

Pancadaya Transformation as a Catalyst for Empowerment-Based Collective Economic Independence and Prosperity in Indonesia

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Abstract	Article Info
<p>This research explores community-based economic transformation through case studies of Pasar Yosomulyo Pelangi (Payungi) in Metro, Pasar Papringan in Temanggung, and Pasar Kamu in Deli Serdang. These three markets exemplify an alternative model of people-centered economic development grounded in the Pancadaya principles knowledge, sacrifice, movement, culture, and welfare—within a collective empowerment framework. The findings reveal that this approach not only enhances financial well-being but also fosters social solidarity, cultural revitalization, and ecological sustainability. Empowerment emerges through a praxis-based mechanism that integrates critical reflection and collective action, inspired by the emancipatory philosophies of Paulo Freire and Tan Malaka. In these market spaces, citizens act not only as economic agents but also as active learners and educators, cultivating agency, awareness, and alternative economic practices. Each site demonstrates localized strengths: Payungi excels in critical consciousness, transformative education, and multidimensional welfare; Papringan stands out for ecological awareness and innovative local currency systems; while Pasar Kamu contributes significantly to MSME empowerment and digital adaptation. This study contributes a novel theoretical framework Pancadaya Transformation for understanding community empowerment as an integrative process of economic, cultural, educational, and ecological development. It advances the discourse on alternative development by demonstrating how grassroots market spaces can function as educational arenas, cultural incubators, and engines of equitable growth. As such, Pancadaya offers a replicable, value-driven model for sustainable economic transformation rooted in local wisdom and participatory action, particularly relevant for the Indonesian context and other Global South settings.</p>	<p>Article History Received : <i>February 09, 2025</i> Revised : <i>April 26, 2025</i> Accepted : <i>May 01, 2025</i></p> <p>Keywords: <i>Pancadaya Transformation, Community Economy, Emancipatory Education</i></p>

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INTRODUCTION

Indonesia's economic development in recent decades has experienced positive growth in aggregate (Hornok & Raeskyesa, 2024; Kurniasih, 2017). However, these achievements have not fully reflected equitable distribution of welfare to all levels of society and do not indicate sustainability (Kurniawan & Managi, 2018; Tadjoeeddin, 2016). Income inequality, limited access to economic resources, and the marginalization of small-scale economic actors and grassroots

communities are structural challenges. The top-down development approach, which emphasizes infrastructure and technical technology transfer, often overlooks the critical pedagogical dimensions that are fundamental to the community empowerment process (Waridin et al., 2018; Sutrisno et al., 2025; Wahyuningsih & Kholmi, 2024). The economic education model used is generally technocratic and reflects the characteristics of banking education as criticized by Paulo Freire – where learners are passively positioned as recipients of information (Barros et al., 2024). Instead of creating independence and critical consciousness, this approach reinforces dependency relations and reproduces poverty in a stagnant cycle.

In the realm of critical thinking, Paulo Freire and Tan Malaka offer powerful conceptual alternatives to hegemonic approaches to education. Freire, through the concepts of *conscientização* and *praxis* (reflection and action), promotes education that raises critical awareness of the reality of socio-economic injustice and empowers communities to become agents of change (Vittoria, 2018). Tan Malaka, in his work *Madilog*, emphasized the importance of education as a tool to dismantle oppressive colonial and feudal structures through materialism, dialectics, and logic approaches (Muhammad Edo Sukma Wardhana, 2020). Education for Tan Malaka was not just the delivery of technical skills but a tool for liberation and organizing the masses for collective struggle (Wibawanto, 2019). This research departs from the gap between the idealism of education as a tool of economic liberation and the practice of development that is still technocratic. Through a synthesis of Freire's and Tan Malaka's thoughts, this research develops the 'Pancadaya Payungi Education' model as a transformative approach in economic education that is contextualized and oriented towards sustainable community economic empowerment.

This research is based on the central question of how a philosophical and pedagogical synthesis of the thoughts of Paulo Freire and Tan Malaka can be constructed as the conceptual foundation of Transformasi Pancadaya – a transformative approach to economic development based on community empowerment. The model consists of five main pillars: *knowledge*, *sacrifice*, *movement*, *culture*, and *well-being*. This study aims to explore the relevance and effectiveness of the model in fostering critical awareness, strengthening economic independence, and promoting collective well-being through case studies of three community initiatives: Payungi (Pasar Yosomulyo Pelangi), Pasar Papringan Temanggung, and Pasar Kamu Deli Serdang. Furthermore, this research analyzes the theoretical and practical implications of Pancadaya for the study of development economics, social business management, and local cultural value-based empowerment movements. Thus, this research aims to formulate the theoretical framework of Pancadaya as a contribution to the development of transformative pedagogy theory and sustainable community economic independence strategies.

Economic inequality in Indonesia cannot be solved through technocratic and top-down approaches, which only focuses on infrastructure and technical training often ignores aspects of community critical awareness. A top-down approach, if it does not have alignment with informal sector empowerment and community access, is not strong enough to reduce inequality (Wicaksono, 2020; Kartiasih et al., 2023). In this case, the thoughts of Paulo Freire and Tan Malaka are relevant because they place education as a tool of liberation, not just a transfer of knowledge. Freire emphasizes the importance of *conscientização* and *praxis*, while Tan Malaka, through *Madilog*, calls for structural analysis and collective action to fight economic oppression. Their synthesis underpins the Pancadaya model. This model is not only a theoretical framework but also a praxis that has been tested in movements such as Payungi and other community markets. Therefore, this research is important to formulate a new approach to economic empowerment that is rooted in community awareness, independence, and power.

METHOD

This research uses a qualitative approach with a multiple case study design to examine in depth how the Pancadaya Transformation model can function as a catalyst for community empowerment-based collective economic independence and welfare in Indonesia. The three main cases used as research objects include Pasar Yosomulyo Pelangi (Payungi) in Metro City,

Pasar Papringan in Temanggung, and Pasar Kamu in Deli Serdang. They were chosen because they representatively show the application of Pancadaya principles in different local contexts. The scale of the research is micro-mesoscopic, focusing on the social dynamics at the community level and the transformative processes of the people's economy that take place organically.

Data sources in this study consist of primary and secondary data. Primary data was obtained from in-depth interviews with community facilitators, micro-entrepreneurs, youth, housewives, and local figures who are actively involved in the three public markets. Meanwhile, secondary data was obtained from community documents, local media archives, internal publications, and relevant academic and non-academic literature, including online publications such as community YouTube channels and relevant local policy documentation.

The main instrument in this research was a semi-structured interview guide designed to explore participatory experiences, perceptions of Pancadaya values, and the economic transformation felt by residents. In addition, participatory observation was also conducted to record market activities, social interactions, and collective decision-making processes. FGD were also organised to facilitate group discussions on empowerment experiences, challenges, and future expectations from community.

The research procedure was conducted in several main stages. First, the initial exploration phase was conducted for location mapping and identification of key actors. Second, the field data collection stage involved interviews, observations, and FGDs at each market location. Third, the data verification and clarification stage through triangulation of information and discussion of preliminary results with the community. Fourth, analytical reflection to develop thematic categories and formulate a cross-case synthesis. Researchers are directly involved in community activities to ensure a contextual understanding of the empowerment practices that take place.

Data collection techniques included in-depth interviews, participatory observation, Focus Group Discussion (FGD), and document analysis. The data obtained was analysed using a thematic approach with the help of a content analysis framework to identify narrative patterns, thematic categories, and processes of economic transformation consistent with the principles of Pancadaya. The analysis was iterative and reflective, comparing findings across cases to derive theoretical generalisations. The validity and reliability of the findings were strengthened through triangulation of methods, sources and participants, as well as the researcher's critical reflection throughout the research process.

RESULT AND DISCUSSION

Community Economy and Pancadaya Transformation of Payungi

Pasar Yosomulyo Pelangi (Payungi), established on 28 October 2018 in Metro City, Lampung, has developed into a unique community-based socio-economic laboratory. Founded by Ahmad Tsauban and Dharma Setyawan together with colleagues and local residents, the market carries the concept of a creative market that integrates economic activities, culture, and critical education in one social space. With an informal and participatory organizational structure, Payungi promotes the principles of deliberation, gotong royong, and Paulo Freire – style dialogical management, making it an arena for transformative learning at the grassroots.

“Payungi was developed not only to solve economic problems with the existence of a market, but to become a comprehensive learning space, grow, and try to maintain cultural values.” (Ahmad Tsauban as founder, personal communication, 2023)

“Payungi market and creative space has become a space for actualization, especially for women households, and economic bargaining power.” (Rosmiati as a trader, personal communication, 2023)

The success of the Payungi community in carrying out community empowerment is not only reflected in the achievement of economic aspects such as turnover above Rp100 million per event, but also in increasing the capacity of local resources and the formation of critical and collective awareness. This is inseparable from the presence of epistemic communities that

accompany the growth of critical awareness of citizens through the concept of alternative education (Setyawan et al., 2022). Innovations such as thematic markets, the use of public spaces, traditional games, and the involvement of the city's creative community show how strong the creative power of this community is. Payungi is not just a transaction space but also an arena for cultural expression, knowledge exchange, and social struggle.

"The presence of the pesantren has made a significant contribution to enhancing our knowledge and skills, both in economic matters and religious understanding. For us, this empowerment process has had a direct impact on achieving economic independence, enabling us to meet our household needs" (Tri Utami, personal communication, 2023).

The Payungi, in a focus discussion conducted on the regular agenda of the Entrepreneurial Pesantren, shows that this community does not only focus on market aspects but also focuses on the formation of social spaces that facilitate collective learning processes, strengthening local culture, and building social capital based on citizen participation. Payungi becomes an alternative educational space that allows citizens, especially women and youth, to increase their capabilities through knowledge sharing, social reflection, and creative entrepreneurial practices. FGD participants affirmed that the success of Payungi is inseparable from the Pancadaya aspect, namely increasing knowledge, willingness to sacrifice, and the gotong royong movement, where residents voluntarily build market infrastructure and organize routine activities. Entrepreneurship education for women serves as a strategic approach to enhancing their competencies, knowledge, and abilities in developing business ventures. It plays a crucial role in influencing women's entrepreneurial outcomes, although this impact may be mediated by various external factors (Reza et al., 2020). Business education and managerial training are strongly associated with the success of entrepreneurial initiatives. According to Alshebami et al. (2020), education functions as a foundational element in nurturing entrepreneurship. Furthermore, the educational process supports business growth and fosters the creation of employment opportunities with improved efficiency (Hägg & Kurczewska, 2016).

"Payungi was built on the basis of collective awareness to create an educative and empowering space. Payungi emphasizes the importance of learning together, not just buying and selling, but the process of increasing knowledge, the ability to speak up, and critical thinking. This is reflected in the Pancadaya concept, which is the main basis of the empowerment movement." (Ahmad Tsauban, personal communication, 2023).

Besides having an impact on increasing income, Payungi encourages the growth of ethics-based economic solidarity – upholding the values of togetherness, helping each other, and emphasizing aspects of sustainability. The efforts made are able to encourage the women involved to become successful entrepreneurs and improve the economic welfare of their families (Nugroho, 2023; Nugroho et al., 2023). On the other hand, the revitalization of local culture through traditional culinary arts, folk games, and performing arts becomes a means of collective identity formation and transmission of communitarian values. Thus, Payungi becomes a model of holistic community development practice, where the dimensions of knowledge, economy, culture, and spirituality of residents interact dynamically and strengthen each other. The entrepreneurial Pesantren, in this context, becomes a strategic space for internalizing ethical values, productivity, and social solidarity (Nugroho, 2022).

Pancadaya Payungi is a dialogical space that encourages the community to critically understand the economic value chain. The regular meetings that are scheduled every Thursday night in the entrepreneurial pesantren can not only increase new insights and capabilities but also become a space to discuss how to solve problems and build new ideas. The increase in community knowledge is a clear illustration that knowledge does not only come from the formal education space but also through the collective practices and reflective discussion spaces of the entrepreneurial pesantren. Non-formal education has a strategic role and reaches marginalized groups by providing practical and applicable skills that increase their capabilities and empowerment (Blaak et al., 2013).

Through the synergy of all elements of Pancadaya, Payungi has succeeded in presenting a multidimensional collective welfare improvement model, which includes economic, socio-psychological, environmental (sustainable practices), and cultural (revitalization of local culture) aspects. This approach illustrates how economic development policies are designed with a focus on multidimensional empowerment and social and economic inclusion for women and marginalized communities (Venugopalan et al., 2021). Payungi is evidence that community-based empowerment rooted in critical consciousness and principles of equality can build the foundations of a just, sustainable, and humane economy. Freire's idea of liberation education and Tan Malaka's spirit of collective struggle have real manifestations through the success of the Payungi empowerment movement. The movement is proof that structural changes from below can be made and have a real impact on the independence and economic welfare.

Economic and Cultural Space of the Papringan Market Community

Pasar Papringan Temanggung is a representation of the community's success in reconstructing an abandoned space into an alternative economic center and vibrant culture. Established in 2017 by the community, this market operates periodically based on the Javanese calendar, namely Sunday Pahing and Wage, by carrying out the principles of sustainability, simplicity, and independence of the local community. The transformation from a landfill to an environmentally friendly and plastic-free open green space is a representative space for local residents to sell traditional culinary and agricultural products and bamboo crafts.

The innovative transaction system using bamboo chips created as a medium of exchange not only strengthens the market's identity but also encourages a controlled and fair circulation of the local economy. The market has also developed into a cultural tourism destination that brings in visitors from various regions, triggering a holistic village economy.

"This movement emerges from the grassroots, grounding village values in a modern frame and opening a window for the community to remain relevant to the global context." (Singgih Kartono as initiator of Pasar Papringan, personal communication, 2023).

Pasar Papringan's *small, local, open, and connected* approach has been emphasized by the drivers. In this case, Singgih affirmed that Pasar Papringan is designed as a simple yet rich ecosystem, facilitating the running of local social and cultural interactions and becoming a space for ecologically based education that goes hand in hand.

Pasar Papringan is a tangible representation of the transformation of Pancadaya – knowledge, sacrifice, movement, culture, and welfare – which is brought to life through community praxis. In this empowerment space, the residents involved are not only active as economic actors but also become learning subjects involved in sustainable ecological practices. The involvement of each element in supporting women's empowerment includes aspects of increasing knowledge and involvement in environmental practices as a predictor of successful empowerment (Pandala et al., 2023). In this community, knowledge develops in a transformative way; residents find creative, locally based solutions such as bamboo and cassava processing and alternative payment systems using bamboo chips. This phenomenon demonstrates critical capabilities and reflective economic awareness that can free communities from dependence on conventional economic systems.

Pasar Papringan is more than just a market space; it is a collective space that builds community solidarity through gotong royong movements, participation, and cultural innovation. The implementation of the plastic-free principle and the enthusiasm of residents involved in environmental care and community education reflect an ethic of sacrifice rooted in human values. The community also emphasizes cultural aspects reflected in art performances and traditional games. This policy makes the market a cultural incubator space that functionally revives local identity. In terms of welfare, the Papringan market not only focuses on economic welfare but also on ecological, social, and spiritual welfare by realizing a fair, inclusive, and sustainable development model.

Pasar Papringan is a real catalyst that an empowered, aware, and creative community can build a living space that is marginalized and dependent. The Pasar Papringan community

proves that an economy rooted in local values, gotong royong, and sustainability is not a utopia but a fact that can be realized and even emulated by other communities. Through the approach, small, local, open, connected Pasar Papringan is able to change the landscape of abandoned spaces into representative spaces in building awareness and welfare.

Kamu Market Inclusive Economic Incubation Space

Pasar Kamu in Denai Lama Village, Deli Serdang, North Sumatra, is a post-pandemic community initiative driven by more than 46 young volunteers, mainly students, to revive an alternative economic space every weekend. The market empowers around 152 MSME players – dominated by housewives and youth. Collectively, each market event generates a turnover of more than IDR 100 million per week. Apart from being a center for local economic growth, Pasar Kamu is also a space for cultural preservation through Malay-Javanese culinary offerings, art performances, and traditional games, as well as youth innovations in the form of souvenirs and educational rides, making it a model of culture-based empowerment and creativity.

“All systems and mechanisms, as well as rules, we discuss and decide together. This movement is based on making the community's economy more independent while preserving the culture of Kampong Lama.” (Dedi Sofyan as an initiator of Pasar Kamu, personal communication, 2023)

Pasar Kamu presents the spirit of collectivity and ethics in community-based economic management. Collaborative social practices such as joint promotion, joint product innovation, and business information sharing strengthen social networks and erode the information gap between MSME players. The sacrifice dimension is reflected in the form of sacrifices of time, energy, and profit margins of traders to create a business ecosystem. Pasar Kamu is also an incubator of local culture, a space where traditional culinary traders have room to accelerate and be relevant to the younger generation. Strengthening local identity and economic inclusion can go hand in hand as transformative strategies in building community welfare.

Within the framework of Pancadaya's transformation, Pasar Kamu becomes a space for empowerment praxis that integrates critical and creative skills to foster economic knowledge. Through regular trainings related to food hygiene, packaging techniques, digital marketing, and simple financial management, MSME players – especially women – are able to increase product added value and expand market access. The transformation does not only place your market as a place for economic transactions but also as a space for collective learning and an entrepreneurial laboratory.

The synergy of Pancadaya's five transformation funds in Kamu market results in multidimensional welfare improvement. Dedi explained that the Kamu market was created by optimizing the village tourism area with a community-based tourism approach with the concept of a happy village. This welfare occurs in the economic sector, but also in increasing personal capabilities, social networks, access to information, and pride in local identity. Pasar Kamu is a representative space for the depiction of Pancadaya, where local communities are able to create economic spaces that are inclusive, adaptive, and based on local solidarity and cultural values.

Pancadaya Transformation in Collective Economic Independence and Prosperity

The research found that although the local context and economic focus of Pasar Yosomulyo Pelangi (Payungi), Pasar Papringan Temanggung, and Pasar Kamu Deli Serdang are different, all three show that the concept of Pancadaya Transformation is a relevant and adaptive community empowerment framework. These three public markets adopt a grassroots approach with the principles of gotong royong, active participation, and collectivity in managing people's economic space. The results are not only visible from the significant increase in market turnover (exceeding IDR 100 million), but also from the impact of local cultural revitalization, ecological strengthening, and social transformation that encourages residents to become active subjects in the local economy (Brody et al., 2017; Kumar et al., 2021; Morrison et al., 2019). This finding is in line with Reuter & MacRae's (2019) study, which found that community solidarity and community local knowledge are prerequisites for sustainable economic system transformation. Surya et al., in their study (2020), confirmed that community participation in

local economic development encourages the birth of collective learning spaces and becomes a representative space for social-ecological revitalization.

The results of this study reflect that true empowerment cannot be achieved solely through economic or technocratic interventions, but must involve a process of critical and reflective learning by the community itself (Akbulaev & Aliyeva, 2020). Paulo Freire's *conscientização* principle and Tan Malaka's *Madilog* approach seem to live in the practices of residents who interpret market space as a place to learn, share and act. In line with this, Khandekar (2021) revealed that problem-based education and critical awareness at the grassroots level can encourage a person to become a subject of change. Meanwhile, Nuryatno (2009) asserts that education based on Freire's thinking can build critical awareness and make the market a medium for social transformation. The emergence of collective awareness in understanding economic inequality and the concrete actions of citizens in responding to it reflect that the market is not just a place of transactions, but a medium for deep social transformation.

At a macro level, these results indicate the need for alternative development models that are contextualised, based on local culture, and do not rely on homogeneous top-down approaches. These findings are in line with (Purnomo et al., 2018) that such development models are key to market sustainability and survival under the pressure of modernity. At the meso level, the success of these three markets is influenced by inclusive, participatory community leadership, and flexible yet functional informal institutional structures. Meanwhile, at the micro level, the transformation of residents from objects to economic subjects demonstrates the important role of open and dialogical learning spaces, which enable knowledge transfer, locally-based innovation, and the strengthening of collective identity through daily economic practices. This is in line with community empowerment and conservation practices in Makassar, which show the synergy between local communities and ecological sustainability (Surya et al., 2020).

Different from previous community empowerment studies that emphasise economic or technical aspects such as skills training and access to capital (Bonacini et al., 2021; Caraka et al., 2020; Essers et al., 2021), this research highlights the importance of integrating dimensions of knowledge, culture, and social praxis as the core of empowerment. The Pancadaya approach as a transformative model offers novelty by combining local philosophy and global critical thinking in one conceptual framework that can be adapted in various local contexts. The pattern of empowerment is in line with the findings of (Lubis et al., 2024) which show that holistic empowerment models are rooted in culture. Empowerment can be done by integrating innovation and local wisdom, traditional knowledge and technological development (Puspitasari & Priatmoko, 2022) and across pillars through economic, social and environmental integration based on local culture (Akbar et al., 2021).

The results of this study suggest that local economic development policies need to place communities not only as beneficiaries, but as the main actors in programme formulation and implementation. In line with the findings of Affandi et al. (2023) explain that participatory-based budgeting increases public inclusion, transparency, and efficiency. Local governments and related institutions can replicate the Pancadaya approach by providing wider participatory space, supporting community initiatives, and integrating local values in development planning. The model also calls for cross-sectoral policies that combine economic, cultural and non-formal education aspects as one unit in a sustainable development strategy. In addition, Fathurrahman (2023) emphasises that collaboration in budget management promotes local economic growth and strengthens the role of local citizens as agents of change.

Conceptually, these findings open new directions in the study of community empowerment, namely the need for a multidimensional approach that places economic space as a collective learning space full of values, culture, and critical awareness. Pancadaya Transformation can be a new theoretical model to explain the dynamics of community-based empowerment that is not only oriented towards economic growth, but also on strengthening social structures, cultural identity, and community resilience in the face of crisis. Thus, this

concept can be further developed in studies of participatory development, moral economy, and social ecology.

DISCUSSION

This research highlights the transformative potential of Pancadaya. It is a fivefold empowerment framework encompassing knowledge, sacrifice, movement, culture, and welfare in driving inclusive, community-based economic development across three case studies: *Pasar Yosomulyo Pelangi (Payungi)* in Metro City, *Pasar Papringan* in Temanggung, and *Pasar Kamu* in Deli Serdang. While each market operates within distinct cultural and regional contexts, they collectively illustrate the power of grassroots mobilization to foster economic independence, cultural revitalization, and social resilience.

Payungi exemplifies how critical pedagogy and collective action intersect to reshape economic narratives, particularly for women and youth. By integrating informal education with entrepreneurship training and cultural preservation, Payungi becomes more than a traditional marketplace—it is a *living classroom* for social change. Similarly, Pasar Papringan's ecological focus and innovation through bamboo-based currencies demonstrate how environmental values can be interwoven with economic initiatives. Meanwhile, Pasar Kamu showcases the role of youth and post-pandemic resilience in reviving communal spaces through intergenerational collaboration and creative entrepreneurship. Each market displays a marked increase in income generation (IDR 100 million weekly turnover), yet the true impact lies in how they activate critical consciousness, strengthen collective identity, and bridge the informal-formal knowledge gap. Empowerment emerges not just in tangible economic terms but in citizens' ability to reflect, organize, and transform their realities.

Unlike many previous studies that focus narrowly on technical skills, access to credit, or entrepreneurial capacity-building in isolation, this research proposes an integrated socio-cultural and educational framework for empowerment. This differentiates it from Bonacini et al. (2021) who emphasize the digital divide and individual digital skills for economic resilience, but overlook cultural and communal dynamics in local empowerment. Essers et al. (2021) – who address female entrepreneurship in ethnic contexts, yet focus primarily on structural and policy supports rather than internal communal education and dialogical empowerment. Akbulaev & Aliyeva (2020) who study regional development strategies based on infrastructure and government programs, contrasting with the bottom-up, self-organized transformation seen in Pancadaya. Reuter & MacRae (2019) highlight the importance of community solidarity in ecological transitions but do not model the educational processes involved. Lubis et al. (2024) – discuss holistic empowerment from a theoretical standpoint, but Pancadaya offers empirical proof through grounded field data. Affandi et al. (2023) demonstrate the benefit of participatory budgeting, whereas Pancadaya involves continuous deliberation and reflective dialogue in real time, not just financial governance. The Pancadaya framework's novelty lies in its *fusion of Freirean pedagogical principles, local philosophy, cultural heritage, and social entrepreneurship*. While traditional models often isolate economic, educational, or cultural interventions, Pancadaya synchronizes them into one lived practice of empowerment.

The Pancadaya Transformation Theory contributes significantly to critical education and economic development discourse by integrating five key forces – knowledge, movement, sacrifice, culture, and well-being – into a holistic framework that extends Paulo Freire's *conscientização* into the realm of community economics. It reframes education as the foundation of a reflective and liberating economic praxis, fostering economically conscious subjects who challenge market domination, engage in creative collaboration, and uphold ethical and social responsibility. By positioning community spaces like Pasar Payungi, Papringan, and Kamu as alternative arenas of economic education rooted in local values and participatory leadership, the theory offers a contextually grounded model of emancipatory pedagogy and grassroots development, with global relevance for sustainable, education-driven empowerment.

This research offers six integrated strategic agendas for advancing community-based economic empowerment. First, developing a transformative economic curriculum embeds

Pancadaya values into contextual, participatory, and praxis-oriented education. Second, facilitator training must adopt dialogical pedagogy to cultivate critical awareness and grassroots innovation. Third, inclusive public policy is essential to strengthen community economic ecosystems through cooperative support and participatory planning. Fourth, social business models rooted in local wisdom should integrate education and culture for sustainable collective value. Fifth, adaptive replication of Pancadaya in diverse communities enables locally relevant empowerment. Sixth, inter-market networking fosters collective bargaining, solidarity, and economic resilience from local to national levels.

The findings of this research contribute to both theoretical advancement and practical application. Theoretically, the Pancadaya model provides a new lens for understanding community empowerment as a multidimensional process that integrates economics with ethics, education, and culture. It challenges conventional development paradigms that prioritize material outcomes over participatory and reflective practices. Practically, this research offers actionable insights for policymakers, NGOs, and grassroots organizers. Policymakers should consider incorporating non-formal educational strategies, cultural programming, and participatory planning into community development agendas. For development practitioners, this study provides a scalable model for fostering empowerment through localized, low-cost, and culturally grounded interventions. Furthermore, this study encourages the creation of hybrid spaces—such as Entrepreneurial Pesantren and culture-based markets—that blend economic function with educational and cultural missions. These findings advocate for cross-sectoral collaboration between education, economic development, and cultural preservation initiatives.

Despite its contributions, this research is subject to several limitations. First, its reliance on a qualitative case study design limits generalizability. While the depth of contextual understanding is high, the findings may not be universally applicable without adaptation. Second, third, the model's success is heavily reliant on charismatic leadership, volunteerism, and community cohesion factors that may not be replicable in all settings. While digital literacy and marketing training were present in some markets, the research did not deeply analyze digital exclusion or technological access disparities, particularly among older or rural participants. Further research is needed to explore how digital tools (e.g., mobile payments, e-commerce, digital storytelling) can enhance or hinder community empowerment through the Pancadaya framework.

CONCLUSION

This research concludes that the transformation of Pancadaya, which is a synthesis of the thoughts of Paulo Freire and Tan Malaka. The concept is proven to be a contextual and effective model of transformative economic education in building critical awareness, encouraging economic emancipation, and facilitating the formation of empowerment-based collective economic independence and welfare. The phenomena in Pasar Yosomulyo Pelangi, Pasar Papringan Temanggung, and Pasar Kamu Deli Serdang show how the five core forces – *knowledge, sacrifice, movement, culture, and welfare* – play a role in encouraging subjects to move out of economic oppression towards conscious, innovative, and collaborative economic agency. The empowerment process that runs in the three community movements shows the successful integration of critical reflection and collective action (praxis), as thought by Paulo Freire and Tan Malaka. This participatory grassroots initiative is able to transform residents from mere objects of development into active and empowered subjects in building alternative economic structures. Despite facing structural challenges, the successful adaptation of the Pancadaya model to the local context proves its potential as an inclusive, sustainable and emancipatory approach to people's economic development.

Future research on the Transformasi Pancadaya framework should focus on several strategic areas, including longitudinal mixed-method studies to evaluate its long-term impact on community economic indicators such as income, MSME growth, and cultural-educational values.

Cross-country comparative research is also essential to test its adaptability in global contexts, particularly in developing nations.

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All authors approved the final version of the manuscript and are collectively responsible for the content of the publication.

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