive strategy can be carried out by stakeholders to disseminate, assist, and supervise in development of the creative economy ecosystem through Village Owned Enterprises. Therefore, not only the stakeholders who are actively involved but also the people can participate actively in developing the creative economy ecosystem in Indonesia in their respective regions, following existing capabilities and potentials through Village Owned Enterprises. In the aspect of the study of the preparation of further scientific papers related to the productivity of the creative economy in village-owned enterprises, it is hoped that it can be perfected by exploring various problems of the creative economy on a macro basis to be able to give birth to studies of more productive creative economy development schemes in Indonesia.

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