

Research Article

Strategy for Strengthening Creative Economic Subsectors: Case Study on Culinary MSMEs Blue Beach Tanjung Bumi Bangkalan District and Lon Malang Beach Sampang District

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Abstract.

The creative economy in Bangkalan and Sampang Regencies continues to be developed. This research aims to formulate a strategy for developing the creative economy of the culinary subsector in the Tanjung Bumi Blue Beach tourist spot, Bangkalan Regency, and Lon Beach, Malang, Sampang Regency, because they act as economic drivers in Bangkalan and Sampang Regency. The method used in this research is multiple regression, with as many micro and small enterprises as possible, with as many as 152 samples. The estimation results show that capital, labor, raw materials for production, and electrical energy have a significant effect on production sold by traders. Still, the use of technology has not had a significant effect on production sold by traders. The Research results found that culinary MSMEs in the Blue Beach and Lon Malang tourist destination have not yet optimized digitalization. For example, they lack mastery of technology and have not used e-payment, so they have not been able to increase revenue.

Keywords: creative economy culinary subsector, multiple regression, technology

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1. Introduction

The creative economy is a series of economic activities that originate from the use of individual creativity, skills, and talents to create prosperity and employment opportunities by generating and exploiting the individual's creativity and inventiveness. Different from the characteristics of the industry in general, the creative economy is included in the category of industrial group which consists of various types of industry, each of which is related to the process of realizing an idea or ideas into intellectual property which has high economic value for the welfare and employment of the community and



can increase a country's economic growth (1). The creative economy is a system of production, exchange, and use of creative products.

UNCTAD defines the creative economy as a process of creation, production, and distribution of goods and services that uses creativity and intellectual capital as the main input of the production process. The creative economy production process combines knowledge, intellect, and creativity to produce goods and services as well as intangible intellectual or artistic services with creative content and providing added value (2). In Indonesia, there are 16 creative economy subsectors being developed, Presidential Regulation (Perpres) Number 72 of 2015 concerning Amendments to Presidential Decree No. 6 of 2015 concerning the Creative Economy Agency has reclassified the creative industry subsectors from 15 subsectors to 16 subsectors, namely architecture; design interior; visual communication design; product design; film, animation, and video; photography; craft; culinary; music; fashion; application and game developers; publishing; advertising; television and radio; performing Arts; and fine arts (3).

The theories used as the basis for this research are Schumpeter's innovation theory and Michael Porter's cluster model theory. Austrian economist Schumpeter emphasized that innovation is the key to economic growth (4). In the context of the creative economy, innovation occurs when new ideas are applied to products or services, creating something different and valuable to the market. Furthermore, Porter introduced the concept of economic clusters, namely the grouping of interrelated industries in a particular area. In the creative economy, creative clusters are formed from relationships between creative industry players who can share knowledge and resources, thus encouraging innovation and productivity (5).

This study analyzes the creative economy in Bangkalan Regency and Sampang Regency. This is because the two districts are close to the city of Surabaya, but economic development is still experiencing many obstacles. The economic development of these two districts requires community participation, to lead to better economic development. Therefore, it is hoped that the development of the creative economy will be able to encourage people to be creative. The creative economy reflects independence in fostering an entrepreneurial spirit. These two districts have huge creative economic potential, for example culinary. Almost all Madurese people have culinary businesses. This is a superior product that can be marketed at tourist attractions. The tourist attractions sampled in this study were Tanjung Bumi Blue Beach and Lon Malang beach.

The history of Tanjung Bumi's blue beach is that in the past this tourist attraction was a coastal area with the status of village treasury land which was used for milkfish ponds. The land in the north coast area (pantura) of Telaga Biru Village, Tanjung Bumi District, is not well maintained. Until finally it became a location for dumping rubbish and wastewater. The change in the face of Blue Beach began in 2018. Policy makers and village residents were moved to reorganize the face of this beach which actually has great potential. In the initial stage, 40–50 percent of village funds (DD) were allocated to improve the beach. Within three months, the new destination was able to generate quite a large income. This is what makes the development of Blue Beach continue. Gradually, various new rides were established.

The history of Lon Malang beach when it opened Lon Malang beach in 2017, it was not tourists who came in large numbers, but protests and constant criticism. Unmitigated, the critics are religious figures in Sokobanah District, Sampang Regency, where the beach is located. And over time, the protests and criticism reached the Sampang Regional Government which then facilitated a meeting forum to find a common solution. Three years after the problem, tourist visits to Lon Malang were one of the highest on Madura Island.

The urgency of this research can be seen academically and practically. Academically, the research results can be used as academic research results in order to encourage the advancement of the creative economy in the culinary subsector in Tanjung Bumi Blue Beach and Lon Malang Beach tourism, besides that the research results can be published in accredited national journals or accredited international journals. Practically, the results of the research will later be used as material for regional government policy recommendations, especially those related to the creative economy, therefore this study needs to be carried out further analysis. The research will later attempt to formulate a strategy for developing the creative economy in the culinary subsector.

2. Methodology

Multiple linear regression analysis is one form of linear regression analysis in which the independent variables are more than two (6). Regression analysis is an analysis that can be used to measure the effect of an independent variable on its dependent variable. The analysis model in this study can be written as follows:

$$\text{Ln}Y_i = \alpha + \beta_1 \text{Ln}L_i + \beta_2 \text{Ln}C_i + \beta_3 \text{Ln}R_i + \beta_4 \text{Ln}E_i + \beta_5 D_i + e_i, \dots \dots (1)$$

Y is the production output sold by traders, L is labor input, C is capital input, R is raw material input, E is energy input (such as electricity consumption). D is a dummy variable 1 if using technology applications and 0 has not used technology applications. e is the error term, $\ln$ is the natural logarithm, i is the number of culinary sector traders. OLS (Ordinary Least Square) is a regression method that minimizes the sum of squared errors. The parameter estimation method used is the OLS (Ordinary Least Square) method, which is to estimate the regression coefficient (β) by minimizing the error (7).

The conditions that must be met for a regression model to produce a BLUE (Best Linear Unbiased Estimator) estimate, in accordance with the Gauss-Markov Theorem (8):

- a. The regression model must be linear in parameters. This means that the relationship between the independent variable (X) and the dependent variable (Y) must be able to be explained through a linear equation. This does not mean that the relationship between X and Y must be a straight line, but the model must be linear in the regression coefficients.
- b. The expected or average value of the error term must be equal to zero.
- c. The variance of the error terms should be constant for all values of X. This is called homoscedasticity. If the variance of the error terms changes as the values of X change, then heteroscedasticity occurs, which can lead to inefficient estimation.
- d. Error terms should not be correlated with each other. That is, the value of the error term in one observation should not be influenced by the error term in another observation. If there is autocorrelation, the regression results will be inefficient.
- e. In multiple linear regression, the independent variables should not be perfectly correlated with each other. If there is perfect multicollinearity, then the model will not be able to estimate the regression coefficients uniquely.
- f. Error terms should be normally distributed, especially if the purpose of the model is to perform statistical inference, such as a t-test or an F-test. The normality assumption is important to ensure the validity of hypothesis testing.
- g. The independent variables (X) should not be correlated with the error terms (ϵ). If there is a correlation between X and ϵ , then simultaneity bias occurs, and the regression coefficient estimates are no longer unbiased.

The t-test is known as a partial test, which is to test how each independent variable individually affects the dependent variable. This test can be done by comparing the calculated t with the t table or by looking at the significance column in each calculated

t (9). This test aims to test how the partial influence of the independent variable on the dependent variable is by comparing the t table and the calculated t. Each t calculation result is then compared with the t-table obtained using an error rate of 0.01 or 0.05 or 0.1. If the calculated t is greater than the t table, then the variable x has a significant effect on the variable y.

The research locations in this study are Pantai Biru, Tanjung Bumi, Bangkalan Regency, and Pantai Lon Malang, Sampang Regency. These locations were chosen because of the high involvement of local communities and the existence of economic activities related to the beach. In addition, the natural attractions and their potential to be developed as tourist destinations, by paying attention to environmental sustainability and the welfare of the local community. The objects of research are traders around the two beaches. The purpose of focusing on traders is to analyze the use of technology to increase traders' income.

3. Result and Discussion

In the era of globalization, Micro, Small and Medium Enterprises (MSMEs) play an important role in regional economic development. MSMEs are dominant in the regional economy. Even after the economic crisis, MSMEs continue to grow from year to year (10). This also shows that medium-sized businesses can develop even in the midst of an economic crisis. MSMEs have also demonstrated the need for the economy to absorb more workers (11). The MSME sector can increase people's income because it absorbs a lot of labor. Therefore, MSMEs have an important role in reducing unemployment and poverty. Regarding the contribution and role of MSMEs, it is very important for regional government intervention to always support MSMEs so that they can be of optimal benefit (12).

The MSMEs referred to in this study are the MSMEs of the Tanjung Biru and Lon Malang coasts. MSMEs in both places have problems when it is not the weekend, because there are few visitors. The solution offered is the digitalization of MSMEs to expand market share. Therefore, the target of this study is to provide information that in order for MSMEs in these two locations to survive and develop, they need to be more creative and innovative in offering value-added culinary products than competitors do. Continuous innovation so that it remains competitive and attracts consumers and creates consumer satisfaction and loyalty. For this reason, it is necessary to have an analysis of

strengths, weaknesses, opportunities and threats (SWOT) in the culinary MSME business so that effectiveness and efficiency in marketing can be achieved.

TABLE 1: SWOT Result.

Strength • Strategic business location • Good relationship and communication between sellers and consumers, • Regional specialty food sold, • Food prices are not expensive, • Maximum service	Threat • Many competitors, • Prices of raw materials tend to increase, • Fewer visitors because tourist attractions are not well maintained, • Raw materials are non-durable goods
Opportunity • The need for food at tourist locations, • Local government policies that are pro for MSME businesses, • Good trust and relationships with consumers, • Consumer purchasing power has increased after Covid, • The era of digitalization	Weakness • Don't have a brand yet, • Limited capital, • Can't use technology yet, • Lack of promotional activities, • Lack of skills in business management

Biru Beach which is in Telaga Biru village, Tanjung Bumi District, Bangkalan Regency and Lon Malang Beach in Sampang are well known by the wider community. The reason is, these two locations are visited by many people who want a holiday and have an instagrammable concept. The success of these two locations in becoming one of the leading destinations in Bangkalan and Sampang cannot be separated from other factors. One of them is its strategic location. This means that tourists who vacation on Salt Island have many choices of destinations. The estimation results using multiple regression can be shown as follows:

TABLE 2: Multiple Regression Result.

Variable	Coef & Std. Error	Prob.	Note
Ln(Labor _{<i>i</i>})	0,34523*** (0,24422)	0,0034	Positive Significant
Ln(Capital _{<i>i</i>})	0,47891** (0,12892)	0,0378	Positive Significant
Ln(Material _{<i>3i</i>})	0,02367** (0,00899)	0,0452	Positive Significant
Ln(Electricity _{<i>4i</i>})	0,51127* (0,02345)	0,0988	Positive Significant
Dummy ICT	0,00678 (0,00899)	0,2981	Not Significant

The estimation results show that labor, capital, material, and electricity has a significant influence on output sales. The results of this study are also in line with production function theory. The estimation results show that the number of workers has a significant positive effect on MSME sales in Pantai Biru and Lon Malang. This means that labor plays a role in increasing MSME sales in Pantai Biru and Lon Malang. A coefficient of

0.34 means that an increase of 1 worker can increase sales by 0.34 percent, assuming *ceteris paribus*. This study also shows that labor elasticity is inelastic. This is because it has an elasticity value of less than one.

The estimation results show that capital has a significant effect on the sales of Pantai Biru and Lon Malang MSMEs. This means that capital also plays a role in increasing sales. The capital coefficient is 0.48, meaning that if capital increases by 1 percent, sales will increase by 0.48 percent, assuming *ceteris paribus*. The capital coefficient is the largest compared to other variables. These results mean that capital is the preferred input in running MSMEs in Pantai Biru and Lon Malang. If the amount of capital available can meet all needs in the production process, then the production process will run smoothly and will have an effect on increasing production results. If MSME actors increase the amount of capital, it will increase the amount of production (13). By increasing the amount of capital, MSME actors can add raw materials to be processed, so that the output capacity will be greater. If the amount of production increases, the profits earned by industrial entrepreneurs will also increase so that apart from being used to pay employees' salaries, it can also be used for installments to pay capital debts at banks or cooperatives (14).

The estimation results show that raw materials have a significant effect on MSME sales on the Blue Beach. The raw material coefficient is 0.02, meaning that an increase in raw materials by 1 percent will increase sales by 0.02 percent, assuming *ceteris paribus*. This means that raw materials are fundamental things that must be prepared before production starts. Raw materials are called fundamental because the size of the raw materials determines the amount of industrial output produced so that the supply of raw materials has a very important role for the industry, although there are other factors that are important, the supply of raw materials will greatly influence the implementation of the production process, so that raw materials standards need to receive great attention from industry. Professionalism and good management in organizing existing raw materials is a must to achieve this. Raw materials are influenced by estimates of fluctuations in raw material prices, government regulations regarding material supplies, and the rate at which materials become damaged or decrease in quality (15). Efforts to extract and collect raw materials are closely related to the location of the source of the raw materials. Efforts to process raw materials must take into account the content of raw material sources and the market share of the results of MSME activities. So MSMEs must take into account locations that support all materials and processes for MSME activities to take place.

The estimation results show that electricity consumption has a significant effect on MSME sales in Pantai Biru and Lon Malang. Electrical energy has a positive coefficient. The need for electrical energy in Pantai Biru absolutely must be met, because electrical energy is one of the main factors in the production process, so that electrical energy has a positive impact on the sales of MSMEs in Pantai Biru and Lon Malang. MSME policies regarding electricity consumption are very important to support the production process. Every production process must consume sufficient electricity, the electrical power used must be adjusted to the needs to a certain level so that the output produced is efficient and optimal.

The estimation results show that the ICT dummy did not have a significant effect on the sales of Pantai Biru and Lon Malang MSMEs. This means that ICT developments have not been optimized to support sales. There are three main challenges related to Digital Transformation for MSMEs in Pantai Biru and Lon Malang. The first challenge that often prevents MSMEs from going digital is limited ability and knowledge in utilizing technology and digital platforms. MSMEs generally don't know how to download applications for selling, upload information and photos related to their products on e-commerce sites, and maximize the variety of features offered by online sites. To overcome these problems, business actors must learn in stages. This learning process can be done starting from joining the MSME community, looking for a mentor, to taking part in various online classes or webinars. The second challenge is that when carrying out digital transformation, MSMEs are often confused about which platform they should use to reach a wider range of consumers. However, before determining the digital platform to use, business actors must first determine their target consumers, starting from gender, age, location, habits, to consumer income. This information can help MSMEs determine the digital platforms they want to use, such as email, telephone, blogs or social media. The third challenge, namely digital marketing strategy or digital marketing, is also one of the challenges that MSMEs must face in their transformation journey. In fact, if business actors already have more knowledge about technology and have determined the digital platform to use according to their consumer persona, it will be easier for them to determine marketing strategies.

Policy recommendations to improve digital marketing for coastal traders, aimed at maximizing local economic potential through digital marketing:

1. **Digital Marketing Training Program:** Local governments and related institutions can hold training on digital marketing, including how to use social media (Instagram,

Facebook, TikTok), SEO (Search Engine Optimization), and digital advertising (Google Ads, Facebook Ads).

2. **Business assistance:** In addition to technical training, direct assistance can be provided to local traders in building and developing their digital platforms, such as website creation, use of e-commerce, and online branding strategies.

3. **Improved Internet Access:** Ensure stable and fast internet access around the coast. The government can work with telecommunications companies to strengthen the internet network in coastal areas, so that traders can run digital marketing activities smoothly.

4. Conclusion

The creative economy in Bangkalan and Sampang Regencies continues to be developed. This research aims to formulate a strategy for developing the creative economy of the culinary subsector in the Tanjung Bumi Blue Beach tourist spot, Bangkalan Regency, and Lon Beach, Malang, Sampang Regency, because they act as economic drivers in Bangkalan and Sampang Regency. The estimation results show that labor, capital, material, and electricity has a significant influence on output sales. The estimation results show that the ICT dummy did not have a significant effect on the sales of Pantai Biru and Lon Malang MSMEs. This means that ICT developments have not been optimized to support sales. There are three main challenges related to Digital Transformation for MSMEs in Pantai Biru and Lon Malang. The first challenge that often prevents MSMEs from going digital is limited ability and knowledge in utilizing technology and digital platforms.

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