

How to Develop SME's Creativity? An Empirical Study On SME's Creative Industry in Kebumen Regency

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ABSTRACT

Creativity and innovation are critical factors for organizational performance. Encouraging creativity and innovative behavior will develop SME's competitive advantage. SME's owners or leaders need have to improve their creative thinking power because it is considered as an important asset for them. This study aims to examine the effect of employee support and family support on the creativity of SME's owners. The research model was tested in the context of the creative industry sector of SMEs in Kebumen Regency area. Data was collected by distributing questionnaires to 100 respondents. Sampling method applied is non-probability sampling. Path analysis with Smart PLS 3 software was used to test the research model. This study raises the hypothesis that intrinsic motivation, employee support and family support have a positive effect on creativity, employee support and family support have a positive effect on intrinsic motivation, and intrinsic motivation can mediate the effect of employee support and family support on creativity.

Keywords: creativity, intrinsic motivation, employee support, family support.

• Introduction

In the era of global competition and a dynamic environment, the workplace and work life are transformed by economic, social and technological changes and developments. The ever-changing world also poses challenges for SME's actors. The first stage of the innovation process is the creation of new ideas that are useful for the organization which is called creativity. Creativity refers to the development of ideas that meet the criteria of being new, original, relevant and useful to the organization (Amabile et al., 1996; Oldham and Cumming, 1996). Meanwhile, innovation is the successful implementation of new ideas by people within the organization (Amabile and Corti, 1999).

Creativity is important for organizational health in today's economy, because by encouraging creative and innovative behavior of employees, they can gain and maintain a competitive advantage (Gupta and Singh, 1993). Many organizations depend on employee creativity to gain competitive advantage, adapt and for survival (Zhou, 2003). Understanding the dynamics of creativity in an organization is a priority for organizational behavior research (Zhou and Shalley, 2008).

Creative thinking is very necessary for SME's actors, in this case are business owners and as leaders because creativity is an important asset for people who are in leadership roles (Proctor, 2010). Leaders as people who have views and are able to inspire others with their creative talents certainly try to pursue and deal with new challenges by using solutions outside of routine strategies. Organizations should utilize human resources, namely by rearranging things that can develop creative talents.

This study uses contextual factors, namely the support of the work environment and the support of the non-work environment as the independent variables of this study. Support from the work environment can be seen in the form of support from colleagues, while support from the non-work environment can be seen through support from family (Madjar et al., 2002). Coworkers are people who are around employees, who interact directly with employees. Through interactions with the people around them, employees are predicted to be able to increase their creativity through emotional and informational support provided by colleagues (Madjar, 2008). People who are outside the predicted employee work environment can also provide support in the form of providing information and advice (Madjar, 2008). Families are predicted to be able to provide information and advice more freely without being related to organizational procedures. In addition, families are considered to have a stronger emotional closeness so that employees are easier to exchange ideas with their families (Madjar, 2005).

In research on creativity, personal and contextual factors are often treated as independent variables. Several studies (e.g., Shalley and Smith, 2001; Shin and Zhou, 2003) use personal factors as mediating variables, one of which is intrinsic motivation. Several previous studies (e.g., Shalley and Smith, 2001; Shin and Zhou, 2003) that used intrinsic motivation as a mediating variable showed inconsistent results (Shalley et al., 2004). Research conducted by Shin and Zhou (2003) found that intrinsic motivation partially mediates the influence between transformational leadership and employee creativity. In another study, Shalley and Smith (2001) could not prove that intrinsic motivation mediates the effect of evaluation factors on employee creativity. The inconsistency of the results of this study is thought to be due to differences in the measurement of intrinsic motivation (Shalley et al., 2004). In addition, differences in research methods can also be a cause of inconsistency in research results. In their research, Shalley and Smith (2001) used experiments while Shin and Zhou (2003) used surveys. This prompted researchers to examine the effect of intrinsic motivation as a mediating variable of creativity.

The purpose of this study is first, to examine the effect of employee support on the creativity of MSME owners. Second, examine the effect of family support on the creativity of SME's owners. Third, examine the mediating role of intrinsic motivation on the effect of employee and family support on the creativity of MSME owners who are included in the creative industry.

• Literature Review

.a *Creativity*

Creativity is an important factor in organizations, especially in conditions where organizations face a competitive environment. The initiative and implementation of creative ideas enhances the organization's ability to respond to opportunities. Improving the creative performance of workers is a must if the organization wants to achieve its competitive advantage (Amabile, 1988). In the creativity literature, there is a theory of componential creativity, which is a comprehensive model needed for an individual to produce creative work. This theory is based on the definition of creativity as the production of ideas or findings that are good and suitable for some purpose. In this theory, four components are needed for every creative response. Three components within the individual are relevant skill domains, relevant creative processes and intrinsic tasks, while one component outside the individual is the social environment in which the individual works (Amabile, 2008).

Wallas (1926) The classical model of the creative thinking process identified four stages of creative thinking, namely the preparatory stage (e.g., testing the problem and the goal to address it), incubation (e.g., no longer consciously working on the problem but subconsciously the work is in progress), illumination (e.g., a solution presents itself), and verification (use of logic and knowledge to turn an idea into an appropriate solution). Amabile (1983) proposed a model related to the creative process.

The study of creativity emphasizes individual level studies (Mumford, 2003), although the findings obtained in this study are complex. There are four key variables that affect an individual's ability to generate new ideas and new products, namely knowledge, creative processing activities, dispositional characteristics, and motivation.

○ *Family Support*

Chaplin (2005) says that support is encouraging or treating encouragement and advice to others in decision-making situations. The definition of family is “a group of individuals related by marriage or blood in particular, including father, mother, and children.” Thus, the definition of family support is to provide encouragement or encouragement in a decision-making situation by a group of people who are married or especially blood related, including father, mother, and children.

Research conducted by Koestner et al., 1999; Ray and Miller, 1994 examined the effect of support from people outside the organization on employee creativity, such as support from husband or wife and nuclear family. Several other studies have also shown that support from a non-work environment can affect employees' interest in their work (Madjar et al, 2002; Madjar, 2005). Furthermore, support from the non-work environment will have a direct impact on the creative response of employees (Madjar et al., 2002).

Research conducted by Madjar et al. (2002) prove that family support has a positive effect on employee creativity. Families can provide emotional and informational support. Emotional support can be in the form of enthusiasm and suggestions that can improve the mood of employees to like their work and can generate ideas that are useful for their work (Madjar, 2008). Informational support can be provided in the form of sharing information relevant to the employee's work. This informational support can be done by the family if at least one of the family members has worked in the same profession as the employee (Bloom, 1985 in Madjar, 2005).

H1: Family support has a positive effect on the creativity of SME's owner

- *Employee Support*

Research on social influence between employees and people in the workplace is a phenomenon that is constantly evolving. Amabile (1996) states that the organization through the work environment can affect the level of creativity of employees. Co-worker support is one of the factors that can affect employee creativity because in the work environment there is social interaction among co-workers. Zhou and George (2001) show that the information and expertise possessed by coworkers will provide feedback, new information, and exposure to unusual ideas, which can help employees to increase their creativity. Madjar (2005) said that support from co-workers will be able to increase employee creativity through information-sharing behavior, in which this information-sharing behavior can provide stimulation for employees to be able to develop the ideas they have.

Coworkers can provide support in the form of information/knowledge, instructions or perspectives that can assist employees in generating new ideas (Madjar, 2008). Coworkers can also function as a source of ideas and knowledge that can stimulate employee creativity.

Interaction with co-workers can increase employee motivation by creating pressure on employees to introduce new ideas they have (Cummings and Oldham, 1997). In this study, co-worker support is defined as employee support for SME's owners.

H2: Employee support has a positive effect on the creativity of SME's owner

○ *Intrinsic Motivation*

Intrinsic motivation is widely used as a key element in creativity (Amabile, 1990; Barron & Harrington, 1981). Simon (1967) stated that the main function of motivation is the control of attention. At present, much of the research on motivation in industry has focused on self-attention (Kanfer, 1990).

Intrinsic motivation refers to the extent to which employees are excited about their work activities and eager to engage in these work activities (Deci, 1972). Amabile (1997) argues that employees are likely to be more creative when they have high intrinsic motivation. Intrinsic motivation can increase the tendency of employees to be more curious, flexible, and willing to take risks. Thus, employees can create new ideas that are useful for the organization and dare to present them to others.

Deci and Ryan (1985) explain that intrinsic motivation is the main driver of employee creativity in performing a task and work. Creativity may not appear if employees do not have the ability to open up and do not have the belief that the task or work is a responsibility that can be completed easily and pleasantly. Grand and Berry (2011) identified three psychological mechanisms that can stimulate individual creativity. First, if employees are intrinsically motivated, they will experience positive creative stimuli that encourage them to reach out to a wider range of information and encourage flexibility to identify and associate ideas. Second, if employees are intrinsically motivated, their curiosity and interest in learning will increase the flexibility of thinking so that it can stimulate a willingness to take risks (Grand and Berry, 2011).

Intrinsic motivation can be influenced by support from coworkers. Support from colleagues can be in the form of support in the form of informational support (Madjar, 2008). The information that employees receive from their co-workers can be interpreted by employees as support to promote employees' abilities in the workplace. Information that can be provided by colleagues to employees can be in the form of sharing knowledge and experiences related to the work being done (Madjar, 2005). When employees feel supported by their co-workers, employees will be intrinsically motivated to immediately complete their tasks and be willing to develop their ideas and promote them to others (Coelho et al., 2011).

H3: Intrinsic motivation has a positive effect on the creativity of SME's owners

H4: Employee support has a positive effect on the intrinsic motivation of SME's owners

H5: Intrinsic motivation mediates employee support for the creativity of SME's owners

Family also plays an important role in shaping employee creativity. Ray and Miller (1994) explain that support from family members has an emotional impact on employees. Families can make employees' moods better, when employees experience pressure in carrying out the tasks assigned to them (Madjar, 2008). Families can ensure that employees can carry out their duties well. This emotional support can make employees more enthusiastic to carry out their duties. This spirit and will from within is what makes employees motivated to do the tasks that are charged more than what should be done. Intrinsic motivation that arises in employees is what generates new ideas that are useful, not only for the tasks being carried out but also for work groups and organizations.

H6: Family support has a positive effect on the intrinsic motivation of SME's owners

H7: Intrinsic motivation mediates family support for the creativity of SME's owners

● Research Methodology

.a Sample and Population

The development of creative behavior and optimization of the role of MSME owners is the spearhead in achieving the effectiveness of business processes. This position is important because this study aims to examine intrinsic motivation in building creativity at the level of MSME owners which is expected to increase greater contribution in achieving organizational effectiveness. This study has a large population and the number is not known with certainty, so to determine the sample, the following formula is used:

Information:

n = sample

Z = Z value with a certain level of

confidence $\alpha = 5\%$ then $Z = 1.96$.

(1)

Moc = margin of error or maximum tolerable error, equal to 10%. So that the resulting sample (n) is:

Based on the above formula, the sample that can be taken from the population is 96 respondents and to facilitate the research, 100 respondents are taken

.b Data Collection Techniques

The sampling technique used is non-probability sampling. The non-probability sampling technique used is purposive sampling. The research was conducted on SME's which are included in the creative industry in Kebumen Regency.

.c Variable Measurement

The creativity variable was measured using the concept developed by Vandeleur, et. al. (2001), namely ideational mobility, originality, critical thinking, feelings of pleasure, and aesthetics. Intrinsic motivation is measured using the concept developed by Herzberg cited by Gibson, Invancevics & Donnelly (1985), namely recognition, achievement, the possibility to grow the possibility to progress, and the work itself. Family support is dimensioned by real support, hope support, emotional support, instrumental support, and reward support. This variable uses the concept developed by Niven (2012). Coworker support is measured using a concept developed by Chen (2003), namely colleagues identify and apply opportunities to apply skills and knowledge learned in training, encourage use or expect application of new skills, demonstrate patience with difficulties associated with skill application. new and show appreciation for the use of new skills.

• Results

.a Hypothesis test

Table 1. Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Employee Support -> Creativity	0.380	0.381	0.113	3.362	0.001
Employee Support -> Intrinsic Motivation	0.397	0.394	0.139	2.859	0.004
Family Support -> Creativity	0.149	0.152	0.115	1.298	0.195
Family Support -> Intrinsic Motivation	0.147	0.151	0.123	1.189	0.235
Intrinsic Motivation -> Creativity	0.325	0.317	0.092	3.514	0.000
Employee Support -> Intrinsic Motivation -> Creativity	0.129	0.127	0.061	2.104	0.036
Family Support -> Intrinsic Motivation -> Creativity	0.048	0.047	0.041	1.148	0.252

- a.i From the table, it can be seen that the original sample value of family support -> creativity is 0.149 with a significance below 5% which is indicated by the t-statistic value

of 1.298 which is smaller than the t-table value of 1.660. this indicates that family support has no effect on creativity. Based on the results of the regression, it can be concluded that the first hypothesis is rejected.

- .a.ii The original sample value of employee support -> creativity is 0.380 with a significance above 5% which is indicated by the t-statistic value of 2.859 which is greater than the t-table value of 1.660. This indicates that employee support has a positive effect on creativity. Based on the results of the regression, it can be concluded that the second hypothesis is accepted.
- .a.iii The original sample value of intrinsic motivation -> creativity is 0.325 with a significant above 5% which is indicated by the t-statistic value of 3.514 which is greater than the t-table value of 1.660. This indicates that intrinsic motivation has a positive effect on creativity. Based on the results of the regression, it can be concluded that the third hypothesis is accepted.
- .a.iv The original sample value of employee support -> intrinsic motivation is 0.397 with a significance above 5% which is indicated by the t-statistic value of 2.859 which is greater than the t-table value of 1.660. This indicates that intrinsic motivation has a positive effect on creativity. Based on the results of the regression, it can be concluded that the fourth hypothesis is accepted.
- .a.v The original sample value of employee support -> intrinsic motivation -> creativity is 0.129 with a significance above 5% which is indicated by the t-statistic value of 2.104 which is greater than the t-table value of 1.660. This indicates that intrinsic motivation mediates the relationship between employee support and creativity. Based on the results of the regression, it can be concluded that the fifth hypothesis is accepted.
- .a.vi The original sample value of family support -> intrinsic motivation is 0.147 with a significance below 5% which is indicated by the t-statistic value of 1.189 which is smaller than the t-table value of 1.660. this indicates that family support has no effect on intrinsic motivation. Based on the results of the regression, it can be concluded that the sixth hypothesis is rejected.
- .a.vii The original sample value of family support -> intrinsic motivation -> creativity is 0.048 with a significance below 5% which is indicated by the t-statistic value of 1.158 which is smaller than the t-table value of 1.660. This indicates that intrinsic motivation does not mediate the relationship between family support and creativity. Based on the results of the regression, it can be concluded that the seventh hypothesis is rejected.

• Discussion

In an increasingly high and tight global competition, creativity has become one of the most important sources of sustainable competitive advantage for individuals and organizations, especially SME's. Based on Presidential Regulation No. 72 of 2015 concerning Amendments to Presidential Regulation Number 6 of 2015 concerning the Creative Economy Agency, the

government stipulates 16 creative industry sectors including game applications and developers, architecture, interior design, visual communication design, product design, fashion, film, animation, and video, photography, craft, culinary, music, publishing, advertising, performing arts, fine arts, and television and radio. The development of creative industries should not only be a concern of the central government but also local governments. Every local government needs to know the existence and condition of the creative industry in their area.

• Conclusion

- 13** Employee support has a positive effect on the creativity of MSME owners. The results of the hypothesis test support the results of previous studies conducted by Shin and Zhou (2003) and Madjar et al. (2002). That is, the higher the support provided by employees, the higher the creativity of the SME's owners. This research empirically proves that colleagues who identify and apply opportunities to apply the skills and knowledge learned in training, encourage the use of or expect the application of new skills, demonstrate patience with difficulties associated with applying new skills and show appreciation for the use of new skills can encourage SME's owners to future increase ideational mobility, originality, critical thinking skills, feelings of pleasure, and aesthetics.
- 14** Intrinsic motivation mediates employee support for the creativity of SME's owners. The results of the hypothesis test support the results of previous research conducted by Shin and Zhou (2003). This means that the higher the employee support, the higher the intrinsic motivation which in turn will increase creativity. Thus, intrinsic motivation is proven to be able to strengthen employee support for creativity
- 15** Family support has no significant effect on creativity. The results of this study do not support the research conducted by Madjar et al. (2002). This means that high family support does not encourage the creativity of SME's owners, which in turn does not increase the creativity of SME's owners
- 16** Intrinsic motivation does not mediate the effect of family support on creativity. This means that high family support does not encourage the intrinsic motivation of SME's owners which in turn does not increase creative behavior. Thus, intrinsic motivation is not proven to be able to strengthen the influence of family support on creative behavior.

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