

Conference Paper

## Creative Economy Empowerment Strategy as a Public Economic Recovery During Pandemic at Kampung Kue, Rungkut, Surabaya

Ayundha Evanthi \*, Daisy Marthina Rosyanti, Ratih Mukti Azhar, Ilham Hardi, Gerry Hutama

Universitas Pembangunan Nasional "Veteran" Jawa Timur, Surabaya 60294, Indonesia

\*Corresponding author:

E-mail:

ayundha.evanthi.mnj@upnjatim.ac.id

### ABSTRACT

Covid-19 has significantly shaken the wheels of the economy of people in all countries including Indonesia. MSMEs, which are one of the important pillars of the Indonesian economy, are also affected by these conditions. The main problem faced by MSMEs during the pandemic is sluggish market demand and high operating costs in the market. Kampung Kue is one of the MSMEs that was formed organically through the initiative of residents who were also affected during the pandemic. Since the pandemic occurred, Kampung Kue has experienced a decline in turnover, lost some market share, and some of them were forced to temporarily close their businesses. Not only that, there is still a lack of brand awareness and weak readiness to go digital, as well as the cooperation of the entire MSME community in Kampung Kue also still requires special attention for the growth of Kampung Kue. The purpose of this activity is to provide knowledge and empowerment of Kampung Kue business actors. The results of the activity, besides increasing knowledge, it is hoped that the problems faced can be solved and find appropriate strategies so that they can encourage the growth of the creative economy of the people who are members of Kampung Kue.

*Keywords: Training, empowerment, creative economy*

### Introduction

The pandemic of COVID-19 has significantly disrupted the public economic cycle in all countries, including Indonesia with the majority of the middle-class population. When the pandemic appears, the condition of the Indonesian economy has been projected to be susceptible to going through a decline due to environmental uncertainty that occurs (Ministry of Finance Republic of Indonesia, 2019). In line with that condition, economic weakening is almost experienced by all levels of society, not only in the small regions but also in cities. Many people lose their job and are getting poorer because of this condition. On the other hand, a similar situation is also experienced by all businessmen of micro, small, and medium enterprises (UMKM) (Rosita, 2020). About 77,95% of UMKM are impacted by the pandemic crisis in 2021 and this percentage has been indicated to keep increasing in the following years (Liputan6.com, 2022).

Based on the survey result from Bank Indonesia, the major problem faced by micro, small, and medium enterprises during the pandemic is a decrease in market demand which then leads to the income drop and high operational costs due to the high price of raw materials in the market (Liputan6.com, 2021). Essentially, the problem of micro, small, and medium enterprises (UMKM) is complex, even during the pandemic raises. Micro, small, and medium enterprises (UMKM) is claimed to be business unit with various problems in both human resource and management fields (Investor.id, 2020). Thus, steps for change and assistance of micro, small, and medium enterprises are a responsibility that should be carried and settled together, regarding that micro, small, and medium enterprises are the backbone of national economy.

#### How to cite:

Evanthi, A., Rosyanti, D. M., Azhar, R. M., Hardi, I., & Hutama, G. (2023). Creative economy empowerment strategy as a public economic recovery during pandemic at Kampung Kue, Rungkut, Surabaya. *7<sup>st</sup> International Seminar of Research Month 2022*. NST Proceedings. pages 71-75. doi: 10.11594/nstp.2023.3311

Practically, almost all micro, small, and medium enterprises (UMKM) are impacted by the pandemic of COVID-19. Some of them had to close their business because of helplessness in facing the complexity of changes that occurs. As happened at Kampung Kue Rungkut, Surabaya. The existence of Kampung Kue Rungkut, Surabaya has been known by many people even the government of Surabaya City has dedicated its full support to encouraging the growth of micro, small, and medium enterprises agglomerated in that area. Since, since the pandemic appears, they claim to have turnover decrease by about 50%, loss of market share, and debt for business capital financing, until a few of them had to close their business. Moreover, poor business management, low brand awareness, the unpreparedness of going digital, also cooperation from all micro, small, and medium enterprises at Kampung Kue Rungkut still need special concern for the development of Kampung Kue Rungkut.

Based on the problem's complexity, academic support is needed in this situation through the public service program. Through this program, it is expected that the problems encountered by micro, small, and medium enterprises (UMKM) can be solved strategically and on target, so it can reinforce the level of creative economic growth and preserve culinary treasures in Surabaya.

### **Material and Methods**

This public service activity was conducted at Kue Rungkut Village, Surabaya, particularly at 2<sup>nd</sup> Alley of Rungkut Lor Street. The service activity was designed in forms of socialization and assistance by calling relevant speakers in the culinary sector as an attempt to awaken mothers' business enthusiasm who were joined in micro, small, and medium enterprises association of Kue Rungkut Village, Surabaya. Practically, this activity was performed on Sunday, July 03, 2022, from 08.00-14.00 (a day of public service). This activity was initiated by this research team consisting of two lecturers of management and two students as the members. The step of this public service practice has previously received approval from Rungkut Village and fostered partners, next this activity was divided into three sessions: socialization (session 1), food testing (session 2), and assistance of registration practice directly on the related accounts of micro, small, and medium enterprises (UMKM) (session 3). To support this activity, the team has also provided a manual book (module) given to every participant in an activity relating to the registration procedure in the marketplace.

### **Results and Discussion**

This public service activity was conducted in a day, particularly on July 03, 2022, located at Kampung Kue, 2<sup>nd</sup> Alley of Rungkut Street, Kali Rungkut, Surabaya, East Java. There were approximately 63 patriarchs at Kampung Kue, most of them were housewives who formed a group of cake-making businesses like *bikang*, *lemper*, *pastel*, *bolu pisang*, *onde-onde*, until a variety type of other market cakes and pastries like almond crispy.

Culinary was one of the creative economic sub-sector that used the creativity and knowledge of economic businessmen to process food ingredients so that they became delicious dishes. This sector was a business field that was widely developed by the Indonesian population. Creative economics was also named as an economic concept in the recent economic era which has intensified information and creativity by relying on ideas and stock of human resource knowledge as the main production factor in economic activities. The activities of micro, small, and medium enterprises as one of the creative economy sectors have also had a major impact on this pandemic situation, which has resulted in turnover drop, order decrease, and income decline, also other problems relating to business activities such as processes of production, marketing, and distribution. Micro, small, and medium enterprises (UMKM) specifically in the culinary sector required a firm development strategy and involvement from related elements. This creative economy did not process itself with small effects, but this creative economy industry should enliven other industries and create new employment (Ruth & Hutabarat, 2015).

---

The creative economy empowerment strategy at Kue Rungkut Village, Surabaya needed full support from all human resources in communities at Kampung Kue. Purba (2017) has mentioned in his research that the development of Kampung Kue could succeed because of public interest that was supported by many parties, the government as a facilitator, society as active participants who got involved in the community of Kampung Kue, and business sector as a product marketplace resulted by the community of Kampung Kue through many efforts, including training on cake making and wider improvement of online or offline product marketing. Those businessmen at Kampung Kue have a significant role in the recovery of the public economy as either active participants or producers or product marketers and developers. Through this counseling activity, the public service team from Universitas Pembangunan Nasional “Veteran”, Jawa Timur has helped in improving the skills of the producers through knowledge about product added value and innovation or product marketer through digital marketing knowledge in social media and marketplace.

A number of aspects were needed to be concerned in order to build human resource quality and achieve more successful micro, small, and medium enterprises such as aspects of competence, skill, work ethic, character, awareness on the importance of quality consistency, and product standardization, also entrepreneurship insight. Micro, small, and medium enterprises (UMKM) have a very strategic role especially in reducing unemployment or overcoming poverty since the micro, small, and medium enterprises could mobilize manpower in order to empower society (Risnawati et al., 2022). Micro, small, and medium enterprises really needed a sort of training as an attempt to increase human capacity and capability in developing the business.

Public empowerment was regarded as an attempt to improve public welfare. The empowerment strategy could be conducted through many ways, for example assistance of villagers who have potential. The active role of villagers was a significant element in empowerment and development strategy in order to realize public well-being, because the participation of those villagers would help local resource mobilization and creativity forming according to the public need. Meanwhile, awareness on the significance of solidarity increase of community at Kampung Kue through common goals, attempt to increase confidence and group intimacy as well as periodic evaluation were also conveyed during counseling and training activity by public service team of UPN “Veteran” Jawa Timur.

Public service activity at Kampung Kue which was conducted previously by Widyastuti et al. (2020) has focused more on a program of SOP making, so that the work could be more efficient and consistent, also training in simple accounting which was aimed to identify business development and financial separation between business and personal use. Hence, the counseling program conducted by the public service team from UPN Veteran, East Java would focus on the improvement of brand awareness and product-added value, and digital marketing knowledge which were expected to help businessmen at Kampung Kue improve their sales and expand the target market.

Susanti and Oskar (2018) in their study found that the branding strategy by culinary entrepreneurs was affected by some internal factors such as understanding and capability to create a strong brand and external factors of the capability to build networking with other parties like related offices. The businessmen were considered not to be able yet to create a unique added value in winning the business competition and foresight and creativity in product promotion. The counseling on the importance of product-added value by the public service team of UPN “Veteran” Jawa Timur was aimed to enrich the knowledge and insight of businessmen at Kampung Kue, so they could expand the target market and consumers, increase sales and income, also as a key to survive during more and more growing culinary business competition in similar type.

A Brand has an equal value with reputation, so the superiority of a brand could differ from other competitors and bring the product attached to the mind of consumers. The strategy of branding on micro, small, and medium enterprises’ products could ease consumers choosing products among many product choices and product quality (Nugraha et al., 2004). The

improvement of brand awareness by micro, small, and medium enterprises at Kampung Kue was aimed to develop their competitiveness of added value products by focusing on eye-catching food displays and food uniqueness to different businesses and food packaging to increase product value and promotion advice. The more popular the product, the easier the partner to market this product in wider target market. The public service activity at Kampung Kue by the public service team of UPN "Veteran" Jawa Timur was also helped by Mrs. Ira Agustina, the owner of Amanda Cookies, who has become a speaker in food testing, which this activity was aimed to help the counseling participants improving their product quality, make product innovation, and boost creativity to create business differentiation.

Currently, in this digital era where competitors started taking advantage of digital technology, the need to directly expand the target market to the consumers either individual buyers or wholesale buyers was an expectation of those businessmen, so it was hoped that the market expansion would increase their sales overall. According to Naton et al. (2020) in their research on the business development strategy of micro, small, and medium enterprises (UMKM) have found that the businessmen of micro, small, and medium enterprises could focus on the following efforts: (1) increase of production capacity to fulfill market demand, (2) technology use, (3) expansion of target market, (4) maintenance of product quality, and (5) product innovation. Those five efforts have been conveyed within the public service activity by a team of UPN "Veteran" Jawa Timur to the businessmen at Kampung Kue, so hopefully, they could develop and expand their business and recover the public economy during the pandemic situation.

Sutrisno (2021) in his research has asserted that in the post-pandemic, strategies of economic recovery in the micro, small, and medium enterprises sector could be comprised of assisting businessmen, tax incentives, relaxation and credit restructuring, enlargement of work capital financing, product support, and e-learning training. In such a pandemic situation, the activity of socialization and training to businessmen at Kampung Kue has participated in the attempt at economic recovery during the pandemic through assistance activity for businessmen and product support especially in understanding brand awareness and product added value, also e-learning training in digital product marketing and marketplace.

The response of businessmen at Kampung Kue to the training activity of creative economy empowerment strategy for public economic recovery during the pandemic was quite good and enthusiastic. This good response was identified from both verbal and non-verbal expressions in form of participants' activeness in brainstorming, the question to the training speaker, and opinion submission in every training material explained during the program. Furthermore, a food testing session in which every participant of the training program at Kampung Kue also brought their product sample to show an active interaction between businessmen and speakers, this session was aimed to improve the quality of the product, so the product could compete and optimize sales and income. The businessmen at Kampung Kue appreciated the activity of public service because it could help motivate product development and innovation and increase brand awareness and the importance of product-added value development, so the product was able to compete with other culinary competitors in a similar product and online sellers that kept increasing in the midst of various consumer preferences.

## **Conclusion**

Society empowerment through training to businessmen at Kampung Kue as a strategy of creative economy empowerment after public economy recovery during the pandemic has been conducted and able to increase knowledge and skill. The businessmen at Kampung Kue appreciated this public service activity since it could help motivate product development and innovation, also increasing brand awareness and the importance of product-added value improvement, so they were able to compete with other culinary businessmen in a similar product and online sellers that keep increasing in various consumer preferences.

## Acknowledgment

This work was financially supported by Universitas Pembangunan Nasional “Veteran” Jawa Timur. Therefore, we are grateful for this funding and support of this research.

## References

- Investor.id. (2020). *Permasalahan SDM dan manajemen UMKM*.  
<https://investor.id/opinion/231433/permasalahan-sdm-dan-manajemen-umkm> (accessed Jul. 25, 2022).
- Kementerian Keuangan Indonesia [Ministry of Finance Republic of Indonesia]. (2019). *Kelas menengah penggerak ekonomi Indonesia*. Kementerian Keuangan. [www.kemenkeu.go.id](http://www.kemenkeu.go.id) (accessed Jul. 25, 2022).
- Liputan6.com. (2022). *77.95 persen UMKM Terdampak Pandemi Covid Selama 2021*.  
<https://www.liputan6.com/bisnis/read/4876398/7795-persen-umkm-terdampak-pandemi-covid-19-selama-2021> (accessed Jul. 25, 2022).
- Naton, S., Radiansah, D., & Juniaryah, H. (2020). Analisis nilai tambah dan strategi pengembangan usaha pengolahan pisang pada UMKM keripik tiga bujang di kota Pontianak. *Jurnal Sosial Ekonomi Pertanian*, 16(2), 135–148.
- Nugraha, H. S., Ariyanti, F., & Darwanto. (2004). Penerapan branding pada ukm makanan ringan di kabupaten Jepara. *Jurnal Administrasi Bisnis*, 6(1), 16–23.
- Purba, D. Y. M. (2017). Pembangunan Kampung Kue Di Rungkut Lor RT 02/05 Kelurahan Kali Rungkut, Kecamatan Rungkut Kota Surabaya. *Journal Unair*, 6(1), 60–71.
- Rosita, R. (2020). Pengaruh pandemi covid 19 terhadap UMKM Di Indonesia. *Jurnal Lentera Bisnis*, 9(2), 109. <https://doi.org/10.34127/jrlab.v9i2.380>.
- Risnawati, Wirastuti, W., Sriwanti, Fera, Surayya, Asriadi, & Indrianingsih, M. (2022). Strategi pengembangan Sumber Daya Manusia (SDM) pada UMKM Kota Palu di Era Pandemi Covid 19. *J. Ilm. Aset*, 24(1), 67–80. doi: <https://doi.org/10.37470/1.24.1.202>.
- Ruth, L. B., & Hutabarat, F. W. M. (2015). Strategi pengembangan usaha kuliner di Kota Malang Berbasis Ekonomi Kreatif. *JESP*, 7(1), 12–20.
- Susanti, E., & Oskar, D. P. (2018). Strategi branding dalam membangun ekuitas merek UMKM : Studi kasus pusat oleh-oleh Kota Padang. *Ikraith Ekonomi*, 1(2), 116–130.
- Sutrisno, E. (2021). Strategi pemulihan ekonomi pasca pandemi melalui sektor UMKM dan Pariwisata. *Jurnal Kajian Lembaga Ketahanan Nasional Republik Indonesia*, 9(1), 641–660.
- Widyastuti, M., Andreas, Aldo & Alfredo. (2020). Pengembangan pedagang kue melalui networking di Kampung Kue Rungkut Lor, Kecamatan Rungkut, Surabaya. *Abdimas Galuh: Jurnal Pengabdian Kepada Masyarakat*, 2(2), 99–108. <http://dx.doi.org/10.25157/ag.v2i2.3775>