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**ANALYSIS OF GREEN ECONOMY AND BLUE ECONOMY  
IMPLEMENTATION TO IMPROVE SMEs AND SUSTAINABLE  
CREATIVE ECONOMY IN BERAU DISTRICT**

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**Abstract**

*This study aims to analyze the strategies for empowering MSME entrepreneurs and the Creative Economy, the concepts of blue economy and green economy that can influence MSME development and a Sustainable Creative Economy. This analysis uses independent variables, namely the empowerment of MSME entrepreneurs and the Creative Economy, the dependent variable is the increase in MSMEs and the Creative Economy and the moderating variables are the blue economy and green economy. The objects used in this study were MSME and Creative Economy entrepreneurs in Berau Regency with a sample of 170 people from Berau Regency from 13 sub-districts in Berau Regency and who had certain criteria. The data collection technique used in this study is probability sampling. The statistical method uses multiple linear regression analysis, with a statistical test to test the hypothesis t. This research was tested using Smart PLS and SPSS. This study uses a Likert scale with a 5-point scale to measure research variables. The results of this study indicate that the blue economy concept has a significant effect on increasing MSMEs and the Creative Economy, the green economy concept has a significant effect on increasing MSMEs and the Creative Economy, the strategies for empowering MSME entrepreneurs and the Creative Economy have no significant effect on increasing MSMEs and the Creative Economy in Berau Regency,*

**Keywords:** Blue Economy, Green Economy, People's Economy, Berau.

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**INTRODUCTION**

Micro, Small and Medium Enterprises (MSMEs) are one of the businesses that is currently in the spotlight which is classified as a tool for a country's economic growth (Tengeh, 2011; Aidis & Saul, 2007). Donkor et al. (2019) also stated that Micro, Small and Medium Enterprises (MSMEs) play a very important role in increasing the economic progress of a country. Also, MSMEs are considered very important for the stability of the national economy and also play an important role in the development of innovation productivity and employment (Wu et al., 2017). In addition, MSMEs in a country are considered to be better at dealing with crises

when compared to large businesses, although there are some MSMEs that also experience difficulties during a crisis.

Micro, Small and Medium Enterprises (MSMEs) are very important for the economy of a country, including in Berau District in East Kalimantan. The potential for increasing MSMEs in Berau Regency can increase with the concept of green economy and blue economy because Berau Regency has many attractive marine tourism destinations, such as Maratua Island, Derawan Island, and Kaniungan Island as an increase in the blue economy implementation concept and has extraordinary oil palm plantations so that can improve the concept of green economy. This has an effect on the increasing number of MSMEs in Berau Regency. In 2020, the number of MSMEs in Berau increased to 3,234 and increased drastically in 2021 to 13,097 MSMEs in Berau Regency.

To empower the MSME sector, the District Government of Berau held various empowerment programs, one of which was an entrepreneurship training program that discussed opportunities in implementing the green economy concept and the blue economy concept. This program aims to improve the quality of human resources and sustainable creative management of MSME businesses. With this program, it is hoped that MSME players in Berau will have better skills and knowledge in managing their business by utilizing the concepts of the green economy and the blue economy concept, so that the MSME sector in Berau can progress and develop. Thus it is important for MSME players in Berau to increase their ability to innovate so that they will continue to compete and survive in the market.

Empowerment of MSME business actors as an effort to provide strength or power to business actors to take advantage of opportunities from the concept *green economy* and the concept of the blue economy, so that you can get out of the problem at hand. By empowering business actors by relying on the ability, initiative and participation of the community in the Berau Regency area. Community empowerment as a form of utilizing and activating their potential, the people of Berau Regency give positive values for welfare and socio-economic standards and community welfare. Community development and empowerment programs are implemented through national and regional policies for community empowerment in order to increase people's income from MSMEs.

According to research by Cusack et al., (2021) using a combination of regional and local economic statistics and a stakeholder survey, we applied the economic assessment of Moalboal marine ecotourism for 2018 and compared this assessment with independent estimates of the aggregative extractive value of herring. The case of Moalboal shows that a combination of strong community involvement in the governance of ecotourism resources, a network of locally managed marine protected areas and the retention and distribution of economic benefits within local communities has resulted in a significant marine ecotourism sector. Efforts to expand the aquaculture industry often refer to opportunities that highlight untapped potential for economic growth. This discourse also underlies the more general Blue Economy concept,

The blue growth concept is the latest of many recent calls for a more holistic management of complex marine socio-ecological systems. The complexity of marine systems, combined with data and capacity limitations, demands a management approach that is pragmatic—meaning that it is goal and solution oriented, realistic, and practical (Burgess et al., 2018). The term Blue Economy (BE)' is gaining popularity in modern environmental research. This concept seeks to explore opportunities for sea-based development with the maintenance and protection of the environment (Lee et al., 2021). However (Ayilu et al., 2022) concluded that, while a green economy in its broadest sense is still a work in progress, it must be guided by clearly articulated goals in terms of governance that support small-scale fisheries.

According to Graziano et al., (2019) the Blue Economy (BE) is quickly becoming one of the most commonly applied regional economic paradigms in coastal and maritime areas globally. Since the late 1970s, the US Great Lakes basin has been looking for ways to reverse its economic decline, and BE offers new opportunities to shore up the region's economic development, perhaps sustaining its transition to a blue economy.

Green economic growth and sustainable development complement each other, promoting green economic growth has important practical meaning. According to Lin & Zhou, (2022), in the process of developing a green economy, policy makers must fully incorporate the spatiotemporal evolution of the green economy and the factors that influence it, and make targeted policies.

Berau Regency consists of 13 Districts, namely:White Stone,Bian,Big Dipper,Mount Tabur,Kelay,Maratua,Derawan Island,Sambaliung,Satiated,Tabalar,Talisayan,Tanjung Redeb,Bayur Bay. The income generated by the people of Berau Regency comes from marine products, plantations and mining, the empowerment of MSME and tourism actors in Berau Regency is one of the incomes of the people of Berau Regency. However, each region in Indonesia has different ways to improve the economy of the island community.

This study concludes that the blue economy concept has a significant effect on increasing MSMEs and the Creative Economy, the green economy concept has a significant effect on people's income, the community empowerment strategy has no significant effect on increasing MSMEs and the Creative Economy in Berau Regency, the strategy for empowering MSME actors and the community's Creative Economy is not has a significant effect on increasing MSMEs and the Creative Economy which is moderated by the concepts of blue economy and green economy. This study aims to analyze strategies for increasing MSMEs and the Creative Economy, the concept of blue economy and green economy that can influence the improvement of MSMEs and the Creative Economy in Berau Regency.

## METHODS

The method used will determine the validity of the research results. The type of research conducted in this research model is quantitative research. The research method is not just what statistics will be used, but rather the thinking behind the

research namely how the researcher really wants to find out, how to construct arguments about ideas and concepts, and what evidence is there that the researcher can find or support the arguments that have been made. There is. The problem in research is that many novice researchers are confused about choosing the research method to use in completing their final project, due to diverse views regarding research methods (Darna & Herlina, 2018).

In a study, researchers must use the right type of research. This allows researchers to get a clear picture of the problem at hand and the steps used to fix a problem. The correlation method is a type of research with a quantitative approach to detect whether or not there is a correlation between variables. The quantitative method used in this study consisted of distributing questionnaires to the people of Berau Regency which consisted of 13 sub-districts. In the questionnaire there are 31 statements. Statements and answers of respondents in the questionnaire that can determine the results of the hypothesis in this research. Data processing analysis used in this study uses Smart PLS and SPSS software to test validity and reliability.

### **Population & sample**

The population in this study are 13,094 MSME actors and creative economy actors in Berau Regency in 2022. However, this research has certain criteria, namely MSME business actors and creative economy whose businesses have been running for 5 years and above and already have business income. . Thus the researchers only distributed 500 questionnaires to MSME and Creative Economy Actors in Berau Regency, where there were 13 sub-districts, but the large number of questionnaires returned was 170 respondents. It can be concluded that the samples used in this study were 170 MSME and Creative Economy actors from 13 sub-districts that had certain criteria.

### **Data collection technique**

The data collection technique used in this study is probability sampling. In general, probability sampling technique is the most popular sampling technique for public opinion research, opinion polls and other studies. Other studies including the results will apply to a larger population. Therefore, research methods must be able to represent the entire population. Data collection techniques in this research used a Likert scale with a 5-point scale to measure research variables, a 5-point scale consisting of 1 = Strongly Disagree, 2 = Disagree, 3 = Fairly Agree (Neutral), 4 = Agree, 5 = Strongly Agree . According to (Cheng et al., 2021) One of the paradigms for answering questions is to apply a Likert scale (LS) to compare agreements with different alternatives,

## **RESULTS AND DISCUSSION**

### **Convergent Validity**

Convergent validity aims to determine the validity of each relationship between indicators and constructs or latent variables. There are two types of validity in PLS SEM, namely convergent validity and discriminant validity. Convergent validity means that a set of indicators represents one latent variable and the underlying latent variable. This representation can be demonstrated through

unidimensionality which can be expressed using the average value of the extracted variance (Average Variance Extracted/AVE). Minimum Ave value of 0.5. This value describes adequate convergent validity which means that one latent variable is able to explain more than half of the variance of the indicators in the average (Ghozali, 2016). If all indicators have a Loading Factor model above 0.5 so that the model meets the requirements of convergent validity (Asbari et al., 2019). The results of convergent validity in this study can be seen in (Figure 1) it can be concluded that the relationship between indicators and latent variables in this study has an average loading factor above 0.5, which means it meets convergent validity and has a high value.

**Table 1. Construct Validity and Reliability**

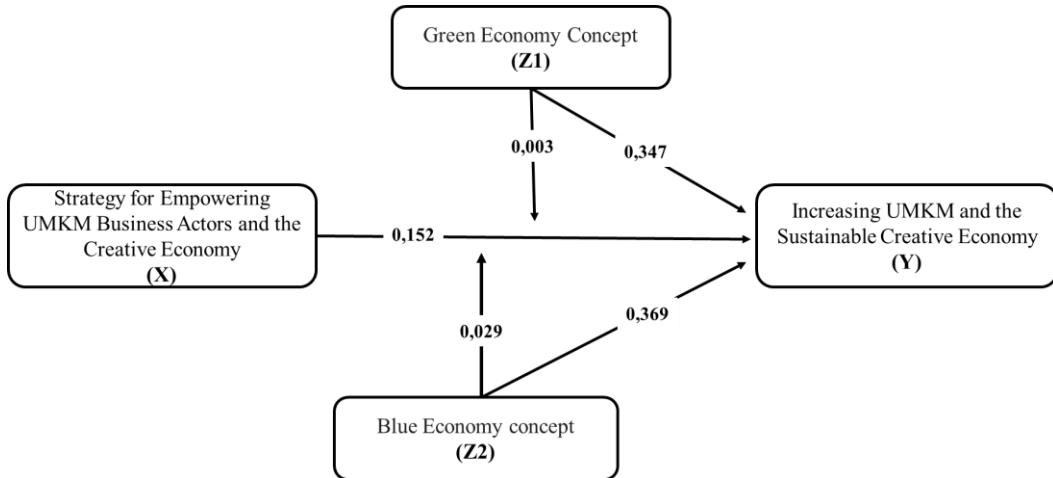
	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Green Economy (Z1)	0.892	0.894	0.887	0.582
Blue Economy (Z2)	0.875	0.897	0.884	0.693
Z1's moderation of X's influence	1,000	1,000	1,000	1,000
Z2's moderation of X's influence	1,000	1,000	1,000	1,000
Empowerment of MSME and Creative Economy Actors (X)	0.836	0.943	0.949	0.584
Increasing MSMEs and the Creative Economy (Y)	0.795	0.874	0.865	0.646

Source: Processed data, 2023

**Table 2. Path Coefficient**

	Original Sample (O)	Sample average	Standard Deviation	T Statistics	P Values
Z1 -> Y	0.347	0.349	0.126	2,740	0.001
Z2 -> Y	0.369	0.376	0.111	3,322	0.006
Z1's moderation of the influence of X -> Y	0.003	-0.005	0.089	0.035	0.963
Z2 moderation of the influence of X -> Y	0.029	0.040	0.086	0.340	0.721
X -> Y	0.152	0.148	0.119	1,272	0.216

Source: Processed data, 2023



**Figure 1. Research Conceptual Framework**

### **The Effect of the Green Economy on Increasing MSME and the Sustainable Creative Economy**

Economic growth is a space for innovation and new creations, both in existing and developing/operating sectors, so that the green economy can become the driving force behind the scope/prosperity of economic growth. Green Economy is referred to as the right concept of economic development because it has the ability to create jobs and improve the welfare of a just society and maintain the carrying capacity and quality of the marine and coastal environment.

The first hypothesis is the Blue Economy on people's income. The calculation results show that the P value is 0.0001 and the T statistics is 2.740, by testing the second hypothesis it is accepted. That is, the higher the Green Economy Concept is applied, the higher the income of the people of Berau Regency. The Green economy concept has indicators Give the entrepreneur the opportunity, Give the advantage for the company (New Economy Model) with the clean environment and efficient. The concept of Green Economy is a new paradigm in economic development to replace old policies and does not favor long-term solutions and ecosystems, therefore green economy is the best solution for policy makers to balance environmental preservation and economic growth.

In the results of research conducted by several previous researchers regarding the effect of Green Economy on people's income, namely what was examined by (Aswandi, 2019) there was a drastic decrease in fishermen's income before and during the construction of the CPI Makassar reclamation megaproject. Where, after reclamation there was a drastic decrease in income, which resulted in a decrease in the quality of life of coastal communities. Meanwhile, research (Noviarita et al., 2021) shows that all tourist villages carry out management by implementing the Green Economy Concept which has a significant impact on tourism business actors, including the management of tourist villages.

### **The Effect of the Blue Economy on Increasing MSMEs and the Sustainable Creative Economy**

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The Blue Economy concept is the latest of many recent calls for a more holistic management of complex marine socio-ecological systems (Burgess et al., 2018). According to Cisneros-Montemayor et al., (2019) reviewed what an equity-focused Blue Economy means for several established and emerging maritime sectors and noted existing guidelines that could be used to incorporate these aspects into planning.

The second hypothesis is the Blue Economy on Public Income. The calculation results show that the P value is 0.0006 and the T statistics is 3.322, thus testing the first hypothesis is declared accepted. That is, the higher the Blue Economy concept is applied, the higher the income of the people of Berau Regency. The Blue Economy concept has indicators of High Investment, Low Carbon, and Reduce Waste. The Blue Economy principle of using natural raw materials efficiently, without waste, has an important social impact. The application of a green economy will add economic value without wasting it, will open up new business opportunities and be proportional to the increase in the number of jobs needed to increase people's income.

As for the previous research researched by Setyawati et al., (2021) it shows that the marine potential in Sabang has begun to be developed based on the principles of the blue economy, the conservation area established by the Sabang city government plays an important role in the process of preserving nature, and the blue economy has also provided a multiplier. effect on improving the welfare of coastal communities in the city of Sabang. It can be concluded that in this study the concept of the Blue Economy for people's income is accepted, because the Blue Economy concept is considered one of the solutions to improve the economy and preserve the sea.

#### **The Effect of Empowering MSME and Creative Economy Actors on Increasing MSMEs and a Sustainable Creative Economy Moderated by the Blue Economy Concept**

The third hypothesis is that community empowerment influences people's income moderated by the Blue Economy Concept. The results of the analysis show that the P values are 0.963 and the T statistics are 0.035, thus the third hypothesis testing is rejected. That is, there is no significant effect on community empowerment on people's income moderated by Concept Blue Economy. Based on the results of the analysis it was found that the Blue Economy Concept is a development based on the economic value of Indonesia's marine resources, which creates value in the supply chain, directly or indirectly.

#### **The Effect of Empowering MSME and Creative Economy Actors on Increasing MSMEs and a Sustainable Creative Economy Moderated by the Green Economy Concept**

The fourth hypothesis is that Community Empowerment Has an Influence on People's Income Moderated by the Green Economy Concept. The results of this analysis show that the P values are 0.721 and the T statistics are 0.340, thus in testing the fourth hypothesis it is rejected. This means that there is no significant effect on Community Empowerment on Community Income Moderated by the Green Economy Concept. Based on the results of the analysis it was found that the

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Green Economy Concept is an economic field that aims to improve people's social and welfare, even reduce environmental risks and can bridge the gap between development growth, social justice as well as being environmentally friendly and saving natural resources.

### **Empowerment of MSME and Creative Economy Actors for Increasing MSME and a Sustainable Creative Economy**

The fifth hypothesis is community empowerment on community income. From the results of this analysis it is known that the P values are 0.216 and the T statistics are 1.272, thus in testing the fifth hypothesis it is declared rejected. That is, community empowerment does not have a significant effect on people's income. Empowerment in Berau Regency is capital assistance for MSMEs, skills training to improve product quality in Berau Regency so that product capabilities and results are much better than before, but in fact the community empowerment strategy in Berau Regency still has many weaknesses and has not been widely implemented by the local community. As for several previous studies that have examined community empowerment on community income. Researchers (Risaad et al., 2021) showed the results of their research that the Regional Original Income (PAD) of Kota Baru Regency from community empowerment through the cultivation of swallow's nests was not significant. This is because there are still many weaknesses in the implemented community empowerment strategy.

As for the research (Sunardi et al., 2020) that there will be assistance in management in the development of marine fish farming in the form of cooperatives as well as management strategies (marketing, finance and human resources), forming cooperatives or business units, providing assistance or forming groups business in the management of fish cultivation in an effort to increase the income of the people of Panggang Island. It can be concluded that community empowerment has no significant effect on the income of the people of Berau Regency, because there are still many people who cannot implement existing community empowerment strategies.

### **CONCLUSION**

The concept of Green Economy is a new paradigm in economic development to replace old policies and does not favor long-term solutions and ecosystems, therefore green economy is the best solution for policy makers to balance environmental preservation and economic growth. Empowerment in Berau Regency is capital assistance for MSMEs, skills training to improve product quality in Berau Regency so that product capabilities and results are much better than before, but in fact the community empowerment strategy in Berau Regency still has many weaknesses and has not yet been implemented. widely used by local people.

It can be concluded that the empowerment of MSME business actors and the Creative Economy has no significant effect on the income of the people of Berau Regency, because there are still many people who cannot implement existing community empowerment strategies. The statements contained in the questionnaire can be made in language or words that are easily understood by the people of Berau Regency, where the majority of the population and research sample are business

actors over 40 years of age. The results of the study show that the income of the people of Berau Regency has increased with the implementation of the blue economy and green economy concept systems as an alternative to increasing the number of MSMEs and the Creative Economy of the people of Berau Regency.

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