

Education Based on Innovation and Creativity in Improving the Competitiveness of Micro, Small and Medium Enterprises

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Abstract:

The purpose of this study is to determine the level of innovation and creativity of micro, small and medium enterprises in increasing income. The challenge that will be faced is in the form of economic activities that depend on global competition that is free and open so that only strong business actors will survive. Globalization has caused the world economy to experience a paradigm shift into a knowledge and creativity-based economy. This activity aims to conduct education based on innovation and creativity as an answer to the impact that globalization has brought. Implementation of this activity using the survey method. Based on the survey results, Micro, Small and Medium Enterprises in Lambur Village are still not ready to face the challenges presented by Globalization. Therefore, Community Service Program STIE Syari'ah Al-Mujaddid Group 1 seeks to increase the competitiveness of Micro, Small and Medium Enterprises based on innovation and creativity in the form of legalizing business licenses, and innovating products through upgrading packaging and adding flavor variants to products. To realize this, this community service activity uses a method which consists of three stages, namely the preparation stage, the implementation stage and the evaluation stage. The results of this activity are that it can have an impact on changing the products of Micro, Small and Medium Enterprises in Lambur Village, Muara Sabak Timur District, Tanjung Jabung Timur Regency.

Keywords:

Education, Innovation, creativity, Micro, Small and Medium Enterprises.



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INTRODUCTION

Micro, small and medium enterprises or commonly abbreviated as Micro small and Medium Enterprises when referring to the Law of the Republic of Indonesia no. 20 of 2008 concerning Micro small and Medium Enterprises can be interpreted as a business owned by individuals or business entities that have certain criteria. In Indonesia itself, the existence of micro, small and medium enterprises has a very important role such as reducing unemployment, providing additional foreign exchange, and increasing regional income. The importance of the role of micro, small and medium enterprises is supported by the opinion B. H. Rainanto, which states that the existence of Micro small and Medium Enterprises has a very vital role in development and economic growth, especially in overcoming the problems of unemployment and poverty (B. H. Rainanto, 2019). The importance of

the role of Micro small and Medium Enterprises in a country's economy is also reinforced by research conducted by Hisnul, et al., which states that Micro small and Medium Enterprises play several important roles including being able to strengthen the economy, contributing to absorbing resources, and can be a strategy for equal distribution of national income (Hisnul, et al., 2022). According to data from the Ministry of Cooperatives and Small and Medium Enterprises in March 2021, the importance of the role of Micro small and Medium Enterprises in Indonesia reached 64.2 million with a contribution to GDP of 61.07 percent. Micro small and Medium Enterprises also absorb labor that is not absorbed by the government, amounting to 97 percent of the total workforce in Indonesia.

In the era of globalization, there have been various developments and changes in all aspects of life. The economic aspect is not spared from developments and changes caused by globalization. Globalization has created an era of free trade that presents various challenges that can threaten the existence of Micro small and Medium Enterprises. The challenge that will be faced is in the form of economic activities that depend on global competition that is free and open so that only strong business actors will survive. Globalization has also caused the world economy to experience a paradigm shift into a knowledge and creativity-based economy. This is in line with the opinion of J. Howkins, which suggests that human life in the economic field has entered a new era, namely the orbit of the knowledge economy or the orbit of the creative economy (J. Howkins, 2013). This is also supported by the opinion A. Yunita, et al., which states that in the era of globalization the sales market has begun to move to the buyer's market, in that era the role of innovation is a determining factor to be able to compete in the world market (A. Yunita, et al., 2013). This paradigm shift in the economic world actually gave rise to tough, dynamic and uncertain competition that occurred in almost all markets which ultimately required all companies to always adapt to market needs and competitors' actions in an effort to deliver more satisfying services to customers. The increasing number of competition is a challenge for business actors, especially micro, small and medium enterprises.

In fact, in the field, it can be said that Micro small and Medium Enterprises in Indonesia are still not ready to face the various challenges above. This is in accordance with research conducted by Hisnul, et al., in Kendalrejo Village, Trenggalek City, which found that Micro small and Medium Enterprises actors were still not ready to face the challenges of the global economy due to the lack of program creativity in creating superior products with technological innovation (Hisnul, et al., 2022). These results are also in line with C. Kojo, et al., stating that Micro small and Medium Enterprises, especially in food and beverage products, are still lacking in terms of implementing innovations in their products (C. Kojo, et al., 2018).

The two findings above are in line with the location of community service based on community service (Community Service Program) STIE Syari'ah Al-Mujaddid Tanjung Jabung Timur group 1 which was placed in Lambur Village. Lambur Village is one of the villages in the Muara Sabak Timur District, East Tanjung Jabung Regency. The majority of Lambur Village residents work as fishermen, gardeners and farmers. Based on the results of a survey that has been conducted, Lambur Village has potential in the economic sector through its Micro small and Medium

Enterprises. In this lambur village, there are several Micro small and Medium Enterprises actors engaged in the snack food industry. The Micro small and Medium Enterprises are in the form of production of shrimp crackers, kletek, banana chips, salted fish, etc. Of the several existing products, prawn crackers are the superior products in Lambur Village. Based on the results of observations made by group 1 of Community Service Program STIE Syari'ah Al-Mujaddid Tanjung Jabung Timur, there are several problems in the economic sector, especially in terms of micro, small and medium enterprises that are being faced by the people of Lambur village, one of which is business actors who tend to be reluctant to innovate their products because they feel that innovation is something that has a high risk.

On a micro level, the concept of innovation can be seen from two different approaches (C. Kojo, et al., 2018). The first approach is innovation which is defined by placing more emphasis on the process of innovation in organizations and social processes that produce innovation as individual creativity, organizational culture and environmental conditions. While the second approach can define innovation as the creation of products that have added value. Kojo, et al., also stated that product development through innovation programs is one way that can be done to survive in the midst of increasingly intense competition (C. Kojo, et al., 2018). This is also in line with the opinion that product innovation can increase competitive advantage (V. R. Pattipeilohy, 2018).

Therefore, some of the descriptions above become the background for conducting education based on innovation and creativity as an answer to the impacts brought about by globalization. With this community service activity based on real work lectures, it is hoped that the essence of tertiary institutions, especially STIE Syari'ah Al-Mujaddid Tanjung Jabung Timur represented by Group 1 Community Service Program can become a problem solver, motivator, facilitator and dynamist in community empowerment along with its various local potentials so that later the community can develop their region independently and have high competitiveness.

METHODS

Educational activities based on innovation and creativity to be carried out in Lambur Village, in 2022. The main target in this activity is the superior product owned by Lambur Village, namely shrimp crackers. The methods for implementing educational activities based on innovation and creativity can be carried out in several stages, as follows:

a. Preparation phase

The preparatory stage in activities to increase the competitiveness of Micro small and Medium Enterprises based on innovation and technology starts with asking permission from the Village Head which will be carried out on December 15, 2022 at the house of the Lambur Village Head with the target of obtaining permission from the village head to carry out this service activity, conducting a survey which will be carried out on December 16, 2022 for superior products owned by Lambur Village, namely shrimp cracker products and others, as well as formulating plans at the implementation stage.

b. Implementation Stage

In the implementation stage this is the core stage which is a follow-up to the results of the activities carried out in the preparatory stage. The initial step in this implementation stage is to carry out socialization as well as to make the legality of business licenses which will be carried out on December 18, 2022 for superior products with the target of these superior products obtaining Business Identification Numbers, following the production process from Micro small and Medium Enterprises owners, especially the production of shrimp crackers and banana chips which will be carried out in December 20, 2022, followed by making product designs which were carried out on December 23, and implementing the product innovation process on December 28, 2022.

c. Evaluation Stage

In this last stage, it is intended to measure and find out the community's response. In addition, this stage is also used to measure the extent to which the increase in Micro small and Medium Enterprises competitiveness has had an impact which was carried out at the Lambur Village Hall on January 2, 2023.

RESULT AND DISCUSSION

The implementation of community service based on real work lectures (Community Service Program) with educational activities to increase the competitiveness capacity of Micro small and Medium Enterprises based on innovation and technology begins with the preparatory stage. In essence, the preparatory stage was carried out with the aim of mapping the problems experienced by Micro small and Medium Enterprises actors in Lambur Village. The technique used in obtaining the problem mapping is by conducting a survey of Micro small and Medium Enterprises actors, especially the superior products owned by the village.

When conducting the survey, group 1 of Community Service Program STIE Syari'ah Al-Mujaddid Tanjung Jabung Timur for the 2022/2023 academic year used an interview approach with local village officials and directly involved Micro small and Medium Enterprises actors. Based on the results of a survey conducted, Micro small and Medium Enterprises in Lambur Village have enormous potential to be able to improve the welfare of their people. However, this potential is not optimally explored.

The survey results also found that there were still obstacles experienced by Micro small and Medium Enterprises actors, including: Micro small and Medium Enterprises actors wanted to have a legal business license, but were constrained by time and costs, product packaging was still traditional, and the marketing process was still focused on the shop. Therefore it was decided that the program to be implemented is an educational effort to increase the competitiveness of innovation and technology-based Micro small and Medium Enterprises. These efforts are in the form of managing the legality of business licenses, and product innovation in the form of upgrading packaging and adding flavor variants.

a. Facilitation of making business license legality

The facilitation activity for the legality of business permits for taro chips products as a superior Micro small and Medium Enterprises product in Lambur Village was carried out on December 18, 2022. The activity began with conducting door-to-door socialization to product owners with the target that Micro small and Medium Enterprises owners could have Business Identification Numbers.

b. Product Innovation

1. Upgrading Packaging

It should be known together, that the appearance of product packaging can affect the eyes of consumers so that it influences buying interest. This is in line with research conducted by N. Selim, and C. Kohardinata, which states that the perceived value and packaging of a product has a positive and significant influence on consumer buying interest (N. Selim, and C. Kohardinata, 2020). In addition, it is also reinforced by research conducted by A. Ramadhina, and M. Mugiono, which results that packaging design has a significant effect on consumer buying interest (A. Ramadhina, and M. Mugiono, 2022). Apart from influencing buying interest, product innovation through upgrading packaging can also increase the selling value or selling price of the product itself. This agrees with Y. Sugiarto, et al., which states that product innovation is able to increase the selling price of goods to be higher (Y. Sugiarto, et al., 2021). Therefore, in the activity of increasing the capacity of Micro small and Medium Enterprises competitiveness through case studies on the superior products of Micro small and Medium Enterprises in Lambur Village, product innovation was selected through packaging upgrading. At first the packaging used by Micro small and Medium Enterprises products, especially superior products, still used simple packaging, namely using plastic with a logo printed on plain paper.

From the results of interviews conducted, the selling price of the product is Rp. 2000 rupiah per pack. However, after upgrading the packaging, the selling price of the product can be sold at Rp. 10,000. The packaging, which at first only used ordinary plastic, was upgraded to use aluminum foil. Selection of aluminum foil on the basis of more attractive considerations than ordinary plastic materials. Besides that, the choice of aluminum foil material for packaging also considers the superiority of this material in terms of the resistance of the taro chips themselves. The upgrading process begins with the initial process of conducting a product survey, followed by the process of designing stickers on the packaging using the Pixellab application, followed by attaching stickers to the packaging.

The results of this product innovation in the form of upgrading were exhibited at the Micro small and Medium Enterprises exhibition during the CFD on Sunday, January 1 2023 at the People's Park, East Tanjung Jabung Regency. This form of packaging for the taro chips received a positive response from CFD visitors. This proves that the presence of innovation through upgrading packaging greatly influences the purchase intention of consumers.

2. Addition of Flavor Variants

In addition to innovation through upgrading packaging, innovation and creativity-based Micro small and Medium Enterprises competitiveness capacity building activities are also carried out in the form of innovation in terms of taste. According to research conducted by A. Asmoro, and R. Indrarini, concluded that innovation in the taste of a food product greatly influences people's buying interest in a food product (A. Asmoro, and R. Indrarini, 2021). At first, Sumber Jaya's taro chips only had one flavor variant, namely original. With this activity, prawn crackers have a new flavor variant, namely balado flavor. The existence of innovation in terms of taste in this product is expected to make consumers not bored to buy this product.

3. Indicators of Program Success

Indicators of success of the Micro small and Medium Enterprises competitiveness improvement program based on innovation and technology on the flagship products of Lambur Village Micro small and Medium Enterprises, are divided into 2 (two) criteria which are benchmarks for the success of implementing the activity program in accordance with the title. The 2 (two) criteria that become benchmarks include the fulfillment of elements of innovation in program implementation, and the use of technology in the innovation process.

- Fulfillment of elements of innovation

In this activity the element of innovation was fulfilled 100% as evidenced by the completion of the packaging of the product which was originally only using plastic replaced with packaging made from aluminum foil with the addition of designs on the front and back of the packaging. In addition to innovation in the form of packaging, there are also innovations produced in the form of adding flavor variants of the product which initially only had the original flavor plus the balado flavor.

- Use of technology

In this activity, in addition to the element of innovation which was fulfilled 100%, the element of using technological creativity was also fulfilled 100%. This is proven in the front and back packaging design process using an Android-based application, namely Pixellab. In addition, the use of technology is also evidenced by the use of a press to make packaging made from aluminum foil.

4. Evaluation

Educational activities to increase the competitiveness of Micro small and Medium Enterprises based on innovation and technology are running smoothly. However, this does not mean that there are no obstacles in implementation. In fact, in the field, several obstacles were found, especially in terms of time. The time for carrying out community service through the form of real work lectures is not enough considering that the existing Micro small and Medium Enterprises actors are also busy at

sea, in the fields because in general the people of Lambur Village have a livelihood as fishermen, planters and farmers.

In addition, there are internal obstacles such as solidarity with members of the 1 Community Service Program group, considering that the Micro small and Medium Enterprises actors in the village also have problems with raw materials which are superior products that need to be exposed to marketing outside the region.

CONCLUSION

In the current era of globalization, Micro small and Medium Enterprises actors are expected to be able to adapt to the demands of the times in order to survive in the midst of increasingly fierce competition. The presence of innovation, is one step that can be taken to survive. The presence of community service from STIE Syari'ah Al-Mujaddid Tanung Jabung Timur was able to provide a very important change for Micro small and Medium Enterprises in Lambur Village. These changes are in the form of innovations made in the form of packaging and flavors. The changes that have been made are expected to be able to become the basic foundation for further developments such as the use of more sophisticated technology in upgrading packaging to make it more efficient in producing superior products.

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