Tibuana
Journal of applied Industrial Engineering-University of PGRI AdiBuana

p-ISSN 2622-2027
e-ISSN 2622-2035

Risk Indicators in Business Processes in Creative Economy to Improve Product Competitiveness

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***Abstract*—**In the era of the industrial revolution 4.0, we are in an age where the concept of an online system (cyber-physical system), the concept of the internet for everything or IoT (Internet of Things), and the concept of networking (networks). The creative economy must be the backbone of the Indonesian economy. In the era of the industrial revolution 4.0, we are in an age where the concept of an online system (cyber-physical system), the idea of the internet for everything or IoT (Internet of Things), and the idea of networking (networks). The creative economy must be the backbone of the Indonesian economy. This research aims to measure risk so that risk indicators in business processes in the Creative Economy will be known. The method of carrying out this research is by distributing questionnaires or questionnaires. Then do validation and reliability and calculate the indicators that have the highest level of risk. The results of this study are the demand risk variable with an indicator of the presence of business competitors with a value of 3.2 points which means that the risk is very high faced by business actors, and the raw material risk variable with an indicator of insufficient supply of raw materials with a value of 2.93 which means high risk faced by business actors.

***Keywords*:**Risk Management, Risk, Creative Economy, Competitiveness.

I. INTRODUCTION

In the era of the industrial revolution 4.0, we are in an era where the concept of an online system (cyber-physical system), the idea of the internet for everything or IoT (Internet of Things), and the concept of networking (networks). The creative economy must be the backbone of the Indonesian economy, which is the statement of the President of Indonesia. This became the basis for the formation of the Creative Economy Agency (Bekraf) on June 20, 2015, through Presidential Regulation of the Republic of Indonesia Number 6 of 2015 is a manifestation of the government's commitment to exploring the potential of the creative economy. In Indonesia. Creative Economy in Sidoarjo Regency is one of the essential pillars in economic growth. The creative economy is based on creativity which is a renewable resource. The creative economy is a new financial concept that relies on ideas or creativity from Human Resources as the primary production and organizational factors in its economic activities. However, in its development, the creative economy still has obstacles regarding improving the quality of products and processes. This is because there is no standardized production process and output measurement. There is no risk measurement contained in the process and the resulting product. But so far, no risk measurement has been carried out to improve the quality of the process and its consequences.

This research aims to measure risk so that the indicators that have the highest level of risk will be known. Quality is also the key to successful acceptance of a product in the market because, in the buying process, consumers will carry out a method of selecting products that have the quality they expect [1]. Quality is the relationship between consumer characteristics and needs that can be met by the company, and can affect the value of sales, the number of costs incurred due to defective products, quality assurance with different values for each company [2]. The strategy used by the company in controlling the quality of the products produced is through continuous process improvement [3]. The process is an application of potential. The more often you apply the potential, the higher productivity [4].

A creative economy is an economic activity where the input and output are original ideas to be protected by Intellectual Property Rights (IPR) [5]. The more ideas are created, the faster the increase in people's welfare, both from an economic, social, and environmental perspective.

p-ISSN 2622-2027
e-ISSN 2622-2035

According to the Ministry of Trade of the Republic of Indonesia, the creative economy is a form and effort to fill sustainable development through creativity. The meaning of sustainable development is an economic climate that is competitive and has reserves of renewable resources [6]. Meanwhile, according to Risk management is becoming increasingly important to deal with risks and individual companies [7] successfully. Risk can have more than one cause and, if it occurs, can have more than one impact on more than one project dimension [7].

Risk continuously affects the company's development and accompanies it throughout its life cycle[8] in its research,[8] involving several factors that give rise to risk, namely external and internal..

II. RESEARCH METHODOLOGY

The research was conducted with respondents who are creative economy actors, where the form of business is IKM and UKM. The research method used is qualitative, where to get the data and then analyze it, it is obtained from the distribution of questionnaires or questionnaires. The stages of this research are: a. Determination of variables and indicators; b. Measurement Scale; c. Determination of respondents; d. Risk measurement in the business process of creative economy actors.

Table 1 Identification of Variables and Indicators

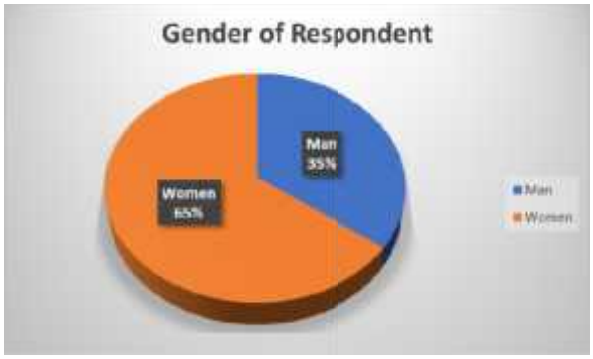
No	Variable	Indicator
1	Raw Material Ris	a. Fluctuating raw material prices b. Lack of supply of raw materials c. Quality of raw materials is not good d. No alternative raw materials
2	Production Process Risk	a. Production results are not good (defective/failed products) b. Damage to machinery or equipment during the production process c. There is a work accident d. Cleanliness and discomfort of the work environment e. Incompatibility of product quality with product standards
3	Demand Risk	a. Fluctuating demand b. Product order cancellation c. Product delivery delay d. Product sales returns e. There are business competitors
4	Shipping Risk	a. Transportation mode accidents b. Product delivery delay c. Fluctuating shipping costs

III. RESULT AND DISCUSSIONS

The number of respondents based on education level, it shows that respondents with education level there are: Elementary School (ES) 5%, Junior High School (JHS) is 20%, Senior High School (SHS) is 25 or 62%, and Bachelor 13%. Respondents 100 Creative Economy Actors (in the form of SMI's and SME's) in Sidoarjo

a. Respondent Demographic Data

1) Gender

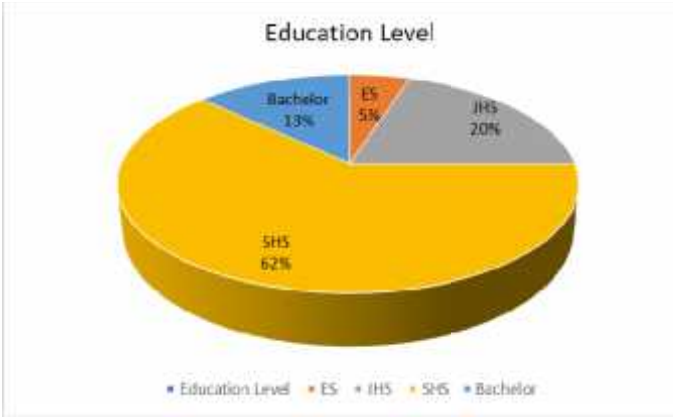


Picture 1. Gender Respondent

p-ISSN 2622-2027
e-ISSN 2622-2035

Based on picture 1, the picture above regarding the number of respondents by gender shows that respondents with male gender are 65% and female are 35%.

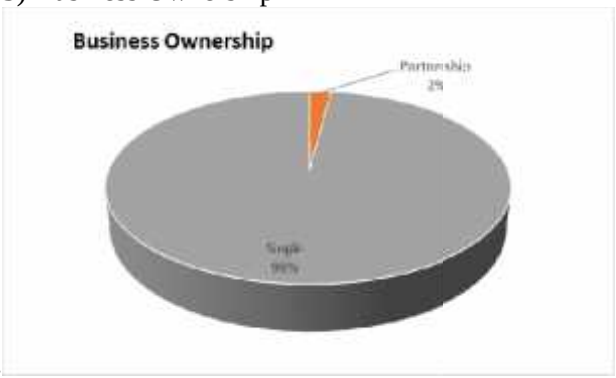
2) Education Level



Picture 2. Educational Level of Respondent

Based on the picture 2 above regarding the number of respondents based on education level, respondents with an elementary education level of 5%, 20% for junior high school, 62% for high school, and 13% for undergraduate.

3) Business Ownership



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Picture 3. Business Ownership

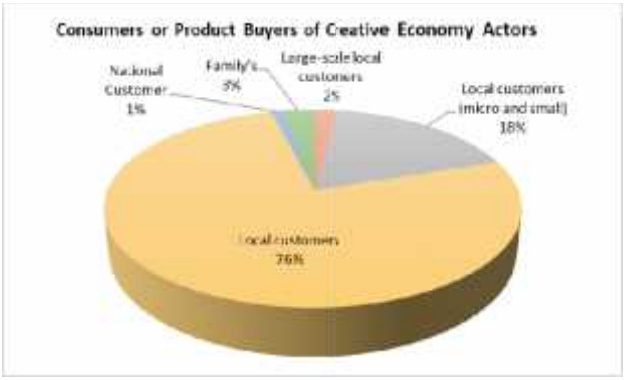
Based on the picture 3 above, 2% of businesses are partnerships, and 98% are single

4. Partnership with other parties

Picture 4. Partnership with Other Parties

Based on the picture 4 above, 33% have partnerships, and 67% do not have blocks in running their business.

5. Consumers or Product Buyers of Creative Economy Actors



Picture 5. Consumers of product buyers of creative economy actors

Based on the picture 5 above, it can be seen that local customers are the largest with a value of 76%, families are 3%, national customers are 1%, large-scale local customers are 2%, and local customers (micro and small) are 18%.

b. The highest risk indicators are:

1. Demand Risk Variables

   The indicators of the presence of business competitors with a value of 3.2 points which means that the risk is very high faced by business actors

2. Raw Material Risk Variables

   Indicator Availability of supply of raw materials is less with a value of 2.93, which means high risk faced by business actors.

p-ISSN 2622-2027
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3. Demand Risk Variables
   Order cancellation indicator with a value of 2.87 which means high risk.

c. The lowest risk indicators are:

1. Production Process Variables
   Indicator of product quality incompatibility with product standards with a value of 2 points which means shallow risk faced by business actors
2. Production Process Risk Variables
   The indicator of a work accident with a value of 2.47 means the high risk faced by business actors.
3. Shipping Risk Variables
   An indicator of a sales returns with a value of 2.53 which means low risk.

IV. CONCLUSION

The results of this study are the demand risk variable with an indicator of the presence of business competitors with a value of 3.2 points. This means the risk is very high faced by business actors. The raw material risk variable with an indicator of insufficient supply of raw materials with a value of 2.93, which means high risk faced by business actors.

ACKNOWLEDGMENT

The author would like to thank the Ministry of Education and Culture for funding assistance to the Higher Education Excellence Applied Research Grants and the Directorate of Research and Community Service, Universitas Muhammadiyah Sidoarjo for coordinating researchers so that research runs smoothly.

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