

CHAPTER 1. INTRODUCTION

1.1 Background of the Study

The history of Indonesia's economic growth leads to remarkable achievements, serving as a continuously prioritized goal (Karnowahadi et al., 2022). Under the guidance of macroeconomic indicators, the welfare of society begins to show improvement, necessitating our responsibility to support regional development and government policies. Rapid economic growth must align with the phenomenon of globalization, addressing poverty issues, and fostering sustainable innovation (Papanikos, 2024).

Achieving inclusive economics is a key performance indicator of a region's economic development (Kwilinski et al., 2023). Supporting high and sustainable economic growth, inclusive economic development must be pursued as it involves all segments of society regardless of background, aiding in enhancing economic growth, reducing poverty, unemployment, and inequality. The World Economic Forum (WEF) defines inclusive economics as a strategy to enhance economic performance by expanding opportunities and economic prosperity, as well as providing broad access to all layers of society (Saqr, 2023). Inclusive economics comprises three main pillars: high economic growth; income distribution and poverty reduction; and expanded access and opportunities (Bestari, 2020). One crucial macroeconomic indicator for assessing economic performance is economic growth, which denotes the process of economic change occurring within a country's economy over a specific period, leading towards an improved economic state. Economic development through an inclusive approach can be achieved through the tourism sector and the development of MSMEs. (Warta, 2024).

The implementation of inclusive economic concepts in the tourism sector and MSMEs holds significant potential for strengthening overall economic prosperity (Endris & Kassegn, 2022). A key focus in the tourism sector is realizing inclusive economics through increased tourist stay durations. By successfully enhancing destination appeal, providing diverse activities and attractions, and

promotion local cultural diversity, tourist destinations can extend tourist stays and distribute economic benefits more evenly to local communities. In the MSME sector, inclusive economic concepts can also be applied in various ways (Barauh, 2021). Scaling up economies through collaboration among MSMEs or integration into larger supply chains can help enhance operational efficiency and competitiveness. Additionally, improving product and service quality is another crucial step. This involves investing in product innovation, design, and production processes to ensure that the resulting products can compete in an increasingly global market (Kadaba et al., 2023).

One concrete example of the implementation of inclusive economic concepts in the tourism sector and MSMEs is through the Jember Fashion Carnival (JFC) (Kusumawati et al., 2022). JFC is a social event showcasing creative fashion concepts in the form of a carnival parade held along the streets of Jember City, spanning a distance of 3.6 km from Central Park to the Sports Building (Daerah, 2023). This event strives to establish Jember as a global trendsetter in fashion and carnival. JFC has successfully integrated elements of creativity and sustainability in the fashion industry with local tourism while supporting MSME growth in Jember (Gunawijaya, 2020). By showcasing spectacular fashion parades featuring unique and creative costumes, JFC has strengthened Jember's tourism appeal, increased tourist visits, and provided significant economic impact to the local community (Yulianto, 2021). Through improved event quality and effective promotion, JFC has extended tourist stays in Jember, creating more opportunities for local businesses to reap economic benefits. On the other hand, JFC has also contributed to the development of MSMEs in Jember, particularly in the creative and fashion sectors.

After participating in the Jember Fashion Carnival, participants are not only involved in dazzling performances but also bear significant responsibilities after the event concludes. Following the event, participants engage in costume sales and rentals. Various activities are organized in the Jember area and its surroundings to commemorate Indonesia's Independence Day. One tradition that is upheld is the periodic staging of parades or carnivals. Carnival participants enthusiastically select

from a variety of traditional costumes and diverse carnival creations to enliven the event. As a practical alternative, opting to rent carnival costumes from costume rental shops rather than making them themselves is common. Nevertheless, to enhance the diversity of carnival costume collections and traditional costumes, entrepreneurs who were previously participants in JFC are involved in the costume-making process independently (Sulistiowati, 2019). There are also entrepreneurs who employ handmade crafting techniques to produce prototypes and carnival costume attributes. Some of these groups have also demonstrated successful social behavior patterns in creating positive changes in the environment and making significant contributions to the local economy (Mohammad, 2020). This activity serves as an additional source of income and a way to maximize the value of investments in purchasing or making costumes. Thus, these activities inadvertently involve accounting tasks, and to succeed in this business, one needs to have skills in managing finances effectively. This includes budgeting for costume maintenance and upkeep, as well as calculating income from rentals or sales. With the initial capital required to buy or make costumes not being cheap, efficient financial management becomes the key to success in running this business. Therefore, accounting points become crucial for Jember Fashion Carnival entrepreneurs, as they help monitor and control cash flow more effectively, thus optimizing income potential and ensuring business sustainability (Manaf, 2018).

In fact, entrepreneurs in the costume carnival industry lack a specific platform to market their products or full-costumes, highlighting the need for increased digitalization of their business activities. Currently, costume designers rely mainly on basic strategies such as social media promotion and word of mouth. In line with the government's program, which has registered approximately 27 million micro, small, and medium enterprises (MSMEs) that have joined digital ecosystems or adopted digital technology platforms by the end of 2023, aiming to promote digital technology adoption among MSMEs, the government has set an ambitious target of connecting around 30 million MSMEs to digital ecosystems in 2024 (RI, 2023). Based on the aforementioned background, we aim to help increase the target of MSMEs in using marketplaces by adapting unique transaction

mechanisms and cultures found among Jember Fashion Carnival entrepreneurs. Therefore, a new system design is needed for the program aimed at enhancing the use of digital platforms by microbusinesses in Indonesia.

1.2 Research Question

Given the above problem statement, the research question in this study is: "What strategies can be applied to develop applicative solutions to address the weaknesses of the platform faced by Jember Fashion Carnival entrepreneurs?".

1.3 Objective

Based on the research question above, the objective of this study is: "To provide strategies that can be applied to develop effective and efficient applicative solutions in addressing the weaknesses of the platform faced by Jember Fashion Carnival entrepreneurs by creating an integrated marketplace".