

THE DYNAMICS OF CREATIVITY: MAPPING OPPURTUNITIES AND CHALLENGES IN THE CREATIVE ECONOMY OF LHOKSEUMAWE

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Abstract

This study aims to analyze the opportunities and challenges in the development of the creative economy in Lhokseumawe City using a SWOT-based approach. A descriptive qualitative method was applied, with data collected through in-depth interviews, observations, and documentation involving key stakeholders, including creative industry actors, government representatives, academics, and communities. The data were analyzed using the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices to identify internal and external strategic factors. The results indicate that the IFAS score is 2.40 and the EFAS score is 2.40, reflecting moderate internal and external conditions. The strength score (1.50) and opportunity score (1.50) indicate that the sector is supported by strong internal potential and favorable external conditions. Based on the Cartesian SWOT analysis, the creative economy in Lhokseumawe City is positioned in Quadrant I, suggesting the implementation of an aggressive strategy. Therefore, optimizing strengths and opportunities through innovation, digital transformation, and stakeholder collaboration is essential to support sustainable development.

Keywords: *creative economy, diversification strategy, Lhokseumawe City, SWOT analysis, sustainable development*

INTRODUCTION

The creative economy has emerged as a key driver of economic growth in many countries over the past decade, particularly in developing nations with rich cultural resources. This sector emphasizes the creation of added value through intellectual capital, creativity, and innovation, encompassing industries such as arts, culture, media, and information technology (UNCTAD, 2018). In Indonesia, the creative economy has been positioned as a strategic sector to diversify economic activities, generate employment, and enhance regional competitiveness. At the regional level, cities with strong cultural identity and human resource potential have significant opportunities to develop creative industries. One such city is Lhokseumawe, which possesses diverse creative economic potentials, including culinary, crafts, and culture-based products. However, despite these potentials, the development of the creative economy in Lhokseumawe has not been fully optimized. Several constraints remain evident, such as limited infrastructure, restricted market access, and insufficient policy support, which collectively hinder the growth of this sector.

Furthermore, the dynamics of creativity among local actors indicate that while innovation and creative capacity are relatively strong, there are still significant challenges related to business management, marketing strategies, and competitiveness. Many creative entrepreneurs struggle to scale their businesses due to limited access to capital, weak institutional support, and intense market competition. In addition, the lack of structured platforms such as business incubators and collaborative networks further constrains the development of a sustainable creative ecosystem. Previous studies have emphasized the importance of mapping both opportunities and challenges in the creative economy to formulate effective development strategies. The use of SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis has been widely recognized as a useful approach in identifying internal and external factors influencing sectoral growth (Ghazinoory et al., 2011). Through this approach, policymakers and stakeholders can design targeted interventions to strengthen competitive advantages while addressing existing limitations. Based on this context, this study aims to analyze the dynamics of the creative economy in Lhokseumawe City by mapping its opportunities and challenges using a SWOT-based approach. Specifically, this research seeks to

(1) identify the potential sectors within the creative economy, (2) examine the key challenges faced by creative industry actors, and (3) provide strategic recommendations to support sustainable development of the sector. This study is expected to contribute to the formulation of more effective policies and strategies in enhancing the role of the creative economy as a driver of regional economic growth and community welfare.

LITERATURE REVIEW

The development of the creative economy has been widely discussed in the literature as a strategic approach to fostering innovation-driven growth and enhancing regional competitiveness. The concept of the creative economy emphasizes the role of creativity, knowledge, and intellectual capital as primary drivers of economic value creation. According to Howkins (2001), the creative economy is defined as economic activities that originate from individual creativity, skill, and talent, which have the potential to generate wealth and employment through the exploitation of intellectual property. Similarly, the Institute for Development of Economics and Finance defines the creative economy as a process of value creation derived from intellectual resources, including ideas, creativity, and innovation. From a theoretical perspective, the creative economy is closely linked to the theory of the “creative class” proposed by Richard Florida (2002), which highlights the importance of human creativity as a key factor in regional economic development. Florida argues that regions with a high concentration of creative individuals tend to experience faster economic growth due to increased innovation and productivity. This perspective is further supported by Cunningham and Potts (2019), who emphasize that creative industries contribute not only to economic output but also to social inclusion and cultural sustainability.

In addition, the development of the creative economy is often analyzed within the framework of regional development and innovation systems. The interaction between various stakeholders - such as government, business, academia, and society - plays a crucial role in shaping a supportive ecosystem for creative industries. Previous studies, such as Daulay (2018), highlight the importance of collaborative approaches like the Triple Helix model in strengthening the capacity of creative industries. However, more recent approaches extend this model into broader frameworks, emphasizing the need for inclusive and multi-actor collaboration. Empirical studies on the creative economy in Indonesia have identified both opportunities and challenges across different regions. For instance, Bimantara et al. (2020) found that creative industries in urban areas have strong potential for growth, particularly in sectors such as culinary, crafts, and digital media. Similarly, Rahmidani (2020) highlighted that local creative industries can significantly contribute to regional economic development when supported by appropriate policies and infrastructure. However, these studies also reveal persistent challenges, including limited access to capital, inadequate infrastructure, weak market linkages, and low levels of business management capability.

To systematically analyze these dynamics, many researchers employ the SWOT (Strengths, Weaknesses, Opportunities, Threats) framework as a strategic analytical tool. SWOT analysis enables the identification of internal strengths and weaknesses, as well as external opportunities and threats affecting the development of a sector (Ghazinoory et al., 2011). In the context of the creative economy, SWOT analysis has been widely used to formulate development strategies by aligning internal capabilities with external conditions. Despite the growing body of literature, several gaps remain. First, most previous studies focus on major urban centers, leaving smaller or emerging cities such as Lhokseumawe relatively underexplored. Second, while existing research often identifies general challenges, there is limited in-depth analysis of the dynamics of creativity and how local actors respond to these challenges in specific socio-cultural contexts. Third, the integration of qualitative insights with strategic frameworks such as SWOT remains limited, particularly in capturing the complexity of local creative ecosystems. Therefore, this study aims to fill these gaps by providing a comprehensive mapping of opportunities and challenges in the creative economy of Lhokseumawe City using a qualitative approach combined with SWOT analysis. By focusing on local dynamics and stakeholder perspectives, this research offers a more context-specific understanding of the creative economy and contributes to the development of more effective and targeted policy strategies.

METHOD

This study employs a descriptive qualitative research design to analyze the opportunities and challenges in the development of the creative economy in Lhokseumawe City. A qualitative approach is considered appropriate as it allows for an in-depth understanding of social phenomena, particularly the dynamics of creativity, stakeholder interactions, and contextual challenges faced by creative economy actors. The research was conducted in Lhokseumawe City, Aceh Province, Indonesia, which has growing potential in creative economy sectors such as culinary, crafts, and cultural-based industries. The study focuses on mapping the internal and external conditions of the creative economy ecosystem in this region.

The target informants in this study consist of key stakeholders involved in the creative economy, including:

1. Creative economy actors (UMKM/entrepreneurs),
2. Government representatives (related agencies),
3. Academics and experts,
4. Community representatives.

The sampling technique used is purposive sampling, where informants are selected based on their relevance, experience, and knowledge of the creative economy sector. This approach ensures that the data collected reflects the real conditions and perspectives of key actors.

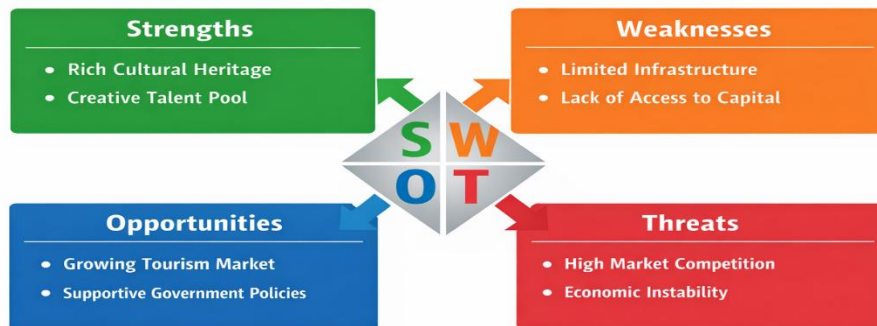


Image 1: SWOT Analysis of Creative Economy in Lhokseumawe City

DATA COLLECTION TECHNIQUES

Data were collected using multiple techniques to ensure data validity and depth of analysis, including:

1. In-depth interviews, to explore experiences, challenges, and strategies of creative economy actors,
2. Observation, to understand real conditions of business activities and local creative practices,
3. Documentation, including reports, policy documents, and statistical data related to the creative economy.

This combination of methods is commonly used in qualitative research to obtain comprehensive and reliable data.

RESEARCH INSTRUMENTS

The main research instrument is the researcher, supported by interview guidelines designed based on research objectives. The instruments are structured to explore key aspects such as:

1. Business characteristics and innovation practices,
2. Access to capital and markets,
3. Institutional support and policy environment,
4. Perceived opportunities and threats in the creative economy sector

DATA ANALYSIS TECHNIQUES

The data analysis technique used in this study is SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), which is a strategic tool to evaluate internal and external factors influencing sector development. SWOT analysis enables researchers to systematically identify strengths and weaknesses (internal factors), as well as opportunities and threats (external factors).

The stages of data analysis include:

1. Data reduction - selecting, simplifying, and organizing raw data obtained from interviews and observations,
2. Data display - presenting data in a structured form such as matrices and narratives,
3. Conclusion drawing - interpreting findings and formulating strategic insights.

Furthermore, the SWOT matrix is developed to generate four alternative strategies:

- a. SO (Strength–Opportunity) strategy,
- b. WO (Weakness–Opportunity) strategy,
- c. ST (Strength–Threat) strategy,
- d. WT (Weakness–Threat) strategy.

This analytical approach is widely used in studies of creative industries to formulate development strategies based on real conditions in the field.

VALIDITY AND REABILITY

To ensure the validity of the data, this study applies source triangulation, comparing information obtained from different informants and data sources. This technique enhances the credibility and reliability of qualitative findings.

RESULTS AND DISCUSSION

Based on field observations, interviews, and documentation, the development of the creative economy in Lhokseumawe City shows a combination of internal strengths and weaknesses, as well as external opportunities and threats. These factors are systematically analyzed using the IFAS (Internal Factor Analysis Summary) and EFAS (External Factor Analysis Summary) matrices. The Internal Factor Analysis Summary (IFAS) matrix is employed to evaluate the internal conditions of creative industry MSMEs. Following the identification of key internal strategic factors, the IFAS matrix is developed to systematically assess strengths and weaknesses as a basis for formulating appropriate strategic actions. This method provides a structured approach to understanding internal capabilities and constraints in business development (Rais et al., 2022)

Table 1. IFAS Matrix (Internal Factor Analysis Summary) of Creative Economy in Lhokseumawe City

Internal Factors	Weight	Rating	Score
Strengths			
Rich local cultural potential (culinary, crafts, traditions)	0.15	4	0.60
Availability of creative human resources (youth & UMKM actors)	0.12	3	0.36
Growing number of small creative businesses	0.10	3	0.30
Strategic geographic position	0.08	3	0.24
Total Strength Score			1.50
Weaknesses			
Limited infrastructure and creative spaces	0.15	2	0.30
Limited access to capital	0.12	2	0.24
Weak marketing and digital literacy	0.10	2	0.20
Lack of business management skills	0.08	2	0.16
Total Weakness Score			0.90
TOTAL IFAS SCORE	1.00		2.40

Information :

Rating Weigh

- >0, 20: Very Important 4: Great strength
- 0.11-0.20: Important 3: Little power
- 0.06-0, 10: Quite important 2: small weakness
- 0.01-0.05: Not Important 1: Major weakness

The results of the Internal Factor Analysis Summary (IFAS) matrix show a total score of 2.40, indicating that the internal condition of the creative economy in Lhokseumawe City is at a moderate level. The strength score (1.50) exceeds the weakness score (0.90), suggesting that the sector is relatively supported by its internal potential. Key strengths include rich cultural resources, the availability of creative human capital, and the growing number of micro and small enterprises, which provide a solid foundation for development. However, several weaknesses remain, such as limited infrastructure, restricted access to capital, and low levels of digital literacy. These constraints indicate that internal capacity has not been fully optimized and may limit business expansion and competitiveness. Therefore,

strengthening internal capabilities is essential to support the sustainable development of the creative economy in Lhokseumawe City. Following the analysis of internal factors, the External Factor Analysis Summary (EFAS) matrix is utilized to assess external opportunities and threats affecting the creative economy in Lhokseumawe City, providing a comprehensive understanding of its strategic environment.

Table 2. EFAS Matrix (External Factor Analysis Summary) of Creative Economy in Lhokseumawe City

External Factors	Weight	Rating	Score
Opportunities			
Growth of digital economy and online markets	0.15	4	0.60
Government support programs for UMKM	0.12	3	0.36
Increasing tourism potential in Aceh	0.10	3	0.30
Expansion of social media marketing	0.08	3	0.24
Total Opportunity Score			1.50
Threats			
High competition from other regions/products	0.15	2	0.30
Economic instability and inflation	0.12	2	0.24
Rapid changes in consumer preferences	0.10	2	0.20
Limited investor interest	0.08	2	0.16
Total Threat Score			0.90
TOTAL EFAS SCORE	1.00		2.40

Information :

Rating Weight

>0, 20: Very Important 4: Great strength
 0.11-0.20: Important 3: Little power
 0.06-0, 10: Quite important 2: small weakness
 0.01-0.05: Not Important 1: Major weakness

The results of the External Factor Analysis Summary (EFAS) matrix show a total score of 2.40, indicating that the external environment of the creative economy in Lhokseumawe City is moderately supportive. The opportunity score (1.50) is higher than the threat score (0.90), suggesting that external conditions provide considerable potential for sector development, particularly through the growth of digital markets, government support, and expanding tourism. However, several threats such as increasing competition, economic instability, and changing consumer preferences remain significant challenges. These findings imply that while opportunities are promising, strategic efforts are needed to effectively respond to external risks and ensure the sustainability of the creative economy. Based on the IFAS and EFAS results, a Cartesian SWOT diagram is developed to illustrate the strategic position of the creative economy in Lhokseumawe City.

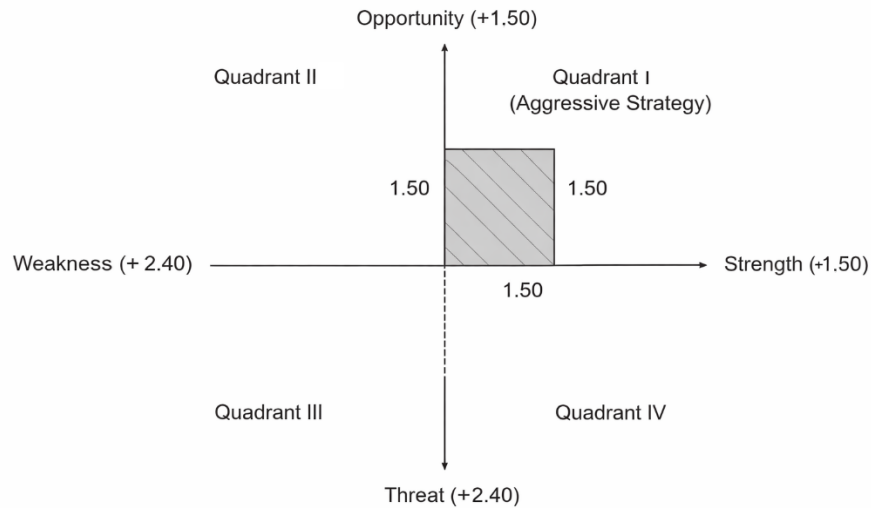


Image 2: Cartesian SWOT Diagram

Based on the IFAS and EFAS results presented in the Cartesian SWOT diagram, the creative economy in Lhokseumawe City is positioned in Quadrant I (Aggressive Strategy). This position is indicated by the dominance of strengths (1.50) and opportunities (1.50), which are higher compared to weaknesses and threats in the strategic mapping. This condition shows that the creative economy sector in Lhokseumawe has strong internal potential supported by favorable external opportunities. The richness of cultural resources, the availability of creative human capital, and the growth of micro and small enterprises are key strengths that can be maximized. At the same time, external opportunities such as the expansion of digital markets, government support, and tourism development further strengthen the sector's growth prospects. Therefore, the appropriate strategy for this position is an aggressive (growth-oriented) strategy, which focuses on utilizing strengths to take advantage of available opportunities. This can be implemented through expanding market reach via digital platforms, strengthening innovation in creative products, and enhancing collaboration among stakeholders to accelerate the development of the creative economy in Lhokseumawe City.

CONCLUSION

This study concludes that the creative economy in Lhokseumawe City has strong potential for development, supported by both internal strengths and external opportunities. The results of the SWOT analysis place the sector in Quadrant I, indicating a favorable strategic position. Therefore, an aggressive strategy is recommended to maximize existing strengths and opportunities. Efforts such as improving innovation, strengthening digital transformation, and enhancing stakeholder collaboration are essential to accelerate sustainable growth and increase the competitiveness of the creative economy in Lhokseumawe City.

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