CREATIVE ECONOMIC DEVELOPMENT STRATEGY FOR THE CRAFT SUB-SECTOR

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ABSTRACT

This study aims to formulate alternative strategies for developing the creative economy in the craft subsector. This research was conducted by field research with a descriptive qualitative approach. Data collection is done by conducting interviews, observation and documentation. Primary data sources were obtained from direct interviews with owner and production manager of Ridaka Woven & Craft. Secondary data were obtained from various books, articles, journals and authoritative websites relevant to this research. Data were analyzed using the SWOT analysis technique by identifying internal factors which are strengths and weaknesses, as well as external factors which are opportunities and threats for business development. The results of this study found that to be able to develop its business, Ridaka Woven & Craft can apply several strategies, namely: 1) with sufficient raw materials it can continue to innovate products in terms of motifs and types that suit market tastes in order to make handicraft products competitive. Then always maintaining the characteristics of ecofriendly products to reach the global market which is currently a trend of using products that are environmentally friendly. 2) Maximizing the role of social media and the internet as promotional and marketing media. 3) Conduct skills training and knowledge development to improve the quality of human resources. 4) Frequently participating in events and bazaars can also be an effort to promote products and brands. 5) The government always supports by providing information to build people's mindset about handicraft products as local brands.

Keywords: Creative Economy; SWOT Analysis; Business Strategy

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1. INTRODUCTION

The creative economy is now the leading sector in the global economy, especially in terms of income growth, new job creation, and export potential and income. The creative sector encourages innovation and acts as a catalyst for innovation occurring in other sectors, such as industry, energy, transportation, agriculture and trade. By offering creative goods and services, the industry not only stimulates other sectors of the economy but also promotes other sectors as a result of innovation (Štreimikienė & Kačerauskas, 2020). The creative economy is knowledge-intensive, and based on individual creativity and talent, with a positive impact on the development of an inclusive society. In addition, they are essential for sharing a sense of cultural identity and cultural values of the people, which helps to strengthen social relations. Creativity ensures the vitality of cities by encouraging urban economic growth and is also an important factor in urban regeneration (Gruia et al., 2019).

The Indonesian government through Bekraf explains the creative economy as an expression of the added value of human creativity and establishes intellectual property rights based on cultural, scientific and technological heritage (Bekraf, 2019). The growth of the creative economy sector in urban areas has the potential to create quality and sustainable jobs and contribute to urban diversification, one of which is through the richness of arts and culture owned and become an important source of pride for regional communities (Anderson et al., 2016).

In Indonesia, there are 17 subsectors of the creative economy that are being developed, namely game development, architecture, interior design, music, fine arts, product design, fashion, culinary, animated and video films, photography, visual communication design, television and radio, crafts, advertising, performing arts, publishing and applications. Based on the report, the creative economy contributes 7.38 percent to the total national economy with a total GDP of around Rp. 852.24 trillion. And of the total contributions, the culinary, craft and fashion sub-sectors make the greatest contribution to the creative economy. It was recorded that the Culinary sub-sector contributed 41.69%, followed by the Fashion sub-sector by 18.15% and Crafts by 15.70% (Kominfo, 2017).

The creative economy sector needs to be developed because it is a powerful way to increase the competitiveness of national products in the face of the global market because in the context of globalization competitiveness is the main key to success and survival. This competition exists not only in the context of large quantities of goods, but also in terms of qualitys (Agustina et al., 2020). In addition, seeing the huge potential of the creative economy sector for the contribution of the country's GDP, the Indonesian government seriously continues to develop this sector, one of which is through Bekraf's flagship program, namely the Independent Study of Creative Cities / Regencies of Indonesia. The government continues to encourage the development of the creative economy sector in every city and district in Indonesia.

Several studies on creative economy development strategies have been conducted. The study conducted by Izzati et al, for example, found that the creative industry of the handicraft sector in Pemalang Regency has good strengths and opportunities from weaknesses and threats that occur. So that if you are able to make the best use of opportunities, it can increase the economic income of the Pemalang Regency (Izzati & Amaliyah, 2020).

Furthermore, research by Widyaningrum explained that the handicraft industry can implement priority strategies to minimize weaknesses and avoid threats with the following formulations: (1) recruiting freelance workers or interns from vocational schools majoring in fashion and marketing. (2) recruit and train housewives who want to learn how to make handmade pouches and tote bags. (3) expanding cooperation with other parties including with job skills training institutions to increase production and sales volumes (Liris Windyaningrum, 2021).

The study conducted by Agustina et al identified the potential of the creative economy both sectorally and regionally. Then identify the leading creative economy subsector and compile a road map for creative economy development. After defining and mapping the potential of the creative economy, four of the sixteen subsectors of the creative economy were identified to be developed through a strategic plan for creative economy growth using urban branding, innovative industrial hubs and renewable resources (Agustina et al., 2020).

Ridaka Woven & Craft is one of the home industries in Pekalongan City which is engaged in the creative industry of the craft or handicraft subsector because it has craft activities that use materials such as rattan, textiles, natural waste such as bamboo strips, banana fiber, pineapple leaf fiber, hyacinth, newspaper waste etc., and creativity is the main factor in this subsector. The products produced are in the form of crafts such as bags, pillowcases, clothes, household necessities such as tablecloths, foot mat wipes etc.

Seeing the great potential of the craft industry, Ridaka Woven & Craft needs to implement the right strategy in developing its business to be able to maximize the existing potential and also be able to compete in this industry. Currently, business competition in craft sub-exports is getting higher, imported products dominate the market more because they are cheaper than local products (Izzati & Amaliyah, 2020). Another challenge is the question of facing pressure to utilize information technology (Nugraha, 2021). And there are many other challenges that must be faced by these industry players. Therefore, this study aims to find out what strategies Ridaka Woven & Craft can do to survive in this industry and develop its business to be even better and become a sustainable business.

2. METHODS

The approach used in this research is descriptive qualitative with the type of field research. The object under study is the creative craft industry players Ridaka Woven & Craft located in Pekalongan City. Data collection techniques were carried out by interviews, observation and documentation. There are two types of data used in this study, namely primary data originating from 1) results of interviews with business owners, employees and customers; 2) results of observations of places and business activities; 3) running result. Then secondary data were obtained from websites, official reports, articles and journals relevant to this research. The data analysis technique in this study used the SWOT analysis method. Through this research, the researcher will describe the strategies that can be carried out by the creative industry players in the Ridaka Woven & Craft craft industry by first exploring internal factors (strengths and weaknesses) and external factors (opportunities and challenges/threats) faced by Ridaka Woven & Craft during the course of conducting its business.

3. RESULT AND DISCUSSION

Overview of Ridaka Woven & Craft

Ridaka woven & craft is a center of weaving and creative crafts which is a home industry that was founded in 1940. The name RIDAKA is taken from the name of its owner, Mr. A. Kadir, which is then read from behind as Ridaka. His full name is Abdul Kadir Muhammad. In 1940 he started his weaving business manually using a non-machine loom (ATBM) and began producing towel weaving. Then in 1952 carried out product innovation, namely by producing towels that read the name of the orderer (towel letter) which at that time did not exist in Indonesia. In 1955 Mr. A. Kadir had the opportunity to learn textiles and printing in various industrial centers in the world. In 1960 started producing weaves from bamboo strips, banana fibers, pineapple leaf fibers, hyacinths etc. The products produced are in the form of crafts such as bags, pillowcases, clothes, household necessities such as tablecloths, foot mat wipes etc.

In addition to the traditional tools used, Ridaka also utilizes natural fibers such as pineapple leaf fiber, banana frond fiber, plant fiber and tongue-in-law plant fiber. In addition to these fibers, it also utilizes the trunks of water hyacinth plants, fronds of banana trees, fragrant roots, mendong and lidi. We process all these natural materials professionally into home interior equipment or decoration and clothing. Not only that, Ridaka also uses waste newspapers and used magazines as raw materials that are processed creatively so as to produce interesting handicraft products into crafts such as bags, pillowcases, clothes, and many other crafts.

To meet the tastes and needs of consumers, Ridaka accepts all kinds of requests according to the given specifications. Ridaka offers competitive prices, according to the level of difficulty, the presence of raw materials and the time of completion of the order. The main product of Ridaka is berleter towels, which are towels that can be named after bookers who are free to choose the size of the small size and

the desired color pattern. For towels with a free orderer, choosing the size and color pattern is offered, for the price starts from Rp. 10,000 to Rp. 100,000. Creative and innovative are the creative weaving and craft products offered by Ridaka. Now the handicraft products produced by Ridaka have expanded throughout Indonesia and even to Asia, Europe, and America.

Ridaka has developed techniques for utilizing natural materials in the form of handicrafts and woven fabrics that use ATBM (Non-Machine Looms). As a manufacturer of handicraft products, Ridaka realizes that consumers of the products they produce cannot be reached or enjoyed by all layers of the economy because in addition to high prices, people's tastes are also lacking in art products. Only those who really like art are their consumers.

The markets that are worked on are mostly international markets, Ridaka products themselves are mostly around 60% to 70% exported to Europe, America, Asia such as Japan and Australia. But what has always been continuous is Europe. For the market in Indonesia itself, most of them send it to Bali, which will eventually be sent by the second party abroad as well. As a user of natural waste materials, which is very abundant, it's just that the human resources are limited. One of the most memorable and proudest awards is the Upakarti award from the government in 1985 which was given to Mr. H. Abdul Kadir Muhammad as a weaving craftsman from Pekalongan.

Sharia Value Analysis

In Islamic economics, production is an activity carried out to realize benefits, or add to them by exploring economic resources provided by Allah SWT, so that it is useful for meeting human needs (Lestari & Setianingsih, 2019). A fundamental principle that must always be observed in the production process is economic well-being. The welfare in question is the increase in income caused by increasing production and maximum utilization of human or natural resources. In principle, production in the Islamic economy must pay attention to the benefits (benefits), namely (Kompas.com, 2022):

First, production activities must be based on Islamic values and in accordance with their benefits. In this case, Ridaka Woven & Craft has implemented Islamic values in production activities and business management that is carried out, namely by enforcing the closure of shops and production activities every Friday so that workers can worship properly. Perform Zuhur and Ashar prayers regularly every day.

Second, it does not produce goods or services that are contrary to sharia. Products made by Ridaka Woven & Craft do not include items that are contrary to sharia. Some of the products produced are also supporting tools for Muslims to worship.

Third, production priorities must pay attention to the needs and benefits for society. The products produced by ridaka are very useful for the community because they are in the form of handicraft items of household tools that have artistic value and beauty. Islam through its main source the Qur'an highly values art. The Qur'an leads people to know Allah invites to look at the entire universe he created harmoniously and beautifully (Wildan, 2007).

Fourth, manage natural resources optimally, meaning that they are not wasteful, excessive, or damaging to the environment. The products produced are ecofriendly, starting from raw materials, manufacturing processes and the products produced. Given the environment in increasingly poor conditions, ecofriendly or recycling products contain non-toxic ingredients that do not contain ingredients that can damage the environment (Sari, 2018). And in Islam it is highly recommended for every human being to preserve the environment including producers or business people.

SWOT Analysis

SWOT analysis is a form of strategic planning tool and has been widely used to formulate strategies for companies, industries, and governments. As indicated by Proctor (1992), a SWOT analysis is suitable for government, industry or organization to follow because it identifies the environmental relationship between the internal and external environments. The use of SWOT analysis provides a foundation for identifying desired future positions, identifying problems and better informing leaders and policymakers of a company on how to address weaknesses and take advantage of available opportunities (Idris et al., 2022).

SWOT analysis in this study is used to analyze the factors that are strengths and weaknesses as well as the opportunities and challenges faced by Ridaka Woven & Craft in carrying out its business as follows:

a. Strength

1. To meet the tastes and needs of consumers, Ridaka accepts orders according to requests and specifications as well as the deadline for completion desired by consumers.

2. Ecofriendly and unique products. The quality of the product is very good because it is made by special craftsmen who are experts in their fields.

3. Long experience engaged in the handicraft industry, which is approximately 80 years.

4. Have abundant raw materials because it uses natural waste materials such as bamboo strips, banana fiber, pineapple leaf fiber, hyacinth etc.

5. Have human resources who have specific skills in their respective fields (weaving, dyeing, kelos and pallets, sewing etc.)

6. The market is quite wide because the products are marketed not only domestically but also abroad (exports) to Europe, America, Australia and Asia (Japan) (60-70% of the remaining exported in Indonesia itself are mostly shipped to Bali)

7. Innovating products, initially only producing lettered towel weaves, then innovating to develop products by producing products made from natural waste materials such as table crackles, curtains, carpets, bags, slippers, vests, etc.)

b. Weakness

1. Skilled and skilled human resources are few in number and the younger generation's interest in becoming weavers/craftsmen is very small.

2. For some products, they still use imported silk yarn raw materials from China and India, the point is to make the quality of the products produced softer.

3. Using a non-machine loom (ATBM) so that the number of products produced is still on a relatively small scale.

4. Because it uses ATBM, the production time cannot be as fast as using a machine loom. So to anticipate this, an increase in the number of workers is carried out if needed.

c. Opportunity

1. Ecofriendly lifestyle trend that is growing in developed countries such as Japan, Europe, and America

2. Government support to the craft / handicraft industry

3. The development of technology and information today makes foreign consumers can easily obtain product information and order it directly to handicraft business actors through web pages and social media (IG, Facebook etc.) etc.

d. Threat

1. The price of handicraft products on the market is increasingly competitive

2. The existence of substitution products at a lower price

3. Offline and online marketing competition is getting tougher

4. Reduced market demand due to global economic conditions/recession, so consumers are more cautious in spending their money

5. Consumers/customers are limited to people who love art

Data processing in this study was carried out using the SWOT method with the following steps (Rangkuti, 2017) :

1. Identify if as (Internal Factors Analysis Strategy) strategy factors, namely strength and weakness strategy factors.

2. Weighting each factor ranging from 0.0 (not important) to 1.0 (very important).

3. Calculate the rating for each factor by giving a scale ranging from 1 (poor) to 4 (outstanding) based on the influence of these factors on the condition of the company.

4. Multiplying weights by ratings to obtain weighting factors. The result is a weighting score for each factor.

5. Summing weighting scores to obtain the total weighting score for the company in question. This total value shows how the company reacts to its internal strategic factors.

6. Perform the same way on EFAS (External Factors Analysis Strategy) analysis for the company's opportunity and threat factors.

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To be able to map the business position of Ridaka Woven & Craft on the SWOT cartesian diagram, a SWOT calculation is carried out which is shown in tables 1 and 2 below:

	Internal Factors					
No.	Strength	Weight	Rating	Score		
1	Receive orders on demand and specifications desired by consumers		3.00	0.333		
2	Long experience engaged in the handicraft industry		2.60	0.096		
3	Products produced are ecofriendly and unique	0.148	3.20	0.474		
4	Has abundant raw materials	0.074	3.10	0.230		
5	HR who have specific skills		2.70	0.200		
6	Have a domestic and foreign market		3.00	0.333		
7	Marketing products online		3.20	0.356		
	Total Strength Factor		20.80	2.022		
No.	Weakness					
1	There are few skilled and skilled human resources	0.111	3.60	0.400		
2	Some products still use imported silk yarn raw materials	0.074	3.20	0.237		
3	Using a loom instead of a machine	0.074	3.30	0.244		
4	Because it uses ATBM, the production time is relatively longer		3.20	0.237		
	Total Factor Weakness	0.333	13.30	1.119		
	TOTAL INTERNAL FACTORS 1.000 7.50 0.90					

 Table 1. Internal Factor Analysis (IFAS) Results

Table 2. External Factor Analysis (EFAS) Result	Table 2.	2. External	Factor	Analysis	(EFAS)) Results
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	External Factors				
No.	Opportunity		Weight	Rating	Score
1	Ecofriendly lifestyle trends that are group	owing in			
1	developed countries		0.143	3.60	0.514
2	Government support to the craft / handicraft				
2	industry		0.143	3.00	0.429
3	The development of information techn	ology and			
5	online shopping trends		0.190	3.30	0.629
	Total Opportunity Factors		0.476	9.90	1.571
No.	Threat				
1	The price of handicraft products on the	e market is			
1	increasingly competitive		0.095	3.20	0.305
2	The existence of substitution products	at a lower			
2	price		0.143	3.00	0.429
3	Offline and online marketing competit	tion is getting			
5	tougher		0.095	2.80	0.267
4	Reduced market demand due to global	economic			
4	conditions/recession		0.095	2.80	0.267
5	Consumers/customers are limited to pe	eople who			
5	love art		0.095	2.60	0.248
	Total TI	nreat Factors	0.524	14.40	1.514
	TOTAL EXTERNAL	L FACTORS	1.000	-4.50	0.057

Based on the results of the IFAS analysis in table 1, the internal strength factor score was 2.022 and the weakness factor score value was 1.119 with a difference in the score value of 0.904. Meanwhile, the results of the EFAS analysis obtained a score for external opportunity factors of 1.571 and an external threat factor score of 1.514 with a score difference of 0.057. From these results, a strategy formulation was carried out to be able to develop the business run by Ridaka Woven & Craft. The strategy formulation using the SWOT matrix with a combination of strategies is as follows:

	Ctwow oth	Weelmees
EFAS	 Strength Receive orders on demand and specifications desired by consumers Long experience engaged in the handicraft industry Products produced are ecofriendly and unique Has abundant raw materials HR who have specific skills Have a domestic and foreign market Marketing products online 	 Weakness There are few skilled and skilled human resources Some products still use imported silk yarn raw materials Using a loom instead of a machine Because it uses ATBM, the production time is relatively longer
 Opportunity Ecofriendly lifestyle trends that are growing in developed countries Government support to the craft / handicraft industry The development of information technology and online shopping trends 	 S-O STRATEGY Continue to innovate products according to consumer tastes Maintain product quality and uniqueness Follow regular government coaching and training Maximize online marketing and promotion through ecommerce or marketplaces or social media Attend events and bazaars to introduce products and brands 	 W-O STRATEGY Conduct workforce specific skills training Hire freelancers when demand is rising and takes time quickly Looking for alternative substitute raw materials with good quality
 Threats The price of handicraft products on the market is increasingly competitive 	 S-T STRATEGY Create product variants with prices varying from standard to high 	 W-T STRATEGY Coordinate with local governments to obtain coaching

From the results of the identification of overall internal and external factors, it can be mapped the conditions faced by Ridaka Woven & Craft as depicted in the cartesian diagram of the following SWOT matrix:



Figure 1. Cartesian Diagram SWOT Ridaka Woven & Craft

Based on figure 1, it can be seen that Ridaka Woven & Craft's position is in quadrant I which supports an aggressive strategy. In this case, Ridaka Woven & Craft has good strengthas well as having a fairly potential market opportunity. Therefore Ridaka Woven & Craft can implement the SO strategy by using power to take advantage of existing opportunities. The SO strategy is supported by the existence of very adequate raw materials to continue to innovate products in terms of motifs and types that suit market tastes in order to make handicraft products competitive. Then still maintain the characteristic of ecofriendly products to reap the global market which is currently trending using environmentally friendly products. Maximizing the role of social media and the internet as a promotional and marketing medium. Skills training and knowledge development can improve the quality of human resources. Frequently participating in events and bazaars can also be one of the efforts to promote products and brands. The government always supports by providing information to build people's mindset about handicraft products as a local brand.

4. CONCLUSION

Ridaka Woven & Craft is one of the craft industry players in Pekalongan City. The products made are ecofriendly (environmentally friendly) products, ranging from raw materials, manufacturing processes and products produced. So as not to damage the environment where in Islam it is highly recommended for every human being to maintain environmental sustainability. Then Ridaka has also implemented Islamic values in the activities and management of the business carried out. Based on the results of the SWOT analysis that has been carried out, it was found that to be able to develop its business, Ridaka Woven & Craft can implement several strategies, namely: 1) with the presence of very adequate raw materials, it can continue to innovate products in terms of motifs and types that suit market tastes in order to make craft products competitive. Then still maintain the characteristic of ecofriendly products to reap the global market which is currently trending using environmentally friendly products. 2) Maximize the role of social media and the internet as a promotional and marketing medium. 3) Conduct skills training and knowledge development to improve the quality of human resources. 4) Frequently participating in events and bazaars can also be one of the efforts to promote products and brands. 5) The government always supports by providing information to build a public mindset about handicraft products as a local brand.

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