

## Community-Based Entrepreneurship in Local-Wisdom-Based Business Development through Digital Marketing: Evidence from Kampung Enggros, Papua

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### ABSTRACT

**Objective:** This study examines how Community-Based Entrepreneurship (CBE), Local Wisdom, and Digital Marketing interact in the development of Indigenous community businesses in Kampung Enggros, Papua. Rather than treating digitalization as a purely technical process, the study explores the sociocultural mechanisms through which community social capital, customary institutions, and digital capability shape Sustainable Business Development.

**Methodology:** A sequential exploratory mixed-methods design was employed through five linked stages: qualitative exploration, theme development, construct operationalization, exploratory quantitative assessment, and integration. The qualitative phase involved in-depth interviews, focus group discussions, participatory observation, and documentation with 19 informants. The quantitative phase involved 20 business actors, while the exploratory PLS-SEM analysis contained 19 observations. Given the very small analytical sample and the measurement limitations of the Business Development construct, the quantitative results are interpreted as supporting exploratory evidence rather than confirmatory hypothesis tests.

**Findings:** The exploratory quantitative paths were not statistically significant and are not interpreted as hypothesis confirmation. The qualitative evidence reveals three mechanisms that better explain the Enggros context: a social capital–digital capability gap, Local Wisdom as an institutional safeguard that regulates resource use and commercialization, and intergenerational digital brokerage through which younger community members connect culturally knowledgeable older business actors with digital markets.

**Conclusion:** The study proposes an Integrated Community-Based Entrepreneurship Model Based on Local Wisdom through Culturally Mediated Digital Marketing. The model positions CBE as a source of collective capacity, Local Wisdom as both a value resource and institutional safeguard, and Digital Marketing as a capability that must be developed gradually through culturally compatible and intergenerational learning. Sustainable Business Development is therefore understood as economic advancement that remains aligned with cultural continuity, resource sustainability, and community well-being.

**Keywords:** Community-based Entrepreneurship; Local Wisdom; Digital Marketing; Indigenous Community; Sustainable Business Development.

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## INTRODUCTION

Business development in Indigenous communities differs from business development in conventional business settings because Indigenous economic activities are not oriented solely toward financial gain, but are also embedded in social values, cultural identity, kinship relations, local institutions, and the sustainability of the resources on which community life depends. From a community-based entrepreneurship perspective, Indigenous economic activities are understood as collective processes involving community participation, the use of local resources, the strengthening of social capital, and the simultaneous creation of economic and social value (Peredo & Chrisman, 2006; Dana & Anderson, 2007). Accordingly, Indigenous business development strategies cannot rely entirely on individual entrepreneurship approaches focused solely on economic growth; instead, they require approaches capable of balancing economic, social, cultural, and ecological dimensions (Ostrom, 1990; Berkes, 2018).

A community-based economic development approach becomes increasingly relevant as local communities face pressures from global economic change and digital technological transformation. Previous studies show that local and Indigenous communities possess strengths in the form of social capital, traditional knowledge, and attachment to territorial resources, yet often face constraints related to market access, business management capacity, financial resources, and the ability to adapt to technological change (George et al., 2016; Kummitha & Crutzen, 2019). These conditions reveal a gap between communities' local economic potential and their capacity to transform that potential into sustainable and competitive business activities.

Kampung Enggros in Jayapura City is a coastal Indigenous community in Papua whose economy is closely linked to natural resources and local culture. Community economic activities include the utilization of marine products, traditional food processing, crafts based on local resources, trade, and environmentally and culturally based tourism. Economic life in Kampung Enggros is inseparable from mutual cooperation, kinship relations, social role differentiation, communal ownership, and resource-management mechanisms governed by customary norms. These characteristics indicate that economic activity in Kampung Enggros represents a form of entrepreneurship rooted in the community's social structure, requiring a development approach that takes account of local cultural and institutional contexts (Peredo & Chrisman, 2006; Dana & Anderson, 2007).

Despite its strong economic and cultural potential, business development in Kampung Enggros continues to face a range of challenges. Community products have cultural and economic value, but most are still marketed through local networks and conventional methods, limiting their ability to reach wider markets. These constraints include limited market access, low marketing innovation, limited business capital, underdeveloped business-group institutions, and low utilization of digital technology. Research on local business development indicates that limited digital capabilities and weak innovation capacity often hinder small businesses and communities from improving competitiveness in increasingly digitalized economic environments (Nambisan, 2017; Vial, 2019). Thus, the challenge of Indigenous business development concerns not only the availability of economic resources but also the community's capacity to adapt to technological change without losing its sociocultural identity.

One relevant approach for explaining the dynamics of Indigenous business development is Community-Based Entrepreneurship (CBE). The CBE concept positions the community as the principal actor in the creation, management, and utilization of entrepreneurial activities. Unlike conventional entrepreneurship, which places greater emphasis on individuals' ability to

exploit economic opportunities, CBE emphasizes collective participation, shared ownership of resources, social networks, trust, and community institutions in the creation of economic and social value (Peredo & Chrisman, 2006). This approach is particularly relevant in Indigenous communities because economic activities are often built through social relations, cultural values, and collective mechanisms that have developed across generations (Dana & Anderson, 2007).

In addition to Community-Based Entrepreneurship, Local Wisdom is an important factor in understanding the sustainability of Indigenous businesses. Local Wisdom encompasses values, norms, traditional knowledge, resource-management practices, and social rules that develop within a community and are transmitted across generations. From an institutional perspective, Ostrom (1990) explains that local institutions play an important role in governing common resources through community-agreed rules, norms, and monitoring mechanisms. Local Wisdom therefore functions not only as cultural identity but also as a governance mechanism that determines how resources are used, how economic activities are conducted, and how a balance between economic interests and community sustainability is maintained (Berkes, 2018).

In the context of business development, Local Wisdom can also constitute a source of competitive advantage by giving community products distinctive characteristics. Culture-based products derive added value not only from their physical attributes but also from the stories, symbols, histories, and social meanings attached to them. The commercialization of cultural products, however, requires caution because increasing economic value should not erase the social value and cultural meaning underlying those products (Ostrom, 1990; Smith, 2012). Accordingly, this study understands Local Wisdom not merely as an economic asset but as an institutional framework that guides Indigenous business development.

At the same time, the development of digital technology has made Digital Marketing a strategic capability for micro, small, and community-based businesses. Digital Marketing enables business actors to expand market reach, increase product visibility, communicate directly with consumers, and develop more efficient marketing strategies through social media, digital platforms, and online content (Kotler et al., 2017; Chaffey & Ellis-Chadwick, 2019). Dwivedi et al. (2021) show that digital technologies have changed how organizations and business actors build relationships with markets, making digital capability an important factor in the sustainability of contemporary businesses.

However, the implementation of Digital Marketing in Indigenous communities cannot be understood solely as a matter of technological availability. Digital transformation is an organizational and social change process involving human capabilities, institutional readiness, organizational culture, and users' ability to adopt innovation (Vial, 2019; Warner & Wäger, 2019). From the Diffusion of Innovations perspective, Rogers (2003) explains that technology acceptance is influenced by perceived benefits, ease of use, and the compatibility of an innovation with prevailing values and social systems. Therefore, the success of Digital Marketing in Indigenous communities depends strongly on the capacity to integrate technology with existing social structures and cultural values.

The research problem addressed in this study is the mismatch between the strong social and cultural resources of Kampung Enggros and the community's still-limited capacity to convert those resources into wider market access and digitally enabled, culturally sustainable business development. Existing business activity is supported by kinship, customary institutions, local knowledge, and distinctive products, yet digital marketing capability remains

uneven and business development must operate within culturally defined boundaries of resource use and commercialization.

The research gap is twofold. First, Community-Based Entrepreneurship studies have largely emphasized participation, social capital, and local institutions, while giving less attention to the additional capabilities required to translate strong community ties into digital marketing practices. Second, Digital Marketing studies have predominantly examined individual firms or MSMEs and have paid limited attention to the ways customary values, sacred boundaries, intergenerational roles, and Indigenous institutions shape technology adoption. Local Wisdom is also often treated as contextual background or product identity rather than as an institutional safeguard that can enable, filter, and constrain commercialization (Peredo & Chrisman, 2006; Vial, 2019).

Accordingly, the contribution of this study is not limited to examining direct statistical relationships among CBE, Local Wisdom, Digital Marketing, and Business Development. It develops a context-sensitive explanation centered on three mechanisms: the social capital–digital capability gap, Local Wisdom as an institutional safeguard, and intergenerational digital brokerage. Using Kampung Enggros as an Indigenous coastal setting, the study integrates qualitative evidence with exploratory quantitative patterns to explain how digital capability can be developed without separating business growth from cultural preservation, resource sustainability, and community well-being.

## **LITERATURE REVIEW**

### **Community-Based Entrepreneurship**

Community-Based Entrepreneurship is an entrepreneurial approach that positions the community as a collective actor in identifying opportunities, organizing resources, developing enterprises, and distributing economic and social benefits. Peredo and Chrisman (2006) explain that a community can act as an entrepreneurial entity when its members collectively use social structures, local resources, and collective capacities to create economic activity. Thus, the success of CBE depends not only on an entrepreneur's individual abilities but also on social capital, trust, participation, legitimacy, and cooperation within the community.

CBE is highly relevant to Indigenous communities because their economic structures generally develop within close social relationships. Dana and Anderson (2007) position Indigenous entrepreneurship as an activity that cannot be separated from culture, collective identity, local resources, and traditional institutions. In such contexts, business success is assessed not only in terms of individual profit but also by the ability to create benefits for families and communities, preserve identity, and maintain community access to local resources.

In Kampung Enggros, these characteristics are reflected in the culture of mutual cooperation, family- and village-based business groups, customary leadership, and the high involvement of women in various economic activities. The research data also indicate the existence of business groups and family-based networks, although not all of these groups operate optimally. Accordingly, CBE in this study is understood as the community's collective capacity, encompassing participation, cooperation, social and institutional support, capacity strengthening, and shared value creation.

### **Local Wisdom in Business Development**

Local Wisdom comprises the values, norms, knowledge, practices, and institutions that emerge through a community's long-term experience of interacting with its social and

ecological environment. In Indigenous communities, Local Wisdom provides the basis for regulating resource use, social relations, role distribution, decision-making mechanisms, and the protection of common resources.

Ostrom's (1990) perspective on common-pool resources emphasizes the importance of local institutions in establishing rules, monitoring, access rights, and collective mechanisms that enable resources to be used sustainably. In an entrepreneurial context, these mechanisms may function both as assets and as institutional boundaries. Local Wisdom provides product uniqueness, cultural narratives, symbolic value, and social legitimacy, while at the same time determining that certain elements cannot be freely traded because they possess sacred value.

The Kampung Enggros context illustrates this dual function. Local products, including crafts, traditional foods, marine products, and culture-related goods, have economic potential, but economic activities remain embedded within customary values. The study also found that some products have sacred dimensions, meaning that excessive commercialization could diminish their cultural significance. The final model therefore positions Local Wisdom as both a cultural foundation and a filter that determines what may be commercialized and what must retain its sacred character.

The relationship between Local Wisdom and Business Development is therefore not necessarily linear. Local Wisdom can strengthen product differentiation and identity, while also functioning as a control mechanism to ensure that economic expansion remains consistent with the principles of community sustainability.

### **Digital Marketing**

Digital Marketing refers to marketing activities that use digital technologies to build communication, communicate value, obtain market information, and reach consumers more broadly. Kotler et al. (2017) view digital development as transforming producer–consumer relationships into increasingly interactive exchanges, while Dwivedi et al. (2021) show that digital and social media have become important components of modern marketing strategy.

For MSMEs, Digital Marketing can expand market reach, accelerate communication with consumers, reduce some promotional costs, and strengthen brand awareness. However, these benefits depend greatly on business actors' ability to use devices, produce content, interpret digital information, and maintain marketing consistency.

Conditions in Kampung Enggros show that the presence of digital infrastructure does not automatically result in optimal economic use. Wi-Fi is available as an opportunity, but some community members still lack sufficient capability to use social media and online marketing. The study identified low digital literacy, limited confidence, and dependence among some business actors on children or younger generations for digital activities. These conditions indicate that Digital Marketing should be understood not merely as access to technology but as a capability that must be developed gradually.

Rogers (2003) explains that innovation adoption is determined, among other factors, by the compatibility of the innovation with users' values and experiences. In communities with strong traditional value orientations, innovations perceived as too distant from established patterns of life may require a longer adaptation process. Accordingly, Digital Marketing in Indigenous communities requires an approach that integrates technological training with local social and cultural structures.

### **Business Growth and Sustainable Business Development**

Business growth refers more narrowly to changes such as higher sales, income, market reach, or business scale. Sustainable Business Development is broader: it concerns whether economic improvement can be maintained while preserving the social, cultural, and ecological foundations on which Indigenous enterprise depends. These concepts should therefore not be treated as interchangeable. In Kampung Enggros, growth may be desirable, but it cannot be considered sustainable when it weakens customary resource governance, erodes product meaning, or reduces community control over culturally significant assets.

For this reason, Sustainable Business Development in the present study is treated primarily as an integrative outcome rather than as a simple synonym for business growth. Economic indicators such as market expansion and income are considered together with innovation, continuity of enterprise, community well-being, cultural preservation, and resource sustainability. This broad scope also requires caution in interpreting the quantitative measurement of Business Development, because a small set of questionnaire items cannot be assumed to capture all of these dimensions with equal validity.

Local products are competitive not only because of their physical characteristics but also because of the stories, meanings, production techniques, local materials, and relationships with community life embedded in them. Accordingly, business development strategies must balance innovation and authenticity: commercialization can create economic value, but culturally sacred products, resource-use rules, and community meanings may impose legitimate boundaries on what can be marketed and how it should be represented.

### **Integration of CBE, Local Wisdom, and Digital Marketing**

The integration of CBE, Local Wisdom, and Digital Marketing is a central component of this study's framework. CBE provides social capital and collective capacity, Local Wisdom provides legitimacy and a value framework, while Digital Marketing provides the capability to connect community products with wider markets.

In an Indigenous context, these relationships cannot be viewed as purely mechanical. Strong community ties do not necessarily generate digital capabilities automatically, just as strong cultural values do not necessarily lead directly to greater technology use. Digital Marketing must be developed through learning processes, institutional support, youth involvement, and adaptation to community structures.

The preliminary review underpinning this study indicates that research integrating CBE, Local Wisdom, and Digital Marketing simultaneously remains relatively limited. Digital Marketing is more often treated as a technical instrument without sufficient consideration of institutional legitimacy, social structure, and Indigenous cultural dynamics. This study therefore seeks to address that gap through a community entrepreneurship model linking sociocultural capacity with digital marketing capability.

## **CONCEPTUAL RELATIONSHIPS FOR EXPLORATORY QUANTITATIVE ASSESSMENT**

### **Community-Based Entrepreneurship and Business Development**

Community-Based Entrepreneurship is built on participation, cooperation, trust, shared resource use, and the community's ability to create collective value. According to Peredo and Chrisman (2006), entrepreneurial activities supported by the community have greater opportunities to obtain social legitimacy, access local resources, and secure community participation. In Indigenous communities, these advantages are especially relevant because the

success of economic activities often depends on support from families, customary leaders, and social networks.

In the Kampung Enggros context, CBE may strengthen business continuity through participation, collective capacity, access to community resources, and social legitimacy. This relationship is therefore examined as an exploratory quantitative path rather than as a confirmatory hypothesis.

### **P1: Community-Based Entrepreneurship and Business Development.**

#### **Local Wisdom and Business Development**

Local Wisdom is a source of differentiation that can give products and business activities distinctive characteristics. Cultural values, traditional knowledge, the use of local resources, and the stories attached to products can constitute sources of both economic value and market identity. In Indigenous communities, Local Wisdom also functions as an institutional system that safeguards the legitimacy of business activities and the sustainability of resource use (Ostrom, 1990).

Products with strong cultural identities may have particular appeal to consumers who value authenticity, sustainability, and social meaning. On this basis, the stronger the integration of Local Wisdom into product management and development, the greater the opportunity to generate business development consistent with the characteristics of the community. Therefore:

### **P2: Local Wisdom and Business Development.**

#### **Community-Based Entrepreneurship and Digital Marketing**

Digital capability in community-based enterprises is influenced not only by individual skills but also by collective learning, group support, knowledge transfer, and the involvement of actors with technological competence. CBE provides a social environment in which digital skills can be developed collectively through training, mentoring, and intergenerational collaboration.

Strong social capital can facilitate the circulation of information and new knowledge within a community. Group support can also reduce barriers experienced by members with limited ability to use technology. Conceptually, therefore, stronger Community-Based Entrepreneurship is expected to encourage greater use of Digital Marketing. Based on this argument:

### **P3: Community-Based Entrepreneurship and Digital Marketing.**

#### **Local Wisdom and Digital Marketing**

Digital technology adoption does not occur in a value-neutral social space. Rogers (2003) explains that one determinant of innovation acceptance is the degree of compatibility between an innovation and the values, experiences, and needs of a social group. In Indigenous communities, digital technologies are more likely to be accepted when their use does not conflict with community norms and when they provide benefits without eroding local identity.

Local Wisdom can therefore influence how communities evaluate, accept, or restrict the use of Digital Marketing. On the one hand, cultural narratives and product distinctiveness can provide compelling content for digital promotion. On the other hand, strong traditional orientations may make technology adoption more cautious and gradual. This relationship is therefore included in the exploratory quantitative assessment. Accordingly:

### **P4: Local Wisdom and Digital Marketing.**

## **Digital Marketing and Business Development**

Digital Marketing enables business actors to increase product visibility, reach consumers beyond local markets, obtain information about consumer needs, and build marketing communication at relatively efficient cost. Kotler et al. (2017) emphasize that digital transformation expands interaction between producers and consumers, while Dwivedi et al. (2021) demonstrate the increasingly strategic role of digital and social media in marketing activities.

For businesses in Kampung Enggros, Digital Marketing can create opportunities to introduce crafts, culinary products, processed marine products, and cultural products to consumers beyond the village. Greater capability in using social media, digital content, market information, and online platforms may widen market access and support business continuity. This relationship is examined exploratorily as follows:

### **P5: Digital Marketing and Business Development.**

## **METHODS**

### **Research Design**

This study employed a sequential exploratory mixed-methods design in which qualitative inquiry provided the primary basis for understanding the Indigenous business context and the quantitative component served as an exploratory supporting layer. The research process followed five linked stages: qualitative exploration → theme development → construct operationalization → exploratory quantitative assessment → integration. The qualitative stage explored Community-Based Entrepreneurship (CBE), Local Wisdom, customary institutions, gender and intergenerational roles, digital readiness, and barriers to business development. Themes emerging from this stage informed the interpretation and contextualization of the constructs subsequently examined quantitatively.

The quantitative stage examined patterns among CBE, Local Wisdom, Digital Marketing, and Business Development using the survey data. Because the structural analysis was based on only 19 observations and the Business Development construct showed substantial validity and reliability limitations, this stage is not treated as a confirmatory test of the conceptual model. The final stage integrated the qualitative themes and quantitative patterns to identify mechanisms that could explain how digital transformation and business development unfold in an Indigenous community setting.

### **Research Site and Qualitative Participants**

The study was conducted in Kampung Enggros, Abepura District, Jayapura City, Papua. The site was purposively selected because it is an Indigenous community whose economic activities are based on local resources, culture, and community relationships. Kampung Enggros has business potential in marine products, local crafts, traditional culinary products, and economic activities linked to Indigenous culture.

The qualitative phase involved 19 informants purposively selected based on their involvement in and knowledge of community economic activities. The informants included customary leaders, local business actors, women leaders, youth, and representatives of the village government. Informant selection considered their ability to provide information on community entrepreneurship practices, cultural values, resource-management mechanisms, and processes of adaptation to digital technology.

Qualitative data were collected through in-depth interviews, focus group discussions, participatory observation, and documentation. Analysis proceeded through initial coding, grouping related codes into categories, developing major themes, and interpreting relationships among themes. Source triangulation compared accounts from customary leaders, business actors, women leaders, youth, and village-government representatives, while method triangulation compared interview and FGD accounts with observation and documentary evidence. A formal independent double-coding protocol and intercoder-reliability coefficient were not reported; interpretive consistency was strengthened through repeated comparison across sources and methods and by retaining illustrative participant quotations for the principal themes.

### **Quantitative Measurement and Sampling**

The quantitative phase provided an exploratory assessment of five conceptual relationships involving four constructs: Community-Based Entrepreneurship (CBE), Local Wisdom, Digital Marketing, and Business Development. Its purpose was to identify coefficient patterns that could be compared with the qualitative evidence rather than to provide confirmatory hypothesis testing.

The questionnaire used a five-point Likert scale. CBE was represented by participation, cooperation, social and institutional support, capacity strengthening, and shared value creation. Local Wisdom covered local culture, local-resource use, product characteristics, production traditions, and product economic value. Digital Marketing covered social-media use, digital promotion, market-information access, digital platforms, and digital-content production. The Business Development items combined business growth, income, competitiveness, innovation, business sustainability, and community well-being. Because these indicators span both narrow growth outcomes and broader sustainability outcomes, the construct is treated cautiously and is not assumed to represent a unidimensional measure of Sustainable Business Development.

The descriptive dataset comprised 20 community-based business actors, whereas the PLS-SEM structural analysis contained 19 observations. The reason for this one-case difference could not be verified from the retained research records and is therefore reported as a data limitation. Together with the small analytical sample, this discrepancy supports the decision to use the quantitative component for exploratory pattern identification rather than for statistical generalization or hypothesis confirmation.

### **Data Analysis**

PLS-SEM was retained as an exploratory quantitative component. The measurement model was reviewed through convergent validity, discriminant validity, and construct reliability, while the structural model was summarized using path coefficients, t-statistics, p-values, and R<sup>2</sup> values (Hair et al., 2019). Particular attention was given to Business Development because Y3 had a negative loading and the construct did not meet reliability or AVE criteria. The negative loading indicates a possible mismatch in item direction; because a verified recoding and re-estimation could not be established, coefficients involving Business Development are interpreted only as exploratory patterns and are not used for confirmatory inference.

Integration was conducted through a joint display and joint interpretation. Quantitative coefficient patterns were compared with qualitative themes to identify convergence, divergence, and contextual explanations. The integrative emphasis was therefore on mechanism building: explaining how social capital, customary institutions, cultural boundaries, gendered

economic roles, intergenerational learning, and digital readiness shape business development in ways that cannot be reduced to linear statistical relationships in this small sample.

SWOT was not treated as a separate empirical method. It was used only after the qualitative and exploratory quantitative findings had been integrated, as a managerial translation device for organizing already-identified internal conditions and external opportunities or threats into practical strategic directions. No independent causal or inferential claim is derived from the SWOT matrix.

## RESULTS AND DISCUSSION

### Respondent Characteristics

Descriptive analysis was conducted on 20 business actors in Kampung Enggros. By gender, the respondents were predominantly women, comprising 15 respondents (75%), while 5 respondents (25%) were men. By age group, most respondents were aged 41–55 years (13 respondents; 65%), followed by those aged 25–40 years (4 respondents; 20%) and 56–60 years (3 respondents; 15%). This composition indicates that the observed business activities were largely carried out by working-age actors with relatively mature social and economic experience.

By type of business, crafts were the most prevalent activity, represented by 9 respondents (45%). Trade and tourism businesses were each represented by 3 respondents (15%), culinary businesses and fishers by 2 respondents each (10%), and fisheries businesses by 1 respondent (5%). In terms of business duration, 10 respondents (50%) had operated their businesses for more than five years, 9 respondents (45%) for 4–5 years, and 1 respondent (5%) for 1–3 years. These findings indicate that most respondents had substantial experience in local economic activities.

Table 1. Characteristics of Quantitative Respondents

| Characteristic    | Category    | n  | %  |
|-------------------|-------------|----|----|
| Gender            | Female      | 15 | 75 |
|                   | Male        | 5  | 25 |
| Age               | 25–40 years | 4  | 20 |
|                   | 41–55 years | 13 | 65 |
|                   | 56–60 years | 3  | 15 |
| Type of business  | Crafts      | 9  | 45 |
|                   | Trade       | 3  | 15 |
|                   | Tourism     | 3  | 15 |
|                   | Culinary    | 2  | 10 |
|                   | Fisher      | 2  | 10 |
|                   | Fisheries   | 1  | 5  |
| Business duration | 1–3 years   | 1  | 5  |
|                   | 4–5 years   | 9  | 45 |
|                   | >5 years    | 10 | 50 |

*Source: Processed research data.*

### Measurement Model Review and Quantitative Limitations

The measurement model was reviewed before interpreting the structural patterns. CBE, Local Wisdom, and Digital Marketing met the reliability and validity criteria reported in the exploratory PLS-SEM analysis. In contrast, Business Development showed substantial measurement problems, so paths involving this construct cannot be interpreted as reliable confirmatory tests.

Business Development had a Composite Reliability of 0.036, Cronbach's Alpha of 0.301, and AVE of 0.304. Indicator Y3 had a negative loading of -0.692, while Y1 and Y2 were weakly related to the construct. The negative loading suggests a possible mismatch in item direction. Because a verified recoding and corrected re-estimation could not be established from the retained data, the construct is treated as measurement-deficient. These statistics are reported transparently, and structural coefficients involving Business Development are interpreted as exploratory patterns only.

Table 2. Summary of Measurement Model Evaluation

| Construct                        | Composite Reliability | Cronbach's Alpha | AVE            | Evaluation             |
|----------------------------------|-----------------------|------------------|----------------|------------------------|
| Community-Based Entrepreneurship | Meets criteria        | Meets criteria   | Meets criteria | Adequate               |
| Local Wisdom                     | Meets criteria        | Meets criteria   | Meets criteria | Adequate               |
| Digital Marketing                | Meets criteria        | Meets criteria   | Meets criteria | Adequate               |
| Business Development             | 0.036                 | 0.301            | 0.304          | Does not meet criteria |

Note: Indicator Y3 in the Business Development construct had a loading of -0.692.

### Exploratory Structural Patterns

The exploratory PLS-SEM analysis was based on 19 observations. None of the five paths reached statistical significance at  $\alpha = 0.05$ . Given the very small analytical sample and the measurement weakness of Business Development, the coefficients are reported as exploratory patterns only. They are not used to confirm or reject the conceptual relationships, and no population-level inference is drawn from them.

Figure 1. PLS-SEM Structural Model

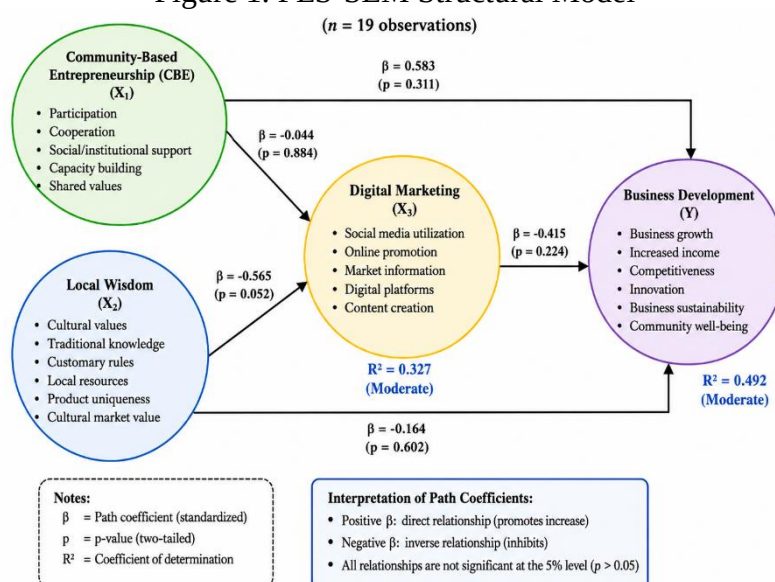


Figure 1 presents the five exploratory structural paths. CBE  $\rightarrow$  Business Development had the largest positive coefficient ( $\beta = 0.583$ ;  $p = 0.311$ ). Local Wisdom  $\rightarrow$  Digital Marketing

produced  $\beta = -0.565$  with  $p = 0.052$  and was numerically closest to the 5% threshold. The remaining coefficients were CBE  $\rightarrow$  Digital Marketing ( $\beta = -0.044$ ;  $p = 0.884$ ), Local Wisdom  $\rightarrow$  Business Development ( $\beta = -0.164$ ;  $p = 0.602$ ), and Digital Marketing  $\rightarrow$  Business Development ( $\beta = -0.415$ ;  $p = 0.224$ ). These estimates are not interpreted as evidence of confirmed effects; instead, they are carried forward to the mixed-methods integration as patterns requiring contextual explanation.

Table 3. Exploratory Structural Path Estimates

| Path | Relationship                                         | $\beta$ | t-statistic | p-value | Interpretation   |
|------|------------------------------------------------------|---------|-------------|---------|------------------|
| P1   | CBE $\rightarrow$ Business Development               | 0.583   | 1.013       | 0.311   | Exploratory only |
| P2   | Local Wisdom $\rightarrow$ Business Development      | -0.164  | -0.522      | 0.602   | Exploratory only |
| P3   | Digital Marketing $\rightarrow$ Business Development | -0.415  | -1.217      | 0.224   | Exploratory only |
| P4   | CBE $\rightarrow$ Digital Marketing                  | -0.044  | -0.147      | 0.884   | Exploratory only |
| P5   | Local Wisdom $\rightarrow$ Digital Marketing         | -0.565  | -1.945      | 0.052   | Exploratory only |

Source: Research PLS-SEM output.

Taken together, the five paths do not provide a basis for confirmatory claims. The coefficient patterns are used as contextual evidence in the mixed-methods integration. In particular, the positive CBE  $\rightarrow$  Business Development pattern and the comparatively large negative Local Wisdom  $\rightarrow$  Digital Marketing pattern are interpreted cautiously in light of the community's social structure, cultural boundaries, digital-readiness gap, small sample, and the measurement weakness of Business Development.

### Coefficient of Determination

$R^2$  values are retained only as descriptive summaries of the exploratory quantitative analysis.

Table 4. Descriptive  $R^2$  Values from the Exploratory Quantitative Model

| Endogenous Construct | $R^2$ | Variance Explained |
|----------------------|-------|--------------------|
| Digital Marketing    | 0.327 | 32.7%              |
| Business Development | 0.492 | 49.2%              |

The exploratory analysis yielded  $R^2 = 0.327$  for Digital Marketing and  $R^2 = 0.492$  for Business Development. These values are reported descriptively rather than as evidence of model adequacy. The Business Development value requires particular caution because the construct did not meet the measurement-quality criteria. Accordingly, neither  $R^2$  value is used to support a confirmatory assessment of predictive or explanatory performance.

The qualitative phase involved 19 informants representing customary leaders, business actors, women leaders, youth, and other members of the Kampung Enggros community. Interview analysis showed that community entrepreneurship does not operate as an isolated economic activity; rather, it interacts with customary institutions, family relations, gendered role divisions, natural-resource use, cultural identity, and technological change. Overall, the interviews indicated that nearly all informants continued to regard customary institutions and leadership as important components of business management and the resolution of economic problems.

To protect participants' identities, the following quotations are presented using the codes I1–I19 according to the informant numbers in the research data.

### **Community-Based Entrepreneurship and Family Networks**

Entrepreneurial activity in Kampung Enggros develops through a combination of individual initiative, family involvement, group organization, and community legitimacy. Although some businesses are independently established, their management and problem-solving processes remain embedded in community social networks. In several cases, business groups emerged from the initiative of women leaders after participating in various training activities.

One informant explained:

“Initially, the Enggros women participated in training, and then one of the women leaders in the village took the initiative, after which they formed several business groups.” (I3)

The embeddedness of business activity within community structures is also evident in the involvement of the *ondoafi* and *mata rumah* in decision-making. Another informant stated:

“There was direction from the *ondoafi* and customary leaders, who viewed joint business activities as a way to strengthen clan ties and help prevent young people from moving to the city.” (I12)

Nevertheless, formal business institutions have not always functioned optimally. One informant stated:

“There are business groups here, but they are not functioning. Even when there are groups, they are mostly family groups. Sometimes conflicts occur over profit sharing, and these are resolved within the family.” (I5)

These findings show that Community-Based Entrepreneurship in Kampung Enggros is deeply rooted in family and community relationships. Formal business groups are not yet fully effective, but social mechanisms based on kinship, deliberation, customary leaders, and *mata rumah* continue to provide the social infrastructure supporting community economic activity.

### **Women as Key Actors in the Local Economy**

The interviews reveal a gendered division of roles that has been maintained across generations. Men generally engage in activities at sea, whereas women occupy a strong economic role in and around the village, particularly in the mangrove area known locally as the “women's forest.”

An informant explained:

“Men go fishing at sea, while women collect shellfish, snails, and shrimp in the mangrove forest.” (I3)

This division does not mean that women play a smaller economic role. In household-based businesses, women often serve as the principal decision-makers. One informant stated:

“Women are more dominant because these are kitchen- or home-based businesses. The *mama-mama* make the operational decisions, while the men only help provide the materials.” (I12)

Women also establish businesses independently. A woman culinary entrepreneur explained:

“It was my own initiative. I like cooking, so I opened a café selling various products.” (I2)

These findings show that the *mama-mama* are not merely family members assisting with economic activity; they are key actors in local entrepreneurship, particularly in culinary businesses, crafts, natural-resource processing, and household-based enterprises.

### **Local Wisdom, the Women's Forest, and Resource Sustainability**

The women's forest, or mangrove area, performs economic, ecological, and sociocultural functions. Community members use the area as a source of shellfish, snails, shrimp, and other food resources. Its use is not unrestricted, however, because community rules distinguish areas that may be utilized from those that must be protected.

One informant explained:

“There is a protected women's forest area where mangrove trees are replanted.” (I2)

Another informant described the resource-use rules more specifically:

“The raw materials I use do not damage the mangroves because there are designated places where we are allowed to obtain materials. There are also places where taking materials is prohibited.” (I4)

Another informant referred to this mechanism as tofon:

“There is a tofon area—a prohibited area that must not be touched—and an open area where limited harvesting is permitted.” (I13)

At the same time, ecological pressures are increasingly being felt. One informant explained that, although the mangrove forest is protected, some resources are becoming more difficult to find:

“Shellfish, snails, and shrimp have become scarce because of waste and pollution.” (I6)

These findings demonstrate that Local Wisdom functions not only as a cultural symbol but also as an institutional mechanism governing access to, use of, and protection of the resources that underpin community economic activities.

### **Local Products as a Medium for Transmitting Cultural Identity**

Local products in Kampung Enggros are not viewed solely as economic goods. Culinary products, crafts, customary accessories, and processed marine products also embody stories, identities, and knowledge transmitted across generations.

A craft entrepreneur described the distinction between commercial and customary products:

“Some products cannot be sold. Those considered sacred cannot be sold; they can only be rented.” (I16)

Another informant expressed a similar distinction:

“If the accessories use glass or plastic beads, they no longer have sacred value. But those made from shells are kept and used for customary dances.” (I5)

Concerns about cultural commercialization were also expressed explicitly:

“If this traditional food is processed differently—perhaps with ingredients added or removed, or with the taste changed—its sacred value will disappear.” (I3)

At the same time, local products serve as a means of transmitting cultural knowledge. One informant stated:

“I always tell buyers that this is not just a product; it has been handed down from our ancestors, so they understand its value.” (I19)

The same informant emphasized:

“Every product should have a story.” (I19)

These findings show that the commercialization of local products in Kampung Enggros involves two simultaneous demands: creating economic value while preserving authenticity and cultural meaning.

### **The Gap Between Digital Access and Digital Capability**

One of the strongest findings is the gap between the availability of internet access and the community's ability to use technology for business. Internet and Wi-Fi access are available, but not all community members can use social media, create content, or conduct online marketing. One informant stated:

“Not all of the mama-mama in Kampung Enggros understand digital technology, so that makes it difficult for them to promote their businesses, and they also lack confidence.” (I6)

Another informant described the situation more simply:

“We have no knowledge of the internet.” “We cannot create content yet.” (I7)

Dependence on younger generations also emerged consistently. One informant explained:

“We still cannot sell through social media because we do not know how to use the devices or social media; only the children know how to use social media.” (I16)

Another informant stated:

“Most of us do not understand how to use social media. We have talked to our children about helping us take photos and upload our craft products to social media.” (I17)

Among older participants, mobile-phone use was sometimes limited to basic functions:

“Mama has a phone, but I only use it for making calls.” (I19)

However, not all business actors were in the same situation. One woman culinary entrepreneur had already begun using digital media and stated:

“I often create food content, from the preparation process through to selling the products.” (I2)

This variation indicates a digital-readiness gap within the community. A small number of business actors have begun developing digital marketing practices, while others still require basic skills in device use and social media.

### **Digitalization as an Economic Opportunity and a Cultural Challenge**

Community views of technology are ambivalent. Digitalization is understood as an opportunity for education, communication, promotion, and market expansion, but community members are also concerned about its effects on social relations and customary institutions. One informant described the change as follows:

“Social media has changed everything. What used to be rooted in local culture is now mixed with outside influences. Village deliberations rarely take place; issues can now be resolved simply by phone.” (I4)

Another informant offered a similar account:

“In the past we could sit and discuss matters at the *para-para adat*, but now that rarely happens; people use mobile phones for communication instead.” (I9)

Concerns also emerged regarding children:

“We did not know the internet before. Now things are very different—children can stay on their phones until morning, so the internet has a major influence on family, customary, and church rules.” (I3)

Nevertheless, the community did not express complete rejection of technology. One informant stated:

“We cannot stop outside influences, but we have to supervise them.” (I2)

Another informant expressed a similar principle:

“There are useful things we can take from the internet, but they should not erase our original culture.” (I8)

These findings indicate that the central issue is not whether digitalization should be accepted or rejected, but how technology can be negotiated so that it remains compatible with customary values and institutions.

### **Training, Capital, and Market Access Needs**

The three needs most consistently identified in the interviews were training, business capital, and expanded market access. Several informants specifically emphasized that digital assistance should not be provided as a one-off activity.

One informant stated:

“I hope Kampung Enggros can receive training and extension activities that do not stop after one session; they should be continuous and should also help us market our businesses.” (I7)

Business actors also linked these needs to limited capital:

“I hope there will be business capital from the village funds, as well as assistance from the mayor and the private sector.” (I3)

Another informant more explicitly proposed directing village funds toward productive activities:

“Part of the village fund should be allocated to training, capital, and purchasing materials for the groups, rather than prioritizing physical projects or buildings.” (I16)

Collaboration also emerged as an important need. One informant stated:

“There must be cooperation among the government, customary institutions, women, and youth.” (I2)

Another informant emphasized the need for good relations among the village's three key institutions:

“The village government and village officials need to be open so that the three pillars—Customary Institutions, Church, and Government—can work together effectively.” (I5)

Overall, the synthesis of the 19 informants confirms that community aspirations center on these three needs: digital/content training, capital, and sustained collaboration among customary institutions, the church, and government.

### **Integration of Quantitative and Qualitative Findings**

Integration was conducted through a joint display comparing the exploratory coefficient patterns with themes derived from interviews, FGDs, observation, and documentation. The integration examined convergence and divergence between the two strands and used the qualitative evidence to contextualize the quantitative patterns and clarify the mechanisms underlying Indigenous business development in Kampung Enggros.

Table 5. Joint Display of Exploratory Quantitative Patterns and Qualitative Findings

| Quantitative Finding                                         | Main Qualitative Finding                                                                                                | Integrated Interpretation                                                                         |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| CBE → Digital Marketing: $\beta=-0.044$ ; $p=0.884$          | Business practices still rely on face-to-face relationships, family networks, and local markets                         | Social capital does not automatically become digital capability                                   |
| Local Wisdom → Digital Marketing: $\beta=-0.565$ ; $p=0.052$ | Customary values function as legitimacy boundaries, and the community is concerned about the erosion of cultural values | Local Wisdom filters digital adoption through cultural compatibility and institutional safeguards |
| CBE → Business Development: $\beta=0.583$ ; $p=0.311$        | Family networks, groups, and customary leaders support access to resources and legitimacy                               | Collective capacity supports business continuity, but the quantitative path is only exploratory   |

| Quantitative Finding                                                 | Main Qualitative Finding                                                              | Integrated Interpretation                                                                                                |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Local Wisdom → Business Development: $\beta=-0.164$ ; $p=0.602$      | Customary values protect resources, identity, and the boundaries of commercialization | Local Wisdom is better interpreted as an institutional safeguard than as a simple linear growth driver                   |
| Digital Marketing → Business Development: $\beta=-0.415$ ; $p=0.224$ | Digitalization is still at an early stage and technology use remains limited          | Digital benefits require capability building, learning, and market connection before measurable outcomes can be expected |

The joint interpretation points to three mechanisms that organize the study's theoretical contribution. First, strong family and community ties do not automatically become digital marketing capability, producing a social capital–digital capability gap. Second, Local Wisdom operates as an institutional safeguard that provides legitimacy while setting boundaries around resource use and commercialization. Third, differences in digital competence across generations create intergenerational digital brokerage, in which younger people can connect culturally knowledgeable older business actors with digital tools and markets.

### Translation of Integrated Findings into Managerial Implications (SWOT)

The SWOT matrix translates the integrated findings into managerial implications. Its entries are drawn from conditions identified through the qualitative evidence and mixed-methods integration; SWOT is therefore used as a strategic synthesis tool rather than as a separate source of causal or inferential evidence.

Table 6. SWOT Translation of Integrated Findings

| Dimension     | Key Findings                                                                                                                                                                                                                |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strengths     | Strong Local Wisdom and customary rules; culture of mutual cooperation; distinctive and culturally valuable products; mangrove and marine resources; women's initiatives; family/group networks; cultural tourism potential |
| Weaknesses    | Low digital literacy; limited capital; underdeveloped business groups; lack of permanent selling locations; conventional promotion; declining raw materials; low confidence in digital promotion                            |
| Opportunities | Availability of Wi-Fi; growth of cultural tourism and ecotourism; government/private-sector support; social media and marketplaces; potential collaboration among the three pillars                                         |
| Threats       | Erosion of customary values; competition from external products; commercialization of sacred values; land conversion; changing consumption patterns; pollution and environmental degradation                                |

The managerial synthesis highlights cultural capital, local resources, women's initiatives, and community networks as strengths; digital literacy, capital, market access, and weak business-group capacity as constraints; and digital infrastructure, tourism, partnership, and marketplace access as opportunities. Threats center on cultural erosion, inappropriate commercialization, environmental degradation, external competition, and changing consumption patterns.

### Managerial Strategy Translation

The SO, WO, ST, and WT options in Table 7 translate the integrated findings into practical directions. They are presented as managerial recommendations derived from the empirical themes rather than as findings from a separate standalone method.

Table 7. Managerial Strategy Translation Based on the Integrated Findings

| Strategy | Orientation                                    | Strategic Direction                                                                                                                                                                                                        |
|----------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SO       | Use strengths to capture opportunities         | Develop cultural-tourism packages; establish/strengthen cooperatives or village-owned enterprises (BUMKam); utilize Wi-Fi, social media, and marketplaces; collaborate with government and the private sector for training |
| WO       | Address weaknesses by leveraging opportunities | Digital-literacy and content-creation training; transparency in business funding; establishment of permanent selling locations; stronger group management                                                                  |
| ST       | Use strengths to address threats               | Strengthen customary rules as a filter; document recipes and crafts; protect land; distinguish ritual products from commercial products                                                                                    |
| WT       | Minimize weaknesses and threats                | Strengthen community deliberation; educate younger generations; increase awareness in responding to competition; involve customary institutions, the church, and government in business-development policies               |

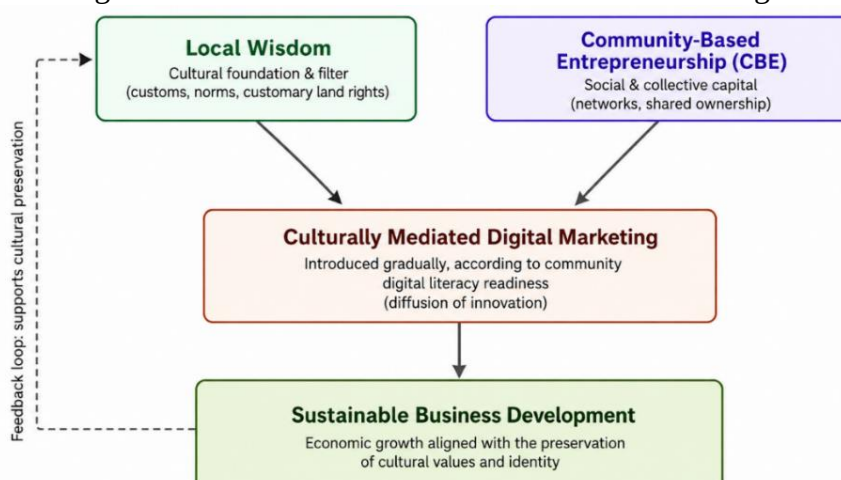
These strategies indicate that digitalization should be developed as part of broader community capacity strengthening rather than as a stand-alone technological intervention.

### Integrated Community-Based Entrepreneurship Model Based on Local Wisdom

The integrated model is grounded primarily in the qualitative mechanisms, with the small-sample quantitative patterns providing supporting context. It places Local Wisdom and CBE as complementary foundations and emphasizes three mechanisms linking them to business outcomes: a social capital–digital capability gap that requires capability conversion, Local Wisdom as an institutional safeguard that filters commercialization, and intergenerational digital brokerage that connects cultural knowledge with digital competence.

Digital Marketing is therefore not an automatic consequence of strong social capital or cultural identity. It is a culturally mediated capability that must be developed through learning, mentoring, institutional support, and negotiated rules about what may be commercialized or communicated online. Development can begin with basic product photography and video, progress to culturally grounded storytelling and social-media management, and eventually extend to more independent use of online marketplaces as capability and confidence increase.

Figure 2. Integrated CBE Model Based on Local Wisdom and Digital Marketing



The model indicates that the intended outcome is Sustainable Business Development, understood as economic growth that proceeds alongside the preservation of cultural values,

resources, and identity. The model also incorporates a feedback loop through which the benefits of business development are directed back toward strengthening cultural preservation and community well-being.

## **Discussion**

### **Community-Based Entrepreneurship and Business Development: Collective Capacity as a Foundation for the Community Economy**

The exploratory CBE → Business Development coefficient was positive ( $\beta = 0.583$ ;  $p = 0.311$ ) but not statistically significant. Given the very small sample and the measurement weakness of Business Development, the coefficient is treated only as an exploratory pattern. The qualitative findings nevertheless show that families, community groups, customary leaders, the *ondoafi*, and inter-household networks support the continuity and legitimacy of business activities in Kampung Enggros.

The interviews show that entrepreneurial activity does not develop entirely as an individual endeavor. In several cases, business groups emerged from community initiatives and women leaders, while customary institutions continued to play a role in providing legitimacy, regulating resource use, and resolving social and economic issues. One informant even viewed collective business activity as a mechanism for strengthening clan ties and reducing the migration of younger generations to the city.

This pattern is consistent with the CBE theory of Peredo and Chrisman (2006), which positions the community not merely as the environment in which business takes place but as an entrepreneurial actor that integrates social, cultural, natural, and economic capital in local development. From this perspective, social relationships and community resources cannot be separated from economic objectives. The Kampung Enggros findings also resonate with Mika et al. (2024), who show that Indigenous entrepreneurial ecosystems develop through interactions among social institutions, economic structures, cultural identity, and the need to maintain cultural continuity.

However, the present findings add an important nuance. The availability of social capital does not automatically generate measurable business growth. Several business groups are not yet functioning optimally, many enterprises remain family-based, market access is limited, and capital and marketing capabilities continue to be constraints. CBE is therefore more appropriately understood as enabling social infrastructure that provides trust, legitimacy, solidarity, and access to resources, while its economic benefits still depend on the community's ability to convert social capital into production, innovation, marketing, and market-access capabilities.

The relatively large CBE → Business Development coefficient should therefore be read cautiously. Its non-significance, together with the small sample and measurement constraints, prevents population-level inference. The qualitative evidence instead suggests that collective capacity provides an enabling foundation whose economic value depends on additional production, innovation, marketing, and market-access capabilities.

### **Local Wisdom and Business Development: Beyond a Growth Driver toward an Institutional Safeguard**

The exploratory Local Wisdom → Business Development coefficient was  $\beta = -0.164$  ( $p = 0.602$ ). This estimate does not provide evidence of a direct statistical relationship and should not be interpreted as showing that Local Wisdom is unimportant. The qualitative evidence instead shows that its principal functions lie in resource protection, regulation of economic

activity, preservation of identity, and the determination of commercialization boundaries. These functions are better captured as institutional safeguarding than as a simple linear driver of business growth.

The existence of the women's forest, rules distinguishing areas that may and may not be used, and the practice of tofon demonstrate local mechanisms for limiting resource exploitation. Informants also distinguish products that may be traded from products with sacred value that should not be freely commercialized. These findings indicate that success in an Indigenous community is not synonymous with maximizing short-term economic output.

This interpretation is consistent with Scheyvens et al. (2017), who show that Indigenous entrepreneurship on customary land in the Pacific cannot be assessed solely through financial indicators. Business success must also consider social, cultural, and environmental objectives, while customary ownership and governance of resources can themselves provide a foundation for more sustainable enterprise models.

The Kampung Enggros findings are also relevant to Ruwhiu et al. (2021) on Māori entrepreneurs. Their study demonstrates that Indigenous business strategies and perceptions of success are culturally nuanced, meaning that effective business-support systems need to be adapted to the cultural context of the community. Mika et al. (2024) similarly identify an internal imperative toward cultural continuity in the development of Indigenous entrepreneurial ecosystems.

Accordingly, Local Wisdom is more appropriately positioned as an institutional safeguard than merely as a direct economic driver. It determines which resources may be used, which products may be commercialized, how economic activities should be conducted, and which boundaries should be maintained to preserve community identity and sustainability. This interpretation contextualizes why the quantitative analysis did not show a clear association between Local Wisdom and Business Development even though its substantive role was prominent in the interviews.

### **Digital Marketing and Business Development: A Capability That Has Not Yet Matured**

The exploratory Digital Marketing → Business Development coefficient was  $\beta = -0.415$  ( $p = 0.224$ ). This pattern does not indicate that Digital Marketing harms business development, particularly because Business Development had weak measurement quality. The qualitative evidence instead indicates that digital marketing remains at an early capability-development stage, so observable economic benefits may depend on continued learning, practice, market connection, and sustained support.

The qualitative data provide an important explanation for this result. Most business actors remain at an early stage of technology use. A number of mama-mama do not yet understand how to use social media for marketing, are unable to create content, or use mobile phones primarily for communication. Photo, video, and upload activities are often carried out with the assistance of children or younger family members. Only a small number of informants have begun using Digital Marketing actively, for example by receiving online orders and creating content covering the production and sales process.

These conditions differ from research on MSMEs with more mature digital capabilities. Purwanti et al. (2022), for example, show that Digital Marketing capability is important for improving MSME performance and emphasize the need for business actors to build capabilities in providing product information, delivering online services, and communicating with consumers through digital platforms. A more recent study by Tatik and Setiawan (2025)

involving 234 Indonesian MSMEs also found that social media marketing affects MSME performance.

This difference suggests that the effects of Digital Marketing are likely to depend strongly on the maturity of digital capabilities. Li et al. (2018) found that SME digital transformation is a capability-building process involving changes in managerial cognition, the development of social capital, team formation, and the strengthening of organizational capabilities. Vial (2019) likewise emphasizes that digital transformation is not merely the use of technology but a process of changing how organizations create value while addressing accompanying structural and organizational barriers.

On this basis, Digital Marketing in Kampung Enggros is better understood as an emerging capability rather than a mature one. Wi-Fi and mobile phones provide access, but access is not equivalent to the ability to generate business value. A learning phase is required before technology can translate into market expansion, increased sales, or stronger competitiveness.

### **Community-Based Entrepreneurship and Digital Marketing: The Social Capital–Digital Capability Gap**

The exploratory CBE → Digital Marketing path produced  $\beta = -0.044$  ( $p = 0.884$ ), providing no statistical evidence of a direct relationship in this small sample. The mixed-methods evidence instead highlights a substantive distinction: strong community ties and collective identity do not automatically generate the specific skills, routines, and confidence required for digital marketing.

This result becomes particularly informative when viewed alongside the interview data. Kampung Enggros has relatively strong social networks, family solidarity, role differentiation, and mutual-cooperation mechanisms, yet digital activities remain highly individualized and dependent on particular people. Social capital that functions effectively in face-to-face activities is not automatically transformed into joint account management, collective content production, online marketing, or marketplace use.

These findings reinforce the argument of Li et al. (2018) that digital transformation requires a process of converting resources into organizational capabilities. Their study shows that resource-constrained SMEs can still undertake digital transformation, but the process occurs through changes in cognition, development of relevant networks, team formation, and the creation of new capabilities. Warner and Wäger (2019) likewise show that digital capabilities are built through an ongoing process of strategic renewal rather than emerging automatically simply because an organization possesses certain social resources.

The Kampung Enggros findings therefore support the concept of a social capital–digital capability gap. CBE provides social capital, but digital capability requires additional competencies. In practice, this gap is visible in the fact that the mama-mama possess product knowledge, community networks, and cultural legitimacy, yet many are not able to operate devices and digital channels independently.

This condition also creates opportunities for generation-based community learning. Younger people can contribute digital skills, while older generations provide cultural knowledge, production techniques, product narratives, and customary legitimacy. Digital Marketing development based on CBE should therefore focus on collective digital capability building rather than merely individual application training.

### **Local Wisdom and Digital Marketing: Culturally Mediated Digitalization**

The exploratory Local Wisdom → Digital Marketing coefficient was  $\beta = -0.565$  ( $p = 0.052$ ). Although numerically close to the conventional 5% threshold, it remained non-significant and is not interpreted as evidence that stronger Local Wisdom reduces digital adoption. The qualitative evidence points to a more complex mechanism in which the community accepts useful technology while filtering its use through customary values, deliberative practices, product identity, and culturally sacred boundaries.

The interview data reveal a more complex picture. The community does not completely reject the internet or social media. On the contrary, people recognize their benefits for education, communication, promotion, and market access. However, technology is expected to be used without eroding customary values, deliberative practices, product identity, or cultural elements regarded as sacred. Some informants even proposed rules specifying what may and may not be shared on social media.

This pattern is consistent with Ruwhiu et al. (2021), who show that Indigenous business strategies are strongly culturally embedded. Mika et al. (2024) also demonstrate that Indigenous entrepreneurial ecosystems evolve alongside mainstream social and economic environments while retaining an internal imperative to preserve cultural continuity.

In other words, culture should not necessarily be viewed as a barrier to technology adoption. Rather, culture functions as a mechanism of selective adoption: communities evaluate technology according to its compatibility with prevailing values, practices, and social structures. This finding underpins the concept of culturally mediated Digital Marketing in the final model.

The model implies that technology should be introduced through a process of sociocultural adaptation. At an initial stage, marketing can involve simple product photos and videos with youth participation. It can then progress toward product storytelling, community social media, and online marketplaces, while maintaining clear rules regarding the representation of identity, the use of local language, and the protection of culturally sacred elements.

### **Women and Intergenerational Digital Brokerage in Business Transformation**

A further finding is the prominent role of women in the economic activities of Kampung Enggros. Women accounted for 75% of quantitative respondents, while the interviews show that the mama-mama play central roles in culinary enterprises, crafts, mangrove-resource utilization, and decision-making in household-based businesses.

This finding intersects with the study of Laksmanawati and Yuniawan (2021), which shows that digitalization represents both a challenge and an important strategy for women MSME actors in Indonesia. Digital Marketing and innovation are needed to enable women-owned enterprises to expand markets and sustain their businesses.

However, the Kampung Enggros findings add another dimension. Many mama-mama possess cultural and production knowledge but do not necessarily possess digital knowledge. Conversely, younger generations are relatively more proficient in mobile-phone use, photography, video, and social media, but may not possess deep knowledge of the cultural meanings of products. This pattern creates a mechanism that may be described as intergenerational digital brokerage, in which younger people serve as technological bridges between older business actors and digital markets.

This mechanism is evident in informants' accounts that photos, videos, and uploads are often handled by children within the family, while older generations hold knowledge of product

narratives, local materials, production techniques, and sacred boundaries. If managed well, this arrangement can create two-way transfer: digital skills from younger to older generations and cultural knowledge from older to younger generations.

This finding is important because it shows that digitalization programs need not replace the role of older generations. Instead, transformation can be built through intergenerational cooperation that simultaneously supports business sustainability and cultural transmission.

### **Theoretical Contribution: Three Mechanisms of Culturally Embedded Digital Transformation**

The first contribution is the social capital–digital capability gap. CBE theory emphasizes the role of participation, trust, collective resources, and community institutions (Peredo & Chrisman, 2006), but the Enggros findings show that strong social capital does not automatically become digital capability. Digital transformation requires an additional conversion process involving skills, routines, mentoring, confidence, and access to actors who can bridge community resources with digital tools.

The second contribution is Local Wisdom as an institutional safeguard. Local Wisdom creates economic value through authenticity, stories, local materials, and cultural identity, while simultaneously determining which resources, practices, and sacred elements may or may not be commercialized. This dual role moves Local Wisdom beyond the status of contextual background: it becomes an institution that enables culturally legitimate enterprise while protecting community continuity and resource sustainability.

The third contribution is intergenerational digital brokerage. Older business actors, especially the *mama-mama*, hold product knowledge, production practices, local narratives, and customary legitimacy, whereas younger people often possess relatively stronger digital skills. Their collaboration can create a two-way exchange in which younger generations bridge access to digital markets while older generations transfer the cultural knowledge needed to ensure that digital representation remains accurate and legitimate.

These mechanisms explain why Digital Marketing should be conceptualized as a culturally mediated capability-development process rather than as an independent technical input that automatically improves performance. The integrated model therefore links capability formation (Li et al., 2018; Vial, 2019; Warner & Wäger, 2019) with Indigenous institutional safeguards and intergenerational learning. Sustainable Business Development is consequently defined not only by income or market expansion but also by cultural continuity, community well-being, and the sustainability of the resource base (Scheyvens et al., 2017).

Taken together, these mechanisms extend the literature by showing that digital transformation in Indigenous entrepreneurship depends on the conversion of social capital into digital capability, culturally bounded technology adoption, and intergenerational knowledge exchange. The qualitative evidence provides the main explanatory basis, while the small-sample quantitative patterns provide contextual support for understanding where simple linear relationships do not capture the sociocultural dynamics of Kampung Enggros.

### **Practical Implications for Business Development in Kampung Enggros**

The findings indicate that empowerment programs should not begin solely with the provision of technology or physical infrastructure. Wi-Fi infrastructure is already available, but the main gaps concern skills, confidence in using platforms, content-creation ability, capital, and market access. The first stage should therefore focus on basic digital literacy, product photography, simple video production, social media use, and communication with consumers.

Assistance should be gradual and continuous, in line with informants' aspirations for training that is not limited to a single session. Younger people can be involved as digital mentors for the mama-mama, but the objective should be knowledge transfer so that dependence on children gradually decreases. The findings indeed show strong expectations for training, capital, market access, and youth involvement.

Digital Marketing should also be based on cultural storytelling. Each product that may be commercialized can be accompanied by narratives about its materials, production process, history, language, and relationship to life in Kampung Enggros. However, the community and customary institutions should establish protocols defining which elements may and may not be disseminated digitally so that increased product visibility does not result in cultural exploitation.

Finally, collaboration among the three pillars—Customary Institutions, Church, and Government—can serve as a governance framework for empowerment programs. Government can provide infrastructure, capital, training, and market access; customary institutions can safeguard cultural legitimacy and resources; and the community can remain the primary manager of economic activities. Under this approach, digitalization functions as an instrument for strengthening community economic self-reliance rather than replacing the social systems and cultural values that form the foundation of life in Kampung Enggros.

## CONCLUSIONS

This sequential exploratory mixed-methods study shows that Indigenous business development in Kampung Enggros is shaped by sociocultural mechanisms that are not adequately captured by simple linear relationships among CBE, Local Wisdom, Digital Marketing, and Business Development. The exploratory PLS-SEM analysis, based on 19 observations, yielded no statistically significant paths, while the Business Development construct showed serious measurement limitations. The quantitative results are therefore interpreted as supporting exploratory evidence rather than as hypothesis confirmation.

Three mechanisms constitute the central contribution. First, a social capital–digital capability gap exists because strong family networks, community participation, and customary legitimacy do not automatically create digital marketing skills. Second, Local Wisdom functions as an institutional safeguard that simultaneously supports product identity and regulates resource use, cultural representation, and commercialization boundaries. Third, intergenerational digital brokerage provides a practical bridge between older actors' cultural and production knowledge and younger actors' digital competence.

The resulting integrated model positions CBE as collective capacity, Local Wisdom as both cultural value and institutional safeguard, and Digital Marketing as a culturally mediated capability that develops through learning and negotiated adaptation. Sustainable Business Development is distinguished from narrow business growth because it combines economic improvement with cultural continuity, resource sustainability, community autonomy, and well-being.

Several limitations should be considered when interpreting the findings. The quantitative sample was very small, the structural analysis contained 19 observations compared with 20 respondents in the descriptive dataset, and the Business Development construct did not meet reliability and convergent-validity criteria, including a negative loading for Y3 that may reflect a mismatch in item direction. No formal intercoder-reliability statistic is reported for the qualitative analysis. These limitations restrict statistical generalization and reinforce the exploratory role of the quantitative component.

Future research should validate a more clearly delimited Sustainable Business Development construct that separates narrow business-growth indicators from cultural, social, and ecological sustainability dimensions; use a substantially larger quantitative sample; and test whether the three mechanisms identified here operate in other Indigenous communities. Longitudinal research would also be valuable for examining whether intergenerational mentoring and culturally grounded digital training gradually convert social capital into independent digital capability and measurable market outcomes.

For practice, business-development programs in Kampung Enggros should prioritize sustained digital mentoring, youth involvement, culturally grounded product storytelling, stronger business-group management, access to capital and markets, and collaboration among Customary Institutions, Church, Government, and community business actors. Digitalization should expand economic opportunity without weakening the cultural rules and resource-governance systems that sustain the community itself.

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