



Small and Medium Enterprise (SME) Innovation and Creativity in a Pandemic

Dhanar Dhono Vernandhie

STIE Tribuana

Email: dhanardhono@stietribuana.ac.id

Article Info

Article History:

Received: December 25, 2021

Revised: December 30, 2021

Published: January 2022

e-ISSN: 2623-2324

p-ISSN: 2654-2528

DOI: 10.5281/zenodo.5867145

Abstract:

The purpose of this study is to find out 1) which SME in Pringsewu Regency can survive in the midst of the Covid-19 pandemic; 2) how are the innovations and creativity carried out by SME in Pringsewu Regency so that they can survive in the midst of the Covid-19 pandemic. The method used in this research is descriptive qualitative. The subjects in this study were 30 SME in Pringsewu Regency. The study was conducted on March 1 to March 30, 2021. The results of the study concluded that of the 30 SME in Pringsewu, there were 7 SME that were unable to survive and the rest were still trying to survive. This is because apart from the Covid-19 outbreak, these entrepreneurs do have constraints in capital, processing of production materials and sales, which are made worse during the pandemic. In terms of innovation and creativity, things that have been done include moving the way of selling from offline to online during the pandemic, creating a new product that is truly unique, modifying products that create new qualities and styles to increase sales.

Keywords: *Innovation, Creativity, Covid-19 Pandemic, SME.*

INTRODUCTION

At the beginning of 2020, the Covid-19 Virus or Corona was a mysterious disease that paralyzed the city of Wuhan, China at the end of 2019 which finally spread widely throughout the world, especially Indonesia so that the development and growth of SME in Indonesia were again tested for their resilience in facing the economic impact due to the spread of Covid-19. 19 that trigger negative sentiment (Noviarini, 2021).

The existence of SME cannot be eliminated or avoided from the nation's society today. Because its existence is very useful in terms of the distribution of people's income (Ernawati, 2021). Moreover, the number of SME in Indonesia has reached 64.19 million, with the very

dominant composition of Micro and Small Enterprises (UMK) at 64.13 million (99.92%) of the entire business sector (Bahtiar, 2021) including Pringsewu Pringsewu. This number will increase labor absorption (Sukwika, 2018).

based on the Decree of the Ministry of Cooperatives and SME of the Republic of Indonesia, there are 245,136 SME spread across 15 regencies/cities in Lampung Province (Rohmawati & Lestari, 2021). Various policies are designed to protect and restore SME in the midst of the Covid-19 pandemic. One of them is the provision of the Banpres for Productive Micro Enterprises (BPUM). received Productive Presidential Assistance for Micro Enterprises (BPUM). The government provides direct assistance of Rp. 2.4 million per recipient. This assistance is given to 12 million micro business actors who are not currently receiving bank credit assistance (Wardiningsih et al., 2021).

Pringsewu Regency is one of the regencies in Lampung Province (Darwis et al., 2020). Pringsewu Regency is one of the regencies that has a lot of business potential that is able to compete in domestic and foreign markets (Bakhri & Futiah, 2020). The economic rate of Pringsewu Regency for the period 2010 – 2015 can be seen from the rate of Pringsewu and National Economic Growth. When viewed from these statistics, it is very clear that the LPE (Economic Growth Rate) of Pringsewu Regency from the period 2013 to 2017 is high when compared to the LPE of Lampung Province and is also still below the National LPE.

During this pandemic period, it certainly has a significant impact on various sectors, especially SME in Pringsewu Regency and hampers business growth. This impact has been seen immediately with the reduction of the workforce (A. P. Wibowo & Sudiro, 2021), various anticipatory actions such as social distance, the closure of several businesses that have an impact on laying off employees (Kepramareni et al., 2020). places of worship are closed, public transportation is restricted, almost everything

other public service sectors are closed or have limited operating hours (Intermediate Librarian & Ministry of State Secretariat, n.d.).

The spread of the Covid-19 outbreak had a direct impact on the drastic decline in the SME economy (Khoiri Abdi & Febriyanti, 2020). Even though there are many who have gone bankrupt, it is possible that there are still some SME that survive. SME actors currently have to face quite a big problem and it is predicted that a survey of 47 percent of SME will stop trying, because they experience cash flow health problems, so they have to lay off their workforce (S. Wibowo, 2021).

Not only that, the Indonesian government did not remain silent and responded to this by establishing several national policies, including calls to work from home (WFH), implementation of social distancing and large-scale social restrictions (PSBB) (Darmawan & Atmojo). , 2020). Therefore, it causes all businesses, especially SME to be able to adapt to new conditions due to the Covid-19 pandemic (Januar Mahardhani, 2020).

Creativity in the development of the SME business today is of course very necessary to help the creative SME development process (Darwanto, 2013) to be more enthusiastic about creating innovations during this pandemic so that it will help in economic growth and to be able to survive and adapt during the Covid-19 pandemic. this. Especially with the relation in the industrial era 4.0 or the digital industry, of course looking for opportunities for innovation, recognizing opportunities, and gathering information about opportunities (Widodo, 2018) is very large. Such as selling offline or online through E-commerce (Mumuh et al., 2021) by utilizing increasingly sophisticated electronics so that marketing increases and also continues to consider solutions, namely with strict health protocols, focusing on meeting basic social

needs, and building an ecosystem. and new business models with the creation of competitive advantages (Halisa, 2020).

Innovation can also be in the form of producing quality products but at low costs (Merliana & Kurniawan, 2016) and simple but effective sales. Innovation is also not only limited to the business strategy, but can also be in the physical form of the product itself. So that this creative potential has promising prospects. Therefore, if a business is running if it cannot last long in the midst of this pandemic or is in competition, if only the business actors lack knowledge about existing business opportunities and do not have innovations to be creative. Therefore, as a business actor, you must be able to motivate yourself so that you can always be creative in innovating and making it happen, especially during a global crisis such as the Covid-19 virus pandemic.

From a total of approximately 1,500 SME throughout Pringsewu Regency, business actors in the culinary and handicraft sectors are the business sectors that are less affected by the Covid-19 pandemic. However, with the outbreak, these business actors have to rack their brains on how to keep their SME alive, so these business owners must be able to innovate and be creative (Diandra, 2019).

Based on the description above, this study aims to find out 1) which SME in Pringsewu Regency can survive in the midst of the Covid-19 pandemic; 2) how are the innovations and creativity carried out by SME in Pringsewu Regency so that they can survive in the midst of the Covid-19 pandemic.

RESEARCH METHODS

The method used in this research is descriptive qualitative. The subjects in this study were 30 SME in Pringsewu Regency. The research was conducted on March 1 to March 30, 2021, while the object is the issue to be investigated, namely how these SME activities innovate, be creative and can survive in the midst of the COVID-19 pandemic. The data collection techniques used include interviews and documentation.

RESULTS AND DISCUSSION

Based on observations, it was found that not all SME in Pringsewu could survive the Covid-19 outbreak. This is due to a lack of capital, lack of sales and in terms of income (income) and profits for entrepreneurs are drastically reduced. There are those who require to reduce the number of employees, there are also those who choose to close temporarily. In addition to these factors, the mobility that must be reduced is the cause. This is very influential, especially for entrepreneurs who do business door-to-door from stall to shop and even go around to sell their products.

Income and profit increases do not really affect SME that are unable to survive, due to raw materials that are difficult to obtain, rising prices of basic commodities, and erratic sales. These things can trigger goods available in the warehouse but sales are less developed. For SME that survive with a sizeable income, plus profits that continue to increase, they are able to innovate and be creative well, able to see how the best opportunities can be obtained, take advantage of good sales moments so that their business survives.

Researchers realize that in fact SME owners can have sufficient income if the monthly profit is stable, but based on the results of observations and interviews, it is stated that there are several SME owners whose income is sufficient but cannot compete in maintaining their products, both from materials, capital, and reprocessing the profits. .

SME in Pringsewu are in the category of SME in the Informal Sector and Micro SME, which means that SME in the informal sector are run in groups of street vendors who rely on carts or small stands as a place to sell their products. Meanwhile, those included in the Micro SME category are SME with the ability to be craftsmen but lack the entrepreneurial spirit to develop their business, because many have businesses but are not skilled at selling their products.

The form of innovation and creativity of SME

As one of the most important economic sectors, it is necessary to continue to breathe for SME, especially during the economic downturn during the current Covid-19 virus pandemic. So that innovation and creativity are needed during the current pandemic. The strategy of entrepreneurs as SME actors is the key in innovating and increasing their creativity so that their business can survive. The existence of this innovation and creativity is expected to be able to anticipate every business or business group so that the economy in SME can survive even though they are experiencing a pandemic and become product quality development. This innovation and creativity are capable of transforming and building hope to be able to face the impacts that are happening.

In general, innovation and creativity in SME can support existing businesses or even provide opportunities for new businesses to meet market needs. With this innovation and creativity, it is also useful to keep every consumer from getting bored quickly and staying loyal to always use the products offered. This network that is formed can grow into a large business network and can also have an impact on the globalization of this economic activity. Thus, the intended progress is finally achieved with the support of utilization and flexibility in innovation and creativity policies.

During this current pandemic, many SME actors are walking in place, which basically do not have the readiness to face the Covid-19 pandemic. When developing his business his business did not progress because of the lack of innovation and creativity and only followed the trend. Without seeing the potential that exists in the end the business does not last long and then goes bankrupt. It is not surprising that these local SME products are still relatively few to be able to penetrate the international market.

At this time of the pandemic that has not yet recovered, it does not mean that you cannot create innovation and creativity for the business that is being run. Therefore, companies must produce innovation and creativity that are as creative and effective as possible to achieve success. Of course, in this innovation and creativity, strong motivation and creativity are needed so that all changes created can be done easily. This motivation can be obtained from yourself and the closest people who are the most influential for yourself and the creativity that we can get by how we create an idea to solve an existing problem. Therefore, there are economic problems in SME with several innovations and creativity that we can do to survive during the pandemic, namely:

1. Changed the way of selling from offline to online
2. Create a new product that really unique

Based on the results of interviews, efforts

Mr. Wil and closed due to lack of capital, from the supply of coffee and manpower because he only worked alone, his intention was only to share his taste about coffee, because there was a lot of competition in selling coffee, even though the income was decent, coffee was also unique with the addition of ginger but the tiredness did not pay off, he added. If analyzed,

this business already has an innovation, namely mixing coffee with a mixture of ginger, unfortunately it is not followed by creativity. He doesn't do online sales, which should be able to encourage increased results because it can attract wider consumers.

Based on the results of the interview with Suratmi's mother, it was found that she still uses natural sweeteners and does not use artificial sweeteners or sweet juices. In terms of innovation, what he does is to use a mixture of fruit flavors that have natural colors. In terms of income, the net income obtained is estimated to reach Rp. 2,000,000, Rp. 500. 000 that in normal months (without additional orders for yasinan and celebrations), even during the fasting month the income can increase to Rp. 5,000,000. The monthly income has covered the capital, raw materials are easy to get and selling online via Whatsapp keeps the business going,

Based on the results of the interview with Pak Amri, it was found that his income from the business was uncertain. However, private lessons or archery lessons can be earned starting from Rp. 50,000 to Rp. 150,000 per person. Meanwhile, in the sales sector, there are still few people who want to own archery equipment, perhaps because they need a trainer so that there is no misuse of these archery tools. Monthly income depends on the number of members, if members or visitors increase, the income will increase. His innovation is to make archery from wood that is around his house. His creativity in addition to making arrows, he also opened an archery course. This is what keeps the business going.

CONCLUSION

Based on the analysis and discussion, it was concluded that of the 30 SME in Pringsewu, there were 7 SME that were unable to survive and the rest were still trying to survive. This is because apart from the Covid-19 outbreak, these entrepreneurs do have constraints in capital, processing of production materials and sales, which is even worse during pandemic conditions like this. What they can do is reduce production costs, resulting in a reduction in employees, even to the point of closing their businesses more quickly. while for the SME that still survive, the reason is because this is their main source of income, regardless of the result, regardless of income, they will continue to maintain their business as long as there is no other way out that is more profitable.

In terms of innovation and creativity, there are several things to do, including: changing the way of selling from offline to online during the pandemic, such as using online platforms, carrying out all business activities with good planning to adjust the products produced, launching digital markets to market products online or online. Creativity is, creating a new product that is truly unique, modifying products that create new qualities and styles to increase sales.

BIBLIOGRAPHY

- Bahtiar, R. A. (2021). Dampak Pandemi Covid-19 Terhadap Sektor Usaha Mikro, Kecil, dan Menengah Serta Solusinya. *Pusat Penelitian Badan Keahlian DPR RI, Bidang Ekonomi Dan Kebijakan Publik*, 13(10), 19–24. <https://berkas.dpr.go.id/puslit/files/inf>
- Darmawan, E., & Atmojo, M. E. (2020). Kebijakan Work from Home bagi Aparatur Sipil Negara di Masa Pandemi Covid-19. *TheJournalish: Social and Government*, 1(3), 92–99. <http://thejournalish.com/ojs/index.php /thejournalish/article/view/26/15>
- Darwanto, D. danuar T. U. (2013). Pengembangan Usaha Mikro Kecil Dan Menengah (Umkm) Berbasis Ekonomi Kreatif Di Kota Semarang. *Ilmu Ekonomi*, 2(4), 1–13.

- Darwis, D., Ferico Octaviansyah, A., Sulistiani, H., & Putra, Y. R. (2020). Aplikasi Sistem Informasi Geografis Pencarian Puskesmas Di Kabupaten Lampung Timur. *Jurnal Komputer Dan Informatika*, 15(1), 159–170.
- Diandra, D. (2019). Program pengembangan kewirausahaan untuk menciptakan pelaku usaha sosial yang kompetitif. *Jurnal Administrasi Publik*, 10(1), 1340–1347. <https://jurnal.polban.ac.id/ojs-3.1.2/proceeding/article/view/1424>
- Ernawati, S. (2021). Strategi Pengembangan Umkm Tenun Untuk Meningkatkan Sosial Ekonomi Di Kota Bima. *PROSIDING SEMINAR NASIONAL EKONOMI DAN BISNIS 2021*, 190–197. <https://doi.org/10.32528/psneb.v0i0.5167>
- Januar Mahardhani, A. (2020). Menjadi Warga Negara yang Baik pada Masa Pandemi Covid-19: Perspektif Kenormalan Baru. *Jurnal Pancasila Dan Kewarganegaraan*, 5(2), 65–76. <https://doi.org/10.24269/jpk.v5.n2.2020.pp65-76>
- Kepramareni, P., Suardhika, I. N., & Jaya, I. M. K. (2020). Upaya Peningkatan Ekonomi Usaha Made Kaos Di Desa Kekeran Pada Masa Pandemi Covid-19. *Prosiding Seminar Regional Pengabdian Kepada Masyarakat Unmas Denpasar Di Masa Pandemi Covid-19 Tahun 2020*. <http://e-journal.unmas.ac.id/index.php/ProsidingCovid-19/article/view/1901>
- Khoiri Abdi, M., & Febriyanti, N. (2020). Penyusunan Strategi Pemasaran Islam dalam Berwirausaha di Sektor Ekonomi Kreatif Pada Masa Pandemi Covid-19. *El-Qist : Journal of Islamic Economics and Business (JIEB)*, 10(2), 160–178. <https://doi.org/10.15642/elqist.2020.10.2.160-178>
- Merliana, V., & Kurniawan, A. (2016). Pengaruh Strategi Biaya Rendah dan Diferensiasi terhadap Keberhasilan PT Tahu Tauhid. *Jurnal Manajemen Maranatha*, 15(2), 217–242. <https://media.neliti.com/media/publications/115455-ID-pengaruh-strategi-biaya-rendah-dan-difer.pdf>
- Mumuh, L. A., Tangkau, J. E. M., & Tala, O. Y. (2021). ANALISIS PENERAPAN PAJAK PENGHASILAN ONLINE MERCHANT PADA E-COMMERCE DI KOTA MANADO. *JAIM: Jurnal Akuntansi Manado*, 2(3), 356–365.
- Noviarini, T. (2021). Dampak Pandemi Covid-19 Terhadap Sikap Pembelajaran Bahasa Pada Mahasiswa Universitas Mitra Karya Bekasi. *JURNAL ILMIAH WAHANA PENDIDIKAN*, 7 (1).
- Rohmawati, A., & Lestari, S. (2021). Pemetaan Peningkatan Kinerja UMKM Di Kabupaten Pesawaran Lampung Menggunakan Algoritma Naive Bayes. *Seminar Nasional Hasil Penelitian Dan Pengabdian Masyarakat 2021*, 1–5.
- Sukwika, T. (2018). Peran Pembangunan Infrastruktur terhadap Ketimpangan Ekonomi Antarwilayah di Indonesia. *Jurnal Wilayah Dan Lingkungan*, 6(2), 115–130. <https://doi.org/10.14710/jwl.6.2.115-130>
- Wardiningsih, R., Wahyuningsih, B. Y., & Sugianto, R. (2021). Pelatihan Pengelolaan Keuangan Bagi Pelaku UMKM Penerima BPUM Sebagai Dampak Covid-19 Di Desa Jenggik Kecamatan Terara. *Nusantara*, 3(2), 258–266.
- Wibowo, A. P., & Sudiro, A. (2021). Perlindungan Hukum Terhadap Pekerja Dalam Pemutusan Hubungan Kerja (PHK) Dengan Alasan Efisiensi Akibat Pandemi Covid-19. *To - Ra : Hukum Untuk Mengatur Dan Melindungi Masyarakat*, 7(1), 135–152.