

Research article

Recovery Strategy for Micro, Small and Medium Enterprises in the Creative Economy Sector During the COVID-19 Pandemic: A Case Study of Sengkang Silk

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Abstract.

Micro, small and medium enterprises (MSMEs), especially in the creative economy sector in Wajo Regency, have been impacted by the COVID-19 pandemic that has lasted for over a year. This study aimed to examine how MSME actors can create a new market space while maintaining valuable buyers and being able to determine prices that can compete with others. Based on this, the research team attempted to uncover a model of an MSME-led recovery strategy for the creative economy sector during the COVID-19 pandemic, with a focus on woven fabrics. The researchers analyzed the strengths and weaknesses of the industry and the opportunities and threats. Descriptive qualitative methods were used. The recovery strategy was evaluated using the five-carrier analysis method and SWOT analysis. According to the Porter's Five Forces Analysis, the COVID-19 pandemic did not fundamentally impact the entire silk fabric industry in Sengkang, but it did impact people buying the product. In addition, the results showed that artisans aggressively promoted silk fabrics with an emphasis on a market size strategy. The strategic direction provided a competitive advantage to the Sengkang silk industry, especially in the different promotions in the market space.

Keywords: recovery strategy, MSMEs, Sengkang silk industry, creative economic

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1. Introduction

Currently, people around the world are facing the COVID-19 pandemic and it has been happening for a year. It affects all sectors. At the global economic level, the COVID-19 pandemic has a direct impact on the economy of a country and has a direct impact on the existence of MSMEs, especially in Indonesia. In 2020, around 37,000 MSMEs reported being affected by the COVID-19 pandemic. Criteria for reporting MSMEs that have an impact are around 56% of companies reporting declining sales, 22% reported financial problems, 15% reported freight distribution problems, and 4% of respondents said it was difficult to get raw materials. The problems in the economic sector are exacerbated by the Large Scale Social Restrictions (PSBB) policies implemented in

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various parts of Indonesia. Referring to Minister of Health Regulation No. 9 of 2020 (INDONESIA & 2020) regarding PSBB guidelines to expedite treatment of COVID-19, the PSBB contains restrictions on certain activities of residents in areas suspected of being affected. " become infected with COVID-19, including the movement of people and/or goods within province or region/city limits. The year 2021 is momentum for economic recovery and the rise of MSMEs in particular, this recovery is supported by various economic incentives through fiscal and monetary policies to have an impact on the economy, especially the real sector.

In 2021, the Provincial Government of South Sulawesi will continue to provide assistance, training, and consultation to MSME actors so that economic development in the MSME sector can continue to be sustainable. The South Sulawesi Provincial Government will also empower MSMEs by providing facilities and rewards for successful MSMEs. Facilities include Halal certificates, PIRT certificates, trademark rights, etc. Along with the new order during this pandemic, the provincial government encourages and facilitates the birth of new business models with information technology, internet of things, the provincial government facilitates marketing through the e-commerce platform with a marketplace. Encourage and help MSMEs to master digital and facilitate digital payment systems in collaboration with Bank Indonesia. Wajo Regency is one of the regions of South Sulawesi Province

This area is one of the most attractive selling places for silk products and is often visited by entrepreneurs and silk users and especially tourists from various directions, both local, national and international tourists because the location of the Silk village is part of the Lake Tempe tourist area. So this Silk Village is used as a central area for selling silk products or a souvenir sales area. So that groups of entrepreneurs of Silk products in Kampung Sutera need to increase knowledge in Entrepreneurship Management as a creative-based area. Seeing the conditions of competition in the Silk Industry which is getting tougher. The knowledge of the silk industry players as a home industry about the importance of competitive strategies and improving the quality of the products produced needs to be increased considering that Small Business is the backbone of a village's economy. With the program developing a home industry for silk craftsmen and collaborating with the UMKM Cooperative Service and Kab. Wajo has the responsibility of assisting the home industry players of silk craftsmen to be able to compete by formulating a competitive strategy to be able to create products with low production costs, superior, unique, different and focus on creating a separate market for the businesses run by the Silk Industry players (Sumarni) [1]. The existence and existence of silk cloth as the identity of the Bugis-Sengkang community has faced

various challenges. One of the biggest challenges is the increasingly rapid flow of onslaught of trade competition in today's free market era. So the significance of the impact is very influential on the sustainability of the industry to survive and silk woven fabrics are not able to compete with other product fabrics (Jayadi) [2]

The engines of economic growth in a sustainable creative economy will always be renewable (Putri et al) [3]. The meaning of creativity in defining the creative economy is the ability to produce and create unique things so that they can be a solution to a problem or can also be defined as a different activity by doing something. Innovation and invention cannot be separated from creativity. The creative economy began to rise in Indonesia at the time when the government was trying to find ways to improve domestic products to be competitive in the global market. The five forces model is a method of analyzing the industry and developing a business strategy or competitive environment. Depending on the forces model, five elements can determine the level of competition and market attractiveness in the industry [4]. Attractiveness in this context refers to the profitability of the industry as a whole. The results after analysis will make it possible to assess whether the industry is still attractive or not.

This encourages silk products that have practical value and incorporate local cultural wisdom and reflect the local characteristics of the region. Wajo Regency has villages that have several silk business men's shops and a public market which is the center of silk sales, one of which is Mattirotappareng. Silk weavers as a plate of the creative economy can outsource and bring their silk crafts to shops, markets, and entrepreneurs to sell the silk crafts they make. Regency. Wajo has also been impacted by a pandemic that has lasted for over a year, so MSME players are required to have a competitive advantage and be able to reap the benefits of technological developments to compete and survive in all conditions. The turmoil in the business world due to the Covid-19 epidemic continues to create economic value in the context of the Covid-19 pandemic, namely the resumption of business which has an impact, particularly on MSMEs in the sector creative. Business takeover cannot be separated from the choice of the strategy chosen by commercial players, by competition by creating a market space that has no competitors through innovation that emphasizes value and cost [5]. MSME players can create new market space while maintaining valuable buyers and being able to determine prices that can compete with other competitors. On this basis, the research team attempted to uncover the model of the recovery strategy implemented by MSMEs during the COVID-19 pandemic in the creative economy sector, in particular, woven fabrics by analyzing the strengths and weaknesses of the industry and what opportunities and threats were

2. Method

The research method used in this research is the qualitative descriptive research method. Through this method, in-depth studies and observations will be carried out on various phenomena related to the MSME recovery strategy during the COVID-19 pandemic in the creative economy sector. This method is used depending on the characteristics of the research object that require attention, understanding, careful and in-depth observation based on existing theories and facts, in particular on the MSME recovery strategy during the pandemic of COVID-19 in the creative economy sector.

The city of Sengkang became the locus of research because it is an area that has developed in weaving activities and has become the center of the silk industry/trade business until now. Still maintaining the weaving tradition of developing silk activities and regarding the competitiveness strategy of the Wajo Regency silk industry during a pandemic with assistance from the UMKM and Industry Cooperatives Office. This is what needs to be developed through innovation based on the concept of a creative economy cottage industry strategy to increase the marketing of silk products during the pandemic.

The unit of analysis that is at the center of this research is the set of data, documentation, and activities related to the MSME recovery strategy during the COVID-19 pandemic in the creative economy sector. In addition, the researchers set four informants, each informant is 3 informants of SMEs perpetrators of silk craftsmen, informants and 1 informant from the relevant department to confirm data and documentation results related to how to carry out a recovery strategy for SMEs in the creative economy sector during the covid pandemic. -19. Data collection techniques used are interviews and document review. The research was conducted during the period April – July 2021.

3. Results and Discussion

3.1. Five Forces Porter

3.1.1. Industry rivalry

Competitor overview for Sengkang Silk Industry. Each craftsman of silk fabric has its characteristics in terms of the design of patterns of silk fabrics. The efforts to produce patterns of silk fabrics that match the tastes of current market trends is an illustration of the competition among other silk fabric artisans in Sengkang. The weaving industry in Sengkang in the field of cloth, silk, and non-silk sarongs has 6,116 business units with

18,510 workers. (Central Bureau of Statistics, 2019). The growth of similar industries every year, In 2011, BNI Silk Village was established to become the center of the Sengkang silk fabric trade and industry. Differentiation of raw materials for silk fabric comes from the threads produced by silkworms and is heavily dependent on mulberry growers. The cost of silk production is relatively high, the artisans are very advanced (experts) which leads many to switch to the production of printed silk instead of woven silk. (missing character).

3.1.2. Substitute Product

Based on the research results, the level of need for substitute products is not too high in Sengkang Silk Industry. The profit potential of a Sengkang silk industry is also determined by the maximum price that consumers are willing to pay. The high or the low depends on the availability of substitute goods, the original Sengkang silk product has similar substitutes, then the producer's efforts to increase the price of the silk product will cause consumers to buy substitute products, which in this case is a type of printed fabric with a silk stirrup pattern and also imitation goods from China.

3.1.3. Supplier Power

Supplier dominance level of supplier dominance in the Sengkang silk fabric industry is dominated by mulberry growers and cocoons producing silk yarn (local suppliers). Alternative Suppliers of Manufactured Silk Thread Products and Imported Silk Thread Products from India and Hong Kong. Supplier's product quality level shows local suppliers have not been able to maintain consistency in the quality of the silk products produced. The quality of the supplier's product depends on the cycle of the mulberry tree which is the main food of the silkworms producing silk threads. The level of price competition from suppliers is influenced by market demand for silk fabrics. Competition in the supplier market is always neutral, local artisans still use gedongan looms and non-mechanical looms, so production is low. Change costs depend on the supplier used, local suppliers are expensive, and imported and manufactured silk thread is cheap.

3.1.4. Threat New Entry

The capital required to open a silk business in Sengkang is relatively low, but the wages of artisans (weavers) are quite high because currently, silk weavers are limited.

Customer loyalty level, the people of South Sulawesi always use Sengkang silk during the wedding ceremony of their family or loved ones. Customer loyalty from Sengkang silk is strongly influenced by the culture or habits of the people who make the silk fabric as a fabric to be used in the wedding ceremony / bridal party. The silk entrepreneurs have access to distribution channels besides having a store in Kab. Wajo also partially opened a store in the town of Makassar. Government policy, throughout 2020, full support was provided to MSMEs through online business assistance, access to finance such as credit cards, legality facilitation for entities business and MSME operations, market access, human resource capacity building, and distribution of assistance to the President of Microenterprises (BPUM), district government Wajo begins to commit to supporting the Sengkang silk industry by enforcing the rules of daily service clothing using uniforms made from Sengkang silk fabric, The confidence of banks in Sengkang silk producers and artisans is low, resulting in capital difficulties for those involved in developing Sengkang silk. Impact of government policy, attract investors to cooperate or partner with Sengkang silk trade players.

3.1.5. Buyer Power

Buyer dominance level, Sengkang silk buyers are dominated by the people of South Sulawesi who understand the particular meanings, slogans, and motives of silk fabrics. The predominance of buyers each year is influenced by the number of wedding receptions, traditional events, and government activities. The level of clarity of product information is available in several media such as market places, market spaces, social media created by Sengkang silk trade players, and web channels of relevant ministries. Official clearance of product information from the account in each media used. Market share growth in each period, the development of the silk market of Sengkang Sengkang has spread outside the Sulawesi region as the textile industry in Java and Sumatra. Market share of buyers each year, the development of the silk market is adjusted each year to market demand

3.2. SWOT

4. Discussion

Based on the identification of Porter Five Force, it was found that the competition in Sengkang's silk industry is quite high. The presence of newcomers in the silk fabric

TABLE 1

<p>STRENGTHS The majority of the inhabitants of Wajo regency are involved in silk crafts. There is an area called Kampung BNI where sellers and artisans of silk fabrics congregate. They also carry out the process of rearing silkworms in their homes. Silk fabrics have various patterns and until now local artisans continue to create new patterns Weaving silk fabrics for the Bugis is not only a profession but a culture of local wisdom that must be preserved. The silk fabric has become the slogan and the motivation of the inhabitants of Kab. Sengkang has a special meaning The silk fabric markets outside of Sulawesi often become typical Kab souvenirs. Wajo through the Wajo Regency Government and is requested by buyers in overseas markets Silk fabric has an advantage over other fabrics, namely silk fabric has strength for decades</p>	<p>WEAKNESSES The process of making silk fabric is quite long with several stages ranging from planting mulberry trees to raising silkworms, processing silk threads, dyeing, and weaving silk fabrics. Local artisans still use the (traditional) gedongan loom Things are still not going well, the organization that brings together silk cloth traders and artisans</p>
<p>OPPORTUNITIES The Wajo regency government is starting to commit to supporting silk merchants and craftsmen by implementing service rules for wearing uniforms using silk clothes Customer loyalty to Sengkang silk fabric products The entrepreneurial spirit of the community around Wajo is to develop silk products creatively, so that local craftsmen can make innovations to create various kinds of silk products such as bags, praying clothes.</p>	<p>THREATS Artificial products with silk patterns at much cheaper prices, especially imitation products from China</p>

industry poses a threat to silk fabric artisans who have been in this trade for a long time. However, in this industry, the competition is focused on how to produce designs that appeal to customers. According to Michael Porter, the success of a business strategy has the concept of Competitive Advantage, namely specific activities carried out and developed by the company so that it is superior to its competitors [6]. In the Sengkang silk fabric industry, the number of competing business units is large, so the demand for product differentiation, in this case, is a pattern that has characteristics, values, and according to market tastes. The amount of production costs is one of the obstacles for the silk industry of Sengkang so that economic actors replace artisans (weavers) with printing machines for silk printing fabrics.

The level of demand for substitute products is low, Sengkang silk customers who are dominated by people who understand the special meaning of the silk symbol and

slogan will continue to choose Sengkang silk which is made from real silk. woven by local artisans although imitation products are cheaper. The bargaining power of suppliers is dominated by local suppliers, but alternative suppliers come from suppliers of manufactured silk yarns and imported silk yarns which offer lower prices. According to Porter, competitive advantage can be achieved by choosing a low-cost strategy (Cost leadership) that emphasizes efforts to produce standard products. However, in the silk industry of Sengkang, the strategy of low cost cannot be applied

Sengkang's silk players favor the creation of added value, namely the ability to strengthen their market share, the ability to connect with their environment [7]. In addition, Porter explains the importance of competitiveness due to the following three elements: (1) encouraging productivity and increasing autonomy, (2) increasing economic capacity, both in the context of the regional economy and the number of economic actors so that economic growth increases, (3) the conviction that the market mechanism creates more efficiency.

From the results of the SWOT analysis, it can be seen that the silk industry has a strategic role as indicated by Susatijo (2008), among other things because (1) it involves many workers, including farmers ; (2) opening up local and global business opportunities; and (3) provide opportunities to develop a popular economy in the context of MSMEs [8]. The series of upstream and downstream silk processes each year has its problems, especially more in this year with the covid 19 pandemic. In addition, human resource constraints have been greatly reduced and technology is affecting itself at every stage. of the chain involving the weaving community. groups, artisans, and entrepreneurs.

From the results of the SWOT analysis, it can be concluded that several strategies should be implemented in this industry are :

SO STRATEGIES

1. Improving HR skills for a larger market segment
2. Using human and financial resources to digitize the market
3. Applying Market leadership through customer loyalty programs mainly maintaining local wisdom

WO STRATEGIES

1. Implementing digital promotions to reach new market segments
2. Setting a reasonable selling price to increase revenue based on the uniqueness of the product

3. Maintaining the customer relationship to create a silk business image

ST STRATEGIES

1. Implementing a strategic direction using online silk products technology
2. Establishing cooperation with investors and partners Lead government policies to revive the silk trade

WT STRATEGIES

1. Improving marketing management capabilities to face competition, especially in terms of branding
2. Improving the technological skills of silk entrepreneurs

The focus of selling Wajo silk products is certainly not for the Wajo community itself, but rather focused on those who visit the Wajo region, both Indonesian and foreign tourists [9]. This is done in addition to introducing silk products outside of Wajo as well as attracting buyers outside of the Wajo area which has a larger and more promising market share. In the strategy of focusing on determining the market which guarantees the sale of the products is an obligation, the government, in this case, can direct the silk SMEs to determine the target or target for the sale of the silk products.

The growth of the silk industry, which is increasing day by day, inevitably prompts players to be more creative and innovative in formulating marketing strategies. The marketing strategy is often assimilated to the heart of the life of a company because here the actors of the silk must-see in the center of their activity. So, currently, industry players must be careful and thorough to create a resilient marketing strategy amidst intense competition in the market. The most important factor that needs to be considered by business owners in addition to human resources is a clear market segment. Silk industry players need to be able to see the right market segment for their production, the market is the most important thing that needs to be considered by business owners. The government must intervene in a positive, professional, and proportional manner in the creation of a co-marketing system for the silk industry [10]. Use high-quality resources so that the focus on marketing and production can be achieved easily. The human resource skills enhancement achieved in this strategy is aimed at ensuring that the direction of production and sales is consistent with the products being produced. The concentration strategy emphasizes the direction of the buyer's achievement target and geographic market. Every product should have a target buyer so that there is no large market. Avoid the possibility of a high risk of competition with other products by narrowing the market according to the direction of production.

5. Conclusions

The Covid 19 pandemic basically did not have an impact on the entire Silk Fabric industry in Sengkang but had an impact on people's purchasing power for the product. The quality of human resources will have a positive influence on the competitiveness of Sengkang silk weaving SMEs, this identifies that the role of human resources is needed during the process of production activities to product distribution to strengthen the competitiveness of Sengkang silk woven fabrics. Product quality is also one of the things that mark opportunities for the competitiveness of Sengkang silk weaving SMEs because most silk businesses already have quality standards that they want to produce based on orders requested by the market so that they start with valuable motifs, designs so as to create business competitiveness.

However, the advantage of silk is that it has tens of years of resistance, so customers will continue to use silk. Craftsmen intensively promote silk fabrics. By using a focus strategy, the silk industry has a competitive advantage, with a different promotion. Promotion at this time should be more intense by using the market place and market space. Entrepreneurs can conduct e-business products directly to consumers (B2C) as well as other traders or business to business (B2B)..

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