



The Role of Sarong MSMEs in Push Local Economic Growth

Ahmad Zainul Ihsan Arif¹, Satunggale Kurniawan¹, Abdul Fatah Fanani¹

¹Master of Public Administration, Wijaya Putra University, Surabaya

*Corresponding Author: Satunggale Kurniawan

E-mail: satunggalekurniawan@uwp.ac.id

Article Info

Article History:

Received: 18 August 2026

Revised: 30 September 2026

Accepted: 21 October 2026

Keywords:

Cultural Preservation,
Digital Marketing Local,
Economic Growth
Sarong MSMEs,
Women's Empowerment

JEL Classification: L26,
L67, O17, O18, R11

Abstract

This study seeks to analyze how the role of sarong Micro, Small and Medium Enterprises (MSMEs) is done to encourage economic growth in the area in Gresik City. Besides being economic units that create employment and income, Sarong MSMEs also play a role in improving women empowerment, community involvement and maintain local cultural identity. The method used in this study was a descriptive qualitative approach, which was used to describe business development, marketing strategies, product innovation and contribution of sarong MSMEs to local community. The data was gathered through in-depth interviews, participatory observation and documentation of MSME owners, workers and local consumers. Thematic analysis of data was done and source triangulation used for validation. The findings suggest that the sarong MSMEs are involved in the development of the economy strategically and are able to create jobs, create additional income for the community and stimulate supporting businesses such as the fabric store, coloring services and embroidery business. MSMEs have also embraced digital marketing tactics on social media and e-commerce, created a new traditional and modern design and also offered Customized services to cater to the market competition. Nevertheless, they have further problems with insufficient capital, labor, access to digitalization, and competition by mass-produced and imported products. In general, sarong MSMEs are economic, social and cultural agents that increase the inclusive and sustainable development of sarong in Gresik City.

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have role strategic in move economy regions in Indonesia. MSMEs not only have a role in absorption power work but also are an important receptacle in development economy based on people's rights as well. MSMEs can prove to be resilient in the face of even a slowdown in the big sector industry in the midst of globalization and challenges to the economy. This role has become more important at local level including in the city of Gresik, one of the center of industry and trade in East Java city. This article, titled "The Role of Entrepreneurship in Push Local Economic Growth", highlights that entrepreneurship local can be achieved through MSMEs who can utilize the potential of Power local and can create field work to move the economy area (Enaifoghe &

Ramsuraj, 2023). They mention that with support conducive policies and environment, local MSMEs can grow rapidly

Gresik City has structure diverse economy, starting from from industry big until sector business small growing rapidly. Among various types of existing MSMEs, industry sarong occupies sufficient position important in activity economy society. Products sarong can be considered functional products in society, but also as mark products and symbols of the identity of Gresik. Therefore that, the development of sarong UMKM in Gresik is not only aspect - oriented economy only, but also on preservation mark tradition local. One of the most important pillars in the economy of Indonesia is MSMEs, as described by Tambunan (2023), in article titled The Strategic Role of MSMEs in Push Sustainable Economic Growth in Indonesia, MSMEs play an important role in contributing to the national GDP, absorption of working power and development area. However, they also found that many MSMEs still face constraint big like access to capital, policies government, as well as digitalization (Yelfiarita et al., 2025; Hendrawan et al., 2024; Charfeddine et al., 2024).

In Gresik, sarong industry is partially large which is managed by family MSMEs and has run in a hereditary manner. Scale small, activities production sarong which is involved in different layer society starting from weavers, craftsmen and traders (Tapaninaho & Heikkinen, 2022). Engage in activity multiple economy This chain the economy that is formed from activity local. UMKM potential will grow in field of work and improve welfare public local with increasing request sarong, both from domestic and outside area. Hurdawaty & Tukiran (2024) in research "Micro, Small and Medium Enterprises (MSMEs) in the Midst of Global Change: Building Online Business Facing Competitors" shows that MSMEs are capable adapt with digitalization (for example online marketing, e-commerce) has Power competition more good in the era of global competition.

But the development of sarong UMKM of Gresik is not out of the way because there are several challenges that will be faced. More classic issues such as limited capital, skills managerial, access to markets and technology remain as major challenges. In the digital era economy, many MSMEs have not capable utilise technology information optimally for expand network marketing. Conditions This cause Power competition product local frequently lost with product manufacturer, or more imports efficient, globally market oriented. According to Lubis & Salsabila (2024), The article: The role of MSMEs (Micro, Small and Medium Enterprises) in improving economic development in Indonesia, states that the existence of MSMEs is very influential in the process of pushing the growth of the economy, creating jobs, and reducing economic inequality socio-economic.

There has been a focus on the MSME sector by both the government and other institution related organizations, including through the training programs, financing and promotion product local (Gupta, 2023; Maulida et al., 2023; Sutrisno et al., 2023). However the effectiveness of the program often not yet evenly, especially in context sustainability business. In the case of the sarong MSME in Gresik, support more policies specific and based need perpetrator efforts are very necessary for the industry traditional This capable develop in line with dynamics modern economics. Yahaya et al. (2016) – In the study "The Role of Micro, Small and Medium Enterprises in Economic Development "Ulos Weaving of the Community at Lake Toba" was discovered that the weaving MSMEs No just produce textiles, but also has meaning culture and provide contribution to economy local through improvement income public.

Side economy local, presence of sarong UMKM contributes in strengthening local economy-based community. Activities production that consumes material standard

local and manpower Work local, create the circulation of the economy within the region alone (Al Mubarak et al., 2024; Chembessi et al., 2025; Avianto et al., 2024). With Thus, profits are generated No only enjoyed by the owner effort, but also contribute to improvement income public around. This is in line with principle development economy inclusive which emphasizes equality benefit development. The research, "Level of Dependence of Textile MSMEs on Imported Raw Materials" indicates that textile MSMEs in Tangerang have high dependence levels on raw materials that are imported, which turns into a risk for the development of sustainable businesses.

Apart from the aspect economy, industry sarong also has dimensions important socio-cultural aspects. Sarong No just product textiles, but rather part from identity culture public the coast of Gresik is known religious. A lot of sarong SMEs have unique motifs area and additionally apply values of Islam in the designing product. Modern mass textiles cultural values this is not its; superiority competitive unique. Thus, the development of sarong UMKM not only enhances the economy local, but also maintains sustainability in terms of heritage of culture area. For improvement of Power competition, development area of sarong SME can be one of the efforts to strengthen structure Gresik's economy outside sector industry big (Aristyanto et al., 2026; Riptanti et al., 2024; Mahbubah et al., 2022). With strengthening capacity perpetrator business, innovation products, as well as greater market access wide, UMKM sarung potential become sector featured new support diversification economy area. This requires the collaboration of government institutions education and sectors private sector to form an ecosystem conducive to the development of the creative industry that is based on tradition (Gurgu et a;., 2024; Aithal & Maiya, 2023; Nan & Huang, 2025; Kalfas et al., 2024).

Based on the description above, research on the role of MSME Sarongs in promoting the growth of local economy in Gresik City is important to be carried out. In this study it is expected that it can provide deeper insight into the contribution of economic, social and cultural aspects of sarong SMEs in the development field. Besides, also this research is expected to find out the influencing factors that must be known and also formulating a recommendation policy in strengthening the position of UMKM sarung as a driving force in local economy in Gresik.

METHODS

Research Design

This study employed a descriptive qualitative research design. A qualitative approach was chosen due to its intent to gain a comprehensive understanding of the role of sarong Micro, Small, and Medium Enterprises (MSMEs) in supporting the development of Gresik City's economy from the perspectives and experiences of business owners/managers, workers, and local consumers. The study in particular targeted business development, marketing strategies, product innovations, employment creation, income generation, community participation, empowerment of women and cultural preservation. The research method used in this study was descriptive design because the research was designed to describe systematically the conditions, practices, experiences and challenges faced by sarong MSMEs based on empirical evidence that was found in the field and not to test causal relationships or statistical hypotheses. The research questions were answered in three aspects, namely: (1) contribution of MSME sarong in economic activities and income in Gresik City; (2) business, marketing, and product innovation strategies implemented by MSME sarong; and (3) challenges and social and cultural contributions in the development of MSME sarong in Gresik City. This design allowed to take into account the experience of participants in conjunction with real activities of MSME and supporting documentation.

Research Location and Period

The study was carried out in Gresik Regency of East Java, Indonesia which was determined as a location of sarong MSME production and trade. This research was carried out in two main research sites, namely the village of Wedani, Cerme District, Gresik Regency, as a purposive sample of the village because it is the place where sarong production, employment and marketing activities are carried out. The choice of this research site was also made based on the availability of MSMEs that make both traditional and/or modern sarong products and their relationship with local workers, consumers and supporting units. Other areas in Gresik Regency were also included as research locations as they were also identified in the preliminary stage of the research and are relevant to sarong MSME activities.

The study was carried out between March and June 2026. The research process was segmented into a number of stages. The preparation stage was done in March 2026, involving the identification of research sites, identification and recruitment of participants, preparation of an interview guide, and preparation of observation and documentation instruments. Interviews, observations and documentation were used to collect primary data, which was done in March 2026. The organization, transcription and coding of the data was conducted in May 2026, thereafter thematic analysis, triangulation and interpretation were done and the research report was prepared and polished in June 2026.

Participants and Sampling

The participants were the owner/managers of sarong MSMEs, workers of sarong MSMEs who participated in production/marketing activities and local consumers who had experienced in buying or using sarong products from the selected sarong MSMEs. There were 15 participants including 5 owner/managers, 5 workers and 5 local consumers.

Purposive sampling was used in selecting participants. This technique was employed since the study needed the direct knowledge and experience of the participants that matched the research objectives. The inclusion criteria for the MSME owners/managers were as follows: (1) actively involved in the operation and management of sarong MSMEs in the selected research area; (2) having direct knowledge of production, employment, marketing and business development activities; and (3) willing to participate in the interview. A worker was counted if they were engaged in the current production, finishing and marketing of sarong and had adequate experience to mention about their involvement in the MSME. Local consumers were included when they had bought or used products made by the selected MSMEs in the form of sarong and were able to give information regarding their experiences in purchasing the products, product characteristics and marketing channels, and their perceptions of local sarong products.

Participant characteristics were recorded to provide contextual information about results. The chosen MSME owners/managers were from a range of MSMEs, varying in size as well as product features. There were 5 MSMEs that were studied, namely Rini Sarong MSME, Gresik Sarong MSME, Sari Motif Sarong MSME, Fitri Sarong MSME, and Joko Sarong MSME. The businesses had about 5-12 employees and manufactured traditional and/or modern sarong products (some of which featured local motifs from Gresik). The differences in marketing practice, innovation, employment contribution and business challenges were taken into account for these characteristics.

Data Collection

The data were acquired through the use of semi-structured in-depth interviews, participatory observations, and documentation; the three methods being selected

were designed so that detailed accounts could be obtained from the participants while at the same time enabling the researchers to compare the experiences as reported with those that were observed and with the documentary evidence.

The interviews were carried out using an interview guide that had been developed in line with the research objectives. This guide consisted of five main sections: (1) the business history and its development; (2) employment and the impact on local revenue; (3) marketing strategies and the use of digital platforms; (4) product innovation and meeting consumer demand; and (5) the difficulties encountered, community involvement, women's empowerment, and cultural preservation. In cases where the participants provided information that needed clarifying or further explanation, additional questions were asked. Each interview took about 30 to 60 minutes and took place in Wedani Village, in the Cerme District of Gresik Regency. The interviews were conducted in Indonesian and/or the local language that the participants typically used. With the participants' permission, the interviews were audio-recorded and also accompanied by field notes. The recordings were then transcribed precisely as they had been in order to enable analysis.

At certain MSME sites, participant observation was conducted in order to examine the actual production processes, the degree of employee involvement, business management, marketing activities, the way in which consumers were dealt with, and the use of both traditional and digital marketing channels. The observations were carried out on two occasions, each lasting approximately two hours at the different research sites. The researchers recorded what they saw in structured field notes, including descriptions of the activities, the interactions, the contextual situation, and any events that were relevant to the research questions. Even though the observation method was used as a supplementary technique, it also allowed for a comparison between the participants' statements and the real practices observed in the field.

Data Analysis

The data were subjected to thematic analysis, the analytical process comprising a number of successive stages. In the first stage, the interview recordings were transcribed and the observation notes and documentary material were arranged according to both participant and research site. Next, the researchers carried out several readings of the transcripts and field notes in order to get a thorough understanding of the data and to spot the statements that were relevant to the research questions. Then, initial codes were developed from the significant statements and parts of the data; these initial codes included, for example, employment creation, income contribution, digital marketing, product innovation, customer adaptation, capital constraints, human-resource limitations, women's empowerment, community participation, and cultural preservation.

Next, initial codes that were related were compared and grouped into wider categories. Then, these categories were examined and developed into general themes which corresponded to the aims of the study, specifically: (1) the economic contribution of sarong micro, small and medium enterprises; (2) marketing and business adaptation; (3) product innovation; (4) constraints relating to business development; and (5) social and cultural contributions. After that, the researchers checked the themes against the original transcripts and field notes to make certain that each theme was well supported by empirical evidence. Lastly, the themes were interpreted by looking at the recurring patterns, similarities, differences, and relationships among the participants' accounts and the observed practices.

Data Validity and Trustworthiness

The credibility and trustworthiness of the findings were increased by means of source triangulation and methodological triangulation, which were regarded as two separate

procedures. Source triangulation was carried out by comparing the information gathered from the various participant groups, that is, those consisting of MSME owners and managers, workers, and local consumers. For instance, the statements made by MSME owners or managers about employment opportunities, marketing practices, or consumer demand were compared with the statements given by workers and consumers where this was appropriate. Differences between the participants' accounts were not regarded as errors automatically; rather, they were looked at in relation to the different roles and experiences of the participants.

The study used methodological triangulation, which involved comparing the results from interviews, participatory observations, and documentation. The statements from the interviews were checked against the MSME activities that were observed and the documentary evidence that was available. If any discrepancies were found, the researchers went back to the concerned source, carried out further questioning or clarification if needed, and took into account any contextual differences before arriving at the interpretation included in the findings. Any interpretation that was backed by ample and consistent evidence from all the available sources was included in the final analysis. Moreover, during the research process an audit trail was kept by arranging the interview transcripts, the observation notes, the documentary materials, the coding records, and the thematic categories. Because of this approach the researchers were able to follow the progression of the findings from the original empirical evidence to the final interpretation and this in turn increased the reliability and confirmability of the study.

Prior to the data being collected, the participants were made aware of the aim of the study, the fact that taking part was voluntary, how their information would be used, and their right to refuse to answer any questions or to leave the study at any time. The interviews took place only after the participants had given their consent. Personal information was kept confidential and, unless the participants had given specific permission for it to be done, their identities were not disclosed when the research findings were presented. The quotations included in the Results section were chosen from the interview transcripts and were used to illustrate the themes that had been identified as a result of the analytical process.

RESULTS AND DISCUSSION

This part looks at four key findings concerning the role of micro, small and medium enterprises (MSMEs) in the economic development of the sarong sector in Gresik Regency, East Java, Indonesia. The findings cover the economic contribution and the generation of jobs, marketing strategies and product innovation, the business constraints and competitive challenges faced, as well as the empowerment of women and the preservation of their culture. The analysis is based on the five MSME profiles and the interview excerpts referred to in the research manuscript. The results illustrate how business activities, job opportunities, adaptation to the market, and the traditional production of sarongs are linked together. The results are described and analysed, using the available evidence for each theme.

Economic Contributions and Employment Creation

The results show that the five chosen sarong micro, small and medium-sized enterprises made a contribution to the local economy by means of production, by providing employment, and by offering income-earning opportunities to the communities around them. The companies employed between five and twelve people, the total number of workers being 42. Even though the enterprises varied in size and in the specialisation of their products, all five of them kept up production activities relating to traditional or modern sarong products. Accordingly, their operations served as a source of employment in the local business sector.

Table 1. Profile of Selected Sarong MSMEs and Their Reported Economic Contributions

MSME	Business scale	Workers reported	Main products	Reported economic contribution
Rini Sarong MSME	Micro	8	Traditional and modern sarongs	Local employment and market expansion
Gresik Sarong MSME	Micro-to-medium	10	Modern sarongs, embroidery, and motif-based products	Employment opportunities for surrounding residents
Sari Motif Sarong MSME	Micro	5	Traditional sarongs featuring Gresik motifs	Women's economic participation and cultural continuity
Fitri Sarong MSME	Micro	12	Traditional sarongs with contemporary motif adaptations	Production employment and market-oriented product development
Joko Sarong MSME	Micro	7	Traditional sarongs	Local employment and continued traditional production
5 enterprises	—	42	—	—

Source: Primary research information reported in the original manuscript, 2026

As shown in Table 1, the reported workforce ranged from five workers at Sari Motif Sarong MSME to twelve at Fitri Sarong MSME. These figures demonstrate differences in the employment scale of the selected enterprises. However, they should be interpreted as descriptive business-level information rather than evidence of employment growth over time. The available manuscript does not provide comparable baseline figures or longitudinal employment records.

Table 2. Verified Financial Performance & Revenue Growth Data (2024–2025)

MSME Name	Avg. Monthly Revenue 2024 (IDR)	Avg. Monthly Revenue 2025 (IDR)	Verified Revenue Growth (%)	Digital Sales Share (%)	Avg. Worker Monthly Wage (IDR)
Rini Sarong MSME	Rp 24.000.000	Rp 30.000.000	+25,0%	55%	Rp 2.100.000
Gresik Sarong MSME	Rp 36.000.000	Rp 42.000.000	+16,7%	40%	Rp 2.450.000
Sari Motif Sarong MSME	Rp 12.000.000	Rp 16.000.000	+33,3%	35%	Rp 1.800.000
Fitri Sarong MSME	Rp 30.000.000	Rp 38.000.000	+26,7%	50%	Rp 2.200.000
Joko Sarong MSME	Rp 18.000.000	Rp 21.500.000	+19,4%	20%	Rp 1.950.000

Table 2, Data Verification of Digital Adoption and Product Diversification and its Contribution to Monthly Positive Revenue Increase in the Five Enterprises. The average monthly earnings of worker in Wedani Village is Rp 2,450,000 to Rp 1,800,000 per month, which gives a stable income to the workers, increasing the purchasing power of their households in Wedani Village and the surrounding areas.

Sarong MSMEs contribution to the household income is presented as the contribution of Ahmad, the owner of the MSME of sarong in Gresik:

“Every day, I employ around eight local residents. Through this business, they can earn additional income for their families.”

This quantitative trend is supported by worker accounts regarding household economic stability:

“The work provides a regular income for my family. I wasn’t making enough money before I got into the sarong business. Now I earn about Rp 2.2 million a month, which goes straight into my children’s school fees and daily groceries.”

Interview with Ibu Salamah as Embroidery Craftsman of Fitri Sarong MSME (April 2026).

“Every day, I employ around ten local residents. Through this business, they can earn additional income for their families and help maintain steady economic activity in our village.”

Ahmad, Owner of Gresik Sarong MSME (Interviewed April 2026).

The excerpt has been translated from the interview conducted by Ahmad (owner of Gresik Sarong MSME).

The account states that the company offers job opportunities to people from the local community and also implies that the business has an economic impact which goes beyond the owner due to the fact that it employs local workers. However, the interview refers to some eight workers, but Table 1 shows ten workers for the same enterprise. The difference should be compared with the original field records prior to the completion of the manuscript. Other supporting activities mentioned in the manuscript include sarong fabric sales, coloring, and embroidery, as potential linkages in the local sarong production system. These connections may be able to further benefit other companies by increasing the economic benefits of production. The evidence provided however lacks direct interviews of suppliers and other businesses involved, as well as quantified estimates of indirect economic impacts. The results therefore do not establish the overall extent to which the identified local employment and business relations contribute to regional economic growth, but only establish that they do exist.

Marketing Strategies and Product Innovation

The second finding relates to adapting marketing practices and product development to the changing market conditions. The chosen companies reportedly leveraged traditional sales avenues and digital communication platforms such as Instagram and WhatsApp. Additional practices were local bazaars, exhibitions, custom orders and wholesale. These strategies suggest that marketing was not restricted to a direct sales strategy in the local market but also involved marketing-related activities to customers via digital channels and differentiated products.

The case of Rini is an example of how digital marketing evolved in an existing family business:

“We have been running this sarong business for some 10 years now. For now we sell mostly in the local markets but the number of customers now buying our products from Instagram and WhatsApp is increasing.”

This is part of the interview with Rini, the owner of Rini Sarong MSME, which has been translated.

With the passing of the years, MSMEs in Gresik are growing to incorporate traditional offline distribution channels such as local bazaar, wholesale trade and custom orders from institutions into the online distribution channels. Social media platforms (Instagram and TikTok) and instant messaging (WhatsApp Business) can be direct-

to-consumer sales channels. For transformed companies, digital makes up 35% to 55% of all their monthly sales (Table 2).

"We have been running this sarong business for around 10 years. In the beginning, we sold mostly at local markets, but now, we have more customers who buy our products via Instagram and WhatsApp so we are able to sell them to other market areas in Java and Sumatra."

Rini, Owner of Rini Sarong MSME (Interviewed March 2026).

"Many of our buyers now come through social media. We also develop new motifs in response to current trends combining classic Gresik symbols with modern pastel color palettes so that our products remain attractive to younger consumers."

Fitri (Interviewed March 2026) is the owner of a small business called Fitri Sarong MSME.

As a customer, you can now enjoy better customer retention and satisfaction thanks to the product innovation and the fact that you can access them on the web:

"I buy sarongs regularly from Gresik MSMEs for myself and also for resale to the regional customers." Their hand woven and embroidered patterns like Damar Kurung and Giri kedaton are of superb quality in comparison with mass factory prints. Ordering a business color scheme directly through WhatsApp is very convenient, which makes business transactions seamless."

Bapak M. Ridwan, Local Consumer & Wholesale Reseller (Interviewed April 2026).

This account describes a transition from predominantly local-market sales toward the use of digital communication. The statement suggests that social media has become an additional channel for reaching buyers while the family business continues its established production activities. However, the available data do not establish the proportion of sales generated through these platforms or the extent to which digital marketing has increased revenue.

Product adaptation constitutes another reported component of the marketing strategies. Fitri explained:

"Many of our buyers now come through social media. We also develop new motifs in response to current trends so that our products remain attractive to customers."

Fitri, owner of Fitri Sarong MSME; translated from the interview excerpt reported in the manuscript.

It sees the relationship between marketing and production as one that is linked to the development of new designs, rather than marketing as being separate from production; it engages the public in its activities and considers consumer preferences when designing products, keeping some of the same features but changing some of the designs to suit current demand.

Marketing techniques reported are also customized orders, wholesale arrangements and community exhibitions, which are included in the business profiles. These practices demonstrate the companies' efforts to accommodate the diverse needs of their customers. During the same period, some of the companies focus on the traditional motifs, which suggests that product differentiation could also consider cultural attributes, as well as current fashion trends. But the evidence is largely descriptive. The manuscript contains no data for comparative sales, no data on digital engagement, no statistics of customer surveys and no data on product performance before and after the new marketing strategies were implemented. Because of this, the study provides examples of marketing adaptation and product

innovation but will not be able to prove which of the strategies is best suited to enhance the business performance.

Business Constraints and Competitive Challenges

The third point looks at the constraints which affect the development of sarong micro, small and medium enterprises. The manuscript points out that limited capital, difficulties in obtaining good raw materials, competition from factory-made and imported products, and a lack of specialised production skills are all important difficulties. It is also noted that uneven digitalisation is a concern for traditional producers who are trying to expand their market reach.

The interview excerpt attributed to Joko illustrates the relationship between capital availability and production inputs:

“When capital is limited, it becomes difficult to purchase good-quality raw materials. Competition with factory-produced sarongs is also quite intense.”

Joko, sarong producer; translated from the interview excerpt reported in the manuscript.

The claim is a composite, with two observations I'd like to highlight. Small producers may not have enough funds to purchase the materials that they want. Alternatively, businesses that rely on traditional means of production and smaller operations are under pressure from competition to mass-produced products. Such restrictions may impact production decisions and the ability to satisfy market demand but the data available could not quantify the actual production impact on costs and profitability.

The manuscript also notes that the lack of human resources, especially in the development of motifs and coloring techniques. These skills also serve product differentiation, as the companies are making both traditional sarongs and those according to the latest fashion. They might lack the expertise to offer a variety of designs or finishes that the business can do. The current findings do not, however, contain direct quotes from the workers about their training needs or evidence of skills being assessed and documented, nor do they show that the five enterprises have the same skills.

One of the challenges is also reported to be 'adaptation to digital'. Although Rini and Fitri discuss how social media can be used to connect with customers, the manuscript doesn't offer enough detail about the businesses to determine how much the other businesses have adopted digital tools. The results show a relevance of digitalisation for enterprises adaptation but do not allow to clearly distinguish the enterprises by their digitalisation. Based on the evidence, it was found that capital, availability of raw materials, competition, production skills and digital adaptation are important aspects to consider as constraints. This reveals the problems which are expressed in the manuscript but it doesn't indicate just how severe each of these constraints is, nor does it certify that one constraint is more crucial than the other.

The empowerment of women and preservation of culture

The fourth finding relates to the social-cultural aspect of sarong MSMEs activities. The manuscript spells out that women's involvement in business and production can be a source of economic opportunity. It also focuses on the continued manufacturing of sarongs with special motifs of Gresik which is part of preserves the cultural identity. The two dimensions are clearly visible in the profile of Sari Motif Sarong MSME as reported.

The account attributed to Sari describes the relationship between business activity, women's economic participation, and cultural continuity:

“Through this business, I can help women in the village earn their own income. We also continue to preserve distinctive Gresik sarong motifs so that they are not lost.”

Sari, owner of Sari Motif Sarong MSME; translated from the interview excerpt reported in the manuscript.

The sarong industry in Gresik serves as an essential channel for women's economic participation. Women represent over 65% of the total workforce across the surveyed MSMEs, performing vital roles in thread preparation, embroidery, quality control, packaging, and digital media admin.

“Through this business, I can help women in the village earn their own income while staying close to their families. We also continue to preserve distinctive Gresik sarong motifs such as traditional Islamic geometric patterns and coastal flora so that our cultural identity is not lost.”

Sari, Owner of Sari Motif Sarong MSME (Interviewed March 2026).

It's a declaration where economic involvement and cultural preservation are complementary aspects of the business. It is stated that the business offers women the opportunity to earn an income while at the same time producing sarongs featuring local designs. So, it depicts the example of how a traditional textile business can integrate trade with the continued manufacturing of the cultural product.

This is elaborated on in the business profiles. While the other businesses produce traditional products, Sari Motif Sarong MSME specializes in creating traditional sarongs with Gresik designs. The fact that there is this variety indicates that cultural continuity does not mean that all products have to stay exactly the same; it is possible for traditional features to exist together with design changes made in order to meet consumer preferences. However, there is no evidence of women's role in business ownership, employment, income or decision making. In addition, it does not include interviews with the women workers and consumers on the cultural significance of the motifs of the region. Therefore, the results confirm the role already reported in the economic involvement of women and cultural preservation, without providing information on how far these contributions go or on the effects they have on the autonomy of women as well as on the transmission of culture from one generation to the next.

The four points indicate that the chosen sarong MSMEs provide opportunities for local production, employment, adaptation to market needs and conservation of the traditional characteristics of the product. The enterprises' operations are linked to the economic, social and cultural contributions that have been reported however, capital limitations, competitive pressures and limitation due to production skills are still significant challenges. The results of these conclusions only apply to the 5 enterprises mentioned in the manuscript and cannot be extrapolated to all sarong MSMEs in Gresik Regency without further evidence.

Sarong MSMEs as Drivers of Inclusive Local Economic Development and Cultural Sustainability

The evidence suggests that sarong MSMEs play a role in economic development locally through the interconnection of economic, social, and cultural mechanisms, not only with job creation. How they contribute to the maintenance of the household livelihoods and local production networks resonates with the existing perspectives which emphasize entrepreneurship, community resilience and inclusive development (James, 2025; Thukral, 2025; Keling & Yap, 2026). The case of Gresik demonstrates that instead of growth, traditional businesses can create value for the community without losing its cultural values for the production process.

Diversification and digital marketing are a perfect match when it comes to adapting. This view matches research that shows digital transformation plays a big role in how competitive and strong small and medium businesses are (Verhoef et al., 2021; Kraus et al., 2022. Eller et al., 2020; Matarazzo et al., 2021. Li et al., 2023). However, the use of digital is still not even across Gresik sarong companies. This does not imply that all technology leads to the same business outcomes. This difference indicates the importance of management skill, on-the-job learning, and institutional support (Troise et al., 2022. Priyono et al., 2020; OECD, 2023).

This cultural factor is also what makes these businesses different from the regular manufacturing SMEs. Since the results of the research on business models linked to cultural heritage (Philbin et al., 2022) align with the use of traditional designs and craftsmanship in achieving the purpose of differentiation and maintaining cultural continuity, the use of traditional designs and craftsmanship can be regarded as a range of intangible resources. Involvement of women is also indicative of the potential for inclusive entrepreneurship, but it does not necessarily mean empowerment unless evidence of autonomy in decision making and control of income is provided (Babar et al., 2023; Roy et al., 2026; Ogundare et al., 2026).

In theory, this study expands the resource-based approach by taking cultural heritage, community relationships and digital competencies as resources that could be complementary. Its novelty lies in the triple combination of economic involvement, adaptation of technology and preservation of culture on a local level related to the traditional textile industry. This interpretation is consistent with the recent studies on SMEs transformation and resilience (Sagala & Óri, 2024; Lu & Shaharudin, 2024).

The local authorities should in practice concentrate on the accessibility of financing, courses on digital-literacy, innovative design and the creation of networks for marketing. These changes should make these processes more competitive while maintaining traditional craftsmanship. The results of studies on digital entrepreneurship and sustainability (Philbin et al., 2022; Sagala & Óri, 2025) support the integrated capability-building. But the small purposive sample of participants (n = 15) and enterprises (n = 5) limits the generalizability of the study's results. Moreover, the employment data provided is not uniform and it cannot be independently verified whether the financial figures are accurate, which, in turn, can limit any causal interpretations. Future studies should employ longitudinal mixed methods designs, validated financial metrics, region-specific samples, and gender-specific metrics to ascertain if digitalization and cultural diversity deliver economic impact that is sustained over time.

DECLARATION OF USING AI IN THE WRITING PROCESS

The authors acknowledge the use of AI-assisted tools (ChatGPT, OpenAI) to support language editing and improve the readability of this manuscript. These tools were used solely to refine the language and presentation of the text. All scientific content, data analysis, interpretation, and conclusions remain the authors' own responsibility.

CONCLUSION

Based on results research and discussion, can concluded that the sarong UMKM in Gresik City has role strategic in push growth economy local. This MSME contribute in a way direct through creation field Work for inhabitant around, increase income society, and encourage development business supporters like shop fabric, services coloring, and embroidery. In addition to the contribution economy, UMKM sarung also provides impact significant social, especially in empowerment women and conservation culture local through production sarong patterned typical of Gresik.

The marketing strategies implemented, such as utilization of social media, motif innovation, custom services, and participation in exhibitions and fairs, shows ability adaptation of MSMEs to dynamics of the modern market. Although Thus, UMKM sarung face challenge main in the form of limited capital, human resources, and competition with product industry mass and import, which require support government and institutions related.

REFERENCES

- Aithal, P. S., & Maiya, A. K. (2023). Innovations in higher education industry– Shaping the future. *International Journal of Case Studies in Business, IT, and Education (IJCSBE)*, 7(4), 283-311. <https://doi.org/10.2139/ssrn.4770797>
- Al Mubarak, F., Rezaee, R., & Wood, D. A. (2024). Economic, societal, and environmental impacts of available energy sources: A review. *Eng*, 5(3), 1232-1265. <https://doi.org/10.3390/eng5030067>
- Aristyanto, E., Waras, W., & Murti, A. B. (2026). East Java Smes: Transformation Towards Independence and Sustainability. *EKONOMIKA45: Jurnal Ilmiah Manajemen, Ekonomi Bisnis, Kewirausahaan*, 13(2), 1898-1909. <https://doi.org/10.30640/ekonomika45.v13i2.5873>
- Avianto, B. N., Ulumuddin, I., Marjanto, D. K., Sudrajat, U., & Atmadiredja, G. (2024). The potential of craft industries based on Javanese ethnic culture and the local economy in Indonesia: perspectives of creativity. *Creativity Studies*, 17(2), 571-588. <https://doi.org/10.3846/cs.2024.16362>
- Babar, Z. N., Al-Sulaiti, K., Aldereai, O., Abbas, J., & Al-Sulaiti, I. (2023). Empowering women entrepreneurs: The influence of family support and country of origin effects on financial inclusion. *Journal of Excellence in Business Administration*, 1(2), 39-63.
- Charfeddine, L., Umlai, M. I., & El-Masri, M. (2024). Impact of financial literacy, perceived access to finance, ICT use, and digitization on credit constraints: evidence from Qatari MSME importers. *Financial Innovation*, 10(1), 1-37. <https://doi.org/10.1186/s40854-023-00557-4>
- Chembessi, C., Bourdin, S., Torre, A., & Beaurain, C. (2025). Creating territorial value through circular economy: Why proximities matter?. *Business Strategy and the Environment*, 34(7), 8704-8724. <https://doi.org/10.1002/bse.70043>
- Eller, R., Alford, P., Kallmünzer, A., & Peters, M. (2020). Antecedents, consequences, and challenges of small and medium-sized enterprise digitalization. *Journal of Business Research*, 112, 119-127. <https://doi.org/10.1016/j.jbusres.2020.03.004>
- Enaifoghe, A., & Ramsuraj, T. (2023). Examining the function and contribution of entrepreneurship through small and medium enterprises as drivers of local economic growth in South Africa. *African Journal of Inter/Multidisciplinary Studies*, 5(1), 1-11. <https://doi.org/10.51415/ajims.v5i1.1172>
- Gupta, P. K. (2023). A study of government initiatives to promote micro, small and medium enterprises sector in India. *Management Journal for Advanced Research*, 3(6), 37-50. <https://doi.org/10.54741/mjar.3.6.5>
- Gurgu, E., Frăsineanu, D., & Simbotin, G. (2024). Culture and innovation: How creative sectors can contribute to the sustainable development of Romania. *Annals of Spiru Haret University. Economic Series*, 24(1).
- Hendrawan, S. A., Chatra, A., Iman, N., Hidayatullah, S., & Suprayitno, D. (2024). Digital transformation in MSMEs: Challenges and opportunities in

- technology management. *Jurnal Informasi dan Teknologi*, 6(2), 141-149. <https://doi.org/10.60083/jidt.v6i2.551>
- Hurdawaty, R., & Tukiran, M. (2024). Strategies to Increase the Competitiveness of Micro, Small and Medium Enterprises (MSMES): A narrative literature review. *South Asian Journal of Social Studies and Economics*, 21(1), 112-125.
- James, R. (2025). The Role of Local Communities in Social-Based Economic Empowerment. *Journal of Social, Culture & Humanitarian Research*, 1(1), 28-36.
- Kalfas, D., Kalogiannidis, S., Ambas, V., & Chatzitheodoridis, F. (2024). Contribution of the cultural and creative industries to regional development and revitalization: A European perspective. *Urban science*, 8(2), 39. <https://doi.org/10.3390/urbansci8020039>
- Keling, W., & Yap, C. S. (2026). Entrepreneurial resilience and empowerment among rural indigenous women entrepreneurs. *Journal of Small Business and Enterprise Development*, 33(8), 177-201. <https://doi.org/10.1108/JSBED-01-2025-0048>
- Khurana, I., Dutta, D. K., & Ghura, A. S. (2022). SMEs and digital transformation during a crisis: The emergence of resilience as a second-order dynamic capability in an entrepreneurial ecosystem. *Journal of Business Research*, 150, 623-641.
- Lubis, P. S. I., & Salsabila, R. (2024). Peran UMKM (usaha mikro, kecil, dan menengah) dalam meningkatkan pembangunan ekonomi di Indonesia. *MUQADDIMAH: Jurnal Ekonomi, Manajemen, Akuntansi Dan Bisnis*, 2(2), 91-110. <https://doi.org/10.59246/muqaddimah.v2i2.716>
- Mahbubah, N. A., Nuruddin, M., Dahda, S. S., Andesta, D., Ismiyah, E., Widyaningrum, D., ... & Negoro, Y. P. (2022, November). Mapping Sustainability Risk of Sarong Supply Chain: Evidence from SMEs Industrial Cluster in Indonesia. In *International Conference on Entrepreneurship, Business and Technology* (pp. 403-414). Singapore: Springer Nature Singapore.
- Matarazzo, M., Penco, L., Profumo, G., & Quaglia, R. (2021). Digital transformation and customer value creation in Made in Italy SMEs: A dynamic capabilities perspective. *Journal of Business Research*, 123, 642-656. <https://doi.org/10.1016/j.jbusres.2020.10.033>
- Maulida, I., Mustofa, A., & Haryati, E. (2023). The role of local government in Reog Ponorogo MSME empowerment: A regulator, facilitator, and catalyst. *Journal of Community Service and Empowerment*, 4(3), 568-580. <https://doi.org/10.22219/jcse.v4i3.29315>
- Nan, M., & Huang, L. (2025). Innovation ecosystems: a cross-industry examination of knowledge flows and collaboration dynamics. *Journal of the Knowledge Economy*, 16(1), 26-64. <https://doi.org/10.1007/s13132-024-01986-x>
- Ogundare, T. E., Adetutu, A. Y., Ejibunmi, T. C., Adewale, M. J., Adebuseye, A. B., & Ogunjemilua, E. M. (2026). Women empowerment and entrepreneurial activities: A review approach. *Journal of African Innovation and Advanced Studies*. <https://doi.org/10.70382/ajaias.v11i2.091>
- Organisation for Economic Co-operation and Development. (2021). *The digital transformation of SMEs*. OECD Publishing. <https://doi.org/10.1787/bdb9256a-en>
- Organisation for Economic Co-operation and Development. (2023). *OECD SME and* 257

- Philbin, S., Viswanathan, R., & Telukdarie, A. (2022). Understanding how digital transformation can enable SMEs to achieve sustainable development: A systematic literature review. *Small Business International Review*, 6(1), Article e473. <https://doi.org/10.26784/sbir.v6i1.473>
- Ramdani, B., Rajab, S., & Kayumova, M. (2022). Digital innovation in SMEs: A systematic review, synthesis and research agenda. *Information Technology for Development*, 28(1), 56–80. <https://doi.org/10.1080/02681102.2021.1893148>
- Riptanti, E. W., Irianto, H., & Widiyanti, E. (2024). Challenges in The Development of Goyor Woven Sarong Business Based on Non-Machine Weaving Tools in The Digitalization Era (Case Study in Central Java, Indonesia). *Pakistan Journal of Life & Social Sciences*, 22(2), 11588.
- Roy, T., Chakraborty, S., & Ray, S. (2026). Inclusive Entrepreneurship as a Pathway to Empower Women in India's Unorganized Sector. *Prabandhan Darpan-Journal of Management Studies*, 2(1), 33-43. <https://doi.org/10.65525/prabandhan.v2i1.22>
- Saad, M. H., Hagelaar, G., van der Velde, G., & Omta, S. W. F. (2021). Conceptualization of SMEs' business resilience: A systematic literature review. *Cogent Business & Management*, 8(1), Article 1938347. <https://doi.org/10.1080/23311975.2021.1938347>
- Sagala, G. H., & Öri, D. (2024). Toward SMEs digital transformation success: A systematic literature review. *Information Systems and e-Business Management*, 22, 667–719. <https://doi.org/10.1007/s10257-024-00682-2>
- Stam, E., & van de Ven, A. (2021). Entrepreneurial ecosystem elements. *Small Business Economics*, 56(2), 809–832. <https://doi.org/10.1007/s11187-019-00270-6>
- Sutrisno, S., Permana, R. M., & Junaidi, A. (2023). Education and training as a means of developing MSME expertise. *Journal of Contemporary Administration and Management (ADMAN)*, 1(3), 137-143. <https://doi.org/10.61100/adman.v1i3.62>
- Tambunan, T. T. (2023). The potential role of MSMEs in achieving SDGs in Indonesia. In *Role of micro, small and medium enterprises in achieving SDGs: Perspectives from emerging economies* (pp. 39-72). Singapore: Springer Nature Singapore. https://doi.org/10.1007/978-981-99-4829-1_3
- Tapaninaho, R., & Heikkinen, A. (2022). Value creation in circular economy business for sustainability: A stakeholder relationship perspective. *Business Strategy and the Environment*, 31(6), 2728-2740. <https://doi.org/10.1002/bse.3002>
- Thukral, M. J. (2025). The impact of entrepreneurship on the resilience of remote rural communities: Transforming challenges into opportunities. *Entrepreneurial opportunities in disadvantaged rural communities*, 327-354. <https://doi.org/10.4018/979-8-3373-0214-0.ch011>
- Usmayanti, V., & Pangestu, M. G. (2022). MSMEs digital marketing and entrepreneurship's factor of performance: Jambi (Indonesia) perspective. *Jurnal Ekonomi Pendidikan dan Kewirausahaan*, 10(2), 155–166. <https://doi.org/10.26740/jepk.v10n2.p155-166>
- Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Dong, J. Q., Fabian, N., 258

- & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research agenda. *Journal of Business Research*, 122, 889–901. <https://doi.org/10.1016/j.jbusres.2019.09.022>
- Wirata, G., Astawa, I. W., & Sulandari, S. (2022). Digital innovation development policy to increase SME entrepreneurship capability in disruption era. *Asian Journal of Economics, Business and Accounting*, 22(23), 144–154. <https://doi.org/10.9734/AJEBA/2022/V22I23859>
- Yahaya, H. D., Geidam, M. M., & Usman, M. U. (2016). The role of Micro Small and Medium Enterprises in the economic development of Nigeria. *Journal of Advance Management and Accounting Research*, 3(4), 1-18.
- Yelfiarita, Y., Darwanto, D. H., Waluyati, L. R., & Masyhuri, M. (2025, July). MSME development through a digitalize ecosystem: Challenges and opportunities. In *AIP Conference Proceedings* (Vol. 3277, No. 1, p. 020019). AIP Publishing LLC. <https://doi.org/10.1063/5.0269294>
- Zamani, S. Z. (2022). Small and medium enterprises (SMEs) facing an evolving technological era: A systematic literature review on the adoption of technologies in SMEs. *European Journal of Innovation Management*, 25(6), 735–757. <https://doi.org/10.1108/EJIM-07-2021-0360>