



CULTURE-BASED UMKM EMPOWERMENT THROUGH COLLABORATIVE GOVERNANCE: A CASE STUDY OF WIT-WITAN MARKET, ALASMALANG VILLAGE, BANYUWANGI

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Abstract :

This study aims to analyze the empowerment of culture-based MSMEs in Wit-Witan Market, Alasmalang Village, Banyuwangi Regency, from a state administration perspective. Wit-Witan Market is a local economic development model that integrates the preservation of the Osing Tribe's cultural identity with productive economic activities. Using a descriptive qualitative approach, this study examines how cultural capital in the form of traditional culinary, traditional clothing, and the concept of an environmentally friendly market is converted into economic capital with high bargaining power. The results show that empowerment in Wit-Witan Market applies a bottom-up scheme that places the community as the main actor, while the village government acts as a facilitator through collaborative governance involving Pokdarwis, BUMDes, and local residents. This integration has succeeded in creating a new economic space that improves community welfare without eliminating the authenticity of local traditions. However, this study also identified several crucial challenges, namely fluctuations in traders' income influenced by weather factors and seasonal visits, as well as the inconsistency of managerial capacity building and digital financial literacy programs from related agencies. Theoretically, the success of the Wit-Witan Market reflects the effectiveness of the implementation of Community-Based Tourism (CBT) and collaborative governance in creating sustainable economic independence. Although it has become a good practice in local wisdom-based economic development, it is necessary to strengthen the commitment to collaboration, continuously scheduled mentoring, and periodic evaluation to ensure the sustainability of the economic and social impacts for the local community in the future.

Keywords: Empowerment of MSMEs, Cultural Capital, Collaborative Governance, Wit-Witan Market, Banyuwangi.

INTRODUCTION

Regional economic development is now no longer solely focused on the large-scale industrial sector, but is also shifting its focus to strengthening the community economy through the development of Micro, Small, and Medium Enterprises (MSMEs). From a Public Administration perspective, the government has a responsibility to create policies that promote community economic independence through sustainable empowerment. Therefore, the existence of MSMEs is a crucial part of community-based economic development efforts. (Luange & Tiakoly, 2025). MSMEs have a significant contribution to economic growth, both at the national and regional levels, because they are able



to absorb labor and encourage economic activity in the community. (Herlina & Haryono, 2026). In Banyuwangi Regency, MSMEs not only serve as drivers of the local economy but also play a role in creating jobs and improving community welfare (Banyuwangi Regency Cooperatives, Micro Enterprises, and Trade Office, 2023). The Banyuwangi Regency Government also encourages MSME development through a culture-based tourism concept that combines economic activities with the preservation of local traditions. Through this approach, it is hoped that these products will have added value and reflect the region's cultural identity. (Ariadne & Pratamawaty, 2020)

However, on the other hand, developments in the era of globalization and digitalization present new challenges for MSMEs. (Anabuni et al., 2025) The push for digitalization and global market standardization often creates cultural clashes, where local products are forced to follow modern market trends, thereby diminishing the value of local wisdom. In the context of Public Administration, this situation requires the government to view MSMEs not solely as objects of economic policy, but as a vital part of the social and cultural development of the community. Therefore, local government policies need to be directed at strengthening community capacity without eliminating the local character, which is a priority. (Anabuni et al., 2025). The Banyuwangi Regency Government has implemented a tourism development policy which emphasizes that every tourist destination must have an economic impact on the local community. (Mukaffi et al., 2022). The vision of the Banyuwangi Regency Culture and Tourism Office is to realize Banyuwangi Regency as a national tourist destination based on culture and natural and environmental potential. One form of concrete implementation of this policy is the empowerment of MSMEs based on local wisdom in Banyuwangi Regency which can be seen from the existence of the Wit-Witan Market located in Alasmalang Village, Singojuruh District. This market has different characteristics from other traditional and modern markets. This market carries the concept of nature and cultural preservation, trading activities at the Wit-Witan Market are carried out under the trees, using natural materials as a substitute for single-use plastic such as banana leaves and bamboo, the culinary products sold are also dominated by traditional Banyuwangi culinary specialties and traditional crafts typical of the Osing tribe as the indigenous tribe of Banyuwangi (Banyuwangi Regency Government, 2022). This is a special attraction for tourists because it presents a different tourist experience from traditional and modern markets in general.

The Wit-Witan Market in Banyuwangi is also part of the regional tourism agenda supported by the local government. Tourists visiting Banyuwangi are encouraged to visit culturally-based tourist destinations, including themed traditional markets like the Wit-Witan Market. This demonstrates the integration of the tourism sector with the economic empowerment of the local community. This creates a unique character that strengthens the community's identity. Through this approach, economic activity is not solely oriented towards financial gain but also an effort to maintain the sustainability of local culture amidst changing times. (Perlambang et al., 2025) The Wit-Witan Market has unique

characteristics that distinguish it from other traditional and modern markets. Vendors are required to wear traditional Osing clothing, the thulik (black long-sleeved top with a closed collar) and matching trousers, combined with a head covering called udeng and batik cloth with an elephant oling motif for men. Women wear the jebeng kebaya, a plain black kebaya top with a long cloth typical of Banyuwangi, when selling. The Wit-Witan Market also only sells traditional Osing culinary specialties (such as geseng bangsol, kucur, cenil, and the like). In addition, all vendors are required to reduce the use of plastic waste and use environmentally friendly packaging. These regulations are part of an effort to maintain cultural identity while supporting environmental awareness. These ecological and cultural values are unique selling points that attract the attention of domestic and international tourists.

Conceptually, the presence of MSMEs at the Wit-Witan Market demonstrates that culture-based economic empowerment can create economic space for local communities without diminishing their cultural identity. Communities can engage directly in productive economic activities while preserving their local traditions. However, in the context of public administration and policy evaluation, the success of an empowerment program cannot be measured by the number of tourists. Evaluation of this empowerment program also requires assessing the tangible impact felt by the community, particularly in increasing the income and well-being of MSMEs.(Djazuli, 2024).From a state administration perspective, the Wit-Witan Market reflects a collaborative approach between the community and the village or regional government to develop local potential. This collaboration is evident in the support of government policies, community participation, and collaborative community-based management.(Ariyanto et al., 2023)This situation makes the Wit-Witan Market an example of culture-based local economic development.

However, challenges and gaps are likely to arise in the management of Wit-Witan Market. One major challenge is the dependence on seasonal tourist visits, which can impact the stability of vendors' incomes. Furthermore, guidance is needed to determine the extent to which local and village government interventions in providing business management guidance, access to capital, and sustainable facilities can balance community self-reliance. If this empowerment program is not evaluated regularly, there is a possibility that cultural development will only benefit the tourism sector in general without significantly impacting the welfare of the local community. Therefore, research on the empowerment of culture-based MSMEs at Wit-Witan Market is crucial to determine the extent to which culture-based economic activities can improve the community's standard of living while maintaining the sustainability of local culture.

RESEARCH METHOD

This study uses a qualitative research approach with descriptive methods. This approach was chosen because the phenomena studied are complex, with complex values, meanings, and social contexts that cannot be measured rigidly

with numbers or statistics alone.(Sugiyono, 2023)Through this approach, researchers attempt to understand, describe, and interpret in depth how the empowerment process is based on culture.(Ibrahim, 2018). This research was conducted and how its real impact on the economic welfare of Micro, Small, and Medium Enterprises (MSMEs) in the Wit-Witan Market. This type of qualitative descriptive research aims to provide a complete, systematic, factual, and accurate picture of the facts and relationships between the phenomena investigated in the field. The researcher acts as a key instrument that is directly present in the Wit-Witan Market environment to capture the socio-economic dynamics naturally, without any manipulation or intervention to the conditions of the research subjects.(Sugiyono, 2017).

FINDINGS AND DISCUSSION

Empowering MSMEs in the Wit-Witan Market

The research results show that the Wit-Witan Market in Alasmalang Village has successfully converted cultural capital into economic capital with high bargaining power. According to the Head of the Tourism Awareness Group (Pokdarwis), Mr. Mamet, the economic dynamics at the research site are supported by the consistency of local business owners. He stated, "There are currently 30 active stalls... We can attract more than a thousand visitors a month." This indicates a stable market potential for local product development. The Alasmalang Village Government facilitated this reconstruction by establishing strict internal regulations to maintain the authenticity of Osing Tribe traditions. The Wit-Witan Market in Alasmalang Village was born from a careful assessment of local potential, both in terms of human resources and natural characteristics. The Village Government, together with the Singojuruh District Government, recognized that the area boasts numerous shady areas filled with large trees, as well as social capital in the form of the creativity of women who run home-based micro-businesses that have not been optimally accommodated. Inspired by the concept of the Pring-Pringan Market in Central Java, this nature-based public space was then developed as a cultural tourism destination as well as a cultural tourism destination.new economic cycle.

The main uniqueness of the MSME empowerment program at Wit-Witan Market lies in its commitment to preserving cultural identity and environmental sustainability. From the outset, management has established regulations requiring businesses to wear traditional attire and strictly limiting the use of plastic bags. Instead, vendors are required to use environmentally friendly traditional packaging such as banana leaves.



Regarding this commitment, the Village Head of Alas Malang (Informant 5) explained:

"Because the concept is traditional snacks, the ingredients and equipment are also traditional. To address the waste problem, plastic use is also limited."

This step proves that empowering MSMEs at the village level is not only about pursuing material profitability, but also instilling ecological awareness and strengthening traditional values. Furthermore, the presentation of authentic local culinary delights such as geseng bangsol and kucur has been successfully transformed into a unique tourism selling point. Through the intervention of tourism village ranking policies and the integration of regional tourism calendars by the Banyuwangi Regency Culture and Tourism Office, this cultural capital is administratively organized so that it can attract massive tourist visits and open new market niches for the village micro economy. The process of empowering MSME actors in the Wit-Witan Market does not move through a rigid top-down scheme, but uses a bottom-up approach that emphasizes independence and expanding local capacity. Based on the analysis of the stages of community empowerment, the dynamics that occur in the field include three crucial phases:

Initiation and Mentoring Phase (Managerial Capacity)

In the initial phase, the village government acted as the primary facilitator, organizing previously non-productive lower-class communities (such as former garment workers and seasonal farmers). The mentoring focused on understanding the quality standards for traditional culinary arts and complying with environmental regulations, namely a total ban on single-use plastics (zero plastic pollution). The vendor community was trained to utilize woven bamboo and banana leaves as eco-friendly packaging materials.

Self-Support Transition Phase (Increasing Financial Independence)

The success of empowerment at this location is demonstrated by the shift in dependence from initial village-owned financial stimulus assistance (in the first two years of the pilot) to full community independence. Local economic

empowerment at Wit-Witan Market has successfully transformed the village community's livelihoods. This market has proven to be an economic lifeline for residents who have lost their jobs in the formal sector, such as garment workers, and has also become a space for farmers to accelerate their alternative income. Currently, the market's operational sustainability is managed independently by the vendors through a periodic fee system of Rp15,000 per week for cleaning and management costs, as well as a mutually agreed annual land rental scheme. This collective savings system was deliberately designed by the Pokdarwis management to not burden the vendors.

The tangible economic impact was able to cover operational costs and boost family well-being. Informant 3 expressed his gratitude:

"Thank God, my income from selling here is quite good... Thank God, it covers (operational costs)."



The financial profits from sales also belong entirely to the traders, with no profit-sharing system with the management. This economic success is further solidified by the integration of the local supply chain, where most traders utilize raw materials from local villages, creating a multiplier effect for the community.

local agricultural sector. This demonstrates the strong sense of ownership within the community towards this public economic space.

Barriers and Sustainability of Empowerment

As an empowerment tool, capacity building is a key focus for sub-districts and agencies in Banyuwangi Regency. Various technical training courses, ranging from cake making to digital marketing strategies, have been provided to vendors to strengthen their competitiveness in the modern era. Furthermore, the Tourism Awareness Group (Pokdarwis) actively utilizes social media as a digital promotional tool to attract tourists from outside the region.

However, this empowerment process is not without obstacles. Based on interviews, two main obstacles were encountered:

1. Natural Factors (Weather): Considering the concept of a completely open (outdoor) market under the trees, rain becomes the biggest challenge that instantly reduces the number of visitors and sales turnover.

2. Continuity of Training Programs: Digital skills and literacy training is not consistently implemented or routinely scheduled. These activities are still situational and dependent on program availability from relevant agencies.

Theoretically, the MSME empowerment model at the Wit-Witan Market reflects the successful implementation of Community-Based Tourism (CBT), which is deeply rooted in cultural values. Local culture—such as the obligation to wear traditional clothing, the use of traditional props, the restriction of plastic waste, and the regular performance of regional arts (such as the Kebo-keboan culture)—is not positioned as mere display, but rather positively commodified as a unique selling point that drives the economy. The synergy between actors (Village Government, Pokdarwis, BUMDes, and the Community) demonstrates that inclusive collaborative governance can create a strong sense of ownership among MSME actors. When the community is involved from the planning stage through a quota system per hamlet for fairness, given space for evaluation, and encouraged to be financially self-sufficient, the economic empowerment program will foster sustainable independence, not dependency. The real administrative challenge identified was the fluctuation in vendor income, which was heavily influenced by seasonal and weather factors (given the open/ outdoor nature of the market). Furthermore, the empowerment program still faced gaps in the inconsistent schedule of digital financial literacy training (e-commerce and QRIS) from relevant agencies. Some vendors still lacked digital financial services, leaving the majority of local vendors dependent on conventional logistics and transaction management.

Collaborative Governance and Participation Mechanisms for MSME Actors

The sustainability of the Wit-Witan Market is supported by a collaborative and adaptive governance structure. Institutionally, the market has undergone positive evolution. In the initial phase of its establishment, the village government was very dominant, with management carried out collectively by the Village Government, the Family Welfare Movement Team (PKK), and the Alasmalang Village-Owned Enterprise (BUMDes) to provide operational stability and basic facilities. However, after the market ecosystem began to become independent, management was transferred to the Tourism Awareness Group (Pokdarwis), which has formal legal standing through a Village Head Decree (SK) for more professional operation. The empowerment model here avoids a rigid top-down pattern. Vendors (pelapak) are given broad participation space to oversee market policies through deliberation forums and digital communication groups. Informant 2 described fairness in this governance:

"When new regulations are being created, they're usually invited to a meeting. Proposals are also welcome. There's no discrimination; everything is fair."

Although the space for aspirations has been opened wide, cultural challenges remain. Some traders from rural communities are sometimes still reluctant to speak out openly. Informant 1 recounted this reality:

"So we created a group with the leader for anyone who wants to contribute ideas, please do. But because we're from the countryside, sometimes they have cell phones but don't want to make a sound, so the only people who do are the same people."

This shows that the transformation of society from passive program recipients to active participatory actors requires time and ongoing psychosocial support.

CONCLUSION

The empowerment of culturally based MSMEs at Wit-Witan Market, Alasmalang Village, has successfully integrated economic, social, cultural, and environmental aspects sustainably, while simultaneously serving as a medium for preserving the identity of the Osing community in the modern era. This success was driven by positioning the community as the primary actor through independent management by the Tourism Awareness Group (Pokdarwis), with the village government as a facilitator. From a cultural dimension, local wisdom such as the use of traditional clothing, traditional culinary delights, and environmentally friendly packaging were successfully converted into attractions and productive economic capital. In real terms, these activities have had a positive impact on improving welfare, creating alternative livelihoods, and driving the village economy through the utilization of local raw materials thanks to collaborative governance between the government, Village-Owned Enterprises (BUMDes), Tourism Awareness Group (Pokdarwis), and residents. Despite being a good practice in integrating cultural preservation and economic development, this program still faces several crucial challenges. The income of MSMEs tends to fluctuate due to a high dependence on the number of tourist visits, which are influenced by weather and seasons. Furthermore, capacity-building programs such as entrepreneurship training and digital marketing are still not implemented routinely and sustainably. Therefore, to maintain the sustainability and potential replication of this model in other regions, regular capacity building of business actors, continuous coaching, and a more solid collaborative commitment from all stakeholders are required.

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