
BEYOND COMPETITIVE DYNAMIC FRAMEWORK: COMPETING IN DISRUPTIVE ENVIRONMENT

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Abstract

The creative industry has become a hot topic in a new economy. The industry should create a competitive advantage source to “win the battle without losing its ground”. These capabilities are crucial in fostering the industry's competitive advantage in the global context. To win the battle through innovation as a first-mover, information, technology, and creative talent as valuable resources. These main drivers are important to compete in the 21st century, valuable resources, and intangible assets in fostering competitive advantage in the industry. Without this capability and skills, the firms in this industry are not easy to compete with and are difficult to develop continuously sustain growth in the industry. The purpose of this paper is to contribute by giving a critical analysis of existing phenomena and emphasizes the analyzes of Penrose, Schumpeter's Theory, and the Action-Reaction Model in explaining the strategy dynamics integrating with the Market-Based, Industrial Organization, and the Resource-Based Theory in fostering competitive advantage. This study is based on secondary data to fill the gap in the phenomena and literature. The analyzes will shed holistic understanding and contribute some insight into creative industry perspectives and give enlightenment to other scholars, managerial implication, and all creative industry stakeholders.

Keywords: Creative Industry, Competitive Dynamics, Disruptive, Resource-Based Theory, Market-Based Theory, Competitive Advantage

INTRODUCTION

The fourth industrial revolution brought about radical changes in the human way of life. The advent of the competition has brought innovations and introduced extremely new realities to the future of mankind. The World Economic Forum spawned the Centre for the New Economy and Society initiative for public and private organizations to advance studies, shape new competition standards, and drive scalable cooperation action for digital systemic ecosystem through a resource-based approach to deepen the understanding of our new future. Per these initiatives' findings, firms all around the world should start changing the way they look at the world today, to foster competitive advantage in the world of tomorrow. As the world moves on from archaic resources like gold or oil, and into much more abstract and intangible assets like data, wisdom, and information, successful exploration and management of these resources is growing ever more vital. Nevertheless, companies do not have enough preparation for this challenge much less enter the industry. Ultimately, in the new future set in motion by the fourth industrial revolution, success is determined by the acquisition and management of idiosyncratic resources. Moreover, most companies, both large companies, and SMEs have already understood the importance of market structure, market position, and resources. Companies in the creative industry also understand an intangible asset that provides value. Optimizing the use of skills, ability, and

information is one way to advance Indonesia's creative industry, so they can compete in a disruptive environment.

The United Nations (UN) has declared 2021 the Creative Economy Year. The United Nations Resolution concerning the designation of 2021 as the year of the Creative Economy by the UN General Assembly was Indonesia's initiative in the International Year Resolution on Creative Economy for Sustainable Development. There are eight major factors to create a sustainable development goal through the creative industry. These eight factors are elaborated on in figure 1 below.



Figure 1. Creative industry sustainable development goal

Opportunities and Challenge in a Disruptive Environment

As we can see from the phenomena above, an opportunity for the creative industry is promising. Compared to other countries' in terms of contribution to Gross Domestic Product (GDP) from the creative industry subsector. Indonesia is in third place. The big three countries related to creative economy contribution to Gross Domestic Product (GDP) in the world is the United States, South Korea, and Indonesia. Indonesia has one Decacorn (Go-Jek) and four Unicorn: Ovo, Tokopedia, Bukalapak, dan Traveloka. Furthermore, Indonesia has 17 Million workforces in the creative industry sector. As an inclusive economy, the creative economy has the potential to create and increase wealth, leverage quality of life, and human development.

Indonesian Creative Industry in numbers	Rp 1105 Trillion Contribution to Indonesian GDP	7.44% Contribution to Indonesian Economy	17 Million Workforces in the creative industry sector
	US\$ 20.50 Billion Export of Indonesian creative industry in 2017	3rd Position This third position is right below the United States and South Korea	1 Decacorn 4 Unicorn Has one Decacorn (Go-Jek) and four Unicorn: Ovo, Tokopedia, Bukalapak, dan Traveloka

Source: Indonesian Ministry of Tourism and Creative Economy

Figure 2. Creative Industry Contribution

This study will investigate the inadequacy of competitiveness in the creative industry to compete in a disruptive environment and address the problem using the competitive dynamic theory framework in fostering. This is due to a lack of market sensitiveness and resources, both skills, and abilities, especially to improve competitiveness in the creative industry. As a company, both incumbent companies and SMEs do not have adequate market-based and resource-based alertness in the creative industry. The lack of market structure and position information and limitation of resources creates difficulties in fostering competitive advantage in creative industry. These competencies are necessary to improve creative industry competitiveness through certain activities and strategies activities in the new digital world.

Creative industry has 16 subsectors: (1) culinary, (2) fashion, (3) craft, (4) television and radio, (5) publishing, (6) architecture, (7) application and game developer, (8) advertising, (9) music, (10) photography, (11) performing arts, (12) product design, (13) fine art, (14) interior design, (15) film, (16) visual communication design. Culinary, Fashion, and Craft are the highest creative industry sub-sectors contribution to GDP. With economic growth until August - September 2020, which is quite good, it turns out that the Creative Economy contributes around 7.30% of the total GDP. As mention earlier, Indonesia is now ranked third in the world as a country that has the largest national contributor coming from the Creative Economy. This third position is right below the United States and South Korea, which have a basic concept of their economy which is indeed the creative economy industry. With the amount of contribution given by the creative economy sector (*see appendices b*), which is around 7.30%, it turns out that the craft sub-sector is still a mainstay in addition to the other two sub-sectors which since 2016 have been the top three (culinary, fashion, and craft). With the high GDP income from the creative economy sector, Indonesia ensures that it will continue to encourage and arouse the enthusiasm of micro, and small-medium enterprises (MSME) business actors, especially the creative economy sector, to be able to compete and continue to express their ideas and continue to produce the latest and best innovations.

Efforts to encourage economic development are of course also carried out by monitoring infrastructure and building networks from upstream to downstream and vice versa from downstream to upstream in order to create a sustainable demand and production network to compete in this disruptive and environment. By continuing to provide support for policies and infrastructure that are in favor of MSMEs, the government will be able to encourage the development of the creative economy to contribute more by competing in its specificity for the progress of industry, the nation, and being able to compete globally.

A new paradigm for competing in creative industry

The Ministry of Industry championed the initiative in digital technology such as the development of data clouds, data centers, security management, and broadband infrastructure, but its utilization has not been maximized. The inevitable growth of creative industry development makes their utilization increasingly vital (*See appendices a*). It takes skills and abilities to optimize and increase the skills essential for the improvement of the welfare of individuals, companies, and the country.

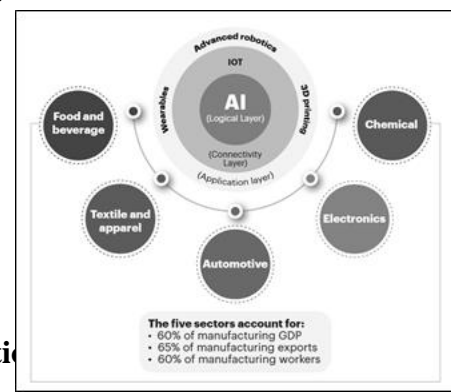


Figure 3. Five Sectors Priority with Reg
Competitiveness

Figure 4. The Five Sectors Making 4.0

The industry will be the key to encouraging added value and high-tech downstream industries to become competitive players in the new global context. To make Indonesia a competitive nation, it is necessary to develop and integrate connectivity, technology, information, and communication. This is to produce a more efficient economy and higher quality output in the future. The five sectors prioritized in Indonesia's "making " are all key sectors in the world economy and must become one of the major global players in these sectors. In the aforementioned "Making Indonesia " roadmap, there are five sectors named priority sectors: food and beverage, automotive, textiles, electronics, and chemicals. These five major sectors are shown in figure 1.3 and figure 1.4. Thus, these sectors are expected to increase the country's exports in the future and encourage the development of the role of the creative industry sector in gross domestic product (GDP). The formation of the draft roadmap for "Making Indonesia" has involved stakeholders from various segments, including government, industry players, industry associations, technology companies, and research and education organizations. Commitment and efforts from all stakeholders are needed to ensure the success of the road map. At the heart of the industry, resources and market structure are the lifeblood for the new digital economy. Nevertheless, the number of companies in the creative industry that actively edifies themselves with the new capabilities and skills to prepare for the transition to entering this "new world" is still limited. The prevalence and significance of competitiveness are growing exponentially along with the opportunities their insight entails. Adequate capabilities and technologies are fundamental to catch up with these new opportunities. To that end, firms must adopt a new approach and a new paradigm to create and secure a competitive advantage. These include leveraging the new capabilities to protect the interests of all stakeholders and open new possibilities for the market, revenue, and experience, along with sustainable insight generation to ensure that all parties benefit. Conclusively, the new ecosystem introduced by industry entails new collaborative operative models taking advantage of sharing economy characteristics as the insight to improve operating efficiency and first-mover industry innovation in fostering competitive advantage. With the abundance of information flow in creative industry, companies need new capabilities in this increasingly interconnected world. One such capability is knowing market structure, market position, knowing how to classify and analyzing industry resources.

From these perspectives, the researcher sees several obstacles, challenges, and opportunities evidenced by the creative industry phenomenon. The important elements in fostering competitiveness, such as internal and external resources and certain competitive dynamic theory and framework to support creative industry competitiveness is thus far underdeveloped. The crucial resources such as information and communication technology (ICT), human resource management (HRM), and sharing economy perspectives are still underexplored in the creative industry, rendering their competitiveness underdeveloped. Besides, the promising nature of the creative industry has a lot of opportunities to grow and overcome their missing, yet important aspect which is the strategic role to compete in a disruptive environment and to build a new competitive advantage and sustained growth. This condition is the root of the main problem that will encourage the creative industry to

contribute more to Gross Domestic Product (GDP) through value creation and will fostering a sustainable impact on the three bottom lines: people, planet, profit.

Review of Competitive Dynamic Theory and Competition in Creative Industry

This study stipulates that Penrose’s theory could be best to explain the strategy dynamics in the creative industry sector integrating the MBT and RBT into the strategic initiatives. This study derived the theoretical framework from the theory of the growth and resource-based theory perspectives to the theoretical proposed model. This approach gives a comprehensive understanding of the research model and how to derive the propositions. Based on the Theory of The Growth, the firm is a bundle of resources, and firms within the same industry are heterogeneous. Firm heterogeneities come from how the resources are endowed, develop, and combined, i.e., 1) type of resource collected, and 2) various capabilities used to exploit them. Firms grow by exploiting excess resources in order to fulfill productive opportunities (Penrose, 1959). Strategic management literature provides the differential performance of firms in the same line of business (Peteraf 1993; Teece et al, 1997). The resource-based theory of the firm states that firms need valuable resources and capabilities in order to attain competitiveness (Barney 1991). On the other hand, firms succeed in competition because of their valuable resources. Tangible and intangible are the source of growth that can be used to grasp continuous innovation. This opportunity will create differential performance and competitive advantage. The concept of continuous innovation in this study is relevant to create a competitive advantage in the end. The resource-based theory, Barney (1991), explains about VRIN concept and is the pillar of what Peteraf (1993) argues. It is four cornerstones of competitive advantage of the firm; imperfect mobility (resources are not easily imitated or transferred), heterogeneity (the firm has different resources), ex-post limits to competition (customer satisfaction), ex-ante limits to competition (first-mover advantage).

Hall (1993) mention that the tangible and intangible assets of the organization are categorized as the resource. Continuous innovation as a source of competitiveness is an example of imperfect mobility because they are tacit, socially complex, and rare. According to Frank et al. (2019), the foundation for the growing research on the interface in Industry is mainly focused on adding value to the customer (demand-pull) and frequently related to adding value to the process (technology-push) through its innovation. In a creative industry, competitiveness is progress and also a challenge. Beyond simply opening new opportunities for innovators, and competitiveness have broader implications for value creation and value capture.

Industrial Organization Theory (IOT)

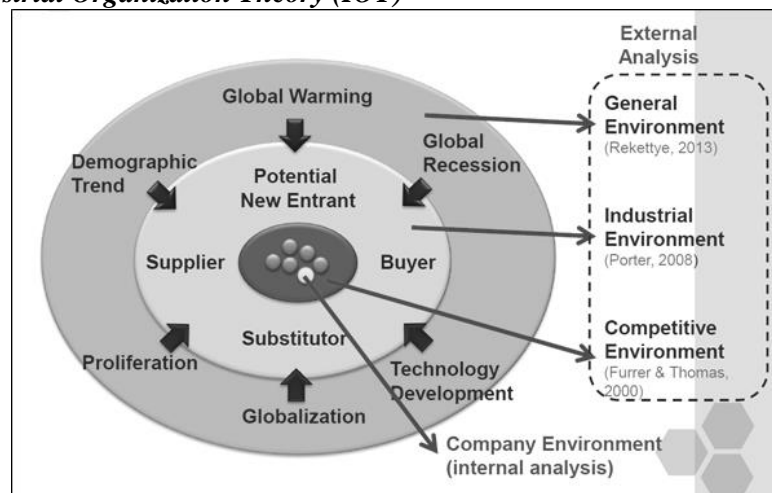


Figure 5. Industrial Organization Analysis

Industrial organization is a field that builds on the theory of the firm by examining the structure of firms and markets. Economic of scale (firm size), the barrier to entry or exit, product differentiation, and market structure are the main indicators for industrial organization theory. Besides, industrial structure, number of sellers and buyers, entry barriers, price elasticity, and market domination are included in the industrial organization's analysis.

Competitive dynamics are rooted in oligopoly competition and game theory (Neumann and Morgensten, 1944). It was initially developed in economics to understand a large collection of economic behaviors, including behaviors of firms, markets, and consumers. The first use of game-theoretic analysis was by Antoine Augustin Cournot in 1838 with his solution of the Cournot duopoly. An analysis of strategic action-reaction, that may involve some markets, through conceptual analysis (some using mathematical representation). Strategic group rivalry (Greening, 1973; Furrer & Thomas, 2000).

Market-based Theory (MBT) and Resource-based Theory (RBT)

Firms are homogenous, inputs are perfectly mobile (firms can get all inputs they need to create differentiated products), isolate unique position in the market. The essence of competitive strategy is how to create and sustain a competitive advantage so that firm can achieve an above-normal return (rent). There are two paradigms to formulate competitive strategy: Market-Based Theory (MBT), the firm is a collection of activities creating the unique position of products in the market. Resource-Based Theory (RBT), Firm is a bundle of resources Creating unique resources to result in products. More efficient process (cost leadership) selects the specific processes and decide how processes are performed (differentiation).

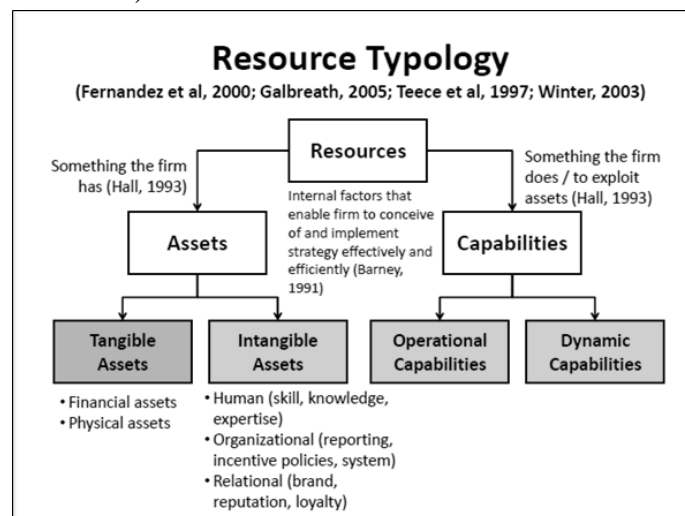


Figure 6. Resource Typology

Resource-Based View (RBV) strategy is the creation of VRIO's resources so that firm can create value more effective and/or efficient than its current or potential competitors (Barney, 1991). Accumulate stocks to create unique resources, build routines and policies to combine and process unique resources more efficiently and effectively.

The historical of Indonesian creative industry policy and event highlights from 2000 to 2019

The development of the creative industry in Indonesia is crucial and important. The creative industry is inclusive and it will help countries to survive and have continuous growth. Indonesian creative industry policy continuous to develop dan has a significant impact since 2000--2019. This condition is very beneficial for Indonesia to be able to start to attend and compete with other countries and compete globally. This era of technology and globalization demands thinking and the application of creative ideas needed by economic actors. Indonesian creative industry is the process of the presence of creativity both in the field of thought and production carried out by humans, both individually and in groups. The presence of this creative industry is expected to provide a large enough opportunity for income to follow economic principles by destroying or overexploiting natural resources.

The Creative industry sub-sectors can also provide employment when advanced industries continue to carry out labor efficiency. It will help the companies in this industry will continue to compete during the disruptive environment and turbulent situation, such as corona or Covid-19 pandemic nowadays. The creative economy industry has a medium to lower scale coverage and its production is not extensive. Indonesia, with its vast territory, abundant natural and human resources, can take advantage of the creative industry sector to become the driving force of the national economy wheel to compete globally.

Period 2000—2006

Several regulations help the Indonesian creative industry grow in the year 2000 to 2006. Law Number 31 of 2000 regarding industrial design in the protection of intellectual property rights. Decree of the Minister of Industry and Trade of the Republic of Indonesia Decree of the Minister of Industry and Trade No. 20/ MPP/ Kep/I /2001 regarding Design Council Orders National / National Design Center (PDN). Besides, The National Design Center (PDN) From 2001 to 2006, has selected 532 best Indonesian product designs. In 2006, the Ministry of Trade of the Republic of Indonesia also initiated a positive Indonesia Design Power program consists of the Ministry of Trade of the Republic of Indonesia, the Ministry of Industry of the Republic of Indonesia, the Ministry of Cooperatives and SMEs, and the Indonesian Chamber of Commerce (KADIN). In 2006, Susilo Bambang Yudhoyono started the process of developing the creative economy sector Industry by forming the Indonesian Design Force through the Ministry of Trade. In fact, in the process, the Ministry of Tourism and Culture underwent a structural change to become the Ministry of Tourism and Creative Economy as a form of the government's seriousness in encouraging the development of the creative economy in Indonesia.

Period 2007—2013

Period 2007 to 2013 the development stage of the Indonesian creative industry continues to grow. Indonesia with the power and abundance of resources of heritage and diversity will enforce its creative industry. Indonesia has achieved several stages to have economic strength in the creative industry. The following are the stages that the government and the authority of the Indonesian state support to the development of its creative industry:

- (1) 2006—2007 Regulation and support from Susilo Bambang Yudhoyono as the 6th President of the Republic of Indonesia. Since Indonesia's independence in 1945 until 2006 under the leadership of the 6th President of the Republic of Indonesia, Susilo Bambang Yudhoyono (SBY), the regulation and existence of the creative industry sector are started to become a concern. In 2007, the first Indonesian Culture Week Exhibition was held, based on the direction of SBY as the President, and initiated by

The Office of the Minister Community Welfare Coordinator. The cross-involvement departments, such as The Ministry of Industry, Trade, Culture & Tourism, and the Ministry of SMEs & Cooperatives are included to become part of the regulator and authority who fostering creative industry ecosystem to grow.

- (2) In 2007, the Indonesian Ministry of Trade released the study results mapping of The Indonesian Creative Industries and define the definitions of 14 sub-sectors of Indonesian Creative Industry based on the academic study of classification Indonesian Industrial Business Standards (KBLI). These classifications are processed from data from the Central Statistics Agency and other data sources, such as associations, creative communities, educational institutions, research institutes released in print media, and other sources related to the creative industry.
- (3) In the year 2009, First Creative Products Week and Creative Economy Exhibition were held. In realizing the nation's competitiveness of Indonesian creative industry sectors and advance the creative economy, in 2009 the first creative products week and creative economy exhibition were held every year. The Indonesian creative industry product and services plan to have continuous and regular activity. The was the first event of the Indonesian creative industry such as an exhibition. Besides, at the same time making the launch of Creative Indonesia 2009 movements.

Period 2014—2019

In 2008, the Indonesian creative industry has its blueprint for the Development of the Creative Economy 2025. The launching of a blueprint for the 2025 Indonesian Creative Economy development and the Development of 14 Indonesia's Creative Industry Subsectors was established in 2008 was the opening gate for the start of the creative economy development process in Indonesia. Since then, the classifications revised from 14 to 16 classifications. From 16 Indonesian creative industry sub-sectors, there are three biggest contributions to the Indonesian Gross and Domestic Product (GDP), the detailed contribution of the Indonesian creative industry sub-sector shown in figure 4.4. The three sub-sectors are:

- (1) Culinary Sub Sector (contribute 41,69 % to Indonesian GDP in 2019)
In the culinary sub-sector, since the 98th world cup that was held in France. Starting as a tented stall that provided a location for Watching the event Together, the culinary sub-sector turned out the biggest success. It was an unexpectedly sustainable event for Indonesian culinary. Until now, that kind of event becomes a regular event in the culinary field. Customer experience was created by included creative ideas and giving new exterior and interior design, including presenting the names of the menus. It was an example of a successful event for the culinary sub-sector to compete in the global market. The competitive advantage of the culinary sub-sector is created through customer experience. Culinary sub-sector contribute significant growth for export, import, and net trade (*see appendices c*).
- (2) Crafts Sub-Sector (contribute 18,15 % to GDP in 2019)
Indonesia has an abundance of natural resources and a diversity of arts and cultures that can produce handicraft products. The products have a well-known appeal in the world. One of the handicraft products that have been known for a long time ago is woven cloth. This cloth is made using a loom instead of a machine because it is still produced manually at the household level. Other well-known crafts include woven bamboo, such as chairs to miniatures of other objects. Mostly these products are eco-friendly products and necessary to continue to develop and provide assistance from key actors (government's regulation, talented craftsman, and entrepreneurs) in the creative economy, especially the craft sub-sector. Now, with the development of

information and technology as well as the absorption of knowledge and communication, many types of crafts have emerged, including crafts to decorate food or beverage places to fashionable items. This can be an opportunity and benefit in fostering competitive advantage to compete in a disruptive era.

(3) Fashion sub-sector (contribute 15,70 % to GDP in 2019)

The world of Fashion which is glamorous and expensive for education is an old fashion approach. In a disruptive era and since 2016, the fashion event can produce designs and material choices that can be learned from anywhere and even can be sold without having production equipment. The economic figure of fashion sub-sector has significant growth compete to other sub-sectors, such as video game and design industry (*see appendices b*). Competing in the twenty-first century is more complex and for several reasons' competition is increasing. The consequences of globalization, technological change, and government deregulation are shown in figure 4.1 below.

RESEARCH METHOD

Competing in disruptive environment

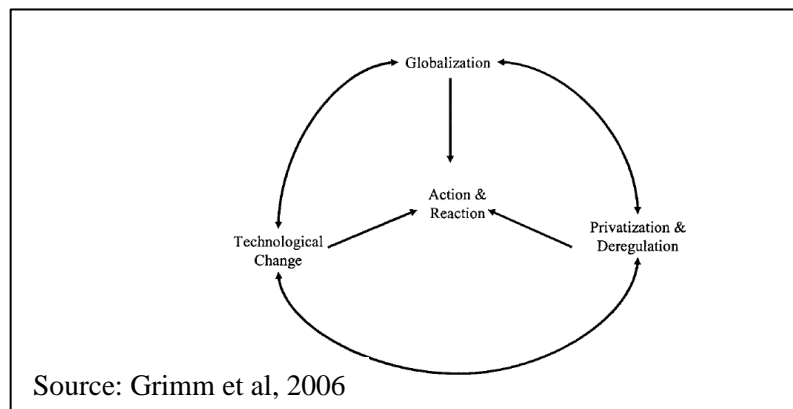


Figure 7. Competition in the Twenty-First Century

In disruptive competition, each company can be a rival for other companies, within the same industry, or among other industries. Competing in a disruptive environment means companies in the industry are competing for the same outcomes (Grimm et al, 2006). The creative industry became one of the industries that experienced a change from slow-moving to an environment with the characteristics of fast and intense rivalry. Competitors outbreak unpredictably using unconventional methods. The creative industry must face "disruptive competition" with continuously generate new competitive advantages that can make old business models outdated and neutralize the superiority of previous industry leaders (D'aveni, 1994).

As shown in picture 4.2, the characteristics of disruptive competition, the response time of product and services is getting shorter. More competitors, more failures, and more hostile rivalry. In general, technology or industry has the same goal, namely, to increase productivity, and reduce the use of human resources, disrupting previous technologies that provide business opportunities. Through this process, the creative industry develops and creates solutions for inefficient business problems. With the change of this environment

and conditions, knowing the key industry characteristics is very important and necessary. Creative industry has 16 subsectors: (1) culinary, (2) fashion, (3) craft, (4) television and radio, (5) publishing, (6) architecture, (7) application and game developer, (8) advertising, (9) music, (10) photography, (11) performing arts, (12) product design, (13) fine art, (14) interior design, (15) film, (16) visual communication design.

Response time	Short and getting shorter. Only one day in some industries.
Frequency of action	Increasing, even with more moves such as new product introductions that are difficult to implement.
Type of action	Price cuts, new products, and patents are on the rise.
Characteristics of business environment	More competitors, more failures, and generally more hostile rivalry.

Source: Grimm et al, 2006

Figure 8. Characteristics of Disruptive Competition

The creative industry has a competitive market structure with the characteristics: a large number of buyers and sellers, no one can influence the market price, everyone is the price taker. Firms that raise prices will be driven out of the market or others copy the method. In the extreme case: perfectly competitive for several products and services. This industry has 16 subsectors, the characteristics are varying. Nevertheless, these characteristics develop uniqueness in the competition arena. The characteristics of 16 subsectors create disruptive competition between all the subsectors. The Creative industry must also understand how business skills and business models can be applied to create more valuable and creative products. The role of the creative sector in the national economy is considered very important, the economic value chain formed by the creative industry will disrupt another subsector.

Knowing creative industry market structure and position

It is necessary and important to know the market structure and position to compete in a disruptive environment. The key industry characteristics of the creative economy as shown in the figure below.

a. Creative Industry Market size (revenue and volume related to Gross Domestic Product (GDP))

SUBSECTOR	2011	2012	2013	2014	2015	2016*	2017*
ARCHITECTURE	8.93	6.68	6.07	6.91	6.62	5.73	5.73
INTERIOR DESIGN	7.66	7.40	6.51	5.00	6.09	4.87	4.87
VISUAL COMMUNICATION DESIGN	5.71	4.98	2.71	9.06	10.28	10.51	6.06
PRODUCT DESIGN	0.96	2.76	1.94	2.85	2.03	2.78	2.09
FILM, ANIMATION AND VIDEO	8.36	4.89	3.34	5.31	6.68	4.83	5.54
PHOTOGRAPHY	4.97	2.95	1.65	4.71	6.13	5.31	4.94
KRIVA	5.56	2.67	2.85	3.65	4.51	3.51	4.00
CULINARY	4.64	5.51	5.19	5.04	3.94	4.30	4.83
MUSIC	7.18	8.36	5.02	7.47	7.26	6.84	6.61
FASHION	9.45	5.79	7.99	4.08	2.80	1.52	6.03
APPLICATION AND GAME DEVELOPER	6.22	5.69	4.47	5.85	5.04	4.79	5.73
PUBLISHING	3.45	5.53	5.11	3.98	4.89	4.99	3.36
ADVERTISING	8.42	4.19	3.93	9.74	6.36	6.96	11.46
TELEVISION AND RADIO	13.44	14.31	11.32	11.67	8.38	8.00	11.37
PERFORMING ARTS	7.32	9.34	6.01	7.55	6.03	5.94	6.84
ART	6.59	5.79	4.29	2.40	5.69	3.40	4.96
GDP	6.80	6.05	4.90	5.95	5.80	6.10	6.16

Figure 9. Creative Industry Growth Contribution to GDP

b. Contribution of creative industry to Gross Domestic Product (GDP)

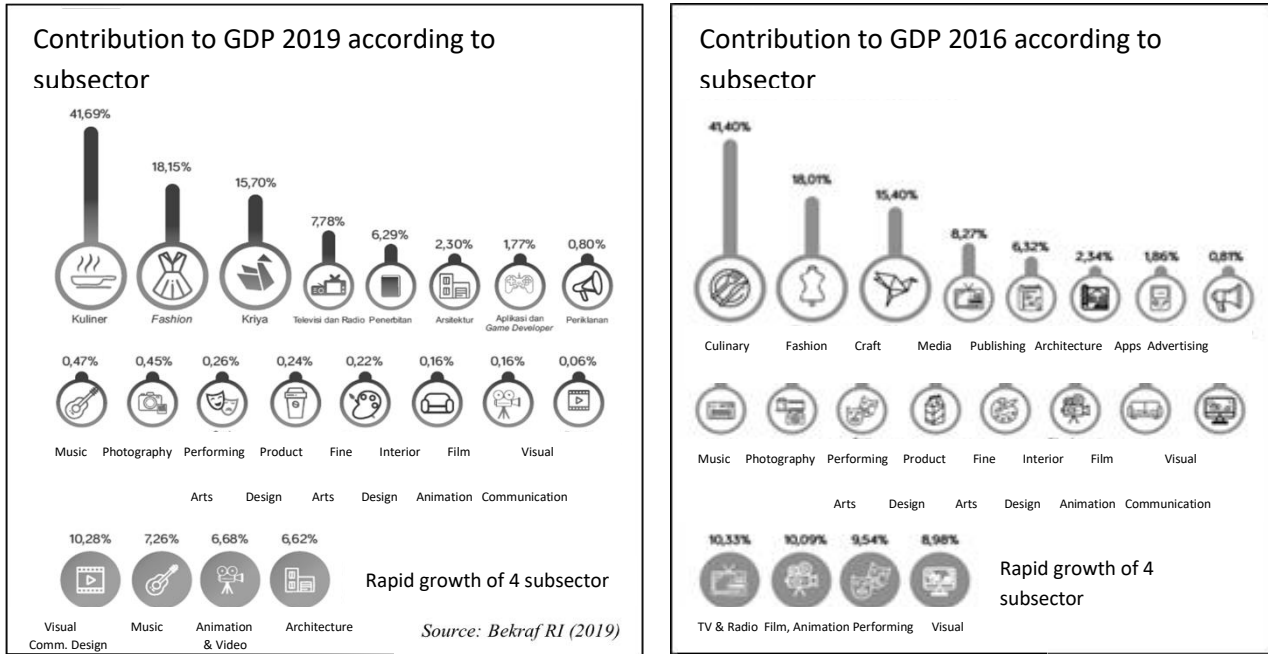


Figure 10. Creative Industry Contribution to GDP

The creative economy is a reaction to the increasing demand for lifestyle and entertainment products. This demand leads to further demand for content, which in its creation and production is closely related to the creative industry. However, traditional creative industries alone will be able to compete and face these challenges. In various other countries, such as Korea, Japan, and China, creative economies have spearheaded their economic growth. Various strategies and government policies have stimulated and pushed to be able to develop their creative industries to compete optimally as soft power or cultural diplomacy, as well as the creation of new economic power chains.

Classifying and Analyzing the Firm’s Resources

Besides knowing and understanding the market structure, market size, and position (See appendices d), to compete in this disruptive era, The creative industry should be able to classify and analyzing the firm resources that are necessary and needed to compete in the disruptive era as shown in table 1 below.

Table 1. Classifying and Analyzing Creative Industry Firm’s Resources

Sub-Sector	Resource		Relevant Characteristics	Key Indicators
	Tangible	Intangible		
Culinary Fashion Craft Television & Radio	Financial		The firm’s borrowing capacity and its internal funds generation determine its resilience and capacity for investment.	Debt/equity ratio 1. Operating each flow/free cash flow 2. Credit rating 3. Market values of fixed assets

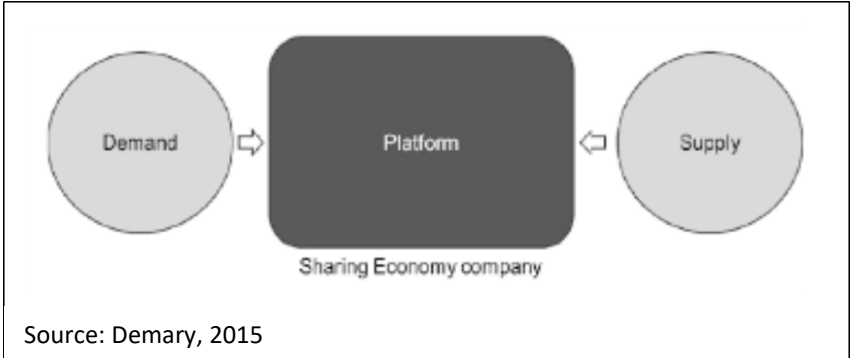
Publishing Architecture Application & Game Developer Advertising Music Photography Performing Arts Product Design, Fine Art Interior Design Film visual Communication Design	Physical		Physical resources constrain the firm's set of production possibilities and impact its cost position. Key characteristics include: the size, location, technical sophistication, and flexibility of plant and equipment, location and alternative uses for land and buildings, reserves of raw materials.	4. Vintage of capital equipment 1. Scale of plants 2. Flexibility of fixed assets
		Human	1. The education, training and experiences of employees determine the skills available to the firm 2. The adaptability of employees contributes to the strategic flexibility of the firm 3. The social and collaborative skills of employees determine the capacity of the firm to transform human resources into organizational capabilities 4. The commitment and loyalty of employees determine the capacity of the firm to attain and maintain competitive advantage	1. Educational, technical, and professional qualifications of employees 2. Compensation relative to industry 3. Percentage of days lost through stoppages and industrial disputes 4. Absentee rates 5. Employee turnover rate
		Techno-logical	1. Intellectual property: patent portfolio, copyright, trade secrets 2. Resources for innovation: research facilities, technical and scientific employees	1. Number and significance of patents 2. Revenue from licensing patents and copyrights 3. R&D staff as a percent of total employment 4. Number and location of research facilities
		Reputa-tion	Reputation with customers through the ownership of brands and trademarks; established relationships	1. Brand recognition 2. Brand equity 3. Percent of repeat buying

		<p>with customers; the reputation of the firm's products and services of quality and reliability</p> <p>The reputation of the company with suppliers (including component suppliers, banks and financiers, employees and potential employees), with government and government agencies, and with the community</p>	<p>4. Objective measures of comparative product performance (e.g., Consumers' Association ratings, J. D. Power ratings)</p> <p>5. Surveys of corporate reputation (e.g., Business Week)</p>
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Strategies for disruptive competition through Sharing Economy

In a disruptive environment, sharing is a strategy to win and to compete with others. This approach is triggered by the reduction of transaction cost characteristics of a disruptive environment. Technology is one of the drivers that can reduce costs. Search and information costs, bargaining, and decision cost policing and enforcement costs are the three main functions of the sharing economy triggered by technology. Creative industry sector characteristics are unique, the economic value chain formed by the creative industry will disrupt another subsector, but at the same time, it will also increase other creative economic sectors simultaneously. The 16 subsectors in the creative industry connected to each other. in a positive manner, this is the power of the creative economy; each sector is able to support and empower each other.

Creative industry must consider two types of disruption - disruption from the outside and from the inside. In the first case, changes are brought by competitors and the environment itself. The creative industry must be able to interrupt themselves in response to changes. In the second case, the creative industry sub-sectors should be moves in a protective attack to disrupt competitors and their environment. In the sharing economy era, all economic activities of creative industry sub-sectors focus on sharing goods, services, or knowledge. Businesses are usually based on online platforms that match demand and supply (two-sided platforms). Sharing economy companies typically compete with traditional companies in many different markets. The structure of a peer to peer to model in a sharing economy with the two-sided platform is the goods or services shared between individuals, meaning the respective sharing economy company does not produce either goods or services as shown in figure 11 below.



Source: Demary, 2015

Figure 11. Two-Sided Platform in The Sharing Economy

The company provides a platform to channel demand and also supplies the goods and services. Creative industry can adopt this kind of structure to secure the idiosyncratic resources in a supply chain. The supply embedded in the platform to serve its demand will easier compete in terms of cost-efficiency and economies of scale and scope.

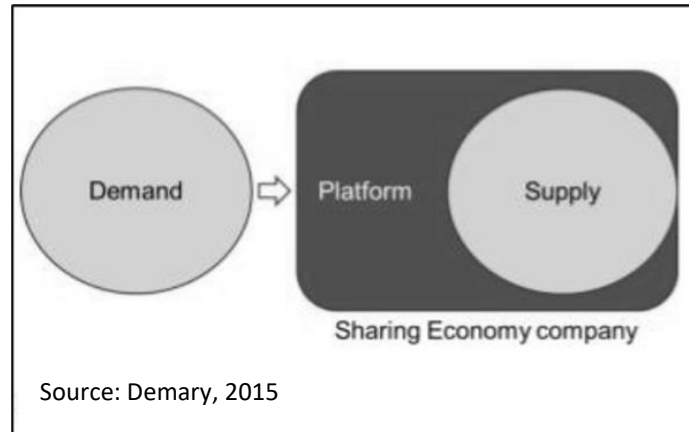
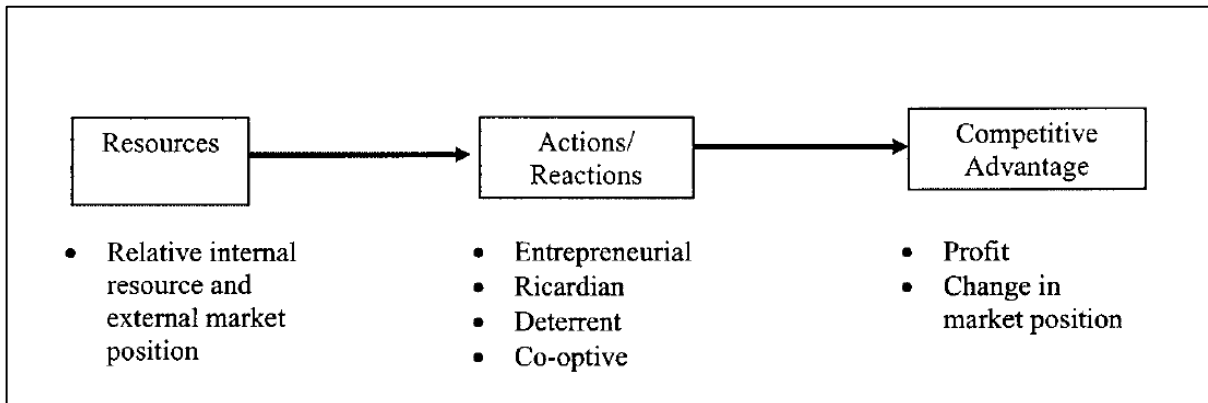


Figure 12. Structure of a Business-to-Consumer Model

Following the structure and model of the sharing economy organization, the functioning of markets and competition, and the policy implications will determine, supporting, and developing the creative industry in a disruptive environment.

Fostering competitive advantage through action-reaction in disruptive creative industry

Companies are considered to have a competitive advantage if they are able to develop a set of attributes that assist the company to have superior performance than their competitors (Wang, 2013). Competitive advantage grows primarily from the company's value generated for buyers that surpasses the cost of the company to form it (Porter, 1985). According to Barney, resources must fulfil VRIN criteria to yield competitive advantage and sustainable performance: (1) Valuable resources are considered valuable if they deliver strategic value to the organization, help the company to explore opportunities, or diminish the threat of competitors, (2) Rare is the resources are said to be rare if the company's resources are difficult to discovered in existing or potential competitors. The resources owned by all actors in the market are not rare, because they cannot be used to produce unique business strategies, (3) Imperfect Imitability is resources are considered imperfect imitability if the resources are difficult to emulate or are obtained by competitors, (4) Non-substitutability, means the resources are non-substitutable and they cannot be replaced with other resources. Competitors might be able to substitute these resources with other resources, but their performance will not be the same and equal.



Creative industry, in fostering competitive advantage through the action-reaction model of advantage and shows how actions both consume and develop firm resources while influencing a firm's market position and performance as shown in figure 14. Competition constantly creates destructive new competitive advantages, outdated the old technology, and diminish the advantages of previous industry leaders. They also leave the industry in imbalance and disorder (D'aveni, 1994). An action-based model is needed to create a new competitive advantage in the creative industry. The resources in this model are the organizational resources (internal resources and external market position) as an enabler to achieve competitive advantage in terms of profit and change in market position through actions and reactions from four actions:

- (1) **Entrepreneurial actions:** opportunity based and try to avoid rivals with radical innovation with an unpredictable outcome. Culinary, Fashion, and Craft can use this action. These three sub-sectors are the highest GDP contribution from creative industry sub-sectors.
- (2) **Ricardian actions:** engaging with rivals using firms scarce resources based and deliberate outcome of the plan to exploit resources with a predictable outcome and the evaluation of the success of this activity related to economic efficiency and maximization of operations. The creative industry that has strong resources such as technology in Application and game developer sub-sector such as Gojek, Bukalapak, Traveloka, and Tokopedia can use this action in fostering competitive advantage.
- (3) **Deterrent actions:** the goal is to deter rivals with the market-based source. The deliberate outcome of the plan to defend the resource platform. The criteria for evaluation is long-term profit maximization, but not economic efficiency. The outcome will be predictable. Visual communication design, film and animation, music, and performing arts can use deterrent action to achieve and enhance their competitive advantage. This creative industry sub-sector has significant growth in 2016 and 2019 contributing to GDP.
- (4) **Co-optive actions:** key distinction of co-optive action is to reduce rivalry driven by lack of advantage; resource and market share parity is the intent of these actions. The deliberate outcome to exploit joint behaviour with collaborative innovation or open innovation. The criteria for evaluation are joint profit maximization but not efficiency. The outcome of this action will be unstable. Creative industry in small-medium enterprises (SME) from 16 sub-sector can use this action in fostering competitive advantage.

Firms with limited resources and a poor market position can take entrepreneurial actions to improve their competitive position and advantage. The disequilibrium in the marketplace is a source of opportunity. Creative industry sub-sector must be skilful in opportunity identification, competitor analysis, and implementation to take entrepreneurial actions.

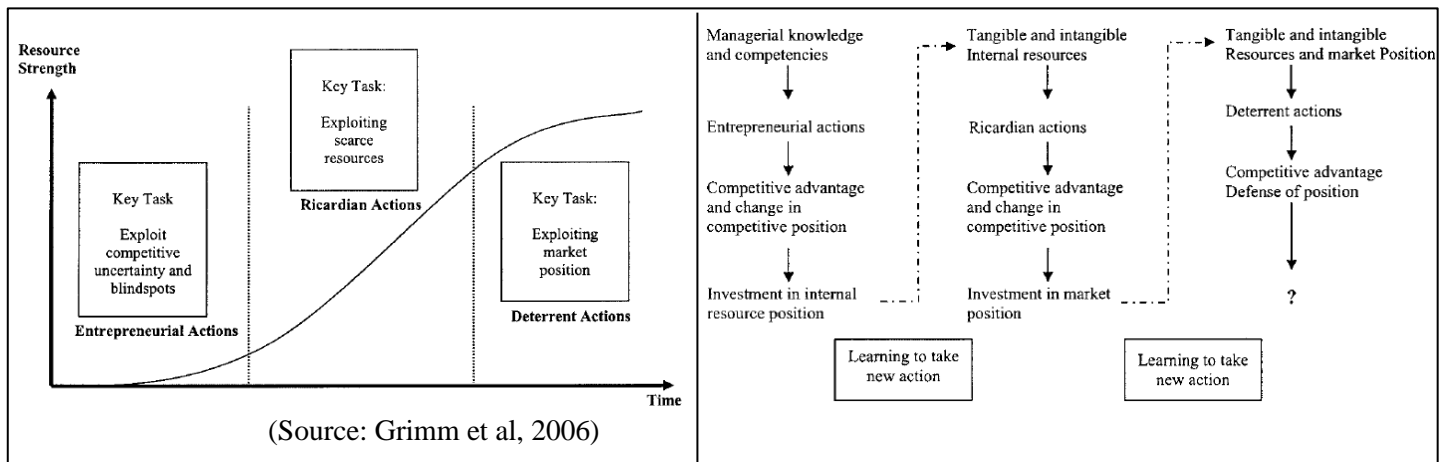


Figure 14. Action-Based Model of Organizational Evolution

The knowledge and skills of discovering opportunities must be used to make entrepreneurial moves. Opportunity without action is simply a forgone opportunity. Creative industry sub-sector must be knowledgeable about market opportunities and competitors and be able to act within the opportunity that arises ahead. Entrepreneurial actions include developing new products or services, improving products or services, making geographic transfers, and satisfying shortages of supply. Firms with inferior resources and market position have no choice but to delay competitive reaction by exploiting uncertainty and competitive blind spots until they generate the profits to build more enduring resource advantages. Firms can build new resource advantages by acquiring resources in factor markets and/or by reconfiguring internal resources, organizational evolution, and policies. The action base model of organizational evolution as shown in figure 14.

Creative industry sub-sectors with relative internal resource advantages over rivals. The goal of Ricardian actions is to engage a competitor directly. The resources that can be owned by the industry and are in short supply can be used to engage the competitor directly. When scarce resources are linked effectively to appropriate Ricardian actions, the competitive response can be impeded and delayed. Nevertheless, creative industry sub-sectors must understand their competitive environment and how their Ricardian actions will influence rivals. The greater the advantage and the greater the scope of advantages across the value chain, the more effectively a focal firm may engage the competition.

Actions by firms to take advantage of strong market positions called in term of ‘deterrent actions’ in this context relevant antitrust laws in some detail that creative industry sub-sectors can properly assess the legality of potential actions they might take to defend the firm’s strong market position. There is no resource advantage is present, coordination with competitors to avoid wars may well be related to increased profit for creative industry sub-sectors that involved. Emphasizing only the war or competitive metaphor maybe not only misleading but also misguided, creative industry sub-sectors

would be better to avoid war if possible. Cooperation may not be possible in all cases but should be explored if a firm wants to survive and prosper when competitive alternatives are unavailable, with careful attention to applicable competition.

RESULT AND DISCUSSION

In this section, the researcher describes the concluding remarks. This study adds to existing literature and empirical study of creative industry competitiveness in fostering competitive advantage in the disruptive environment. The creative industry's competitive dynamics have distinct characteristics that could not be simply explained by analyzing the resources, knowing the market structure and market position of the industry to determine the industry market power. Knowing the market structure, market power, classifying and analyzing the resources of creative industry help the industry compete in traditional ways. The creative industry has 16 sub-sectors that have a varying character to compete in a disturbing environment. There are unique characteristics of all creative industry sub-sectors. The economic value chain formed by the creative industry can also disrupt other sub-sectors, but at the same time, it will also increase other creative economy sectors simultaneously.

The main strategic challenge today for the creative sector is to continue to look for ways to take strategic initiatives with the full awareness that these initiatives will eventually be undermined by competent and intelligent competitors. Competitive advantage is temporary and needs to be applied novelty to competitive advantage continues to be able to compete in a disturbing environment. Adhering to the structure and model of the sharing economy organization, the functioning of markets and competition, as well as policy implications will define, support, and develop creative industry in a disturbing environment. The sharing economy can integrate the implementation of RBT, MBT, and IOT as part of their strategy formulation and implementation and by considering the Penrose Effect in its organization not only to maintain a competitive advantage but also to ensure growth.

This study identifies the creative industry policy and event history. This industry needs a creative government to develop and boost its competitiveness. From 2000 to 2019 there are several regulations developed: (1) 2000—2006: Law Number 31 of 2000 regarding industrial design in the protection of intellectual property rights (2) 2007—2013: Since Indonesia's independence in 1945 until 2006 under the leadership of the 6th President of the Republic of Indonesia, Susilo Bambang Yudhoyono (SBY), the existence of the creative economy sector is still not a concern. In 2007, the Indonesian Culture Week Exhibition was held, based on the direction of the President, (3) 2014—2019: First Creative Products Week and Creative Economy Exhibition (2009). In realizing the nation's desire to be able to move and advance the economy through the creative economy sector, in 2009 the first creative products week and creative economy exhibition were held every year. Blueprint for the Development of the Creative Economy 2025 was established in the year 2008. Only 3 of the 16 creative economy sub-sectors are engaged in 2016 that appeared to be developing quite well. The third subsector is (1) Culinary, (2) Fashion, (3) Craft. These three sub-sectors have the highest contribution to GDP.

CONCLUSION

The conclusion drawn from this study is in the future, the creative industry must have strong idiosyncratic resources, both tangible and intangible. Capital, human resources, technology, and strong and quality relationships will generate innovative thinking to be

able to compete and collaborate effectively in a disturbing environment. Fostering competitive advantage through an action-reaction framework is suitable for the creative industry to compete in a disruptive environment. There are four actions to fostering competitive advantage: (1). Entrepreneurial Actions: opportunity based and try to avoid rivals with radical innovation with an unpredictable outcome. Culinary, Fashion, and Craft can use this action. These three sub-sectors are the highest GDP contribution from creative industry sub-sectors, (2). Ricardian Actions: engaging with rivals using firms scarce resources based and deliberate outcome of the plan to exploit resources with predictable outcomes and the evaluation of the success of this activity related to economic efficiency and maximization of operations. Creative industry that has strong resources such as technology in Application and game developer sub-sectors such as Gojek, Bukalapak, Traveloka, and Tokopedia can use this action in fostering competitive advantage, (3) Deterrent Actions: the goal is to deter rivals with the market-based source. The deliberate outcome of the plan to defend platform resources. The criteria for evaluation are the long-term profit maximization, but not the economic efficiency. The outcome will be predictable. Visual communication design, film and animation, music, and performing arts can use deterrent action to achieve and enhance their competitive advantage. These creative industry sub-sectors have significant growth in 2016 and 2019 contribution to GDP, (4) Co-optive Actions: reduce rivalry driven by lack of advantage; resource and market share parity is the intent of this actions. The deliberate outcome to exploit joint behavior with collaborative innovation or open innovation. The criteria for evaluation are joint profit maximization but not efficiency. The outcome of this action will be unstable. Creative industry in a small-medium enterprise (SME) from 16 sub-sectors can use this action in fostering competitive advantage.

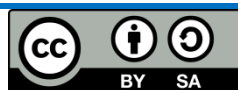
The purpose of this research is to answer the research question on “How creative industry can compete in a disruptive environment?” As the managerial implications, organizations must develop a vision, mission, and then link them to all the unique resources related to market structure and market position in fostering competitive advantage. This will create growth and that can create long-term company competence. Future research could examine the impact of such a strategy on other industry and further studies can also address the role of sharing economy strategies related to the firm strategies in a holistic and longitudinal manner.

From the results of the analysis and exploration of this research, we hope to provide suggestions and input to halodoc as an applicator or company operating in the telemedicine sector. First, the focus of application development must be based on aspects of electronic service quality such as information availability, ease of use, privacy/security, graphic style, and reliability. Because e-service quality is one of the most influential factors in creating satisfaction and loyalty for halodoc application users. Second, the experience value that the application provides to its users in terms of sensory, emotional, reflective, hedonic and utilitarian values. The experience value aspect is important to pay attention to because it will be able to satisfy consumers' curiosity regarding the orientation of the product or brand information they will purchase and ultimately help consumers in making purchasing decisions. Third, transaction costs are the third influencing factor in creating satisfaction and loyalty when using the halodoc application. Minimizing transaction costs and providing a smooth transaction experience in the halodoc application will likely have a positive impact on online satisfaction and loyalty.

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