

## **The Role of the Creative Economy in Accelerating the Recovery of SMEs from the Impact of the Covid-19 Pandemic (Study on Table and Chair Crafts from Tires)**

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**Abstrak.** Tujuan penulisan untuk mendeskripsikan peran ekonomi kreatif upaya percepatan pemulihan UKM dampak Pandemi Covid-19. Tulisa ini menggunakan pendekatan kualitatif deskriptif, dengan teknik pengumpulan data melalui observasi, wawancara dan dokumentasi. Pandemi Covid-19 berdampak pada berbagai sektor yang mengakibatkan melemahnya perekonomian Nasional. Untuk bertahan dalam bisnis harus berdaya saing dan mampu menyesuaikan pada perubahan. Berdasarkan hasil penelitian, ekonomi kreatif meja kursi dari daur ulang ban bekas mampu bertahan dimasa pandemi Covid-19 dan berkontribusi dalam meningkatkan ekonomi masyarakat. Ekonomi kreatif merupakan salah satu solusi pengurangi pengangguran, karena laju pertumbuhan penduduk tidak sebanding dengan laju penyediaan lapangan kerja. Ekonomi kreatif bersinergi dengan UKM untuk meningkatkan daya saing dan kualitas UKM yang memiliki peran besar dalam perekonomian baik dalam bidangekonomi maupun sosial, yaitu menciptakan lapangan kerja. Sedangkan pembangunan SDM dan kemudahan akses pengutan modal dapat membantu percepatan pemulihan UMKM dampak pandemi Covid-19.

**Kata kunci :** UMKM, Pandemi Covid-19, Ekonomi Kreatif

**Abstract.** This paper aims to describe the role of the creative economy in accelerating the recovery of SMEs due to the Covid-19 pandemic. The approach used is descriptive qualitative. Data were collected through observation, interviews and documentation. The Covid-19 pandemic has had an impact on various sectors which in the weakening of the national economy. To survive in business, you must be competitive and able to adapt to changes. Based on the results of the study, the creative economy of tables and chairs from recycling used tires was able to survive the Covid-19 pandemic and contribute to improving the community's economy. The creative economy is one solution to reduce unemployment, because the rate of population growth is not proportional to the rate of employment. The creative economy synergizes with SMEs to improve the competitiveness and quality of SMEs which have a major role in the economy both in the economic and social fields, namely creating jobs. Meanwhile, human resource development and easy access to capital financing can help accelerate the recovery of SMEs from the impact of the COVID-19 pandemic

**Keywords :** Creative Economy, SMEs, Covid-19

## Introduction

The Corona virus that emerged and spread rapidly in countries in the world at the end of 2019 and had an impact on various sectors was able to paralyze the world economy. The Covid-19 pandemic defined by the United Nations and its implementation *lockdown* in early 2020 resulted in the cessation of international trade impact on the decline of the economy, including Indonesia. The economy was helpless when the government issued PP regulation number 21 of 2020 until the Covid-19 emergency community activity restriction (PPKM) was issued in the Java and Bali Region through the Instruction of the Minister of Home Affairs number 15 of 2021 as an effort to accelerate the handling of Covid-19 which is very quickly spread. and took many lives.

Government regulations related to restrictions on activities: religious, social, educational, agency, mode of transportation automatically have an impact on the economic sector. The Covid-19 pandemic in these various sectors resulted in a decline in economic growth of 2.07% in 2020 based on GDP indicators from the previous year. The decline in the production sector experienced a contraction in the growth of the import of goods and services subsector 14.71%, warehousing and transportation 15.05%. Meanwhile, exports of goods and services are 7.70%, source BPS 2020).

National income which is described at the GDP level and decreased in 2020 shows the level of national production has decreased. One of the factors causing the decline in the level of production is the decline in sales turnover which has an impact on the reduction of the workforce as a result of restrictions on economic activity. It is unavoidable that the increase in the number of unemployed in Indonesia reached 3.7 million people (source kompas.com) due to many companies closing or laying off employees to reduce operational expenses. The increase in the unemployment rate resulted in a low level of public consumption. Many people lost their jobs.

The prolonged Covid-19 and the application of 'PSBB to PPKM' are a heavy burden for SMEs actors because they are forced to stop or limit their business activities. Businesses that have been pioneered with great struggle must be willing to close or stop operations because of the economic crush. The decline in turnover was experienced by almost all entrepreneurs due to the Covid-19 pandemic. This condition cannot be ignored for long. Covid-19 has not ended even though it has been almost two years and it is not certain how long it will take. Economy must rise from adversity therefore it is very important to get attention and strengthening from various parties so that the economy can bounce back and increase economic growth.

The Creative Economy (Ekraf) is predicted as a new force for the economy due to the Covid-19 pandemic and in the future. For this reason, through the creative industry, the government is trying to

grow the national economy because of its important and strategic role. Creative industry as a productive effort of individuals and business institutions that have micro business criteria (Law No. 20 of 2008). The creative economy is currently experiencing fairly rapid development, it is hoped that the products produced can be competitive at home and abroad.

Growing the creative economy through the potential of economic resources and creativity that is owned is expected to be a solution to awaken SMEs due to the impact of Covid-19. In addition, the creative industry is also a solution to reduce the unemployment rate, because it can create jobs for themselves and provide opportunities for others. Therefore, the government together with SMEs actors and the creative community continue to strive to move the developing creative economy towards a productive economy. The grouping of industries based on the capacity of workers or capital developed is presented in the following table:

**Table 1.** Industry Grouping

No	Jenis Industri	Kapasitas	Asset dan Modal
	Home industry	1-4 people	Not specified
	Small industry	5-19 people	IDR 50 million
	Medium Industry	20-99 people	IDR 50-500 Million
	Big Industry	100 people or moremore	IDR 500 Million-100 Billion

Source : Law no. 20 year 2008

The Covid-19 pandemic has brought changes to the SMEs business structure from the production and marketing levels. The decline in sales turnover forced SMEs actors to reduce their productivity to reduce operational costs. As a pillar of the economy, this cannot be ignored, requiring follow-up actions to accelerate the recovery of SMEs so that the economy will return to normal soon. Howkins (2010) views the creative economy as an economic activity whose inputs and outputs are ideas. According to him, one can obtain very decent income with creative ideas this was also conveyed by Stankevičienė(2011)that the creative economy is a rapidly growing world market sector, meaning that the creative economy promises very good prospects in the international arena.

The creation of added value of an item based on ideas that arise based on science, local wisdom, cultural heritage, technology and creativity of human resources (creative people) is the definition of creative economy.

The creative economy has a wider scope than the creative industry. The creative industry is the

driving force of the creative economy which includes cultural, economic, social, and environmental aspects. The creative industry is the government's hope as a competitive economic strengthening in the era of globalization, because in addition to contributing to GDP, of course it is also a sector that absorbs labor which is a production factor of economic activity. Therefore, the interconnection of economists and business actors who are increasingly active and productive is needed as an effort to develop and control creative and innovative human resources.

Bekraf or Creative Economy Agency was formed independently by President Joko Widodo with the issuance of Presidential Regulation No. 6 of 2015 which was previously integrated under the Ministry of Tourism in its development, many experienced obstacles in terms of quality and quantity of competent, competitive and sustainable human resources. The lack of appreciation for creative works is also an obstacle to the growth of the creative economy because there is no place for development and support both morally and materially.

Weak conventional financing support is a common obstacle in the development of the creative economy in Indonesia. In addition, the synergy between creative economic actors and the SMEs business world has not been built harmoniously. The community also has limited access to information and market opportunities in developing their industry. Another obstacle is the lack of synchronization of government policies at the regional and central levels, as well as the lack of protection of intellectual property rights resulting from creativity, and the lack of conducive information technology infrastructure. These obstacle factors have not been handled seriously so that the rate of development of the creative economy has not been as expected.

Due to the above obstacles, Bekraf continues to promote the creative economy because it believes in great potential and opportunities, including: opening up market opportunities for creative industry products in local, national and international markets, increasing economic prosperity the community, providing employment and opening up higher consumer expectations for creative industry products. The diversity and abundance of natural resources owned by Indonesia as well as a very large population become its own strength for the creative economy. The demands of competitiveness and competitive advantage, rapid technological developments, high competition for foreign products and the number of business actors are challenges in the era of globalization and free trade as well as being a driving force for the spirit to realize Bekraf's vision that in 2030 make Indonesia a pillar of the world economy through the creative economy.

In Indonesia, Small and Medium Enterprises (SMEs) are regulated in Law number 20 of 2008 as a guide for business management by individuals and business entities that lead to productive



economic enterprises according to the criteria according to the provisions of the Act. Small-scale people's business activities that need to be protected from unfair competition, the majority of which are small business activities, are also SME that have a role in contributing to the economy and employment, thereby effectively reducing unemployment in Indonesia.

Marthalina (2018) said that SMEs have the meaning of accelerating economic recovery through priority programs and accommodating the potential for development of various sectors and mainstay areas. Meanwhile, community empowerment through small businesses is carried out as an effort to increase the economy. The characteristics of SMEs that do not require large capital open up greater opportunities to become micro and small business actors. In addition, the required workforce also requires higher education qualifications, with sufficient will and skills. Because of its small scope, SMEs also do not need a large place or location to start a business. And more importantly, SMEs have proven to be able to withstand the harsh waves of the economic crisis that Indonesia has experienced several times.

Seeing the resilience of SMEs in the economic crisis and their contribution to the economy, the government is currently paying special attention to the development of SMEs. Even the world recognizes the very large role of SMEs in the economy, because the goal of SMEs is to build a national economy based on a fair economy, for that it needs to be developed. Like the creative economy, SMEs in their development also experience obstacles such as: supply of raw materials that is often late, human resource skills, marketing of products produced and access to strengthening capital. Financial management and maintaining product quality so that they are competitive at home and abroad are the main problems for SME actors, especially in the current era of globalization.

Therefore, based on this situation, this study aims to explore the role of the creative economy in accelerating the recovery of SMEs from the impact of the Covid-19 pandemic.

## **Research Methods**

The creative business of tables and chairs from used tires located in Cidokom Village, Gunung Sindur District, Bogor Regency became the object of this research with a descriptive qualitative approach, namely an approach through the meaning of the phenomena that occur (Meleong, 2011), which is a method that uses an approach by trying to understand events and events. related to certain situations. This location was chosen as the object because the business that has been occupied for 6 years has a unique product and is able to change the value of used tires into household furniture

which has high economic value. This object is also a primary data source in order to obtain the data needed to analyze the role of the creative economy in increasing the competitiveness of SMEs and market segments to see the potential that can be developed from creative economic activities through community empowerment.

Determination of informants is carried out by using the *purposive sampling* that is, the informant is determined by various considerations so that the required data can be obtained. This means that the considerations here are so that researchers can more easily understand the phenomenon that is the focus of research (Sugiyono, 2012). Resource persons or informants are the sample in this qualitative research. Informants will focus on creative economy managers and craftsmen through interviews, document studies and observation, which are data collection techniques. In this study, the owner of the creative economy business was the key informant, and the two craftsmen and their neighbors were the informants. Key informants and informants are the main data sources in this study. While the researcher as an instrument requires accuracy and validity of the data to determine the quality of the data obtained through triangulation of sources which is data collection as well as testing the credibility of the data, namely checking the credibility of the data with various data sources to be identified, categorized, described and concluded.

The interview is semi-structured which is an open interview technique where the informant knows the identity of the researcher. The interview is aimed at informants by asking for opinions and ideas in the hope of finding problems more clearly. Document studies are intended to support the implementation of research and to support the preparation of research results.

Data analysis was carried out before, during and after fieldwork. According to Nasution in Sugiyono (2015) analyzes starting from the research focus, formulating the problem, before going to the field and continuing until the preparation of research results. The data analysis technique is a descriptive analysis technique used to analyze the acquisition of information (Sanusi Anwar, 2011). In this case, the researcher wants to describe the role of the creative economy in accelerating the recovery of SMEs.

## **Results and Discussion**

Interviews with the owners of table and chair craftsmen from used tires show that recycling used tires into household furniture has the potential to be developed and directed into a productive economy, because it is through a touch of creativity and innovation. From used tires, useful and economical value can be created in the form of a table and chair that is rust-resistant, durable and comfortable. Also has a prospective business opportunity, and raw materials for used tires are also

easy to obtain. *dump trucks*, colt diesel tires and motorcycle tires.

Therefore, through the role of the creative economy, it is hoped that creative ideas will emerge that are able to turn used goods (waste) into goods of high economic value and competitiveness. As was the case with the husband and wife, armed with creativity and ideas on how to turn used tires into useful and economic goods, with the help of 2 (two) employees, they developed their business to meet the needs of the surrounding community and outside the region, which were marketed through the media. social. A set of tables and chairs is priced at Rp. 500.000,00 for large size and Rp. 300.000,- for small size. This price includes 40% of the desired profit from the cost of production. If the place of delivery is far away, the consumer will be charged additional shipping costs according to the distance traveled.

This table and chair made from used tires has been done since their marriage and is indeed used as a source of income for their family. The business, which has been initiated since 2006, has experienced ups and downs and many obstacles, such as: marketing products, lack of capital and craftsmen who come in and out, so they have to teach from the beginning. The many obstacles did not dampen the enthusiasm of the husband and wife to continue their business. Although there are many competitors, where a lot of furniture is also made in Indonesia which is made from wood or plastic with various models and variants, but the husband and wife are sure of the prospects of the table and chairs they produce made from used tires. Because besides being cheap, the price is also safe because it is made of rubber which is not hard or sharp like wood or metal.

Then it's new again. An example of the finished product of a table and chair from used tires.



Source: research document

**Image 1.** Finished Products Table Chairs From Used Tires



In one week, two to three sets of large table and chair furniture can be made with the record that the employees keep coming in. Meanwhile, for small sizes, six sets of tables and chairs can be produced. To make a set of used tires, you need around 14 used tires for a four-wheeled vehicle with the use of one chair, four tires are needed, while the table requires two used tires. Thus, almost 90% of the raw material for this table and chair is used tires, and 10% is used as complementary materials such as nails, foam, glue, and paint, a statement from the owner. The used tires are obtained from nearby workshops and tire factories to get sorting tires. The price of used tires varies according to size, if you buy in large quantities you will get a discount.

To market the table and chairs from used tires, this husband and wife pair used WAG and FB online media. Indeed, it has not yet reached the online shop because apart from being technologically ignorant, there are also limited capital and craftsmen. However, in addition to serving the people of Bogor and its surroundings, the table and chair products have also been marketed outside Java, especially North Sumatra, which has many customers. If it's busy, the sales turnover can reach 15 million per month, but under normal conditions, sales of tables and chairs from these tires are 6 million to 9 million. When viewed from used raw materials which are relatively cheap and easy to obtain, the income is quite large and of course it can improve the economy of the family or community of business partners such as craftsmen, suppliers of used tires, and people who want to be resellers.

The results obtained from processing can improve the community's economy, create jobs, and reduce environmental damage due to untreated waste tires. Community empowerment through SMEs is expected to be able to carry out its role as a pillar of the Indonesian economy. The results of this study are supported by Damanhuri, et al. (2017) regarding Youth Creative Economy Empowerment through Crafts from Waste Tires (upcycling), which is a previous study which showed that the use of used goods has many benefits, including: 1) increasing the knowledge and skills of partner groups who care about the environment; 2) creating community activities in order to improve the economy; and 3) utilizing used tires as a household craft industry in an effort to build a creative economy in the community. In general, the use of used tire waste provides benefits for the community to improve their economy.

Seeing the creative potential of human resources, one of the government's efforts to accelerate economic recovery from the impact of the Covid-19 pandemic is through the development of creative industries. The creative economy is expected to become a pillar of the country's economy in its contribution to contributing to national income and the prosperity of a country. One of the indicators can be seen from the Gross Domestic Product (GDP). In addition, the creative industry is also one of the solutions to reduce unemployment, because the rate of



population growth is not proportional to the rate of job creation.

Based on the results of the research above, SMEs and Bekraf should collaborate and synergize to realize the vision of Bekraf that in 2030 Indonesia will become the supporter of the world economy with a creative economy. The role of SMEs in this case can be as a driver of the creative economy as well as a forum for community creativity to develop ideas or concepts they have.

In addition to continuing to encourage and mobilize the creative economy in various fields, the acceleration of economic recovery due to the Covid-19 pandemic is also carried out by providing ease of licensing and procedures for opening businesses. The government cooperates with banking financial institutions to provide easy access to capital strengthening for SMEs actors. The development of the quality and competitiveness of human resources (HR) is the key to the success of the progress of the Indonesian nation in the future. The development of competitive and quality human resources is very much needed because the competition in the future will be tougher and tighter.

The Covid-19 pandemic not only presents a national health problem, but also create new challenges and opportunities in the social and economic sectors in various countries, including in the education sector and human resource development. Through the Covid-19 handling strategy, collaboration and synergy with all parties, the spirit of HR development is a concrete step in accelerating economic recovery through SMEs.

## **Conclusion**

Used tires, which were originally inorganic waste that is not easily destroyed by the soil, can actually be recycled into useful goods and have high economic value if they are able to process them with a creative and innovative touch. The results of products from waste tires can be a creative economy for the community because it opens up other business opportunities. Creative economy development as a government effort in accelerating economic recovery in Indonesia, because it sees the creative potential of human resources owned. The creative economy is currently a sector that is enough to help the country's economy in its contribution to contributing to national income and the prosperity of a country. One of the indicators can be seen from the Gross Domestic Product (GDP). In addition, the creative economy is one solution to reduce unemployment, because the rate of population growth is not proportional to the rate of job creation. The creative economy synergizes with SMEs to improve the competitiveness and quality of SMEs which have a major role in the economy both in the economic and social fields, namely creating jobs. Human resource development and easy access to capital financing can help accelerate the recovery of SMEs due to the Covid-19

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