

CHAPTER I

INTRODUCTION

A. Background

Economic development is directly proportional to creating innovation and technology, transforming economic activity into more effective and efficient. Human resources and natural resources are the main factors driving economic productivity in the traditional economy. However, in the 18th century, the Industrial Revolution gave a new paradigm. It replaced the dominance of the traditional economy into an industrial economy that considers a machine as a part of capital resources that help produce more extensive and more efficient. In the 1950s, utilizing information technology through internet invention changed the production process faster, creating high added value. Further development in 1995, the creative ability, innovation, and human ideas became an essential factor in the production process, so it was called the development of creative economy until now. (Ministry of Tourism and Creative Economy RI, 2014).

The concept of a creative economy develops in other countries. Even the origin and center of the world's creativity comes from North America and Europe, such as England, Scotland, Canada, Brazil, Spain, West Ireland, and the Baltic Countries (Coles, 2016; Collins et al., 2018; de Figueiredo et al., 2019; Fraguas Nobre, 2017; Štreimikienė & Kačerauskas, 2020; Townsend et al., 2017) where they adopt a creative idea as local and national development. However, it has recently spread widely to Asia mainlands like China, South

Korea, and developing countries. The ecosystem of a creative economy creates various opportunities to create a job, stimulate export, preserve culture, and provide specific strategies to encourage economic growth and global competition (Coles, 2016).

The UK can make creative economy become the main driver of the national economy (Munro, 2017), starting from awareness of the potential for people creativity which is maximized with the support and assistance of various stakeholders, making the development and ecosystem of the creative economy continue to grow in the country. In this case, creative actors, policymakers, and the private sector support each other for creative economy development to run in harmony.

In Indonesia, the beginning of creative economy development emerged after President Susilo Bambang Yudhoyono's (SBY) speech at the opening of the International Handicraft Trade Fair (Inacraft) 2005, which emphasized the importance of industrial development and creativity for economic development. This idea was followed up in 2006 by establishing *Indonesia Design Power* to increase the power of design and creation brand through a special zone for a creative actor at *Indonesia Design Power Trade Expo*.

In 2007, the first-time government held a special exhibition of Indonesian culture, namely Peran Produk Budaya Indon (PBDI), at this exhibition, the 6th President emphasized again that the development of the Indonesian creative economy must combine ideas, art, and technology based on culture and craft. In

2009, Presidential Instruction issued Number 6 of 2009 regarding the creative economy development and launched a blueprint of Indonesian creative economy development 2009-2025.

In 2011, Presidential Regulation (Perpres) Number 92 of 2011 was reissued regarding forming a new ministry, namely the Ministry of Tourism and Creative Economy. Even in 2015, through President Joko Widodo, the Indonesian government formed the Creative Economy Agency (Bekraf) written in Presidential Regulation Number 6 of 2015, which has the mandate to promote and develop the Indonesian creative economy and a government's seriousness toward creative industry opportunity in Indonesia.

From the beginning popularization Indonesian creative economy, this industry has not had a legal umbrella for its activity. Until 2019, Law Number 24 of 2019 concerning creative economy was formed to become the legal basis for Indonesian creative industry development. (Badan Ekonomi Kreatif, 2019; Hastyorini & Setiadi, 2019; Kementerian Pariwisata dan Ekonomi Kreatif RI, 2014).

The creative economy has gotten attention because this industry has been proven to contribute significantly to driving significant change in the business climate, national image, and identity, using renewable and universal resources, innovation and creativity, having social impact, and, most importantly, contributing economically to national GDP, increasing creative workforce, and a variety of local products are being eyed by various countries.

Table 1.1 Contribution of Indonesian Creative Economy in 2015-2019

Year	Revenue Growth (Trillion)	Contribution to National GDP (%)	Workforce (Million People)	Export (Billion USD)
2015	852	7,39	15,96	19,37
2016	922,59	7,44	16,91	19,99
2017	1.009	7,43	17,68	19,84
2018	1.105	7,45	18,21	21,24
2019	1.211	7,65	19,01	22,07

Source: Creative Economy Agency 2019 and Central Bureau of Statistic 2016

(processed)

From the data above, it can be seen that national income, creative workforce, and export from a creative economy in 2015-2019 consistently increased even though the contribution to national GDP and export value had decreased in 2017. Still, creative sector income in that year was more prominent than the previous two years. One of these improvements was influenced by the government through creative economy law to strengthen the legal basis, make development more conducive and support the creative economy to become a new source of power for national economic development.

The creative industry is a new promising sector and a pillar of new development for Indonesia, as seen from the data shows a positive trend. However, creative actor and the government must take their development

strategy to the next level after being faced with the COVID-19 pandemic condition that attacks the whole world, including Indonesia. As a result, all sectors are hampered and almost do not work, especially the economic sector, which is an essential need of society, because of that the government must look for alternative strategies in urgent condition so that the driving sector of the national economy continues to run and can adapt.

The creative sector has also been one of those affected by this pandemic, the most visible consequence in the creative economy can be read through the value of Gross Domestic Product (GDP) of the creative economy in 2020 that got contraction of 1,100 trillion, which in 2019 was worth 1,211 trillion (Lokadata, 2020). Although the value has decreased, income from the creative sector is said to be large during the pandemic, and it is even the third-largest contributor to national GDP in the world after the United States and South Korea to support the national economy during the pandemic.

According to a survey conducted by the Ministry of Tourism and Creative Economy on 143 (one hundred and forty-three) tourism and creative economy business actors, data related to the impact of the creative economy sector was found as follow:

Table 1.2 Survey on the Impact of Pandemic on Creative Economy Sector

No.	Financial Loss	Operational Efficiency	Service Interruption
1.	Architecture	Music	Performing Art

2.	Performing Art	Architecture	Music
3.	Craft	Performing Art	Advertising
4.	Advertising	Craft	Culinary
5.	Music	Culinary	Fine Art

Source: Ministry of Tourism and Creative Economy (2020)

From the three types of impacts on the creative economy, financial losses are the largest at around 35.6%, operational efficiency losses at 32.3%, and service interruption losses at 32.1%. Each sector got a loss seen from various sides.

During this pandemic, although the 3 (three) largest sub-sectors contributing to GDP, namely fashion, culinary, and craft, got a reduction, there were still sub-sectors that were stable and persisted during the pandemic, including the video animation film, advertising, application and games sub-sector, due to activities implemented digitally so these sectors precisely can adapt and develop. In a situation like this, creativity and innovation resources are needed to fulfill the limited needs of society due to the Implementation of Restriction on Community Activities (PPKM), while at the same time keeping the economic wheel running even though it is slowing down.

Several factors make the creative economy survive during COVID-19, according to (Hertina et al., 2021):

- a. The creative economy can still produce consumer goods and services for the basic needs of society.
- b. The creative economy utilizes unlimited resources, namely imagination and creativity, to not rely on imports or other resources.

These two factors are why the creative economy can survive during pandemics and support the Indonesian economy. The creative economy can be applied to various business statuses, individuals, companies, and even Village Owned Enterprises (BUMDes).

Especially for the creative industry is developing through Village-Owned Enterprises (BUMDes), many rural areas in Indonesia are starting to implement and develop them. For example, the Trenggalek Regency area of East Java has creative economic potential spread across various villages such as the livestock, agriculture, culinary, craft, performing arts, and industrial sectors (Agustina et al., 2020). The Gianyar Regency, Bali Province, also identifies the potential for developing a creative economy-based tourism village combined with local culture Bali in Kendran Village with a *market niche* goal that has never been done before (Arismayanti et al., 2019). Meanwhile, Takalar Regency, South Sulawesi, has many creative economic sectors spread across many villages, such as the processing industry, handicrafts, culinary with production value increased in 2007-2011 followed by an increase in the Gross Regional Domestic Revenue (GRDP) contribution of Takalar Regency (Rahman & Rasulong, 2015).

However, the arrival of the COVID-19 pandemic has disrupted the rhythm and form of its development. BUMDes depend on creative field production must

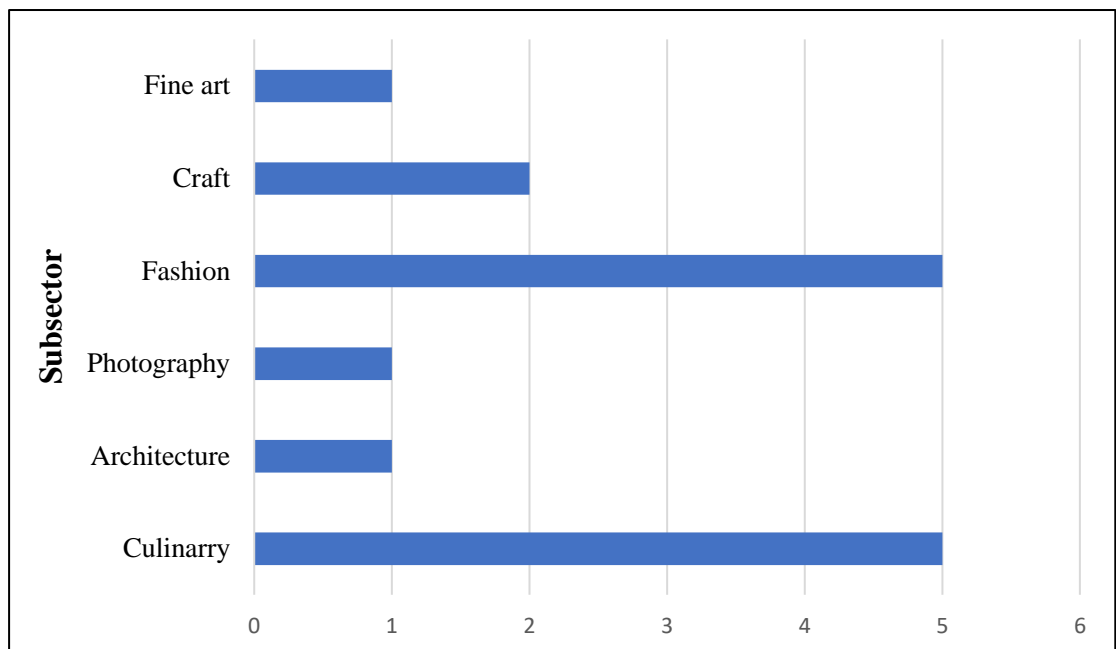
follow government regulations that restrict community activities, including villages in the Trenggalek, Gianyar, and Trenggalek areas. Considering that the creative industry started from the bottom level, such as BUMDes were promising, even before the pandemic, the British government developed creative economic potential in rural areas that were considered unique, namely tourist villages (Townsend et al., 2017). In South Korea, the government utilizes the rural creative economy industry in the agricultural sector to increase farmers and their income (Joon-Kee, 2014). This is realized even though the creative economy tends to use technology as a basic capital and its development is more dominant in urban areas, the fact is many villages in large countries have succeeded in doing with support from the government, especially when the COVID-19 pandemic strike (Agustina et al., 2020).

Seeing the immunity of the creative economy to the COVID-19 pandemic, it is believed that the creative sector will be driving for accelerating post-pandemic national economic recovery. Consequently, it seeks to make special policies and strategies for the creative economy sector. One of the government's strategic steps to strengthen creative industry resilience during the pandemic is that assist, increase competence intensively through Micro Small and Medium Enterprises (MSME) or Village-Owned Enterprises (BUMDes), which expected by creative actors in the village to be able to survive, transform and adapt to the current situation.

One of the villages that apply creative economy and are quite successful in a surviving pandemic is Krandegan Village, Purworejo, Central Java.

Purworejo Regency is one of the regencies in Central Java that has not yet formed many creative business actors with group or agency status. Therefore, Krandegan Village emerged, which instead established BUMDes. According to social needs and market opportunity in pandemic condition with added value to produce an innovative product, while eliminating the stigma that village is such area far from technology reach.

Chart 1.1 Number of Creative Economy in Purworejo Regency



Source: Central Java Youth, Sports and Tourism Office, 2018 (processed)

From the data above, it can be seen that there are only 6 (six) sub-sectors in Purworejo Regency out of a total of 17 (seventeen) types of creative economy sub-sectors in Indonesia, and the total number of creative actors is individual.

The emergence of Krandegan Village innovation brings creative economy to BUMDes into its uniqueness, especially during the COVID-19 pandemic. Here are some BUMDes units that implement creative economy in Krandegan Village:

Table 1.3 BUMDes Unit implemented Creative Economy in Krandegan Village

Name of BUMDes	BUMDes Unit
BUMDes of Karya Muda	Ngojol (Ngojek Online)
	Marketplace (Tokodesaku)
	Business Selling Digital Application

Source: Public Relations of Central Java Province (2020)

Three BUMDes units in Krandegan Village implemented creative economy in the application subsector, effective during the COVID-19 pandemic because all activities and needs can only be done digitally.

One village that has managed to survive the pandemic is Krandegan Village, Purworejo, Central Java. The Krandegan Village government has implemented many programs to translate the central government's instruction in dealing with the COVID-19 pandemic, especially to keep the creative sector alive. The strategic step of the Krandegan Village government is developing BUMDes utilizing digital technology.

Instead of BUMDes being formed based on regional potential, the Krandegan Village government established BUMDes to match with society's needs and market opportunity in a pandemic condition with added value to produce innovative products at once, eliminating a stigma that village is an area far from reach of technology.

The type of digital BUMDes initiated by the Krandegan Village government, such as a business unit, deals with online transportation services accessed through an application called Ngojek Online (Ngojol). Reporting from

infopurworejo news (2020,) the beginning of this application was initiated because the transportation needs of the Krandegan community is high but not accompanied by service to meet these needs, even though the largest online transportation provider such as Gojek and Grab have not yet touched the suburb including Krandegan Village. In addition, with the pandemic condition, people are limited with regulation to stay at home, so this online transportation help meet community needs.

Besides Ngojol, these BUMDes named Karya Muda initiated a digital-based business unit engaged in online trading using an application called "Tokodesaku. id". The marketplace was formed to accommodate the products of the Krandegan Village community can be sold easier because it is made online. Even this application developed outside the village to make it easier for MSME actors to expand their marketing network. Moreover, according to a survey by the Internet Service Providers Association (APJII), during the pandemic, Indonesian internet users increased 8.9% from 171.2 million to 196.7 million, with one of five majority behaviors users accessing the internet during the pandemic being online shopping. Surely, this business opportunity can be utilized in a mid-epidemic condition.

In addition, two applications can accommodate community needs even during the pandemic. Karya Muda BUMDes also open up business opportunities by selling their product in an application form to other villages for Rp. 5,000,000. This business of selling digital products becomes the highest income for BUMDes in Krandegan Village (Public Relation of Central Java, 2020).

As a result of digital-based BUMDes development innovation during the COVID-19 pandemic, Krandegan Village becomes the only village in Bayan District to obtain Village Development Index (IDM) with the status of Independent Village or one of 4 (four) villages. It obtained the IDM status in 2021 from all villages in Purworejo Regency, Central Java. Additionally, it received attention and appreciation from the Governor of Central Java and the Minister of Communication and Information.

From explaining this background, the author chose title research that examines the development of the creative economy through BUMDes during the pandemic, arguing that the creative sector is a national economic supporter with a large contribution to GDP during the pandemic. Even the third largest in the world, the creative industry is a sector that can still survive and even thrive in difficult situations. Surely this achievement has the government's involvement in providing an alternative strategic focus for creative actors to take advantage of business development opportunities during the pandemic. So, it is necessary to know the government's strategy to develop the creative sector amid the COVID-19 pandemic.

To realize the research case, the author chose the research location in Krandegan Village, Purworejo Regency, Central Java. Because it is the only village that implements creative economy through digital-based BUMDes with 3 (three) BUMDes units, namely establishing online transportation (Ngojol) for the local village, forming a product sales marketplace for the rural community and even outside the village being able to offer their products online due to

restriction enactment of community activities, and opening a business selling digital application to other villages. From the application of this digital BUMDes, Krandegan Village was awarded an Independent Village in 2021 and received appreciation from the Governor of Central Java and the Minister of Communication and Information. Krandegan Village government's success in developing the creative sector through digital-based BUMDes during a pandemic is very compatible with the case to be studied, so the author needs to know how strategy Krandegan Village government to apply it.

Therefore, it is necessary to study how Krandegan Village can develop a creative economy through information technology-based BUMDes during COVID-19. This goal will focus on the author's research entitled **CREATIVE ECONOMY DURING PANDEMIC: A STUDY OF VILLAGE OWNED ENTERPRISE (BUMDES) IN KRANDEGAN VILLAGE PURWOREJO DISTRICT.**

B. Problem Formulation

From the explanation of the background above, it can be summarized the problem formulation as follow:

How is Creative Economy Development of Krandegan Village through Village-Owned Enterprises (BUMDes) during the COVID-19 Pandemic?

C. Research Purpose

- a. To find out steps of creative economy development of Krandegan Village during COVID-19 pandemic.

- b. To find out how to develop Krandegan Village's creative economy through BUMDes.

D. Research Benefit

- a. Theoretically, it is expected to contribute knowledge from scientific study, complement previous scientific studies, and improve the ability to write scientific papers based on related theories to a problem.
- b. Practically, it is expected to contribute to villages that are starting to plan digital-based BUMDes or improve development in the creative sector.

E. Literature Review

Literature reviews are needed to identify the result of previous research and study the scope and main idea of the topic in question. In addition, analyzing in more detail and combining previous thought to find gaps for current research (Rahayu et al., 2019). In this study, the author uses 10 (ten) works of literature classified in table form to see the similarity, differences in model, case study, and theoretical framework on the topic of discussion. This table is divided into 3 (three) parts: the author, title, and summary.

Table 1.4 Literature Review

No.	Author	Title	Summary
1.	Siagian, A. O. & Yoyok. C. (2021)	The strategy of MSME Marketing Recovery during	The COVID-19 pandemic impacts the economic sector in Sumurboto Village, Blora, so this

		the COVID-19 pandemic in the Creative Economy Sector	research aims to find out the strategy of creative economy MSME for woven bamboo artisans to survive in pandemic conditions. This study uses a qualitative method with a library research approach. The finding of this study is a marketing strategy in the creative economy of the craft sub-sector by doing three ways, namely marketing strategy (segmenting, targeting, positioning), marketing tactic (product differentiation, product price, promotion, place, personal selling), and marketing value (brand, services, and process)
2.	Primadini, R. & Masruqi A. (2021)	Creative Economy as the Economic Potential of Padang Panjang City in the New Normal Period	This study aims to identify the potential of the creative sector during the COVID-19 pandemic in the Padang Panjang area to drive economic growth. The

			<p>method used with Shift-share analysis. The result shows that the highest economic growth rate was the information and communication sector, then health service and social activity, education service, water supply, and agriculture, these three sectors were experiencing progressive growth.</p>
3.	Jufra, Arlita A. (2020)	<p>Study on Recovery and Creative Economy Development of the Culinary Sub-Sector Post Pandemic (COVID-19) in Supporting Economic Growth in Southeast Sulawesi Province</p>	<p>The research is motivated by the impact of the COVID-19 pandemic on the creative economy of the culinary sub-sector in South Sulawesi, which has problems in human resources and goods/services. This study aims to find out the steps taken by the government on the creative economy-based SMEs. This study uses the quantitative method and library method. The</p>

			findings of this study are that the government take action by providing an incentive to creative actors, supporting culinary equipment and raw material, and helping marketing
4.	Mubarok, D., & Eva. F. (2021)	The Development of Creative Economy in Supporting the Society's Economy during the COVID-19 Pandemic (Qualitative Study in 5 Independent Publishing)	This study aims to determine how the creative economy in the publishing and book printing sector survives during the COVID-19 pandemic. This study uses a qualitative method with secondary data analysis. This research finds that independent book publishing can survive and adapt to the pandemic because of the flexible marketing process. Meanwhile, large-scale publishers have a long process and still use conventional stores.
5.	Mahira, E. D. (2020)	Strategy for Promoting Creative	Hemper development condition in management, human resource,

		<p>Industry and Local Economic Development: A Case Study of Art Craft Industry of Tegallalang Village</p>	<p>marketing, and capital. On the other hand, it has the creative economy business actor spirit. The strategy taken to answer these problems is by forming partnerships with government and private partner institutions as facilitators to empower the community, provide capital, and promote and market products.</p>
6.	<p>Agustina, Y., Agung. W., Pratikno, H., et al. (2020)</p>	<p>A Creative Economy Development Strategy: The Case of Trenggalek Creative Network for Trenggalek Regency, Indonesia</p>	<p>This research aims to identify the creative economy sector, formulate government policy guidelines, and develop qualitative creative economy development guidelines. The strategy is to build urban branding, the government becomes an incubator for creative economy actors and increases the quality and number of innovative human resources.</p>

7.	Imron, I. (2019)	Strategy for Creative Economic Development of Micro, Small and Medium Enterprises (MSES) in Pematang District	This research aims to identify creative economy potential and its development strategy using qualitative method and SWOT analysis. It was found that 12 creative economy sub-sectors were well developed. The development strategy is used through industry indicator, technology, resource, institution, and financial intermediation, followed by a collaboration with academia, business, and government.
8.	Nugroho S. P., Ihwan. S., & Setyawan, A. A. (2019)	Surakarta Creative Economy Development Model as an Effort to Creative New Economic Resources	Analyzing several services related to a creative economy with a performance indicator. Furthermore, 4 (four) models of creative economy development were found, namely the foundation and pillar of development (industry,

			<p>technology, resource, institution), creative economic development activities (supporting system, creative product development, human resource development), stakeholders (association, business, government, communication) and marketing (promotion, exhibition, performance, and festival).</p>
9.	Wibowo, H. (2018)	<p>Village Creative Economy Development Through Village Owned Enterprise (BUMDes) Toward IT-Based Cooperative</p>	<p>This study describes village management through Village Owned Enterprise (BUMDes) by developing Financial Technology through a comparative descriptive approach. The creative economy development strategy is known through collaboration based on a similar field, the application of digital MSME model as a</p>

			secondary cooperative from BUMDes, development of Financial Technology or village investment mechanism, and developing a marketplace as a marketing medium.
10.	Handayani, T., & Rini. A. S. (2020)	Creative Economy: Mapping Constraint and Analysis of Government Policy Strategy Case Study in Bengkalis City	Research to analyze development strategy from the government's perspective. The background is by mapping constraints of business actors through creative economy application in terms of Administrative, Technical, Operational, and Management (ATOM) aspects. Research using qualitative and exploratory analysis methods, it is known that government's involvement in creative economy development includes the formulation of regulation on protection (Intellectual Property Rights and

			<p>creation of a business climate such as support for licensing, information and facility) and regulation for creative economy development (conducting coaching, capital facility, financial support). marketing)</p> <p>Moreover, it is supported by the governor's Riau Creative Network Agency regulation.</p>
11.	Amanda, H. W. (2015)	<p>Village Development Strategy in Increasing Village Original Income Through Village-Owned Enterprise (BUMDes): A Case Study of Drinking Water Management Agency (BPAM) in Ketapanrame</p>	<p>The study used a descriptive qualitative method to describe village development strategy to increase original village income through Village Owned Enterprise (BUMDes) unit Water Management Agency (BPAM). The indicator is used with an integrated and comprehensive strategic approach, including goal, objective, scope, coordination, communication</p>

		Village, Trawas District, Mojokerto Regency	flow, place of initiative, and achievement indicator. It was found that BPAM managed by BUMDes had to be optimal for meeting social needs and increasing village income.
12.	Nursetiawan, I., Kiki. E., & Sujai, I. (2019)	Digitization of Superior Product in Sukamaju Village, Cihaurbeuti District, Ciamis Regency, Based on QR Code and Facebook Marketplace	This is motivated by the condition of business actors' products which are still weak and conventional so that they require renewal through research aim to create technological innovation to encourage digital-based economic development using the Waterfall Model method with 5 (five) stages of the approach, namely communication, planning, modeling, construction, and dissemination. The digitization of superior products by changing packaging design through a QR Code that

			connects a URL to official social media accounts from product origin and conduct marketing through the Facebook marketplace.
13.	Krisdayani, M., M. Ihsan., Marhawati., et al. (2020)	Analysis of Creative Economy Business Development Strategy (Case Study at Anjoroku Handicraft Center in Selayar Islands Regency)	Research with qualitative method and SWOT analysis, a creative economy business development strategy was found in the SWOT quadrant I matrix with an S-O strategy, namely varying the production of souvenir, utilizing government assistance as business development capital, maintaining product uniqueness as a characteristic, maximizing promotion and improving the service quality.
14.	Aysa, I. R. (2020)	Creative Economy Development Strategy in Digital Age: A Case Study	The creative economy operates in the publishing and educational game sub-sector analyzed using a qualitative approach with case

		of Zydnaa Edukasi Jombang	study technique and SWOT analysis. Obtained a business development strategy by expanding network between resellers, making a financial report for sales management, maintaining good communication, and updating product variation suitable to the market trends.
15.	Efendi, E., Suci R., Guntoro, D., et al (2020)	Improving the Community's Economy in the New Normal Period through Business Creative Economy Activities by Utilizing Online Media	This study aims to improve the economy of people affected by the COVID-19 pandemic by utilizing the creative economy of the craft sub-sector. The research uses a participatory method by assisting community groups. The research results create economic activity starting from the researcher's survey, conducting counseling and education about the creative economy by using

			online media to the public, practicing the potential use of kite crafts to be sold online.
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From the literature above, it can be concluded that there is no research discusses about creative economy which is implemented in BUMDes. For this reason, the research gap in this study is to find creative economic development in Village Owned Enterprises (BUMDes).

F. Theoretical Framework

The theoretical framework is a detailed theoretical explanation of variables used as subject matter in the research.

1. Creative Economy Development

1.1 Definition of Creative Economy

According to John Howskins (2001), as the first person to introduce the term creative economy in his book entitled *The Creative Economy: How People Make Money From Ideas* define the creative economy as a combination of economy deals with individual, production, resource, and transaction system. While creativity can create something new but cannot be interpreted as part of economic activity, it can be said that an idea produces a commercialized product. This means that a creative economy is goods or services created from creativity and has economic value.

Meanwhile, according to the United Nations Conference on Trade and Development (UNCTAD, 2008), a creative economy creates, produces, and distributes goods and services using creativity and intellectual property as the main subject. This process becomes an activity of combining knowledge, art, and intellectual, which form economic value so that it has the potential to generate income.

1.2 Purpose and Scope of Creative Economy Development

The objective of developing a creative economy are as follows:

- a. Improving the competitiveness of creative economic actor
- b. Increasing creative economy contribution effort in the national economy

The scope of creative economy development are as follows:

- a. Improving human resource development creativity ecosystem
- b. Developing a creative economy business ecosystem
- c. The increasing contribution of creative economy efforts in the national economy
- d. Shaping creativity in every development sector

1.3 Types of Creative Economy

According to Presidential Regulation No. 72 of 2015 and (Agustina et al., 2020), the classification of the creative economy in Indonesia is divided into 17 (seventeen) sub-sectors, including:

- 1.) Game development is creative activity related to the digitization of game, game publishing, and game development
- 2.) Interior design is a creative activity in design consulting and education services.
- 3.) Architecture is creative activity such as consulting architect that includes businesses such as building design and urban planning construction supervision
- 4.) Product design, which is related to consulting service, design education service.
- 5.) Fashion is a creative activity related to creating clothing design and other fashion accessories design.
- 6.) Visual communication design is creative activity related to consulting design education services.
- 7.) The film, animation, and video are related to the creation, production, video, photography service, distribution of video recording, film screening service, film screening business, and merchandise business.
- 8.) Photography, namely business related to photography service and education.
- 9.) Craft is a textile, leather, plaiting, wood, glass, paper, furniture business, jewelry and valuable, metal craft.

- 10.) Culinary, namely business related to food and beverage, restaurants or café.
- 11.) Music, namely creative activity related to the creation/composition of making instruments, musical performance, music education service, music publishing, music recording studio.
- 12.) Publishing and printing, including content writing and publishing of book, journal, newspaper, magazine, tabloid, and printing business.
- 13.) Advertising, which is a creative activity related to advertising service (one-way communication using a certain medium)
- 14.) Performing arts, namely dance performance, performing art education service, theater performance, and drama art.
- 15.) Fine art is a creative activity in art education service, exhibition building, or art exhibition.
- 16.) Television and radio, is activity related to television and radio broadcasting and transmission, production and packaging, and creative business.
- 17.) Application, namely application development, and merchandising business.

1.4 Creative Economy Development

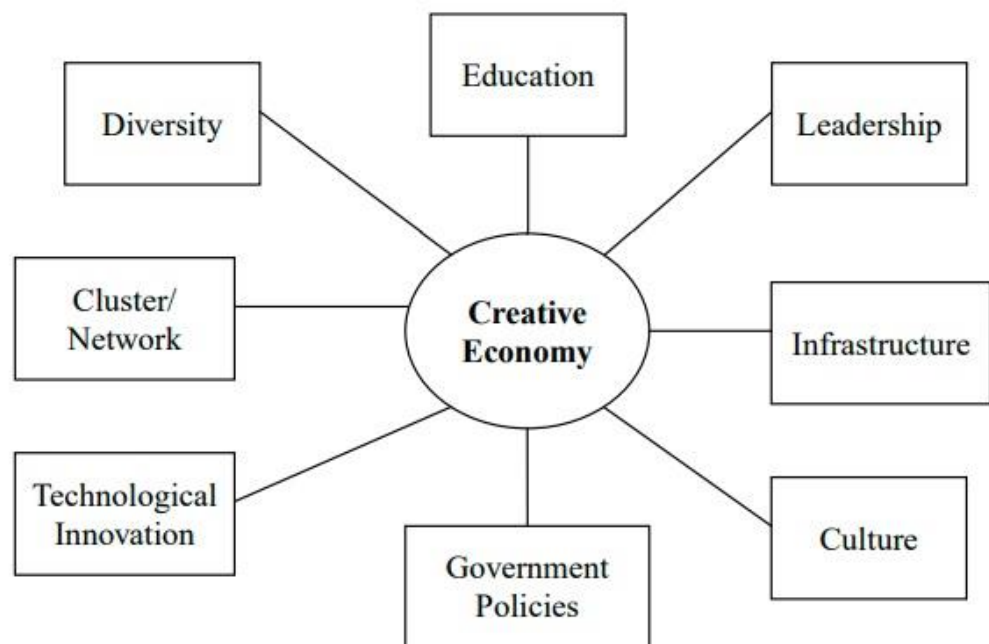
Creative economy development is a process to improve capability, strengthen the quality, and sustain the growth of the creative industry by utilizing supporting resources to create innovation and uniqueness. (Ministry of Tourism and Creative Economy RI, 2014; Cabinet Secretariat of Indonesian Republic, 2018).

Meanwhile, according to the Central Java Regional Regulation Number 5 of 2021, it explains that development of the creative economy is an effort made by the provincial government, business world, university, vocational education, media, community, and society in the form of creating a business climate, fostering, mapping, monitoring and strengthening creative business and creative industry.

Development of creative economy is stated in Presidential Regulation Number 142 of 2018 concerning the 2018-2025 National Creative Economic Development Master Plan, or it can be called Rindekraf. Further, it is described in the Ministry of Tourism and Creative Economic document "*Creative Economy: Indonesia's New Strength Towards 2025*" (2014) into a development model analogous to a building consisting of foundation, pillar, and roof that actor plays.

According to Chartered Institute of Management in White et al. (2014), creative economy development is identified into 8 (eight) factors, namely:

Figure 1.1 Theory of Creative Economic Development Strategy



Source: Chartered Institute of Management (2014)

1. Education

Learning is crucial for innovation can stimulate a creative mind. Needed a solid foundation to make creative output with a structured education such as the development of science, vocational training, economic-based curriculum to build expertise creativity, and entrepreneurial learning approach.

2. Leadership

Leadership is important in creating an innovation climate that encourages and stimulates ideas, supports individuals, creates

solutions, and motivates the entire organization to work. More important of leadership in the developing creative economy is managing skills for all factors related to the needs of the creative industry.

3. Infrastructure

Infrastructure is the most basic regular need of creative economy development. Serve as a liaison between resources and support creating creative ideas, such as technology, information system, and cultural facilities.

4. Culture

Culture can influence and create creative production processes. The cultural impulse raises cultural entrepreneurs as traditional and local bearers of meaning and national characteristics. The value of developing creative industry through culture will be the same as preserving culture itself, especially local areas that hold tightly to tradition from generation to generation.

5. Government Policies

Government policies play a role in building an environment for developing creativity. The impact of policies on the creative industry can organize creative actors, increase resources through training, provide infrastructure, provide incentives, assist marketing, mentoring and protect intellectual property. Therefore, it is

necessary to have consistency and policy supporting creative actors' limitations.

6. Technological Innovation

Provide innovative technology and be able to stimulate ideas to increase competition. Creative product development must be followed by the latest and adequate technological innovation, such as developing software and designing hardware.

7. Cluster/Network

A creative network is needed to become a forum for creative actors to be synergistic collaborative and a facility for disseminating information and communication of creativity, such as a forum for creative workers.

8. Diversity

Diversity is needed to create a competitive environment and stimulate culture. Social workers, creative workers, artists, scientists, entrepreneurs, and industry will spread innovative ideas that stimulate the development of the creative economy.

1.5 Factors Affecting Creative Economy Development

Several factors influence creative economy development according to (Firdausi, 2017), including:

- 1.) As the foundation of a creative economy, creativity requires high ideas and knowledge to compete and create quality innovation.

- 2.) Advance in technology (information/computer/digital), as the main support for the creative industry economy running well, technological sophistication greatly affects large-scale industrial players.
- 3.) Media, it is undeniable that media has an important role in creative development as a marketing medium, even into the creative industry through social media shows or television.
- 4.) Development of Small and Medium Scale Industry (IKM), industry dominant in this category, needs special treatment because this sector is large. It is likely to have a big impact on Indonesia's creative economy, so it is necessary to provide special treatment for its development, such as the provision of tax incentives and discounts on credit interest rates.

2. Village Owned Enterprise (BUMDes)

Village Owned Enterprise (BUMDes), according to Law no. 6 of 2014, is defined as a business entity whose capital ownership is wholly or partly owned by the village through direct participation from village assets.

Meanwhile, according to Prasetya (2020), Village-Owned Enterprise (BUMDes) is a village business institution operated by the government and village community to strengthen the village economy formed by utilizing potential and village needs.

2.1 Characteristic of Village Owned Enterprise (BUMDes)

The village economy does not only focus on BUMDes; other economic institutions are not included in the scope of BUMDes with the same goal. For this reason, it is necessary to know the characteristics of BUMDes so they can be distinguished from other business entities. According to (Prasetya, 2020) as follows:

- a. Managed by the village community, power is entirely in village hands.
- b. Guided by local culture-based business principles. Operation is supervised by the Village Consultative Body (BPD), village government, and village community.
- c. Capital is sourced from village 51% and community 49%, carried out by way of equity (share).
- d. Business fields are selected based on village potential and market information.
- e. The provincial, district, and village governments conduct facilities and supervision.
- f. Profit from the sale is aimed at the community's welfare through village policy.

2.2 Purpose of Village Owned Enterprise (BUMDes)

The establishment of BUMDes as one of the village business entities is being encouraged by the government is not only to generate income economically but has other objectives as stated in Regulation

of the Minister of Village, Development of Disadvantaged Regions, and Transmigration Number 4 of 2015 in article 3 as follows:

- a. Improving village economy
- b. Improving community effort in managing the village's economic potential
- c. Optimizing village asset
- d. Creating market opportunities and networks to support community needs
- e. Develop a business cooperation plan between the village and with third parties
- f. Open job
- g. Increase community income and Village Original Income (PAD)
- h. Improving people's welfare through public service, economic growth, and equity

2.3 Classification Types of Villages Owned Enterprise (BUMDes)

The following type of business can be carried out by village in establishment BUMDes according to (Putra, 2015):

- a. Money business (banking) fulfills the financial need of rural communities with lower interest rates than conventional

banks. For example, village banks, village microfinance institutions, or village credit institutions.

- b. Social business (serving) is public service by providing social benefit to the community. For example, village drinking water business, food barn, village electricity business.
- c. The brokering business is a liaison for community needs, such as bridging agricultural commodities with the market to help farmers sell their products. For example, establishing a village market to sell community products, and electricity payment services.
- d. Production or trading business produces or trades certain goods to meet society's needs and market. For example, liquid smoke factory, agricultural product, ice factory, agricultural production facility.
- e. Rental business (renting), which is to serve community needs as well as to earn village income. For example, meeting hall rental, land, tractor rental, shop house.
- f. Joint business (holding), which is to become the parent of the business unit in the village to collect so that they can manage joint businesses. For example, a tourist village organizes the business of a certain group.

The classification of BUMDes does not stop at 6 (six) categories, the digital era encourages business people to compete with more innovative business models, increasing e-commerce companies, marketing techniques, and sale methods are done digitally into a new ecosystem in the business world, including the village.

This study in Krandegan Village manages digital-based BUMDes in online transportation business unit, marketplace application and sell application products. If the village does not participate in the digital economy competition, it will slowly be eroded by more innovative companies or industries.

G. Conceptual Definition

The conceptual definition is the concept definition of a variable to describe an event as a whole so that author can simplify thinking by using one term related to the research object. In this study, the author set the concept used as follows:

1. Creative Economy Development

Creative economy development is a set of efforts to develop education, leadership, infrastructure, culture, government policies, technological innovation, cluster/network, and diversity.

From 8 (eight) creative economy development, this study uses 4 (four) variables, namely infrastructure, government policies, technological innovation, and cluster/network. This is because many scientific works and previous studies have used these variables as the basis for measuring development strategies in the creative economy (Agustina et al., 2020;

Handayani & Sari, 2020; Krisdayani et al., 2020; Mahira, 2020; Nugroho et al., 2019; Wibowo, 2018), and these four variables already represent other variables, thus to find out the government's strategy in creative economy development has been stated in 4 (four) variables.

2. Village Owned Enterprise (BUMDes)

BUMDes is a business entity to strengthen the village economy formed based on potential and village needs through ownership of capital originating from village wealth.

H. Operational Definition

An operational definition is the elaboration of research variables by measuring certain indicators to obtain information for the research objective. The indicators used to measure 4 (four) variables are *Infrastructure* (Creative physical and non-physical facilities) with creative space, creative center building, workshop, and festival parameters. *Government policy* (Create regulation and financing) parameters are regent's regulation, village regulation, capital, and award. *Technological innovation* (Creative, innovative software, and creative network access) parameters are database, application integration, information creative economy system, and internet network (WiFi). *Cluster/Network* (Forming a creative group and creative marketing product) with the creative community, creative forum discussion, digital marketing, and promotion parameters.

Table 1.5 Operational Definition

Variable	Indicator	Parameter
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Infrastructure	<ul style="list-style-type: none"> • Creative physical facilities • Creative non-physical facilities 	<ul style="list-style-type: none"> – Creative space – Creative center building – Workshop of the creative economy – Festival
Government Policies	<ul style="list-style-type: none"> • Create regulation • Financing 	<ul style="list-style-type: none"> – Regent's regulation of the creative economy – Village regulation of the creative economy – Capital for the creative economy sector – Creative award
Technological Innovation	<ul style="list-style-type: none"> • Creative, innovative software • Creative network access 	<ul style="list-style-type: none"> – Database of the creative sector – Creative application integration – Information creative economy system – Internet network (WiFi)
Cluster/Network	<ul style="list-style-type: none"> • Forming creative group • Marketing creative product 	<ul style="list-style-type: none"> – Creative community – Creative forum discussion – Digital marketing – Promotion

I. Research Method

In compiling research, a method is needed to achieve the research objective. The research method is understood as a systematic way of collecting data with specific purposes and utility (Sugiyono, 2013).

1.1 Research Type

The type of research used in this research is case study qualitative research. According to Aminah and Roikan (2019), qualitative research is research designed to understand the meaning of a phenomenon. While the case study qualitative, according to Yusuf (2014), is a process of understanding people, groups, phenomena, social settings through the collection of detailed, holistic, systematic data and information, using methods or techniques from various sources of information. Based on these characteristics, this research is more appropriate to use the case study qualitative method by examining the creative economy development of Village Owned Enterprise (BUMDes) during the COVID-19 pandemic in Krandegan Village Purworejo Regency.

1.2 Research Place

This research is conducted in Krandegan Village, Bayan District, Purworejo Regency, Central Java Province. Krandegan Village develops a creative economy through a digital-based Village Owned Enterprise (BUMDes) unit.

1.3 Data Analysis Unit

The data analysis unit is used to obtain data in individual, group, and social events referred to as research subjects. In preparation for this research, the focus will be examined as resource person using the *Purposive Sampling* method, namely the technique of determining sample with certain consideration according to expert or technique of determining sample based

on resource person who know the issue to be discussed (Sugiyono, 2013).

This study uses the following research subject:

Table 1.6 Data Analysis Unit

No.	Source Person	Amount
1.	Head of Tourism and Culture Service of Purworejo Regency	1
2.	Krandegan Village Chief	1
3.	BUMDes of Karya Muda Chief	1
4.	Creative Economy Actors (Three types of the creative economy in Krandegan Village)	6
5.	Krandegan Village Society	5

Based on the table above, source person as a purposive sampling in creative actors take 6 (six) people because there are 3 (three) units BUMDes in Krandegan which implemented creative economy, there are Ngojol (Nojek online), marketplace and business selling the digital application. Each unit represents 2 (two) people as criteria for a representative sample. Then, the source amount of Krandegan Village is five people based on criteria who person has used 3 (three) units BUMDes, gender, and age, so the author put five people as a sample for Krandegan society.

1.4 Data Type

The type of data in this study uses primary data and secondary data.

- a. Primary data

Research data is obtained directly through direct observation, interview, or distributing questionnaires. The primary data in this study are Head of Tourism and Culture Service of Purworejo Regency, Krandegan Village Chief, BUMDes of Karya Muda Chief, Creative Economy Actors, and Krandegan Village Society.

Table 1.7 Primary Data Source

No.	Data Source	Required Data
1.	Agung Wibowo, AP., MM	<ul style="list-style-type: none"> • Infrastructure • Government policies • Technological innovation • Cluster/Network
2.	Dwinanto, S. E	
3.	BUMDes of Karya Muda Chief	
4.	Creative Economy Actors (Representative from Ngojol (Ngojek Online), Marketplace users and Application maker)	
5.	Krandegan Village Society	

b. Secondary Data

Type of additional data obtained from other sources, either through intermediary media or study material such as books, scientific journals, newspapers, articles, websites, and information media. This study uses secondary data that is relevant to the source.

Table 1.8 Secondary Data Source

No.	Data Name	Data Source
1.	Law Number 24/2019	Central government
2.	Law Number 6/2014	Central government
3.	Regulation the Minister of Village, Development of Disadvantaged Regions, and Transmigration Number 4 of 2015	Ministry of Village, Development of Disadvantaged Regions and Transmigration
4.	State Financial Report Documents	Ministry of Finance
5.	Central Java Regional Regulation Number 5 of 2021 concerning Creative Economy Development in Central Java Province	Central Java Provincial Government
5.	Dokumen Outlook Ekonomi Kreatif 2016, 2019 & 2021	Creative Economy Agency
6.	The book "Creative Economy: Indonesia's New Strength Towards 2025."	National Library
7.	Article of Association BUMDes Krandegan	Krandegan Village

8.	Krandegan Village Regulation Number 9 of 2019 concerning the Establishment of "Karya Muda" Village-Owned Enterprises	Krandegan Village
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1.5 Data Collection Technique

Data collection used in this study is a triangulation technique, including interviews and documentation.

a. Interview

In collecting data, the interview is one technique that can be used as a process of interaction between researcher and resource person through direct communication (Yusuf, 2014). Interview conducted with informal talk and in-depth interview, aiming to understand the subject under study. Because this research used a *purposive sampling* technique, the interview was conducted with a resource person who knew the issue to be discussed. In this study, data to be taken from direct interview sources from the Head of Tourism and Culture Service of Purworejo Regency, Krandegan Village Chief, Karya Muda BUMDes Chief, Creative Actors, and Kradegan Village Society.

Table 1.9 Source Data for Interview

No.	Resource Name	Data source
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1.	Agung Wibowo, AP., MM	Head of Tourism and Culture Service of Purworejo Regency
2.	Dwinanto, S. E	Krandegan Village Chief
3.	-	Karya Muda BUMDes Chief
4.	-	A representative from creative economy actors such as Ngojol (Ngojek Online), Marketplace users, and Application makers.
5.	-	A representative from Krandegan Village Society

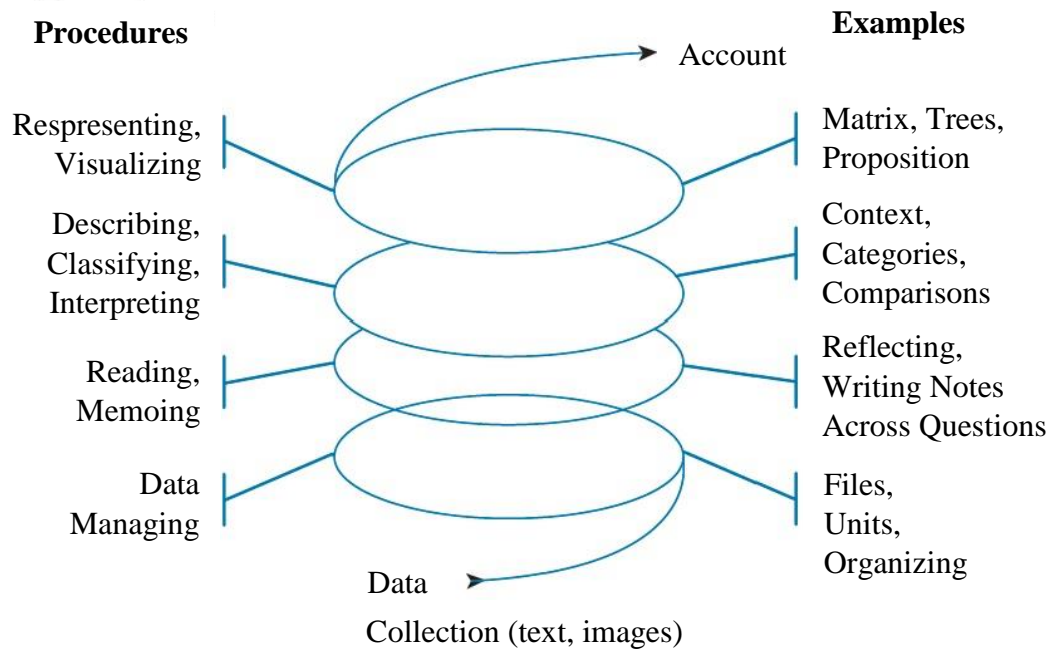
b. Documentation

Documentation is a data collection technique source from notes, transcripts, books, newspapers, magazines, journals related to research problems (Samsu, 2017). This research will take Law, Government Regulation, Ministry Regulation, book on the creative economy, and Village Owned Enterprise (BUMDes) documentation.

1.6 Data Analysis Technique

This study uses the Spiral Data Analysis technique popularized by Creswell (2007). The step of Spiral Data for Analysis is carried out as follows:

Figure 1.2 Data Analysis Spiral



Source: Creswell (2007)

From the picture above, analyzing data According to Creswell (2007), begins the first stage of data collection obtained through primary or secondary sources in text or image form. The second circle is managing data and converting the data obtained into a large text or image database so that it is easy to find. The third circle is reading and memoing, which includes reading and analyzing all of the data compiled and understanding the details of the data by taking notes.

The fourth circle is describing, classifying, interpreting, describing data that has been recorded, forming code, or doing data categories and interpreting them based on the view, insight, intuition from data that has been categorized or from what was seen during data collection. The fifth circle

represents and visualizes, representing data finding packaged in text, table, or image form.

Data analysis in this study using Data Analysis Spiral as follows:

- a. Data collection is collecting data from interviews or secondary data in images, text, and documents related to the creative economy development in BUMDes of Krandegan Village during the COVID-19 pandemic.
- b. Data managing is compiling data obtained from interviews with the Head of Tourism and Culture Service of Purworejo Regency, Krandegan Village Chief, BUMDes of Karya Muda Chief, Creative Actors, Kradegan Village Society, as well as documentation and converting the data into a large database.
- c. Reading and Memoing is reading and understanding converted data and making notes on finding in the creative economy of Krandegan Village BUMDes.
- d. Describe, classify, and interpret the data in detail, create code or category, and translate each category related to the creative economy development in BUMDes of Krandegan Village during the Pandemic COVID-19.
- e. Representing and visualizing presents and conclude the finding in a text, picture, or table.