

# **Soft Innovation Strategy as a Booster in The Creative Industry (Survey at Bandung as Creative City in Indonesia)**

**Eriana Astuty**

Business and Management Faculty  
Universitas Widyatama  
Jalan Cikutra 204 A, Bandung

[eriana.astuty@widyatama.ac.id](mailto:eriana.astuty@widyatama.ac.id), [eriana.astuty@student.upi.edu](mailto:eriana.astuty@student.upi.edu)

**Agus Rahayu, Disman, Lili Adi Wibowo**

Doctoral Program of Management  
Universitas Pendidikan Indonesia  
Jalan Setiabudhi 229, Bandung

[liliadiwibowo@upi.edu](mailto:liliadiwibowo@upi.edu)

## **Abstract**

Indonesia's creative industries are increasingly contributing positively to the growth of creative economy. Soft innovation as a business development strategy begins to show its true identity as a major booster for the advancement of several creative industries in Indonesia. The author observes business phenomena occurring in the macro and micro environments of several creative industries in fashion, design and handicraft sub-sectors, and it is alleged that entrepreneurial orientation and co-creation by business actors with customers and partners can generate soft innovations in some creative industries. The results show that the breakthrough of soft innovation is triggered by the combined activity of the two factors mentioned above. The authors conclude that in the creative industry, soft innovations such as innovation of aesthetics elements, intellectual property, and local experience elements that have been created in the products offered, are able to become the superiority and uniqueness of Indonesian creative products to compete in the domestic market, as well as foreign markets.

## **Keywords**

Soft Innovation, Co-Creation, Entrepreneurial Orientation, Creative Industries

## **1. Introduction**

Study of innovation from previous researchers confirmed that innovation is positively capable of improving company performance (Jogaratnam, 2017; Shan, Song, & Ju, 2014; Zhang, Edgar, Geare, & O'Kane, 2016). Innovation as stated in the Oslo Manual is interpreted as 'the implementation of a new or significantly improved product (good or service), process, a new marketing method or a new organizational method in business practices, workplace organization or external relations' (OECD & Eurostat, 2005). Based on the above definition it can be understood that the minimum requirement to be said to be an innovation is when the product, process, marketing method or organization method is completely new (or significantly improved) for the company. The meaning of innovation as described above, raises many responses in line with current economic and industrial developments. Department of Trade and Industry (DTI), United Kingdom, 2003 states that innovation is 'the success of exploiting new ideas'. In this way, there is no reason that to exploit new ideas should be limited to functional enhancements alone, especially with the exception of non-functional enhancements. In other words according to DTI, innovation is improving economic welfare by using new knowledge, and new knowledge is not only reflected in functionality alone. (UK Trade and Industry Department, 2003).

Based on several studies and empirical findings from the development of industry and trade in the last 2 decades, the meaning of innovation has developed. Postrel (2004), in his book “The Substance of Style: How the Rise of Aesthetic Value is Remaking Commerce, Culture, and Consciousness” states that aesthetics are an increasingly important element in society, and people are concerned not only with the functionality of the product but also in appearance and nuance (Postrel, 2004), and argues that pleasure is no less important to usability. This explains that there is indeed a contrasting angle between functional and aesthetic (Alcaide-Marzal & Tortajada-Esparza, 2007; Swann & Birke, 2005). Other studies confirm that the aesthetic element is considered important in product offerings (Swann & Birke, 2005). The same thing also discussed about the shift of innovation that began to consider aesthetic innovations, including design innovation and style innovation. The main distinguishing feature identified is once again a contrasting point of view between aesthetics and functionality (Alcaide-Marzal & Tortajada-Esparza, 2007; Swann & Birke, 2005).

In connection with the gap that occurred in the development of innovation, Stoneman (2010) introduced the concept of soft innovation as an innovation of goods and services that primarily affect the attractiveness of aesthetics and/or intellectual property than just functional performance alone. Soft innovation found in many products that come from creative industries (Stoneman, 2010) that also include the cultural sector, media, and art as a measure to be considered (Andari, Bakhshi, Hutton, O’Keeffe, & Schneider, 2007). This research gap is then the main attraction of the author in reviewing the development of soft innovation, its forming dimensions, and what variables are able to influence it.

## 2. Literature Review

### 2.1 Creative Industries

The creative economy is conceptualized as a process of creating value-added based on ideas that born from the creativity of human resources (creative people) and also based on the use of science, including cultural heritage and technology (Kemenparekraf RI, 2014). Another opinion suggests that the creative economy can be described as the 'how people make money from ideas' concept, including the production of creative products or 'creative industries' and their transactions (Howkins, 2001). In Indonesia, the development of creative economy driven by the 15 creative industries shows the phenomenon of the gap that occurs between macro and micro environments. It was found that in macro environment, creative economy able to give positive contribution to national economic development, but in its micro environment showed the performance of the opposite. Recorded only 3 of the 15 creative industries (20%) are able to contribute to the above (Kemenparekraf RI, 2014), where the three of them are the fashion, culinary, and craft industries.



Figure 1. Indonesia’s creative economy is supported by 15 creative industries (Kemenparekraf RI, 2014)

### 2.2 Co-creation

Nowadays, the creative industry market is so competitive that more and more companies are putting innovation as a tool to achieve growth and performance improvement, but still many new products that failed to be marketed because it does not meet the needs or desires of customers. This led to the start of many companies that empower customers to participate actively in the process of creating new products (Malhotra, 2010). Recently, research on innovation, competitive advantage, and company performance found that customer-driven innovation has now become a core business practice for some companies. Much attention and research are beginning to explore the concept of customer driven innovation or better known as co-creation in various fields of science such as information systems, economics, management, and marketing (Etgar, 2008; Prahalad & Ramaswamy, 2000; Sharma, Sugumaran, & Rajagopalan, 2002; Vargo & Lusch, 2004; Von Hippel & Katz, 2002). Co-creation can play an important role in improving company performance in the form of; increased customer satisfaction (Lakhani & Wolf, 2005; Shah, 2006), enhancing corporate

growth and profitability by enabling customers to take a more active role in new product creation activities (Pralhad & Ramaswamy, 2000; von Hippel, 2005), improvements in the creativity of new products, time-to-market decline, and reduction of development costs (Grewal, Lilien, & Mallapragada, 2006; Shah, 2006; Von Hippel & Katz, 2002). By engaging users in product development, manufacturers will prepare real products according to consumer design and users can get the products/services they want (Von Hippel & Katz, 2002).

In line with this, the following results suggest that collaboration and co-creation are definite steps for the company in creating a real competitive advantage (Bhalla, 2011), mentioned that this concept can improve company performance in the end. The concept of collaboration and co-creation as a new platform for innovation and marketing is in contrast to the co-creation concept expressed by Malhotra in 2010, which classifies collaboration as part of co-creation activities. The concept of Malhotra states that co-creation has 4 types in its activities: (1) submitting, (2) co-designing, (3) tinkering, and (4) collaborating (Malhotra, 2010). Concerning this, collaboration is a part of co-creation that is contradictory to Bhalla's research results in 2011 above. This gap study also underlies the authors to study the co-creation dimension that is more suitable to be applied in the creative industry.

Co-Creation by the company can intensively improve the ability to innovate the company (Anning-dorson, 2017; Etgar, 2008; Evans & Wolf, 2005; Grewal et al., 2006; Huston & Sakkab, 2006; Leadbeater & Miller, 2004; Malhotra, 2010; Parmentier & Mangematin, 2014; Pitt, 2006; Prahalad & Ramaswamy, 2004; Shah, 2006; Sharma et al., 2002; Vargo & Lusch, 2004; Von Hippel & Katz, 2002; Von Krogh, Spaeth, & Lakhani, 2003), so that in this research can be formulated hypothesis:

H3: co-creation has a positive effect on soft innovation

### **2.3 Entrepreneurial Orientation**

Entrepreneurial orientation is multidimensional. Miller stated that the dimension of entrepreneurship orientation consists of proactiveness, innovativeness, risk taking (Miller D., 1983). Afterwards, Lumpkin and Dess incorporate autonomy and competitive aggressiveness into the construction of entrepreneurial orientation so that the total dimensions of entrepreneurial orientation (EO) become 5 dimensions, are autonomy, proactiveness, risk taking, innovativeness, and competitive aggressiveness, (Lumpkin & Dess, 1996). The entrepreneurial orientation concept has gained a lot of empirical support as a concept that is able to explain the various heterogeneity of performance that occurs in some contexts (Anderson, Covin, & Slevin, 2009; Krueger, 2002; Lee, Lee, & Pennings, 2001; Lumpkin & Dess, 1996). Lumpkin & Dess examines the various contingency models in EO relationships and company performance. Model development is offered in a variety of alternative models, among others by studying variables that can mediate the relationship between EO and performance, or by analyzing the moderate variables relationship between EO and performance, or adding an independent-effect model, or also adding an interaction-effect model obtained the appropriate model to apply to the company in order to get the maximum performance improvement. In addition to exploring the relationship between EO, strategy, environment, and organizational performance, researchers should also investigate the process by which entrepreneurial behavior can improve the position and performance of a competitive firm (Lumpkin & Dess, 1996, 2001).

Some researchers found that entrepreneurial orientation can positively affect the level of corporate innovation (Shan et al., 2014; Zehir, Can, & Karaboga, 2015), not only within the company but also with partner companies in strategic alliances (Jiang, Yang, Pei, & Wang, 2016). Similarly, another Nigerian study stated that entrepreneurial orientation is a panacea for the growth of small and medium enterprise productivity, which is a major contributor to the socio-economic development of the Nigerian nation (Ogunsiji, 2010). Another study of entrepreneurial orientation confirms that EO is mediated by the capabilities of the corporate network (network capability) with the environment will be able to improve performance (Walter, Auer, & Ritter, 2006). One of the dimensions of networking ability is to coordinate, which is a stretching activity that connects the company to another company and connects different individual relationships into a mutually supportive interaction network. Co-ordination is a form of co-creation such as collaboration, tinkering, co-designing, and submitting. Thus, based on several research results described above the author can formulate the next hypothesis in this study as follows:

H1: entrepreneurial orientation has a positive effect on co-creation

H2: entrepreneurial orientation has a positive effect on soft innovation, directly or indirectly.

Based on the phenomena described in the introduction and theoretical review used, the authors make the research paradigm as follows:

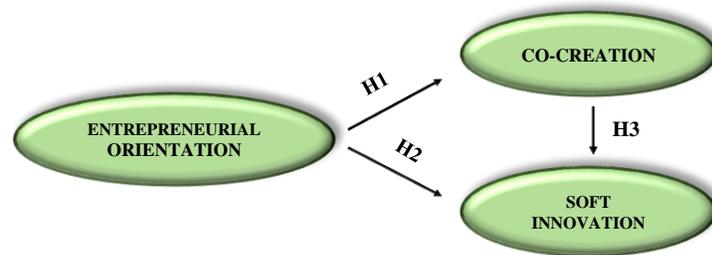


Figure 2. Research Paradigm

### 3. Research Methods

The research method used is survey method and research subject is creative industry in Bandung. In this study, the object to be studied is soft innovation, co-creation, and entrepreneurial orientation. Data collection is done by interviewing, distributing questionnaires, collecting the secondary data which is issued from several authorized agencies and relevant to the purpose of research. Target populations are part of the population, and can be determined by elements, geographical boundaries, or time (Sekaran & Roger Bougie, 2013). Based on these definitions, the target population in this study is determined based on the contribution elements, in the form of creative industries that successfully contributed positively to the development of the Indonesian economy, namely: (1) creative industries that have the greatest contribution to the national gross domestic income, (2) which has high employment capability, and (3) creative industries capable of creating high business fields. Apart from the above considerations, the authors also strengthen the argument of selecting the target population by adopting Criterion theory (Measurable) Level of Performance (Berger, 2004) as outlined in the image below:

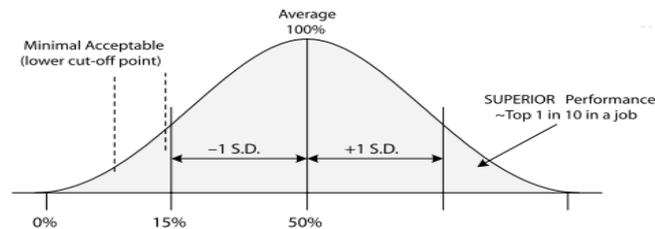


Figure 3. Economic Value Added by Superior (+1 SD) Performance (Berger, 2004)

Based on the above superior performance concept, the target population selection becomes stronger by selecting and placing creative industry sub-sector which has superior performance contribution in the development of Indonesian economy as the target population in this research, namely fashion and handicraft sub-sector.

In this research, sampling is based on random sampling technique in both high performing creative industries, namely fashion and handicraft sub-sector, and conducted in Bandung as one of the creative cities in Indonesia (Aritenang, 2015; Cohen, 2015; Fahmi, Koster, & van Dijk, 2016; Fahmi, McCann, & Koster, 2015; Maryunani & Mirzanti, 2015; Suparman, Sudirman, Siswanto, & Sukoyo, 2012; Utami & Lantu, 2014; Wiryono et al., 2015) and Bandung as a city that has high image (Astuty & Pratminingsih, 2017). The results of previous research states that Bandung is pointed as the only region in Indonesia whose interpretation is in line with a general understanding of the meaning of creative economy that emphasizes the creation of knowledge and innovation (Fahmi et al., 2015). In another study, Fahmi, Koster, & van Dijk (2016) discovered the emergence of spatial patterns of creative industries in the context of developing countries especially in Indonesia. In Indonesia, there is a distinction between 'innovative' creative industries that utilize new knowledge and intellectual property, with the industry of "traditional culture" which tends to maintain the value of cultural heritage as a selling point, which is actually much more significant in terms of economy compared to its own creative industry, so the process of formulating its development strategy should get its own attention (Fahmi et al., 2016).

### 4. Results and Discussion

Research data collected as many as 30 SMEs are incorporated in 3 sub-sectors of creative industries in the city of Bandung, the sub-sector of fashion, design, and craft with the composition of 73% creative fashion business, 20%

design, and 7% creative craft business. Participants who participated in this study were 87% of creative business owners, 3% directors, 7% as managers, and the remaining 3% served other management teams. The creative industries that are the unit of analysis in this research are 40% of the micro scale, 47% small scale, and 13% are medium-scale creative industries with exports to foreign markets of 10%.

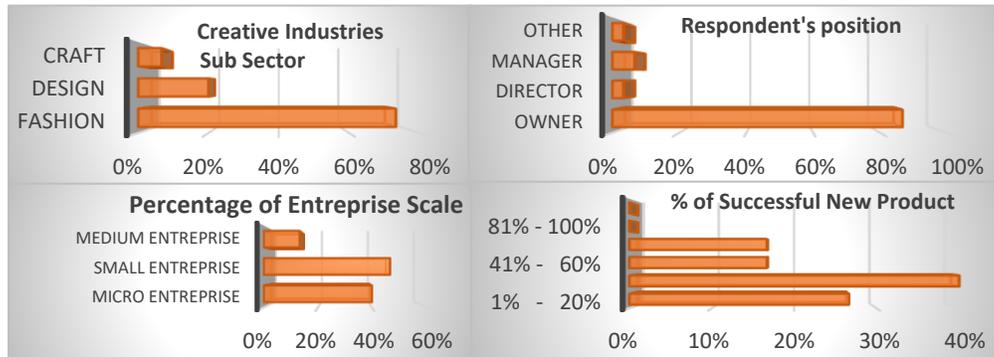


Figure 4. Demographic Results

Instrument test performed on all collected data indicates that there is 1 invalid indicator, so the author decided to remove the indicator from the research instrument design. After revision, the instrument test is repeated again and valid instrument results with pearson's correlation on each question item  $<0.05$ . Furthermore, all research variables are declared reliable with the value of cronbach's alpha  $\geq 0.7$  on each variable. The next step, the author tested the classical assumption to know the characteristics of the data obtained. The results are attached to table 1 and table 2, where the value of Asymp. Sig on one sample kolmogorov smirnov test for entrepreneurial orientation, co-creation, and soft innovation variables were respectively 0.200; 0.200; and 0.142, all of which are  $> 0.05$  so it is stated that the data in the three variables are normally distributed. Asymp Sig. Value. in chi-square test (table 2) is equal to 0.998; 1,000; and 0,980 for each variable of entrepreneurial orientation, co-creation, and soft innovation so that all data collected are homogeneous. Next, it can be seen that the Durbin Watson value in table 3 is 1.487 which proves that in two variables tested as soft innovation predictors free from multicollinearity, and the VIF value in table 4 in each predictor is 1.292 so that the VIF value is  $<10$  and expressed that no auto correlation occurs in the collected data. From instrument testing and data testing that have been done, it is found that all data collected is valid and reliable, normal distribution, homogeneous, free from multicollinearity, and free from auto correlation. This shows that the quality of data can be said to be very good to be used as research data and further processed in an effort to obtain research objectives.

Table 1. One Sample Kolmogorov Smirnov Test

		eo_avg	cc_avg	si_avg
N		30	30	30
Normal Parameters <sup>a,b</sup>	Mean	4,7167	4,2567	4,8000
	Std. Deviation	,77240	1,24946	,93588
Most Extreme Differences	Absolute	,092	,092	,139
	Positive	,092	,083	,139
	Negative	-,058	-,092	-,076
Test Statistic		,092	,092	,139
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>	,200 <sup>c,d</sup>	,142 <sup>c</sup>

a. Test distribution is Normal.

Table 2. Chi-Square Test

	eo_avg	cc_avg	si_avg
Chi-Square	6,400 <sup>a</sup>	4,200 <sup>b</sup>	9,200 <sup>a</sup>
df	20	18	20
Asymp. Sig.	,998	1,000	,980

Table 3. Model Summary<sup>b</sup>

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,592 <sup>a</sup>	,350	,302	,78190	,350	7,273	2	27	,003	1,487

a. Predictors: (Constant), cc\_avg, eo\_avg    b. Dependent Variable: si\_avg

Table 4. Coefficients<sup>a</sup>

Model		Correlations			Collinearity Statistics	
		Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)					
	eo_avg	,576	,481	,442	,774	1,292
	cc_avg	,394	,167	,136	,774	1,292

a. Dependent Variable: si\_avg

Furthermore, based on several theories and the results of previous research and survey results in some creative industries in Bandung, the authors found some novelty in the dimensions of soft innovation formed by creative industry players in Bandung. The novelty dimensions include:

Table 5. Soft Innovation at Indonesian Creative Industries

SOFT INNOVATION	
DIMENSIONS	INDICATOR
Technological Product and Process Innovation	Level of product innovation in terms of usefulness (functional)
	Level of innovation of production processes in product creation
Organizational Innovation	Organizational development resulting in a higher level of employee creativity than competitors
	Organizational development to produce employee innovation ability becomes higher than competitors
Aesthetics Innovation	Level of the company's ability to offer the aesthetics of products from the visual side
	Level of the company's ability to offer the aesthetics of products from the art side
Intellectual Property Innovation	Level of the company's ability to create intellectual products
<b>The novelty of the soft innovation dimensions found empirically in the Creative Industry of Indonesia:</b>	
Network Innovation	Level of the company's activities in following the association/community of entrepreneurs in the same industry
	Level of the company's activities in interacting with the customer community who became a user or a partner
Local Experience Innovation	Level of company's ability in utilizing local natural resources to produce high-value products
	Level of company's ability in utilizing local natural resources to produce a unique product (hard to imitate)
	Level of company's ability in utilizing local culture resources to produce high-value products
	Level of company's ability in utilizing local culture resources to produce a unique product (hard to imitate)

Source: Researcher's Processed Results

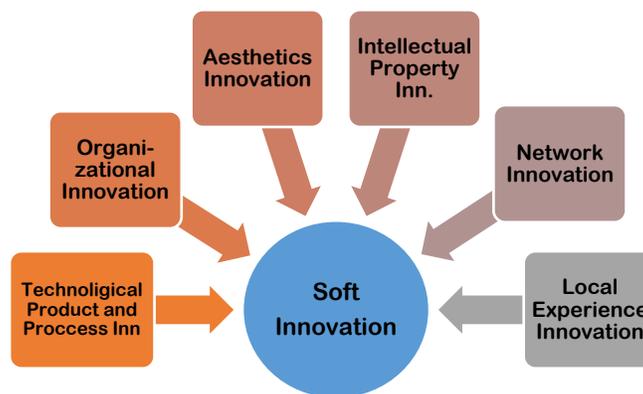


Figure 5. Soft Innovation's Dimensions (Researcher's, 2018)

The success of soft innovation conducted in several creative industries sub-sectors that were sampled in this research (fashion, design, and craft in Bandung) showed a good innovation performance. In this study, the authors measure the results of soft innovation that has been done in addition to measuring the success of indicators in the soft innovation, the authors also measure the success rate of successful growth of new product percentages made and marketed

successfully. Recorded percentage of new products successfully developed and marketed from all research samples is growing 1% -20% as much as 27% SME's, grow 21% -40% as much as 40% SME's, grow 41% -60% as much as 17% SME's , and the remaining 17% SME's that the percentage of new products that succeeded in the market by 61% until 80%.

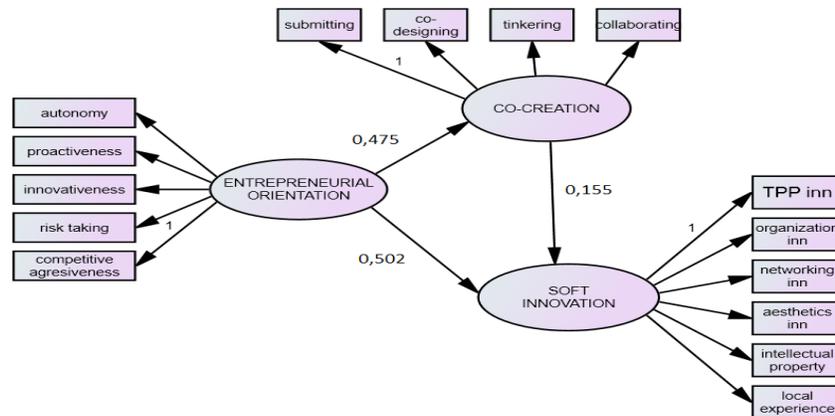


Figure 6. Path Analysis of Research Model

Based on the result of path test to the above model, it is found that entrepreneurial orientation from creative industries in Bandung City able to influence co-creation activity (between industry with customers, also industry with partners) is about 47,5% significantly. Considering that the co-creation activities are still relatively “new” in terms of their understanding and implementation for business actors, customers and partners in the Indonesian creative industry, this has not shown significant results in its emergence of soft innovation conducted in the world of creative industries. This can be seen from the effect of only 15.5%, this shows significant difference with entrepreneurial orientation of business actor that is able to influence soft innovation activity in creative industry by 50.2% significantly. The strength of the model generated in the path test above is 35%.

## 5. Conclusion and Recommendation

### 5.1 Conclusion

From the above explanation, the author can answer three hypotheses proposed in this study. The answer to the first hypothesis is clearly proven that entrepreneurial orientation is able to influence the emergence of co-creation activities by 47.5% significantly. The answer to the second hypothesis is entrepreneurial orientation is able to influence soft innovation in the creative industry by 50.2% directly and significantly, and this is in line with the results of research that the entrepreneurial orientation developed within the company can improve the ability to innovate the company (Jiang et al., 2016; Lumpkin & Dess, 1996, 2001; Parkman, Holloway, & Sebastiao, 2012; Shan et al., 2014; Zehir et al., 2015). In addition, entrepreneurial orientation is also able to give effect of 57.6% indirectly to soft innovation mediated by co-creation activities in advance, this is in line with the results of research that states that entrepreneurial orientation with mediated ability to coordinate with the environment both individually and organization will be able to improve company performance (Walter et al., 2006). The answer to the third hypothesis is that co-creation activities conducted by business actors with customers and/or with partners are able to influence soft innovation activities of 15.5%, this is in line with the results of research which states that the co-creation of the company is intense can improve the company's innovation ability (Anning-dorson, 2017; Etgar, 2008; Evans & Wolf, 2005; Grewal et al., 2006; Huston & Sakkab, 2006; Leadbeater & Miller, 2004; Malhotra, 2010; Parmentier & Mangematin, 2014; Pitt, 2006; Prahalad & Ramaswamy, 2004; Shah, 2006; Sharma et al., 2002; Vargo & Lusch, 2004; Von Hippel & Katz, 2002; Von Krogh et al., 2003), although in Indonesia this is still something new to do so the effect is still relatively small and not significant in the test.

### 5.2 Recommendation

From the results of research on objects that are able to influence soft innovation activities in Indonesian creative industry, it appears that the ability of entrepreneurial orientation influence on soft innovation is bigger than the co-creation process done by the SME's, customers, and partners. Empirically it can be seen that co-creation activities, such as submitting, co-designing, tinkering, or collaboration done by SME's with customer, and or with partners in creative industry in Indonesia still become a paradigm that has not been entrusted in the creative industries business

environment, it is suggested to be introduced further and developed more intensively to the stakeholders in the creative industry in Indonesia so that it is expected to improve soft innovation as a creative industry development strategy in Indonesia which has an implication for the improvement of Indonesian creative industry performance in future.

## References

- Alcaide-Marzal, J., & Tortajada-Esparza, E. (2007). Innovation assessment in traditional industries. A proposal of aesthetic innovation indicators. *Scientometrics*, 72(1), 33–57. <https://doi.org/10.1007/s11192-007-1708-x>
- Andari, Bakhshi, Hutton, O’Keeffe, & Schneider. (2007). *Staying Ahead, the Economic Performance of the UK’s Creative Industries*. London.
- Anderson, B., Covin, J., & Slevin, D. (2009). Understanding The Relationship between Entrepreneurial Orientation and Strategic Learning Capability: an Empirical Investigation. *Strategic Entrepreneurship Journal*, 3, 218–240. <https://doi.org/10.1002/sej>
- Anning-dorson, T. (2017). Customer involvement capability and service firm performance : The mediating role of innovation, (September 2016). <https://doi.org/10.1016/j.jbusres.2017.07.015>
- Aritenang, A. (2015). Transfer Policy on Creative City: The Case of Bandung, Indonesia. *Procedia - Social and Behavioral Sciences*, 184(August 2014), 40–45. <https://doi.org/10.1016/j.sbspro.2015.05.051>
- Astuty, E., & Pratminingsih, S. A. (2017). How Far Does Mayor’s Personal Brand Raises Brand Attitude? (a Survey at Bandung City, Indonesia). *ResearchWorld-Journal of Arts, Science, & Commerce*, VIII(2), 18843. <https://doi.org/10.18843/rwjasc/v8i2/01>
- Berger. (2004). *The Talent Management Handbook: Creating organizational excellence by identifying, developing, and promoting your best people*. *Harvard Business Review* (Vol. 83). <https://doi.org/10.1036/007143612X>
- Bhalla, G. (2011). *Collaboration and Co-Creation: New Platforms for Marketing and Innovation*. London: Springer.
- Cohen, D. (2015). Grounding mobile policies: Ad hoc networks and the creative city in Bandung, Indonesia. *Singapore Journal of Tropical Geography*, 36(1), 23–37. <https://doi.org/10.1111/sjtg.12090>
- Etgar, M. (2008). A descriptive model of the consumer co-production process. *Journal of the Academy of Marketing Science*, 36(1), 97–108. <https://doi.org/10.1007/s11747-007-0061-1>
- Evans, P., & Wolf, B. (2005). Collaboration rules. *IEEE Engineering Management Review*, 33(4), 50. <https://doi.org/10.1109/EMR.2005.27015>
- Fahmi, F. Z., Koster, S., & van Dijk, J. (2016). The location of creative industries in a developing country: The case of Indonesia. *Cities*, 59, 66–79. <https://doi.org/10.1016/j.cities.2016.06.005>
- Fahmi, F. Z., McCann, P., & Koster, S. (2015). Creative Economy Policy in Developing Countries: The Case of Indonesia. *Urban Studies*, 1–18. <https://doi.org/10.1177/0042098015620529>
- Grewal, R., Lilien, G. L., & Mallapragada, G. (2006). Location, Location, Location: How Network Embeddedness Affects Project Success in Open Source Systems. *Management Science*, 52(7), 1043–1056. <https://doi.org/10.1287/mnsc.1060.0550>
- Howkins, J. (2001). *The Creative Economy: How People Make Money from Ideas*. Penguin Press.
- Huston, L., & Sakkab, N. (2006). Connect and develop inside procter & gamble’s new model for innovation. *Harvard Business Review*, 84(3), 58–67. <https://doi.org/10.1111/j.1943-278X.2010.00006.x>
- Jiang, X., Yang, Y., Pei, Y.-L., & Wang, G. (2016). Entrepreneurial Orientation, Strategic Alliances, and Firm Performance: Inside the Black Box. *Long Range Planning*, 49(1), 103–116. <https://doi.org/10.1016/j.lrp.2014.09.003>
- Jogaratnam, G. (2017). How organizational culture influences market orientation and business performance in the restaurant industry. *Journal of Hospitality and Tourism Management*, 31, 211–219. <https://doi.org/10.1016/j.jhtm.2017.03.002>
- Kemenparekraf RI. (2014). *Ekonomi Kreatif: Kekuatan Baru Indonesia menuju 2025*. Jakarta.
- Krueger, N. (Ed.). (2002). *Entrepreneurship: Critical Perspectives on Business and Management* (III). London and New York: Routledge.
- Lakhani, K. R., & Wolf, R. G. (2005). Why Hackers Do What They Do : Understanding Motivation and Effort in Free / Open Source Software Projects 1 By. *Perspectives on Free and Open Source Software*, 1–27. <https://doi.org/10.2139/ssrn.443040>
- Leadbeater, C., & Miller, P. (2004). The Pro-Am Revolution: How enthusiasts are changing our economy and society. *Demos*, 4(1), 5–74. <https://doi.org/10.1841801364>
- Lee, C., Lee, K., & Pennings, J. M. (2001). Internal capabilities, external networks, and performance: A study on technology-based ventures. *Strategic Management Journal*, 22(6–7), 615–640. <https://doi.org/10.1002/smj.181>

- Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135–172.
- Lumpkin, G. T., & Dess, G. G. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle. *Journal of Business Venturing*, 16(5), 429–451. [https://doi.org/10.1016/S0883-9026\(00\)00048-3](https://doi.org/10.1016/S0883-9026(00)00048-3)
- Malhotra, N. K. (Ed.). (2010). *Review of Marketing Research* (6th ed.). New York: M. E., Sharpe, Inc.
- Maryunani, S. R., & Mirzanti, I. R. (2015). The Development of Entrepreneurship in Creative Industries with Reference to Bandung as a Creative City. *Procedia - Social and Behavioral Sciences*, 169(August 2014), 387–394. <https://doi.org/10.1016/j.sbspro.2015.01.324>
- Miller D. (1983). The Correlates of Entrepreneurship in three types of firms. *Management Sciences*, 29(7), 770 – 791. <https://doi.org/10.1287/mnsc.29.7.770>
- OECD, & Eurostat. (2005). *Oslo Manual : Guidelines for Collecting and Interpreting Innovation Data*. Statistics. OECD.
- Ogunsiji, P. A. S. (2010). Entrepreneurial Orientation as a Panacea for the Ebbing Productivity in Nigerian Small and Medium Enterprises : A Theoretical Perspective, 3(4), 192–199.
- Parkman, I. D., Holloway, S. S., & Sebastiao, H. (2012). Creative industries: aligning entrepreneurial orientation and innovation capacity. *Journal of Research in Marketing and Entrepreneurship*, 14(1), 95–114. <https://doi.org/10.1108/14715201211246823>
- Parmentier, G., & Mangematin, V. (2014). Orchestrating innovation with user communities in the creative industries. *Technological Forecasting and Social Change*, 83(1), 40–53. <https://doi.org/10.1016/j.techfore.2013.03.007>
- Pitt, L. F. (2006). The Penguin’s Window: Corporate Brands From an Open-Source Perspective. *Journal of the Academy of Marketing Science*, 34(2), 115–127. <https://doi.org/10.1177/0092070305284972>
- Postrel, V. (2004). *The Substance of Style How the Rise of Aesthetic Value Is Remaking Commerce, Culture, and Consciousness*. HarperCollins e-books.
- Prahalad, C. K., & Ramaswamy, V. (2000). Co-Opting Customer Competence. *Harvard Business Review*, 78(1), 79–90. <https://doi.org/10.1086/250095>
- Prahalad, C. K., & Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing*, 18(3), 5–14. <https://doi.org/10.1002/dir.20015>
- Sekaran, U., & Roger Bougie. (2013). *Research methods for business: A skill building approach* (6th ed.). United Kingdom: John Wiley & Sons. Retrieved from <http://www.lavoisier.fr/livre/notice.asp?id=OKLWOOA2KOKOWW>
- Shah, S. K. (2006). Motivation, Governance, and the Viability of Hybrid Forms in Open Source Software Development. *Management Science*, 52(7), 1000–1014. <https://doi.org/10.1287/mnsc.1060.0553>
- Shan, P., Song, M., & Ju, X. (2014). Entrepreneurial orientation and performance: Is innovation speed a missing link? *Journal of Business Research*. <https://doi.org/10.1016/j.jbusres.2015.08.032>
- Sharma, S., Sugumaran, V., & Rajagopalan, B. (2002). A Framework for Creating Hybrid– Open Source Software Communities. *Information Systems Journal*, 12(January), 7–25. <https://doi.org/10.1046/j.1365-2575.2002.00116.x>
- Stoneman, P. (2010). Soft Innovation: Economics, Product Aesthetics, and the Creative Industries. *Soft Innovation: Economics, Product Aesthetics, and the Creative Industries*, 1–384. <https://doi.org/10.1093/acprof:oso/9780199572489.001.0001>
- Suparman, S., Sudirman, I., Siswanto, J., & Sukoyo. (2012). Identification Characteristics of Potential Creative Industry in Bandung to be Developed through Strategy of Replication. *Procedia - Social and Behavioral Sciences*, 65(ICIBSoS), 955–960. <https://doi.org/10.1016/j.sbspro.2012.11.226>
- Swann, P., & Birke, D. (2005). How do creativity and design enhance business performance? A framework for interpreting the evidence. *Think Piece*, (August). Retrieved from <http://www.berr.gov.uk/files/file14794.pdf>
- UK Trade and Industry Department. (2003). Business Enterprise R&D(BERD). Retrieved from [www.dti.gov.uk/files/](http://www.dti.gov.uk/files/)
- Utami, R. M., & Lantu, D. C. (2014). Development Competitiveness Model for Small-Medium Enterprises among the Creative Industry in Bandung. *Procedia - Social and Behavioral Sciences*, 115(Icicies 2013), 305–323. <https://doi.org/10.1016/j.sbspro.2014.02.438>
- Vargo, S. L., & Lusch, R. F. (2004). Evolving to a New Dominant Logic for Marketing. *Journal of Marketing*, 68(1), 1–17. <https://doi.org/10.1509/jmkg.68.1.1.24036>
- von Hippel, E. (2005). Democratizing Innovation.
- Von Hippel, E., & Katz, R. (2002). Shifting Innovation to Users via Toolkits. *Management Science*, 48(7), 821–833.

<https://doi.org/10.1287/mnsc.48.7.821.2817>

- Von Krogh, G., Spaeth, S., & Lakhani, K. R. (2003). Community, joining, and specialization in open source software innovation: A case study. *Research Policy*, 32(7), 1217–1241. [https://doi.org/10.1016/S0048-7333\(03\)00050-7](https://doi.org/10.1016/S0048-7333(03)00050-7)
- Walter, A., Auer, M., & Ritter, T. (2006). The impact of network capabilities and entrepreneurial orientation on university spin-off performance. *Journal of Business Venturing*, 21(4), 541–567. <https://doi.org/10.1016/j.jbusvent.2005.02.005>
- Wiryo, S. K., Susatyo, H., Utomo, S., Suryanta, B., Sudrajad, O. Y., Lazuardi, K. M., & Yuanita, H. (2015). Risk Mapping on Dynamics Creative Industry: Case Study at Bandung City, Indonesia. *Procedia - Social and Behavioral Sciences*, 169(August 2014), 125–130. <https://doi.org/10.1016/j.sbspro.2015.01.292>
- Zehir, C., Can, E., & Karaboga, T. (2015). Linking Entrepreneurial Orientation to Firm Performance: The Role of Differentiation Strategy and Innovation Performance. *Procedia - Social and Behavioral Sciences*, 210, 358–367. <https://doi.org/10.1016/j.sbspro.2015.11.381>
- Zhang, J. A., Edgar, F., Geare, A., & O’Kane, C. (2016). The interactive effects of entrepreneurial orientation and capability-based HRM on firm performance: The mediating role of innovation ambidexterity. *Industrial Marketing Management*, 59, 131–143. <https://doi.org/10.1016/j.indmarman.2016.02.018>

## **Biographies**

**Eriana Astuty** is a doctoral student of management at Universitas Pendidikan Indonesia, Bandung. Eriana works as a lecturer who actively teaches on operational management, and as a researcher at the Faculty of Business and Management, Universitas Widyatama Bandung. Together with dissertation supervisor team, Prof. Agus Rahayu, Prof. Disman, and Dr. Lili Adi Wibowo, Eriana conducts research on Indonesia's creative industry development strategy.