

URBANIZE THE RURAL: New Direction In Developing Entrepreneurs For Sustainable Development

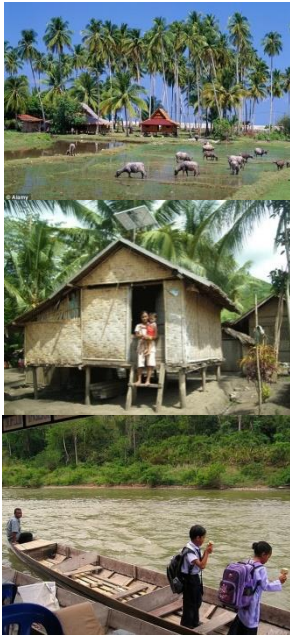
by

Prof Dr Sulaiman Sajilan

Centre for Rural Economic Development (C-RED)

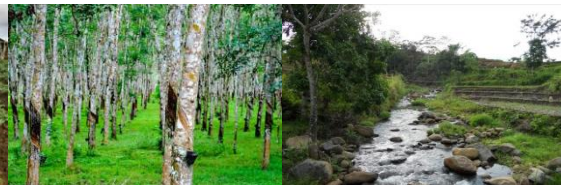
Universiti Kuala Lumpur





‘Modernising a rural economy is the process of identifying and developing those sectors and firms which support its competitive situation relative to its neighbouring regions and to national and international peers.’

OECD 8th Conference on Rural Development in the Russian city of Krasnoyarsk



Rural Development In Malaysia: Introduction

1960s-1990s

Rural development is the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas.

Rural development has traditionally centred on the exploitation of land-intensive natural resources such as agriculture and forestry.

2000s-

Rural development is to achieved a developed, attractive and profitable rural. Eradicate hardcore poverty.

Rural development is urbanize the rural: a conducive with excellence accessibilities to modern infrastructures, entrepreneurship, high income, preservation of environment and cultures.

Rural Development in Malaysia: The Philosophy

In 2001, the Town and Country Planning Act 1976 (Act 172) was amended through Act A1129 (2001). The amendments included provisions to allow four levels of government involvement (Federal, Regional, State and Local Authority) in spatial planning, with the intention of establishing a more effective development plan system in Malaysia.

Faizah Ahmad¹, Ibrahim Mohd², Syra Lawrance Maidin³, Rosilawati Zainol⁴ & Norzailawati Mohd Noor, 2013

Rural development should be based on sustainable development philosophy that highlighted the need to balance between economic growth, social wellbeing and environmental conservation.

Habsah Hashim a, Kamarul Bahrain Shuib, 2012

Rural Development In Malaysia: Issues And Challenges

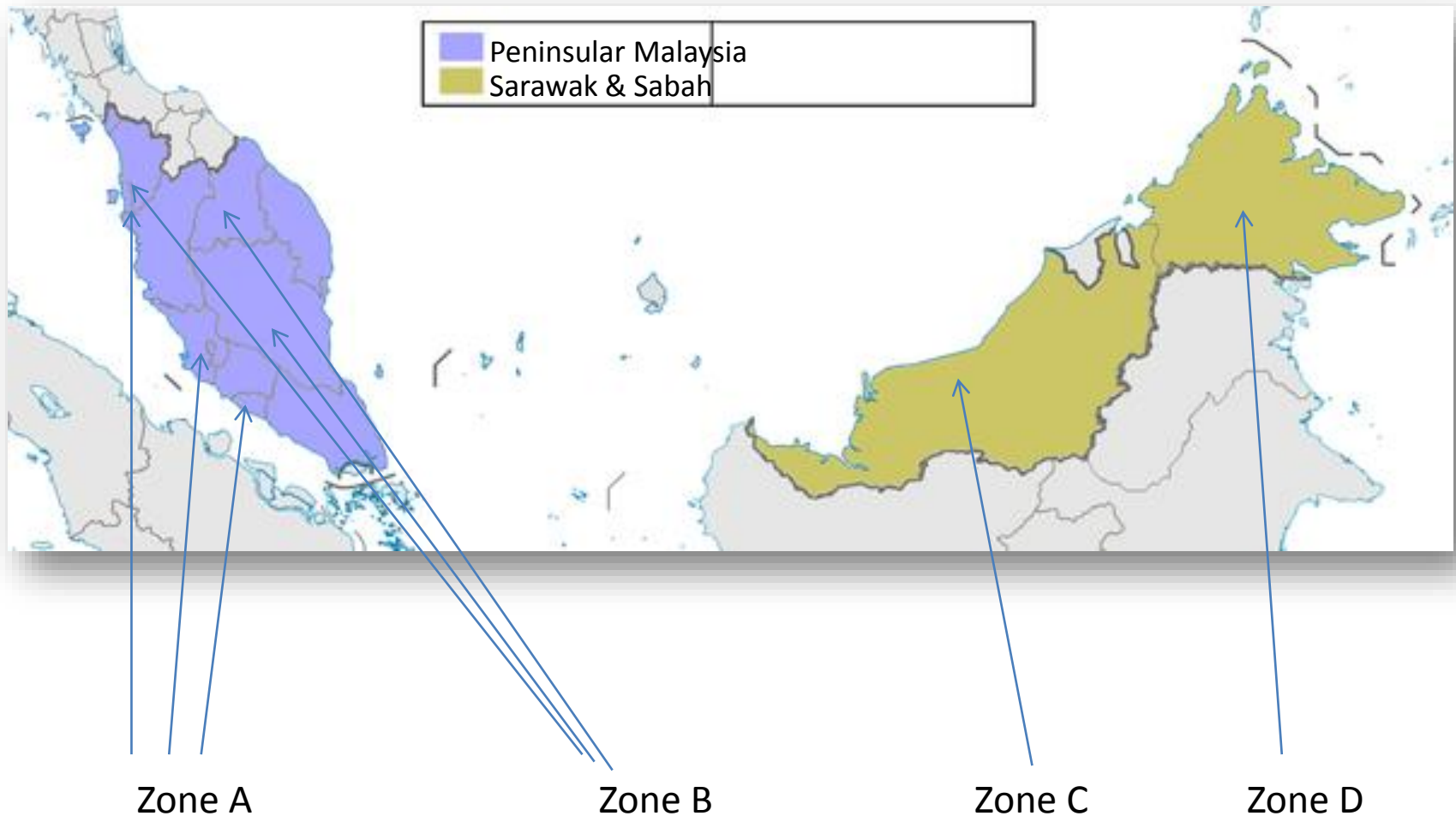
The era of a truly global economy makes everything much less predictable, and your communities have to be ready for macro economic trends over which they have no control.

In this respect, a new model of rural development with comprehensive and inclusive approaches is vital to achieve more innovation and modernising the rural economy

Some rural communities face unique circumstances in terms of remoteness, transportation and infrastructure issues (especially in Sabah and Sarawak), limited access to regional economic development opportunities and limited information about government programs and services.

In this respect, the rural development programmes should more emphasizes in this regions with focus more on economic activities toward more sustainable development.

Rural Development In Malaysia: Future Direction According To Geographical Areas



Rural Development In Malaysia: Future Direction According To Geographical Areas

The future direction for rural development plan will be based on current level of socio-economic development. The geographical areas will be as follows:

Zone A: More advanced rural areas cover states of Selangor, Malacca, Johore, Negeri Sembilan, Northern Perak and Penang.

Zone B: Relatively less advanced rural areas and cover vast areas include states of Pahang, Kelantan, Kedah, Perlis and Eastern of Johore.

Zone C: Cover state of Sarawak where more focus not only on infrastructure but also socio-economic activities due to scattered vast areas of relatively less advanced rural areas.

Zone D: State of Sabah also need more focus both on infrastructure and socio-economic activities that cover scattered vast areas of relatively less advanced rural areas.

Rural Development in Malaysia: Threats

Threats to Rural Areas

- Declining local fiscal capacity
- Demographic change
- Climate change effects
- Single industry towns

Will there be a reversal migration from city to *kampong* (village)?

The recent issues of depleting resources and competition from neighbouring countries on FDI have led to de-industrialization. Will people choose to survive with the economic hardship in cities or work on the land prosperity again?

Rural Development In Malaysia: Urban to Rural

The **2012 Krasnoyarsk conference** resolutions from *Innovation and Modernising the Rural Economy*:

- 1. Modernising the Rural Economy:** Based upon local strategies that are grounded in local competences and assets.
- 2. Strengthening Rural Markets:** Increase competitiveness and hence sustainability, it has to be capable of producing goods and services that can be sold at a profit to other regions.
- 3. Skill Building in Rural Areas:** Increasing the skill level of the local workforce; training need to be more responsive to local demand.
- 4. Balancing Diversification and Specialisation:** **Entrepreneurship is now widely seen as a driving force for modernising both urban and rural economies.** More initiatives to foster indigenous entrepreneurial activity that can take advantage of local resource.

Rural Transformation: Urbanize The Rural

6 Main Focuses and 19 Transformation initiatives

Focuses

- F1 Rural Infrastructure
- F2 Rural Youth Development
- F3 Economic
- F4 Entrepreneurship
- F5 Human Capital
- Delivery System

- T1 Intensified infrastructure development
- T2 Creating Rural housing scheme
- T3 Techno-hub for high income youth entrepreneurs
- T4 Creating High income model
- T5 Creating job opportunities
- T6 Upgrading rural small retail shops
- T7 One entrepreneur One Village
- T8 Creating Rural Premium Outlet
- T9 Expanding online business
- T10 High performance kindergarten
- T11 Expanding TVET to produce high income workers
- T12 Recognizing Skilled Certificate as tertiary education entry
- T13 Establishing UniMARA
- T14 Empower local community
- T15 Empower project monitoring joint committee
- T16 Empower local community in Sabah & Sarawak
- T17 Modernizing orang Asli (aborigines) communities
- T18 Empower rural development council
- T19 Rebranding rural ministry

Rural Development In Malaysia: Rural Urbanization And Entrepreneurship Development

There is **close relationship between urbanization and economic growth**. A new way of urbanization has emerged in China where farmers are urbanizing the rural areas instead of migrating to the large cities. In this Development, township and **villages enterprises or entrepreneurs have been the locomotive of rural urbanization**.

Gabe T. Wang & Xiaobo Hu , 2007

Recent writings on the factors influencing the competitiveness of regional and local economies have emphasized **the importance of innovation in SMEs located in rural environments**. Adopting a broad, evolutionary view of the innovation process, the study highlights important sectoral variations using a multidimensional index of innovation.

David North & David Smallbone, Journal European Planning Studies, Volume 8, Issue 1, February 2000

Rural Development In Malaysia: Rural Urbanization And Entrepreneurship Development

MacKenzie proposed fostering of **entrepreneurship as part of an integrated approach to rural economic development**. He proposed various strategies for simulating and supporting entrepreneurial enterprise for income generations and addressing rural poverty.

Lynn Ryan MacKenzie, 1992

By using the scenario analysis, Fuller-Love et.al., be able to develop foresight for the improvement of policies supporting rural entrepreneurship.

Nervs Fuller-Love; Peter Midmore; Dennis Thomas; and Andrew Henley , 1995

Gladwin et.al (1989) in his study on rural entrepreneurship pointed out that **skill in operating the business and selection of business are critical** to ensure the sustainability of the venture.

C.H. Gladwin et.al. Rural Entrepreneurship: One Key to Rural Revitalization. *Am. J. Agr. Econ.* (1989) 71 (5): 1305-1311

According to Wortman (1990) **rural entrepreneurship may the means to improve the quality of life in rural areas**.

Rural Entrepreneurship Research: An Integration into the Entrepreneurship Field
Wortman, Max S, Jr. **Agribusiness (1986-1998)** 6.4 (Jul 1990): 329.

Rural Entrepreneurship Development: Issues and Challenges

- **Geography** – smallness and remoteness of rural areas make it difficult to develop economies of scale and critical mass.
- **Lacking of basic infrastructure**
- **Accessing venture or equity capital**
- **Accessing technology** – ICT network / internet
- **Low level skills in technical and managerial**
- **Accessing to domestic and global market**

Rural Entrepreneurship Development: Government Support

Entrepreneurship policy and support is crucial to stimulate economic growth in urbanized rural.

- Developing skills of rural population and entrepreneurs
- Strengthen community resources for rural entrepreneurs
- Develop network to help rural entrepreneurs capture the resources
- Develop entrepreneurial culture

F4 Entrepreneurship



- T1 Intensified infrastructure development
- T2 Creating Rural housing scheme
- T3 Techno-hub for high income youth entrepreneurs
- T4 Creating High income model
- T5 Creating job opportunities
- T6 Upgrading rural small retail shops
- T7 One entrepreneur One Village
- T8 Creating Rural Premium Outlet
- T9 Expanding online business

Rural Entrepreneurship Development: The support systems

Factors/ Strategy	Strategy
Critical Success Factors	
• Marketing	Develop market for the product
• Technology & Innovation	Identify appropriate technology Develop innovation
• Entrepreneurial Skills	Training on entrepreneurship skills
• Management of the business/company	Training on business development and business management
Supporting Factors	
• Government Policy/ • Support	Provide right policy and support
• Capital/ • Financial	Capital made available with minimum requirement
• Other Factors (Infrastructure/premise	Provide physical infrastructure and suitable premises

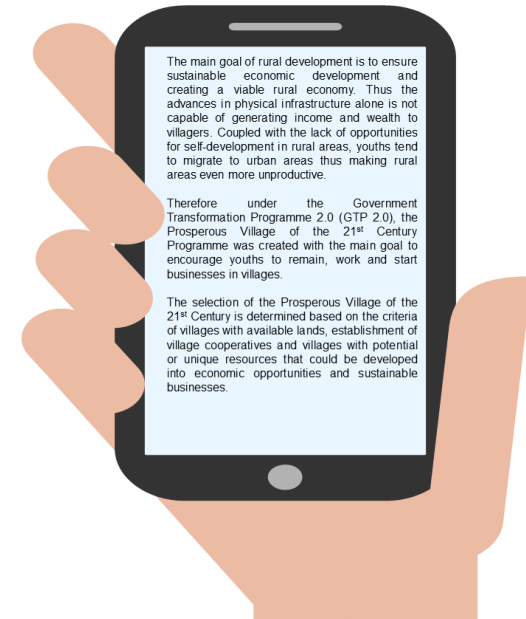
Rural Entrepreneurship Development: Government Initiative

Ministry of Rural and Regional Development (KKLW) launched Rural Transformation Program in 2015 with the theme is Urbanize the Rural. One of the focus areas is **entrepreneurship development** in rural areas.

To achieve the above focus areas KKLW launched 16 Transformation initiatives with 4 initiatives related to entrepreneurship development:

- Upgrade and modernize rural shop-lot and business centre
- One Kampong One Entrepreneur (1K1U)
- Establishment of Rural Premium Outlet (RPO)
- Expansion online business in rural areas

PROSPEROUS VILLAGE OF THE 21ST CENTURY



The main goal of rural development is to ensure sustainable economic development and creating a viable rural economy. Thus the advances in physical infrastructure alone is not capable of generating income and wealth to villagers. Coupled with the lack of opportunities for self-development in rural areas, youths tend to migrate to urban areas thus making rural areas even more unproductive.

Therefore under the Government Transformation Programme 2.0 (GTP 2.0), the Prosperous Village of the 21st Century Programme was created with the main goal to encourage youths to remain, work and start businesses in villages.

The selection of the Prosperous Village of the 21st Century is determined based on the criteria of villages with available lands, establishment of village cooperatives and villages with potential or unique resources that could be developed into economic opportunities and sustainable businesses.

Rural Entrepreneurship Development: Online business for rural youth

Collaboration between MDEC (Malaysian Digital Economy Corporation) with Universiti Kuala Lumpur and agencies and department under Ministry of Rural and Regional Development developed 1700 online business young entrepreneurs under *e-Usahawan program*.



eUsahawan adalah program keusahawanan digital untuk pelajar-pelajar kolej vokasional dan usahawan mikro yang berminat mencuburi perniagaan digital.

Para peserta akan diberi pendedahan kepada teknik pemasaran digital yang efektif, praktikal dan relevan kepada pengguna semasa.



SYARAT PENYERTAAN



Rakyat Malaysia yang berumur 18 tahun ke atas.



Terbuka kepada semua usahawan mikro terutamanya kepada usahawan yang sudah mempunyai produk atau servis untuk dipasarkan.



Mempunyai keinginan dan minat untuk mempelajari teknik pemasaran digital yang berkesan untuk produk atau servis.



Memiliki "gadget" dengan sambungan internet seperti telefon pintar, tablet ataupun komputer riba.

SOALAN LAZIM



JIKA SAYA TIADA PRODUK?

Program eUsahawan amat 'hands-on' dan menekankan pembelajaran secara praktikal. Peserta digalakkan untuk mengenalpasti produk atau servis yang bakal dipasarkan sebelum menyertai program.



BAYARAN?

Penyertaan adalah percuma bagi tahun 2016. Tempat adalah TERHAD.

Mulai 2017, pihak institusi kolej vokasional akan mula mengenakan yuran minimum, mengikut syarat dan terma.



DI MANA DAN BILA?

Kursus eUsahawan selama 2 hari akan dijalankan di pusat TVEI yang terpilih di seluruh Malaysia.

Anda akan menerima notis pengesahan sejurus pendaftaran berjaya dilakukan. Dalam tempoh 7 hari bekerja, wakil MDEC akan menghubungi pemohon yang berjaya untuk memaklumkan tarikh dan lokasi program eUsahawan.



PENDAFTARAN

1. Like dan daftar melalui -> www.facebook.com/eUsahawanMY
2. Muat turun dan daftar menggunakan aplikasi eUsahawan yang boleh didapati di Play Store.
3. Daftar melalui weblink -> bit.ly/eUsahawanweb



Dianjurkan oleh :



Disokong oleh :



Rakan Telekomunikasi :



Dengan Kerjasama :



Rural Entrepreneurship Development: Creating a Business Environment

Government support initiatives required:

1. The availability of financial support

Rural Capital Bhd. Will be established by MARA with main functions are to manage loan facilities and provide advisory services for rural entrepreneurs.

2. Development of incubators

Incubator centres will be established to develop technopreneurs in various industries that require adoption of new technology. INTEM located in Kepong was established by MARA and managed by Universiti Kuala Lumpur to provide incubation facilities in food industries.

3. Support Network

Government under RMK11 intensify the development of infrastructure in rural areas include IT network. The establishment of Rural Premium Outlet (RPO) also provide market accessibility for rural products.

Rural Entrepreneurship Development: Creating a Business Environment

BUSINESS SUPPORT SERVICES & FACILITIES

- **Finance**

The availability of financial support especially venture capital is a key to develop high growth rural entrepreneurs

- **Support Network**

Capitalise internet as main network channel in getting capital, investors and access to source of technology and market

- **Incubators**

Becoming most effective to develop entrepreneurs and support the high growth of rural companies.

Rural Entrepreneurship Development: Youth New Technical and Business Skillset Training

Setting up Business Development Centre (BDC) within the existing facilities run by different agencies.

Objectives of BDC:

- To develop the technical and managerial know-how to potential rural entrepreneurs/youth.
- To train and nurturing existing rural entrepreneurs to update new innovative business model and managerial know-how.
- To encourage local higher institution and community colleges to cooperate with BDC in developing entrepreneur development programs for youth and local residents.

Rural Entrepreneurship Development: Conclusion

- Fostering Entrepreneurship as a Rural Economic Strategy;
- Involvement of government sectors, local authorities, NGOs and local people;
- Focus on maximize use of available resources; and
- Promoting local talent and creativity.

Thank
You



UniKL

UNIVERSITI
KUALA LUMPUR

UNIVERSITI KUALA LUMPUR

© Copyright of Universiti Teknikal MARA Sdn. Bhd.

Not for commercial use.

The company shall not be liable for any indirect, special or consequential damages arising out of or in connection with the use of this presentation and its content.