

## **Digital Transformation and its Impact on Entrepreneurship in The Creative Industries**

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**Keywords:**

Digital Transformation;  
Entrepreneurship; Creative  
Industry; Digital Economy;  
Digital Platforms

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**ABSTRACT**

This research aims to analyze the impact of digital transformation on entrepreneurship in Indonesia's creative industries. A qualitative approach was employed, drawing on a systematic literature review and statistical data analysis from credible sources, including government publications (Ministry of Tourism and Creative Economy, Coordinating Ministry for Economic Affairs, Central Statistics Agency) and academic journals. The results show that digital technology has opened new opportunities for creative entrepreneurs by providing broader distribution platforms, reducing operational costs, and enabling business model innovation. Indonesia's creative economy sector recorded a GDP value of Rp 1.28 quadrillion in 2022, absorbing 23.98 million workers. Digital platforms, such as marketplaces, have facilitated broader market access for small and medium enterprises. However, this transformation also presents various obstacles, such as gaps in digital infrastructure and limited technological literacy. This research concludes that digital transformation serves as the main catalyst for entrepreneurship growth in the creative industries, provided there is adequate infrastructure support and enhancement of digital capabilities among business actors.

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### **INTRODUCTION**

The digital era has revolutionized the way people interact, work, and conduct business worldwide. Indonesia, as the most populous country in Southeast Asia, has not escaped the wave of digital transformation that has fundamentally altered the economic structure. The creative industry, as a sector reliant on creativity and innovation, has undergone a remarkable transformation in adopting digital technology. Digital transformation in Indonesia's creative industry is not simply about adopting technology; it is a paradigm shift that integrates technological, cultural, and economic aspects. The development of the internet and smartphone penetration, which reached 202.6 million users, or 73.7% of the Indonesian population in 2021, has created a fertile digital ecosystem for the growth of creative entrepreneurship (Coordinating Ministry for Economic Affairs, 2021). This phenomenon is supported by the fact that 98.5% of Indonesian internet users consume online video content, indicating enormous potential for digital creative content (Azzahra & Qastharin, 2022; Illiyina et al., 2025; Mariah & Hernawan, 2025; Martina et al., 2023).

Indonesia's creative economy sector has demonstrated significant contribution to the national economy. Data from the Central Statistics Agency (BPS) in 2018 showed that the creative economy subsector contributed 7.44% to Gross Domestic Product, 14.28% to the workforce, and 13.77% to national exports. A particularly striking figure is the presence of

more than 8.2 million creative businesses in Indonesia, dominated by the culinary, fashion, and crafts subsectors. This development demonstrates that the creative industry is no longer a marginal sector but a solid economic pillar. Digital transformation has brought about fundamental changes in how creative industry actors conduct their businesses (Betzler & Leuschen, 2021; Lerro et al., 2022; Li, 2020; Nasta, 2025). Digital platforms such as marketplaces, social media, and mobile applications have enabled creative entrepreneurs to reach a wider market without geographical boundaries. This phenomenon has transformed the traditional value chain in the creative industry, allowing businesses to interact directly with end consumers without complex intermediaries (Betzler & Leuschen, 2021; Li, 2020; Madudová, 2017).

Three previous studies provide important foundations for this research. First, Yoo and Yi (2022) examined the economic innovation caused by digital transformation and its impact on social systems, concluding that digital transformation creates new value chains and reshapes market structures across various industries, including the creative sectors. Second, Malewska et al. (2024) investigated the missing link between digital transformation and business model innovation in energy SMEs, finding that digital organizational culture plays a crucial mediating role in successful digital adoption—a finding relevant to creative enterprises as well. Third, Bangsawan (2023) analyzed policies for accelerating digital transformation in Indonesia, identifying opportunities and challenges for creative economy development, particularly the gaps in infrastructure and digital literacy that hinder equitable growth. These studies collectively confirm that digital transformation positively influences entrepreneurial activities; however, they also reveal that most research has focused on developed countries or non-creative sectors, leaving a contextual gap in understanding Indonesia's unique creative industry landscape.

Digital transformation also presents new dynamics that require deeper understanding. On one hand, digital technology offers opportunities to democratize market access, enabling small entrepreneurs to compete with large players. On the other hand, increasing competition and the need for high digital literacy are prerequisites for survival in a dynamic digital ecosystem. This research is relevant given the strategic role of the creative industry in the Indonesian economy and the urgency of understanding the impact of digital transformation on entrepreneurial patterns (Kurnianingsih, 2025; Sudirman, 2025; Syarkani, 2025). A thorough understanding of this phenomenon will provide valuable insights for stakeholders, from government and businesses to educational institutions, in formulating appropriate strategies to optimize the potential of digital transformation in the creative industry. This research is also inseparable from the momentum of digitalization accelerated by the COVID-19 pandemic. This period has become a catalyst for accelerating the adoption of digital technology across various sectors, including the creative industry (Abbasi et al., 2017; Khan & El Atmani, 2025). This phenomenon has created a new landscape that requires in-depth analysis to understand its implications for future entrepreneurial patterns.

Despite these valuable contributions, several gaps remain unaddressed. Existing studies tend to examine digital transformation and entrepreneurship separately rather than investigating their specific interrelationship within the creative industry context. Moreover, previous research largely relies on quantitative surveys measuring technology adoption rates without exploring the qualitative dynamics of how creative entrepreneurs adapt their business

models to digital platforms (Basly & Hammouda, 2020; Kraus et al., 2019; Priyono et al., 2021). Additionally, there is limited understanding of how Indonesia's structural challenges—such as uneven digital infrastructure and varying levels of digital literacy—specifically affect creative entrepreneurs compared to other small business sectors (Basly & Hammouda, 2020; Rujitoningtyas et al., 2024). The novelty of this research lies in providing qualitative, in-depth analysis of digital transformation's impact on creative entrepreneurship using a systematic literature review that integrates both academic and government sources, focusing specifically on the Indonesian creative industry's unique characteristics, including its 16 subsectors and dominance of micro-enterprises, and identifying not only opportunities but also context-specific obstacles and actionable solutions tailored to Indonesia's digital ecosystem.

This research aims to analyze the impact of digital transformation on entrepreneurship in Indonesia's creative industries, identify the opportunities and challenges faced by creative entrepreneurs in adopting digital technologies, and provide strategic recommendations for stakeholders. The benefits of this research are threefold. For academics, this study enriches the literature on digital entrepreneurship and creative economy by offering a contextualized framework applicable to emerging economies. For creative industry entrepreneurs, the findings provide practical insights into leveraging digital platforms, overcoming common obstacles, and innovating business models. For policymakers, this research offers evidence-based recommendations to design more effective programs for digital infrastructure development, digital literacy enhancement, and regulatory support tailored to the creative sector. The urgency of this research increases as Indonesia's creative economy holds vast potential yet to be fully tapped, and the COVID-19 pandemic has accelerated digital adoption, creating a new landscape that requires in-depth analysis to understand its implications for future entrepreneurial patterns.

## **METHOD**

This research employs a qualitative approach to examine the phenomenon of digital transformation and its impact on entrepreneurship in the creative industries. A qualitative approach was chosen because it allows for in-depth exploration of complex and varied phenomena from multiple perspectives.

### **Research Design**

This research adopts a descriptive-analytical research design using a systematic literature review method. This method was chosen to collect, analyze, and synthesize various literature sources relevant to the research topic. This approach enables researchers to identify patterns, trends, and relationships among the variables involved in the digital transformation of the creative industries.

### **Data Sources**

The data in this study were collected from various credible literature sources, including national and international scientific journals, government publications, official reports from relevant agencies, and statistical data from credible sources. Primary data sources include publications from the Ministry of Tourism and Creative Economy, the Coordinating Ministry for Economic Affairs, and the Central Statistics Agency. Secondary data sources include journal articles from academic databases such as ResearchGate, publications from research institutions, and industry reports from credible organizations. Criteria for selecting data sources

included relevance to the research topic, author and institutional credibility, novelty of publications, prioritizing publications within the last five years, and the quality of the research methodology.

### **Data Collection Techniques**

Data collection was conducted through a systematic literature review, which involved identifying relevant keywords, searching for literature using credible databases, selecting articles based on inclusion and exclusion criteria, and extracting relevant data from each source. Keywords used in the literature search included digital transformation, digitalization, creative industry, digital entrepreneurship, Indonesian creative economy, digital platforms, and marketplaces. The search was conducted in both Indonesian and English to ensure optimal coverage.

### **Data Analysis Techniques**

Data analysis was conducted using a thematic content analysis approach. The analysis process included coding data based on emerging themes, categorizing findings by aspects of digital transformation, identifying patterns and relationships among variables, and synthesizing findings to answer the research questions. Data validity was ensured through source triangulation using multiple sources of evidence, cross-checking information from various sources, and verifying data with official government publications. The reliability of the analysis was maintained through consistent application of coding criteria and systematic documentation of the analysis process.

### **Research Limitations**

This study has several limitations that should be acknowledged. First, the reliance on secondary data may limit the depth of analysis of specific business actors' experiences. Second, the focus on published literature may miss recent phenomena that have not yet been documented academically. Third, variations in methodology and different research sources may affect the consistency of the findings.

## **RESULT AND DISCUSSION**

### **The Development of Digital Transformation in Indonesia's Creative Industry**

Digital transformation in Indonesia's creative industry has shown encouraging progress over the past decade. Data shows that Indonesia's creative economy sector recorded a GDP value of IDR 1.28 quadrillion in 2022, employing 23.98 million workers. Although its contribution to national GDP was only 6.54%, this figure demonstrates significant potential for further growth. This development is inextricably linked to internet penetration, which reached 202.6 million users, or 73.7% of the Indonesian population, in 2021. The fact that 98.5% of internet users consume online video demonstrates the Indonesian public's strong appetite for digital creative content. This phenomenon has created a conducive ecosystem for the growth of digital creative entrepreneurs.

The fastest-growing creative economy subsectors are animated film and video, performing arts, and visual communication design. This rapid growth in these sectors is supported by the increasing adoption of digital technology and the growing demand for quality digital content. The creative industry's export performance in the third quarter of 2023 reached USD 17.4 billion, with the fashion subsector contributing USD 9.88 billion and the crafts

subsector USD 6.26 billion. This figure demonstrates that Indonesian creative products have gained competitiveness in the global market, largely facilitated by digital platforms that enable access to international markets.

### **The Impact of Digital Transformation on Entrepreneurial Business Models**

Digital transformation has fundamentally revolutionized business models in the creative industry. Digital platforms have enabled creative entrepreneurs to adopt leaner and more agile business models. Direct-to-consumer models have become increasingly popular due to the elimination of intermediaries, allowing for higher profit margins and closer customer relationships. Freemium and subscription-based models are emerging as new trends for monetizing digital creative products. Creators can offer basic content for free to build an audience, then monetize it through premium content or membership programs. This model has proven effective in building a sustainable revenue stream.

Digital platforms have also facilitated the emergence of the creator economy, enabling individual creators to build personal brands and monetize their creativity across various channels. Influencer marketing, affiliate marketing, and sponsored content have become significant revenue streams for many creative entrepreneurs. Crowdfunding and peer-to-peer lending on digital platforms have expanded access to financing that was previously difficult for creative entrepreneurs. Platforms like Kitabisa, Investree, and various marketplace lending platforms have democratized access to capital to develop creative ventures.

### **The Role of Digital Platforms in the Creative Entrepreneurship Ecosystem**

Digital platforms have become critical infrastructure supporting the creative entrepreneurship ecosystem. Marketplaces like Tokopedia, Shopee, and Bukalapak have provided broad market access for creative entrepreneurs without requiring significant investment in physical retail infrastructure. Digital product-specific platforms like Lynk.id have adapted to the Indonesian market by supporting local payment methods such as OVO, DANA, and bank transfers. These platforms offer affordable fees, competitive commission structures, and affiliate marketing features to increase reach. Etsy, as a global platform, has provided international market access for Indonesian creators. This platform offers a large, specific audience for the creative industry, with a system that supports small-scale entrepreneurs. Many Indonesian creative entrepreneurs have successfully expanded into the global market through these platforms. Social media platforms like Instagram, TikTok, and YouTube have transformed into powerful commerce platforms. Shopping features, live streaming commerce, and integrated payment systems have enabled a seamless customer journey from discovery to purchase.

### **Changes in the Creative Industry Value Chain**

Digital transformation has significantly altered the traditional value chain in the creative industry. Digitization has enabled value chain compression by eliminating many intermediaries previously necessary in the distribution of creative products. Creators can now interact directly with end consumers through various digital touchpoints. This not only increases profit margins but also enables a better understanding of customer preferences and behavior, which can inform product development and marketing strategies. Digital tools have democratized access to

previously expensive and exclusive production tools. Design software, video editing tools, music production software, and various creative applications have become more accessible and affordable, lowering barriers to entry for aspiring creative entrepreneurs. Distribution, previously a major barrier for independent creators, has now been overcome through digital platforms. Content can be distributed globally at minimal cost through streaming platforms, digital marketplaces, and social media channels.

### **Obstacles and Solutions in Digital Transformation**

While offering numerous opportunities, digital transformation also presents various challenges that must be overcome. The unequal distribution of digital infrastructure across Indonesia is a major obstacle, particularly in the 3T (frontier and remote) regions, where internet access remains limited. Low digital literacy among small and medium-sized businesses is a bottleneck in the adoption of digital technology. Research shows that digital literacy has the strongest impact on community empowerment, making increasing digital literacy a top priority. Increasingly fierce competition in the digital space requires creative entrepreneurs to continuously upgrade their skills and adapt to changing algorithms and platform policies. This requires a commitment to continuous learning and flexibility in business strategy.

Security and privacy concerns are also relevant as the volume of sensitive data managed through digital platforms increases. Entrepreneurs need to understand regulatory compliance and implement appropriate security measures to protect business and customer data. The government has initiated various programs to address these obstacles, including the development of digital infrastructure through the Palapa Ring, the Digital Talent Scholarship program, and the National Digital Literacy Movement. These programs aim to create a more inclusive and supportive digital ecosystem for creative entrepreneurship.

### **Inovasi Model Bisnis dalam Era Digital**

The digital era has opened up space for various business model innovations in the creative industry. Subscription-based models have become a popular trend, enabling creators to build more predictable recurring revenue streams. Platforms like Patreon and OnlyFans have demonstrated the viability of this model in the creative industry. Digital platforms have also facilitated the emergence of the collaborative economy in the creative industry. Co-working spaces, equipment-sharing platforms, and collaborative project platforms have enabled creative entrepreneurs to access resources that were previously unaffordable individually. Artificial intelligence and machine learning are increasingly integrated into creative processes, enabling new forms of human-AI collaboration. Tools like AI-powered design software, automated video editing, and AI music composition have opened up possibilities for enhanced creativity and increased productivity. Non-fungible tokens (NFTs) and blockchain technology have created a new paradigm in digital ownership and monetization of digital creative works. Although still in its early stages of adoption, this technology has the potential to fundamentally change how creators monetize their digital work.

## CONCLUSION

Digital transformation has proven to be a major catalyst, fundamentally changing the entrepreneurial landscape in Indonesia's creative industries. This research shows that the adoption of digital technology not only provides new tools for creative entrepreneurs but also creates a fundamentally different business paradigm from that of the previous era. The positive impact of digital transformation on entrepreneurship in the creative industries is significant. Digital platforms have successfully democratized market access, enabling small entrepreneurs to compete globally without requiring significant infrastructure investments. The elimination of intermediaries through direct-to-consumer models has increased profit margins and enabled closer customer relationships. Data shows that the creative economy sector has contributed IDR 1.28 quadrillion to GDP and employed 23.98 million people, demonstrating a substantial contribution to the national economy. Changes in the creative industry value chain due to digitalization have created extraordinary efficiencies. Creators can now access affordable production tools, distribute their work globally at minimal cost, and interact directly with their target audiences. Marketplace and social commerce platforms have become critical infrastructure, supporting the creative entrepreneurship ecosystem by providing broad market access and comprehensive business management tools. Business model innovation in the digital era has opened up previously unavailable revenue streams. Subscription-based models, freemium approaches, the creator economy, and emerging technologies like NFTs have provided multiple options for monetizing creativity. The collaborative economy facilitated by digital platforms has also enabled more efficient resource sharing among creative entrepreneurs.

However, digital transformation also presents several obstacles that must be systematically addressed. Uneven digital infrastructure, low digital literacy, and increasingly fierce competition require special attention from various stakeholders. The government has demonstrated its commitment through various programs such as digital infrastructure development, the Digital Talent Scholarship, and the National Digital Literacy Movement. This research recommends several focus areas to optimize the impact of digital transformation. First, accelerate the development of equitable digital infrastructure to ensure equal access across all regions. Second, intensify digital literacy programs tailored to the specific needs of creative entrepreneurs. Third, develop a regulatory framework that is supportive yet protective of innovation in the creative industry. For future research, a longitudinal analysis of entrepreneurs' journeys in adopting digital transformation would provide valuable insights. Comparative studies with other countries with developed creative industries could also provide lessons for policy formulation. Investigating emerging technologies such as artificial intelligence, virtual reality, and blockchain in the creative industry is also a promising area to explore. Digital transformation in Indonesia's creative industry is still in a dynamic growth phase. With appropriate support from the government, industry players, and academic institutions, the potential for further development is enormous. Optimizing digital transformation will not only benefit individual creative entrepreneurs but also significantly enhance Indonesia's competitiveness in the global creative economy.

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