

Research Article

Competitiveness Analysis and Development Strategy of Creative Economy in Madura: International Conference on Economic and Sustainable Economics

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Abstract.

Madura has a variety of creative economic potential. Mainly the contribution of the creative economy in Madura which involves elements of socio-cultural diversity. This diversity can be an added value for Madura's creative economy. The research is based on finding what aspects affect the competitiveness of Madura's creative economy and determining the development strategies needed to improve the competitiveness of the creative economy in Madura. This research uses quantitative methods, such as path analysis and AHP analysis. The results of this study indicate that 1) factors that significantly affect the improvement of Madura's creative economy competitiveness are the level of Competition and Corporate Strategy, Product Demand Factors, and Opportunity Factors; and 2) strategies that are a priority that must be considered in the development of creative economy competitiveness in Madura are corporate and competitor strategies by paying attention to aspects of promotional facilities.

Keywords: creative economy, competitiveness, development strategy

1. Introduction

The development of easier technology and information transfer flows has led to complex polarization and inequality in regional economic development and growth (1). For this reason, a development strategy is absolutely necessary to unleash and develop the creative potential of the business world as a response to rapid change. The existence of the creative economy is a driving force for the rise of the economy and is currently a part of the economy that has a major role in the economy. The creative economy has long been proclaimed as an economic movement that originates from local communities as economic actors, so that people are required to have optimal creativity and perseverance to be able to achieve national growth goals (2). Through continuous innovation,

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research, and development, goods and services are created that consumers want and need (3). An economy is said to be good if there is economic growth. The important role of the creative economy can be shown by its contribution to the national economy. In 2015, the creative economy contributed 852 trillion rupiah to the total national economy of the Republic of Indonesia until 2022 its contribution to national GDP reached 1134.9 trillion rupiah.

Madura has a variety of creative economic potential that can be developed as economic potential. Mainly the contribution of the creative economy in Madura which involves elements of socio-cultural diversity. The involvement of this local wisdom element determines the direction of the development of the existing creative economy. The existence of local wisdom elements is an alternative solution that can encourage the development of the creative economy to become more independent by having its own uniqueness or distinctiveness. The potential of the creative economy in Madura based on local wisdom is in the form of products that have regional distinctive values such as culinary preparations (in the form of lorjuk, fish crackers, petis, rengginang, satay madura); crafts (in the form of statues and clurit); fashion (in the form of batik, sakera clothes and traditional clothing); performing arts (in the form of regional dance, karapan sapi); photography services; fine art paintings; and regional music. So the focus of this creative economy research in Madura is the creative economy in the fields of Culinary, Craft, Fashion, Performing Arts, Photography, Fine Arts, Music.

The development of the creative economy in Madura needs to be improved in order to increase people's income, given the high poverty rate in Madura. According to the Central Bureau of Statistics of East Java Province, the percentage of poor people in Madura is higher than the average poverty rate in East Java Province. Based on Central Bureau of Statistics of East Java Province, the percentage of poverty in East Java Province is 10.38% in 2022. Meanwhile, the percentage of poverty in Bangkalan district is 19.44%, Sampang district is 21.61%, Pamekasan district is 13.93% and Sumenep district is 18.76%. So that a solution is needed in handling poverty, one of which is by carrying out a strategy in developing the competitiveness of the creative economy in Madura. Considering previous researcher shows the existence of creative industries can help increase income for workers and help prosper in addition to reducing unemployment (4) and also suggested that a creative economy empowerment strategy is needed in order to increase community income (5). In this study the author wants to see several things, namely 1) the author analyzes the factors that affect the level of competitiveness of the creative industry using Path analysis; 2) the author determines the strategy for

developing the competitiveness of the creative economy in Madura using AHP analysis. Compared to previous researchers in their research looking at the role of the creative economy sector using descriptive methods with content analysis (6) and also using SWOT analysis (7). Seeing this, the author in this study has a research novelty by using a combination of path analysis and AHP analysis so that it is expected to analyze convergently the problems in developing creative economic competitiveness in Madura. The results of this study can be used as input to policy makers to pay more attention and increase the role of competitiveness development in creative economy actors in Madura.

2. Methods

This research uses a quantitative approach with data collection sourced from primary data. This primary data is data taken directly from field observations using questionnaires. The questionnaire was distributed using written questions to respondents. The questions that will be given to respondents are closed questions by providing alternative answers related to the research indicators. The scope of the area that is the focus of this research is business centers with the scope of the creative industries of Culinary, Craft, Fashion, Fine Arts, Music, Photography, Performing Arts. Some areas that are centers of industrial activity include Bangkalan Regency, Sampang Regency, Pamekasan Regency and Sumenep Regency. The technique used in this research is a non-probability sampling technique, namely snowball sampling. Snowball sampling is a sampling technique that is initially small in number, then gets bigger. The researcher chose snowball sampling because in determining the sample, the researcher first only determines one or two people, but because the data obtained is considered incomplete, the researcher looks for other people to complete the data. Snowball sampling is used for sampling creative industries in predetermined business fields including the fields of Culinary, Crafts, Fashion, Fine Arts, Music, Photography, Performing Arts/Arts. The number of samples for each field of the creative economy is divided into:

The analysis techniques used in this study include: 1) Path analysis is used to analyze factors that affect the level of competitiveness of the creative industry. The factors that affect the level of competitiveness of the creative industry are classified as social capital factors, company and competitor strategies, demand factors, government factors, supporting and related industry factors, opportunity factors and condition factors. The

TABLE 1: Sample Of Creative Economy Industries in Madura.

Number	Type of Creative Economy	Total	Percentage(%)
1	Culinary	154	55
2	Crafts	28	10
3	Fashion	53	19
4	Fine Arts	14	5
5	Music	8	3
6	Photography	14	5
7	Performing Arts / Arts	8	3
Total		280	100

following is an explanation of the model that will be tested through the direct equation model:

$$\xi_1Y_1 = \beta_1\xi_1X_1 + \beta_2\xi_2X_2 + \beta_3\xi_3X_3 + \beta_4\xi_4X_4 + \beta_5\xi_5X_5 + \beta_6\xi_6X_6 + \beta_7\xi_7X_7(1)$$

Description:

- ξ_1Y_1 : Creative Economy Competitiveness
- ξ_1X_1 : Social Capital
- ξ_2X_2 : Company and Competitor Strategy
- ξ_3X_3 : Demand Factor
- ξ_4X_4 : Government Factors
- ξ_5X_5 : Supporting and Related Industry Factors
- ξ_6X_6 : Opportunity Factor
- ξ_7X_7 : Condition Factors
- β : Coefficient

Creative Economy Competitiveness variable measurement equation (ξ_1Y_1) :

- $\xi_1Y_1 = \lambda_1Y_{11} + \epsilon_1$: Turnover
- $\xi_1Y_1 = \lambda_1Y_{12} + \epsilon_2$: Marketing ease

Social Capital variable measurement equation (ξ_1X_1):

- $\xi_1X_1 = \lambda_1X_{11} + \epsilon_1$: Rules
- $\xi_1X_1 = \lambda_1X_{12} + \epsilon_2$: Honesty
- $\xi_1X_1 = \lambda_1X_{13} + \epsilon_3$: Kinship
- $\xi_1X_1 = \lambda_1X_{14} + \epsilon_4$: Communication
- $\xi_1X_1 = \lambda_1X_{15} + \epsilon_5$: Cooperation

Measurement equation for Company and Competitor Strategy variables ($\xi_2 X_2$):

$$\xi_2 X_2 = \lambda_2 X_{21} + \epsilon_1 : \text{New Products}$$

$$\xi_2 X_2 = \lambda_2 X_{22} + \epsilon_2 : \text{Competition}$$

$$\xi_2 X_2 = \lambda_2 X_{23} + \epsilon_3 : \text{Technology Innovation}$$

Demand Factor variable measurement equation ($\xi_3 X_3$):

$$\xi_3 X_3 = \lambda_3 X_{31} + \epsilon_1 : \text{Marketing}$$

$$\xi_3 X_3 = \lambda_3 X_{32} + \epsilon_2 : \text{Product Quality}$$

$$\xi_3 X_3 = \lambda_3 X_{33} + \epsilon_3 : \text{Product Innovation}$$

$$\xi_3 X_3 = \lambda_3 X_{34} + \epsilon_4 : \text{Product Design}$$

$$\xi_3 X_3 = \lambda_3 X_{35} + \epsilon_5 : \text{Interregional Exports}$$

$$\xi_3 X_3 = \lambda_3 X_{36} + \epsilon_6 : \text{Overseas Exports}$$

Government Factors variable measurement equation ($\xi_4 X_4$):

$$\xi_4 X_4 = \lambda_4 X_{41} + \epsilon_1 : \text{Policy}$$

$$\xi_4 X_4 = \lambda_4 X_{42} + \epsilon_2 : \text{Training}$$

$$\xi_4 X_4 = \lambda_4 X_{43} + \epsilon_3 : \text{Facilitation Program}$$

Measurement equation for supporting and related industry factors ($\xi_5 X_5$):

$$\xi_5 X_5 = \lambda_5 X_{51} + \epsilon_1 : \text{Distance/Location}$$

$$\xi_5 X_5 = \lambda_5 X_{52} + \epsilon_2 : \text{Goods/Services Procurement Process}$$

$$\xi_5 X_5 = \lambda_5 X_{53} + \epsilon_3 : \text{Material Quality}$$

$$\xi_5 X_5 = \lambda_5 X_{54} + \epsilon_4 : \text{Transaction Fees}$$

Equation of measurement of variable Opportunity Factors ($\xi_6 X_6$):

$$\xi_6 X_6 = \lambda_6 X_{61} + \epsilon_1 : \text{Technology}$$

$$\xi_6 X_6 = \lambda_6 X_{62} + \epsilon_2 : \text{Politics}$$

Condition Factor variable measurement equation ($\xi_7 X_7$):

$$\xi_7 X_7 = \lambda_7 X_{71} + \epsilon_1 : \text{Infrastructure}$$

$$\xi_7 X_7 = \lambda_7 X_{72} + \epsilon_2 : \text{Capital}$$

$$\xi_7 X_7 = \lambda_7 X_{73} + \epsilon_3 : \text{Science And Technology}$$

$$\xi_7 X_7 = \lambda_7 X_{74} + \epsilon_4 : \text{Natural Resources}$$

$$\xi_7 X_7 = \lambda_7 X_{75} + \epsilon_5 : \text{Human Resources}$$

While 2) AHP (Analytical Hierarchy Process) analysis is used to determine development priorities and determine strategies that should be used for the development of Madura's creative economy competitiveness. This strategy is grouped based on several

factors, namely resource factors, demand factors, competitive factors and company strategies, and supporting industries with the following hierarchical structure model:

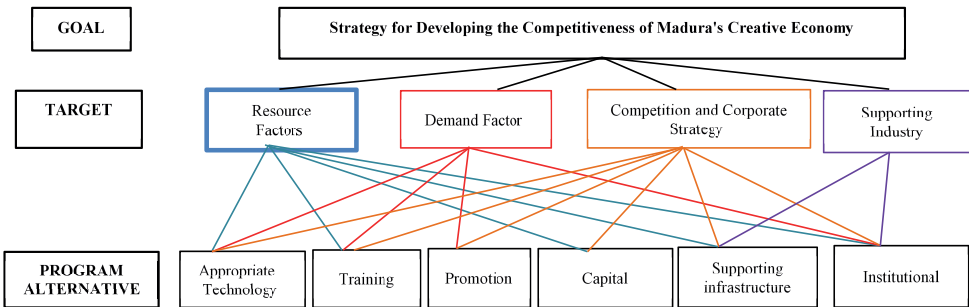


Figure 1: Hierarchical Structure of Madura Creative Economy Competitiveness Development.

For each target criterion and alternative, a pair-wise comparison is carried out, namely comparing each element with other elements at each level of the hierarchy in pairs so as to obtain the value of the importance level of the element in the form of a qualitative opinion. To quantify the qualitative opinion, a rating scale is used so that the opinion value will be obtained in the form of a number (quantitative). The relative comparison values are then processed to determine the relative ranking of all alternatives. Qualitative criteria and quantitative criteria can be compared according to predetermined assessments to produce rankings and priorities. Each pairwise comparison is evaluated in Saaty’s Scale range 1-9 as follows:

TABLE 2: AHP Scale and Definition.

Scale AHP	Definition
1	Equal Importance
3	Slightly more Importance
5	Materially more Importance
7	Significantly more Importance
9	Absolutely more Importance
2,4,6,8	Compromise values

Source: Saaty, TL The Analytical Hierarchy Process: Planning, Priority Setting, Resource Allocation

3. Result and Discussions

3.1. Factors Affecting the Competitiveness of Madura's Creative Economy

To analyze the factors that influence the level of competitiveness of the creative economy in Madura, Path analysis was used. Where the following results were obtained:

TABLE 3: Results of Analysis of Direct Influence Between Variables.

Variable Relationship	Coefficient	p-value	Conclusion
Social capital on creative economy competitiveness	0,280	0,154	Not Significant
Company and Competitor Strategies on the competitiveness of the creative economy	0,188	0,082*	Significant
Demand Factors for Creative Economy Competitiveness.	0,152	0,095*	Significant
Government factors on creative economy competitiveness	0,238	0,154	Not Significant
Supporting and related industries to Creative economy competitiveness	0,059	0,360	Not Significant
Opportunity Factors for Creative Economy Competitiveness	0,132	0,090*	Significant
Condition Factor for Creative Economy Competitiveness	0,004	0,488	Not Significant

*Significant at 10% real level (alpha)

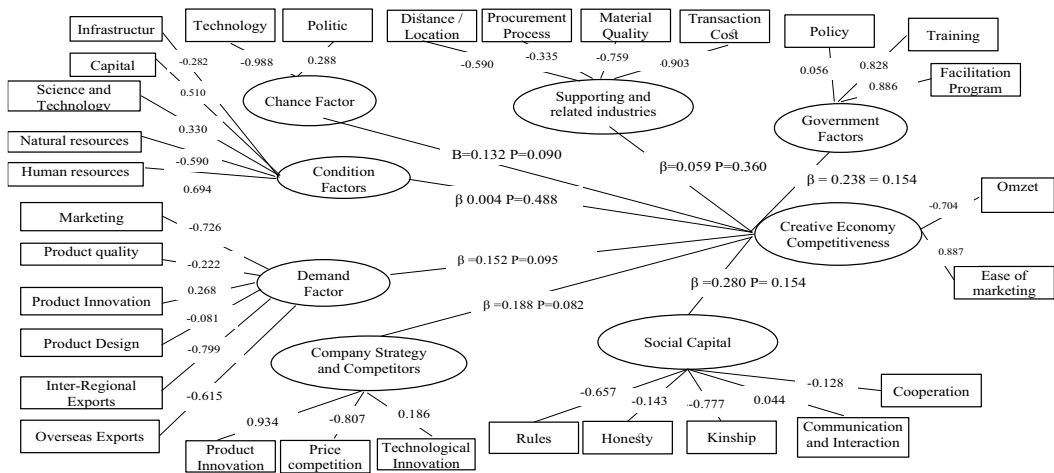


Figure 2: Path Analysis Results.

Based on the results of the path analysis test, it is known that:

1. Social Capital has a positive but insignificant effect on Creative Economy Competitiveness in Madura. This is indicated by the coefficient value of 0,280 with

a significance level of 0,154 where the p-value is more than 0,10 or 10%. Which means that the high existing Social Capital cannot increase the Competitiveness of the Creative Economy in Madura. Although in this case the level of communication (X1.4) is also an indicator in increasing Social Capital in the development of the creative economy in Madura as indicated by the outer wight of 0,044, it has not been able to make Social Capital a factor that can increase the Competitiveness of the Creative Economy in Madura as a whole because of the low rules (X1.1); low honesty (X1.2); low sense of kinship (X1.3); and low level of cooperation (X1.5). Social capital among traders is formed from non-formal rules that apply in the trader group that they can obey together, even though there is no written agreement, so that these non-formal rules become their own norms that develop and are obeyed together with mutual trust (8). Therefore creative economy actors who are not members of a group do not have rules in their business causing low rules and development of the creative economy on the island of Madura and it can impact to lack of honesty in creative economic actors, low level of kinship and low cooperation because they are focused on their respective businesses.

2. Corporate Strategy and Competitors have a positive significant effect on the Competitiveness of the Creative Economy in Madura. This is indicated by a coefficient value of 0,188 with a significance level of 0,082 where the p-value is less than 0,10 or 10%. Which means that the high Corporate Strategy and existing competitors can increase the Competitiveness of the Creative Economy in Madura. The one key of the strategies to maintain a business is to open a new product line or update the marketing system, because a business that can survive is a business that is responsive to environmental changes and development of technological innovation can move the economy towards a better and increasing direction (9).
3. Demand factors have a positive significant effect on the Competitiveness of the Creative Economy in Madura. This is indicated by a coefficient value of 0,152 with a significance level of 0,095 where the p-value is less than 0,10 or 10%. Which means that the high existing Demand Factor can increase the Competitiveness of the Creative Economy in Madura. Market competition is determined by product quality, a company has competitiveness if the company produces quality products that are in accordance with market needs (10). It's mean that creative economic actors in Madura has quality products that are in accordance with market needs.

4. Government Factors have a positive but insignificant effect on Creative Economy Competitiveness in Madura. This is indicated by the coefficient value of 0,238 with a significance level of 0,154 where the p-value is more than 0.10 or 10%. Which means that the high existing Government Factors cannot increase the Competitiveness of the Creative Economy in Madura. According to the data found in the field, only a few creative economy sectors receive active training (X4.2) from the government and some of the creative economic actors on the island of Madura do not get a facilitation program (X4.3) from the local government. The lack of training from the government regarding the application of creative economy-based creative economic actors has hampered the development of creative economic actors and with the facilitation of training, it is hoped that one creative economic actor can help other business actors and it is hoped that creative economic actors will actively learn and ask questions (11).
5. Supporting and related industry factors have a positive but insignificant effect on the Competitiveness of the Creative Economy in Madura. This is indicated by the coefficient value of 0,059 with a significance level of 0,360 where the p-value is more than 0,10 or 10%. Which means that the high supporting and related industry factors have a positive but insignificant effect on the Competitiveness of the Creative Economy in Madura. From the data obtained in the field, the accessibility of procurement of goods (X5.2) with suppliers or related to creative economic actors on the island of Madura it still has a low value and there is several transaction cost (X5.4). Supporting and related industry factors include the procurement of goods and services must have a good system to support production activities carried out by producers (12) and must has a lower of transaction cost because transaction cost can increase the overall cost used in a business. The higher transaction costs make the industry inefficient and affect business success (13).
6. The Opportunity Factor has a positive significant effect on Creative Economy Competitiveness in Madura. This is indicated by the coefficient value of 0,132 with a significance level of 0,090 where the p-value is more than 0,10 or 10%. Which means that the high Opportunity Factor can increase the Competitiveness of the Creative Economy in Madura. The use of technology (X6.1) is very important in supporting the economy, the existence of technology allows more economic activity and opens up various business opportunities and stabilization of politics (X6.2) such as rule of creative economic can affect business success (14).

7. Condition Factors have a positive but insignificant effect on Creative Economy Competitiveness in Madura. This is indicated by the coefficient value of 0,004 with a significance level of 0,488 where the p-value is more than 0,10 or 10%. Which means that the high existing Condition Factor cannot increase the Competitiveness of the Creative Economy in Madura. In this case because there are still some areas in Madura that have inadequate infrastructure access (X7.1) that hampers the production mobility of economic actors living in the area. Infrastructure as physical capital so that when infrastructure in an area is adequate it can affect the ability to produce goods services to business actors so that it can improve the economy of an area (15).

3.2. Madura Creative Economy Competitiveness Development Strategy

Determining the right strategy in order to develop the competitiveness of the creative economy in Madura is done using the AHP method. Based on the AHP method, the synthesis results of the Madura creative economy competitiveness development strategy targets are as follows:

TABLE 4: Synthesis Results of Madura Creative Economy Competitiveness Development Strategy Objectives.

Target	Weight	Priority
Resources	0,20	3
Inquiry	0,30	2
Competition and Corporate Strategy	0,49	1
Supporting Industry	0,01	4
Resources	0,20	3

Based on the results of synthesis at level one hierarchy (target), it can be seen that the level of competition and corporate strategy is the first priority target in determining the strategy for developing creative economy competitiveness in Madura. The low level of competition and the importance of corporate strategy in the development of creative economy competitiveness is indicated by a weight value of 0,49. Business actors must quickly adapt to environmental changes that occur. If they are late in facing the changes, they will be left behind and it will be difficult to create a competitive advantage. This shows that every MSME actor must have a competitive attitude in developing their

products, this is evidenced by the high value of competitive development targets and company strategies in responding to market dynamics (16).

Furthermore, based on the second level hierarchical structure, alternative programs that are prioritized in achieving the objectives of Resources, Demand, Competition and Corporate Strategy, and Supporting Industries are known. In achieving the Resource target, there are five alternative programs, namely appropriate technology, training, capital, supporting infrastructure, and institutions. The synthesis results of the resource targets can be seen in the following table:

TABLE 5: Results of Synthesis of Alternative Programs from Competition Objectives and Corporate Strategy.

Target	Weight	Priority
Appropriate technology	0,03	6
Training	0,08	3
Promotion	0,56	1
Capital	0,27	2
Supporting Infrastructure	0,06	4
Institutional	0,04	5

The results of the second-level synthesis of the Competition Objectives and Corporate has six alternative programs namely appropriate technology, training, promotion, capital, supporting infrastructure, and institutions. It can be seen that the promotion alternative is the most important priority strategy with a weight value of 0,56. Promotional strategies can be used to encourage traffic and sales of MSME to gain a competitive advantage so as to increase the productivity and competitiveness of MSME (17).

4. Conclutions

In the path test, it is concluded that the factors that significantly affect the improvement of the competitiveness of Madura’s creative economy are the level of Competition and Corporate Strategy, product demand factors, and opportunity factors. For the determination of creative economic development strategies in Madura based on AHP analysis, the main priority targets are the level of competition and company strategy with alternative programs that are prioritized are promotional facilities and capital facilities.

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