Preparing for the Future Crisis: Lessons from Creative Economic Policies on Micro, Small, and Medium Enterprises in Pandemic

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Abstract
Looking at how the government implements creative economy policies for the Micro, Small, and Medium Enterprises (MSME) sector during a pandemic, this article aims to see how they are implemented and draw lessons that can be used to prepare for future crises. This study aims to identify the challenges that the creative economy in MSME will face in the future, so that a number of suggestions can be provided as capital for defense and strengthening of the national economic sector. This study's research chosen method is a literature review, with primary sources consisting of scholarly journal articles from various sources. This study demonstrates how government economic policies can increase MSMEs' product sales. According to the findings of the analysis, there are two tailed of issues that will be confronted in the future, systemic and dynamic challenges. As a result, the MSME sector should be ready to improve the system and adapt it to the market environment.

Keywords: Creative Economy Policy, Digital marketing, MSMEs.

Introduction

Improving the performance of micro, small, and medium-sized enterprises (MSMEs) is still a popular issue. In developing countries such as Indonesia, the government is becoming more aggressive in promoting small and medium-sized enterprises (SME) as being just as important to the nation's economy as large corporations (Umam and Mafruhat 2022; Wilujeng, Sarwoko, and Nikmah 2022). This is because MSMEs outnumber large-scale industrial enterprises, have the advantage of absorbing more workers, and can speed up the process of equalization as part of development (Yuli Rahmini Suci 2008). MSMEs are business units that make significant contributions to a country's economic condition (Nihayah et al. 2022; Nikmah et al. 2020). MSMEs account for nearly 99% of all businesses in Indonesia, with 783,132
small businesses, 63.5 million micro-enterprises, and 6,702 medium-sized enterprises. MSMEs contribute relatively significantly to national GDP, accounting for 60.34% of total GDP. In addition, when compared to large businesses, MSMEs employ 97% of the national workforce (Lubis 2022). As a result, MSMEs can be said to be the key to accelerating a country's economic growth process, both domestically and internationally (Korcsmáros and Šimova 2018).

The pandemic crises also effects on MSMEs significantly because, they have grown to be the foundation of the national economy, which is affected not only by production and income levels but also by the need to cut back on the number of employees (Ghofur et al. 2021; Hardilawati 2020). The lack of financial literacy in MSMEs also affects how well the banking industry absorbs credit, making it a significant challenge for MSME players to overcome (Wijayanto, Rochmawati, and Yusiana 2022). This includes a lack of working capital, human resources, the development of new products and technologies, as well as marketing, where capital issues are most frequently seen as the cause of MSMEs that are not developing in the field (Anggraeni 2015). Additionally, capital is a crucial component of business. Business actors tried a variety of things to get customers to spend more during the pandemic due to the decline in sales. 88% of micro-enterprises, according to an Asian Development Bank (ADB) survey, run out of cash or savings, and other data indicates that more than 60% of micro, small, and medium-sized businesses have cut their workforce (Arianto 2020). Due to their low level of digitalization, their difficulty accessing technology, and their lack of knowledge of business survival strategies, MSMEs lack resilience and flexibility in dealing with this pandemic (OECD 2021). MSMEs must therefore be able to adapt to the growth of the existing business.

Increasing the effectiveness creative economy policies is one of the things that have been done to boost the economy of the MSME sector in crises. The creative economy in Indonesia is currently shaded by the Creative Economy Agency which is abbreviated as BEKRAF. This organization is in charge of the growth of the creative economy in Indonesia and works with the
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The contribution of Indonesia's creative economy to the country's gross domestic product places Indonesia in third place, behind the United States and South Korea, in terms of the creative economy's contribution to the national economy. In addition to the GDP aspect, an increase also occurred in the creative economy labor aspect, which can be known that as many as 17 million people work in the creative economy sector (BEKRAF 2020).

There are still limited analyzes of creative economy policy in the context of a pandemic in Indonesia. Rosyadi et al. (2022) previously conducted an evaluation study using the RISE (resilience, intention, sustain, and endurance) model to understand the process of government actions in recovering the creative economy sector from the adverse effects of the COVID-19 pandemic. Nugroho et al., (2022) looks at it from the other side by doing a comparison of the Creative city concept in 3 cities in Indonesia. Others, there are Budhi et al. (2022) which formulate a recovery strategy for the tourism industry in Bali Province in the short, medium and long term, in the New Normal Era. As a result, this study will look at how creative economic policies on the MSME sector in Indonesia were implemented when a pandemic occurred, and then we will assess what should be prepared for future crises. It is because crises are unpredictable in the coming period. Either economic or natural disaster crises exist. To build the preparation that should be given attention, we also predict some upcoming challenges that the MSME sector will face in the future.

The phrases "creative industries" and "creative economy" have recently become more commonplace and have attracted a significant amount of interest in academic and policy communities (Vlassis and De Beukelaer 2019). The creative economy is a vague notion, and several different perspectives can be taken to explain its meaning. This idea is frequently referred to by a variety of other terms, including the "creative class," "creative industries," "cultural industries," and "artists." Every one of them has a unique point of view regarding the connections between originality and monetary growth, as well as the significance of discovering new information and expanding one's horizons.
of knowledge. The concept of a creative economy is primarily utilized as a tool for the purpose of economic revitalization and innovation strategies in developed nations (Fahmi, McCann, and Koster 2017). In the meantime, developing nations have a propensity to place a higher priority on the application of their comparative advantage in the production costs of cultural products than on the creation of new knowledge (Evans 2009; Fahmi et al. 2017). The concept of the "creative economy" has broadened the creative industries' calculative imaginary beyond its original definitions. In order to ascertain where "creative labor" is located in other sectors of the economy that are unrelated to the creative industries, various statistical methodologies have been mobilized as a result of this. In addition, calculations about the creative industries no longer include "noncreative" roles (Bakhshi, Hargreaves, and Mateos-Garcia 2013; Moreton 2021).

When examining the agenda for the creative economy, it is useful to consider how innovation is defined and addressed within the context of public policy in a broader sense (Connell 2014). In recent years, many nations' governments have begun prioritizing creative economy policies as part of their overall economic strategy. For instance, in Korea, this policy evolved into national R&D programs in order to encourage increased investment (Kim et al. 2016). Meanwhile in Canada, the policy governing the creative economy is intended to promote Canadian culture in the hopes that it will be included in the Creative Canada program run by the Department of Canadian Heritage (Kim 2021). In addition to Canada, Brazil carried out the same thing, where a policy for the commercialization of culture was implemented for reasons related to the country's economic development (Seoane 2017).

Methods

A literature review was chosen as the research method for this study. The literature review is a framework, concept, or orientation for conducting the analysis and classification of facts gathered during research (Creswell 2014). The reference sources (books, journals, or magazines) cited should be current and relevant. The primary sources for this study came from a variety of websites that selected accredited journal articles, such as Google Scholar, Scopus, Sage
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Publication, Science Direct, and others. Keywords such as creative economy policy, MSME policy, MSMEs implementation, MSME-creative economy, increasing MSMEs through the creative economy, and so on are used to find the articles needed for this study. The author then independently analyzes and selects the title that best fits the subject matter of this study (Sajida and Ranjani 2020). The obtained article results are then analyzed using a descriptive analysis method, with the facts presented. It not only analyzes and describes it in this case, but it also provides understanding and proposes a new framework.

**Results And Discussion**

**Government Response**

The pandemic crises forces international cooperation in economic policy, healthcare, and research, as well as containment and mitigation efforts. In order to protect macroeconomic stability and uphold sound governance principles in both prosperous and challenging times, thoughtful government policy and effective public service delivery are required during sensitive times (Loayza and Pennings 2020). Sufficient capital allows MSMEs to be able to carry out various kinds of business innovations such as product development, product diversification, business development and marketing strategies (Romero-Martínez, Fernández-Rodríguez, and Vázquez-Inchausti 2010). The crucial role of business capital in ensuring the survival of micro, small, and medium-sized businesses has led governments around the world to encourage entrepreneurship by establishing business capital for micro, small, and medium-sized businesses in their respective nations (Dutta, Elers, and Jayan 2020). Through various financing initiatives, the government of many nations aims to develop MSMEs. For example, the Chinese government is increasing its regulatory policies to support business innovation, which will aid the sector of micro, small, and medium-sized enterprises in making the necessary economic transition (Wonglimpiyarat 2015). Meanwhile, the British government provides venture capital under 2 milion poundsterling for every small business to encourage innovation, while the Italian government utilizes venture capital in the innovation system by focusing on the development of micro, small and medium enterprises in the Italian market (Baldock and Mason 2015).
In the Indonesian context, the government is aware that MSMEs are Indonesia's economy's most crucial pillar. Therefore, through the National Economic Recovery Program (PEN), which was continued in 2021, the government has offered support incentives for MSMEs. Moreover, 30 million MSMEs will have benefited from the IDR 112.84 trillion PEN to support MSMEs that was realized in 2020. In the meantime, the government has budgeted IDR 121.90 trillion for PEN to support MSMEs in 2021 in order to keep pace of the economy's recovery following the pandemic. The funding model that can be done is to use Fintech. Technology assistance in the form of fintech can be an alternative solution for MSMEs who are far from the city center to obtain capital (Andaiyani et al. 2020).

The Indonesian government has established five financial protection and recovery plans for the sector of micro, small, and medium-sized businesses (MSMEs). These plans include provision of public support; duty enticements; credit relaxation and restructuring for MSMEs; growth of MSMEs' functioning assets funding; outcome barrier facility (Hidayati and Rachman 2021). Meanwhile, other policies can be added as a complement to existing policies. There are short-term where the government provides area and maintenance for the improvement of digital services, and long-term policies aims to make MSMEs survive as the main sector in the Indonesian economy (Anggraeni, Ningtiyas, and Alimah 2021a). In addition to these diverse policies, the government also facilitates the development of MSMEs. If MSMEs have production-related weaknesses, it is the government's responsibility to provide them with various capabilities, such as training. This is shown by the existence of agendas: 1) support for regional superior product exhibitions; 2) support for halal certificates; 3) packaging training; 4) marketing training concluded e-commerce for small business actors; and 5) skills training and development for MSME product design (Anggraeni, Ningtiyas, and Alimah 2021b). BEKRAF (Creative Economy Agency) also formulates a calculated idea to generate a creative economy and accommodate creative workers. There are three core points of BEKRAF's strategy, namely: 1) increasing the number of companies; 2) increasing added value of each company; 3) Indonesia's creative products
can go global globally. From these three core points, it will produce three impacts also, namely an increase in creative economy GDP, an increase in exports of creative products and an increase in the field of creative workers (BEKRAF 2020; Harikesa 2020).

Implementation of Creative Economy Policies on MSMEs in Pandemic

Since pandemic force the transaction and business in to one stop forward to digitalization, digital marketing is required in majority sector including the culinary sector. For example, in the MSME business Pempek Beradek, utilizes digital marketing strategies using e-commerce, namely online platforms, social media, marketplaces, google business, and others to expand sales reach, increase consumers and increase sales because their products are known by the wider community (Dwijayanti and Pramesti 2021). The food industry's West Java MSME leaders from Depok City maximize their product sales and marketing through social media, particularly WhatsApp business (Syarif et al. 2022). Superior traditional products from Tayuban Kulon Progo village are given attractive packaging innovations and marketed their products through a marketplace, namely Tokopedia (Surianti et al. 2021). In its development, culinary food sold online food delivery has increased sales as in the Tinutuan culinary business in the city of Manado (Saerang et al. 2022). Several other studies also explain the application of digital marketing to culinary products (Kusnadi, Nurlenawati, and Yani 2022; Winedar, Tyas, and Suprijati 2022).

In the meantime, the fashion industry's creative economy needs to be more innovative. The idea of quality is frequently viewed as a subjective indicator of how well-made a product is, composed of design and conformity quality. To be able to compete between MSME players, a good marketing strategy is needed. On Haerisma’s research (2018), EB Batik Tradisional still survives under such sharp competition by preparing and improving the quality of production and promoting using business cards (identities), print and electronic media, or social media. The use of digital marketing to fashion products has been popular since back then (Andansari, Pristanti, and Shyafary 2021; Yustikasari and Komala 2021). One of the example is MSMEs Batik
Jepara that using digital marketing, segmenting the market based on both the customer's ability to attain premium pricing and the creative age (Imron et al. 2021).

The creative economy of the handicraft sector can be found in various regions in Indonesia because each region has characteristics and uniqueness, and currently they have been levelling up using digital marketing (Candraningrat, Wibowo, and Santoso 2020; Irawan, Hendarti, and Biso no 2021; Nugraheni, Hidayat, and Fitriani 2022). Such as Aceh Embroidery Crafts in North Aceh regency which can create creative and innovative products that are also contemporary, for example round bags, Aceh border motif table mats and delivery boxes. In its promotion and marketing, entrepreneurs promote goods online through social media such as Instagram or Facebook. Promotion is also carried out by participating in bazaars, trainings and exhibitions carried out by various government or private agencies (Zahara 2018). UMKM Bathok Kelapa "SunKhuf" gets an increase in sales after using digital marketing with Instagram, Tiktok, and Shopee platforms as marketing media because the platform has a fairly large number of users in Indonesia (Diana et al. 2022). Vinyl handicraft manufacturer Jogja experienced an increase in sales after making a business logo as the face of a brand so that it can be easily marketed online (Sumarmi et al. 2020).

Although digital marketing has become a thing that must be done to be able to better market products for goods, not all MSME players can take advantage of this technology. For this reason, socialization and training and assistance from experts are needed so that MSME actors can take advantage of digital marketing technology to market their goods and services. For example, there is a socialization carried out by community service academics in Telukan Sukoharjo Village which discusses business opportunities and the creative economy. In its socialization, participants or the public can get information about various kinds of MSME businesses that can survive in times of crisis (Istiatin and Marwati 2021). Other socializations were also carried out by Setiyana and Cut Devi (2020) who discusses the potential of digital marketing with the aim of forming a productive small business and keeping up with the
times in the Meulaboh area. In addition to academics, college students can also provide socialization to the community in the form of real-work lectures. This is like what was done by students of one of the campuses in Probolinggo who provided socialization about digital marketing towards creative MSMEs, with the aim of the results achieved, namely increasing the insight of MSME owners about digital marketing and can increase enthusiasm for entrepreneurship through social media (Sumarno et al. 2022).

In addition to socialization, training and assistance also need to be carried out so that the community or MSME actors become more optimal in marketing their products. Training conducted by Fanreza & Shilvana (2021) aims to market food products that were previously only sold door-to-door or face-to-face. In this training, MSME players learned the use of logo-making applications and the use of social media to market their products. Digital marketing management-based creative entrepreneurship training for MSMEs in the Rawamangun area was also conducted by Ramaditya et al (2020), It solicits public hearing while outlining the principles and tactics of effective mentoring and digital marketing. Additionally, this activity offers participants in intense business briefings and consultations on operating web-based microenterprises sustainable benefits, which raises the possibility of widespread collaboration to develop the people's economy. Assistance in the use of social media such as Instagram is also considered effective for marketing JHN Shop MSME products more broadly and being able to increase sales of its products and services (Haryanto et al. 2022). Assistance in implementing digital-based promotion strategies for MSMEs was also carried out by Setiawan & Fadhillah (2020) and Handayani et al (2021), with this mentoring activity aims to improve the skills of MSME actors in utilizing the internet for business operations. Consequently, it is hoped that the formation of MSMEs' knowledge and comprehension of the existence and development of information technology, for business optimization, and the attainment of optimization of digital-based market survey identification knowledge will enhance the business performance of MSMEs.

Preparing For Future Crisis
Upcoming Challenges

Since we have been through the pandemic crises, it is matter to learn and building strategies to the next time. It is because prevention is always should be action should be taken. But before we look at what should we prepare for the next crisis. We should predict what the upcoming challenges ahead. Our analysis found that there are systemic and dynamic challenges that would be faced by MSMEs when implementing creative economic policies ahead. These systemic challenges include intellectual property challenges. Although this issue has been discussed for a long time (O’Connor and Gu 2010; Pitofsky 2017), it is still a problem for the MSMEs sector. MSMEs may face intellectual property challenges such as infringement or counterfeiting. Another concern is adapting to new technologies (Prasanna et al. 2019). MSMEs may struggle to keep up with the rapidly changing technological landscape and may require assistance and training to adopt new tools and platforms. The following problem is a lack of government support. The government may not provide adequate support for the creative economy through funding opportunities, training, effective taxation policy, laws, and regulations, limiting the growth potential of MSMEs (Rizos et al. 2016). Then, MSMEs may face barriers to accessing international markets, such as trade restrictions, a lack of knowledge of local regulations, and limited resources. Not to mention cybersecurity risks (Arabo 2015; Kshetri 2013). Cyber-attacks could affect economic damage (Li and Liu 2021), and MSMEs may be especially vulnerable to cybersecurity risks, given their reliance on digital tools and platforms to conduct business. Those challenges refer to internal system obstacles that can be overcome by improving the system that allows MSMEs to grow.

If the internal system causes systemic problems. The market environment then presents dynamic challenges. It is a little difficult to face because learning how the market works requires more effort. First, rivalry from larger enterprises (Mukherjee 2018). As the creative economy grows, MSMEs may face growing competition from larger, more established firms. Then there’s the issue of capital (Agwu 2014; Prasanna et al. 2019). MSMEs may have difficulty obtaining the funds they need to grow and expand, especially in the
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aftermath of the epidemic. The next point is regarding market saturation (Kiraka, Kobia, and Katwalo 2013, 2015; Maulina and Fordian 2018), when more enterprises enter the creative economy, competition for consumers and market share may increase, it would be affected MSMEs' profitability. Adoption of sustainable practices is another barrier. MSMEs may face difficulties in implementing sustainable business practices, such as rising prices or the difficulty of changing long-standing manufacturing procedures. Others, because we have been through the crisis, MSMEs may struggle to overcome the pandemic's legacy, such as reduced demand and supply chain disruptions.

Figure 1. Upcoming Challenges of MSMEs in Implementation of Creative Economy

(Source: Results of Analysis, 2023)

Future Direction

After examining how creative economic policies are implemented in Indonesia and analyzing some upcoming challenges. Some lessons have been learned in order to take this policy to the next level. First, it is about enhancing the system. We have been discussed that the upcoming challenges comes from system that lack of support. Therefore, we propose some ways to face those challenges, including financial assistance (Maksum, Sri Rahayu, and Kusumawardhani 2020). Governments should continue to give financial assistance, grants, and tax breaks to MSMEs in order to assist them in overcoming the economic effect of the epidemic. Then, promoting skill development. To improve their competitiveness, MSMEs should be given with training and skill-building opportunities in areas such as digital marketing, new technology, and financial management (Prasanna et al. 2019). Next is about
strengthening intellectual property rights (Moore 2014). Strong intellectual property rights are essential for the creative economy, and MSMEs should be assisted and guided in safeguarding their creative works. Also, investing in research and development. Due to their financial fragility and globalization-induced competitive pressure, MSE cannot invest heavily in R&D or market research like big companies (Walter et al. 2017). Research and development investments may assist to fuel innovation and growth in the creative economy, particularly for MSMEs. Policy monitoring and evaluation is another important aspect. Governments and organizations should monitor and assess their creative economy policies on a regular basis to ensure that they are effective and relevant in assisting MSMEs and promoting sector growth.

Then, adapting to the market environment become the following step should be taken by all the stakeholders in MSMEs sector. This step becomes the response in to dynamic challenges. It is include boosting in to digital transformation. According to Syazali et al. (2019), one of the best ways to market or promote a business is by using digital marketing on websites or social media. This makes it far more effective and efficient for goods or services. Darma et al (2020), and Dumitriu et al.(2019) mentioned that this is possible through digital marketing, which can draw customers' attention and make it easy for them to find what they need in the digital world. Marketing digitalization through digital marketplace platforms such as Tokopedia, Bli-bli, Bukalapak, Shopee, TiktokShop, Lazada, and others can help MSME products reach a wider audience. If a MSME has a limited promotional budget, another option is to use social media platforms such as Facebook, Twitter, Instagram, Tiktok, and websites to increase customer loyalty, interest, profits, and eventually devotion (Wardhana 2018). Regardless of where they do business, digital marketing allows all company players to reach out to new customer markets (Krisnawati 2018). Not only that, but encourage entrepreneurship knowledge is also needed. Encourage entrepreneurship knowledge in business in the creative economy since new enterprises may provide fresh ideas and assist drive growth in the sector. Investment in human capital is a key part of the "knowledge economy," which is a dynamic process that leads to innovation.
in technology, business practices, marketing, etc., and is directly linked to economic creativity (UNCTAD, 2018). Then, improving market access (Alene 2020; Mengstie 2016). MSMEs should be given opportunities to present their products and services to potential clients on a national and worldwide scale. One thing that could not be missed since we are on the tight competition is increasing collaboration. Encouraging collaboration between MSMEs and bigger enterprises, as well as among MSMEs, can assist to establish stronger supply chains and boost innovation. Collaboration provides a chance to improve the service offering and provide a more distinctive customer experience (Alford and Page 2015). Others is encouraging sustainable business practices. MSMEs should be encouraged to embrace sustainable business practices. SMSEs can gain new economic prospects if they embrace environmentally friendly and circular business strategies as part of their supply chain (Bai, Quayson, and Sarkis 2021). MSEs may coordinate corporate commitment and socio-cultural behaviors to minimize energy consumption, reuse, and recycle locally generated garbage that resulting in cost savings and new revenue sources (Bai et al. 2021; Ünal et al. 2019).

Figure 2.
Future Direction of MSMEs in Implementation of Creative Economy

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<tr>
<th>Enhancing the system</th>
<th>Adapting to the market environment</th>
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<tr>
<td>• Financial assistance</td>
<td>• Boosting in to digital transformation</td>
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<td>• Promoting skill development</td>
<td>• Stimulate entrepreneurship knowledge</td>
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<td>• Strengthening intellectual property rights</td>
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<tr>
<td>• Investing in research and development</td>
<td>• Rising the collaboration</td>
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<td>• Policy monitoring and evaluation</td>
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(Source: Results of Analysis, 2023)

Conclusion
Improving creative economy implementation in Micro, Small, and Medium-Sized Enterprises (MSMEs) is crucial because they have been shown to be able to stay in business and become the engine of the economy. The fact that the majority of Indonesians work in different fields with the MSME class encourages local governments to continue giving MSMEs more power because this sector can use a lot of workers and is expected to be a key part of Indonesia’s economic recovery so that it can survive and adapt to the crisis. However, just because the MSME sector survived the last pandemic crisis does not mean that yet another one will not happen again in the future. Assuming that the mitigation approach is the best option for disaster management, evaluating and preparing for the next crisis is also the best approach for improving economic defense in this sector. A number of challenges that have been predicted and previously reviewed must be considered in order to create an evaluation mapping model for all stakeholders, particularly the government as policymakers, in increasing the success of creative economy policies. Previous reviews have also emphasized the importance of strengthening the two axes, namely by improving the system and adapting to the market environment or market. As a result of the limitations of research that looks at academics and secondary data, future work can conduct empirical studies related to challenges in the field faced by MSME and what actions need to be taken to prepare for future crises.

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