Development Strategy of Startupreneur for Creative Economic Business Activities to Improve Local Tourism

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ABSTRACT: The research objective is to find out development strategies, innovation potential, and entrepreneurial abilities and network development to strengthen access to human resources, institutional access, capital, markets, information, and technology to support Startupreneur and strengthen capacity to improve local tourism. The descriptive research on creative economic actors in Indonesia engaged in the tourism sector using qualitative methods by SWOT analysis. The result showed that the potentials in Startupreneur are for innovation and entrepreneurial ability. The efforts to increase local tourism, SO strategy *(growth strategy)* need to be conducted by differentiating and developing creative economic products, market segmentation, especially the domestic market, development of production of the creative products based on local resources, and the use of technology to strengthen marketing networks.

Keywords: Startupreneur, Creative Economy, SWOT

1 INTRODUCTION

To increase the competitiveness of local community, it is necessary to start with the efforts to develop the existing entrepreneurship and grow startups through new business units in productive sectors that are in accordance with local potential. Startupreneur can be interpreted as an entrepreneur who starts a business. Entrepreneurs can be used as a solution to the problems that plague the business and economic world of a country, including Indonesia. Therefore, to make it grows, the action is needed, such as through education, as well as various facilities in establishing a new business so that more people are available to choose the way of life as an entrepreneur.

Entrepreneurs are people who can see and assess business opportunities, gather resources, and take appropriate actions to run a business in achieving organizational goals (optimal profit). A true entrepreneur is a person who has a spirit to take risks to open a business in various opportunities, either done alone or in collaboration with other parties (Askandar and Susyanti, 2017). In preparing a business, an entrepreneur should prepare himself by making a business plan because if start a business with only motivations or without planning, the business will not be developed, even will be closed or bankrupt.

Startupreneur can be grouped into 5 business sectors, namely: (1) Agricultural business sector in a broad sense, covering food crops, plantations, animal husbandry and fisheries both *on-farm and off-farm*, (2) Business and trade sectors, (3) Creative industry business sectors, (4) Industry and catering services, and (5) Sports industry.

The growth of the creative economy industry in East Java shows a positive graph in recent times. The emergence of new startupreneur *(startup)* in the creative industry world shows a strong commitment from the East Java provincial government to boost economic growth from this sector. The steps taken by the Government of Malang by looking at the growth and development of the creative industry, is to submitted to the Independent Rating Team of the Regency/Creative City of Indonesia (PMK3I) under the auspices of the Indonesian Creative Economy Agency (Bekraf) to do a pick test on the three creative economy subsectors which are priorities of Malang city (www.malangkota.go.id).

In Presidential Regulation no. 27 of 2013 concerning the development of entrepreneurial incubators, it is mandated that the government both at the

central and regional levels to organize entrepreneurial incubators. The incubation process is carried out through the process of fostering, mentoring, and developing entrepreneurs.

Wijanarko and Susila (2016) found that there are four critical determinants of the success of creative Small and Medium Enterprises Community (UMKM) in the city of Surakarta, namely promotion, branding, entrepreneurial interest, and business networks. The results of this study provide a benchmark for similar businesses that want to succeed in developing their business.

Furthermore, according to Rahmana (2009), Small and Medium Enterprises (UKM) need to utilize IT (Information Technology) to improve their competitiveness, considering that the competition this globalization era is increasingly competitive and global in nature. One of the strategies to improve UMKM competitiveness is through the use of IT. Using IT will encourage UMKM to get export opportunities and other business opportunities. Under these conditions, UMKM development activities need to be directed to carry out competitiveness analysis and formulate efforts to increase competitiveness in the framework of developing competitiveness and the national economy. Sharpen the upsurge of competitiveness in business that is in line with future business competition. Indonesia is a country with a large population and still growing that needs a very strong and competitive UMKM in the domestic and global markets. UMKM is the key to improving the quality of life of the nation, as well as the key to national economic security. Policies need to be supported by all stakeholders, to place the domestic market as the basis for developing UMKM.

Some previous research findings suggested that UMKM's weak competitiveness is due to several problems faced. Hamid and Susilo (2011) found several problems faced by UMKM in the Province of Yogyakarta include: (1) Marketing; (2) Capital and funding; (3) Innovation and use of information technology; (4) Use of raw materials; (5) Production equipment; (6) Absorption and empowerment of workers; (7) Business development plans; and (8) Readiness to face the challenges of the external environment.

The problems in this study are: (1) What is the potential development of Startupreneur, (2) What is the potential of innovation and entrepreneurial ability of Startupreneur, (3) how to develop networks to strengthen access to human resources for Startupreneur, (4) how to access institutions, capital, markets, information and technology to grow Startupreneur,

and (5) how to strengthen the capacity of Startupreneur to improve local tourism.

The objectives in this study are (1) to know the potential development of Startupreneur, (2) to know the potential of innovation and entrepreneurial ability of Startupreneur, (3) to know how to develop networks to strengthen access to human resources for Startupreneur, (4) to know institutional access, capital, markets, information and technology to grow Startupreneur, and (5) to find out the strengthening of Startupreneur's capacity to improve local tourism.

According to Suryana (2008), knowledge and qualified entrepreneurial skills are critical to becoming a successful entrepreneur. Entrepreneurial skill is the ability or the potential to master the ins and outs of entrepreneurship, whether it is innate or is the result of training or practice and is used for entrepreneurship.

According to Law number 10 of 2009 concerning tourism article 1 point 3, "tourism is a trip carried out by a person or group of people by visiting a particular place for recreational purposes, personal development, or studying the tourist attractions that he visits in a temporary period" (Kementrian Pariwisata Indonesia 2009)

Currently, the development of tourism in Indonesia is encouraged to become one of the sectors that contribute significantly to economic development and improving people's welfare, this can be seen from the increasing number of domestic and foreign tourists visiting tourist destinations in Indonesia, which is famous for natural beauty, friendliness of Indonesian people, and cultural diversity. At the local level, the sector is expected to be a support for regional income whose future contribution has favorable prospects.

Creative Economy is an economic concept that prioritizes information and creativity by relying on ideas and *stock of knowledge* from Human Resources in its economic activities (Askandar and Susyanti, 2017). According to Howkins (2001), a new economy has emerged around the creative industries, which are controlled by intellectual property laws such as patents, copyrights, brands, royalties, and designs. The structure of the world economy has undergone a rapid transformation in line with economic growth, from what was based on Natural Resources (SDA) is now based on human resources (SDM), from the agricultural era to the industrial and information era.

The Creative Economy Subsector presented in the Indonesian Creative Economy Agency (Bekraf) (Sabdarini 2019), consists of applications and game development; Architecture; Design interior; Visual

communication design; Product design; Fashion; Movies, animations and videos; Photography; Craft; Culinary; Music; Publishing; Advertising; Performing Arts; Art; Television and radio. Business segmentation that is suitable for Startupreneur includes creative economy, services, commercial or retail businesses, and small and medium industries. Segmentation of budding entrepreneurs from each line of business includes fashion, culinary, photography, traditional crafts, music, small-scale lodging, furniture or household appliances, agriculture, animal husbandry or fisheries, printing or publishing, workshop, services, and others.

2 RESEARCH METHODS

Based on the source, the data used in Startupreneur Potential to Improve Local Tourism is divided into two types, namely secondary data sourced from related agencies in the City Government of Malang and primary data in the form of existing conditions related to independent entrepreneurs, especially those engaged in the tourism sector in Malang.

Data collection or survey techniques are the initial stages in analyzing the Development of Entrepreneurial Spirit for Startupreneur in Malang to obtain supporting data. Data collection can be done through primary surveys (field observations, interviews, and documentation) and secondary surveys (literature studies and surveys of related agencies).

The population in this study includes 46 creative economy business actors in the tourism sector, which produce and sell outdoor equipment and creative industries. Researchers used *Purposive sampling* or judgmental sampling techniques. *Purposive sampling* is a sampling taking in a purposive way, which is by selecting subjects based on specific criteria set by researchers. The criteria for determining the sample in this study are: has started entrepreneurship (1-2 years), has the potential to develop and carry out innovation and entrepreneurial ability based on the criteria obtained by 17 respondents, or as many as 37% of the population.

Analysis model using SWOT Analysis is one of the analysis techniques used in interpreting Startupreneur in Malang city. The four SWOT factors are *Strengths, Weaknesses, Opportunities, and Threats.*

This analysis aims to determine the underlying problem-solving strategies that can be applied qualitatively. The ways to do are: (1) SO: Strategies / alternative solutions to problems by utilizing the power (S) to the maximum opportunity (O); (2) ST:

Stretcher / alternative problem solving by utilizing the maximum strength (S) to anticipate threats (T) and trying to make maximum opportunities (O); (3) WO: Strategy / alternative problem solving by minimizing weaknesses (W) to seize opportunities (O); (4) WT: Strategy / alternative problem solving by minimizing weaknesses (W) to better avoid threats (T).
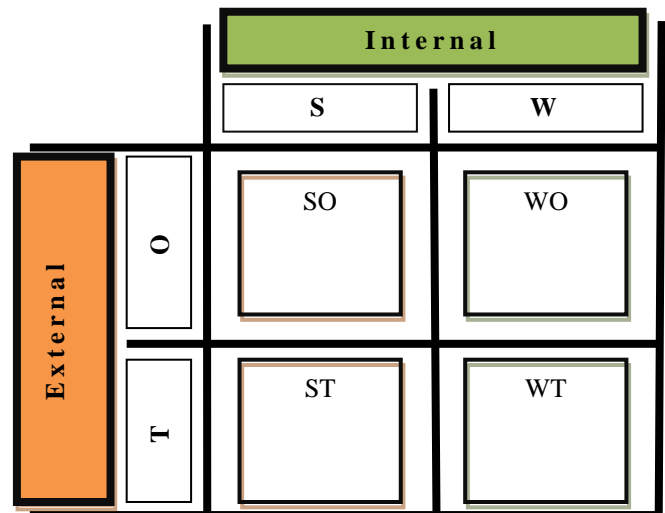

Figure 1. SWOT Matrix.

3 RESULTS AND DISCUSSIONS

The evaluative analysis was conducted to test the suitability and feasibility of development in independent entrepreneurs in Malang. The analysis used in the evaluative analysis was the SWOT Analysis. The creative economy business actors in the tourism sector, based on their wealth, enter the UMKM sector. Small entrepreneurs are individuals or business entities that have total assets of up to 600 million, excluding the value of land and buildings or sales. This can also be indicated by Suryana (2008), defining the characteristics of a business that is classified as small, namely: a) a freely owned business is sometimes not incorporated. b) the operation does not show a striking advantage, c) the business is owned and managed by one person, d) the business does not have employees, d) the capital is collected from private owner savings, and e) the local market area and not too far from the center of the business.

This research obtained types of tourism-related businesses, 32.6 % have various types of tourism-related businesses, amounting to 23.9 % selling / supplying outdoor equipment, 19.6 % in the field of vehicle rental, by 8% renting outdoor equipment or

tour guide and 6% manufacture outdoor clothing. This shows the various types of innovation and creativity of the creative economy business actors in the tourism sector is looking for business opportunities, both from manufacturing products, selling products, and outdoor equipment services to businesses in other fields to support tourism.

Most of the respondents, accounting for 67.4 %, has 1-3 employees, 23.9% have 4-6 employees, and 8.7% have employees above 6 people. When compared with the length of business, it appears that the growth of this business is slow. In addition, the number of employees shows that creative economy business actors still rely on the one-man show pattern in doing business, by relying on the owner.

Aiming to address the challenges of globalization and improve local tourism, Startupreneur creative economy sector must be empowered to be able to compete with other business actors as for the potential development of Startupreneur, as shown in table 1.

Table 1. Potential for Startupreneur Development

INDICATOR	FREQUENCY		
	YES	NO	PERCENT-AGE
Availability of local raw materials	16	1	94%
Relatively simple product design	7	10	41%
The accessible of the domestic market for the creative economy of the tourism sector	15	2	88%

Source: Primary data processed, 2017

Based on Table 1, the potential for excellent Startupreneur development is identified by the availability of local raw materials which reached 94% and the access of the domestic market for the creative economy of the tourism sector reached 88%, so as to create opportunities for Startupreneur as UMKM (especially tourism, handicraft industry, agribusiness, agro-industry, and other industries).

Table 2 Potential for innovation and entrepreneurial ability

INDICATOR	FREQUENCY		
	YES	NO	PERCENT-AGE
The availability of adequate labor in the tourism sector	14	3	82%
Availability of production equipment	8	9	47%
Varied products	13	4	76%

Source: Primary data processed, 2017

Based on table 2, the potential for innovation and entrepreneurial ability both identified by the availability of adequate workforce in the tourism sector, which reached 82% and the varied products of the tourism sector reached 76%, along with the development of the population and the increasing need for tourism, despite Startupreneur has limited capital and means of production.

Table 3. The development of networking and the quality of human resources

INDICA-TORS	FREQUENCY		
	YES	NO	PER-CENTAGE
the contribution of outside the parties	7	10	41%
the development of information and communication technology	11	6	65%
breadth of business network	5	12	29%
the quality of human resources	8	9	47%

Source: primary data processed, 2017

Based on table 3, the development of networking and the quality of human resources are deficient. It is identified with the contribution of outside parties, which only reached 41%, while the breadth of the network business amounted only 29%. Deficient networks are also suspected because of the low quality of human resources by 47%. So one of the efforts to strengthen the competitiveness of Startupreneur can be made through the establishment of marketing networks or business networks.

Table 4. Institutional, capital, market, information and technology Access

INDICATORS	FREQUENCY		PERCENTAGE
	YES	NO	
The ability to access the market rapidly.	10	7	59%
Technology support	6	11	35%
Capital support	7	10	41%

Source: primary data processed, 2017

Based on table 4, institutional access, capital, market, information and technology is pretty good which identified with the ability to access the market quickly by 59%, due to the presence of market access through online marketing made by Startupreneur, while the technical support is only 35% and capital support amounted to only 41%.

Table 5. The capacity to increase local tourism

INDICATORS	FREQUENCY		
	YES	NO	PERCENTAGE
The distinctive and unique products	14	3	82%
The flexibility in adjusting to market changes	9	8	53%
The quality of the product	7	10	41%

Source: primary data processed, 2017

Based on table 5, the capacity to increase tourism in the region is good. It is identified with its distinctive and unique product, which reached 82%, responses to the quality of the product amounted to only 41%, while the flexibility in adjusting to changes in the market reached 53%. It is necessary for the strengthening of competitiveness. Business networks are also useful to increase the economic coverage, efficiency, management of the efficient business, and expand market share.

A SWOT analysis was carried out by identifying the strengths, weaknesses, opportunities, and threats. Startupreneur creative economy sector, in general, i.e., based on the *strengths*: Startupreneur has potential for a good development, with products that are distinctive and unique; Startupreneur as UMKM have potential for innovation with the availability of adequate workforce in the tourism sector; Startupreneur as UMKM have flexibility in adjusting to market changes; Startupreneur still uses local raw materials, so that not experiencing difficulties in finding raw material. While the *weaknesses*: Startupreneur has a relatively simple design product, the means of production, and lack of contributions from outside parties. On the development of Startupreneur as UMKM, underdevelopment Startupreneur, because of the low quality of human resources.

Opportunities: the availability of the domestic market creates opportunities for Startupreneur as UMKM (especially the tourism, the craft industry, agribusiness, agro-industry, and other industries); the increase in the demand for products are varied, along with the development of the number of the population; development of information and communication technology, which is very supportive of entrepreneurship restoration; the ability to access the market rapidly.

*Threats***:** free trade without limits leads to a massive of imported products, less of technology support, less capital support, and less broad business networks. It will make Startupreneur hard to compete and develop; Still, the low level of commitment to quality products, thus causing low consumer con-

fidence in the quality of the product Startupreneur enterprises (UMKM).

However, a variety of Internal and External Problems of Startupreneur of the creative economy sector in Malang can be described as follows:

Table 6. Internal Factor Analysis Summary (IFAS)

	Internal strategic factors	Weights	Rating	Score
	Strength (*Strengths*)			
1	distinctive and unique products	0.16	4	0.63
2	the availability of local raw materials	0.13	3	0.38
3	the flexibility in adjusting to market changes	0.13	3	0.38
4	the availability of adequate workforce in the tourism sector	0.09	3	0.28
	SUB-TOTAL	0.5		1.66
	Weakness (*weaknesses*)			
1	relatively simple product design	0.15	2	0.31
2	the availability of production tools	0.08	3	0.23
3	the contribution of outside the parties	0.12	3	0.35
4	the quality of human resources	0.15	4	0.62
	SUB-TOTAL	0.5		1.50
	TOTAL			3.16

Source: data processed, 2017

The analysis of Table 6 shows that the score of strengths factors is 1.66 and the weaknesses factor is 1.50.

The analysis of Table 7 indicates that for *the Opportunities* factors score was 1.38, and the *threats* factors score was 1.25. Furthermore, the value of the total score of each factor can be specified, the *Strengths* is 1.66, *Weaknesses* is 1.50, *Opportunities* to 1.38 and *Threats* was 1.25 then the score of the difference of *Strengths* from the score of *Weaknesses* (+) 0.16 and the score of *Opportunities* over the score of *Threats* difference (+) of 0.13.

Table 7. External Factor Analysis Summary (EFAS)

	External Strategic Factors	Weights	Rating	Score
Opportunities *(Opportunities)*				
1	the availability of the domestic market for the creative economy in the tourism sector	0.12	3	0.35
2	varied products	0.15	3	0.44
3	The development of information and communication technology	0.12	2	0.24
4	the ability to access the market rapidly.	0.12	3	0.35
	SUB-TOTAL	0.5		1.38
Threats *(threats)*				
1	commitment to quality of the product	0.16	2	0.31
2	technology support	0.13	3	0.38
3	capital support	0.13	3	0.38
4	breadth of business network	0.09	2	0.19
	SUB-TOTAL	0.5		1.25
	TOTAL			2.63

Source: data processed, 2017

Based on the analysis above, it shows that the performance of the company can be determined by a combination of internal and external factors. The combination of these two factors is shown in the table of grand strategy based on SWOT analysis (Table 8).

The SWOT analysis obtained the basic strategy of problem-solving that can be applied qualitatively to increase local tourism. Startupreneur creative economy in Malang has a power that can be used on a particular strategy as well as utilize the right opportunities and minimize or avoid the weaknesses and threats. SO strategy supports the strategy of *growth*, the ST strategy supports a *diversification* strategy, WO strategy supports strategy *turnaround* strategy and WT supports a *defensive* strategy.

Efforts to improve the local tourism need to conduct SO Strategy (strategy *growth*) by doing the differentiation and development of the creative economy product; the segmentation of the market especially in the domestic market; development of the production of the creative economy based on local resources and the use of technology to strengthen the marketing network. This position will be profitable for Startupreneur creative economy to improve the conditions above-average ability so UMKM can control all the internal and external factors that arise.

Table 8. The formulation of the Grand Strategy Based on the SWOT Analysis

	Strength (S)	Weakness (W)
	• Distinctive and unique Startupreneur Product • The availability of local raw materials • Flexibility against market changes • The availability of an adequate workforce	• Relatively simple product design • The limitations of the means of production • Less contributions from outside parties • The low quality of human resources
Opportunities (O)	**SO strategy** (*growth* strategy)	**WO Strategy** (*turn-around* strategy)
• the availability of domestic market • The increase in the demand for varied products • The development of information and communication technology • The ability to access the market rapidly	• Differentiation and product development • The segmentation of the market, especially the domestic market • The development of products based on local resources • The use of technology to strengthen network marketing	• The development of product design • Improving the quality of human resources and productivity • The development of the production process with modern tools • Improve access to capital
Threats (T)	**Strategy ST** (diversification strategy)	**Strategy WT** (*defensive* strategy)
• The low quality of the product • The Low technology support • The low capital support • Business network	• Improve the efficiency of production, therefore, the product will be competitive. • Increase consumer loyalty • Improve the quality of human resources and entrepreneurship • improve access to information and promotion	• Increase innovation • Improved access and technology transfer • increase awareness of government/private • ease of access to capital • simplification licensing procedures

Source: data processed, 2017

Competitiveness is a complex interaction between the factor inputs (as the main factors forming competitiveness) and the output (the core of economic performance, namely to improve the welfare of the community), with the aim to provide sustainable economic growth, develop the leading sectors such as the creative economy of tourism in accordance with local potential in order to improve the welfare of the community.

As for general strategy development of creative economy sector in improving the tourism of the region through: increasing competitiveness of the determination of *the city branding* "Beautiful Malang", strengthening the institutional and governance, and building infrastructure. These three things are combined to produce: an increase in productivity of regions on the scale of its economy; innovation; increase transparency and accountability; and the refinement of the structure of the system of regional development.

Innovations made in the production process through the improvement of the quality of human resources of Startupreneur creative economy, the investment (capital) and the utilization of new technologies. Through innovation, it is expected to increase the quality of the products of the creative economy, so that increased sales supported the promotion of Government/Private/Universities. Increased sales will increase the market share and branding of the Malang as a city of tourism, which in turn will increase the income of the community and government in Malang.

4   CONCLUSIONS

Based on the research, it could be concluded that there is potential on the Startupreneur creative economy in Malang. The innovation potential and entrepreneurial skills, networking Startupreneur, institutional access, capital, market, information and technology are limited and the strengthening of the capacity Startupreneur the field of the creative economy.

Strengths: Startupreneur have potential for the good development with distinctive and unique products; Startupreneur as UMKM have potential for innovation with the availability of adequate workforce in the tourism sector; Startupreneur as UMKM have flexibility in adjusting to market changes; Startupreneur still use local raw materials, so that not experiencing difficulties in finding raw material.

Weaknesses: Startupreneur has a relatively simple product; Startupreneur has the means of production; lack of contributions from outside parties on the development of Startupreneur as UMKM; underdevelopment Startupreneur, because of the low quality of HUMAN resources.

Opportunities*: the opening of the domestic market creates opportunities for Startupreneur as UMKM (especially the tourism, the craft industry, agribusiness, agro-industry, and other industries); the increase in the demand for products are varied, along with the development of the number of the population; development of information and communication technology, which is very supportive of entrepreneurship restoration; the ability to access the market quickly.

*Threats***: free trade without limits lead to a flood of imported products; the less of technology support, less capital support, and less broad business networks will make Startupreneur hard to compete and flourish; Still, the low level of commitment to quality products, thus causing low consumer confidence in the quality of the product Startupreneur enterprises (UMKM).

Efforts to improve the local tourism need to conduct SO Strategy (strategy *growth*) by doing the differentiation and development of the creative economy product; the segmentation of the market especially in the domestic market; development of the production of products of the creative economy based on local resources and the use of technology to strengthen the marketing network.

Activities that can be done are promoting the movement of entrepreneurship Malang particularly in the field of creative economy with the branding of its "Beautiful Malang" and emphasizing Malang city creative the field of education and tourism, through an emphasis on Startupreneur by establishing the *Creative corner city* along with the available tourist destination or events held in Malang.

For updating the database of Startupreneur enterprises (UMKM) in Malang, several activities like symposium on entrepreneurship, business plan competition, innovation competition technology for Startupreneur enterprises (UMKM), the establishment of the Startupreneur enterprises association, an internship program for entrepreneurship, and the implementation of the curriculum of entrepreneurship education from the primary education up to university need to be done.

Hopefully, the businesses that can provide the maximum contribution to the creation of a policy that is useful for all parties. The UMKM is also expected to create a conducive business as well as bring positive effects for local development and reduction of social inequality in society.

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