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The Influence of Intended Strategy and Emergent Strategy on Open Innovation in Improving the Performance of the Creative Economy Industry in South Sumatra and West Sumatra

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Abstract.

This study investigates how both planned (intended) and adaptive (emergent) strategies influence the adoption of open innovation and examines their subsequent effects on the performance of creative industries in South and West Sumatra. Employing a quantitative survey of 150 industry participants, the findings reveal that each strategy positively contributes to the implementation of open innovation. Moreover, open innovation acts as a mediating mechanism that enhances business performance. These outcomes underscore the importance of integrating deliberate planning with agile responses to strengthen innovation capabilities and drive organizational success within the creative economy.

INTRODUCTION

The expansion of Indonesia's creative economy highlights its crucial function in driving innovation-led national economic development. South Sumatra and West Sumatra, two key provinces on the island, demonstrate strong potential across creative subsectors such as handicrafts, culinary ventures, and performance arts. Given the fast-evolving nature of today's market, businesses can no longer rely solely on predetermined strategic plans (intended strategies); they must also incorporate flexible, adaptive approaches (emergent strategies) that arise through practical experience and organizational responsiveness to external shifts (Ireta-Sanchez, 2023). As Mintzberg (1994) noted, intended strategies are crafted through structured planning, whereas emergent strategies evolve organically through internal learning processes. These strategic modes are not mutually exclusive—they can function in synergy. Additionally, Chesbrough's (2003) concept of open innovation underscores the value of collaborative interaction with external parties to strengthen a firm's innovation capacity. Accordingly, this research explores how both intended and emergent strategies shape open innovation practices, and how those practices, in turn, influence performance outcomes in the creative economy sector. The study contributes to the

existing body of knowledge by reinforcing the importance of strategic duality and open innovation within the regional creative industry context.

LITERATURE REVIEW

Intended Strategy and Emergent Strategy

Strategy constitutes a vital cornerstone for securing an organization's competitive advantage. [Ansoff's \(1965\)](#) concept of intended strategy refers to the formally crafted action plans developed through structured strategic planning, typically driven by senior leadership and grounded in the organization's vision, mission, and long-term objectives. In contrast, emergent strategy evolves organically from ongoing adaptation and experiential learning within an organization rather than being pre-planned. Mintzberg (1994) argues that such strategies are revealed over time as patterns of response to changing circumstances, rather than originating from deliberate planning. In the context of creative industries—marked by uncertainty and volatility—these two strategic approaches often operate in tandem, enhancing organizational flexibility and resilience (Whittington, 2019; Camuffo et al., 2020).

Open Innovation

The concept of open innovation, first articulated by Chesbrough in 2003, represents a shift from traditional closed approaches to a paradigm of managed knowledge flows across organizational boundaries, whereby firms purposefully leverage both internal and external ideas and market pathways. Unlike closed innovation—where R&D activities remain entirely internal—open innovation embraces collaboration with external stakeholders such as customers, universities, communities, and business partners. More recent contributions (e.g., West & Bogers, 2014; Bogers et al., 2019) position open innovation not merely as a cost-saving mechanism but as a way to enhance an organization's creative capacity through collaboration and value co-creation across networks. When both intended (planned) and emergent (adaptive) strategies are applied in concert, they can reinforce open innovation efforts by facilitating knowledge exchange and collective value generation among different organizational actors.

Creative Industry Performance

The creative industries in Indonesia contribute substantially to both national economic growth and sustainable development. Performance in this sector is commonly evaluated using metrics like revenue growth, market expansion, number of new products launched, export earnings, and product competitiveness. The sector's success is closely tied to its capacity for innovation, leadership decisions, and responsiveness to shifting technologies and consumer trends. As such, adopting an open innovation approach is instrumental in fortifying the creative industry's innovation ecosystem by facilitating collaboration, knowledge sharing, and value creation across stakeholder networks.

Conceptual Framework and Hypothesis Development

Based on the literature review above, this study proposes a conceptual framework that describes the causal relationship between strategy (intended and emergent), open innovation, and creative industry performance.

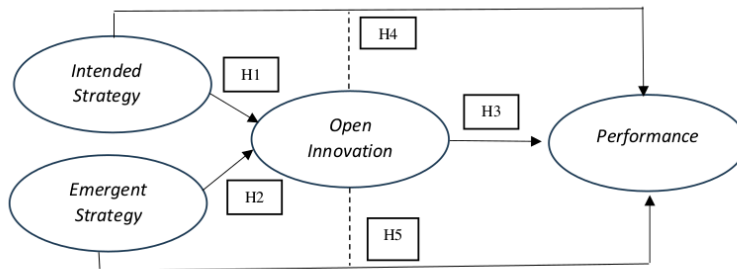


Figure 1. Research Model

- H1: Intended strategy has a positive effect on open innovation
H2: Emergent strategy has a positive effect on open innovation
H3: Open innovation has a positive effect on creative industry performance
H4: Open innovation mediates the effect of intended strategy on creative industry performance
H5: Open innovation mediates the effect of emergent strategy on creative industry performance

RESEARCH METHODS

This study employed a quantitative framework grounded in an explanatory research design, using a five-point Likert questionnaire to gather data. The respondents consisted of creative industry professionals from South and West Sumatra, selected purposively to achieve a sample size of 150 participants. Analysis was performed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4, facilitating assessment of relationships among latent constructs and investigation of mediation pathways. Bootstrapped estimates of indirect effects were obtained to test for mediation, following Zhao et al.'s (2010) recommendation to rely on the $a \times b$ bootstrapped indirect effect rather than traditional causal-step methods. Hair et al. (2017, 2022) further support this approach as standard in PLS-SEM, emphasizing that SmartPLS outputs—such as direct effects, total indirect effects, and specific indirect effects—enable robust interpretation of mediation, including full, complementary, or competitive mediation types.

RESULTS

Measurement Results (Outer Model)

Tabel 1.1 Convergent Validity Test

Variabel	Indikator	Loading	AVE
	IS1	0.79	
	IS2	0.84	
	IS3	0.81	
	ES1	0.82	
	ES2	0.85	
	ES3	0.80	
	OI1	0.87	
	OI2	0.79	
	OI3	0.82	
	P1	0.86	
	P2	0.78	
	P3	0.84	

Source: Output PLS (2025)

All items exhibited outer loadings above the 0.70 threshold, demonstrating that each indicator robustly contributes to its respective latent construct. Such strong loadings confirm indicator reliability and support the conclusion that the measurement instrument achieves convergent validity—a prerequisite before advancing to further evaluation stages. Consequently, it is appropriate to proceed with assessing the model's internal consistency reliability (e.g., composite reliability, Cronbach's alpha) and ensuring discriminant validity using techniques like Fornell–Larcker or HTMT (Henseler et al., 2015; Hair et al., 2022)

Tabel 2: Discriminant Validity Test (Fornell-Larcker)

Variabel	IS	ES	OI	P
Intended Strategy	0.82			
Emergent Strategy	0.62	0.83		
Open Innovation	0.55	0.60	0.84	
Performance	0.49	0.52	0.66	0.85

Source: Output PLS (2025)

All constructs demonstrated average variance extracted (AVE) values that exceeded their respective inter-construct correlations, confirming that each construct captures distinct variance. In other words, constructs such as IS, ES, OI, and Performance each measure unique dimensions without overlapping meanings. This satisfies the Fornell–Larcker criterion for discriminant validity and clears the way for advancing to structural model evaluation and hypothesis testing (Leguina, 2015).

Tabel 3: Construct Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
Intended Strategy	0.73	0.84
Emergent Strategy	0.76	0.85
Open Innovation	0.79	0.88
Performance	0.75	0.87

Source: Output PLS (2025)

All constructs demonstrated strong internal consistency and composite reliability: Cronbach's alpha values exceeded 0.70—confirming satisfactory homogeneity among indicators—while composite reliability scores surpassed 0.80, indicating cohesive construct-level reliability and that items reliably reflect their latent variables (Nunnally, 1967; Hair et al., 2022). Together, these results validate the measurement instruments across the four constructs—Intended Strategy, Emergent Strategy, Open Innovation, and Performance—confirming they meet the criteria for both internal consistency (via alpha) and composite reliability. With these reliability thresholds satisfied, it is appropriate to advance to structural model evaluation and proceed with hypothesis testing within the PLS-SEM framework.

Structural Model Results (Inner Model)

Tabel 4: Path Coefficients

Relationship	β	t-value	p-value	Information
IS → OI	0.35	3.12	0.002	Significant
ES → OI	0.42	4.38	0.000	Significant
OI → Performance	0.46	5.21	0.000	Significant
IS → Performance (direct)	0.18	1.97	0.050	Significant
ES → Performance (indirect)	0.10	1.45	0.148	Not Significant

Source: Output PLS (2025).

DISCUSSION

Intended Strategy and Its Effect on Open Innovation

The hypothesis concerning the influence of intended strategy on open innovation is supported by the data. A deliberately formulated strategy—anchored in rational planning—demonstrates a significant and positive impact on the implementation of open innovation practices. Such strategies offer a well-defined framework for guiding innovation initiatives and setting clear boundaries for collaborative engagement. Organizations that rely on formal planning mechanisms are often better equipped to manage structured partnerships with external actors such as suppliers, clients, and strategic allies (Ismail & Sudrajat, n.d.).

Emergent Strategy and Open Innovation

Findings also validate the hypothesis that emergent strategy positively influences open innovation. Unlike formally devised strategies, emergent strategies evolve through continuous learning and adaptive organizational behavior. This strategic flexibility enables firms to capitalize on external opportunities as they arise. Firms that adopt an emergent approach are more likely to engage with external sources of knowledge and creative input, fostering a dynamic environment for open innovation (Piliang et al., 2023; Grimbert et al., 2024).

Impact of Open Innovation on Organizational Performance

The relationship between open innovation and performance is statistically significant and positive, confirming the associated hypothesis. Open innovation enhances organizational outcomes by facilitating external collaboration, which in turn accelerates product development, reduces R&D costs, and boosts market competitiveness. These effects are particularly salient in the creative economy, where responsiveness and creativity are essential for sustained success (Henao-García & Cardona Montoya, 2023; Piliang et al., 2025).

Direct Influence of Intended Strategy on Performance

The direct path from intended strategy to performance is marginally significant. While a well-planned strategy offers structural advantages, its isolated implementation may not yield strong performance outcomes unless supported by innovation mechanisms. This suggests that intended strategies require integration with dynamic innovation practices to maximize effectiveness. In volatile market environments—like the creative industry—overly rigid planning can hinder responsiveness, thereby limiting performance potential.

Indirect Effect of Emergent Strategy on Performance through Open Innovation

Contrary to expectations, the hypothesis regarding the indirect influence of emergent strategy on performance through open innovation is not supported. Although emergent strategy does promote open innovation, this pathway does not translate into a statistically significant performance outcome. This gap may stem from the insufficient integration between emergent strategy execution and measurable innovation impacts. For emergent strategies to contribute meaningfully to performance, they likely require structured mechanisms such as innovation incubators, co-creation models, or frameworks to assess the value derived from innovation initiatives (Sinha, 2019).

CONCLUSION

Both intended strategy and emergent strategy play crucial roles in fostering open innovation, which in turn has a significant positive effect on the performance of creative industry enterprises. These findings affirm that strategic planning and adaptive responsiveness together enhance organizational outcomes in innovation-driven sectors.

Practical Implications

Policy-makers are advised to blend formal strategic frameworks with flexible, adaptive approaches—embracing open innovation practices like co-creation, crowdsourcing, and community design. Such participation-based strategies have proven effective in empowering urban creative ecosystems, enhancing capacity-building, and promoting collaborative innovation platforms (Santoso et al., 2025; Mukaromah et al., 2023). Further, integrating industry, academia, and government through the triple-helix model enhances innovation ecosystems and contributes to economic development (Etzkowitz & Leydesdorff model). Firms should actively engage in open innovation practices such as crowdsourcing and structured partnerships with universities or community groups. These methods support knowledge exchange and co-creation, which are instrumental for generating new ideas, accelerating product development, and strengthening competitiveness (Boudreau & Lakhani 2013; Review of Managerial Science, 2021).

Limitations & Suggestions for Future Research

The study is limited to only two provinces in Sumatra—South and West. Future studies could broaden geographic coverage to include additional Indonesian regions, which would allow for a more generalizable understanding of strategy–innovation–performance relationships. As a cross-sectional study, the research captures relationships at a single point in time and thus cannot definitively establish causality over time. Longitudinal research is recommended to assess how the effects of intended and emergent strategies on open innovation and performance evolve over longer periods (see cross-sectional study limitations).

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