

ABSTRACT

Batik tulis is a type of batik whose manufacturing process is done manually by handwriting. One of the producers of batik tulis in Indonesia is on Madura Island. Research on the Madura Batik Small and Medium Industry (SMI) is considered interesting because Madura Batik is an element of local wisdom that still has the potential to be developed. Based on information from an Batik Tulis Madura SMI activist, it is known that all batik producers in Madura use traditional writing methods, and none use printing techniques. This research builds a model that explains organizational performance in SMI, and its relationship with organizational creativity and open innovation.

This research is a descriptive research that describes the events of the object under study, and the answers to these events. The variables included in the conceptual model in this study include organizational performance, open innovation, and organizational creativity. Data collection in this study was carried out by distributing questionnaires. Respondents or samples from the questionnaire obtained as many as 51 respondents from Bangkalan Regency and Pamekasan Regency. The selected respondents are leaders from Batik Tulis Madura SMI. The process of model testing and statistical tests to determine whether the hypothesis can be accepted or rejected uses Partial Least Square - Structural Equation Modeling (PLS-SEM).

The results of this study are that there are two hypotheses that are accepted and one hypothesis that is rejected. The two accepted hypotheses are that open innovation has a positive effect on organizational performance and organizational creativity has a positive effect on open innovation. Meanwhile, the hypothesis that is rejected is that organizational creativity has a positive effect on organizational performance. Organizational creativity does not have a direct effect, but organizational creativity has an indirect effect through open innovation on organizational performance. Therefore, organizations or SMI still have to make organizational creativity an important capability to be able to increase open innovation capabilities. Good open innovation capabilities will also improve organizational performance, especially in financial performance and operational performance.

Index Terms – Open Innovation, Organizational Creativity, Organizational Performance, Small Medium Industry (SMI).