



# The Influence of Innovation Strategies on Competitive Advantage in the Creative Industry of Garutan Batik Shops

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**Abstract.** One of the industries in Indonesia that is expanding the quickest is the creative one, particularly in Garut. Batik is one of the traditional Indonesian handicrafts that has gained popularity worldwide. This study investigates how Toko Barik Garutan's competitive advantage in the creative business is impacted by innovation tactics. Researchers polled 30 respondents who worked at The Garutan Batik Shop for their causation investigation. The data analysis method employed is a linear regression of a series using IBM SPSS Statistics 25 software. The benefits of this research have a significant effect on how competitively advantageous creative businesses are. This study offers findings that address the concerns posed by the research, specifically the effect of innovation methods on the competitive advantage of galutan batik shops.

**Keywords:** Innovation Strategy · Competitive Advantage

## 1 Introduction

In Indonesia today, there are many famous and even whole works. Every district in Indonesia has the beauty of every region. In this way, much hard work starts in Indonesia. One of the typical Indonesian handicrafts that have infiltrated the universal market is batik [1]. Batik in Indonesia combines two things, industry (industry) and craft (craft). In terms of industry, the development of the batik industry is significantly related to the Indonesian textile industry, which is currently experiencing strong competition, especially with China [2]. Batik has developed into an icon of Indonesian national clothing and even the use of batik not only as a cloth or sarong but also used for various household activities such as clothes, tablecloths, shoes, pants, and various others. In addition to local people, foreign tourists have also used batik [3].

The creative industry developed by the Government of the Republic of Indonesia has established as many as 14 sub-sectors of the creative industry. Of the 14 sub-sectors in the creative industry, batik can be included in the arts, crafts, and fashion sub-sectors. The development of the batik cloth handicraft industry in Indonesia is not easy. Several

problems related to the possibility of development can be solved [2]. The creative economy is one of the business sectors that brings joy to the people of Indonesia today. The Indonesian perspective defines the creative industry as an industry that arises from the use of individual creativity, skills, and talents to create wealth and job opportunities by using their creativity and creativity. This business area is widespread because it has a relatively large market and advantages [4]. The primary purpose of establishing small industries is to create an equal distribution of people's income and foster the ability and independence to do business. Small industries are MSMEs, one of which is the batik industry in Indonesia. This industry was initiated from the home industry, which later developed into an industry that could introduce the Indonesian state to foreign countries [3]. Rosli et al. define innovation as a process of creating ideas, developing from an update, and affirming a new product, process, or service to society [4]. Innovation is the intentional introduction and application of a new idea, process, product, or procedure to be developed for the benefit of a job, work team, or organization [5]. An innovation strategy is a management concept consisting of several internal and external activities that increase the innovation potential of an enterprise. Its importance and role in influencing the formation of innovation strategies should be emphasized. These roles come from business associates, managers, and customers [4]. Innovation strategy refers to a whole set of innovative practices involving the analysis of competing mechanisms, such as innovative vision, harmonization of business strategies, expanding strategies for all levels of the organization, market tendencies, technologies, and actions of competitors [6].

One of the techniques that business actors might employ to deal with competition is a competitive strategy. This strategy can be broadly seen as a process where businesses develop a significant number of strategic resources with the potential to result in a competitive advantage. These advantages serve two purposes: they can be used to produce performance and can also be used to counter rivals' assets and competitive advantages [4]. Product development and innovation strategies must be continuously developed because companies without innovation will die. On the contrary, companies that carry out innovations will dominate the market with the creation, model, and appearance of new products. The global market not only results in tougher competition but also more unprincipled and complex with the rapid development of information technology, as a perfect competition market [3]. Song et al. explained that the competitive advantage of a product is one of the determining factors of the success of a new product (until an innovative product must have an advantage compared to other similar products) [4]. Garutan batik shop is a batik shop located in Garut Regency. The batik shop offers various types of fabrics and batik motifs typical of various regions in Indonesia and West Java. Batik for men and women is available in various styles such as formal combination, long and short sleeve combination, traditional and modern casual combination, hand combination, binoculars, couple combination, and various others. The combination shop also provides kebaya, combination kaftan combating fabrics, brocade combinations, and plain combinations. For the price, these batiks are sold relatively cheaply depending on the type, motif, and fabric.

Based on some of the research above, it can be concluded that innovation has an influence on the superiority of competing. So, the author is interested in knowing the

influence of innovation strategies on competitive advantages in the creative industry of garutan batik. For this reason, the author conducted a study titled **“The Influence of Innovation Strategies on Competitive Advantage in the Creative Industry of Garutan Batik Shops”**. The objectives of the study

1. are to find out whether the innovation strategy affects the competitive advantage in the creative industry of Toko Batik Garutan
2. and to find out if there is a relationship between innovation strategy and competitive advantage.

### 1.1 Innovation Strategy

An innovation strategy focuses on developing new technology services, new business models, and consumer value that is significantly higher than before. If a product can create value, then it is considered innovative. Future-focused innovation methods pinpoint ground-breaking business prospects, hasten business decisions, and provide immediate effects as measured in the context of a long-term vision for sustained competitive advantage [7]. The term “innovation strategy” relates to professional innovation theories. The notion of innovation is evolving with industry demands and technological advancement.

The concept of innovation in strategy is defined as a new structure or management process, policy, new plan or program, new process, and new products or services produced in an enterprise [6]. Innovation strategy is related to the company’s response to adopting innovation. Innovation strategy refers to a whole set of innovative practices that involve the analysis of mechanisms in competing, such as innovative vision, harmonization of business strategies, expanding strategies for all levels of the organization, market trends, technologies, and actions of competitors [6].

According to Zahra & Das (1993), innovation strategy is a multidimensional concept that realizes 3 dimensions, namely:

1. Leadership Orientation  
Is a behavior designed by a leader to realize the organization’s goals with its individual goals.
2. Innovation Type  
The type of innovation is divided into two, namely: process innovation and product innovation. Process innovation is a new way to make producing a product or service more economical. In contrast, product innovation is the latest idea that provides added value and has a positive impact on human life.
3. Internal and external sources  
Internal sources of innovation mean that the company is entrusted to innovate either in the process or product in the research and development department business. Meanwhile, external sources of innovation mean that the company will innovate by purchasing, approving licenses, acquiring other companies, or collaborating with suppliers, customers, or other companies. No. [4]

### 1.2 Competitive Advantage

Competitive advantage is the scope of activities that a business entity seeks to achieve to produce three competitive strategies that are useful in creating a safe position for

the company, including firstly cost leadership that prioritizes being a reasonably low-cost producer in its business processes, secondly differentiation which in its business becomes a company that is unique or different from its competitors, and thirdly a focus that prioritizes service only concentrates on the tentetu group well, so that business people in the e-marketplace are more able to meet the desires of consumers who are focused [8]. Competitive advantage is achieved through activities in an industry or market through the creation of competitive economic value [9].

To increase the competitiveness of the mechanism that allows companies to reduce fluctuations in competitor demand so that it can dampen fluctuations arising from cyclical patterns, seasonal patterns, and other causes; improving the differentiation capabilities of competitors; serves market segments that are less attractive to competitors; become a cost umbrella of competitors; improving the bargaining position of labor and lawmakers; minimize anti-monopoly risks, and increase the motivation of competitors [4]. Therefore, for the company to have competitive advantages, entrepreneurs must pay attention to the factors that affect the competitive advantage. The innovation strategy is a step that batik garutan entrepreneurs must take to increase their competitive advantage.

Indicators of competitive advantage are measured according to Wahyudiono (2013), namely:

1. Product uniqueness

This is one way to attract consumers' attention amid competition with unique products. People will be looking for the products we sell.

2. Not easy to imitate.

It is a matter of creating a product that is different from others.

3. Competitive price

Is the guaranteed price that is cheaper than others. No. 10

## 2 Method

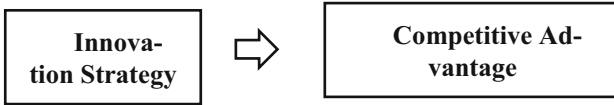
### 2.1 Hypothesis Development

The type of research used in this study is causality research. Causality indicates the magnitude of the relationship between two or more variables [11]. Causality is causality. In this study, there were free (affected) and bound (affected) variables [11]. Therefore, this study describes the influence of the free variable, namely the innovation strategy, on the bound variable, namely the competitive advantage of galtan batik shops in the creative industry.

The way to obtain data on the design of causal research is through a survey. The Survey Method provides questions for research on reports of beliefs or self-behavior [12]. In this study, to collect data, researchers used questionnaires in the form of structured questions. A questionnaire is a data retrieval technique that provides a set of written questions or questions for respondents to answer.

Based on the description above, a framework can be made to consider the influence of innovation strategies on competitive advantage, as shown in Fig. 1.

The hypothesis developed in this study is a free variable, namely the innovation strategy (X), and the bound variable, namely competitive advantage (Y). Thus, the research hypotheses proposed are:



**Fig. 1.** Fidelized Outline

Ho: There is no influence of innovation strategy on competitive advantage in Garutan Batik Shop

Ha: There is an influence of innovation strategy on competitive advantage in Garutan Batik Shop

## 2.2 Method

### Sample and Data Collection

A population is a generalized area consisting of objects or subjects that have certain qualities and characteristics that are set by the researcher to study and then draw conclusions [11]. The total population at this event is 19 Batik Garutan stores. In this study, the object to be studied is the Garutan Batik Shop in Garut City. Data was collected through questionnaire disseminators/questionnaires of answer choices based on 5-point Likert numbers. All answers will be actualized and then processed based on specific sequences. The study sample is a convenient takeover of sample members from a limited population with the number of samples predetermined. The sampling technique used in this study is nonprobability sampling by sampling using quota sampling. So the sample taken was the Garutan Batik Shop in Garut City, with the number of samples set to be 6 Garutan Batik Shops, with 30 respondents.

### Measurements

This method is carried out by distributing questionnaires/questionnaires in the form of structured questions, where each question has been prepared with 4–5 alternative answers that will be distributed to respondents to fill in. The instruments used in this study were used to produce accurate data, namely by using a Likert scale. The Likert scale is a scale created to assess how much respondents agree or disagree with the question on a 5-point scale. The assessment score for measuring respondents' answers is as follows [13]:

1. Score 5 for SS: Strongly Agree
2. Score 4 for S: Agreed
3. Score 3 for R: Undecided
4. Score 2 for TS: Disagree
5. Score 1 for STS: Strongly Disagree

### Research

The variables in this study are free variables that include innovation strategies, and bound variables include competitive advantages. A free variable is a variable that, if at one time it is different at the same time as other variables, will change its diversity. Then a bound variable is a variable that is measured or tested by experiment.

This type of hypothesis testing is carried out statistically, where the initial suspicion of  $H_0$  can be obtained from experience or, according to experts. Moreover, an alternative hypothesis or  $H_1$  will later be compared and selected to determine which conjecture is correct.

### Data Analysis

The data analysis method used in this study is multiple linear regression analysis and is processed using the SPSS for Windows program. According to Suhartono (2014:328), multiple regression is a versatile and powerful method of analysis that can be used to model the simultaneous effects of independent variables on dependent variables. This analysis is used as a statistical analysis tool because this study is designed to examine the free variables that affect bound variables so that it can be known which sub-variables are considered to be the most influential on bound variables [13].

## 3 Results and Discussion

### 3.1 Measurement

#### Instrument Validity and Reliability Test

The Validity Test is a test used to measure the level of effectiveness of a measuring instrument or measuring medium to obtain data [14]. Based on data processing on 30 respondents, then conducted a validity and reliability test of the research instrument using SPSS and Microsoft Excel and obtained the following output conclusions.

Based on the validity test output using spss, researchers can find out the items of the instrument that are valid or invalid. Interpret the above data requires an  $r$  table to compare  $r$  from the output. The value of the table  $r$  is obtained from  $N = 30$  and the  $\alpha = 0.05$ , i.e.  $r$  of the table = 0.2960.

Validity test decision making is:

- *If  $r$  counts  $\geq r$  table, then the data is valid*
- *If  $r$  counts  $\leq r$  table, then invalid data*

The results in Table 1 show that there are 4 invalid items, so that these instrument items can be eliminated from the study. The instruments used in this study were only 14 items that could be used as a data collection tool on the aspects studied.

Reliability Test is an index that shows the extent to which a measuring device can be trusted or relied upon [14].

Table 2 shows that the value of Cronbach's Alpha is 0.693, comprising 15 items. It can be interpreted that the statement/item has very agreeable reliability.

### 3.2 Hypothesis Testing

#### Regression Coefficient Value (Relationship Between Dimensions)

The first analysis was carried out to determine the value of the regression coefficient on each variable of the innovation strategy against the dimension of competitive advantage.

**Table 1.** Summary Table of Business Capital Validity Test Results

No Grain	R Calculate	Information	Interpretation
1.	0.367	$\geq 0.2960$	Valid
2.	0.384	$\geq 0.2960$	Valid
3.	0.024	$< 0.2960$	Invalid
4.	0.378	$\geq 0.2960$	Valid
5.	0.215	$< 0.2960$	Invalid
6.	0.207	$< 0.2960$	Invalid
7.	0.429	$\geq 0.2960$	Valid
8.	0.427	$\geq 0.2960$	Valid
9.	0.411	$\geq 0.2960$	Valid
10.	0.535	$\geq 0.2960$	Valid
11.	0.494	$\geq 0.2960$	Valid
12.	0.545	$\geq 0.2960$	Valid
13.	0.640	$\geq 0.2960$	Valid
14.	0.378	$\geq 0.2960$	Valid
15.	0.402	$\geq 0.2960$	Valid
16.	0.482	$\geq 0.2960$	Valid
17.	0.345	$< 0.2960$	Invalid
18.	0.370	$\geq 0.2960$	Valid

**Table 2.** Validity Test Results

Reliability Statistics	
Cronbach's Alpha	N of Items
.693	15

Note: Research Instrument Reliability Test Output Using SPSS

The data processing results show that the variable dimension of the innovation strategy affects the variable dimension of competitive advantage.

From the Table 3, it can be interpreted that:

- a. The constant number of unstandardized coefficients, in this case, is 9.741. This figure is an impersonation that if there is no Innovation Strategy (X) eating, the consistent value of Competitive Advantage (Y) is 9,741.
- b. The regression coefficient figure in Table 3 is 0.483. This figure means that with every addition of 1% product innovation rate (X), competitive advantage (Y) will increase by 0.483. Since the value of the regression coefficient is positive (+), it can thus be

**Table 3.** Regression Coefficient Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	9.741	2.440		3.993	.000
	Innovation Strategy	.483	.078	.759	6.174	.000

a. Dependent Variable: Competitive Advantage

said that the Innovation Strategy (X) has a positive effect on Competitive Advantage (Y). So the regression equation is  $Y = 9.741 + 0.483 X$ .

### Coefficient of Determination Value (Degree of Relationship Between Dimensions)

The second analysis was carried out to determine the level of relationship between the innovation strategy, and the competitiveness of the R-value of 0.759 is high. Meanwhile, the R2 ratio of 0.577 is stated as a coefficient of determination which means that the competitive advantage of garutan batik shops is influenced by an innovation strategy of 57.7%, while 42.3% is another independent variable outside the regression model carried out.

Summary Model Table of the Relationship between Innovation Strategy and Competitive Advantage (Table 4).

### Hypothesis Test

The third analysis was carried out to determine whether the innovation strategy variables together affect the competitive advantage. In this study, the main hypothesis will be tested, namely *H1: There is an influence of innovation strategies on competitive advantages in the Garutan Batik Shop*. With a significance value of  $0.00 < 0.05$ , H1 is accepted and can be widely applied outside the research focus (Table 5).

**Table 4.** Relationship between Innovation Strategy and Competitive Advantage

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the estimate	Change statistics				Sig. F Change
					R Square Change	F change	df1	df2	
1	.759a	.577	.561	1.567	.577	38.123	1	28	.000

a. Predictors: (Constant), Innovation Strategy



**Table 5.** The Effect Of Innovation Strategies On Competitive Advantage

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	93.573	1	93.573	38.123	.000 <sup>b</sup>
	Residual	68.727	28	2.455		
	Total	162.300	29			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Innovation Strategy

## 4 Conclusions

After analyzing the theory and results of the previous research, then researching 30 respondents of the Garutan Batik shop, the research obtained results to answer the formulation of the research problem with the following conclusions: 1. The influence of innovation strategies on competitive advantages in the Creative Industry of Garutan Batik Stores. 2. The magnitude of the influence of innovation strategies on competitive advantage in the Creative Industry of Garutan Batik Shops is 57.7%

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