

THE ROLE OF INNOVATION IN IMPLEMENTING CONCENTRATION STRATEGIES: ANALYSIS IN TECHNOLOGY - BASED CREATIVE INDUSTRY

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Abstract

This study is to describe the role of innovation strategy in efforts to improve business performance and competitive advantage in technology-based creative industries. This research is expected to provide an overview of the condition of the innovation strategy among creative industry players, especially in the field of digital business. This study uses a descriptive qualitative approach to investigate technology-based creative industry entrepreneurs. Retrieval of respondents or informants using the snowball technique. Data were obtained by conducting in-depth interviews, observation and documentation studies. After the data is obtained in the field, then the data will be checked for validity using the data source triangulation technique. The next step, qualitative data was analyzed in three stages, namely data reduction, data presentation and conclusion. The results of the study show that technology-based creative entrepreneurs are quite open to new ideas and ideas in developing the company's business and have made aspects of innovation a part of their business strategy. However, only a small number of respondents made investments to develop their business enterprises.

Keywords: *Innovation, concentration strategy and technology-based creative industries*

A. INTRODUCTION

Innovation is a decisive instrument in ensuring the company's position in competition in the industrial world. In fact, innovation is a process with a high level of uncertainty and the right innovation strategy can help companies to guide the process so that they can enjoy a long-lasting competitive advantage in a dynamic environment.(Smith, 2010). Therefore, companies can work to design which innovation strategy they want to pursue to meet the company's goals(Burgelman et al., 2004; Cooper & Edgett, 2010). This study aims to empirically analyze the role of innovation strategy in achieving innovation output. In particular, this study is to describe which strategy has the greatest opportunity to increase innovation success and whether there is compatibility between the innovation strategy implemented and innovation success as measured in terms of product and process innovation.

In recent decades, empirical studies have attempted to identify why some firms are more innovative than others, as well as how firms can increase the chances of successful innovation. Currently, there is a great deal of research on the determinants of innovation, as well as the effects of innovation on firms

Some of these literature reviews to increase innovation success are with explicit innovation strategies because this can provide guidance in dealing with strategic issues, such as selecting markets to enter or developing new products.(Schroeder, 2013). Therefore, during the last few decades, the empirical literature has mainly discussed the role of innovation strategy by using the concept of input or output of innovation which represents part of the various innovation strategies that companies have. For example, in relation to output, product, process, marketing innovation(Hervas-Oliver et al., 2014; Jayaram et al., 2014; Tavassoli & Karlsson, 2015). The empirical literature also mentions that it has distinguished between internal strategy, external strategy and cooperation strategy(Goedhuys & Veugelers, 2012; Love et al., 2014; Mata & Woerter, 2013).

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B. LITERATURE REVIEW

Creative industry

The creative economy has the potential to emerge as a formidable new force in the national economy that can consistently make a significant contribution. The creative economy, which includes creative industries, significantly relies on ideas, creativity and innovation from renewable resources to be able to produce value-added products in a sustainable manner (Rofaida et al., 2020). Innovation that adds value is critical in today's increasingly competitive business environment. In addition, this creative industry provides added value through its inventive and creative products. The creative industry will undoubtedly have to grow their business in today's digital competitive climate if it is to be successful. Entrepreneurs in the creative industry must have a digital-based strategy

Due to the characteristics of global markets, which include more competitive settings than ever before, rapid technological developments, and shorter product and technology life cycles (Dadfar et al., 2013), many businesses, especially creative industry players, must emphasize driving innovation. key to sustainable excellence. The key factor for being able to adapt to the business environment is due to creativity and innovation to changes in the business competition environment that result in digitalization. Adequate human, financial, or technological resources are required for the process of generating sustainable innovation (Povolna, 2019). Resources have a significant impact on organizational capabilities in all industries, especially the creative industries (Jardon & Martos, 2013). Players in the creative industry should be competent to overcome challenges and design competitive strategies to achieve their business goals (Halim et al., 2011). Innovation is usually the basis of a creative competitive strategy to make consumer-focused innovation a potential solution to survive and be ready to compete in global business challenges. Awareness of innovation among business leaders can be a sustainable fuel for growth.

According to Kemenpararekraf (2020), the creation of added value based on ideas originating from creative human resources (creative people) and knowledge-based resources, such as culture and technological heritage, is referred to as the creative economy. Ideas are the input and output of the creative economy (Howkins, 2013). The ability to provide added value based on ideas and creativity can be realized by utilizing the creative industry. The creative industries use individual creativity, skill and talent to exploit individual creativity and innovation to create income and jobs. The creative industries are characterized by the strategic role that individuals play through their creativity, skills and talents. It is an economic enterprise involving the production or use of knowledge and information.

The Role of Innovation Strategy

Based on the empirical literature, the Role of Innovation Strategy has paid attention to the specific classification of innovation strategies. First, three strategies can be distinguished, internal (or make), external (or buy) and cooperative (Oerlemans, Meeus, and Boekema 1998; Veugelers and Cassiman 1999; Goedhuys and Veugelers 2012; Cinta, Roper, and Vahter 2014). This research has found that a combination of internal and external knowledge sources is a key element of a successful innovation strategy.

Closely related to the role of networks, partnerships and linkages, a growing body of literature investigates how strategic resource allocation (measured as the extent of the external search for new ideas) influences performance (Laursen and Salter 2006; Leiponen and Helfat 2010; Leiponen 2012).

Second, regarding the four types of innovation proposed by the Oslo Manual (3rd edition, 2005), several empirical papers have distinguished between technological product and process

innovation strategies and non-technological marketing strategies and organizational innovation- (Jayaram, Oke, and Prajogo 2014; Karlsson and Tavassoli 2015; Oh, Cho, and Kim 2015; Tavassoli and Karlsson 2015).

The primary role of the innovation strategy is to guide decisions about how resources will be used to meet a company's innovation goals and, consequently, deliver value and build competitive advantage.

Gilbert (1994) highlighted that innovation strategy shows the extent and in what way a company uses innovation to carry out its business strategy and to enrich its performance. Therefore, a well-planned and well-communicated innovation strategy is required to achieve maximum effectiveness and efficiency (Ramanujam and Mensch 1985; Ernst 2002; van der Panne, van Beers, and Kleinknecht 2003; Oke 2007).

C. RESEARCH METHODS

In this study a descriptive qualitative approach was used for investigations involving business actors in technology-based creative industries. Intake of respondents or informants using the snowball technique, namely the number of informants will continue to increase until the information is considered sufficient and saturated (Sekaran & Bougie, 2013).

In obtaining data, it is done by in-depth interviews, observation and documentation studies. The form of the interview guideline in this study used open, semi-structured interviews, namely interviews consisting of questions that gave the opportunity or possibility for the informant to answer at length and flexibly according to the conditions or realities in the field. After the data is obtained in the field, then the data will be checked for validity using the data source triangulation technique. The next step, qualitative data was analyzed in three stages, namely data reduction, data presentation and conclusion (Miles et al., 2014).

D. RESULTS AND DISCUSSION

Table 1 presents the profiles of respondents to digital technology-based creative entrepreneurs, such as type of business, length of business, number of employees and ownership.

Table 1 Profile of Respondents

Types of Digital Technology-Based Creative Businesses	Description
Types of Digital Business	Web Developer (14%), Application/Programmer (62%) Social Media (14%), Animation (10%)
Length of business	< 5 years (13%), 6-10 years (67%), 10-15 (12%) , >15 years (8%)
Number of employees	< 5 (98%), 5-10 (2%)
Ownership	Together (87%), Alone (13%)

Based on Table 1 it shows that most types of digital businesses are dominated by applications or programmers as much as 62%. This field is engaged in the manufacture or development of an application related to daily life activities such as education, community service, health and trade economy. The duration of most technology-based creative businesses is between 6 to 10 years at 67%. In terms of the number of employees, this industry does not require many employees, and the majority of the number of employees is less than 5 people (98%). Meanwhile, in terms of business ownership, the majority of these businesses are owned by individuals or individuals.

The Role of Innovation Strategy

The role of innovation in developing digital technology-based industries allows companies to access new opportunities (OECD, 2017). Innovation is capable of competitiveness and productivity (Abebe, 2014; Hanclova et al., 2015). Table 2 shows a description of the strategic role of innovation in business development.

Table 2. Description of the Strategic Role of Innovation in Business Development

Indicator	Result Description
Development of new products, services or solutions using digital technology	80% of respondents have developed new products, services or solutions using digital technology
Involve all components of the company in driving digital business innovation processes	All respondents stated (100%) that the company's components drive digital business innovation processes
The company has a reward system for creative and innovative employees	Only 45% of companies have a reward system for creative and innovative employees
The company is open to ideas, new ideas for business development	Most (95%) are open to new ideas for business development
The company invests in business development	Only a small proportion of respondents (38%) made investments to develop their business companies
The company focuses on research and development activities	The majority of respondents, around 78%, stated that they focused on the company's business research and development activities or activities

Based on table 2, it is explained that in general the innovation process in digital technology-based creative industries has shown good performance such as the development of new products, services or solutions using digital technology (80%), company components drive business innovation processes digitally (100%), and Most companies are open to ideas, new ideas for business development (95%). Therefore, innovation is important in winning the competition in product development, including this digital industry.

Creative industries must be able to answer challenges from customers through innovation through three approaches, namely exploration, exploitation and learning. Exploration is an opportunity for new products to be developed and promoted so that the product will be successful in the market. Exploitation is economic success. Two approaches of exploration and exploitation are carried out through learning (Hotho & Champion, 2010).

Then the role of digital technology in enabling creative industries to access these new opportunities as increasing access to talent and skills, expanding access to markets, increasing access to financing, increasing communication and collaboration, and expanding access to various technology applications and product development are all part of integral part of a digital innovation strategy.

Digital technology allows SMEs to compete more effectively with other companies as a result. A digital innovation strategy approach offers benefits such as reduced costs (Rachinger et al., 2019), profitability (Bala & Feng, 2019), globalization (Pergelova et al., 2019), access to the product process (Peón & Martínez-Filgueira, 2020), and business model innovation (Bouwman et al., 2018). According to Mbuyisa and Leonard (2017) Digital technology is seen as an option that allows creative industries to continue through the development stage. This technology can help creative industry players increase their competitiveness and productivity (Abebe, 2014; Hanclova et al., 2015). The results of field research based on dimensions according to Paladino (2007) shown in Table 3.

Table 3 The Role of Technological Innovation

Indicator	Description
Development of new products, services or solutions using digital technology	80% of respondents have developed new products, services or solutions using digital technology
The quality of our company's digital solutions is superior to competitors k	40% of innovative creative entrepreneurs are worried about digital solutions provided by competitors
The features of our digital solutions are different from competitor	8% of innovative creative entrepreneurs are differentiated from competitors
Digital solutions differ from competitors in terms of product platforms	9% of innovative creative entrepreneurs have digital platform products that differentiate them from competitors
Our new digital solutions are just small upgrades to existing products	100% of innovative creative entrepreneurs work Product development
Some of our new digital solutions for market at launch	There are no innovative digital products on the market

E. CONCLUSION

F.

Innovation is a decisive instrument in ensuring the company's position in competition in the industrial world. Technology-based creative entrepreneurs are quite open to new ideas and ideas in developing the company's business and have made aspects of innovation a part of their business strategy. However, only a small number of respondents made investments to develop their business companies. Then the creative industry companies have done new digital solutions as a small upgrade of the company's products. This overview is expected to provide implications in the form of technology-based business innovation strategies.

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