



Jember Fashion Carnaval (JFC) and MSMEs: An Exploratory Study for Developing a Knowledge Spillover Model

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Abstract

Despite its international reputation as one of Indonesia's leading creative events, the economic benefits generated by the Jember Fashion Carnaval (JFC) have not been widely distributed among local Micro, Small, and Medium Enterprises (MSMEs), and poverty remains a persistent challenge in Jember Regency. This study explores how knowledge created within the JFC ecosystem is transferred to local MSMEs and examines the institutional factors influencing this process. Using an exploratory qualitative approach, data were collected through in-depth interviews with JFC management, local MSMEs, and relevant stakeholders. The findings reveal that JFC functions as a significant source of creative knowledge and actively develops fashion talent through structured collaboration and capacity-building programs. However, comparable mechanisms for MSMEs are largely absent, resulting in knowledge spillover that is informal, relationship-based, and unevenly distributed. The study identifies the absence of an institutional bridging mechanism connecting JFC as a knowledge generator with MSMEs as knowledge recipients. This finding extends the Knowledge Spillover Theory of Entrepreneurship by emphasizing that effective knowledge diffusion within creative ecosystems requires institutional arrangements that facilitate collaboration beyond core creative communities. The study proposes a conceptual foundation for developing a structured knowledge spillover model to promote MSME integration and inclusive regional economic development.

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1. INTRODUCTION

The development of the creative economy has become one of the key development strategies adopted by many regions in Indonesia. Creativity is increasingly recognized as a strategic resource capable of generating economic value, strengthening regional identity, and enhancing competitiveness at both national and international levels. Within this context, creative festivals and events have evolved beyond their traditional role as cultural attractions to become important instruments for local economic development.

One of the most prominent examples of Indonesia's creative economy is the Jember Fashion Carnaval (JFC), which has received widespread national and international recognition (Ashoka, 2026; Detik, 2025; JFC, 2025a; JFC, 2025b). Since its inception, JFC has



evolved into an internationally recognized creative icon that has successfully positioned Jember as one of Indonesia's leading creative cities (JFC, 2025b; SMP Negeri 1, 2026). Its success is reflected in its ability to build a global reputation, attract domestic and international tourists, establish extensive creative networks, and promote Jember as a center of creative innovation (Ashoka, 2026).

Beyond its international reputation, JFC is expected to generate positive impacts on local communities and particularly on Micro, Small, and Medium Enterprises (MSMEs). From a theoretical perspective, the existence of creative and innovative hubs facilitates the diffusion of knowledge, skills, experiences, and networks that can be utilized by other economic actors (Acs et al., 2013). Through such processes, local enterprises gain opportunities to improve their business capabilities, expand market access, and develop new innovations.

However, preliminary observations indicate that the relationship between JFC and local MSMEs has not yet reflected a well-integrated creative ecosystem. Although JFC possesses abundant creative resources and enjoys international recognition (JFC, 2025a; Detik, 2025; Ashoka, 2026), many MSMEs continue to operate independently with limited involvement in the JFC ecosystem. A considerable number of local entrepreneurs have yet to gain meaningful access to the knowledge, professional networks, and collaborative opportunities generated by JFC.

This phenomenon raises several important questions regarding the actual relationship between JFC and MSMEs. To what extent have the knowledge, expertise, and experiences accumulated by JFC been transferred to local enterprises? How do interactions between JFC and MSMEs occur? What factors facilitate or hinder knowledge exchange within this creative ecosystem? These questions are particularly relevant because the success of a creative ecosystem depends not only on its capacity to generate creativity and innovation but also on its ability to distribute the benefits of such creativity among other actors within the ecosystem (Braunerhjelm et al., 2018; Acs et al., 2013; Shu et al., 2014; Audretsch & Lehmann, 2025).

Within the knowledge-based economy perspective, this process is conceptualized as knowledge spillover (Audretsch & Belitski, 2026; Cuvero et al., 2025; Bagheri & Franca, 2021). Knowledge spillover refers to the process through which knowledge, experience, skills, and innovation possessed by individuals or organizations are unintentionally or intentionally transferred and utilized by other actors through various forms of social, professional, and institutional interactions (Amoroso et al., 2018; Cojoianu et al., 2021). Despite the growing body of literature on JFC, existing studies have predominantly focused on tourism development (Kusumawati et al., 2022), place branding, the creative economy, and broader macroeconomic impacts. Empirical research examining the relationship between JFC and MSMEs from the perspective of knowledge spillover remains scarce.

This research gap highlights the need for an in-depth investigation into the experiences, perceptions, and interaction dynamics between JFC and MSMEs. Therefore, this study adopts an exploratory qualitative approach to understand how knowledge exchange, social interaction, and collaborative opportunities emerge within the JFC creative ecosystem. The findings are expected to provide a comprehensive understanding of the mechanisms underlying knowledge spillover and to serve as the foundation for developing a conceptual model for integrating the JFC ecosystem with local MSMEs.

2. METHODS

This study employed a qualitative approach using an exploratory research design to obtain an in-depth understanding of the potential knowledge spillover between the Jember Fashion Carnaval (JFC) and Micro, Small, and Medium Enterprises (MSMEs) in Jember Regency, Indonesia. The study focused on identifying the forms of interaction, mechanisms of knowledge transfer, and factors that facilitate or hinder the diffusion of knowledge from

the JFC ecosystem to local MSMEs as the foundation for developing a conceptual knowledge spillover model. A qualitative approach was considered appropriate because the study sought to explore participants' experiences, meanings, and social dynamics from their own perspectives (Sugiono, 2014; Grashinta, 2020; Puspa et al., 2021).. An exploratory design was adopted since the phenomenon of knowledge spillover within the JFC ecosystem has received limited systematic investigation and offers opportunities to examine existing issues from a new theoretical perspective. Accordingly, an exploratory qualitative approach was considered appropriate for addressing the research questions of how and why knowledge is transferred within the JFC ecosystem and how such processes influence local MSMEs.

The research was conducted in Jember Regency, where JFC has become one of Indonesia's most prominent creative industry icons and maintains close relationships with various local business actors. Informants were selected using purposive sampling, targeting individuals with substantial knowledge and experience regarding the relationship between JFC and MSMEs. The participants included Budi Setiawan, President of JFC; 20 MSME owners operating within the JFC ecosystem who participated in semi-structured interviews; representatives from the Jember Regency Office of Cooperatives and Micro Enterprises, represented by Dani Eri Setiawan, S.Pd.; the Head of the Tourism Division, Deta Irama Kasih, SST.Par., M.M.; and academics with expertise in creative economy and MSME development.

Data were collected through semi-structured interviews, field observations, and document analysis. Semi-structured interviews were conducted to explore participants' experiences regarding collaboration, knowledge exchange, skill development, product innovation, and the perceived benefits generated by JFC. Field observations were undertaken to understand interaction patterns among actors within the JFC ecosystem and local MSMEs. Documentary evidence included activity reports, media publications, government policy documents, and other relevant archival materials.

Data were analyzed using thematic analysis following three stages: data reduction, data display, and conclusion drawing. During the data reduction stage, interview transcripts, observation notes, and documentary evidence were systematically reviewed, coded, and categorized into themes related to knowledge spillover. The categorized data were subsequently organized into matrices and narrative descriptions to identify patterns and relationships among emerging themes. Finally, the findings were interpreted to develop a preliminary conceptual model illustrating the knowledge spillover process between JFC and local MSMEs.

To ensure the trustworthiness of the findings, the study employed source triangulation and method triangulation. Source triangulation was achieved by comparing information obtained from different groups of participants, whereas method triangulation involved comparing evidence derived from interviews, observations, and documentary analysis. The study is expected to produce a preliminary conceptual model of knowledge spillover that will serve as the foundation for the development of a social technology model and collaborative framework in subsequent research corresponding to Technology Readiness Level (TRL) 4.

3. RESULT AND DISCUSSION

JFC as a Source of Knowledge Spillover

The findings indicate that the Jember Fashion Carnaval (JFC) cannot be understood merely as an annual cultural festival. From the perspective of the creative economy, JFC functions as a knowledge-generating hub that creates, reproduces, and disseminates collective knowledge throughout the local creative ecosystem. Knowledge generated within the JFC ecosystem encompasses both tacit and explicit dimensions and is distributed among a wide range of actors, including event organizers, fashion designers, choreographers, performers, artisans, suppliers, sponsors, and supporting communities. Conceptually, this

role aligns with the Regional Innovation System perspective, in which a leading institution or recurring event serves as a regional knowledge reservoir that stimulates innovation among surrounding economic actors. In this sense, JFC acts as a network hub rather than a formal center of excellence by integrating diverse expertise, creative capabilities, and collaborative experiences within a single ecosystem.

Field evidence revealed that the knowledge generated by JFC is multidimensional and can be classified into five major domains.

- a. Creative design and production knowledge encompasses material exploration techniques, innovation in ornamentation inspired by local cultural heritage, color composition, and costume construction with high artistic value. Beyond aesthetic considerations, this knowledge also includes production efficiency and cost management for large-scale carnival performances.
- b. Event management knowledge includes expertise in planning and coordinating large-scale events, production scheduling, volunteer management, operational coordination, technical risk management, logistics, and supporting infrastructure.
- c. Marketing and branding knowledge involves public image development, visual storytelling, media relations, social media engagement, and partnership management with government institutions and corporate sponsors. Such knowledge is particularly valuable for MSMEs seeking to expand their market reach and strengthen their competitive positioning.
- d. Network intelligence refers to knowledge regarding stakeholder mapping, trust-building mechanisms, cross-professional collaboration, and the mobilization of social capital to coordinate collective resources and innovation activities.
- e. Culture-based creative knowledge consists of the reinterpretation of local cultural values, traditional motifs, historical narratives, and indigenous philosophies into contemporary creative products with global appeal. This knowledge is highly context-specific and therefore difficult to replicate outside the JFC ecosystem.

JFC's Collaborative Orientation: Prioritizing Fashion Talent Development

One of the most significant findings of this study is that JFC's collaborative activities and capacity-building programs are predominantly directed toward fashion talent development. Systematic training initiatives have consistently targeted fashion designers, dancers, choreographers, makeup artists, costume makers, and other creative professionals directly involved in carnival production. JFC regularly organizes talent recruitment programs, workshops, mentoring sessions, choreography training, costume design workshops, and stage management programs to strengthen the competencies of creative practitioners. These initiatives are well planned, continuously implemented, and supported by dedicated organizational resources. Such an orientation is consistent with JFC's strategic mission to promote creative fashion and performing arts at regional, national, and international levels.

Collaboration Gap with Local MSMEs

In contrast to its structured collaboration with fashion talent, the study found that JFC has not established an equally systematic collaboration framework for local MSMEs. MSME participation within the JFC ecosystem remains largely incidental and is generally limited to temporary roles such as bazaar exhibitors or providers of logistical support during the carnival. No formal mechanism currently exists to facilitate the continuous transfer of knowledge, technical expertise, or professional networks from the JFC ecosystem to local enterprises.

This gap is particularly significant because MSMEs represent the backbone of the local economy and possess considerable potential to broaden the economic benefits generated by JFC. Without structured collaborative programs, however, the knowledge and economic opportunities created by JFC tend to remain concentrated among fashion talent and internal

creative communities, while MSMEs remain largely excluded from the ecosystem's knowledge flows.

Collaboration Gap Between JFC and Local MSMEs

In contrast to its well-established collaboration with fashion talent, this study found that JFC has not developed an equivalent or systematic collaboration framework for Micro, Small, and Medium Enterprises (MSMEs) in Jember and the surrounding region. MSME participation within the JFC ecosystem remains largely incidental and is primarily limited to temporary roles, such as bazaar exhibitors or providers of logistical support during the carnival. No formal institutional mechanism currently exists to facilitate the continuous transfer of knowledge, technical skills, or professional networks from the JFC ecosystem to local enterprises.

This collaboration gap is particularly significant because MSMEs constitute the backbone of the local economy and represent a strategic channel through which the economic benefits of JFC could be more broadly distributed. In the absence of structured collaborative programs, however, the knowledge and economic value generated by JFC remain concentrated within fashion talent and internal creative communities, while MSMEs continue to occupy a peripheral position within the ecosystem.

Consequently, the findings reveal a clear pattern of knowledge access inequality. On the one hand, JFC has successfully established a dynamic learning ecosystem for fashion talent through structured training, mentoring, and collaborative activities. On the other hand, MSMEs—despite representing the largest segment of local economic actors—have received little exposure to comparable capacity-building initiatives. This imbalance suggests that JFC's current development strategy remains primarily oriented toward the production of creative content rather than the creation of inclusive economic value capable of strengthening the broader local entrepreneurial ecosystem.

The Creative Milieu as a Prerequisite for Knowledge Spillover

The findings further demonstrate that JFC consistently creates a creative milieu characterized by continuous exchanges of ideas, experiences, and best practices among individuals and organizations involved in the carnival ecosystem. Such an environment functions as a generative learning space where social learning occurs through direct interaction, observation, temporary collaboration, and collective feedback. Participants immersed in this environment tend to develop an inquisitive mindset, greater openness to experimentation, and increased willingness to adopt new approaches beyond their routine production practices.

Nevertheless, an important distinction emerged from the empirical findings. While the creative milieu surrounding fashion talent is intentionally cultivated through structured programs and institutional support, the same environment is experienced by MSMEs only incidentally and without deliberate organizational intervention. No institutional design currently exists to intentionally channel knowledge from JFC toward local enterprises. Thus, although JFC has successfully created favorable conditions for knowledge creation, it has yet to establish explicit, continuous, and strategically managed mechanisms for disseminating that knowledge beyond its core creative community, particularly to MSMEs.

Characteristics of Knowledge Spillover

The empirical evidence indicates that knowledge spillover within the JFC ecosystem exhibits three distinctive characteristics. First, knowledge spillover is predominantly informal and serendipitous. Knowledge is transferred through casual conversations, spontaneous encounters during production activities, and observational learning rather than through structured educational programs. No formal curriculum, learning modules, or scheduled training activities are specifically designed for MSMEs. Second, spillover is relational rather than transactional. Knowledge exchange depends largely on the strength of interpersonal relationships between knowledge holders and potential recipients. The

frequency and quality of social interaction determine the likelihood of knowledge transfer. Because JFC has historically invested more heavily in building relationships with fashion talent, MSMEs remain positioned at the periphery of the ecosystem's relational networks. Third, knowledge spillover is unevenly distributed. Access to valuable knowledge is concentrated among actors who possess both physical proximity and strong social connections to the core activities of JFC. Participants enrolled in fashion talent development programs enjoy substantially greater learning opportunities than MSMEs, whose involvement is generally restricted to temporary commercial activities during the carnival. These findings confirm that JFC possesses considerable potential to function as a regional source of knowledge spillover. However, this potential has not yet been fully realized for the benefit of local MSMEs. The principal gap identified by this study is the absence of an institutional bridge connecting JFC, as the primary knowledge generator, with MSMEs as potential knowledge recipients, despite the existence of well-established collaborative structures for fashion talent. Without an intermediary mechanism capable of facilitating, coordinating, and directing knowledge flows, spillover processes are likely to remain fragmented, incidental, and unsustainable. Consequently, the benefits of knowledge diffusion will continue to accrue primarily to actors who already enjoy privileged access to the JFC ecosystem. These findings provide the theoretical and empirical justification for developing a conceptual model that systematically bridges this institutional gap and promotes more inclusive knowledge spillover within the regional creative economy.

4. CONCLUSION

This study demonstrates that the Jember Fashion Carnival (JFC) has evolved beyond an annual cultural event into an innovation hub that generates and accumulates diverse forms of creative knowledge within the regional creative economy. The findings reveal that JFC produces valuable knowledge in creative design, event management, branding and marketing, social networking, and culture-based creativity, thereby creating significant potential for knowledge spillover to surrounding economic actors. However, this potential has not been fully realized for local MSMEs because existing collaboration and capacity-building initiatives remain largely concentrated on fashion talent and internal creative communities.

From the perspective of the Knowledge Spillover Theory of Entrepreneurship (KSTE), the findings suggest that the primary constraint is not the creation of knowledge but the absence of institutional mechanisms that facilitate its diffusion to local enterprises. Knowledge spillover from JFC to MSMEs remains informal, relationship-based, and uneven, resulting in unequal access to learning opportunities and limiting the broader entrepreneurial benefits of the creative ecosystem. These findings extend the KSTE literature by highlighting the importance of institutional bridging mechanisms that connect knowledge-generating organizations with local entrepreneurial actors in creative ecosystems.

Accordingly, this study provides the conceptual foundation for developing a knowledge spillover model that systematically links JFC and MSMEs through structured collaboration, knowledge exchange, and capacity-building mechanisms. Such a model has the potential to transform creative knowledge into more inclusive entrepreneurial opportunities, thereby strengthening MSME competitiveness and contributing to sustainable regional economic development.

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