

# Entrepreneurship based on local wisdom: exploring the meaning of Pangadereng in MSME business practices in Bone regency, South Sulawesi

**Burhanuddin<sup>1\*</sup>**

<sup>1\*</sup>Management Department, Faculty of Economics and Business, Universitas Negeri Makassar, Indonesia

Email: <sup>1\*)</sup>[dr.burhanuddin@unm.ac.id](mailto:dr.burhanuddin@unm.ac.id)

**Received: 29 October 2025**

**Accepted: 17 November 2025**

**Published online: 18 November 2025**

## Abstract

This study examines how pangadereng—a moral-cultural system grounded in honor, etiquette, reciprocity, and religious ethics—continues to shape entrepreneurial behavior among micro, small, and medium enterprises (MSMEs) in Bone Regency, South Sulawesi. Using a qualitative phenomenological design involving interviews, participant observation, and artifact analysis, the research explores how entrepreneurs interpret and operationalize pangadereng amid digitalization, market integration, and shifting generational norms. Findings show that pangadereng structures trust, informal credit, reputation repair, price negotiation, and conflict resolution, functioning as an embedded governance mechanism that reduces uncertainty and sustains long-term exchange relationships. However, while these relational strengths support resilience and survival, they also limit scalability due to constrained access to formal finance, uneven digital capability, and tensions between moral profitability and competitive pressure. The study argues that pangadereng is an adaptive rather than static system, with younger entrepreneurs selectively reinterpreting its values in digital contexts. Policy implications include the need for culturally attuned business training, reputation-based microfinance models, gender-responsive support mechanisms, and co-designed digital tools that preserve soft information flows essential to trust-based markets. The study concludes by positioning pangadereng as a strategic cultural asset that can anchor inclusive and ethically grounded entrepreneurial development when integrated with modern competencies and institutional support.

**Keywords:** Pangadereng; Moral Economy; MSMEs; Digitalization; Entrepreneurial Behavior.

## 1. Introduction

The study of entrepreneurship grounded in local wisdom addresses urgent questions about how communities sustain livelihoods while preserving cultural identity amid rapid socioeconomic change. Local moral systems shape trust, reciprocity, and norms that influence business conduct and long-term viability (Xie et al., 2021). In contemporary regional economies like South Sulawesi, these moral systems remain deeply operational in everyday commercial life, even as entrepreneurs confront competitive pressures, digital tools, and shifting consumer behaviors. The intersection of economic modernization and inherited ethical frameworks thus presents a critical arena of inquiry for understanding how small business actors adapt, negotiate, and rebuild their strategies in rapidly evolving markets.



In Bone Regency, South Sulawesi, the Bugis concept of pangadereng—an integrated set of customary rules, honor codes, and religious moralities—operates as an everyday ethical grammar informing social relations and commercial behavior. Understanding its meaning in contemporary business practice is both a cultural imperative and a development priority. Although pangadereng is often discussed in anthropological or sociological contexts, its direct influence on entrepreneurial decisions, risk management, trust-building, and conflict resolution within UMKM systems has not been adequately studied. As Bone's local economy becomes increasingly intertwined with regional and national supply chains, entrepreneurs must balance traditional expectations with new forms of transactional accountability and competitive discipline, creating layered decision-making dynamics.

The urgency to research pangadereng arises from accelerating digitalization and market integration that risk decoupling economic exchange from embedded moral expectations; scholars note that technological shifts alter human information flows and the role of interpersonal trust in firm relationships (Fasano & Rocca, 2023). In many rural and peri-urban contexts, digital platforms introduce impersonal systems—cashless payments, online reviews, algorithmic visibility—that may not fully align with the relational logics through which entrepreneurs historically maintained credit, reputation, and customer loyalty. These tensions raise essential questions about how digital tools reshape norms of fairness, obligation, and social accountability in localized economies.

Concurrently, small and medium enterprises (SMEs) in rural and peri-urban Indonesia face pressures to modernize production, diversify markets, and adopt new financial and digital tools; such pressures create tension between efficiency logics and customary obligations—tensions that are insufficiently documented. On one hand, modernization promises improved productivity and expanded market reach; on the other, it may impose external systems of discipline that overlook or override local mechanisms of trust and mutual responsibility. For entrepreneurs in Bone, navigating this dual demand—efficiency and cultural integrity—requires balancing economic rationality with obligations embedded in pangadereng.

Investigating pangadereng in entrepreneurial settings, therefore, helps answer practical policy questions: How can interventions support business growth without eroding local social capital? What forms of training, finance, or digital tools respect indigenous ethical economies? These questions become especially relevant as policy agendas increasingly emphasize digital transformation, financial inclusion, and MSME resilience. Without grounding these agendas in local moral economies, interventions risk creating technological adoption that is superficial, misaligned, or socially disruptive.

This inquiry centers on the lived meanings of pangadereng among UMKM (micro, small, and medium enterprises) actors in Bone, asking how local wisdom informs entrepreneurial identity, decision making, and market strategies—especially under contemporary stresses such as competition, youth migration, and platform commerce. Entrepreneurs' narratives reveal how customary values shape reputation-building, price negotiation, debt extension, and risk-taking, while also guiding how they respond to social judgments, family expectations, and community obligations.

Field observations and preliminary interviews indicate that many Bone entrepreneurs continue to invoke pangadereng when negotiating prices, extending credit, and resolving disputes; yet younger proprietors sometimes view customary codes as optional or symbolic rather than prescriptive. This generational variance suggests that pangadereng is not static but dynamically interpreted across cohorts and business models. Older entrepreneurs often treat moral obligations as foundational to market activity, whereas younger entrepreneurs—

exposed to digital platforms, metropolitan trends, and formal business training—may reinterpret these norms with more flexibility.

The COVID-19 pandemic and subsequent economic shocks amplified vulnerabilities of small, locally rooted enterprises; global and national evidence suggests crises provoke both decline and adaptive pivots among women and men entrepreneurs, making cultural embeddedness an important variable in resilience studies (Manolova et al., 2020). In Bone, many business actors relied heavily on relational support systems—family labor, reciprocal credit, and community solidarity—to sustain operations during periods of restricted mobility and reduced consumer spending. Such crisis responses highlight how pangadereng continues to underwrite resilience, even as economic conditions evolve.

Moreover, supply chain integration and third-party platforms influence pricing, information sharing, and consumer expectations—processes that have critical implications for how pangadereng’s norms translate into digital or interregional trade relationships (Fan et al., 2020). Entrepreneurs who were once embedded in tightly knit local systems now engage with distant suppliers, platform-driven logistics, and algorithmic decision infrastructures. These transformations challenge traditional roles of honor, reputation, and kinship-based accountability in business transactions.

The rationale for a phenomenological, qualitative study is thus to capture the subjective meanings, moral logics, and narrative practices through which entrepreneurs enact pangadereng in everyday commerce, rather than presupposing uniform functions or static traditionalism. Rather than treating pangadereng as a fixed cultural artifact, this approach reveals how individuals actively interpret, negotiate, and operationalize its values in response to new pressures, technologies, and opportunities.

This approach allows exploration of micro practices—greetings, debt rituals, bargaining language, reputation repair—that quantitative metrics often miss but which materially affect transaction costs and firm performance in local markets. These small but consequential practices structure trust, reduce uncertainty, facilitate repeated exchange, and govern conflict resolution, demonstrating that local wisdom remains integral to economic life—even when business actors adopt modern tools or enter broader market networks.

## 2. Literature Review

Research on social capital and entrepreneurship demonstrates that bonding and bridging networks shape opportunity recognition, operational resilience, and the efficiency of market coordination. Bonding ties—anchored in localized norms—facilitate high-trust exchanges and timely information flows, while bridging ties expand market reach and enable heterogeneous knowledge acquisition. Within Bone’s moral economy, pangadereng serves as a key reservoir of bonding capital, structuring expectations around fairness, reciprocity, and reputation. Yet this moral infrastructure can act as both an enabler and a constraint depending on whether it supports innovation or reinforces traditional hierarchies (Xie et al., 2021).

Evidence from digitalization studies further shows that although platforms excel at processing standardized, verifiable information, they cannot fully replicate the nuanced interpersonal cues that underpin trust in credit markets and supplier relations. In practice, hybrid governance arrangements emerge: digital systems manage routine transactions, while culturally grounded relationships continue to handle exceptions, dispute resolution, and relational accountability. This pattern suggests that digitalization in rural economies restructures roles rather than displacing traditional norms (Fasano & Rocca, 2023).

Technology-adoption research in SMEs indicates that integration of digital tools is contingent on absorptive capacity, strategic partnerships, and alignment with pre-existing cultural logics. For entrepreneurs operating within pangadereng, technology gains legitimacy only when it complements the values of justice, mutual assistance, and honor. The key analytical question is whether pangadereng accelerates digital adoption by providing moral scaffolding or slows it down by requiring relational verification processes outside platform design (Hwang & Kim, 2021).

The rise of third-party payment platforms has altered liquidity management, information visibility, and bargaining dynamics across supply chains. While digital payments enable real-time transactions and broaden consumer reach, they also challenge informal credit systems and relational practices that historically governed exchange. Entrepreneurs in Bone often hedge, adopting digital tools selectively while retaining cash-based interactions to preserve relational legitimacy and liquidity flexibility (Fan et al., 2020).

Gender-focused entrepreneurship research highlights that women navigate markets through relational strategies shaped by social expectations, religious norms, and family reputation. A gender-aware reading of pangadereng clarifies how cultural rules both empower and restrict women's entrepreneurial trajectories. The analytical task is to avoid cultural romanticization while identifying structural mechanisms through which norms affect opportunity structures (Bullough et al., 2021).

The resilience literature shows that crises provoke short-term adaptive behavior but do not guarantee long-term transformation. Without institutional support, post-crisis digital shifts often revert to pre-shock patterns. In Bone, pandemic-driven digital adoption likely reflects contingent adaptation rather than permanent modernization. Identifying the socio-technical infrastructure required to convert these shifts into sustained practice becomes, therefore, a strategic priority (Belitski et al., 2021).

The study conceptualizes pangadereng as a multi-layered moral schema comprising dispositions, ritualized practices, and evaluative norms that guide assessments of legitimacy, fairness, and reciprocity in economic exchange. Drawing on Bourdieu's habitus and theories of embeddedness, pangadereng is treated as a dynamic interpretive system through which entrepreneurs navigate uncertainty, build credibility, and evaluate relational risks.

A cultural-phenomenological approach positions entrepreneurs as meaning-making agents who enact pangadereng in narratives, routines, and decision rules. Symbolic tools—stories, honor language, familial references—operate alongside pragmatic mechanisms such as informal credit, negotiated pricing, and relational monitoring. Rather than assuming tradition as static, the framework emphasizes ongoing negotiation as pangadereng encounters platform logics emphasizing speed, standardization, and data traceability.

The model adopts a systems perspective, recognizing that pangadereng interacts with broader socio-technical forces, including digital financial services, formal finance, supply-chain integration, and regional competition. Digital tools introduce alternative governance logics that may complement or compete with moral expectations around patience, reciprocal obligations, and embodied presence. The outcome is a hybrid configuration in which traditional and digital modes of coordination co-evolve and mutually reshape one another.

### 3. Methods

A qualitative, phenomenological design was selected to elicit rich descriptions of lived experience and the structures of meaning that constitute entrepreneurial realities. Semi-structured interviews and prolonged participant observation were primary methods (Eden & Nielsen, 2020). Purposive sampling targeted 20 UMKM owners—diverse by age, gender, and sector (food, textiles, crafts, retail)—in Bone Regency, chosen for their embeddedness in local market networks and their willingness to reflect on cultural values. Data collection took place over four months and combined in-depth interviews (60–120 minutes), shadowing during market days, attendance at communal rituals (where permitted), and the collection of business artifacts such as ledgers, signage, and social media pages. Interviews were conducted in Indonesian and Buginese with translation checks, and iterative memoing and audio transcription preceded thematic coding using reflexive, inductive procedures. Member checking ensured credibility and corrected misinterpretations. Analysis followed phenomenological steps, including horizontalization of statements, formulation of meaning units, clustering into themes, and synthesis into textural and structural descriptions of experience. Triangulation with observations and artifacts strengthened validity. Ethical protocols included informed consent, anonymization of participants, and sensitivity to cultural norms when attending rituals or public events, while the researcher practiced reflexivity to minimize the imposition of external categories.

### 4. Results and Discussion

The analysis produced six principal themes that describe how pangadereng manifests in business life. The table below summarizes themes, functional expressions, and implications.

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

Theme No.	Theme Title	Functional Expression in Business	Practical Implication
1	Honor and Reputation (Siri')	Price honesty, refusal to hoard, and repair of reputation after disputes	Reputation as informal collateral
2	Customary Norms (Ade')	Ritualized greetings, gift exchanges, and market etiquette	Transaction smoothing; expectation management
3	Relational Credit	Trust-based loans among kin/neighbors	Financial flexibility; limited formal credit
4	Moral Profitability	Profit bounded by halal/ethical limits	Pricing strategies that balance margin & legitimacy
5	Intergenerational Transmission	Mentorship in etiquette & trade practices	Continuity of practices; contested among youth
6	Modern Adaptation	Use of social media, digital payments, with cultural framing	Hybrid practices; translation gaps in online spaces

Source: data processed, 2025

Theme 1: Honor and Reputation (Siri') — Respondents described maintaining face and honor as fundamental to long-term business continuity. Dishonesty was seen as corrosive to social standing and repeat patronage, leading many entrepreneurs to accept modest profit margins to safeguard trust and relational stability.

Theme 2: Customary Norms (Ade') — Everyday transactions were shaped by practices such as seeking blessings before trading, publicly acknowledging debt, and using ritualized forms of politeness. These norms served as informal governance mechanisms that reduced opportunism and reinforced predictable exchange behavior.

Theme 3: Relational Credit — Informal credit systems operated primarily through kinship and neighborhood ties, with repayment enforced through social sanction rather than formal legal channels. While these arrangements helped buffer cash-flow fluctuations, they also limited expansion opportunities because access to capital remained constrained.

Theme 4: Moral Profitability — Participants consistently invoked an ethic of “clean earnings,” rejecting exploitative pricing and evaluating profit in terms of moral acceptability and community benefit. This value orientation occasionally clashed with competitive market dynamics and pressures to increase margins.

Theme 5: Intergenerational Transmission — Senior entrepreneurs positioned themselves as stewards of pangadereng, actively teaching younger relatives about ritual comportment, reputation management, and culturally appropriate negotiation styles. Younger proprietors, however, sometimes prioritized efficiency, speed, and digital promotion over strict adherence to customary norms.

Theme 6: Modern Adaptation — Entrepreneurs sought to reinterpret pangadereng within digital marketplaces by foregrounding family narratives in social media content, offering transparent return policies to approximate face-to-face trust cues, and using local language in online interactions. Nonetheless, respondents noted that subtle ethical signals embedded in in-person exchanges were more difficult to convey through impersonal platforms.

#### 4.1. Discussion

The findings corroborate literature that links social capital and operational competencies to entrepreneurship performance: pangadereng produces bonding capital that supports trust-based transactions and informal finance, but its effect on scalability depends on complementary competencies (Xie et al., 2021).

Digitalization reshapes information flows and may weaken in-person cues foundational to pangadereng. However, digital tools can be harnessed to encode aspects of local ethics—through transparent transaction records or community rating systems—if designed with cultural sensitivity, aligning with research on digital transformation’s mixed effect on humanized relations (Fasano & Rocca, 2023; Werth et al., 2023).

The observed dependence on relational credit highlights both strengths and vulnerabilities: while social enforcement reduces default risk in local networks, it limits access to formal finance and constrains investment for expansion—an issue echoed in broader SME literature on finance and resilience during crises (Belitski et al., 2021).

Drawing on technology adoption research, success in integrating digital tools appears contingent on technical capacity and strategic alliances: entrepreneurs who partnered with local cooperatives or tech-savvy youth better adapted pangadereng into hybrid business models (Hwang & Kim, 2021).

Gendered patterns emerged: women entrepreneurs often mobilize pangadereng’s relational norms more actively in customer care and credit networks, aligning with broader evidence on women’s reliance on social networks in business contexts (Bullough et al., 2021). This suggests gender-sensitive program design is necessary.

Finally, third-party platforms’ entry into local supply chains can alter price sensitivity and demand patterns; entrepreneurs reported both opportunities (expanded reach) and costs

(pressure to lower prices), reflecting complex supply-chain dynamics documented in platform studies (Fan et al., 2020).

## 5. Conclusion

Pangadereng remains an adaptive ethical framework that continues to shape entrepreneurial behavior in Bone Regency. It governs trust formation, informal credit arrangements, and reputation-based exchange—functions that enable many MSMEs to survive in competitive and resource-constrained markets. Yet its relational strengths cannot, on their own, generate the formal capital, digital capability, or scalable systems required for broader growth trajectories. The relational cohesion embedded in pangadereng, therefore, needs to be complemented with structured training in financial management, digital literacy, and strategic market engagement.

These insights carry clear policy implications. Business development programs should be culturally grounded, integrating ethical dialogues with practical modules on bookkeeping, e-commerce operations, and access to formal finance. Such blended interventions align with recent scholarship advocating the coupling of cultural capital and productivity-enhancing competencies (Hwang & Kim, 2021). At the technological frontier, digital platforms and FinTech solutions need to be co-designed with local communities so that soft information flows—narratives, endorsements, and transparent transaction histories—can function as digital analogues of the face-to-face cues that underpin pangadereng's trust dynamics (Werth et al., 2023). Financial institutions and cooperatives also have a role in translating social collateral into formal lending practices by recognizing reputation-based credit histories, consistent with evidence on the centrality of human relationships in SME finance (Fasano & Rocca, 2023).

Gender-responsive strategies are essential. Programs that leverage women's relational competencies while addressing constraints such as time poverty, caregiving burdens, and lack of collateral can expand the productive potential of pangadereng-informed entrepreneurship (Bullough et al., 2021). Methodologically, the phenomenological approach effectively captured lived meanings but carries inherent limits in generalizability. Follow-up mixed methods research could quantify how pangadereng affects profitability, credit access, and firm growth. Longitudinal analysis would clarify how the system evolves as younger entrepreneurs integrate more deeply with digital markets, connecting cultural transformation with technology adoption and performance outcomes (Belitski et al., 2021). Comparative studies across Indonesian regions could further illuminate how diverse local wisdom traditions—pangadereng, gotong royong, Tri Hita Karana—shape entrepreneurial ecosystems and resilience strategies, informing context-specific policy design.

Overall, pangadereng should not be viewed as a relic of the past or a barrier to modernization. Rather, it is a dynamic moral resource that, when strategically integrated into development initiatives, can foster entrepreneurship that is resilient, community-centered, and ethically grounded. Designing culturally attuned digital tools, blended training models, reputation-based microfinance schemes, and targeted support for women entrepreneurs can translate this cultural logic into inclusive economic outcomes. Future research should extend measurement, test interventions experimentally, and collaborate with technologists and policymakers to scale culturally coherent financial and digital solutions.

Recognizing the moral architecture underlying market life positions pangadereng as a strategic asset for inclusive development. When interventions align with local values rather than override them, economic growth can advance in ways that remain socially legitimate and

culturally dignified—ensuring that entrepreneurial progress in Bone is both competitive and community-rooted.

## 6. References

- Belitski, M., Guenther, C., Kritikos, A., & Thurik, R. (2021). Economic effects of the COVID-19 pandemic on entrepreneurship and small businesses. *Small Business Economics*, 58, 593-609. <https://doi.org/10.1007/s11187-021-00544-y>
- Bullough, A., Guelich, U., Manolova, T., & Schjoedt, L. (2021). Women's entrepreneurship and culture: gender role expectations and identities, societal culture, and the entrepreneurial environment. *Small Business Economics*, 58, 985-996. <https://doi.org/10.1007/s11187-020-00429-6>
- Eden, L., & Nielsen, B. (2020). Research methods in international business: The challenge of complexity. *Journal of International Business Studies*, 51, 1609-1620. <https://doi.org/10.1057/s41267-020-00374-2>
- Fan, X., Zhao, W., Zhang, T., & Yan, E. (2020). Mobile payment, third-party payment platform entry, and information sharing in supply chains. *Annals of Operations Research*, 1-20. <https://doi.org/10.1007/s10479-020-03749-8>
- Fasano, F., & Rocca, T. L. (2023). Does the bank-firm human relationship still matter for SMEs? The game-changing role of digitalization. *Small Business Economics*, 1-20. <https://doi.org/10.1007/s11187-023-00758-2>
- Hwang, W., & Kim, H. (2021). Does the adoption of emerging technologies improve technical efficiency? Evidence from Korean manufacturing SMEs. *Small Business Economics*, 59, 627-643. <https://doi.org/10.1007/s11187-021-00554-w>
- Manolova, T., Brush, C., Edelman, L., & Elam, A. (2020). Pivoting to stay the course: How women entrepreneurs take advantage of opportunities created by the COVID-19 pandemic. *International Small Business Journal*, 38, 481-491. <https://doi.org/10.1177/0266242620949136>
- Werth, O., Cardona, D. R., Torno, A., Breitner, M., & Muntermann, J. (2023). What determines FinTech success?—A taxonomy-based analysis of FinTech success factors. *Electronic Markets*, 33. <https://doi.org/10.1007/s12525-023-00626-7>
- Xie, G., Wang, L., & Lee, B. (2021). Understanding the Impact of Social Capital on Entrepreneurship Performance: The Moderation Effects of Opportunity Recognition and Operational Competency. *Frontiers in Psychology*, 12. <https://doi.org/10.3389/fpsyg.2021.687205>