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## Strategy for Accelerating Management and Development of SMEs in The Kriya Sub-Sector in The Creative Industry

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### ABSTRACT

*The creative industry plays a vital role in economic development, both digitally and conventionally. Indonesia has many industries that are creative and skilled in doing business. The craft business is also diverse. The purpose of this research is to analyze the right strategy for the creative industry of vetiver and bamboo in the Garut Regency. This research was using a qualitative method with a SWOT analysis. In literature studies, a literature review is to understand the theoretical basis for conducting in-depth interviews. Measuring all constructs and research indicators used a research questionnaire distributed in the Craft Industries in Garut Regency. Based on the result, it can be seen that the vetiver and bamboo handicraft industry is in quadrant 2. The recommended strategy given is diversification.*

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### ARTICLE INFO:

**Article history:**

Received 10 July 2020

Revised 15 July 2020

Accepted 25 August 2020

Available online 30  
September 2020

**Keywords:**

Creative Industries,

Diversification,

Strategies.

### INTRODUCTION

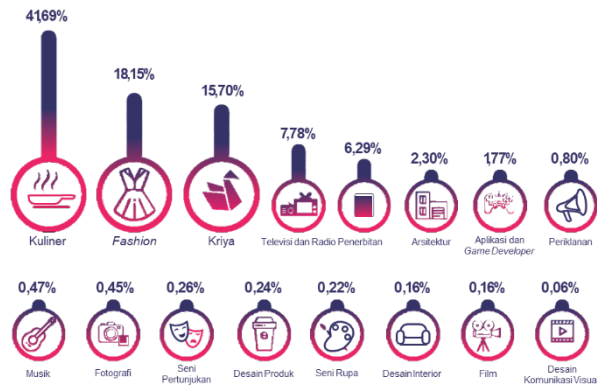
The Creative Industry is an industry that has authenticity in individual creativity, skills, and talents that have the potential to generate income and have proven employment through the exploitation of intellectual property. (Ananda & Susilowati, 2017). Several studies explain that strategy is indispensable for business development in the creative industry. (Fitriaty & Kurniawan, 2018) and (Lita, Meuthia, & Faisal, 2018). The classification of the creative industries set by each country varies. The variety of creative industries depends on the analytic goals and the potential of a nation. There are 16 creative industry sub-sectors developed by the Indonesian government. The Government of the Republic of Indonesia, through the Ministry of Tourism and Creative Economy, has identified the scope of the creative industry to include 16 sub-sectors, namely: culinary, architecture, advertising, fine arts, crafts, product design,

fashion, music, application, and game development, performing arts, publishing, communication design, visuals, interior design, radio and television, photography, as well as film, animation, and video (Kemenperin, 2016)

The creative industry makes a significant contribution to improving the economy of a country. The creative sector provides support for competitiveness to increase the amount of gross domestic income (Utami & Lantu, 2013). The creative industry is a potential driver for job creation, innovation, and social relations and significantly influences structural changes in the Indonesian economy (Zuhdi, 2012).

The Creative Economy has promising potential. In 2016, the creative economy's contribution to the national economy was 7.44 percent and is projected to continue to increase. In terms of value, the Creative Economy Gross Domestic Product is projected to exceed 1,000 trillion in 2017 and increase to

nearly 1,102 trillion in 2018. In addition to the GDP aspect, an increase has also occurred in the Creative Economy Workforce aspect. In 2016, 16.91 million people worked in the Creative Economy sector. Figure 1 shows the increase of 5.95 percent compared to the number of Creative Economy workers in 2015 (Bekraf, 2017)



Source : (BPS, 2017)

**Figure 1. Creative Economy GDP Contribution**

The craft sub-sector is in third place for the GDP contribution of the national economy. The craft sub-sector contributes more than the other 13 sub-sectors under the craft sub-sector, and it is necessary to accelerate development. And management of the strategy that will be determined because, in addition to contributing to GDP, the craft sub-sector can preserve the existing cultural heritage through the craft products produced.

The creative economy is a concept in the new economic era, which intensifies information and creativity by relying on ideas and knowledge from human resources as the first production factor. (Sholihin, Arianto, & Khasanah, 2018). The creative industry is the industrial sector that comes from individual creativity, skills, and talents to create welfare and employment by creating and utilizing the individual's innovative and creative power. (Ananda & Susilowati, 2017). The creative industry is as creating added value based on ideas born from the creativity of human resources (creative people) and based on the

use of science, including cultural and technological heritage (Isa, 2016).

Several previous studies have explained the importance of the creative industry strategy. Innovation is the key to a successful strategy implementation in the creative industry (Bogavac-Cvetković & Miličković, 2014; Hamdani, Solihat, Abdul, & Maulani, 2019). The craft industry is very dependent on the available raw materials. If there is a change in the supply of raw materials or a difference in the price of raw materials, it will have an impact on several vital aspects, including production capacity and price (Alexandri & Chan, 2018). The competitiveness in creative industry consists competitive abilities both internal and external factors and competing objects both financial and non-financial. (Utami & Lantu, 2013). Several studies emphasize the importance of strategies for the creative industry (Pratt & Virani, 2015). Meanwhile, other researchers believe that the importance of strategies is adjusted to industry characteristics (Rozentale & Lavanga, 2014).

The purpose of this research is to analyze the right strategy for the creative industry of vetiver and bamboo in Garut Regency which is expected to provide direction and development in terms of science and practical benefits.

## RESEARCH METHODS

This research was using a qualitative method with a SWOT analysis. In literature studies, a literature review is to understand the theoretical basis for conducting in-depth interviews. Measuring all constructs and research indicators used a research questionnaire distributed in the Craft Industries in Garut Regency.

This research uses the focus group discussion (FGD) method and SWOT analysis to identify and efforts to accelerate the development and management of the creative industry in Garut Regency, registered in craft and on the Craft sub-sector. The number of

informants was eight people who were relevant parties in providing information.

## RESULTS AND DISCUSSION

Based on the questionnaire results sent to the respondents, it found that the weaknesses of the vetiver and bamboo handicraft industry in the Garut district are weaknesses. After the strengths and weaknesses, it is presenting the rating and weighting by each respondent, then averaged. This is in line with the explanation

from (Wheelen & Hunger, 2018) and (Hamdani & Rhamdani, 2019). The Internal Factors Analysis Summary (IFAS) matrix can be seen in Table 1.

The results show the factors of opportunity and threat in managing the vetiver and bamboo handicraft industry in the Garut district. Each respondent is related to member rating and weighting. After each respondent “fills in the weighting, the average taken”. The External Factors Analysis Summary (EFAS) matrix can be seen in Table 2.

**Table 1. IFAS Matrix**

| Num.              | Internal Strategic Factors of Strength                                     | Weight | Rating | WxR   |
|-------------------|--|--------|--------|-------|
| 1.                | Abundant potential of vetiver and bamboo in Garut Regency.                 | 0.23   | 4      | 0.920 |
| 2.                | Vetiver and bamboo handicrafts have explored the international market.     | 0.21   | 3.7    | 0.787 |
| 3.                | Production is carried out by the local community.                          | 0.21   | 3.7    | 0.787 |
| 4.                | Become a tourism souvenir.   | 0.17   | 3      | 0.517 |
| 5.                | Vetiver and bamboo handicrafts are the superior products of Garut Regency. | 0.17   | 3      | 0.517 |
| <b>Total</b>      |  | 1.00   |        | 3.528 |
| Num.              | Internal Strategic Factors of Weakness                                     | Weight | Rating | WxR   |
| 1.                | Lack of existence of vetiver and bamboo roots for local communities.       | 0.18   | 1.2    | 0.215 |
| 2.                | Public awareness in maintaining vetiver and bamboo is still lacking.       | 0.27   | 1.8    | 0.484 |
| 3.                | The use of social media in marketing is not optimal.                       | 0.18   | 1.2    | 0.215 |
| 4.                | Difficulty in recruiting the right human resources..                       | 0.19   | 1.3    | 0.252 |
| 5.                | Lack of proper human resources in the management of vetiver and bamboo.    | 0.18   | 1.2    | 0.215 |
| <b>Total</b>      |  | 1.00   |        | 1.381 |
| <b>Difference</b> |  |        | 2,147  |       |

**Table 2. EFAS Matrix**

| Num.              | External Strategic Factors of Opportunity   | Weight | Rating | WxR   |
|-------------------|---|--------|--------|-------|
| 1.                | Support from the world community through exhibition events, craft-themed exhibit          | 0.19   | 3.5    | 0.669 |
| 2.                | Area conservation.  | 0.20   | 3.7    | 0.748 |
| 3.                | Fragrant roots are one of the wonders of the world, and bamboo has many varieties.        | 0.21   | 3.8    | 0.789 |
| 4.                | Vetiver and bamboo handicraft industries can have a high value if appropriately managed.. | 0.20   | 3.7    | 0.748 |
| 5.                | Absorption of labor and improving the welfare of the community around the resource area.  | 0.20   | 3.6    | 0.708 |
| <b>Total</b>      |   | 1.00   |        | 3.663 |
| Num.              | External Strategic Factors of Threat  | Bobot  | Rating | B xR  |
| 1.                | Many collectors have a monopoly on prices.  | 0.20   | 1.7    | 0.336 |
| 2.                | Limited creativity due to intellectual property rights.                                   | 0.22   | 1.9    | 0.420 |
| 3.                | Lack of good marketing education.   | 0.23   | 2      | 0.465 |
| 4.                | The education of the local community is still low..                                       | 0.19   | 1.6    | 0.298 |
| 5.                | The absence of intellectual property rights.  | 0.16   | 1.4    | 0.228 |
| <b>Total</b>      |   | 1.00   |        | 1.747 |
| <b>Difference</b> |   |        | 1.916  |       |

To determine the vetiver and bamboo handicraft industry's quadrant position in the Cartesius diagram. The x-axis coordinate value obtained from the difference between strengths and weaknesses, namely 2.147. While the y-axis coordinate value obtained from the difference between opportunity and threat is 1.916, the quadrant position of the vetiver and bamboo handicraft industry in the district can be seen in Figure 2.

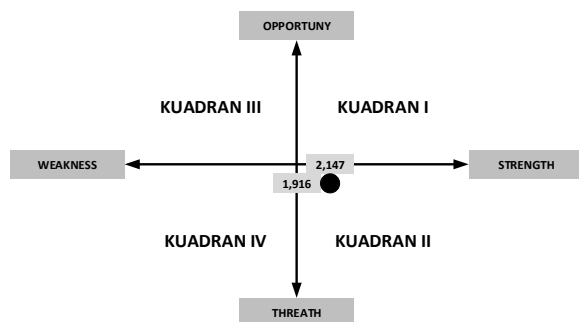


Figure 2. Cartesius diagram SWOT Analysis

Based on the Figure 2, it can be seen that the vetiver and bamboo handicraft industry is in quadrant 2. The recommended strategy given is diversification. It means that the vetiver and bamboo handicraft industry needs new products that still related in terms of technology similarities, shared facilities, or the same marketing network as existing products.

**SWOT Matrix Analysis**

Analysis using the SWOT matrix can help explain how overcoming external opportunities and threats can adjusted to strengths and weaknesses. This matrix can produce four possible strategic alternatives. The SWOT matrix can be seen in Table 3.

Product diversification is needed in the vetiver and bamboo industry to find and develop or new markets or encourage products in pursuit of growth, increased sales, productivity, stability, and profitability (Hermawati et al. 2017; Bogavac-Cvetković & Miličković, 2014). Several studies have also emphasized the importance of diversification

and marketing for development and increasing profits

Table 3. SWOT Matrix

|                   |                     | IFAS   |  |
|-------------------|---------------------|--|--|
|                   |                     | Strengths (S)  | Weakness (W)   |
| EFAS              |                     |  |  |
| Opportunities (O) | <b>S-O Strategy</b> | <ul style="list-style-type: none"> <li>• Making vetiver and bamboo as educational tours</li> <li>• Make vetiver and bamboo the characteristics of Garut Regency</li> <li>• Cooperate with designers and international craft companies</li> <li>• Expanding the craft industry to absorb a large number of workers</li> </ul>                               | <ul style="list-style-type: none"> <li>• Highlighting the existence and knowledge of vetiver and bamboo at the exhibition</li> <li>• Make the conservation area more manicured by providing socialization to the community</li> <li>• Absorb a more competent and appropriate workforce so that they can use social media optimally for marketing</li> </ul> |
|                   | <b>S-T Strategy</b> | <ul style="list-style-type: none"> <li>• Processing vetiver and bamboo products into finished products instead of raw materials for sale to get a higher value</li> <li>• Obtain IPR for every creativity and innovation that exists</li> <li>• Undertaking training or training for workers to have insight and education about good marketing</li> </ul> | <ul style="list-style-type: none"> <li>• Increase public awareness of the importance of vetiver and bamboo for the welfare of the surrounding area</li> <li>• Provide education about vetiver and bamboo as well as how to deal with them</li> </ul>   |
| Threats (T)       |                     |  |  |

**CONCLUSION**

Based on the research results described, it can be concluded that business development is necessary when the business condition starts to be threatened, both by new competitors and by customers. The strategy that can be used by the

creative industry of vetiver and bamboo handicrafts in increasing competitiveness is diversification.

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