

The Role of Innovation Management in Creative Economy-Based Product Development in West Java Province

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ABSTRACT

This study explores the role of innovation management in the development of creative economy-based products in West Java Province. A quantitative approach was employed, involving 120 respondents from various creative industries. Data were collected through a structured questionnaire using a Likert scale of 1 to 5 and analyzed using SPSS version 26. The results indicate a strong positive relationship between innovation management practices and product development outcomes. Specifically, idea generation and resource allocation for innovation emerged as significant predictors of product success. The study concludes that businesses with robust innovation management strategies are more likely to develop market-adaptive and competitive products, contributing to the growth of the creative economy in West Java. These findings provide valuable insights for business leaders and policymakers to enhance innovation processes in the region's creative industries.

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1. INTRODUCTION

The creative economy in West Java is a key driver of regional development, leveraging individual creativity and skills across industries like art, design, fashion, and digital media. Collaboration between government agencies, SMEs, and other stakeholders is essential for fostering innovation and entrepreneurship. The rise of creative industries, shaped by critiques of cultural policy, has helped integrate the arts into the knowledge economy [1]. Globally, the creative economy is recognised as crucial for sustainable development, supported by Indonesia's alignment with UN Resolution

74/198 [2]. In Merauke, local creative businesses, such as rattan weaving, provide economic opportunities and promote gender equality [3]. In Indonesia, the creative economy boosts GDP through employment, despite limited export impact, underscoring the value of human capital [4]. Kazakhstan similarly sees the creative economy as a way to modernise sectors like education and tourism [5].

Innovation management is crucial in the creative economy, involving the management of ideas, enhancing production methods, and optimizing resources to meet market demands. It encompasses the

introduction of new products or services and the adaptation of companies to changing environments through tools and routines that integrate innovation despite inherent risks [6]. Techniques to enhance the innovation process are vital for maintaining competitiveness in dynamic markets [6]. Innovative businesses excel in meeting customer demands, gaining competitive advantage, and expanding into new markets by leveraging innovations in products, processes, and management [7]. Emerging technologies like Metaverse, blockchain, IoT, and AI present opportunities for transformation, fostering sustainable growth [7]. Integrating innovation with sustainable development yields resource-efficient solutions that boost productivity and address global challenges through advanced technologies and responsible policies [8]. Managerial innovation is equally essential for enterprise survival, helping businesses adapt management models to achieve sustainable development goals and overcome innovation challenges [9].

Despite the growing significance of innovation in the creative economy, there remains a gap in the understanding of how innovation management practices specifically impact product development. While previous studies have explored the role of creativity and entrepreneurship in economic development, there is limited research focusing on the systematic management of innovation and its direct influence on product outcomes in creative industries. In West Java, where the creative economy is poised to be a key pillar of economic growth, understanding the dynamics of innovation management is crucial for guiding policy formulation and business strategies. This study aims to fill this gap by examining the role of innovation management in creative economy-based product development in West Java Province.

2. LITERATURE REVIEW

2.1 Creative Economy

The creative economy is a dynamic sector that merges creativity, culture, technology, and commerce, rooted in the

belief that human creativity and intellectual capital are vital for economic growth and development. As [10], [11] explains, this economy encompasses industries like arts, media, entertainment, fashion, and digital content, where innovation is key to generating value. Beyond job creation and income generation, the creative economy promotes cultural diversity and social inclusion. In West Java, it is increasingly recognized as a major driver of economic growth, with policies and initiatives supporting entrepreneurship and innovation [12]. Studies highlight the potential of West Java's creative industries to contribute to economic development by leveraging local talent, cultural heritage, and technology, while also benefiting sectors such as tourism, education, and trade, thereby amplifying its impact on the regional economy [4], [5].

2.2 Innovation Management

Innovation management is a systematic approach to managing new ideas, processes, and products to achieve organizational goals, involving a structured process of idea generation, evaluation, development, and implementation. [13], [14] defines it as the ability to coordinate the entire innovation process, from concept to market, enhancing organizational competitiveness and sustainability. In the creative economy, innovation management is crucial for fostering creativity, product differentiation, and market expansion [15]. Operating in competitive environments, creative industries rely on innovation for survival and growth. As [7], [16] note, this management extends beyond technological advancements to include organizational and marketing innovations. Companies that adopt effective innovation management strategies are better equipped to navigate market changes, consumer preferences, and technological disruptions.

2.3 Product Development in the Creative Economy

Product development is a key aspect of innovation management, especially in creative industries where products must continuously evolve to align with market

trends and consumer preferences. It encompasses designing, creating, and launching new products, as well as enhancing existing ones [17]. The success of product development in the creative economy hinges on the ability to harness creativity and transform it into commercially viable products. [18] emphasizes that effective product development requires a collaborative approach, integrating creativity with market insights and technological innovations. In creative industries, balancing artistic creativity with business factors such as cost, scalability, and customer satisfaction is essential. Research shows that companies successfully integrating creativity into their product development processes are more likely to gain competitive advantage and achieve sustained growth [19], [20].

2.4 Innovation Management and Product Development in the Creative Economy

The relationship between innovation management and product development is vital in creative industries, where the speed of innovation determines success. Innovation management transforms creative ideas into products, while product development ensures they are market-ready. This is essential in creative industries due to the constant demand for new products [21]. Studies show that companies with strong innovation management succeed more in product development, especially in competitive markets [15], [16], [22]. Effective innovation management helps creative companies meet market demands and overcome challenges like limited resources and technological disruptions [6], [7].

2.5 Previous Studies on Innovation in Creative Industries

Several studies have examined the role of innovation in creative industries, highlighting its importance for competitiveness. [23] explored how creative industries leverage collaboration, knowledge sharing, and creative networks to enhance innovation, emphasizing the role of public policies and support systems. Similarly, [24] identified digital transformation, changing consumer behavior, and new business models

as key drivers of innovation, stressing the need for flexible strategies to stay competitive. In West Java, [25], [26] found that local government and community initiatives, along with collaborative networks and policies, significantly support innovation management and drive product development and regional economic growth [27].

2.6 Research Gap

While there is a growing body of literature on innovation and the creative economy, there remains a gap in understanding the specific impact of innovation management on product development within the creative industries of West Java. Most studies have focused on the general role of creativity and entrepreneurship in economic development, with limited attention to the structured management of innovation processes. Furthermore, there is a lack of empirical research that quantitatively measures the impact of innovation management on product development outcomes in creative industries. This study seeks to address this gap by providing a quantitative analysis of the role of innovation management in creative economy-based product development in West Java, using data from 120 respondents and rigorous statistical methods.

3. METHODS

3.1 Research Design

This research used a quantitative methodology to investigate the impact of innovation management on the development of creative economy-focused products in West Java Province. The quantitative method was used to provide a systematic and empirical analysis of the relationships between innovation management strategies and product development outcomes. This technique enables the collection of measurable data, which can be statistically analyzed to discern patterns and relationships. The study employed a cross-sectional approach, collecting data from respondents at a certain point in time. This design is apt for identifying correlations

among variables and providing insights into the current state of innovation management and product development in the creative economy sector.

3.2 Population and Sample

The research population consists of business proprietors, managers, and key personnel employed in creative economy enterprises located in West Java Province. These companies include sectors such as the arts, crafts, digital media, design, fashion, and entertainment. A purposive sampling strategy was utilized to select respondents possessing direct experience in innovation management and product development inside their firms. This non-probability sampling strategy is appropriate given the study's specific focus on individuals knowledgeable about innovation processes in the creative sector. The research comprised a sample of 120 participants. The sample size was deemed sufficient to provide a reliable analysis aligned with the study's aims and the employed analytical procedures. The selection of 120 respondents was motivated by the need to ensure enough representation of the diverse subsectors within the creative economy, enabling a comprehensive understanding of innovation management strategies across different enterprises.

3.3 Data Collection

The study utilized a structured questionnaire to gather data on respondents' innovation management techniques and their effects on product development in their enterprises. The questionnaire encompassed demographic information, including the respondents' organizational roles, the nature of their businesses, and the duration of their operations within the creative economy sector. The survey included inquiries pertaining to innovation management and product development, employing a Likert scale from 1 to 5, with 1 signifying strong disagreement and 5 denoting strong agreement, evaluating elements such as idea generation, process innovation, product development, resource allocation, and market adaptation. The questionnaire was disseminated both in-person and

electronically to ensure extensive participation, with respondents allotted a two-week timeframe to complete it, accompanied by follow-up reminders to enhance response rates.

3.4 Data Analysis

The questionnaire data were examined with SPSS version 26, employing several statistical methods. Descriptive statistics captured respondent demographics and their evaluations of innovation management and product development. The reliability assessment with Cronbach's Alpha confirmed the consistency of the questionnaire items. Pearson's correlation analysis investigated the association between innovation management and product development, whereas multiple regression evaluated the predictive capacity of innovation management on product development outcomes. The questionnaire's validity was established through expert evaluation, with construct and content validity verified by correlating items with existing research. Cronbach's Alpha scores of 0.70 or greater validated the instrument's reliability and consistency.

4. RESULTS AND DISCUSSION

4.1 Demographic Profile of Respondents

The demographic attributes of the respondents provide crucial context for analyzing the study results. Among the 120 replies, the majority were from business owners (45%), followed by managers (35%) and key persons (20%) involved in innovation management inside their creative economy enterprises. The firms included many sectors, such as digital media, fashion, crafts, arts, and entertainment, demonstrating the diverse composition of the creative economy in West Java Province. Sixty percent of the firms had been established for over five years, while the remaining forty percent were started during the last five years. This balance between nascent and mature companies offers insights into the variety of innovation management strategies throughout different stages of organizational development.

4.2 Descriptive Statistics

The descriptive statistics provide a summary of the respondents' assessments about several aspects of innovation management and product development. The results reveal that the mean score for innovation management approaches was 4.12 (on a Likert scale of 1 to 5), indicating that most respondents saw their organizations as possessing strong innovation management processes. The foremost components of innovation management were "idea generation" (mean = 4.30) and "resource allocation for innovation" (mean = 4.22), signifying that firms prioritize the cultivation of novel ideas and the allocation of resources for innovation endeavors. In contrast, "process innovation" had a somewhat lower score (mean = 3.95), indicating that certain firms may face challenges in implementing new processes or improving existing ones.

The overall mean score for product development was 4.08, with the most highly regarded characteristic being "product adaptation to market needs" (mean = 4.25). This signifies that businesses in West Java's creative industry are remarkably responsive to changing consumer demands. Additional notable criteria are "product design" (mean = 4.15) and "customer satisfaction with new products" (mean = 4.05), indicating that companies emphasize the aesthetics and appeal of their products, which are essential elements in the creative economy.

4.3 Reliability Testing

The reliability of the questionnaire was assessed with Cronbach's Alpha. The results indicated a Cronbach's Alpha of 0.84 for the innovation management items and 0.81 for the product development items, demonstrating considerable internal consistency and reliability for both constructs. The values exceeding the established threshold of 0.70 confirm the trustworthiness of the measurement items utilized in the research of innovation management and product development within the creative economy sector.

4.4 Correlation Analysis

Pearson's correlation analysis was used to investigate the association between innovation management and product development. The findings demonstrated a significant positive connection ($r = 0.68$, $p < 0.01$) between innovation management practices and product development outcomes, suggesting that enhancements in innovation management capabilities correspond with improved product development performance. The robust association indicates that innovation management is pivotal in influencing the success of product creation within the creative economy, corroborating the study's hypothesis that proficient innovation management results in superior product outputs.

The correlation analysis indicated substantial correlations between particular elements of innovation management and product development. For instance, "idea generation" exhibited a strong correlation with "product design" ($r = 0.72$, $p < 0.01$), suggesting that enterprises that emphasize the creation of novel ideas are likely to excel in crafting distinctive and attractive products. Likewise, "resource allocation for innovation" exhibited a robust correlation with "product adaptation to market needs" ($r = 0.65$, $p < 0.01$), underscoring the significance of allocating resources to innovation endeavors to maintain product relevance in the market.

4.5 Regression Analysis

A multiple regression analysis was conducted to ascertain the degree to which innovation management forecasts product development results. The regression model demonstrated statistical significance ($F = 25.35$, $p < 0.01$), demonstrating that innovation management approaches substantially account for the variable in product development success. The corrected R^2 value of 0.56 indicates that innovation management explains 56% of the variance in product development results, hence reinforcing the significant impact of innovation management on product development within the creative economy sector.

Within the factors of innovation management, "idea generation" ($\beta = 0.35, p < 0.01$) and "resource allocation for innovation" ($\beta = 0.28, p < 0.05$) emerged as the most significant predictors of product development success. The findings suggest that companies that promote idea creation and efficiently manage resources to innovation are more likely to create products that satisfy market demands and attain elevated consumer satisfaction levels.

Conversely, "process innovation" was not a significant predictor of product creation ($\beta = 0.12, p > 0.05$), suggesting that although it is crucial, process innovation alone may not directly influence product results in the creative economy. This may result from the characteristics of creative businesses, where product innovation and market adaptation are prioritized over process efficiencies.

4.6 Discussion

This study's findings offer significant insights into the function of innovation management within the creative economy, especially in West Java Province. The robust positive link between innovation management and product development underscores the necessity of implementing systematic innovation strategies to enhance product success in creative sectors. The results correspond with earlier studies by [23], [24], [27], which highlighted the necessity for companies to adeptly manage the innovation process to maintain competitiveness in volatile markets.

This study highlights the significance of idea generating in facilitating product development. Organizations that promote innovative thinking and idea development typically succeed in creating distinctive and commercially viable goods. This reinforces the idea that creativity and innovation are essential for the success of the creative economy, as enterprises must perpetually create new items that appeal to consumers. The substantial influence of resource allocation on product development emphasizes the necessity for firms to invest in innovation initiatives, whether through

financing, talent cultivation, or technological assets [25], [26].

The observation that process innovation does not significantly predict product development success indicates that, in creative businesses, the emphasis may be more on product innovation rather than on enhancing internal processes. This differs from other sectors, where process enhancements frequently contribute substantially to efficiency and product advancement. In the creative economy, firms may stress adaptability and innovation over procedural standardization, enabling them to adjust more swiftly to market developments and consumer preferences.

These findings hold significant significance for politicians and corporate leaders in West Java. To cultivate a prosperous creative economy, it is imperative to endorse innovative management methods that stimulate creativity, optimize resource allocation, and prioritize market-oriented product creation. Government programs that allocate financing for innovation activities, foster collaboration among creative enterprises, and give training in innovation management could substantially advance the region's economic development. Furthermore, enterprises within the creative economy ought to emphasize ideation and allocate resources towards innovative endeavors that directly influence product creation.

5. CONCLUSION

This study validates the critical importance of innovation management in facilitating product creation within the creative economy of West Java Province. The findings indicate that companies that emphasize idea generation and efficiently deploy resources to innovation are more adept at creating products that fulfill market demands and differentiate themselves in competitive environments. The robust association between innovation management and product creation highlights the significance of systematic innovation

strategies in securing corporate success within creative sectors. Although process innovation was determined to be less influential, the overarching focus on product differentiation and market adaptability is essential for enduring success in the creative economy. The findings provide actionable advice for business leaders and policymakers, indicating

that investment in innovation capabilities is essential for cultivating a dynamic creative economy in West Java. Future research may investigate the enduring impacts of innovation management on organizational performance and sustainability within creative sectors.

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