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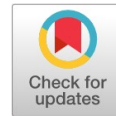


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Managing Innovation of SMEs in Creative Industry for Interactive Game Subsector and TV and Radio Subsector Based on Local Wisdom in Development of Competitiveness Business (Case Study SMEs in Bandung)



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MANAGING INNOVATION OF SMES IN CREATIVE INDUSTRY FOR INTERACTIVE GAME SUBSECTOR AND TV AND RADIO SUBSECTOR BASED ON LOCAL WISDOM IN DEVELOPMENT OF COMPETITIVENESS BUSINESS (CASE STUDY SMESS IN BANDUNG)

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Abstract. In today's business world, increasing competition requires businesses to innovate in a variety of fields. Innovation is not easy, and it takes hard work, knowledge and experience. This study aims to explore the innovations made by businesses so that businesses can compete and succeed in their class. The key success factors in innovation are based on primary data obtained through observation and interviews, or secondary data obtained through literature. This study is a qualitative study using the case study method, in which an interpretive approach is used to build knowledge about the companies' innovation to observe and interpret human interactions in real activities. Data collection was conducted to elaborate information in understanding the background of business, consideration of the internal aspects of the company, the factors of competitors, customers, and how to get the business idea, how to design the products and produce as well as how to commercialize the product secondary data collected from various sources, i.e. websites, magazines, books, and research reports. Cases were taken based on criteria such as receiving various awards or being the first in its industry, and their business remain continues and exist. The case study in this research is based on the creative industry Interactive game subsector represented by PT Kummara and Television and Radio subsector represented by Ardan Radio Bandung. This study has identified several key success factors grouped into idea generation, product design and production, and commercialization.

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INTRODUCTION

Growth of industrial sector was driven by the improvement in the Indonesian economy and the real conditions of the post-crisis economy. Issue of globalization and liberalization of the world economy associated with the industrial sector has been moving so fast, developed countries more prepared and take advantage of opportunities than developing countries.

Creative economy in various countries in the world today, is believed to contribute significantly to the economy of the nation. In general there are five main issues being the principal concern in the development plan of the creative industries, among others: (A) The quantity and quality of human resources as an actor in the creative industries, which require improvement and development: educational and training institutions, as well as education for Indonesian creative people, (B) The climate is conducive to starting and running a business creative industries, which include: system of state administration, policies and regulations, infrastructure is expected to be made conducive to the promotion of creative industries. In this case, including the protection of intellectual creative people of Indonesia.

(C) Awards/appreciation of the Indonesian creative people and creative works, which mainly serve to the stimulus work for creative people of Indonesia in the form of support for both financial and non-financial, (D) Acceleration of growth of information and communication technology, which is closely associated with the development of access for the public to obtain information, exchange knowledge and experience, as well as access to markets all of which are very important for the development of creative industries. (E) Financing institution which supports creative industries, given the weakness of conventional finance and institutional support is still the difficulty of access to creative entrepreneur to obtain alternative sources of funding such as venture capital. The development of innovation is faced with a variety of constraints, such as: (a) The number of companies in this country that still survive from comparative advantage (resource based), such as sources of raw materials, labor low, government incentives, and little used of "local knowledge". Through the import of technology, product design, and systems from abroad, they feel more able

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to attract business benefits. (b) Lack of human resources capabilities and experience to develop a successful innovation (successful track-record). Although we have mastered the basic scientific capabilities, expertise, and an understanding of the needs of market innovation, the experience of our company is very limited. (c) and the government R & D funding, which is still very low even in the smallest among Asian countries. From the above problems, researchers interested in studying further the identification of key factors and mapping of the creative industries with the title "Managing Innovation of SMEs in creative industry for Interactive Game subsector and TV and Radio sub sector based on Local Wisdom in Development of Competitiveness Business (Case Study SMESs in Bandung)". In this study, there are two specific objectives to be achieved (1) To find empirical evidence related to the primary data and secondary data as well as the mapping of the creative industries. (2) To identify key success factors are based on local wisdom in the development of the competitiveness of creative industries in Bandung.

LITERATURE REVIEW

The concept has a long history of innovation and understanding of different, mainly based on competition between companies and different strategies that can be used to compete. According to Schumpeter (1934) in the ANA (2010) innovation consists of 5 (five) elements, namely: (a) introducing a new product or a qualitative change in an existing product, (b) introducing a new process to industry, (c) open new market, (d) develop new sources of supply of raw materials or other inputs, and (e) changes in industrial organization. The concept of innovation is developed by a number of experts and institutions. According to Hurley and Hult, in Prakoso (2005: p. 45) innovation is a mechanism for companies to adapt to the dynamic environment. Therefore, the company is required to create new thoughts, new ideas by offering innovative products and services that can satisfy the increase in customers. Two proposes the concept of innovation is innovativeness and capacity to innovate.

Innovation can created added value for the organization, shareholders, and society. According to definition of innovation includes the development and implementation of something new, while the term "new" Adair explained, (1996) does not mean original but rather to newness (novelty). The meaning of this novelty, Schumpeter made clear by the opinion that innovation is the creation and implement something into the combination. With innovation then one can add the value of a product, service, work processes, marketing, delivery systems, and policies, not only the company but also the stakeholders and the public (Cohen, Diether, & Malloy, 2013; De Jong & Hartog, 2003; Garud, Tuertscher, & Van de Ven, 2013).

From various sources, it seems that there are some fundamental similarities of the concept of innovation, which is something new, either in the form of ideas, goods, processes or services. But that still shows the differences is how the scope and the innovation measurement. Based on the various notions of innovation, innovation in the size of the two groups is related to the size of the output and input. The size of the output, for example: (a) a new product or process or developed, (b) percentage of sales of the new product or process, (c) the resulting intellectual property (patents, trademarks or design), and (d) the performance of the company. While the size of the innovation- related inputs are: (a) investment in research and development, (b) intellectual property, (c) the cost of acquisition of new technology, (d) the cost of the first production of new products, (e) intangible assets such as goodwill, (f) marketing and training costs for new products, and (g) changes in organizational and managerial methods.

Drucker, in Prakoso, (2005, p. 45) states that the majority of business innovative ideas emerge through methodological analysis of the opportunities that exist, both contained within and outside the company. These opportunities may include events that are not expected (unexpected occurrences), incongruities of various kinds, process needs, change in an industry or market, demographic change, change in perception and new knowledge. The emergence of innovation / product innovation is basically to meet the market demand so that product innovation is one that can be used as a competitive advantage for the company. Han, Kim and Srivastava (1998) said that innovation is positively and significantly affect the performance of the company.

Innovation-Based Local Uniqueness is an innovation that utilizes local characteristics as a way to build a competitive advantage against our competitors in the development of innovations in the fields of particular creative industries. For instance, Batik Fractal graphic design innovation: creative, competitive; CAD & CAM use in promoting Jepara furniture and handicraft carving; or the use of animation technology in the field of tourism to promote cultural reserves such as Borobudur.

Have and maintain a competitive advantage beneficial for achieving high performance. Excellence is a goal that is constantly changing in today's competitive and rapidly changing turbulent. Competitive advantage analysis showed differences and uniqueness among competitors. Several sources of competitive advantage are skills, resources, and superior control. A superior skill is that enables the company to implement the strategy in the face of competitors. Skills related to technical ability, managerial and operational. Meanwhile, the resources that allow the formation of a superior dimension of excellence. The heart of the company's competitive advantage is in the face

of competitiveness. Competitive advantage can be derived from a variety of different activities of the company in making the design, manufacture, and market, distribute and support its products. Each of these activities can support a company's relative cost position and create a basis for differentiation. Basically competitive advantage may take the form of a lower price than any competitor's price for the equivalent benefits or providing unique benefits that more than offset the premium price.

Therefore, in this study the key success factors will be grouped into three main activities, namely the stage of idea generation stage to get product ideas and develop product concepts and product design to production stage, the technical realization of the product idea into a tangible form, as well as the commercialization stage in the marketing phase of the product until the product is consumed and accepted by consumers.

METHODOLOGY

This study is a qualitative study, which used an interpretive approach to building knowledge about innovation from a company with observing and interpreting human interaction in the real activities. By doing this, it can lead to understanding of social activities that are beneficial, not only externally observable behavior (Neuman, 2006). Qualitative research offers the researcher to study the companies in the natural setting, using a variety of empirical data and makes sense. These efforts led to a better understanding of the social experiences (Denzin & Lincoln, 2000).

The research activities carried out are grouped into several major stages. Stage literature study conducted to understand the theory or concepts, models or components that are relevant to the research problem and its methodology including best practices in the city of Bandung. Preliminary studies carried out subsequently. This phase is intended to obtain information about the components that need to be formulated in designing applications of creativity, innovation and competitive advantage creative industry performance.

The next step is to identify the key factors based on concepts already existing theories. Based on the theories and concepts relevant to the problem under study and preliminary studies conducted, it can be identified the necessary variables in this study were used as a descriptive hypotheses for later confirmed and proved by the results of this research. key success factors of the concept are used as alleged (Yin, 2008) which can be guidance in the exploration of the key factors of new or confirm existing key factors in the literature are used as guidance in conducting the interview.

Next is collecting data or evidence-evidence that is needed to achieve the research objectives. In this stage the determination of the sources of data is needed in the study. In accordance

with the objectives and framework of research that has been built, the necessary data consists of data on how to obtain and develop the idea, how to realize these ideas into commercialized products are prepared, and how the process of commercialization of the products that can be accepted by consumers. The process of data collection is done by using a case study protocol (Yin, 2008). There are several ways that can be done for the direct observation data collection (observation) and interview. In addition, secondary data were also collected from various other sources such as websites, magazines, newspapers, books, and research reports. Because the necessary data are primary and secondary data, this study used a combination of several methods. Before starting a data collection protocol to guide the execution of this research are made. The contents of the protocol include the following topics: Outline of case studies, field procedures, case study questions, and a guide to reporting case studies.

The question in the protocol include among other issues about how the idea of innovation is obtained, what is behind the selection of these products, what is considered relevant internal aspects of the company, competitors aspect, what is considered related to the actor Customer, and what the key success factors in generating product idea. At the stage of the realization of the idea, a few key questions such as what is to be considered in designing products, packaging related aspects, aspects of product quality, product differentiation aspect, how the product design process, and what the key success factors in the design of the product. Some of the questions raised at the stage of commercialization, among others, what is considered in marketing the product, what is considered relevant aspects of distribution, pricing, promotion, and how to market these products, and what the key success factor in marketing the product.

In conducting the interviews, the interviewees were selected using purposive sampling technique. They were selected based on the key role, involvement to gain knowledge to innovation. Ideally, the interview should include all people with the relative involvement of interest (stakeholders) in the innovation. To identify these people conducted a study of literature through a website, a book of interviews, to get an overview of the key person in the success of innovation.

Data were collected to obtain general information about the condition of the company and the general approach to innovation. Then, from the key person it is asked to connect researchers with those mentioned during the data collection process. Furthermore, based on the advice of the last interview, the researcher will continue to talk with other personnel associated with innovation. Interviews continued until saturation or saturation, where no significant additional information is achieved. At the same time all the documents related to the provision has been

sought in conducting interviews both confirmation and further elaboration of the data collecting secondary data. Data were collected from a variety of documentation.

In analyzing the data, the entire text is read as a whole, once collected, to get the main ideas and make the case for a description of each case. Each case description is described in detail. By using the analytical description of the scope of the case is completed with the primary objective to determine the close of a case and then find the essence and some of the unique pattern of the case. Then detailed analysis was completed using the description of the case and the data collected. First, Open Coding (Neuman, 2006) conducted to identify topics or issues that are often called, are often discussed diliteratur or of interest to researchers.

FINDINGS AND DISCUSSION

Television and Radio Subsector

PT. Radio Ardan Swaratama was founded in 1990. They have receive several prestigious awards such as Most Popular Local Radio (1st Winer) in 2015 as Bandung Social Wave from Media Wave ID. Ardan also receive Indonesia book of records from MURI as Youngsters Radio who organized an online photo contest with the participation of most participants. In 2015 they have reached omzet for about IDR. 9.5 billion, which each year increased by IDR 500.000.000.

One of their innovative programs as na idea generation is nightmareside. Utilizing the location and the building is known by the people of Bandung as one of the haunted places, and saw craze Indonesian people will be horror stories, give an idea on the Ardan Radio to make this all as a benefit for the company and would appeal. And with the absence of a radio program that presents the stories of horror, then when it established this Nightmareside program.

Product conceptualization for ardan radio as seeing the number of enthusiastic citizens of Bandung with this event, the Radio Ardan aware of the business opportunity of this program, at the start of making novel Nightmareside, Nightmareside The Movie, and Special event Ghost House Ardan. Commercialization for radio program through Launching event, Media Social, and Promo On Air.

Interactive Game Subsector

PT. Arka Buana Kummara was established in 2011. Their main innovative product is board game. The omzet estimated around IDR 800 million until 1 trillion. They have product 100-600 Board Games, with 100 unit for limited edition. One of the achievements for Kummara is to be part of a delegation representing Indonesia at Spiel Essen, the largest annual event in the world for the board game industry. On the same occasion

products Kummara board game sold out only on the second day (of a total of 4 days) execution, an indication of the quality validation and appreciation of the international community to game the nation's children. Board game not something new for people who love the game.

Idea generation for kummara came from the story about Board game been created. Kummara stands Main Gather Happy. Due to hobby to play board game, it sparked an idea to create their own board game. In 2010 they created the first board game was Game Simpang Dago.

Kummara Product conceptualization can be explane from the 5 type of business game such as Digital Board Game Concept: a project pathership whit Kark Game, Gamification concept kudos Platform: a project pathership with Bullseye agency, Team Engagement Board Game: A Training game develop for Bank Cantral Asia, Bouncing Pickers: Advertising project for intel Indonesia, Mozz Hunter Shooting Game: Advertising game for SCJhonson Company Product Campaign, Mat Goceng, Kucing Sumpud, Punakawan, Mahardika: our line games, developed with local values and themes to bring more fun for families and friends.

Kummara has 5 business unit namely (1) Manikmaya games is publishing unit, focusing on bringing local games from Indonesia to the next level. As a part of Kummara family, Manikmaya games is dedicated on bringing the best games to Indonesia market. Introducing game as a powerful and entertaining media, Manikmaya games organize playday, occasional game session in many areas, including public spaces, school, companies and communities. Manikmaya games also work together in patherhneship with Goethe Institute to hold spielenachmittag, monthly game session for Deutsch learning students in Goethe institute. (2) Another part of Kummara family, Segitiga. Net is digital media unit with a vision to increase awareness of positive gaming in Indonesia. As a media unit, segitiga.net bring daily news from many angles within Indonesia game industry.

Prototype day by segitiga.net is a monthly event held 3 major cities (Bandung, Depok, and Yogyakarta) to introduce local developers to the market and providing better communication between game industry, society and government. (3) Mainleard lab project is established to provide a meaningful, authentic, and interactive learning approach for the world of corporate education.

Our mainleard approach is a combination of interactive activity, intensive discussion process, and comprehensive learning material. Our tools consist of secially designed business games, various gamification methods, up to date learning materials, and modern facilitation approach. (4) Monkey melody, that creat sound or music for game.(5) Happy plan as the CSR for Kummara that help the child who sick or disabilities.

CONCLUSION

Creative industries grow and thrive in the Bandung city, never be separated from local culture which is the basis of innovation to create idea generation, such as the key to the success of the Interactive game subsector represented by PT Kummara and television and radio subsector represented by Ardan radio. Idea generation is obtained from the local situation Bandung word that has become an issue that is often discussed.

The businesses that utilize information from the surrounding environment to make innovation of the products they create, such as nighmareside of radio Ardan, board games dago in-

tersection of Kummara, Combination and Reverse Thinking, Community Development Concept and Uniqueness. Package of the product is easy to remember by consumers. Product realization resulting in more innovative forms such as in the form of books or films made by Ardan radio on nighmareside program, or digital game such as Kucing Sumput games that are easy to download as practiced by PT Kummara, the creative human resources, raw material resources. For success factor in terms of commercializationnya is to use all the media available, easy to access and the information provided to consumers is always up to date.

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