Analysis of Co-Creation Experience and Development of the Ability of Creativity and Innovation in Creating Opportunities in the Indonesian Handicraft Industry

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Abstract---The purpose of this study is to look at analyzing the co-creation experience and development of creativity and innovation ability creating opportunities in the craft industry in Indonesia. This study is based on the phenomenon of the decline in the number of handicraft industries in Indonesia, factors that are thought to influence are lack of consumer involvement and increased creativity and innovation in the management of handicraft industries in Indonesia. Moreover, collected which were then analyzed using SPSS, SEM model (AMOS), and resulted in two independent variables influencing in creating new entrepreneurial opportunities, implying to create new business opportunities, must involve customer desires and increase the ability of creativity and innovation within the existing craft industry in West Java, Indonesia.

Keywords---co-creation experience, development creativity, handicraft industry, innovation ability, opportunity creation.

Introduction

Having creative capabilities and innovation will be able to create something new and something different according to consumer needs in creating new market opportunities so that the craft industry will be able to compete in the tight competition market at this time. In meeting consumer needs, there needs to be consumer involvement in fostering creativity and innovation in the internal craft industry in the West Java region of Indonesia. Verleye (2015), co-creation is expected to determine the importance of the level of readiness, technologization,
and connectivity of the role of customers for the experience of co-creation. Co-creation experience is the quality of experience that consumers feel when engaged in creative activities that encourage them to continue and make them motivated to do their best (Csikszentmihalyi et al., 2005). The experience of virtual co-creation is the first step towards a more comprehensive understanding of consumer behavior in this new media environment. The concept of co-creation experience focuses on the idea of customers as creators of value, interacting with organizations to "create value" (Prebensen et al., 2013). Providing quality experience to customers has become one of the key elements for a successful marketing strategy (Prebensen et al., 2014). Value creation is "the creation of value-in-use character," "there is no value without the customer entering the company's offer into his life" (Grönroos, 2011).

Innovation is one of the most essential activities for business competitiveness and recommends that organizations of entrepreneurs offering entrepreneurship training in all specific domains including management methodology is new and innovative tools to help companies, do things by way of further evidence that the successful entrepreneur least partially due to innovation which appears in the findings based on the report Global Entrepreneurship Monitor (GEM) South Africa (Benedict & Venter, 2010), and the policy implications that the author's estimate includes strengthening the entrepreneurial mindset of citizens to facilitate the goal of innovation in the study Global Entrepreneurship Monitor (GEM) about newborn entrepreneurs in 30 countries, individual creativity contributes, in part, to explain why some individuals are more likely to pursue and develop innovative entrepreneurial opportunities than others (Ellinger et al., 2008). Innovation and proactive behavior are three dimensions of entrepreneurship, and innovation can be assessed based on the value of ideas brought to the market (Fillis & Rentschler, 2010). Proactive entrepreneurs who adopt a strategic orientation that allows flexibility and responsiveness are more likely to innovate (Kickul & Gundry, 2002). As Shalley & Gilson (2004), suggest, an organization where members utilize creativity can take advantage of new opportunities that arise from changes in environmental conditions. The interactionism perspective of organizational creativity (Woodman et al., 1993), emphasizes that creativity is a complex interaction between individuals and their work situations at various levels of the organization. At the individual level, individual creativity is the result of the conditions of the predecessor (for example, biographical variables), cognitive style and abilities (for example, different thoughts), personality (eg self-defense), relevant knowledge, motivation, social influences (eg rewards) and contextual influences (eg, physical environment). At the team level, creativity is a consequence of individual creative behavior, interactions between group members (eg, group composition), group characteristics (for example, norms, size), team processes, and contextual influences (e.g., organizational culture, system rewards). At the organizational level, innovation is a function of individual and group creativity (Woodman et al., 1993). Consider has become one of the most commonly used conceptual frameworks in emphasizing the interaction between contextual and individual factors that can increase or inhibit creativity in the workplace (Shalley et al., 2009; Yuan & Woodman, 2010; Zhou & Shalley, 2011). Organizational innovation is the success of applying creative ideas in an organization (Amabile, 1988). In this definition, the ideas at issue can be anything from ideas to new products, processes, or services within an organization's
business line with ideas about new procedures or policies within the organization itself (Prebensen et al., 2018; Nurgraha & Mulyadi, 2018; Chen, 2019).

According to (Varadarajan, 2018), entrepreneurs identify opportunities when they see potential new benefits, either through starting a new business or by increasing existing businesses. (Lumpkin & Lichtenstein, 2001), Identify opportunities primarily with creative activities. According to Kuckertz et al. (2017), the heart of the entrepreneurial activity is entrepreneurial opportunities. (Shane & Venkataraman, 2000; Shane, 2003), entrepreneurial opportunities describe new business ideas to introduce or sell services or products that have the potential to generate profits. According to (Eckhardt & Shane, 2003), defines entrepreneurial opportunities as a situation where goods, services, raw materials, markets, and new organizing methods can be introduced through the formation of new things. If linked from the description data synthesizes identification of existing opportunities into a comprehensive model consisting of five elements. These elements are: preparation (developing a conscious interest in a particular field and sensitivity to the issues and problems in it); incubation (unconsciously and intuitively considering choices); insight (awareness of new concepts); evaluation (analyzing the viability of insight and its value to launch a business); and elaboration (actualization of creative insights), (Lumpkin & Lichtenstein, 2005). This research was conducted on 200 handicraft industries in West Java, Indonesia.

**Literature Review**

**Relationship co-creation relationship to the development of creativity and innovation ability**

Co-creation experience is the quality of experience experienced by consumers when engaged in creative activities that encourage them to continue and make them motivated to do their best (Csikszentmihalyi et al. 2005), co-creation experience according to (Bharwani & Jauhari, 2013), is the creation of shared value between the company and customers through interaction with dealing with special customer special needs, Azevedo et al. (2009). The research conducted by Kim & Park (2017), three fundamental dimensions of the value of satisfaction felt by tourists - namely functional value, social value, and emotional value, and with the results of research that functional value social value), and emotional value proven to have a significant effect on the value of customer satisfaction. Prahalad & Ramaswamy (2004), as shifting value to the experience, the market becomes a forum for communication and interaction between consumers, consumer communities, and companies dialogue, access, transparency, and understanding of risk-benefits that are important for subsequent practices in value creation. Whereas Förster & Kreuz (2007), companies that meet their customers' requirements will be lucky, today's customers are more demanding, more aggressive, more impatient and smarter than before, and worse they have a range of products and broader service than they have ever chosen.

**H1: Relationship Co-Creation Relationship to Development of Creativity and Innovation Ability.**
**Relationship co-creation to opportunity creation**

Some concepts and theories that the co-creation experience can create new opportunities for companies, according to Journée & Weber (2017), "Developing co-creation means encouraging involvement and commitment of customers and employees, making optimum use of opportunities to expand and grow. This goes beyond traditional marketing and leads to perfect customer co-creation of experiences. "Co-Creation approaches not only offer additional opportunity to push products and services but also help customers" (Verleye, 2015), "Co-creation involves customer engagement in the creation of offerings through ideas, design, and development. "Products that can touch the desires of consumers who can make a business opportunity must be based on the need for uniqueness, the need for renewal, the need for recognition, the need for functional benefits (Hassan, 2017). Basically, to get opportunities, through radical new products.

**H2: Relationship Co-Creation to Opportunity Creation**

**Relationship between development of creativity and innovation ability to opportunity creation**

New business opportunities can be created with changes in various parts of the company's value chain, some opportunities come from the creation of new products or services, the discovery of new geographic markets, new raw materials, new production methods, or new ways of operating the company (Eckhardt & Shane, 2003). Hence, different types of opportunities exist because opportunities occur as a result of changes in different parts of the value chain. Opportunities stem from the creation of new products or services, some from the discovery of new geographical markets, some from new raw materials, new methods of production, or new ways of organizing. (Autio et al., 2000), "See pursuit of international opportunities to be the core of entrepreneurial activity and aimed at defining resources and capabilities critical to realizing identified opportunities as internationally growing ventures." Here we distinguish between opportunities according to whether they are centered on innovation or arbitration creates opportunities (Andersson et al., 2005; Autio, 2005; Anokhin et al., 2011). According (Mainella et al., 2017), the entrepreneurial team must meet the interests of many decision-makers. For example, the right to use innovative technology can be a starting point for international business. However, to build a viable business, the entrepreneurial team may also need to arrange adequate funding, industrial manufacturing, local understanding customers, and essential services (eg, legal, logistics) (Burnap et al., 2016; Ghozali, 2013; Richards & Marques, 2012).

Furthermore, so that international opportunities become profitable investments, these businesses often have to be able to increase business to the level that is in line with the expectations of returns. Overall, international opportunities are formed from combining scattered knowledge or inferred resources into value creation. Value-creating venturing also requires both the discovery of arbitrage markets and innovative new resource combinations (Matthews & Zander, 2007; Di Gregorio et al., 2008; Zahra, 2015). According to (Carayannis & Meissner, 2017). It is a paradigm that has long been practiced, but the main effort is
targeted at continuing to develop the organization and managerial model of the company to meet the challenges of innovations.

**H3: Relationship between Development of Creativity and Innovation Ability to Opportunity Creation**

**Methodology**

The survey approach in this study used 200 respondents aimed at owners of handicraft industry companies located in West Java, Indonesia. The sampling technique uses nonprobability sampling. Nonprobability sampling is: “Sampling design where elements in the population do not have a known or predetermined opportunity to be selected as a sample subject. Data analysis using SPSS and structural equations (SEM-AMOS). Confirmatory factor analysis (CFA) of the measurement model to validate the factorial structure with modifications and adjustments needed to thoroughly examine the measurement model and ensure the quality of the measurement model, model fit, composite reliability (CR), convergent validity, and discriminant construct values (Jones & Barnir, 2019; Toops, 1993; Krishna & Jagarao, 2015; Nyandra et al., 2018).

**Research and Results**

**Measurement model**

The construct validity of the research instrument is estimated by evaluating the suitability of both individual and overall models. Assessment is carried out using Amos 20.0. The measurement results show several invalid indicators from each variable that cause the initial model to be unreliable (Satapathy & Kanungo, 2016; Berryter, 2019; Setyaningrum, 2021). The revision of the model is done by excluding items that are invalid from each of these variables then carried out. The revised results suggest the compatibility of the revised model, indicating that the model is valid and reliable to provide acceptance of the revised model to be used in this study.
Goodness of fit

The evaluation of the SEM model that was formed was seen from the measure of goodness of fit presented in table 1.

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Critical Values</th>
<th>Estimate</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cmin/DF</td>
<td>≤ 2.00</td>
<td>54.205</td>
<td>Good Fit</td>
</tr>
<tr>
<td>P-Value</td>
<td>≥ 0.05</td>
<td>0.00</td>
<td>Good Fit</td>
</tr>
<tr>
<td>The goodness of Fit Index (GFI)</td>
<td>≥ 0.90</td>
<td>0.941</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>≥ 0.90</td>
<td>0.938</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Tucker Lewis Index (TLI)</td>
<td>≥ 0.90</td>
<td>0.907</td>
<td>Good Fit</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>≤ 0.08</td>
<td>0.07</td>
<td>Good Fit</td>
</tr>
</tbody>
</table>

The evaluation results of the SEM model by looking at the goodness of fit in Table 4 shows the model seen from the chi-square value to meet the model suitability measure (chi-square value of 54,205 smaller than the table value) with a significance level (0.00) greater than 0.05. The research model has the values of GFI, CFI, TLI, and RMSEA, which show the right level of conformity. This shows that the model proposed in this study is acceptable because overall, it has a measure of goodness of fit, which indicates the model is acceptable.

Testing of research hypotheses

After the evaluation results of the model can be stated that the model meets the criteria of a suitable model (FIT), then the research hypothesis is tested based on the t value of each causality relationship from the results of SEM processing as in table 2
Table 2
Results of significant test

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Estimate</th>
<th>S.E</th>
<th>C.R</th>
<th>P. Value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 Co-Creation Experience to development of Creativity and Innovation Ability</td>
<td>.275</td>
<td>.096</td>
<td>2.848</td>
<td>.004</td>
<td>Sign</td>
</tr>
<tr>
<td>H2 Co-Creation Experience to Opportunity Creation</td>
<td>.225</td>
<td>.097</td>
<td>2.332</td>
<td>.020</td>
<td>Sign</td>
</tr>
<tr>
<td>H3 Development of Creativity and Innovation Ability to Opportunity Creation</td>
<td>.137</td>
<td>.112</td>
<td>1.220</td>
<td>.222</td>
<td>Sign</td>
</tr>
</tbody>
</table>

Discussion

Relationship co-creation relationship to the development of creativity and innovation ability

From the SEM test, the co-creation experience shows that there is a positive effect on the Development of Creativity and Innovation Ability with a test result value of 0.308. That Co-Creation Experience is a shared value creation between companies and customers that influences the Development of Creativity and Innovation Ability in creative industries in West Java, Indonesia. This research is relevant to Kim & Park (2017), three basic dimensions of the value of satisfaction felt by tourists - namely functional value, social value, and emotional value, and with the results of research that functional value, social value), and emotional value proved to have a significant effect on the value of customer satisfaction. Prahalad & Ramaswamy (2004), as shifting value to the experience, the market becomes a forum for communication and interaction between consumers, consumer communities, companies dialogue, access, transparency, and understanding of risk-benefits that are important for subsequent practices in creating business opportunities (Meng & Cui, 2020; Yusuf, 2009; Kabukcu, 2015; Maine et al., 2015).

Relationship co-creation to opportunity creation

The results of the SEM test showed a positive effect between the co-creation experience and Opportunity Creation test value of 0.280, which concluded that the Co-Creation Experience as part of Opportunity Creation in the creative industries in West Java, Indonesia. Some concepts and theories that the co-creation experience can create new opportunities for companies, according to Journée & Weber, (2017), "Developing co-creation means encouraging involvement and commitment of customers and employees, making optimum use of opportunities to expand and grow. This goes beyond traditional marketing and leads to perfect customer co-creation of experiences. "The Co-Creation approach not only offers additional opportunities for products and services but also helps in
Hirschman (1980), and Verleye (2015)." Co-creation involves customer engagement in the creation of offerings through ideas, design, and development.

**Relationship between the development of creativity and innovation ability to opportunity creation**

Based on the results of the SEM test, there is a positive effect between Development of Creativity and Innovation Ability and Opportunity Creation value of 0.200, that Development of Creativity and Innovation Ability is part of Opportunity Creation in creative industries in West Java, Indonesia (Mehmetoglu & Engen, 2011; Minkiewicz et al., 2014; Franke & Schreier, 2002). New business opportunities can be created with changes in various parts of the company’s value chain, some opportunities come from the creation of new products or services, the discovery of new geographic markets, new raw materials, new production methods, or new ways of operating the company. Eckhardt & Shane (2003). Hence, different types of opportunities exist because opportunities occur as a result of changes in different parts of the value chain. Opportunities stem from the creation of new products or services, some from the discovery of new geographical markets, some from new raw materials, new methods of production, or new ways of organizing. (Autio et al., 2000), "See pursuit of international opportunities to be the core of entrepreneurial activity and aimed at defining resources and capabilities critical to realizing identified opportunities as internationally growing ventures.”

Here we distinguish between opportunities according to whether they are centered on innovation or arbitration creates opportunities (Andersson et al., 2005; Autio, 2005; Anokhin et al., 2011). According to (Mainela et al., 2017), the entrepreneurial team must meet the interests of many decision-makers. For example, the right to use innovative technology can be a starting point for international business. However, to build a viable business, the entrepreneurial team may also need to arrange adequate funding, industrial manufacturing, local understanding customers, and essential services (eg, legal, logistics). Furthermore, so that international opportunities become profitable investments, these businesses often have to be able to increase business to the level that is in line with the expectations of returns. Overall, international opportunities are formed from combining scattered knowledge or inferred resources into the creation of opportunities. Di Gregorio et al. (2008), differentiate international venture opportunities based on whether they focus on value creation by combining markets across borders or resources across borders. Value-creating venturing also requires both the discovery of the arbitrage market and innovative new resource combinations (Matthews & Zander, 2007; Di Gregorio et al., 2008; Zahra, 2015). It is a paradigm that has long been practiced, but the main effort is targeted at continuing to develop the organization and managerial model of the company to meet the challenges of innovations (Carayannis & Meissner, 2017).

**Conclusion**

The results of the tests using the SEM and AMOS models concluded that there were positive influencing effects between the Co-Creation Experience and Development of Creativity and Innovation Ability. It means that increasing Co-
Creation Experience will increase the Development of Creativity and Innovation Ability (Kohler et al., 2011; Mathis et al., 2016; Dean et al., 2016; Hendriarto, 2021). Co-Creation Experience and Development of Creativity and Innovation Abilities have a positive influence on Opportunity Creation, and this means that the increasing Co-Creation Experience and Development of Creativity and Innovation Ability will affect the increase in Opportunity Creation. The implication obtained based on the results of this study is that Opportunity Creation in the creative industries in West Java Indonesia needs to pay attention to customer desires based on their experience and be balanced by increasing the ability of creativity and innovation within the company.

References


