
THE ROLE OF MARKET ORIENTATION, CREATIVITY AND INNOVATION IN CREATING COMPETITIVE ADVANTAGES AND CREATIVE INDUSTRY PERFORMANCE

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ABSTRACT

The purpose of this study is to analyze the impact of market orientation, creativity, innovation what's more, upper hand on the exhibition of creative ventures. Respondents from this study are 150 proprietors or heads of creative ventures in the design area in Erode. Sampling method in this research use purposive sampling method. This technique is utilized considering the measures of the creative design industry that has been operating for not less than 3 years and enhancing market-situated items. The information acquired will be broke down utilizing Partial Least Square (PLS) program. The results of data analysis show that creativity has no significant effect on innovation. Market orientation altogether influences innovation and execution. Innovation likewise altogether affects greatness and cutthroat execution. Moreover, upper hand has a critical impact on organization execution

Keywords: Market Orientation; Creativity; Innovation; Competitive Advantage; Performance

INTRODUCTION

Creative industry is one of the spines for economic development; it will have a more prominent commitment for Indonesia in the event that it is grown well. The creative industry has a huge commitment to economic development, particularly in giving position and expanding individuals' earnings. These

days, rivalries are getting more tight, so inventiveness and advancement is required to adjust on the environmental changes. Development of nonstop advancement requires sufficient assets, in the field of HR, money and innovation. Little and medium undertakings' assets affect authoritative ability.

The development of market-oriented, imagination and innovation is one of the fundamental parts that support the production of upper hand. The production of feasible upper hand for the creative enterprises is important to contend in the worldwide market. Imagination and innovation are required by creative enterprises to develop and create. Industry entertainers ought to have the option to change the viewpoint from benefit direction to the long haul customer-oriented. To accomplish business objectives, creative industry players ought to have ability to confront difficulties, figure out methodologies in contest. Rapid changes in the environment particularly innovation and customer force the creative industry to change by taking on information, abilities and innovation.

The capacity to increment imagination in finding new and extraordinary thoughts is expected to contend in the worldwide market. Upper hand shows that organizations act better compared to rivals in something very similar. Imagination in the structure of item innovation ought to be done economically founded on shopper's requirements. The achievement of the creative industry to foster market-

oriented, inventiveness and innovation items are expected to make upper hand.

Market direction requires adequate assets to make manageable cutthroat advantage. Market direction includes customers and contenders, so creative industry players ought to grasp the job of hierarchical culture. The marketing association ought to comprehend shopper needs and convey preferable worth over contenders. Market direction can further develop innovation and business execution the achievement of the creative industry to foster innovativeness and acknowledge as new market-oriented, item innovation is supposed to make upper hand.

REVIEW OF LITERATURE

Friday O. Okpara (2007)¹ supported the meaning of creativity by which it is the capability to produce, bring into existence, to create into a new form, to create through imaginative skill, to make to bring existence something new. Companies get recognized on their innovation as it is their ultimate source of competitive advantage point due to the new reality today's global business. With this, the roles of creativity and innovation in entrepreneurship are analyzed.

Entrepreneurship, according to Clow (2008)², is the process of mobilizing and sacrificing resources (land, capital, and human resources) to use a business opportunity or execute an idea in a way that meets society's needs for products and services, creates employment, and benefits the venture's owner. Both new and established businesses are involved in this process, but the focus is usually on new products or services and new businesses. Therefore, for a country to prosper and enjoy continued economic growth, creativity and innovation have to be injected into the entrepreneurship development agenda has to be pursued.

According to Akbar Fadaee (2014)³, it is proved that the creativity is common among the human species and all at birth have talent in varying degrees. The definition of creativity can be defined in different and numerous ways. Entrepreneur primary concerned is developing new product, processor market and the ability to break through the tough market.

Gontur et al., (2016)⁴, in their study, Creativity and innovation can also be extended to things like coming up with business ideas, such as what to manufacture to satisfy customers,

finding investment opportunities, deciding how to capitalize on those opportunities, formulating corporate goals and objectives, and conducting market research in both urban and rural areas. Creating an enterprise, starting real business operations, selling and promoting an organization's products and services, planning and managing human and material capital for the achievement of the enterprise's goals, risk and uncertainty management, creativity, and diversification.

THE OBJECTIVES OF THE STUDY

It examine the relationship between market orientation, creativity, innovation, competitive advantage and creative industry performance. The operational definition of those research variables can be explained. Market orientation is an organizational culture that has confidence and values that put customers in the center of business decisions and measured through 9 indicators adopted those are: value added for consumers, understanding consumer needs, customer satisfaction, information sharing competitors, competitor action responses, competitor strategy responses, inter functional coordination, information sharing

between parts, cooperation formulate

strategies.

RESEARCH METHODOLOGY

RESEARCH DESIGN

In this study, obtained data from the respondents used to explain the relationship between research variables. Data is analyzed by quantitative approach. The respondents of this study are the owners or the heads of creative industry in the fashion sector in Erode.

SAMPLING TECHNIQUES

Purposive sampling was used as the sampling technique. This method was used by considering the criteria of the creative fashion industry that has been operating for at least 3 years and innovate market-oriented products. The respondents selected in this research are the owners of the creative industries.

The data were collected by sending questionnaires, interviews and field observations.

To ensure the data accuracy, it was selected 130 questionnaires which are qualified as respondents. The collected data will be tested for its legitimacy and reliability. The estimation of the questionnaire in this study is by utilization of "five-point Likert scale from 1 to 5" rating from strongly disagree to strongly agree. The obtained data will be analysed using Partial Least Square (PLS) program. The result of data analysis is supposed to make sense of the connection between research factors.

RESULT AND DISCUSSION

Table 1. Respondents Description

Variable	Respondents	Percentage
Age (in year)		
20-29	12	9.23
30-39	46	35.38
40-49	55	42.30
50-59	12	9.23
>60	5	3.89
Operating Business (in year)		
1-5	11	8.46
6-10	35	26.92
10-15	37	28.46
16-20	20	22.30
>20	18	13.4

Table 1 shows a general overview of the age and business operations in the creative industries. Most creative industry players are 34- 49 years (42.30%). It means that the creative industry players run the business on the

productive age. Based on the length of business operations, most of them have a sufficient work experience since they run the business for 10-15 years (28.46%).

Table 2. Description of Variables and Indicators

Variable	Mean	Median	SD
Creativity	3.63	3.50	0.56
Market Orientation	3.89	3.94	0.66
Innovation	4.12	4.25	0.47
Competitive	3.96	4.05	4.00
Advantage Company Performance	4.00	0.53	0.59

Table 2 shows an overview of the mean, medium and standard deviations of each variable. Market orientation variables in a high category which is indicated by its mean value (3.89). It shows that the industry creative in fashion sector run the business activity with consumer oriented. Business activity is always consumer oriented, which is done by creating good cooperation with the consumers, giving the best added value for consumer, trying to understand consumers' needs and trying to satisfy them. The mean value of innovation variable is 4.12, means that it belongs to

the high category. This condition shows that the innovation has been done well and in accordance with consumer expectations. The mean value of competitive advantages which is 3.96 belongs to the high category. This condition shows the ability to create competitive advantage made by the perpetrators of the creative industry is good.

The data obtained will be tested empirically based on Partial Least Square (PLS) with Smart PLS software. The analytical techniques will used to test the Hypothesis through the model of

structural equations with Partial Least Square (PLS) approach. The approach through distribution free is a powerful research method in Partial Least Square (PLS), because it does not assume

certain distributed data but it can be nominal, ordinal, interval and ratio and the number of samples should not be large

Table 3. Result of Validity Test

Variable	Indicator	Loading Factor	Conclusion
Creativity	KRE1	0.952	Valid
	KRE2	0.514	Valid
	KRE3	0.659	Valid
	KRE4	0.731	Valid
Market Orientation	MO1	0.758	Valid
	MO2	0.897	Valid
	MO3	0.826	Valid
	MO4	0.765	Valid
	MO5	0.764	Valid
	MO6	0.894	Valid
	MO7	0.854	Valid
	MO8	0.912	Valid
	MO9	0.917	Valid
Innovation	PI1	0.710	Valid
	PI2	0.815	Valid
	PI3	0.716	Valid
	PI4	0.676	Valid
Competitive Advantage	CA1	0.690	Valid
	CA2	0.812	Valid
	CA3	0.764	Valid
	CA4	0.621	Valid
Company performance	PF1	0.740	Valid
	PF2	0.848	Valid
	PF3	0.831	Valid
	PF4	0.782	Valid

The validity test result in Table 3 shows that the value of outer model indicates the factor loading value of each indicator is above 0.50, so it can be concluded that all indicator is valid.

Meanwhile, to measure reliability of variables is done by discriminant validity approach. It compares the square root values of Average Variance Extracted (AVE) in every construct by

correlating between construct with others in the model. The model has good discriminant validity if the AVE root value of each latent variable is greater

than the correlation value between latent variables with other latent variables in the model and recommended AVE values must be greater than 0.50.

The reliability test result in Table 4 shows that the value of each Composite Reliability is above 0.60 and Average Variance Extracted (AVE) is 0.50. From

the result, it can be concluded that this study has qualified reliability of a construct.

Table 4. Reliability Test Results

Variable	Composite Reliability	AVE
Creativity	0.821	0.535
Market Orientation	0.957	0.714
Innovation	0.815	0.536
Competitive Advantage	0.877	0.642
Company Performance	0.814	0.534

The value of R-Square in Partial Least Square (PLS) model of each dependent latent variable can be seen in Table 5.

Table 5. R-Square Value

Variable	R-square
Innovation	0.580
Competitive Advantage	0.757
Company Performance	0.784

The analysis result in Table 6 shows the R-square value of innovation variable is 0.580. It shows that creativity variables influenced by creativity and market orientation variables are 0.580 or 58.0%. Furthermore, the R-square of competitive advantage variables is 0.757 means that the competitive advantage

variable is explained by the innovation variable of 75.7% While R-square of performance variable is 0.784 means that the performance of creative industry influenced by market orientation, innovation and competitive advantage is 78.4%.

CONCLUSION

The policy of market-oriented innovation development encourages the creation of sustainable competitive advantage for the creative industry. The performance of the creative industry can be improved if the policy of market-oriented innovation is developed by focusing on consumer orientation, competitor orientation and inter-functional coordination. Similarly, performance can be improved if the creative industry has a competitive advantage.

The managerial implication of this research is that innovation

development to create competitive advantage can be done by developing consumer oriented marketing policy, competitor orientation and good inter-functional coordination. Improving the performance of categorical industry can be done by conducting business policy focusing on market orientation, continuous innovation and creating competitive advantage.

Future research is expected to test the type of creative industry, by adding business environment variables as well as firm size as moderating variables.

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