

The Effect of the Growth of the Number of Culinary Businesses on the Development of the Creative Economy in East Java

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Abstract

The growth of the creative economy sector in Indonesia, especially the culinary subsector, plays an important role in strengthening the regional economy, showing significant potential in encouraging regional economic growth, including in East Java Province. However, although the number of culinary businesses has continued to increase in the last five years, there has not been much research that empirically examines the extent to which this growth contributes to the development of the region's creative economy. This study aims to analyze the influence of the growth of the number of culinary businesses on the contribution of the creative economy in East Java for the 2020–2024 period. The research uses a quantitative method with an explanatory research approach and secondary data obtained from the Central Statistics Agency (BPS), the East Java Cooperatives and MSMEs Office, and the Ministry of Tourism and Creative Economy (Kemenparekraf). The analysis was performed using simple linear regression with SPSS software. The results showed that there was a strong positive relationship between the number of culinary businesses and the contribution of the culinary subsector to the creative economy ($R = 0.722$), with a determination value (R^2) of 52.1%. However, the results of the F test and the t-test showed that the effect was not statistically significant ($\text{Sig} > 0.05$). These findings indicate that the increase in the number of culinary businesses has not been able to directly increase the contribution of the creative economy without the support of product innovation, digitalization, and increased competitiveness. This research has implications for the need for creative economy development policies that not only focus on increasing the number of businesses, but also on strengthening the quality, innovation, and capacity of culinary MSME actors in East Java. This research makes an empirical contribution to the development of evidence-based policies in the regional creative economy sector.

Keywords: Creative Economy, Culinary Business, MSMEs.

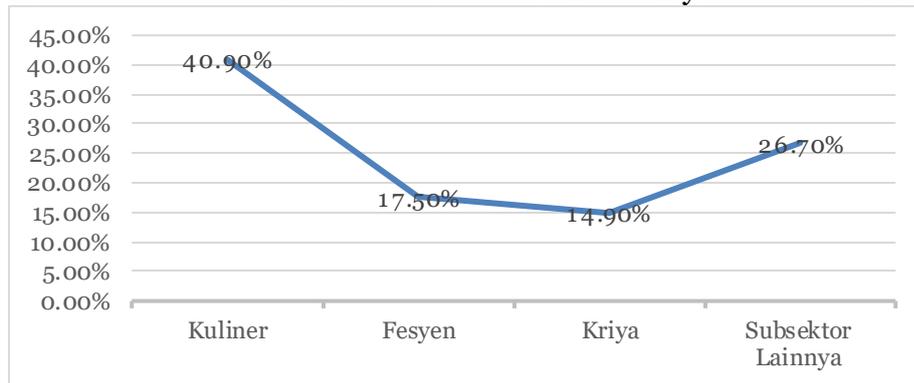
Introduction

Today's creative economy occupies an important position in the discourse of modern economic development because it relies on creativity, knowledge, and innovation as the main production factors. This is different from the classic development paradigm that relies on natural resources and labor as the main engine of growth. According to the United Nations Conference on Trade and Development (UNCTAD 2018), the contribution of the creative economy sector to the global economy reached 7% per year or equivalent to more than US\$2.2 trillion in world trade value in 2022, with an average growth trend of 7–9% per year since 2010. This sector also absorbs more than 30 million workers worldwide, covering the performing arts, media, culinary, fashion, and digital technology subsectors, with trends that continue to increase along with technological developments and

globalization. This transformation reflects the shift in the structure of the world economy from a material one to a knowledge-based economy. In the context of development economics, this shift marks a transition towards a more inclusive growth model, where creativity not only creates economic added value, but also strengthens cultural identity and enhances the global competitiveness of nations.

Indonesia is included in the group of countries with a major contribution in the field of creative economy, with the culinary, fashion, and craft subsectors as the three main pillars.

Graph 1. Contribution of Indonesia's Creative Economy Subsector in 2022



Source: Ministry of Tourism and Creative Economy 2023

Data from the Ministry of Tourism and Creative Economy (Kemenparekraf 2023) shows that the culinary subsector accounts for 40.9% or around IDR 688 trillion of Indonesia's total creative economy GDP in 2022, followed by fashion at 17.5% and crafts at 14.9%. This figure confirms that culinary is not just a basic need, but has become a medium of cultural expression, business innovation, and an instrument of economic diplomacy. The trend of increasing consumer interest in innovative, healthy, hygienic, and digitally oriented culinary products shows that this subsector has enormous potential to continue to grow, both in the domestic and global markets.

East Java as one of the provinces with a great contribution to the national economy, has a strategic position in the development of the culinary subsector. This region has cultural diversity, a wealth of raw materials, and creative economy centers spread across Surabaya, Malang, Batu, and Banyuwangi. According to the Central Statistics Agency of East Java (2022), MSMEs contribute 57.8% or IDR 1,450 trillion of East Java's total GDP in 2022, with the culinary subsector being one of the largest contributors. The phenomenon of the proliferation of MSME-based culinary businesses, ranging from traditional foods to modern innovations, reflects the dynamics of the creative economy that not only have an economic impact, but

also socio-cultural. For example, East Javanese culinary specialties such as rawon, rujak cingur, and Malang meatballs have now been repackaged with attractive product innovations and distributed through digital platforms, thereby expanding market access.

The phenomenon of growing the number of culinary businesses in East Java has become increasingly prominent in recent years. Data from the East Java Provincial Cooperatives and MSMEs Office shows an increasing trend in the number of culinary business units from year to year. This increase is influenced by several factors, including the development of digital platforms such as GoFood, GrabFood, and ShopeeFood, the increase in public consumption after the Covid-19 pandemic, and local government policies that encourage the development of creative economy-based MSMEs. However, it is still a question of how much the growth in the number of culinary businesses really contributes to the increase in the GDP of the culinary subsector in East Java.

In the context of culinary business growth, understanding the dynamics of innovation and business expansion is important to explain the relationship between the quantity of economic actors and regional added value. Joseph Schumpeter ([1934] 2008) in his theory of creative destruction emphasized that innovation is the main trigger of the economic development cycle, because it introduces new combinations in the form of products, processes, markets, and organizations. This view was later strengthened by Romer (1990) through endogenous growth theory which states that sustainable growth comes from innovation and internal economic knowledge. Thus, in the framework of the creative economy, culinary product innovation can be seen as a form of new combination that produces added value, expands market access, and strengthens the local economic structure.

A number of recent studies show the importance of innovation in improving creative economy performance. Wardana et al. (2023), for example, found that digital literacy and innovation have a significant effect on the sustainability of MSME businesses in Indonesia. Meanwhile, Anjaningrum et al. (2024) identified that business intelligence plays an important role in strengthening the performance of creative MSMEs in East Java. However, most of the research still focuses on the aspect of business productivity or innovation, rather than directly on the quantitative relationship between the growth of the number of culinary businesses and its contribution to the GDP of the culinary subsector. This indicates that there is a research gap that can be filled through this research.

The research gap in Indonesian creative economy studies is evident in the literature of the last decade. Most of the research focuses on the contribution of the creative economy at the national macro level. Based on an analysis that shows that the culinary subsector at the provincial level is still relatively rarely researched, East

Java is one of the regions with the largest MSMEs in Indonesia. Furthermore, quantitative research based on secondary data shows that the relationship between the number of culinary businesses and their contribution to the creative economy at the regional level is still sufficient.

The urgency of this research can also be reviewed from the perspective of endogenous development theory. According to Stimson, Stough, and Roberts (2006), sustainable regional development must rely on the unique local resources, including the creativity and innovation of its people. In the context of East Java, culinary subsectors based on local wisdom, such as rawon from Surabaya, rujak cingur from Madura, or Malang meatballs, have great potential to be developed as creative economy icons. Innovations in these culinary products not only increase economic added value, but also strengthen cultural identity and expand regional tourism attraction. Therefore, this research is important to support a more inclusive and sustainable creative economy-based development strategy.

Furthermore, the development of the creative economy in East Java is also closely related to local government policies. The East Java Regional Medium-Term Development Plan (RPJMD) 2019–2024 places the creative economy as one of the main priorities for development, especially to encourage MSME-based industrialization. However, academic evaluation of the contribution of culinary product innovation to the development of the creative economy is still very limited. Thus, this research can provide empirical support that is not only academically important, but also strategic for the formulation of more targeted regional policies.

Based on the description above, this study aims to answer the question of whether the growth in the number of culinary businesses in East Java has an effect on the creative economy in East Java. Through quantitative research using secondary data-based regression analysis, this research is expected to make a good practical contribution academically. In an academic context, this study examines the economic literature by analyzing quantitative relationships at the culinary subsector level. Practically, the results of this research can be a strategic guide for local governments and the need to strengthen the culinary subsector as a driver for the development of East Java's creative economy.

Method

This study uses a quantitative method with an explanatory research approach. According to Neuman (2014), explanatory research aims to test the causal relationship between variables, so it is appropriate to use when researchers want to find out how much influence independent variables have on dependent variables. In the context of this study, explanatory research is used to explain the relationship between the growth of the number of culinary businesses (X) and the contribution of the creative economy (Y) in East Java.

The design of this study is a quantitative study based on secondary data. The data was collected from official sources such as the Central Statistics Agency (BPS), the East Java Cooperatives and MSMEs Office, and the Ministry of Tourism and Creative Economy (Kemenparekraf). Secondary data is chosen because of its measurable, accountable nature. The analysis was carried out by simple linear regression to examine the relationship between the growth of the number of culinary businesses and the contribution of the culinary subsector to the GDP of the creative economy of East Java.

The research variables include an independent variable (X), namely the growth of the number of culinary businesses in East Java, measured based on the number of culinary business units per year. The dependent variable (Y) is the contribution of the culinary subsector to the creative economy of East Java, measured from the percentage of the contribution of the culinary subsector to the total GDP of the creative economy of East Java.

Data collection techniques include documentation, namely collecting data from official publications (BPS East Java, MSME Diskop, Ministry of Tourism and Creative Economy). Literature review to strengthen the theoretical framework and results of the analysis. The research instruments are a secondary data table on the number of culinary businesses (2020–2024) and a table of the contribution of the culinary subsector to the GDP of East Java's creative economy (2020–2024).

The analysis was carried out with the help of SPSS through a simple linear regression test. Simple linear regression analysis was chosen because there are only two main variables and the causal relationship to be tested is straightforward. The stages are as follows:

- 1) Descriptive statistics: describe the development of the number of culinary businesses and their contribution to the GDP of East Java.
- 2) The classical assumption test → includes the normality and linearity test of residuality.
- 3) Simple regression analysis with an equation model:

$$Y = a + bX + e$$

Information:

Y = Creative economy development

X = Growth in the number of culinary businesses

a = constant

b = regression coefficient

e = error

- 4) T-test: to determine the significance of the influence of variable X on variable Y.

5) Coefficient of determination (R^2): to see how much variation Y is explained by X.

Results

This study uses secondary data on the number of culinary businesses in East Java for the 2020–2024 period (X) and the contribution of the culinary subsector to the creative economy/GDP of East Java (Y). Data shows an increasing trend in the number of culinary businesses from around 720 thousand units in 2020 to more than 824 thousand units in 2024. At the same time, the contribution of the culinary subsector to East Java's GDP also increased from 11.45% to 12.75%. This shows a parallel increase in the growth of the number of culinary businesses and the contribution of GDP in the culinary subsector.

Table 1. Data Source

Year	Contribution of culinary GDP in East Java	Number of Micro and Small Scale Industrial Companies by Province (Unit)
2020	11,45%	720.250
2021	11,84%	681.442
2022	11,91%	782.131
2023	12,26%	862.057
2024	12,75%	824.473

Source: Processed by researchers (2025)

Linear regression analysis was used to determine several significant influences of the growth of the number of culinary businesses on the contribution of the culinary subsector to the creative economy in East Java. Based on the results of data analysis using SPSS, the following outputs were obtained:

With a symmetrical residual histogram and a Normal P-P plot showing points close to the diagonal line, the residual normality test shows a relatively normal distribution of data. This shows that the data meet the assumption of normality and are suitable for regression analysis. There are no extreme patterns in the residuals, so the regression model can be interpreted well.

Table 2 Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	,722 ^a	,521	,362	0,39085%	,521	3,268	1

Source: Processed by researchers (2025)

The value of $R = 0.722$ shows that there is a strong positive relationship between the growth of the number of culinary businesses and the contribution of the culinary subsector to the creative economy. The value of $R^2 = 0.521$ indicates that the 52.1% variation in the contribution of the culinary subsector can be explained by the growth in the number of culinary businesses. Meanwhile, the other 47.9% of the variation was explained by other factors outside the research model, such as product innovation, access to capital, and digitalization strategies.

Table 3 Uji ANOVA

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,499	1	,499	3,268	,168 ^b
	Residual	,458	3	,153		
	Total	,957	4			

Source: Processed by researchers (2025)

The results of the ANOVA test showed a value of $F = 3.268$ with a $\text{Sig} = 0.168$ (> 0.05). This means that the regression model is not statistically significant at the 95% confidence level. In other words, although the relationship between the two variables is positive, statistically the influence is not yet strong enough to be declared significant.

Discussion

The findings of the study show that the growth in the number of culinary businesses in East Java has a positive relationship with the contribution of the culinary subsector to the creative economy. A strong correlation ($R = 0.722$) and an R^2 value of 52.1% showed that as the number of culinary businesses increased, the potential for increasing the contribution of the creative economy increased. This is in line with endogenous growth theory which emphasizes the importance of the business sector in directing economic development.

However, the results of the F test and the t test show that the number of culinary businesses is not statistically significant. As a result, the number of culinary businesses is still insufficient to ensure that the contribution of the culinary subsector to East Java's GDP is greater. This is in line with Schumpeter's (1934) theory which states that economic growth is not solely determined by the size of the business, but also by the innovation and creativity reflected in the production and distribution processes. The possibility of an insignificant relationship is caused by

low productivity of new businesses or the absence of innovative capacity building in new MSME actors.

These results show that the growth in the number of businesses without strengthening local capacity is not enough to produce sustainable endogenous development. Several empirical studies also support this finding. Wardana et al. (2023) show that digital literacy and innovation have a strong influence on the sustainability of creative MSMEs in Indonesia, while Anjaningrum et al. (2024) found that business intelligence and organizational learning play an important role in improving the performance of MSMEs in East Java. Thus, the results of this study confirm that although the number of culinary businesses is increasing, without innovation and technology-based management, the impact on the GDP of the creative economy will be limited.

The results of this study have important implications in the context of regional development. The local government of East Java should not only encourage the growth of the number of culinary businesses through easy licensing programs or the promotion of new businesses; However, it is also necessary to emphasize aspects of capacity development such as product innovation training, digital marketing, and increased access to capital. Without this capacity building, the growth in the number of businesses can result in a high level of competence without a significant increase in regional value.

In addition, external factors such as people's purchasing power conditions, tourism development, and logistics infrastructure also play an important role in explaining the contribution of the culinary subsector to the creative economy. In the 2020–2024 period, the Covid-19 pandemic had disrupted the stability of the culinary business, which although it later recovered, still left an impact on the productivity and efficiency of business actors. Therefore, the results of this study also reflect the dynamic conditions of the regional economy that are not yet fully stable. The next research is suggested using inter-district/city panel data in East Java in order to capture spatial variation and analyze the role of intermediate variables such as digitalization or access to capital.

Conclusion

The number of culinary businesses in East Java is expected to increase from 2020 to 2024, mainly due to the increasing contribution of the culinary subsector to the GDP of the creative economy. The results of the regression analysis study showed a positive relationship between the growth of the number of culinary businesses and the contribution of the creative economy, with a very high correlation coefficient ($R = 0.722$) and R^2 of around 52.1%. However, the results of the significance test showed a $\text{Sig} > 0.05$, which means that the effect of the growth

in the number of culinary businesses on the contribution of the creative economy has not been statistically significant. The results show that other factors, such as innovation, digitalization, product quality, and production efficiency, have a greater role in explaining the contribution of East Java's creative economy. The implication is the need for a creative economy development strategy that not only focuses on company size but also on improving the quality and innovation capacity of culinary MSMEs in the East Java region.

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