

# Creative Economy: Adopting Local Wisdom on Small Enterprises in Denpasar City, Bali, Indonesia

Agung Parameswara<sup>a</sup>, A.A I N Marhaeni<sup>b\*</sup>, Made Heny Urmila Dewi<sup>c</sup>,  
<sup>a</sup>Faculty Economic and Business, Warmadewa University, Bali, Indonesia,  
<sup>b,c</sup>Faculty of Economics and Business, Udayana University, Bali, Indonesia,  
Email: <sup>a</sup>[agungparameswara@warmadewa.ac.id](mailto:agungparameswara@warmadewa.ac.id),  
<sup>b\*</sup>[marhaeni\\_agung@unud.ac.id](mailto:marhaeni_agung@unud.ac.id), <sup>c</sup>[henyurmila@unud.ac.id](mailto:henyurmila@unud.ac.id)

The study focuses on creative small enterprises (SEs) based on local wisdom in the city of Denpasar, Bali, Indonesia. Based on local wisdom, initiative was taken to implement the local economic power in Denpasar, as a smart creative city. This research is conducted with the aim to examine the effect of technology, entrepreneurial orientation, wages, quality of human resources, and productivity towards the absorption of labour in creative small enterprises (SEs) based on local wisdom in Denpasar City, Bali. It also examines the indirect effect of technology, entrepreneurial orientation, wages, and quality of human resources to absorption of labour through productivity. This study examines 158 samples of creative small enterprises (SEs) based on local wisdom. The determination of this amount is based on criteria in which the population belongs to one of the sub-sectors of the creative economy, as well as the products produced by the entrepreneurs have a local wisdom content. To answer the research problem and examine the research hypothesis, the researchers used Structural Equation Modeling (SEM) analysis. The results of this study conclude positive and significant effect on the absorption of labour in small creative industries based on local wisdom in Denpasar City with its determinants. There are significant indirect effects of the determinant variables through productivity on labour absorption in creative small enterprises (SEs). The interpretation of the cultural values contained is expected to be carried out by the entrepreneur as a development strategy, and the strength of creative industries based on local wisdom.

**Key words:** *Creative industry, orange economy, labour absorption, local wisdom, Small Enterprises (SEs).*

## Introduction

In developing countries, the sector of labour absorption is essential and becomes a priority in the development of a country. In terms of supply, the number of people increases every year and it is expected that there will be an increase employment opportunities. While in terms of demand, the number of people that increases every year requires additional revenue. Tambunan (2004) states that inequality in the distribution of increased revenue can be caused by economic growth that is not followed by additional employment opportunities. This inequality can ultimately lead to economic growth, accompanied by increased poverty. In an effort to advance the nation's economy, the availability of sufficient jobs to offset the increase in the labour force entering the labour market, is very important to take note of and provide for. There are still classic problems in the sector of labour absorption that must be faced in the millennial era. One of the problems is the increasing number of people in the labour force, while not accompanied by adequate employment opportunities, giving rise to a wide bulkhead in the form of unemployment.

In the last 20 years, Indonesia experienced direct impact from two major economic crises that hit the world; the Asian financial crisis of 1997 and the global financial crisis of 2008. Based on the report from the Bank of Indonesia in 2009, global crisis pressures have resulted in some companies adjusting to business efficiency, work operations and closure of factories which led to an increase in many company's layoff plans. In 2009, it was estimated 200,000 labourers in Indonesia were threatened with layoffs. As a result, workers who lose their jobs move to different companies in the same sector or shift to other informal sectors, one being the small and medium-sized enterprises (SMEs) sector. According to Paramita (2014), in general we can see from the significant development of SMEs and the role of SMEs as the largest contributor to gross domestic product (GDP) in Indonesia. In 2007 to 2012 GDP progressed averagely at a rate of 18:33 percent per year. This means that SMEs belonging to smaller industry groups has become a sector that boosts economic growth by encouraging economic and industrial development (Mohd Asri & Mohd Isa, 2000; Hoc Ha, & Said, 2009; Mohd Aris N 2006). In addition, the contribution provided by SMEs in an economic crisis is considered to be very important. It can act as a buffer in the process of recovery of national economic conditions, when viewed from the aspect of national economic growth and it plays a role in increasing employment opportunities (Semara Putra, 2013).

The SME is a diverse form of community empowerment that is scattered with sub-sectors that manage small and medium scale industry. It is easily formed by people, especially the middle to lower economic communities. In addition, SMEs become the largest provider of jobs in most countries. This is especially for new jobs, as a major source of technological innovation and new products that are essential for a competitive market, and efficiency is also essential to poverty reduction (Fan, 2009; Andri Ratnasari & Kirwani 2013). Furthermore,

Indonesia's cultural diversity and its widespread distribution in various sectors and regions of Indonesia creates opportunities for employment that is not disseminated throughout all of Indonesia (Andri Ratnasari, Kirwani, 2013).

Howkins (2001) describes the creative economy as a transaction of creative products, both goods and services, resulting from creativity and economic value. The idea of a creative economy is believed to mobilise people's creativity, so that it becomes an important aspect that is capable of changing local economic conditions (Chapain & Comunian, 2006). The creative economy presents communication media and cultural sectors as the priority aspects for market growth and employment opportunities, so that it can become a centre of economic growth in general, both locally and nationally (E. Stam, de Jong & Marlet, 2008). Griya (2003) states that local wisdom and local excellence are inherited human wisdom that relies on traditional values, philosophy of humans, and ethics, as well as traditional institutionalised ways and behaviours. Local wisdom is formed from the good and true that is a product of the past culture, so that it can survive indefinitely and used as a guide for life. Denpasar City as the capital of Bali Province, takes the initiative to implement creative industry activities based on local wisdom in small industries as an activator and strength of local economy (Geria, 2009). The activities of SMEs have grown for a long time. With the fourth era, called the era of creative industry, the Denpasar City government should conduct incentive and coaching programs that can improve and develop the creativity and innovation of the community. Thus, it can increase the productivity of society that has been classified as low, so more people can be employed in the future.

In relation to local wisdom, Denpasar City has developed the potential of the city with the vision and mission as a creative city. Yasa (2016) emphasises that the development of superior culture-based economy has a uniqueness in which superior product destinations need to be developed into creative products that have meaning. What needs to be explained to the consumer, is the philosophies contained within the product, so consumers can take pride in using the products. Such a strategy is important and appropriate particularly where creative young people in Denpasar City continue to increase. Through empowerment creative cities can grow, although there are still challenges where the SMEs in Denpasar City are small. In this case creative industries must be collected into one unit, for example in the form of cooperatives, in order to have more value in the market. Emphasising the strength of local initiatives is likely to reap success because it is based on the experience, knowledge, beliefs, customs and needs of the local community, so that economic independence can be achieved. In addition, strategies to develop small industries based on local culture, are expected to maintain local culture itself in the era of globalisation. Therefore, the small industry sector related to local wisdom must be developed and noted, so that community empowerment can be continuously undertaken. If consistent coaching is provided and special attention is paid to the sector, extensive new employment opportunities will exist in the future, so as to increase

employment opportunities and be able to sustain local Balinese culture.

From the description presented, the authors seeks to analyse what factors influence the labour absorption in creative small industries, based on local wisdom in Denpasar City, Bali.

### **Related Studies**

The term *creative economy* was first described by an economic figure named John Howkins (2001), author of "*Creative Economy, How People Make Money from Ideas*". According to Howkins (2001), creative economy is an economic activity in which input and output are ideas. In an interview by Donna Ghelfi of the World Intellectual Property Organisation (WIPO) in 2005, Howkins simply describes the creative economy as "economic activity in a society that spends most of its time generating ideas, not just doing routine and repetitive things. Yasa (2009) states the creative economy is the process of increasing the value of quality derived from the exploitation of intellectual property in the form of creativity, expertise, and individual talents into commercialised products. Or it can be a fulfilment activity based on intellectual, expertise, talent and original ideas or the development of creative economic mindset that can be developed from the understanding of the creative industry. Based on Presidential Decree No. 72 of 2015, the scope of creative industries covers 16 sub-sectors, including: advertising, architecture, art, craft, design, fashion, video, film and animation, photography, interactive games, music, performing arts, publishing and printing, computer and software services, television and radio, research and development, and culinary activities. Local wisdom is often referred to as local genius, and can be interpreted as the identity or personality of a nation's culture. Local wisdom can also be interpreted as the cultural personality of the nation. It has traditional characteristics in which it is able to survive, and has the ability to adapt and accommodate elements of other cultures, while still entering and integrating itself in the original culture (Ayatrohaedi, 1986). In this case local genius is central, because its strength is able to withstand the elements that come from outside and it also has the ability to develop for the future. The loss of local genius means the waning of the personality of a society, while the strength of local genius to survive and develop, and also show the personality of the society. Mundardjito (in Ayatrohaedi 1986: 40-41) implicitly states that there are 5 attributes to local genius that are: able to survive alongside other cultures, has accommodating ability against other culture's elements, has integration ability against other cultures elements, has the ability to control, and to be able to give direction to the development of culture.

In 2013 the Inter-American Development Bank (IDB) published an e-book on its website entitled "*The Orange Economy: An Infinite Opportunity*" which was written by Felipe Buitrago Restrepo and Iván Duque Marquez. In the book, Restrepo and Marquez (2013) proclaim a concept of orange economy, which is a set of economic activities whose ideas and

thoughts are transformed into products of goods and services, containing cultural value. Yasa (2016) states that the activities in the realm of an orange economy include the cultural and creative industries, and creativity supporting activities. The cultural economy comprises all traditional artistic activities, related to the maintenance and distribution of cultural heritage (art and culture), as well as conventional cultural industries such as publishing and audio-visual. The contribution of the orange economy around the world is astounding.

Schultz (1961) states that humans are a form of capital as any other form of capital, such as; machinery and technology. The human capital theory emphasises that education, knowledge, health, and skills are a form of human capital. Humans are not just a resource but an investment (Becker, 1993).

Work productivity is a classic problem that is very important and needs to be discussed, as it becomes the main focus in the company to determine the viability of a company's business. According to the International Labour Organisation (in Malayu S.P Hasibuan, 2005: 127) productivity is an arithmetical comparison between the amount produced in the form of goods or services, and the amount of each resource used during the production process. Based on the description above, the hypotheses in this study are as follows:

- 1) The orientation of entrepreneurship, wages, and quality of human resources have a positive and significant effect on the productivity of small creative industries based on local wisdom in Denpasar City.
- 2) Creative small industries based on local wisdom using modern technology have higher productivity, compared to creative small industries based on local wisdom using simple technology.
- 3) Wages, entrepreneurial orientation, quality of human resources and productivity have a positive and significant effect on the employment by creative industries, based on local wisdom in Denpasar City.
- 4) Creative small industries based on local wisdom using modern technology employs a workforce more than small creative industries based on local wisdom using simple technology.
- 5) Technology, wages, entrepreneurial orientation and quality of human resources, indirectly affect the employment through productivity in creative industries based on local wisdom in Denpasar City.

## **Methods of Research**

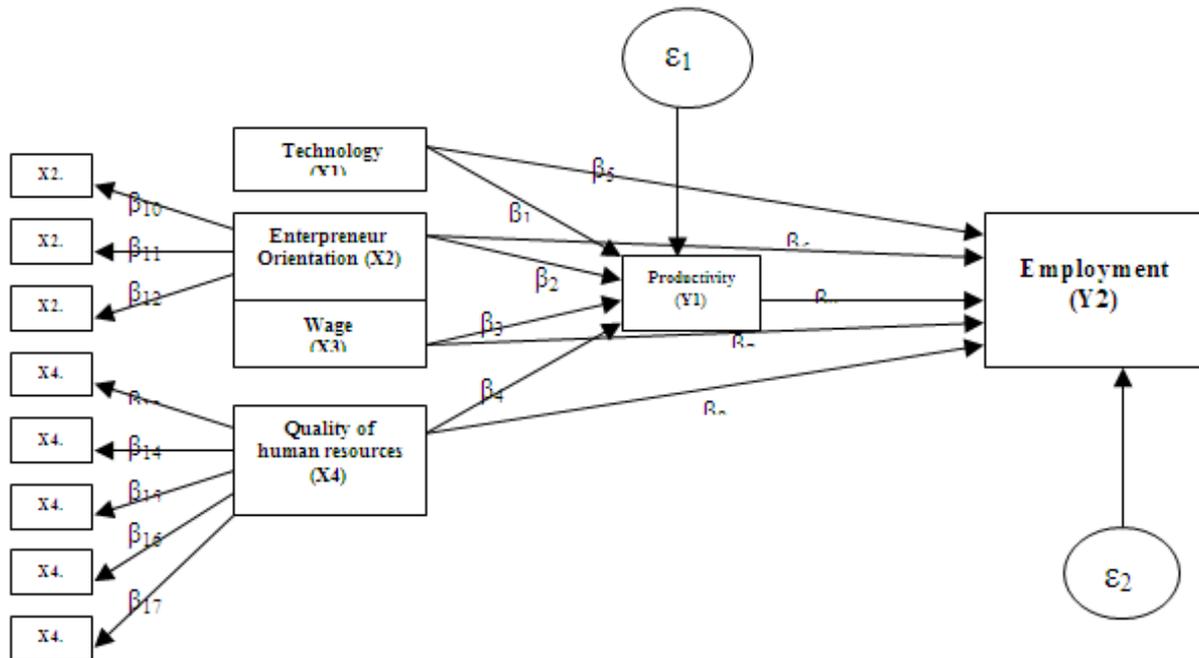
In this research, the research design used is quantitative approach with associative explanation level. The variables analysed can be grouped into dependent variables which are; labour absorption (Y2), an independent variable that is technology (X1), entrepreneur

orientation (X2), wages (X3), quality of human resources (X4) and an intervening variable that is productivity (Y1).

The population of creative small industries, based on local wisdom in Denpasar City that has been recorded by researchers based on data from the Department of Industry and Commerce (*Disperindag*) of Denpasar City in 2015, is 272 units. The determination of these figures is based on the criteria; population is included in one of the sub-sectors of the creative economy and the products produced by entrepreneurs who enter the population (output) have local cultural content. This criterion is also reinforced by the local genius that is able to survive the influx of external cultural influences, has the ability to accommodate itself from outside cultural elements and has the ability to integrate elements of external culture into indigenous culture.

The sample technique used was a proportional stratified random sampling. In this study the researchers grouped the participants by inserting the population into groups of sub-sectors of the creative economy. By using the Slovin formula, the significance level of 5 percent, obtained the number of samples of 158 small business units. In order for the population to be fully represented, proportional sampling was done to represent the existing population in each creative small industry group, based on local wisdom in Denpasar City. Furthermore, for sampling in each group, the simple random sampling technique was used. Researchers used SEM technique with AMOS application as the data analysis techniques. The model diagram of the research path of factors influencing employment in small creative industries based on local wisdom in Denpasar City, Bali is explained in figure 1 as follows:

**Figure 1.** Hypothesis Model



Based on Figure 1, the structural equation models can be presented as follows:

- 1) The relation between  $X_1$ ,  $X_2$ ,  $X_3$ ,  $X_4$ , dan  $Y_1$  against  $Y_2$   

$$Y_1 = b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + E_1$$
- 2) The relation between  $X_1$ ,  $X_2$ ,  $X_3$ ,  $X_4$ ,  $Y_1$ , against  $Y_2$   

$$Y_2 = b_5X_1 + b_6X_2 + b_7X_3 + b_8X_4 + b_9Y_1 + E_2$$

### Data Analysis

The test of model suitability is to find out whether the modification model fits with the existing sample data. The test result of *Goodness of Fit* can be seen in table 1.

**Table 1:** Test Results of Goodness of Fit Overall Model Fit

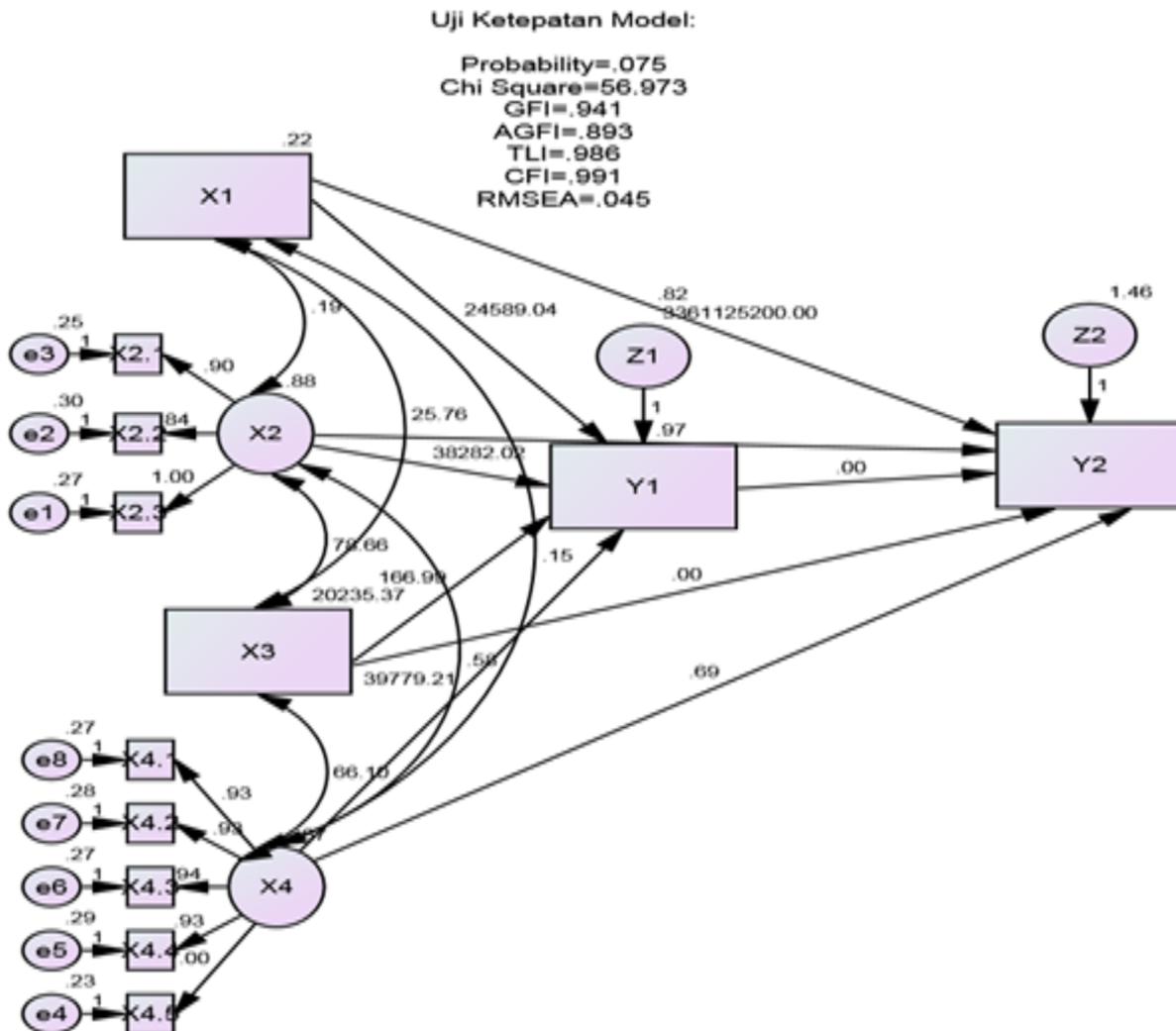
Model	Default Model	Cut Off Value	Explanation
Chi-square (CMIN)	56.973	-	Small value is expected
Probability (p)	0.075	$\geq 0,05$	Good
CMIN/DF	1.325	$< 2,00$	Good
GFI	0.941	$> 0,90$	Good
TLI	0.986	$> 0,90$	Good
CFI	0.991	$> 0,90$	Good
RMSEA	0.045	$\leq 0,08$	Good

Source: data processed in 2017

Table 1 above shows the default value of five models measuring tools such as Probability ( $\rho$ ), TLI, GFI, CFI, CMIN / DF and RMSEA. Everything indicates the number that corresponds to the requirements. This indicates that the model created has qualifications in accordance with existing data. Thus, it can be stated that this test produces good information on the dimensions of factors, as well as causality relationships between variables.

The full model of Structural Equation Modelling (SEM) has been modified to include conformity and statistical tests. The result of data processing for the full model of modification of SEM AMOS analysis is shown in figure 2 below:

**Figure 2.** The full model of Structural Equation Modelling (SEM)



Furthermore, the causality relationship between exogenous variables and endogenous variables in this study can be seen from the results of regression weight testing in table 2:

**Table 2:** Estimate Parameter Regression Weight Modification

			Estimate	S.E.	C.R.	P
Y1	<---	X3	166.986	44.196	3.778	***
Y1	<---	X1	24589.036	11806.600	2.083	.037
Y1	<---	X2	38282.016	10021.965	3.820	***
Y1	<---	X4	39779.206	10793.072	3.686	***
Y2	<---	X3	.003	.001	3.119	.002
Y2	<---	Y1	.000	.000	14.919	***
Y2	<---	X4	.688	.237	2.902	.004
Y2	<---	X1	.824	.251	3.288	.001
Y2	<---	X2	.970	.228	4.250	***

**Source:** data processed in 2017

### *Direct Effect*

The results of this study indicate that technology has a positive and significant effect on the productivity of creative small enterprise based on local wisdom in Denpasar. This can be seen from the output value of standardised direct effect, the influence between variables of 0.109 and the probability of  $0.037 \leq 0.05$ . The positive effects of this study reinforce the research of Cahyadi (2012) that states that technology has a positive effect on productivity. Ellitan (2003: 2004) says technology plays an important role in improving operational performance such as process time speed, increased productivity and in turn will create a competitive advantage. Furthermore, the adoption of modern technology would increase productivity through efficiency and reduced production costs (Ellitan, 2001a, Ellitan 2001b). Soft technology adoption needs to be carried out because it will launch a production process which in turn will also increase productivity (Link 1993, Boumount & Schroeder, 1997) in Ellitan (2004). Ellitan (2004) states that some researchers (Youseff 1993: Mechling et al., 1995, and McGregor & Gomes 1999) found that adoption and Advanced Manufacturing Technologies (AMTs) are considered to be able to make a potential advantage in terms of increased flexibility and productivity.

Furthermore, entrepreneurial orientation variables have a positive and significant effect on productivity. This can be seen from the output value of standardised direct effect, the influence between variables of 0.344 and the probability value is smaller than the cut of value of  $0.000 \leq 0.05$ . Proactive, innovative and risk-taking behaviour related to entrepreneurial orientation can improve business performance or work productivity (Miller, 1983; Covin & Slevin, 1989). This study is supported by empirical findings from Bacherer & Maurer (1997) and Rahayu (2009) which states, there is a positive influence between entrepreneurial orientation on productivity or performance of the company. In addition,

Tsang and Lee (2001) also found that the entrepreneurial spirit reflected in behaviour of the business owner is a very important variable for improving business growth. The wage variable has a positive and significant effect on the productivity of the creative small business based on local wisdom in Denpasar. This can be seen from the output value of standardised direct effect, the influence between variables of 0.227 and the probability is smaller than the cut of value of  $0.000 \leq 0.05$ . Setiadi (2009) mentions that wages have a profound effect on labour productivity. If the wages given by the company are in accordance with the services provided, then the employee will continue to work and be more active in the work. Sumarlin et al (2010) also states this and mentions a study conducted by Sanchez et al (2000), who found that workers who receive higher than average wages and obtained them through competition, that is perfect or higher than the standard wages received.

Furthermore, the variable quality of human resources has a positive and significant effect on productivity of creative small enterprises based on local wisdom in Denpasar. This can be seen from the output value of standardised direct effect, the influence between variables of 0.312 and the probability is smaller than the cut of value of  $0.459 \leq 0.05$ . The results are consistent with human capital theory, which states that education and training can be an added value to a worker to increase productivity. Thus, human capital investment in the field of education is an important factor because human capital quality will be born through education, having a multiplying effect and thus, contribute in the economic development of a country. In addition to education and training, health also supports the development of human capital. The results of this study also agree with the research of Suharto (2012), Mochammad (2016) and, Salwa and Mura (2015) that states the quality of human resources has a dominant influence on productivity. The quality of human resources plays an important role in determining the success or failure of an organisation's performance because without the existence of someone who is professional and competitive, the company cannot perform its activities optimally, ensuring the business is able to advance to the next stage.

The results of this study indicate that technological variables have a positive and significant effect on labour absorption. This can be seen from the output value of standardised direct effect, the influence between variables of 0.082 and the probability is smaller than the cut of value of  $0.001 \leq 0.5$ . This is similar to Indraswati's research in Wahyudi (2013) which states that technological variables have a positive effect on labour absorption. Technological sophistication does not necessarily lead to a decrease in the amount of labour. The more influential object in determining labour demand, is the ability of machines to produce products in quantities that is far greater than human capabilities (Divianto, 2014). The report published by The World Bank Group for G-20 shows that technology has begun to polarise the labour market. It increases the demand for workers with good skills needed to operate technology or creative workers, because they cannot be easily replaced by technology or non-routine, and it currently can still be done better by humans and therefore cannot be easily

replaced by machines. The entrepreneurial orientation variable has a positive and significant effect on the labour absorption. This can be seen from the output value of standardised direct effect, the influence between variables of 0.195 and the probability is greater than the cut of value of  $0.000 \leq 0.05$ . Studies conducted by Razak et al (2011) in Malaysia found that SMEs are very important to have for the nature of entrepreneurial orientation and economic growth to get high-income and high productivity economies. It cannot be denied that the SME sector plays a very important role. This can be seen from the role of the government in Malaysia in creating a conducive environment to promote the growth of an embedded economy by developing SMEs as a growth engine and innovation, to create greater employment opportunities that can reduce the number of unemployed, and also decrease the level of poverty. Through entrepreneurship, people are expected to be independent in doing business, and not feel anxious about the status of the company, as they experience freedom in running their business.

Furthermore, the variable wage rate has a positive and significant effect on labour absorption. This can be seen from the output value of standardised direct effect, the influence between variables of 0.091 and the probability of  $0.002 \leq 0.005$ . This study agrees with the findings of Rachmawati (2013) discussed in Yofa and Aswitari (2016), which gained a positive influence on wage rates for employment in East Java in 2002-2011. The increased wage rates are characterised by increased consumption of workers, resulting in increased demand for goods and services. This causes the production of goods and services to increase and the company will need to increase its number of workers, so employment opportunities increase. This study denies a statement by Ehrenberg (2003) which says unemployment will occur if there is an increase in wage rates above the average, followed by a decline in the number of requested workers. If it is reversed, the average wage rate decreases followed by increased employment and then it can be said that employment has an inverse relationship with the wage rate. The production costs of a company increase when wages also increase, which in the later stages have implications of increased price per unit of output or manufactured goods.

The results of this study indicate that the quality of human resources have a positive and significant influence on the level of labour absorption. This can be seen from the output value of standardised direct effect, the influence between variables of 0.120 and the probability of  $0.004 \leq 0.05$ . The statements supporting this research by Izzatun P (2015) who found that the level of education has a positive influence on employment. If people have a high level of education then employment opportunities are also higher. Quality of human resources is important to an entrepreneur, especially regarding the understanding of the value of the resulting product. The authors argue that the understanding of cultural values contained in the resulting product must be packaged properly, so as to increase added value.

Furthermore, productivity variables have a positive and significant effect on the absorption of humanpower on creative small enterprises, based on local wisdom in Denpasar. This can be seen from the output value of the standardised direct effect, the influence between variables of 0.603 and the probability of  $0.000 \leq 0.05$ . This means that as much as 60.3percent productivity affects the absorption of labour, while the remaining 39.7 percent are influenced by other variables. Therefore the higher productivity of creative small businesses based on local wisdom, has an effect on the higher level of labour absorption. This is reinforced by research Zamrowi (2007) which says that if the higher labour is absorbed, then the labour productivity also increases, and the greater the amount of output of goods produced. Therefore the cost of production is reduced, which will eventually increase the demand for labour. Increased work productivity will reduce production costs, where demand for such goods will increase. This will encourage the increase in the number of outputs produced and ultimately increase the demand for labour (Simanjuntak, 2011). This is also supported by Zamrowi's study (2007) which states that the higher the productivity of labour, the greater the quantity of output of manufactured goods, thus reducing the production cost, which in turn will also increase the demand for labour. This is also supported by Zamrowi (2007) who says that the higher the productivity of labour, the greater the quantity of output of manufactured goods, thus reducing the production cost, which in turn will also increase the demand for labour.

### ***Indirect Effect***

The results of this study indicate that there is significant effect of technology variables through productivity variables. Thus, productivity variables are the variables that mediate technology variables on labour absorption. Maya et al (2016) considers that most of the SMEs that have complete equipment and facilities (technoware) to assist business performance, still need a workforce who understand the technology and are able to run the equipment. Technologies such as software or hardware created and ordered by SMEs require labour to create them. SMEs should follow and adapt technological developments in order to increase productivity, so that ultimately will affect the increase in employment opportunities.

Furthermore, there is a significant influence of entrepreneurial orientation variables mediated by productivity variables on labour absorption. Suryanita (2006) says that entrepreneurship orientation is required to have proactive, innovative and risk-taking ability. Lumpkin and Dess (1996) state that entrepreneurial orientation is a process, activity and decision-making practice that encourages new entry by entering a fixed market or a new market, with existing or new products or services. The entrepreneurial orientation can also be explained as a description of how the new entry is achieved by the company. The entrepreneurship orientation has an important role in entrepreneurship and the ability of the business to produce outputs, because it describes the purpose of an entrepreneur to take advantage of

opportunities in opening new markets and new job opportunities. This has happened in Malaysia, where Razak (2011) states that the importance of SMEs, has the nature of entrepreneurial orientation as a proactive innovation in its action to realise a new concept. This is a way to increase productivity as a growth engine, so that it can open up new job opportunities and reduce poverty in Malaysia.

Furthermore, there is a significant influence of wage variables mediated by productivity variables on employment in small creative enterprises based on local wisdom in Denpasar. If the rate of wages received by workers is above the average, the productivity of the workers will increase. This results the increased demand. The high demand experienced will affect the demand for labour that ultimately will be able to absorb labour. Lewis's theory cited in Jhingan (2003: 156-158) says the economy of a country is divided into two sectors, namely modern industrial sectors and its location in urban areas, with high productivity levels with higher wage rates, as well as being a reservoir of labour from the traditional sector. The second sector is the traditional agriculture sector, where there is surplus labour and low wage levels. This is apparent through looking at the phenomenon of many workers who move from agriculture to industry, because of the differences in labour wages and increased job opportunities.

The results of this study indicate that there is a significant effect of human resource quality variables mediated by productivity variables on labour absorption. Thomas & Daniel (2009) state that level of education has a positive effect on employee productivity. In that study he argues that a person with a certain level of education would have lower productivity compared with someone with a certain level of education equipped with work experience. Good quality human resources has been recognised as most effective in meeting the needs of companies in achieving high productivity, which will affect the expansion of employment opportunities. Furthermore, in a "weak situation" where performance demands or expectations of a target are not strong, the human capital effects may be very clear. Augusto, Eduardo and Caiado (2011) argue that individuals with higher human capital tend to be able to make better business decisions, especially those who already have business experience.

### **Conclusion and Suggestion**

Based on research objectives and discussion of research results, the conclusions that can be conveyed are technology, entrepreneurial orientation, human resource quality and wage rate have positive and significant effect, on productivity in small creative enterprises based on local wisdom in Denpasar City, Bali. The technology, entrepreneurial orientation, human resource quality, wage level and productivity have positive and significant effect on the labour absorption in small creative enterprises based on local wisdom in Denpasar City. There is positive indirect influence of technological variables, wage rate, entrepreneurship



orientation and human resource quality through productivity of labour absorption, in small creative enterprises based on local wisdom in Denpasar City.

Based on the results of research conducted, the authors suggest that entrepreneurs engaged in creative small businesses based on local wisdom, should continue to innovate by following the current development and technology, especially in the digital era. Concern about loss of local wisdom values, due to the development of globalisation, is expected to be eroded by efforts to yield products based on local wisdom. This is where the meaning of each product containing local content can be explored and maintained, as an important strength of the creative economy based on local wisdom. Empowerment conducted by the entrepreneurs of small creative industries based on local wisdom has been proven to reduce unemployment and contribute to the opening of new jobs. The support of Denpasar City government is needed, especially in terms of specific data collection of creative businesses based on local wisdom, so further research can be conducted effortlessly.



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