

COMMUNITY INVOLVEMENT IN RURAL ENTREPRENEURSHIP

Azlizan Talib¹, Sr. Mohd. Nazaruddin Yusof, Zainal Md Zan.

¹Senior Lecturer at School of Government, UUM COLGIS, Universiti Utara Malaysia.

ABSTRACT

Community's involvement plays a significant role in determining the success of a development program. In the context of the entrepreneurship, previous studies have been able to sample the evidence of the scarcity of this involvement. Factors like the difficulty of accepting change, the idiosyncrasies of the bureaucracy, financial issues, the shortage of training and courses, political frictions, the lack of response and support from the rural people and the like, are seen to leave an impact in influencing this public involvement. This research was conducted in the selected village of Gerakan Daya Wawasan (GDW) in the district of Kubang Pasu, Kedah namely Kampung Natoi and Kampung Tradisi Paya Pahlawan. The study findings have shown that the level of involvement of the rural residents in the entrepreneur fields is moderate. The factors identified to have influenced this level of involvement include capital/financial factor also the training and courses of entrepreneurship.

Keywords : Community's participation, factors, rural entrepreneurship.

PENGLIBATAN KOMUNITI DALAM KEUSAHAWANAN LUAR BANDAR

ABSTRAK

Penyertaan komuniti memainkan peranan yang penting dalam menentukan kejayaan kepada sesuatu program pembangunan yang dijalankan. Dalam konteks penyertaan komuniti dalam bidang keusahawanan, kajian-kajian lalu menunjukkan penyertaan penduduk di dalam bidang ini adalah masih kurang. Faktor-faktor seperti minda yang sukar untuk menerima perubahan, karenah birokrasi, masalah peruntukan kewangan, kekurangan kursus dan latihan, perselisihan politik, kurangnya sambutan dan sokongan daripada penduduk serta sebagainya dilihat memberi kesan dalam mempengaruhi tahap penyertaan komuniti. Kajian ini dijalankan di perkampungan Gerakan Daya Wawasan (GDW) terpilih di Daerah Kubang Pasu, Kedah iaitu Kampung Natoi dan Kampung Tradisi Paya Pahlawan. Dapatan kajian menunjukkan tahap penyertaan penduduk dalam bidang keusahawanan di kawasan kajian adalah sederhana. Faktor-faktor yang dikenalpasti mempengaruhi tahap penyertaan ini termasuklah modal/ kewangan dan kursus serta latihan keusahawanan.

Kata Kunci :Penyertaan komuniti, faktor mempengaruhi, keusahawanan luar bandar

INTRODUCTION

It has been extensively discussed that new development activities like entrepreneurship are said to greatly affect, also bring about changes towards the socioeconomic and physical aspects of the local community, especially in the Third World countries. These countries who were lagging behind in terms of progress and development, have now engaged in the race for propelling ahead, in the name of entrepreneurship seen to be increasingly potential for further expansion. Thus, the investment in this field is widely opened especially for anyone financially, skilfully and even politically able to materialise this development agenda.

In working towards the accomplishment of the programme planned, the local community is needed to play the supporting role in order to further advance the field of entrepreneurship through their active, positive involvement. In the context of entrepreneurship, local participation is very much integral, not only as the entrepreneurs or labour force and other complementing factors, they also have the role to further encourage the involvement of other residents to better develop this field. The readiness of the local community serves as a moral support towards the entrepreneurship sector, which directly reflects their readiness to get involved (Ibrahim, 2008).

Through the community's direct involvement, the role of the community members is not only seen from the benefit that they receive, but also influences the direction of development that goes in tandem with the needs, desires, also the complexities faced in the community environments. Community involvement as the actor to this development is believed to be able to motivate the efforts in utilising the energy and expertise, also to fulfil the objective outlined by the development agencies and the involved community as the target groups.

However, the reality that persists, hidden behind the various development-based programmes and activities, sheds light on the lack of involvement of the rural community, especially in the field of entrepreneurship. The factors of this need to be recognised and closely scrutinised as for us to know the actual issues and problems that have brought about this shortcoming. What are the influencing factors and to what extent do this affect the level of involvement of the community in the area of study? With the readily available research on similar issue, why does this issue unresolved, especially when it comes to getting the rural community to get more involved in rural entrepreneurship? Why is this so?

The involvement of the rural community especially in entrepreneurship is very much important to develop the potential of the economy and working towards determining the direction of a development project in the rural area. The field of entrepreneurship is seen as one of the mechanisms that encourages development activities, so factors that have everything to do with influencing the community members to participate should be identified and handled accordingly, to ensure that this entrepreneurship has the propensity to provide significant contributions towards the development or social aspect of the community. The current study is set to identify the level of involvement of the community in entrepreneurship and analyse the significant factors that influence the residents' level of involvement in the field of entrepreneurship in the area of study.

COMMUNITY INVOLVEMENT AND ENTREPRENEURSHIP

Johannisson and Nilsson (1989) state, that the need for 'community entrepreneurship' exists, for the applications of existing resources for the benefit of local development. They see the community entrepreneurs as facilitators for the entrepreneurship activities, in comparison with businessmen who develop the much-needed cooperation with the community members. Community entrepreneurs should be initiating partnership programmes among the individuals or even with the community involved. Haugh and Pardy (1999) stresses on the networking as the main element and denies the role played by the community entrepreneurs as important agents in the socio-economic surroundings.

Community entrepreneurs not only play a part in the entrepreneurship environments but also function to stimulate other community members. Haugh and Pardy (1999) elaborate that the community group itself has a role to play in the economic implementation and the social generation for the community involved. They also explain the fact that community entrepreneurs work as individuals who start the partnership also provide the commitment to meet the aims set by the community.

Based on the interpretation that has been put forth, the community entrepreneurship is referred as the production of new partnership whereby the activities created are able to improve the quality of the residents' social and economic environments. Entrepreneurship community is also seen as process to develop the partnership in the context of the generation of new activities, services or institutions for the benefit and need for the members of the community.

Austin *et al.* (2006) explains that the community entrepreneurs should pattern the entrepreneurship activities towards the exploration and exploitation of social opportunities through the use of readily available resources as the main element of this process. This entrepreneurship activity can be handled either by existing organisations or creating new organisations for the purpose of motivating more voluntary participations, creating business opportunities and involving government agencies. (Borch *et al.* (2008).

MATERIALS AND METHODS

The design of this study applies the cross-sectional survey method, by means of the questionnaires distributed to the village residents. A survey form was prepared and divided into several related parts to be suitable for making the data analysis process easier. Other than that, a checklist for some interviews that are to be conducted with several selected respondents (residents, entrepreneurs and village leaders) were also prepared, as to complete the process of gathering the study data. The survey form was constructed based on the literature review and models of previous studies made as vital references. Questions posed in the questionnaire were classified into three parts namely open, closed and hypothetical questions. The process of main data gathering through household survey, was performed formally and systematically in order to collect information in uniformity and in a standardised manner.

There are two purposes of this current study. The first is to identify the degree of involvement of residents in the field of entrepreneurship, and the second purpose is to make known of some factors that can impact the residents' involvement in the field of entrepreneurship.

Apart from this, the secondary data collection was also done to obtain some additional input as to support the existing data and input through the interviews with officers from various relevant authorities like Jabatan Kemajuan Masyarakat (KEMAS) and the Rubber Industry Smallholders Development Authority (RISDA) are agencies held responsible for the administration of the villages involved also printed materials from several sources like government agency reports, books, journals, bulletins and others.

RESULTS AND DISCUSSION

Entrepreneurship is substantial in the world today and serves as the catalyst towards the economic changes and growth. The role of entrepreneurship in the development of the economy is not only to enhance the per capita rates of production and income, but it also involves the change to the structure of business and the society. This change is accompanied by the growth and increase of the production. The economic growth theory depicts that innovation is the key to the economic growth in generating new products and services in the market. Improvement activities also encourage investors to invest in the newly-created opportunities. Entrepreneurship through the process of development creates new investment in the world of business, where it will increase the economic growth, create new job opportunities and reduce the rate of unemployment.

Nevertheless, the level of involvement of the rural community in the activities of entrepreneurship is still lukewarm. This is because most of them are still practising the orthodox, shallow way of thinking. Based on earlier observation, the level of education, the attitude and the mentality of the residents also play a role in affecting their participation in the entrepreneur activities. Indirectly, these matters also leave an impact to the development of entrepreneurship in the area of study.

Other than that, other factors which are also recognised influence the level of participation of the rural community in entrepreneurship including the attitude of the residents, the deep-seated subsidy mentality, lack of commitment, not having the initiative to succeed, the shortage of courses and training also other related factors. These factors should be evaluated closely in order to obtain the certainty and to be well explained, as to how far these factors play a role in influencing the residents' involvement in entrepreneurship prevalent in the area being researched.

The Degree of Residents' Participation In Entrepreneurship

The participation of the residents involves a degree of activity and contributions made by individuals to their own communities. This is very much important in a community. Voluntary participation in the activities held shows the level of pride and commitment of the residents towards the community involved. Every member of the community has some social obligations to contribute to the community, especially through the involvement in the activities that have been planned. Community members that are often directly engaged with their community will feel more appreciated and committed to the community involved (Scott and Vitartas 2008).

If we assess the situation that persists in the study area, the majority of respondents among the residents or 59% of them state that the level of response coming from the residents in the field of entrepreneurship in the area of study is moderate whereas 40% remains to be low. However, the average mean shows the value of 2.18 easily categorised to be at the Low level which is within the range of 1.00 to 2.33. Table 1 highlights the mean value for evaluating the level of involvement of entrepreneurs in the field of entrepreneurship.

Table 1 : THE MEAN OF THE LEVEL OF INVOLVEMENT OF RESIDENTS IN ENTREPRENEURSHIP

| Items of questions | Means | Interpretation |
|--|-------|----------------|
| The response of residents towards entrepreneurship activities in your area | 2.39 | Moderate |
| I am active in the community | 2.36 | Moderate |
| I always take part in the entrepreneurship activities | 1.78 | Low |

Source : FIELDWORK, 2015

For clearer understanding, residents' involvement in the area of study can be categorised as the involvement of self-movement by making close reference to the theory forwarded by Mowforth and Munt (1998). Based on this theory, the residents themselves take the initiative to develop the development project at hand. This happens in the area of study whereby some of the residents who have the ambition to improve their life quality will take one step ahead in exploring the business field, supplemented by knowledge, experiences and skills obtained through courses and training given by rural agencies especially the Jabatan Kemajuan Masyarakat (KEMAS).

As a whole, the involvement level of residents in entrepreneurship can be related between three main aspects with the respondents' backgrounds, namely age, level of education and main occupation. The display of cross diagrams shows that 70% of respondents are of 20-50 years of age, 81% passed their primary schools up to SPM/MCE and 64% from the respondents consist of those who are self-employed, pensioners and unemployed.

Roughly, 40% from the total number of population of residents involved as respondents to this study have stated their interests to get involved in entrepreneurship and 85% from this number are those aged between 20 to 50 years old, 88% passed their SRP/PMR/LCE until certificate/diploma and 73% comprise of those self-employed, who work privately and who are pensioners. This illustrates that the productive age group which is the working age has a high desire to better succeed in their lives in the future. Also, this active age group is seen to be able to become the motivators in materialising a programme organised, due to the still physically energetic, enthusiastic to serve the society. Other than that, respondents are already married and they subsequently are more interested to get into entrepreneurship (79 %). This is probably because of the feeling to be more responsible and the need to take serious initiative to improve their lives with their families. Although they are interested in the field of entrepreneurship, this group should be supported and motivated through organising adequate, continuous courses, training and guidance in order for them to be able to reach their ambitions of becoming accomplished entrepreneurs. The element of wanting to get ahead and successful has long existed and need to be advocated with the supposed guidance.

With reference to the theory highlighted by Arnstein (1969) regarding the levels of participation of the residents, we are able to sum up that the level of participation of the residents in the area of study stays at the sixth stage labelled '*partnership*', to the seventh stage named '*delegated power*' and the eighth which is '*citizen control*'. Starting from the sixth stage labelled *partnership*, it starts to show a wider room for involvement where the local people have the chance to work cooperatively with outside parties. At the seventh stage, a little more power is exerted to the residents to decide on certain aspects, whereas finally, the residents themselves have the power to control all affairs under their jurisdictions. This situation is in support of the theory introduced by Mowforth and Munt (1998) where all the activities or programmes are held by the residents themselves without having been influenced by anyone. The external parties only act as observers or consultants to provide guidance and to ensure that every programme is able to work smoothly and successfully, and for the aims of the programmes to be met.

Factors Influencing The Level of Participation of Residents

The participation of residents in the rural areas has been integral, as it decides on the success or failure of the programme held. Through this, the people are able to grasp, provide input also supply the feedback related to the activities arranged, in terms of their benefits and effectiveness to the community members. The feedback obtained is very much pivotal in the process of improving the

planning of the activities in years to come. Participation functions as a moderate for the residents to gain access in the programme or activities that have been put in the agenda. In the general context, other than benefiting from the programme, the culture of participating is able to better the relationship among the residents involved. However, not all of these local people have a share of desires and interests to be a part of the activities done in their areas.

For this purpose, the actual factors identified to have existed in the area are worth examining, as for us to look at how far these factors affect and influence the people's involvement in the entrepreneurship in the area of study. Looking closely at the descriptive display in Table 2, the factor of capital/financial are seen to be most dominant in affecting the extent of the participation in the field of entrepreneurship. The value of 71% shown can explain how significant is this aspect in determining the directions and pattern of involvement to the local inhabitants. Without sufficient capital, and financial allocation, it will restrict and put alimit to the amount of involvement in the world of entrepreneurship, regardless of the fact that they have the wishes and desires to do so.

Also, the second factor that is most dominant is the shortage of courses and entrepreneurship training offered, which also illustrates a significant influence to the respondents to get involved, i.e 59%. This statement is supported by the statistics associated with the courses and training that have been followed by the respondents, which is only 9% from the total number of respondents who have done so. By percentage of the type of courses and training that has been attended, business (3%), sewing (2%) and cooking (1%).

Additionally, these factors are also supported by some other existing shortcomings already found in the community involved. This includes the lack of response and support of the residents (23%), the lacking in the initiative to get involved, which is 22%, lack of commitment (19%), the residents' laid-back attitude (17%) and the misguided notion or lack of understanding towards the entrepreneurship programme (16%). Although the percentage values demonstrated are all low, these are seen as significant and need immediate attention, seeing that these 'extra' factor are correlated directly with the residents' own attitude and individuality, other than serving as internal affairs of the particular community that can be overcome and dealt with the best way possible, by the village leadership organisation, in their effort to grab the interests and improve the level of participation of the residents in the field of entrepreneurship in the area of study.

Table 2 : FACTORS THAT INFLUENCE THE PARTICIPATION OF VILLAGE RESIDENTS IN THE ENTREPRENEURSHIP ACTIVITIES

| Factors That Influence | Percentage |
|--|-------------------|
| Residents' attitude | 17 |
| Subsidy mentality | 5 |
| Response and support of the residents | 23 |
| Lack of understanding towards the entrepreneurship programme | 16 |
| Lack of the initiative to get involved | 22 |
| Lack of commitment | 19 |
| Bureaucracy | 6 |
| Capital/financial | 71 |
| Political friction | 5 |
| Course/training | 59 |

Source : FIELDWORK, 2015

The mean value for assessing the influencing factors of the involvement level of the residents in entrepreneurship as shown in Table 3, as a whole, stays at the 'Low' category, with the average value of 1.75. This shows that the factors enlisted only supply weak influence in affecting the level of participation of the residents in entrepreneurship. However, attention is crucial a to overcome all the arising issues so that all the obstacles and constraints that exist can be overcome, to further motivate the residents to participate in this entrepreneurship programme.

Table 3 : THE MEAN FOR FACTORS THAT INFLUENCE THE RESIDENTS' LEVEL OF INVOLVEMENT IN THE FIELD OF ENTREPRENEURSHIP

| Items of questions | Mean | Interpretation |
|--|------|----------------|
| Residents' attitude | 1.83 | Low |
| Subsidy mentality | 1.95 | Low |
| Lack of response and support by the residents | 1.78 | Low |
| Lack of understanding towards the entrepreneurship programme | 1.84 | Low |
| Lack of initiative to get involved | 1.78 | Low |
| Lack of commitment | 1.81 | Low |
| Bureaucracy | 1.94 | Low |
| Capital/financial | 1.29 | Low |
| Political friction | 1.95 | Low |
| Course and training | 1.41 | Low |

Source : FIELDWORK, 2015

Results from the correlation analysis of the factors that influence the level of involvement show that there are three main variables that remain dominant in influencing the level of participation of people in the field of entrepreneurship; age, sex and marital status. The correlation analysis performed between the age variables with the factors that influence the level of involvement of the population shows that there is a significant relationship between age with three main factors that influence the level of involvement; less understanding, commitment and course / training. In addition, there is a significant relationship with the factors of gender variables about the initiative, while the variable of marital status is a significant relationship with the factor of capital / finance, and courses / training.

Table 4 : SPEARMAN'S RHO ANALYSIS VARIABLES BETWEEN AGE WITH FACTORS AFFECTING POPULATION LEVEL INVOLVEMENT IN ENTREPRENEURSHIP

| Factors | Value <i>r</i> | Value <i>p</i> |
|--------------------|----------------|----------------|
| Less Understanding | 0.149* | 0.031 |
| Commitment | 0.196** | 0.005 |
| course / training | 0.187** | 0.007 |

Source : FIELDWORK, 2015

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4 shows that in overall, there is a significant relationship between age variables with the factors that influence the level of involvement which is the lack of understanding, lack of commitment and course / training. The R value of the variable factors of age with a lack of understanding of the entrepreneurship program was 0.149, a commitment (0.196) as well as courses / training (0.187). Therefore, this proves that these variables have a low positive relationship.

In addition, the analysis results also shows that there is a significant relationship between age variables with the factors that influence the level of involvement which is the lack of understanding, lack of commitment and course / training, where the value is significantly 0.031 for less understanding factor, 0.005 for lack of commitment and 0.007 for courses / training. These values are smaller than the prescribed confidence level of $p < 0.05$ and $p < 0.01$. In formulation, there is a significant relationship between the variables of age with the factors of lack of understanding, lack of commitment and course / training.

These findings indicate that age has a significant impact in influencing the level of involvement of people in the field of entrepreneurship. If you look at the situation in the study area, 70% of the total number of respondents is those aged between 20 to 50 years. 49% of this amount has the desire and interest to become entrepreneurs. In this case, these people are more inclined and wish

to engage in entrepreneurial activities and more than willing to make full commitment compared to other age groups which is likely due to the emergence of a more sense of responsibility, and that a new and adventurous young people can contribute fresh energy and ideas to further expand entrepreneurship programs in the study area.

Meanwhile, there were significant relationships between the variables of gender with factors of less initiative residents to involve in entrepreneurial activities. R values for the variables of gender with factors of less initiative of the population are -0.165. This value is smaller than the prescribed confidence level of $p < 0.05$, thus proving that both of these variables have a low negative relationship. This shows that women are more likely to be seen as passionate and have the initiative to engage in entrepreneurial activities compared with men.

In addition, the results of this analysis also show that there is a significant relationship between the variables of gender with factors of less initiative in which the population was 0.017 significantly. A comparison of this value is smaller than the prescribed confidence level of $p < 0.05$. In formulation, there is a significant relationship between gender variables with the factor of initiatives of the population.

CONCLUSION

The rural community is often described as frozen society groups; they are slow and lack the initiative to move forward. Thus initially, they need help or a push from the outside to change. The group is described as poor, backward and neglected. Poverty and backwardness are to continue because in social terms, community members are said to not have to change the fate of consciousness towards a better standard of living and in line with the current study. This situation is due to, among other things the fact that this group is still plagued by the customs and traditional ways of life, and that they are skeptical about the new thinking from outside, which risks or benefits are yet to be unraveled.

The level of involvement of people in the field of entrepreneurship, amongst entrepreneurs or in the community itself, as a whole is at a moderate level. Results indicate that this situation is closely related to demographic factors of age, educational attainment and main occupation. In talking about the influence of educational level in the field of entrepreneurship, the study by Lope Pihie & Elias (1997) finds that there is a positive relationship between entrepreneurship education to business success, while education forms a positive relationship with economic development. This explains why successful entrepreneurs tend to be entrepreneurs who are more educated. Hence the continued entrepreneurial education is important because it can provide many benefits such as helping an entrepreneur to recognize their potential and aspirations of entrepreneurship, develop personality and characteristics to be possessed by successful entrepreneurs and enable entrepreneurs to get the latest information related to a business.

Findings have also been developing a number of factors identified in the influence and participation of people with an average level including the aspects of capital/ finance, and entrepreneurship training courses. However, the main findings of this study have also shown that the factor of cronyism and connections with politicians also impact the participation of people in the field of entrepreneurship in the study area, rather significantly.

Factors of courses and training programmes related to entrepreneurship also contribute to the low level of population in this area. The lack of entrepreneurial training courses is the main constraints causing the lack of exposure to the field of entrepreneurship among the population. Not a lot of entrepreneurial training courses held by the agencies concerned provide exposure and skills to the residents as well as people's own lack of involvement in entrepreneurship training courses that have been held so far. Due to the lack of exposure, skills and knowledge in entrepreneurship cause people to not have confidence and not willing to take risks to engage in entrepreneurship.

If analyzed in detail, the factors listed are those that cause the difficulty of entrepreneurship to thrive and succeed in the study area. Capital factors, courses and training are among the issues that are often discussed. However, for cronyism factors and relationships with politicians, it is a new blow in the field of entrepreneurship that can be seen from two different perspectives both as a barrier or

motivation to succeed in this field. Referring to these factors as the barriers perspective, cronyism factors and the relationship with politicians are seen as a threat and the main obstacles to be overcome for those who are not included in the group who have an interest like this. It is this factor which causes the people and entrepreneurs to be discouraged to get involve in the field of entrepreneurship as it can affect and contribute to the failure of a business or enterprise undertaken. From the perspective of this factor as an inducement, it is a privilege or required major advantage in helping to launch a business trip to be undertaken. However, factors of cronyism and connections with politicians are issues that are deemed appropriate to overcome and to be avoided, in order to provide equal opportunities to all residents to participate in entrepreneurship as well as optimize and highlight the benefits and advantages of entrepreneurial talents that we have in the self-involved individuals without being influenced by other factors. In this way, people expect that the level of involvement in entrepreneurship can be enhanced, while entrepreneurship is anticipated to undergo the “right” development in the study area, for the sake of the rural development in general.

REFERENCES

- Arnstein, S.R. (1969). A ladder of citizen participation. *American Institute of Planners Journal*, 35 (4), 216-224.
- Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and commercial entrepreneurship : same, different or both? *Entrepreneurship Theory & Practice*, 30 (1), 1-22.
- Borch, O.J., Forde, A., Ronning, L., Vestrum, I.K., & Alsos, G.A. (2008). Resource configuration and creative practices of community entrepreneurs. *Journal of Enterprising Communities : People and Places in the Global Economy*, 2 (2), 100-123.
- Haugh, H.M., & Pardy, W. (1999). Community entrepreneurship in north east Scotland. *International Journal of Entrepreneurial Behaviour & Research*, 5 (4), 163-172.
- Ibrahim, Y.(2008). *Pembangunan pelancongan dan perubahan komuniti*. Kuala Lumpur : Dewan Bahasa dan Pustaka.
- Johannisson, B.,& Nilsson, A. (1989). Community entrepreneurs: networking for local government. *Entrepreneurship & Regional Development*, 1 (1), 3-19.
- Kretzmann, J., & McKnight, J. (1997). [A guide to capacity inventories : mobilizing the community skills of local residents.](#) Chicago, IL: ACTA Publications.
- Lope Pihie, Z., A. & Elias, H. (1997). *Keusahawanan dan Motivasi Diri*. Serdang : Penerbit UPM.
- Morrison, A. (2006). A contextualisation of entrepreneurship. *International Journal of Entrepreneurial Behaviour & Research*, 12 (4), 192-209.
- Mowforth, M. & Munt, I. (1998). *Tourism and sustainability : New tourism in the Third World*. London : Routledge.
- Scott, D., & Vitartas, P. (2008). The role of involvement and attachment in satisfaction with local government services. *International Journal of Public Sector Management*, 21 (1), 45-57.
- Ward, E.W.,& Davis, E. (1995). The effect of benefit satisfaction on organizational commitment. *Compensation and Benefits Management. Summer*, 35-40.