

## MANAGEMENT DESIGN OF MEDIUM SMALL BUSINESS BASED ON CREATIVE ECONOMY IN COMMUNITY EMPOWERMENT IN BATUDAA DISTRICT COAST GORONTALO DISTRICT

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### ABSTRACT:

**This study aims to design an MSME-based Creative Economy management in developing Tuna Fish into a production that can be used as a food ingredient that is much in demand by the community, namely Shredded Tuna. UMKM, under the PKK Mobilization Team of Batudaa Pantai District, is one of the superior MSMEs in Gorontalo Regency. The method used by researchers in this study is the method of observation and interview of the object of research. The results of the study showed that the empowerment of SMEs in the Tengkek Shredded Fish based on the creative economy through the application of GMP, packaging improvements, and increased business legality proved to be able to increase sales. In the MSME management process there are various ways to carry out the stages to manage the production of Tuna Shredded Fish.**

**KEYWORDS:** MSME, shredded, tuna, creative economy

### INTRODUCTION:

Indonesia has experienced an economic crisis that caused the collapse of the national economy. Many large-scale businesses in various sectors including industry, trade, and services stagnated and even stopped their activities in 1998. However, Micro, Small and Medium Enterprises (MSMEs) can survive and become economic recovery amid the slump due

to the crisis. monetary policy in various economic sectors. Micro, Small and Medium Enterprises (MSME) is one of the business sectors that can develop and be consistent in the national economy. MSMEs are a good place for productive employment creation. SMEs are labor-intensive businesses, do not require certain requirements such as the level of education, expertise (skills) of workers, and the use of relatively little business capital and the technology used tends to be simple. MSMEs still play an important role in improving the Indonesian economy, both in terms of the number of businesses, in terms of job creation, and in terms of national economic growth as measured by Gross Domestic Product.

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in national economic development. MSMEs play a role in economic growth and employment. In addition, MSME also plays a role in the distribution of development results. The existence of the Micro, Small and Medium Enterprises sector is not only considered as a temporary shelter for workers who have not yet entered the formal sector, but also as a motor of economic growth. This is because the amount of absorption of such a large workforce. Given the experience Indonesia has faced during the economic crisis, it would not be excessive if the development of the private sector is focused on MSMEs.

The Ministry of Cooperatives and UMKM (2012) states that developing Micro, Small and Medium Enterprises (MSMEs) are currently

divided into several categories, namely agriculture, animal husbandry, fisheries, forestry, electricity, gas, clean water, trade, hotels, restaurants, services, private services, and processing industries, one of which includes the creative industry. The creative industry sector is believed to be able to survive when various other sectors were hit by the global financial crisis. The government began to look at the creative industries as an alternative cogwheel of the economy that will continue to spin. Creative industries include 14 sub-sectors, namely advertising, architecture, the art goods market, crafts, design, fashion, video, film and photography, interactive games, music, performing arts, publishing and printing, computer and software services, television and radio, and research and development.

The Department of Commerce (2008) mentions the creative industry is an inseparable part of the creative economy. The creative economy can be regarded as a system of supply and demand transactions originating from economic activities that are driven by the industrial sector called the creative industries. The Government realizes that a creative economy that focuses on the creation of goods and services by relying on expertise, talents, and creativity as intellectual property is the hope for the Indonesian economy to rise, compete, and achieve excellence in the global economy. The development of Indonesia's creative economy is a form of optimism and overflowing of aspirations to support realizing Indonesia's vision of becoming a developed country. The Indonesian government also began to see that various sub-sectors in the creative industry have the potential to be developed because the Indonesian people have creative human resources and rich cultural heritage. In addition, the creative industry can also contribute in several aspects of life.

Creative industries need to be developed in Indonesia because they have an important

role in developing national and regional economies (Ministry of Trade, 2008). First, the creative industry sector makes significant economic contributions such as increased employment, increased exports, and its contribution to GDP. Second, create a positive business climate that impacts other sectors. Third, building the nation's image and identity such as tourism, national icons, building culture, cultural heritage, and local values. Fourth, based on renewable resources such as science and creativity enhancement. Fifth, creating innovation and creativity which is a competitive advantage of a nation. Finally, it can have positive social impacts such as improving the quality of life and social tolerance.

The problems of MSMEs based on the creative economy generally lie in human resources, capital, and mastery of modern technology. The picture of the condition of the MSME-based creative economy business climate in Batudaa Pantai Gorontalo District at present, seen from the opportunity of empowerment from time to time, from place to place, and from sector to sector has not indicated the high expectations of these business groups to support the growth of the economic system with justice. This also results in creative MSMEs not yet being able to provide a specific feature for Batudaa Pantai District, Gorontalo Regency, which is known as a fish-goer and so on. With these problems, the development of MSMEs based on the creative economy needs to get the most attention from the government or related agencies and the community so that they can develop more competitive with other economic actors. Future government policies need to be pursued more conducive to the growth and development of MSMEs. The government needs to increase its role in empowering MSMEs based on a creative economy to empower the community. because as previously explained, creative MSMEs have

an important role in the development of the state and regional economy.

Creative economy-based MSMEs in Batudaa Pantai Sub-district were chosen in this study because they were considered capable of developing Human Resources with knowledge, creativity, and innovation and were able to apply them in the current 4.0 era, which tends towards the digital era. So that with the technology it will contribute to the management of MSMEs based on community empowerment and creative economy.

## **THEORITICAL REVIEW:**

### **A. Theoretical Basis:**

#### **1. Definition of MSME:**

Micro, Small and Medium Enterprises (MSMEs) have different definitions in each literature according to several agencies or institutions and even laws. In accordance with Law number 20 of 2008 concerning Micro, Small and Medium Enterprises, MSMEs are defined as follows:

1. Micro business is productive business owned by individuals and / or individual business entities that meet the criteria for Micro Business as stipulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or non-branch companies that are owned, controlled, or become a part either directly or indirectly of Medium Enterprises or Large Enterprises that fulfill Small Business criteria as referred to in this Act.
3. Medium Business is a productive economic business that stands alone, which is carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or becomes a part either directly or indirectly with a Small Business or Large Business with the amount of wealth net

or annual sales results as provided for in this Act.

Based on wealth and sales results, according to Law Number 20 of 2008 Article 6, the criteria for micro businesses are:

1. Having a net asset of no more than Rp 50,000,000 (fifty million rupiahs) excluding land and buildings for businesses; or
2. Have annual sales results of at most Rp. 300,000,000.00 (three hundred million rupiah).

Small business criteria are as follows:

1. Has a net asset of more than Rp 50,000,000.00 (fifty million rupiah) up to a maximum of Rp 500,000,000.00 (five hundred million rupiah) excluding land and buildings for business premises; or
2. Having annual sales results of more than Rp. 300,000,000.00 (three hundred million rupiah) up to a maximum of Rp 2,500,000,000.00 (two billion five hundred million rupiah).

While the criteria for medium-sized businesses are as follows:

1. Has a net asset of more than Rp 500,000,000.00 (five hundred million rupiah) up to a maximum of Rp 10,000,000,000.00 (ten billion rupiah) excluding land and buildings for business premises; or
2. Has annual sales results of more than Rp 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp 50,000,000,000.00 (fifty billion rupiah).

The Central Statistics Agency (BPS) limits the definition of SMEs based on the quantity of labor, namely for home industries having a workforce of 1 to 4 people, small businesses have a workforce of 5 to 19 people, while medium businesses have a workforce of 20 to 99 people (Susanti, 2009) Nurhayati (2011) mentioned the definition of MSME having various variations that were appropriate

according to the characteristics of each country namely:

1. World Bank: SMEs are businesses with a total workforce of  $\pm$  30 people, annual income of US \$ 3 million and total assets not exceeding US \$ 3 million.
2. In America: SMEs are industries that are not dominant in their sectors and have fewer than 500 workers.
3. In Europe: SMEs are businesses with a total workforce of 10-40 people and an annual income of 1-2 million Euros, or if less than 10 people are categorized as household businesses.
4. In Japan: SMEs are industries engaged in manufacturing and retail / service with a total workforce of 54-300 people and capital of ¥ 50 million - 300 million.
5. In South Korea: SMEs are businesses with a workforce of  $\leq$  300 people and assets of  $\leq$  US \$ 60 million.
6. In some Southeast Asia: SMEs are businesses with a workforce of 10-15 people (Thailand), or 5-10 people (Malaysia), or 10 -99 people (Singapore), with a capital of  $\pm$  US \$ 6 million.

Bank Indonesia (2011) states that there are several countries that define MSMEs based on the number of workers, including:

1. El Salvador (less than four people for micro businesses, between five to 49 people for small businesses, and between 50 - 99 people for medium businesses)
2. Ecuador (less than 10 people for micro businesses)
3. Colombia (less than 10 people for micro businesses, between 10 - 50 people for small businesses, and between 51 - 200 people for medium businesses)
4. Morocco (less than 200 people)
5. Brazil (less than 100 people)
6. Algeria (non-formal institutions have fewer than 10 employees)

## 2. Characteristics of MSMEs in Indonesia

Sulistiyastuti (2004) mentions that there are four reasons that explain the strategic position of MSMEs in Indonesia. First, MSMEs do not require as much capital as large companies so that the establishment of these businesses is not as difficult as large businesses. Second, the workforce needed does not require certain formal education. Third, most are located in rural areas and do not need infrastructure like large companies. Fourth, MSMEs are proven to have strong resilience when Indonesia is hit by an economic crisis.

## B. Management Concepts:

In general, management is the activity of changing something to be good, heavy, having high values from the beginning. Management can also be interpreted as to do something to make it more appropriate and suitable to the needs so that it is more useful. Nugroho (2003: 119) argues that: Management is a term used in management science. Etymologically the term management comes from the word "school." (to manage) and usually refers to the process of taking care or handling something to achieve certain goals.

So management is the science of management that deals with the process of taking care and handling something to realize certain goals to be achieved.

Meanwhile, according to Syamsu, the management focuses on management functions which include planning, implementing, organizing and controlling to achieve work efficiency. Pamudji's opinion above regarding management seems to emphasize on two important factors namely:

- a. Management as a development that changes something so that it becomes new and has a higher value.
- b. Management as a renewal is an effort to maintain something to better suit the needs.

Furthermore Admosudirjo (2005: 160) defines that: Management is the control and

utilization of all resource factors which according to a plan are needed to complete a particular goal.

From the above understanding, Admosudirjo emphasizes management on the process of controlling and utilizing all resource factors to achieve certain goals in accordance with the plans that have been made. Furthermore Moekijat (2000: 1) suggested the notion of management is: a certain process consisting of planning, organizing, mobilizing, and supervising carried out to determine and achieve certain goals by using humans and other sources. Thus, Moekijat emphasizes management in the process of planning, organizing, mobilizing, monitoring to achieve the desired goals by using human resources and other resources.

Based on the description above, management is an initial process in developing a business so there will be a good process in managing the business. Both in terms of products, marketing and escort in the distribution of businesses that will be marketed as a creative economy in community empowerment.

### **C. Creative Economy:**

The era of the creative economy is a shift from the agricultural economy era, the era of industrialization, and the information age. The Department of Commerce (2008) defines the creative economy as a manifestation of efforts to seek sustainable development through creativity, where sustainable development is an economic climate that is competitive and has reserves of renewable resources. The great role offered by the creative economy is the use of reserves of resources that are not only renewable, even unlimited, namely ideas, ideas or talents, and creativity.

The creative economy consists of a broad group of professionals, especially those in the creative industries that contribute to the

forefront of innovation. They often have the ability to think spread and get patterns that produce new ideas. Claire (2009) writes about how to grow the creative economy in Tacoma, USA by using an experiment called "Tacoma Experiment". In this experiment 30 people were recruited with professional backgrounds from various fields, including those from business, government, education, arts workers, and non-profit fields to work for a year. The process of this experimental project is more about how the 30 people maintain communication with one another so that a good relationship is created between each person.

The core of the research is sharing or exchanging ideas and information between individuals can increase the value of one's creativity. The value of a person's creativity is believed to increase with the existence of this communication. This is in line with the purpose of the research which wants to show how a city can unite people from various fields of profession, business people, government, and non-profit sectors in creating a stronger creative economy. The research simply provides an overview of the development of the creative economy. Togar (2008) adds that the business situation where competition is most cruel is illustrated to us in the creative economy.

If you want to continue to grow and develop, creative classes are never complacent and are always looking for ways to innovate. Skill in reading opportunities, speed of presenting products in seizing opportunities, accuracy in calculating the level of risk along with a backup plan, the ability to collaborate with others, and the right strategy in dealing with competition is the key to success in this industry. Therefore, the creative economy can be said to be a system of supply and demand transactions originating from economic activities that are driven by the industrial sector called the Creative Industries. Creative industries are an inseparable part of the

creative economy. The term creative industry itself has various definitions.

The Department of Commerce (2008) defines the creative industry as an industry originating from the use of creativity, skills and individual talents to create prosperity and employment through the creation and utilization of the creative and creative power of the industry. The classification of creative industries set by each country is different. There is no right or wrong in the classification of creative industries. It depends on the analytical objectives and potential of a country. The creative industry is divided into 14 sectors including advertising, architecture, arts, crafts, design, fashion, video, film and photography, interactive games, music, performing arts, publishing and printing, computer and software services, television and radio, and research and development.

Kathrin Muller, Christian Rammer, and Johannes Truby (2008) suggested three roles of creative industries on economic innovation in their research in Europe. First, creative industries are the main source of potential innovative ideas that contribute to the development / innovation of goods and services. Second, the creative industry offers services that can be used as input from innovative activities of companies and organizations both within the creative industry environment and those outside the creative industry. Finally, the creative industries use technology intensively so as to encourage innovation in the technology field. Creative industries are described as economic activities that are fully believed in individual creativity. Creative industries need to be developed in Indonesia for several reasons. First, it can make a significant economic contribution such as increasing employment, increasing exports, and contributing to GDP. Secondly, creating a positive business climate that impacts other sectors. Third, building the nation's image and

identity such as tourism, national icons, building culture, cultural heritage, and local values. Fourth, based on renewable resources such as science and creativity enhancement. Fifth, creating innovation and creativity which is a competitive advantage of a nation. Finally, it can have positive social impacts such as improving the quality of life and social tolerance.

#### **D. Community Empowerment:**

According to Oos M. Anwas (2013: 12), empowerment also emphasizes that a person gains sufficient skills, knowledge and power to influence his life and the lives of others he is concerned about. several things about community empowerment, including: 1) Empowerment is basically giving power to those who are less or powerless (powerless) in order to have the power that is the basis for self-actualization, 2) Community empowerment is not only related to economic aspects, 3) Community empowerment can be seen as a program or process, 4) Empowerment that fully involves community participation.

According to Soetomo (2015: 88), the main elements of community empowerment are the granting of authority and community capacity building. The two elements cannot be separated, because if the community has obtained authority but does not or does not yet have the capacity to exercise that authority, the results are also not optimal.

The most important element in achieving successful development in society besides natural capital, technology, institutions, human capital becomes a very important capital. Human capital or human resources are elements of capital such as mutual trust among members of the community, social empathy, social care, and cooperation. Therefore we need strengthening human resources. Currently in Indonesia, there is a community empowerment and social assistance program in place to complement community empowerment.

According to Alwi, et al, (2001: 241) the word "helpless" is interpreted as a contribution of time, energy, effort through activities that give a person the strength to do something or make someone worthy. While conceptually, empowerment comes from the word "power" which means strength. According to Kindervater in Kusnadi, et al (2005: 220), empowerment is the process of increasing one's ability in terms of knowledge, skills, and attitudes in order to understand and control social, economic, and / or political forces so that they can improve their position in society.

According to Djohani in Kusnadi, et al (2005: 220), mentioning community empowerment is intended to develop the community's ability to independently have the skills to overcome their own problems. Community empowerment is an effort to create or increase community capacity, both individually and in groups in solving various problems related to efforts to improve the quality of life, independence and welfare.

Based on the above understanding, the researcher can suggest that community empowerment is something that can provide life expectancy for the people who are left behind. In this case, it can break poverty through a variety of activities such as the development of MSMEs in business groups that produce a creative economy.

## RESEARCH METHODS:

The initial stage of the study was to determine the MSMEs that were the object of study by observation and direct interviews with 5 MSMEs of processed fish products in Langgula Village, Olimo'o, Batudaa Beach, Gorontalo Regency. The interview includes the type of product, the period of business that has been done, and the motivation of the business actor to develop his business.

Based on these results, then those who meet the requirements according to

predetermined criteria are MSME "Shredded Tuna". Business actors have a structured business track record, have a visionary mission and vision for business development in products, marketing, and enhancing business legality.

Subsequent studies were carried out persuasive methods to increase business motivation and andragogy training methodology by positioning MSMEs as adults and encouraged to play an active role in each stage of mentoring which includes: GMP, process technology, packaging design, increased business legality, and online marketing management.

## RESULTS AND DISCUSSION:

### A. Research Results:

The Fisheries Business Group which consists of fishermen's wives with the support of the PKK Mobilization Team in Batudaa Pantai District and Gorontalo District. MSME "Shredded Tuna Fish" starts its business from 2017 by utilizing tuna fish with high production prices. Limited knowledge of process technology makes MSME owners traditionally process Fish Floss with PP packaging that is easily obtained in the market at affordable prices. polypropylene plastic packaging. Polypropylene (PP) packaging has chemical properties including: (1) difficult to be penetrated by water vapor, (2) resistant to oil and fat, (3) permeability to low water vapor, (4) stable at high temperatures, and has shiny surface (Hanidah et al. 2018). But PP plastic is not good for use in food that is easily damaged by oxygen (Julianti & Nurminah, 2006).

### B. Discussion:

Increased knowledge about packaging continues to be done to protect the product during the sales process so that product quality is maintained and has a longer shelf life. The perpetrators of shredded fish are one of the SMEs who have great motivation to

develop. This is in line with the development of creative economy-based businesses. Improvement of formulations and types of packaging continues to be done to improve the sensory characteristics of shredded tuna. Taste sensation is one of the factors influencing consumer acceptance (Nursiwi, et al., 2013).

The success of MSMEs can be seen from the interest in entrepreneurship, which must put forward courage, be able to take responsibility for the business undertaken, dare to take risks, have an optimistic attitude towards an opportunity, create jobs for themselves and for others by means of entrepreneurship to reduce unemployment (Nursalina, 2018) . MSME "Shredded Tuna" in the production process employs fishermen wives who are in the PKK Desa group. Various trainings are conducted well in order to achieve optimal results for product improvement and development.

Shredded fish tuns is a product with the main raw material of fish, making it vulnerable to quality damage because it has a high water content and nutrient levels. This condition is a good medium for the growth of microorganisms if sanitation and processing are carried out not according to standards. Good and correct way of food production (CPPB) is very important to be known and implemented by every food business actor so that the products produced are safe and of high quality so as to provide a guarantee of product safety for consumers (Hanidah, et al., 2018).

Control of product quality can be done by applying good GMP (Good Manufacturing Practice). GMP is a guide to how to produce food that aims to ensure that food producers meet predetermined requirements to produce quality food products that are safe for consumption in accordance with consumer demands.

GMP must be applied by industries that produce food products as a preventive measure so that food that is ready to be consumed is safe,

decent and quality so that consumers can enjoy the maximum nutritional value without risk of disease (Ristyanadi & Hidayati, 2012). The GMP stage focuses more on sanitation during the processing of both workers and equipment and production space.

Efforts to implement GMP that have been made in the form of counseling and direct application regarding: (1) determination of quality standards of raw materials; (2) improve the building of production sites; (3) improve processing to get a better quality end product; (4) direct application regarding employee hygiene; (5) laying out the production space; and (6) laboratory tests. While the supporting parameters carried out to achieve a creative economy include: (1) packaging design; (2) determination of shelf life, (3) business legality; (4) bookkeeping management; (5) and marketing through online media.

SMEs are given counseling in stages every week and then given the opportunity to implement the results of counseling. Quality standards for raw materials and formulation used for the production of shredded fish are made of special documents so that every product produced now and in the future has the same sensory and strength characteristics.

Layout or layout of the production space is one of the important factors in GMP because it determines the flow of production from raw materials entered until the product is produced. Inaccurate production flow can affect product quality due to cross-contamination of microorganisms from both raw materials and workers (Somwang et al., 2013).

The development of UMKM has a very important role for economic growth for the community. Apart from playing a role in economic growth and employment, it also plays a role in the distribution of development results. To ensure SMEs can develop properly, a marketing strategy is needed (Fauzi, 2018).



Increasing business legality is one strategy to improve marketing.

Increasing the business legality of SME products is very important as a guarantee for consumers that the products consumed are safe and lawful. The legality of a product's business can make it easy for SMEs to market their products to a wider market.

The legality of the PIRT business is a consumer guarantee that the production of Tuna Shredded Fish is already in accordance with CPPB both raw materials used, sanitation of the production room, sanitation of workers, laboratory tests, and label information on the packaging. This is what led to Shredded Tuna fish can expand marketing both off-line and on-line. Increasing the amount of production for 4 years (Figure 3) makes an indicator that the empowerment of MSMEs based on the creative economy is very effectively applied to business people who have the struggle and motivation to learn to improve the quality of products towards sustainable business.

### CONCLUSIONS:

1. Empowerment of creative economy-based Tengkek Shredded MSMEs through the application of GMP, packaging improvements, and increased business legality has been proven to be able to increase sales by 81.25%.
2. The development of a creative economy-based business can be successful if the business actor has an interest in entrepreneurship, puts forward courage, is able to take responsibility for the business being run, is brave to take risks, and has an optimistic attitude towards an opportunity.

### RECOMMENDATIONS:

New breakthroughs are needed in improving MSMEs based on the Creative Economy in Gorontalo District.

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