

CREATIVITY AND INNOVATION ARE ESSENTIAL SKILLS FOR INCREASING ALTERNATIVE INCOME FOR INFORMAL SECTOR WORKERS

Syaeful Bakhri

UIN Siber Syekh Nurjati Cirebon, Indonesia

Email: sultan01aulia@yahoo.com

Refaldo Fanther

UIN Siber Syekh Nurjati Cirebon, Indonesia

Email: refaldofanther@gmail.com

Titi Kumala

UIN Siber Syekh Nurjati Cirebon, Indonesia

Email: titikumala30@gmail.com

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Corresponding Author:

sultan01aulia@yahoo.com

Abstract

Skills influence a person's ability to find employment, and the ability to possess these skills significantly determines whether an informal sector worker can increase their income. The relevance of skill ownership to income growth is powerful, as skills and expertise greatly enhance a person's opportunities to find employment and start a business. This study examines which specific skills a person must possess to increase their income, particularly for informal sector workers. The research uses a qualitative approach with the Analytical Hierarchy Process (AHP) technique. It gathers information from 15 key persons, including prospective workers, informal sector workers, local government representatives, academics, and business community members. The results of this study identify several key skills, such as public speaking, adaptability, innovation, creativity, and problem-solving confidence. Based on the Hierarchical Process Analysis, two factors are the most dominant: Creativity, with a score of 23,94, and Adaptability, with a score of 23,73. According to this analysis, an informal sector worker can increase their income if they have creativity and adaptability.

Introduction

Most people in developing countries rely on the informal economy for their livelihood. They run small, unregistered businesses and earn money. Entrepreneurs and participants in the informal sector are often associated with several key characteristics, such as business activities that depend on the people's self-reliance, the use of simple technology, workers who are mostly unpaid family members, primarily serving the needs of the lower-middle class, and low levels of education and resources. Although the formal economy generates the majority of GDP, most of the population in many developing countries relies on the informal economy (Blades, Ferreira, & Lugo, 2011). The informal sector remains strong in crises. However, the growth of informal sector businesses is accompanied by challenges that the industry faces, both internally and externally (Adam, 2010).

The education level and soft skills of informal sector workers can affect how productive they are at work (Saraswati & Dewi, 2019). A higher level of education enhances the ability to process and empower resources. They acquire knowledge, experience, and a mental attitude through education. The knowledge and attitudes that a person gains will influence their behavior and mindset. Because they have a better conceptual understanding, people with higher education are more focused on their actions (Putra & Sudibia, 2018).

Based on data from BPS in 2021, Indonesia's population reached 272.248.5 thousand people. As of 2019, 5.3% of the population was classified as poor, making it the second-highest poverty rate in Southeast Asia, above Malaysia (3.3%), Vietnam (2.2%), and Thailand (1.0%). West Java Province is also among the five provinces with the highest unemployment rates in Indonesia,

at 10.46%. The high unemployment rate has also led to an increase in the number of poor people. The labor force composition in Cirebon City in August 2023 consisted of 167,037 employed people and 13,865 people recorded as unemployed. Compared to August 2022, the labor force increased by 17,263 people. The number of employed people rose by 17,177, while the unemployed increased by 86. The Labor Force Participation Rate (LFPR) experienced an increase compared to August 2022. The LFPR in August 2023 was 68.71 percent, up 3.29 percentage points compared to August 2022.

The importance of national development lies in the focus given to high economic growth as a primary priority. The goal is to accelerate economic transformation toward a better and more positive direction. (Sukirno, 2006) explains that economic growth is a form of development in economic activities that leads to an increase in the goods and services produced within society and enhances the prosperity of the population. Economic growth measures the progress of an economy from one period to another. A country's ability to produce goods and services will increase. This increased ability is due to the expansion of production factors both in quantity and quality. Economic growth is the process of increasing per capita output in the long term, and it is emphasized in three main aspects: process, per capita output, and long-term (Boediono, 2009).

There are four factors as sources of economic growth, namely human resources, natural resources, capital formation, and technology, with government spending playing a role in capital formation across various sectors (Samuelson & Nordhaus, 2013). Therefore, these factors need to be further developed to improve public welfare. Economic growth can be significantly influenced by the human resource factor.

High-quality human resources can be a key driver of a country's long-term economic growth. Economic growth can also be influenced by the natural resources available in a country. Abundant natural resources can make a significant contribution to economic growth, particularly in industrial sectors such as mining, energy, agriculture, forestry, and tourism. Furthermore, capital and technology factors are interrelated in complementing the advantages of human resources and natural resources.

Research Methods

This research employs a qualitative approach to explore factors that could enhance alternative income sources for informal sector workers in Cirebon City. The qualitative approach is also used to understand the appropriate soft skill strategies to improve alternative income for informal sector workers in Cirebon City. The focus area of the research is Cirebon City, where data will be obtained through two primary sources: primary data and secondary data.

Data Primary data will be collected through surveys and interviews with respondents who are community members and stakeholders in Cirebon City. Secondary data will be obtained from relevant authorities, including statistical data, policy documents, and other pertinent resources. The research analysis will use the Analytic Hierarchy Process (AHP) to prioritize the identified issues related to enhancing alternative income for informal sector workers. Both primary and secondary data related to the informal sector in Cirebon City will be analyzed to provide a comprehensive understanding of the context and issues at hand. Additionally, through Data Inventory, we will collect data based on categories previously identified to ensure that the gathered data aligns with our research objectives.

We will also use a questionnaire method to obtain perspectives from the community, especially informal sector workers, local government representatives, worker association representatives, and academics. This will involve designing an AHP-based questionnaire model that aligns with the research objectives. Community involvement will be facilitated through Focus Group Discussions, which will provide an opportunity to delve deeper into the views and perceptions of the community regarding how soft skill ownership can be utilized as an alternative income source by informal sector workers.

Result and Discussion

Descriptive Statistics

After conducting the Analytic Hierarchy Process (AHP), the innovation factor shows that the idea variable is the top priority in innovation with a value of 37.70. This is because ideas are the starting point of creativity. Without ideas, no new thoughts can be generated, as ideas provide new ways to create and deliver solutions. This aligns with research by Ulhaq, L. D., & Hartati, S. (2023) which states that ideas can lead to significant changes and enable better business development, thereby increasing earnings for workers in the informal sector. The stages in product development typically involve setting an idea, screening ideas, developing ideas, and conducting trials (Bakhri et al, 2021)

The openness of ideas can encourage individuals to innovate, thereby shaping the attitudes and motivations of workers in the informal sector. The priorities for the innovation variable can be seen in Table 1.

Table 1. Results of the Analytic Hierarchy Process (AHP) Analysis of Innovation Factors

Institutional	First wight	Persentase
Idea	19,09	19
Concept	37,70	38
Creative Process	21,59	21
Evaluation	21,62	22
Total		100

Source: Primary data processed, 2024

The results of the Analytic Hierarchy Process (AHP) analysis on creativity indicate that new ideas are the main factor in creativity, with a score of 40.80. This is because new ideas encourage individuals to assess things from different perspectives. With new ideas, one can connect concepts that lead to creative thinking. This is consistent with research conducted by Tarru et al., (2021) which suggests that new ideas can help solve problems and create opportunities for developing something unique. Additionally, new ideas can be a key driver for innovation and improvements in work when supported by a conducive environment and supportive management. For a view of the priorities in the creativity variables, see Table 2.

Table 2. Results of the Analytic Hierarchy Process (AHP) Analysis of Creativity Factors

Institutional	First wight	Persentase
New Idea	40,80	41
New Knowledge	22,13	22
Creating New Things	24,93	25
New Technology	12,13	12
Total		100

Source: Primary data processed, 2024

The results of the Analytic Hierarchy Process (AHP) analysis of adaptability factors indicate that implementing rules is the primary factor in adaptability, with a score of 20.76. This is because adhering to existing rules helps improve the income of workers in the informal sector. By implementing good and appropriate rules, a faster adjustment

structure to new conditions that may arise is created. This aligns with research conducted by Sriwiyati, L. et al., (2023) which found that following rules enables individuals to adapt well to changes in the environment and makes situations more structured and directed. Regular rule implementation provides a clear framework and guidance for acting in various situations. Rules reduce uncertainty by setting clear parameters for what can and cannot be done in changing situations. Priorities on the adaptability variable can be seen in Table 3.

Table 3. Results of the Analytic Hierarchy Process (AHP) Analysis of Adaptability Factors

Market and Marketing	First Wight	Percentage
Communication Skills	20,11	20
Collaboration Skills	8,62	9
Organizational Skills	18,33	18
Implementing Rules	20,76	21
New Environment	12,78	13
Embracing Change	19,39	19
Total		100

Source: Primary data processed, 2024

The results of the Analytic Hierarchy Process (AHP) analysis on public speaking factors indicate that the ability to face the audience is the main factor in adapting, with a value of 45.37. This is because the ability to face the audience helps in effectively delivering information so that it is well received by the audience. This aligns with the research conducted by Razali, G. et al., (2023) which highlights the importance of having the ability to face the audience in public speaking to ensure that all information intended to be conveyed is received clearly and without misunderstanding. Furthermore, having the ability to face the audience can influence others' views, attitudes, and actions based on the delivery, thus having the potential to foster a positive perspective within the surrounding environment. For details on the

priorities of public speaking variables, refer to Table 4.

Table 4. Results of the Analytic Hierarchy Process (AHP) Analysis on Public Speaking Factors

Market and Marketing	First Wight	Percentage
Speaking Ability	35,73	36
Ability to face Audience	45,37	45
Attitude and Behavior When Speaking	18,91	19
Total		100

Source: Primary data processed, 2024

The results of the Analytic Hierarchy Process (AHP) analysis show that analytical thinking is the main factor in problem-solving, with a value of 45.37. This is because it allows for a deep understanding of the problem and the ability to find solutions. Analytical thinking helps in identifying the root cause of the problem. This is consistent with the research conducted by Indrayani, dkk (2024) which suggests that analytical thinking can lead to better decision-making by analyzing information. Meanwhile, problem-solving is a crucial skill for workers in the informal sector when facing complex challenges and changes. Having analytical thinking skills can assist workers in identifying the core issues more accurately distinguishing between facts and opinions, and then making decisions based on relevant data. To see the priorities on the variable of public speaking skills, refer to Table 5.

Table 5. Results of the Analytic Hierarchy Process (AHP) on Problem Solving Factors

Market and Marketing	First Wight	Percentage
Critical Thinking	35,73	36
Analytical Thinking	45,37	45
Solution-Oriented Thinking	18,91	19
Total		100

Source: Primary data processed, 2024

In the Table of Analytical Hierarchy Process (AHP) results at each level, it can be seen that the priority for informal sector workers to obtain alternative income is at the first level: creativity, with a value of 23,94. Creativity allows workers to create new products or services that can attract consumer interest. This is in line with research conducted by Cahyani & Kamini (2024) which indicates that creativity relates to how workers run their businesses, and thinking creatively can help find more efficient ways to produce goods. Creative workers can leverage technology to develop their businesses, thereby increasing their income in the informal sector. Having creativity enables informal sector workers to come up with new ways or ideas to develop their businesses, leading to increased income.

Table 6. Results of Analytic Hierarchy Process (AHP) at Each Level

First Level	First Level Priority	Second Level	Weight	Second Level Priority
Innovation	12,16	Idea	2,32	P19
		Concept	4,59	P12
		Creative Process	2,63	P17
		Evaluation	2,63	P18
Creativity	23,94	New Ideas	9,77	P1
		New Knowledge	5,30	P8
		Creating something new	5,97	P7
		New Technology	2,91	P16
Adaptability	23,73	Communication Skills	4,77	P10
		Collaboration Skills	2,05	P20
		Organizational Skills	4,35	P13
		Implementing Rules	4,93	P9
		New Environment	3,03	P15
		Accepting Change	4,60	P11
Public Speaking	17,81	Speaking Skills	6,36	P6
		Audience Engagement Skills	8,08	P3
		Attitude and Behavior in Speaking	3,37	P14
		Critical Thinking	9,42	P2
	22,35			

Problem Solving		Analytical Thinking	6,48	P4
		Solution-Oriented Thinking	6,45	P5
Jumlah	100		100	

Source: Primary data processed, 2024

At the second level, new ideas are prioritized first with a value of 9.77. This is because having new ideas will help workers in the informal sector become more competitive and productive, thereby contributing to increased earnings. New ideas encourage workers to develop more efficient working methods, improve opportunities for business development in the informal sector, and promote business progress and sustainability. This aligns with the research conducted by Anjani et al., (2023) which found that having new ideas enables informal sector workers to keep up with changing trends and continuously develop their businesses with new ideas.

The second priority is critical thinking with a value of 9.42, which is essential for informal sector workers to increase alternative income for sustaining their livelihoods. Critical thinking is part of problem-solving factors. This is supported by Usnalillah et al. (2024), which states that critical thinking allows for precise problem identification, resulting in decisions that positively impact changes. Additionally, critical thinking helps in understanding all aspects of a problem.

The third priority is the ability to handle an audience with a value of 8.08. This is crucial for informal sector workers because the audience determines the success of communication, such as in negotiations. This will facilitate the workers' business activities and positively impact sustainable income growth. This is in line with the research by Hamam & Ratri (2023), which found that understanding the audience well builds trust in the offered products or services, leading to

loyalty. Moreover, understanding the audience allows for effective and engaging information dissemination, which generates interest in receiving that information.

Conclusion

The results of the Analytic Hierarchy Process (AHP) at each level show the priorities that informal sector workers should focus on to obtain alternatives. At the first level, it is creativity. At the second level, new ideas, critical thinking, and the ability to face an audience. Creativity allows entrepreneurs to create unique and different products or services, which can attract more customers. New ideas and critical thinking enable workers to analyze data and information better and identify opportunities and risks. Additionally, having the ability to face an audience can enhance customer satisfaction and loyalty in negotiations.

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