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# Academia Open



*By Universitas Muhammadiyah Sidoarjo*

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**The role of creativity and innovation in diversifying seaweed products (*Gliseria sp*) to improve the welfare of MSMEs**

*Peran kreativitas dan inovasi dalam diversifikasi produk rumput laut (*Gliseria sp*) untuk meningkatkan kesejahteraan UMKM*

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**Abstract**

This study aims to provide an important overview of the role of creativity and innovation for MSMEs to diversify products that are useful for improving the welfare of MSMEs. The data taken is primary data through detailed interviews / in-depth interviews on ten informants who are considered important and can provide answers in accordance with the questions carried out by researchers including MSME actors, local governments and experts in the field. Test the validity of data using Credibility Test and *Transferability* Test. The result found in this study is that MSMEs do not have adequate creativity and innovation in improving welfare. The conclusion of this study is that MSMEs do not yet have creativity and innovation towards diversification. So that MSMEs are unable to improve their welfare.

**Highlights:**

- Lack of Creativity and Innovation: The study highlights the insufficient level of creativity and innovation within MSMEs, indicating a crucial barrier to diversification and improved welfare.
- Primary Data from Informants: Utilizing primary data from in-depth interviews with key informants, including MSME actors, local governments, and field experts, ensures a comprehensive understanding of the challenges and opportunities.
- Credibility and Transferability Tests: Employing credibility and transferability tests enhances the reliability of the data, strengthening the validity of the study's findings about the limited creativity and innovation hindering MSMEs' welfare enhancement.

**Keywords:** Creativity, Innovation, MSMEs, Welfare, Diversification

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## INTRODUCTION

An entrepreneur is always required to develop his business. This is where creative and innovative nature is so important in doing this development through diversification. Creative nature is used to present something that previously did not exist to use. In practice this can be done by combining two or more existing ideas. Then the innovative nature of trying to implement the discovery into a situation or condition that did not exist before, then an innovation is created [1].

The success of the pioneered business largely depends on the ability of entrepreneurs to run their business. Business owners are required to always innovate their products. This is because innovation functions on goods as part of a marketing strategy to attract many customers. In addition, the function of innovation in entrepreneurship keeps business owners from being rolled up by the current development of the times. With innovation, business owners can continue to survive in the market with their innovative products [2]

Not only that, an entrepreneur or entrepreneur creates a new business that is able to face all risks and uncertainties and has a goal to achieve profit and growth through identifying opportunities by looking at the resources needed to benefit from them. In addition, an entrepreneur needs to be confident, have creativity, dare to take risks, be independent and realistic. Because this is what makes them eventually develop to achieve success [3]

A successful entrepreneur is an innovator who is able to turn an opportunity into an idea that can be sold, can provide added value through effort, time, cost, and skills with the aim of making a profit. And they are individuals who find market needs and build new companies that can meet those market needs. Their way to meet market needs is by innovating to make new products that their potential buyers are interested in [4]

Innovation itself is an output of organizations that utilize input resources in the form of knowledge, information, and experience possessed—including most of them by their employees. Innovation must also involve creativity and experimentation that results in new products, new services, or better technological processes. In addition, innovation can result in making the products they make a special attraction for their potential buyers, product innovation is an idea or new product that is perceived as something new by users or consumers. That way the products they make will be easily traded because the variety of products they make is not necessarily owned by another entrepreneur [5]

Innovation on a product has the potential to increase company value in the eyes of consumers and product innovation is the key to a company's success in surviving tight competition in an industry. Innovations made in the company are believed to be able to improve company performance. Efforts in innovating a product are believed to be able to improve marketing performance [5]

The improvement in marketing performance is marked by an increase in company profits, an increase in sales, the expansion of the company's product marketing area and an increase in the number of customers. Today, consumers' wants and needs for food products are very diverse. So, when the company is able to innovate the products produced, it is expected that the company will be able to improve marketing performance in the face of intense competition in the IMK food industry sector, and as a result it is expected that the company will be able to meet the needs and desires of consumers [6].

The purpose of this study is to show the important role of creativity and innovation. This research is important to be conducted in MSMEs so that MSMEs can carry out creativity and innovation in their products in order to improve the welfare of MSMEs. This research has an important contribution to all stake holders because it will provide important information to MSMEs that creativity and innovation are very important to do in order to improve the welfare of MSMEs.

## METHOD

The type of research used in this study is qualitative [7]. Why qualitative research is used because the nature of the data collected is qualitative, not manipulative, more detailed and actual by looking at the problem and research objectives, while the approach uses an *interpretive* approach [8]. Where this study aims to reveal clearly, in detail, deeply, and accurately about the application and development of ZIS funds as an alternative to MSME financing from a productive perspective of mutualism in Sidoarjo Regency

The location of the study is in several villages in Sidoarjo Regency. This research focuses on extracting information, understanding and analyzing informants' opinions about seaweed management and how to sell them The key informants in this study are 10 (ten) seaweed farmers / MSMEs located in Sidoarjo Regency, 1 (one). Seaweed farming expert, 1 (one) local government employee. As a complement, data sourced from documents derived from documents from several related agencies are needed. In addition, in the process of this research, descriptive data will be obtained in the form of speech, writing, and behavior from the people (subjects / informants) themselves

Techniques to collect data in this study are observe *in dept interview*). This method is used especially those related to the primary data analyzed to prove the hypothesis proposed. The interview was conducted based on a list of questions, so that the interview is expected to take place in accordance with the data needs studied *Focus Group Discussion (FGD)* [9]. *Focus Group Discussion (FGD)* is used to collect data related to the formulation of MSME business activities, and the performance of companies that have done and have not done so with certain problems.

Test the validity of data using Credibility Test and *Transferability* Test. The credibility test is a confidence test performed by source triangulation, method triangulation. For source triangulation, cross *check* is carried out between the manager and recipient interviews, while the triangulation method is carried out by *cross checking* between the interview results with documentation and observations. [10]

Data analysis is a process of finding and compiling a systematic amount of data obtained from interviews, field notes, documentation and organizing data into categories, breaking down into units, synthesizing, arranging into patterns, choosing which ones are important and which ones will be learned and drawing conclusions so that they are easily understood by others and themselves. Qualitative data analysis is a continuous, repeated, and continuous effort consisting of three lines of activities that occur together, namely: (1) data reduction; (2) presentation of data; and (3) drawing conclusions/verification described with an interactive analysis model [11]

## RESULTS AND DISCUSSION

Creativity and innovation enable MSMEs to develop new and unique seaweed products. For example, they can create seaweed snacks with different flavors, seaweed-based cosmetic products, or even healthy drinks containing seaweed. This will help MSMEs expand their market and attract a wider range of consumers.

The interview was conducted on one of the SMEs What steps have been taken to date ? Their answer was "From the past until now rumput laut in this area is sold to fellow farmers only. Other farmers use seaweed to feed other livestock (shrimp etc.). Then you triangulate validation to other farmers whether the current seaweed is only for other fodder, the answer we get is the same.

Then we asked, whether there has never been socialization about the use of grass for others. The answer we got was "there was once socialization about the benefits of seaweed but it was not complete so many farmers still did not understand. We farmers here are very happy if there is training on seaweed so that we understand". We validated this answer to local village officials, "Yes, there has been socialization about seaweed, but because the time is very short"

Some important things we also ask informants what is wanted of them. Answer from the coordinator of seaweed farmers, "We are very happy if we do sustainable technology about the use of seaweed so that we have a better income. We asked another informant the same question. Here there is also community service about other benefits of seaweed, which is used for other eating mixtures, but the results have not been maximized

The data validation we did at the next stage was through an Agricultural Expert who had done community service about seaweed, in his opinion Most grass farming communities do not understand much about seaweed processing. It must be done through several stages of approach that are in nature strengthening the latest technology. Then what needs to be done about the problems faced by seaweed farming communities. Take a personal and group approach in a sustainable manner so that seaweed farmers understand the importance of creativity and innovation in seaweed so that it can increase economic value

### B. Discussion

MSMEs operate in a highly competitive business environment. Therefore, to face tough competition with other companies, creativity is the key to differentiating yourself. Will be a creative MSME and can develop unique products or services, attract the attention of consumers, and create competitive advantages. The market is constantly changing and adapting to evolving consumer trends, and changing preferences. Creative MSMEs have the ability to identify market changes, anticipate them, and innovate in offering solutions that are relevant to consumer needs and demands. The ability to adapt quickly and innovatively is the key to MSMEs' success in facing changing market challenges [12]

Creativity is very necessary for seaweed entrepreneurs, through creativity MSMEs can improve the quality of their seaweed products. optimize nutrient content, or develop better storage techniques. By improving product quality, MSMEs can increase their competitiveness in the market and attract more customers [13]. In addition, creativity allows MSMEs to present various types of seaweed products. They can combine seaweed with other ingredients to create more complex snacks, dietary supplements, or seafood products. Product diversification helps MSMEs reach different market segments and reduces the risk of dependence on one product or a single market [14]

The ability to be responsive to every entrepreneur is important to have because it plays a role in developing a more



effective marketing strategy. MSMEs can use creative ideas ranging from production to product sales to be accepted by the market widely. to package their products in an attractive way, such as an attractive packaging design or a unique marketing campaign. Innovation in marketing can help increase product visibility and create a strong brand image, thereby increasing consumer attraction and sales [15]

Innovation can also help MSMEs improve operational efficiency and productivity. Through innovation, MSMEs can find new ways to perform tasks or processes more efficiently, use better technology, or adopt best practices. This can help MSMEs reduce production costs, improve product quality, and optimize limited resources. Innovation opens doors to finding new business opportunities. By thinking creatively and innovatively, MSMEs can identify untapped market gaps or find new market segments. By developing products or services that fill these needs, MSMEs can expand market share and achieve higher growth [16]

Without innovation, MSMEs risk being trapped in outdated routines or methods. In an era of global competition and rapid change, innovation is key to long-term competitiveness and growth. Innovative MSMEs have the potential to expand, expand geographic reach, and take a stronger role in the market. The market continues to change rapidly, both in terms of technological developments, consumer trends, and evolving market needs [25]. Innovative MSMEs can respond quickly and effectively to these changes. By adopting innovation, MSMEs can anticipate market changes, follow the latest trends, [17]

In a competitive business environment, MSMEs need to create uniqueness and differentiate themselves from competitors. Innovation enables MSMEs to develop products, services, or processes that are unique or better than those in the market.[18] By innovating, MSMEs can create competitive advantages that help them attract customers, maintain market share, and increase business growth.[19]. By adopting innovation, MSMEs can strengthen their position in the market, increase competitiveness, and achieve sustainable growth. Innovation is not only important to survive, but also to create new opportunities and achieve long-term success for MSMEs[20]

In the end, creativity and innovation are not only limited to products, but can also be applied in the production process [24]. MSMEs can look for new ways to improve seaweed production efficiency, such as adopting new technologies, optimizing workflows, or using more efficient processing methods. By increasing production efficiency, MSMEs can reduce production costs, increase productivity, and produce more products with limited resources [21]

In order for MSMEs to have creativity and innovation, it is necessary to give time and space for employees to experiment with new ideas is very important. MSMEs need to allow space for employees to develop their ideas, test concepts, and try innovative approaches.[22] This could involve the allocation of resources, such as time, budget, or physical space, dedicated to experimentation. Providing training, education, and development opportunities to employees can enhance skills and knowledge that support creativity [23]. MSMEs can facilitate training in areas such as problem solving, design, technology, or innovation management to expand employee capabilities and encourage new ideas. Such training should be held frequently on an ongoing basis 9260.

## CONCLUSION

The inability of MSMEs to carry out creativity and innovation causes their business activities to experience many problems. Creativity and innovation for MSMEs are very important, both on a short-term scale including the production process , marketing and in the long term for product development. Through training, education, and opportunities, it will provide creative and innovative ideas to develop products , services and processes using new technologies and able to optimize the production process. Through creativity and innovation, MSMEs will have competitiveness and will be able to compete with other products.

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