

CHAPTER V

RESULT AND DISCUSSION

A. Instrument Quality Test

Before the questionnaires were distributed to the respondents, the writer was conducted the instruments test first. The instrument test were considered of validity and reliability test. The purpose is to measure that questionnaires that would be used were good or not.

1. Validity Test

Validity is the level of reliability and validity of measurement tool that were used. The instrument was said to be valid means that it shows the measurement tool was used to obtain the data was valid or could be used to measure what should be measured (Sugiyono, 2004).

a. Demand Condition

Table 5.1

KMO and Bartlett's Test (Demand Condition)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.535
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Sources: Primary Data Processed

Table 5.2

Anti- image Matrices Test (Demand Condition)

Anti-image Correlation	Competition	0,523(a)
	Barrier to entry	0,544(a)

	Price	0,539(a)
	Level of output	0,566(a)

Source: Primary Data Processed

Validity test results on the trust aspect above shows that the value of KMO is 0,535 states that the instrument in this research is valid because the KMO value was greater than 0, 5. Anti-image correlation results namely 0.523 (Competition), 0,544 (Barrier to Entry), 0.539 (Price), 0,566 (Level of Output). It could be stated that the four items that are used to measure the demand condition are valid.

b. Factor Condition

Table 5.3

KMO and Bartlett's Test (Factor Condition)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0,558
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Source: Primary Data Processed

Table 5.4

Anti- image Matrices Test (Factor Condition)

Anti-image Correlation	Raw material resources	0,538(a)
	The availability of local raw materials	0,530(a)
	Skilled labors	0,663(a)
	Educational background	0,650(a)
	Capital resources	0,582(a)
	Financial institution (Bank)	0,534(a)

Source: Primary Data Processed

Validity test results on the trust aspect above shows that the value of KMO is 0,558 states that the instrument in this research is valid because the KMO value was greater than 0, 5. Anti-image correlation results namely 0,538 (Raw materials resources), 0,530 (The availability of local raw), 0.663 (Skilled Labors), 0,650 (Educational Background), 0.582 (Capital Resources), 0,534 (Financial Institution). It could be stated that the four items that are used to measure the factor condition were valid.

c. Firm Strategy, Structure, and Rivalry

Table 5.5

KMO and Barlett's Test (Firm Strategy, Structure, and Rivalry)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0,525
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Source: Primary Data Processed

Table 5.6

Anti- image Matrices Test (Firm Strategy, Structure, and Rivalry)

Anti-image Correlation	Innovation	0,531(a)
	Marketing partnership	0,639(a)
	Advertising utilization	0,519(a)
	Social media utilization	0,524(a)

Source: Primary Data Processed

Validity test results on the trust aspect above shows that the value of KMO is 0,525 states that the instrument in this research is valid because the KMO value was greater than 0,5. Anti-image correlation results namely 0.531 (Innovation), 0,639 (Marketing Partnership), 0.519 (Advertising

Utilization), 0,524 (Social Media Utilization). It could be stated that the four items that are used to measure the firm strategy, structure, and rivalry were valid.

d. Supporting Industries and Related Industries

Table 5.7

KMO and Barlett's Test (Firm Strategy, Structure, and Rivalry)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0,542
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Source: Primary Data Processed

Table 5.8

Anti- image Matrices Test (Supporting Industries and Related Industries)

Anti-image Correlation	The types of technology	0,557(a)
	The productivity of technology owned	0,534(a)
	The adjustment with era development	0,526(a)
	Community	0,549(a)

Source: Primary Data Processed

Validity test results on the trust aspect above shows that the value of KMO is 0,542 states that the instrument in this research is valid because the KMO value was greater than 0,5. Anti-image correlation results namely 0.557 (The types of technology), 0,534 (The productivity of technology owned), 0.526 (The adjustment with era development), 0,549 (Community). It could be stated that the four items that are used to measure the supporting industries and related industries were valid.

2. Reliability Test

Reliability measurement in principle indicates the extent to which measurements can provide relative results that are no different when performed on the same subject. The higher level of reliability measured in the instrument, the more stable and the more reliable the measurement in measuring a symptom will be. In this test, reliability test is done by using Cronbach Alpha value.

If $\alpha > 0,90$ means perfect reliability, or if alpha between $0,70 - 0,90$ means high reliability, or if alpha between $0,50 - 0,70$ means moderate reliability, or if $\alpha < 0,50$ means low reliability (Basuki, 2015).

a. Demand Condition

Table 5.9

Reliability Statistics Test (Demand Condition)

Cronbach's Alpha	N of Items
0.696	4

Source: Primary Data Processed

Table 5.10

Item-Total Statistics Test (Demand Condition)

	Cronbach's Alpha if Item Deleted
Competition	0,691
Barrier to entry	0,560
Price	0,530
Level of output	0,547

Source: Primary Data Processed

Reliability test results on the trust aspect above shows that coefficient value of Cronbach's Alpha is 0.696 states that instrument in this research is reliable. Cronbach's Alpha value of each item are 0,691 (Competition), 0,560 (Barrier to Entry), 0,530 (Price), 0,547 (Level of Output). It can be stated that the four items that are used to measure the demand condition were reliable.

b. Factor Condition

Table 5. 11

Reliability Statistics Test (Factor Condition)

Cronbach's Alpha	N of Items
0,744	4

Source: Primary Data Processed

Table 5.12

Item-Total Statistics Test (Factor Condition)

	Cronbach's Alpha if Item Deleted
Raw material resources	0,840
The availability of local raw materials	0,750
Skilled labors	0,611
Educational background	0,540
Capital resources	0,532
Financial institution (Bank)	0,529

Source: Primary Data Processed

Reliability test results on the trust aspect above shows that coefficient value of Cronbach's Alpha is 0,744 states that instrument in this

research is reliable. Cronbach's Alpha value of each item are 0,840 (Raw materials resources), 0,750 (The availability of local raw), 0,611 (Skilled Labors), 0,540 (Educational Background), 0,532 (Capital Resources), 0,529 (Financial Institution).It can be stated that the six items that are used to measure the factor condition were reliable.

c. Firm Strategy, Structure, and Rivalry

Table 5. 13

Reliability Statistics Test (Firm Strategy, Structure, and Rivalry)

Cronbach's Alpha	N of Items
0,549	4

Source: Primary Data Processed

Table 5.14

Item-Total Statistics Test (Firm Strategy, Structure, and Rivalry)

	Cronbach's Alpha if Item Deleted
Raw material resources	0,682
The availability of local raw materials	0,542
Skilled labors	0,523
Educational background	0,518

Source: Primary Data Processed

Reliability test results on the trust aspect above shows that coefficient value of Cronbach's Alpha is 0,549 states that instrument in this research is reliable. Cronbach's Alpha value of each item are 0.682

(Innovation), 0,542 (Marketing Partnership), 0.523 (Advertising Utilization), 0518 (Social Media Utilization).It can be stated that the four items that are used to measure the firm strategy, structure, and rivalry were reliable.

d. Supporting Industries and Related Industries

Table 5. 15

Reliability Statistics Test (Supporting Industries and Related Industries)

Cronbach's Alpha	N of Items
0,736	4

Source: Primary Data Processed

Table 5.16

Item-Total Statistics Test (Supporting Industries and Related Industries)

	Cronbach's Alpha if Item Deleted
The types of technology	0,621
The productivity of technology owned	0,775
The adjustment with era development	0,641
Community	0,677

Source: Primary Data Processed

Reliability test results on the trust aspect above shows that coefficient value of Cronbach's Alpha is 0,736 states that instrument in this research is reliable. Cronbach's Alpha value of each item are 0,621 (The types of technology), 0,775 (The productivity of technology owned), 0,641

(The adjustment with era development), 0,677 (Community).It can be stated that the four items that are used to measure the supporting industries and related industries were reliable.

B. Result

1. The Analysis of Competitiveness Dimensions Weight

Research analysis of creative industry competitiveness in the sub-sectors of fashion, culinary and craft in DIY based on Porter's diamond models, namely:

1. Dimensions of factor conditions;
2. Dimensions of demand conditions;
3. Dimension of supporting industries and related industries.
4. Dimension of strategy, structure, and rivalry.

The table below explain about the elements of each dimension of competitiveness in creative industry on sub-sectors of fashion, culinary, and craft in DIY.

Table 5.17

The Description of Elements in Each Dimensions Creative Industry Competitiveness on Sub-Sectors of Fashion, Food, and Crafts in DIY

Competitiveness Elements
Demand Condition
Competition
Barrier to entry
Price
Level of output

Continue table 5.17

Factor Condition
Raw material resources
The availability of local raw materials
Skilled labors
Educational background
Capital resources
Financial institution (Bank)
Firm Strategy, Structure, and Rivalry
Innovation
Marketing partnership
Advertising utilization
Social media utilization
Supporting Industries and Related Industries
The types of technology
The productivity of technology owned
The adjustment with era development
Community

The analysis of creative industry competitiveness in the sub-sectors of fashion, culinary and craft in DIY is determined based on the weight of each element in each dimension that obtained from the value of Eigenvalue. Furthermore, the ranking of elements and dimensions weight to find out about the competitiveness of creative industries on sub-sectors of fashion, culinary and craft in DIY. Weight of dimensions and elements determined by the amount of Eigenvalue obtained from the results of the factor analysis (Wiyadi, 2009).

Table 5.18

The Weight of Elements Dimension of Creative Industry Competitiveness

Elements	Weight
Competition	17,33%
Barrier to entry	11,46%
Price	10,28%
Level of output	8,93%
Raw material resources	7,95%

The availability of local raw materials	7,05%
Skilled labor	6,05%
Educational background	5,18%
Capital resources	4,75%
Financial institution (Bank)	4,34%
Innovation	3,77%
Marketing partnership	3,19%
Advertising utilization	2,82%
Social media utilization	2,44%
The types of technology	2,01%
The productivity of technology owned	1,37%
Adjustment to the condition of era	0,56%
C community	0,478%

Sources: Primary Data Processed

Table 5.19

The Dimension Ranking of Creative Industry Competitiveness on Sub-Sectors of Fashion, Food, and Crafts in DIY

Dimensions	Weight	Ranking
Demand Condition	48,01%	1
Factor Condition	35,33%	2
The Strategy and Rivalry Structure of the Competition	12,23%	3
Supporting Industries and Related Industries	5,43%	4

Source: Primary Data Processed

2. Analysis of Elements Weight in Each Dimensions of Creative Industry

Competitiveness

Table 5.20

The Elements Ranking in Each Dimension of Creative Industry Competitiveness on Sub-Sectors of Fashion, Food, and Crafts in DIY

Competitiveness of Each Element	Weight	Ranking
Demand Condition	100%	
Competition	32,52%	1
Barrier to entry	29,27%	2
Price	20,97%	3
Level of output	17,24%	4
Factor Condition	100%	
Raw material resources	26,38%	1
The availability of local raw materials	20,53%	2

Continue table 5.20

Skilled labors	17,51%	3
Educational background	16,36%	4
Capital resources	10,53%	5
Financial institution (Bank)	8,69%	6
Firm Strategy, Structure, and Rivalry	100%	
Innovation	35,74%	1
Marketing partnership	28,65%	2
Advertising utilization	21,79%	3
Social media utilization	13,82%	4
Supporting Industries and Related Industries	100%	
The types of technology	47,12%	1
The productivity of technology owned	26,21%	2
Adjustment to condition of era development	18,31%	3
Community	8,36%	4

Source: Primary Data Processed

C. Discussion

Based on table 5.20 about the ranking of the competitiveness dimension of creative industries on sub-sectors of fashion, culinary and craft in DIY can be concluded that the dimension of demand conditions got the highest ratings with the weight 48.01%. Its means that the dimension of demand conditions has the most important role to the competitiveness in the creative industry on sub-sectors of fashion, culinary and craft DIY. In the dimension of demand conditions, the element of competition was ranked first with the weight 32.52% and was followed by the element of the barrier to entry in the second place with the weight 29.27%. Barrier to entry in the creative industry sub-sectors of fashion, culinary and craft DIY is low, so can create the new competitor can easily enter into the creative industries. By knowing the element of competition

and barriers to entry elements, the firms in this industry can know the competitiveness condition and can determine the attractiveness of industry strategy to increase the demand and stay afloat amid intense competition.

Followed by elements of price and level of output in the third and the fourth ranks with the weights 20.97% and 17.24%. These elements influence the dimension of demand condition because the price give impact to the demand condition. Meanwhile, the level of output explain about the ability of firms in this industry in the term of demand fulfillment. How far the firms in this industry can fulfill the demand.

Based on table 5.20, dimension of condition factor in the second rank of the competitiveness dimension in creative industry on sub-sectors of fashion, culinary and craft in DIY. In this dimension, the highest ranking element occupied by elements of the source of raw materials and was followed by the element of availability of local raw materials with the weights at 26.38% and 20.53%. This is because, the majority of the companies in the creative industries subsector fashion, culinary and craft in DIY use local raw materials and supported by the easiness of availability of local raw materials , because most of these companies has already make a partnership with the suppliers / other parties in the term of raw materials fulfillment.

Meanwhile, for the elements of skilled labor has the weights at 17,51% and the educational background weights at 16,56%. The elements of skilled labor has been already sufficient but the number of skilled labors in the industry

are still limited, and from the elements of educational background explain that the educational background of workers doesn't give big impact to the creative industry competitiveness.

For the element of capital resources has weights at 10.53% and the element a financial institution (Bank) has a weight 8.69%. Based on the element of capital resources, most companies in this industry comes from personal money, but there are a few companies that combine their personal money with personal loans such as lending money to friends or family. The element of the financial institution (Bank) in dimension factor conditions obtaining the lowest ratings because although according to entrepreneurs in the creative industries assess that the technical loan financing to the Bank is fairly easy, but there are still many of these entrepreneurs are afraid to borrow money from the Bank, by reason of fear of default, especially for the companies with a micro scale, but there are also a company that avoid loan money from the Bank in order to avoid *riba*.

Dimensions of firm strategy, structure and rivalry at the third rank on the ranking dimension the competitiveness in the creative industry sub-sectors of fashion, culinary and craft with the weights at 12.23%. In this dimension, the highest elements occupied by elements of innovation. It means that the element of innovation has big role in the competitiveness of creative industry with the weight 35.74%. Followed by the elements of marketing partnership with the weight 28.65%.

In the third rank of elements of dimension firm strategy, structure and rivalry, is occupied by elements of utilization advertising with the weight 21.79% and the last one occupied by elements of social media utilization with the weights at 13.82%. In this dimension, the elements of social media utilization ranked the last because although the entrepreneurs assessed the utilization of social media was quite effective in marketing their products, but there are some companies that still do not use social media as a media for marketing their products. This is because these companies with a microscale and in the countryside have limited knowledge about the technology of communications, information, and digital and the limitations of age to learn and understand how to use it and how to utilize it as a marketing media.

The last ranking of the competitiveness dimension of creative industries sub-sectors of fashion, culinary and craft in DIY is occupied by the dimension of the supporting industry and related industries with the weight 5.43%. In this dimension, the element of technology type ranked first in the competitiveness rankings dimension elements of the creative industry sub-sectors of fashion, culinary and craft DIY with a weighting of 47.12%. This is because many companies have been using this type of modern technology, either for production or of marketing activities. However, for some companies such as batik cloth, silver, blangkon, bags or leather shoes are still using the traditional technology types in the production process.

At the second ranked in this dimension occupied by element the productivity of the technology owned with the weights at 26.21% and was

followed in the third rank is an element of adjustment in which the meaning of adjustments in this case is the adjustment to following the development of era such as the desire to upgrade the technology owned. At this element has a weight of 18.31%. The companies considered that the technology owned has been quite supportive of labor productivity, and for the adjustment element some companies especially those still using traditional technology in the production process, do not intend to upgrade technology because the technology owned already supports. However, some companies, especially in the culinary field such as café has a desire to make adjustments of current development, such as upgrading the technology owned and decoration of the place to make consumers feel comfortable and attracted to come.

Ranked last in this dimension occupied by community element with the weight 8.36%. Although it has started many community are emerging in the creative industries and the role is quite supportive, but the activity was still less active regarding in support the development and competitiveness of the creative industries.

D. SWOT Analysis

Before the writer formulate the strategy of creative industry competitiveness in DIY by using SWOT analysis, the writer was analyzed the internal and external problems first. The internal and external problems shows in table 5.4 below.

Table 5.21

Analysis of Internal and External Factors of Creative Industry in Culinary, Fashion and Crafts Subsectors.

Problems	
Internal	External
<ul style="list-style-type: none">- Skilled labors.- Commercialization of products.- Capital.- Rent cost.- Digital technology and information & communication media utilization.	<ul style="list-style-type: none">- Number of design schools.- Public facilities & infrastructure.- Raw material

Based on table 5.21 above, could be concluded that the number of skill labors in this industry were limited. Besides that, the ability in product commercialization still weak. The limitation in capital also became internal problem for companies/ industries in creative industry in DIY, such as for buy new production equipment, pay rent, etc. For the industry with micro-scale still have limited or lack understanding and knowledge about the use of digital technology or information & communication media.

Based on the table 5.21 above, the companies/ industries in creative industry in DIY was faced several external problems, such as the limited number of design schools DIY, the limited number of amenities and public facilities and infrastructure which support the development of creative industries. For the raw material side, there were several problems like the instability of raw material prices. Although it is fairly easy to obtain raw materials, but the availability of raw materials depends on the market, so to a

certain days, such as a holy day. The availability of raw material, because some raw material were not available in DIY, and the lack of ability from companies/ industries to cultivation the raw material for maintain the availability of raw material.

Table 5.22

SWOT Matrix of Creative Industry Subsectors Culinary, Fashion and Crafts in DIY

<p><u>Internal Factor</u> Evaluation (IFE) & External Factor Evaluation (EFE)</p>	<p><u>STRENGTHS (S)</u></p> <ul style="list-style-type: none"> - Entrepreneurial spirit in society - Market responds. - Government support. - Increasing of innovators numbers. 	<p><u>WEAKNESS (W)</u></p> <ul style="list-style-type: none"> - Marketing & Commercialization - Creative & Skilled Labors. - Capital. - Management ability. - Technology & communication media utilization. - Foreign market and trends. - Marketing.
<p><u>OPPORTUNITIES (O)</u></p> <ul style="list-style-type: none"> - Modern lifestyle - Tourism destination - Students city - Technology & digital media communication literation. 	<p><u>SO Strategy</u></p> <ul style="list-style-type: none"> - Utilize the information and communication technology strategy. - Facilities of public facilities and infrastructure. - Optimizing the potential of the local economy. - Enhance partnership with another sector. 	<p><u>WO Strategy</u></p> <ul style="list-style-type: none"> - Business management capabilities. - Information activity and market trends domestic and abroad. - Socialization and training on E-commerce. - Organize product exhibitions, pop-up market or a bazaar.

Continue table 5.22

<p><u>OPPORTUNITIES</u> <u>(O)</u></p> <ul style="list-style-type: none"> - Modern lifestyle - Tourism destination - Students city - Technology & digital media communication literacy. 	<p><u>SO Strategy</u></p> <ul style="list-style-type: none"> - Utilize the information and communication technology strategy. - Facilities of public facilities and infrastructure. - Optimizing the potential of the local economy. - Enhance partnership with another sector. 	<p><u>WO Strategy</u></p> <ul style="list-style-type: none"> - Business management capabilities - Information activity and market trends domestic and abroad. - Socialization and training on E-commerce. - Organizing product exhibitions, pop-up market or a bazaar.
<p><u>THREATS (T)</u></p> <ul style="list-style-type: none"> - Tight competition - Raw material price. - Expansion of large-scale business industry. 	<p><u>ST Strategy</u></p> <ul style="list-style-type: none"> - Consumer education. - Producer education. - Partnership between businesses with community. 	<p><u>WT Strategy</u></p> <ul style="list-style-type: none"> - Strengthening the response analysis about the trends products. - Leveraging the utilization of information and communication.

Source: Primary Data Processed

Based on table 5.22 from Strength (S) side, there was increased of the entrepreneurial spirit and the number of innovators in society especially among the young generation. For the market response was pretty good toward this industry, and the government also quite cooperative and supported this industry.

Meanwhile from the Weakness (W) side, marketing and commercialization of products still not optimal. The companies/ industries also has limitation in capital to develop their business. Besides that the number of

creative labors limited also, and the business management ability still low, where the system of organization and business management was still traditional. The lack of information about foreign market and trends and the lack of digital technology / modern information technology for marketing of products utilization became weakness of companies/ industries in creative industry in DIY.

For the Opportunity (O) side, people with modern lifestyles tend to be more consumptive became the opportunity for develop this industry. Another opportunity such as DIY still be excellent tourist destinations both domestic and foreign tourists, and the number of universities and student population which quite a lot that the domicile from various regions. And also society already literate with modern information and communication technology / digital.

From the Threats (T) side, there were several points such as there were tight competition between employers in their respective sub-sectors both at the regional, national and international, the price of raw materials tends to rise, over control of business from government, low alignments local consumers towards domestic products. The assumption that foreign brand better and prestige factor, and a sense of satisfaction from users when using the products of foreign brands, the expansion of business in large-scale industry and modern markets make the industry in micro-small scale with limited capital can be difficult to develop.

After knew the Strength (S), Weakness (W), Opportunity (O), and Threats (T) from this industry the writer formulate and offer several strategies to develop this industry like we could see in table 5.5, namely:

1. Strength (S) – Opportunity (O)

- a) Optimizing the utilization of information and communication technology as marketing strategy.
- b) Increase in the number and facilities of public facilities and infrastructure, as well as government policies that support the development of creative industries.
- c) Optimizing the potential of the local economy that supports the development of creative industries, such as the availability and quality of raw materials.
- d) Enhance cooperation between the creative industries and the tourism sector support the development of creative industries.

2. Weakness (W) – Opportunity (O)

- a) Strengthening the business management capabilities as well as the quality of skilled human resources through training and mentoring.
- b) Provision of information activity and market trends domestic and overseas and actual date of the government.
- c) Socialization and training on E-commerce, use of information technology and communications as well as the ethics of its use, particularly to SMEs and micro and small scale.

- d) Organizing product exhibitions, pop-up market or a bazaar for actors in the creative industries as a platform for introduce their products to the consumers.

3. Strategy (S) – Threats (T)

- a) Understanding to consumers about the quality of local products which are not inferior to the products of foreign brands.
- b) Direction and understanding to local producers to maintain product quality in order to compete in the market especially with foreign brands.
- c) Strengthening the functions of the institution and the community that supports the development of creative industries.
- d) The existence of cooperation between businessmen in each sub-sector with a community or agency in the creative industry and government to support the development of Creative industries.

4. Weakness (W) – Threats (T)

- a) Strengthening the response analysis about the trends products.
- b) Leveraging the information and communication technology as a platform for the delivery of education and socialization and information about the local creative industries both for consumers and producers.