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CREATIVE ECONOMY–BASED VILLAGE DEVELOPMENT PLANNING MODEL FOR THE EMPOWERMENT OF MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)

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Abstract : Village development is one of the main pillars in promoting national economic equality. However, many villages in Indonesia still face challenges in enhancing community economic independence, particularly in developing Micro, Small, and Medium Enterprises (MSMEs). This study aims to formulate a village development planning model based on the creative economy as a strategy to empower MSMEs to become competitive and sustainable. The approach used is qualitative, employing literature studies, field observations, and in-depth interviews with MSME actors, village officials, and local stakeholders. The research findings indicate that applying creative economy principles in village development planning can create synergy between local potential, product innovation, and the use of digital technology. The proposed model consists of four main components: identifying creative potential based on local resources, strengthening human resource capacity through training and business incubation, cross-sector collaboration between government, private sector, and creative communities, as well as digitalization and online platform-based marketing. The implications of this study show that village development integrated with the creative economy not only increases community income but also strengthens the local economic structure sustainably. Thus, this model is expected to serve as a strategic reference for MSME empowerment policies and rural economic development in Indonesia.

Keywords: Creative Economy, Empowerment, MSMEs, Planning Model

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INTRODUCTION

Village development is one of the main priorities in national development, considering that the majority of Indonesia's population still resides in rural areas. A village is not only an

administrative unit but also a center of social, economic, and cultural activities for the community. According to Law Number 6 of 2014 concerning Villages, village development is directed toward improving the welfare of rural communities and enhancing the quality of human life, as well as alleviating poverty through the fulfillment of basic needs, the construction of facilities and infrastructure, the development of local economic potential, and the sustainable utilization of natural and environmental resources. However, in reality, most villages in Indonesia still face various challenges such as low community income levels, dependence on traditional agricultural sectors, and limited innovation in the development of local economic potential (Central Bureau of Statistics, 2023).

One of the strategies that can be implemented in village development is strengthening the creative economy. The creative economy is a new economic concept that relies on ideas, creativity, and human innovation as the main resources for creating economic value. According to Howkins (2011), the creative economy comprises economic activities that focus on generating added value from individual ideas and creativity. The creative economy sector includes not only arts and culture but also industries such as culinary arts, design, crafts, information technology, fashion, and digital media. In the rural context, the creative economy holds great potential for optimizing local resources through innovations based on local wisdom that can enhance the identity and competitiveness of villages in the era of globalization.

On the other hand, Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the national economy, contributing significantly to employment and Gross Domestic Product (GDP). According to data from the Ministry of Cooperatives and SMEs (2022), MSMEs contribute more than 60% to national GDP and absorb around 97% of the workforce. However, MSME actors in rural areas often face various obstacles, such as limited capital, low human resource quality, lack of product innovation, and limited access to markets and technology (Tambunan, 2019). These challenges cause the growth of rural MSMEs to progress slowly and struggle to compete with modern urban economic sectors.

Given these issues, a village development planning model based on the creative economy is needed to strengthen MSME empowerment. This model is expected to integrate local economic potential with creative innovation and involve active community participation in every stage of planning and implementation. Suryana (2013) emphasizes that an empowerment- and creativity-based approach can create new opportunities to increase rural community income while

strengthening economic independence. Thus, the creative economy is not merely an economic activity but also a social instrument to enhance rural community welfare sustainably.

In practice, creative economy–based village development planning must be designed systematically and participatorily. Village governments act as facilitators and coordinators, while the community plays a central role in identifying local potential and developing creative ideas. Collaboration among government, academia, the private sector, and local communities is essential to building an inclusive and competitive creative economy ecosystem (Ministry of Tourism and Creative Economy, 2020). This approach aligns with sustainable development principles, which emphasize balancing economic, social, and environmental aspects in every development policy (Todaro & Smith, 2020).

Furthermore, developing the creative economy in villages can serve as an effective strategy to address the challenges of globalization and digitalization. The use of digital technology in MSME product marketing, financial management, and business networking can expand market access to the national and international levels. Digital transformation within the rural creative economy sector also has the potential to create new job opportunities and reduce urbanization, as rural communities can remain productive in their hometowns without needing to migrate to cities (Prasetyo & Sutopo, 2018). Thus, the creative economy not only strengthens rural economic growth but also supports development equity across regions.

The urgency of this research lies in the need to develop a conceptual and applicable model that can serve as a reference for village governments in designing creative economy–based development strategies. This model is expected to strengthen the capacity of rural MSMEs through enhanced innovation, creative skills training, digital-based financial management, and increased access to financing and markets. With a structured model rooted in local potential, village development is expected to become more participatory, inclusive, and sustainable rather than top-down.

Based on the explanation above, it can be concluded that creative economy–based village development is a strategic step in realizing rural economic independence and strengthening MSME competitiveness in the digital economy era. Therefore, this study focuses on formulating a creative economy–based village development planning model for MSME empowerment, which is expected to provide theoretical contributions to the field of development economics and practical benefits for policymakers and rural communities.

LITERATURE REVIEW

Village Development

Village development is an integral part of national development and plays a crucial role in achieving equitable welfare distribution across Indonesia. A village is viewed as a socio-economic unit with natural and human resources that must be optimally developed to achieve economic independence. According to Todaro and Smith (2020), development is a multidimensional process that involves changes in social structures, community attitudes, and national institutions toward more advanced conditions. In the rural context, village development is not only focused on physical and infrastructural development but must also prioritize human development and the strengthening of community-based economic institutions.

In accordance with Law Number 6 of 2014 concerning Villages, village development is directed toward improving rural community welfare and human quality of life, as well as poverty alleviation through the sustainable utilization of natural and environmental resources. Village development also upholds the principles of participation, transparency, accountability, and equity. In this regard, rural communities are no longer positioned as objects of development but as subjects who initiate and actively participate in the planning, implementation, and evaluation processes (Central Bureau of Statistics, 2023).

Furthermore, Kuncoro (2013) states that effective village development must be able to explore local potential and transform it into productive economic resources. Therefore, a development approach that is adaptive, based on local potential, and capable of encouraging economic diversification through innovation is required. One relevant approach for modern village development is creative economy–based development, which places human creativity as the main capital for economic progress.

Creative Economy Concept

The creative economy is an economic sector founded on creativity, ideas, and innovation as the main sources of economic value creation. Howkins (2011) defines the creative economy as economic activities focused on generating added value from intellectual property. This concept covers 17 subsectors, including culinary arts, crafts, design, music, film, animation, digital applications, and fashion. Meanwhile, Florida (2014) asserts that the economic success of a region increasingly depends on the emergence of a creative class—groups with the ability to think critically, innovate, and adapt to change.

In Indonesia, the creative economy has gained recognition as a strategic sector following the issuance of the National Creative Economy Strategic Plan 2020–2024 by the Ministry of Tourism and Creative Economy (2020). The document emphasizes that the creative economy plays an important role in creating new jobs, increasing exports, and strengthening national economic resilience. In the rural context, the development of the creative economy can be carried out by utilizing local potential such as traditional arts, processed agricultural products, natural tourism, and regional culinary specialties.

In addition, the creative economy contributes to sustainable economic development because it relies on creative human resources rather than limited natural resources. UNCTAD (2018) refers to the creative economy as “the lifeblood of inclusive development,” as it enhances competitiveness while strengthening local cultural identity. Thus, the implementation of the creative economy in villages is not only oriented toward economic profit but also toward cultural preservation and strengthening social values.

Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are a vital component of Indonesia’s economic system. Based on data from the Ministry of Cooperatives and SMEs (2022), the number of MSMEs in Indonesia has exceeded 65 million business units, contributing 60.5% to the national Gross Domestic Product (GDP) and absorbing approximately 97% of the workforce. This indicates that MSMEs serve as the engine of the people’s economy and hold a strategic role in national development, particularly in rural areas.

According to Tambunan (2019), MSMEs have advantages in business flexibility, adaptability to market conditions, and the ability to absorb local labor. However, MSMEs also face various challenges, such as limited capital, weak access to technology, low managerial capacity, and restricted marketing networks. These constraints hinder the growth of MSMEs in rural areas and limit their ability to compete with larger industrial sectors.

Meanwhile, Suryana (2013) emphasizes that enhancing MSME competitiveness requires empowerment efforts focused on improving creativity and innovation. Strengthening human resource capacity, digitizing business operations, and increasing access to financing and markets are crucial factors in accelerating MSME transformation toward independence and high competitiveness. Therefore, synergy among the government, business sector, and community is essential for the successful development of creative economy–based MSMEs.

Community and MSME Empowerment

The concept of empowerment emerged as a response to conventional top-down development models that overlooked community participation. According to Chambers (1997), empowerment is the process of strengthening individuals or community groups so that they can control their lives and make independent decisions. In the context of village development, empowerment aims to enhance community capacity to manage local resources productively and sustainably.

Sulistiyani (2004) states that community empowerment encompasses three main dimensions: (1) enabling—creating an environment that supports community development; (2) empowering—strengthening existing potential; and (3) protecting—ensuring that vulnerable groups are not further marginalized. Therefore, MSME empowerment does not only focus on capital assistance but also includes skill training, access to information, and the establishment of strong village economic institutions.

From a creative economy perspective, community and MSME empowerment is fundamental in creating value-added products based on local potential. Prasetyo and Sutopo (2018) highlight that synergy between community creativity and village institutional support can stimulate the creation of innovative products with high competitiveness and market value. Through creative economy-based empowerment, rural communities become not only economic actors but also innovators in local economic development.

Creative Economy-Based Development Planning

Development planning is a systematic process of determining direction, objectives, strategies, and implementation steps to achieve sustainable development. In the context of the creative economy, development planning aims not only at economic growth but also at producing added value grounded in creativity and innovation.

According to the Ministry of Tourism and Creative Economy (2020), creative economy-based development planning involves several stages: (1) identifying local creative potential, (2) strengthening the capacity of creative human resources, (3) establishing a supportive creative ecosystem, and (4) developing market networks. These stages align with the quadruple helix approach, which emphasizes the importance of collaboration among government, academia, the business sector, and communities (Rahmawati, 2021).

Moreover, implementing creative economy–based development in villages requires institutional support such as Village-Owned Enterprises (BUMDes), which can function as creative business incubators. BUMDes may facilitate local product development, digital promotion, and partnerships with private sectors and local governments. Putri and Nugroho (2022) add that integrating the creative economy with MSMEs at the village level can strengthen the local economic value chain and foster community independence.

Creative Economy–Based Village Development Planning Model for MSME Empowerment

The creative economy–based village development planning model for MSME empowerment emphasizes the integration of economic, social, and cultural aspects in village development. This model aims to optimize local potential through community creativity while strengthening the role of MSMEs as the primary drivers of the village economy.

Based on a synthesis of the literature, this model consists of five main components:

1. Identification of village creative potential and resources, mapping local economic assets such as traditional products, cultural arts, and tourism potential.
2. Capacity building for creative human resources, through training, workshops, and creative entrepreneurship mentoring.
3. Strengthening village economic institutions, such as BUMDes and creative communities that serve as coordination and management hubs.
4. Access to financing and digital markets, by utilizing e-commerce platforms, online promotion, and partnerships with financial institutions.
5. Evaluation and sustainability strategies, to ensure that the creative economy contributes significantly to improving rural community welfare.

This model serves as a practical guideline for village governments in designing inclusive, participatory, and sustainable development policies. Through a creative economy approach, village development shifts from merely infrastructure-focused initiatives to strengthening social capital and community creativity.

RESEARCH METHOD

This research method employs a descriptive qualitative approach aimed at gaining an in-depth understanding of the dynamics of creative economy implementation in village development planning. This approach was chosen because it is capable of illustrating real conditions and the social processes that occur in the field in a holistic manner. The research was conducted through

three main stages: literature review, field observation, and in-depth interviews. The literature review was used to obtain a theoretical foundation regarding the concept of the creative economy and MSME empowerment models, while field observations were carried out in several villages that have implemented creative economy-based strategies. In-depth interviews were conducted with MSME actors, village officials, and Village-Owned Enterprises (BUMDes) representatives to obtain contextual and reflective data related to the collaborative roles in village economic development.

This research method also emphasizes qualitative data analysis through the processes of data reduction, data display, and conclusion drawing. Data obtained from various sources were verified to ensure their validity and reliability. The analysis was carried out by identifying patterns of relationship between local potential, human resource capacity-building strategies, and village institutional support in driving the development of creative economy-based MSMEs. A triangulation approach was used to examine the consistency of information across respondents and data sources. The results of the analysis were then used as the basis for formulating a creative economy-based village development planning model that is expected to be implemented sustainably and adaptively in response to technological progress and community needs.

RESULTS

The results of this study indicate that the implementation of creative economy principles in village development planning has a positive impact on increasing the independence and competitiveness of MSMEs. Through the integration of local potential, product innovation, and the use of digital technology, village communities are able to create added value for regional superior products. Training, mentoring, and business incubation conducted by village-owned enterprises (BUMDes) and partner institutions significantly contribute to improving skills and knowledge of business actors. In addition, cross-sector collaboration among village governments, entrepreneurs, and creative communities forms an inclusive and sustainable economic ecosystem. This process strengthens the local economic structure and opens new market opportunities for village products at the national level.

DISCUSSION

Other results show that digitalization is a key factor in driving efficiency and market expansion for village-based MSMEs. The use of online platforms such as marketplaces, social media, and e-commerce has significantly increased promotion and product sales transactions. The

creative economy–based development model places the community as the main actor in the production and business management process. With this approach, the village is not merely an object of development but also a subject that is creative and competitive. This aligns with sustainable development goals that emphasize community empowerment and economic independence based on local potential.

Table 1. Identification of Creative Economy Potential in the Village

No	Potential Aspect	Activity Type	Impact on MSMEs
1	Local handicrafts	Bamboo weaving production	Increased product added value
2	Traditional culinary	Packaging and flavor innovation	Higher product competitiveness
3	Cultural tourism	Annual festival	Increased visitors and revenue
4	Ethnic-based fashion	Collaboration with local designers	Strengthening cultural identity
5	Creative digital products	Promotional content creation	Expansion of online markets

Table Explanation:

The findings indicate that each village has unique creative economic potential that can be developed into competitive advantages. Handicrafts, culinary products, and tourism are the dominant sectors supporting community economic activity. Through management based on local creativity, these potentials can be transformed into high-value products targeting both local and national markets. This approach aligns with the participatory development concept that places communities as the main drivers of economic activities (Elsi & Bafadhal, 2019).

Moreover, integrating local potential with technological innovation helps create a sustainable creative economic ecosystem. MSMEs with businesses rooted in cultural identity tend to have stronger economic resilience due to clear product differentiation. Through the roles of BUMDes and creative communities, the development of these potentials is directed to provide inclusive socio-economic impacts for village communities (Zaenal Abidin & Rohayatin, 2024).

Table 2. Strategies for Strengthening MSME Human Resource Capacity

No	Activity Type	Training Objective	Achieved Outcomes
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1	Financial management training	Improving financial literacy	MSMEs manage capital more efficiently
2	Digital marketing workshop	Expanding market reach	Products recognized on online platforms
3	Creative business incubation	Encouraging product innovation	Emergence of new local brands
4	Packaging design training	Attracting consumer interest	Increased selling power
5	Entrepreneurship mentoring	Intensive guidance	Higher independence among business actors

Table Explanation:

The findings show that strengthening human resource capacity is the foundation for building resilient MSMEs. Continuous training and mentoring equip entrepreneurs with skills in management, marketing, and product innovation. This coaching process improves productivity and creativity in community-based enterprises. Digital marketing training, for instance, helps MSMEs expand customer networks through social media and marketplaces (Dewi & Widyastuti, 2023).

This training-based approach also strengthens entrepreneurial character, especially in forming innovative and adaptive mindsets toward market changes. Business incubation conducted by BUMDes serves as a learning platform and a catalyst for synergy among business actors. Collaboration with academics and local governments produces innovations aligned with market needs and local potential (Icin Kuraisin & Suhandi, 2024).

Table 3. Cross-Sector Collaboration in MSME Development

No	Sector Involved	Form of Collaboration	Collaboration Impact
1	Village government	Funding and regulation	Strengthening local policies
2	Private sector	Business training and CSR	Improved entrepreneur skills
3	Higher education	Research and innovation	Research-based product development
4	Creative community	Promotion and networking	Expanded business networks

5	Digital platforms	Digital transaction systems	More efficient and transparent business
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Table Explanation:

Cross-sector collaboration is a determining factor in the success of creative economy development in villages. Synergy among government, private sector, and community forms a supportive business ecosystem. The government provides regulation and infrastructure, while the private sector contributes through CSR programs and training. These partnerships strengthen MSMEs as key actors in village economic growth (Bakrie & Suri, 2024).

The involvement of universities and creative communities introduces research-based innovation that enhances product quality. Digital platforms further expand market access and improve transactional transparency, creating an inclusive and sustainable economic system (Putri & Nugroho, 2022).

Table 4. Creative Economy–Based Village Development Planning Model

No	Main Component	Strategy Implementation	Expected Output
1	Identification of local potential	Mapping creative resources	Village potential database
2	Human resource empowerment	Training and mentoring	Improved skills
3	Multi-stakeholder collaboration	Cross-sector partnerships	Economic development synergy
4	Business digitalization	Use of e-commerce platforms	Expanded market access
5	Continuous evaluation	Monitoring and evaluation	Program sustainability

Table Explanation:

The formulated planning model positions the creative economy as the core strategy of village development. This model integrates local potential mapping, HR capacity strengthening, and digital technology as primary instruments of economic empowerment. This approach aligns with sustainable development principles that emphasize community participation in every planning stage (Agusta, 2024).

By implementing this model, villages are expected to experience increased income levels and stronger economic resilience. Digitalization plays a crucial role in linking MSMEs to wider markets. Sustainable collaborative strategies transform villages into centers of innovation and economic independence (Setiaji & Puspaningtyas, 2024).

Table 5. Impact of Creative Economy Implementation on Village Independence and Welfare

No	Impact Aspect	Change Indicators	Implementation Results
1	Income improvement	Increased average MSME income	Higher economic welfare
2	Job creation	Emergence of new creative-based businesses	Increased local employment
3	Women’s empowerment	Women’s involvement in business	Higher gender participation
4	Social innovation	Formation of creative communities	Strengthened collaborative networks
5	Economic sustainability	Sustainable business management	Stronger village economic resilience

Table Explanation:

This table illustrates the significant social and economic impacts of creative economy implementation on village communities. Increased income is a key indicator of the model’s success, where communities convert local resources into high-value products. New job opportunities also emerge, especially benefiting productive age groups and women. Women’s participation in business activities marks improved gender equality in rural economic life (Ubaidillah, 2022).

The rise of creative communities further strengthens social cohesion and provides a collaborative platform for innovation. Sustainability becomes a key feature of this development model, as creative economy principles allow businesses to adapt to market and technological changes. Thus, villages applying creative economy models experience not only economic growth but also broader social well-being (Pratama, 2022).

CONCLUSION

This conclusion highlights that the implementation of a creative economy within village development plays a strategic role in strengthening economic independence. By identifying local

potential, improving human resource capacity, and utilizing digital technology, villages can develop highly competitive MSME sectors. Synergy among BUMDes, the government, and the community is the main key to creating a productive and inclusive economic ecosystem. The planning model based on local creativity has proven effective in driving sustainable village economic growth and expanding community business opportunities.

This conclusion also emphasizes the importance of cross-sector collaboration and continuous innovation to maintain economic stability amid changing times. The creative economy-based development planning model not only increases community income but also strengthens the village's social and cultural structure. Therefore, this strategy can serve as a reference for village development policies throughout Indonesia to create independent, creative, and globally competitive communities.

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