

# An Innovation for the Resilience and Development of MSMEs in Majalengka Regency, Indonesia

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## ABSTRACT

Innovation is essential to the resilience and development of MSMEs to take advantage of the opportunities available to use their potential. This study aims at determining the ability of MSMEs to innovate so that they can develop their business. The innovations measured include packaging, market segments, products, and production processes. The method used is a descriptive qualitative method and continuous analysis with MICMAC and MACTOR software. Data were obtained through FGDs, surveys, in-depth interviews, and questionnaires to 111 micro and small entrepreneurs in Majalengka Regency, and it was determined based on accidental sampling. The results showed that entrepreneurs had made promising innovations, especially in more efficient production processes with simple machines, product development, market segment expansion, and packaging innovation. The results also showed that entrepreneurial leadership is an essential factor that can increase creativity and innovation and impact marketing performance. Parties that can influence it are the Department of Manpower, Cooperatives, MSMEs, and investors. The White Ocean Strategy can be applied so that entrepreneurs create synergies to survive and to develop their businesses.

**Keywords:** *Innovation, entrepreneur, resilience, development, MSME*

**1. INTRODUCTION**

A study [1] shows that Micro-, Small-, and Medium-scale Enterprises (MSMEs) in Indonesia accounted for 99% of all existing businesses, employed 89% of the private sector workforce, and contributed 57% to GDP (Gross Domestic Product). The government needs to make UMKM a target for economic development because of its prominent role in creating jobs and restoring recession. Policies that are well designed, integrated, and non-overlapping are expected to produce two objectives; (1) creating jobs through start-up companies, and (2) growing MSMEs and increasing productivity through company innovation. UMKM is expected to provide solutions for economic growth, job creation, and poverty reduction. The number of MSMEs in Majalengka Regency in 2018 dominated the number of entrepreneurs and has an increasing trend, as presented in Table 1.

**Table 1  
Number of MSMEs in Majalengka Regency in  
2014 – 2018**

Company		Unit	2014	2015	2016	2017	2018
No	Category						
1	Micro-scale enterprises	Unit	23,776	25,112	25,195	25,732	25,730
2	Small-scale enterprises	Unit	1,591	1,680	1,684	1,720	1,720
3	Medium-scale enterprises	Unit	611	645	649	657	663
4	Total	Unit	25,978	27,437	27,528	28,113	28,113

Source: [2] (processed)

In 2020, with the COVID-19 pandemic, MSMEs are the group of entrepreneurs struggling most stringently because their ability to cover cash flows is limited. During a pandemic, human motivation focuses on fulfilling biological and physiological needs and a sense of security, according to Maslow's (1987) extended theory [3]. The ignored needs are the six levels of human needs: love and belongingness, esteem, cognitive, aesthetics, self-actualization, and transcendence needs. The recommendation to stay at home from the government has changed the consumption pattern to meet primary needs, while secondary needs were neglected. However, the culinary sector can still be saved with a different distribution pattern.

Another study [4] found that due to pandemic crisis 94.6% of MSMEs experienced a decline in sales. The sectors most affected are food and beverages processing, accommodation, and trading. On production side, the most significant pressure on MSMEs comes from the rising cost of raw material and the efforts to maintain labor. Nearly 72.02% of MSMEs stated that they could not maintain their

business until October 2020. The Minister of Cooperatives and MSMEs, according to records [5], stated that almost 50% of MSMEs in Indonesia would go bankrupt by 2020 [6]. Many companies switch business fields to produce products mostly needed by the market, such as primary foods, personal health-related necessities, and fast foods. The characteristics of MSMEs are different characteristics from that of large companies: (1) the owner is a founder who is also a manager, has a small size, and grows difficultly because of all limitations, (2) cannot influence external parties such as customers, suppliers, sources of funds, and labor, so it is very important to innovate to survive and develop, and (3) is usually faced with limited resources and uncertainty to innovate. Limited idea, fund, and certainty make the company always hampered by large-scale innovation. Incremental innovation is carried out by observing continuously the changes in consumers' behavior in purchasing or consuming goods.

Rafinaldy (2006), as cited in [7], stated that the problems faced by MSMEs in Indonesia are: (1) low level of productivity, which is associated with the quality of human resources and low entrepreneurial competence, (2) limited access to production sources, especially capital, technology, information and markets, (3) low quality of institutions, (4) low performance and image of cooperation, and (5) less supportive business climate. Furthermore, [7] suggested that the problems faced are divided into internal and external problems. Internal problems include: (1) lack of capital and limited access to funding sources, (2) low quality of human resources, (3) weak networking and low ability to penetrate the market, (4) problems with a business mentality, which means that the working atmosphere of MSMEs is often relaxed and not proactive resulting in lost opportunities, and (5) lack of transparency, especially between the generation of founders and their successors, resulting in a lot of hidden and undisclosed information and relationships. External problems include: (1) the business atmosphere that is not ideal, (2) limited facilities and infrastructure owned, (3) many unfair burdens, (4) the impact of decentralization, (5) the impact of free trade, (6) products with low resilience, (7) limited access to markets, and (8) limited information which results in difficulties in entering export markets.

Entrepreneurs play an essential role in determining the commitment to innovate and apply technology [8]. Like any family business, the domination of decisions lies on the owner. Owners must have abilities as demanded by the Industrial Revolution 4.0, such as: complex problem solving, critical thinking, creativity, people management to coordinate with others, emotional intelligence, judgment and decision making, service orientation, negotiation, and cognitive flexibility [9]. Compared with 2015, emotional intelligence is a skill that needs to be owned. Besides, creativity is also among the three primary skills in 2020.

Challenges of external factors are in the form of intense competition, rapid technological changes, and shorter product life cycles, requiring the companies to innovate in order to always have a competitive advantage [10]. Innovative MSMEs will have good organizational performance and continue to grow in order to win the

competition [11]. Innovation has a positive effect on company performance [12]. Innovation is very important to the sustainability and improvement of organizational performance [13].

Many parties are expected to help entrepreneurs possessing comprehensive capabilities and make innovations, including the government through cooperative and UMKM offices, universities, large companies, and other various parties. The limitation that universities have to help MSMEs is that they do not have a budget for assistance. At the same time, large companies or state-owned enterprises with its Corporate Social Responsibility (CSR) funds require MSMEs to provide benefits or positive contributions to these companies. Hence, the most likely party is the government through the Cooperative Office and MSMEs. Positive contributions were also made by the Department of Youth and Sports, and Communication and Information. The problems in this research are; (1) how is innovation carried out? (2) how is business development, and (3) how does innovation affect the development of MSMEs in Majalengka Regency.

**2. LITERATURE REVIEW**

The definition of MSMEs based on assets and turnover in Indonesia is presented in Table 2.

**Table 2**  
**MSME and Large Business Criteria Based on Assets and Turnover in Indonesia**

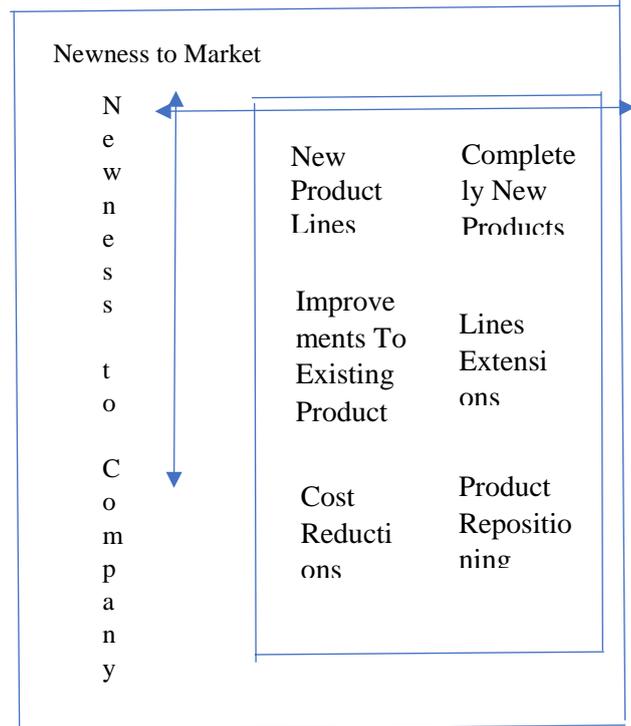
Size of Business	Criteria		
	Assets (excluding land and buildings)	Turnover	Number of workers
Micro-scale enterprises	< IDR 50 millions	< IDR 300 millions	< 10
Small-scale enterprises	IDR 50 millions – IDR 500 millions	IDR 300 millions – IDR 2.5 billions	11 - 50
Medium-scale enterprises	IDR 500 millions – IDR 10 billions	IDR 2.5 billions – IDR 50 billions	51 - 300
Large-scale enterprises	> IDR 10 billions	> IDR 50 billion	> 300

Source: [14 ]

Innovation is defined as producing new or improved products or services based on new science or technology [5]. Entrepreneurs are required to have innovating ability

so that their companies have competitiveness. The expertise possessed becomes the capital for innovation. Innovations in the manufacturing sector include aspects of engineering, design, production processes, management, marketing activities, shipping capability, and payment systems by utilizing new or advanced technology. MSMEs need to pay attention to innovation and its relationship with organizational performance and growth to win the competition [11]. Smith (2006), as cited in [15], suggested two aspects of innovation, namely new for the market and new for the company, presented in Figure 1.

**Figure 1 Innovation Aspects**



Source: Smith (2006) quoted by [15]

**Table 3.**  
**Stage of Creative Process**

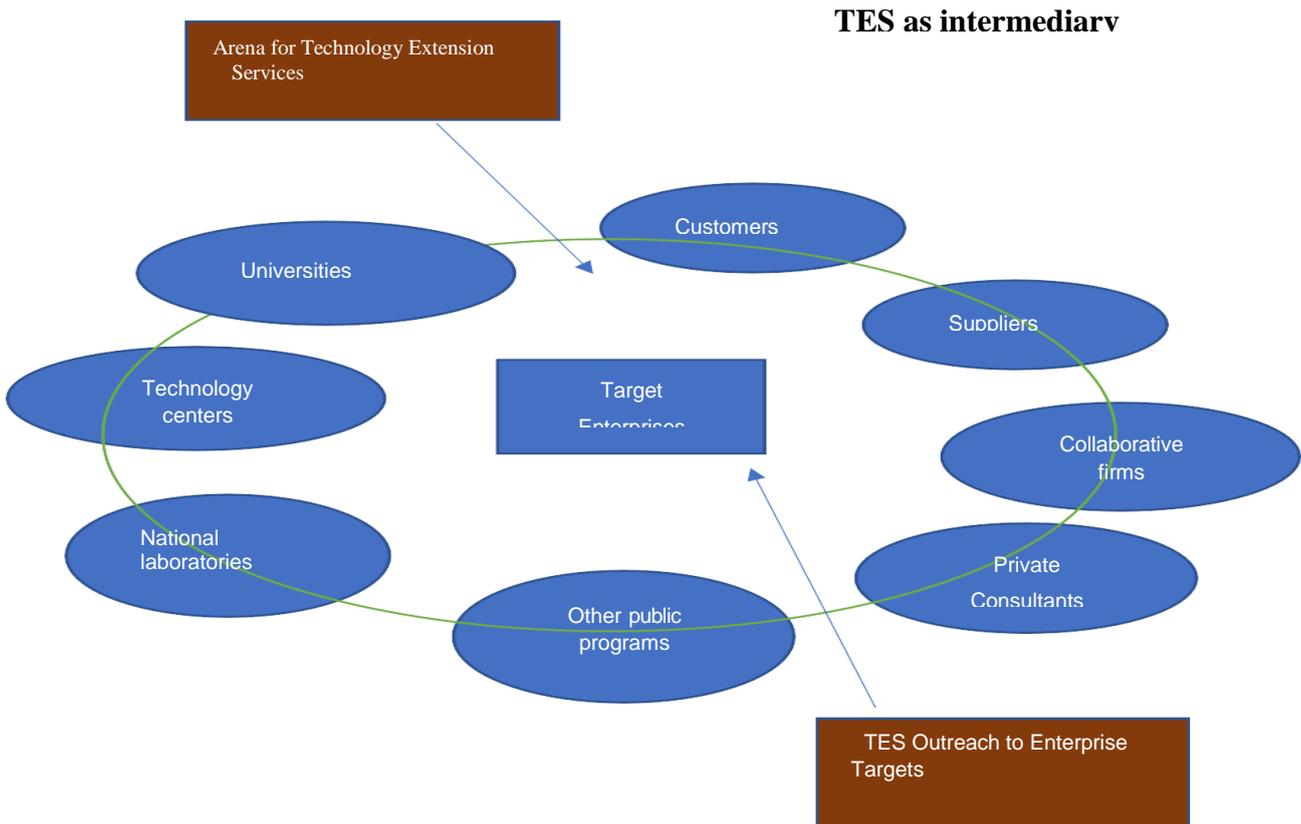
Stage	Description
Preparation	The problem is defined, observed and its dimension model
Intimation	
Illumination/insight	The problem is put to one side and internalized into the unconscious mind
Verification	The creative person gets a feeling that a solution is on its way
	The creative idea bursts emerge from its preconscious processing into conscious awareness
	The idea is consciously verified, elaborated, and implemented

Source: Wallas (1926), quoted by [16]

Entrepreneurs can choose the type of innovation to be carried out. However, it takes much costs and a willingness to take risks. MSMEs can choose innovations to the company so that their costs can be lower with the less risk. The innovation process requires a creative process, as suggested by Wallas (1926), cited in [16], consisting of

five stages (Table 3). Creativity is an evolutionary process requiring entrepreneurs to adapt to environmental changes. MSMEs need to be strengthened in their entrepreneurial skills and creativity. [17] suggested the Technology Extension Service (TES), as presented in Figure 2.

**Figure 2**  
**TES as an Intermediary Intervention in Enterprise Knowledge Sources and Relationships**



Source: [17]

Innovation is vital to the sustainability and improvement of organizational performance [13]. Innovation activity is a complex and diverse process and is an important factor to survival. Companies can try to win the competition through cost efficiency or improving the quality of products and services. The key issues in business management today are how to improve and to maintain innovation and how innovation relates to financial and non-financial performance [18]. [19] stated that factors influencing the innovation performance of SMEs are management skills, technological capability, financial factor, and firm size. Management skills is the most influential factor related to the performance of an SME and also plays critical role in innovation process by promoting the entrepreneurial activity in the firm, providing open-minded resources, and supporting collaboration. Financial strengths of SME's are important to a successful innovation [20]. Innovation requires

financial support to find new ideas and implement them. To MSMEs with simple financial records, Research and Development (R&D) is carried out as simple as the available funds. In the SME context, available resources are mainly related to financial factors and skilled workforce [21]. Financial capital, according to [22], is one of the resources required by a firm to start, operate or grow.

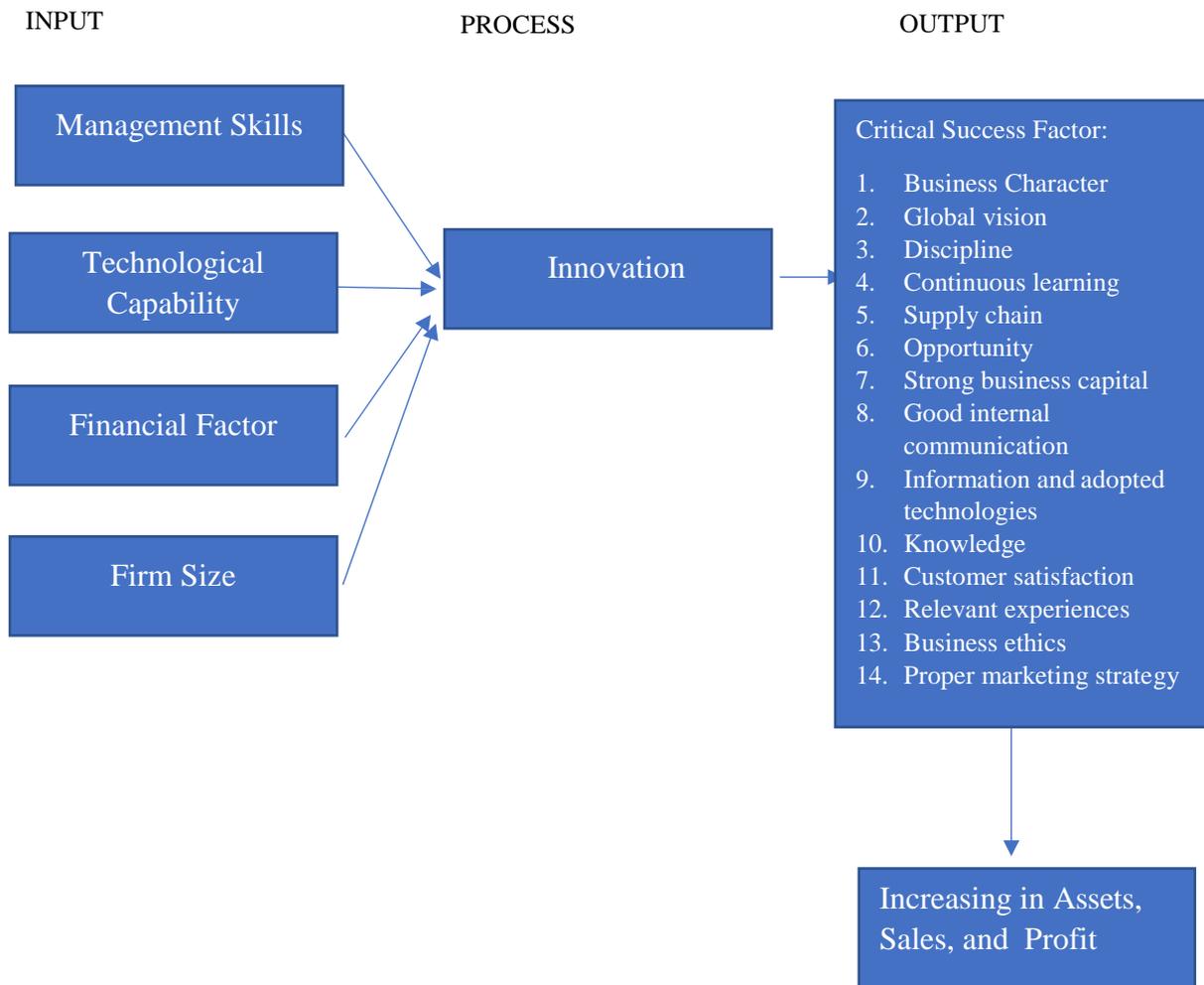
Two conditions for successful technological adaptation in the SME sector—availability of technologically skillful workforce in the economy, and identification of opportunities of new technologies in the competition [23], [24]. Firm size is an issue in the diffusion of new knowledge. In general, adoption and use of technology appears to be related to the size of the firm.

The recommendation given, that the policies have to strengthen entrepreneurship and to increase the innovation capabilities of SMEs, should be one of the main planks of government innovation strategies [25]. The competitive

challenges, according to [26], are classified into the sustainability, the global, and the technological challenge. Three conditions for successful technological adaptation in the SME sector are: availability of technologically skillful workforce in the economy, identification of opportunities of new technologies in the competition, and supporting working and policy culture [23]. Employees of SMEs have less interest in receiving creative instructions. In light of the findings it is recommended that structures, capabilities, culture, and entrepreneurial spirit should be developed and cultivated amongst SMEs so as to effectively harness the benefits that come with innovation [27] [28]. Innovations carried out by entrepreneurs not merely respond to problems in the context of the social and economic environment of a nation, but also give full attention to the needs of society in the form of products or services that have novelty values [29]. Each SME should develop different types of innovations to create customer value and be competitive in the market [30]. Company growth can be seen from an increase in sales, assets, or profits. Strategic planning and decision making are

essential to overcome the various weaknesses owned by MSMEs. Several strategies that can be used in business management, cited in [31], include Red, Blue, Purple, Black, Green, and White Ocean Strategy (WOS). WOS concept by Danai Chanchaochai is concerning "social" more than "profit" making WOS more outstanding than the other oceans, gaining reputation and profit from their customers by using any strategies to be apart or to win the competition in the market. The concept of WOS is focusing on People, Planet, Profit, and Passion. Sociological and environmental aspects are the most important in this ocean. The measurement of the successful MSMEs using the criteria suggested by [33] based on expert opinion includes business character, global vision, discipline, continuous learning, skills, internal management, supply chain, opportunity, substantial business capital, good internal communication, information and adopted technologies, knowledge, customer satisfaction, relevant experiences, innovation, business ethics, and proper marketing strategy. The model developed in this study is shown in Figure 3.

**Figure 3**  
**The Innovation Influence Model on the Development of MSMEs**



### 3. METHODS

This study employs a descriptive qualitative method and sustainability analysis with the MICMAC and MACTOR software help [32]. Data collection was carried out through surveys, documentation studies, and in-depth interviews involving 111 micro and small entrepreneurs in Majalengka Regency based on accidental sampling conducted in 2018, followed by the developments in 2019 and 2020 on secondary data. The approach used is ethnography to get the opportunity to obtain in-depth and meaningful data, i.e. the understanding behind the visible data. This use of approach also starts with finding knowledge to help entrepreneurs more successful and better, and to provide input to practitioners, policymakers, and institutions interested in supporting entrepreneurs in the context of organizations, communities, and regional and national economies.

### 4. RESULTS AND DISCUSSION

**Table 4 The Characteristics of Respondents**

No.	Characteristics	
1	Gender	Female Male = 53% = 47%
2	Age	21 – 37 > 37 years old = 36% 64%
3	Level of education	High school degree = 14% University degree = 86%
4	Business fields	Food = 77% Non-food manufacturing = 18% Service = 5%
5	Length of business	> 5 years = 65% < 5 years = 35%
6	Turnover per month	< IDR 1 million = 75% IDR 1 million – 20 million = 23% > IDR 20 million = 2%

The characteristics of respondents are presented in Table 4 showing that there are more male than female entrepreneurs. There are millennial entrepreneurs with a

smaller percentage. Most of their education is senior high school and they are in the food business sector. Average length of business time is > 5 years with a turnover per month < IDR 1,000,000. The products produced by MSMEs in Majalengka Regency do not have any uniqueness, so it is still challenging to produce them. The products are produced with elementary technology and have regional nuances by utilizing available resources, such as *rangginang*, *opak*, tofu, mushrooms (chip, *satay*, tofu meatball, *satay*, and nugget), chips (banana, cassava, corn, and sweet potato), fried onion, *dodol* (durian, mango, and guava), garment (veil and jeans), and soccer ball. The improvement of quality requires entrepreneurs to obtain better raw materials from outside Majalengka, such as from Bandung (cloth), Central Java (glutinous rice and shallots), and even imports (peas and soybeans).

Entrepreneur management expertise is obtained based on business feelings and continuous learning through group discussions often carried out through active participation in various groups of entrepreneurs, including *Saung Suung Yuceu*, Majalengka Young Entrepreneurs Forum, Majalengka MSME Forum, Majalengka BUMDESA Forum, and Majalengka Maju. Besides, there are also mentoring from the Department of Manpower, Department of Cooperatives and MSMEs, and Department of Youth and Sports of Majalengka Regency. Marketing becomes essential functional management. Segmenting, targeting, and product positioning is also essential so that the goods produced can be sold, and income can be earned for subsequent operations. Financial management has not been fulfilled in the absence of bankable financial reports.

Funding sources rely on the availability of own capital with safer consideration. Recording is done in a simple manner, namely recording cash income and disbursements in an undisciplined manner, mixed finances between households and businesses, and financial reports that are not owned. The production process is carried out manually by utilizing everyday equipment at home. Increased demand and easier production processes become triggers for incorporating appropriate technology. Information is obtained from other groups or entrepreneurs, and social media. Their use is adjusted to their financial and technical capabilities. The small company size is a limitation for business development. This leads the company to declare a lack of capital frequently. Poor mastery of financial management causes capital to become an obstacle. The increasing size of the company demands better records supporting financial planning and control.

The survey results show that MSMEs in Majalengka made innovation based on input from customers, comparing with competitor products, learning through social media and discussion with entrepreneur groups, such as the Majalengka Entrepreneurs Forum, Majalengka Maju, the Majalengka Village BUM Forum, the Majalengka MSME Forum, and guidance and assistance from the Department of Cooperative and MSME, and from universities. This is in accordance with the Technology Extension Service (TES), which was stated by [17]. The

potential of MSME entrepreneurs in Majalengka Regency is that they are interested in doing business, resilience, and openness to receive input. The desire to learn from various parties leads them to make innovation in the terms of products and processes by utilizing available resources.

**Table 5**  
**Distribution of Innovation**

No.	Question	Mean Score	Criteria
1	I regularly innovate on packaging.	3.40	Quite Agree
2	Efforts to expand the market are always conducted.	3.77	Agree
3	Products are always developed according to consumer tastes.	3.82	Agree
4	The production process is always strived to be more efficient.	4.01	Agree
Average overall		3.75	Agree

Source: data processed

The results of the summary of the distribution of the percentage of innovation are shown in Table 5. Innovations in packaging have been carried out by including the brand, expiration date, ingredients, MUI halal logo, and Home Industry Food Production Licensing (for those who already have it). The Office of Cooperatives and MSMEs is actively offering opportunities for Home Industry Food Production Licensing registration and *halal* certification to entrepreneurs, including criticism and suggestions for packaging improvements. Market certainty is often a problem for MSMEs. Therefore, the participation of MSMEs in product promotion activities to reach a broader market is always awaited.

The development of consumer tastes is followed through social media, especially by millennial entrepreneurs. Non-millennial entrepreneurs have a hard time keeping up with information technology development, so they often stick into the same product for years. Products sold to the market are sometimes without a brand, so they have no uniqueness, and the products that are sold are not improving. Millennial entrepreneurs can be a foundation of hope for Majalengka Regency to develop.

Market expansion efforts are taken continuously. However, limited information and non-unique products lead the market segments to be targeted to local markets only. If using Smith's (2006) approach, as cited in [15], innovations that can be done are the one new to the company but not new to the market, i.e. cost efficiency,

product development, and new product lines. Lower costs, better product quality, and products with a longer shelf life allow companies to offer lower prices to a broader market. Based on Table 3, the highest average value is the indicator of the production process which is always strived to be more efficient, while the lowest average value is the indicator of periodic packaging innovation. Respondents' answers related to the four innovation indicators range between 'aware' and 'very aware.' Overall, the percentage of innovation is in the range of 3.75. This shows that entrepreneurs have made good innovations. The lowest average score is on periodic packaging innovations. The percentage of the production process is in always strived to be more efficient with the highest average score of 4.01 and products are always developed according to consumer tastes with the score of 3.82.

**Table 6 Critical Success Factors for SMEs**

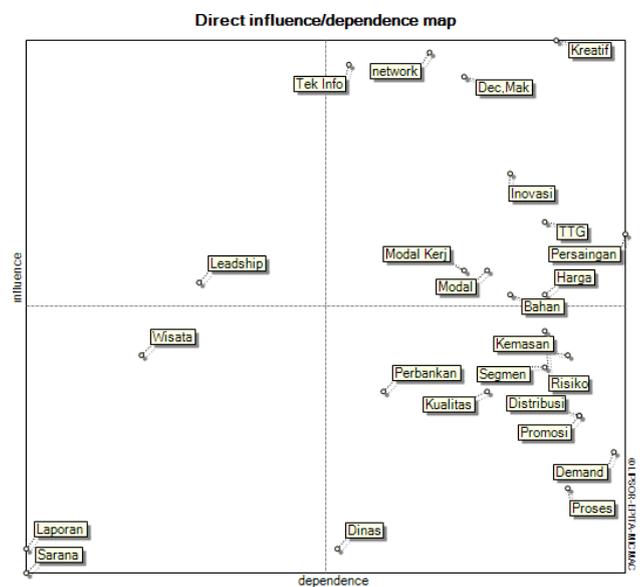
No. Indicators	Results
1 Business character	The spirit of entrepreneurship is quite good, indicated by 65% of businesses running > 5 years, but there has not been any significant growth.
2 Global vision	Not yet visible because it is still in the local area.
3 Discipline	There has not been any effort to record properly and correctly. Business is conducted under market pressure.
4 Continuous learning	Always done, but the growth is seen in millennial entrepreneurs by taking advantage of developments in information technology.
5 Skill	Hard skill is good, but soft skill support still needs to be improved.
6 Internal management	Marketing management is still a focus, while other functional management has not been properly considered.
7 Supply chain	Entrepreneurs are oriented towards meeting consumer needs and then tracing the processes and suppliers that can meet consumer expectations.
8 Opportunity	Marketing opportunities to the West Java region are available, however, demands for product specifications, quality, and delivery methods become higher.
9 Strong	Relying on limited own capital. The use of loan capital, in addition to bringing entrepreneurs at high risk, is not supported by adequate records, resulting in financial management not being the focus.
10 Good communication	Communication is done well because the number of members of the organization is limited.

11	Information	Millennial entrepreneurs take advantage of information technology to look for new ideas, learn, offer products, find raw materials and suppliers who offer prices, payment methods, and delivery as needed.
12	Knowledge	Most of the entrepreneur education is high school graduates. The joining of entrepreneurs in various entrepreneur communities allows them to share knowledge and experiences. The entrepreneur community includes the Majalengka Young Entrepreneurs Forum, Saung Suung Yuceu, Majalengka Maju, the BUMDES Communication Forum, and the Majalengka MSME Forum.
13	Customer Satisfaction	Customers who are served feel satisfied with the products produced. However, because the products offered are not unique, it resulted in customers not being loyal. There are so many substitute products produced by other regions.
14	Relevant experiences	Several entrepreneurs were included in business forums through the facilitation of the Department of Cooperative and MSME, the Department of Youth and Sports, and the Department of Communication and Information. This experience has resulted in entrepreneurs becoming more enthusiastic about running their business, because opportunities for advancement are available with entrepreneur networks in various regions.
15	Innovation	It has been done according to their abilities. The innovations made are innovations that are new to the company using simple technology assistance to increase efficiency, develop existing products, and add product lines. Innovation is carried out through the Observe, Imitate, and Modify methods.
16	Business ethics	The principle of mutual respect and everyone should benefit from the operation of a business is a good ethic. Sharing knowledge and experiences with each other makes competition no longer relevant for MSMEs in Majalengka Regency. Welfare for all parties needs to be maintained into good ethics to run the business.
17	Proper	Low cost marketing strategies are implemented by MSMEs in Majalengka Regency by utilizing facilities from the Department of Manpower, Cooperatives and MSMEs, Youth and Sports, and Communication and Information, as well as social media at an early stage.

Source: [33] processed

These results indicated that the innovations carried out are low-cost innovations such as improving the quality of packaging by including the brand, Home Industry Food Production Licensing number, *halal* logo, expiration date, and name of the producer. The use of machines is also carried out based on needs so that they are made by order and are affordable. There is no banking access that is carried out because the records are not bankable and more secure. The measurement of financial performance cannot be carried out properly because of inadequate recording. The measurement of MSMEs' success performance using the criteria proposed by [33] is shown in Table 6.

**Figure 4**  
**Direct Influence and Dependency Map of each Dimension**



The results of the sustainability analysis using MICMAC software (Figure 4) show that human resource management (ability to lead) is in the influence of quadrant variable. The dependent variable (impacted) includes the dimensions of marketing variables (attractive packaging, targeted market segments, effective distribution methods, market demand, and promotion through social media), production management (product quality and efficient production processes), and financial management (banking access). External variables influencing are the policies of the Department of Cooperatives and MSMEs, and the District Government.

Variables of marketing management (competitive prices), HR management (innovation power, risk-taking ability, and decision making), production management (appropriate technology and certainty of raw materials), financial management (availability of capital and working capital management), technopreneurship (business based on information technology, creativity in running a business, and establishing business networks), and external (competition for similar products) are included into the relay variable indicating that this variable is very sensitive

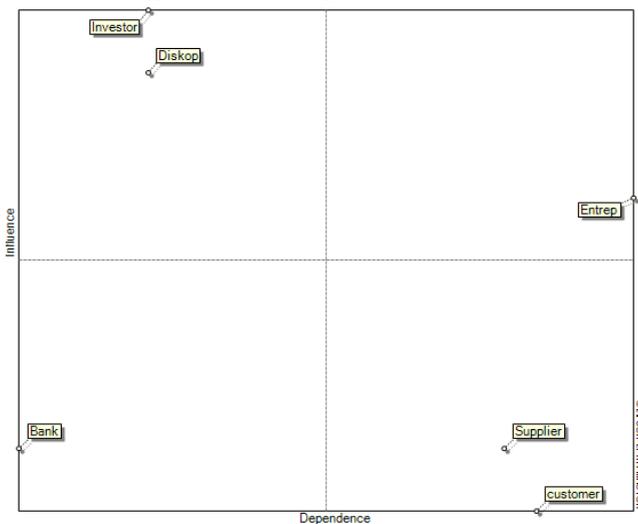
and unstable in the development of micro and small businesses in Majalengka Regency. External variables (promotion of local tourism and availability of infrastructure) and financial management (compilation of financial reports) are variables that have relatively little influence on the development of micro and small enterprises in Majalengka Regency.

The ability to lead is the only dimension affecting the development of micro and small enterprises in Majalengka Regency (input or driver variables). On the other hand, the five dimensions of marketing management (packaging, segments, distribution, promotion, and demand), banking, MSME Office, risk control, production processes, and product quality are the affected variables. Creativity and innovation are relay variables, that is, variables influential but highly dependent, the factors describing the instability of a system. Every change occurring in this variable has a severe effect on other variables [32]. This means that the increased creativity and innovation can affect the affected variables. Financial reports have little effect on business development. This causes the recording of financial transactions not carried out properly by MSMEs in Majalengka Regency, but the increase in sales is experienced with the increasing demand.

Increasing creativity can start from preparation and verification, incubation, intimation, illumination/insight, to verification [16]. The participation of the environment can accelerate the process of increasing creativity. Entrepreneur forums allow networking from upstream to downstream, as well as the transfer of knowledge sharing between entrepreneurs. Entrepreneurs can apply a WOS with the following characteristics: (1) the market share area is no longer relevant, each person can be a winner, (3) accommodates all demand, (4) creating a balance between price and cost, and (5) aligning company activities to spread benefits to society as a whole and do sensible profits and company sustainability [31].

**Figure 5**

**Influence and Dependency Map of each Actor**  
Map of influences and dependences between actors



The results of analysis using MACTOR software show a map of the influence and dependence of each actor (Figure 5). It illustrates that the Department of Manpower, Cooperatives and MSMEs, and investors have a strong influence, while customers and suppliers are highly dependent. This means that the Department of Cooperatives and MSMEs and investors' support is needed to develop the business. Furthermore, entrepreneurs, investors, and the Department of Cooperatives and MSMEs can influence customers to purchase products and suppliers to offer quality materials promptly and in the right quantity to support the resilience and development of MSMEs in Majalengka Regency.

The difficulty faced is related to understanding the direction of changing consumer tastes. The innovations that are carried out can either succeed or fail. If it fails, then the innovation experiment is considered a learning tool that will be improved in the future. This means that the innovation carried out is trial and error. There is no structured consumer needs survey. The most accessible and most affordable way is the Observe, Imitate, and Modify method. The increasing number of workers is also a measuring tool for business development. In principle, the workforce's addition is carried out according to the needs and to reach out to the closest neighbors, thus providing the opportunity to earn a living for the neighbors. The principle is carried out to provide benefits to others to obtain a greater fortune in the future.

Creative ideas often arise from millennial entrepreneurs who offer new products, production processes, marketing, and payment methods. However, the market segment is still limited and has not been able to leave Majalengka Regency. Increasing creativity can be done with Wallas (1926) method quoted by [16], starting from preparation and verification, incubation, intimation, illumination/insight, and verification.

The success of the business requires a long process and great sacrifice. The TES model proposed by [17] is expected to help the development of MSMEs in Majalengka Regency. MSMEs will not be left to fight for the successful achievement of business alone. Coaching process can be carried out at various stages of the chain value, from designing, obtaining raw materials, production processes, marketing, and recording to payment processing. Various parties that can help include the government through the Department of Cooperatives and MSMEs, universities, state-owned enterprises through CSR funds, banking with cheap credit, and entrepreneur networking. The MSME group allows peer-to-peer contact, knowledge transfer, training, and intervention to increase performance.

The government can introduce innovation strategies for MSMEs by focusing on four main areas: (1) supporting entrepreneurial culture and conducive economic conditions, (2) facilitating licensing and certification, (3) promoting products for potential market expansion by increasing the number of new businesses and the ability of entrepreneurs, and strengthening the entrepreneurial spirit, and (4) improving the environment for social entrepreneurship and innovation. Millennial entrepreneurs

can be targeted for mentoring because of their disruptive ideas, readiness to make changes, and the courage to take risks according to their time. Integrated assistance from various parties allows the realization of ideas in business that make the business move in a positive direction.

## 5. CONCLUSION

Creativity is a skill required in the era of the Industrial Revolution 4.0, and it will generate ideas for innovation. Innovation can help MSMEs to survive the economic crisis. The decreasing purchasing power leads consumers to focus on fulfilling physiological needs and a sense of security. MSMEs who work in food manufacturing by utilizing local ingredients can get opportunities to survive and even to develop. Innovation requires the support of management skills, technological capabilities, financial factors, and company size. The White Ocean Strategy allows for entrepreneurial synergy. Support from various parties, especially the Department of Manpower, Cooperatives and MSMEs, and investors are needed to help MSMEs innovative. Increased creativity and innovation have an impact on improving performance.

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