

How is the Existence of Urban Villages in the Economic Dynamics of Metropolitan Areas?

Endah Kurnia Lestari¹, Satrio Candra Nugroho², Faikar Mahdiy Izzatan Naba³, Aditya Ferdama Putra⁴, Sekar Wulan Amboro Kasih⁵

Master of Economics, Faculty of Economics and Business, Universitas Jember, Indonesia^{1,2,3,4,5}

Corresponding Author: Endah Kurnia Lestari (endahkurnia.feb@unej.ac.id)

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ABSTRACT

Urban villages in Indonesia are unique socio-economic entities that reflect local History, identity, and community-based economic practices amid metropolitan expansion. Rapid urbanization and modernization generate pressures such as gentrification, land conversion, rising property values, spatial segregation, and economic marginalization, threatening livelihoods and weakening traditional social structures. This study analyzes the urgency of strengthening the urban village economy and strategies for integrating it into a dynamic metropolitan system characterized by spatial transformation and rapid policy change. Using a qualitative approach through a Systematic Literature Review, this research identifies, evaluates, and synthesizes relevant academic and policy sources in a structured and transparent manner. The findings indicate that urban villages possess significant economic potential, including micro enterprises, creative economy activities, informal sector initiatives, and strong local social networks. These potentials can be enhanced through technological innovation, business digitalization, capacity building, and inclusive urban planning. Nevertheless, limited access to infrastructure, financing, formal markets, and public services remains a major barrier to economic transformation. The study concludes that integration into metropolitan policy must prioritize local economic resilience through spatial protection, UMKM empowerment, participatory planning, and collaborative governance to achieve inclusive and sustainable urban development.

Keywords: Local Economy; Urban Village; Metropolitan Areas; Systematic Literature Review



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INTRODUCTION

Urban Village is one type of settlement in Indonesia, each village is unique because the village represents the distinctiveness of History, identity, creativity, and has social, economic, and cultural values that characterize the people who live in it including the presence of immigrant communities and government intervention in explaining the event as a whole in other words, a thousand villages

in one city can certainly be a thousand different village faces. Urban villages are settlements located within or on the edge of large cities, often inhabited by people with a strong cultural background and rich in local wisdom. Urban villages in Indonesia are not just pockets of housing, but socio-economic entities that sustain urban life through informal trade, micro-enterprises, local production systems, and community-based economic networks. Their existence reflects adaptive economic practices rooted in local wisdom, social solidarity, and survival strategies amid metropolitan expansion. Local wisdom can also be understood as the ability to adapt, organize, and cultivate the influence of nature and other cultures that are the drivers of transformation such as one of them in the Papuan people, there is a belief in *te aro neweak lako* (nature is me) where land is considered a part of human life and the use of natural resources must be careful (Satino *et al.*, 2024). Despite being in the midst of modernization, urban villages usually retain many traditional and social aspects that are distinctive. However, the intervention of the change of government in determining its policies tends to change urban villages, which must adjust to modern living standards, so that the traditional environment changes face, is destroyed, and disappears due to the development of city facilities (Gunawan & Ramdhon, 2019).

Although the existence of communities tends to change from the process of urban development, the existence of villages has become a typical phenomenon in many cities in Indonesia, even though it still survives in the midst of rapid urban development. Accelerating urbanization and modernization have intensified structural economic pressures. The expansion of commercial zones, rising land values, gentrification, and spatial segregation systematically marginalize urban villagers, pushing them towards economic vulnerability. Rising property prices and land conversion not only reduce residential security but also eliminate productive space that supports household-based economic activities. As a result, many residents are displaced from traditional livelihoods and forced into precarious, informal jobs with limited income stability and minimal social protection. The challenges of urbanization that lead to rapid urban growth often threaten the existence of urban villages through eviction and gentrification. The eviction in question is a forced eviction, either directly or indirectly, carried out by the local government against residents who use land resources for housing and business purposes. Evictions occur in urban areas due to limitations and high land costs. In contrast, in rural areas, evictions usually occur in the name of the construction of large infrastructure projects. Evictions cause structural poverty, as most of the people who lose their land are trapped in the abyss of poverty due to the damage to social networks and the stability of daily life (Nulhaqim *et al.*, 2020). The impact of urbanization makes villages vulnerable to the pressure and influence of population migration, which can affect cultural change along with the development of human activities. This affects cultural changes along with the development of human activities, which further causes problems in the life of urban villages due to the decline in community socio-cultural activities, where population growth caused by urbanization not only impacts the gap in economic conditions but also has an impact on the socio-cultural conditions of the local community (Rachman *et al.*, 2023). Similarly, the impact of globalization has led to the development of advanced technology that can change people's lifestyles to be more modern and can forget the local culture that existed before (Nahak, 2019). There is a shift in identity with the entry of new cultural elements; the cultural identity of urban villages can change or even be threatened with losses.

Rising property prices and land conversion not only reduce residential security but also eliminate productive space that supports household-based economic activities. As a result, many residents are displaced from traditional livelihoods and forced into precarious, informal jobs with limited income stability and minimal social protection. The conversion of village land into commercial or modern residential areas, which can threaten the existence of villages, has its own negative impact on the community, especially in the transfer of urban land, such as the construction of factories or other interests that encourage land conversion. Not only rice fields, but also villages that have built houses are also affected by evictions (Kamis, 2024). This threatens the long-term sustainability of livelihoods. The existence of economic marginalization in the imbalance between rising living costs and stagnant income levels widens inequality. At the same time, limited access to capital, skills development, and public services limits economic mobility. Without strategic interventions, urban

villages are at risk of becoming pockets of structural poverty in developing metropolitan areas. Therefore, strengthening the village economy is an urgent agenda not only to protect community resilience but also to ensure inclusive urban development.

The impact of urbanization makes urban villages vulnerable to the pressure and influence of population migration, which can affect cultural changes in line with the development of human activities. Problems in urban village life are caused by the decline in socio-cultural activities of the community, where population growth caused by urbanization not only has an impact on the gap in economic conditions but also has an impact on the socio-cultural conditions of the local community (Rachman *et al*, 2023). The challenges of urbanization that cause rapid urban growth often threaten the existence of urban villages through evictions and gentrification. The eviction in question is a forced eviction, either directly or indirectly, carried out by the local government against residents who use land resources for residential and business purposes. Evictions occur in urban areas due to the limited availability and high cost of land. In contrast, in rural areas, evictions usually occur in the name of the construction of large infrastructure projects. The evictions cause structural poverty because most of the people who are deprived of their land are trapped in the abyss of poverty due to the damage to social networks and the stability of daily life (Nulhaqim *et al*, 2020). In addition, the urbanization process also changes the function of urban village land into a commercial area or modern housing, which can threaten the existence of urban villages. Development has its own negative impact on the community, especially in urban land transfers such as the construction of factories or other interests that encourage land conversion. Not only rice fields, but also villages where houses have been built are also affected by evictions (Thohir, 2024).

The interaction between metropolitan areas and urban villages is very complex and affects each other. Metropolitan areas provide a great challenge to the existence and civilization of urban villages, but also open up opportunities for them to adapt and contribute to urban dynamics. In contrast, urban villages make a significant contribution to the economy, social, and cultural aspects of a metropolitan area. Still, they also present challenges that need to be managed wisely by policymakers. This study analyzes how urban villages in Indonesia can become an integral part of metropolitan areas, so that the existence of urban villages can contribute to urban dynamics and create a fair and sustainable environment in the current era of modernization by adopting and implementing technologies as solutions to face challenges.

METHOD

This research uses a qualitative approach with the Systematic Literature Review (SLR) method, which is carried out in a transparent, structured, and replicable manner. The source of research data is in the form of secondary literature obtained from 40 articles of reputable scientific journals, consisting of 25 international articles and 15 national articles, and supported by proceedings, academic books, government agency reports, and policy documents relevant to the topic of the study. Literature search is carried out through academic databases such as Google Scholar, Scopus, Web of Science, and the Garuda portal using keywords that are in accordance with the research focus. Criteria for literature inclusion include: (1) publication within the last 10-year period; (2) substantive relevance to the research topic; (3) have a clear methodology; and (4) published in reputable indexed journals. Meanwhile, the exclusion criteria include literature without a peer-review process, duplicate publications, and articles that do not provide adequate data or analysis.

In the Systematic Literature Review approach, data analysis steps are carried out through several systematic stages to maintain the objectivity and regularity of the research process. The first stage is literature identification, which is the initial search for all sources based on the keywords that have been determined. The next stage is an initial screening through the examination of titles and abstracts to remove irrelevant literature, followed by an eligibility assessment through a full reading of the text to ensure conformity to the specified criteria. Each eligible article is analyzed using content analysis techniques, with coding to identify key themes, concepts, methodological approaches, and

findings. Furthermore, the data that has been coded is grouped into thematic categories to find patterns, research gaps, and theoretical and policy implications. The synthesis process is carried out in a narrative-analytical manner to produce a comprehensive picture that supports the research objectives in a coherent and systematic manner.

RESULTS AND DISCUSSION

The Existence of Urban Villages in the Metropolitan Context

Profile of Urban Villages in Metropolitan Areas

Urban villages are a type of settlement with high population density and often poor building conditions and without adequate planning, so they are often considered slums that worsen urban conditions (Fuady *et al*, 2022). Budiharjo in (Fitriani & Wijaya, 2023) stated that urban villages are a rural settlement system that maintains their identity in the midst of modern culture. Urban villages are usually inhabited by low-income communities with social challenges such as poverty, low health, and education, as well as high crime. Despite these challenges, urban villages show social resilience and adaptability through strong social networks and community initiatives (Fitriani & Wijaya, 2023). The Dual Sector Model proposed by W. Arthur Lewis is also relevant in understanding urban villages. Lewis described the existence of two economic sectors that are side by side in the development process, namely the modern sector (industry) and the traditional sector (agriculture). In the context of urban villages, the traditional sector often remains in the midst of modern cities, with residents still involved in informal economic activities. Lewis argues that to advance the urban economy as a whole, there needs to be integration between these two sectors. Urban villages, as a representation of the traditional sector in urban areas, should not only be seen as a social problem, but also as an economic potential that can be empowered through inclusive policies (Raharjo, 2021).

According to Kurniati, (2020), there are four typologies of urban villages that have different characteristics and challenges. Urban villages are dense areas in the suburbs with a density of up to 500 people/ha, inhabited by low-income people who often do not have residence permits, but have strong social ties and independent environmental management. Tanement Kampung, which has been developing since the Netherlands colonial era, has experienced stagnation and extreme density reaching 1200 people/ha, with narrow buildings and limited open space, despite having good water quality. Fringe Kampung is a settlement outside the city limits with a low density of about 200 people/ha, which offers more spacious housing. Illegal villages grow wildly on land that is not intended for settlements, such as cemeteries or along railway tracks, with a high density of up to 800 people/ha, semi-permanent building conditions, and often do not meet health and safety requirements, and do not have adequate infrastructure. The view that urban villages are temporary and need to be changed often ignores their role as an integral part of cities in Indonesia. The uniqueness and resilience of urban village communities are actually important for the identity of the city. Understanding the complexity of urban villages holistically and integrating them into future urban planning is essential, including respecting and protecting the rights and existence of urban villages.

Integration of Urban Villages in Urban Structures

The integration of urban villages into urban structures remains one of the most complex challenges in managing urbanization in major cities, especially in developing countries. Urban villages, which play an important role in maintaining urban social and economic balance, are often overlooked in spatial planning that prioritizes large-scale infrastructure development. It is noted that one of the main obstacles to this integration is the lack of attention to the specific needs and local characteristics of urban villages. Planning that does not take these aspects into account tends to be irrelevant to the needs of residents, thus triggering inequality and marginalization. This research reveals that urban villages, despite facing various challenges from urbanization, have significant potential to continue to exist and function effectively in metropolitan areas. The main findings of this study show that the adaptation strategies implemented by urban villages play a key role in maintaining their existence.

Urban villages are often exposed to less than ideal conditions, such as high population density and limited infrastructure. However, the community within it has developed effective adjustment mechanisms to deal with these challenges.

The discussion identified that while these challenges are significant, there are several initiatives that have shown success in addressing the problem of urban village integration through a participatory approach. For example, the urban village revitalization program involving active community participation has yielded positive results (Sharma *et al*, 2023). Their research shows that community participation in the planning process not only increases the effectiveness of urban village integration in urban structures but also strengthens their role as key actors in sustainable and inclusive development. This research is supported by the findings of Douglass *et al* (2012), which states that community participation can improve the quality of planning and the relevance of urban development projects to local conditions. Furthermore, the results of the research conducted by Zhang (2021) add that integrated policy support between local and national governments is essential to ensure that urban villages are not only maintained, but also developed according to their socio-economic potential. This research shows that collaboration between the government, the private sector, and the community is key to creating a more inclusive and equitable urban environment. Strong policy support and high political commitment are needed to foster effective integration, overcome bureaucratic bottlenecks, and ensure adequate resource allocation.

The top-down approach often applied by the government in urban planning tends to fail to accommodate the socio-cultural complexity that exists in urban villages. Instead, they suggest a more participatory bottom-up approach, where local communities are empowered to be decision-makers in the planning process. The study found that when local communities are given the space to engage directly, the result is planning that is more tailored to their needs and aspirations, which ultimately increases the effectiveness of urban village integration in urban structures (Wu & Zhang, 2022).

Culture and Local Wisdom of Urban Villages Cultural Diversity in Urban Villages

The results of this study confirm that cultural diversity in urban villages has an important role in shaping community identity and maintaining social stability in the midst of a dynamic urbanization process. Cultural diversity, which is reflected in the diverse ethnic, religious, and cultural backgrounds of urban villagers, not only adds to social wealth but also becomes the foundation for community cohesion. In this study, it was found that local cultural traditions and practices, such as traditional ceremonies and celebrations of religious holidays, serve as an effective means of building solidarity between citizens. For example, traditional ceremonies that are routinely carried out in several villages in Jakarta strengthen social bonds and increase the sense of togetherness among residents. This finding is consistent with previous research by Wijayanti & Setyowati (2023), which shows that local cultural practices are a key element in maintaining social cohesion in urban environments. Recent research shows that cultural diversity in urban environments plays an important role in maintaining social cohesion and improving community resilience. For example, a study conducted by Wijayanti & Setyowati (2023) revealed that cultural diversity in urban villages in Jakarta not only enriches social life but also contributes to the formation of a strong collective identity amid the pressures of urbanization. The study also found that local cultural practices, such as the celebration of religious holidays and traditional festivals, are an important means of building solidarity among urban villagers. This supports previous findings by Kurniati (2021), which state that cultural diversity can serve as an effective adaptation mechanism to changes in the urban environment, allowing communities to be more resilient in the face of economic and social challenges.

In addition, research by Santoso *et al* (2022) shows that cultural diversity in urban villages also has a positive impact on the local economy. For example, local cultural and arts activities not only promote cultural tourism but also encourage a community-based creative economy. This proves that

cultural diversity is not only a social aspect but also has significant economic implications in the development of metropolitan areas. Thus, the cultural diversity in urban villages not only strengthens social identity and cohesion but also provides a foundation for local economic development, making it an essential element in sustainable urban planning and management. The results of this study also underline that culture functions as a defense fortress against cultural homogenization caused by globalization. The study by Lestari *et al* (2022) highlights how cultural diversity in urban villages contributes to the preservation of local values and counters the pressure of cultural homogenization. Cultural practices such as local arts and crafts not only enrich the experience of living in urban villages but also provide an alternative to the increasingly dominant global culture.

Cultural Influence on the Identity of Urban Villages

Culture plays a central role in shaping the identity of urban villages, functioning as a link between citizens and as a defense mechanism against the current of modernization and globalization. This cultural identity is formed through the process of interaction between diverse ethnic and social groups in the urban area, which ultimately creates a strong sense of local attachment and pride. This research reveals that cultural identity is not only a distinctive characteristic of urban villages but also serves as an important tool for communities in asserting their right to space in the midst of rapid social and economic change. The results of this study show that local culture functions as a solid foundation in facing the challenges of urbanization. These findings are in line with research by Harsono *et al* (2024), which shows that communities in urban villages use local cultural practices, such as traditional festivals and ceremonies, to strengthen social cohesion and overcome the challenges of urbanization. These cultural practices provide space for people to interact positively, create strong social networks, and build a deep sense of togetherness. In addition, cultural identity also plays a strategic role in defending the right to space amid the pressure of social and economic change. Research by Purnama & Widodo (2023) shows that strong cultural identities allow communities to better deal with gentrification and marginalization. For example, communities that are active in preserving their local traditions and culture tend to be more effective in coping with the negative impacts of structural changes that occur in urban environments.

Opportunities for Cultural Development and Preservation of Initiatives towards Metropolitan areas

Cultural diversity in urban villages opens up significant opportunities for the development and preservation of local culture as an integral component of metropolitan areas' development. This research shows that revitalization programs based on local culture can serve as a means to preserve cultural heritage while strengthening local identity amid the rapid flow of urban development. Cultural diversity in urban villages offers great opportunities for the development and preservation of local culture that can be an integral part of a metropolitan area's development strategy. The findings of this study highlight that revitalization programs that focus on cultural aspects not only help preserve cultural heritage but also strengthen local identity in the context of ever-evolving urbanization. These results are in line with a study by Iskandar & Jati (2024), which found that a culture-based approach to urban revitalization contributes significantly to strengthening community identity and improving the quality of life in urban environments. Cultural revitalization based on the preservation of local traditions has the potential to increase the attractiveness of urban villages as cultural tourism destinations. Research by Farida & Prabowo (2023) shows that urban villages that have successfully maintained and celebrated local traditions often experience a spike in the number of tourist visits. This, in turn, can spur local economic growth by creating new job opportunities and stimulating investment in local infrastructure. Cultural preservation, thus, serves as a multifunctional strategy that supports both the social and economic aspects of metropolitan areas' development.

In addition, the results of this study show that cultural preservation should be part of broader and sustainable urban planning. A study by Lestari & Rachmawati (2023) emphasizes the importance of integrating cultural elements in urban planning to create an urban environment that not only functions efficiently but is also able to maintain local cultural values. Active support from the government and the involvement of local communities in cultural preservation initiatives are key to

success. Programs that prioritize cultural preservation should be designed to facilitate community participation and involve various stakeholders in the planning process. The results of this study also show that cultural diversity in urban villages offers a model for inclusive and sustainable urban development. By integrating cultural aspects in development strategies, urban villages can not only maintain their cultural richness but also encourage innovation and diversity in the urban development process. This helps create a more harmonious and resilient environment to the challenges of modernization, such as uniformity and deterioration of the quality of life.

Economic Resilience of Urban Villages and Their Contribution to Sustainable Development

People in urban villages have proven to be able to show relatively high economic resilience in the face of various forms of crisis, including economic shocks and pandemics. The diversification of household businesses supports this resilience, where families do not depend on one source of income, but also develop various forms of micro and small businesses according to local capacity. Case study research in several rural communities shows that business diversification, such as a combination of agriculture, small trade, and household industries, is an important strategy to maintain household economic stability when primary income is under pressure during times of crisis. In addition, social aspects such as solidarity, cooperation, and social capital strengthen the community's economic network; for example, through local institutions such as cooperatives and solidarity-based economic mechanisms that help optimize shared resources, reduce vulnerability to external market fluctuations, and build mutual assistance between community members (Pramono & Juliana, 2025). In addition, urban villages also utilize the informal financial system as part of their economic resilience. Mechanisms such as social gatherings and local cooperatives act as micro-institutions that provide access to capital and financial support when formal institutions are difficult to reach, as well as a space for risk and resource sharing among community members.

Research shows that social gathering activities and forms of local economic solidarity not only strengthen social relationships but also help people get liquidity, small working capital, or financing for urgent needs without the burden of high interest rates (Wijaya *et al.* 2024; Hawari *et al.*, 2025). The small size of the narrow village space is also used creatively for productive activities both as a place for household businesses, micro businesses, and common spaces for socio-economic activities. Thus, the economic sustainability of urban villages is mainly supported by social solidarity, community economic networks, and local innovation in utilizing existing resources, which have proven to be effective in maintaining stability and survivability in the midst of crisis shocks. From the perspective of sustainable development, urban villages play an important role as one of the elements of urban transformation that not only focus on the physical aspect, but also on the socio-economic welfare of local communities. First, urban villages can trigger local job creation through the development of micro enterprises and community-based economic activities that utilize the potential of local resources, thus having a direct impact on increasing household income and the welfare of local communities; Regional development research shows that strengthening local economic sectors contributes to the creation of job opportunities as well as broader economic inclusion in the context of sustainable development (Hasmawati *et al.*, 2024).

In addition, by empowering communities in informal settlements to participate in economic activities, urban villages also contribute to the reduction of urban poverty, in line with sustainable development goals that emphasize increasing the economic capacity of low-income communities. In this case, the community-based circular economy approach through resource reuse practices, increasing space use efficiency, and integrating production-consumption activities at the local level is fundamental to reducing waste and increasing local added value, as discussed in a study on circular development in urban areas that shows the potential of community-based initiatives in supporting sustainable socio-economic regeneration. Finally, urban villages also support the efficient optimization of urban space by maximizing the use of limited space for productive activities, housing, and social services, thereby contributing to an inclusive and sustainable urban spatial planning. The integration of these four aspects emphasizes that urban villages are not just a physical

space, but also a strategic mechanism in achieving sustainable development that is balanced between social, economic, and environmental aspects (Kasula *et al*, 2026).

Models of Integration of Social and Economic Culture, Technology, Access to Services, and Sustainability

Case Study of Urban Village Integration in Malang

One of the prominent examples of integration in Malang is the development of the creative economy sector based on local culture. The Malang City Government, together with the local community, has made efforts to promote cultural products, such as Malangan batik and handicrafts, through digital platforms. This not only strengthens the economy of the local community but also maintains and preserves the local cultural heritage. Research by Setyawan & Lestari (2023) shows that the digitization of cultural products in Malang has increased market access and provided broader economic opportunities for local artisans. On the technology side, Malang City has succeeded in implementing various innovations that support economic development and improve the quality of life of its citizens. The implementation of information technology in the public service sector, such as online-based administrative systems and digital health services, has made it easier for the public to access basic services. In addition, the development of locally based tourism applications has promoted cultural tourism destinations in Malang, which not only has a positive impact on the economy but also on the preservation of local culture (Rahayu & Widodo, 2022).

Sustainability is also the main focus in the development of Malang City. The government and local communities collaborate on various green initiatives, such as urban farming programs and community-based waste management. This initiative not only aims to protect the environment but also to improve local food security. A study by Wahyudi (2023) revealed that the urban farming program in Malang has succeeded in reducing dependence on external food supplies and increasing environmental awareness among residents. In addition, Malang is also famous for its revitalization program of urban villages that combine traditional and modern elements. For example, Kampung Warna-Warni Jodipan, which was once a slum, has now turned into a famous tourist destination, without losing the identity of the local community. This village has succeeded in combining aesthetic, economic, and social aspects in a harmonious unit, which is supported by the active participation of the local community. These initiatives have had a significant economic impact on the local population through increased tourism, while still maintaining local culture and wisdom (Santoso & Nugroho, 2023).

Case Study of Smart Village in Bali: Integration of Technology with Traditional Culture

In Bali, the Smart Village model provides a real picture of how local culture, economy, technology, service access, and sustainability can be harmoniously integrated. In this context, villages in Bali face the challenge of maintaining their traditional culture amid the tide of globalization and modernization. One of the interesting initiatives is the preservation of traditional ceremonies and traditional arts promoted through digital platforms, allowing Balinese culture to be accessed by the global community without sacrificing local values (Suwardani, 2022). The local economy is also developing through the application of digital technology that supports community-based tourism. Homestays managed by residents, promoted through online platforms, have a direct economic impact on the village community. At the same time, technology is also used in natural resource management, such as smart irrigation for more sustainable rice farming. Research by Purnamasari & Subagia (2023) states that the implementation of this community-based technology contributes significantly to economic and environmental resilience in Balinese villages. Sustainability is also a major concern in this Smart Village, where villages are starting to use renewable energy, such as solar power, to support their operations. This model shows that cultural, economic, and technological integration can run in harmony, providing a positive impact not only on economic and social aspects but also on maintaining environmental sustainability in the long term (Suryani *et al*, 2023).

Case Study of Urban Village Integration in Jakarta

Urban villages in Jakarta are an urban phenomenon that challenges social, cultural, and economic aspects. In the context of rapid urbanization, urban villages face great pressure to adapt to technological and economic developments, while still maintaining their cultural identity. One example of successful integration can be seen through the efforts of the government and local communities working together to promote a creative economy based on local culture. MSMEs based on traditional handicrafts and culinary are the center of attention to support the economy of the residents. Through the help of digital technology, these products are marketed online, providing a significant economic impact on the local community (Rahardjo & Murniati, 2023).

In addition to the economic aspect, technology integration also plays an important role in Jakarta's urban villages. Increasing internet access and training in the use of technology are important strategies implemented by local governments. Technology allows villagers to engage in the digital economy and facilitate access to health services and online education. Thus, the gap in access to services between urban villages and metropolitan areas is decreasing. Research by Laksmi (2022) emphasizes that digitalization in urban villages can strengthen the local economy while maintaining existing cultural diversity. On the sustainability side, Jakarta city villages also strive to preserve the environment through local initiatives such as community-based waste management and area greening. This movement not only has a positive impact on the environment but also improves the quality of life of residents. Recent research by Wardani (2023) shows that this approach helps create a greener and more sustainable village ecosystem, in line with the concept of sustainable urban development applied in metropolitan areas.

Recommendations for Policies and Practices

Models of socio-cultural and economic integration, technology, service access, and sustainability offer a comprehensive framework for building more inclusive and sustainable cities. To implement this model effectively, several policy and practice recommendations can be implemented to ensure synergies between these aspects. First, policies that encourage socio-cultural and economic integration must be prioritized to create a more harmonious and mutually supportive environment. Research by Widodo & Sari (2024) emphasizes the importance of policies that support community involvement in the planning and decision-making process. This engagement not only strengthens a sense of ownership of urban projects but also integrates local cultural values that can support social and economic cohesion in the metropolitan area. Second, the adoption of innovative and sustainable technologies must be the focus of urban planning to improve efficiency and sustainability, and be adapted to the potential and problems of an area. The findings by Hartono & Rachmawati (2023) show that technologies such as smart grids, environmental monitoring systems, and data-driven applications can help in efficient resource management and facilitate more responsive public services. Policies that support the application of this technology must be designed to facilitate access for all levels of society, including disadvantaged communities in urban villages.

Furthermore, ensuring fair and equitable access to services is key to this integration model. Research by Dewi & Prabowo (2024) shows that providing equal access to basic services such as health, education, and transportation throughout metropolitan areas contributes to reducing social inequality and improving the quality of life. Policies that prioritize equitable and accessible distribution of services to all citizens, including those living in urban villages, must be implemented to support social and economic integration. Finally, sustainability should be a fundamental principle in all aspects of urban planning and management. A study by Santoso & Yulianti (2023) underscores that a holistic sustainability approach, including environmental protection, energy efficiency, and waste management, plays an important role in creating cities that are resilient to the challenges of climate change and urbanization. Policies that support these sustainability practices must be integrated into urban planning to ensure that urban development goes hand in hand with environmental conservation efforts.

Inclusive Urban Planning as a Solution for the Integration of Urban and Metropolitan Villages

Inclusive planning plays a key role in integrating urban villages into the larger metropolitan structure. Through this approach, urban planning can ensure that the needs and aspirations of all community groups, including those living in urban villages, are fairly taken into account. This planning involves various stakeholders in the planning and decision-making process to ensure that the needs and aspirations of all community groups, including urban villagers, are considered.

The impact of inclusive planning includes several related aspects, namely, Improving Access to Basic Services. Increased access to basic services such as education, health, and infrastructure means that urban villagers get better access to these facilities, which has a direct impact on the quality of life of their people, and that communities are assured that they have equitable access to facilities and services (Williams & Yang, 2022). The important role of inclusive planning in encouraging the development of the infrastructure needed to improve access to educational services in urban areas through (1) designing and implementing infrastructure that is appropriate to the needs of the community; (2) the development of better educational facilities and social equality aims to reduce the gap in access to education that often exists between metropolitan areas and urban villages; (3) prioritizing the equitable distribution of resources by reducing inequalities in access to education, which means that children from various social and economic backgrounds have more equal opportunities to get quality education; (4) accommodating diverse community needs with the aim of creating an educational environment that is more inclusive and responsive to local needs (Kessler & Basset, 2023). According to Fernandez & Patel (2023), it underscores how inclusive urban planning can play a key role in improving access to basic health services for urban villagers in metropolitan areas through inclusive strategies by providing better access to basic health services, improving population well-being, and reducing disparities in health systems.

Reducing Social and Economic Inequality

Involving urban villagers in metropolitan planning, inclusive planning helps reduce the social and economic disparities that often occur between city centers and suburban areas. This includes providing support for entrepreneurship, local economic development, and poverty alleviation programs. Economic opportunities can be opened up, new economic opportunities can be created, and access to the job market for urban villagers can be improved by implementing programs designed to reduce poverty and improve economic well-being (Johnson & McDonald, 2022).

The programs focused on reducing poverty and improving economic welfare in urban informal settlements are (Nguyen & Zhang, 2023):

1. Microfinance Programs: Providing the necessary capital for micro-enterprises can help individuals generate more stable incomes and reduce dependence on precarious informal work.
2. Skills Training and Education: improving job skills, the population can access better and higher-paying jobs, which contributes to improved economic well-being and poverty reduction.
3. Social Safety Nets: Providing direct support to those facing the risk of extreme poverty helps reduce the negative impact of economic instability and improve the quality of life.
4. Infrastructure and Service Access: improving infrastructure improves the quality of life and allows the population to participate more actively in the formal economy, reducing long-term poverty.
5. Integrated Approach: through programs that bring together microfinance, skills training, social safety nets, and infrastructure upgrades, can provide more comprehensive and effective support in reducing poverty

An integrated approach that includes different types of programs such as microfinance, skills training, social safety nets, and infrastructure investment is key to reducing poverty and improving economic well-being in informal urban settlements that provide the tools and resources needed to address the challenges of poverty and support sustainable economic growth in communities most in need.

Improving Social Cohesion and Community Integration

Inclusive planning helps build social cohesion by ensuring that urban planning considers and respects local culture as well as the social structure of urban villages. This contributes to better integration between urban and metropolitan villages and encourages positive interactions between residents from various social and cultural backgrounds (Smith & Liu, 2023). More cohesive communities tend to have better social support. They are better able to handle shared challenges more effectively because they will increase a sense of ownership and responsibility towards the surrounding environment. Inclusive planning will foster the creation of diverse and dynamic environments, where residents feel welcome and valued, which contributes to better social cohesion (Lopez, G., 2024).

Ensuring Sustainable Resource Management

Inclusive urban planning that integrates urban villages into the overall metropolitan fabric requires special attention to sustainable resource management. Urban villages, with their distinctive characteristics, often have different patterns of resource use than more modern metropolitan areas. This pattern of use, which is generally more community-based and relies on local wisdom, allows urban villages to maintain a relatively independent and efficient resource management system. However, with the rapid urbanization and expansion of metropolitan areas, these traditional patterns risk being displaced by more centralized and industrialized systems, which often do not take into account local needs and potential. Effective integration of urban villages into the metropolitan network is not only about physical and economic development, but also about how to maintain environmental sustainability and the well-being of local communities. The importance of a balanced approach in the process of integrating suburban areas into the metropolitan framework in the context of “*resource conservation*” includes efforts to protect the environment and minimize the negative impact of development on local ecosystems. Meanwhile, “*local community needs*” involve providing adequate access to basic services such as education, health, and infrastructure, as well as taking into account the social and economic well-being of urban villagers. If ignored, problems such as irreversible environmental damage or a decline in the quality of life of local communities will arise. Therefore, a successful integration strategy must combine conservation efforts with meeting the needs of communities to create a sustainable and inclusive environment (Baker & Schuler, 2024)

The integration of urban villages into metropolises must consider the balance between resource conservation and meeting the needs of local communities. The work practices that are sustainable resource management are (Miller & Al-Harthy, 2022):

1. **Utilization of Technology for Resource Management:** One approach that can be taken is to develop the concept of “Smart Urban Village,” which aims to integrate smart technology with daily life in urban villages without sacrificing cultural and social identities that have been maintained for a long time. The application of technology, such as clean water management systems, energy, and waste management based on environmentally friendly technology, can be carried out in urban villages. In addition, smart technology can be used to improve public services, such as health, education, and security, which will ultimately improve the quality of life of local communities.
2. **Improving Technology Literacy and Digital Access:** the importance of expanding internet access and providing digital literacy training in underserved communities. This shows that increasing digital literacy opens up new opportunities in the digital economy and reduces the digital divide. The use of digital technology can help small and medium enterprises (SMEs) in urban villages to develop. For example, by utilizing e-commerce platforms and social media to market local products, urban villagers can reach a wider market without having to leave their cultural identity.
3. **Development of Technology-Based Social Protection Systems:** the use of technologies such as blockchain for social assistance distribution and digital applications to increase citizens’ participation in urban planning. They found that the integration of these technologies could improve efficiency and social inclusion. Providing fair compensation to urban villagers is also a crucial aspect in maintaining their justice and well-being. When urban villages have to face the risk of eviction or relocation due to urban development, the compensation provided must reflect

the losses they experience, both in terms of material and immaterial losses. Financial assistance can help them to rebuild their lives, while a viable relocation ensures that they do not lose access to essential economic services and opportunities. In addition, skills training provides urban villagers with the new abilities necessary to adapt to a formal economy that may differ from their previous lives.

4. Multistakeholder Collaboration for Technology and Social Protection: collaboration between the government, the private sector, and the community in the development of technologies that support social protection. They found that strong partnerships can accelerate the development of digital infrastructure and improve access to social services.

CONCLUSION

Urban villages demonstrate a strong and adaptive existence within the economic dynamics of metropolitan areas. The study finds that their resilience is primarily supported by diversified household livelihoods, micro and small enterprises, informal financial mechanisms, and strong social capital rooted in solidarity and cooperation. These characteristics enable urban villages to withstand economic shocks, pandemics, and market fluctuations while maintaining household stability. Rather than being passive objects of urban transformation, urban villages function as active economic actors that generate employment, strengthen community-based circular economies, reduce urban poverty, and optimize limited spatial resources productively. Their economic sustainability is therefore closely linked to social cohesion, local innovation, and community-based resource management. Furthermore, the integration models observed in Malang, Bali, and Jakarta reveal that successful urban village development depends on the harmonious integration of socio-cultural values, technology adoption, equitable service access, and sustainability principles. Inclusive urban planning, digital empowerment, community-based environmental initiatives, and multistakeholder collaboration are key factors that strengthen their position within metropolitan systems. The research concludes that urban villages are not merely informal settlements, but strategic socio-economic entities that significantly contribute to inclusive growth, social equity, and sustainable urban development. Their continued existence in metropolitan economic dynamics depends on policies that recognize, integrate, and empower their local capacities rather than marginalizing them.

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