

# Rural Economics, Tourism Development Local wisdom based and the role of Digitalizations

Marsdenia<sup>1,\*</sup>

<sup>1</sup> Accounting, Program Pendidikan Vokasi, Universitas Indonesia, Indonesia \*Marsdenia. Email: <u>marsdenia@vokasi.ui.ac.id</u>

#### ABSTRACT

This article aims to give a new insight regarding the development of rural economics and the opportunity to develop tourism at small and remote rural area in the West Sumatera Province. At the beginning, tourism in West Sumatera Province struggling of denial of community due to negative effect of visitor to the local people, in spite of there are so many beautiful view, arts and cultural attractions. Currently, role of digitalization era give the great opportunity of tourism development local wisdom based in the West Sumatera Province. There are a great expectation of local wisdoms based turism development will solve this obstacle in the future. contribution of digitalization of entity'sustainability during Covid -19 pandemic. As we noted, so many business entity suffered in this situation where the economic entity should agreed to tight regulation related to maintain the healthy of the community. The consequencies of Pandemic condition to community need extra new habits and could do the business from home and stay at home, reduced mobility and wearing face mask during outdoor activity. Fortunately, era 4.0 and society 5.0 marked with digitalization in the various aspects in society daily activities. The digitalization give an opportunity to business entity to sustain by doing online business and promote online with borderless country. The Method of the study is descriptive analitic by using data provided from various sources, observation, indept interview with key informant. The study revealed the digitalization maintain riural economics' sustainability during covid 19 pandemic eventhough so many stores, offices and mall were closed. It happened only for with literate enough on online system, due to they could held their business smooth by using online tools such as platform online and many others social media.

Keywords: Pandemic, Community empowering, era 4.0, business online

## **1. INTRODUCTION**

Pandemic not yet ended and every country in the world should have a proper strategy to survive in this situation. As we know, in the pandemic conditions there so many restrictions in our activity as well as business activity due to so many health protocol or rule we should obey with. This condition started on March 2020 till now [1], the world not yet free from pandemic covid-19 impact. According to United Nations World Tourism Organization's predictions, the number of tourist arrivals will increase by an average of 43 million or approximately 3,3% by yearly in the second and third decades of this century. It means that tourism industry has grown faster comparing to other industry in the world, so tourism industry will play a significant role in the economy of nations. Also in Indonesia, tourism become the 3rd contributor for GDP [2] in 2019 or before covid 19 pandemic condition. The role of tourism industry to recovery economy is very strategic position, due to this belief, the government of Indonesia lauch several policies to support this industry. No doubt, Indonesia which have a thousand of island has a magnificent places to attract the visitors from local and abroad. This paper focused on development of tourism industry in the rural area in the West Sumatera Province. Unfortunaley, tourism in West Sumatera comparing to other province in Indonesia is in the position a little bit late, due to the people in the rural area have a sense of denial and worried about negative impact in social and culture for people in the West Sumatera Province.

Tourism is interaction between visitor and local people[3], consequently this interaction including social and cultural between visitor and local people or host. It is very important if local people keep and maintain the original culture, related to this situation we should developed tourism local wisdom based. Through tourism local wisdom based, hopefully people in the West Sumatera province accepted and participated to tourism program. Development of tourism local wisdom based expected to be supported of local people and also of wali nagari office and also "ninil mamak" and the leader of ancestors.

#### 1.1. Theoritical Background

This part will describes some theoritical background on rural economics and tourism local wisdom based with digitalizations to developed research questions of this article.

#### 1.1.1. Rural Economics

Study revealed there are significant impact of rural tourism to rural welfareness [4]. Rural tourism growth expected will increase demand from visitors and local people can provided the supply for those demanding. As we know Indonesia consists of thousand of rurals area, it means there are a possibility to elevate people of Indonesia welfareness should focused on rural economic. There are so many policies from government to increase rural economics condition, such as rural fund policy as a breakthrough to support economy activity among people in the rural or villages by giving fund directly to them through head village. Previous fund for villages distributed through Province Government. Paralel to this, Government of Indonesia stated seven location as super priority destination of tourism Indonesia, in spite of that other areas should start to observed their potential areas as tourism destination local wisdom based [5]. Study in Guangxi Villages as one of rural in the China, showed tourism development has a significant impact on rural economics due to decrease poverty and increase economic growth [6]. Proper startegy and planning in the development of rurual economics should also needs a participation of all of people in the rural area. Due to no participation or less partisipation of rural people, it is impossible to achieved growth of economic of rural people.

It is very important to get participation of people in the rural area in the order do developed rural economics, because of each location in Indonesia especially in West Sumatera Province has beautiful view, culinary and cultural and it is obviously could attracts many visitors either from local or abroad. Rural economics marked by SMEs handled by people in the West Sumatera Province have an opportunity to inrease their income through development of tourism local wisdom based. Public have something in common to translate Rural economics as SMEs handled by rural people, and its synergization between SMEs and tourism local wisdom based expected to be accepted by people in West SumateraProvince[7]. And the people there do not have to worried about an excess of cultural of West Sumatera disappeared.

# 1.1.2 Tourism Local Wisdom Based and Digitalizations

According to United Nations World Tourism Organization's predictions, the number of tourist arrivals will increase by an average of 43 million or approximately 3,3% by yearly in the second and third decades of this century. It means that tourism industry has grown faster comparing to other industry in the world, so tourism industry will play a significant role in the economy of nations.Study revealed there have been a massive acceleration of information interaction among the community by using high technology digitalization [8]. As we know in the tourism activities exists the relationships between visitors and host or local people. This relationships in the three context there are following in the general, firstly, location or situation where visitors buy and consumptions product or services provided by host, secondly, time and location occupied by visitors and host at the same time, thirdly, time and location where visitors and host have inteactive relationships, including idea exchange and discussions [9].

If we discussed about technology communication, previous study showed the world of communication has been significant change in the daily acitivity of life of society and this changes unavoidable affected in the business transaction, as well as industries [10]. This phenomena known as era digital 4.0 and society 5.0 which every body get to used with various tools or application or software regarding as information technology. There were drastically changing in the development of information technology also in undobtedly have impacted in rural economics as well as tourism industries. At the beginning histories of development of technology information, technology digitalizations development imoacted line of business process from steel and street based industrial society into silicon, computer and net working world society based. Continuing Digitalization study, wrote community with high technology information called as informative society as society 5.0, because it is easier for them to communicate each othr, contacted by using various tools of social media of information technology in the intencity relatively very high. Rural economics and we call SMEs as a business entity in keeping going concern should adapted to the changing in the new environment of information technolgy in order to survive in the business.

#### 2. METHODS

This is descriptive analitic article since using literature review, data provided by some sources and

indepth interview to key informant related to the topic and observation by using the five senses [11]. The literature review about economy of rural area is Nagari Suliki, West Sumatra Province and for this topic we chose SMEs acrtivities, in the village of Nagari Suliki, and the key informants are SMEs actor, ninik mamak, wali nagari, next we processed data provided by office of Nagari Suliki we are mapping the potential things to attract the potential visitors either from local or abroad. Additionally, we also make observation to people in he rural of Nagari Suliki regarding digitalization ability and the technology support arround the rural. We finally hope can answer the research questions of thus articel, weather rural economics simbols SMEs of Nagari Suliki will growth by developing destination of tourism in the Nagari Suliki local wisdom based in the era digitalizations

# **3. RESULT AND DISCUSSIONS**

There are some potential effort to increase rural economics in Nagari Suliki, since there are so many traditional culinary, product and traditional culture. And eventhough Nagari Suliki location in the remote area and with limited networking, the people there try to adapt with digitalizatioan era. Based on data provided by Nagari Suliki Office and combined with data from other sources. We summarized the following table describes the top rank of the business of people to suppot rurual economic of Nagari Suliki. Table 1 explained only the top rank of 4 groups of rural activities business in the rural of Nagari Suliki, this is filtering from previous research [12]. The filtering by group discussion with stakeholders of Nagari Suliki, since ww noted the success is depend on participation of all stakeholders in the Nagari Suliki. Thus result of grouping based on indept interview with Pak Wali Nagari, SMEs actors, ninik mamak and kepala suku.

 Table 1. Potential rural economics activities Nagari

 Suliki

N o	Name	group	weakness	recommendat ion
1	Mansia ng	product	Branding packaging	Self branding and new packaging
2	air ikan banyak	Tourism destinati on	Maintenan ce, promotion	Professional management
3	Pencak Silat	cultural	promotion	Follow calender event
4	Olahan Singko ng	Culinary	packaging	Packging and branding

Table 1 is the potential rural economic activities in the nagari Suliki there are grouping into 4 categories : product non culinary, tourism destination, cultural event, and culinary. Focused first on the potential destination of tourism ; Ikan air banyak (water full of fish), location in Nagari Suliki and a few years ago viral in the social media and has been attracted a bunch of visitors from local and a few from abroad. Unfortunately, based on observation, the location is unmanaged that make location not clean and less utilized as sources of potential rural economics to elevate welfareness of people surrounding this tourism destination. The visitors lack of facilities in that locations, no resto, no toilet, no musholla and no comfort places to sit in and just only a place of water full of fish and not too large. And sense of belonging of people in that rural is quite low. And they still not realized yet that places as destiantion tourism as sources of rural economy. Participation of people in the rural and Wali Nagari offices hopefully will success to make this tourism destination get a good management and maintenance and in the future a higher arrivals of visitors not only from domestic but also from abroad. To promote this tourism destination it use social media, it play an important role to market that places by make a content and uploading in social media and expected to be a viral and hope visitors from domestic and local will come there. If not viral, at least people in the world aware that in small rural in the West Sumatera province has a fantastic and magnificent places like destination air ikan banvak.

As tourism destination will be a best place as market place for product mansiang, product culinary and entertainment of pencak silat attraction. Based on observation and indepth interview with Wali Nagari, there are high demand of product mansiang, which mansiang is a plant that grow in the hill, and the people who produce various product use raw material from mansion also live in the hill. Additionally, location to the Hill can not accessed by car only by motorcycle or on foot. Currently, product from mansiang not yet branding, as we know branding is one of tools to promote the product to customer. And also product from masniang could become as iconic product from Nagari Suliki. Actually, there are various products form mansiang, such as : bag and mat. The bag produced for various occasion or event like to school, to market, to party, and also to mosque and also for packaging a parcel. so it can use either for formal or informal event.

Product culinary that most prominent is raw material from cassava, since people in the Nagari suliki have also a large land and suitable to plant cassava. There are so many kinds of culinary products from cassava, especially for snacking time. Based on indepth interview to SMEs actors, they proposed to focused in one of product culinary of cassava will a iconic an famous as nagari suliki. They can produce that specific product culinary as mass production so they can get economic scale of productions. People in the rural of Suliki should create specific and unique product of culinary from cassava and packaging in form of attract. Based on indept interview of potentian customer from outside Nagari Suliki they prefer a kinds of kripik singkong.

Besides of product culinary and non culinary, Nagari Suliki has attraction of pencak silat as a traditional self defense sport, but nowadays also use as an attraction on every event in the West Sumatera province. In the Nagari Suliki, attraction of pencak silat famous as Randai. Randai can also tranlate in bahasa as "ronda" or "siskamling". According to Wali Nagari Suliki, they try to including Pencak Silat attractions in every occasions, event or ceremony. Based on observation, there are view of young people in the nagari Sulikii have interest to learn and know about Pencak Silat, and it is a chance to make them know better about Pencak Silat either as an art or as an self defence sport. If the young people in the Nagari Suliki do not have interests on their pencak silat it is very worried in the future pencak silat will disappeared.

 Table 2. Contribution of rural economics in the year of

 2021

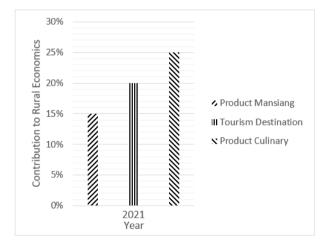
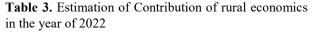
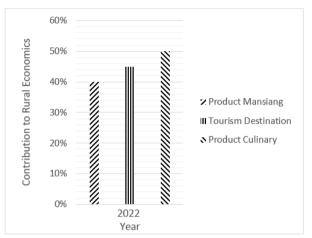


Table 2 is a contribution of selected rural economics business activities in the year of 2021. It summarzed from some data provided by Nagari Suliki Office and focused group discussion. It showed that in the 2021 the contribution of product culinary, Mansiang and tourism destination in the range 15% to 25%. In the 2021 People in the Nagari Suliki not yet started to focused on development of destination of tourism " air ikan banyak" as a top tourism destination of Nagari Suliki. And the product Culinary and product mansiang market not integrated yet with tourism destination. The contribution to rural economics is quite low and 2021 pandemic covid-19 is relatively high since year of 2021 is a second year of world adapted with covid-19 pandemic.





In the year of 2022, Nagari Suliki started to focused on development of destination tourism "air ikan banyak" and product mansiang and product Culinary managed integrated with tourism destination. The estimation of contribution to rural economic increase doble an average in the year of 2022 compared to achievement in the year of 2021 (Table 3). In the 2022 wali nagari Suliki started to manage stakeholder to elevate packaging, branding of product of culinary and mansiang and started to used destination tourism air ikan banyak as market place.

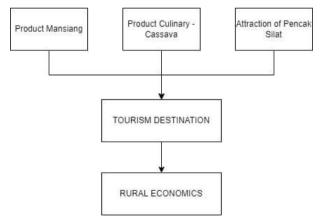


Figure 1 Chart of Rural economics in Nagari Suliki

Figure 1, is chart or model how Nagari Suliki could elevate rural economics by integrating the potential business activities in the "air ikan banyak" and at the same time also use social media to market and make people awareness increased significantly. In implementation for strategy to development of three selected business activites is based on discussion of stakeholder, because they are the executor in the future. Each of selected business activities need commitment and responsiblity of people in the rural to execute in the field. And each selected business need approach to provide product or services in high quality. For instances, product culinary from cassava needs the high quality of cassava and needs specific treatment on tree

of cassava from planting and the harvesting the cassava and processed to be cassava crispy. Packaging of cassava crispy also should take into consideration, in the form of back to nature, less expensive and followed the rule of health product culinary.

Next, for Mansiang product, in the future needs to planting mansiang in the several places in the hill so supply of mansiang in the level of secure, due to mass production of mansiang product. And also needs more skill worker to make various product from mansiang. Then, for packaging needs art sense to make the product attractive to consumer. And also used digital such as content to promote via online the product to potential customer.

The last is Pencak Silat attractions, as a traditional cultural attraction and also self defense sport it is very useful to use various tool of digital to promote to society as people in the era of digital very near with online system. By making a content related to history of pencak silat and also how to learn to have skill a good player of pencak silat in the podcast or in the others social media platform. Also Wali Nagari Suliki can propose to include pencak silat as a lesson to curriculum of junior high school. Hopefully pencak silat art will exist and survive now and in the future as one of cultural heritages of nagari Suliki.

#### **4. CONCLUSION**

Based on previous discussion regarding rural economics and the tourism local wisdom based and the digitalizations, it concluded that Nagari Suliki should focused on one of top tourism destination and used this destination to market and launched product culinary and product mansiang as well as used the destination to provide pencak silat attraction to the visitors. People in the rural of Nagari Suliki realized that they should maintained potential surces they have to increase welfareness. The limitation of the article is that conclusion based on the case in the one place only that is in the rural area Nagari Suliki and it could possibility in the future as potential research by empirical study or benchmarking to other rural area with the similar characteristics

#### **AUTHORS' CONTRIBUTIONS**

Proposed a model to development rural economics of Nagari Suliki by integrating tourism local wisdom based and digitalizations.

### ACKNOWLEDGMENTS

Great honour to people in the rural of Nagari Suliki: Wali Nagari Suliki, Smes Actors, Ninik Mamak, and people of Nagari Suliki to great support for this article.

#### REFERENCES

- [1] OECD, 2020. Coronavirus (COVID19): SME Policy Responses.
- [2] Biro Pusat Statistik, 2019
- [3] Saarinen, Jarkko & Manwa, Haretsebe. (2008). Tourism as a Socio-Cultural Encounter: Host-Guest Relations in Tourism Development in Botswana. Botswana Notes and q Records. 39. 43-53. 10.2307/41236632.
- [4] Zhou Y, Li Y, Xu C. Land Consolidation and Rural Revitalizations in China: mechanism and Path, Land use policy, 2020; 9:104379
- [5] K. Castro-Arce and F. Vanclay, Transformative social innovation for sustainable rural development: An Analyrical Framework to assist communitbased initiative, J. Rural Stud., vol. 74, 2019, pp 45-54, https://doi.org/10.1016/j.jrurstud.2019.11.010.
- [6] W. Zhao, The nature and roles of small tourism business in proverty alleviation: Evidence from Guangxi, China, Asia Pacific J. Tour res, vol. 14, 2009, pp. 169-82.
- [7] L. Setiawan and I. A. Suryasih, Karakteristik Dan Persepsi Wisatawan Terhadap Daya Tarik Wisata Pantai Kata di Kota Pariaman, Sumatera Barat, J. Destin. Pariwisata, vol. 4(1), 2016, pp. 1 <u>https://doi.org/10.24843/jdepar.2016.v04.i01.p01</u>
- [8] B. Kwofie, & T. E. D., Emerging Opportunities for Blockchain Use by Small and Medium Enterprises (SMEs) in Developing Economies, In Cross-Industry Use ofBlockchain Technology and Opportunities for the Future, Issue IGI Global, 2020, pp. 166-175.
- [9] T. Ratz, Recidents' perceptions of the sociocultural impacts of tourism at Lake Balaton, Hungary' In Hall, D. & Richards, G. (Eds), Tourism and Sustainable Community Development,London: Routledge. 2000, pp. 36-47.
- [10] H. S. Soliman, Customer Relationship Management and Its Relationship to the Marketing Performance, Int.J. Bus. Soc. Sci., vol. 2 (10), 2011, pp. 474–488.
- [11] B. Burhan, Metodelogi Pnelitian Sosial, Surabaya: Airlangga Press, 2001.
- [12] M. Marsdenia, Keberlanjutan UMKM dan utilisasi Potensi Destinasi Wisata Nagari Suliki Dalam upaya pemulihan Ekonomi pasca Pandemi covid-19, Jurnal Kajian Pariwisata dan Bisnis Perhotelan, vol. 3(1), 2022, pp. 48-54.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (http://creativecommons.org/licenses/by-nc/4.0/), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

