

Research Article

Challenges to the Development of Creative Economy SMEs in Banyumas Regency due to Social Distancing Policies During the COVID-19 Pandemic

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Abstract.

Using small and medium enterprises (SMEs) in the creative economy sector of Banyumas Regency, Indonesia, we map the activity of SMEs in the creative economy sector before the COVID-19 pandemic and conduct a descriptive analysis based on interviews with respondents of creative economy SMEs during the COVID-19 period in 2021. The results of this study shows the distribution of the potential for creative economic development in the Banyumas Regency area. From 2020 to 2021, the creative economy in the Banyumas area experienced shocks due to the impact of the COVID-19 pandemic. COVID-19 has reduced people's purchasing power, directly impacting the decline in business turnover. To overcome the effects of social distancing or the implementation of community activities restriction policies, creative economy entrepreneurs in Banyumas developed new products, expanded marketing methods with online media, and created new businesses to capture economic opportunities in trending community activities. The creative economy SME actors in Banyumas appreciate the importance of government assistance to protect them from the impact of the COVID-19 pandemic.

Keywords: creative economy, small and medium enterprises, social distancing policy, COVID-19

1. Introduction

The creative economy is an important economic activity. Referring to UNCTAD data, the creative industry contributed 3.4% of total world trade, with exports reaching \$424.4 billion in 2005 and showing an increasing trend (1). One of the countries that has succeeded in adopting creative economic activities into its economy is the UK. The creative economy sector in the UK has the largest share of the creative economy sector in the European Union and is relatively the largest in the world. More than 1 million

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Britanian work in the creative sector, and generating an employment rate of around 800,000 units. This sector also continues to grow in the UK (2).

In the early 1990s, sociologists, geographers, and economists in Britain and America began to explore the cultural industry, an economic sector that crosses the boundaries of the manufacturing and service sectors. The activities of these experts gave rise to the terms "creative class" and "the cultural economy in urban areas." Some experts propose that the term "cultural economy" can be measured as activity in industry. Approaches, concepts, and measures of what constitutes the creative economy, the creative class, culture industry, and culture-based work activities have been met with conflict. Some experts who oppose this consider that it is difficult to provide a consensus on the clear boundaries of the creative industry environment. Likewise, they are skeptical that the existing industry classifications are *not* sufficient to provide accurate information to identify the activities of these creative companies (3). However, as inclusive development strategies become increasingly popular, the urge to create and develop industries based on creativity is becoming more prominent.

Various definitions of the economy and creative industries have surfaced in the last two decades. The United Nation Conference on Trade and Development considers the creative industry to be an evolutionary concept of creative assets that have the potential to generate benefits for economic growth and development. A report from the Creative Nova Scotia Leadership Council states that there are seven definition models used in the economic literature (4), namely:

1. Howkins Model: Creative industries are industries that provide economic goods and services that are driven by creativity and provide economic values.
2. UK DCMS Model: The creative industry is an industry that requires creativity, skills, and potential talents to promote prosperity and increase employment.
3. The Concentric Circle Model defines economic activity, or more specifically industry, as creative activity resulting from the main creative arts in the form of sound, text, and images and exerting a wide influence on various environments.
4. WIPO copyright model: creative industries involve directly or indirectly the creation, processing, production, broadcast, and distribution of copyrighted materials.
5. UNCTAD model: creative industry is any economic activity that produces symbolic products with an emphasis on belief in intellectual property rights and to be widely marketed,

6. The NESTA model: The creative industry can be placed at the heart of the economy and place the creative process in place to drive the level of competition.
7. The Canadian Statistical Model: provides a list of creative industries and activities.

The creative industry will be directly related to the arts and culture industry. There are at least three important roles of the arts and culture industry in the creative industry; as an export industry that is closely related to tourism and recreational activities, as a key element of quality of life, and as a cluster of economic activities (5). Creative industry activities in the form of clusters will produce important linkages with other economic activities. Alliance of Creative Advantage (ACA) describes the cluster linkages as shown in Figure 1 (6).

1.1. The 2nd International Conference on Political, Social and Humanities Sciences (ICPSH)

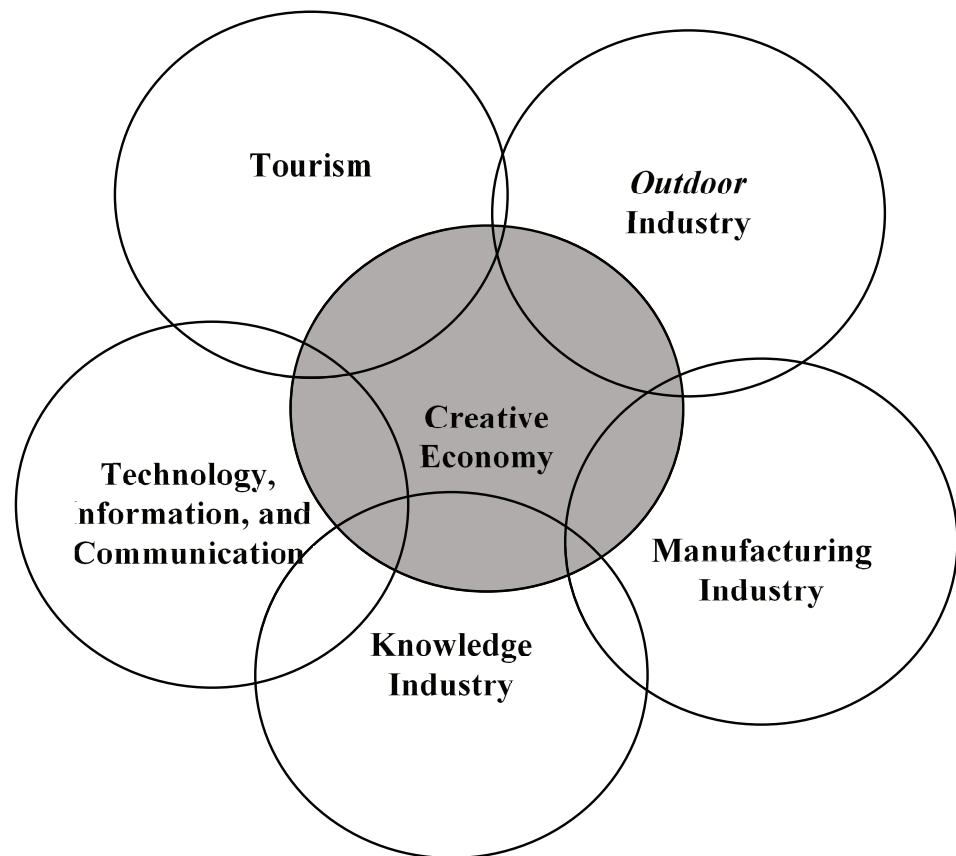
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ACA detects creative industry activities with each element of the industry in the form of synchronization with activities (6):

1. Tourism: a festival of values and cultural heritage
2. *Outdoor* industry: publication company, travel agency
3. Processing industries: design, handicrafts, and rural industrial products
4. Education industry: research programs of applied colleges and schools
5. Technology and communications industry: computers and multimedia, *games*, design

There is evidence of a link between the creative industries and the development of the tourism sector (tourism), as detected by ACA. The Michigan Department of History, Art, and Libraries also reported that 35.3 million tourists are attracted by certain artistic activities and cultural heritage factors, and these two creative activities dominate their preferences for their travel choices (7).

Previous research references used in this study for the empirical research that has been carried out in detecting the benefits of the creative industry and the accompanying policies include:



Source: ACA (Alliance for Creative Advantage), 2008

Figure 1: Creative Industry Links with Basic Industry Elements. Source: ACA (Alliance for Creative Advantage), 2008.

1. (a) America Creative Economy Coalition seeks to segment and quantify creative industries, including other creative activities in specific areas, collect creative industry activity profiles through reputable secondary data, and define creative industries inclusively in three categories: creative business services, non-profit creative groups, and independent creative businesses (i.e., self-employed) (8).
- (b) Barringer et al. carried out the calculation of the multiplier effect test (*multiplier effects*) of the activities of the arts and culture sector on the level of employment and changes in the level of wages in the United States. The results of his research show that, in the total multiplier effect, an additional unit of activity in the cultural and creative arts sector in America will result in additional employment benefits of 18,596 new jobs and drive additional new wages of \$545,590,000 (5).
- (c) Crossick detects that in many developed countries, the creative industry has a greater economic value than the construction industry, and the export value

is twice the value of the pharmaceutical industry. The creative industry also grew two times higher than the economic growth (9).

- (d) Research from the Houston Arts Alliance and the University of Houston classifies the creative industry sectors and generates a multiplier value of the creative industry towards increasing economic value and additional employment in Houston (10).

Despite extensive research on the benefits of the creative industry and the policies that support it, little research has been conducted on the conditions of SMEs in the creative economy sector during the COVID-19 pandemic. In addition, the value of the creative economy in Indonesia was still relatively low before the COVID-19 pandemic. Based on the creative industry mapping study conducted by the Ministry of Trade in 2007, the creative industry's contribution to the Indonesian economy can be distinguished based on five main indicators: gross domestic product, employment, number of companies, exports, and the impact on other sectors. In 2008, the contribution of the creative economy to GDP was 4.75% (approximately Rp170 trillion) and 7% of total exports. Creative economy growth in 2006 reached 7.3%, higher than the national economic growth of 5.6%. This economic sector is also able to absorb around 3.7 million workers, equivalent to 4.7% of the total absorption of new workers. The biggest contributions were: (1) fashion at 43.71% or equivalent to Rp45.8 trillion, (2) handicraft at 25.51% or equivalent to Rp26.7 trillion; and (3) advertising at 7.93% or equivalent to Rp8.3 trillion. The average GDP contribution of the creative industry sub-sector to the industrial sector in 2006 was 7.14%.

In addition to macroeconomic benefits, the creative industry has an important role in encouraging the economy at the community level. UNDP (2013) states that the creative economy is a development effort that places the community at its center (people-centered development) (11). This indicates that in the current era of modern economic development, it is more characterized by inclusive development, where the character and capacity of resources in the local area are the most important capital to promote prosperity. One strategy for inclusive development is to encourage creativity by making commodity products from one region distinct from those from other regions. The unique creative nature of these economic activities drives the region's competitive capabilities.

Although the government has discussed efforts to encourage the development of creative industries, its implementation in the regions is still very limited. In addition, the development of the creative economy is expected to stagnate and even decline over the last two years due to the COVID-19 pandemic. The effects of this global pandemic have hit creative economic activity in almost all countries.

Maliszewska, Mattoo, & van der Mensbrugge calculated that Global Gross Domestic Product is expected to fall by 2%, where industrialized countries will fall by 1.8% and developing countries will fall by 2.2% (12). The negative effects of the pandemic are expected to have a worse impact on people in developing countries in the future. The deeper effect is that in 2000, it was estimated that more than 1 million people died, millions of livelihoods were lost, and the crisis would leave around 130 million people living in conditions of extreme poverty if it continued (13).

COVID-19 has caused every country to close its borders to prevent further transmission. This closure is also carried out between local regions within one country. This closure has a direct impact on the tourism system, both in the global and domestic transportation systems. Various transportation activities have experienced pressure, which has caused a decrease in demand for accommodation, restaurants, meetings, conventions, art tours, and various sports activities. This activity has proven to have harmed tourism economic activities in countries where tourism was previously recognized as an important driver of the national economy (14).

Regarding the impact of COVID-19, it is necessary to conduct studies in specific areas. Banyumas Regency is the object of study in this research. In this area, there is a high potential to explore the creativity of indigenous cultures and local wisdom to produce high economic values. This study further aims to map the condition of the activity of Micro, Small and Medium Enterprises (SMEs) in the creative economy sector before the COVID-19 pandemic and then conduct a descriptive analysis based on interviews with respondents of creative economy SMEs in the COVID-19 period in 2021.

The novelty of this research is demonstrated by mapping the potential of the creative industry based on the distribution of creative industry MSME actors in Banyumas Regency, which is followed by exploring creative sector business actors regarding how their activities changed during the Covid 19 period. An important contribution of this research is to obtain an overview of the resilience of the creative industry when there is a shock from outside the business environment that was not anticipated before.

2. Method

Mapping research in the creative industry is an important condition in the initial efforts to develop the industry. Bednar and Grebenicek emphasize that the mapping of the creative industry is a crucial issue in encouraging the development of the industry. This mapping will be able to identify the needs of *stakeholders* and networks. This research conducted in the Czech Republic provides a policy to facilitate creative industry clusters

to encourage the level of competition at the regional level (15). One of the important findings from the results of mapping the creative industries was conveyed by Boix et al who conducted a study of the geographic mapping of the creative industries in four European countries. The results of this study explain that there are different profiles for each country in term of its creative industry and spatial distribution. Creative industry workers are more concentrated in certain areas. Areas highly concentrated in the creative industries include London, Paris, Madrid, Milan, Barcelona, and Rome (16).

To do the mapping, the research visualizes the mapping of the potential of the creative industry. In this analysis, the data are in the form of spatial data maps that are processed digitally and mixed with data in the form of quantitative tables of the variables used in the analysis. The term spatial data is related to a particular location which, is expressed by a geometric picture in the form of points (*points*), lines, or area units (polygons) in a plane or on a surface (17). In a more technical field of geographical study, data that shows the location of the earth's surface (such as longitude and latitude coordinates) of an object under study are spatial data (18). The result of this mapping method is a map visualization based on administrative areas according to the variable categories that have been selected in the study. The results of this mapping pattern will provide convenience for policy makers because it will be known the distribution of potential and non-potential areas in efforts to develop certain creative industries.

To conduct potential mapping, potential is divided into five categories based on two measures: economic value and development. Economic value is measured by the value of the creative industry (which is calculated from sales of creative commodities), if it is above the average in the high category, or if it is below the average in the medium or low category. For the definition of development, the measure is based on whether the value of the creative industry in an area (district) shows an increasing or decreasing development. In this study, there will be areas where the role of the creative industry cannot be traced and will be categorized as having with low economic value. Figure 2 below is a color visualization of the geographic location whose potential will be measured (14).

3. Results and Discussion

3.1. Pattern of Creative Industry Distribution in Banyumas

		Economic Value		
		Low and or unidentified	Currently	Tall
Development	Go on			
	Down			

Source: Kadarwati et al. (19)

Figure 2: Visualization of Mapping the Potential of Creative Industries.

3.1.1. SME Creative Economy Design

In Banyumas Regency, the most potential distribution areas for design SMEs are the Districts of North Purwokerto, East Purwokerto, South Purwokerto, Patikraja, Sokaraja, Kalibagor, and Somagede. Commodities related to the design business in the area include design services for *event organizers* and *wedding organizers*, interior design services, metal designs, graphic *web* designs and designs for print purposes, and designs for various *merchandise*, including fashion designs.

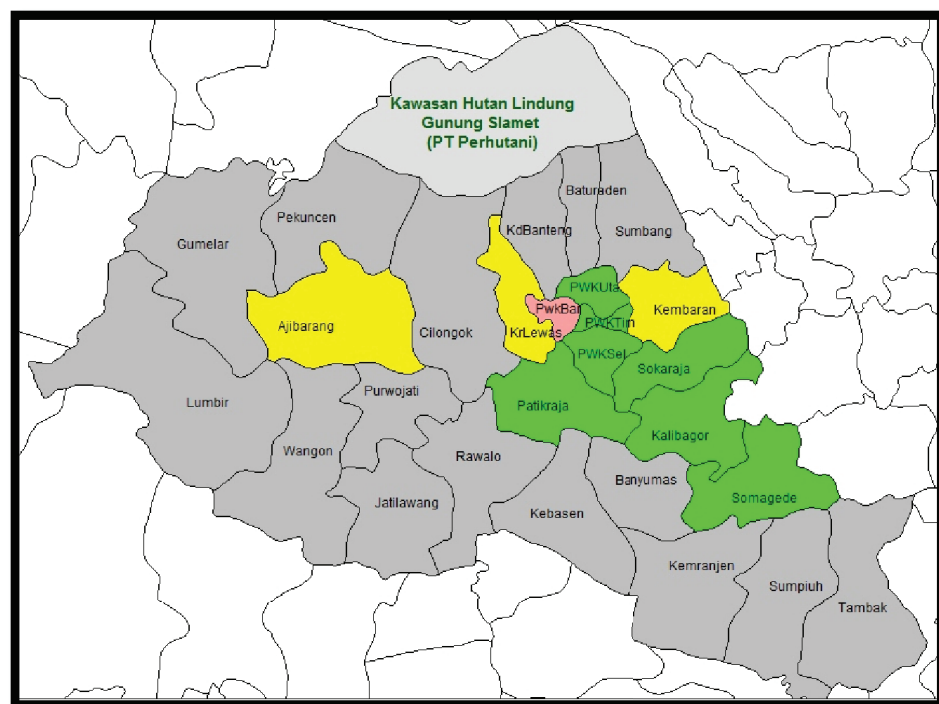


Figure 3: Visualization of Mapping the Potential of Creative Industries.

3.1.2. Fashion Creative Economy SMEs

Data mapping in the field shows that the distribution of fashion SMEs is growing rapidly in the districts of Banyumas, Kalibagor, South Purwokerto and Cilongok. The Banyumas sub-district has been known as the batik center area, while the Kalibagor sub-district is a supporting area. South Purwokerto is a major area in marketing.

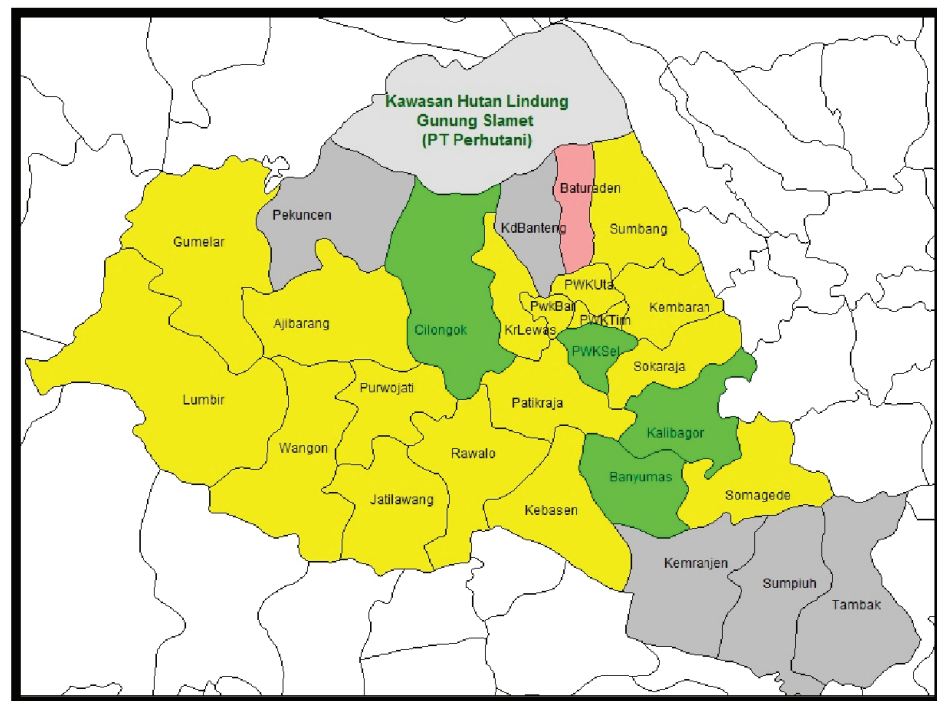


Figure 4: Potential Map of Fashion SMEs.

3.1.3. SME Creative Economy Photography and Video

In Banyumas Regency, the most developed businesses in the photography and video sub-sector are filmmaking and photography. In general, film and videomaking entrepreneurs also provide photography services. Of the total film/TV/radio/photography industries in Banyumas Regency, the areas with the main potential are in the Subdistricts of Sumbang, Cilongok, Sokaraja, and Kalibagor. The sub-districts of Wangon, Rawalo, and Kembaran are recorded as areas with small industrial values and at the same time experiencing declining development.

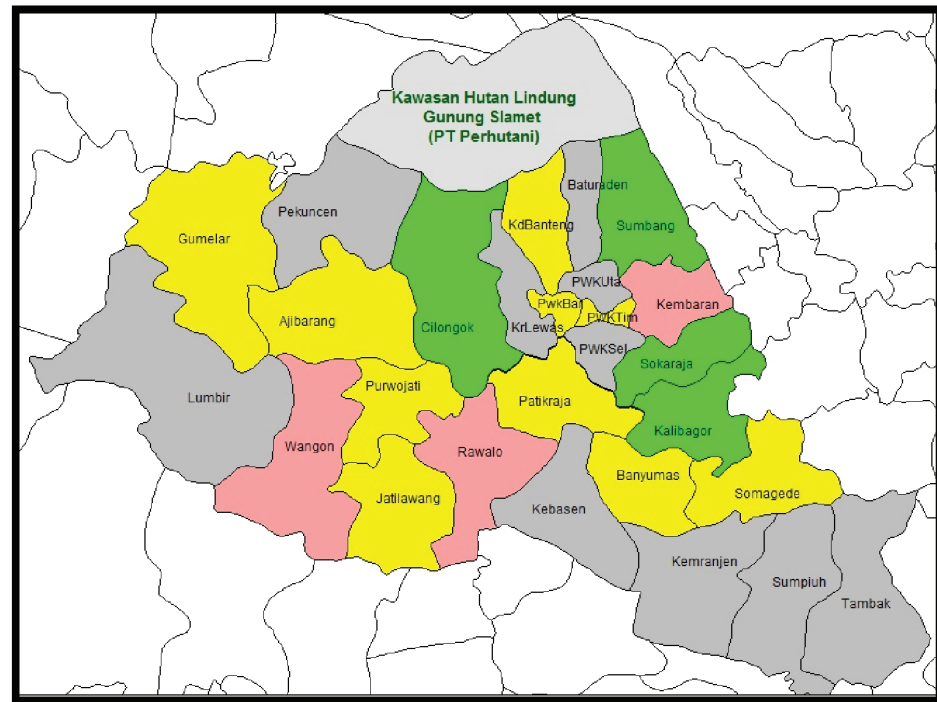


Figure 5: Photography and Video SMEs Potential Map.

3.1.4. SME Creative Economy Printing

The main areas producing printing products are in urban areas, namely North Purwokerto, East Purwokerto, Kembaran, and Sokaraja. Kembaran and East Purwokerto have relatively low contributions but show increasing potential. Other potential areas with relatively small market share are Ajibarang, Wangon, Jatilawang, Kebasen, and Banyumas sub-districts. Meanwhile, the area that shows a decline is Rawalo.

3.1.5. Craft Industry

For the handicraft industry, Banyumas has good potential. The handicraft products in this district are metal, bamboo, stone, gypsum, rubber, wood, coconut, leather, and plastic handicrafts. With most of the area located on the slopes of Mount Slamet, this district has strategic potential in handicraft products, especially handicrafts made from bamboo wood and other forest products.

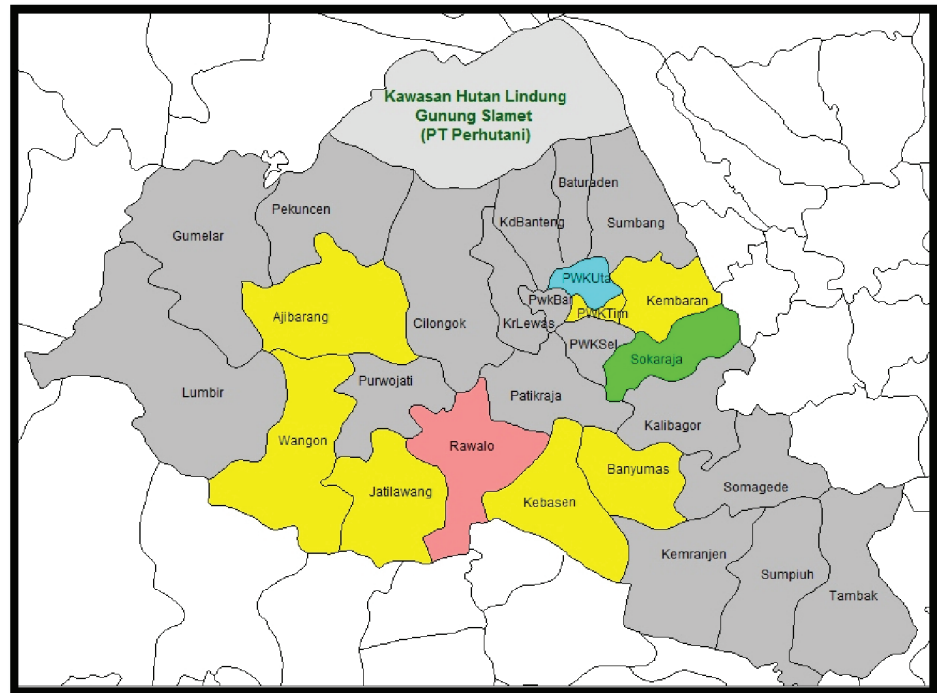


Figure 6: Map of the Potential of Printing SMEs.

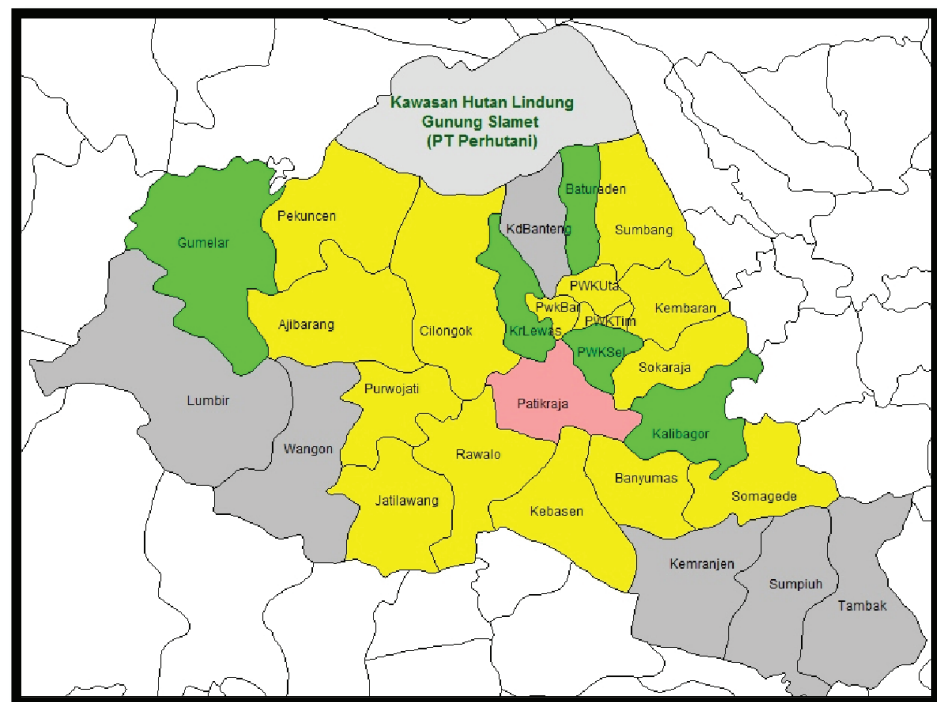


Figure 7: SMEs Potential for Craft Industry.

3.2. The Effect of COVID-19 on the Development of Creative Economy SMEs

In the study, the research team conducted interviews with several SME actors in the Banyumas district. The questions posed by the researchers included:

1. How is the impact of COVID-19 and policies the implementation of community activity restrictions (*Pemberlakuan Pembatasan Kegiatan Masyarakat* or *PPKM*) by the government on the development of your business?
2. What strategy did your business take to survive this COVID-19 Pandemic?
3. What is expected from the government to encourage SMEs in the creative economy sector?

The following are excerpts from interviews that have been successfully summarized from Creative Economy actors who became the object of this research:

4. Conclusion

There are five sub-sectors of the creative industry that need to be taken into account and that have the potential to be further developed in Banyumas Regency: the design, fashion, film and video, crafts, and publishing, and printing. Potential areas for the design industry are in the Districts of North Purwokerto, East Purwokerto, South Purwokerto, Patikraja, Sokaraja, Kalibagor, and Somagede. For the photography and video film industry category, the potential for this industrial development is in the Sub-Districts of Sumbang, Cilongok, Sokaraja, and Kalibagor. The Sokaraja area is the most appropriate location for the development of the printing industry. Meanwhile, the craft industry is most appropriate if it is developed, especially in the Districts of Gumelar, Karanglewas, Baturraden, South Purwokerto and Kalibagor.

The development of the creative economy in the Banyumas region, as experienced by other regions, has seen a declining performance due to the impact of the COVID-19 pandemic. The initial impact of the COVID-19 was a decline in purchasing power, which pushed down the turnover of business actors. However, in some specific cases, it was found that several SMEs experienced an increase in business turnover. This is because these entrepreneurs innovate new products, expand marketing methods with online media, and create new businesses to capture economic opportunities in trending community activities. In general, SME actors anticipate the importance of government

TABLE 1: The Impact of Covid 19, PPKM Policies, Survival Strategies and Expectations of Business Actors in several samples of Creative Economy SMEs.

SMEs	Impact of COVID-19 and PPKM Policy	Strategies to Survive in the Time of COVID-19	Expectations of Entrepreneurs
Fashion	The impact of PPKM on SMEs must be clear in the form of a decrease in turnover at all levels of business, although the impact will be different, especially for relatively large and medium-sized businesses. Impact for small businesses because most of them are run by mothers who help their husbands, after Covid reduced turnover, PPKM activities became another blow for business actors, especially offline sales traffic. Transactions from hundreds of millions to tens of millions.	Marketing seminars to schools to provide education for the practice of screen printing, where each person is charged a certain amount of fees and the business history is also presented, are among the marketing strategies that have been implemented.	Because it is the market that is sick, the government needs to help recover the market, by supporting SME products. This includes spending on private CSR funds for purchases of SME products.
Photography and Video	The impact of the pandemic is very clear, some jobs are canceled.	Business actors create new businesses that are needed, including serving a variety of services (for example, there are those who provide wifi installation services after observing the high need for online learning)	
Handycrafts	While creative activities that had been running well in the pre-pandemic period (including wood waste processing crafts), in the current pandemic period, all business activities have completely stopped.		
food craft	A drastic decrease in turnover of up to 80%. In some of these SMEs, in the early period of the pandemic, turnover increased at the beginning of the pandemic (for example, due to the high demand for ginger-based products). However, when PPKM demand from outside the city decreases and turnover inside the city decreases.	Create a package containing a variety of products, such as self-isolation packages (which include snacks, ginger, and <i>maryam</i> bread) that can provide positive benefits to the company Making innovations in products and packaging (e.g. a liter of ready-to-drink coffee) Online sales via some marketplaces, facebook, and instagram.	The office is expected to help SMEs by encouraging ASN to spend on SMEs. So that the government allocates funds to buy SME products.
Fashion	Business turnover has actually increased for some relatively small convection business units.	In small convection businesses, improvements are made in production and marketing, which results in increased turnover.	Order stimulation (orders, as in May 2020 with the stimulus for mask production). This policy is more useful than soft loans or direct assistance to SMEs whose value is not much.

assistance, particularly in the form of policies that encourage the purchase of creative economy SME products.

TABLE 2: The Impact of Covid 19, PPKM Policies, Survival Strategies and Expectations of Business Actors in several samples of Creative Economy SMEs.

SMEs	Impact of COVID-19 and PPKM Policy	Strategies to Survive in the Time of COVID-19	Expectations of Entrepreneurs
Printing	The need for printing has decreased drastically (e.g. for the needs of invitations, print production for weddings, etc.).	Make a tour package with a book review event, but package it in a more interesting way (e.g. sight-seeing how to make <i>Papringan</i> Batik, batik practice at the <i>Pringmas</i> gallery, seeing the making of <i>nopia</i> , visiting the oldest Indonesian "Roti Go" bakery factory, <i>jenang jacket</i> , and BRI museum).	

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Conflict of Interest

There is no conflict of interest.

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