

The Effect Of Creative Economy To UKM Up Grade Through The Competitiveness Of Products

Heru Totok Tri Wahono¹, Cahyo Tri Atmojo², Fahimul Amri³

^{1,2,3}STKIP PGRI Jombang

DOI: 10.29322/IJSRP.11.02.2021.p11071
<http://dx.doi.org/10.29322/IJSRP.11.02.2021.p11071>

Abstract- The purpose of this study is to examine the influence of creative economy on the ukm up grade through the competitiveness of ukm. Population in this research is student of STKIP PGRI Jombang Program study Economic Education class of 2016 which amounted to 150 people, and all used as sample of research. Data obtained from respondents' perceptions are analyzed descriptively with structural equation modeling using AMOS application. The results of research proved that the creative economy affect the competitiveness of products, creative economy affect to UKM up grade, the competitiveness of products affect UKM up grade, creative economy affect UKM up grade to increase the class through product competitiveness. Next researchers are advised to review research related to UKM upgrading with local wisdom.

Index Terms- Creative economy, UKM up grade and competitiveness.

I. INTRODUCTION

Creative economy is a manifestation of seeking sustainable development through creativity, which sustainable development is a competitive economic climate and possessing renewable resources reserves have great potential to become one of the important driving sectors in creating an independent, fair, and prosperous. According to Romarina [1] the creative economy is the backbone of global economic growth, because the management of strong resources makes a country able to grow and advance very quickly. Because this is sustained by the existing social and cultural developments, it can make the power of economic resources growing more.

The concept of a Creative Economy is a concept in a new economic era whose main support is information and creativity where ideas and stock of knowledge from Human Resources (HR) are the main factors of production in economic activity. These developments may be regarded as the impact of the world economic structure undergoing a wave of technological transformation at a rapid pace along with economic growth, from the former based on Natural Resources (SDA) followed to become Human Resource (HR) based, from the genetic and extractive era into the era of manufacturing and information services as well as recent developments into the era of creative economy.

Jombang society recognize the creative economy that is with them established UKM that made one income and create products socialize to the community to establish Home Industry.

Every company does the competition so that its business can still be superior to the competitor's business and so that the business can survive in the market by increasing the competitiveness of its products, because if the business owner is reluctant to improve the competitiveness of its products, then its business can be shifted by its competitors better [2].

According to Porter [3], comparative advantage can be made at enterprise level and at the national level. There are four points in building the superiority of a State porter described by a diamond-shaped scheme, namely conditions such as skilled labor and infrastructure, demand conditions and domestic quality demands for a particular industry outcome, the existence of related industries and competitive supporters, and strategies, structure and competition between companies.

An industry said to be competitive if it has a total factor productivity (TFP) level equal to or higher than its foreign competitors. Creative economy remains a demand and is very important with the creative economy, both from the product and from the process and can see how much the contribution of creative economic effort to the revenue and the process, especially the creative economy must be directed at the aspect of itself, but must also be paid at low cost, so that the creative economy should focus on efficiency and deferency of the product, including in the case of better feasibility and quality or quality goods. The creative economy is already familiar to people, considering that many people think that this is one of the renewable economic renewals. Where the people of Jombang create works of ideas and their creative economy to improve products from the results of the management of Natural Resources abundant, so this is what makes the government of Jombang racing.

II. IDENTIFY, RESEARCH AND COLLECT IDEA

Design research

This research is explanatory by using quantitative descriptive analysis, using ukm analysis tool, aiming to know the influence of creative economy to ukm up grade through ukm competitiveness with calculation using AMOS program.

Respondents

Population in this research is student of STKIP PGRI Jombang Program study Economic Education class of 2016 which amounted to 150 people, and all used as sample of research.

Data Analysis Techniques

Data obtained from respondents' perceptions are analyzed descriptively with structural equation modeling using AMOS application.

III. WRITE DOWN YOUR STUDIES AND FINDINGS

Results

Results of SEM Analysis

Based on previous literature and research studies produced the following model structure:

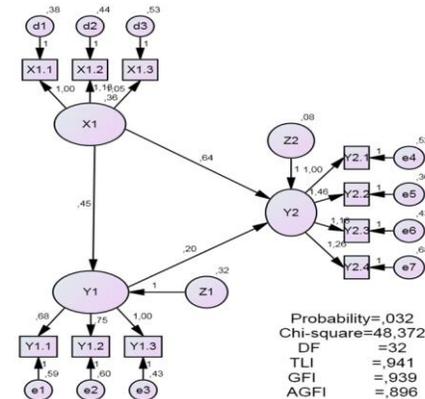


Fig. 1. Model structure

Information:

X1: Creative Economy

X1.1: Innovative

X1.2: Creative

X1.3: Culture

Y1: Competitiveness

Y1.1: Imitability

Y1.2: Durability

Y1.3: Ease of matching

Y1.4: Marketing

Y2: Up grade

Y2.1: Turnover

Y2.2: total of employees

Y2.3: Asset

e1 = unobserved endogenous variables of loading factor (endogenous latent variable) Y1 and Y2

d1 = unobserved endogenous variable of loading factor (endogenous latent variable) X

Z1 = unobserved variable for latent endogenous variables

The result of equiment modeling structure analysis is done with the help of computer program AMOS 16 for windows. It follows that all Goodness of-fit indeces criteria are eligible as shown in

Keriteria	Cut-off value	Test Result Model	Description
Chi Square	Expected	48.372	Small

	Small		
Sig. probability	>0.05	0.032	Good
CMIN/DF	≤2.00	1.512	Good
RMSEA	≤0.08	0.059	Good
TLI	≥0.90	0.941	Good

Table 1

Value of Goodness of-Fit Indeces and cut off Value Model SEM

Discussion

Creative economy affects product competitiveness

Based on the results of research proved that the creative economy has an effect on product competitiveness. The creative economy through Product Excellence, Product Uniqueness, Product Package and Cost Efficiency, with Entrepreneurs producing products using technology and entrepreneurs using products technology can improve competitiveness through imitability, durability, ease of matching and marketing, by marketing the product well and bringing the product closer principle with the consumer. This research supports the research conducted by Djodjobo and Tawas [8] the influence of entrepreneurship orientation, product creative economy, and competitive advantage to the marketing performance of yellow rice business in Manado city stated that the product creative economy has a positive and significant effect on the competitive advantage.

Creative Economy Effects UKM Up Grade

Based on the results of research proved that the creative economy affects ukm up grade. The creative economy through product excellence, product uniqueness, product packaging and cost efficiency, with Entrepreneurs producing products using technology and entrepreneurs using products technology can drive ukm up grade by increasing turnover, number of employees and Assets with increasing number of employees and increasing employee resources. These findings support research conducted by Sopianah et. al [9] the creative economy of the business is a very important process and if done based on the foresight of the product and exactly in accordance with the characteristics of products and businesses, it is proven to improve performance.

Product Competitiveness Affects UKM in the Classroom

Based on the results of research proved that the competitiveness of products affect UKM up grade. competitiveness through imitability, durability, ease of matching and marketing, by marketing the product well and bringing the product in principle with the consumer is able to encourage UKM Up grade by increasing turnover, number of employees and Assets with increasing number of employees and increased employee resources.

Creative Economy Affects UKM in Class Through Product Competitiveness

Based on the results of research proved that the creative economy affects UKM in the classroom through product competitiveness. The creative economy through Product Excellence, Product Uniqueness, Product Package and Cost Efficiency, with Entrepreneurs producing products using technology and entrepreneurs using products technology capable of enhancing competitiveness through imitability, durability, ease of matching

and marketing, by marketing the product well and bringing the product together in principle with the consumer so as to encourage ukm up gade by increasing turnover, number of employees and Asset with increasing number of employees and increased employee resources. The results of this study support the research conducted Sugiyarti [10] on building the competitive advantage of the product through the orientation of learning, market orientation and product creative economy stating that the creative economy of the product significantly influence the competitive advantage.

IV. CONCLUSIONS

Creative economy has an effect on product competitiveness. The creative economy through product excellence, product uniqueness, product packaging and cost efficiency, with Entrepreneurs producing products using technology and entrepreneurs using products technology can improve competitiveness through imitability, durability, ease of matching and marketing, by marketing the product well and bringing the product closer principles with consumers.

The creative economy affects UKM Up grade. The creative economy of products through product excellence, product uniqueness, product packaging and cost efficiency, with Entrepreneurs producing products using technology and entrepreneurs using products technology capable of driving UKM Up grade by increasing turnover, number of employees and Assets with increasing number of employees and increased employee resources.

Product competitiveness affects UKM Up grade. competitiveness through imitability, durability, ease of matching and marketing, by marketing the product well and bringing the product in principle with the consumer is able to encourage UKM Up grade by increasing turnover, number of employees and Assets with increasing number of employees and increased employee resources.

The creative economy of the product affects UKM Up grade. The creative economy through product excellence, product uniqueness, product packaging and cost efficiency, with Entrepreneurs producing products using technology and entrepreneurs memasarkam products using technology capable of improving competitiveness through imitability, durability, ease

of matching and marketing, by marketing the product well and bringing the product in principle with the consumer so as to encourage UKM Up grade through increased turnover, number of employees and Asset with increasing number of employees and increased employee resources.

V. REFERENCES

- [1] A. Romarina, "Economic Resilience Pada Industri Kreatif Guna menghadapi Globalisasi Dalam Rangka Ketahanan Nasional", *Jurnal Ilmu Sosial*, Vol. 15, No. 1, pp. 35-52, 2016.
- [2] A.T. Ferdinand, "Manajemen Pemasaran; sebuah pendekatan strategik" *Research paper series. Seri penelitian manajemen No01/mark/01/200*, p29-30, 2000.
- [3] M. Porter, "Keunggulan Bersaing: Menciptakan dan Memepertahankan Kinerja Unggul". *Binarupa Aksara: Jakarta*, 1994.
- [4] B. Setyo, "Ini Cara Kemenkop Naik Kelaskan UMK, <https://www.wartaekonomi.co.id/read69977/ini-cara-kemenkop-naik-kelaskan-umk>, 2015.
- [5] S.H. Fahmi., and D. Jatmika, "Pengaruh inovasi terhadap UKM naik kelas melalui daya saing produk". *Seminar Nasional Sistem Informasi (SENASIF). Jurnalfti.unmer.ac.id*. 2017.
- [6] The Ministry of Trade of the Republic of Indonesia, "Pengembangan Industri Kreatif Menuju Visi Ekonomi, Kreatif Indonesia 2025", *Departemen Perdagangan Republik Indonesia: Jakarta*. 2008.
- [7] UNDP, "Creative Economy Report 2008: The challenge of assessing the creative economy: towards informed policy-making", *United Nation: UNCTAD* https://unctad.org/en/Docs/ditc20082ceroverview_en.pdf, 2008.
- [8] C.V. Djodjoko., and H.N. Tawas, "Pengaruh Orientasi Kewirausahaan, Ekonomi Kreatif Produk, Dan Keunggulan Bersaing Terhadap Kinerja Pemasaran Usaha Nasi Kuning Di Kota Manado *Jurnal EMBA*, Vol. 2 No. 3, pp 1214-1224, 2014.
- [9] A. Sopanah., S. Bahri., and M. Ghozali, "Creative Economic Development Strategy in Malang City" *The 2018 International Conference of Organizational Innovation*, Vol. 1, 2018
- [10] G. Sugiyarti, "Membangun Keunggulan Bersaing Produk Melalui Orientasi Pembelajaran, Orientasi Pasar Dan Ekonomi Kreatif Produk (Studi Empiris Pada Industry Pakaian Jadi Skala Kecil dan Menengah Di Kota Semarang). *Serat Acitya – Jurnal Ilmiah UNTAG Semarang*, Vol. 4, No. 2, pp 110-123, 2015.