

## DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) BASED ON CREATIVE INDUSTRY IN ULUNOYO DISTRICT, SOUTH NIAS REGENCY

Hubertus Harisman Ndruru<sup>1</sup>, Dedi Irawan Zebua<sup>2</sup>,  
Maria Magdalena Bate'e<sup>3</sup>, Heniwati Gulo<sup>4</sup>

<sup>1,2,3,4</sup>Universitas Nias, Indonesia

E-mail: <sup>1)</sup> [harrykndruru@gmail.com](mailto:harrykndruru@gmail.com), <sup>2)</sup> [dedizebua07@gmail.com](mailto:dedizebua07@gmail.com),  
<sup>3)</sup> [maria.batee82@gmail.com](mailto:maria.batee82@gmail.com), <sup>4)</sup> [henygulo75@gmail.com](mailto:henygulo75@gmail.com)

Submitted:  
26 September 2025

Revised:  
22 Oktober 2025

Accepted:  
29 November 2025

### Abstract

*This study examines the development of creative industry-based Micro, Small, and Medium Enterprises (MSMEs) in Ulunoyo District, South Nias Regency, with a focus on four main sectors: culinary, crafts, fashion, and music. The purpose of this study is to describe the condition of creative MSMEs in Ulunoyo, identify the obstacles faced, and analyze the development strategies implemented by business actors to increase competitiveness. The method used is descriptive qualitative with data collection techniques through interviews, field observations, and documentation of 21 MSME actors in five villages. Data analysis was carried out through reduction, presentation, and verification of findings. The results show that the development of creative MSMEs in Ulunoyo is supported by the potential of community creativity, strategic location, and the existence of traditional markets as distribution centers. Development strategies include improving product quality, business diversification, design innovation, and the use of digital technology for promotion and marketing. However, a number of major obstacles are still encountered, including limited business capital, rising raw material prices, low managerial skills, lack of product innovation, limited market access, and high levels of competition. To overcome these obstacles, business actors carry out creative promotions, expand their collaboration networks, and utilize social media to reach a wider consumer base.*

Keywords: Creative Industry, Development, Strategy, MSMEs

### INTRODUCTION

Indonesia once faced an economic crisis that had a major impact on the national economy, particularly in 1998. This crisis caused many large-scale businesses in various sectors such as industry, trade, and services to stagnate or even cease altogether. However, amidst this downturn, Micro, Small, and Medium Enterprises (MSMEs) were able to survive

and play a vital role as a pillar and driver of national economic recovery. MSMEs are known as a business sector that is relatively resilient, flexible, and able to adapt to the dynamics of the crisis. Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars in supporting the economy at both the national and regional levels. The strategic role of MSMEs is not only evident in their contribution to economic growth, but also in their ability to create equitable distribution of social welfare.

Based on MSME data from the Central Statistics Agency (2022), specifically in Ulunoyo District, South Nias Regency, there are 5 villages/sub-districts that have been observed by researchers and there are 4 types of MSME businesses: culinary, fashion, crafts, and music. MSMEs in the culinary sector in Ulunoyo District face the main challenge of a lack of consumers buying food at food stalls. This is caused by several factors such as the stalls' unstrategic locations, unattractive menu quality and variety. The lack of innovation in food presentation can also be a reason why consumers are less interested. To develop this sector, culinary MSMEs need training in business management.

The main problem in the fashion industry in Ulunoyo sub-district is the lack of fabric stores, the primary raw material. This hampers the creativity and productivity of MSMEs engaged in clothing and textile-based crafts. As a solution, the village government can collaborate with fabric distributors from outside the region to provide access to raw material procurement.

MSMEs in the craft sector, such as those making tables, chairs, and cabinets, still use manual equipment, resulting in slow production processes and limited output. This limited equipment undoubtedly impacts product quality and competitiveness. To address this, support is needed in the form of appropriate technology training and assistance with semi-modern production equipment from relevant agencies or through corporate social responsibility (CSR) programs. With more modern equipment, production can increase both quantity and quality.

MSMEs in the traditional music industry face difficulties in obtaining raw materials such as goat skins for making musical instruments like drums. This limits their ability to preserve and develop traditional musical instruments. One solution is to build partnerships with local farmers or other regions with a supply of goat skins, as well as provide training in preserving raw materials for longer shelf life.

## **THEORY**

### **Micro, Small, and Medium Enterprises (MSMEs)**

According to Tambunan (2012), the differences between micro-enterprises (UMi), small-enterprises (UK), medium-enterprises (UM), and large-enterprises (UB) can be seen from several indicators, namely the initial asset value (excluding land and buildings), average annual turnover, and the number of permanent employees. With this classification,

the government and related institutions can more easily formulate policies, provide incentives, and develop mentoring programs that suit the needs of each business category.

According to Wilantara & Indrawan (2016), Micro, Small, and Medium Enterprises (MSMEs) can be understood as a form of productive business that grows and develops with the aim of strengthening the national economy through the application of the principles of equitable economic democracy. This means that MSMEs are not merely small business entities, but also strategic instruments in the nation's economic development. The existence of MSMEs serves as a means to mobilize the participation of as many economic actors as possible by utilizing their potential, thereby creating a fair distribution of benefits for all stakeholders.

### **Creative Industry**

According to Rochmat Aldy Purnomo (2016), the creative industry can be understood as a modern economic concept that developed in the new economic era. This concept emphasizes the importance of creativity and information as primary resources, by prioritizing human ideas and concepts as the most vital factors of production. According to the Indonesian Department of Trade, the creative industry is defined as an industrial sector that relies on individual creativity, skills, and talents to generate economic added value. This industry is not only oriented towards financial gain, but also on creating social welfare by creating new jobs. This is realized through the process of creating, utilizing, and developing the creative power and inventiveness of individuals and groups.

The creative industry not only contributes to the economic sector but also has a significant impact on society, culture, and the quality of life. Its presence can foster new opportunities, optimize human resource potential, and create a more dynamic business ecosystem (Ananda, 2021).

According to Anando (2021), the creative industry has several characteristics that distinguish it from other industrial sectors. These key characteristics include:

- a. Having Intellectual Creativity
- b. Flexible and Supple
- c. Idea-Oriented
- d. Prioritizing Cooperation
- e. Unlimited

### **RESEARCH METHOD**

This type of research is qualitative, using descriptive methods. According to Sugiyono (2020:9), qualitative research methods are used to examine natural object conditions, where the researcher is the key instrument in the research, data collection techniques are inductive/qualitative, and qualitative research results emphasize meaning rather than generalization.

The approach used in this research is descriptive, focusing on fact-based problems through observation, interviews, and document analysis. Descriptive research is conducted to obtain a comprehensive picture of an event and to solve the problems that arise. Through this study, the researcher attempts to describe the development of creative industry-based MSMEs in Ulunoyo District, South Nias Regency.

## **RESULTS AND DISCUSSION**

Based on observations, interviews, and documentation of creative industry-based MSMEs in Ulunoyo District, South Nias Regency, several important findings were obtained. Overall, there are 21 MSMEs spread across four main sectors: culinary (13 units), fashion (4 units), crafts (3 units), and traditional music (1 unit).

In the culinary sector, businesses are dominated by traditional food stalls with simple menu variations and conventional management. Obstacles identified include low product innovation and less than strategic business locations. The fashion sector faces a shortage of raw materials due to the lack of fabric or textile stores in the Ulunoyo area, forcing businesses to rely on distribution from outside the region.

The crafts sector offers significant potential, particularly in furniture and woodwork. However, manual production equipment limits production capacity and makes it difficult for product quality to compete with modern products. The traditional music sector faces challenges such as the difficulty of obtaining goat skin for traditional musical instruments like drums.

Other findings indicate that most MSMEs still operate with limited personal capital. Access to formal financial institutions is very limited due to low financial literacy and limited collateral. In terms of marketing, the majority of business actors still rely on direct sales, while the use of social media and digital platforms is not optimal. Although the community has strong creativity and local cultural potential, limited production factors and business management are major obstacles. Thus, the research data supports the problem formulation that the development of creative industry-based MSMEs in Ulunoyo requires a comprehensive strategy that includes capital support, entrepreneurship training, strengthening digital marketing, and collaboration between relevant parties.

This research can be linked to the MSME theory proposed by Tambunan (2017), which states that the main inhibiting factors for MSMEs lie in access to capital, low quality human resources, and limited marketing networks. The conditions found in Ulunoyo District fully support this theory, where business actors struggle to develop business capacity due to inability to access capital and lack of managerial skills. Furthermore, Howkins' (2015) creative industry theory, which emphasizes creativity as a primary economic asset, is also relevant. MSMEs in Ulunoyo actually possess creativity and local wisdom, particularly in distinctive culinary products, woodcrafts, and traditional music. However, this potential has

not been transformed into added economic value due to minimal technological support and marketing strategies.

The results of this study are relevant to several previous research findings. For example, Idayu & Husni (2021) found that the main obstacles for MSMEs in Nembol Village, Pandeglang, were capital, marketing, and limited human resources. This study reinforces these findings, but the context in Ulunoyo places greater emphasis on limited raw materials and underdeveloped digitalization. Jefri & Ibrahim (2021) examined creative industry-based MSMEs in Pulo Ampel District, Banten, and found that actors were unable to make significant contributions due to limited equipment and market access. The findings in Ulunoyo were similar, although the focus differed on the potential of local culture-based products. Rahmat (2022) emphasized the importance of digital mentoring for MSMEs in Karawang. This is relevant to the conditions in Ulunoyo, where digital marketing is still very minimal.

From the research results, researchers analyzed that the obstacles for MSMEs in Ulunoyo stem from:

1. Internal factors: limited capital, low product innovation, minimal managerial skills, and the absence of a financial recording system.
2. External factors: difficult banking access, high raw material prices, limited infrastructure, and uneven government support.

However, the potential for MSME development is enormous due to the community's high creativity and unique local products. With support in the form of digital marketing training, assistance with semi-modern equipment, and more inclusive access to capital, MSMEs in Ulunoyo can become a driving force for the local economy. Furthermore, creative promotional strategies through cultural festivals, collaboration between businesses, and integration with the local tourism sector can provide long-term solutions. The development of creative industry-based businesses or MSMEs is carried out through several points, namely:

1. Promotion and marketing

In their promotions and marketing efforts, MSMEs utilize digital media and social media to promote their creative products. Businesses also maintain strong social relationships with the market to reach their customers and implement creative and innovative marketing strategies. One increasingly popular marketing method is digital marketing, which can significantly impact business development. The use of social media and platforms is an effective alternative for distributing information and products to consumers.

2. Product quality improvement

This product quality improvement is an effort to enhance the quality and competitiveness of products produced by MSMEs. This involves aspects ranging from

improving the quality of raw materials, production processes, product design, and marketing. The focus is on innovation and the development of high-quality, competitive products.

3. Utilization of technology

Utilizing this technology is crucial for increasing competitiveness and enabling MSMEs to reach a wider market through social media. Technology can be used to find information and as a means to socialize with consumers. This digital technology strategy can impact MSME development by offering products effectively and reaching a wider audience.

4. Creativity and innovation of MSME products

The increasing development of technology requires new innovations and creativity for products. Modifying existing products doesn't necessarily mean launching a new product; it can be an opportunity for MSMEs to innovate. This can include adding new features. These changes don't have to be tailored to consumer preferences; small additions and changes that definitely add value to the product can also be implemented.

## CONCLUSION

Based on the results of research and discussions conducted by researchers, researchers can conclude that the development of creative industry-based MSMEs aims to produce goods or services from productive community businesses in creating business products with the knowledge and skills possessed by business actors. This business development is carried out using a business development strategy, this development strategy is a process that increases the effectiveness of business actors in making changes to marketed products. In increasing revenue, a business certainly requires a development strategy. This strategy is a plan formulated to accelerate problem solving in a business obstacle. Based on the results of research that has been conducted on business actors in the fields of crafts, culinary, fashion and music, the strategies used to develop businesses consist of improving the quality of MSME products, marketing MSME products, utilizing digital technology, creativity and innovation of MSME products. With this development strategy, it becomes a solution for business actors to continue to be able to improve and develop MSME businesses in their respective fields.

## REFERENCES

- Ananda, AD, & Susilowati, D. (2019). Development of Micro, Small, and Medium Enterprises (MSMEs) Based on Creative Industries in Malang City. *Journal of Economics*, X(X), 120–142.
- Aqil, M. (2021). Development of Micro, Small, and Medium Enterprises (MSMEs) Based on Economics. *Fisheries Research*, 121(1), 3. [http://dspace.ucuenca.edu.ec/bitstream/123456789/35612/1/Trabajo de Titulacion.pdf](http://dspace.ucuenca.edu.ec/bitstream/123456789/35612/1/Trabajo%20de%20Titulacion.pdf)<https://educacion.gob.ec/wp-content/uploads/downloads/2019/01/GUIA-METODOLOGICA-EF.pdf><http://dx.doi.org/10.1016/j.fishres.2013.04.005><https://doi.org/10.1038/s41598->
- Central Bureau of Statistics. (2022). *Indonesian Statistics 2022*. Jakarta: BPS.
- Hamzah Depri Liber Sonata, K. (2022). *Entrepreneurship Textbook*. In *Entrepreneurship Textbook (September Issue)*. [http://repository.lppm.unila.ac.id/52079/1/Buku Ajar Kewirausahaan up.pdf](http://repository.lppm.unila.ac.id/52079/1/Buku_Ajar_Kewirausahaan_up.pdf)
- Hamid, ES, & Susilo, YS (2011). *Micro, Small, and Medium Enterprise Development Strategy in the Special Region of Yogyakarta Province*.
- Howkins, J. (2001). *The Creative Economy: How People Make Money from Ideas*. London: Penguin Books.
- Hutabarat, L., & M, RFW (2015). *Culinary Business Development Strategy in Malang City Based on Creative Economy*.
- Idayu, F., & Husni, M. (2021). Analysis of the Constraints of MSMEs in Nembol Village in Facing Business Competition. *Journal of Economics and Business*, 8(2), 112-123.
- Jefri, S., & Ibrahim, T. (2021). *Creative Industry-Based MSME Development Strategy in Pulo Ampel District, Banten*. *Journal of Economics and Management*, 9(1), 44-56.
- Ministry of Cooperatives and SMEs of the Republic of Indonesia. (2020). *Annual Report of Indonesian MSMEs*. Jakarta: Ministry of Cooperatives and SMEs.
- Nurdelila, et al. 2022. *Entrepreneurship Textbook*. Indonesia: CV. Feniks Muda Sejahtera

Rahmat, A. (2022). Digitalization of MSME Marketing in Karawang Regency. *Journal of Creative Economy and Digital Business*, 5(3), 201-210.

Sugiyono. 2008. *Qualitative Research Methods*. Bandung: Alfabeta.

Sugiyono. (2018). *Quantitative, Qualitative, and R&D Research Methods*. Bandung: Alfabeta.

Tambunan, T. (2012). *Micro, Small, and Medium Enterprises in Indonesia: Key Issues*. Jakarta: LP3ES.

Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises.