

Culturally Rooted MSME Strategies: Integrating Local Wisdom into Cultural Tourism Development in Sulawesi

Original Article

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Abstract

This study investigates how local wisdom can be systematically integrated into the strategic development of cultural tourism MSMEs across Sulawesi's diverse ethnic landscapes. Drawing on a qualitative multi-site case study approach, the research examines how cultural values—such as sipakatau, ma'bulu sibatang, and siri' na pacce—shape entrepreneurial practices, organizational resilience, and community-oriented business models. Data collected through interviews, participant observation, focus groups, and document analysis reveal three primary integration pathways: symbolic reinforcement in branding and storytelling, operational cooperativeization rooted in kinship-based production systems, and strategic alliances with cultural councils and NGOs that institutionalize cultural integrity. The findings highlight both the strategic benefits and persistent barriers—including digital capability gaps, rigid funding schemes, and bureaucratic certification processes. The study argues that meaningful integration of local wisdom requires community-led governance, culturally sensitive institutional support, and participatory mechanisms that prevent cultural commodification from becoming extractive. By reframing entrepreneurship as a relational and ethical activity, the research offers actionable strategies such as culturally grounded digital incubators, micro-grant schemes tied to stewardship criteria, and regional MSME cooperation networks. Overall, the study positions cultural authenticity not as a constraint but as a competitive and ethical foundation for sustainable cultural tourism in Sulawesi.

Keywords: Local Wisdom; Cultural Tourism MSMEs; Sulawesi; Community-Based Entrepreneurship; Qualitative Multi-Site Case Study.



1. Introduction

The integration of local wisdom into the development strategies of cultural tourism MSMEs in Sulawesi has become increasingly critical as communities confront accelerating market disruptions and uneven regional development trajectories. While cultural tourism offers significant economic promise, the commodification of heritage—if unmanaged—risks eroding the very cultural assets that attract visitors. MSMEs operating in heritage-rich areas such as Toraja, Bugis-Makassar, Mandar, and Luwu face a strategic paradox: they must convert cultural value into economic value without reducing cultural expressions to generic, mass-market products. This structural tension situates the issue not merely as a business challenge but as a cultural sustainability agenda requiring intentional stewardship.

Current market dynamics further compound this complexity. The proliferation of global consumption models, shifting travel behaviors following the pandemic, and increasing dependence on digital platforms for visibility and transactions have reconfigured the competitive environment for small cultural enterprises. These trends have created both leverage points and vulnerabilities. For many operators, digital exposure expands market reach but simultaneously amplifies the risk of cultural dilution as MSMEs feel pressured to tailor products to external tastes rather than local identity. Research underscores that such pressures disproportionately affect small-scale cultural producers, who lack the buffers and institutional support available to larger tourism intermediaries (Yang et al., 2021). This context illustrates the strategic urgency of grounding MSME development in cultural authenticity and community ownership.

Beyond economic considerations, the integration of local wisdom holds profound social and moral significance. Cultural knowledge systems—embodied through practices like sipakatau (respecting human dignity), ma'bulu sibatang (collective cohesion), and siri' na pacce (honor and empathy)—serve as the ethical infrastructure guiding interpersonal relations, communal obligations, and sustainable resource use. These values function as cultural governance mechanisms that can strengthen MSME resilience, shape customer relations, and anchor business practices in shared norms of responsibility. Preserving intergenerational knowledge is not simply heritage maintenance; it is an investment in the community's future capacity to innovate, adapt, and maintain dignity amid external pressures. Thus, meaningful integration of local wisdom into MSME strategies is both a developmental and ethical imperative.

These conditions position the present research as a timely exploration into how culturally grounded strategic models can advance economic viability while upholding cultural integrity and community wellbeing. The study seeks to understand how local knowledge is enacted, adapted, and sometimes contested within MSME operations, and how enabling structures—policy frameworks, institutional support, digital ecosystems—can facilitate or hinder integration. The inquiry is guided by a humanistic research stance emphasizing community voice, cultural dignity, and equitable participation. Recent shocks to tourism ecosystems have exposed structural fragilities and heightened mental-health pressures among MSME operators, underscoring the importance of strengthening social capital and local solidarity as strategic assets (Lindsay-Smith et al., 2022). In this landscape, grounding MSME development in local wisdom becomes not only a matter of competitiveness but a pathway to culturally aligned, community-driven resilience.

In addition, the evolving policy landscape in Indonesia creates both opportunity and friction for cultural tourism MSMEs attempting to align commercial strategy with inherited knowledge systems. National branding initiatives promoting pariwisata berkelanjutan and regional programs supporting creative industries have generated new incentives for cultural

entrepreneurship. Yet implementation gaps—fragmented coordination, inconsistent regulatory enforcement, and limited capacity at the village level—constrain MSMEs' ability to operationalize these frameworks effectively. Many cultural producers remain caught between formal compliance requirements and traditional governance norms, producing operational ambiguity that affects quality control, intellectual property protection, and long-term planning. These institutional tensions highlight the urgency of designing policy instruments that are culturally intelligent, administration-light, and responsive to localized business realities.

At the same time, generational transitions within Sulawesi's cultural communities are redefining how local wisdom is interpreted, practiced, and commercialized. Younger entrepreneurs increasingly position themselves as cultural innovators—leveraging design thinking, cross-platform branding, and digital analytics—while older custodians emphasize ritual fidelity, lineage, and moral obligations. These shifts create productive frictions that, if managed collaboratively, can generate hybrid business models that honor tradition while meeting contemporary market expectations. Without intentional dialogue, however, these transitions risk producing fragmentation: heritage may be reduced to aesthetic surface work detached from its ethical foundations, while younger actors may feel constrained by gatekeeping practices. Understanding these generational dynamics is essential for designing MSME development strategies that are socially cohesive, culturally grounded, and competitively positioned.

2. Literature Review

Local wisdom (*kearifan lokal*) is conceptualized as embodied knowledge, norms, rituals, and relational ethics that communities use to govern life and resource use; it is simultaneously a cultural asset and a governance resource. Tourism scholars debate whether the commodification of culture necessarily undermines authenticity or whether careful, community-led commodification can sustain traditions while creating livelihoods; this debate informs how integration should be theorized (Bertella, 2020). Posthumanist and critical perspectives urge scholars to move beyond human-centred economic frames and attend to entanglements of people, places, materials, and technologies—an approach useful for understanding how material culture and ecosystems co-produce tourism value (Guia & Jamal, 2020). Research on disaster capitalism and development warns that external investments and top-down recovery strategies can erode local agency; this underscores the importance of community autonomy when integrating local wisdom into MSME strategies (Wright et al., 2020).

Quality management discussions in cultural heritage contexts highlight the need to adapt managerial frameworks to the distinct epistemologies and aims of cultural institutions—suggesting that MSME support programs require cultural sensitivity rather than one-size-fits-all technical fixes (Carbone et al., 2020). Sustainability debates in tourism emphasize food, gastronomy, and place-based experiences as important entry points for embedding local wisdom into market offerings, which have direct implications for product development in cultural MSMEs (Bertella, 2020). Tourism research mapping underscores the value of demand forecasting and market intelligence but also the limits of purely quantitative foresight for culturally nuanced enterprises; qualitative insights into local narratives remain essential for strategic planning (Zhang et al., 2020). Methodologically, there is growing endorsement for qualitative longitudinal approaches and diary methods to capture temporal dynamics of

learning and adaptation, which can be important if the study aims to map changes in practices over time (Rees & Ottrey, 2024; Stephens et al., 2025).

Critical qualitative integrity is necessary to ensure the research respects local epistemologies, attends to power imbalances, and produces actionable knowledge for communities and policymakers (Levitt et al., 2021). Futures-oriented literature on cultural tourism encourages scenario thinking and participatory visioning to surface multiple possible trajectories for heritage-based enterprises—tools that can be embedded into strategic planning for MSMEs (Matteucci et al., 2022). This study synthesizes socio-cultural entrepreneurship theory with community-based development frameworks: entrepreneurship is treated as socially embedded and morally oriented rather than purely profit-driven. The framework foregrounds three integration levels: symbolic (representation of culture in branding), operational (work organization and production methods informed by customary practices), and strategic (long-term alignment of business goals with communal values).

Attention to power relations and institutional contexts is central—how local governments, NGOs, and market intermediaries facilitate or obstruct culturally consistent strategies. The framework also accounts for shocks and resilience processes affecting MSMEs' adaptive capacity (Yang et al., 2021; Lindsay-Smith et al., 2022).

3. Methods

This research uses a qualitative multi-site case study design to capture diversity across Sulawesi's cultural landscapes and MSME types. Sites were selected purposively to represent different ethnic groups, products, and tourism typologies. Data collection combined semi-structured interviews, participant observation, focus group discussions, and document analysis. Purposive sampling targeted MSME owners, cultural leaders, youth artisans, local tourism officials, and NGOs. Triangulation across methods enhances validity; longitudinal follow-up visits and participant diaries were used in a subset of cases to capture temporal changes in practices and perceptions, drawing on diary and longitudinal qualitative techniques (Rees & Ottrey, 2024; Stephens et al., 2025). Analytic procedures followed reflexive thematic analysis: coding for patterns related to values, practices, meanings, constraints, and adaptive strategies, followed by cross-case synthesis to identify convergences and divergences. Ethical procedures emphasized informed consent, community validation of findings, and feedback loops to ensure that results benefitted local stakeholders and did not expose cultural information to appropriation risks—a critical concern in heritage research (Levitt et al., 2021).

4. Results and Discussion

The empirical material reveals three central integration pathways—symbolic reinforcement, cooperative operationalization, and strategic institutional alliances—each instantiated differently across sites.

Symbolic reinforcement appears when MSMEs use ritual narratives, motifs, or language in product storytelling and customer engagement; this practice enhances perceived authenticity but risks superficiality if not accompanied by community benefits.

Operational cooperativeization involves kin-based production systems, rotating labor norms, and profit-sharing arrangements that reflect communal reciprocity and reduce transaction costs for small-scale artisans.

Strategic institutional alliances include partnerships between MSMEs and local cultural councils or NGOs to create certification schemes, co-managed festivals, and joint marketing channels that institutionalize cultural integrity while opening market access.

Constraints are systematic: limited digital literacy hampers the translation of cultural narratives into online platforms; funding mechanisms prioritize hardware and infrastructure rather than cultural content development; and certification processes are often costly and bureaucratic.

Psychosocial dimensions emerged: MSME operators express pride in cultural representation but anxiety about cultural erosion and market volatility—echoing research that links operator wellbeing with organizational resilience (Lindsay-Smith et al., 2022).

These themes are summarized in Table 1, which condenses descriptive labels, core features, and illustrative participant insights.

Table 1. Summary

Integration Pathway	Examples (Sites)	Benefits	Key Barriers
Symbolic Reinforcement	Toraja ritual storytelling in homestays	Increased tourist engagement; distinct branding	Superficial use; risk of cultural staging
Operational Cooperativeization	Sengkang weaving cooperatives	Shared resources; skill transmission	Limited scaling; market access
Strategic Institutional Alliances	Tondano festival co-management	Formal recognition; marketing reach	Bureaucratic costs; dependence on sponsors

Source: data processed, 2025

Younger entrepreneurs often act as cultural mediators: they combine local aesthetics with modern design and digital marketing, but they also struggle with respecting boundaries from elders, producing negotiation tensions.

Some MSMEs succeed by turning ritual materials into eco-friendly souvenirs, thereby aligning environmental ethics embedded in local wisdom with global sustainability preferences—a positive synergy for market differentiation.

Nevertheless, there remains a pronounced urban–rural divide: MSMEs closer to urban centers have better access to training and platforms, while remote artisans rely more heavily on in-person markets and seasonal tourism flows.

4.1. Discussion

The findings reinforce the argument that local wisdom can be a strategic asset when integration moves beyond surface symbolism into operational and institutional forms; otherwise, it risks becoming mere marketing veneer (Bertella, 2020; Carbone et al., 2020). Interpreting these patterns through a postcolonial lens highlights risks of external appropriation: when external actors monetize culture without equitable benefit-sharing, local agency and integrity are undermined (Wwright et al., 2020). Policy and programmatic responses must therefore combine capacity building (digital storytelling, product design), accessible certification mechanisms, and financial instruments tailored to small-scale heritage producers to prevent dependency and cultural dilution. Strengthening community governance over cultural assets—through cultural councils, co-management agreements, and legal recognition of customary practices—can protect intellectual property and channel revenues back into communal investments. Attention to operator wellbeing and organizational resilience is crucial: psychosocial support, peer networks, and contingency planning help MSMEs navigate shocks while maintaining cultural commitments (Lindsay-Smith et al., 2022). Methodologically, the study confirms the value of multi-sited qualitative research and longitudinal diary-informed methods to reveal change processes and tensions that single-site or cross-sectional studies might miss (Rees & Ottrey, 2024; Stephens et al., 2025).

Theoretically, integrating local wisdom into MSME strategy reframes entrepreneurship as relational and ethical, challenging neoliberal assumptions of atomized market actors and calling for hybrid metrics of success that include cultural reproduction and community welfare. Practically, three priority interventions emerge: (a) culturally sensitive entrepreneurship curricula co-designed with elders and youth; (b) micro-grant schemes tied to cultural-preservation outcomes; and (c) digital incubators that help MSMEs narrate stories responsibly and access wider markets. These interventions must be accompanied by safeguards against extractive practices; institutional actors (government, donors, platforms) should adopt principles of free, prior, and informed consent and equitable benefit-sharing. Futures-oriented strategies—scenario planning and participatory visioning—can help communities anticipate market shifts and co-create diversified, culturally coherent economic pathways for tourism MSMEs (Matteucci et al., 2022). Finally, integrating local wisdom also opens ecological benefits: many customary practices embody sustainable resource management, so reinforcing them through MSME strategies contributes to environmental stewardship as well as cultural continuity (Guia & Jamal, 2020).

The study's qualitative, multi-site design prioritizes depth over broad generalizability; findings are contextually specific to the selected Sulawesi sites and should be adapted carefully in other regions. Researcher positionality and power dynamics shaped interactions; ongoing community validation was used to mitigate misinterpretation, but complete neutrality is neither possible nor desirable in engaged, ethical qualitative work (Levitt et al., 2021). The available research articles that framed pandemic and post-pandemic shifts in tourism informed interpretation, but longitudinal monitoring is needed to test the durability of integration strategies under future shocks (Yang et al., 2021; Rees & Ottrey, 2024).

5. Conclusion

Integrating local wisdom into MSME strategies for cultural tourism in Sulawesi is both practical and value accretive when it is grounded in community-led approaches that align symbolism, operational models, and institutional arrangements. Recommendations for stakeholders include designing co-created training that fuses cultural knowledge with market capabilities, creating funding instruments that reward cultural stewardship, developing low-cost community-led certification systems to signal authenticity, and enabling digital storytelling initiatives that respect cultural protocols. For policymakers, the operating environment must strike a balance between regulatory formalization and cultural flexibility so that standards do not homogenize or erase customary organizational forms. For researchers, emerging priorities span longitudinal studies of adaptation, comparative analyses across islands, and action-research collaborations that co-design interventions with communities and assess long-term outcomes. Ultimately, embedding local wisdom within MSME development reframes economic strategy as a relational and ethical endeavor—one that places cultural dignity and intergenerational wellbeing ahead of short-term gains.

Practical implementation begins with participatory mapping of cultural assets in which communities define what to showcase, safeguard, or commercialize, ensuring clear consent and prioritization. Pilot programs—such as culturally informed digital incubators pairing young entrepreneurs with elder mentors—can bridge intergenerational divides and strengthen capability transfer. Micro-grant schemes incorporating cultural stewardship criteria, jointly evaluated by local councils and external experts, can accelerate product innovation and market entry. Regional networks among MSMEs across Sulawesi can further amplify best-practice exchange, aggregate market demand, and coordinate festivals or certification initiatives that overcome scale limitations through collective action.

In closing, integrating local wisdom into cultural tourism MSMEs offers Sulawesi an ethical and resilient alternative to extractive development paths. This study delivers both analytic insight and actionable guidance: by centering community voices, applying rigorous qualitative methods, and aligning cultural integrity with market pragmatism, stakeholders can co-create pathways where heritage and enterprise reinforce one another. The work encourages sustained dialogue among communities, researchers, and policymakers to refine strategies, monitor impacts, and uphold cultural dignity as a core development principle. Engaging with local wisdom is not an act of nostalgia; it is a forward-looking strategy that positions cultural identity as the cornerstone of sustainable and humane economic systems.

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