



## DEVELOPMENT OF MICRO SMALL AND MEDIUM ENTERPRISES (MSMEs) BASED ON CREATIVE ECONOMY IN IMPROVING COMMUNITY ECONOMIC INCOMES

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### Abstract

This research aims to explore the development of creative economic development strategies to increase people's income and identify inhibiting factors in developing MSMEs to increase revenue, mainly for tempe owners and traders. The MSME Creative Economy in the Tempe cases can improve the community's economy with experience and creativity and develop jobs. This study uses a qualitative case study type and uses research techniques, namely, observation, interviews, and documentation. Data analysis was carried out by reducing data, presenting data, and drawing conclusions.

This study indicates that the strategy used by the Tempe business in business development must rely on product development strategies for creative ideas. This idea can increase the income of owners and traders where the previous trader's income was Rp. 400,000 to Rp. 600,000-Rp. 700,000 per month. Meanwhile, the inhibiting factors in the development of the MSME community and community income, especially for owners and traders, are terms of marketing, exploitation, financing, available creativity experience, work skills, years of service, and capital. But this obstacle can avoid with a reasonable and appropriate strategy.

**Keywords:** MSME Development, Creative Economy, Community Economic Income

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### INTRODUCTION

Public income is the flow of money that arises from the business world to the public in salaries and wages, interest, rent, and profits. And individual income consists of salary and rent, interest, non-company company profits, and transfer payments. The development and growth of micro, small and medium enterprises (MSMEs) in Indonesia is one sector that plays a vital role in driving economic growth. Small and medium enterprises (MSMEs) play a strategic role in national economic development. MSMEs play a role in economic growth and employment. In addition, MSMEs also play a role in distributing production products. The small and medium sector is not only considered a temporary residence for workers who have not entered the formal sector but also an engine for the growth of economic activity. (Lincoln Arsyad, 2015).

In the microeconomic analysis of the two assumptions, buyers and sellers rationally carry out their economic activities. Second, buyers try to maximize the satisfaction they can enjoy, while sellers maximize the benefits obtained from obstacles (Turlus T. H. Tambunan, 2017).

The dangerous thinking about populist economic ideas is to consider prominent people in business or corporations to be damaging the economy. As a result, they must restrict. According to preliminary data, some MSMEs are inactive due to their rapid expansion. So,

small and medium enterprises (MSMEs) are one of the areas of activity that can develop and be consistent in the national economy. MSMEs are a good platform for the creation of productive employment opportunities. SMEs are also very intensive efforts and do not require specific requirements such as the level of education, worker skills, and the use of commercial capital.

Which is relatively low; the technology used by people tends to be simple, considering in terms of the number of companies, job creation, as well as in terms of economic growth. national level as measured by gross domestic product (GDP)

The Ministry of Cooperatives and MSMEs (2012) states that the development of MSMEs divides into several categories: agriculture, livestock, fishing, forestry, electricity, gas, hotels, restaurants, private services, and processing, including creative industries. It believes that the industrial creation sector could survive when various other sectors were affected by the global financial crisis. Creative industries are examining an alternative to the economy's wheels that will continue to turn.

From the results of these observations and interviews, researchers saw that the community in Banten mainly owned companies in the manufacture of tempeh. It can say that the community's income depends on how to develop its activities. Still, it is related to MSMEs based on a creative economy based on the economy in terms of maintenance. Innovative ideas accompany strategy in marketing. It is always said to be behind because most of the Tempe production we provide Tempe is usually not accompanied by creative ideas that can attract consumers.

This study chose the creative economy based on MSMEs because it can develop its main activities with human capital (HR), science, and creativity. Creativity plays a vital role in the development of SMEs. It raises the assumption that a study can conduct on the creative economy of SMEs. MSMEs based on the creative economy must increase people's income, especially for Tempe owners and traders.

To prevent this conversation from becoming too lengthy, it is vital to constrain and define the problem formulation to generate more detailed information and understanding. Based on the explanation, the formulation of the problems to be studied are as follows: 1) What is the strategy for developing MSMEs based on a creative economy in increasing the income of tempe traders? 2) The inhibiting factors in the development of Micro, Small, and Medium Enterprises (MSMEs) in increasing income. Temple merchant. Meanwhile, the aims of this research are as follows: (1) To develop the development of creative economy mismatch to increase the income

of tempe traders and owners, (2) to meet the inhibiting factors of Micro, Small, and Medium Enterprises (MSMEs) in increasing the income of tempe traders and owners.

### **Strategy Concept**

Strategy for some organizations is a way of dealing with and anticipating current problems and opportunities for the future. According to Supriyono, strategy is a complete and integrated organizational plan. According to Pearce and Robinson, the strategy is a large-scale and future-oriented management plan to interact with competition in the target community. (Amirullah, 2015). Conceptually, development strategy in the industrial context attempts to analyze market conditions from two internal areas: the weaknesses and strengths of external market conditions, namely the opportunities and threats that will face, alternatives to determine the strategy must complete.

### **Strategy Management**

Strategic management is from two words, namely management and strategy. Strategic management is the science of making (formulating), implementing, and evaluating strategic decisions between management functions that allow organizations to have goals tailored to the environmental conditions in which the organization location.

Some of the manager's primary responsibilities in implementing the chosen strategy: (a) The manager distributes the tasks and the sequence of activities to implement the policies and techniques to achieve the objectives. b) Determine who is responsible for the main specific tasks that need to complete. (c) define the main organizational structure within which implementation will occur, (d) determine the resources necessary to implement the policies and strategies, and ensure the availability of these resources. (e) determine the type of achievement required for organizational units and individuals and when specific activities need to complete. f) Determine personal motivation and incentive system to use (Amirullah, 2015).

### **Aspects of Development Strategy**

A business development strategy is an effort to anticipate problems and provide direction for operational activities in implementing industrial activities. In a small business development strategy, there must be the right strategy, which includes the following aspects:

- a) It increases access to productive assets, especially capital, technology, management, and other vital aspects.
- b) Increased access to markets, which covers a broad spectrum of activities, from business provision to market information, production assistance, and basic economic infrastructure that will be very helpful is transportation infrastructure.

- c) Entrepreneurship, in this case, training on the knowledge and skills needed to do business is crucial.
- d) The economic institution in the broadest sense is the market. So strengthening the market is essential, but it must be accompanied by controls so that the operation of the market does not deviate and result in widening of the gap.

For this reason, appropriate interventions need, which do not conflict with the fundamental rules of a free economy but always guarantee the collapse of social equity. Business partnerships are an important and strategic way to develop community economic activities.

### **Micro, Small, and Medium Enterprises (MSMEs)**

Micro, small and medium enterprises can interpret from various sources. The basis for formulating an understanding of MSMEs can base on the amount of business income, capital, and the number of jobs in a company.

Some countries have different standards, and some use a combination of various references in interpreting MSMEs on a legal basis. South Africa, for example, uses a combination of the number of traders, business income, and total assets as a measure of the business category. It is essential to base the classification of SMEs on the function of the number of traders and the level of sales in Tempe. Costa Rica uses a precise time system based on labor, Tempe sales, and total assets for business classification.

The definition of MSMEs in Article 1 of the Law on Micro, Small and Medium Enterprises No. 20 Tempen 2008 in his book Tri Siwi Agustina is as follows:

- a) Micro Enterprises are productive businesses owned by individuals or individual business entities that meet the criteria for Micro Enterprises as regulated in this law
- b) A small business satisfies the legal definition of "small business" as defined by the Small Business Act but is not a subsidiary or branch of a medium-sized or large corporation but is owned or controlled by that corporation directly or indirectly.
- c) A medium-sized business is an economically productive enterprise that operates independently and by individuals or business entities that are not subsidiaries or branches of companies that own, control, or become affiliated with Small Businesses or Large Businesses.
- d) Either directly or indirectly, through total net assets or proceeds from the sale of Tempenan as defined in this law.

Small businesses in Indonesia are businesses that meet the following criteria:

1. The business has a maximum net worth of Rp. 200,000,000, excluding land and buildings where the company location for the business.
2. Have sales of Tempenan at most Rp. 100,000,000,
3. Owned by Indonesian Citizens (WNI)
4. Stand alone, not an own subsidiary, controlled, or affiliated either directly or indirectly with a medium or large business.
5. Individual businesses, business entities that are not legal entities, and business entities that are legal entities, including cooperatives, are all examples of how to start a business (Khaeruman et al., 2021).

Meanwhile, medium-sized enterprises are people's economic activities that have the following criteria:

- a) More than Rp 200,000,000 in net value up to Rp 10,000,000,000 in net worth, excluding the business's location, land, buildings,
- b) Businesses that are not subsidiaries or branches of giant corporations but owned or controlled
- c) Individuals or entities other than corporations, including cooperatives, can consider small companies because the legal entities are not recognized by federal or state law (Khaeruman et al., 2021).

MSMEs can provide social benefits, namely reducing income inequality, especially in developing countries. The role of small businesses is not only to provide goods and services to consumers at low costs but also other urban consumers at a higher cost. In addition, small businesses also provide raw materials or services to medium and large companies, including local governments.

The business sector is a decisive sector for Indonesia as a developing country. Small businesses are companies that get a lot of attention from various groups. Small businesses widely accept it because of its dominant role in Indonesia's national development.

### **MSME Capital Development and Aspects in Indonesia**

The parties responsible for promoting small Indonesian enterprises are the government, elements of business entities, and the community. Training should do to develop a small company in Indonesia into a small and ongoing small business and become an average business.

### **Weaknesses of Small Business in Indonesia**

Lupiyadi explained that almost 80% of start-up companies in Indonesia failed in the first Tempen. Wirasaswita also expressed a similar opinion that small businesses' mortality or

failure rate in Indonesia reached 78%. This result shows that the failure rate for new businesses begins with the existence of a vast opportunity. Still, it has not been matched by sufficient resources ( *financial* ) and a management team so that a balance arises that increases the uncertainty and risk factors (Suparyanto, 2016).

### **Creative Economy**

The creative economy is closely related to the creative industry, but the creative economy has a broader scope than the creative industry. The creative economy is an ecosystem with interdependencies between creative value chains, development environments, markets and archives.

According to Simatupang (in Suryana, 2013), the creative industry is based on talent, skills and creativity, which are the essential elements of each individual. The main elements of the creative industry are creativity, expertise and talent that can increase welfare through intellectual creation offerings. Meanwhile, according to Zimmerer and Scarborough, creativity is the ability to generate new ideas or discoveries to see problems and opportunities. Several factors produce creative people. These factors are the individual's experience with creativity, personal characteristics, and individual cognitive abilities. (Tambunan, 2017)

### **Creative Economy in the Current Modern Economic Development**

Since its inception, the creative economy should accelerate the progress of economic development and business development. Based on the economic development experience in business development in many countries, especially in terms of differences between countries that lack natural resources (SDA) and those with abundant natural resources (SDA), the business is based on a phenomenon that emerged from this experience. The key to economic success and business development in these cases lies in the advantages of human capital in the development of the creative economy: 1) long-term investment in education, 2) modernization of information infrastructure, 3) improvement of infrastructure for the development of the capacity for creativity and innovation and 4) creation of a conducive economic environment to encourage more attractive but practical market transactions (MaxIndo, 2019)

### **Community Economic Income**

Income can also be defined as the amount of revenue evaluated by the exchange unit that a person or a nation can generate in a given period. According to Gregory Mankiw, income is individual income, namely income received by households and non-business economic enterprises. (Gregori Mankiw, 2015)

The prosperity of a society is based not only on the reference amount of national income and per capita income but also on how national income is distributed more uniformly or crippled. A matter of equity does not mean that national income is distributed equally to be considered fair. Income is considered perfectly evenly distributed if each individual gets an equal share of the economy's output. But the distribution of income becomes very unfair when a few groups of people enjoy a substantial share of the national output. Increasing people's income is part of the implementation of development and distributing the results to all levels of society without exception, including the community's economic development.

## **METHOD**

### **Approach and Type of Research**

The approach used in this research is a qualitative approach to case studies. Indeed, qualitative research methodology is oriented towards natural phenomena or factors. Naturalness means that qualitative research is carried out in a natural environment without any intervention provided by the researchers.

This type of research uses case studies, which are direct investigation methods with natural contexts and decide to pay attention to intensive and detailed events (Nurul Ulfatin, 2015). As for the use of this approach, researchers have described strategies for developing small and medium-sized enterprises (MSMEs) based on the creative economy based on economics in increasing people's incomes and the inhibiting factors of developing MSMEs in increasing income in the Tempe business in Banten.

According to Bogdan and Biklen in Suharsimi, the researcher's presence in qualitative research is significant (Suharsimi Arikunto, 2018). The presence mentioned here is the role and efforts of researchers in the field in obtaining data. The primary purpose of the researcher's presence on the research site is to obtain valid and reliable data. In this study, the presence of researchers in the field does not aim to provide value, influence research subjects or manipulate data and information. Still, the presence of researchers aims to ask questions related to the data needed and only provide an overview of the information. Available. Because the presence of researchers can also see and directly assess what will be studied in this study.

### **Data source**

The data source is the subject from which the data can be obtained, and it can be in the form of library materials or people (respondents). The data used in this study are:

1. Primary data

Primary data is data in verbal or spoken words, gestures, or behavior carried out by trusted subjects (Suharsimi, 2018). The primary data sources are recorded through written notes or video/audio recordings of the person concerned. In this case, the researcher explores information from small and medium business owners in the Tempe business and 6 traders in the Tempe business.

## 2. Secondary Data

3. Secondary data is data obtained from graphic documents (tables, notes, meeting minutes, SMS, etc.), photographs of films, video recordings, objects, and others that can enrich primary data (Suharsimi, 2018). The secondary data obtained by the researcher is data related to the Tempe business in Banten. The data obtained will then be used as a basis for theoretical thinking concepts that are closely related and relevant to the formulation of the problem under study.

### **Data collection technique**

1. Observation. Observations are carried out to find data and information from symptoms or phenomena (events or events) systematically and based on the research objectives that have been formulated.
2. Interview. Interview ) is a question and answer process in research that takes place orally in which two or more people face to face and listen directly to information or information. The researcher prepared interview guidelines to dig up the information needed relating to this research when conducting the interview.
3. Documentation. Documentation is a data collection technique not directly intended for research but through documents. This technique is generally used to collect data as secondary data. Researchers use the documentation method to collect written data that can provide information following the required data.

### **Data Analysis Technique**

Data analysis is an integral part of the research process because, with this analysis, existing data will appear, mainly to solve research problems and achieve the ultimate goal of research (Sugiyono, 2018). Data analysis is the process of organizing the order of data in models, categories and sources of basic descriptions that distinguish interpretation, namely explaining the description and researching the relationship between the dimensions of the description. (Lexy J. Moleong, 2016).

In terms of data analysis, the researcher uses qualitative data, a data analysis activity in materials obtained from observations and information provided by informants. The researcher

then discusses and describes them from general questions and draws conclusions. The stages of qualitative data analysis, according to Sugiyono, are *data reduction*, *data display*, and *conclusion drawing/verification*.

In this first step, where the researcher obtained primary data through observations and interviews, the researcher took notes carefully and in detail according to observation and interview guidelines. Reducing data means summarizing, selecting the necessary main things, looking for themes and models and throwing them out unnecessarily. Thus, the reduced data will provide a clearer picture and will facilitate the researcher to collect additional data and search for it if necessary.

## **RESULT AND DISCUSSION**

### **1. Strategy for Development of Micro, Small and Medium Enterprises (MSMEs) Based on Creative Economy in Increasing the Income of Tempe Traders and Owners**

Strategy for a particular organization is a way to address and anticipate problems and opportunities that occur in the future. Thus, the strategy must provide a clear and directed image that is needed and carried out by the organization or company. In this case, the strategy used by the owner of Tempe is a product development strategy. While carrying out the product development strategy, it can increase traders' income, which is a month only increases from Rp. 400,000 to Rp. 600,000-Rp 700,000. Tempe's business income increases where the average monthly income is around Rp. 10,000,000. It can say that tempe traders have an average income and can help with daily economic needs. From the data previously presented, we can analyze what is being done to implement strategies to increase income in daily activities as follows:

#### **a. Environmental Analysis**

When conducting an environmental analysis of the company, it is hoped that the company will have a clearer image in the preparation of the commercial strategy needed to anticipate the managerial implications caused by the commercial environment. Based on the observations, the researchers found that the location or environment in building a company is essential for the company's success. By establishing or managing a Tempe company, the proprietor has established a store in a strategically located and easily accessible location for consumers, where the Tempè shop is located on a side road, and the production site is close to the shop and the residence of the proprietor himself.

#### **b. Company goals**

The primary purpose of establishing a tempe company is to improve the community's economic conditions for its owners and workers. Based on observations, researchers have found many attempts to differentiate one company from another, namely the uniqueness of large or small organizations. Even if they have to have a mission and goals, the company's goals fundamentally reflect why the company exists. With the mission and goals, the company will be able to use all the potential that exists to achieve the ultimate goal effectively and efficiently.

c. Planning

To achieve strategic competitiveness and gain high profits, companies need to analyze their external environment, identify opportunities and threats to the environment, identify internal resources and capabilities essential to competition and have the right strategy. Strategy is a limited and organized number of stocks to use basic skills and gain competitive operations.

d. Application

Implementing this strategy is an act of managing various resources and organizational management that directs and controls the use of company resources. In this case, based on observations made by researchers in the Tempe sector, the owner carries out the tasks and activities that must take to carry out the policies and strategies needed to achieve the goal, determine which one is responsible for the main specific tasks that must be carried out completed.

e. Evaluation of control strategy

Set work performance goals, tolerance limits for goals, strategies and implementation plans, and measure the actual position concerning the target at a specific time. If the result is out of bounds, corrective action should take. The researchers found that many buyers/consumers came from various regions based on observations and interviews. The strategy used to promote the company can be considered successful by using social media to promote and add other types of creative processes to arouse consumer interest.

2. Inhibiting Factors in the Development of Small and Medium Enterprises (MSMEs) in Increasing the Income of Tempe Traders and Owners

Every organization has to face various challenges and obstacles in many aspects of organizational life, including obstacles in human resources. These factors can hinder the improvement of people's lives. The data described above can be analyzed regarding the inhibiting factors in increasing income from the community to Tempe as follows:

a. Inhibiting factors or weaknesses of Micro, Small and Medium Enterprises (MSMEs)

1) Marketing

It is related to the marketing of the tempeh business, besides focusing on creating certain moments, such as using social media platforms like WhatsApp and Facebook to publicize the procedure's outcomes.

According to interviews conducted, it is correlated with marketing-related difficulties that are commonly encountered, such as those encountered during the marketing process.

2) Operation

Based on the results of comments made by researchers rather than businesses, it can be said that the technology used to ensure that Tempe is still using manual staff is not helped by modern technology.

3) Finance

The interview results showed that, according to him, the sales money could not separate from personal money because the sales money also includes personal money for the owner. Still, as long as he is appropriately managed, he will not have things that are not wanted. So, as long as the business owner can manage the number of expenses and income, financial problems can avoid.

4) Experience with creativity

Creativity is the ability to generate new ideas or discoveries to see problems and opportunities. Several factors produce creative people. This factor follows the results of interviews with Tempe traders, saying that ideas can achieve if accompanied by experience.

b. Inhibiting factors in increasing people's income

1) Available job opportunities

The observations show that the company or management replacing the Tempe business is always classified as a straightforward organizational structure, without redundant staff, flexible division of labor and formal activities. Meanwhile, if it is associated with the possibility of available jobs in the Tempe sector, the possibility of employment increases based on interviews conducted with Tempe makers. Although most of them only choose to employ workers from families and parents, it can say that it can increase people's income.

2) Work skills

Providing high work skills and expertise increases efficiency and effectiveness, affecting the income of the wealth owned. The amount of a person's wealth also affects the amount of income earned. Based on the interview results of the workplace skills in-company training, the training is not determined because the workers already know how to experience it. However, sometimes there is a wrong way. The owner gives tempe to produce delicious and unique tempe. For the owner himself, experience during company management is a solution to issue ideas and strategies to develop the company.

### 3) Work tenacity

The notion of tenacity can be equated with perseverance and courage to face challenges. Regarding the tenacity of work related to the amount of production that can make, Micro and Small and Medium Enterprises (MSMEs) in the Tempe business usually the owner provide about 50 kg of soybeans and can produce about 100 pieces Tempe.

The traders started on standby in the kitchen around 3 am with ready-made materials and tools. Traders will take about 3-4 hours from the soaking process until finished. The resulting Tempe can be directly consumed without frying it first because the Tempe has gone through a boiling process with saltwater. In addition, the difference between Tempe and other Tempe is in terms of raw materials by using local raw materials instead of imported soybeans so that the quality is denser, healthier, and delicious.

### 4) Capital used

- 5) Capital is authentic capital goods (tangible capital goods), which include all types of goods designed to support the production of other goods and services. For example, machines, factories, roads, power plants, warehouses and all equipment are often used. Because it also includes the meaning of money available in the company to buy machines and other factors of production.

## CONCLUSION

Based on the results of research and discussion, the following conclusions can draw:

1. The strategy used by the Tempe business in developing its business is a product development strategy for creative ideas such as the remaining tempeh being converted into other foods so that it becomes a unique attraction for consumers. Community. This strategy can interpret

as increasing income for Tempe owners and traders, where the previous trader's Rp income is Rp. Four hundred thousand rose to Rp. 600,000-Rp. 700,000 per month.

2. Several inhibiting factors in developing MSMEs and increasing community income, especially for Tempe owners and traders, are a. Marketing, b. phrase related to the technology used, c. Finance, d. Experience with creating, e. available job opportunities, f. work skills, g. capital used.

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