

EMPOWERING LOCAL COMMUNITIES THROUGH CREATIVE ECONOMY: STRENGTHENING SENTANI LAKE TOURISM VILLAGES AND HANDICRAFT COMPETITIVENESS IN JAYAPURA REGENCY, PAPUA PROVINCE

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Abstract

The development of the creative economy is pivotal in strengthening the tourism industry and enhancing community well-being. Sentani Lake, located in Jayapura Regency, Papua Province remains a popular tourist destination in Papua, supported by key attractions such as the Sentani Lake, located in Jayapura Regency, Papua Province Festival and Kampung Yoboi tourism. Although explicit recent data on visitor numbers is limited, past trends indicate steady growth, with 57,241 visitors in 2016, 59,226 in 2017, and 62,356 in 2018. The economic contribution of tourism-related activities in Sentani Lake, located in Jayapura Regency, Papua Province is estimated at approximately Rp1.5 billion per year, with around 39.8% of tourist spending occurring outside the lake area, benefiting local artisans and businesses. This study explores the role of the creative economy in empowering local communities around Sentani Lake, located in Jayapura Regency, Papua Province, Jayapura, by improving tourism villages and promoting handicraft competitiveness. The research employs a qualitative approach, including field observations, supported by a triangulation methodology to ensure data validity. Additionally, Root Cause Analysis (RCA) using the Fishbone Diagram is applied to identify core challenges in the creative economy and tourism sector. The findings indicate that the integration of creative economy initiatives, such as indigenous art and craft industries, into tourism strategies significantly boosts economic resilience and preserves cultural heritage. This study suggests policy recommendations for sustainable tourism and community-based economic development.

Keywords: Creative Economy, Tourism Villages, Handicrafts, Community Empowerment, Sentani Lake

INTRODUCTION

Tourism is a vital economic driver in Jayapura Regency, Papua Province, particularly in the Sentani Lake region, where tourism villages and handicraft industries play a crucial role in local economic development. The area is known for its rich cultural heritage, featuring traditional handicrafts such as bark paintings (Khombouw), woven accessories, and wood carvings, which attract both domestic and international tourists.

However, several challenges hinder the full potential of the creative economy in this region. These include limited market access, inadequate infrastructure, low digital literacy among artisans, and insufficient institutional support. The lack of proper road networks and reliable digital connectivity further exacerbates these issues, making it difficult for artisans and tourism entrepreneurs to expand their businesses beyond local markets.

This study aims to analyze the impact of the creative economy on the competitiveness of handicrafts and the sustainability of tourism villages in Sentani Lake. Specifically, it evaluates the role of traditional crafts and creative industries in strengthening tourism village economies, identifies key barriers hindering the growth of the handicraft industry and proposes solutions to address them, assesses the effectiveness of government-sponsored training programs for artisans

and tourism operators, and examines the potential of digital marketing strategies in enhancing market access for local handicrafts.

The findings of this study contribute to both theoretical and practical discussions on sustainable tourism and community-based economic development. From a theoretical perspective, it integrates concepts of the creative economy, community-based tourism (CBT), and digital transformation in rural entrepreneurship. Practically, it provides policy recommendations for stakeholders, including local governments, tourism authorities, and small business owners, to enhance the economic sustainability of tourism villages.

The novelty of this research lies in its integrated approach, which combines qualitative field research with Root Cause Analysis (RCA) using the Fishbone Diagram to identify structural barriers to economic development. Unlike previous studies that focus solely on tourism growth, this research emphasizes the synergy between cultural heritage, digital transformation, and market expansion strategies.

The study has several key implications. Practically, it offers targeted policy recommendations to improve infrastructure, enhance digital literacy, and increase financial accessibility for artisans. Economically, it provides insights into positioning local handicrafts as premium cultural products to attract a broader market. In terms of sustainable tourism development, it highlights the importance of strengthening tourism village branding through cultural storytelling and experiential tourism activities.

By addressing these aspects, this study aims to bridge the gap between traditional economic activities and modern market demands, ensuring long-term benefits for local communities.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

This section presents relevant literature that supports the development of research hypotheses and theoretical arguments related to the creative economy and tourism development.

1. Creative Economy and Tourism Development

The creative economy is a multifaceted concept encompassing diverse activities based on individual talent and creativity (Jesus, 2021). The creative economy and tourism are increasingly interconnected, with cultural and creative activities driving economic growth and tourism development (Richards, 2018). Tourism plays a crucial role in the creative industry, contributing to socioeconomic development and urban revitalization (Shishmanova, 2019). The creative economy's potential can boost tourism enterprise competitiveness, with creativity becoming a key factor in market success (Dziedzic, 2016). To foster growth in creative industries, focus should be placed on improving access to finance, building incubators, promoting clusterization, and strengthening professional interconnections. By integrating cultural tourism into creative industry clusters, communities can preserve cultural diversity while enhancing economic performance (Shishmanova, 2019).

2. Community-Based Tourism (CBT) and Economic Growth

Community-based tourism (CBT) is widely recognized as a sustainable tourism model that emphasizes local participation and benefits (Goodwin, 2009). Studies have shown that CBT can contribute to local economic growth, as demonstrated in Sayan Tourism Village (Octaviani, 2023). CBT offers immersive cultural experiences for tourists while creating commercial and social value for destinations and local businesses (Mtaputi, Camilleri, & Dłużewska, 2021). However, the success of CBT initiatives depends on their implementation approach. Bottom-up CBT, initiated locally, tends to have longer life expectancy, faster growth, and more positive economic impacts compared to traditional top-down CBT funded by external organizations (Zapata, Hall, Lindo, & Vanderschaeghe, 2011). To maximize CBT's potential, there is a need for policies that strengthen local skills, resources, and entrepreneurship, with a focus on domestic markets (Zapata, Hall, Lindo, & Vanderschaeghe, 2011).

3. Challenges in Handicraft Industry Development

The handicraft industry plays a significant role in preserving cultural heritage and supporting tourism development, particularly in rural areas (Hassan, Tan, Rahman, & Sade, 2017).

Handicrafts play a crucial role in preserving cultural heritage and providing economic opportunities for artisans (UNCTAD, 2020). According to Chok et al. (2017), handicraft production strengthens cultural identity while serving as a unique tourism product. However, challenges such as lack of access to markets, difficulty in scaling production, and low product differentiation hinder the industry's growth (Mitchell & C, 2009). The integration of handicrafts into creative tourism experiences can foster sustainability, add value to destinations, and preserve traditional knowledge (Potencialidades Do Artesanato No Desenvolvimento De Destinos, 2015).

4. Digital Transformation and Market Access

Digital transformation plays a crucial role in expanding market access and enhancing competitiveness for businesses, particularly MSMEs. It facilitates broader customer reach, improves marketing strategies, and streamlines operations (Halida & Wilantini, 2022). The digital shift impacts international trade by increasing connectivity, benefiting complex manufactures and digitally deliverable services, and creating new complementarities between goods and services (López & Ferencz, 2018).

With the rise of digital technology, online platforms have become a key tool for artisans to expand their market reach. E-commerce and social media allow small-scale producers to access global markets and attract international buyers (Ali & Frew, 2013). However, businesses face challenges in implementing digital transformation, including resource constraints, organizational barriers, and technological hurdles (Putra, Solechan, & Hartono, 2023). Despite these obstacles, digital transformation offers significant opportunities for businesses to increase operational efficiency, expand market reach, and compete more effectively in the global marketplace (Putra, Solechan, & Hartono, 2023). Recent research highlights the importance of digital literacy and empowerment for artisans in enhancing their skills, market reach, and socio-economic conditions (Poornachandrika, 2024). This support can enhance digital adoption among artisans, improving their business sustainability.

5. Research Hypothesis

Based on the literature review and theoretical framework, the following hypotheses are proposed:

H1: The integration of creative economy initiatives positively impacts the economic sustainability of tourism villages.

H2: Digital transformation in handicraft marketing enhances the competitiveness of local artisans.

RESEARCH METHODS

This study employs a qualitative research design to explore the role of the creative economy in Sentani Lake's tourism villages and handicraft sector. The research methods include the following components:

1. Research Design

The study uses a case study approach, focusing on tourism villages around Sentani Lake. This approach allows for an in-depth understanding of community participation in the creative economy and the challenges faced by local artisans and tourism stakeholders.

2. Population and Sample

In qualitative research, the selection of participants is based on purposive sampling to gain in-depth insights into the research topic. The study focuses on key informants, including local artisans, tourism stakeholders, and government officials in Jayapura Regency, Papua Province. Participants were chosen based on their involvement in the creative economy and tourism sectors, ensuring a diverse representation of perspectives.

Key informants include:

- **Local artisans** who produce traditional crafts such as bark paintings (Khombouw), woven accessories, and wood carvings.
- **Tourism village representatives** who manage cultural tourism experiences and community-based tourism initiatives.

The number of participants was determined through data saturation, where additional interviews and observations no longer provided new insights. This approach ensures a comprehensive understanding of the challenges and opportunities in the creative economy within Sentani Lake's tourism villages.

3. Data Collection and Instrument Development

To ensure a comprehensive understanding of the creative economy's impact on tourism villages, this study employs a multi-method approach to data collection. Various qualitative and quantitative techniques are used to capture insights from different stakeholders, including artisans, business owners, and government representatives. The data collection process includes the following methods:

- **Field Observations:** Conducted in various tourism villages to assess the level of community engagement, tourism activities, and handicraft production.
- **Interviews:** Semi-structured interviews with local artisans, government representatives, and tourism operators to gather qualitative insights into the challenges and opportunities within the creative economy.
- **Document Analysis:** Reviewing government policies, training program reports, and festival participation records to supplement primary data.

4. Data Analysis Techniques

To ensure the accuracy and depth of the findings, this study employs multiple analytical techniques to interpret the collected data effectively. These methods include:

- **Field Observations:** Conducted in Sentani Lake tourism villages to assess economic activities and community engagement.
- **Triangulation Methodology:** This study employs triangulation by integrating multiple data sources, including observations, interviews, and document analysis, to enhance the validity and reliability of the findings. By cross-verifying data from different sources, the study ensures a comprehensive understanding of the research problem and minimizes potential biases.
- **Root Cause Analysis (RCA) with Fishbone Diagram:** RCA is applied to identify fundamental challenges affecting the creative economy in Sentani Lake's tourism villages. The Fishbone Diagram (Ishikawa) is used to categorize the key issues into themes such as infrastructure limitations, market access constraints, digital adoption barriers, policy gaps, and financial constraints. This approach helps to systematically analyze the root causes of economic stagnation and propose targeted interventions.

5. Comparative Analysis: The findings from Sentani Lake are compared with best practices

from other community-based tourism models and creative economy initiatives in different regions. This comparative approach provides insights into effective strategies that can be adapted to improve the competitiveness of Sentani Lake's tourism villages and handicraft industry.- Triangulation Methodology: Combining data from observations, interviews, and documents to ensure reliability and validity.

6. Validity and Reliability

To ensure research validity, the study incorporates multiple data sources and cross-verification techniques. Member checking with respondents and expert validation further enhance the credibility of the findings.

RESULTS AND DISCUSSION

This section presents the findings of the study and provides an in-depth discussion on the role of the creative economy in strengthening the tourism villages and handicraft industry of Sentani Lake, located in Jayapura Regency, Papua Province. The results are categorized based on the key themes identified in the research.

A. Challenges in Developing the Creative Economy in Sentani Lake Tourism Villages

The results of the study highlight key challenges that hinder the growth of the creative economy in Sentani Lake's tourism villages. Based on the Root Cause Analysis (RCA) using the Fishbone Diagram, the major issues are categorized into policy, economic, socio-cultural, and infrastructural factors. These categories were extracted based on triangulated findings from field observations, interviews with local artisans and tourism stakeholders, and document analysis of government policies and previous studies.

The Root Cause Analysis (RCA) conducted in this study categorizes the key challenges affecting the creative economy in Sentani Lake tourism villages into four primary components: policy, economy, socio-cultural, and infrastructure. These categories were identified through triangulation of data collected from field observations, interviews with local artisans and stakeholders, and document analysis of government policies and previous research.

Policy-related challenges primarily stem from the absence of sustainable government programs for training artisans and the lack of regulations protecting local intellectual property rights. Economic challenges include limited capital access, reliance on seasonal tourism events, and fluctuating raw material costs that affect business stability. Socio-cultural factors, such as the declining interest of younger generations in traditional crafts and shifting consumer preferences, further hinder the growth of the creative industry. Additionally, infrastructure challenges, including poor road access, inadequate tourism facilities, and limited internet connectivity, restrict market opportunities for local artisans.

These findings emphasize the interrelation of these factors, highlighting the necessity for integrated solutions that address policy gaps, economic constraints, cultural preservation efforts, and infrastructural improvements to ensure the sustainability of the creative economy in Sentani Lake.

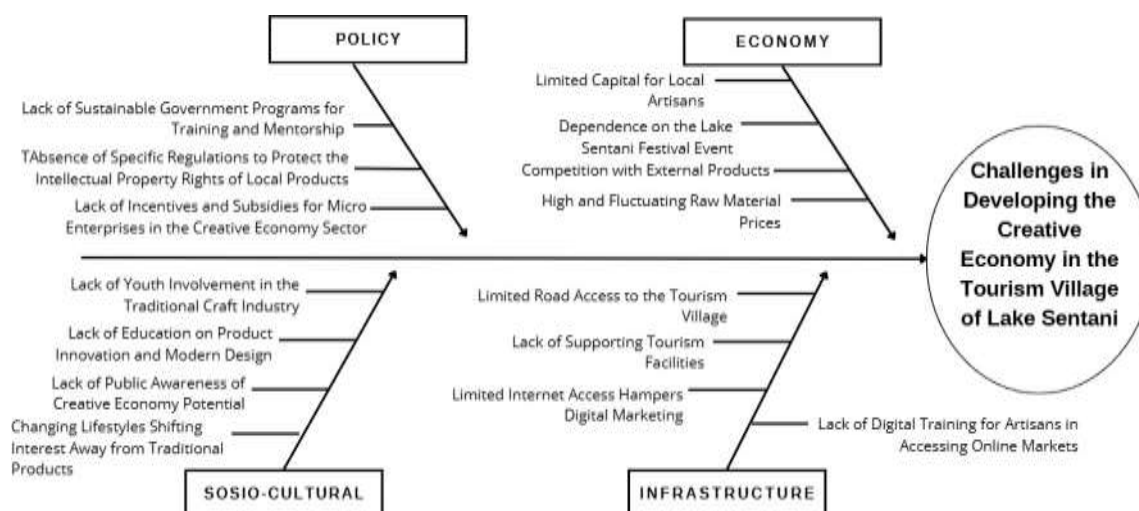


Figure 1 Root Cause Analysis of Challenges in Developing the Creative Economy in Sentani Lake Tourism Villages

The fishbone diagram illustrates various challenges in developing the creative economy in the tourism villages of Lake Sentani, categorized into four main aspects: policy, economy, socio-cultural, and infrastructure. Each category represents contributing factors that hinder the growth of the creative economy sector in the area.

From a policy perspective, the main challenges include the lack of sustainable government programs for training and mentoring creative economy entrepreneurs. Additionally, the absence of specific regulations to protect the intellectual property rights of local products weakens their competitiveness in broader markets. The lack of incentives and subsidies for micro-enterprises in the creative sector further slows the growth of traditional crafts.

In terms of economy, limited access to capital poses a major obstacle for local artisans to expand their businesses. Moreover, the heavy dependence on annual events such as the Lake Sentani Festival creates instability in product marketing. Competition with external products and fluctuating raw material costs also present significant challenges that hinder the sustainability of local craft industries.

The socio-cultural aspect also plays a crucial role in restricting the development of the creative economy. The low involvement of younger generations in traditional crafts threatens the continuity of local cultural heritage. A lack of education on product innovation and modern design makes local products less competitive. Additionally, changing lifestyles and shifting consumer preferences away from traditional products further shrink the market for culturally inspired creative industries.

Finally, in terms of infrastructure, poor road access to tourism villages reduces the number of visitors, limiting opportunities for marketing creative economy products. The lack of supporting tourism facilities further exacerbates the situation. Moreover, limited internet access hinders digital marketing efforts, and the lack of digital training for artisans prevents them from effectively reaching online markets, restricting opportunities for product expansion.

These combined factors highlight the need for an integrated solution to develop the creative

economy in Lake Sentani's tourism villages. This includes stronger policy support, better access to funding, increased social and cultural awareness, and improvements in infrastructure and digital connectivity.

B. Addressing H1 : The Impact of Creative Economy Initiatives on Economic Sustainability

The findings indicate that creative economy initiatives significantly contribute to the economic sustainability of tourism villages. Traditional craft industries, such as bark paintings (Khombouw), woven accessories, and wood carvings, serve as vital economic assets for the local community. However, the challenges identified—such as limited access to funding, lack of policy support, and weak market integration—hinder the full potential of these initiatives. Strengthening government involvement through incentives, training programs, and intellectual property protections would enhance the sustainability of creative businesses in Sentani Lake's tourism villages.

Additionally, the study found that community-based tourism (CBT) models, when effectively integrated with creative industries, provide an alternative economic pathway for local artisans. By leveraging cultural tourism and hands-on craft experiences, artisans can increase revenue streams and attract niche tourism markets interested in authentic local products.

C. Addressing H2: The Role of Digital Transformation in Enhancing Handicraft Competitiveness

Digital transformation plays a crucial role in improving the competitiveness of local artisans. However, findings indicate that limited digital literacy, poor internet access, and inadequate training programs prevent artisans from fully utilizing digital platforms. E-commerce and social media marketing have the potential to expand market reach, yet many artisans struggle to adopt these technologies due to infrastructural and financial constraints.

Empirical evidence from the study suggests that artisans who have received digital training and accessed online marketplaces experience higher sales and increased visibility. Policy interventions that focus on improving digital infrastructure, expanding training programs, and facilitating access to online markets could significantly enhance the competitiveness of handicrafts from Sentani Lake.

D. Integration of Findings with Existing Theories

The research findings align with existing theories on creative economy development and digital transformation in traditional industries. Prior studies suggest that digital adoption enhances market reach and economic resilience, a claim supported by this study's findings. Additionally, the role of community-based tourism as an enabler of the creative economy reinforces previous research indicating the economic benefits of cultural tourism.

In terms of theoretical implications, this study confirms the need for a holistic approach in creative economy development—integrating policy support, economic strategies, socio-cultural awareness, and infrastructure improvements. While previous theories focus on the economic potential of creative industries, this study highlights the interdependence of these factors in ensuring sustainable development. Future research may explore specific policy frameworks to accelerate digital transformation and creative economy growth in rural tourism settings.

E. Implications and Recommendations

These combined factors highlight the need for an integrated solution to develop the creative economy in Lake Sentani's tourism villages. This includes stronger policy support, better access to funding, increased social and cultural awareness, and improvements in infrastructure and digital connectivity. Implementing targeted interventions to address these challenges will be crucial in ensuring the long-term sustainability and competitiveness of the creative economy in the region.

Furthermore, the findings contribute to the existing body of knowledge by confirming the importance of digital transformation and government intervention in supporting local artisans. The study also suggests modifications to existing creative economy development models by incorporating a stronger emphasis on digital inclusion and policy-driven incentives for artisans.

CONCLUSION

This study examined the challenges and opportunities in developing the creative economy in the tourism villages of Lake Sentani. The findings highlight key barriers across policy, economic, socio-cultural, and infrastructure aspects, emphasizing the need for an integrated approach to overcoming these challenges.

The research confirms that creative economy initiatives play a vital role in sustaining the local economy, though their potential remains hindered by policy gaps, financial constraints, and market competition. Additionally, digital transformation has the potential to enhance handicraft competitiveness, yet limited digital literacy and infrastructure pose significant obstacles. Addressing these challenges requires coordinated efforts from government agencies, private sector stakeholders, and local communities. Strengthening policy support, expanding financial assistance, improving digital training, and enhancing infrastructure are critical measures to ensure the long-term growth of the creative economy in Sentani Lake tourism villages.

Future research should explore policy-driven strategies for accelerating digital adoption and strengthening creative economy models in rural tourism settings. By addressing these factors, the creative economy in Sentani Lake can become a sustainable driver of economic and cultural resilience.

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