



## Revitalizing Creative Industries: A Strategic Approach to Bolstering Buleleng Regency's Economy Amidst the COVID-19 Pandemic

Dewa Gede Sudika Mangku<sup>1\*</sup>, Ni Putu Rai Yuliartini<sup>2</sup>, Ni Ketut Sari Adnyani<sup>3</sup>

<sup>1-3</sup>Faculty of Law and Social Science, Universitas Pendidikan Ganesha, Indonesia

\*Corresponding email: dewamangku.undiksha@gmail.com

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### Abstract

This study investigates the impact of the COVID-19 pandemic on micro, small, and medium enterprises (MSMEs) in Buleleng Regency, particularly in the creative industry sector. It aims to (1) analyze the status of MSME-based creative industries during the pandemic, (2) identify the challenges faced by these enterprises, and (3) propose economic policy strategies to strengthen them. Findings reveal that (1) the number of MSME-based creative industries in Buleleng Regency increased between 2019 and 2022. However, they encountered issues such as limited access to capital, lack of business formalization, human resource constraints, technology underutilization, suboptimal marketing and promotional efforts, and production challenges. (2) During the pandemic, these businesses faced obstacles like limited capital for owners, scarcity of raw materials and production equipment, bookkeeping issues, marketing constraints, managerial deficiencies, limited human resource capabilities, and difficulties in product distribution. (3) To bolster MSME-based creative industries during the pandemic, a multi-pronged economic policy strategy is proposed. This includes instilling local pride in using MSME products, enhancing product packaging, and organizing MSME groups based on business scale with the involvement of a curation team to identify businesses suitable for broader exposure.



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### A. INTRODUCTION

The problems, as well as development challenges faced by the central and regional governments, are poverty, unemployment, and inequality. Regional development in the economic field is one of the solutions in responding to this challenge (Kasnelly & Luthfi, 2021). The regional economy is generally supported by micro, small, and medium-scale economic activities which are often known as MSME-based creative industries. The creative industry under the coordination of the Office of Cooperatives and UMKM is a type of business that has an important role in increasing PAD (Regional Original Income) in one of the Provinces, especially in Bali. The existence of the creative industry greatly supports the rate of growth of the people's economy, the creative industry is also aligned with other important sectors which are the government's leading sector, especially in Buleleng Regency. The MSME-based creative industry has a major role in the national

economy, including: (1) as the main actor in economic activity, (2) the largest provider of employment opportunities, (3) has a strategic role in developing the local economy and empowering the community, (4) creating new markets and sources of innovation, and (5) contributing to the balance of payments (Hardilawati, 2020). According to data from the Ministry of Cooperatives and MSMEs in 2021, the number of MSME actors reached 64.2 million with a contribution to GDP of 61.07 percent or a value of IDR 8,573.89 trillion. MSMEs can absorb 97 percent of the total existing workforce and can collect up to 60.42 percent of total investment in Indonesia (Noor & Fadhaillah, 2022).

National development aims to create a just and prosperous society that is evenly distributed materially and spiritually based on Pancasila and the 1945 Constitution of the Republic of Indonesia within the Unitary State of the Republic of Indonesia which is independent, united, and has people's sovereignty in an atmosphere of safe, orderly and prosperous national life. dynamic in an independent, friendly, and peaceful environment. National development which covers all aspects of national life is carried out jointly by the community and the government. The community is the main actor in development, and the government is obliged to direct, guide, protect and foster a supportive atmosphere and climate. MSME is a business activity that can expand employment and provide economic services widely to the community and can play a role in the process of equity and increase people's income, encourage economic growth, and play a role in realizing national stability. In addition, MSMEs are one of the main pillars of the national economy which must get the main opportunity, support, protection, and development as wide as possible as a form of firm alignment with the people's economic business group, without neglecting the role of Large Enterprises and State-Owned Enterprises. Even though MSMEs have shown their role in the national economy, they still face various obstacles and constraints, both internal and external, in terms of production and processing, marketing, human resources, design and technology, capital, and the business climate.

Based on the information above, it can be seen that so far the existence of MSME-based creative industries has spurred the enthusiasm of the community to create and realize ideas and innovations in supporting the level of fulfillment of the welfare of rural communities in generating *income*. However, the emergence of Covid-19 as a pandemic brought many changes to society. The government's efforts in dealing with Covid-19 are by urging people to keep their distance, avoid crowds and reduce mobility. These appeals encourage people to carry out all their limited activities from home. This of course resulted in a drastic decrease in community activity. One of the business actors affected by the Covid-19 pandemic is the MSME-based creative industry in Buleleng Regency such as woven, bamboo woven, split frond figures, wood and rattan crafts, silver and copper crafts, and so on. The impact of fluctuations in production and marketing greatly affects the

survival of the creative industry amidst uncertainty about product sales. Based on the income segment, the average creative industry in Buleleng Regency complains about the level of sales. Coupled with the Minister of Health Regulation Number 9 of 2020 concerning PSBB Guidelines, it contains restrictions on certain activities of a resident in an area infected with Covid-19, including restrictions on the movement of people and goods within a City/Regency in the context of preventing Covid-19 (Pakpahan, 2020), thereby worsening the mobility situation of production and sales of MSME products. The economic impact caused by the Covid 19 pandemic includes 5 (five) aspects, namely 1) Aspects of sales. The average decline in MSME sales is 61%, 2) Aspects of operating profit. The average decline in operating profit is 61%, 3) Aspects of capital. The number of MSMEs experiencing capital problems increased to 71.4%, 4) Aspects of the number of employees. In this aspect, MSMEs reduce the number of employees by 22%, and 5) Aspects of the ability to pay bank installments (Balitbang, Buleleng regency 2021).

Based on the description of the condition of MSMEs during the pandemic which had implications for rural creative industries, the Buleleng Regency Government in collaboration with the Central Government and the Regional Government of Bali Province has made various policy efforts to stimulate the rise of MSMEs. The assistance from the central level is free electricity assistance and direct cash assistance (BLT) for business capital of Rp. 2,400,000.00 (two million four hundred thousand rupiahs). Free electricity program for businesses and small industries who subscribe to BI 450 VA and II 450 VA, and a bank interest rate reduction program for MSME players. Meanwhile, assistance from the Provincial Government of Bali is stimulus assistance for MSME business capital of Rp. 600,000.00 (six hundred thousand rupiah) for 3 months. Following up on assistance from the Central Government and the Provincial Government of Bali, the Buleleng Regency Government through the Department of Trade, Industry and Cooperatives, Small and Medium Enterprises. A total of 25,768 MSMEs affected by the Covid-19 pandemic were recorded and submitted as potential recipients of business stimulus assistance from both the Central Government and the Provincial Government.

Based on the several policy formulation programs mentioned above, in field conditions there are still problems faced by rural creative industries in the Covid-19 pandemic situation, namely from internal factors, such as the limited ability of human resources; product marketing constraints where marketing functions are unable to reach consumers widely and freely; consumers tend not to trust the quality of products from SMEs; and relatively small business capital constraints. Therefore, in following up on the pandemic situation amidst the dynamics of the creative industry movement, innovation, and creativity are the main keys for MSME organizations to be successful and able to survive in the pandemic era. Innovation and creativity show the ability to carry out updates that do not only

appear in various forms and functions of products and services but also various business elements, for example, related to the dimensions of time (for example inventory management and *time to market*) and space (choice of market niches that are not readable by other parties). This form of innovation is in line with the policy direction to increase economic added value in 2020-2024 including (i) Strengthening entrepreneurship and MSMEs which is carried out with the strategy of (1) increasing business partnerships between MSMEs and Large Enterprises; (2) increasing business capacity and access to financing for entrepreneurs; (3) increasing the capacity, outreach, and innovation of cooperatives; (4) increase the creation of business opportunities and start-ups; (5) increase the added value of social enterprises (BAPPENAS, 53).

The direction of the policy to increase economic added value in its implementation is constrained by a pandemic, it is important to study the obstacles in implementing policies that require formulation in terms of the role of structure, revise the substance of policies that have been considered inappropriate and align with the level of legal culture of the craftsmen community who are part of the forum. Rural creative industry SMEs. Academic scientific forums like this are expected to facilitate creativity to encourage innovation that creates higher added value, at the same time creative industry products. New ideas are urgently needed to find new ways to solve problems and face opportunities for rural creative industries, one of which can be done through innovative *research* in the field of public policy. That in this context to respond to these problems, it is necessary to review policies in arousing the existence of rural creative industries as a form of resilience in the legal protection of MSMEs in dealing with the Covid 19 Pandemic in Buleleng Regency. As an effort to increase the capacity and institutional role of MSMEs in the national economy, this empowerment needs to be carried out by the Government, Regional Governments, the Business World, and the community in a comprehensive, synergistic, and sustainable manner. Based on conceptual analysis, the empirical conditions of creative industry entrepreneurs in Buleleng Regency, and to overcome this it is deemed necessary to analyze more deeply the problems faced by MSMEs. Thus later efforts and or appropriate policies can be taken to overcome these problems. It is hoped that MSMEs can still exist in supporting the economy of Buleleng Regency.

## B. RESEARCH METHOD

The research used empirical legal research. Empirical legal research was a study that lead to the type of *field research* (Ali and Heryani, 2012: 2). This empirical legal research aimed to examine problems in their practical dimensions, especially those related to economic policy strategies as a form of strengthening creative industries in dealing with the Covid-19 pandemic in Buleleng Regency. This study used primary data and secondary data. This primary data was obtained directly

from the field. Secondary data was collected through literature/document studies, namely on legal materials that existed relevant to the research problem. This research was descriptive, thus the technique of determining the research sample, namely *non-probability sampling*, indicated that in this study there was no definite provision for how many samples must be taken to represent the population. Processing techniques and data analysis in this study will be carried out qualitatively. All data from research results collected from both primary data and secondary data are processed and analyzed by systematically compiling data, which means that this analysis seeks to find the truth based on the value or quality of the data obtained, namely the suitability of economic policy strategy indicators as a form of strengthening the creative industry in facing the Covid-19 pandemic in Buleleng Regency.

### C. RESULTS AND DISCUSSIONS

#### Fostering MSME-driven Creative Industries amid the Covid-19 Challenge in Buleleng Regency

Regional development in the economic field is one of the solutions in responding to development challenges faced by the central and regional governments such as poverty, unemployment, and inequality. The regional economy is generally supported by MSME-based creative industry-scale economic activities. MSMEs are creative industries that produce creative products or services. As a work of creativity, the product produced is in the form of intellectual work that needs to receive an award that has economic value, thus it needs legal protection. The creative economy industry has different characteristics from the general public industry. This type of industry has an attachment to the process of realizing a product or service originating from an idea or notion (*Intellectual Property*). The creative industry has high economic value for people's welfare and employment and is proven to be able to increase a country's economic growth. Empowerment of MSMEs in villages amidst high competition and globalization requires MSME actors in villages to be able to face and survive global challenges, such as empowering the creative economy, good financial management and increasing skill competency, developing technology and human resources, and expanding marketing areas. MSMEs in villages can reduce unemployment, provide jobs, improve welfare, reduce poverty levels, and can build national character. Thus it is necessary to increase the growth of MSMEs in villages for economic growth in each region.

Bali Province is one of the areas that have an important role in growing tourism and MSMEs. The development of the number of MSMEs in the Province of Bali during the 2019-2022 period has increased from 327,353 units in 2019 to 440,609 units in 2022 as shown in the table below as follows:

**Table 1.** The Number of Development of MSME in Regency/City in Bali Province (Year 2019 – 2022)

No.	Regency/City	Year			
		2019	2020	2021	2022
1.	Jembrana	24.346	46.277	56.287	66.537
2.	Tabanan	42.744	43.715	44.755	47.160
3.	Badung	19.261	22.647	32.649	40.989
4.	Gianyar	75.482	75.542	75.547	75.620
5.	Klungkung	14.584	35.792	35.898	36.072
6.	Buleleng	34.347	54.489	54.490	57.216
7.	Bangli	44.068	44.123	44.143	44.175
8.	Karangasem	40.068	57.456	50.460	40.614
9.	Denpasar	32.026	32.224	32.224	32.226
	Bali	327.353	412.265	429.453	440.609

Source: Department of Cooperation and MSME in Bali Province Year 2023

The UMKM sector in Buleleng Regency is developing well in supporting the economy of the Buleleng people. Its development can be seen from the increasing number of MSMEs in Buleleng Regency during the 2019-2022 period. However, MSMEs grow in quantity, that does not mean there are no problems. In general, the problems of MSMEs in Buleleng Regency are; Lack of capital information, for example, the People's Business Credit (KUR) program; Many micro business actors do not have business legality; Human Resources; Not optimal in utilizing technology; scope of marketing/promotion that has not been maximized; and production problems which resulted in MSME products being less attractive and access to raw materials experiencing difficulties, especially when faced with economic recovery due to the Covid-19 pandemic.

The decline in MSME productivity is of course a very important issue for the continuity of the community's economy amid the Covid-19 pandemic. MSME is a part that has an important role in the development of the economic sector. However, the Covid-19 pandemic has had an impact on economic instability, including MSMEs. In general, the majority of MSMEs have experienced a decline in income and even bankruptcy due to the Covid-19 pandemic. Facing this, a strategy is needed for MSMEs to survive and be able to develop their business during the Covid-19 pandemic. One of the main aspects that has a great impact on

MSME actors is the decrease in the number of sales which makes the MSME financial condition in a crisis condition. Furthermore, MSMEs are the lifeblood of regional and national economies. In general, MSMEs in the national economy have a role: (1) as the main actor in economic activity, (2) the largest provider of employment, (3) an important player in the development of the local economy and community empowerment, (4) the creator of new markets and sources of innovation, and (5) its contribution to the balance of payments. In addition, MSMEs also have an important role, especially in the perspective of employment opportunities and sources of income for the poor, income distribution, and poverty reduction, and MSMEs also play a role in rural economic development.

Based on the results of direct research on MSMEs in Buleleng, it was found that in general MSMEs were affected, both directly and indirectly. There are 45.71% of MSMEs that do not experience problems due to Covid-19 (Balitbang, Buleleng Regency, 2022). MSMEs that do not experience problems are MSMEs engaged in health, food, or food processing. This is because, during the Covid-19 pandemic, people still needed food as provisions at home (*work from home*). Likewise, MSMEs engaged in the health sector, which during the Covid-19 pandemic was followed by the issuance of policies regarding health protocols such as masks, and hand sanitizers. However, it turned out that the negative impact on MSMEs was quite large, namely 54.29% (Balitbang, Buleleng Regency, 2021). The conditions mentioned above are due to several policies relating to restrictions on the operation of shops, stalls, kiosks, and markets; work from home policy; and crowd restrictions. In addition to this, the impact of the Covid-19 pandemic on the development of MSMEs in Buleleng is regarding the process of distributing raw materials, decreasing profits, decreasing sales, and reducing the number of employees and capital. *First*, the problem of slow raw materials causes some scarcity of raw materials in MSME products. During the Covid-19 pandemic, major restrictions were implemented in several areas and there were licensing rules to pass through the port by having to submit a Covid-19 free letter, plus the effect of panic from consumers by buying certain products, resulting in a shortage on the market.

*Second*, the problem of decreasing profits (revenue). The decline in product sales is related to the quantity, type of product, and the amount of profit of MSMEs in Buleleng Regency. Quantity is the number of products that sell every day and every month that has decreased. The same is true for the types of products that are selling well every day and every month, which have shown a decline since the Covid-19 pandemic. This condition has implications for the decline in profits or income of MSMEs which has decreased significantly. According to data collected from Balitbang, Buleleng Regency, 2022 shows that the average decrease in MSMEs profits in Buleleng Regency is 61%. *Third*, there is a decline in sales. Based on data from Balitbang, Buleleng Regency shows a 61% decline in MSME sales. *Fourth*, the

reduction in the number of employees. Based on the data obtained, it shows that the average decrease in MSME employees in Buleleng Regency is 22%. This is because according to MSME actors who have more than one employee, there are two strategies adopted, namely by temporarily laying off their employees, then coupled with the conditions of the online sales process to make the workforce efficient. *Fifth*, there are difficulties in making bank payments used by MSME actors. Based on the description of empirical conditions related to the development of MSME-based creative industries coupled with the impact of Covid-19 on the sustainability of MSMEs in Buleleng Regency, it shows that its development can be seen from the increasing number of MSMEs in Buleleng Regency during the 2019-2022 period. In 2019 Buleleng had 34,374 MSMEs, in 2020 there were 54,489 units, in 2021 there were 54,490 units, and in 2022 there were 57,216 units. This number is very large, thus the contribution of MSMEs to the Buleleng economy is felt, especially in terms of employment. However, MSMEs grow in quantity, that does not mean there are no problems. In general, the problems of MSMEs in Buleleng Regency are in terms of capital, licensing, human resources, technology, marketing/promotion, and production. To overcome this it is deemed necessary to analyze in more depth the problems faced by MSMEs which can later be taken appropriate measures or policies to overcome these problems. Thus the MSMEs can still exist in support of the rising economy in Buleleng Regency.

### **Constraints Faced by MSME-Based Creative Industries in the Covid 19 Pandemic Situation**

Covid-19 is of great concern to the people of Indonesia because of the problems it continues to cause. There are many losses due to Covid-19 which have an impact on the Indonesian Economy. MSMEs are one of the sectors that have been directly hit by the impact of the Covid19 pandemic. The challenges faced by MSMEs during the COVID-19 pandemic were multifaceted and significantly impacted by a decrease in people's purchasing power, particularly among those at the lowest income levels (Y. Sumarni, 2020). As noted by Sugiri (2020), these hurdles were categorized into four distinct issues. Firstly, MSMEs grappled with a decline in sales attributed to reduced consumer activity outside their homes. Secondly, dwindling sales levels led to capital difficulties, making it increasingly challenging to maintain a healthy cash flow. Thirdly, restrictions on the movement and distribution of products in certain areas posed a logistical barrier to reaching consumers. Lastly, dependency on raw materials from other industrial sectors created supply chain bottlenecks, further complicating matters for MSMEs. These multifaceted challenges underscored the need for comprehensive solutions to support these vital businesses during a period of unprecedented disruption.

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the economic landscape, offering numerous benefits, such as job creation, fostering



budding entrepreneurs, catering to niche markets, streamlined management, and harnessing local resources, all while boasting substantial growth potential. MSMEs not only serve as a valuable learning resource for novice and aspiring entrepreneurs but also contribute to a more advanced economic mindset. Nonetheless, they grapple with a set of inherent weaknesses, including internal factors such as limited human resource capacity, challenges in marketing products to a broader consumer base, consumer skepticism regarding product quality, and constraints tied to their relatively modest capital. External factors, stemming from inadequate support and guidance for MSMEs, also pose issues, such as misaligned solutions, inadequate monitoring, and inflexible program implementations that fail to adapt to specific circumstances. Balancing the scale of these advantages and challenges is key to optimizing the impact of MSMEs in the economic ecosystem.

Based on the description of the problems and obstacles for the MSME-based creative industries, further studied the factors that caused the decline in MSME productivity during the Pandemic in Buleleng Regency. According to the Office of Trade, Industry and Cooperatives, Small and Medium Enterprises of Buleleng Regency (2022), there are main factors: *First*, limited capital for MSME owners which makes it difficult for MSMEs to develop amid declining sales due to the Covid-19 pandemic. Capital is the main thing that must be there to do business. Thus, without capital, the business will not be able to develop properly. Capital has a significant influence on business development, because the greater the capital used and the easier it is to obtain capital, the business undertaken will experience an increase and business development. Capital for production costs, most MSMEs use private facilities to reduce production costs because they cannot meet consumer demand. MSME owners obtaining assistance from the Government require a long process and time. In addition, it is constrained by administration or the conditions required to obtain these funds. Thus, MSME owners experience difficulties during the process of applying for funds. It is known that the existence of MSMEs can provide employment opportunities for the surrounding community and have a significant impact on the economic growth of a region.

*Second*, raw materials and production equipment. The availability of raw materials will affect production activities in SMEs, the scarcity of production materials can cause an increase in raw material prices. This will automatically become an obstacle for MSMEs to develop. The increase in raw material prices will affect the selling value of MSME products and have a direct impact on sales. In addition to the scarcity of raw materials, the lack of partners and suppliers of raw materials also affects the ability of MSMEs to obtain raw materials. Unfavorable weather conditions also become a barrier for MSMEs to obtain raw materials. Furthermore, the production equipment used by most MSMEs is manual equipment which is still simple. Some MSME owners do not use modern technology.

*Third*, bookkeeping issues. Several MSMEs still use a simple and manual bookkeeping system. Sometimes the bookkeeping is not improved making it difficult to judge the work of the business. Even though financial processing is very important for business continuity, this is because, with bookkeeping, business people know their business income and expenses. Without bookkeeping or financial processing, business people will not know the costs and losses that occur.

*Fourth*, limited marketing. Marketing is no less important in influencing business development where even though the business products produced are quite good, if they are not supported by good marketing then these products will not be sold optimally. Limitations of marketing carried out personally and the lack of a network of partners with marketers is one of the obstacles for MSMEs. Some MSMEs still use traditional (offline) promotion or sales systems. The inability of MSMEs to market their products online and the lack of a network of business partners to open MSME products is not widely known by the wider community and causes MSMEs to only have a few regular customers. Limited market access and lack of knowledge of technology mastery as a promotional tool thus the product is known by the whole community. In addition, there is no intention or awareness to expand marketing reach by learning to operate sales through e-commerce.

*Fifth*, is managerial ability. Some SMEs do not have good management in running their business properly. MSME actors only have limited skills and knowledge in managing human resources, production management, financial management, or other managerial activities.

*Sixth*, human resource management. The small number of workers limits production time. If MSMEs receive large orders, these workers may work more than what is usually called soft work. The limited number of workers is affected by the low income of MSMEs, thus the ability of MSMEs to pay workers is very limited, especially during the Covid-19 pandemic. The limited ability of workers also affects the MSME production process. The unavailability of training for maximal MSME workers means that workers do not have more skills that can be applied to increase MSME production.

*Seventh*, product distribution from producers to consumers. Some MSMEs experience problems in the delivery process to various regions in Indonesia and abroad, due to a lack of understanding of MSME actors in determining distribution tools which are still low and create perceptions or thoughts that shipping is unsafe thus it can damage product quality, which is the main reason why MSMEs do not serve or market their products *online*.

**Economic Policy Strategy as a Form of Strengthening MSME-Based Creative Industries in Facing the Covid-19 Pandemic in Buleleng Regency**

The Covid-19 pandemic crisis that occurred could not be avoided, however, it had to be faced with a high spirit of resilience. According to Bonanno (2004), resilience is a person's ability to get out of difficulties, stabilize his physical and psychological health, the ability to manage his experiences and emotions well, as well as a process of increasing self-adjustment during the vulnerable life he lives. Thus it can be said that developing a spirit of resilience in dealing with the Covid-19 pandemic is an effort made when facing difficult times to be able to rise, survive and adapt to these conditions. Based on these conditions, MSMEs were tested again for their resilience to survive and adapt to the conditions of the Covid-19 pandemic. It can't be denied anymore, life and life must go on. The central government, in collaboration with the local government, has paid attention and focused on economic recovery during the Covid-19 pandemic to the MSME-based creative industries thus they can rise from adversity and be able to re-absorb workers who also lost their jobs during the Covid-19 pandemic. Many businesses, especially MSMEs, have gone bankrupt and have even closed their businesses due to declining consumer purchasing power. This downturn is also being felt by MSMEs in Buleleng Regency.

The economic repercussions of the COVID-19 pandemic have reverberated across various dimensions, encapsulated in five critical aspects. Firstly, the sales aspect has borne the brunt of the crisis, with MSMEs witnessing a staggering average decline of 61% in their sales figures. Secondly, the operating profit aspect also endured a comparable 61% downturn, putting a strain on the financial health of these enterprises. Thirdly, the capital aspect exhibited a distressing trend, as a notable 71.4% of MSMEs grappled with capital shortages, intensifying their financial challenges. In terms of employment, MSMEs felt compelled to make cutbacks, resulting in a 22% reduction in their workforce, further highlighting the pandemic's impact on livelihoods. Finally, the ability to meet bank installment obligations faced substantial strain, signifying the complex financial landscape that has unfolded in Buleleng Regency in 2022 (Balitbang, Buleleng Regency, 2022).

Based on the description of the condition of MSMEs during the pandemic which had implications for rural creative industries, the Buleleng Regency Government in collaboration with the Central Government and the Regional Government of Bali Province has made various policy efforts to stimulate the rise of MSMEs. The assistance from the central level is free electricity assistance and direct cash assistance (BLT) for business capital of Rp. 2,400,000.00 (two million four hundred thousand rupiahs). Free electricity program for businesses and small industries who subscribe to BI 450 VA and II 450 VA, and a bank interest rate reduction program for MSME players. Meanwhile, assistance from the Provincial Government of Bali is stimulus assistance for MSME business capital. According to the Head of the Buleleng Regency Trade, Industry and Cooperative, and UKM

Office, Dewa made Sudiarta, 500 (five hundred) MSME players received stimulus funds for MSME businesses of Rp. 600,000.00 (six hundred thousand rupiah) for 3 months. Following up on assistance from the Central Government and the Provincial Government of Bali, the Buleleng Regency Government through the Department of Trade, Industry and Cooperatives, Small and Medium Enterprises. A total of 25,768 MSMEs affected by the Covid-19 pandemic were recorded and submitted as potential recipients of business stimulus assistance from both the Central Government and the Provincial Government. Furthermore, it expands the scope of MSME sales while at the same time helping local businesses that are not yet technologically literate to be able to run their business digitally to accelerate their business development. This government effort was realized by issuing a buying and selling application, namely *e-Semeton* as a digital *platform* that prioritizes production from local business actors including MSMEs. Meanwhile, the banking sector has provided program policies such as interest rate relief and installments for MSMEs. For example, Bank Rakyat Indonesia has provided incentives to micro, small, and retail customers by lowering the Prime Lending Rate by up to 50 basis points (CNBC Indonesia, 2020). This step is part of the relaxation provided by Bank Rakyat Indonesia for MSMEs. Even specifically for MSME business actors, the Financial Services Authority (OJK) has provided credit realization concessions for credit values below Rp. 10 billion. Both bank credit and the non-bank financial industry, delaying installments of up to 1 (one) year and reducing interest.

The policy mentioned above was also followed by MSME actors in Buleleng Regency who had made various strategic efforts, such as management, marketing, and employee efficiency. In the aspect of MSME management in Buleleng Regency, they have tried to properly manage the various products that will be made and marketed. Some MSMEs even sell various kinds of products to maintain sales stability. In the marketing aspect, apart from being done offline, it is also done online through digital marketing, especially in the sector of improving social media marketing, online advertising, video marketing, search engine marketing, and website management. By digitizing marketing, MSME actors are expected to be able to increase sales and online engagement to develop business scale amid the Covid-19 pandemic.

Digital marketing, on the one hand, makes it easier for businesses to monitor and provide for all the needs and wants of potential customers, on the other hand, potential customers can also search for and get the desired product information simply by exploring cyberspace, making it easier for them to search without leaving the house. *Digital marketing* can reach all people wherever they are without being hindered by geographical or time restrictions, even during the Covid-19 pandemic. Community needs can be met without worrying about having to interact with other people directly. The use of digital marketing provides new hope for MSMEs to survive during a pandemic and develop into a center of economic

power because the digital era is unavoidable. Development of online-based promotional media by cooperating with application-based purchasing services. The use of applications provides an opportunity to expand market reach and become an important medium for communicating with customers, such as during the Covid-19 period, the interaction with customers was limited.

Based on the several policy formulation programs mentioned above, in field conditions there are still problems faced by rural creative industries in the Covid-19 pandemic situation, namely from internal factors, such as the limited ability of human resources; product marketing constraints where marketing functions are unable to reach consumers widely and freely; consumers tend not to trust the quality of products from SMEs; and relatively small business capital constraints. Therefore, in following up on the pandemic situation amid the dynamics of the creative industry movement, innovation, and creativity are the main keys for MSME organizations to be successful and able to survive in the pandemic era. Innovation and creativity show the ability to carry out updates that do not only appear in various forms and functions of products and services but also various business elements, for example, related to the dimensions of time (for example inventory management and time to market) and space (choice of market niches that are not readable by other parties). In Buleleng Regency, there are still MSMEs that have not been maximized in terms of production, management, or marketing, especially in the current era of the Covid-19 pandemic. One of them is the UMKM Tasik Segar Lestari, Les Village which is still traditional and individual in production and marketing, with low mastery of technology, weak capital ownership, minimal access to markets and information, and very limited farmer skills in management. Thus it is not surprising that the income of salt farmers is still at a low level. Then, in entering the era of globalization, MSMEs (Tasik Segara Lestari) are faced with a formidable challenge in being able to relate to the modern economic system, which places great emphasis on efficiency and productivity. Thus, a management and marketing strategy for traditional salt is needed, which is produced by UMKM Tasik Segara Lestari, Desa Les. But during a pandemic like this, MSMEs must swiftly follow and adapt well by implementing new marketing patterns, one of which is digital marketing. Promotion and marketing also still do not take advantage of social media, in sales only utilizing local locations and consumers in traditional markets.

Based on these conditions in the field, it is necessary to formulate an economic policy to revive the existence of MSME-based creative industries. MSMEs are at the forefront of the economic shock caused by the Covid-19 pandemic. The lockdown measures have brought a sudden halt to economic activity, with a drop in demand and hurting the productivity of MSMEs. To overcome this it is deemed necessary to analyze more deeply the problems faced by MSMEs. Thus later efforts and or appropriate policies can be taken to overcome

these problems. It is hoped that MSMEs can still exist in supporting the economy of Buleleng Regency. Many countries have introduced or adopted programs to save the MSME sector as cited by (Sugiri, 2020), *firstly*, providing business capital subsidies to MSMEs. *Second*, encourage the development of entrepreneurial innovation to absorb labor and production volume. *Third*, provide a suspension of settlement of MSME obligations or debts both for tax obligations and business loan obligations. *Fourth*, provide loans directly to MSME actors thus they can have sufficient capital to maintain their business. *Fifth*, encourage the digitization of MSME businesses thus they can continue to operate in conditions where there are restrictions on people's movements.

Based on conceptual analysis, the empirical conditions of MSMEs in Buleleng Regency, policies that can be taken to increase the productivity of MSMEs in Buleleng Regency are by providing venture capital assistance, training, and mentoring on digital marketing models, product packaging training, and assistance. A real role is needed for good collaboration and synergy between the government/agencies related to MSME actors thus the economic conditions of MSME actors can gradually recover. For example, the government facilitates facilities and infrastructure to help market UMKM products and helps promote authentic Buleleng while still paying attention to quality. Local governments must open up opportunities for MSMEs to be able to market their superior products more broadly to restore the economy that is integrated with tourism. There are three strategies to advance MSMEs in Buleleng. *First*, namely to make the people of Buleleng proud of using MSME products. *Second*, improve MSME product packaging and related parties such as the Buleleng Integrated Business Service Center (PLUT), later it is expected to be able to foster MSMEs regarding packaging designs that have more selling value. *Third*, conducting MSME groups according to their business scale, starting from beginners, young, middle, primary to becoming independent UMKM.

In addition to the three strategies mentioned above, it is necessary to have a curation team that works to select MSMEs that are eligible to *go public*. Thus, the entire system has been designed, from promotions to using digital platforms thus MSMEs have quality and competitiveness. Furthermore, the collaboration forms services/shops/centers for souvenirs typical of Buleleng, where the government can lead tourists to use services/shopping to that place. Operational activities in government both during meetings and other activities are directed to use MSME products. Based on the description of the strategy, it can be concluded that the economic policy strategy is a form of strengthening the creative industry in dealing with the Covid-19 pandemic in Buleleng Regency, namely strengthening the supply and supply chain of basic needs thus as not to cause disruptions in the distribution of goods and services, to control inflation which will burden community economy. Then, arrange fiscal and monetary policies carefully and effectively to maintain

macroeconomic stability, for example, subsidies are intended for vulnerable groups of people, and the budget is allocated effectively according to priorities. Furthermore, accelerating innovation and digitalization to boost economic growth, is due to the Covid-19 pandemic giving birth to new work patterns and innovations and accelerating digital transformation, thus the innovation and digitalization should reach all groups in society thus they can advance and grow, not vice versa, to foster inequality. Other efforts to sharpen and encourage equity and economic justice, where some of the efforts that have been and can continue to be made by the government are by promoting cooperative business development, limiting land tenure, expanding access to capital for MSME actors, and rural industrialization based on local resources.

All strategic efforts made by the government in supporting the existence of MSME resilience must also be followed directly by MSME business actors as a form of synergy in building the regional economy. This means that the government cannot work alone without a synergistic relationship with various parties, including MSME business actors.

To thrive in the challenging landscape of the COVID-19 pandemic, MSME business actors can undertake several key initiatives. Firstly, they should focus on enhancing the quality of their products and services. This involves crafting compelling advertisements that encompass attention-grabbing elements, piquing interest, creating desire, and inducing action among potential customers. Secondly, optimizing technology is imperative. MSMEs must promptly modernize their operations by efficiently allocating their time, energy, and finances. This entails transitioning from manual record-keeping to leveraging technology through software that streamlines processes, saving time, energy, and money. Furthermore, MSMEs can capitalize on online delivery systems as part of their sales strategies. Thirdly, preparation for further business development is crucial. In light of the pandemic, MSMEs can utilize this time to hone their skills, contributing to their long-term growth. This may involve delving into digital marketing and exploring the development of a proprietary marketplace platform. These collective efforts, combined with government support, form a strategic synergy that holds the potential to revive the overall post-pandemic economy and enable MSME actors to return to normal and flourish.

#### D. CONCLUSION

Based on the extensive research and in-depth discussions, the study offers the following key insights:

The period from 2019 to 2022 witnessed a significant surge in the number of Micro, Small, and Medium Enterprises (MSMEs) operating within the creative industries of Buleleng Regency. The figures reveal a steady increase, with 34,347 in 2019, 54,489 in 2020, 54,490 in 2021, and 57,216 in 2022. This expansion, however,

does not come without its challenges. Common issues plaguing these MSMEs encompass a lack of capital information, such as awareness about programs like the People's Business Credit (KUR), widespread absence of formal business registration, human resource shortcomings, suboptimal technology utilization, underexploited marketing and promotional opportunities, and production difficulties. These challenges have rendered MSME products less appealing and led to raw material accessibility woes, particularly as they grapple with economic recovery in the wake of the Covid-19 pandemic.

The creative industry-based MSMEs have encountered a range of impediments in the context of the Covid-19 pandemic. These include inadequate capital for MSME proprietors, inhibiting their capacity to thrive amid plummeting sales due to the pandemic. Additionally, there are limitations in terms of raw materials and production equipment, complications with bookkeeping, hurdles in effectively reaching consumers through marketing efforts, a deficiency in managerial competencies that extends to human resource management, production oversight, financial control, and other managerial aspects, restricted human resource capabilities, and bottlenecks in the distribution of products from producers to consumers.

To fortify MSME-based creative industries in Buleleng Regency amid the challenges posed by the Covid-19 pandemic, a comprehensive economic policy strategy is proposed. This strategy encompasses three key pillars. First, fostering a sense of local pride in utilizing MSME products is essential. Second, elevating the packaging of MSME products, with collaboration from entities like the Buleleng Integrated Business Service Center (PLUT), aiming to enhance packaging designs for greater market appeal. Third, segmenting MSMEs into groups according to their business scale, including beginners, emerging enterprises, mid-sized ventures, and mature, independent MSMEs. This categorization process will involve a curation team responsible for identifying MSMEs with the potential to expand their market presence. Consequently, the entire ecosystem is designed to integrate digital platforms for promotions and enhance the overall quality and competitiveness of MSMEs.

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#### COMPETING INTEREST

None.