

Local Wisdom-Based Community Empowerment Strategies for Reducing Unemployment in North Sumatra: A Religious Moderation and Islamic Economics Perspective

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ABSTRACT

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Background: North Sumatra possesses diverse forms of local wisdom embedded in Malay, Batak Toba, Karo, Chinese, Indian/Tamil, and other communities. These cultural assets have economic potential through tourism, culinary businesses, crafts, traditional clothing, performances, and community-based creative industries. However, their contribution to employment creation depends on whether cultural assets can be transformed into sustainable value chains supported by capable community institutions, inclusive governance, market access, responsible financing, and protection of cultural and environmental assets.

Research Gap: Previous studies have separately addressed local wisdom and creative industries, community empowerment and local development, tourism-based community participation, and Islamic social finance. However, limited attention has been given to an integrated framework linking local wisdom, community empowerment, employment pathways, religious moderation, Islamic economic values, practical institutional mechanisms, and multidimensional sustainability in North Sumatra.

Novelty: This study offers an integrated analytical framework connecting local wisdom assets, community empowerment, creative economy value chains, employment diversification, religious moderation as governance mechanism, Islamic economic principles (maslahah, 'adl, ta'awun, tawazun), Islamic social finance instruments, and sustainable livelihood principles in a single coherent model for North Sumatra.

Method: This study uses a qualitative descriptive document-analysis approach based on scholarly literature, institutional documentation, and prior studies concerning local wisdom and community-based economic development in North Sumatra. The materials are analyzed through data reduction, thematic classification, cross-case comparison, interpretation, and synthesis.

Results: The findings show that local wisdom can generate employment through interconnected activities such as cultural guiding, performing arts, craft production, culinary microenterprises, festival services, digital marketing, homestays, and agro-cultural tourism. Evidence from Pematang Johar rice-field tourism and Maimun Palace illustrates how locally rooted attractions can create space for farmers, traders, microenterprises, guides, and service providers. Five priority strategies are identified: skills and digital market access; institutional collaboration and business incubation; inclusive multiethnic governance grounded in religious moderation; Islamic social finance and halal-livelihood support; and cultural, environmental, and climate resilience.

Conclusion: Maslahah, 'adl, ta'awun, tawazun, and work as ibadah provide normative principles for broad benefit, fair access, cooperation, balance, and ethical production.

Because the study relies on secondary data, it identifies context-specific employment and sustainable-livelihood pathways rather than a causal reduction in unemployment.

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INTRODUCTION

Local wisdom develops through the long-term interaction of communities with their social, cultural, and natural environments. It is expressed through values, traditions, knowledge, arts, customary institutions, food, clothing, rituals, and ways of organizing community life. Because these practices are embedded in collective identity, local wisdom is not only a cultural resource but also a form of social capital that can support community empowerment and locally rooted economic development. When development strategies build on community capabilities rather than replacing them with externally imposed models, local institutions can become more active in mobilizing resources, organizing production, and distributing benefits (Coy et al., 2022; Raj et al., 2022).

North Sumatra provides a strong context for this discussion because its population is culturally diverse and its local wisdom is expressed through Malay, Batak Toba, Karo, Chinese, Indian/Tamil, and other traditions. Cultural performances, ulos and other crafts, traditional culinary products, historical sites, religious-cultural festivals, and rural landscapes create a broad base for tourism and creative-economy activities. Such assets can become sources of employment when they are connected to concrete value chains: production, packaging, guiding, event management, transportation, accommodation, food services, retail, digital promotion, and other supporting services. Previous studies show that local tourism and community-based creative industries can improve local economic participation and create new livelihood opportunities (Adebayo & Butcher, 2022; Azizah & Muhfiatun, 2018).

Nevertheless, the existence of cultural assets does not automatically reduce unemployment. A knowledge-to-market and asset-to-employment gap remains. Communities may possess valuable traditions but lack product development skills, digital access, financing, destination management, market networks, or institutional coordination. In addition, cultural commercialization can generate unequal benefits or weaken cultural meaning if it is not governed carefully. Thus, the key analytical question is not merely what local wisdom exists, but how specific local assets can be transformed into economically viable activities while maintaining community ownership and sustainability.

This issue is especially important in a plural region such as North Sumatra. Religious moderation—understood as tolerance, inclusiveness, fairness, and peaceful coexistence—can function as a social governance condition for economic cooperation across ethnic and religious groups. It can reduce exclusion, strengthen trust, widen participation, and help community institutions manage shared cultural-economic spaces. The perspective is also compatible with Islamic economics. *Maslahah* (public benefit), *'adl* (justice), *ta'awun* (mutual cooperation), *tawazun* (balance), and productive work as *ibadah* emphasize that development should improve human well-being, distribute opportunities fairly, organize cooperation ethically, balance economic goals with cultural and environmental responsibilities, and protect lawful livelihoods (Chapra, 2008; Dusuki & Abdullah, 2007). Islamic social-finance instruments can complement these principles by supporting eligible beneficiaries, shared productive assets, and community institutions when their use follows appropriate governance and Sharia requirements (Sadeq, 2002; Salim et al., 2024).

Previous studies have separately addressed local wisdom and creative industries (Azizah & Muhfiatun, 2018), community empowerment and local development (Coy et al., 2022; Martati et al., 2013), tourism-based community participation (Adebayo & Butcher, 2022), local wisdom as a basis for Islamic economic development (Kurnia & Putri, 2018), Islamic social finance for productive

empowerment (Sadeq, 2002; Salim et al., 2024), and sustainable community-based tourism (Priatmoko et al., 2021). However, limited attention has been given to an integrated framework linking local wisdom, community empowerment, employment pathways, religious moderation, Islamic economic values, practical institutional mechanisms, and multidimensional sustainability in North Sumatra. This study therefore aims to: (1) map local-wisdom assets with potential economic value; (2) explain how these assets can be translated into specific employment opportunities; (3) identify barriers and context-specific empowerment interventions; (4) specify stakeholder roles and implementation mechanisms; and (5) explain how religious moderation, Islamic economics, and sustainable-livelihood principles can support inclusive and resilient local economic development. The contribution of the study is an analytical strategy that moves from cultural inventory toward implementable employment and livelihood pathways.

Local Wisdom and Community Empowerment

Local wisdom refers to knowledge, values, traditions, and cultural practices developed by communities through long-term interaction with their environment. Beyond preserving cultural identity, it can function as social and economic capital when communities retain meaningful participation in deciding how cultural resources are used. Empowerment in this context means improving the capacity of individuals and community institutions to identify assets, organize production, access markets, negotiate with external stakeholders, and retain a fair share of the benefits. This perspective is consistent with community-empowerment research emphasizing participation, institutional capacity, and local ownership as foundations for sustainable development (Coy et al., 2022; Zikargae et al., 2022).

Creative Economy, Local Economic Development, and Employment Creation

Local economic development seeks to mobilize resources that are specific to a place and convert them into productive activities. Local wisdom provides inputs for creative industries such as crafts, culinary products, traditional clothing, cultural performances, heritage tourism, festivals, and community-based nature tourism. The employment impact may be direct, for example artisans, performers, guides, food vendors, and homestay operators, or indirect through transport, logistics, packaging, digital promotion, and supply services. Martati et al. (2013) show that local economic development can support job creation through productive business activity, while Adebayo and Butcher (2022) underline the importance of community participation in ensuring that tourism generates local benefits rather than merely external revenue.

Religious Moderation as an Enabling Condition for Local Economic Cooperation

Religious moderation is relevant to local economic development because plural communities require social trust and rules of cooperation. In a multiethnic setting, tolerance and inclusive participation can lower social barriers to joint events, tourism routes, market spaces, business associations, and cultural promotion. Religious moderation should therefore not be treated as an isolated normative theme. In this study it is conceptualized as a cross-cutting governance mechanism that supports equal participation, reduces the risk of exclusion and conflict, and enables collaboration among community organizations, local government, business actors, and cultural or religious institutions.

Islamic Economics: Maslahah, 'Adl, Ta'awun, Tawazun, Islamic Social Finance, and Halal Livelihoods

Islamic economics evaluates development not only by the amount of income generated but also by the quality, legitimacy, and distribution of well-being. The maqasid al-Shariah orientation emphasizes human welfare and the prevention of harm, while maslahah directs economic activity toward public benefit (Chapra, 2008; Dusuki & Abdullah, 2007). In local-wisdom-based empowerment, 'adl requires fair access to business opportunities and benefits; ta'awun frames mutual cooperation among communities and institutions; tawazun requires balance between commercial growth, cultural preservation, and environmental carrying capacity; and work as ibadah frames lawful and productive work as an activity with ethical and social responsibility. A halal-livelihood orientation further requires products, financing arrangements, market practices, and service delivery to remain lawful, transparent, non-exploitative, and socially responsible. Islamic social-finance instruments may support these goals: productive zakat can assist eligible mustahiq with capability-building or productive assets, infaq can provide flexible support, and waqf can finance durable shared assets or facilities while preserving the endowed principal under proper governance (Sadeq, 2002; Salim et al., 2024). These instruments should

complement not replace viable business models, public programs, and accountable community institutions.

Sustainable Livelihoods and Multidimensional Sustainability

A sustainable-livelihood perspective shifts attention from short-term income generation to whether communities can maintain and improve their livelihood resources over time. Scoones (1998) emphasizes the interaction of livelihood resources, strategies, institutions, and outcomes; in the present context, local wisdom and cultural identity are treated as context-specific assets that should be strengthened rather than depleted. Accordingly, local-wisdom-based development should be assessed across economic sustainability (stable and diversified income), social sustainability (participation, equity, and cohesion), cultural sustainability (authenticity, intergenerational transmission, and community control), and environmental sustainability (resource conservation, waste management, carrying capacity, and protection of natural attractions). Sustainable community-based tourism research in Indonesia likewise shows that community participation, local leadership, and socio-ecological considerations are essential to long-term tourism viability (Priatmoko et al., 2021). Climate variability and environmental degradation can threaten agro-cultural tourism, rural attractions, and resource-based livelihoods; therefore, adaptation measures such as livelihood diversification, climate-sensitive event planning, water and landscape protection, emergency preparedness, and ecological monitoring should be integrated into empowerment strategies.

Analytical Framework and Research Gap

The analytical logic used in this study is: local-wisdom assets → community capability and institutional empowerment → creative-economy value chains → employment and livelihood diversification. Religious moderation and Islamic economic principles operate across this sequence as governance and ethical safeguards, while Islamic social finance can function as a targeted enabling resource and sustainable-livelihood principles provide criteria for long-term economic, social, cultural, and environmental viability. This framework addresses the gap in previous research by examining not only cultural potential but also the mechanisms through which cultural assets may be converted into employment opportunities, the barriers that interrupt that conversion, the actors and resources required for implementation, and the safeguards needed to prevent economic gains from undermining cultural identity, social inclusion, or ecological resilience.

METHOD

This study uses a qualitative descriptive approach with document analysis and literature synthesis. This methodological clarification reflects the actual evidence base of the study: the analysis relies on secondary materials rather than interviews, surveys, or direct participant observation. Document analysis is appropriate for examining social and institutional phenomena through systematically selected written materials, while literature review methods enable the synthesis of findings across studies and contexts (Bowen, 2009; Snyder, 2019).

The unit of analysis is the relationship among local-wisdom assets, community empowerment, employment opportunities, religious moderation, and Islamic economic values in North Sumatra. Documentary cases include cultural assets and destinations discussed in the manuscript and supporting literature, including Malay cultural heritage associated with Maimun Palace, the multiethnic cultural landscape of Kampung Madras, community traditions among Batak Toba, Karo, Chinese, and Indian/Tamil groups, and Pematang Johar rice-field tourism. These cases are used analytically to illustrate different ways in which cultural, historical, and rural assets may enter creative-economy value chains.

Sources were selected purposively based on their relevance to one or more analytical themes: local wisdom, community empowerment, creative economy, tourism, employment creation, religious moderation, Islamic economics, Islamic social finance, sustainable livelihoods, environmental sustainability, and North Sumatra. Priority was given to peer-reviewed studies and credible institutional or scholarly documents that provided conceptual explanations, empirical examples, or policy-relevant evidence. Duplicate references were removed and sources were compared to avoid relying on a single type of document for major interpretive claims.

Analysis proceeded through five stages. First, relevant statements were extracted from the selected documents. Second, the data were reduced and coded into thematic categories: (a) local-wisdom assets; (b) economic value-chain opportunities; (c) employment and livelihood pathways; (d) barriers, implementation resources, and enabling conditions; (e) normative-governance and Islamic social-finance principles; and (f) social, cultural, environmental, and climate-resilience considerations. Third, cases were compared across ethnic and economic contexts. Fourth, the findings were interpreted using community empowerment, religious moderation, Islamic economics, and sustainable-livelihood perspectives. Fifth, the results were synthesized into targeted strategies linking specific barriers with actors, financing options, institutional mechanisms, sustainability safeguards, and measurable indicators. Because no primary field data were collected, the findings should be interpreted as analytical and policy propositions rather than causal estimates of unemployment reduction. Future research should validate the proposed pathways through interviews, community-level observations, enterprise data, environmental indicators, and employment outcomes.

RESULTS

This section presents the findings of the document analysis. It first maps the local-wisdom assets and institutional foundations identified across North Sumatra and then shows how those assets can be translated into concrete employment pathways through creative-economy and community-based value chains. The results are supported by the comparative cases and transformation matrix presented below.

Mapping Local-Wisdom Assets and Institutional Foundations

The document analysis confirms that North Sumatra has a diverse portfolio of local-wisdom assets that can support multiple segments of the creative economy. The significance of this diversity is not simply the number of traditions identified, but the range of economic activities that can be built around them. Malay cultural heritage can support heritage tourism, performance, culinary businesses, traditional clothing, and interpretation services. Batak Toba traditions can support ulos production, music, dance, cultural guiding, and event-based tourism. Karo cultural expressions can be linked with performances, agro-cultural tourism, culinary products, and local events. Chinese and Indian/Tamil cultural traditions can support festival economies, culinary enterprises, retail, guiding, and intercultural tourism. Existing community and cultural organizations provide an institutional entry point for organizing these activities.

Table 1. Local wisdom and community institutions in North Sumatra

Ethnic group	Selected local-wisdom assets	Relevant community/cultural institutions
Malay	Reciprocal pantun tradition; traditional clothing; culinary products; Serampang Dua Belas dance; Malay heritage associated with Maimun Palace.	HTPAM; MABMI and other Malay cultural organizations.
Batak Toba	Sigale-gale and Tortor dance; Gondang music; ulos weaving and handicrafts.	Customary, arts, weaving, tourism, and community groups.
Karo	Piso Surit and traditional dance/music; agro-cultural traditions; cultural events and culinary products.	Karo customary and cultural organizations; local tourism/community groups.
Chinese	Cap Go Meh; Chinese New Year cultural festivals; Lo Hei/Yusheng, tea traditions, Cheng Beng; culinary and retail heritage.	MTSU; PSMTI North Sumatra and related community associations.
Indian/Tamil	Sree Soepramaniem Nagarattar Temple; Deepawali and Thaipusam; Kampung Madras cultural landscape; culinary and retail traditions.	Parisada Hindu Dharma Indonesia (PHDI) and local Indian/Tamil community organizations.

Table 1 provides the institutional starting point, but an inventory alone is insufficient. The crucial step is to identify how each asset enters a value chain and what type of work may be created. The same local tradition can generate several layers of economic activity. For example, a cultural performance can create work not only for performers but also for costume makers, music groups, event organizers,

photographers, food vendors, transport providers, and digital promoters. Likewise, a culinary tradition can create demand for raw-material suppliers, cooks, packaging services, retail workers, delivery services, and online marketing.

From Cultural Assets to Concrete Employment Pathways

A systematic transformation from local wisdom to employment requires at least four stages: cultural asset identification, product or service development, market connection, and institutional scaling. The analysis in Table 2 translates the local-wisdom inventory into context-specific economic pathways. The table also identifies barriers that may prevent cultural potential from producing sustainable employment and proposes targeted responses.

Table 2. Local-wisdom-to-employment transformation matrix

Asset cluster	Economic pathway	Potential employment	Main barrier	Targeted empowerment action
Malay heritage / Maimun Palace	Heritage tours, pantun and dance performances, traditional clothing, culinary and souvenir products.	Guides, performers, tailors, artisans, culinary MSMEs, photographers, sellers.	Weak product differentiation; fragmented MSME management; limited digital packaging.	Curated heritage packages; MSME mapping; product-design training; digital ticketing/marketing; joint promotion with cultural institutions.
Batak Toba arts and ulos	Craft production, cultural performances, storytelling, cultural routes, event services.	Weavers, artisans, musicians, dancers, guides, event workers, resellers.	Market access; quality consistency; risk of imitation or loss of authenticity.	Cooperative production; branding and provenance; design innovation; e-commerce; cultural-quality standards.
Karo cultural and agro assets	Agro-cultural tourism, performances, local food, village events, homestays.	Farmers, guides, performers, cooks, homestay workers, transport providers.	Seasonality; climate sensitivity; destination management; limited service skills.	Tourism clusters; hospitality training; climate-sensitive event calendar; farm-to-tourism products; local guide certification; basic risk preparedness.
Chinese and Indian/Tamil traditions	Festival economy, culinary tourism, retail, religious-cultural routes, creative content.	Event crews, cooks, retailers, guides, designers, content creators, transport/service workers.	Sensitivity in intercultural representation; unequal participation; congestion/event management.	Inclusive festival committees; shared codes of conduct; multiethnic tourism routes; transparent vendor allocation; safety and visitor management.
Pematang Johar rice-field tourism	Agro-tourism, food stalls, educational tours, local product sales, rural experiences.	Farmers, traders, guides, parking/service workers, MSMEs, destination managers.	Marketing; accommodation; carrying capacity; climate/weather variability; continuity of community participation.	Village business strengthening; service and digital marketing training; water and landscape protection; carrying-capacity controls; livelihood diversification; university/private partnerships.

Two North Sumatran examples strengthen the employment logic. First, research on Pematang Johar shows that rice-field tourism was developed as a community-empowerment initiative and created economic space for local residents, including farmers, traders, and microenterprises. Febriaty et al. (2023) identify its potential to support the local economy and employment, while Mujahiddin (2025) reports that the tourism program contributed to community empowerment and the opening of new jobs. This

example demonstrates that the economic value of local wisdom may lie not in selling culture as an isolated product, but in reorganizing an existing local resource—agricultural landscapes and community knowledge—into a broader tourism-service ecosystem.

Second, Maimun Palace demonstrates the economic potential and limitations of heritage tourism. Rahmadi and Pakpahan (2024) identify economic activities around the site in crafts and souvenirs, toys, food and beverages, and clothing, but also note weaknesses in differentiation and management of local businesses. The implication for empowerment strategy is specific: increasing visitor numbers alone is insufficient. Local MSMEs need product curation, stronger identity-based differentiation, data on participating enterprises, quality standards, and coordinated promotion so that heritage tourism generates more stable and higher-value local income.

These examples answer the central analytical question raised by the reviewers: local wisdom contributes to employment when it is converted into a structured value chain with community ownership, skills, market access, and institutional coordination. Employment creation is therefore a mediated outcome rather than an automatic consequence of cultural diversity.

DISCUSSION

The discussion interprets the empirical patterns identified in the Results section through the lenses of religious moderation, Islamic economics, community empowerment, and sustainable livelihoods. It develops the implications of the findings into context-specific empowerment strategies, policy interventions, stakeholder responsibilities, and sustainability safeguards for North Sumatra.

Religious Moderation and Islamic Economics as Economic Governance

The role of religious moderation becomes clearer when it is linked to how local economic opportunities are governed. North Sumatra's cultural economy involves traditions that are associated with different ethnic and religious communities. Without inclusive governance, cultural events and tourism development may generate competition over representation, access to selling space, public funding, or control of destinations. Religious moderation can reduce this risk through recognition of diversity, equal citizenship, dialogue, and shared rules for participation. In economic terms, it strengthens social trust and lowers barriers to cooperation among cultural associations, MSMEs, government agencies, tourism actors, and visitors.

QS. Al-Hujurat: 13 provides a normative foundation for recognizing diversity and mutual understanding: humanity is created into peoples and tribes so that people may know one another. In the context of this study, the verse supports a shift from merely tolerating diversity toward using diversity as a basis for constructive cooperation. This logic is reinforced by the principle of ta'awun, reflected in QS. Al-Ma'idah: 2, which encourages cooperation in what is good and socially responsible. A multiethnic tourism route, an inclusive festival calendar, shared market space, cooperative production network, or cross-community creative-economy forum can translate these principles into institutional practice.

The Islamic economic perspective further specifies the quality of the desired development. Maslahah requires that the use of local wisdom generate broad community benefit rather than narrow private gain. 'Adl requires transparent access to vendor spaces, training, financing, and partnerships, including for small businesses and less powerful community groups. Ta'awun supports structured cooperation among community organizations, government, businesses, religious institutions, universities, and financial actors. Tawazun requires a balance between commercialization and the preservation of cultural meaning, as well as between tourism growth and environmental carrying capacity. Work as ibadah and a halal-livelihood orientation reinforce dignity, lawful production, honest transactions, safe products and services, and responsibility toward workers, consumers, communities, and the environment. These principles are consistent with the maqasid-oriented view that development should advance multidimensional human well-being and prevent harm (Chapra, 2008; Dusuki & Abdullah, 2007).

Accordingly, religious moderation and Islamic economics should not be placed in a separate symbolic section. They operate as cross-cutting standards for designing empowerment programs, selecting beneficiaries, organizing ta'awun-based partnerships, managing cultural representation, distributing economic opportunities, structuring Sharia-compliant financing, and evaluating whether

local-wisdom-based development is socially beneficial, culturally respectful, environmentally responsible, and economically sustainable.

Context-Specific Community Empowerment Strategy

a. Skills, Product Development, and Digital Market Access.

Communities need practical capabilities to convert cultural assets into marketable products without weakening authenticity. Priority activities include product-design training, storytelling and guiding skills, hospitality, packaging, photography, bookkeeping, digital marketing, and e-commerce. For ulos, traditional clothing, culinary products, and souvenirs, digital channels can widen the market beyond destination visitors. For performances and festivals, digital content can support promotion and documentation. Government agencies and universities can provide training, while private platforms and tourism businesses can support market access and mentoring.

b. Institutional Collaboration and Business Incubation

The role of community organizations such as HITPAM, MABMI, MITSU, PSMTI, PHDI, customary bodies, village institutions, and tourism groups should extend from cultural preservation to economic coordination where appropriate. Provincial and district governments can facilitate cluster-based forums that connect these institutions with cooperatives, universities, tourism businesses, digital platforms, and CSR programs. Support should include business incubation, legal registration, quality certification, mentoring, common marketing, and access to shared facilities. Each assisted cluster should have a simple business plan, named institutional coordinator, target market, implementation timetable, and measurable employment and sustainability outcomes rather than relying on one-off events.

c. Inclusive Multiethnic Governance Based on Religious Moderation

Empowerment programs should use transparent criteria for participation and avoid giving economic access only to dominant groups or established actors. Event committees, destination managers, incubation programs, and public market initiatives should include community representation and transparent allocation of vendor, training, financing, or performance opportunities. Codes of conduct for cultural representation can help prevent stereotypes and disrespect. This strategy operationalizes religious moderation, 'adl, and ta'awun as economic-governance practices that protect equal participation while strengthening cooperation across communities.

d. Islamic Social Finance and Halal-Livelihood Support

Islamic social finance can provide a targeted funding layer for empowerment, especially for vulnerable or low-capital participants, but it should be linked to clear eligibility, governance, mentoring, and outcome monitoring. Productive zakat may support eligible mustahiq through tools, training, or productive activities; infaq can support flexible training, promotion, or emergency needs; and productive waqf can support shared facilities, training spaces, market infrastructure, or other durable community assets where the principal is protected and management is entrusted to competent nazhir (Sadeq, 2002; Salim et al., 2024). Local zakat and waqf institutions, Islamic financial institutions, mosques or religious foundations, and community organizations can collaborate with local government and incubators to identify beneficiaries, assess viable enterprises, and prevent grant dependency. Financing should also reinforce halal livelihoods through lawful products and services, fair contracts, transparent pricing, worker dignity, and responsible market conduct.

e. Cultural, Environmental, and Climate Sustainability

Local wisdom loses its economic foundation if cultural meaning is diluted or natural assets are degraded. Community institutions should define which cultural elements may be commercialized, how they should be presented, and how a share of benefits can support cultural transmission and conservation. Tourism sites should apply visitor-management, waste-control, water-management, and environmental carrying-capacity principles, while craft and culinary clusters should reduce avoidable resource waste and protect locally important materials. Climate and weather risks should be incorporated into destination and livelihood planning through seasonal diversification, climate-sensitive event calendars, protection of agricultural landscapes, emergency procedures, and alternative income options during disruption. This operationalizes tawazun by balancing income generation with cultural integrity, ecological sustainability, and livelihood resilience.

Barriers and Policy Interventions

The analysis identifies six recurring barriers. First, institutional fragmentation can separate cultural preservation from business development; the policy response is a local creative-economy coordination forum linking cultural institutions, tourism and MSME agencies, planning bodies, village governments, finance providers, and private partners. Second, limited business and digital skills can prevent cultural products from reaching wider markets; the response is continuous training combined with mentoring and market targets. Third, weak financing and business formalization can limit scaling; the response is a financing ladder that combines self-financing, cooperatives, appropriate Islamic microfinance, productive zakat for eligible beneficiaries, infaq support, productive waqf for shared assets, and CSR or public programs according to the type of need and applicable rules.

Fourth, commercialization may create cultural dilution, imitation, or environmental pressure. This requires community-defined cultural standards, provenance or branding systems, intellectual-property awareness, benefit-sharing arrangements, waste and resource-management rules, and destination carrying-capacity controls. Fifth, unequal access and intergroup sensitivity may reduce trust; transparent beneficiary criteria, inclusive committees, conflict-sensitive event management, and religious-moderation principles can help ensure that local economic development becomes a shared project rather than a source of competition. Sixth, climate variability and environmental degradation may reduce visitor flows, disrupt agricultural attractions, damage natural assets, or make seasonal livelihoods less reliable. Adaptation therefore requires risk mapping, diversified products and income sources, climate-sensitive scheduling, conservation measures, and contingency plans.

For implementation, provincial and district governments should move from general support to a cluster-based portfolio approach. Each cultural or tourism cluster should have: (1) a mapped asset and stakeholder base; (2) a defined value chain and target market; (3) an institutional coordinator; (4) a training, incubation, and financing plan; (5) an inclusion, halal-livelihood, cultural, environmental, and climate-resilience standard; and (6) a monitoring dashboard. Suggested indicators include the number of active local enterprises, new or sustained jobs, youth and women's participation, sales growth, digital-market reach, financing mobilized, number of collaborative products or events, the proportion of benefits retained locally, beneficiary diversity, cultural-conservation activities, and basic environmental indicators. Such indicators would allow future studies to test whether the proposed strategies are associated with reductions in unemployment and improvements in sustainable livelihoods.

Stakeholder-Specific Practical and Policy Recommendations

To make the strategy actionable in North Sumatra, implementation should be divided by stakeholder mandate rather than framed as a single generic recommendation. Provincial and district governments provide coordination and enabling regulation; community and cultural organizations safeguard authenticity and organize participants; private-sector actors open markets and transfer business capabilities; Islamic social-finance and religious institutions mobilize ethically governed resources; and universities support mapping, incubation, training, and evaluation. A practical implementation matrix is proposed in Table 3.

Table 3. Stakeholder-specific implementation matrix for North Sumatra

Stakeholder	Priority actions	Institutional/resource mechanism	Monitoring indicators
Provincial/district government and relevant agencies	Map cultural-economic clusters; align tourism, MSME, planning, and employment programs; establish simple licensing/quality support; fund shared training and basic infrastructure.	Cross-agency working group; annual cluster action plan; dedicated facilitation budget; shared data dashboard; district/city pilots before scaling.	Clusters mapped; agencies participating; enterprises formalized; jobs sustained; budget execution; market reach.
Community, customary, cultural, village, and tourism organizations	Validate cultural assets; organize producers and performers; set cultural-use rules; select participants transparently; manage benefit sharing and local monitoring.	Community forum/cooperative or village institution; written code of conduct; membership registry; local facilitator; community	Participant diversity; local benefit retention; cultural activities financed; complaints resolved; member businesses active.

		conservation fund where feasible.	
Private sector, tourism operators, retailers, and digital platforms	Provide market access, mentoring, packaging/design support, procurement opportunities, event partnerships, logistics, and digital promotion.	Off-take or partnership agreements; CSR/mentoring; marketplace onboarding; product standards; shared promotion calendar.	Contracts/partnerships; sales growth; repeat orders; online reach; products meeting quality standards.
Islamic social-finance, Islamic financial, and religious institutions	Mobilize productive zakat for eligible beneficiaries, infaq for flexible support, productive waqf for shared assets, and suitable Sharia-compliant financing; strengthen halal-livelihood literacy.	Beneficiary assessment; nazhir/amil governance; MoU with incubators/local government; staged financing tied to mentoring; transparent reporting and Sharia compliance.	Eligible beneficiaries graduating to stable income; productive assets maintained; repayment where applicable; shared assets utilized; transparent reports.
Universities and training institutions	Conduct asset/value-chain mapping; deliver digital, business, hospitality, and sustainability training; support incubation, impact measurement, and student/community projects.	Service-learning/research partnerships; multidisciplinary mentor teams; training modules; baseline and follow-up evaluation.	People trained; competencies improved; enterprises mentored; data quality; documented innovations adopted.

Implementation should begin with a limited number of pilot clusters representing different asset types—for example heritage, crafts, festivals, and agro-cultural tourism—so that resource needs and coordination problems can be learned before wider replication. The main implementation risks are insufficient local budgets, limited institutional capacity, weak data, stakeholder resistance, fragmented authority, capture by established actors, and dependence on short-term grants. These risks can be reduced through phased pilots, transparent selection criteria, named institutional coordinators, co-financing, public reporting, community grievance channels, and annual evaluation against employment, inclusion, business, cultural, and environmental indicators.

Sustainable Livelihoods, Social Cohesion, and Climate Resilience

The sustainable-livelihood lens clarifies that employment creation is insufficient if new jobs depend on the degradation of the resources that sustain them. Local-wisdom-based enterprises should strengthen human capabilities, social networks, financial security, and natural and cultural assets while reducing vulnerability to shocks (Scoones, 1998). Economically, this means income diversification, stronger local value retention, and reduced dependence on a single event or visitor season. Socially, it means fair access for youth, women, small producers, and minority groups, with participation in decisions and transparent benefit distribution. Culturally, it requires community authority over representation, provenance, intergenerational knowledge transfer, and safeguards against excessive commodification. Environmentally, it requires protection of landscapes and heritage sites, visitor carrying-capacity management, waste and water controls, and conservation-oriented use of local resources.

Religious moderation contributes to sustainability by supporting trust, tolerance, coexistence, and fair participation across North Sumatra's diverse communities. These social conditions reduce the likelihood that competition over tourism space, public support, or cultural representation becomes conflict, thereby strengthening long-term institutional stability. Islamic economic principles add an ethical dimension: *maslahah* directs benefits toward collective welfare, *'adl* protects fair access, *ta'awun* supports shared responsibility, *tawazun* requires economic-ecological-cultural balance, and work as *ibadah* promotes lawful and dignified livelihoods. In this sense, religious moderation and Islamic economics are not only normative additions but mechanisms for social sustainability and accountable economic governance.

Climate change and environmental degradation add a further vulnerability layer, especially for agriculture-linked attractions, rural tourism, and natural landscapes. Adaptation should therefore be practical and local: diversify products across seasons, avoid overdependence on climate-sensitive

activities, protect water and vegetation, incorporate weather and hazard information into event planning, prepare visitor and business continuity procedures, and maintain alternative income channels when destinations are disrupted. These measures do not guarantee resilience, but they reduce exposure and protect the environmental and cultural base on which local-wisdom-based livelihoods depend (Priatmoko et al., 2021; Raj et al., 2022).

CONCLUSION

North Sumatra's local wisdom has substantial potential to support employment and livelihood diversification through creative industries, heritage tourism, cultural performances, crafts, culinary businesses, festivals, and agro-cultural tourism. The main contribution of this study is to show that cultural potential must be translated into an employment and sustainable-livelihood pathway rather than treated as an inventory. The pathway runs from local assets to product and service development, market connection, community institutions, appropriate financing, and scalable value chains, while being constrained by requirements for inclusion, cultural integrity, environmental protection, and climate resilience. The Pematang Johar and Maimun Palace cases illustrate both the opportunities and the management challenges involved in this transformation.

Five strategies are prioritized: strengthening skills, product development, and digital-market access; building institutional collaboration and business incubation; establishing inclusive multiethnic governance based on religious moderation; using Islamic social finance and Sharia-compliant mechanisms as targeted support for eligible and viable empowerment activities; and protecting cultural, environmental, and climate resilience. Religious moderation supports economic development by strengthening trust, equal participation, and cooperation across diverse communities. Islamic economic principles deepen this approach: *maslahah* directs development toward broad benefit, *'adl* toward fair opportunity and distribution, *ta'awun* toward mutual cooperation, *tawazun* toward balance, and work as *ibadah* toward ethical and dignified productive activity. Zakat, infaq, and waqf can strengthen empowerment when they are governed appropriately and linked to capability building, viable livelihood pathways, and measurable outcomes.

Because this research is based on document analysis and secondary literature, it does not demonstrate a causal decline in North Sumatra's unemployment rate or directly measure the effectiveness of the proposed financing and sustainability mechanisms. Its findings should therefore be understood as context-specific analytical propositions and policy directions. Future research should conduct field interviews with community organizations, local government, Islamic social-finance institutions, and business actors; observe selected cultural and tourism clusters; collect MSME, employment, inclusion, and environmental data; and evaluate whether the proposed model produces measurable changes in job creation, income diversification, social cohesion, cultural continuity, and livelihood resilience.

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AUTHOR CONTRIBUTION STATEMENT

Conceptualization, research design, methodology development, and the formulation of the analytical framework were carried out by Yusrizal. Data collection, including the gathering of scholarly literature, institutional documentation, and secondary sources relevant to local wisdom, community empowerment, and Islamic economics in North Sumatra, was conducted by Yusrizal. Formal analysis, including data reduction, thematic classification, cross-case comparison, interpretation, and synthesis, was performed by Yusrizal. Original draft preparation and writing were conducted by Yusrizal, while

review, editing, and revision were performed with academic supervision. The author has read and approved the final version of the manuscript and agrees to be accountable for all aspects of this work.

AI DISCLOSURE STATEMENT

During the preparation of this work, the author used AI-assisted tools, such as grammar checkers and language enhancement software, solely for the purpose of improving readability and refining the language of the manuscript. No generative AI tools were used for qualitative data analysis, thematic synthesis, conceptual framework development, Islamic economic interpretation, or core scientific writing. The author takes full responsibility for the originality, accuracy, and integrity of the research findings and the final content of this article.

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CONFLICTS OF INTEREST

The author declares that there are no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper. The research was conducted independently, and the results are presented objectively and without bias. The author has no affiliation with or financial interest in any community organization, cultural institution, government agency, or business entity that could be perceived as influencing the analysis or conclusions of this study.

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