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**Research Paper** 

## Creative Industry Development Strategy for Innovation in East Java Province

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#### Abstract

These changes are considered to be despite having good skills, and supply chain managers still face challenges and regulations. Alterations in consumer attitudes today due to the pandemic are considered fast and unpredictable. The purpose of this study was to determine the elements that affect the effectiveness and viability of the creative industries for inventiveness in East Java Province. It is known that the plan of development does not only provide information, commodities available, money, and innovation, but also has the value of developing knowledge, knowing a map of strengths, and applying efficiency along with values. When deciding on different solutions, the SWOT analysis uses the Quantitative Strategic Planning Matrix (QSPM) method as a strategic focus analysis. Findings from the SWOT analysis produced five different approaches were considered, and the QSPM analysis was used to get the overall attractiveness scores. The analysis's findings give the highest total value on the importance of the availability of potential resources with a value of 15,862, second through sixth, respectively, namely the need to understand market changes quickly (14,840), build partnerships (14,646), standardized and sustainable products (14,123), and develop principles efficiency for competitiveness (12,288). The recommendations given are resource potential and quick response to market demand, in addition to the other three factors that must be considered in the development strategy for innovation in the creative industries.

Keywords: Innovation; QSPM; SWOT; Total Attractiveness Score

#### **INTRODUCTION**

Various activities in the business sector globally have decreased due to the COVID-19 pandemic. These conditions also affect supply chain management operationally in the field. An integrated system capable of synchronizing a series of business processes, starting from raw materials originating from various suppliers to product supply activities, continuing to distribute activities to consumers to improve operational efficiency, profitability, and competitive position of companies and partners is known as supply chain management (Craighead et al., 2020). Industrial activities must continue and be able to provide added value (value), resulting in supply chain performance that continues to run smoothly. The industry must seek new strategies regarding supply chain management to survive in today's competitive and changing business climate (Coviello et al., 2017).

The economic sector in malls and shopping centers has experienced a decline in people's purchasing power due to the COVID-19 Pandemic. Access to technology plays a role in the availability and speed of internet connections, which greatly benefits employees in implementing the Work From Home (WFH) program by several companies and the government by allocating employee working hours more flexibly without wasting time getting to and from work. The reopening of shopping centers and malls improves performance by implementing large-scale social implementation (PSBB) to continue to meet consumer demands based on fashion and fashion utilizing online shops through social media in a strategy to deal with new habits with positive changes in the performance of goods transportation to consumers.

Based on data from the Directorate General of 2020 Land Transportation, there was a rise in



online shop transactions of 12 million compared to 2019, which was only 3.1 million to 4.8 million. According to Elrhim and Elsayed (2020), now is the ideal period for the e-commerce sector to save the world economy from the effects of the spread of COVID-19 in the market and intervene and vigor to demonstrate e-commerce's significance and success in the fields of trade and online purchasing. E-commerce in Indonesia has become a growing social norm with the use of online platforms for health care products, frozen food products, handicraft products, electronic goods, and internet services such as Indihome being online shoppers 85 million compared to before COVID-19 75 million (Saragih et al., 2020).

In addition, marketplaces developed through e-commerce services will be faster in offering products with all their uniqueness to be able to win in global competition by implementing less economic contact with the public, especially Partners. Distribution and logistics The transaction mode uses a digital platform to verify quality from the consumer side, while modern marketplaces and online markets undergo changes in the product supply chain. The activation of logistics service providers along the supply chain is closely related to shipping and warehousing and involves producers, distributors, retailers, and consumers. According to (Saragih et al., 2020), Information and Communication Technology (ICT) is used to assist in logistics distribution and delivery in transportation activities. The location and production capacity affect the supply chain structure, production process, and warehouse locations that can adapt as a system in the new normal. Micro, Small, and Medium-Sized Enterprises (MSMEs) develop creative industries based on creativity and utilize Information Technology based on local and regional potential. Changes in consumer preferences very quickly and even difficult to predict can become a business opportunity for MSMEs to rise.

The purpose of the study and development is to identify the factors that influence the performance and competitiveness of the creative industries for innovation, progress, and development in the information technology-based new normal in East Java Province. Another goal from the sociopreneur side is delivering and disseminating knowledge related to critical thinking, building team solidarity, and always evaluating a map of strength in facing global competition along with efficiency in measurable business values, especially in East Java Province.

### LITERATURE REVIEW Development Strategy

Strategy development is a comprehensive effort requiring support from top management designed to improve the organization's effectiveness and health through multiple intervention techniques by applying knowledge derived from the behavioral sciences (Johnson et al., 2020).

# **Creative Industry**

The creative industry is defined as an industry that originates from the utilization of individual creativity, skills, and talents to create prosperity and employment by generating and empowering the individual's creativity and inventiveness (Rusdi & Sukendro, 2018).

# Innovation

Innovation is a process of realizing, combining, or maturing a knowledge/idea, which is then adjusted to obtain a new value for a product, process, or service. Innovation is the ability to apply creative solutions to existing problems and opportunities to prosper people's lives further. So, innovation is doing something new (Berry & Berry, 2018).

### **RESEARCH METHOD**

Determining the location of the study applies the judgment sampling method in selecting the sample based on an assessment of some of the characteristics of the sample members (Lester et al., 2020). This study is exploratory research to explore the potentials and challenges in a series of processes (transformation activities and transaction activities) of a product that must be examined properly to create added value at each stage. The determination of respondents for the formulation of strategies is taken from Stakeholders who are Experts and understand the existence of the two Partner creative industries. Experts from the PENTAHELIX partnership synergy were built, including Academics, Business, Government, Community, and Media (ABGCM) in East Java Province. Data were obtained through direct interviews with related parties or experts in the field according to the instruments that had been prepared. Further observations is with direct observation accompanied by studies on small pilot projects on objects so that some relevant primary data is obtained.

Alternative business strategies are implemented by adjusting environmental changes, organizational conditions, marketing, and product rivalry through SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis (Teoli et al., 2019). At the start of the research study phase, Strengths and weaknesses are identified as internal elements for the Internal Factor Evaluation (IFE) matrix, followed by opportunities and threats as external elements for the External Factor Evaluation (EFE) matrix, in the growth of creative industries for innovation. When making judgments, the optimum approach is picked using the Quantitative Strategic Planning Matrix (QSPM) tool.

### FINDINGS AND DISCUSSION

Small and Medium-Sized Businesses who are Partners of the Researcher are Ikat Bandar Ikat Crafts in the City of Kediri and Batik Belva Madura, which has a creative craft industry business in the field of fashion that displays typical East Javanese patterns on a piece of cloth. Business development involves human resources, most of whom are homemakers and women. It is hoped that with the conditions of Covid 19, UKM will continue to run even though implementing strict health protocols can provide the best strategy going forward.

In terms of internal environment innovation, the rise of the creative sectors has both benefits and cons. After determining the preexisting elements, the internal environmental analysis was finished. The results of the matrix analysis using the Internal Factor Evaluation (IFE) are shown in Table 1.

Internal Factors	Weight	Ratings	Score
Strength			
Availability of renewable natural resources as raw materials.	0,180	3,50	0,630
The two Partners (UKM) realized the need for product standardization.	0,088	3,00	0,264
Understanding the Need for Sustainable Partnerships	0,080	3,00	0,240
Available female workforce and have time off after the routine activities of being a housewife.	0,160	3,25	0,520
The natural potential that supports the flourishing of commodities become the basic raw material.	0,120	3,50	0,420
Weakness			
There is still a lot of wasted material in the production process.	0,128	0,250	0,320
Time effectiveness for a particular product has not been known for a long time production.	0,124	2,25	0,279
There are still very few (< 5%) members of UKM who implement it comprehensive and sustainable standardization.	0,120	1,25	0,150
Total	1.000		2,823

**Table 1.** Shows the outcomes of the IFE matrix study for the growth of innovative creative industries.

Source: Data processing, 2023

The growth of creative industries for innovation has a total weighted score of 2.823, which is higher than the value of 2.50, as can be seen in Table 1 of the IFE matrix. It shows that the development of creative industries for innovation may capitalize on its advantages and is capable of getting beyond its drawbacks. According to (Fentiana & Ginting, 2020), if the average total score for each IFE matrix variable is 2.50, a value above 2.50 indicates a strong internal position, and a value below 2.50 indicates a weak internal position.

## **External Environment Analysis**

The external environment identifies opportunities and constraints in the growth of creative industries for innovation. The study of the External Factor Evaluation (EFE) matrix shown in Table 2 identifies the existing external factors. The weighted total score for the expansion of creative industries for innovation, as calculated by the EFE matrix, is 2.560, greater than the value of 2.50. It exemplifies how the development of creative sectors for innovation might benefit from chances to overcome obstacles. Gregory and Rogerson (2018) claim that the sector has taken advantage of opportunities while avoiding dangers in its industrial market.

As stated by (Purvis et al., 2019), three dimensions of sustainable development include economic growth, social development, and environmental sustainability. The development of creative industries makes a positive contribution to the business climate, the creation of innovation, and the formation of creativity, which is supported in terms of (1) HR as the basic capital, (2) Industry, (3) Technology, (4) Resources, (5) Institutions, and (6) Financial institutions. In addition, the role of business and the role of the government is needed to support and develop creative industries for MSMEs.

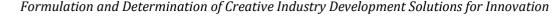
Internal Factors	Weight	Ratings	Score
Opportunity			
Guidelines and Rules for the COVID-19 Pandemic	0,100	2,00	0,200
Pentahelix support and synergy in the Partnership	0,153	3,25	0,497
Program			
Market share for a fast-changing market	0,127	3,50	0,445
There are several tourist objects around the UKM area	0,097	1,75	0,170
Located in the middle of town	0,073	1,75	0,128
Challenge			
Competition between SMEs	0,087	3,75	0,326
Improving the quality of human resources to create	0,060	1,75	0,105
product diversification.			
Building a reinforcement network for Technology	0,100	2,75	0,275
development Information			
Quality Standardization	0,125	1,75	0,219
Building the Pentahelix collaboration to strengthen and	0,078	2,50	0,195
Information Technology development.			
Total	1,000		2,560

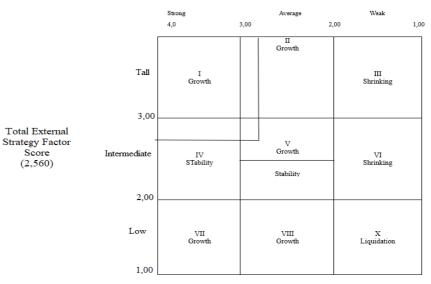
Table 2. The outcomes of the EFE matrix study for the growth of innovative creative industries.

Source: Data processing, 2023

According to (Brunetti et al., 2020), the growth of creativity and ideas produced by the industry is highly dependent on technology, where human resources can apply this technology. In the creative industry creation chain, Information and Communication Technology (ICT) is used to obtain, disseminate, and exchange information and enrich creative ideas in the distribution chain and the commercialization of the use of ICT in the transaction process and promotions.

In carrying out innovation, it is necessary to carry out the process of creating added value, ideas, and creativity that are owned by natural resources and land availability, which are supporting inputs for the run woven craft creative industry.





### Source: Data processing, 2023

Figure 1. Internal-External Matrix of Creative Industry Development Potential for Innovation

Based on Figure 1, this position indicates that the industry is in cell V, is currently in a growth and development stage. As a result, market penetration strategies, product development, and market development are strategies that the industry can put into practice from the IE matrix. It can be accomplished by employing a strategy that involves increasing marketing and promotion efforts, enhancing product quality, producing new items, and innovating product packaging that is affordable and accessible to consumers.

Companies, in this example, MSME, might implement market penetration, market development, product development, or integrative strategies based on the findings of (Budiono, 2017), which study the growth and development stage. Partners of Bandar Kediri Ikat Weaving Craftsmen and Belva Batik Craftsmen have varied products that are supported by the regeneration of craftsmen and facilitate the development of handicrafts that sustainably produce a craft by paying attention to trends accompanied by an important Unique Selling Proposition (USP) compared to competitors. This is in line with (Jodi et al., 2019), where the creative industry sector is unique because it relies heavily on the creativity and innovative power of Human Resources (HR) in the production process.

Almost all products offered by the sub-creation industry sector depend on orders, people's tastes, and trends. It includes the workers' creativity, ideas, and innovation to produce products that suit market tastes. An innovative and modern mindset is an effort to increase creativity for the development and success of the run woven craft creative industry which can produce a product in various shapes with better quality

The method carried out by the Bandar Kediri Ikat Weaving Craftsmen Partners and Madura Belva Batik is promoting their handicrafts through websites, social media (Instagram), labeling group names, and applying product quality standardization.

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Internal factors	Strengths	Weaknesses
External Factors	<ol> <li>Availability of renewable natural resources as raw materials</li> <li>The two Partners (UKM) realize the need for product standardization.</li> <li>Understand the need for sustainable partnerships</li> <li>Women workers are available and have time off after their routine activities as housewives.</li> <li>Natural potential that supports thriving growth commodity, which is the basic raw material.</li> </ol>	<ol> <li>There is still a lot of wasted material in the production process</li> <li>The effectiveness of time for a certain product is not known how long it has been produced</li> <li>There are still very few (&lt; 5%) members of UKM who carry out standardization comprehensively and sustainably.</li> </ol>
Opportunities	SO Strategy	WO Strategy
Policies and Regulations during the Covid 19 Pandemic 2. <u>Bentahelix</u> support and synergy in the Partnership Program 3. Market share for rapid market changes 4. There are several tourist objects around the UKM area. 5. Close to the city center	<ul> <li>Increase the availability of potential resources (S1,3,5 - O2,3,4)</li> <li>Improving standardized and sustainable product quality (S2,4 - O1,5)</li> </ul>	<ul> <li>Develop efficiency principles for competitiveness (W1,2,3 – O1,2,3,4,5)</li> </ul>
Threats	ST Strategy	WT Strategy
<ol> <li>Competition between MSMEs</li> <li>Improving the quality of human resources to create product diversification.</li> <li>Build a network of reinforcement for the development of Information Technology.</li> <li>Standardization of Quality</li> <li>Building Pentabelix collaboration to strengthen and develop Information Technology.</li> </ol>	<ul> <li>Build partnerships (S1,2,3,4,5 - T1,3,5)</li> </ul>	<ul> <li>Controlling/managing market changes quickly (W1,2,3 – T2,4)</li> </ul>

Source: Data processing, 2023

Table 4.	Analysis of	the QSPM	matrix in	selecting	alternative strate	gies

Alternative Strategy	Total Attractiveness Scores	Rating
Increase the availability of potential resources (SO)	15,862	1
Improving standardized and sustainable product	14,123	4
quality (SO)		
Develop efficiency principles for competitiveness	12,288	5
(WO)		
Building partnerships (ST)	14,646	3
Controlling/managing rapid market changes (WT)	14,840	2
Courses Data and cooping 2022		

Source: Data processing, 2023

The results of the QSPM creative industry development strategy for innovation, which is the importance of having access to potential resources, is the top priority with a value of 15,862, followed by the second to fifth order the need to understand fast-changing markets as many as 14,840, building partnerships as many as 14,646, standardized products and sustainable as many as 14,123 and developing principles of efficiency for competitiveness as many as 12,288. The highest Total Attractiveness Score (TAS) is 15,862, indicating that this strategy must be carried out in the short term by giving a unique charm or attraction to visitors during a visit to Kampung Ikat Weaving Bandar Kediri and Batik Belva Madura. Fanatical and loyal customers are part of our USP and innovation targets. The creative education provided will also build a spirit of innovation for local human resources and visitors, in addition to buying products directly.

According to (Ananda & Susilowati, 2017), in the optimal use of natural resources, knowledge, skills, and creativity are needed to provide added value to the previous one; for example, rattan, which is a unique resource in Indonesia, can be made of physical products such as designs, crafts, and fashion provide the national identity needed to compete in the global market. The diversity of natural resources can be used as raw materials to produce creative industry products. Sustainability is greatly influenced by the establishment of partnerships with the principle of a win-win solution. According to (Chollisni et al., 2022), creative knowledge, skilled workers, and labor-intensive creative industries will be potential.

Through the dedication of connected scholars (figures, study groups, and researchers), enterprises, and government that are coordinated on a regular basis, the synergy of growing creative industries for innovation can be optimized. Both financial and non-financial contributions are part of this commitment. Through the state budget, CSR, and the distribution of research funds, as well as non-financially through the implementation of a quicker and more effective public administration and educators' commitment to providing the best resources, programs for developing the creative industries can be funded. A knowledge space for the creative industries can also be created through fostering an exchange of knowledge, skills, technology, experience, preferences for market locations, and other information.

Standardizing creative craftsmen's abilities, increasing human resources' inventiveness to manufacture goods that meet market demands, maximizing the use of technology and its application, and creating a competitive market are all important for the growth of human resource capabilities. In formal education, the role of the curriculum is important in giving birth to a nation's children who have a spirit of entrepreneurship and creativity. Besides that, to support and generate innovation, there is involvement from the community, industry, and related government agencies in coordinating these activities with the utilization of tourist objects. Furthermore, development of the principle of efficiency can be done by maximizing the quality control system, accompanied by the implementation of a logistics system that always pays attention to the accuracy of order to be able to provide better satisfaction for the Craftsmen themselves, Customers, and Vendors who have worked together so far.

### CONCLUSIONS

The research and development concluded that by using SWOT analysis and further analysis for the focus strategy with QSPM, it was concluded that referring to the total attractiveness scores and suggestions can be given. The alternative strategy obtained from the SWOT analysis are 5 (five) strategies. Next, the total attractiveness scores were calculated using the QSPM analysis. The results of the analysis give the highest total value, namely the importance of the availability of potential resources with a value of 15,862, followed by second to fifth respectively, the need to understand market changes quickly by 14,840, build partnerships by 14,646, standardized and sustainable products by 14,123 and develop principles efficiency for the competitiveness of 12.288.

To optimize the QSPM analysis result according to the total attractiveness scores, it is necessary to pay attention to transformation activities and transaction activities in serving fulfillment for all levels. On the other hand, to maintain the sustainability of the Bandar Kediri Ikat Weaving and Belva Madura Batik businesses, collaboration with creative industry business developers in the fashion sector is needed, which can optimize post-pandemic income by developing sustainable marketing strategies for long-term program sustainability.

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