

## **Collaborative Governance and Creative Business of Local Craft Products in the New Adaptation Era in Bulukumba Regency (Case Study of Tanah Beru Kelurahan)**

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**Abstract:** This study aims to identify collaborative governance and creative business of local crafts in the New Normal era in Tanah Beru. This study uses a qualitative approach with data collection methods of observation, interviews and documentation. Based on the results of the study, it was found that in the new normal, MSME actors collaborated with the government which was manifested in the form of providing social assistance, reducing loan interest, training and seminars to increase the capacity of MSME actors, and encouraging UMKM actors to remain productive by producing international quality products.

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**Keywords:** Collaborative Governance, MSME, Tanah Beru

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### **1. Introduction**

The COVID-19 pandemic situation presents challenges as well as opportunities for the government to maintain the existence of MSMEs. Challenges are defined as the need for short-term solutions to help MSMEs and workers who are members of them. Opportunities are interpreted, short-term solutions need to be followed by long-term solutions, especially when associated with the industrial era 4.0 which requires the availability of digital technology to support economic activities. There are several short-term solutions to maintain the existence of MSMEs.

During the COVID-19 pandemic, business activities carried out by some MSME actors did not run as usual and even had to temporarily stop business activities during the pandemic period due to several reasons related to decreased purchasing power, quiet market share, and other obstacles in the process. production and distribution.

According to Pakpahan (2020) Indonesia is one of the most affected countries in the world from an economic perspective. In Indonesia, as many as 185,184 MSMEs as of 8 June 2020 felt the impact of this pandemic (Herman, 2020). There are several impacts arising from the Covid-19 pandemic, including: First, a decrease in sales so that capital decreases. One of the impacts felt on MSMEs is a decline in sales, where some MSMEs still incur fixed costs such as renting buildings, shops and others. The costs are still continuing even though the income is drastically reduced. This is certainly a problem for MSMEs, which in fact have a small turnover. Second, there are product distribution barriers due to restrictions on the movement of product distribution in certain areas.

At the beginning of the pandemic, MSMEs who used expedition services to send their goods were of course very hard hit. This is due to the difficulty of even delays by the expedition service in distributing shipments. This means that MSMEs are very disturbed and have a lot of impact because of this pandemic. Third, there is difficulty in raw materials because as MSMEs depend on the availability of raw materials from other industrial sectors. The number of factories providing raw materials that temporarily stop operating activities also has an impact on MSMEs who depend on raw materials from these industries. This causes delays in the manufacturing process so that production is not achieved.

In tackling the problems faced by SMEs and cooperatives, the government has implemented several efforts. One of them is to include SMEs and cooperatives as recipients of government assistance programs, such as Pre-Employment Cards, electricity tariff subsidies, and Family Hope. The government also provides tax relief for six months, from April 2020 to September 2020. It also relaxes and restructures loan payments for MSMEs and cooperatives, the ministry of internal cooperatives and MSMEs in an international seminar held online via Zoom by the Indonesian Cooperative Institute (Ikopin). in commemoration of the 38th Ikopin Anniversary, Friday 8 May 2020.



commerce transactions drastically increased during the COVID-19 pandemic. Products whose sales have increased include health products increasing by 90%, hobby supporting products increasing by 70%, food increasing by 350%, and herbal foods increasing by 200% (Amri, 2020).

From a macro approach through government policies, the OECD3 Report states that in order to assist MSMEs today and pave the way for a resilient recovery, the government must consider at least three important actions, namely First, the government must announce strategic rules (regulations) for accelerating and timing of these measures. current economic and business support measures and progressively adopting a more focused support strategy for recovery. Timing and speed are very important. Withdrawing economic and business support measures too quickly can lead to massive failures for companies and weaken competition, but on the other hand, prolonged economic and business support can result in distortions, reduce incentives to adapt and innovate, and trap resources in activities. which is not productive.

The Bulukumba Regency Government encourages all traditional MSME actors to implement online transactions in the context of the protocol for preventing the transmission of Covid-19, namely social distancing. The application of online buying and selling transactions by traditional MSME actors in Bulukumba Regency has not been maximized. During the Covid-19 outbreak, the number of buyers at MSMEs did experience a decline. Policies issued by the government such as social restrictions in Bulukumba Regency have made the situation for MSMEs quiet. The activity of buying merchandise in the city for resale in MSMEs is also limited.

The condition of MSMEs in Bulukumba Regency is also not much different from MSMEs in other districts in South Sulawesi. The lack of buyers makes income decline. This is due to the government's policy to stay at home. Several MSMEs were also briefly closed when the initial outbreak of the Covid-19 virus was feared to be a place of transmission of this virus. Access to delivery of goods is also disrupted. In addition, the lack of shopping activities at MSMEs is also caused by people who are afraid of the Covid-19 virus which easily spreads. The PSBB (Large-Scale Social Restrictions) policy also prevents traders from selling as usual at MSMEs

## **2. Methods**

This study uses a descriptive qualitative approach. This research was conducted from January to May in Tanah Beru District, Bonto Bahari District, Bulukumba Regency. The data collection techniques were carried out by means of observation, interviews and documentation. Meanwhile, the data analysis was carried out by reducing the data, presenting the data and drawing conclusions and verification

## **3. Result and Discussion**

MSMEs are one of the sectors, because the guidelines are included. The epidemic will launch the wheels of the economy in the country, because it leaves a threat to the reduction of household income, because of the COVID-19 pandemic, there are many terminations of cooperation (PHK) and large-scale social restrictions (PSBB) which limit the space for people to move.

Bulukumba Regency is an area that has strong potential and competitiveness through its best creative industry products. This is because it is supported by innovative human resources as capital for the economic development of the people of Bulukumba Regency. The best featured products include miniature phinisi souvenirs, woven sarongs and the manufacture of pinisi boats. The development of the creative economy as a strengthening of the real sector economy is an indicator of the success of regional development. Industry and trade, tourism is the backbone of the creative industry sub-sector that needs to be continuously developed.

The role of the Bulukumba Regency Government is very much needed to support the business capital of the creative economy actors. As part of driving economic growth, increasing industrial competitiveness occupies a strategic position.

Industrial development in terms of institutional aspects has increased due to conducive security conditions and due to simplification of investment licensing procedures as well as efforts to stimulate the growth of the creative economy in the community.

The great potential of Bulukumba Regency is to become the basic capital for the development of the creative economy by planning, developing and fostering business actors/creative people as well as facilitating the marketing management of creative products so that they have quality, added value and competitive prices in



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Cooperation between the government and the private sector is getting closer to help MSMEs in restoring the economy. It doesn't just stop here, the cooperation is predicted to continue even after the pandemic is over. Currently, the government is pushing for the importance of transforming MSME businesses online, starting from the supply chain system, production, to marketing and payments. The digitization of MSMEs is very necessary to support economic recovery and become the biggest gap bridge in the MSME digitization process. According to one informant,

*You never got social assistance and didn't register again, he said, because if you register, you only run out of photocopies of the KTM and you never get it, and others usually accept it and some don't. During the pandemic, take care of the business license and extend it again, it was only valid for one year and then it was extended, managed at the harbormaster. All ships that when they land and die, their permits are always extended at the harbormaster. Have attended seminars from Bulukumba in hotels from Jakarta and Makassar but don't know what it's called. Come along if you have an invitation. The government has never discussed the type of business, Mr. Been there but not for that. Only glue production business meeting for all business meeting. just a glue-eating gathering for ships only. Never participated in a kind of content competition for ships, which was never offline or online, but once an Unhas student came for a course to marry between tradition and modern and Unhas gave material (interview: M, Tanah Beru, 28 May 2021).*

Based on the interview above, it is known that M's collaboration between the creative industry and the government is limited to training and seminars held by the government. The management of ship licensing and business permits during the pandemic is quite easy, where every ship gets a sailing permit and operates for a year and the management is carried out at the port. The assistance for MSMEs is felt to be uneven because not all MSME actors receive social assistance from the government. The collaboration with universities is more about training and counseling in combining traditional and modern ship traditions which are arranged in the form of seminars.

According to the Head of the Bulukumba Regency Tourism Office, in order to support and encourage the economic acceleration of MSME actors, in this case the government does several things, including;

*The way to improve products during a pandemic is to provide guidance to local communities to make a work that can be worth buying and selling or economic value, and always encouraging local people to work which was previously a product, counseling and guidance for creative businesses for local handicraft products is from dispar, but only in the form of assistance, not in the form of capital. promoting it is definitely there from dispar such as local phinisi crafts and other handwork such as sarongs. And usually promoted if there is an event. And souvenirs taken directly from Tanah Beru or directly ordered from Tanah Beru itself. There is an outreach program but it doesn't focus on Tanah Beru, but the post is in Bontobahari to Bira. Like tourism governance. And those who don't have permanent jobs, dispar always expect the local community to take part in activities where they make something that was not valuable so that it can have economic value, which previously had economic value, but with a touch of creative hands a little more so it can increase its economic value, that's what the dispar always pushes when in the field. Because for example, there are no activities such as those that are productive, which are directed at providing souvenirs, visitors or anyone else is looking for them, especially if there are official visits, creative handicraft products are needed. To be shown as a local product from the private Bulukumba. Souvenirs and products in Tanah Beru are one of the dispar sales, and help with marketing, because in every agenda to receive guests or visits, local crafts are handed over as souvenirs, such as miniature pinisi, woven sarongs.*

Based on the interview above, it is known that according to the head of the tourism office of Bulukumba Regency, currently DISPAR is very encouraging in fostering local craftsmen and MSMEs to then market their products more widely. This is because the growth of MSME actors is directly proportional to the need for products and an increase in the number of tourists in Bulukumba Regency, and the more visitors who enter the Bira, the more needs that are, only Dispar admits that the way to read market opportunities is not yet good. The strategic steps taken by the Tourism Office include;



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- 3) Conduct counseling and guidance to MSME actors through Training with the E-learning Method Indonesia intervened in the labor market by conducting training aimed at re-activating the labor market through the Pre-Employment Card which was launched in April 2020. This program provides subsidized training that is skilling and re-skilling for 5.6 million workers especially in the small and micro business sector (Gentilini et al., 2020). Participants in the pre-employment card program can be MSME sector workers who have been laid off or new workers who have not found work. This policy is in line with the entrepreneurship development policies carried out by several OECD countries such as the United States, the Netherlands, the United Kingdom, South Korea, Australia and Italy (OECD, 2020).
- 4) Assisting SMEs in their product promotion activities through festivals.
- 5) Direct cash assistance

Social assistance is provided to MSME actors who are categorized as poor and vulnerable (Kemenkop-UKM, 2020). Included in this social assistance scheme is a 50 percent reduction in electricity tariffs for electricity customers with a capacity of 450 watts for more than three months (Arifin, 2020), which generally can be workers or MSME business actors. The obstacle in providing such assistance is that there are still many recipients who have not been recorded in detail. The government provides Direct Assistance (BLT) of 2.4 million rupiah to MSMEs affected by Covid-19 recently (Republic, 2020). This assistance is intended to be used to raise capital and be used properly. This assistance was given to UMM which had received approval from both the village and related institutions. This assistance is channeled through the local government by filling out a registration form with various pre-determined conditions. This is certainly very beneficial for MSME actors in the midst of this new normal situation so that they can start their business as before.

Business licenses are very crucial for business actors, especially MSMEs. Ease of management is very helpful in the administrative process and sustainability of MSMEs. According to A's narrative;

*The ease of licensing given to MSMEs during the pandemic is still in the past, the ease of licensing used to be before this, every MSME that wants to take a permit takes a permit at PTSP, now the Regent Regulation No. 63 of 1995 is the MSME licensing service in the sub-district office and do not pay, that is the method of introduction from the kelurahan, then take a permit at the sub-district office and finish This is how easy it is (interview: A, Bulukumba 29 May 2021).*

Based on the statement above, it is known that during the pandemic, MSME actors are given convenience in obtaining permits. Initially, the processing of business permits was carried out at the PTSP office, but during the Covid-19 pandemic, licensing could be carried out at the respective sub-district offices and free of charge. This is based on the decision of the Bulukumba regent no.63 of 1995.

In addition to licensing arrangements that are facilitated by the government, in the context of the survival of MSMEs, the government also conducts market surveys, this market survey is intended to see market needs so that MSMEs can be directed to produce goods that will sell well in the market. According to A's narrative;

*The government has conducted a survey of potential market information for the needs of MSMEs, but this is through the trade office, namely there is a price survey, every year in trade. That is, a price survey that increases and decreases prices is carried out, carried out at a time usually per month, per 3 months, is not erratic and in accordance with the commodity. For example, pepper is not every month, but for basic needs it is averaged every month. Vegetables and so on. Export commodities are not (interview: A, Bulukumba 29 May 2021).*

Based on the narrative above, it is known that the government through the cooperative service conducts a survey of market needs and the prices set in the market, this is very useful for MSME actors considering that during the pandemic the prices of raw materials have increased quite significantly. Market price surveys are usually carried out every 1 to 3 months.

The Bulukumba Regency government also encourages the development of superior commodity products and provides opportunities for investors who want to invest in MSME actors. According to A's narrative;

*The extent to which the government encourages commodity-based SMEs or superior products. That is commodity-based, it is encouraged by facilitating, which means providing a way or method. For example, SMEs used to be collectors in Bulukumba, namely taking goods for Makassar, now the current convenience is that those who want to be brought to Makassar first, if the commodity must be complete with the documents, such as where to buy and so on and delivery of letters to*



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*developing MSMEs will emerge. Well, that's what the government does, and where creative efforts can be made. unkm arresting people means meeting each other and negotiating with each other for investors. (interview: A, Bulukumba 29 May 2021).*

Based on the interview above, it is known that the Bulukumba Regency government continues to encourage MSME superior products, several things are done, namely by carrying out product inventories, managing road documents, and maintaining price stability from farmers to collectors. Usually the superior products of the Bulukumba Regency are sent to Makassar or other areas in Indonesia. As for the problem of investment made by investors, in this case the government through the tourism office, conducts tourism promotions and brings in investors, so there is healthy competition among MSME business actors where the skills and quality of the resulting production determine whether investors will invest their capital or not. So here the government only acts as an intermediary.

In the framework of the tri dharma of higher education, the Bulukumba Regency government cooperates with Hasanuddin University to develop the capacity of MSME actors.

*The government's cooperation with universities in increasing the capacity of MSMEs in terms of providing business services, training, now all of that yesterday we met with LPPM Unhas, it was to conduct research and development for all of the above, where what SMEs can be fostered, so what are the types, for example culinary crafts and so on, for example, craft development starts from where training is held first to refine the production, then equipment assistance or capital assistance, so how to develop. So, starting with research first, this research is in collaboration with the LPPM UNHAS university. Unhas only (interview: A, Bulukumba 29 May 2021).*

Based on the interview above, it is known that the Bulukumba Regency government collaborates with universities to increase the capacity of business preparation services and strategic plans in marketing and promoting products produced by MSME actors in Tanah Beru. This guidance is divided into several categories according to the characteristics of the MSMEs, in addition to fostering MSME actors, business capital assistance and equipment are also provided.

Synergy with universities to provide counseling about product marketing theory and practice was also carried out several times. To boost the economy of MSME actors, the Bulukumba Regency government cooperates with a number of universities, namely through the Tri Dharma College program.

Switching to online is a solution for MSMEs to survive in the midst of the COVID-19 pandemic. Many people shop online because of the implementation of large-scale social restrictions (PSBB). Changes in people's lifestyles due to the implementation of PSBB, into online shopping. The benefits obtained by MSMEs transforming into Go Online include: First, online sales channel content can be arranged according to business needs. Second, online sales are supported by a system for checking product stock, stock recap, and sales reports, thus simplifying business processes compared to selling manually. Third, build branding and expand market reach through online ads. The MSME Go Online program is expected to open up new market opportunities for MSMEs in Indonesia, both regionally and globally. The MSME business is expected to reach more consumers, with the hope of increasing the percentage of sales.

In addition, through collaboration with many stakeholders, the Department of Cooperatives and MSMEs has also created various platforms that can be utilized by business actors, including MSMEs, to develop their businesses. There are several platforms that we offer complete with facilities including free shipping. So far, there have been MSMEs entering and taking advantage of it. But there are still far more MSME actors who have not joined. With this new normal, it means that MSME actors must also have a new order in business activities. They have to change their mindset and behavior, both in the production process, in marketing and others. In addition to being more efficient and effective, businesses must also ensure that their products are really clean and healthy, so that consumers feel comfortable and safe to buy.

Through business digitization, it is an opportunity where MSMEs can take advantage of various digital platforms to develop their business performance. It is undeniable that digitalization has penetrated all business sectors. Mastery of digital can open market access, which was previously limited to certain areas, becomes unlimited. Unlimited space is an extraordinary potential that should be used by micro, small, medium and cooperative business actors.

By adjusting the sales method to become unconventional, it is hoped that MSMEs will be able to survive in



country's economy will also be lifted. Collaboration between creative workers and MSMEs can produce many good things. So far, MSME actors have been confused about the fast-moving digital world.

Conventional marketing is slowly being abandoned. There, a creative arts worker and MSME actors can work together and help each other.

Policies in the form of supportive regulations should take into account differences between sectors to be more relevant to their specific needs; they also need to be more transparent if they want to provide subsidies directly to private entrepreneurs, they aim to help overcome the crisis. Meanwhile, digital transformation follows the emergence of new digital skills and the adoption of digital tools. It is a transformation process that requires reorganizing the previous business model to make room for new, more effective and efficient practices.

The government can start by making a roadmap for the development of MSMEs in facing the Industrial 4.0 era, starting from retraining MSME workers to adapt to the use of new production technology and digital technology, developing telecommunications infrastructure and internet programs entering villages, involving the world of academia and big businesses. in assisting the introduction and use of production technology and digital media, as well as reviving the partnership program for large businesses and SMEs. This structural policy is carried out to support the strengthening of MSMEs as well as support the development of MSMEs in the Industry 4.0 era.

From the efforts that have been made by the government, it can be seen that many are still focused on the tourism sector which has a major influence on the MSME sector, besides that credit slack is also considered appropriate to ease the burden on MSMEs. However, assistance/incentives to MSMEs, especially micro and small businesses, still need to be considered, especially considering the current social distancing appeal which has a major impact on small and micro businesses, which still require a lot of face-to-face contact.

Some of the literature is used to explore the various directions and policies taken by the Indonesian government in protecting MSMEs from the impact of the COVID-19 pandemic. The Indonesian government needs to make various efforts to help the community's economy through various policies (Susilawati et al., 2020). The success of the government's policy is highly dependent on the support of the components of business actors in the community. The community and the government must jointly protect the economy from the impact of Covid-19 (Hanoatubun, 2020).

The revival of MSMEs after COVID-19 desperately needs the support of all stakeholders. For example, for the tourism sector, business travel partners, travel agents, hotels, educational institutions, financial institutions, local communities, insurance and from collaboration with similar industries (Hadi, 2020). Hadi (2020) recommends that the MSME revitalization policy be carried out by increasing synergies between programs and between government institutions, increasing the variety of modern promotion efforts of MSME products to the domestic and export markets, implementing credit policies with low interest rates and simple processes, and encouraging the improvement of supporting facilities. SMEs and the creativity of SMEs to be highly competitive

#### **4. Conclusion**

The collaborative governance of Bulukumba Regency with MSME actors in Tanah Beru is manifested in several ways. First, the government encourages MSME actors to produce high-quality products. Second, encourage MSME actors to remain productive during the pandemic and adapt to the new new normal. Third, provide counseling and guidance to MSME actors. Fourth, assisting SMEs in their product promotion activities through festivals. Fifth, providing social assistance for the survival of MSME actors during the Covid-19 Pandemic. The administrative policies and strategies that have been carried out to create a revival of this crisis. The impact felt by SMEs broadly is sales so that it can cause turnover or income to drop dramatically. The government's effort which certainly helps MSMEs is by providing credit to creditors, as well as providing capital and providing Direct Cash assistance to MSMEs. MSME's strategy in the future is to adapt so that it adapts to world marketing with all systems that are all online today while still paying attention to health protocols even though in the new normal era.

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