

Village Creative Economy Development

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ABSTRACT

The objectives of this study are: 1) To identify the potential for creative economy that can be developed in Rowotengah Village. 2) To explore the methods of building and developing a creative economy in the village. 3) To understand the ways of fostering a mindset among the community as participants in the creative economy based on the village's potential. Qualitative research using a phenomenological approach, including observation, interviews, and documentation, was conducted to analyze the data, ensuring validity through source triangulation. Rowotengah Village has the potential to develop at least six businesses in the creative economy, with the most prominent being the export-based root wood-based furniture industry. To build a creative economy in the village, it is essential to foster a strong work ethic among business owners, promote their businesses through various channels, establish partnerships, and focus on personal capital development. However, the lack of a supportive government involvement and challenges such as limited literacy, inadequate education, reluctance to deal with bureaucracy, and high costs hinder the formation of a creative mindset among entrepreneurs in Rowotengah.

Keywords : Economy, Potential, Recognizing, Village Creative Economy

1. INTRODUCTION

The economic potential of rural villages has distinct characteristics and uniqueness. Understanding these differences is crucial in developing them as the foundation of people's economy. The varying economic potentials of villages should be complemented by a diverse range of community businesses, supported by government policies and different strategic approaches. The expected future implication is the creation of survival strategies for villages to compete globally in the era of the ASEAN Economic Community (MEA). A strategic framework for business and policy strengthening should be built based on the village's own economic potential, considering the dynamics of the global economy.

Empirical evidence shows that many villages lack awareness of their economic potential. Furthermore, many villages undermine their economic potential by neglecting relevant data on their economic potential and local economic activities. Rowotengah Village, located in Sumberbaru Sub-District, Jember Regency, bordering Lumajang Regency, also lacks detailed data on its economic potential. As a predominantly agrarian village, it lacks economic data on its agricultural activities. For instance, the village has not determined the annual production of paddy or rice. Similarly, the annual rice consumption is unknown, making it difficult to devise strategies for production control and market development. Additionally, the village, known as the largest milk supplier in Jember Regency, lacks information on its annual milk production. Similarly, the economic potential of orange, banana, cassava, fish, eggs, and livestock production remains unknown. Without knowledge of the economic potential, it becomes challenging to develop the community's economy through the creative industry.

The economic potential of villages can vary depending on the natural resources and human capital they possess (Mukhirto & Fathoni, 2022). One common economic potential found in Indonesia is the creative economy, where villages have the potential for creative economic development (Sartika et al., 2022), such as film production, music, graphic design, and more (Pahlevi, 2017). This potential can be developed through training and support from the government or non-governmental organizations (Ridwan & Surya, 2018).

The creative industry, as a model of the creative economy (Sari et al., 2020), is currently thriving. The vitality of the creative economy in both rural and urban communities should be recognized and interpreted as a potential for strengthening national economic resilience (Syahbudi & MA, 2021). This means that strengthening the rural economy serves as a defense for the national economy. Therefore, identifying the economic potential of villages, empowering rural communities, and developing various village-based businesses should be initiated and carried out (Purnomo, 2016). The same applies to Rowotengah Village. The form of the creative economy in Rowotengah Village can be explored and developed through its existing economic potential. The potential of the rural community's economy can be transformed and developed into a creative economy by leveraging the scanning and utilization of the village's own potential.

Rowotengah is a village with the highest agricultural production in Sumberbaru Sub-District. Based on a research conducted in 2017, Rowotengah Village produces 11,699 tons of rice per year from a cultivated land area of 1,827 hectares (Masruroh & Parmono, 2018, p. 10). The agricultural potential is the most significant potential in Rowotengah Village, but it has not been creatively managed by its residents, resulting in an inability to economically empower them from the agricultural potential.

According to an interview with M. Masrur, in addition to rice farming, Rowotengah Village also produces oranges. The famous orange variety from Jember is Semboro Orange, even though there were only three orange farmers

in Semboro Sub-District in 2015 with a few plots of land. The oranges from Rowotengah or Sumberbaru Sub-District are not recognized by the market, even though they are actually from Rowotengah Village. The orange farmers in Rowotengah Village only sell their produce through harvesting or leasing systems, thus they do not benefit economically from their oranges. The productivity and value of orange farming could be increased if the residents of Rowotengah Village were able to be creative and innovative in turning the oranges into packaged orange juice and similar products. However, this opportunity has not been seized by the orange farmers in Rowotengah Village (Nikmatul Masruroh & Parnomo, 2018).

However, the existing businesses have not been maximally managed. There is a need for maximum efforts focused on adding more value to the production outcomes. For example, the furniture production in Rowotengah Village has penetrated the global market. The unique production of furniture made from roots and tree trunks, with artistic touches, has become an export commodity to Austria and Singapore. After completing their production, the furniture makers post their products on social media while waiting for buyers. The imaginative artistic designs with natural reliefs make the furniture from Rowotengah Village sell quickly in the global market. However, the exporter is a different party from outside Jember. The simple reason why the furniture craftsmen in Rowotengah Village do not export themselves is that they lack knowledge about the technicalities and administrative requirements of being an exporter.

The fate of tempe production in Rowotengah Village is also similar. The production of tempe reaches 2 to 2.5 tons per week, but it has not been developed into various processed products made from tempe, such as tempeh chips, tempeh nuggets, and other types of processed products. However, the difference in the sales value between raw tempe and processed tempe-based products can be three times higher. Processed products made from tempe, once they have obtained the necessary permits, business licenses, and are properly packaged, can target markets beyond Jember and even become export commodities. However, once again, this has not been implemented and remains as potential in the economic development of Rowotengah Village.

Certainly, there are many creative economic potentials in Rowotengah Village that are still unknown to the community and stakeholders of the village. The lack of awareness among the community does not mean that they are completely unaware of the existence of economic potentials. It is just that, because they are already preoccupied with the daily phenomena of their village, they do not consider the potential for creative economy that can be developed. There are many other creative economic potentials in Rowotengah Village, such as tape (fermented cassava) that can be processed into pia tape or proll tape, fish-based abon (shredded meat) or crackers, banana jam or chips, cassava chips, packaged beverages made from temulawak (Java ginger) and turmeric, packaged orange juice, and so on.

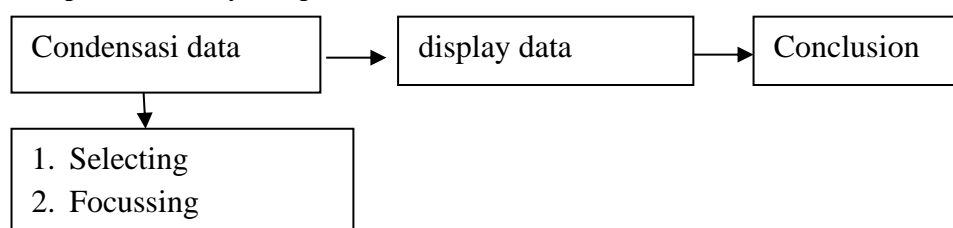
However, based on research observations, some creative economies that have started to be developed include the furniture industry that has expanded to the Netherlands. This has implications for employment and income generation for the surrounding community. In terms of employment, Arman Dani and his sister Lidya's furniture industry has employed 25 workers from the Sadengan hamlet. Initially, they used to work abroad, but after the establishment of the furniture industry, they chose not to go abroad. The salaries they receive vary based on the type of work, ranging from a minimum of Rp.750,000 to a maximum of Rp.2,500,000. This means that every industry in the village has a positive impact on the economic livelihood of the surrounding community. There has been an increase in per capita income from Rp.2,012,725 in 2017 to Rp.2,776,578 in 2018. However, until now, the creative economic potential in Rowotengah Village has not been thoroughly mapped out.

To explore the creative economic potential of Rowotengah Village, research work is needed. This research should aim to screen the various types of creative economic potentials that can be developed and made competitive. It requires a comprehensive study of the locality of Rowotengah Village while considering the dynamics of the national, regional, and international economy. The objectives of this research are as follows: 1) To identify the creative economic potentials that can be developed in Rowotengah Village. 2) To understand how to build and develop the creative economy in the village. And 3) To determine how to cultivate a mindset among the community as creative economic actors based on the village's potentials.

2. METOD

This research employs a qualitative approach, which aims to depict the actual condition of the research subjects. The perspective used in this qualitative research is an "emic perspective." "Emic" refers to the natural perspective of the research subjects or the existing societal conditions, meaning that the researcher should not intervene or impose justifications on the existing cases. The research design used in this study is phenomenology. Phenomenology is a type of research that aims to uncover or describe the social consciousness, collective consciousness of a community or society, which is the ethnoscience of that community. In addition to exploring the forms of creative economy being developed, this research will also reveal the extent of Rowotengah community's awareness of the presence of creative economy in their environment. By tracing the phenomenon of various creative industries present in the village, the study seeks to determine whether the village community, with all its intricacies, has achieved self-reliance or not. Rowotengah Village is chosen as the research object due to its abundant natural resources compared to other villages in Sumberbaru District. It is situated in a lowland area and has significant natural potential. The researcher also utilizes purposive sampling technique to select the criteria of informants. There are several data collection techniques that will be employed in this research, including observation, interviews, and documentation. Since this study adopts a qualitative research method, the analysis will be conducted using non-statistical analysis as the obtained data are descriptive or textual in nature.

Figure 1: Data analysis stages.



3. RESULTS AND DISCUSSION

3.1 Creative Economy Potential That Can Be Developed in Rowotengah Village

The flagship industry in Rowotengah Village is tempe, with a total of 38 businesses engaged in its production. Rowotengah is a major contributor to the renowned product of Sumberbaru District, which is tempe. From these businesses, the researcher only selected those that engage in self-production, meaning they transform raw materials into finished goods and then market them. In this regard, the researcher selected two tofu industries, one tempe industry, a furniture industry, a brown sugar industry, and a dry cake industry. Among these industries, all of them have the potential to become creative industries as they possess significant market opportunities. Particularly, the furniture industry, specifically root wood furniture, already has an export market. Here is a summary profile of the six industries:

Table 1: Industry Profiles.

No	Name of Industry	Owners	Year	Labour	Raw Material	Amount of production
1	Tahu	Ivan	2006	1	Soya bean average 20 kg	Uncalculated
2	Tahu merk 717	Joko Suroso	2017	2	Soya bean rata-rata perhari 50kg	Uncalculated, directly calculate revenues and profits
3	Tempe	Sirati	1996	2	Soya bean 100 kg	Uncalculated, directly calculate revenues and profits
4	Meubel Kayu Akar (CV. Cahaya Abadi)	Lidya	1995	10	Root Wood	at least twenty every month
5	Gula Merah	Edi Purwanto	2016	1	20 liter – 30 liter coconut essent	directly calculate revenues and profits
6	pastry (UD Amanda)	Liza Ulfatul Jahroh	2015	2	flour	directly calculate revenues and profits

Source: Adapted from interview and observation results.

Based on the above data, it can be observed that the furniture industry, specifically the root wood furniture, has the largest scale of economy. This business is able to employ up to 10 permanent workers. According to the interview with Arman Dani, the manager, these 10 employees have permanent positions, while there are around 20 non-permanent employees who work on tasks such as wood cutting and transportation, especially during periods of high demand. Other industries can also be developed as part of the creative economy, as long as they can expand their scale of economy. Therefore, it can be concluded that the potential for creative economy development in Rowotengah includes culinary creative industries and creative industries related to artificial intelligence in the field of art, specifically root wood.

3.2 How to Build and Develop a Creative Economy in Rowotengah Village

After discussing the potential creative industries in Rowotengah, the researcher presents efforts to build and develop the businesses pursued, making them a strategic survival in economic resilience. As it is widely known, economic resilience can be shaken at any time, making the creativity of the people essential to support the Indonesian economy.

The researcher conducted interviews with various parties, including one interview aimed at building a business with minimal resources. Edi Purwanto, who recognized the opportunity in the business, shared his experience: "I don't have capital, and I don't have a rice field, so my only asset is my limited ability. I used to work as a farm laborer for others, and it had its pros and cons. It was very dependent on others. Eventually, I thought about what kind of business could be easy and not require much capital. That's when I came up with the idea of making palm sugar, as there was no one doing it in Rowotengah. Usually, it comes from Lumajang. I could extract the sap and turn it into palm sugar."

The results of the above interview indicate that the businesses established by these individuals originated from their own ideas, based on market conditions and observations on social media. This means that even though these businesses started from scratch with minimal capital, they were able to thrive thanks to their creativity. Therefore, a source of inspiration is crucial in building new businesses, especially in rural areas.

Once these businesses are established, the most important aspect is how to further develop them. Through further interviews, it was found that Ivan and Joko's tofu businesses, as well as Sirati's tempeh business, have been developed through partnerships with local food stalls, market vendors, and mobile traders. They no longer need to actively sell their products door-to-door; instead, they receive orders via WhatsApp.

"In the past, I used to go around myself, from one alley to another, from one house to another, carrying my merchandise. But, Alhamdulillah, now I just need to stay at home, and people come to pick up their orders. It's important to win the hearts of customers, especially mothers, as they are the ones who buy tofu the most," shared one of the entrepreneurs.

Based on the above interview results, it can be concluded that the method of developing the creative industry in Rowotengah village involves utilizing partnership models, personal selling in marketing, and promotional strategies. However, these patterns are developed and initiated by the entrepreneurs themselves. Therefore, the way of developing the industry still tends to be time-consuming and relatively simple.

3.3 How to Build a Community Mindset as Village Potential-Based Creative Economy Actors

The business owners mentioned above, except for Lidya's wood root furniture business, are not fully aware of the huge economic potential of their endeavors. They lack a proper understanding of business concepts, especially since most of them have only completed primary or junior high school education. They perceive their businesses as daily livelihoods and do not make efforts to expand or compete effectively. This can be observed from the products they produce, such as Liza's traditional cakes (kue ladrang), which still lack the necessary permits, despite having a brand.

"I didn't know that businesses needed permits. If you didn't tell me, I wouldn't have known. I named my business Amanda, so it's easily recognizable by customers. I only recently gave it a name because I received an order from outside the village. So, I created a name like that."

However, this reality cannot be denied or concealed when people lack knowledge about how to properly develop their businesses. In contrast to the statement above, Sirati states that her food stall business still does not have a brand or permit. She believes that obtaining permits is difficult, and one of her friends told her that acquiring a business permit requires a large amount of capital. Instead of dealing with the hassle of obtaining permits, she prefers to save her profits or use them for her son's education.

Sirati's statement is in line with what Lidya mentioned:

"I have the SIUP (Trade Business License) and NPWP (Tax Identification Number), but they are for small-scale furniture businesses. There is no need for a large-scale business permit. It's a hassle, sister, and if I get a large-scale permit, the taxes will be high. I don't want to deal with high taxes, so it's better to stay like this. Selling products abroad brings in more profits, but the taxes are lower. As for obtaining the wood root, I need permission from the local village, but the process is not complicated. It's just a bit difficult to find the wood."

Ivan and Joko also expressed similar views, believing that since their businesses are small, there is no need to obtain a business permit. Additionally, they imagine the difficulties in dealing with business permits, based on the experiences shared by their more experienced friends.

The mindset of these business owners certainly impacts the business competition they engage in. Upon analysis, Ivan's tofu business and Joko's business can only compete at the local level. They may sell their products beyond their area, but only as raw materials. Similarly, Sirati's tempeh business is limited to the local market, with a few customers from other villages, but not in large quantities. The same goes for the palm sugar business, which is mainly focused on the Batu Urip Market. The situation is similar for Liza's traditional cookies, which have started to gain recognition regionally but lack knowledge of actual business development. Here are the results of the interview with Liza, when the researcher asked about her desire to expand the business on a larger scale.

I really want to have a large business, but I'm confused about how to start it. And then, how do I manage it? I don't even know how to handle permits. So, I'll just start working on it, and hopefully, the business will grow on its own. If there's someone who can provide training or insights, that would be great. Then I can understand how to do business.

These two statements differ from Lidya, who already has an export-based industry. Here's Lidya's statement:

"I'm satisfied with what I have now. Exporting on my own is not possible. Containers cannot enter this area, and the container costs are also expensive. Moreover, the risks are too high. So, I'll just enjoy what I have. It's like this, and I'm grateful that I can help unemployed neighbors and relatives. Through this, I have acquired many assets and even fulfilled my parents' and relatives' pilgrimage dreams. I hope everything continues to go smoothly."

Lidya has a different mindset. She no longer desires to expand her business further. Instead, she is content with operating within a certain scale and being a supplier, without the need to become an exporter. This mindset contrasts with Edi, Joko, and Ivan, who strongly desire to grow their businesses but lack the capital to do so. They are

afraid of the risks associated with borrowing money from banks, so they continue to develop their businesses with whatever capital they have.

The business owners in Rowotengah lack the mindset of creative economy actors. This is influenced by several factors. Firstly, they lack knowledge about business licensing and the importance of partnerships and collaborations. Secondly, they prefer not to deal with bureaucratic matters. Thirdly, they have limited financial resources and a minimal understanding of financial inclusion.

4. CONCLUSION

In the compilation of this work, the following conclusions can be drawn: Firstly, the creative economy in the village of Rowotengah has the potential to be developed, with at least six businesses, but the most prominent one is the wood root-based furniture business, which has already established an export base. Secondly, the development of the creative economy in the village of Rowotengah relies on individual businesses and the work ethics of each business owner. It can be achieved through various strategies such as promotion, personal selling, partnership models, and personal capital development. Thirdly, the entrepreneurial mindset of the creative economy actors in Rowotengah is not yet fully formed due to factors such as low literacy levels, inadequate education, aversion to dealing with bureaucracy, and high costs. Fourthly, there is currently no government involvement in the development of the creative economy in the village of Rowotengah.

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