


## Strengthening Tourist Village Attractions Through Empowerment of Rural Micro, Small, and Medium Enterprises (MSMEs)



Fafurida<sup>\*</sup>, Phany Ineke Putri, Prasetyo Ari Bowo, Shanty Oktavilia

Faculty of Economics and Business, Universitas Negeri Semarang, Central Java 50229, Indonesia

Corresponding Author Email: [fafurida@mail.unnes.ac.id](mailto:fafurida@mail.unnes.ac.id)

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### ABSTRACT

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*economic performance, micro, rural development, Small and Medium Enterprises (MSMEs), tourism villages*

One of the efforts to improve the rural economy can be conducted by developing tourist villages. The attractions of tourist villages that all this time have relied on natural potential are apparently not capable enough to guarantee the sustainability of tourist villages to be existing and favoured by the tourists. There should be innovative attractions so that the tourists have the will to make return visits and increase the length of stay. This research aims at developing a model for empowering the rural MSMEs in strengthening the attractions of tourist villages. This research is the qualitative one, which uses the primary data taken using observation techniques and Focus Group Discussions. The analytical method used in this research is the Delphi method and qualitative descriptive. The Delphi method was used to develop a model for empowering MSMEs by involving experts, while qualitative descriptive analysis was used to explain the mechanism for implementing the model. The implementation of the model has been tested in a tourist village in Central Java. This research has found that the right model for empowering the rural MSMEs to support the attractions of tourist villages can be conducted by establishing partnerships between the owners of rural MSME and the manager of tourist village. In Candirejo Tourist Village this model has been implemented. The production activities of MSMEs become a showcase, and are also able to increase the activities of tourists who stop at tourist villages. The results of implementing the model show that empowering the MSMEs owned by the community as an attraction to be visited by tourists is actually able to significantly increase the income of the owners of MSMEs, and to increase the tourists' interest in visits and length of stay.

## 1. INTRODUCTION

Inequality is a macro problem that many countries or regions experience. It can be seen from the Gini ratio value based on data from the Central Statistics Agency that Indonesia's inequality has decreased over the past seven years, from 0.408 in 2015 to 0.389 in 2018 and continues to decline to be 0.334 in 2021 or decreased 0.074 from 2015. Although the national inequality continues to improve, the inequality rate of the economic conditions in urban and rural areas is still high enough. The description of this inequality can be seen from the rural and urban poverty data in Figure 1 as follows.

In Figure 1, the comparison of Indonesia's rural and urban poverty rates in 2016-2021 can be seen. Although the trend of poverty has been decreasing every year, the poverty rate is consistently greater in rural regions compared to urban areas. From 2016 to 2021 it can be seen that every year the poverty rate in rural areas is always higher than in urban areas. During the beginning of 2016, rural areas had a poverty rate of 14.11 percent, while urban areas had a lower rate of 7.79 percent. Similarly, in early 2021, rural areas continued to exhibit a higher poverty rate, recording 13.1 percent, compared to the 7.89 percent found in urban areas. This strengthens the

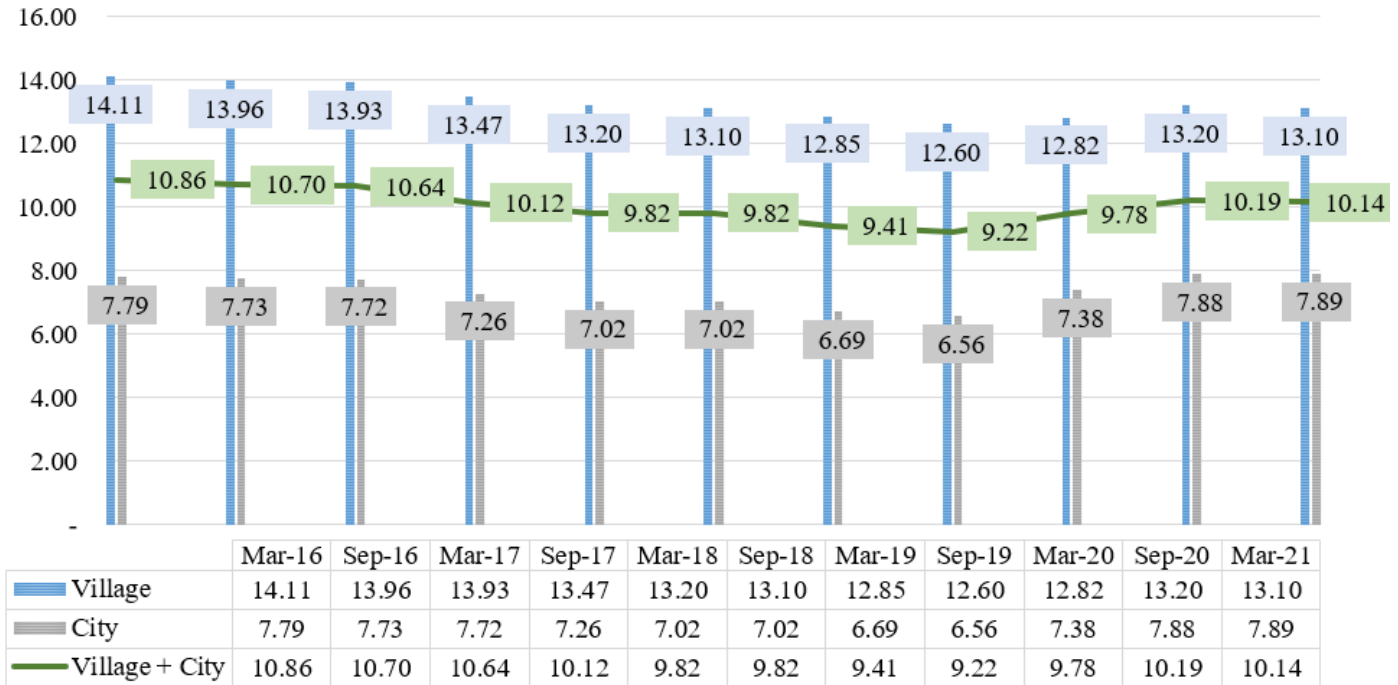
evidence that the problem of economic inequality in urban and rural areas is still relatively high and this problem must certainly be followed up immediately. Viewing such conditions, one of the efforts that must be conducted is economic equality focusing on development not only in urban areas but also in rural areas.

Rural area development can harness the inherent potential within villages. One approach to bolstering the rural economy involves the promotion of tourism in these villages. Presently, the tourism sector is recognized as a catalyst for fostering economic growth in both direct and indirect ways [1]. Tourism plays a pivotal role in augmenting employment opportunities and income levels. When tourism flourishes in a particular region, it tends to generate job prospects for the local community, owing to the emergence of various businesses that accompany tourism development [2]. These employment opportunities subsequently lead to an elevation in the income of the residents living in the vicinity of the tourism development [3].

Indonesia has a wonderful rural nature and an abundant culture in which each region has its own uniqueness so that Indonesian tourism becomes one of the industries in which development is encouraged. According to Teodoro et al. [4],

rural tourism is recognized as a strategic approach to regional development [5]. Tourism is an engagement that directly involves and impacts the local community, as underscored by

Ibanescu's research conducted in rural areas of Romania, revealing tourism's potential to contribute to sustainable growth in these regions [6].



**Figure 1.** The poverty rate in villages, cities, and poverty average in Indonesia in 2016-2021 (in percentage)

The significance of involving all segments of society, including local communities, in tourism development is emphasized in the Government Regulation of the Republic of Indonesia Number 50 of 2011, outlining the National Tourism Development Master Plan for 2010-2025. This regulation emphasizes "community empowerment" as a means to enhance community awareness, capacity, access, and involvement, both individually and collectively, in improving their quality of life, independence, and prosperity through tourism activities. This perspective is reinforced by Fong & Lo's research [7], which demonstrates that local community participation in decision-making, empowerment, and knowledge about tourism significantly impact the sustainability of rural tourism development [8].

Soekarya points out that the potential for tourism attractions, encompassing natural and cultural elements, is primarily situated in rural areas, coinciding with the predominant rural population in Indonesia [9]. Consequently, efforts are made to develop various potential tourist attractions, with the aim of maximizing the benefits for the local community by transforming these areas into tourist villages.

Some problems experienced by tourist villages today are the attractions of tourist villages that all these time have relied on the natural potential but are not capable enough to ensure the sustainability of tourist villages to be existed and favoured by the tourists. Research that produces a tourism village development model, especially on the attractiveness aspect, is still difficult to find, so this research can add to the literature in efforts to develop tourist villages. There should be innovative attractions so that the tourists have the will to make return visits and increase the length of stay, one of them is by utilizing MSMEs in villages.

The attractions of the village is not only from its natural potential. To strengthen the tourists' interest in enjoying the tourist village, the rural MSME is also one of the potential

alternatives that can be used as an attraction [10]. The rural MSME is an alternative rural attraction that can be used as a magnet for tourists to get to know and learn about the local village products. The large number of the rural MSMEs that produce various handicrafts and special foods can be well utilized in developing tourism attractiveness.

In many regions, the government is developing tourist villages with the hope of generating a high multiplier effect on both the villages and the surrounding areas [11]. This aligns with research conducted by Škufli (2011), stating that the tourism industry can serve as a catalyst in addressing economic challenges in a region [12]. Tourist villages and related activities can be considered the main axis of rural development strategies that can protect fragile socio-economic structures in the short term and create sustainable development in the long term [13]. The development of tourist villages is seen as a means to boost the economy of the local community.

To enhance the economy of rural communities, active community involvement in the management of tourist villages, utilizing existing potentials such as SMEs, is crucial. Therefore, the concept of community-based tourism is highly suitable for implementation [14]. The development of community-based tourism has proven to be an effective means of improving the rural economy [15-19]. Community participation in the development of tourist villages is crucial because residents have a better understanding of the region's potential. Additionally, community involvement is essential to garner support and ensure that the benefits align with the needs and interests of the local residents. The implementation of the community-based tourism concept is also in line with the Minister of Village, Development of Disadvantaged Regions, and Transmigration Regulation Number 13 of 2020 concerning the priority use of village funds for the year 2021, which divides villages into 8 typologies and 18 SDGs targets for villages from 2021 to 2030.

The attractiveness of tourist villages can attract both domestic and international tourists, leading to increased economic activity in these villages. The role of community-based tourism in these tourist villages has supported the well-being of the surrounding communities. The management with the concept of Community-Based Tourism (CBT) is consistent with the principles of sustainable tourism due to its small scale yet significant benefits for the local community [20]. The community plays a significant role in managing and providing facilities for the needs of visiting tourists, serving as an excellent example of tourist village management. Therefore, the aim of this research is to develop and implement an appropriate model for empowering Micro, Small, and Medium Enterprises (MSMEs) in the village to strengthen the appeal of the tourist village. The implementation of this model will take place in one of the tourist villages in Central Java, namely Candirejo Tourist Village in Magelang. Candirejo Tourist Village is one of the outstanding tourist villages in Central Java, with a high number of visits from international tourists. Therefore, utilizing village MSMEs as an attraction for the

tourist village is deemed appropriate to attract tourists.

## 2. METHOD

This study employs a qualitative approach, utilizing primary data gathered through observation techniques and Focus Group Discussions. Observations were carried out by direct observation in the field to see how the tourism village activity process was running. Furthermore, the observation results were strengthened by conducting a Focus Group Discussion to strengthen the formation of the model. The source of data in this research is information from the key persons. The selection of key individuals is determined based on their roles in the development of tourist villages. The key persons in this research are the chairman of the Central Java tourist village community, tourist village managers, government representatives, society representatives, tourists, and academics. The competence of key persons in the FGD activities is delivered in detail in Table 1.

**Table 1.** Research key person competence

No	Key Persons	Competence
1	Chairman of Central Java tourist village community	Information of existing condition of Central Java tourist villages and their program planning.
2	Tourist village manager	Information of tourist village condition, potential, and obstacles existing in tourist villages.
3	Government	Policy of tourist village development.
4	Society	Information of tourist village impacts.
5	Tourists	Tourists' preference on tourist villages.
6	Academics	Study on tourist village development, concept, and theory.

The analysis used in this research is the Delphi method and qualitative descriptive. Qualitative analysis is chosen as the research method because it offers a comprehensive understanding of how Micro, Small, and Medium Enterprises (MSMEs) contribute to the appeal of tourist villages. The insights obtained from key informants are presented in a flowchart model that elucidates the model's implementation. Additionally, the Delphi method is integrated into this research to examine rural conditions and community life from multiple perspectives within rural communities. The Delphi technique, initially developed by Dalkey and Helmer at the Rand Corporation during the 1950s, is a group-based process designed to survey and gather expert opinions on a specific subject. It serves as a valuable tool for structuring communication within groups that involve interactions between researchers and a panel of experts focused on a particular area of expertise. In the context of this research, the Delphi approach enables rural communities to collaborate, enhance, and analyze their understanding of rural conditions and lifestyles, facilitating the development of plans and actions [21]. The fundamental concept underlying this approach places a strong emphasis on community engagement in all activities, making it a credible method for obtaining reliable information regarding phenomena within the research environment. The steps in carrying out the Delphi method in this research are to establish the purpose, prepare materials to distribute to participants, choose the participants, analyze the feedback and results carefully and build the model. The implementation of the model will be carried out in one of the tourist villages in Central Java, which is Candirejo Tourist Village, Magelang. Candirejo Tourism Village was chosen as the location for implementing the model because this tourist

village is one of the best tourist villages in Central Java which applies the concept of sustainable tourism, but in its development, the attractiveness of this tourist village is still underdeveloped, and requires innovation to increase its attractiveness in order to improve the village's performance.

## 3. RESULT DAN DISCUSSION

In numerous regions, the government is actively promoting the establishment of tourist villages, anticipating a multiplier effect on both the village itself and its surrounding areas in the future [22]. This aligns with the findings of a study conducted by Škuflić & Štoković, which asserts that the tourism industry can serve as a potent catalyst for addressing economic challenges within a region [23]. Tourist villages and related activities emerge as the central pillars of a rural development strategy capable of safeguarding a fragile socio-economic balance in the short term while fostering sustainable development in the long term [24]. These research findings underscore the notion that the development of tourist villages holds the potential to invigorate the local economy.

In tourism village activities, the community can take a role in actively participating in tourism activities. Job opportunities open when tourist village activities are running. Village MSMEs can be part of the attraction offered to tourists. In the following (Figure 2), a model for developing the attractions of a tourist village is presented, which can be implemented where MSMEs will later have a role in the attractions of a tourist village.

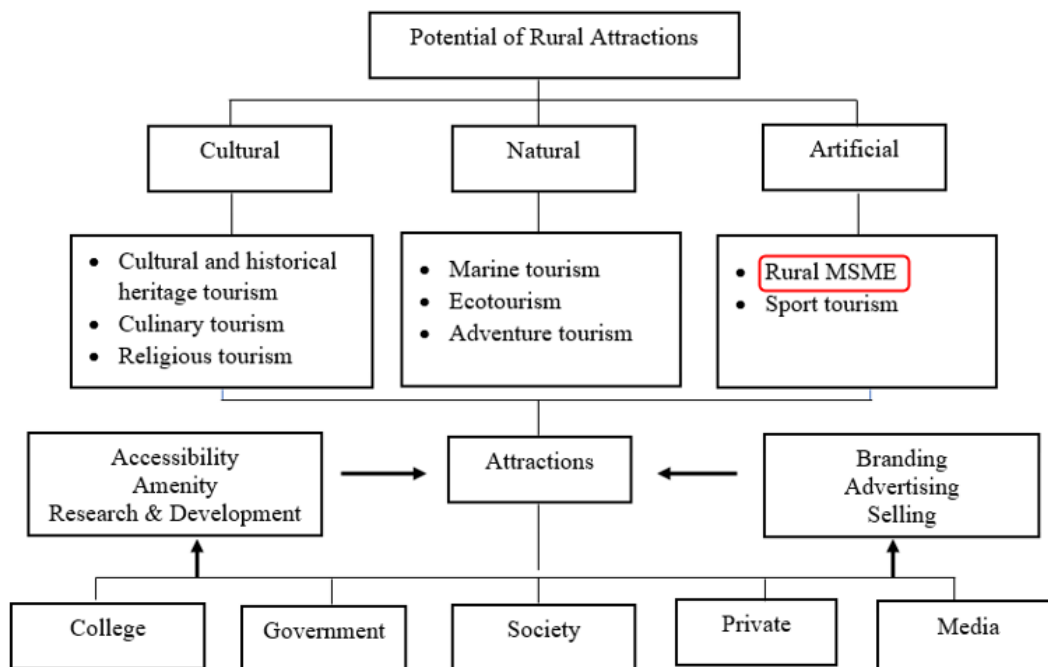


Figure 2. Model of tourist village attraction development

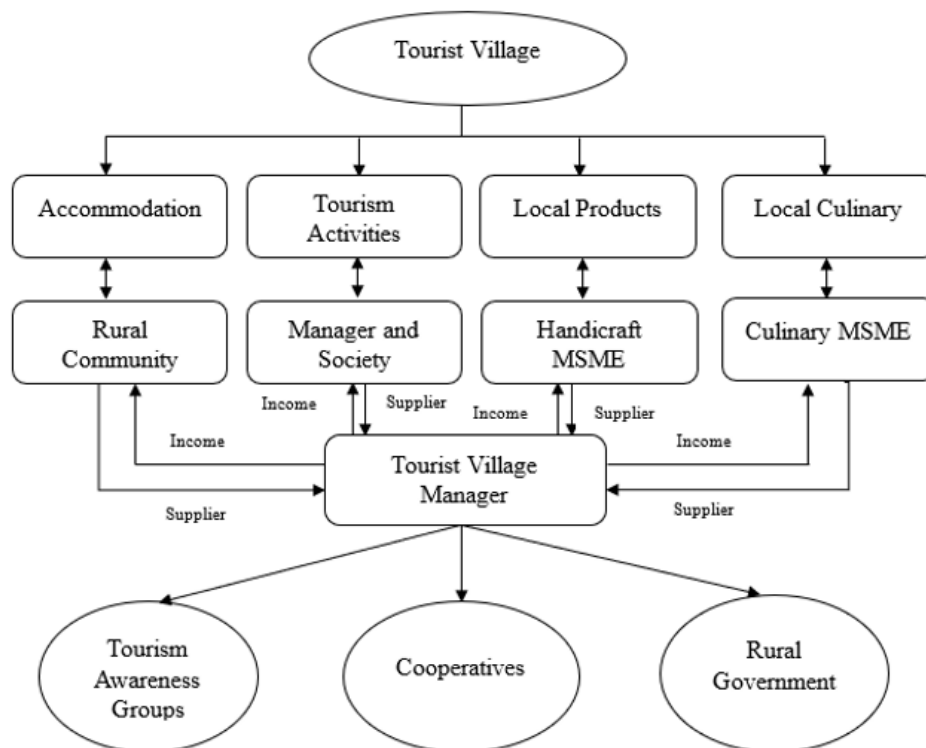


Figure 3. Model of MSME empowerment in strengthening attractions of tourist village

Improving the economy of rural communities can be carried out by actively involving the community in managing tourist villages by utilizing the existing potential such as MSMEs, so that the concept of community-based tourism is very suitable to be implemented [25]. The development of community-based tourism has proven to be one of the efforts to increase the rural economy [26-29]. Local community engagement in the advancement of tourist villages holds significance due to their intimate knowledge and profound understanding of the region's untapped potential. Furthermore, their active participation is vital for garnering support and ensuring that the outcomes align with their specific needs and advantages.

This approach aligns harmoniously with the Minister of Village PDTT Regulation Number 13 of 2020, focusing on the prioritized utilization of village funds in 2021. This regulation categorizes villages into eight distinct typologies and delineates eighteen village Sustainable Development Goals (SDGs) for the period from 2021 to 2030.

The large number of attractions in tourist villages can bring in many tourists, both domestic and foreign ones. This certainly has an impact on increasing the economic activity in the tourist village. Community-based tourism has played a pivotal role in enhancing the well-being of the neighboring community within the tourist village. Implementing a

management approach grounded in the principles of Community-Based Tourism (CBT) aligns seamlessly with the tenets of sustainable tourism. While operating on a modest scale, CBT has the potential to yield substantial benefits for local communities [30]. The community assumes a significant role in overseeing and furnishing the necessary amenities and services for visiting tourists. Undoubtedly, this serves as a commendable exemplar for the management of tourist villages.

The implementation of the model for developing the attractions of a tourist village by utilizing the rural MSMEs has been tested in one of the tourist villages in Central Java Province, Candirejo Tourist Village in Magelang. Candirejo is one of the superior tourist villages in Central Java that has high enough visits from foreign tourists so the utilization of rural MSMEs as tourist village attractions is considered very appropriate to attract the tourists' attention. The following is a model of rural MSME empowerment in strengthening the attractions of tourist villages that have been implemented (Figure 3).

Figure 3 explains that the existence of a tourist village must be supported by the existence of several supporting aspects including accommodation, tourism activities, local products, and local culinary. In order to support the improvement of the village's local economy, the provision of these aspects can be conducted by the local rural community. Accommodation can be provided by the community in the form of homestays, local transportation, village stalls, etc. Tourism activity is the main attractions that are sold to tourists, both in the form of natural scenery, culture, and artificial attractions such as people's markets, picking fruit on community agricultural land, farming activities, etc. The existence of rural MSMEs certainly can also be used as an additional attraction. The tourists can visit the MSME locations to see the production process of local culinary products, or can even practice making these products. The additional attractions will certainly have an impact on increasing the tourists' length of stay in tourist villages, which will finally affect the increase in income of the rural communities.

Besides accommodation and tourism activities, tourists certainly need local products such as crafts and culinary, both for consumption during tourism activities and for souvenirs. Provision of handicrafts or regional specialties can certainly be provided by the rural community or the local MSMEs by partnering with the tourist village manager. Collaborative partnerships in providing accommodation, tourism activities, local products, and culinary between the rural communities and the tourist village managers are proven to be able to increase the income of local villagers. In Candirejo Tourist Village this model has been implemented and proven to be able to increase the income of partner communities by 120%. The increase in income is measured by the difference in income before the implementation of the MSME empowerment model and after the model is implemented. The management of tourist villages in each region still varies. Some of the tourist village managers in general are Tourism Awareness Groups (Pokdarwis), cooperatives, and the village government.

The right model for empowering the rural MSMEs to support the attractions of tourist villages can be done by involving the MSME owners in the village. MSME production activities become a showcase and also are able to increase the activities of tourists who stop at tourist villages. The uniqueness and typical products of the village provide a special attraction for tourists. The results of implementing the

model show that empowering the MSMEs owned by the community as an attraction to be visited by tourists is actually able to significantly increase the income of MSME owners and also to increase the tourists' interest in visits and length of stay.

#### 4. CONCLUSION

Besides focusing on producing local products, the rural MSME can take on the role of an attraction in the development of tourist villages. The tourists can visit the MSME locations to see the production process of local culinary or products, or can even practice making these products. This additional attraction has an effect on increasing the tourists' length of stay in tourist villages which will finally affect the increase in income of the rural communities.

The MSME partnership collaboration in providing tourism activities, local products, and culinary between the rural communities and the tourist village managers has proven to be able to increase the income of local villagers. The results of implementing the model show that empowering MSMEs owned by the community as an attraction to be visited by tourists is actually able to significantly increase the income of MSME owners, and also to increase the tourists' interest in visits and length of stay.

The recommendation that can be given from the results of this research is that developing the attractiveness of tourist villages can be carried out by involving village MSMEs as objects of tourist visits, as well as actively involving the community in tourism village activities which are highly recommended in order to achieve an increase in village community income. For further research, it is recommended to carry out research on tourism village development strategies through other alternatives besides empowering village MSMEs.

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