

THE ROLE OF KNOWLEDGE MANAGEMENT IN ENHANCING PRODUCT INNOVATION: AN EMPIRICAL STUDY OF THE CREATIVE INDUSTRY IN INDONESIA

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Abstract

The creative industry in Indonesia is growing rapidly, and digital transformation is driving innovation in various sectors. Knowledge management is an important factor in creating innovative products that can compete in the global market. However, there are still challenges in optimizing knowledge management strategies to increase the competitiveness and sustainability of the creative industry. This study aims to analyze the role of knowledge management in driving product innovation in the Indonesian creative industry. The research method used is a qualitative approach, which involves collecting data from various previous studies, industry reports, and relevant academic research. The data obtained are then analyzed systematically to identify the relationship between knowledge management and product innovation. The results of the study show that an effective knowledge management strategy contributes to improving the quality, efficiency, and sustainability of product innovation in the creative industry. A work environment that supports the exchange of ideas, the use of digital technology, and cross-sector collaboration are the main factors in strengthening the knowledge-based innovation ecosystem. Therefore, optimizing knowledge management must be a priority in the creative industry development strategy to remain competitive in the global market.

Keywords: *Knowledge Management, Product Innovation, Creative Industry.*

A. INTRODUCTION

The creative industry in Indonesia has grown rapidly in recent decades, becoming one of the economic sectors that contributes significantly to national growth. With increasingly open access to digital technology, creative expression in various fields such as design, art, music, film, and digital-based products has expanded, creating new economic opportunities. The Indonesian government, through various strategic policies, has attempted to encourage this sector to be able to compete globally (Jatmiko et al., 2022). Regulatory support, tax incentives, and the establishment of special agencies such as the Creative Economy Agency (Bekraf) show that the creative industry is seen as one of the driving forces of the economy in the future. However, although the growth of the creative industry is promising, the main challenge faced is how industry players can continue to produce relevant and competitive innovations in a very dynamic environment (Utomo & Dewi, 2021).

In the context of global competition, innovation is a key element for the creative industry to survive and thrive. The products produced are not only required to be unique but must also be able to meet the needs of the ever-changing market. The

emergence of new trends in consumer preferences, rapid technological advances, and changes in consumption patterns encourage industry players to continue to adapt. Not a few start-ups and small and medium enterprises in the creative industry face challenges in maintaining their existence due to the difficulty in creating sustainable innovation (Gustafsson & Lazzaro, 2021). Often, innovations are not based on the use of information and experience that has been developed, so that the creative process becomes less systematic and does not produce long-term impacts. Therefore, creative industry players need to have a more structured approach to managing the information, experience, and resources they have to increase product innovation more effectively (Stige et al., 2024).

In an increasingly competitive business world, companies that can manage information and experience well tend to excel in creating innovative products. The creative industry, which relies heavily on ideas and creativity, requires a strategy that can optimize organizational learning and utilize past experiences to produce better products (Furr et al., 2022). With the increasing number of creative industry players entering the market, companies must have an advantage in developing products that not only attract consumers but also have sustainable added value. Without a good system for managing and disseminating information within the organization, many potential ideas cannot develop into useful innovations. Therefore, the way organizations manage, share, and apply the knowledge they have will greatly determine their success in creating competitive product innovations (Fan & Feng, 2021).

Another challenge in the creative industry is how to create a work environment that supports collaboration and knowledge sharing. In many cases, product innovation is not the result of a single individual, but rather a process that involves various parties with different backgrounds and expertise. In large companies, there are often barriers to the exchange of information between divisions, which leads to duplication of work or even failure to utilize previously acquired insights (Tønnessen et al., 2021). Meanwhile, in small and medium-sized companies, resource constraints often make it difficult for them to develop systems that can store and manage information well. This causes the innovation process to often run inefficiently and tend to rely on individual creativity without a systematic mechanism to enrich ideas and develop better products (Lutfi et al., 2022).

In Indonesia, many creative industry players still rely on traditional work patterns in developing their product innovations. Although some companies have begun to adopt a more data- and technology-based approach, most creative businesses still face obstacles in managing the knowledge within their organizations (Priyono et al., 2021). The lack of documentation of successful and failed experiences in product development means that many industry players have to start from scratch every time they want to create an innovation. This not only hinders efficiency in the production process but also slows down the pace of development of the creative industry as a whole (Grilli, 2022).

With the increasingly complex challenges facing the creative industry in Indonesia, a more effective strategy is needed in managing information and experience in order to create sustainable innovation. The success of the creative industry in various countries shows that good knowledge management can be a major

factor in increasing the competitiveness and growth of this industry. Therefore, understanding how knowledge management can be applied effectively in the context of the Indonesian creative industry is an important issue for further research.

B. LITERATURE REVIEW

1. Knowledge Management

Knowledge according to Kusumadmo is the full use of information and data equipped with the potential skills, competencies, ideas, intuition, commitment, and motivation of the people involved. A holistic view considers knowledge to be found in various ideas, decisions, talents, root causes, relationships, perspectives, and concepts. Knowledge is stored in the individual's brain or encoded (changed into code) in the organization's processes, documents, products, facilities, and systems. Knowledge is action, focused innovation, expertise, expertise collected into one, relationships, and special alliances (Wimmer et al., 2022).

According to Pfeffer and Sutton, knowledge is behavior and value-added activities. Knowledge includes tacit knowledge (in people's heads) and explicit knowledge (codified and expressed as information in databases, documents, etc.). According to Skyrme, knowledge is not static. Instead, it always changes and develops throughout the life of the organization. In addition, the form of knowledge has the possibility of being changed, namely the possibility of changing current tacit knowledge into new explicit knowledge and changing current explicit knowledge into new tacit knowledge (Pai et al., 2022).

Knowledge management is an effort to generate value from an organization's intellectual property through the creation, storage, dissemination, and application of knowledge to achieve organizational goals (Abeysekera, 2021).

According to Nonaka and Takeuchi, knowledge management is the process of implementing a systematic approach to capturing, structuring, managing, and disseminating knowledge throughout an organization so that it can be used to work faster, reuse 'best practices', and can reduce the high costs of projects that have been worked on. Joshi argues that knowledge management behavior is identified as a sequence of knowledge activities that explain the purpose of knowledge management itself. So it can be concluded that knowledge management factors and sources play a role in shaping knowledge management behaviors. James states that knowledge management is the creation, collection, and conversion of individual knowledge into organizational knowledge (Santhosé & Lawrence, 2023).

King, W.R., stated that the basis of knowledge management is that as humans are unable to fully describe the potential of the brain to its full potential, organizations as a whole are also unable to fully utilize the knowledge they have. Through knowledge management, organizations try to learn or create useful, potential knowledge and make it available for anyone to use at the right time and place to achieve effective use to positively change organizational performance. So it can be concluded that knowledge management is a collection of processes developed within an organization to create, maintain, and disseminate knowledge of an organization (Anshari & Hamdan, 2022).

According to Gloet & Terziovski, knowledge management is access to expertise, knowledge, and expertise that provides new capabilities, enables better

performance, drives progress and innovation, and increases customer value. Darroch and McNaughton stated that knowledge management is a management function that creates knowledge, manages the flow of knowledge, and ensures that knowledge is effectively and efficiently used for the long-term interests of the organization (Iqbal, 2021). In this case, knowledge management shows that managing expertise and knowledge efficiently and effectively can provide new capabilities, enable better performance, and can be used for the long-term interests of an organization. Hildreth, P.J. & Kimble, C., stated that knowledge management is a management process concerning people with all their uniqueness, expertise, and experience (Migdadi, 2022).

From the several definitions above, it can be concluded that knowledge management is an activity that aims to find and utilize intellectual resources in an organization. Knowledge management aims to find, store, share, and widely share very important resources owned by an organization. Such as a person's expertise, skills, network of relationships, and policies in the organization (Zahedi & Naghdi Khanachah, 2021).

2. Creative Industry

John Howkins stated that the creative economy is an economic activity where the input and output are ideas. The essence of creativity is an idea. Through an idea, a creative person will then be able to earn a very decent income. The idea is original and can be protected by Intellectual Property Rights (IPR). For example, a singer, movie star, songwriter, or microbiology researcher who is researching superior rice varieties that have never been created before (Gouvea et al., 2021).

Dr. Richard Florida introduced the creative industry and the creative class. According to Dr. Richard Florida, "All humans are creative, whether he is just a worker in an eyeglass factory or a teenager in a narrow alley who is making hip-hop music. However, the difference is in their status (class), because there are individuals who specifically struggle in the creative field and get direct economic benefits or benefits from these activities. Places and cities that can create new, innovative products the fastest will be the winners of the competition in this economic era" (Silva et al., 2024).

According to Robert Lucas, a Nobel Prize winner in economics, the power that drives the growth and economic development of a city or region can be seen in the level of productivity of clusters of talented and creative people or people who rely on the scientific knowledge they have (Zhang et al., 2024).

Alvin Toffler issued a theory stating that the waves of human civilization are divided into three waves. The first-century wave is the agricultural century. The second century wave is the industrial century and the third century wave is the information century. However, the development of the theory then continued to develop, currently humans are in a very fierce competition and globalization, so humans entered a new era of civilization, namely the fourth-century wave. Some call it a Knowledge-based Economy, some call it a creativity-oriented economy (Grinin et al., 2021).

The creative industry itself has various definitions which were then translated by the Ministry of Trade in the 2007 Creative Industry mapping study in the book

Development of the Indonesian Creative Economy in 2025, namely: "Industry that comes from the use of creativity, skills, and individual talents to create welfare and employment through the creation and use of the individual's creative power and creativity" (Utomo et al., 2021).

According to the government's vision, the creative industry is defined as industries that rely on individual creativity, skills, and talents that can improve the standard of living and create a workforce through the creation (ideas) and exploitation of IPR (Che Arshad & Irijanto, 2023).

C. METHOD

This research method uses a qualitative approach to deeply understand the role of knowledge management in enhancing product innovation in the creative industry. This approach allows for a more comprehensive analysis of the dynamics of the creative industry in the digital economy landscape, knowledge management strategies, their impact on innovation effectiveness, and challenges and opportunities in building a knowledge-based innovation ecosystem. By exploring various perspectives from relevant sources, this study is expected to provide broader insights into how knowledge management can be a key factor in the sustainability and competitiveness of the creative industry. The data in this study were obtained from various credible sources, such as previous research results, academic studies, and industry reports that are relevant to the topic of discussion. After the data has been successfully collected, the next step is to systematically process and analyze the data to produce findings that can explain the relationship between knowledge management and product innovation in the creative industry. Through this process, this study seeks to present a deeper understanding of how knowledge management strategies can support the creation of more innovative, adaptive, and highly competitive products in the global market (Suprayitno et al., 2024).

D. RESULT AND DISCUSSION

1. Dynamics of Creative Industries in the Digital Economic Landscape

The creative industry in Indonesia has experienced rapid development along with the advancement of digital technology that increasingly dominates various aspects of life. Changes in the digital economic landscape have opened up new opportunities for creative industry players to expand their markets, increase production efficiency, and accelerate the innovation process in creating more competitive products. Digitalization allows industry players to access global networks more easily, presenting digital platforms as the main means of marketing and distributing products. Various sub-sectors of the creative industry such as graphic design, film, music, fashion, and animation have experienced major transformations by utilizing internet-based technology to increase competitiveness and expand consumer reach. However, behind this rapid growth, various challenges have emerged that industry players must face to survive and thrive amidst increasingly fierce competition.

One of the main challenges in the creative industry is how industry players can maintain their competitiveness amidst the increasingly rapid flow of globalization. Competition is no longer limited to the local or national scale but extends to the

international level, where products from various countries with high quality and competitive prices flood the market. This requires creative industry players in Indonesia to have a strategy that does not only rely on creativity alone, but also pays attention to aspects of production efficiency, product uniqueness, and the ability to respond quickly to market demand. Many small and medium business players in the creative industry face difficulties in adapting to global competition due to limited resources, lack of access to advanced technology, and difficulties in building a wider business network. Therefore, a more strategic approach is needed in managing creative businesses so that they can remain relevant in facing ever-growing challenges.

In addition, dynamic changes in consumer preferences are also factors that greatly influence innovation in the creative industry. Modern consumers increasingly prioritize personalized experiences, authentic values, and sustainability in the products they consume. Global trends such as environmental sustainability, the experience-based economy, and digitalization encourage industry players to continue to adapt their products to changing market needs and expectations. In recent years, the creative industry has shifted from a conventional business model to a more technology-based one, where interactions with customers occur not only directly but also through various digital platforms. Social media, e-commerce, and artificial intelligence-based technology have become tools that increasingly play a role in understanding consumer behavior and creating products that are more in line with market preferences. In this context, creative industry players who are unable to adapt to changing trends and technologies will find it increasingly difficult to maintain their competitiveness.

To face these challenges, creative industry players need to implement adaptation strategies that can help them stay relevant amidst changes in technology and global trends. One strategy that is widely used is the use of digital technology to increase efficiency and accelerate the innovation process. Many industry players are starting to adopt artificial intelligence-based technology, big data, and market analytics to better understand consumer needs and optimize production processes. With more accurate data, creative industry players can develop products that are more targeted and have higher market appeal. In addition, collaboration with various parties, both from the industrial sector, government, and academics, is also an important step in encouraging more sustainable innovation. By building a more open and collaborative work ecosystem, the creative industry can be faster in capturing market opportunities and creating products that have higher added value.

In addition to utilizing technology, an approach that focuses on strengthening human resource skills and capabilities is also a key factor in maintaining the competitiveness of the creative industry. Expertise in managing digital technology, understanding market trends, and building a strong narrative in creative products are skills that are very much needed in facing increasingly complex competition. Therefore, various initiatives in the form of training, workshops, and business incubation programs are increasingly being held to help industry players improve their skills in managing creative businesses more professionally. This effort is not only carried out by the government, but also by various creative communities, educational

institutions, and technology companies that see great potential in the growth of the creative industry in Indonesia.

With the various changes that have occurred in the digital economic landscape, the creative industry in Indonesia needs to continue to adapt to survive and thrive amidst increasingly fierce competition. The success of the creative industry is not only determined by creativity alone, but also by the ability to manage information, apply technology, and understand market dynamics better. Digitalization has opened up enormous opportunities for the creative industry to develop further but also presents challenges that require more focused and innovative strategies. With a more systematic approach to managing innovation and existing resources, Indonesia's creative industry has the potential to continue to grow and compete globally as one of the leading sectors in the national economy.

2. Knowledge Management Strategies to Drive Product Innovation

Knowledge management has become one of the important elements in driving product innovation in the creative industry. In a rapidly changing business landscape, the ability to collect, organize, and utilize available knowledge is a determining factor in a company's success in creating relevant and competitive products. The process of accumulating and utilizing information and experience in the creative industry involves not only recording individual insights but also how this knowledge can be converted into added value that has a direct impact on product quality and competitiveness. Creative industry players must have an effective system for documenting ideas, work experiences, and market insights so that they can be used as references in developing new concepts. With increasingly wider access to digital information and various knowledge resources, companies that can manage and integrate data well will have an advantage in creating faster and more targeted innovations.

In the creative industry, the accumulation of knowledge does not only come from individuals or organizations themselves but also through a collaborative process with various parties. Internal collaboration within a company or creative community plays an important role in increasing the flow of information and accelerating the transfer of knowledge between individuals. Interaction between different teams, such as designers, marketers, and product developers, can create broader perspectives and generate innovative ideas that cannot be achieved individually. Meanwhile, external collaboration with external parties such as academics, industry experts, or research institutions is also a key factor in enriching insights and gaining access to broader resources. Partnerships with technology companies, for example, can help the creative industry adopt the latest digital tools that can improve production efficiency and creativity in product development. Thus, companies that can build strong networks, both internally and externally, will be faster in capturing market trends and translating them into relevant product innovations.

However, in practice, knowledge management in the creative industry often faces various obstacles that can hinder the flow of information and the effectiveness of innovation. One of the main challenges is how to ensure that the knowledge held by individuals in an organization is not lost or isolated when there is a change in employees or a change in company structure. In many cases, the creative industry still

relies on an informal approach to sharing information, which often relies on direct interaction without a clear documentation system. This can lead to a knowledge gap, especially when the company expands or leadership changes. In addition, resistance to information sharing is also a significant obstacle, especially in a highly competitive environment where certain individuals or teams may be reluctant to share their insights for reasons of competition or concerns about recognition of their contributions. Therefore, a more systematic mechanism is needed to ensure that knowledge can be disseminated effectively throughout the organization without sacrificing aspects of fairness and recognition of information sources.

For knowledge management to run more effectively and truly have a positive impact on product innovation, several factors need to be considered. One of the main factors is the existence of an organizational culture that supports information sharing and continuous learning. A work environment that encourages openness, experimentation, and creative discussion will allow individuals to more freely share ideas and learn from each other's experiences. In addition, the use of digital technology can also increase the effectiveness of knowledge management, for example through the use of cloud-based platforms to store and access data, or the application of artificial intelligence in analyzing market trend patterns. With technology that can facilitate the recording and distribution of information, companies can more easily identify innovation opportunities and design more appropriate strategies in product development.

In addition to cultural and technological aspects, management involvement in building a structured knowledge management system is also a crucial factor. Company or organizational leaders must have a clear vision in encouraging innovation through information management, as well as provide incentives that motivate employees to participate in the sharing and learning process. Without support from management, efforts to optimize knowledge management will be difficult to run optimally. Therefore, companies need to develop policies that encourage knowledge documentation, provide training that supports employee skills improvement in managing information, and create discussion forums that can be a place for the exchange of ideas and experiences.

An effective knowledge management strategy can be the main foundation for encouraging product innovation in the creative industry. By optimally utilizing information and experience, building strong collaborative networks, overcoming barriers to knowledge sharing, and developing a work ecosystem that supports continuous learning, companies can be better prepared to face the challenges of an ever-evolving market. Knowledge management is not only about how information is collected and stored but also about how that information can be converted into real added value for the products and services offered. With the right approach, the creative industry in Indonesia can continue to grow and produce innovations that have a significant impact on a national and global scale.

3. The Impact of Knowledge Management on Product Innovation Effectiveness

The impact of knowledge management on the effectiveness of product innovation is a crucial aspect of the creative industry that continues to grow in the digital economy era. In an increasingly competitive world, the use of appropriate

information can determine the sustainability of innovation, allowing companies to design products that not only follow trends but also have high competitiveness. Information collected from various sources, both internal and external, is the main foundation for understanding market needs, consumer preferences, and opportunities for exploring new creative concepts. When companies can process and apply information well, they can produce more adaptive and innovative products, reduce the risk of mismatch with market demand, and ensure that the resulting innovation has sustainable added value. In addition, the use of information also plays a role in identifying patterns of change in the industry, allowing companies to prepare for shifts in demand and remain relevant in the long term.

Collective experience within an organization also plays a central role in driving the effectiveness of product innovation. In the creative industry, the process of creating ideas and concepts often involves interactions between various individuals with diverse backgrounds and skills. With the accumulation of experience that continues to grow, both through previous projects and the results of cross-disciplinary collaboration, organizations can create products that are more creative, unique and have high selling value. This collective experience is not only formed through internal collaboration, but can also be obtained through interactions with industry communities, academic institutions, and digital platforms that provide access to various references and innovative trends. The more experiences that are owned and shared within the organization, the greater the likelihood of new ideas emerging that can lead to the creation of innovative products that have a significant impact on the market. Therefore, building an environment that encourages the exchange of ideas and experiences is an important step in ensuring that the resulting innovations have a higher level of creativity and competitive advantage.

While the benefits of knowledge management for product innovation are clear, its implementation often faces several obstacles that can hinder the effectiveness of sustainable innovation. One major obstacle is the difficulty in establishing a system that can organize, store, and distribute knowledge efficiently. Many companies still rely on informal approaches to information sharing, which often rely on oral communication or unstructured documentation. As a result, much valuable knowledge is lost or difficult to access when needed for the innovation process. In addition, resistance to information sharing is also a major challenge, especially in a competitive environment where individuals or teams may be reluctant to share their insights due to concerns about recognition or internal competition. Without a clear and structured mechanism, companies can experience gaps in knowledge management, which can ultimately hinder the pace of innovation and reduce efficiency in product development.

The implications of open information in improving the efficiency and effectiveness of innovation cannot be underestimated. With the increasing development of digital technology and access to wider information resources, openness in sharing and distributing knowledge can accelerate the innovation process and increase organizational productivity. The use of digital platforms for knowledge management, such as cloud-based systems or project management software, allows creative teams to access and share insights more easily and quickly. This not only increases efficiency in decision-making but also enables more effective collaboration

between various parties in the innovation process. In addition, open information can also encourage broader involvement from various stakeholders, including customers, business partners, and creative communities, who can provide valuable input in developing products that are more in line with market needs.

Thus, effective knowledge management is a key factor in ensuring that product innovation can run sustainably and have a positive impact on the creative industry. By optimally utilizing information, building strong collective experience, overcoming barriers to knowledge management, and implementing the principle of openness of information, companies can create an environment conducive to the growth of innovation. Knowledge management is not only about how information is collected and stored, but also how the information can be used to create products that are of higher quality, more creative, and more relevant to market developments. Through the right strategy, the creative industry in Indonesia can continue to grow and produce innovations that are highly competitive on a national and global scale.

4. Challenges and Opportunities in Building a Knowledge-Based Innovation Ecosystem

Challenges and opportunities in building a knowledge-based innovation ecosystem are very important aspects of the creative industry that continues to grow amidst technological advances and global market dynamics. Effective knowledge management enables industry players to create sustainable innovation, but this process is not free from various obstacles that hinder optimal integration. One of the main obstacles is resistance to change in organizations that still implement traditional work systems. Many companies in the creative industry are still oriented towards an individualistic approach to the innovation process, where knowledge is more often stored in personal experiences without a system that allows for wider dissemination and utilization. As a result, innovation is often sporadic and less structured, making it difficult for the creative industry to maintain the sustainability of innovation amidst increasingly fierce global competition. In addition, the lack of investment in technological infrastructure and human resources with skills in knowledge management is also a significant obstacle to integrating knowledge management as part of the company's innovation strategy.

On the other hand, technological developments offer great opportunities to support more effective and efficient knowledge management for the creative industry. With digital technology, such as artificial intelligence, big data, and cloud-based platforms, companies can manage, store, and disseminate knowledge in a more structured and systematic way. The use of data analytics allows companies to identify emerging trends and adapt innovation strategies based on more accurate information. In addition, technology enables broader collaboration between various stakeholders in the creative industry, including creative workers, academics, communities, and customers, which can accelerate the innovation process. The application of digital technology also provides flexibility in managing knowledge resources, allows easier access to information, and accelerates the innovation cycle in creating products that are more relevant to the market. Therefore, investment in technology is not just an option, but an urgent need for the creative industry to strengthen the knowledge-based innovation ecosystem.

In addition to technological support, the work environment and organizational culture also play a very important role in building a knowledge-based innovation ecosystem. A work environment that is conducive to the exchange of ideas and creativity allows creative workers to share their insights and experiences more openly. An organizational culture that encourages collaboration, flexibility, and the courage to experiment are key factors in creating an innovative environment. However, in many companies, there are still structural and bureaucratic barriers that hinder the dynamics of innovation, where decisions related to product development and business strategy are still top-down without involving all elements in the organization. To create a strong innovation ecosystem, companies need to build an organizational culture that is oriented towards learning, where failure in innovation is considered part of the creative process, not an obstacle. In addition, policies that support innovation, such as incentives for employees who contribute to the creation of new knowledge, can also be a driving factor in strengthening the knowledge-based innovation ecosystem.

Furthermore, the potential for cross-sector collaboration is one of the key elements in strengthening the knowledge-based innovation ecosystem in the creative industry. Collaboration between the private sector, academics, government, and creative communities can open up wider opportunities for the development of innovations based on research and technology. Academics can play a role in providing research-based insights that can be used by industry to develop more effective innovation strategies. The government, on the other hand, can play a role as a facilitator in creating regulations that support the innovation ecosystem, such as tax incentive policies for creative industries that adopt new technologies in knowledge management. Meanwhile, the creative community can be a forum for the exchange of ideas and exploration of new concepts that can inspire innovation in various industrial sectors. With close collaboration between various parties, the knowledge-based innovation ecosystem can develop more optimally, creating synergy between academic research, government policies, and industry practices in driving the growth of the creative sector.

In building a sustainable knowledge-based innovation ecosystem, a comprehensive approach is needed to overcome various challenges while taking advantage of available opportunities. Good knowledge management is not only about collecting information, but also how the information can be used to encourage creativity, increase competitiveness, and create added value for the creative industry. By overcoming structural barriers, utilizing digital technology, creating an innovative organizational culture, and encouraging cross-sector collaboration, the creative industry in Indonesia has a great opportunity to develop into a stronger, more resilient, and globally competitive innovation ecosystem.

E. CONCLUSION

Knowledge management plays a very important role in driving product innovation in the creative industry. The dynamics of the creative industry in the digital economy landscape show that adaptation to technological developments and changes in consumer preferences are key factors in maintaining competitiveness. Through an effective knowledge management strategy, industry players can

accumulate information, leverage collective experience, and enhance collaboration to produce more valuable innovations. However, challenges in the dissemination and utilization of knowledge remain obstacles that need to be overcome with a more structured approach supported by technology. The impact of knowledge management on the effectiveness of product innovation is seen in improving the quality, sustainability, and efficiency of the creative process. A work environment that supports the exchange of ideas, policies that encourage innovation, and cross-sector collaboration are key factors in building a knowledge-based innovation ecosystem. By overcoming structural constraints, increasing investment in digital technology, and strengthening synergies between industry players, academics, and the government, the creative industry can develop more optimally. Therefore, strengthening knowledge management must be a priority in the creative industry development strategy to ensure sustainable competitiveness at the global level.

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