

## **ABSTRACT**

*This study aims to explore a variety of information related to SMEs based in Semarang creative economy in order to formulate solutions to its development. Creative SMEs are considered capable of developing human resources in armed with knowledge, creativity, innovation and able to develop jobs. However, creative SMEs in Semarang city is still not able to provide specific predicate for this city.*

*This study uses qualitative research methodology. This is because the methodology of qualitative research is a scientific study that aims to understand natural phenomena by promoting the interaction between researchers in-depth communication with the phenomenon under study. Primary data obtained from informants study consisting of 32 creative SMEs, government, academia and SMEs observers. Secondary data obtained from various data publications such as the Department of Cooperatives and SMEs, Industry and Trade, as well as the Central Statistics Agency (BPS).*

*The results showed that creative SMEs in Semarang can not serve as the backbone of the economy in the city of Semarang. That is because of the more dominating industry in this city. Creative SMEs in Semarang City has limited ability and experience problems in their business development. This leads to creative SMEs have not been able to provide for the distinctive characteristics of Semarang. Problems faced by SMEs in the creative city of Semarang, among others, capital, raw materials and factors of production, labor, transaction costs, marketing, and IPR (Intellectual Property Rights). SME -based economy requires creative cooperation of various parties to achieve progress in the corporate world. Not only the government and SMEs themselves, but also the community needs to participate and develop.*

*Keywords : Development, SMEs, transaction costs, Capital, Labor, Factors of Production, Marketing, Intellectual Property, Qualitative Research Methodology, Creative Industries.*