

## SUSTAINING RURAL LIVELIHOOD THROUGH ENTREPRENEURSHIP AND CREATIVE VILLAGE DEVELOPMENT: MALAYSIA AND INDONESIA EXPERIENCE

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### Abstract

*Rural development in various countries in Asia has experienced tremendous change and transformation. Countries like Malaysia and Indonesia have experienced growing interest in utilising information and communication technologies (ICTs) for rural development. ICT and society could create a new pathway for the rural area and its society should progress in future. Evidently, technologies will continue to evolve and used to improve productivity. However, in the long run, this might jeopardise any effort for creating and sustaining employment/job and wealth creations for locals and for rural economic sectors. This is because current jobs including in rural small and medium enterprises (SMEs) could be replaced by technologies, hence might reduce industry dependency on local workforce. There are cases whereby the ICTs and other emerging technologies which have been introduced in rural areas, as shown in “creative kampung” communities, have not deter locals from being employed in rural economic sectors (and SMEs) instead sustaining jobs and improve SMEs operations and productivities. Creative kampung emphasises on sustaining economic activities based on human creativity and/or creative industry that cannot be replaced by machines or any other means of modern technologies. However, it is a norm for local entrepreneurs to incorporate some elements of technologies to improve productivity and quality of products and services, while maintaining the authenticity of their products. The paper presents some key findings based on comparative study of two creative kampungs in Sayong, Kuala Kangsar, Malaysia and Gemawang Village at Semarang District, Central Java Indonesia. It is expected that the findings might have values particularly in improving the understanding on the concept of creative kampung from different localities, internal and external key drivers for transformation of creative kampung and entrepreneurship development.*

**Key words:** Creative village (kampung), ICT, rural, transformation, enterprises

### INTRODUCTION

Finding the right balance between urban and rural development in many developing countries often generating pertinent impacts on rural transformation process, especially to shifting from old paradigm to adaptation of new thinking of development. Migration to the cities, as stated by many social scientists and demographers has eroded the vitality of rural communities [3]. Traditional economic systems especially in farming and forest-related activities, are falling into disuse and the income and employment opportunities in

rural communities are decreasing [3] [2] [5]. In this light, there is an urgent push for rural communities and their administrators to explore new development strategies in sustaining positive socioeconomic growth and increasing the peoples' livelihood. Traditional economic sectors driven by natural resources exploitation for instance mining and forestry were urged to undergone appropriate adjustment. This is because at the same time, many parts of rural regions have been penetrated by information and communication technologies (ICTs), making the communities becoming more connected

with outside world. Furthermore, the emergence of knowledge-driven economy and widespread of ICTs also resulted as to respond to sustainable development agenda for rural areas [13]. This new movement had shifted the rural development paradigms and thinking, as well as alerting rural planners and local communities to adequate themselves with new and innovative approaches in development of rural areas.

### Creative Village Concept and Rural Entrepreneurship

The search for innovative rural development approach has bring in the evolving concept of “creative kampung” (creative village) into the limelight. However, there was no agreement on the official definition of creative village [13] simply because researchers viewed a community as a group of people with thinking (and creativity) that constantly evolves due to interaction with surrounding environment and exposure to technologies. There is no doubt that the role of ICTs has open wider opportunity for information sharing and enhance learning process among rural people. As a result, there cannot be a one-size-fits-all definitions.

In the context of this paper, authors are more inclined to define the concept of creative village as an extension from the existing concept of creative city [13] [7] and creative economy [9] [11], which emphasis on creative way to utilization of assets which potentially generate economic growth and development (Figure 1). UNCTAD [11] highlighted the potential of creative economy with inclusion of fostering income generation, job creation and export earnings while promoting social inclusion, cultural diversity and uplifting people’s livelihood. The vehicle for creative economy would be, among others, are the creative *kampung (village)* which embraced creative rural industries (mostly SMEs) and entrepreneurships.

Modern technologies in many ways have improved performance many small and medium enterprises (SMEs) in rural areas through mechanization process and more efficient marketing and business networking activities. On the other hand, modernisation shrank local job prospects by taking job from

local people including in traditional businesses. A small scale, family or village owned and operated and utilizing local knowledge in rural areas could suffer the most if they fail to innovate and adopt new manoeuvring steps in facing these emerging challenges.

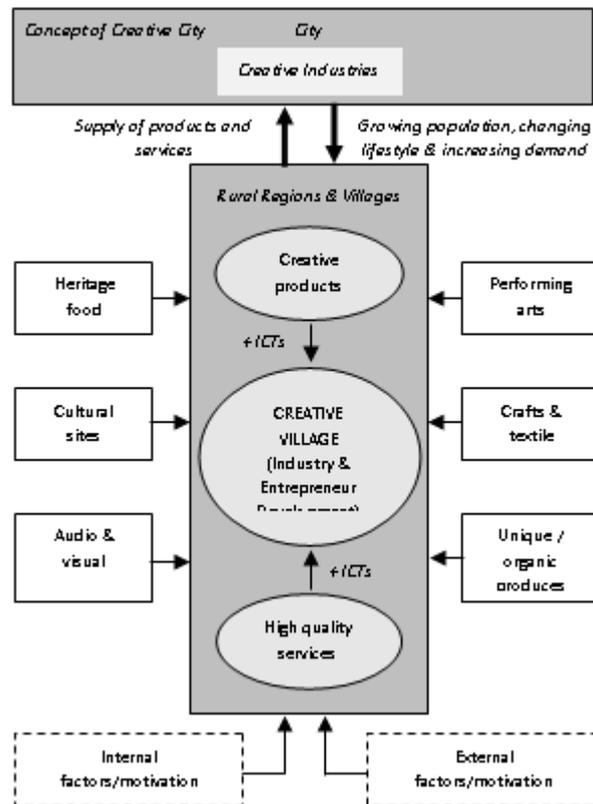


Fig.1. Creative village concept and its main classification as an extension of creative city agenda. Source: Adopted from [3] [11] [13].

As shown in Fig. 1, the growing interest for creative village industries and entrepreneurial development might influence by growing demands of the urban population and lifestyle changes due to a better socioeconomic condition. Organic farming produces by rural farmers for their own consumption or for selling to local markets are consider as common practice. Similar examples for the using and small-scale trading of medicinal plants and foods. These products however, could have huge demand from people living in the cities. With greater purchasing power and concern for consuming organic and natural products regardless of the higher prices, this scenario could enhance the new and niche market for certain rural produces and services. Similar observation also

occurred for other rural economic activity driven by utilising traditional knowledge and skills and creativity which be enhanced by modern inputs and ICTs including rural tourism, handicrafts making, music and cultural performances, textile (particularly batik) and traditional food which might be able to rejuvenate rural development [3] [11]. Review of literature also enable authors to identify three crucial components that underpinned the idea of creative village namely; (1) elements; (2) requirements and; (3) indicators. The detail sub-components under each main component is explained in Fig. 2.

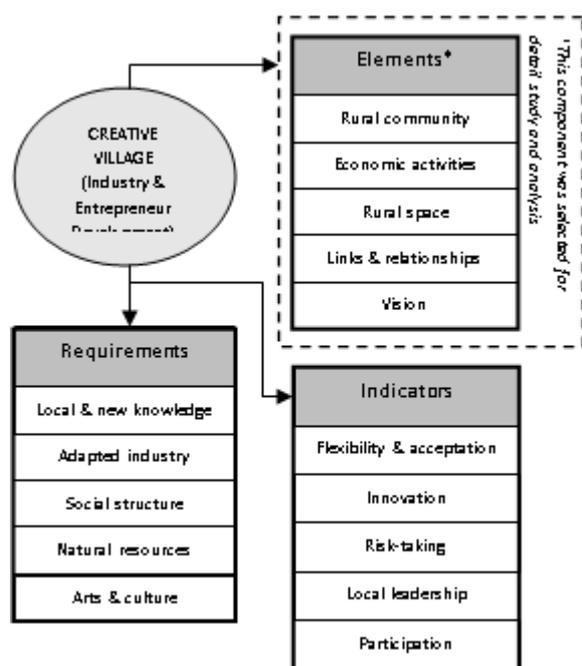


Fig.2. The structure of the key factors of the creative village.  
 Source: Adopted from [8].

It is worth mentioned that due to research limitation (i.e. financial barrier to fund movement and to conduct frequent visits for comparative study), this paper will be presenting key findings from component (1) i.e. “elements” consist of five sub-components namely; rural community, economic activity, rural space, links and relationship and vision. Results from comparative study involving two case study of creative *kampung* in Kuala Kangsar, Malaysia and Gemawang Village in Semarang Regency, Central Java Indonesia. It is expected that the findings might have values particularly in improving the

understanding on the concept of creative *kampung* from different localities, internal and external key drivers for transformation of creative *kampung* and entrepreneurship development.

## MATERIALS AND METHODS

### Study Approach

This study adopted a qualitative approach for data capture and analysis, the use of single case study for each country (yet will allow for a more in-depth and detail analysis and discussions), survey of local small and medium enterprises (SMEs) including crafts makers and tourism-based operators, limited field observation and photography. The adoption of all these methods can be best explained in two main stages namely: (1) Field study and data collection, and; (2) Data analysis and synthesis. Details for each stage of field study and data collection are presented in Table 1.

Table 1. Description of research methodology

| Stage 1: Field study and data collection  |   |
|---|---|
| a) Interview of respondents (local entrepreneurs)   |   |
| Type of data:<br><ul style="list-style-type: none"> <li>Profile of respondent</li> <li>Respondents' key motivational factors &amp; reasons for respondents to venture into OVOP</li> <li>Respondents' main issues/challenges in OVOP</li> </ul> | Methodology:<br><ul style="list-style-type: none"> <li>Interview session was conducted in respondents' workshop / souvenir shops</li> <li>Take photos of workshop/souvenir shop condition and economic activities of operators</li> <li>Informal interview with head of the village, committee and local representatives</li> </ul> |
| b) Cyberspace survey  |   |
| Type of data:<br><ul style="list-style-type: none"> <li>ICT media that currently being used by entrepreneurs</li> <li>How local people benefited from the usage of ICT media</li> </ul>   | Methodology:<br><ul style="list-style-type: none"> <li>Search and observe all websites and content with name of villages as a keyword</li> </ul>  |
| Stage 2: Data Analysis  |   |
| a) Synthesis of findings  |   |
| <ul style="list-style-type: none"> <li>Production of field survey report</li> </ul>   | <ul style="list-style-type: none"> <li>Descriptive and comparative analysis based on Creative Kampung “element” (Fig. 2) (findings were presented in simple table form)</li> </ul>  |

Source: Research fieldwork [1] [10].

### Study Areas

Sayong village is identified as one of creative village (*kampung*) that actively involved in the making of pottery which started for more than 100 years ago. Their distinctive and

popular pottery product known as “Labu Sayong” and located in Kuala Kangsar district in Perak state, Malaysia. The selection of Sayong village in particular made after reviewing all relevant information on ODOI (One District One Industry) producers in Malaysia from the ministry of Rural and Regional Development and Malaysia Craft Agency (commonly known as *Kraftangan Malaysia*) [4]. Based on report from *Kraftangan Malaysia*, there are at least 35 active pottery makers and entrepreneurs in Kuala Kangsar and many of them concentrating in Sayong area since clay from Sayong is considered the best quality for Labu Sayong pottery [10] (Fig. 3).



Fig.3. Location of study area at Sayong village, Kuala Kangsar district, Malaysia.  
Source: Google Map.

Majority of respondents participated in this study are the pottery makers. They are diversifying their craft/pottery business by integrating workshop (production area) and sales gallery (or souvenir shop) for tourism purposes. In every visit, visitors will be presented with live demonstration by the pottery craftsmen on moulding process (i.e. how to press liquid clay into moulds of various shapes and sizes) and then using the spinning machine for pottery decoration before drying process of end products. Every visitor/tourist can participate in these processes via interactive “learning by doing” activity (Photo 1 and 2). Moreover, they can purchase and bring home their own hand craft pottery after the activity. Many of tourist are school children which on their school trip and also some tourists from abroad [10].



Photo 1 and 2. Pottery making process in Sayong village, Kuala Kangsar  
Source: Research fieldwork [10].

With advancement of manufacturing and ICT technologies, the pottery making process in Sayong had undergone significant changes. For many entrepreneurs, manual works of shaping the clay vast has gradually been replaced with the use of mould press. This is to ensure uniformity and standardization of end products. Although for some clients and/or tourists, the usage of modern method including mould press might affect the authenticity of Labu Sayong (because each vast is too perfectly shaped!), from the entrepreneurs’ point of view, using some technologies would allow less experience workers to be employed to carry out the job [10].



Fig.4. Location of study area at Gemawang village, Semarang Regency, Central Java, Indonesia.  
Source: Google Map.

Almost all Labu Sayong entrepreneurs leveraging on ICTs particularly social media platforms and website to promote their products, interact with potential clients and for handling online booking activity. The second case study is Genawang creative village which located in the south of Semarang District, directly adjacent to

Temanggung and Magelang regencies, with population of 3,456 people. The village of Gemawang was chosen as one of test site under “Vocational Village project” by the Centre for Non-Formal and Informal Development (P2PNFI) (now P2PAUDNI) Regional II in 2004 [1]. At that time, there are three business groups which actively involved in batik and food-based SMEs. All three businesses were selected for detail study prior to their utilisation of local resources in production of batik and food (Photo 3 and 4). Information from P2PNFI indicated that the vocational village program has improved vocational skills among local entrepreneurs and craftsman, hence strengthening business group development in facing future challenges. In addition, majority of program participants are now enjoyed economic improvement, better social status, mindset changes, increase literacy and ability to plan for their own future [6].



Photo 3 and 4. Batik production and development of Gemawang as tourism village in Semarang Regency.  
Source: Research fieldwork [1].

Prior to Gemawang’s success story in implementing P2PNFI vocational program, local businesses reap most of the benefits including increased visitation from tourists and district and local government officials who wanted to learn about vocational village and rural entrepreneurial development in batik making business. Interactions with outsiders and expansion of business networks has allowed Gemawang village to evolve into tourism village. The development of tourism village has led to the provision of accommodation facilities or homestay for tourists to stay, as well as the development of other attractions and tourism-related businesses. Management of homestay is carried out by certified local homestay managers which already undergone intensive training [1]. Local business groups then

formed a voluntary based organization with focus on enhancing tourism awareness among locals and persuade greater participation among locals into tourism activities in Gemawang. This organization is named *Pokdarwis* who take care of tourism activities in the village. Other than tourism-related businesses, people of Gemawang village have actively involved in craft making, traditional food making and hosted few international events. In 2010, Gemawang hosted the International Literacy Day celebration with the support of 35 regencies all over Central Java [1].

## RESULTS AND DISCUSSIONS

### ICT and Creative Village

Since the early establishment of vocational villages in Gemawang, Indonesia and creative village under ODOI initiative in Sayong, Malaysia, local entrepreneurs become increasingly aware of the necessity of using ICT particularly smartphones, email/SMS (short messages) and social media platforms for promotional activities and widening their business networks. ICT personnel also appointed by the local business community to create and manage blogs and websites for each unit of activity. Based on random website survey process, many of these blogs however, did not show recent activity (some blogs only been updated in 2012 and up to 2016). It is also worth mentioned that appointment of one or few IT personnel for website or blogs maintenance might not effective to promote local business.

Recently, many local entrepreneurs shifted towards fully utilised social media platforms including WhatsApp and Facebook to engage with potential clients from local and abroad [9] [10]. However, new issue had emerged i.e. the displays of content in social media often not related to their business interests. This issue urged local business group in Gemawang to develop human resources in ICT and provide appropriate training program. ICT media about Gemawang and Sayong also leveraging on online internet videos particularly YouTube and Marketplace [4] [12].

## Comparative Analysis on Elements of Creative Village

Table 2 discusses the findings from fieldwork activities carry out in Sayong village, Malaysia and Gemawang village, Indonesia.

Table 2. Comparative analysis between Gemawang village and Sayong village in relation to the concept of creative village

| Creative village elements* | Case study of Gemawang village, Indonesia   | Case study of Sayong village, Malaysia  |
|----------------------------|---|---|
| 1. Rural Community         | All villages in Jambu District are categorised as rural areas according to Semarang Development Plan. The area is covered by vast agriculture land (785.96 hectare) consist of 27.93 hectare of rice field and 629.53 hectare for food crops (cassava) and plantation crops (coffee and rubber). Gemawang village is located near the main road between Semarang and Yogyakarta. Majority of its population are farmers.  | Sayong village is maintains its rural setting i.e. surrounded by orchards and small-scale rubber and palm oi plantations but located near to the town of Kuala Kangsar (less than 5km). The village connected by main road and two main bridges make it highly accessibility for locals and visitors. The majority of its population are Malays which also synonym with the image of Kuala Kangsar as the Royal Town of Perak state.  |
| 2. Economic Activities     | Main economic activities in Gemawang are agriculture and farming-related industries including producing agriculture products such as honey, coffee, spices, cassava chips. Other agro and small-scale industries are handicraft production such as batik, shoes and wooden craft toys. Hence, Gemawang becomes a creative village under the vocational village scheme supported by tourism and small-scale industry activities.   | Main economic activities in Sayong and nearby areas are agriculture-based including working in small-scale rubber and palm oil plantations. Other supporting yet important economic activities are including pottery/Labu Sayong industry and selling traditional delicacies including grill fish and <i>laksa</i> Kuala Kangsar – since Kuala Kangsar town located strategically between Gerik and Ipoh which make it famous among travellers to stop by.  |
| 3. Rural Space             | Gemawang is a rural with highland area setting. The centre for all communal activities taken place in <i>balai</i> (meeting hall), mosque and <i>lapangan</i> (big green open space functioned as gathering place).   | Sayong village is showing a typical characteristic of a rural village i.e. dominated by vast agriculture land. The centre for activity is the <i>padang</i> (green open spaces / football field) and mosque.  |
| 4. Link and Relationship   | Gemawang village involves in social cohesion and relationships where the individuals with facilitation and group work skills are the valuable guides in the development of teamwork, strategy and synergetic optimisation within their community. Gemawang village society, like Javanese society in general, has strong community attachment. The Javanese people have "Gotong Royong" tradition in which people will help each other immediately if needed by their neighbours. High social cohesion and strong relationship also supported by existing kinship among the community.<br><br>The economic activities in Gemawang indicate that the established business networks include suppliers of raw materials (in batik groups), shops/stalls (within the group), outside business centres (in wooden toys groups), and village organisations. These groups share common values and norms; values of openness, mutual assistance, and an agreed division of labours. Trust among members are achieved through openness with others by building commitment to quality, and clear information about the product. Information related to business improvement is achieved through learning from experience, informal learning, and mass media. (Tohani, 2015) | Based on the interview, the business ecosystem involving pottery makers in Kuala Kangsar occurred in a symbiotic manner. Young craftsmen are employed and nurture their skills in pottery making process. These workers are allowed to quit and establishing their own pottery workshop in future. For local entrepreneurs, nurturing future entrepreneurs and young craftsman to continue Labu Sayong production is far more important than monopolise the business itself (stressed on sustainability and continuity of local knowledge and skills in making the pottery).<br><br>There is a business competition but they tend to explore and expand market for their products. For small scale pottery makers with limited capital, they are more focusing on marketing their product for local demand. On contrary, a bigger scale entrepreneur with bigger capital and production volume, are expanding their market to nearby states, to Kuala Lumpur and into international markets (some have exported to Dubai, etc.).<br><br>Relationship between entrepreneurs and government agencies particularly the Rural and Regional Development Ministry, Ministry of Tourism and Kraftangan Malaysia is rather good. All active pottery makers often been invited to participate in any craft exhibitions either at national or international level. Necessary support and assistance shall be given to those who are committed to join the exhibition. |
| 5. Vision                  | In Gemawang, vision will visible on action where the community is increasingly trusting and engaging in vocational group activities. The level of tourism in Gemawang supported by voluntary based organisation known as Pokdarwis which aims to drive Gemawang communities to tourism awareness in their village. After the administrator develops a concept of sustainability for the organisation, they will introduce and communicate to the community about vision of Pokdarwis. The concept should be economically and realistic for the community [1].<br><br>After the community accepted the vision or the concept, many new businesses emerges and they became part of the vocational group of various agriculture products and small-scale industry even though they were not involved in the vocational group from the beginning.   | All respondents acknowledge the importance of SDSA (One Village One Industry) status in fostering the development of creative village for Sayong. With status as SDSA site, local entrepreneurs are given better opportunity to interact with Kraftangan Malaysia office in Kuala Kangar where the agency is responsible for providing training to entrepreneurs and nurturing young pottery and in giving prospect for Labu Sayong products. Since Kraftangan Malaysia established district/regional offices in various parts of this country, given better opportunity for promotion and marketing of Labu Sayong produced by makers from Sayong area.<br><br>Initially there was a local cooperation established in Sayong to take care of development of Labu Sayong. However, the cooperation did not success in enhancing the project, hence faded due to lack of leadership and inability to evolve and to respond to current market needs and rapid changes.  |

Authors' creation based on literature presented in Fig.2.  
 Source: Research fieldwork [1] [10].

It is worth mentioned that both cases leveraging on local culture and knowledge to strengthening local product development and services. In the case of Sayong, distinctive

local pottery product popularly known as "Labu Sayong" was promoted as the unique product of Kuala Kangsar. The production of Labu Sayong has utilizing local materials

while maintaining local knowledge and expertise in pottery making. As for Gemawang village, the important project is related to Batik making and village tourism. The business also employs many local craftsman including youths and the poor households. Good rapport between local stakeholders and business groups with government agencies and investors, have created positive business ecosystem that not only enhancing production and marketing, but in creating many tourism-related activities in the area. With the role of ICT becoming more and more important, almost all entrepreneurs adopting the technology for marketing and business transactions.

## CONCLUSIONS

This paper presented some key findings based on comparative study of two creative *kampungs* (villages) in Kuala Kangsar, Malaysia and Gemawang Village at Semarang Regency, Central Java Indonesia. The key findings are:

- (1)The symbiotic relationships between the communities such as kinship and cooperation could empower the creativity of economic activities in the village.
- (2)The vision for village development should be in parallel with the integration of actions by various stakeholders especially the communities.
- (3)Local culture, knowledge and leadership could strengthen and sustain the local product development.

It is expected that the findings might have values particularly in improving the understanding on the concept of creative kampung from different localities, internal and external key drivers for transformation of creative kampung and the utilisation of ICT into entrepreneurship development.

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