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## Creative Supply Chain Linkage to Increase Businesses Innovation in Creative Industries

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### ABSTRACT

**Abstract:** This study analysis knowledge transfer between businesses is facilitated by their supply chain relationship. The role of creative industry in making innovation in their businesses performance. Transfer knowledge in supply chain as a independent variable consist of creative employment, information from customer, information from supplier and creative customer. Innovation as dependent variable. Most of creative industry had used supply chain to get competitive advantage. Sample is collected with purposive sampling method to creative industry in central java. Total samples are 133 creative industries. The result of study upon creative employment, information from customer, information from supplier and creative customer variable to the innovation indicated that only creative employment had level of significant of 5% influencing innovation. This is indicated that between companies in supply chain not yet open each others.

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## INTRODUCTION

The challenge of government in relation to small and medium enterprises on basis of creative industries are realizing into a strong and independent entrepreneurs in developing their businesses. Besides, creative industries is also able to deal with era globalization in which employers should be able to increase productivity and efficiency so that goods and services produced has high competitiveness. This is consistent with the development of dynamic development and economic growth to the business opportunities that can be exploited by perpetrators of the creative industries in developing themselves. Some documents and industry profiles according to branches of industry there has been industry grouping based on creative industry sector group. Based on a database of small and medium industries in 2009, there were in it some branches of industry which is a subsector of creative industry.

This research will take objects of small and medium industries especially sub sector of creative industry in the province of central java. The virtue of this industry is creativity that comes from ideas. Creativity is ability to develop new ideas and figuring out new ways of seeing a problem and opportunities (Zmmerer and Scarborough, 2005). Creativity can be obtained from relation between parties concerned in industrial processes in the company. The relation between supplier-producer-customer will result in the exchange of information and new knowledge (Bakhshin, 2009). Creative industries sector has been widely used as power supply chain to win competitiveness (Lisa Kartikasari and hendar, 2010). In the supply chain relationship will contribute to innovation (Roy *et al.*, 2004). In the supply chain will enable exchange of information and new knowledge for parties involved. Information and new knowledge will make a difference to outcome, process and distribution of supply chain. These changes will provide creativity in product, process and distribution, which in turn give satisfaction to end user. Creativity arises as a result of supply chain linkage. Creativity give an impact to the company in form of innovation. Business innovation can be used as a force to improve competitiveness. In previous studies (Lisa Kartikasari, *et al.*, 2013) identifies factors of creative supply chain linkage in province of central java focus on creative industries. Result of study that there are four dominant variables that make up model associated with innovation. These four variables include creative employment, information from customers, suppliers and creative information from the customer.

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**Literature Review:*****Creative employment relations to innovation:***

Creative employees who can be an asset to the company. A good company is a company that values its employees. Creativity can be created with its own employees as well as the motivation of the work environment. Creativity of employees formed of three things. First they were doing creativity, both those who display ideas and new things as well as their third redesign ideas and old things in a new perspective placing to following. The work will be a lot of creative employee benefit companies. Among them appears an innovation. Linkage creativity of employees will affect innovation. Aprilliyani Research (2010) provide results that employee creativity positive effect on innovation for the company. The same results of research from Bakhshi *et al* (2009).

H1: Creative employment effect on innovation.

***Information from customer relation to innovation:***

Relationship in the supply chain more open more better. It will be able to provide many enter in increasing its role so that others will benefit, such as end-user customer engagement of goods or services in the chain of supply chain. All information relating to the use of goods or services will be provided to the manufacturer as an insert for better improvement ahead. Information from customer will be very useful for manufacturers, suppliers and distributors. Information from customer will result in innovation goods or services produced by the manufacturer or supplier. Results of study from Bakhshi, et.al (2009) indicates that the information from customer effect on innovation.

H2: Information from customer effect on innovation

***Information from supplier relation to innovation:***

Manufacturing of products are qualified by the manufacturer can not be separated from the raw materials used. The better product produced by good raw materials. It will continue to run if the relationship between manufacturers and suppliers are good. All information related to raw materials will be delivered by the supplier to the manufacturer. This can occur if manufacturers and suppliers are opening. Information from supplier to the manufacturer will be benefit to produced the goods. This will create a quality product. Product quality will encourage manufacturers to create an innovation. So information from suppliers can create an innovation for the products manufacturers. The results of the study Bakhshi, et.al (2009) showed that the information of supplier effect on innovation.

H3: Information from supplier effect on innovation

***Creative customer relation to innovation:***

At the time of the customer involved in the selection and creation of goods and services, the customer will provide many benefits for producers. Here the customer was taking part in the creation of goods or services supplied by the manufacturer. Customer will provide a lot of creative ideas in order to improve the quality of goods. This is because the customer involved in the process. Production openness that can provide customer involvement in the manufacture of the product purchased. Actually it provides many benefits for manufacturers. Creative ideas

Customer is able to create an innovation product and service.

H4: Creative customer effect on innovation

**Research Methods:*****Population and sample:***

Population of this study are all small and medium businesses in the creative industries based in Central Java. Sampling was done by purposive sampling method. Purposive sampling method as applied in this study required intensive interaction with research subjects, so the study subjects were selected based on judgment (judgment) researchers concerning the location of the subject and the subject's willingness to engage in this research. Location subject taken many districts in the region are small and medium enterprises based creative industries. The districts were selected namely; Semarang, Brebes, klaten and kebumen. There are 133 creative industries as a sampel.

***Definition operational and measurement of variables:******1. Creative supply chain linkage:******a. Creative employment:***

Creativity is not always related to art alone. All people who want a business needs to improve their creativity progress. An employee who is creative is always superior to Other employees in the company.

**b. Information from customer:**

The information provided on the manufacturers customer associated with an increased quality of goods.

**c. Information from suppliers:**

The information provided on the manufacturer deals with suppliers of raw materials are sold to manufacturers in order to improve the quality of goods produced by manufacturers

**d. Creative customer:**

Due to the openness of the manufacturer customer involvement in order to increase the quality of goods produced by manufacturers.

**2. Innovation:****a. Innovation activity:**

Activity in the supply chain between suppliers, manufacturers, distributors and customers who generate information and new knowledge exchange such as: In house R & D design and Innovation marketing.

**b. Results of innovation:**

Results from the company's innovation efforts such as in the form of product innovation, novel product and process innovation.

**c. Innovation impact:**

The effect of innovation activity and innovation company results that affect the company's business performance, such as quality improvement, increase of range the market expansion.

**Research procedures:****1. Data collection methods:**

Data collection with in depth interviews and sending mail survey questionnaire or in person so that the vagueness of the content of the questionnaire can be immediately addressed. To improve the quality of research results, in some ways necessary depth interviews with the creative industries based small businesses that can be done by direct visit or via telephone.

**2. Methods of data Analysis:**

This study used multiple linear regression method for measuring the magnitude of the effect of independent variables on the dependent variable and the dependent variable predicted by using the independent variables.

**Results of Study and Discussion:**

Based on the regression calculation creative influence employment, creative customer, information from suppliers and information from customer to innovation running with SPSS version 16 multiple linear regression equation was obtained as follows:

**1. Effect of creative employment:****a. Effect of creative employment to innovation:**

Statistical tests for variables creative employment to innovation, proven. This is evident from the significant value of 0.040 is smaller than 0.05. Thus the first hypothesis which states that the effect on the employment of creative innovation, accepted. This means that if creative employment increased, then the innovation is increasing. Awards the company to employees must be improved. One of the emergence of creativity of employees is the appreciation of the company. Heightened awareness of the company that employees are assets of the company will further enhance the company's attention. The results of this study support the research of creative. It's means that if employment increases, then the innovation is increasing. One of the emergence of creativity of employees is the appreciation of the company. Heightened awareness of the company that employees are assets of the company will further enhance the company's attention. The results of this study support the Research of Aplilliyani(2010) and bakhshin et, wl (3009)

**b. Creative customer effect on innovation:**

Statistical tests for variables creative customer to innovation, not proven. This is evident from the significant value of 0.570 greater than 0.05. The role of customer participation in providing input for the creation of goods and services to the manufacturers, it is not widely accepted by manufacturers of goods and services. Customer is still regarded as outsiders who only received final goods and services, without the need to participate in the creation. Enter the customer for creative goods and services have not been considered by the company manufacturers. The results of this study are not supporting with study of Bakhshi, et.al (2009).

**c. Information from supplier effect on innovation:**

Statistical tests for variable information from suppliers to innovation, not proven. This is evident from the significant value of 0.174 greater than 0.05. These results indicate that not all manufacturers have openness to the supplier. Because of the lack of openness of the little information that is conveyed. Though this is the information that is important for the creation of innovation. The results of study do not support research of Bakhshi *et al* (2009).

**d. Information from customer effect on innovation:**

Statistical tests for variable information from the customer to innovation, not proven. This is evident from the significant value of 0.207 greater than 0.05. Information from customer has not made close attention put producers in the creation of goods and services. Information from the customer is still just insert that is not fully contribute in improving the quality of goods and services. In fact, if the producers of goods and services pay more attention to information from the customer, not the least of innovation process for products and services quickly occur. The results of this study are not supporting with research of Bakhshi, *et. All* (2009).

**Conclusion and Suggestion:**

The results of this study find that only creative employment variable has influence innovation. This is due to creativity employees have a direct impact on product or service innovation. Perceived impact on innovation of products and services not only satisfy the employee, but the wider the user's other products and services. Besides, the appreciation of the company's employees who are creative spark all employees to look for new ideas and knowledge for increased creativity. Three independent variables, namely information from customer, information from suppliers and creative customers has no effect on innovation. For the creative industries in the region of Central Java has used creativity and transfer of knowledge on the relationship between the parties in the supply chain, as seen in products that have been produced by the creative industries. Suggestions for the creative industry, they are expected to further improve communication with suppliers and customers. It will be able to correct for the product to be processed. Advantages and especially the lack of a product will look and can be improved by the presence of communication between parties in a supply chain relationship.

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