



# Empowering women weavers through tenun ikat pawn services

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Received Date: June 30, 2024

Revised Date: July 30, 2024

Accepted Date: August 28, 2024

## ABSTRACT

**Background:** Female ikat weaving artisans in East Nusa Tenggara face systemic financial exclusion due to their inability to provide conventional collateral required by formal banking institutions, constraining their capacity to access working capital essential for business development. PT Pegadaian (Persero) introduced an innovative Traditional Sarong Pawn service that recognizes woven cloth as legitimate collateral, representing a significant departure from conventional pawn systems. Previous studies on financial inclusion have predominantly focused on mainstream collateral mechanisms while overlooking culturally embedded assets. This study aims to analyze the role of cloth pawn services in empowering female traditional artisans economically and strengthening the people's economy in East Nusa Tenggara. **Methods:** This research employs a qualitative approach utilizing systematic literature review methodology. Analysis integrates three theoretical frameworks: Kabeer's Women's Empowerment Theory, Financial Inclusion Theory, and People's Economy Theory grounded in Article 33 of Indonesia's 1945 Constitution. Data synthesis employs thematic categorization and triangulation across scholarly journals, policy documents, and institutional publications. **Findings:** The study establishes that cloth pawn services operate through four sequential phases: resource access and mobilization, productive capacity enhancement and bargaining power transformation, consolidation of local economic networks, and structural transformation toward people's economy strengthening. Each phase generates multiplier effects cascading through local value chains. The service fundamentally alters power dynamics within household economies, enhancing women's economic autonomy while preserving intangible cultural heritage. **Conclusion:** Cloth pawn services represent transformative interventions when integrated within comprehensive empowerment strategies. Locally contextualized financial innovations grounded in indigenous cultural assets possess superior transformative potential compared to standardized financial inclusion programs. **Novelty/Originality of this article:** This study pioneers an integrative analytical framework explicating causal pathways connecting micro-level financing interventions with macro-level structural transformation, demonstrating that women's economic empowerment and people's economy strengthening constitute unified transformation processes.

**KEYWORDS:** cultural asset valorization; financial inclusion; ikat cloth pawn services; people's economy; women's economic empowerment.

## 1. Introduction

PT Pegadaian, as Indonesia's oldest non-bank financial institution, has played a strategic role in supporting the people's economy since its establishment in 1901. Pegadaian's existence holds particular significance in the context of inclusive economic development due to its capacity to reach segments of society not fully served by conventional banking, especially micro, small, and medium enterprise (MSME) operators (Sutrisno et al., 2023). Pegadaian's advantages lie in its rapid fund disbursement process (1-2 business days), simple requirements with valuables as collateral, and competitive interest rates starting from 0.75 percent per month, making it the primary choice for MSME operators requiring working capital with quick access and straightforward procedures.

### Cite This Article:

Lukuaka, D. S. (2024). Empowering women weavers through tenun ikat pawn services. *Journal of Woman Empowerment and Sustainable Businesses*, 1(2), 50-67. <https://doi.org/10.61511/jwesb.v1i2.3359>

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Pegadaian's contribution to women's economic empowerment possesses highly strategic dimensions, considering that women constitute a vulnerable group experiencing economic marginalization due to limited access to productive resources and formal financial services. Although women have tremendous potential to contribute to household economies, they frequently encounter structural and cultural barriers that constrain their economic participation (Saputri et al., 2023). Inclusive and gender-responsive financial services serve as important instruments for promoting women's economic empowerment, particularly those involved in micro-enterprises and traditional handicraft sectors.

East Nusa Tenggara Province possesses extraordinary cultural wealth manifested in the ikat weaving tradition passed down through generations. NTT ikat cloth is not merely a textile product, but rather a manifestation of cultural values, social identity, and local wisdom laden with philosophical meaning (Beti et al., 2023). Each motif and color carries symbolism reflecting human relationships with nature, ancestors, and community belief systems (Nuraini & Falah, 2022). Weaving activities are dominated by women who serve not only as tradition preservers but also as economic actors contributing significantly to household income through their woven products.

Female ikat weaver artisans in NTT face various challenges in developing their businesses. Limited working capital constitutes the primary obstacle in purchasing raw materials such as yarn, natural dyes, and weaving equipment (Natalia et al., 2024). The production process for a single piece of woven cloth requires several weeks to several months depending on motif complexity, resulting in slow capital turnover. This condition is exacerbated by limited access to broader markets and difficulties obtaining loans from formal financial institutions due to lack of conventional collateral or failure to meet established administrative requirements (Suwito & Aliffiati, 2025).

Responding to these conditions, PT Pegadaian Persero has developed the innovative Traditional Sarong Pawn service specifically designed to address the capital needs of traditional weaving artisans by using woven cloth as collateral (Natalia et al., 2024). This innovation represents an adaptation of financial services responsive to local characteristics and community-owned assets. Through this scheme, weavers need not sell their works under urgent circumstances at unfavorable prices, but rather can use woven cloth as collateral to obtain business capital loans. This mechanism not only provides capital solutions but also helps maintain the economic and cultural value of the woven cloth.

The presence of Traditional Sarong Pawn services has broad implications for women's economic empowerment and strengthening the people's economy in NTT. Access to capital enables weavers to purchase raw materials in larger quantities, increase production capacity, improve product quality, and develop motif variations according to market demand (Sutrisno et al., 2023). From a socio-cultural perspective, this service helps preserve the ikat weaving tradition as intangible cultural heritage threatened with extinction due to economic pressures. By providing better economic value to woven cloth, this program can encourage weaver regeneration and maintain tradition as part of NTT community cultural identity.

This article aims to analyze the role of cloth pawn services in empowering female traditional artisans economically and strengthening the people's economy in East Nusa Tenggara. This research seeks to identify the mechanisms of cloth pawn services, analyze their impact on capital access and business development for female weavers, evaluate their contribution to improving artisan household economic welfare, and identify challenges and opportunities for developing culture-based asset pawn services as financial inclusion instruments. This research is expected to provide theoretical contributions to literature development regarding gender-responsive financial inclusion and women's economic empowerment based on local wisdom, as well as provide practical recommendations for policymakers in designing more effective and sustainable women's economic empowerment programs, particularly in the context of achieving Sustainable Development Goals related to gender equality and poverty alleviation.

## 2. Methods

### 2.1 Research approach

This research employs a qualitative approach with literature review methodology to analyze the role of cloth pawn services in empowering female traditional artisan economies and strengthening the people's economy in East Nusa Tenggara. The qualitative approach was selected because this research aims to understand social and cultural phenomena comprehensively, particularly regarding the dynamics of women's economic empowerment through access to financial services based on local cultural assets (Palupi et al., 2025; Fatimah et al., 2025).

### 2.2 Literature review and data collection

The literature review method was conducted through systematic examination of various relevant written sources, including scholarly journals, textbooks, research reports, policy documents, and official publications from related institutions such as the Central Statistics Agency and financial institutions. Secondary data collection focused on literature discussing concepts of women's empowerment, financial inclusion, people's economy, ikat weaving crafts in NTT, and pawn service practices based on non-gold assets, particularly woven cloth (Fatimah et al., 2025).

### 2.3 Theoretical framework

Data analysis was conducted descriptively by integrating three primary theoretical frameworks as analytical foundations. This approach enabled the researchers to interpret the findings systematically by connecting empirical issues with relevant conceptual perspectives. The integration of multiple theoretical lenses also strengthened the comprehensiveness of the analysis in explaining the relationship between cloth pawn services, women's empowerment, financial inclusion, and the development of the people's economy.

#### 2.3.1 Women's Empowerment Theory

First, Kabeer's (1999) Women's Empowerment Theory emphasizes three key empowerment elements: resources, agency, and achievements. This framework was used to analyze how access to cloth pawn services provides financial resources for female weavers, enhances their capacity for economic decision-making, and ultimately produces achievements in the form of improved household economic welfare (Dandona, 2015; Mahbub, 2020).

#### 2.3.2 Financial inclusion theory

Second, Financial Inclusion Theory is defined as the availability of access to appropriate, affordable, and sustainable financial products and services for all societal segments (Demirguc-Kunt et al., 2017). This theory was used to analyze how cloth pawn services, as a form of financial inclusion innovation, can reach female artisans who previously lacked access to formal financial services due to limited conventional collateral. Financial inclusion dimensions examined include access, usage, quality, and impact (Natalia et al., 2024).

#### 2.3.3 People's economy theory

Third, People's Economy Theory as stipulated in Article 33 of the 1945 Constitution emphasizes an economic system structured as collective endeavor based on kinship

principles, aiming to realize justice and prosperity for all people (Hasmawati, 2018). This theory was used to analyze how cloth pawn services contribute to strengthening the people's economy through empowerment of micro-enterprise operators based on local potential, particularly female weaving artisans who constitute marginalized groups in the economic structure.

#### *2.4 Data analysis technique*

Data analysis techniques employed thematic categorization methods and source triangulation to ensure validity and reliability of findings (Fatimah et al., 2025). The analysis process began by identifying major themes from examined literature, then grouping findings based on three dimensions of women's economic empowerment: personal dimension, relational dimension, and social dimension as developed by Huis et al. (2017). Data from various literature sources were compared and synthesized to generate comprehensive understanding regarding mechanisms, impacts, and implementation challenges of cloth pawn services in empowering female artisans and strengthening the people's economy in NTT.

#### *2.5 Validity and research limitations*

Research validity was maintained through triangulation of literature sources originating from various disciplines such as development economics, sociology, cultural anthropology, and social psychology, as well as consistency in applying established theoretical frameworks (Fatimah et al., 2025). Research limitations are acknowledged regarding the use of secondary data that does not permit direct field condition verification; thus, research findings are exploratory in nature and require further empirical research for deeper validation.

### **3. Results and Discussion**

#### *3.1 The Role of Pegadaian in the Indonesian economy, particularly MSMEs*

PT Pegadaian (Persero), as Indonesia's oldest non-bank financial institution, has played a strategic role in supporting the people's economy since its establishment in 1901. Pegadaian's existence holds particular significance in the context of inclusive economic development due to its capacity to reach segments of society not fully served by conventional banking, especially micro, small, and medium enterprise (MSME) operators (Sutrisno et al., 2023). Pegadaian's primary advantages lie in its relatively rapid fund disbursement process, ranging from 1-2 business days, with simple requirements using valuables as collateral, and competitive interest rates starting from 0.75 percent per month. These characteristics make Pegadaian the primary choice for MSME operators requiring working capital with quick access and uncomplicated procedures.

Pegadaian's contribution to MSME development cannot be separated from its function as a flexible working capital provider. Funds obtained from Pegadaian can be utilized for various operational purposes, ranging from raw material purchases and employee salary payments to business expansion and productivity enhancement (Kusnandar, as cited in Sutrisno et al., 2023). Beyond merely providing funds, Pegadaian also plays a role in improving MSME business efficiency through loan provision for purchasing production equipment or other business facilities, which in turn can reduce production costs and increase overall profitability (Yunus, as cited in Sutrisno et al., 2023).

Pegadaian's capacity to provide loans for developing new products or services also significantly supports MSME competitiveness. With access to capital from Pegadaian, business operators can meet continuously changing market needs and even become innovators by introducing products or services more aligned with consumer needs (Sutrisno et al., 2023). This aligns with the people's economy concept emphasizing an

economic system structured as collective endeavor based on kinship principles, aiming to realize justice and prosperity for all people as stipulated in Article 33 of the 1945 Constitution (Hasmawati, 2018).

In the context of digital transformation, Pegadaian continues to innovate through developing technology-based services such as Pegadaian Digital Service (PDS). This digital platform enables customers to conduct various transactions without needing to visit Pegadaian outlets directly, including financing, payments, and monitoring daily gold prices in real-time (Noeraidelnitasya & Rikayana, 2025). Although still facing technical constraints such as system disruptions and limited integration with banking partners, continuous improvement efforts through digital education for customers and periodic application system updates continue to be implemented to enhance service quality.

Pegadaian also contributes to strengthening national economic resilience through implementing sharia principles in its services. Pegadaian Syariah provides access to sharia-based financing that is fair, transparent, and free from usury, enabling it to reach communities requiring capital support without being burdened by interest systems (Rosita & Baidhowi, 2025). Through rahn and ijarah contracts, this institution helps communities, especially MSMEs, obtain capital through a system aligned with Islamic values emphasizing justice, welfare, and blessing in financial transactions.

Pegadaian's existence as a state-owned enterprise provides added value in the form of public trust in service security and credibility. This status also enables Pegadaian to play a broader role in supporting government programs related to financial inclusion and economic empowerment of lower-middle-class communities. With extensive service coverage through branch office and agent networks in various regions, including remote areas, Pegadaian can expand financing access for communities who have long faced difficulties obtaining formal financial services.

### *3.2 Women's economic empowerment in East Nusa Tenggara*

Women's economic empowerment constitutes a strategic dimension in sustainable development, considering that women frequently experience economic marginalization due to limited access to productive resources and formal financial services. Although women possess tremendous potential to contribute to household economies, they often encounter structural and cultural barriers limiting their economic participation (Saputri et al., 2023). In the East Nusa Tenggara (NTT) context, the Gender Inequality Index has experienced decline, where women have assumed major roles in economic empowerment with unique characteristics closely related to local wisdom and cultural traditions passed down through generations, although the empowerment gap percentage remains quite large between men and women in both education and political access (BPS Provinsi Nusa Tenggara Timur, 2025).

East Nusa Tenggara Province possesses extraordinary cultural wealth manifested in the ikat weaving tradition that has become an integral part of community life. NTT ikat cloth is not merely a textile product, but rather a manifestation of cultural values, social identity, and local community wisdom laden with philosophical meaning (Beti et al., 2023). Each motif and color carries symbolism reflecting human relationships with nature, ancestors, and community belief systems (Nuraini & Falah, 2022). Weaving activities are dominated by women who serve not only as tradition preservers but also as economic actors contributing significantly to household income through their woven products.

Women's participation in economic activities in NTT is not limited to traditional domestic roles. As articulated by Pudjiwati (as cited in Wibowo, 2011), women's participation encompasses two primary dimensions: traditional or domestic roles including roles as wives, mothers, and household managers, as well as transitional roles as active laborers in economic activities according to their skills and education. In Nggorea village, Ende Regency, for instance, women not only manage households but also pursue ikat weaving crafts as supplementary family income sources (Sulaiman & Anita, 2020).

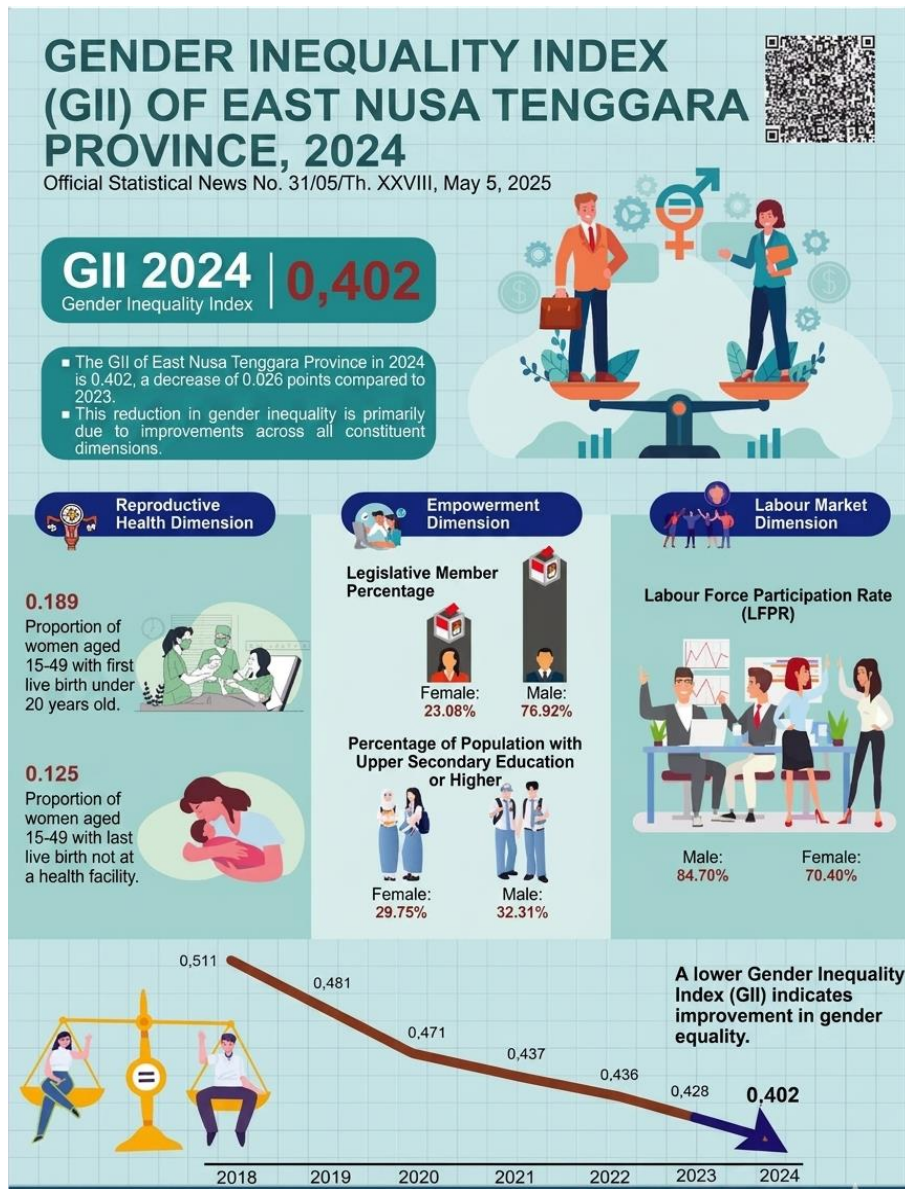


Fig. 1. Gender Inequality Index Infographic  
 (Central Statistics Agency of East Nusa Tenggara Province, 2025)

The existence of weaving skills among NTT women represents cultural heritage learned through generations from young ages. This learning process typically occurs within family contexts, where knowledge about weaving techniques, color selection, and motif creation is passed down from generation to generation. This tradition functions not only as a medium for cultural preservation but also as a long-standing women's economic empowerment mechanism predating formal empowerment programs. Women's connection with the creative economy in NTT, particularly the traditional weaving industry, is evidently not limited to remote areas, as Kupang City, the urban center of NTT Province, still demonstrates this through the latest data from the Kupang City Department of Industry and Trade in 2017. In Kupang City, there are 104 weavers under the guidance of the Kupang City Department of Industry and Trade, classified as formal weavers. Additionally, weavers outside this department's guidance number 552 (Bayo, 2023).

Women's economic contribution through weaving activities within families can generate improvements in family finances, asset ownership, and higher living standards with better security achievement, thereby impacting improved family social status (Lasswell & Lasswell, 1982). This resonates with Wiryono (in Puspita & Herawati, 2013), who explains that women's participation in earning livelihoods brings positive impacts

through improved social structure within families. In Nggorea village, increased income among weaving communities has transformed community lifestyles, evident from improved building quality—houses previously roofed with coconut leaves and bamboo-walled have become decent permanent residences (Sulaiman & Anita, 2020).

Nevertheless, female ikat weaving artisans in NTT face various challenges in developing their businesses. Limited working capital constitutes the primary obstacle in purchasing raw materials such as yarn, natural dyes, and weaving equipment (Natalia et al., 2024). The production process for a single piece of woven cloth requires several weeks to several months depending on motif complexity, resulting in slow capital turnover. This condition is exacerbated by limited access to broader markets and difficulties obtaining loans from formal financial institutions due to lack of conventional collateral or failure to meet established administrative requirements (Suwito & Aliffiati, 2025).

Another challenge faced by female artisans relates to financial literacy and business management capacity. Fauzi et al. (2020) research demonstrates that female entrepreneurs lag behind their male counterparts in financial and technological literacy, with one contributing factor being the double burden they carry as family breadwinners while simultaneously managing households. This condition creates additional barriers for women to develop new skills and pursue entrepreneurial endeavors more freely.

In the context of women's economic empowerment, this framework can be utilized to analyze how access to financial services provides financial resources for female weavers, enhances their capacity for economic decision-making, and ultimately improves household economic welfare (Dandona, 2015; Mahbub, 2020). This empowerment model emphasizes the importance of not only providing access to economic resources but also strengthening women's capacity to make strategic choices and achieve meaningful outcomes in their lives. Women's empowerment experiences in other Indonesian regions demonstrate that locally-based wisdom approaches tend to be more effective and sustainable. In Benua Nirae Sub-district, Abeli District, Kendari City, community economic empowerment through local wisdom development in the form of weaving crafts has successfully improved economic welfare and opened educational access for younger generations (Dirman et al., 2021). Programs integrating skills training with continuous mentoring prove more effective in building women's economic independence.

### *3.3 Ikat Cloth Pawn Services and Their Impact on Female Artisans or Weavers*

Responding to conditions faced by female weaving artisans experiencing limited capital access, PT Pegadaian (Persero) has developed the innovative Traditional Sarong Pawn service specifically designed to address the capital needs of traditional weaving artisans using woven cloth as collateral (Natalia et al., 2024). This innovation represents an adaptation of financial services responsive to local characteristics and community-owned assets. Through this scheme, weavers need not sell their works under urgent circumstances at unfavorable prices, but rather can use woven cloth as collateral to obtain business capital loans.

The mechanism of this cloth pawn service not only provides capital solutions but also helps maintain the economic and cultural value of the woven cloth. Unlike conventional pawn systems that generally use valuables such as gold or motor vehicles as collateral, the traditional sarong pawn service recognizes the economic and cultural value of traditional woven cloth. This recognition is important because NTT ikat cloth possesses relatively high market value, ranging from Rp 150,000 to Rp 1,000,000 per piece depending on motif complexity level and workmanship quality (Sulaiman & Anita, 2020).

Access to capital through cloth pawn services enables weavers to purchase raw materials in larger quantities, increase production capacity, improve product quality, and develop motif variations according to market demand (Sutrisno et al., 2023). Adequate working capital availability also enables female artisans to avoid hastily selling their woven products at low prices when facing urgent needs. Conversely, they can await appropriate market moments to sell products at more favorable prices.

The impact of cloth pawn services on women's economic empowerment can be analyzed through the financial inclusion theory framework, defined as the availability of access to appropriate, affordable, and sustainable financial products and services for all societal segments (Demirguc-Kunt et al., 2017). Cloth pawn services, as a form of financial inclusion innovation, can reach female artisans who previously lacked access to formal financial services due to limited conventional collateral. Financial inclusion dimensions fulfilled through this service include access (service availability), usage (active service utilization), quality (product suitability to needs), and impact (economic welfare changes) (Natalia et al., 2024).

The experience of the NTT Tekun Tenun Entrepreneurial Skills Education (PKW) program organized by Dekranasda NTT in cooperation with the Directorate General of Vocational Education provides insights into the importance of capital access accompanied by capacity enhancement in supporting female weaving artisan empowerment. This program not only provided weaving skills training and entrepreneurship education but also supplied business capital in the form of cash, weaving equipment, and raw materials (Kapa & Setijaningrum, 2025). This holistic approach proved effective in forming business groups led and operated by women, with three located in marginal communities in West Amarasi District, Kupang Regency.

Nevertheless, cloth pawn service implementation also faces several challenges. One primary challenge relates to appraisal of woven cloth used as collateral. Unlike gold, which possesses clear and universal market price standards, woven cloth value varies greatly depending on various factors such as motif complexity, material quality, workmanship technique, and embedded cultural value. This requires special expertise from Pegadaian officers in appraising woven cloth fairly and objectively.

Another challenge relates to education and socialization to artisan communities about the existence and mechanism of cloth pawn services. Many female artisans in remote areas remain unaware that woven cloth produced by their hands can serve as collateral to obtain capital loans. Limited financial literacy and information access constitute obstacles in optimal service utilization. Therefore, intensive and continuous socialization efforts are required, including through Pegadaian agents distributed across various regions.

Experiences from other countries demonstrate the importance of institutional support in empowering traditional female artisans. Cunningham et al. (2017), in their research on micro-enterprise development based on non-timber products in Eastern Indonesia, identified ten primary obstacles faced in entering commercial markets, including limited resource base, capital needs, production scale, product quality, market knowledge, trade networks, inventory turnover, policies and regulations, marketing partners, and producer support. Cloth pawn services can address several of these obstacles, particularly regarding capital needs and inventory turnover.

From a socio-cultural perspective, cloth pawn services have broader implications beyond merely providing business capital. This service helps preserve the ikat weaving tradition as intangible cultural heritage threatened with extinction due to economic pressures. By providing better economic value to woven cloth, this program can encourage weaver regeneration and maintain tradition as part of NTT community cultural identity. This aligns with the concept of developing local wisdom as the basis for community economic empowerment oriented not only toward economic improvement but also toward preserving local cultural values (Dirman et al., 2021).

The success of cloth pawn services also depends heavily on broader ecosystem support, including local government roles in creating policies supporting weaving craft industry development. In several NTT regions, governments have mandated State Civil Apparatus (ASN) to wear traditional clothing with local ikat motifs on certain days. This policy not only increases demand for woven products but also enhances community appreciation for the cultural value of traditional woven cloth.

### *3.4 Contribution of sarong cloth pawn services to strengthening the people's economy in East Nusa Tenggara*

The presence of traditional sarong pawn services has broad implications for women's economic empowerment and strengthening the people's economy in NTT. The people's economy, as stipulated in Article 33 of the 1945 Constitution, emphasizes an economic system structured as collective endeavor based on kinship principles, aiming to realize justice and prosperity for all people (Hasmawati, 2018). In this context, cloth pawn services contribute to strengthening the people's economy through empowering micro-enterprise operators based on local potential, particularly female weaving artisans who constitute marginalized groups in the economic structure.

The contribution of cloth pawn services to strengthening the people's economy can be viewed from several dimensions. First, from the capital access dimension, this service provides financing solutions easily accessible to micro-enterprise operators who have long struggled to meet conventional collateral requirements from formal financial institutions. Unlike banks that generally require collateral in the form of land certificates or vehicle registration documents, cloth pawn services recognize the economic value of cultural assets owned by communities. This recognition is important because it opens financial access for societal segments previously marginalized from the formal financial system.

Second, from the production capacity development dimension, capital availability through cloth pawn services enables female artisans to increase their production scale. With adequate capital, they can purchase raw materials in larger quantities to obtain more economical prices, invest in better weaving equipment to improve production efficiency, and develop motif and product variations to meet diverse market demands. This production capacity enhancement will in turn increase income and artisan household economic welfare.

Third, from the cultural preservation dimension, cloth pawn services make significant contributions to efforts maintaining the continuity of ikat weaving tradition as intangible cultural heritage. By providing better economic value to traditional woven cloth, this service can encourage younger generations to continue learning and perpetuating weaving skills. This is important considering that the ikat weaving tradition faces extinction threats due to economic pressures and younger generation preference shifts toward modern occupations. Preserving the ikat weaving tradition is important not only from cultural perspectives but also from economic perspectives because traditional woven cloth possesses competitive advantages in the form of uniqueness and high artistic value.

Fourth, from the women's empowerment dimension, cloth pawn services contribute to improving women's bargaining position and economic autonomy within families and communities. Women's capacity to access financing independently using assets they produce themselves enhances their self-confidence and capacity in economic decision-making. As articulated by Kelley (2017), women's empowerment must enable women to express themselves independently, particularly through the capacity to make strategic choices that bring meaning to their lives. Access to financial resources constitutes a key element in enhancing women's capacity to make such strategic choices.

Fifth, from the local economic ecosystem development dimension, cloth pawn services contribute to forming stronger economic networks at local levels. When female artisans have better access to business capital, they can increase transactions with local raw material suppliers, create demand for supporting services such as dyeing and finishing, and open employment opportunities for other community members. The multiplier effect from increased economic activity will contribute to economic growth at local levels.

The experience in Nggorea village provides concrete illustration of the impact of women's economic empowerment through weaving activities on changes in community socio-economic structure. Increased income from woven products has significantly transformed community lifestyles, not only from housing improvement aspects but also increased educational access. Nearly all young generations in Nggorea village can now access education from senior high school through university levels, representing dramatic

change compared to previous conditions when the majority of communities only completed primary education (Sulaiman & Anita, 2020).

Nevertheless, to maximize cloth pawn service contributions to strengthening the people's economy, comprehensive policy and program support is required. First, enhanced capacity of Pegadaian officers in conducting appraisals of traditional woven cloth is necessary. This can be accomplished through training involving weaving experts, artists, and community figures understanding the cultural and technical value of woven cloth. Standardization of appraisal criteria considering material quality aspects, motif complexity, workmanship technique, and cultural value needs to be developed to ensure fair and consistent appraisal.

Second, intensive socialization and education programs for artisan communities about the existence and mechanism of cloth pawn services are required. This socialization can be conducted through various channels, including through artisan organizations, traditional institutions, and Pegadaian agents at local levels. Socialization materials need to encompass not only information about service procedures and requirements but also education about financial management and business development so that obtained capital can be optimally utilized.

Third, synergy between cloth pawn services and weaving craft industry development programs operated by local governments and non-governmental organizations is necessary. This synergy can include product quality improvement training programs, market access opening through exhibitions and festivals, product branding and certification development, and partnership facilitation with fashion designers and retailers. This integrated approach will ensure that capital obtained through pawn services can be converted into sustainable productivity and income increases.

Fourth, supporting infrastructure development to improve service efficiency and coverage is required. This includes digitalization system development to facilitate loan application and disbursement processes, opening Pegadaian outlets or agents in regions with high weaving artisan concentrations, and mobile application development accessible by communities in remote areas. Service digitalization has proven effective in improving financial inclusion, as demonstrated by the success of Pegadaian Digital Service (PDS) in expanding community access to financial services (Karnawijaya & Rokhaniyah, 2021).

Fifth, systematic monitoring and evaluation of cloth pawn service impacts on female artisan welfare and overall weaving craft industry development is necessary. Data and information obtained from monitoring and evaluation can be used for continuous improvement of service design and implementation, as well as the basis for developing more effective policies supporting women's economic empowerment and strengthening the people's economy.

Experiences from various local wisdom-based economic empowerment programs in various Indonesian regions demonstrate that approaches integrating local cultural values with modern management principles tend to be more successful and sustainable. In Benua Nirae Sub-district, for instance, community empowerment through local weaving wisdom development successfully improved economic welfare through approaches involving training, mentoring, and market access opening (Dirman et al., 2021). Similarly, local wisdom management innovation as an effort to enhance the creative economy requires integration between identification and preservation of local wisdom as cultural capital, innovative management strategies including training and digitalization, and orientation toward creative economy product improvement and community welfare (Mas et al., 2025).

In the context of the people's economy based on local potential, there are four reasons why locally-based wisdom approaches need to become paradigms in Indonesian economic development strategies. First, Indonesia's unique characteristics with cultural diversity and local potential require development strategies adapted to local contexts, rather than applying generic theories developed in other countries. Second, Indonesia's constitution, particularly Article 33 of the 1945 Constitution, emphasizes the importance of collective enterprise economics providing opportunities for all people to achieve as economic actors. Third, empirical facts demonstrate that businesses based on local economies not dependent

on imported materials are more resistant to external economic shocks. Fourth, failures of economic development not based on local potential demonstrate the need for development strategies suitable for Indonesia (Hasmawati, 2018).

Cloth pawn services, as innovation in financing systems based on local cultural assets, possess potential to become models replicable in other regions possessing similar cultural wealth. However, successful model replication requires deep understanding of local contexts, including cultural value systems, social structure, and local community economic characteristics. Participatory approaches involving communities in every program design and implementation stage become keys to sustainable economic empowerment success.

### *3.5 Integration of traditional female artisan economic empowerment toward strengthening the people's economy in East Nusa Tenggara*

Understanding the contribution of cloth pawn services to traditional female artisan economic empowerment and its implications for strengthening the people's economy in East Nusa Tenggara requires an analytical framework capable of capturing the complexity of transformation pathways from individual levels to structural changes in regional economic systems. This framework is built upon the premise that women's economic empowerment is not merely an end goal but rather a strategic mechanism driving broader economic transformation through a series of mutually reinforcing chain effects. This integrative framework attempts to map how micro-level interventions through providing financing access for individual female artisans create waves of change propagating to the meso level in the form of strengthened local economic ecosystems, ultimately contributing to macro-level structural transformation manifested as strengthened people's economy.

The starting point of this framework is recognition of the marginal position of traditional female artisans in conventional economic structures. This marginalization is multidimensional, encompassing limited access to financial capital due to lack of collateral recognized by formal banking systems, limited access to market information and trade networks, and subordinate positions in gender hierarchies limiting their economic autonomy. Cloth pawn services respond to this marginalization complexity by offering solutions that are not only technical-financial but also symbolic-cultural through recognition of woven cloth as economically valuable assets. This recognition is important because it validates women's economic contributions previously rendered invisible and opens access pathways to productive resources previously closed.

At the framework's first level, which can be termed the resource access and mobilization phase, cloth pawn services operate as mechanisms converting cultural assets into financial capital. Female artisans possessing woven cloth from their own production or family inheritance now have options to use these assets as collateral to obtain working capital loans. This conversion process creates economic liquidity in societal segments previously in asset-rich but cash-poor conditions, where they possess valuable assets but lack cash for daily business operations. This financial resource mobilization becomes the foundation for subsequent phases in economic empowerment pathways, because without adequate working capital access, female artisans remain trapped in productive poverty cycles where they work hard but cannot accumulate sufficient economic surplus for business expansion.

The transition from the first to second phase, which can be termed the productive capacity enhancement and bargaining power phase, occurs when capital obtained through pawn services is invested in productive activities. Female artisans use loans to purchase raw materials in larger volumes to obtain more economical prices, invest in more efficient weaving equipment, or employ additional labor to increase production output. This productive capacity enhancement directly impacts their income, but more importantly is the change in their bargaining power dynamics vis-à-vis buyers or intermediary traders. By possessing capital reserves and not being in desperate conditions to immediately sell products to meet urgent needs, female artisans obtain stronger positions in price negotiations. They can reject unfair price offers and await buyers willing to pay prices more

aligned with their work's value. This shift in bargaining power structure is fundamental in transforming exploitative economic relations toward greater justice.

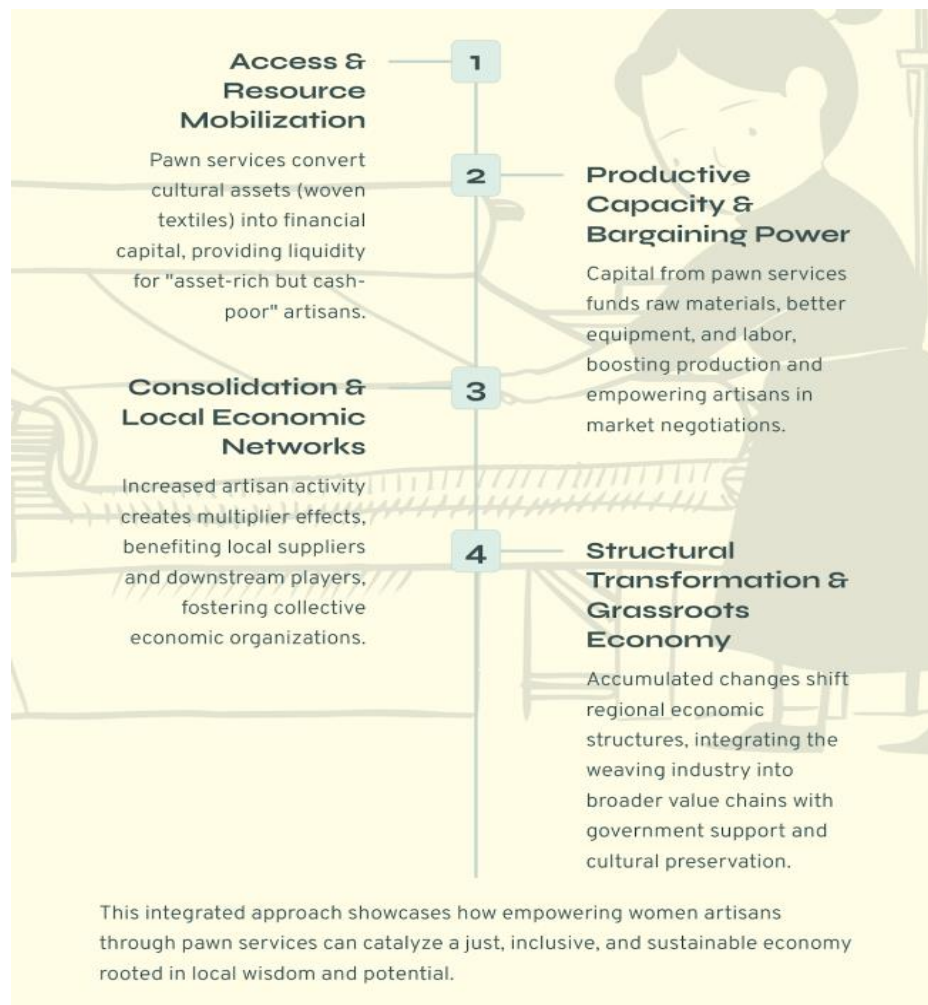


Fig. 2. Framework for Women's Economic Empowerment through Cloth Pawn Services

This second phase is also characterized by transformation in the agency dimension, using Kabeer's empowerment concept emphasizing individuals' capacity to make strategic choices. Access to independent financial resources enhances women's capacity to make autonomous economic decisions, both in business contexts and in household income allocation. Research on gender and household economics consistently demonstrates that when women control income, there are higher tendencies to allocate funds for children's human capital investment through education and health, compared to when income is fully controlled by men in families. This shift in household resource allocation patterns has long-term implications for human development and intergenerational social mobility.

The transition to the third phase, which can be termed the consolidation and local economic network phase, occurs when increased individual female artisan economic activity begins creating multiplier effects on local economies. Stable and increasing demand from female artisans for raw materials creates incentives for local suppliers to increase production capacity and product quality. Yarn suppliers, natural dye producers, weaving equipment craftspeople all benefit from this increased demand. Simultaneously, increased woven cloth production creates opportunities for economic actors downstream in the value chain, including traders, tailors processing woven cloth into fashion products, and even the tourism sector utilizing woven cloth as cultural attractions. The formation of interconnected local economic networks constitutes manifestation of the people's economy in its most essential form, namely an economic system built upon the basis of collective enterprise and mutual support among local economic actors.

This third phase is also characterized by emergence of collective women artisan organizations. When individual artisans begin experiencing economic success, incentives exist to collaborate with other artisans to enhance collective bargaining power, share market information, and access mentoring and training programs generally targeting groups rather than individuals. Formation of women's business groups is important because it creates economic solidarity strengthening resilience against external economic shocks. When one group member faces difficulties, other members can provide support in the form of information sharing, labor assistance, or even informal loans. Social networks built through collective organizations become valuable social capital in accelerating economic empowerment.

The transition to the fourth phase, which constitutes the structural transformation and people's economy strengthening phase, occurs when accumulation of changes at micro and meso levels begins creating shifts in regional economic structure. The weaving craft industry, initially marginal and segmented, develops into an economic sector integrated with clear value chains from upstream to downstream. Female artisans previously working in isolation become connected to broader markets through trading platforms, exhibitions, and partnerships with retailers. NTT woven products previously known only locally begin gaining recognition in national even international markets as high-quality cultural products with unique artistic value. This market expansion creates sustained demand for woven products, which in turn stimulates increased production and investment in this sector.

In this structural transformation phase, local government roles become crucial in creating conducive policy ecosystems. Policies integrating weaving craft industry development into regional economic development strategies, budget allocation for mentoring and promotion programs, and regulations protecting traditional woven product authenticity from imitation all contribute to this sector's consolidation as regional economic pillars. Synergy between bottom-up initiatives originating from female artisan empowerment and top-down support from government policies creates optimal conditions for regional economic structural transformation.

The cultural preservation dimension in this framework operates as an element strengthening each transformation phase. When weaving activities become economically viable through adequate financing access, intergenerational skill transmission is facilitated because parents have incentives to teach their children crafts that can become livelihood sources. This young weaver regeneration is important for ensuring ikat weaving tradition continuity as intangible cultural heritage. Simultaneously, cultural values embedded in traditional woven cloth provide product differentiation difficult to replicate by industrial mass production. Each piece of woven cloth carries stories, identity, and meaning making it unique and valuable in the eyes of consumers appreciating authenticity and handicrafts. This synergy between economic and cultural value creates sustainable competitive advantage for NTT's traditional weaving industry.

This integrative framework must also accommodate challenge and barrier dimensions that can disrupt transformation pathways. At the resource access level, challenges related to limited financial infrastructure in remote areas can limit cloth pawn service coverage. At the productive capacity enhancement level, limited business management skills and financial literacy can result in obtained capital not being optimally utilized. At the local economic network formation level, geographical fragmentation and limited transportation infrastructure can hinder market integration. At the structural transformation level, absence of coherent policies and lack of coordination among stakeholders can slow sector consolidation. Identifying barriers at each phase enables designing targeted interventions to facilitate inter-phase transitions.

Feedback loop mechanisms in this framework operate through pathways where success in advanced phases strengthens conditions in previous phases. When the traditional weaving industry develops and gains broader market recognition, woven cloth value as assets increases, which in turn expands financing capacity accessible through pawn services. Increased female artisan income creates resources that can be reinvested in skill enhancement through training, purchasing better equipment, or business expansion.

Visibility of certain artisan success creates demonstration effects encouraging other women to engage in productive economic activities. Accumulation of individual success forms collective momentum accelerating structural transformation.

This framework's implications for policy and empowerment program design is the need for comprehensive and integrated approaches not only focusing on one phase but facilitating transitions through entire transformation pathways. Interventions at financing access levels need to be complemented with financial literacy and business management enhancement programs to ensure obtained capital is productively utilized. Technical skill training programs in weaving need to be synchronized with market access opening programs to ensure produced products have sales outlets. Facilitation of women's business group formation needs to be supported with long-term mentoring programs helping groups develop organizational and collective management capacity. Weaving craft industry development policies at regional levels need to be integrated with broader economic development strategies to ensure synergy with other sectors.

This integrative framework also provides a basis for comprehensive monitoring and evaluation of cloth pawn service impacts. Success indicators need to be defined for each transformation phase, starting from access indicators in the first phase such as number of female artisans utilizing services and financing volume distributed, productive capacity indicators in the second phase such as increased production output and artisan income, economic network indicators in the third phase such as number of business groups formed and transaction volume in local value chains, through structural transformation indicators in the fourth phase such as weaving craft sector contributions to regional GDP and number of absorbed workers. Longitudinal evaluation approaches tracking individual artisan journeys through transformation phases can provide valuable insights about factors facilitating or hindering transitions.

Scalability and replicability of pawn service models based on local cultural assets to different geographical and cultural contexts require adapting this framework while considering specific characteristics of each context. Community social structure, cultural value systems, local craft product characteristics, economic infrastructure conditions, and policy ecosystems in each region will influence how each transformation phase proceeds and what barriers emerge. However, the framework's basic logic emphasizing transformation pathways from individual empowerment toward collective economic system strengthening remains relevant and adaptable. What is important is understanding that women's economic empowerment is not an isolated goal but rather a transformative strategy with systemic implications.

This integrative framework's contribution to academic discourse on women's economic empowerment and people's economy lies in emphasizing causal mechanisms and influence pathways connecting micro interventions with macro-outcomes. Literature on women's empowerment often focuses on individual-level changes without elaborating how such changes accumulate into structural transformation. Conversely, literature on regional economic development often ignores individual agent roles, particularly women, as motors driving change. This framework attempts to bridge that gap by demonstrating that traditional female artisan economic empowerment and people's economy strengthening are not two separate agendas but rather two sides of the same transformation process.

Ultimately, this integrative framework affirms that cloth pawn services are not merely technical financial innovations but rather interventions possessing broad transformative potential when implemented as part of comprehensive economic empowerment strategies. Success in realizing this transformative potential depends on the capacity to integrate financing access dimensions with other empowerment dimensions including capacity enhancement, market access opening, collective organization facilitation, and creation of supporting policy ecosystems. When all these dimensions work synergistically, traditional female artisan economic empowerment through cloth pawn services can become a catalyst for strengthening the people's economy in East Nusa Tenggara, realizing visions of just, inclusive, and sustainable economies based on community local potential and wisdom.

## 4. Conclusion

This study demonstrates that PT Pegadaian's traditional sarong pawn service represents a significant financial innovation that addresses the structural marginalization of female ikat weaving artisans in East Nusa Tenggara by recognizing culturally embedded assets as legitimate collateral. The research establishes an integrative analytical framework explicating how micro-level financing interventions strengthen meso-level economic ecosystems and contribute to macro-level structural transformation through four sequential phases: resource access and mobilization, productive capacity enhancement and bargaining power transformation, consolidation of local economic networks, and structural transformation toward people's economy strengthening. By enabling women to leverage their own productive outputs as collateral, the service fundamentally alters power dynamics within household economies and local markets, simultaneously advancing economic empowerment and cultural preservation — a dual impact that departs from conventional development approaches positioning economic modernization and cultural tradition as antagonistic forces.

The findings affirm that locally contextualized financial innovations grounded in indigenous cultural assets possess superior transformative potential compared to standardized financial inclusion programs that overlook community-specific asset structures. Realizing this potential, however, requires comprehensive ecosystem support integrating capacity building, market access facilitation, and coherent policy frameworks aligned with Indonesia's constitutional mandate for a people's economy as articulated in Article 33 of the 1945 Constitution. The integrative framework developed herein offers a replicable analytical architecture for examining similar interventions in other regions possessing rich cultural capital yet facing financial exclusion, thereby extending the applicability of these findings to broader discourses on inclusive development in culturally diverse developing economies.

## Acknowledgement

The author acknowledges PT Pegadaian (Persero) for the financial support in the publication of this research

## Author Contribution

The author contributed to the conceptualization of the research, data collection, data analysis, interpretation of results, and the writing and revision of the manuscript.

## Funding

This research publication was financially supported by PT Pegadaian (Persero).

## Ethical Review Board Statement

Not available.

## Informed Consent Statement

Not available.

## Data Availability Statement

Not available.

## Conflicts of Interest

The author declares no conflict of interest.

## Declaration of Generative AI Use

During the preparation of this work, the author used Grammarly to assist in improving grammar, clarity, and academic tone of the manuscript.

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