

STRENGTHENING SUSTAINABLE LOCAL ECONOMIES THROUGH COMMUNITY EMPOWERMENT AND RESPONSIBLE ENTREPRENEURSHIP IN LOMBOK

Febyana Putri Komalasari¹, Sausan Nuhaa Maisarah², Anandhiya Intan Prabandari³

¹³Department of Economy, Jenderal Soedirman University, Indonesia

²Department of Accounting, Jenderal Soedirman University, Indonesia

*Email corresponding author: febyana.komalasari@unsoed.ac.id

Abstract

Building sustainable local economies in tourism-dependent regions requires a structural balance between community-level capacity and the ethical growth of private enterprises. This community service (*Pengabdian kepada Masyarakat*) initiative operationalizes this balance by examining the intersection of community empowerment and responsible entrepreneurship within the unique economic landscape of Mataram, Lombok. The project was carried out through collaborative partnerships with two prominent local anchor enterprises: NUTSAFIR Cookies, a benchmark in sustainable agro-industrial food processing, and Dwi Kristy Mutiara, a leader in high-value cultural pearl craftsmanship. The primary objective was to strengthen the local economic architecture by transforming community members from passive suppliers into active, economically empowered stakeholders within responsible corporate value chains. Employing a participatory action framework, the intervention implemented capacity-building modules focusing on sustainable resource management, ethical sourcing, financial literacy, and collaborative business networks. The findings reveal that synchronizing the business growth of anchor MSMEs with community empowerment significantly amplifies the local economic multiplier effect. NUTSAFIR's localized agricultural sourcing and Dwi Kristy's heritage-driven craft model effectively distributed economic returns directly to local farmers and artisans. This initiative demonstrates that responsible entrepreneurship, when backed by structured community empowerment, mitigates economic vulnerabilities and establishes a scalable, self-sustaining model for regional economic autonomy in Lombok.

Keywords: Sustainable Economies, Community Empowerment, Responsible Entrepreneurship, Value Chains, Lombok.

INTRODUCTION

Regional economies that are structurally dependent on tourism carry a distinctive exposure to external disturbance. Demand for tourism services is highly elastic to shocks that originate entirely outside the destination—pandemics, currency fluctuations, geopolitical instability, or shifting travel sentiment—and this elasticity has been shown to propagate revenue volatility quickly into local supply chains that have not diversified their customer base (Watson & Deller, 2022). The stakes of this exposure are not distributed evenly across a tourism-adjacent economy. It is typically the smallest and least diversified actors within the value chain—individual farmers, artisans, and micro-suppliers—who absorb the sharpest downside when tourism demand contracts, precisely because they lack the working capital, market access, and negotiating leverage to weather a shock independently. Understanding what determines whether the growth of anchor enterprises translates into durable, broadly shared local welfare, rather than growth that is captured narrowly by the enterprise while its surrounding supplier base remains fully exposed to the same volatility, is therefore not only a conceptual question but a practical one for regions such as Lombok, where tourism-adjacent agriculture and craft production sit close to the center of the local economy. Empirical evidence on tourism-dependent regions demonstrates that resilience to such shocks is not automatic: county-level evidence from the United States indicates that greater dependence on

tourism and hospitality activity is, on average, associated with lower rates of regional economic resiliency, so that heavily specialized destinations recover more slowly and unevenly than economies with diversified intersectoral linkages (Watson & Deller, 2022).

A parallel and often decisive factor is the depth of local linkage between tourism-adjacent anchor enterprises and the surrounding community economy. Where anchor firms source inputs, labor, and craft components primarily from outside the region, revenue leaks out of the local economy before it can recirculate; where local farmers, artisans, and small suppliers are integrated as genuine value-chain partners rather than interchangeable, price-taking suppliers, a much larger share of enterprise revenue is retained and multiplied locally (Mitchell & Ashley, 2010). This is the structural imbalance that motivates the present initiative: in many tourism-adjacent micro-enterprise clusters, community members remain positioned as passive input suppliers to anchor businesses rather than as empowered, economically literate stakeholders capable of negotiating quality standards, pricing, and market access on comparable terms.

This initiative was implemented in Mataram, Lombok, with two partner enterprises that serve as strategic anchors for the local economy. The first, NUTSAFIR Cookies, is an agro-industrial food processing enterprise known for its sustainable practices. The enterprise's competitiveness is contingent on a stable supply of local agricultural raw materials, including peanuts, cashews, and spices. NUTSAFIR has a strong brand identity within the regional tourism market. However, a pre-program needs assessment revealed that less than half (48%) of its raw materials were sourced locally, indicating significant leakage of potential economic value. It relied on a limited and informal network of only five regular local suppliers, and there was no formal mechanism for joint quality standard or price negotiation with its suppliers. The enterprise's growth was constrained by supply instability and quality inconsistency from its fragmented supplier base. The second partner, Dwi Kristy Mutiara, is a leader in heritage-based pearl craftsmanship, producing high-value cultural artifacts and jewelry. Its value proposition rests on artisanal skill, which is deeply embedded in the local community. However, its supply chain was similarly fragile, resting on just four steady artisan suppliers. There were no established structures for collective bargaining, shared quality standards, or skill transmission. The potential for preserving and monetizing cultural heritage was untapped due to a lack of business and marketing skills among the artisans, who also lacked access to digital markets and modern financial management practices. Baseline data from BPS Provinsi NTB (2025) confirms that the agriculture, trade, and tourism sectors together constitute a substantial share of West Nusa Tenggara's Gross Regional Domestic Product. However, the fragmented, individually negotiated supplier relationships observed at NUTSAFIR and Dwi Kristy represent a "structural gap" where enterprise growth and community economic welfare can either reinforce or work against each other.

The desk study and needs assessment identified several concrete problems that, if unaddressed, would perpetuate economic vulnerability and limit regional development. First, the low share of local sourcing—48% at NUTSAFIR and no formalized artisan networks at Dwi Kristy—leads to significant economic leakage, failing to capitalize on potential multiplier effects and preventing money from circulating within the local economy. Second, the reliance on a handful of informal suppliers creates supply instability, quality inconsistency, and high price volatility, threatening the business sustainability of both anchor enterprises and the livelihoods of their suppliers. Third, community members lacked the financial literacy, digital skills, and business management knowledge necessary to negotiate effectively, improve quality, and access broader markets, perpetuating a state of dependency and limiting income growth. Fourth, the absence of producer networks or cooperatives prevents suppliers from achieving economies of scale, sharing best practices, and exercising collective bargaining power—key conditions for durable empowerment (Ostrom, 1990). Finally, artisans and farmers had limited ability to market their products directly, relying heavily on the anchor enterprises and lacking digital presence or direct-to-consumer channels.

To address these challenges, the intervention was designed as a structured, participatory

capacity-building program delivered over 10 contact hours in a single day, comprising nine practical modules organized into four pillars. The first pillar, sustainable resource management and quality standards, aimed to enhance supply chain stability and product quality by addressing the fragility and inconsistency of the supply chain. Participants learned to identify business problems and implement sustainable use of local resources. The second pillar, ethical sourcing and business ethics, fostered transparent and fair supplier-anchor relationships, replacing exploitative or spot-market dynamics through ethical procurement practices and joint development of quality standards. The third pillar, financial literacy and digitalization, empowered suppliers with the financial management tools and digital capabilities needed for better record-keeping, pricing, and access to digital markets, including digital bookkeeping and production efficiency practices. The fourth pillar, collaborative business networks, catalyzed the formation of formal producer networks, enabling collective action for quality control, price negotiation, and order sharing through digital marketing practice and inter-participant business network formation.

This community service initiative stands out from conventional MSME training programs due to several unique features. First, it employs an anchor-based empowerment model: unlike generic training programs that lack a clear commercial connection, this program is strategically anchored to two lead enterprises. The intervention directly strengthens the value chain by upskilling the supplier base and formalizing the relationship, ensuring that new skills have an immediate and practical application for the anchor firms, creating a "pull" mechanism for economic inclusion. Second, it offers a cross-sectoral analysis: most PkM studies focus on a single value chain, whereas this initiative simultaneously analyzes and intervenes in two structurally distinct chains—agro-industrial food processing and cultural craft—within one regional economy, allowing for a unique comparative analysis of how empowerment mechanisms operate differently across perishable, quality-sensitive agricultural chains and durable, culturally embedded craft chains. Third, it adopts an integrated multi-pillar approach: the program moves beyond a simple focus on financial literacy, integrating financial and digital skills with value-chain-specific elements (sourcing, quality), governance (collective networks), and a research framework (PAR), addressing the multifaceted nature of poverty and economic exclusion. Fourth, it utilizes a participatory action research framework: the program was co-designed and co-evaluated with the partner enterprises and their workers, fostering a sense of ownership and increasing the likelihood of durable change (Freire, 1970). Fifth, it emphasizes collective action: a core outcome is the deliberate facilitation of formal producer networks—the *Kelompok Mitra Pangan Lokal Lombok* and the *Forum Perajin Mutiara Mataram*—moving the solution beyond individual capacity to institutionalized collective power, a key element for long-term sustainability (Ostrom, 1990).

The urgency of this community service initiative stems from the confluence of three critical factors facing Lombok's tourism-adjacent economy. First, the province's heavy reliance on tourism, which accounts for a substantial share of West Nusa Tenggara's Gross Regional Domestic Product (Badan Pusat Statistik Provinsi NTB, 2025), exposes local communities to recurring external shocks—from the COVID-19 pandemic to global economic volatility—that disproportionately impact micro-suppliers lacking diversified markets and financial buffers (Watson & Deller, 2022). Second, despite the presence of successful anchor enterprises such as NUTSAFIR Cookies and Dwi Kristy Mutiara, the economic benefits of their growth have not been adequately distributed to the surrounding community, as evidenced by the low share of local sourcing (48%), reliance on a handful of informal suppliers (5 and 4 respectively), and the absence of formal coordination mechanisms between enterprises and their supplier base. Third, without structured intervention, these structural weaknesses are likely to persist, perpetuating a cycle where community members remain passive, price-taking suppliers rather than empowered stakeholders capable of negotiating quality standards, pricing, and market access—a condition that undermines both enterprise competitiveness and community welfare (Mitchell & Ashley, 2010; Kaplinsky & Morris, 2000). Moreover, the window of opportunity for meaningful intervention is narrowing. As Lombok's tourism sector rebounds and competition intensifies, enterprises face increasing pressure to secure stable, high-quality supply chains. Without simultaneous investment in community-level capacity,

the tendency will be to formalize supply relationships through external or centralized sourcing, which may improve enterprise efficiency but further marginalize local farmers and artisans. The present initiative is therefore not merely a training program but a strategic intervention designed to preempt this outcome by deliberately strengthening the governance and capability of local suppliers before market pressures force a less inclusive trajectory. This is the critical moment at which intervention can shape whether Lombok's tourism-adjacent growth becomes inclusive and resilient or remains enclaved and fragile.

Against this backdrop, this community service initiative pursues a dual-fold objective. The primary objective is to strengthen the local economic architecture by transforming community members from passive suppliers into active, economically empowered stakeholders within responsible corporate value chains. This is operationalized through a structured capacity-building program that equips participants with the knowledge, skills, and institutional mechanisms needed to negotiate quality standards, manage finances, access digital markets, and coordinate collective action. The secondary objective is to generate actionable evidence on the effectiveness of an anchor-based, multi-pillar empowerment model in the context of tourism-adjacent agriculture and craft production in Lombok, thereby contributing to the broader literature on inclusive value chains, community empowerment, and responsible entrepreneurship in developing regions. Specifically, this initiative aims to achieve the following measurable targets: (1) increase the proportion of participants achieving a minimum competency threshold (score ≥ 75) on a knowledge test from 18.5% to at least 80%; (2) increase the number of participants who routinely record transactions and separate business and household funds from fewer than 10 to more than 20 participants; (3) increase the share of raw materials sourced locally by NUTSAFIR Cookies from 48% to at least 60%; (4) reduce product non-conformance rates for both partner enterprises by at least 20%; (5) increase digital catalogue adoption among participants to over 90% and increase online order share for both partners; (6) establish two formal, member-driven producer networks with documented management structures and joint work plans; and (7) achieve positive growth in production volume and sales value within the immediate one-week observation window.

The remainder of this article is organized as follows. Section 2 presents the theoretical foundations underpinning this intervention, drawing on four complementary bodies of literature—responsible entrepreneurship, community-based empowerment theory, sustainable and inclusive value chains, and participatory action research—which together form the conceptual framework guiding the evaluation. Section 3 details the research methods, including the location, partner enterprises, participant profile, intervention design, and evaluation instruments. Section 4 reports the empirical findings, encompassing programme engagement, knowledge outcomes, financial management practices, digital adoption, and chain-level performance indicators for both partner enterprises. Finally, Section 5 concludes with a discussion of the core takeaways, policy and practical implications, and the key limitations that qualify the findings, along with recommendations for future research and programme replication.

LITERATURE REVIEW

The theoretical grounding for this intervention draws on four complementary literatures, which together form a single conceptual framework linking firm-level strategy, individual and collective empowerment, value-chain structure, and intervention methodology. First, the concept of responsible or shared-value entrepreneurship holds that firm competitiveness and the economic welfare of surrounding communities are not necessarily in tension; enterprises that reconceive supplier and community relationships as sources of shared value tend to generate more durable competitive advantage than firms that treat community welfare as an externality (Porter & Kramer, 2011). Recent work on social entrepreneurship extends this logic specifically to tourism-adjacent value chains, showing that the deliberate integration of local stakeholders into enterprise sourcing strategies can advance several sustainable development sub-targets simultaneously, including decent work, resilient infrastructure, and responsible production (Nicholls, 2010; Kerlin, 2013).

Second, community-based empowerment theory frames the transition from passive supplier to active stakeholder as a multi-level process operating simultaneously at the psychological, organizational, and community levels: individuals must gain confidence and competence, organizations must gain the internal capacity to act collectively, and communities must gain the external relationships and institutions needed to negotiate as a unit (Zimmerman, 2000). This tradition traces back to Freire's (1970) foundational argument that genuine empowerment requires participants to become co-producers of knowledge and strategy rather than recipients of instruction, and to Rappaport's (1987) formulation of empowerment as the acquisition of control over decisions and resources that materially affect one's life. Structured, participatory capacity-building programmes are consistent with this tradition when they are designed to build critical awareness, collective organization, and resource-mobilization capacity rather than one-off technical training.

Third, the sustainable and inclusive value chain literature specifies the structural conditions under which smallholders and micro-producers actually capture value from participation in an enterprise-anchored chain. Reciprocal, interlocking arrangements between lead firms and small producers combining market guarantees with technical support, quality standards, and input access tend to generate durable gains for smallholders, whereas purely transactional, price-based sourcing arrangements do not (Kaplinsky & Morris, 2000). This is echoed in inclusive-agribusiness case evidence from other sectors, where a shift from spot-market procurement to structured partnership sourcing measurably increased smallholder incomes and market stability (Ros-Tonen et al., 2019; World Bank, 2020).

Fourth, community-based participatory research adds a methodological pillar: interventions that are co-designed and co-evaluated with community stakeholders, rather than delivered to them, tend to produce more durable behavioural and institutional change, because ownership of the intervention's goals and evaluation criteria is shared from the outset. Ostrom's (1990) analysis of self-governing collective-action institutions further suggests that durable local coordination of the kind sought through the producer networks described in Section 3 depends on participants themselves designing the rules, monitoring mechanisms, and communication channels they will use, rather than having these imposed externally.

Taken together, these four literatures converge on a single expectation for the present intervention: shared-value entrepreneurship supplies the firm-level rationale for treating suppliers as partners; empowerment theory supplies the individual- and organizational-level mechanism by which passive suppliers become capable negotiating partners; the value-chain literature specifies the structural conditions guaranteed off-take, quality support under which that partnership actually pays off for smallholders and artisans; and community-based participatory research supplies the methodological principle, co-design and co-evaluation, through which the first three are operationalized in a way intended to produce durable, community-owned institutions rather than short-lived training effects.

Against this background, the specific contribution of the present community service initiative is threefold, and each element responds to a gap commonly observed in prior community-service (Pengabdian kepada Masyarakat) reporting on similar MSME partnerships. First, where much prior PkM reporting treats corporate social-responsibility contributions and government-run MSME training as separate, uncoordinated efforts, this initiative operationalizes responsible entrepreneurship and community empowerment as a single, jointly implemented programme co-designed with the anchor enterprises themselves. Second, where most comparable PkM case reports document a single value chain, this initiative does so across two structurally distinct chains agro-industrial food processing and heritage craft production within one tourism-adjacent regional economy, allowing an explicit comparison of how empowerment mechanisms operate differently across a perishable, quality-sensitive agricultural chain and a durable, culturally embedded craft chain, a cross-chain comparison rarely reported in prior single-partner PkM studies. Third, rather than relying solely on pre/post knowledge scores the outcome measure most commonly reported in prior PkM articles it evaluates outcomes using a combined qualitative-quantitative framework

that also tracks chain-level indicators local sourcing share, non-conformance rates, digital market participation, and the emergence of inter-firm producer networks that are the appropriate unit of analysis for judging whether empowerment has reached the value-chain level rather than remaining confined to individual training outcomes. Consistent with the qualitative and small-sample character of this initiative, no formal hypothesis is proposed; the intervention is evaluated descriptively against the four-pillar framework set out above.

RESEARCH METHODS

Location, Timing and Partner Enterprises

The initiative was implemented in Mataram, Lombok, on 15 July 2026, in partnership with two anchor micro, small, and medium enterprises (MSMEs). NUTSAFIR Cookies operates as an agro-industrial food processor whose production depends on a network of local farmers and raw-material suppliers; the enterprise was selected as a benchmark case of sustainable, locally sourced food processing within the regional tourism economy. Dwi Kristy Mutiara operates as a producer of cultural pearl craftsmanship, positioned as a leader in heritage-driven, high-value artisanal production. Both enterprises were selected because their competitiveness is structurally dependent on the skill, reliability, and organization of community-level suppliers and artisans, which made them suitable anchors for an intervention aimed at converting supplier relationships into value-chain partnerships.

Participants and Beneficiary Profile

The programme engaged 27 participants drawn directly from the workforces of the two anchor partner enterprises. NUTSAFIR Cookies contributed 15 of its workers, engaged in food processing and the local supply of raw agricultural materials, forming Group 1. Dwi Kristy Mutiara contributed 12 of its workers, engaged in cultural-craft and pearl artisanship, forming Group 2. Twenty participants, or 74.1% of the total, were women. The majority of participants were between 30 and 49 years of age and had worked in their respective enterprise for more than three years, indicating an established but not yet fully formalized base of business and production experience.

Table 1. Participant profile by group

Group	Focus	Participants	Share of total
Group 1	Food processing & local raw-material supply (NUTSAFIR Cookies)	15	55.6%
Group 2	Cultural craft & pearl artisanship (Dwi Kristy Mutiara)	12	44.4%
Total	—	27	100%

Intervention Design and Modules

The intervention followed a participatory action research (PAR) design, in which capacity-building content and evaluation criteria were developed jointly with the partner enterprises and their workers rather than delivered as a fixed external curriculum. Activities were carried out in Mataram, Lombok, on 15 July 2026, delivered as a single, intensive one-day programme comprising eight structured sessions totaling 10 contact hours, run back-to-back from morning through late afternoon to accommodate the full curriculum within a single day a compressed format chosen to fit around participants' ongoing production and market obligations. Session content was organized into four capacity-building pillars, operationalized through nine practical modules:

- Sustainable resource management business-problem identification and sustainable use of local agricultural and craft-material resources.
- Ethical sourcing and quality standards ethical procurement practice and the joint development of product quality standards.
- Financial literacy and digitalization financial literacy, digital bookkeeping, and production-efficiency practice.

- Collaborative business networks digital marketing practice and the formation of inter-participant business networks.

Each module combined short instructional input with hands-on, small-group application to the participant's own enterprise, consistent with participatory capacity-building designs in which stakeholders retain authorship over how tools are adapted to their own operating context. Following the programme day, participants' enterprises were observed for one week to assess early changes in sourcing, quality, digital adoption, and sales activity.

Evaluation and Feedback Mechanisms

Programme outcomes were evaluated using a mixed-methods, single-group pre/post design combining quantitative and qualitative indicators, consistent with common practice in community-based participatory evaluation; no comparison group was included (see Section 4.3 for the implications of this design choice). Quantitatively, a structured pre-test and post-test measured participant knowledge across the four capacity-building pillars, and session-level attendance was recorded across all eight sessions delivered on 15 July 2026. Chain-level indicators the share of locally sourced raw materials, the number of active local suppliers, product non-conformance rates, digital catalogue and online-order adoption, and production and sales figures were tracked before the programme day and across the one-week observation window that followed, for both partner groups, based on records participants and enterprises shared with facilitators rather than independently audited financial statements. Qualitatively, structured group reflection sessions and facilitator observation were used to capture participants' assessment of which modules were most useful and to surface emerging inter-participant coordination, informing the subsequent formation of the two producer networks described in Section 3.

RESULTS AND DISCUSSION

Programme Engagement and Knowledge Outcomes

Overall attendance across the eight sessions reached 92.1%, indicating a high level of sustained participant engagement over the compressed one-day programme. Mean knowledge scores increased from 57.2 in the pre-test to 81.9 in the post-test. The proportion of participants reaching the minimum competency threshold of 75 rose sharply, from 5 participants (18.5%) before the intervention to 25 participants (92.6%) afterward.

Table 2. Knowledge outcomes, pre-test vs post-test

Indicator	Pre-test	Post-test
Mean knowledge score	57.2	81.9
Participants scoring ≥ 75	5 (18.5%)	25 (92.6%)

This magnitude of knowledge gain, combined with the high attendance rate, is consistent with the empowerment-theory expectation that psychological empowerment confidence and competence at the individual level is a necessary precondition for the organizational and community-level changes reported in the subsequent sections (Zimmerman, 2000).

Financial Management and Digitalization

Changes were observed in participants' financial-management practice following the programme; because the evaluation used a single-group pre/post design without a comparison group, these changes are reported descriptively rather than as a demonstrated causal effect of the programme. The number of participants who recorded transactions on a routine basis increased from 5 to 23, and the number who separated business and household funds increased from 7 to 22 a distinction widely identified in the financial-literacy literature as a foundational step toward sustainable MSME financial management. Eighteen participants adopted a digital application or digital recording format, while the remainder used a standardized manual cash-book format developed for the

programme. Routine-recording and fund-separation practices were verified by facilitators against the cash-book or digital-application records participants maintained at each session, rather than relying solely on participant self-report, although independent external audit of these records was not conducted (see Section 4.3). These outcomes are consistent with evidence that digital and conventional financial literacy jointly drive improved bookkeeping and business sustainability among craft-sector and rural MSMEs, and that digital financial competence in particular mediates the relationship between financial knowledge and long-run business performance.

Table 3. Financial management practice, before vs after

Practice	Before	After
Routine transaction recording	5 participants	23 participants
Separation of business/household funds	7 participants	22 participants
Use of digital recording format	0 (baseline)	18 participants

Case 1 NUTSAFIR Cookies: Localized Agricultural Sourcing

For the food-processing group linked to NUTSAFIR Cookies, the share of raw materials sourced locally was calculated as the proportion of total raw-material purchase value (rupiah spent) sourced from suppliers based within Lombok, rather than by transaction count, volume, or number of ingredient types, because purchase value most directly reflects the share of enterprise spending retained in the local economy. On this basis, the share rose from 48% to 68%, and the number of local suppliers with a direct relationship to the group increased from five to nine. Adoption of jointly developed quality standards reduced the proportion of non-conforming output from 9.5% to 6.2%. Digital-catalogue adoption in this group rose from 6 of 15 participants to 13 of 15, and online orders rose from 18% to 25% of total orders. Over the one-week observation window following the programme, production volume increased by 22.2% and sales value by 22.9%.

This pattern is consistent with the inclusive-value-chain literature's finding that reciprocal sourcing arrangements combining guaranteed off-take with technical and quality support generate more durable gains for smallholder and micro-supplier participants than spot-market procurement, because suppliers gain the predictability needed to invest in quality improvement rather than treating each transaction as a one-off sale (Kaplinsky & Morris, 2000). The expansion of the local supplier base from five to nine firms indicates that the anchor enterprise's sourcing model is beginning to function as the kind of interlocking, partnership-based arrangement associated in the literature with improved smallholder market access and income stability, rather than a narrow, closed relationship with a fixed set of suppliers.

Case 2 Dwi Kristy Mutiara: Heritage-Driven Pearl Craftsmanship

For the craft group linked to Dwi Kristy Mutiara, the number of steady suppliers increased from four to seven, and the proportion of non-conforming craft output fell from 12.0% to 7.8% following the introduction of shared quality standards. Digital-marketing adoption also improved in this group: the number of participants maintaining a digital product catalogue rose from 7 of 12 to 12 of 12, and online orders rose from 25% to 31% of total orders. Over the same one-week observation window, craft-group production volume increased by 22.8% and sales value by 23.1%.

Because pearl craftsmanship is embedded in locally transmitted artisanal skill, the empowerment pathway in this case appears to operate differently from the agricultural case: in structured group reflection sessions, participants and facilitators reported that value was generated less through volume expansion than through the preservation and monetization of technique. This qualitative impression is broadly consistent with heritage-craft literature suggesting that community-led capacity-building initiatives in artisanal sectors can advance cultural continuity and economic resilience together when they combine skill transmission with market-facing business support such as quality certification and collective bargaining structures, as reported for community-led jade-craft initiatives in China (Zhang & Sangiamvibool, 2025). However, this study did not collect a dedicated indicator of cultural-heritage preservation, such as a skill-transmission

or apprenticeship count, so the cultural-continuity interpretation offered here should be read as consistent with participant reflection rather than as a directly measured outcome; because the comparison case concerns a different craft and country, it is offered as an illustrative parallel rather than a directly generalizable finding, and future evaluation of this case should incorporate a dedicated heritage-preservation indicator.

Digital Marketing and Market Access

Digital-marketing adoption improved across both groups, from a combined 13 of 27 participants maintaining a digital product catalogue before the programme to 25 of 27 afterward, disaggregated as 6 of 15 to 13 of 15 in the food-processing group and 7 of 12 to 12 of 12 in the craft group (Table 4). Both groups also increased their use of WhatsApp Business, standardized product photography, and systematic recording of order sources. Online orders as a share of total orders rose from 18% to 25% in the food-processing group and from 25% to 31% in the craft group. These gains should be read alongside the caveat that sales outcomes over the one-week observation window may also reflect seasonal tourism demand, partner promotional activity, and prevailing market conditions rather than the intervention alone a limitation addressed further in Section 4.3, and one that is arguably more pressing given how short the one-week window is relative to any seasonal cycle.

Table 4. Market access and three-month production/sales change

Indicator	Food processing group	Craft group
Digital catalogue adoption (participants)	6/15 → 13/15	7/12 → 12/12
Online order share, before → after	18% → 31%	25% → 39%
Production volume change (3 months)	+21.6%	+22.1%
Sales value change (3 months)	+22.9%	+23.1%

Formation of New Producer Networks

Beyond individual and firm-level indicators, the intervention was followed by the establishment of two new inter-firm producer structures: the Kelompok Mitra Pangan Lokal Lombok (Lombok Local Food Partners Group) and the Forum Perajin Mutiara Mataram (Mataram Pearl Artisans Forum). Both structures were formally established with a documented berita acara (minutes of establishment), a named management structure (chair, secretary, and quality/coordination officers), a dedicated communication channel, an agreed meeting schedule, and a written joint work plan covering sourcing, quality standards, and order allocation. In the eight weeks following the end of facilitated sessions, each network held at least two recorded coordination meetings and reported one instance of jointly negotiated pricing or order-sharing among members. Because these are newly established producer networks, this early activity record indicates that the structures have begun to function as intended, but it does not yet establish that they are self-sustaining; their coordination and quality-control functions were previously handled, if at all, on an ad hoc and individual basis.

The emergence of these structures offers an early indication that empowerment extended beyond individual skill gains toward the value-chain level, though this should be treated as a preliminary signal pending longer observation. Supporting evidence collected to date includes attendance records from each network's post-programme coordination meetings, minutes documenting at least one jointly negotiated pricing or order-allocation decision per network, and facilitator observation notes describing member-led, rather than facilitator-led, discussion in these meetings. Collective-action literature identifies sustained, member-driven coordination of exactly this kind participants continuing to convene, negotiate, and allocate resources after external facilitation ends as the marker that distinguishes durable empowerment from short-lived training effects (Ostrom, 1990); confirming that this marker holds for the two networks studied here will require the longitudinal monitoring recommended in Section 4.3.

Strengthening Local Economic Linkages

Taken together, the chain-level findings expanded local sourcing, reduced non-conformance, higher digital market participation, and the establishment of new producer networks indicate that pairing anchor-enterprise growth with structured community empowerment can strengthen local economic linkages between the two anchor enterprises and their community-level supplier and artisan base. This study did not calculate a regional economic multiplier and cannot quantify how much additional tourism-adjacent revenue is retained locally as a result; the claim here is limited to a strengthening of the underlying linkage indicators local sourcing share, active local-supplier count, and coordinated producer networks that regional-linkage literature associates with greater revenue retention and reduced exposure to leakage and external-shock vulnerability in tourism-dependent economies (Watson & Deller, 2022; Mitchell & Ashley, 2010). By moving NUTSAFIR Cookies and Dwi Kristy Mutiara from firms that merely purchase from the community toward firms whose sourcing is coordinated with community-level supplier and artisan organizations, the intervention moves the local value chain in the direction associated in the literature with more locally retained, self-reinforcing growth though confirming an actual multiplier effect would require a dedicated regional input-output or economic-base analysis beyond the scope of this community service initiative.

CONCLUSION

Core Takeaways

This community service initiative's findings suggest that a structured, participatory empowerment programme, delivered jointly with anchor MSMEs, was associated with a shift among community members from passive suppliers toward more active, economically literate value-chain participants within a single-day intervention. Because the evaluation used a single-group pre/post design without a comparison group, these findings should be read as suggestive rather than as demonstrating a causal programme effect. Measurable gains were recorded, within the one-week observation window, in knowledge, financial-management practice, sourcing relationships, quality conformance, and digital market participation, alongside the establishment of two new producer networks whose ability to continue coordinating collective action beyond the life of the funded programme will need to be confirmed through further monitoring.

Policy and Practical Implications

For local government and regional development agencies, the findings suggest that community-empowerment programming targeted at the supplier base of tourism-adjacent anchor MSMEs may be a more efficient lever for regional economic resilience than generic micro-enterprise training delivered independently of any anchor-firm relationship, because it directly strengthens the local linkages associated with retaining tourism-adjacent revenue within the region a hypothesis that, consistent with Section 4.3, warrants testing against a comparison group. For MSME managers, the NUTSAFIR and Dwi Kristy cases indicate that investing in supplier-facing capacity building quality standards, sourcing predictability, and joint network formation can simultaneously improve input reliability for the firm and income stability for its supplier base, consistent with the shared-value logic of responsible entrepreneurship. For community development practitioners, the results support designing empowerment interventions around the four-pillar structure used here resource management, ethical sourcing and standards, financial and digital literacy, and collaborative network formation rather than treating any single pillar (most commonly, financial literacy alone) as sufficient on its own.

Limitations and Future Directions

Several limitations qualify these findings. The capacity-building activities themselves were compressed into a single day rather than spread over a longer calendar span; while this format was chosen to accommodate participants' ongoing production and market obligations, it leaves no time between sessions for participants to practice and consolidate new skills before the next module,

and may overstate how quickly comparable gains could be achieved under a less compressed schedule. The evaluation used a single-group pre/post design without a comparison group, so reported gains cannot be attributed to the programme with certainty and may partly reflect concurrent seasonal tourism demand, partner promotional activity, or other unmeasured factors; a comparison-group design is recommended for future replication. Participants were not randomly selected but were drawn from the existing workforce of the two partner enterprises, which may introduce selection bias for example, toward more engaged or higher-capacity workers that limits generalizability to less-engaged segments of the same workforce. Because facilitators who delivered the training also recorded attendance, session-level qualitative observations, and some chain-level indicators, facilitator bias in reporting cannot be ruled out; independent, non-facilitator data collection is recommended for future iterations. Financial and production/sales indicators relied substantially on participant-maintained cash-books and facilitator-reviewed records rather than independently audited financial statements, and sensitive business data such as sales value and supplier counts were self-reported by the participating enterprises and were not independently verified against third-party financial records. The one-week sales and production observation window is also very short, and a substantially longer post-programme observation period at least twelve months, to capture a full tourism seasonal cycle is needed to assess whether gains persist beyond the immediate post-programme days. The sample of 27 participants across two enterprise partnerships in a single district further limits generalizability. Future replication in other tourism-dependent regions of Indonesia and beyond should incorporate a comparison group, extend the observation period to at least twelve months, and track the two producer networks longitudinally to determine whether their governance structures remain active and self-sustaining once external facilitation ends. Given the structural differences observed between the agricultural and craft cases, future programme designs may also benefit from tailoring the balance between volume-oriented sourcing modules and heritage-preservation-oriented modules supported, in the craft case, by a dedicated heritage-preservation indicator to the specific value chain being strengthened. Finally, all participants provided informed consent to take part in the programme and its evaluation, and both partner enterprises, NUTSAFIR Cookies and Dwi Kristy Mutiara, gave permission for their names and enterprise-level data to be reported in this article; no individually identifying participant data are reported.

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