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# Household Industry Development Through The Concept of Creative Economy (Case Study of Kripsus Industry in Sidowungu Village, Gresik)

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## ABSTRACT

This research was made to find out how much development the household industry is through the concept of creative economy, especially in one of the local potentials of the region, namely, chicken intestines that are processed into chicken intestine chips. Creative industries based on local economic development can be a great prospect to encourage the emergence of new economic innovations that can empower local workers and ultimately advance the economy of Sidowungu Village. This research uses analytical methods and qualitative descriptive data, where this method is used to explain a phenomenon that is happening. The results showed that the concept of creative economy has an urgency that is quite influential on the development of the household industry.

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## 1. Introduction

Gresik City is a city in the province of East Java, Indonesia. Gresik is located in the lowlands to the northwest of the provincial capital of East Java, namely Surabaya, which has a height of two to twelve meters above sea level. Which has an area of 1,191.250 km<sup>2</sup> consisting of 18 sub-districts, 330 villages, and also 26 sub-districts. The area which is usually referred to as the city of santri is also known as an industrial city which is an area with quite satisfactory economic growth in the second quarter of 2022. At the end of 2021, the economic growth of the city of Gresik touched up to 3.79 percent which is known to be higher than on national figures.

The people's economy can increase if it is supported by many sectors such as trade, industry, transportation, and others. One of the sectors that has the greatest hope for achieving the goals of the

people's economic welfare is the industrial sector. This is because the sector has a big influence on other sectors. The rapid growth of the industrial sector will also affect the growth of the trade sector. It is important to know, the industrial sector requires raw materials from the agricultural sector and other sectors and even the industrial sector itself. Changes in developments in the industrial sector also affect other sectors. The successive increase in development can be seen from the increasing number of companies in the industrial sector. This is also interpreted as a positive growth in the industrial sector.

In the city of Gresik itself there are many types of industries here, ranging from small-scale industries such as household industries or often called home industries which usually produce food, beverages or textiles, then medium-scale industries to large-scale industries. Because of the various types of industries that exist here, it's not surprising that this Gresik city is also often seen as a buffer and pillar of the economy. On this occasion, the researchers wanted to be moved to observe one of the small-scale industries, namely the chicken intestine chips home industry, which is located in Sidowungu Village, Menganti District, Gresik Regency, which is also one of the regional mainstay products.

In Sidowungu village, known as the chicken market, the economic potential can be seen clearly because there is a chicken market located next to the village hall office and there are many small-scale industries or home industries that trade in broiler chickens. It can be said that even though this industry is small-scale, it has high purchasing power if it can be utilized and developed properly. Therefore, there must be creation and innovation from the community, especially industry players, to upgrade their business through the creative economy, because several countries have conducted studies and research related to the creative economy and made the creative economy the main model for economic development. So, this is where the urgency of the creative economy concept is needed as a place to accommodate creativity as well as knowledge which is the main asset as an economic driver.

## **2. Literature Review**

### **2.1. Domestic Industry**

The industry has 2 kinds of understanding, namely when viewed in general, namely, industry which has a meaning as a company that carries out operations in the field of economic activity that is included in the secondary sector group. then further, in economic theory says that this industry has meaning as a collection of several companies that produce goods of the same type in a market. In terms of its type, the industry is divided into three, namely secondary, primary and tertiary industries [1].

Small industrial sector activity is secondary work done by farmers and village communities to earn income. Industry in rural areas aims to increase the village's economic activity while at the same time empowering existing home industries and handicrafts. In this case, the government contributes a lot in terms of guidance, direction, training, and providing various assistance needed. The Central Statistics Agency (BPS) states that industries in Indonesia are classified into four types according to the number of workers they have [2], namely:

1. Home industry: This industry has a small size with a maximum number of workers of four.
2. Small industry: This industry has a workforce of around 5-19 people
3. Medium industry: This industry has a workforce of around 20-99 people
4. Large industry: This industry has a workforce of around 100 or more workers

This small industry can be further understood as an industry whose operations are in rural areas so that it is at least influenced by four main production factors, namely capital, natural resources, labor, and the ability to run a business. The Office of Cooperatives and Small Entrepreneurs Development states the following characteristics of small industries:

1. Finances are recorded using a simple bookkeeping system, not really referring to existing bookkeeping standards. In fact, sometimes it's not updated regularly so it's hard to do performance appraisal.
2. Operating margins are still thin because the competition is very fast.

3. The amount of capital is limited.
4. Managers have limited managerial ability.
5. The size of economies of scale is still small, as a result it is not easy to focus on costs in order to achieve long-term efficiency.
6. Ability to do marketing as well as agreements and types of markets are limited.
7. The ability to obtain funds from the capital market is still low due to problems with the administration system that companies are required to have.

## **2.2. Creative Economy**

The creative economy is a new economic design which is a combination of creativity and information by relying on ideas and knowledge produced by the quality of human resources which function as a factor of production.

The creative economy is an industry that results from the utilization of each person's hidden capabilities, creativity and talents in order to create prosperity as well as employment through the arrangement and utilization of creations and creativity produced by each individual concerned [3].

On the creative industry map, the government sparked five pillars of the creative economy which are then described as follows:

- a. Resources or Resources, what is meant is creativity, capability, ideas and ideas owned by human resources which are then supported by the presence of natural resources or land components which are supporting factors in the industry.
- b. Industry or Industry, what is meant is part of the community's efforts that have to do with the process of production, distribution, to consumption of goods or services originating from a certain area.
- c. Technology or Technology, which also includes the pillars of the creative industry because of its function as a vehicle and device for the advancement of the knowledge base.
- d. Institutions or institutions, are included in the pillars of creative industry development and also as a social order in which habits, customs, rules, norms and applicable laws are incorporated.

Financial Institutions or Financial Institutions, which have the duty to channel funds to business actors who need them, either in the form of equity or capital or loans and credit. The creative economy plays a very important role in the economy of a region and even a country, because it can advance the economy globally and as a whole. Currently, the majority of creative industry players come from businesses or industries that are still non-formal.

In an effort to follow up ideas, ideas, and activities that are included in the creative economy classification in a region, especially Indonesia, it is very necessary to have intervention from the government and participation from the local community with the aim that existing or new creative industry sectors This emergence can be better managed so that it can survive and can promote national economic growth.

## **3. Method**

Writing in this journal uses a combination of qualitative research methods, descriptive analysis, and is supported by literature studies. The literature study method used relates to the notion of home industry and the creative economy. The data sources used in this journal include primary data sources and secondary data sources. The primary data source obtained comes from books that discuss household industries and also the creative economy. While secondary data sources are material from various information or news obtained through journals or other sources that have problems and are related to the contents of this journal.

The technique for collecting this data is to put together books that are appropriate and categorized as primary data sources, as well as journals or other literature which are categorized as

secondary data sources. The first step in finding this data is to read all the material related to the problem to be studied and then record the important things in the form of a summary. After that, the data that has been obtained will go through the editing stage, namely by checking again, summarizing, and analyzing the summary that contains the information that has been collected. After going through the stages of analyzing the data, a qualitative analysis method is used, which is an attempt to deepen the basic understanding of the information to be studied.

The purpose of this method is for readers to gain in-depth and broad insight into a problem. So that the contents of the submitted journal will be more letters or words than numbers. Thus, this qualitative research describes conceptual research that is descriptive in nature and uses more self-analysis.

#### **4. Results and Discussion**

##### **Home Industry Conditions (Chicken KRIPSUS)**

Sidowungu village or commonly called mboro village is the largest chicken-producing area in Gresik regency, with an abundance of raw materials such as chicken, which is enough to support the community's wishes regarding home industry businesses. This is even more evident when one household industry continues to experience development, one of which is the chicken intestine chips industry which has quite large opportunities. The first intestinal chips home industry was founded in 2005 by one of the housewives and after production produced quite rapid developments, then as time went on, seeing the proven results, over time many housewives helped establish a chicken intestine chips business. The industry, which was initially only assisted by its own family members starting from preparing ingredients, the cooking process, to product packaging, on average now has its own employees recruited from outside the Sidowungu area. From 2005 to 2022, 20 of the same businesses have been established. The biggest reason is none other than the large business opportunities to meet the economic needs of their owners.

The process of making chicken intestine chips is as follows:

1. Preparation of ingredients, consisting of the main ingredient, namely chicken intestine which usually requires  $\pm$  25 kg of raw intestine every day. Which later after the raw intestine processing occurs will experience a weight loss of 30%, which means that there will only be around 17kg of chicken intestine chips.
2. Washing the chicken intestines, carried out in running water and placed in a large container for 15 minutes, then washed the intestines clean to make them white. Then, drained until completely dry.
3. The flouring process uses a mixture of rice flour, tapioca flour, and seasonings such as masako and micin.
4. The frying process, after the intestines are evenly covered with flour, the intestines are ready to be fried until golden brown in color.
5. The packaging process, after the frying process is complete, then the intestinal chips are drained and then packed in plastic bags with a weight capacity of 250 grams,  $\frac{1}{2}$  kg, and 1 kg.

According to one resident who runs this home industry business, he believes that the majority of people who decided to start this chicken intestine chips business started by trial and error and after seeing how the results were enough to help the community's economy, many people took part in setting up the intestinal chips business. this chicken. However, after observations made by researchers, there are several obstacles in the community or business actors in running their business, such as: the manufacturing process which can be said to still use a manual system, starting from draining after washing raw chicken intestines, pouring flour, to the packaging process is still running. Manually. Most of the intestinal chips products that are sold are too monotonous or lack of creation and innovation related to variations in taste where the intestinal chips products that are sold only present original and spicy flavors, in terms of packaging or packaging it is also very ordinary and can be considered unattractive to consumers. If you look at it from a marketing perspective, it's not too broad because the

marketing is only spread to grocery stores, coffee shops, angkringan and some snack food selling agents. social media for marketing so they can sell their products widely.

### **Creative Economy Concept as Home Industry Development**

In general, the meaning of the creative economy is a collection of concepts and innovations related to humans and their thoughts which are then applied to all products produced up to the marketing process. The existing concept becomes capital which is intangible but the effect is in market demand and supply. Developed countries or regions are characterized by an economy built on creativity and economy (Kreatif et al. 2020).

In reviewing the discussion that has been explained on the condition of the intestinal cracker home industry in Sidowungu Village where there are several obstacles, namely the lack of innovation related to flavor variants, packaging to marketing which can be overcome by the intervention of the village government such as facilitating the community with education regarding urgency the concept of the creative economy where information related to the creative economy will be conveyed and at the same time how the urgency of the creative economy is to increase people's income. The existence of this creative economy was created from ideas and innovations to produce home industry production. The prospects for home industry players are very broad to create creative economic potential. This is an embodiment of the importance of the concept of the creative economy in various regions so that people are more financially productive which ultimately provides added value to their households.

The number of residents entering productive age is a potential that can increase the total progress and sustainability of regional development if it can be properly empowered. An example is a housewife who is a producer of a business stating that they have obstacles in determining the target market group and limited ability to market their business so that demand increases. The existence of a creative economy can increase the ability to use technology in the digital era like this so that marketing is carried out based on technology. This is based on the many complaints of marketing limitations if they do not use technology in marketing chicken intestine chips produced by home industries. The creative economy allows marketing through the WhatsApp chat application, social media Instagram, Facebook and E-commerce such as shopee, Lazada, Tokopedia, Blibli and food delivery services such as go food, grab food, by implementing a discount system every few months or on holidays. holidays to increase consumer curiosity and interest in chicken intestine chips products.

In terms of packaging, it is also something that needs attention, because creative product packaging is one way that can be done to add value to a product, if chicken intestine chips usually only use plastic packaging, through this creative economy concept, upgrading can be done using packaging, such as standing pouches, cartoon boxes, mini food containers, plastic doves labeled with the name of the home industry concerned, making it easier for consumers to see the contents of the chicken intestine chips product and find out who made the chicken intestine chips products.

In fact, there are quite a lot of opportunities that home industry producers can take advantage of when it comes to creative economic potential. This is an important illustration of empowering the economy of the people in the area so that people are more productive as household producers in addition to being housewives. The existence of this productivity will increase economic value so that it can improve family welfare.

### **5. Conclusions**

Based on the results of the journal above, the following conclusions can be drawn that the chicken intestine chips industry which started from the awareness and curiosity of the public, especially housewives, about how to use the slaughtered chicken intestines into products that have a fairly high selling value, the wider this home industry, the chicken intestines which are usually thrown away from the slaughtering industry the chicken was sold to the chicken intestine chips businessman. However,

there are several obstacles such as a lack of innovation and creation related to packaging and marketing of this chicken intestine chip product and this is where the urgency of the creative economy concept is needed, because the home industry and the concept of the creative economy are like two things that cannot be separated, because both have strong ties. continuous. With the concept of the creative economy, it can provide motivation, increase knowledge, also increase the capabilities of the Sidowungu village community, especially business actors in producing intestinal chips. In addition, support from the local village government is also very important to increase the progress of this creative economic processing activity so that it can increase the economic income of the people of Sidowungu Village.

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