

# THE COMMUNITY EMPOWERMENT STRATEGY AND ITS ROLE IN THE ENTREPRENEURIAL SPIRIT AND BUSINESS SUSTAINABILITY

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## Abstract

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To achieve long-term sustainability, human resources (HR) are considered as a crucial factor in reaching this goal. The entrepreneurial spirit fostered through community empowerment, is believed to be a vital element in attaining long-term business sustainability. This study examines the entrepreneurial spirit's role in enhancing business sustainability through group empowerment programs using the case of entrepreneurs in the Trangsan rattan industrial cluster in Sukoharjo, Central Java, Indonesia. By utilizing multiple regression analysis, the study posits that community empowerment plays a key role in connecting entrepreneurial spirit with the sustainability of businesses. The findings underscore the critical role of entrepreneurial spirit in sustaining joint businesses, particularly in Trangsan, an important rattan industry hub in Indonesia. It suggests that community-level programs and policies can enhance the impact of entrepreneurial initiatives, leading to sustainable industrial clusters. Thus, interventions aimed at empowering individuals with high entrepreneurial spirits could be transformative for Trangsan's rattan craft industrial cluster. The study's findings validate the proposed hypotheses and offer practical insights for stakeholders, policymakers, and entrepreneurs in Trangsan.

**Keywords:** Entrepreneurial Spirit, Business Sustainability, Community Empowerment, Rattan Industrial Cluster

**Authors' individual contribution:** Conceptualization — S. and T.H.; Methodology — S. and T.H.; Validation — S. and R.B.R.F.; Writing — Original Draft — E.D.P.; Writing — Review & Editing — S. and E.D.P.; Supervision — R.B.R.F.; Funding Acquisition — T.H.

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## 1. INTRODUCTION

Every business aspires to achieve long-term sustainability, and the concept of “business sustainability” has emerged from discussions regarding the effective integration of sustainability principles into enterprises. Scholars such as Bari et al. (2022) define business sustainability as a strategic approach entrepreneurs adopt to enhance their competitive edge in specific markets. This approach entails effectively managing economic, social, and environmental dimensions, often referred to as the triple bottom line.

The economic aspect encompasses profitability, liquidity, solvency, resilience to market fluctuations, and competitiveness. The social aspect involves the role of small and medium-sized enterprises (SMEs) in community well-being, delivering high-quality products that benefit consumers and society, prioritizing employee welfare, and addressing labor concerns. Meanwhile, environmental sustainability focuses on minimizing the ecological footprint of business operations to preserve the environment (Sulaeman et al., 2019).

Entrepreneurship not only fosters business innovation and performance but also expedites modernization (Al-Dajani et al., 2015). Its significance extends beyond merely promoting business innovation and performance (Samsinar & Firdaus, 2019). In essence, entrepreneurship catalyzes embracing and implementing contemporary approaches, technologies, and practices within an economy or society, contributing to its overall progress and adaptability to changing dynamics. By fostering innovation and driving modernization, entrepreneurship becomes a dynamic force shaping the trajectory of economic and social development. Schumpeter in 1983 emphasized that entrepreneurship is a driving force in the economy, particularly in developing countries where it is deemed crucial (Acs & Szerb, 2007). Entrepreneurship is viewed as a tool for generating economic wealth and its progress is seen to enhance social welfare (Bastian et al., 2020).

Hernita et al. (2021) imply that enhancing human resource (HR) capabilities, increasing business productivity, utilizing technology effectively, and diversifying business operations all exhibit a favorable correlation with sustainability SMEs. Tur-Porcar et al. (2018) state that the primary factor influencing the stability of a business revolves around entrepreneurial behavior and beliefs, as they are crucial in fostering an understanding of the importance of embracing sustainable entrepreneurship. In essence, HR stands as the cornerstone of competitive advantage for both enterprises and nations, driving economic growth (Kisefáková et al., 2019).

As humans constitute a vital component of business operations, the essence of entrepreneurship lies in its entrepreneurial spirit. The spirit embodies a personality characterized by valuing creative action, embracing experimentation, thriving in diverse challenges, exuding confidence, possessing self-determination or internal locus of control, adeptness in risk management, viewing change as an opportunity, embracing ambiguity, demonstrating initiative and achievement orientation, striving for excellence, maintaining open-mindedness, valuing time, and exhibiting strong motivation (Zulfikri & Iskandar, 2022). Thus, we argue that the entrepreneurial spirit significantly influences business sustainability.

Empowerment offers a different perspective for understanding how decisions are made, influencing

both organizational operations and community life (Perkins & Zimmerman, 1995; Zimmerman, 2000). Empowerment serves as a developmental strategy aimed at enhancing the social, cultural, and economic fabric of a community. Empowerment outcomes, such as task performance, and proactive behavior innovation, indicate that the empowerment theory is relevant beyond organizational settings. However, the relationship between entrepreneurship and empowerment is often unclear due to the influence of other factors, despite its positive effects in diverse contexts (Henao-Zapata & Peiro, 2018). Consequently, the impact of empowerment on collective entrepreneurship and societies has not been adequately explored. Departing from the lack of studies on the aforementioned topic, this study closes the gap by examining empowerment’s role in entrepreneurship and the factors influencing business sustainability.

Empowerment theory provides a framework for understanding and assessing the concept of empowerment in diverse contexts (Zimmerman, 2000). The theory emphasizes the importance of studying the empowerment process and distinguishing it from other constructs such as self-esteem, self-efficacy, or locus of control. Achieving a universal measurement of empowerment is deemed impossible, given that the primary goal of development is an empowered society (Eger et al., 2018), characterized by material, institutional, economic, cooperation, commitment, or shared intellectuality to apply empowerment (Widjajanti, 2011). The institutional aspect is another vital supporting factor for community empowerment programs (Vijayakumar, 2018). Empowerment programs that synergize all stakeholders and motivate the community toward a better change need strong and representative institutions to achieve their goals (Ramos & Prideaux, 2014).

We chose to focus on the Trangsan rattan industrial cluster in Sukoharjo, Central Java, Indonesia, recognized as one of the largest rattan producers in Indonesia and ranked eighth as the largest supplier of rattan products to various countries in 2006<sup>1</sup>. Unfortunately, the industry faced challenges, with its success trajectory declining due to the significant 2008 crisis and decreased demand for rattan products in 2015. In response to these challenges, the local government transformed the once-thriving industry into “Rattan Rural Tourism” in Trangsan in 2016. Therefore, analyzing the interconnection involving community empowerment, entrepreneurial spirit, and business sustainability becomes a crucial element within this specific locale.

As emphasized by Wood et al. (2021), empowerment plays a positive role in entrepreneurship. The focus on individual ability within entrepreneurship programs aligns with the notion that individuals can create value through their business ventures. Consequently, the goals of empowerment align with entrepreneurial objectives, reflecting the neoliberal vision of free markets, privatization, and sustainable economic growth. This study aimed to analyze the effect of community empowerment on the entrepreneurial spirit of the local population, fostering active, persistent, and change-oriented behaviors associated with psychological empowerment for business sustainability.

The remainder of this paper is structured as follows. Section 2 explains the conceptual

<sup>1</sup> <https://visitjawatengah.jatengprov.go.id/id>

framework and develops the hypotheses. Section 3 presents an overview of the research material and method, Section 4 demonstrates the results of the study. Section 5 elaborates on the discussion of the findings presented earlier, and Section 6 presents the research implications and conclusion.

## 2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The conceptual model in this study centers on the relationships between community empowerment, entrepreneurship, and sustainable development for collective business (see Figure 1). These relationships are important for stakeholders, policymakers, and entrepreneurs in Trangsan, providing a holistic understanding of how empowering individuals with high entrepreneurial spirits can be transformative for Trangsan's rattan craft industrial cluster.

### 2.1. Mechanisms, dynamics, and impacts of empowerment through entrepreneurship

Empowerment through entrepreneurship programs emphasizes the individual's ability to create value through sustainable business ventures (Wood et al., 2021). This aligns with Banihani's (2020) view that empowerment aims to enable individuals or groups to translate their choices into desired results. For those with limited resources, active participation in politics and local decision-making offers them a platform to influence policies and advocate for specific needs, breaking down barriers and fostering a more inclusive and equitable society. To achieve this, it's essential to eliminate barriers — whether political, legal, or social — that hinder certain groups, providing disadvantaged individuals with the necessary tools to participate in the economy and working towards fairer governance, improved institutions, and stronger social support networks. This approach strives to create fairer governance, institutions that better serve marginalized communities and stronger social support networks.

Numerous studies support the idea that empowerment is characterized as a dynamic process rather than a static objective (Ennis, 2019). In essence, this conceptualization involves collaborative initiatives aimed at bolstering personal, interpersonal, or political power for individuals, families, and communities, with the overarching goal of improving their circumstances (Gutierrez, 1995). Importantly, the term 'empowerment' retains its relevance as long as individuals persist in making a social impact on the community (Soler et al., 2014).

Community-based and grassroots organizations play a crucial role in both individual and collective efforts to transform attitudes, acting as mediators between empowerment and individual change. Empowerment has become an increasingly important component of development policy (Adamson, 2010). Numerous studies highlight that empowerment is an ongoing process, not reducible to individual efforts alone, as it requires societal shifts in power structures, social mobilization, and community power. Moreover, the empowerment process cannot be imposed but demands changes in the individual's consciousness, understanding, and acknowledgment of their marginalization and subordination. Consequently, mechanisms such as an individual's agency, autonomy, self-direction in self-development,

self-determination, liberation, participation, mobilization, and self-confidence are indispensable for fostering empowerment (Ibrahim & Alkire, 2007).

Given its broad applicability, empowerment is often applied in various fields, including health, economics, politics, and education. The relationship between empowerment and economic development is often seen as reciprocal, where entrepreneurship acts as a catalyst for interconnected effects (Duflo, 2011). Consequently, fostering entrepreneurial spirits is anticipated to contribute to economic growth by redirecting the focus of business actors from mere production to a more sustainable orientation.

### 2.2. Collective business sustainability

The long-term goal of every business is sustainability, characterized by a balanced performance across economic, social, and environmental dimensions. Supported by Hanaysha et al. (2022), sustainable practices are expected to lead to various benefits, including increased profits, enhanced product quality, greater brand satisfaction, stronger organizational commitment, improved brand reputation, potential government backing, cost savings from sustainable logistics and supply chains, and reduced environmental liabilities and regulatory expenses. These dimensions are often regarded as the pillars of sustainability within the discourse on sustainable development.

Within these pillars, social performance assumes a crucial role in enhancing people's welfare and quality of life, widely acknowledged as an indicator of development success (Phillips & Pittman, 2008). Quality of life, closely tied to well-being, is recognized as a vital component in sustainable community development, encompassing economic security, ecological integrity, quality of life, and accountable or responsible empowerment (Rogerson et al., 1989). Hence, we contend that fostering a strong sense of community is crucial for achieving business sustainability. Therefore, prioritizing the sustainability of the community is important, community sustainability is defined by Sinclair et al. (2021) as a community of people living together in a developed area with the ability to leverage natural, HR, and technological resources to sustain stability over long periods, ensuring both current and future generations can achieve high levels of health and well-being.

The primary objective of this research is to provide evidence supporting the idea that a community's capacity to manage a joint business within a rattan industrial center significantly influences business sustainability and contributes to the welfare of its members. This welfare aspect is considered a crucial pillar of sustainable development, particularly emphasized in assessing the success of regional development policies (Muda et al., 2017).

### 2.3. The role of entrepreneurial spirit in business sustainability

Entrepreneurs play an indispensable role in the economy as business owners, job creators, and innovators (Hessels et al., 2018). Embracing entrepreneurship entails facing new challenges, embarking on adventurous experiences, and seizing opportunities to shape the future through

the creation of business sustainability (Wanhill, 2000). Pham et al. (2021) suggest that entrepreneurs possess innate competence, further developed through education within their sociocultural context. Business stability is the goal of every entrepreneur. While achieving business stability is a universal goal for entrepreneurs, business performance reflects their determined efforts to sustain their enterprises (O'Neil et al., 2022).

However, the distinctive feature of a sustainability-focused business model for entrepreneurs lies in the ability to generate positive environmental and social outcomes, setting them apart from competitors (Veleva, 2021). From a social perspective, entrepreneurial orientation involves recognizing opportunities and creating social value, incorporating innovation, proactiveness, and risk-taking into decision-making processes. We argue that entrepreneurs must embody certain attitudes, including entrepreneurial spirit, to effectively manage the complexities of sustainable business practices.

Tripopsakul et al. (2022) signified that fostering an entrepreneurial spirit significantly influences the initiation and expansion of business. Nurturing this spirit can enhance an individual's productivity, resulting in beneficial economic contributions. The concept of entrepreneurial spirit is assessed through a predisposition towards entrepreneurship, innovation, and risk-taking within the framework of economic evolution (Jin et al., 2021). Consistent with Sarmawa et al. (2020), fostering an entrepreneurial spirit among organization members is complemented by the strategic collaboration of entrepreneurs with top management to ensure business continuity. Prasetyo et al. (2021) also found that the success of a business owner in managing their enterprise relies on their creativity and entrepreneurial spirit. Hence, we formulate the first hypothesis as follows:

*H1: Entrepreneurial spirit positively and significantly affects the business cluster's sustainability.*

## **2.4. Community empowerment, entrepreneurship, and sustainable development for collective business**

Empowerment is believed to enhance the capacity of individuals and groups, enabling them to translate their preferred options into desired actions and outcomes. It is a multi-dimensional concept, applicable to various aspects such as economic decision-making, politics, building awareness, and property rights, all crucial factors in individual and community empowerment. Importantly, empowerment cannot be imposed; rather, it necessitates a shift in the consciousness of the empowered individual or group, requiring their understanding and acknowledgment of their marginalization and subordination (Batliwala, 1994).

The promotion of empowerment involves fostering agency, autonomy, and self-direction in terms of self-development, self-determination, independence, participation, mobilization, and self-confidence (Ibrahim & Alkire, 2007). Empowerment domains include health, economics, politics, and education (Duflo, 2011) and awareness, with studies focusing their analysis on individual, community, organizational, personal, relational, and collective levels (Wood et al., 2021). Entrepreneurship is often considered a catalyst for empowerment in economic

development. Therefore, promoting entrepreneurship is an important antecedent for Sustainable Development Goals (SDGs). Beyond creating jobs and improving products and processes, entrepreneurship has the power to transform lives. It extends beyond market exploration to a conscious analysis of the social, economic, and environmental impacts, contributing to the sustainability of businesses in their respective areas.

Studies on entrepreneur empowerment aim to generate economic benefits or, in some cases, sources of employment (Gibbs, 2006), which determines entrepreneurs' contribution to regional development. Consequently, the values created through entrepreneurial activities are measured based on business sustainability using sales, profit, or return on investment (ROI) as its indicators and have been exclusively linked to profit maximization (de Giovanni, 2012). According to Gross-Golacka et al. (2020), business sustainability can be defined as a practical implementation of SDGs and rules at the microeconomy level. The success of business groups in achieving sustainability at the microeconomic level will affect economic development at the regional level.

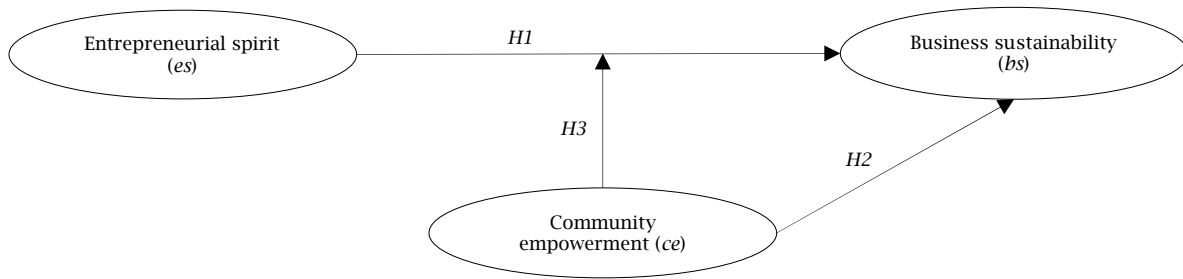
Alsaad et al. (2023) confirmed that three key factors of empowerment, namely quality education, sociocultural influences, and supportive policies, have been verified to play a crucial role in enabling and encouraging women to initiate businesses in the Kingdom of Bahrain. The theories of empowerment and institutional frameworks were deemed applicable in the context of empowering women as entrepreneurs in this region. According to Arfah and Samiha (2020), community empowerment is a strategic approach aimed at fostering the capability and self-sufficiency of a community. The goal of community empowerment is to enhance the community's strength and autonomy in addressing challenges such as poverty, underdevelopment, inequality, and disenfranchisement, thereby, fostering the growth of SMEs in Gowa Regency, located in the South Sulawesi Province. Therefore, we propose the following hypotheses:

*H2: Community empowerment positively and significantly affects business sustainability within industrial clusters.*

*H3: Community empowerment moderates the influence of entrepreneurial spirit on business sustainability within industrial clusters.*

Trangsan village is Indonesia's oldest and most well-preserved rattan craft industry cluster, located in Sukoharjo, Central Java. It has demonstrated sustainability by becoming the eighth-largest rattan craft producer globally. This achievement, coupled with its resilience after the significant 2008 global financial crisis, makes it an ideal setting for analyzing the impact of entrepreneurial spirit and community empowerment on business sustainability within these industrial clusters. This analysis holds not only theoretical implications but also practical significance. Additionally, because empowerment has taken center stage in Indonesia's economic development in recent years, this study also examines the moderating effect of community empowerment on the relationship between entrepreneurship and business sustainability in the Trangsan rattan industry cluster, as summarised in Figure 1.

Figure 1. Research framework



3. RESEARCH METHODOLOGY

3.1. Data collection

To investigate the relationship between *es* and *ce* data were collected from October 2023 until December 2023 through a questionnaire survey involving 612 rattan craft business entrepreneurs and workers in Trangsan, of which 315 responded and met our inclusion criteria. The criteria comprised a minimum of three years of business or working experience in the industry and at least 10 years of residency in Trangsan. After removing individual samples with missing values and extreme outliers, 254 valid full samples were used to analyze the variables necessary for the subjects involved in entrepreneurial spirit and community empowerment (see Table 1). Additionally, to ensure the sample of this study is representative, we checked our sample to confirm that it matched the dimensions of the population’s demographic characteristics as suggested by Morse (1998). It is important to note that participation in the survey was entirely voluntary.

Table 1. Demographic characteristics of the study population

No.	Characteristic	Population	Sample
<b>Gender</b>			
1	Male (M)	422	175
	Female (F)	189	79
	Total	612	254
<b>Age (years)</b>			
2	< 25	n/a	13
	25-40	n/a	63
	≥ 41	n/a	178
	Total	612	254
<b>Level of education</b>			
3	Primary or junior high school	n/a	122
	Senior high school	n/a	109
	College/university	n/a	23
	Total	612	254

Source: Authors’ elaboration.

3.2. Variable selection

In this study, the dependent variable is business sustainability (*bs*), specifically within the rattan craft industry. The assessment of the industry’s sustainability draws upon items adopted from (Gross-Golacka et al., 2020). These items encompass various aspects, including the increase in rattan’s selling price (*bs1*), the rise in rattan handicrafts production (*bs2*), the continuous growth of rattan business assets (*bs3*), the satisfaction derived from being a rattan entrepreneur (*bs4*), efforts aimed at

expanding the scale of the rattan business (*bs5*), and the expectation of future opportunities within the rattan business industry (*bs6*).

The core independent variables are the entrepreneurial spirit (*es*) and community empowerment (*ce*). Following Suryana (2013) and Tripopsakul et al. (2022), the entrepreneurial spirit was measured using six indicators including the courage to take risks (*es1*), ability to accommodate capital (*es2*), need for achievement (*es3*), high level of independence (*es4*), innovating and creative in the production process (*es5*), and good planning and managerial skills (*es6*). Community empowerment was measured using indicators adopted from (Soler et al., 2014) community capacity building (*ce1*), community participation (*ce2*), access to information (*ce3*), community identity (*ce4*), community knowledge (*ce5*), community organizations (*ce6*). A Likert scale with seven points was utilized to rank opinions, with one representing “strongly disagree” and seven representing “strongly agree”.

3.3. Data analysis

The analysis was carried out in stages involving tests such as reliability and validity. Model-to-data fit in the present study was evaluated using the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO MSA) and anti-image correlation value as suggested by Nugrahadi et al. (2020) and Tripopsakul et al. (2022). The data reliability is assessed using Cronbach’s alpha score. Using the Statistical Package for the Social Sciences (SPSS) program version 22, the proposed hypotheses are assessed using stepwise regression analysis to examine the influence of the entrepreneurial spirit on rattan craft business sustainability. The regression analysis also examines the interaction effect of community empowerment and entrepreneurial spirit on rattan craft business sustainability. The regression Eq. (1) for these analyses is as follows:

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3(x_1 * x_2) + \varepsilon \tag{1}$$

where, *Y* represents rattan craft business sustainability, *x*<sub>1</sub> represents the entrepreneurial spirit, *x*<sub>2</sub> represents community empowerment,  $\beta$  is the regression coefficient and  $\varepsilon$  is random error.

4. RESEARCH RESULTS

4.1. Preliminary analyses

Validity testing using KMO MSA and anti-image correlation values indicates that all indicators are valid and acceptable for further analysis. Table 2

shows that the KMO MSA value is 0.822 (> 0.5), with a significance of 0.000, signifying that the variables are valid. The correlation between the variable's indicators is summarised in the anti-image correlation matrix. Table 3 reveals that the correlation value between indicators meets the minimum criteria for the KMO MSA value of 0.5, confirming their validity.

**Table 2.** Value of KMO MSA, chi-square, degree of freedom, and level of significance

Test		Value
Kaiser-Meyer-Olkin measure of sampling adequacy		0.822
Bartlett's test of sphericity	Approx. chi-square	2.416E3
	Df.	153
	Sig.	0.000

**Table 3.** Anti-image correlation

Indicators	es1	es2	es3	es4	es5	es6	ce1	ce2	ce3	ce4	ce5	ce6	bs1	bs2	bs3	bs4	bs5	bs6
es1	0.727 <sup>a</sup>	-0.218	-0.039	-0.385	0.017	0.015	-0.095	-0.083	-0.024	-0.129	0.111	0.059	-0.120	-0.037	-0.202	0.141	0.064	0.076
es2	-0.218	0.796 <sup>a</sup>	-0.370	-0.130	0.036	-0.045	-0.021	-0.054	-0.051	0.066	-0.046	-0.031	-0.126	0.135	-0.061	-0.035	0.086	-0.082
es3	-0.039	-0.370	0.797 <sup>a</sup>	-0.096	-0.053	0.014	-0.017	0.119	0.127	-0.065	-0.088	-0.021	0.057	-0.016	0.079	-0.076	0.014	-0.030
es4	-0.385	-0.130	-0.096	0.833 <sup>a</sup>	-0.071	0.016	0.072	0.010	-0.022	0.015	-0.126	-0.100	0.123	0.005	0.069	-0.142	0.040	0.006
es5	0.017	0.036	-0.053	-0.071	0.624 <sup>a</sup>	-0.983	-0.030	0.048	-0.165	0.084	-0.048	0.053	-0.108	0.047	-0.053	0.082	-0.058	-0.015
es6	0.015	-0.045	0.014	0.016	-0.983	0.619 <sup>a</sup>	0.026	-0.075	0.187	-0.099	0.057	-0.062	0.099	-0.045	0.052	-0.073	0.040	0.011
ce1	-0.095	-0.021	-0.017	0.072	-0.030	0.026	0.895 <sup>a</sup>	-0.149	-0.042	-0.214	-0.086	-0.047	0.021	-0.005	0.041	-0.084	-0.089	0.096
ce2	-0.083	-0.054	0.119	0.010	0.048	-0.075	-0.149	0.922 <sup>a</sup>	-0.187	-0.088	-0.066	-0.067	-0.044	0.061	-0.115	-0.136	0.007	-0.045
ce3	-0.024	-0.051	0.127	-0.022	-0.165	0.187	-0.042	-0.187	0.843 <sup>a</sup>	-0.197	-0.253	0.018	-0.050	-0.076	-0.053	-0.014	0.928 <sup>a</sup>	-0.025
ce4	-0.129	0.066	-0.065	0.015	0.084	-0.099	-0.214	-0.088	-0.197	0.886 <sup>a</sup>	-0.155	0.069	-0.076	-0.082	0.032	-0.033	0.100	-0.145
ce5	0.111	-0.046	-0.088	-0.126	-0.048	0.057	-0.086	-0.066	-0.253	-0.155	0.893 <sup>a</sup>	-0.083	-0.053	0.001	-0.037	-0.093	-0.239	0.103
ce6	0.059	-0.031	-0.021	-0.100	0.053	-0.062	-0.047	-0.067	0.018	0.069	-0.083	0.779 <sup>a</sup>	-0.014	-0.701	0.032	0.042	0.041	0.083
bs1	-0.120	-0.126	0.057	0.123	-0.108	0.099	0.021	-0.044	-0.050	-0.076	-0.053	-0.014	0.928 <sup>a</sup>	-0.146	-0.092	-0.161	-0.117	-0.025
bs2	-0.037	0.135	-0.016	0.005	0.047	-0.045	-0.005	0.061	-0.049	-0.082	0.001	-0.701	-0.146	0.792 <sup>a</sup>	-0.193	-0.096	-0.007	-0.274
bs3	-0.202	-0.061	0.079	0.069	-0.053	0.052	0.041	-0.115	0.045	0.032	-0.037	0.032	-0.092	-0.193	0.906 <sup>a</sup>	-0.122	-0.218	-0.142
bs4	0.141	-0.035	-0.076	-0.142	0.082	-0.073	-0.084	-0.136	0.036	-0.033	-0.093	0.042	-0.161	-0.096	-0.122	0.920 <sup>a</sup>	-0.115	-0.117
bs5	0.064	0.086	0.014	0.040	-0.058	0.040	-0.089	0.007	-0.089	0.100	-0.239	0.041	-0.117	-0.007	-0.218	-0.115	0.887 <sup>a</sup>	-0.194
bs6	0.076	-0.082	-0.030	0.006	-0.015	0.011	0.096	-0.045	0.008	-0.145	0.103	0.083	-0.025	-0.274	-0.142	-0.117	-0.194	0.892 <sup>a</sup>

Note: <sup>a</sup> Values of MSA above 0.5 are generally considered acceptable.

Reliability testing, as assessed through Cronbach's alpha, is a measure of the internal consistency or reliability of a set of variables within a questionnaire or survey. In this study, the obtained Cronbach's alpha value is 0.866, which exceeds the commonly accepted threshold of 0.6. This indicates that the indicators used to measure the variables, such as entrepreneurial spirit and community empowerment, exhibit strong internal consistency. This implies that the questionnaire items consistently measure what they are intended to measure. Having a Cronbach's alpha value above 0.6 suggests that the data collected from the survey are reliable and consistent. Researchers often use this metric to ensure that the survey instruments are dependable and that the responses obtained are meaningful and consistent. In this case, it affirms that the data is suitable for further analysis, providing confidence in the robustness of the study's findings and conclusions.

**Table 4.** Reliability test results

Cronbach's alpha	Cronbach's alpha based on standardized items	N of items
0.866	0.871	18

**4.2. Tests of hypotheses**

Stepwise regression analysis is a statistical technique used to identify the most influential

variables that contribute to the variability in the dependent variable. This study was employed to examine and quantify the relationships between various factors and the sustainability of the rattan craft industry in Trangsan village. The results of the analysis, as summarised in Table 5, provide insights into the significance and contribution of the entrepreneurial spirit and community empowerment variables to the sustainability of rattan craft businesses. By utilizing stepwise regression, we show the most relevant factors among the variables under consideration, helping to elucidate the key drivers of sustainability within the rattan craft industry. This analytical approach enhances our understanding of the factors that play a crucial role in shaping the business landscape in Trangsan village, offering valuable information for both researchers in the field and policymakers.

The stepwise regression analysis reveals a statistically significant relationship between entrepreneurial spirit and the sustainability of rattan craft businesses in Trangsan village (p > 0.5). The result aligns with previous studies for instance (Hernández-Perlines & Rung-Hoch, 2017; Hessels et al., 2018; Jin et al., 2021; O'Neil et al., 2022; Prasetyo & Sonny, 2020; Sarmawa et al., 2020; Sulphey & Salim, 2021; Tripopsakul et al., 2022) which emphasizes the universal nature of the entrepreneurial spirit's impact on business sustainability across various cultural contexts.

**Table 5.** Results of data analysis with multiple regression

Variable	Model 1			Model 2		
	Coeff. (β)	t-stat.	Sig.	Coeff. (β)	t-stat.	Sig.
Constant	-0.126	-0.454	0.650	3.106	2.014	0.045
Entrepreneurial spirit (es)	0.105	2.013	0.045	-0.741	-1.851	0.65
Community empowerment (ce)	0.849	12.495	0.000	0.035	0.090	0.928
Entrepreneurial spirit (es) * Community empowerment (ce)	-	-	-	1.179	2.130	0.034
R <sup>2</sup>	0.449			0.459		

Note: Dependent variable: Business sustainability (bs).

## 5. DISCUSSION OF THE RESULTS

The results of the stepwise regression analysis revealed a significant and positive correlation between entrepreneurial spirit and the sustained success of rattan craft enterprises in Trangsan village. This underscores the pivotal role played by entrepreneurial attributes in maintaining the viability of collective businesses, especially in Trangsan, a prominent rattan industry hub in Indonesia. The implication is that fostering and nurturing entrepreneurial spirits within Trangsan village is not just advantageous but imperative for sustaining the competitiveness of the local rattan craft industry. The adept application of entrepreneurial spirit by business owners becomes indispensable for ensuring longevity and triumph over competitors. Consequently, targeted interventions such as comprehensive training programs and mentorship initiatives aimed at cultivating and enhancing entrepreneurial capabilities among local entrepreneurs emerge as crucial strategies.

The analysis further reveals a positive and substantial impact of community empowerment on the sustainability of the Trangsan rattan craft industrial cluster ( $p > 0.05$ ), supporting *H2*. This finding underscores the critical role of local empowerment in fortifying the resilience and longevity of the rattan craft industry in the region. By encompassing various domains of empowerment — health, economics, politics, and education Trangsan can establish a strong foundation for its entrepreneurs, ensuring the sustained growth of its rattan craft industry.

Moreover, our findings suggest that fostering entrepreneurship is closely linked with community empowerment for sustainable development, aligning with the goals outlined in the SDGs. Entrepreneurship plays a crucial role in economic growth, fostering job creation and innovation. Empowering communities to actively participate in entrepreneurial activities directly contributes to achieving SDG 8: Decent Work and Economic Growth, which specifically aims for sustained, inclusive, and sustainable economic growth. This interconnected relationship underscores the significance of integrating entrepreneurial development and community empowerment strategies for achieving sustainable development objectives.

The results from analysis stepwise regression analysis also support *H3*, indicating that community empowerment moderates the relationship between entrepreneurial spirit and industrial cluster sustainability in Trangsan ( $p > 0.05$ ). This implies that the impact of entrepreneurial spirit on sustainability is significantly enhanced when combined with community empowerment. The finding underscores the need for a holistic approach, emphasizing both individual entrepreneurial development and community-level empowerment. It suggests that community-level programs and policies can enhance the impact of entrepreneurial initiatives, leading to sustainable industrial clusters. Thus, interventions aimed at empowering individuals with high entrepreneurial spirits could be transformative for Trangsan's rattan craft industrial cluster. The effect of entrepreneurial spirit and community empowerment suggests that interventions designed to empower individuals with strong entrepreneurial inclinations can have transformative effects on Trangsan's rattan craft industrial cluster.

By fostering a conducive environment at both individual and community levels, the prospects for sustainable development in the industrial cluster are significantly enhanced.

## 6. CONCLUSION

The proposed model examines the interplay between community empowerment and entrepreneurial spirit in fostering business sustainability within an industrial cluster. This study enriches the literature on entrepreneurship development by incorporating dimensions of empowerment, including participation, capacity building, group knowledge, and community organization, contributing to a more comprehensive understanding of business sustainability. The results showed the influence of entrepreneurial spirit and community empowerment on rattan industry business sustainability. The analysis also supports the interaction effect of community empowerment on the relationship between entrepreneurial spirit and business sustainability, as suggested by various studies (Hernández-Perlines & Rung-Hoch, 2017; Hessels et al., 2018; Jin et al., 2021; O'Neil et al., 2022; Prasetyo & Sonny, 2020; Sarmawa et al., 2020; Sulphey & Salim, 2021; Tripopsakul et al., 2022).

From a practical standpoint, adopting an integrated approach that combines entrepreneurial spirit and community empowerment is deemed crucial for ensuring long-term business sustainability. To operationalize these findings, stakeholders in Trangsan are urged to implement targeted programs that simultaneously foster entrepreneurial skills and community empowerment. The emphasis should be on participatory and group organizing initiatives to fortify entrepreneurial values at both individual and community levels. Drawing inspiration from successful models, such as the Village Enterprise program in East Africa, which focuses on poverty reduction through the establishment of sustainable businesses in rural communities, could provide valuable insights for Trangsan.

In addition, our findings highlight the interdependence of entrepreneurial spirit and community empowerment for long-term business sustainability. Combining high entrepreneurial spirit with available community empowerment emerges as a potent strategy for achieving sustainable rattan business in Trangsan. This implies that participatory and group organizing should be actively promoted to strengthen entrepreneurial values. Moreover, our findings shed light on existing apathy towards business groups or associations due to a lack of understanding of individual roles in maintaining sustainability. Therefore, we recommend the implementation of a comprehensive backward and forward linkage model of empowerment in entrepreneurship. Both government and non-governmental organizations should offer training and assistance to these groups to enhance the sustainability of their businesses and production processes.

While this study strived to adhere to rigorous scientific standards, it faces several limitations. Firstly, the data used in the analysis were collected only from one business group in the rattan industry cluster, thus, limiting the generalization of the findings. Secondly, using a questionnaire survey as a sole data collection technique might bring the common method bias into the interpretation.

Lastly, the empirical investigation was highly cross-sectional and did not allow for observing the long-term interaction of empowerment and entrepreneurship because the current study did not apply a longitudinal research design. Future studies could consider expanding the proposed models to other industrial business groups in Indonesia to examine if the proposed models are applicable in different research settings. Such an effort will provide a holistic idea that assists stakeholders in designing future policies. Additionally, in-depth qualitative studies could help generate comprehensive ideas on community empowerment and its relationship to entrepreneurship in maintaining business sustainability.

The study's findings not only confirm the proposed hypotheses, but also provide practical

insights for stakeholders, policymakers, and entrepreneurs in Trangsan. The connection between entrepreneurial spirit and community empowerment proves to be a promising strategy for promoting sustainable development in the rattan craft industry, ensuring its resilience against challenges, and contributing to the economic and social well-being of the local community. The results of the regression analysis highlight the critical factors influencing the sustainability of the rattan craft industry in Trangsan village. The implications of the study extend beyond the local context, offering valuable insights into similar industrial clusters in Indonesia and potentially inspiring policies and initiatives that prioritize a holistic approach to entrepreneurship and community development.

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## APPENDIX. QUESTIONNAIRE ITEMS

### ***Entrepreneurship spirit variable:***

1. Courage to take risks
2. Ability to accumulate capital
3. The need for achievement
4. Self-reliance
5. Innovative and creative
6. Good planning and management

### ***Community empowerment variable:***

1. Capacity building
2. Participation
3. Access to information
4. Community identity
5. Community knowledge
6. Community organization

### ***Business sustainability in cluster industry variable:***

1. Increase in rattan selling prices
2. Increased cluster rattan production
3. Rattan's business assets continue to increase
4. I am satisfied to be a rattan entrepreneur
5. I will increase the scale of my rattan business
6. Ability to embrace opportunities