

# The Effect of Local Wisdom Values in Micro Enterprises Based on Creative Economic toward Their Competitiveness

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**Abstract**—Micro-enterprises are one of the sectors that contribute the most to national income. But in its implementation micro businesses often have difficulties, especially in terms of competition. Creative economy is one of the choices for micro-businesses to collaborate to create something of value sale. Cirebon is an area that has a very high value of local wisdom. The value of this local wisdom enters all elements of life and also micro-businesses based on creative economy too. The purpose of this study was to find out and provide an overview of the influence of local wisdom values in creative economy-based micro-enterprises on the competitiveness in Cirebon region. This study uses quantitative research with simple random sampling with a total sample of 87 respondents in the culinary, craft, tourism, and performing arts sectors in the Cirebon region. Data analysis techniques used are descriptive statistics and inferential statistics. The results of this study indicate that there is effect of local wisdom values in creative economy-based micro-enterprises on the competitiveness of micro-business in the Cirebon region, the effect of values Local wisdom in micro-economy based on creative economy on the competitiveness of micro-enterprises is 59.3% and the remaining 40.7% is influenced by other factors.

**Keywords**—values of local wisdom; micro-business; micro-enterprises; creative economy; competitiveness

## I. INTRODUCTION

Micro Business is one of the actors of economic activity which is predicted to face many competition challenges, it happens because micro businesses do not have the power when faced with increasingly competitive competition. Because usually micro-businesses are based on a simple economy and are carried out by the activities of the home sector that have no power in terms of capital and technology. In general, there are also limits to development of services through business associations, although there is strong variation between businesses by sector, location and size [1].

Whereas in terms of numbers, micro businesses continue to grow and increase. If taken into account on a macro basis, the large number of micro-enterprises is actually a significant contribution to the GDP of a country. Therefore, this sector needs to get attention, various programs are carried out to grow the micro sector so that this sector is more productive. But still the problem is competition that cannot be avoided.

TABLE I. COMPARISON OF DATA ON MICRO, SMALL AND MEDIUM ENTERPRISES [2].

Activity Sector	2015		2016		2017	
	Labor	Business Unit (Unit)	Labor	Business Unit (Unit)	Labor	Business Unit (Unit)
Micro business	102,859,517	56,900,000	105,797,452	57,787,000	108,235,236	58,934,000
Small business	6,425,970	947,730	6,779,384	1,136,079	7,021,566	1,431,788
Medium Business	5,109,056	52,270	4,256,210	54,721	5,123,679	58,164
amount	114,124,543	57,900.00	116,833,046	58,977,800	120,380,481	60,432,952

Problems in the development of micro enterprises continue to occur in each period, despite the company's emphases on efficiency, flexibility, and freedom from the physical office, freelancers face significant trade-offs in undertaking such work, notably its infrequency, barriers to high wages, and intense global competition [3]. One alternative that can be done in business activities in order to develop is to merge with the concept of creative economy, creative economy is an alternative solution to economic problems and can be a trigger for regional competitiveness [4].

Creative economy is an economic activity that is based on the use of creativity, skills, imagination, and talent in creating a product, so that the products produced are of high selling power. Through creative economy economic activities that usually exploit the availability of natural resources will change towards the exploration of human resources as one of the factors of production that will never run out. Creative economy relies on the development of human resources as economic actors who have creativity and imagination that will add to the economic value of a product. Creative economy is an answer to

the saturation of economic activity that usually occurs. Through creative economic activities, micro businesses will be able to become more productive and innovative.

The Cirebon region is one of the areas that has the potential to be used as an economic market, in this region also has many micro businesses that arise as a result of its demographic and strategic position, this region is located on the north coast of Java which is known as the pantura line that connects Jakarta-Cirebon-Semarang-Surabaya Economic development in Cirebon is influenced by its strategic geographical location and the superiority of the characteristics of natural resources. Cirebon is a city full of many cultural values embedded in the wisdom values which can be seen from the personality and daily life of the Cirebon people.

The number of micro businesses in the Cirebon region is very large. Various efforts are needed to develop the economic sector of Cirebon in order to have good competitiveness. Cooperation from related parties is needed. Can be illustrated that is a way of strengthening its leverages on economic sectors and rehabilitating the nation's long-lasting political economy between the government and several conglomerates, while the notion of "creativity" and creative workers become a sub-discourse of this interpretation [5].

The government must provide its support, especially in terms of making regulations, entrepreneurship policy at the regional level is multidimensional, with policies broadly ranging from those that are either economically or socially driven. Although there is a considerable policy activity in these areas across less competitive regions, enterprise policy making remains relatively undifferentiated across the regions [6].

Based on research conducted by the New England Foundation of the Arts (NEFA) mentioning that the creative economy is based on culture carried out in a community [7]. Therefore, micro businesses in the Cirebon region have a huge opportunity in creating a product that is in demand by the market, because it has the potential of the characteristics of typical natural resources combined with the values of local wisdom that comes from a very high culture. The values of local wisdom that are very dominant felt in Cirebon can be used as an additional capital for economic activities, the capital is used as an addition to product characteristics in terms of characteristics, identity, character, and distinguishing advantages of similar products.

Based on the description above and based on previous research conducted by the New England Foundation of the Arts (NEFA), as well as previous relevant research, the authors compile a research with the theme: "The Impact of Acculturation of Local Wisdom Values in the Development of Creative Economy-Based Micro Business as a Form of Identity Advantages Products for Increasing Competitiveness in the Economic Industry "

#### *A. Local Wisdom and Creative Economy in Competitiveness of Micro Enterprises*

Local wisdom is one of Indonesia's existing and developed cultural heritages in traditional communities that results from

the habits of local communities as a system in the social, political, cultural, economic, and environmental settings that live in the local communities. The characteristics inherent in local wisdom are its dynamic, sustainable nature and can be accepted by its group. In local community groups, local wisdom is tangible in the form of a set of rules, knowledge, skills and values and ethics that govern the social fabric of society that continues to live and develop from generation to generation. This local community group lives, grows, and deals with social, political, cultural, economic and environmental problems. Local wisdom is a variety of forms of wisdom that exist in certain regions, used for generations as a means to realize social stability." This view shows that this local wisdom emphasizes wisdom to organize social life derived from noble cultural values based on rules and values that have long been applied sustainably in community life [8].

Local wisdom is the identity or cultural personality of a nation that causes the nation to be able to absorb, even manage the culture that comes from other nations into its own character and ability." This opinion can be interpreted as local wisdom related to a person in a place that has a wise nature in carrying out life [9].

The characteristics of local wisdom in each region are diverse and have different characteristics, in accordance with the state of the natural environment and the nature of the local community who carry out the values of local wisdom. The characteristics of local wisdom can also be used as a regional identity in activities in various fields including economics, especially micro-enterprises. Local wisdom makes competitiveness for micro business products because they provide identity as a selling power that is able to distinguish from others.

The last few years in the economic field have emerged the term creative economy. This concept seems to emerge as a new force in the activities of micro, small and medium enterprises. Creative economy can contribute significantly to economic activities. The creative economy or also called the creative industry is a science-based economic activity with the dimension of developing cross-sectoral relations both macro and micro level in overall economic activity. Creative economy is also a new economic era that focuses information and creativity by relying on ideas and thoughts that originate from society as the main production factor in creative economic activities.

A concept to realize sustainable economic development based on creative, as well as the use of resources that are not only renewable, even unlimited, namely ideas, ideas, talents and creativity [10]. Creative industries have a very important role in Indonesia, including creating job opportunities, entrepreneurial development, economic growth, export growth, development of a number of sectors, and regional development [11]. It means that the creative industry or creative economy is a business sector that has benefits or roles for the development of the country's economy including Indonesia.

Based on this theory, it was identified that the creative economy is an economic activity both in the field of trade or services derived from the ideas and skills of a person or group in carrying out economic activities through the utilization of

natural resources and human resources as well as other supporting factors that have added value in the form of innovation and creativity and results are able to have a positive impact on the development of the economy, including in the Cirebon region

## II. RESEARCH METHODS

The subject of this study is a micro economy based on creative economy focused on 4 micro business sectors: Culinary, Handicraft, Tourism, and Performing Arts. The population amounted to 604 businesses, all subjects were in the Cirebon area. The method used in this study is a survey explanatory method, with data collection techniques using questionnaires, documentation, and literature studies. The sample was determined by 87 respondents with the following sampling technique.

TABLE II. RESEARCH SAMPLE DISTRIBUTION DATA

No.	Business Sector	Sample Object	Amount	Total
1	Culinary	Empal Gentong	12	35
		Sega Jamblang	13	
		Cirebon Sentra Souvenir	10	
2	Craft	Topeng	10	30
		Batik	10	
		Rattan	10	
3	Tourism	Goa Sunyaragi	5	15
		Keraton Kasepuhan	5	
		Keraton Kacirebonan	5	
4	Performing Arts	Tari Topeng	2	7
		Sintren	2	
		Angklung	3	
Total Samples				87

Data were analyzed using descriptive statistics and inferential statistics, in inferential statistics the authors used simple linear regression analysis, normality test, T (partial) test, and determination test.

## III. RESULTS AND DISCUSSION

The values of local wisdom in the Cirebon region are applied in micro business activities, where in every business activity carried out always refers to the cultural values, customs, and rules of the community around the location of the establishment of the micro business. The value of local wisdom actually does not always contain elements of the past if applied simultaneously with innovation or creativity, based on the results of research conducted in the culinary, craft, tourism, and performing arts sectors shows that by applying local wisdom values in proven business activities can supporting the continuity of the micro businesses they run, they do this by continuing to follow the progress of the times and the renewal in doing every business activity that continues to grow such as utilizing technology that continues to grow rapidly to this day. The development of information technology that occurs very quickly makes businesses not to be left behind with all kinds of information. Information is needed by business actors as a form of consideration and decision making in conducting business activities. With the use of existing information technology can

add value to micro businesses more creative, innovative, and can respond to the needs of the community.

The relations between technologies and creative economy refer to social changes, too. Firstly, economic relations could be treated as social technologies. Secondly, technologies (especially e-technologies) are the base of creative industries that ensure economic growth. Thirdly, technologies are indispensable to the consuming that both demands new products and generates the very economy [12].

Local wisdom continues to be adhered to as a regional identity that strengthens micro-businesses carried out, governance or methods obtained from generation to generation remain firmly held as an effort to maintain quality and improve business prospects

Based on the recapitulation of the variable score of micro business competitiveness shows that the competitiveness possessed by business actors is different, depending on the business sector that is run and the capabilities possessed by the workforce. There are still a number of business sectors such as the handicraft sector that still uses traditional methods in marketing their products to consumers, but there are also those who have used social media and other technologies to further expand the market from the businesses they run. This goes back to the system that has been established in each micro business sector, although based on the results of the research on creative economy-based micro businesses in the Cirebon region already have a fairly good competitiveness. Evidenced by the creation of marketing of products or services that have been enjoyed by international communities. Like the export of handicrafts that have distributed their handicraft products to various countries. In addition to the handicraft sector, the tourism sector has also disseminated information about the historical sites of the Cirebon region to people from outside the Cirebon area and overseas communities, this is evident from the presence of foreign tourists visiting tourism history sites in the Cirebon region to find out firsthand the story of history and location tourism in the Cirebon region. The culinary and performing arts sector also experienced good business prospects, as evidenced by consumers who visited the micro business locations in the Cirebon region from outside the Cirebon area.

## IV. CONCLUSION

Based on the results of the study showed that the values of local wisdom in a micro-economy based on creative economy have a significant influence on the competitiveness of micro businesses in the Cirebon region. This is evidenced by inferential testing which shows a significance value of  $0.000 < 0.05$ , so it can be said that there is a positive relationship between the variables of local wisdom values in a creative economy-based microenterprise and the variable of micro business competitiveness. The magnitude of the influence of local wisdom values in the creative economy-based Mirko effort on the competitiveness of micro businesses is 59.3%. The remaining 40.7% is influenced by other factors outside the research.

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