

# Analyzing the Factors Affecting Business Performance of Startup Companies in Digital Creative Industry in Indonesia

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## ABSTRACT

Recently, the creative industry that is growing rapidly in Indonesia is the one that based on digital technology. Technology has become a major facility for the activities of the various sectors of life, which provide fundamental changes in education, transportation, health, research, and work. At the early stage of forming, digital startup companies in digital creative industry almost certainly is not bankable. They have not had a complete set of financial statements yet. They only have a simple transaction report. Therefore, the business performance of a digital startup companies cannot be seen only from the report of transaction only, because the transaction report cannot completely reflect the performance of the business. There are several other factors that also influence the business performance digital startup companies in digital creative industry. In accordance with [Yahya Arief \(2013\)](#) business performance of startup company is influenced by uniqueness of resources, innovation management, and business partnerships, through the competitive strategy.

This study aims to determine whether the factors of uniqueness of resources, innovation management, business partnerships, and competitive strategy, actually influence the business performance of digital startup companies in digital creative industry in Indonesia. And also, to find out how influential these factors towards the business performance of digital startup companies in digital creative industry in Indonesia. This study was largely based on existing theories in the International Journal of Innovations in Business titled "The Effect of Unique Resource, Innovation Management and Partnership on Business Performance at Digital Creative Industry in Indonesia" by [Yahya Arief \(2013\)](#). The method used for this study is descriptive method by distributing 100 questionnaires to the management of startup digital company in Indonesia that listed in Ministry of Tourism and Creative Economy of the Republic of Indonesia. After that, in order to make a quantitative result by linear regression and path analysis with SPSS application for identify the weight for all factors relationship dependent and independent variable.

There are two results from this study. First, the factors of uniqueness of resources, innovation management, and business partnerships are positively influenced the business performance through the competitive strategy factor. Second, from the data analysis, it is revealed that innovation management is the most influence factor on competitive strategy. Furthermore, the competitive strategy hugely influenced the business performance.

**Keywords:** Digital creative industry, Startup company, Uniqueness of resources, Innovation management, Business partnerships, Competitive strategy, Business performance.

## 1. Introduction

### 1.1. Background

Particularly in Indonesia, the creative industry has the potential to obtain the high growth rate and contribute in large numbers on gross domestic product (GDP) of Indonesia and become one of the solutions for national economic problems. Based on the data in 2012 ([Antara, 2012](#)) the products of the creative economy contribute 7 percent to Indonesia's GDP. This industry will continue to grow with the support of Indonesia's large market. From 2002 until 2006, the creative economy sector has contributed Rp104.637 trillion to the country's revenue and the figure is increasing.

According to the Ministry of Trade of Indonesia, the creative industry is an industry that is come from the utilization of people's creativity, skill, and talent to create wealth and job opportunities by generate and exploit the creativity and inventiveness of the individual. The government of Indonesia itself has identified the scope of the creative industries that includes 14 sub-sectors, namely advertising, architecture, art, craft, design, fashion, music, showbiz, publishing and printing, digital, broadcasting (television and radio), and also research and development.

Nowadays, the creative industry that is growing rapidly in Indonesia is the one that based on digital technology. This is caused by the importance role of technology in human activities. Technology has become a major facility for the activities of the various sectors of life, which provide fundamental changes in education, transportation, health, research, and work. Technology is an important element in creating a modern life in accordance with the times.

The practitions of the digital creative industry is called digital company. To develop their business, digital company utilizes the Information and Communication Technology (ICT). One of the evidences of the economic development of the digital company in the world is the rapid growth of multinational corporations like Apple and Facebook. Apple had revenue of \$ 42,91 billion and Facebook had revenue of \$ 0,7 billion.

This digital creative industry can provide the added value in several aspects of life, especially from an economic point of view. In addition, the use of ICT also encourages creativity and innovation of the nation. Therefore, the digital creative industry in Indonesia really needs to be developed.

The establishment of a startup company based digital technology can precede the development of the digital creative industry. Basically, a startup company is an organization formed to search for a repeatable and scalable business model (Steve Blank, *Academics and Entrepreneur in Silicon Valley*).

By the end of 2011, there were approximately 400 startup companies that engage in digital creative industry. However, of the hundreds of startup companies, not all of them are considered to have the potential to become a sustainable company. According to Wilson Tjuatja Widjaja, the Managing Partner of East Venture (one of the technology business incubator in Singapore), the growth of digital startup company in Indonesia is quite rapid, but most of them are still in the early adapter or trial and error stage.

At the initial stage, the digital startup company requires a pretty much amount of capital for the financing and business development that can compete globally. According to the company's crowd funding platform called Fundable, as much as 57% of digital company defrays their operational needs from their own savings and 38% earn money from a relative or friend. Then, only about 1.34% of digital company that obtained a loan from bank.

In Silicon Valley, which is one area of ICT development that is initiated by Stanford University, from 20 startup companies that ware formed, only one was successful. This was due to their products that less desirable in the market. The level of success of a startup company only reached 5% (Shikhar Ghosh, Harvard Business School). According to the report, it can be seen that at the early stage of forming, a startup company almost certainly is not bankable. The risk of capital loan that must be covered by the bank is considered to be too large when it given to a startup company than when it given to the entrepreneurs who already stable.

There are several development methods of startup company which according to the experts, such as Customer Development (Blank Steve, 2006), Lean Startup (Ries Eric, 2011), and Running Lean (Maurya, 2012).

The development of a business is determined by the performance of the business itself. "Performance" refers to the level of attainment or achievement of the company within a certain time period. The purposes of the company are to maintain their existence, to gain profit, and to develop itself. These purposes can be achieved if the company has a good performance. The business performance can be seen from the level of sales, profit rate, return on capital, the level of turnover, and market share (Jauch and Glueck, 1988). In accordance with Yahya Arief (2013) business performance of startup company is influenced by uniqueness of resources, innovation management, business partnerships, and competitive strategy.

## **1.2. Research Problems**

At the early stage of forming, digital startup companies in digital creative industry almost certainly is not bankable. They have not had a complete set of financial statements yet. At the early stage of forming, they only have a simple transaction report. Therefore, the business performance of a digital startup companies cannot be seen only from the report of transaction only, because the transaction report cannot completely reflect the performance of the business. There are several other factors that also influence the business performance digital startup companies in digital creative industry. In accordance with Arief

Yahya (2014) business performance of startup company is influenced by uniqueness of resources, innovation management, business partnerships, and competitive strategy.

## 2. Literature Review

### 2.1. Concept of Startup Company

There are some experts who give their thoughts regarding the definition of a startup. Warby Parker co-CEO Neil Blumenthal stated that a startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed (Shontell, 2014). Jan Koum the co-founder of \$19 billion WhatsApp said that a startup is a feeling (Shontell, 2014). Another entrepreneur stated it more bluntly. Homejoy CEO, Adora Cheung told that a startup is a state of mind. It's when people join the company and are still making the explicit decision to forgo stability in exchange for the promise of tremendous growth and the excitement of making immediate impact (Shontell, 2014).

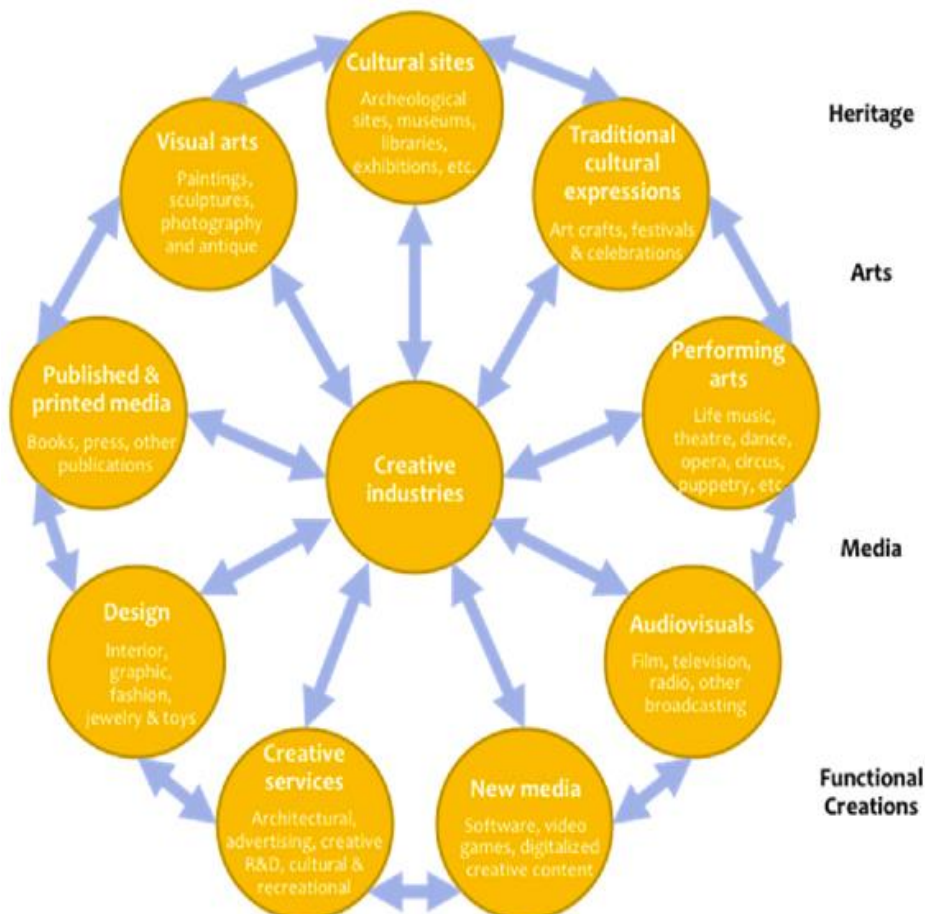
### 2.2. Concept of Creative Industry

The study of the creative industry that has been conducted by the Ministry of Trade (2008) refers to the definition of the creative industry as follows:

"The industry that is derived from the utilization of creativity, skill, and talent of individual to create wealth and jobs through the creation and utilization of creativity and inventiveness of these individual."

According to UNCTAD (United Nations Conference on Trade and Development) the creative industry can be grouped as shown in Figure 2.1.

**Figure-2.1.** Groups of Creative Industry by UNCTAD



### 2.3. Concept of Digital Creative Industry

As shown in Figure 2.1, digital creative industry included in the new media group which consists of software, video games, and digitized creative content. The category of digitized creative content consists of digital animation, cartoons or digital comic, digital music, digital book, digital photo, and the other creative content that has any digital format. New media has two major roles in the creative economy, which are:

1. As a creative product itself, in the form of creative content in digital form.

2. As an enabler that is used as a tool for marketing and distribution of creative products such as music, movie, book, news, or in the form of creative service such as digital advertising.

According to the guidelines of Creative Economy Development in Indonesia in the year of 2025, the sub-sector of creative industry based technology is divided into 3 categories, which are Research and Development, Interactive Games, Information Technology and Software. Meanwhile, for the business practitioners, the digital creative industry includes six lines of products, which are Games, Education, Digital Music, Animation, Software, and Social Media and Web. They are known by the acronym GEMASS.

## **2.4. Uniqueness of Resources**

There are several concepts from the experts regarding the uniqueness of resource. One of the concepts stated by [Collis and Montgomery \(2005\)](#). The uniqueness of resources can take a variety of forms, including some overlooked by the narrower conceptions of core competence and capabilities. They can be tangible asset (asset that have a physical form), like the wire into your house. Or the uniqueness of resources may be intangible asset (intangible asset is a non-physical asset), such as brand names or technological know-how. Or the uniqueness of resource may be an *organizational capability* (organization's ability to carry out activities to meet its objectives) that embedded in a company's routines, processes, and culture.

## **2.5. Innovation Management**

In broad terms, according to [Hargrave and Van De Ven \(2006\)](#) and [Van De Ven and Poole \(1995\)](#) management innovation can be defined as difference in the form, quality, or state over time of the management activities in an organization, where the change is a novel or unprecedented departure from the past. Julian Birkinshaw, [Gary et al. \(2008\)](#) stated that management innovation as the invention and implementation of a management practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals.

According to [Yahya Arief \(2013\)](#), the definition of innovation management in term of digital creative industry is the process of creating a product that is relatively different from the existing product either in improving the quality of the primary functions of product, product attributes, or additional services that provided to the customer.

## **2.6. Business Partnerships**

[Cravens and Nigel \(2013\)](#) stated that business partnerships are an effort to do cooperation with stakeholders, which many companies that compete worldwide use the strategic alliance.

Also, according to [Cravens and Nigel \(2013\)](#) the types of business partnerships that may be formed by a firm included supplier and customer partnerships (vertical relationships), lateral (horizontal relationships), and internal relationships. Relationships are both inter-organizational (between organizations) and intra-organizational (internal relationships).

## **2.7. Competitive Strategy**

According to [Pearce and Richard \(2013\)](#) competitive strategy is an attempt to create a sustainable competitive advantage through cost leadership and product uniqueness. While, based on [Hubbard and Paul \(2010\)](#) competitive strategy is how the organization puts its business to be more competitive in comparison with other similar industry.

## **2.8. Business Performance**

There are some concepts about business performance, which presented by experts. In accordance with [Best \(2009\)](#) business performance is the output or result from the implementation of all activities that related with business. Based on [Hubbard and Paul \(2010\)](#) the measurement of company performance focused on business portfolio, while the indicator of business performance is its revenue growth and profitability. Business performance measurement is commonly used among other revenue, revenue growth, market share, market share growth, ROI (return on investment) growth, ROI, ROS (return on sales), and ROS growth ([Provost and Leddicks, 1993](#); [Szymansky et al., 1993](#); [Deleney and Huselid, 1996](#); [Stone, 1996](#)).

## 2.9. The Relationship between Uniqueness of Resources, Innovation Management, Business Partnerships, Competitive Strategy, and Business Performance

According to the research that conducted by [Yahya Arief \(2013\)](#) the optimization of uniqueness of resource and innovation management can be done through the development of business partnerships, in which the business partnerships is an attempt to cooperate with stakeholders, where many competing companies around the world use strategic alliances.

The appropriate ownership of uniqueness of resource, innovation management, and business partnerships will be able to facilitate the company to create a competitive strategy. Also, the arrangement of company's competitive strategy cannot be separated from the contribution from the ownership of a uniqueness of resource.

Competitive strategy is the integration and coordination in planning of commitment and action to win the competition in a specific market in order to create a sustainability business performance. The measurement of business performance is more comprehensive and abstract. It is regarding the company's profit, ROI, ROA and ROE or total turnover of labor.

The research's results that conducted by [Yahya Arief \(2013\)](#) can be described in Figure 2.2.

**Figure-2.2.** Relation between Uniqueness of Resources, Innovation Management, Business Partnerships, Competitive Strategy, and Business Performance

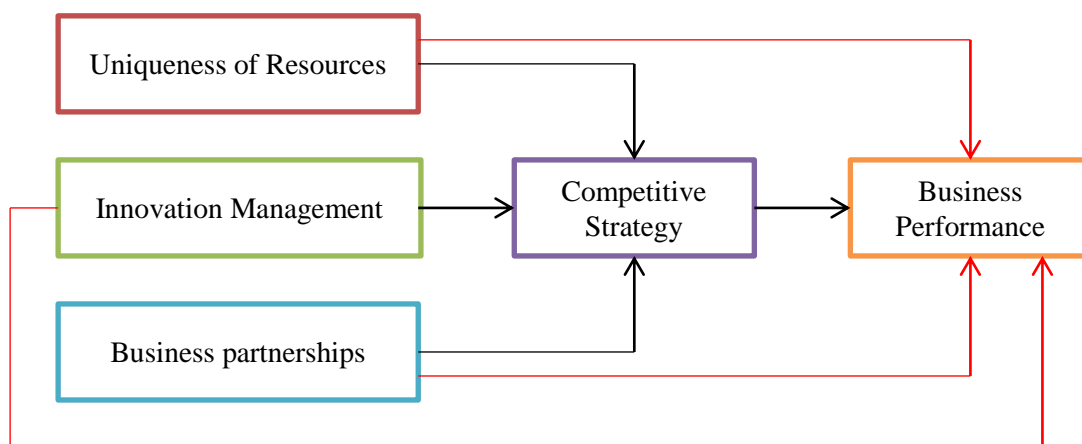


Figure 2.2 shows the relation between variables, either directly (red lines) or indirectly (black lines). In this research, the topic that will be examined is the indirect effect between variables, where the uniqueness of resources, innovation management, and business partnerships strategy can influence the competitive strategy. Then, the competitive strategy influenced the business performance.

### Hypothesis

- H.1 : Uniqueness of Resources has positive effect toward Competitive Strategy of startup companies in digital creative industry in Indonesia.
- H.2 : Innovation Management has positive effect toward Competitive Strategy of startup companies in digital creative industry in Indonesia.
- H.3 : Business Partnerships has positive effect toward Competitive Strategy of startup companies in digital creative industry in Indonesia.
- H.4 : Competitive Strategy has positive effect toward Business Performance of startup companies in digital creative industry in Indonesia

## 3. Methodology

### 3.1. Data Collection

All of the data that are required to conduct this study collected from two sources, which are primary data and secondary data. Primary data is the data that collected directly from first-hand experience. It includes the responses from the startup digital companies' management towards the uniqueness of resources, innovation management, business partnerships, competitive strategy, and business performance that occurred in their company. While, secondary data is the published data and the data collected in the past or other parties. It includes the profile and database about startup digital companies in digital creative industry in Indonesia.



According to the time of collection, the data that used in this study is a kind of cross section data. It means that the data indicate a specific point in time. So the data are taken based on the conditions of a startup company in the last one-year, which is in 2013.

The data collection technique that is used in this study is questionnaire. Questionnaire is list of questions that are used for the collect the data and addressed directly to the management of the companies included in the creative industries in the territory of Indonesia. Each question of indicator from variables of uniqueness of resources, innovation management, business partnerships, and competitive strategy, which assessed by the respondents, classified into five alternative answers using ordinal scale that describes the respondents opinion. The answer of each indicator is given a score between 1 and 5. For the variable business performance, respondents are asked to fill by using a ratio scale, which is the nominal form. The questionnaire contained closed questions.

### 3.2. Population and Sample

In accordance with Malhotra and Birks, population is the aggregate of all the elements, sharing some common set of characteristics that comprise the universe for the purpose of the research problem. While, sample is s subgroup of the elements of the population selected for participation in the study.

Based on these definitions, the population included in this study is the startup companies in digital creative industry in Indonesia, which listed in Indonesia Digital Creative Industry Community. Then, based on quota sampling method, samples that are used in this study are startup companies, which listed in Indonesia Digital Creative Industry Community that included in small to medium-sized businesses and has been operating for 5 years. Quota sampling is a sampling method of gathering representative data from a group. A quota sampling requires that representative individuals are chosen out of a specific subgroup.

The number of population based on these criteria is 273 digital companies. Then, to determine the number of samples is used Slovin formula, which is as follow:

$$n = \frac{N}{(1 + Ne^2)}$$

where,

n = Number of samples

N = Total population

e = Error tolerance

With the total population of 273 companies and an error tolerance of 10%, then the minimum number of samples used is 74 companies. So, in this study, the number of samples used is 100 companies.

### 3.3. Operational Variables

There are two kinds of variables, which are independent variables and the dependent variable. Independent variable is a variable that is intentionally changed to observe its effect on the dependent variable. While, dependent variable is the observed variable in an experiment or study whose changes are determined by the presence or degree of one or more independent variables.

This study consists of three independent variables, which are Uniqueness of resources ( $X_1$ ), Innovation Management ( $X_2$ ) and Business Partnership ( $X_3$ ) and the dependent variable is the Business Performance ( $Z$ ), while the intervening variable is Competitive Strategy ( $Y$ ).

**Table-3.1.** Operational Variables

Variable	Dimension	Indicator	Scale
Uniqueness of Resources	Tangible Asset	Working devices (hardware, software, network)	Ordinal
		Data and information that is stored digitally	
		Working capital	
		Working space	
	Tangible Asset	Experience in the IT industry	
		Adaption capability	
		Leadership and commitment	
		Company reputation	
		Intellectual property, patent, copyright, and license	

Variable	Dimension	Indicator	Scale
<b>Innovation Management</b>	Organizational Capability	Technical and business ability to develop the product	Ordinal
		The ability to acquire and manage knowledge	
		The use of product development process	
	Product Design	Attractive design	
		Empathy	
		Meaningful	
		Storytelling	
		Linked with another product portfolio	
	Business Model	Development of products offered	
		Product's uniqueness	
		Product's quality	
	Customer Experience	The appropriate user experience and user interface	
		New techniques for dealing with customers	
		New ways of service	
		Methods of distribution for new products	
<b>Business Partnerships</b>	Internal Partnership	The vertical and horizontal relationships in order to create cooperation among divisions in the development and marketing of products	Ordinal
	Supplier Relationship	Sharing the information with suppliers to provide product development's needs timely and quality assured	
	Customer Relationship	Management of customer feedback and its response	
		Customer loyalty program	
		Sharing of information between partners and companies to increase product value	
		Customer gathering program	
		The customer's interest to participate as part of the company's internal business processes.	
	Lateral Partnership	Support from accelerator of business and technical professionals	
		Activities in product and business developer ecosystem	
		Support from financial institutions to acquire markets and fulfill the working capital	
		Good relationship with educational institutions and government	
<b>Competitive Strategy</b>	Cost Leadership	The efficiency in managing human resource, IT, and application development process	Ordinal
		The affordable tariff of product and consulting service	
	Differentiation	Design and feature development	
		Quality and customer's support	
		User experience	
	Speed Based Strategy	Anticipation of changes in consumer behavior and market demand	
		Adaptation of trends of technology	
		Product development Improvisation of new product and service	

Variable	Dimension	Indicator	Scale
Business Performance	Revenue	Delivery and distribution of products to the market	Ratio
		Revenue target	
	Profitability	Revenue realization	
		Profit target	
	Market Share	Profit realization	
		Market share target	
		Market share realization	

### 3.4. Analysis Model

The model of analysis that is used in this study is OLS. OLS stands for Ordinary Least Squares, the standard linear regression procedure. One estimates a parameter from data and applying the linear model

$$y = Xb + e$$

where,  $y$  is the dependent variable or vector,  $X$  is a matrix of independent variables,  $b$  is a vector of parameters to be estimated, and  $e$  is a vector of errors with mean zero that make the equations equal. In OLS there is only one dependent variable, while the independent variables can be more than one.

This study used more than one independent variable and its known as multivariate regression. Multivariate regression model is a regression model with more than one correlated response variables and one or more predictor variables (Jonshon and Wichern, 2007)

### 3.5. F-Test

F-test applied to test the influence of all independent variables on the dependent variable comprehensively. The test performed with the following hypothesis and test result.

- Hypothesis:

$H_0 : \beta_0 = \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$ , all dependent variables in jointly do not affect the independent variables.

$H_1 : \text{One of } \beta_n \neq 0$ , all dependent variables in jointly affect the independent variables.

- Test Result:

With a confidence level =  $\alpha$  and  $df = (k-1) (N-k)$

If  $F\text{-calculate} > F\text{-table}$ , so  $H_0$  is rejected; all dependent variables in jointly affect the independent variables.

If  $F\text{-calculate} < F\text{-table}$ , so  $H_0$  is accepted; all dependent variables in jointly do not affect the independent variables.

## 4. Result

Based on the existing data, it could be conducted the linear regression method to test the relationship between the independent variables, which are Uniqueness of resources ( $X_1$ ), Innovation Management ( $X_2$ ) and Business Partnership ( $X_3$ ) with the intervening variable, which is Competitive Strategy ( $Y$ ).

In the first regression, the variable of Competitive Strategy ( $Y$ ) considered to be dependent variable. While, the Uniqueness of resources ( $X_1$ ), Innovation Management ( $X_2$ ) and Business Partnership ( $X_3$ ) remain as the independent variables.

**Table-4.1.** Regression Weight

		Estimate	S.E.	C.R.	P	Label
Y <---	X1	.206	.072	2.845	.004	
Y <---	X3	.263	.083	3.151	.002	
Y <---	X2	.406	.105	3.856	***	
Z <---	Y	.027	.007	4.025	***	

Table 4.1 is used to determine the significance level and linearity in the regression. The criteria can be determined by the F test or Significance (Sig.) test value. The easiest way is to use Sig. test, with the provision, if the value of Sig.  $< 0.05$ , then the regression model is linear and the opposite applies. According to the table, the all the values of Sig. is smaller than the criteria of Sig. value, which is 0.005 (see column P, Table 4.1). Thus, the regression model is significant or it can be said that the linear regression model is considered to meet the criteria of linearity.



**Table-4.2.** Standardized Regression Weight

		Estimate
Y <---	X1	.248
Y <---	X3	.274
Y <---	X2	.336
Z <---	Y	.343

Table 4.2 informs the regression equation model that obtained with constant coefficient and variable coefficient. Based on Table 4.2, it can be obtained the regression equation model as follow:

$$Y = 0.248 X_1 + 0.336 X_2 + 0.274 X_3$$

The first hypothesis that stated the Uniqueness of Resources has affected on the Competitive Strategy of startup companies in digital creative industry in Indonesia is acceptable. It could be proved from the significance value, which is 0.04 (less than 0.05). Therefore, it means the Uniqueness of Resources owned by the management of startup companies in digital creative industry in Indonesia has significantly affected on how their puts its business to be more competitive in comparison with other similar industry. However, when it compared with two other factors, which are the Innovation Management and Business Partnerships, the value of influence that owned by the Uniqueness of Resources is the lowest. Based on the Table 4.2, the value of standardized coefficient held by Uniqueness of Resources is 0.248.

Furthermore, the second hypothesis stated that the Innovation Management has affected on the Competitive Strategy of startup companies in digital creative industry in Indonesia. Based on the Table 4.1, it could be seen that the significance value of Innovation Management is 0.000, it less than 0.05. Thus, the hypothesis is statistically proved. Besides, it could be explained that the management of digital startup companies with the good improvisation and innovation of the product design, business model (process), and customer experience (relationships with users) can increase the Competitive Strategy. Startup companies in the digital creative industry in Indonesia has a product life cycle that relatively short, so innovation is the most important basic capital for digital startup companies in order to compete in international markets. In fact, the Innovation Management has the highest value in its influence on the Competitive Strategy. Based on the Table 4.2, the value of standardized coefficient held by Innovation Management is 0.336.

Then, in third hypothesis that stated the Business Partnerships has affected on the Competitive Strategy of startup companies in digital creative industry in Indonesia can be acceptable. It proved by the significance value of the Business partnerships is 0.002, which less than 0.05. From this, it can be explained that the higher the ability of digital startup companies' management to attempt to cooperate with stakeholders, the higher the level of suitability (the value) of Competitive Strategy that is implemented in the company. The partnerships that may be formed by digital startup companies are supplier and customer partnerships and also lateral and internal relationships. Relationships are both inter-organizational (between organizations) and intra-organizational (internal relationships). Based on the Table 4.2, the value of standardized coefficient held by Business Partnerships is 0.274, which is the second highest value.

Last, the fourth hypothesis stated that the Competitive Strategy has affected the Business Performance. Table 4.2 informs the regression equation model that obtained with constant coefficient and variable coefficient. Based on table 4.2, it can be obtained the regression equation model as follow:

$$Z = 0.343 Y$$

Based on Table 4.1, considering that the significance value 0.000 is less than 0.05, so the Competitive Strategy has affected on the business performance and the fourth hypothesis can be accepted. Then, in accordance with Table 4.2, the value of standardized coefficient held by Innovation Management is 0.343. It means that the Competitive Strategy has a considerable effect on Business Performance of digital startup companies in Indonesia. Furthermore, it can be interpreted that with the right competitive strategy, the startup digital companies can succeed in achieving maximum revenue, profit, and market share. Also, with the good and appropriate Competitive Strategy, the companies can compete to the other digital startup companies in the scope of creative industry in Indonesia and even in the global markets.

## **5. Closing**

### **5.1. Conclusion**

The fourth existing hypotheses are proven true. The factors of Uniqueness of Resources, Innovation Management, and Business Partnerships are proven to have positive relation and affect the Business Performance through Competitive Strategy. The Uniqueness of Resources, Innovation Management, and Business Partnerships of digital startup companies can influence their Competitive Strategy. While, the Competitive Strategy has the positive relation and affect the Business Performance.

Innovation Management of digital startup companies has a dominant influence on the competitive strategy in the scope of creative industry in Indonesia. In the second place, there is Business Partnerships, as the other influence factor, and then it followed by the Uniqueness of Resources. Startup companies in the digital creative industry in Indonesia has a product life cycle that relatively short, so innovation is the most important basic capital for digital startup companies in order to compete in international markets.

Competitive Strategy has a considerable effect on Business Performance of digital startup companies in Indonesia. It makes digital startup companies, which have the right Competitive Strategy, will have the maximum Business Performance.

### **5.2. Recommendation**

This research is expected to contribute to the management of startup companies in digital creative industry in Indonesia and the government as policy makers. By knowing the factors that influenced the business performance of digital startup companies, the development of this business to be more focused and effective.

Paying attention at the continuous improvisation and innovation of the product design, business model (process), and customer experience (relationships with users) can do an increase of Innovation Management. The creation of unique products, processes, and relationships with users can be reflected by the abilities and skills of characterized human resources, so the Innovation Management that performed by the companies is not easily replicated by others.

The perpetrators of digital startup companies are expected to perform the proper Competitive Strategy for their own company, so they can compete to the other digital startup companies in the scope of creative industry in Indonesia and even in the global markets. They can do the continuous improvement in the aspects of cost leadership, differentiation, and speed based strategy. With the right strategy, the company can succeed in achieving maximum Business Performance

As policy maker, the government should pay attention to create the more conducive ecosystem that can support the growth of the digital startup companies in creative industry in Indonesia. Such as to establish a co-working space as a public facility to develop the creativity of the digital startup companies' perpetrators and it is also expected to generate the innovation for the company.

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