



## **Strengthening Craft-Based MSME Competitiveness Through an Empowerment Model in Mojokerto's Creative Incubation Program**

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### **Abstract**

The development of the creative economy has positioned entrepreneurship incubation programs as a strategic approach to strengthen craft-based micro and small enterprises. This study aims to answer how the community empowerment process unfolds within the Creative Craft Design Entrepreneurship Incubation Program under the 5 Creative Subsector Scheme in Mojokerto City. Using Wilson's empowerment framework awakening, understanding, harnessing, and using, the research investigates the extent to which the program contributes to the advancement of fashion-related craft enterprises. A qualitative case study approach was employed, and data were collected through observation, semi-structured interviews, and documentation involving program participants and the implementing agency. The findings show that the program substantially enhanced participants' technical, managerial, relational, and psychological capacities. In the awakening stage, participants developed greater awareness of their entrepreneurial potential, though motivation levels varied. The understanding stage revealed notable improvements in design quality, production techniques, business management, and digital marketing skills. During the harnessing stage, several participants effectively utilized program facilities, networks, and acquired knowledge, while others exhibited continued dependency on the implementing agency. The using stage demonstrated emerging business independence, marked by increased sales, improved operational management, and more consistent marketing practices, although some participants progressed slowly due to limited commitment. Overall, the program contributes meaningfully to the gradual empowerment and professionalization of craft-based enterprises. These findings highlight the importance of continuous mentoring, digital capacity building, and tailored support to strengthen the sustainability and competitiveness of creative industry entrepreneurs.

**Key Words** : Craft Design, Community Empowerment, Fashion MSMEs,  
Incubation Program.

## Introduction

The development of Micro, Small, and Medium Enterprises (MSMEs) as a pillar of the national economy has increasingly demonstrated a strategic role in promoting inclusive and sustainable economic growth. This sector not only contributes significantly to employment generation but also serves as a key instrument in poverty reduction and improving community welfare. This view is consistent with the arguments of (Siagian et al., 2025), who emphasize that the growth of the national creative economy is currently supported by digital adoption and the increasing participation of society in entrepreneurial activities. Furthermore, highlight that government regulations, including improvements in literacy, access to finance, and marketing facilities, contribute to creating a supportive ecosystem for the development of creative MSME actors (Fitrya Maimuna et al., 2024).

Among the 17 subsectors of the creative economy, crafts hold a significant role due to their cultural, aesthetic, and economic contributions. The craft subsector does not only produce goods with artistic value but also preserves cultural narratives and local craftsmanship that are passed down across generations. The expansion of technology and e-commerce has also opened wider opportunities for craft products to penetrate regional and even international markets. However, various studies continue to show that MSME actors in this sector face persistent challenges, such as limited design innovation, low managerial capability, and gaps in digital literacy (Fitrya Maimuna et al., 2024). These conditions suggest that empowering MSME actors requires more than basic technical training. It calls for sustained and strategic capacity-building efforts.

In this context, local governments play a crucial role in designing and implementing empowerment programs that go beyond facilitative support toward fostering business independence and sustainability. One approach that has gained increasing attention is business incubation, which aims to accelerate enterprise capacity development through mentoring, training, and access to networks and markets. In Mojokerto City, the craft design entrepreneurship incubation program represents a policy intervention designed to strengthen locally-based fashion MSMEs. Mojokerto City is one of the regions in East Java with considerable potential in the craft and fashion subsectors. Known for its rich Majapahit heritage, the city has long been a source of inspiration for various creative works. It also hosts an active MSME community and benefits from supportive regional policies. As a concrete form of commitment to strengthening the creative sector, Dinas Koperasi, Usaha Kecil Menengah, Perindustrian dan, Perdagangan (Diskopukmperindag) Kota Mojokerto, together with the Ministry of Tourism and Creative Economy, implements the Entrepreneurial Incubation Program for Five Creative Subsectors, one of which focuses on craft design. The incubation program provides participants with technical training, intensive mentoring, legal support, design improvement, and digital marketing development. This program has become a relevant and strategic intervention for strengthening local MSMEs. It aims not only to enhance entrepreneurial skills and creative capacity but also to reinforce the local MSME ecosystem so it can better respond to global economic challenges. With multi-stakeholder collaboration and capacity building through the incubation approach, Mojokerto City is expected to become a model for successful and sustainable creative economy development. From 107 initial applicants in the national incubation program, 71 were selected for the next stage, and 15 of them were from the craft design subsector. These data illustrate that craft design holds a

competitive position at the national level and has strong potential to continue growing in Mojokerto.

**Table 1. Number of Incubation Program Participants 2024**

No.	Sub-sector design	Initial number of participants	Number of incubation passes
1.	Fashion Design	12	6
2.	Visual Communication Design	45	16
3.	Architecture and Interior Design	50	26
4.	Craft Design	15	15
5.	Product Design / Footwear	8	8
	Amount	107	71

*Source: Diskopukmperindag, 2025*

However, field findings indicate that the implementation of the incubation program is not yet fully optimal due to several fundamental constraints. Observations and interviews reveal that some participants face financial limitations, low digital marketing capability, inconsistent production, and a relatively strong dependency on government support. Such conditions show that incubation cannot be limited to short-term training sessions but instead requires a comprehensive empowerment process, including the development of entrepreneurial mindsets and consistent mentoring.

Despite the growing body of literature on MSME empowerment, most studies tend to focus primarily on program outputs, such as increased income or the number of enterprises, without thoroughly examining the empowerment process itself. One of the related studies is “Pemberdayaan Pelaku Usaha Mikro Oleh Dinas Koperasi Perindustrian Dan Perdagangan Kota Malang Provinsi Jawa Timur” conducted by (Ulayya, 2024). The relevance of this study lies in its shared focus on micro-enterprise empowerment and MSME development through specific programs. However, the study adopts a broader scope by examining micro-enterprise actors in general across Malang City. In contrast, the present study conducted in Mojokerto City is more specific, focusing on fashion MSMEs and the craft design incubation program, particularly in analyzing the empowerment process involved. Furthermore, studies on business incubation from a public administration perspective remain limited, particularly in understanding how such policy interventions contribute to sustained individual and institutional capacity building. This indicates a significant research gap, especially in analyzing the dynamics of community empowerment through incubation at the local government level. Yet this subsector possesses unique characteristics shaped by cultural values, handcrafting techniques, and more complex design innovation needs. The limited literature highlights the necessity of further research to explore the dynamics of craft MSME empowerment in greater depth.

Addressing this gap, this study examines the community empowerment process within the craft design entrepreneurship incubation program in Mojokerto City by employing Terry Wilson’s theory, which consists of the stages of awakening, understanding, harnessing, and using. This framework is utilized to provide a more comprehensive analysis of how incubation programs not only enhance the technical capabilities of MSME actors but also foster

awareness, understanding, and the ability to optimally utilize their potential. The contribution of this study is twofold. Theoretically, it enriches public administration research by integrating business incubation with empowerment theory in analyzing community development programs. Practically, it offers policy implications for local governments in designing more effective, sustainable, and independence-oriented incubation programs for MSMEs. Therefore, this study is expected to serve as a reference for developing adaptive, locally grounded empowerment models based on incubation approaches.

Based on this context, the research seeks to address the following question, How does the empowerment process occur within the Craft Design Entrepreneurial Incubation Program as an effort to develop fashion-based MSMEs in Mojokerto City? The purpose of this research is to analyze the empowerment process through Wilson's (1996) four stages and to examine how the incubation program contributes to improving the technical, managerial, and entrepreneurial independence of its participants.

## **Method**

This study employs a qualitative approach with a descriptive research design, aiming to gain an in-depth understanding of the community empowerment process through the craft design entrepreneurship incubation program in Mojokerto City. This approach is considered appropriate for exploring social phenomena contextually, particularly the interaction dynamics between local government and MSME actors in the implementation of the empowerment programs.

The research was conducted in Mojokerto City, focusing on the implementation of the craft design entrepreneurship incubation program organized by the relevant government agency. The research location was selected based on the consideration that the program represent a from of local developing creative economy based MSMEs.

The informants were selected using purposive sampling, targeting individuals who have direct knowledge and involvement in the incubation program. The informants consisted of: 1) Officials or staff from the Dinas Koperasi, Usaha Kecil dan Menengah, Perindustrian, dan Perdagangan (Diskopukmperindag) Kota Mojokerto in the Industry Division, who played a role in implementing the incubation program and monitoring MSME empowerment activities in the field of crafts, 2) Craft design MSME actors and mentors, particularly those selected to participate in the incubation program, as they are the main subjects in the empowerment process. The total number of informants in this study was 7 people, with the main criterion being direct experience in the incubation process. The selection of these subjects took into account their direct involvement, the relevance of the information, and their ability to provide in-depth data related to the empowerment process.

Data collection was conducted through three primary techniques: in-depth interviews, observation, and documentation. Semi-structured interviews were used to obtain comprehensive information regarding the empowerment process, challenges, and program impacts. Observations were carried out to directly examine the implementation of incubation activities, while documentation was used to support data in the form of program reports, policy documents, and other relevant records.

To ensure data validity, this study employed source triangulation and method triangulation. Source triangulation was conducted by comparing information obtained from different informants, while method triangulation involved cross-checking data from

interviews, observations, and documentation. In addition, member checking was conducted to confirm the accuracy of the findings with the informants.

The data analysis technique used in this study follows the interactive model proposed by Miles and Huberman, which consists of three stages: data reduction, data display, and conclusion drawing. The analysis process was conducted continuously from the data collection stage to the final phase of the study, by identifying patterns, themes, and relationships relevant to the research focus.

In analyzing the empowerment process, this study applies Terry Wilson's empowerment theory, which consists of four stages: awakening, understanding, harnessing, and using. This framework serves as an analytical tool to categorize and interpret the data related to the empowerment process within the incubation program.

This study also considers research ethics by ensuring that all informants provided informed consent prior to participation. The confidentiality of informants was maintained, and all data collected were used solely for research purposes. The study was conducted over a period of 3 months, covering the stages of data collection and analysis. This duration was determined to ensure data depth and the validity of research findings.

## **Results and Discussion**

This research presents an in-depth analysis of the findings, with each result interpreted using relevant theories in community empowerment and MSME development. The analysis is grounded in the author's observations of various events and conditions related to the focus of the study. The research was conducted at the di Dinas Koperasi, Usaha Kecil dan Menengah, Perindustrian, dan Perdagangan Kota Mojokerto. The presentation of the findings follows the main research question: how the community empowerment process within the craft design entrepreneurship incubation program serves as an effort to develop fashion-based MSMEs in Mojokerto City. The analysis applies Wilson's (1996) community empowerment framework, which consists of four stages: awakening, understanding, harnessing, and using. Data were collected to identify empowerment outcomes in each of these stages and to understand the factors that influence both the successes and limitations of the program.

### **Awakening Stage in the Craft Design Incubation Program**

The awakening stage constitutes a critical foundation within Wilson's empowerment model, positioning it as the initial phase through which individuals identify problems and recognize their inherent potential. Based on the findings of this study, this stage reflects the moment when participants begin to develop awareness of their personal capacities, entrepreneurial opportunities, and the structural or internal barriers that inhibit the growth of their craft-based MSMEs. This dimension of awareness does not emerge instantaneously; rather, it is formed through the interplay between participants' internal motivation and the institutional structure of the incubation program designed by Dinas Koperasi, Usaha Kecil dan Menengah, Perindustrian, dan Perdagangan (Diskopukmperindag) Kota Mojokerto. At the outcome level, the awakening phase demonstrates that some participants possessed intrinsic awareness even before entering the incubation process, while others only began to recognize their potential or the need to enhance their capabilities after being exposed to the program's interventions. This process begins as early as the participant selection stage, which is based on creativity and distinctive design characteristics. The selection mechanism functions not merely

as an administrative procedure but as a strategic approach to ensure that participants hold a minimum level of psychological readiness and foundational capacity that can be further developed throughout the program.

Empirical evidence reveals three distinct typologies of awareness. The first is self-reflective awareness, exemplified by participants such as Ibu Iryantina, who recognized that her drawing abilities could form the basis of a viable batik enterprise. This aligns with Zimmerman's intrapersonal dimension of psychological empowerment and is substantiated, who found that competence and self-efficacy significantly influence women's entrepreneurial orientation. The second typology pertains to capacity-oriented awareness, articulated by participants such as Ibu Lia. This typology reflects Zimmerman's interactional component, in which individuals critically appraise their existing business conditions. The third typology is curiosity-driven awareness, as observed in Ibu Lutfu. This represents an intuitive form of preliminary engagement that precedes a full comprehension of program dynamics, consistent with Rappaport's conceptualization of nascent empowerment processes. This is further reinforced by the critical role of intrinsic motivation in sustaining business continuity and fostering innovation.

The program's structural design further reinforces the development of awareness. The preliminary mapping of SMEs through administrative screening, field observations, and exploratory interviews enabled an effective filtering mechanism. Moreover, cross-subsector collaboration involving batik, knitting, and accessories expanded participants' horizons regarding potential product innovation, aligning with Laverack's assertion about the importance of fostering critical thinking capacities. This finding is also consistent with note that exposure to diverse practices within artisan communities enhances conceptual expansion and creative capabilities. Nevertheless, disparities in initial awareness were evident. Some participants joined the program due to institutional invitations or peer influence, reflecting dependency dynamics widely documented in empowerment literature (Fitri Salsabila et al., 2025).

Awareness also encompassed the recognition of structural and operational challenges. Participants such as Ibu Mus demonstrated advanced critical awareness by identifying ecosystem-level barriers within their creative communities. This observation corresponds with Wilson's emphasis on problem identification as a central component of the awakening stage and is reinforced by (Nisa et al., 2025). Additional strengthening of awareness occurred through sustained exposure to positive public feedback and continuous mentor interactions, aligning with Fredrickson's broaden-and-build theory (2004).

Empirically, the awakening process is manifested through initial socialization activities, training sessions, and interactions between facilitators and participants, which encourage awareness of the importance of innovation, branding, and professional business management. However, a deeper analysis reveals that the effectiveness of this stage varies among participants. This variation is influenced by differences in educational background, prior business experience, and individual capacity to absorb and internalize the knowledge provided.

Furthermore, the findings indicate that the awakening process has not yet resulted in a profound transformation of awareness among all participants. Some MSME actors still demonstrate a degree of dependence on facilitators' guidance, suggesting that the awareness formed remains at a preliminary level and has not yet developed into critical awareness. From an empowerment perspective, this condition implies that while the incubation program has

succeeded in initiating awareness, it has not fully facilitated a sustained transformation of mindset.

From a public administration perspective, these findings suggest that the design of the incubation program requires further strengthening, particularly in terms of participatory approaches and the personalization of learning methods. The program tends to apply a uniform (one-size-fits-all) approach, which limits its effectiveness in addressing the diverse needs of participants. As a result, the awakening stage, which is expected to serve as the foundation of empowerment, has not yet produced evenly distributed outcomes. In conclusion, the awakening stage in the craft design entrepreneurship incubation program in Mojokerto City has functioned as an initial step in the empowerment process. However, its effectiveness remains limited to the development of basic awareness. To achieve more substantive empowerment outcomes, it is necessary to strengthen program strategies that promote deeper internalization of values and reduce participants' dependence on facilitators.

### **Understanding Stage in the Craft Design Incubation Program**

The understanding stage within the 5 Creative Subsector Craft Design Incubation Program constitutes a pivotal transitional phase following the initial awakening stage, marking participants' shift from basic awareness toward the acquisition and internalization of applied, practice-based knowledge. Dinas Koperasi, Usaha Kecil dan Menengah, Perindustrian, dan Perdagangan (Diskopukmperindag) Kota Mojokerto established an instructional framework that systematically integrates conceptual input with direct experiential engagement at the IKM Center, operationalized through a learning-by-doing methodology. This pedagogical design is strongly aligned with Kolb's Experiential Learning Theory (ELCT), which posits that learning develops through the cyclical interplay of concrete experience, reflective observation, abstract conceptualization, and active experimentation. In the craft sector, where knowledge is inherently tacit and material-dependent, such an approach is indispensable, as competencies in design exploration, material manipulation, and production techniques cannot be effectively acquired through theoretical instruction alone (Leong & Lim, 2021).

The understanding cultivated through the incubation program encompasses multidimensional learning outcomes that extend beyond technical craftsmanship. Participants develop broader business-oriented competencies involving enterprise management, artistic collaboration, and market-driven strategy formulation. This holistic orientation is consistent with studies highlighting the centrality of integrating technical skills with business literacy for the long-term sustainability and scalability of MSMEs. The program's provision of practice materials and opportunities for immediate application facilitates the transformation of conceptual knowledge into operational capability (Krishna Yogantara & Agus Prayogi, 2025).

Empirical findings further demonstrate that participants' levels of understanding vary systematically across subsectors. Batik and accessories participants showed more rapid advancement relative to knitting participants, a disparity shaped by the differing responsiveness and accessibility of their respective markets. This suggests that the development of understanding is mediated not only by pedagogical content but also by the structural characteristics of market segmentation and consumer behavior patterns (Ekasari, 2024). Subsector participants whose products are more readily integrated into daily use tend to receive clearer and more immediate market feedback, accelerating their learning trajectories. This variation is influenced by individual capacity to internalize the material, the

level of participation in program activities, and the consistency in applying the acquired knowledge. Some MSME actors demonstrate a higher level of understanding, as reflected in their ability to identify business problems and independently formulate solutions. On the other hand, several participants are able to grasp the concepts theoretically but still face challenges in translating them into practical application within their daily business operations.

Continuous mentoring conducted through WhatsApp and online consultation sessions emerged as a critical mechanism for deepening participants' understanding. This form of personalized, flexible knowledge support is consistent with empirical evidence on the effectiveness of mentoring in MSME capacity building (Berelowitz et al., 2020) and reflects the reflective observation component within Kolb's ELCT, enabling participants to interrogate their production outcomes and diagnose operational constraints more systematically (Arayalert et al., 2023). Participant commitment surfaced as a decisive factor influencing the extent to which understanding was internalized. Individuals who participated only nominally exhibited shallow learning outcomes, corroborating research that identifies intrinsic motivation as a key determinant of training effectiveness among MSMEs (Fitri & Anwar, 2025). Conversely, highly engaged participants, such as Mrs. Iryantina and Mrs. Lia, demonstrated marked growth in technical proficiency, digital marketing knowledge, and strategic comprehension of how design decisions correspond to market preferences.

Participants also advanced in more abstract dimensions of understanding, including aesthetic judgment, cross-subsector collaboration awareness, and recognition of value-chain interdependence. Nonetheless, persistent challenges remain, particularly in relation to developing marketing strategies suitable for mid-to-upper consumer segments, which require more nuanced insight into premium market behavior. This condition indicates that the understanding stage has not yet fully reached the level of applied understanding. From an empowerment perspective, this suggests a gap between knowledge acquisition and implementation capacity. In other words, while the program has been effective in transferring knowledge, it has not fully ensured that such knowledge can be effectively utilized by all participants.

From a public administration perspective, these findings highlight the importance of designing programs that go beyond knowledge transfer and focus on strengthening implementation capacity. The learning approach needs to be more adaptive and tailored to individual needs, for instance through learning by doing, contextual case studies, and more intensive and continuous mentoring. Without such adjustments, the understanding stage risks remaining at a cognitive level without generating tangible changes in business practices.

In conclusion, the understanding stage in the craft design entrepreneurship incubation program in Mojokerto City has contributed to improving MSME actors' comprehension. However, its effectiveness remains limited to the conceptual level. To achieve more optimal empowerment outcomes, it is necessary to strengthen program strategies that bridge the gap between theoretical understanding and practical application in business activities.

### **Harnessing Stage in the Craft Design Incubation Program**

The harnessing stage of the 5 Creative Subsector Craft Design Entrepreneurship Incubation Program in Mojokerto City represents the phase in which participants begin to actively utilize the knowledge, skills, facilities, and networks acquired during training for the advancement of their creative enterprises. At this stage, MSME actors transition from passive recipients of instructional content to active agents who mobilize personal capabilities and local

resources as the basis for production and strategic business development. Institutional support provided Dinas Koperasi, Usaha Kecil dan Menengah, Perindustrian, dan Perdagangan (Diskopukmperindag) Kota Mojokerto, including mentoring, production facilitation, access to the IKM Center, and exhibition space, forms a critical foundation. Empirical studies confirm that the quality of government-provided facilities and infrastructure plays a decisive role in determining the effectiveness of MSME empowerment initiatives.

The utilization of facilities such as capital access, display rooms, exhibitions, and participation in official events illustrates concrete manifestations of structural support during the harnessing stage. Nonetheless, budgetary fluctuations, such as shifting policy priorities toward the footwear subsector, indicate that market access for craft-based MSMEs remains vulnerable to annual policy changes. This condition aligns with findings that excessive reliance on governmental facilitation can undermine entrepreneurial autonomy, reinforcing the need to strengthen independent marketing capacities among MSMEs.

At the individual level, participants such as Mrs. Iryantina successfully applied all training materials, produced independently, disseminated the acquired knowledge to peers, and secured orders from government institutions. This pattern is consistent with research on community-based incubation, which posits that knowledge replication signifies a shift in empowerment from the individual to the community level. Meanwhile, Mrs. Lia utilized training outcomes to conduct customer research and adjust product designs according to consumer preferences. Her actions demonstrate the application of knowledge for data-informed strategic decision-making, in line with studies on digitalisation empowerment indicating that digital business training enhances self-efficacy and innovation capabilities among creative MSMEs.

Similarly, Mrs. Lutfa applied her newly acquired skills to develop new products. This finding corresponds with studies on craft training programs, such as Karawo embroidery in Gorontalo, which show that structured training enhances creativity and results in new commercially valuable motifs (Zakaria et al., 2023). Physical infrastructure in the form of batik equipment, natural dyes, production tools, and display areas further supports the harnessing process by connecting individual competencies with local economic opportunities, as identified in studies on creative industry development grounded in local wisdom (Wulansari et al., 2024).

The integration of digital marketing practices by participants, exemplified by Mrs. Iryantina's use of Instagram, Facebook, TikTok, and WhatsApp, demonstrates the translation of digital marketing knowledge into active market expansion strategies. This aligns with research on MSME digital ecosystems, which highlights online platforms as key instruments for overcoming geographical and promotional barriers (Aminullah et al., 2022). Additionally, the strategic use of networks, whether for technical consultation, access to raw materials, or communication with government offices, reflects findings that mentoring and professional networks significantly improve MSME performance through enhanced access to resources and strategic insights (Hakim et al., 2024).

Based on the research findings, several participants have been able to apply the knowledge gained into their business activities. This is evident in changes in business management practices, including the use of digital marketing techniques, improvements in product packaging, and efforts to build brand identity (branding). In addition, some MSME actors have started to show initiative in independently exploring market opportunities.

However, a deeper analysis reveals that the utilization of these capacities remains uneven among participants. There is a noticeable disparity between those who are able to optimize the outcomes of the incubation program and those whose application remains limited. This condition is influenced by factors such as individual readiness, availability of resources, and the level of support within the business environment. Furthermore, the findings indicate that although there has been progress in skill application, some MSME actors are still in the early stages of adaptation. The implementation tends to be partial and not yet fully integrated into their overall business systems. This suggests that the harnessing stage has not yet reached an optimal level in generating sustained capacity transformation.

These findings highlight the importance of program sustainability and post-incubation support mechanisms. The incubation program appears to focus primarily on the initial phases of training and mentoring, while insufficiently addressing the long-term needs of participants during the implementation phase. Therefore, policy strategies should not only aim at capacity building but also ensure the sustained utilization of these capacities through continuous monitoring, evaluation, and the strengthening of business networks. In conclusion, the harnessing stage in the craft design entrepreneurship incubation program in Mojokerto City demonstrates that MSME actors have begun to utilize their capacities. However, its effectiveness remains limited and uneven across participants. To achieve more optimal empowerment outcomes, it is necessary to strengthen program support systems that emphasize long-term implementation and the optimization of capacities.

### **Using Stage in the Craft Design Incubation Program**

The using stage within the Creative Incubation Program for the Craft-Based MSME Subsector in Mojokerto City represents a critical transition in which participants move from being incubated beneficiaries to autonomous entrepreneurs capable of independently managing and expanding their businesses. The statement by Dinas Koperasi, Usaha Kecil dan Menengah, Perindustrian, dan Perdagangan (Diskopukmperindag) Kota Mojokerto, that post-program monitoring continues, albeit not intensively, reflects a common pattern in government-led empowerment initiatives in which the shift toward independence is not adequately supported by sustained and structured monitoring mechanisms. Prior research indicates that only approximately 40 percent of incubation participants achieve long-term sustainability, while the remainder experience stagnation or business cessation due to the absence of continued mentoring after program completion (Zulkarnain et al., 2025). This finding suggests that the assumption that participants will autonomously utilize the knowledge provided is insufficient to ensure business continuity.

The challenges faced by the agency in obtaining income data from participants highlight persistent issues of financial literacy and administrative culture among craft-based MSMEs. Studies on MSME development programs emphasize that limited financial transparency not only hampers monitoring but also reveals gaps in bookkeeping discipline and awareness of the importance of financial reporting for business intelligence and long-term viability (Tambunan, 2025). These issues underscore the need for empowerment programs to incorporate stronger administrative and financial management dimensions.

Diskopukmperindag's efforts to maintain support through alumni engagement, cross-subsector collaboration, and facilitating participant involvement in exhibitions demonstrate an approach oriented toward continued assistance. Evidence from incubation models in West Java shows that innovation, market expansion, and multi-stakeholder collaboration are

essential components for post-incubation sustainability (Evia Tulsi, 2025). Nevertheless, the flexibility of such efforts, which remains contingent on government budget availability, highlights the necessity of diversifying support sources beyond public funding. Participant testimonies indicating independent business operations further confirm the realization of the using stage. Research demonstrates that entrepreneurship programs anchored in behavioral transformation generate measurable improvements in income, market reach, and business formalization when participants consistently apply acquired knowledge (Laike, 2025). Psychological transformation is also evident in participants such as Mrs. Iryantina, who transitioned from a housewife to a recognized batik instructor. This aligns with research showing that experiential learning enhances professional identity formation and self-efficacy.

Based on the interview results, Mrs. Lia's stated that there has been an improvements too in product design and marketing reflect the literature asserting that market-oriented design capabilities are foundational for continuous innovation and competitive advantage. Mrs. Lutfa's ability to participate in major exhibitions illustrates how post-program exposure and networking generate multiplier effects on sales and business visibility. Meanwhile, Mrs. Mus's receipt of orders from Jakarta demonstrates that network capital developed during incubation continues to open new business opportunities.

However, a more critical analysis reveals that the achievements at the using stage are not yet fully optimal. Not all participants are able to consistently sustain the application of the capacities they have acquired. Some business actors still face challenges in maintaining business continuity, particularly in dealing with market changes, limited resources, and increasing competition. In addition, the findings show that the level of independence among MSME actors varies. While some participants are able to operate independently without significant reliance on the program, others still demonstrate a need for continued assistance. This condition indicates that the empowerment process has not yet fully reached a stable and sustainable level of transformation for all participants.

These findings highlight that the success of the using stage is not solely determined by the quality of the incubation program during its implementation phase, but also by the availability of sustained support systems. The absence of post-program mentoring mechanisms, access to business networks, and continuous policy support may hinder the long-term sustainability of empowerment outcomes. In conclusion, the using stage in the craft design entrepreneurship incubation program in Mojokerto City demonstrates progress in enhancing the independence of MSME actors. However, its effectiveness remains uneven and faces sustainability challenges. Therefore, it is necessary to strengthen policy strategies that emphasize long-term support, including the development of a supportive business ecosystem and continuous mentoring mechanisms, in order to ensure that empowerment outcomes can be sustained and further developed.

## **Conclusion**

This study demonstrates that the empowerment process implemented through the craft design entrepreneurship incubation program in Mojokerto City has progressed through four main stages, namely awakening, understanding, harnessing, and using. Overall, the program has contributed to enhancing the capacity of MSME actors, particularly in terms of entrepreneurial awareness, managerial understanding, and technical capabilities in business management and development.

However, the findings also indicate that the outcomes of empowerment have not yet been fully optimal, especially at the using stage, where the level of independence and business sustainability varies among MSME actors. This suggests that the empowerment process has not entirely achieved a stable and sustainable transformation, and still requires further strengthening in terms of continuous mentoring and the development of a supportive business ecosystem.

From a theoretical perspective, this study contributes to the advancement of process-based empowerment approaches by contextualizing the stages of empowerment within the field of public administration, particularly in the implementation of government-led entrepreneurship incubation programs. The findings emphasize that the success of empowerment is not solely determined by early-stage interventions, but is highly dependent on the continuity of support in later stages to ensure the internalization of capacities and the achievement of actor independence.

From a policy perspective, this study highlights the importance of shifting from short-term programmatic approaches toward sustainability-oriented empowerment strategies. Local governments need to develop policies that go beyond initial training and facilitation, incorporating continuous mentoring mechanisms, strengthening access to business networks, and integrating programs within the broader local economic ecosystem. Furthermore, there is a need for formal regulatory frameworks at the local government level, such as mayoral regulations or other regional policies, to specifically govern the implementation of incubation programs. The presence of such regulatory instruments is essential to provide a clear reference for program implementation and evaluation, thereby enabling monitoring and performance assessment to be conducted in a more systematic, measurable, and accountable manner.

In conclusion, this study not only provides practical recommendations but also offers conceptual contributions and policy directions that can serve as a foundation for designing more comprehensive, adaptive, and sustainable MSME empowerment models within the framework of public administration.

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