

Competitive Advantage Strategy Batik Creative Industry

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ABSTRACT

The Covid 19 pandemic that hit the world for about two years has weakened economic performance in all fields. The Indonesian economy has experienced a decline due to the Covid 19 pandemic, the minimum level of consumption, and the imposition of restrictions on people's movements which have triggered a decrease in people's purchasing power. This certainly has an impact on business actors with production process delays due to the supply of raw materials that are not smooth and the market reach of these business actors is increasingly limited due to the minimal use of technology. To overcome this, business actors must quickly adapt by making operational transitions or additional operations through e-commerce. The operational transition process through e-commerce allows businesses to continue to market their products with a wider range than before. This limited access is caused by batik craftsmen not adopting technology and product diversification innovation. The batik creative industry is experiencing rapid growth, this development shows the existence of community creativity in seeing business opportunities. The internal and external aspects of this business must be integrated into a development strategy model to increase competitive advantage in the creative batik business

Keywords: Strategy, Competitive Advantage, Creative Industry, Batik

1. INTRODUCTION

The Covid 19 pandemic that hit the world for about two years has weakened economic performance in all fields. The Indonesian economy has experienced a decline due to the Covid 19 pandemic, the minimum level of consumption, and the imposition of restrictions on people's movements which have triggered a decrease in people's purchasing power. This certainly has an impact on Micro, Small, and Medium Enterprises (MSMEs) with production process delays due to the supply of raw materials that are not smooth and the market reach of these business actors is increasingly limited due to the minimal use of technology. To overcome this, business actors must quickly adapt by making operational transitions or additional operations through e-commerce (Philip Kotler, 2012). The operational transition process through e-commerce allows businesses to continue to market their products with a wider range than before.

One of the business actors who must adapt quickly is the creative batik business. Batik is one of the cultural heritage of Indonesia's ancestors that has been recognized by the world. UNESCO designated Batik as an intangible cultural heritage of humanity on October 2, 2009. Since the designation of batik as Indonesia's cultural heritage, the development of the batik industry has accelerated.

Problems with marketing Indonesian batik are mainly caused by limitations on international market access (Poernomo et al., 2017). This limited access is caused by batik craftsmen not adopting technology and product diversification innovation. This problem requires further attention, among others by increasing the marketing of batik and its derivatives in the country.

One manifestation of the increasing market share of batik products and their derivatives is the emergence of various types of businesses that use batik cloth as raw material. The type of business that is easiest for us to observe is outlets or boutiques that sell batik cloth. These businesses are popping up in the community with various types, characters, and nuances of art and culture that vary according to the environmental conditions in which the business is established.

The development of the batik creative business above is one of the "children" of the creative economy which can be used as a tourist destination. This creative batik business not only presents the production process of batik starting

from making patterns, and giving colors, but also presents nuances of intellectual creativity. In addition, currently creative batik business is not just a place for batik production but also provides knowledge development by providing batik training workshops for some batik craftsmen, a place for the actualization of various youth communities, and a place for sharing information between visitors. Therefore, the creative business of batik does not limit itself to the form of physical materials, namely batik, but has penetrated the forms of non-physical materials, namely creativity, intellectuality, and culture which are the characteristics of a creative industry.

2. LITERATUR REVIEW

2.1 CREATIVE INDUSTRY

The creative industry is part of the creative economy. The creative economy itself is a concept based on "creative assets" to generate socio-economic growth and development (De Beukelaer, 2014). Another understanding of the creative economy is the embodiment of added value from intellectual property originating from human creativity based on cultural heritage, science, and/or technology (DPR RI, 2019).

The creative industry is defined as an industry that originates from the utilization of individual creativity, skills, and talents to create prosperity and employment by generating and empowering the individual's creativity and inventiveness (Utomo, 2017). The creative industry is in line with the development of the creative economy. Historical facts prove that the creative economy, which includes creative industries, has made a real contribution to economic development in several countries.

The concept of the creative industry contributes to the economy, especially its impact on unemployment, regional development, and the dynamics of urban areas (Mellita & Erlansyah, 2014). The existence of innovation in a company can be categorized as a creative industry (Campbell & Kubickova, 2020). Study of the role of the creative industry in its contribution to innovation in the wider economy where input from the creative industry can be used as an innovation process in other industries (Arifianti & Alexandri, 2017).

The definition of Creative Industries based on the UK DCMS Task Force 1998 (Nurjanah, 2013) is: "Creatives Industries as those industries which have their origin in individual creativity, skill & talent, and which have a potential for wealth and job creation through the generation and exploitation of intellectual property and content". Quoting the 2008 UNCTD report (De Beukelaer, 2014) describes the four components of the creative industry, namely:

1. The cycle of creation, production, and distribution of goods and services that use creative and intellectual capital as its main input;
2. Part of a series of knowledge-based, arts-focused activities that have the potential to generate income from trade and intellectual property rights; c. consists of tangible and intangible intellectual products or artistic services with creative content, economic value, and market goals;
3. Cross-sectoral in nature between arts, services, and industry; and e. part of a new dynamic sector in world trade.

2.2 STRATEGY

The strategy has an understanding as a process of determining plans for top leaders that focus on the long-term goals of the organization, accompanied by the preparation of a method or effort how to achieve these goals (Mukhyi, 2004), (Taufiqurokman, 2016). The next definition related to strategy is a framework or plan that integrates organizational goals, policies, and actions/programs.

It was further explained that the strategy is to determine the framework and business activities of the company and provide guidelines for coordinating activities so that the company can adjust and influence the ever-changing environment. Strategy says clearly the environment the company wants. The 4 key elements contained in the strategy statement (Yuliantini, 2011), namely:

- a. Ongoing
Decisions within the company can be maintained/maintained so that the company's life will be long.
- b. Develop a process for delivering the strategy
How to develop the organization or provide opportunities for the organization to develop to achieve the goals that have been achieved
- c. Offers a competitive advantage
Offers a sustainable competitive advantage over current and potential competitors.

d. Exploiting the linkages between an organization and its environment

The strategy must exploit the various linkages that exist between the organization and its environment, such as suppliers, customers, competitors, and the government.

At the level of a business unit, strategy can be grouped into two, namely generic strategy and master strategy. According to Porter, a generic strategy is an approach to corporate strategy to outperform competitors in similar industries (Allen et al., 2007), (Allen & Helms, 2006). There are three types of generic strategies for competing that companies can develop, namely: cost leadership, differentiation, and focus.

Whereas in the main strategy that uses the concept of GE (Bamford et al., 2015) we can see in Table 2.1 below:

Table 2.1 Main Strategy Description Version Wheelen-Hunger

No	Generic Strategy	Main Strategy
1	Growth Strategy	a. concentrated b. Diversification
2	Stability Strategy	a. usee b. Alert c. Change d. Profit
3	Shrinkage Strategy	a. Turn Around b. Attract other companies c. Sale / Close d. Release

Sumber : (Bamford et al., 2015).

It can be seen in Table 2.1 above (1) the growth strategy group has two main strategies, namely the concentration growth strategy and the diversification growth strategy. (a) The growth strategy is a strategy in which the company concentrates and develops on all or almost all similar resources, whereas (b) the diversification growth strategy is a strategy that requires the company to grow by adding products or divisions that are different from existing products or divisions.

Next is (2) the stability strategy in the stability strategy there are 4 (four) forms of the main strategy, namely: (a) Pause/rest strategy, this strategy is appropriate as a strategy so that companies can consolidate existing resources after facing rapid growth, (b) Alert strategy in this strategy the company continues to carry out its business activities with caution due to changing factors in its external environment, (c) Strategy without change, in this strategy the company does not need to make significant changes and only needs to adjustments, for example due to inflation, (d) profit strategy, this strategy prioritizes current profits even though it has a big risk at the expense of future growth.

The third strategy is the shrinking strategy, which this strategy aims to make savings in a company if the company has a weak competitive position compared to competitors. In the shrinking strategy there are 4 (four) main strategies, namely: (a) Turnaround strategy in this strategy is used when industry attractiveness is high even though the company is experiencing difficulties, (b) Captive company strategy / luring other companies to this strategy, some activities from certain parts that are less attractive need to be reduced, then efforts are made to make other functions more attractive, (c) Sell Out / Sell / close strategy, this strategy is chosen if the company is no longer able to carry out strategies to attract other companies, and (d) The bankruptcy strategy is the last resort when a company goes bankrupt so that the company avoids responsibility for its debts.

2.3 COMPETITIVE ADVANTAGE

Competitive advantage is an activity carried out by companies by using the advantages possessed by the company to compete with other companies (Roach et al., 2016), (Bamford et al., 2015). When a company has VRIN (Valuable, Rare, Inimitable, and non-substitutable) resources (Barney & Hesterly, 2015), (Barney, J.B. & Clark, 2007). then it becomes the strength of the company to achieve a competitive advantage. Generally, companies can maintain a competitive advantage only for a certain period because of the resources that can be adopted by competitors.

Competitive strategy with competitors is a combination of the company's ultimate goals with policies where both must go hand in hand to achieve the company's ultimate goals (Porter, 1980). Developing a competitive strategy to achieve competitive advantage can be done by considering four main factors (Porter, 2012), namely:

1. The strengths and weaknesses of a company are profiles of its wealth and skills relative to competitors, including financial resources, technology, brand identification, and others.
2. The personal values of the organization are the motivations and needs of key executives and other personnel who must implement the chosen strategy.
3. The strengths and weaknesses combined with these values define the internal limits to the competitive strategies a company can employ to succeed.

External boundaries are determined by the industry and its wider environment. Industry opportunities and threats define the competitive environment, with associated risks and potential rewards. In this case external boundaries for example government policies, social interests, developing customs, etc

2.4 INTERNAL ENVIRONMENT

The company's internal environment is a variable within the organization that is usually not under the short-term control of top management. In the internal environment, there are five aspects in it, namely: marketing, finance, production, human resources, and management information systems. The approach to the company's internal environment is often referred to as a resource-based approach. The following is the company's internal components (Usman et al., 2016), (Niode & Indonesia, 2012):

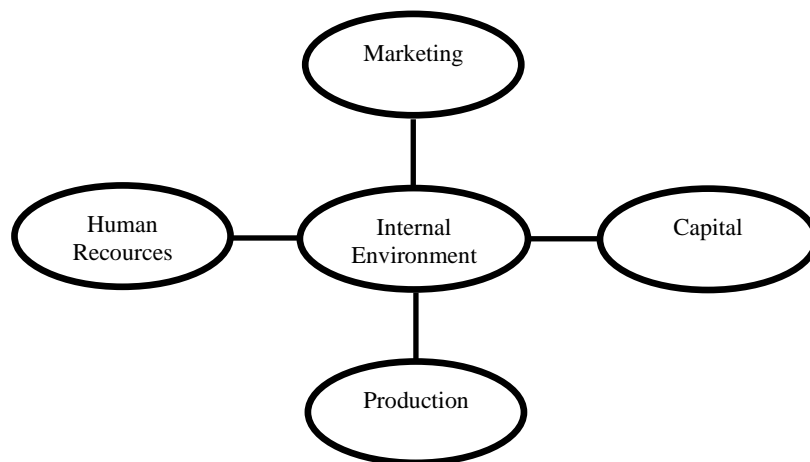


Figure 2.1 Components of Internal Environment Analysis

Source (Usman et al., 2016) modified

Analysis of the company's internal environment must be able to analyze several capabilities, namely the company's ability to exploit its resources. Capability is attached to the company's business functions such as marketing capability, operating capability, financial capability, and human resource management capability.

When these capabilities are periodically and regularly made changes and these changes are made more adaptive to the company's internal environment, these capabilities will become dynamic capabilities with the surrounding environment. In addition, companies must also be able to identify unique or distinctive competencies that can differentiate them from their competitors, especially in the same business.

2.5 EXTERNAL ENVIRONMENT

The environment includes factors outside the company that can create opportunities or threats for the company (Bamford et al., 2015). Environmental analysis is defined as the process that strategic planners use to monitor the environmental sector in determining opportunities or threats to a company. The need for environmental analysis, because environmental factors are the main influence on changes in strategy.

The environmental analysis provides an opportunity for strategic planners to anticipate opportunities and make plans to make selected responses to these opportunities. The internal environment is the notion of thinking about matching the company's internal strengths and weaknesses with the opportunities and threats that exist in the environment (Bamford et al., 2015). Another understanding of internal environmental analysis is the process by which strategic planners examine a company's marketing and distribution, research and development, production and operations, company resources and employees as well as financial and accounting factors to determine where the company has important capabilities so that the company take advantage of opportunities in the most effective way and can deal with threats in the environment (David, 2022).

3. IMPLEMENTATION OF THE BATIK CREATIVE INDUSTRY STRATEGY

This study applies strategy analysis to explain the sustainability of the batik creative industry. Implementation of the strategy will use IFAS and EFAS analysis. EFAS stands for external factor analysis strategic and IFAS stands for Internal factor Analysis Strategic. EFAS analysis will require an analysis of the strengths, weaknesses, opportunities, and threats faced by the batik creative industry from external factors. External factors that will be internalized are factors within the industry and outside the industry. Meanwhile, IFAS analysis requires data on strengths, weaknesses, opportunities, and threats from the internal side of the batik creative industry. So that the analysis of internal factors is comprehensive, the researcher will conduct in-depth interviews to identify these factors.

4. CONCEPTUAL FRAMEWORK

The batik creative industry is the focus of this research. The preliminary research that has been done in the same context, shows that the role of strategy is very important in determining the position of the batik creative industry. Strategy determination in the batik creative industry looks at internal and external strengths. This paper is intended to continue previous research that can contribute to the batik creative industry in determining competitive advantage strategies to maintain business performance. The framework for determining strategy analysis can be described as follows:



Figure 4.1 Conceptual Framework

5. CONCLUSION

In this paper, we discuss the implementation of strategies in creating a competitive advantage in the batik creative industry by looking at environmental changes, both internal and external, such as the Covid-19 pandemic which has greatly affected the sustainability of the creative industry business. This study uses SWOT analysis, namely: Strengths, Weaknesses, Opportunities, and Treat to determine the position of the creative industry in determining the right strategy for creating competitive advantage. This research has limitations that only focus on SWOT analysis, so it is hoped that further research will be more varied in exploring business strategy determination in creating competitive advantage in the batik creative industry.

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