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Revitalizing Rural Areas in Malaysia: A Framework for Economic Revitalization

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Abstract. Rural, poor and marginalized community often face many challenges in achieving economic equality and attaining socio-economic sustainability, especially among rural communities who have limited sources of income. In countries with emerging economies such as Malaysia, rural populations constitute the majority of citizens. They are generally poorer and more disadvantaged than their urban counterparts. In Malaysia, rural communities and their development are important aspects of a country's political and economic stability in which revitalization of the rural economic is part and parcel of a nation's development. Rural revitalization is an outcome of the interplay between many sources of influence and it is also a response to the opportunities and challenges which are presented by rural decline. This paper provides an overview of revitalization of rural areas. Besides that, it also explains the factors differences in economic performance and socioeconomic differentiation in rural areas in order to achieve a better outcome for rural revitalization. Finally, this paper discusses the framework to revitalize rural areas and the methods to use this framework that measure rural economic performance.

1. Introduction

Today, more than 46 percent of the world's live in rural areas [21]. Rural communities and their development is an important aspect of political and economic stability of a country whereby it has always been considered as important in the agenda of national development [3]. Many programs and strategies were introduced to promote the well-being of rural community ranging from the development of the agriculture sector, resettlement schemes, provision of public facilities and infrastructure to community development [10]. However, scholars and international organizations were highlighted issues on the cycle of rural decline which happening in most the rural areas around the world today. Majority of rural areas faced the issue on the rural decline which directly affects to the rural communities and towards a complicated issue of breaking the cycle of declining [3] [11] [15] [16]. A new challenge has been faced by rural areas and its communities due to an issue on globalization and rapid change of economic. This poor and isolated community who lived in rural areas often has to deal with many issues in achieving economic equality and accomplishing sustainability of socio-economic [7]. They have seen little income growth because they are largely involved informal sector and distress from stagnant agricultural productivity [16]. This economically disadvantaged have the most happened to the rural communities [6] [20]. In order to overcome these various problems faced by rural areas, revitalizing economic of rural areas is one of the best and suitable strategies to be implemented. Therefore, rural revitalization is a process and strategy involving all aspect of rural life-economic, social, human, cultural and environmental which seeks to



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reverse rural decline, to develop a more resilient, sustainable and diversified local economy, and to enhance the quality of life of rural communities [9] [13]. Thus, the aim of this paper is to identify factors of rural economic performance contributing to the framework for economic revitalization involving spatial scale of rural and household.

2. Differences in Economic Performance in Rural Areas

The picture of rural areas seems to emerge should be seen rather in terms of ‘a new mosaic of rural areas’ with winners, in-betweens, and losers [14]. This mosaic of rural areas directly raises questions about driving forces behind this pattern. Of course, such questions are merely a variant of the often-posed question in economic literature: why do economic growth rates differ among countries or regions? Insight into the driving factors behind the economic performance of rural areas is not only scientifically of interest, but it is also highly politically relevant. There is a suggestion that the determinants behind the differences of rural economic performance and socioeconomic differentiation are related to the interplay of local and global factors, in which population dynamics, territorial dynamics, and the current globalization process are thought to be main determinants. It is a significant exercise to elaborate on these determinants, as they give a bird’s-eye view of economic of rural areas and socio-economic dynamics of rural populations (Table 1).

Table 1. Overview of factor/indicator selection method applied by researchers.

Source of Benchmark	Spatial Level	Factor/Indicator				
		Economic	Social	Human	Cultural	Environmental
Terluin (2003)	Region	Employment growth, Economic activities	Capacity of policymakers, Internal and external networks, Communities capacity	Local knowledge, Population growth, Innovation	Local character	Natural resources, Rural amenities, Transport infrastructure, Soft infrastructure
Courtney and Moseley (2008)	Region	Businesses existence, Investment, Economic linkages	Networking, Trust, Norms, Quality of governance	Health, Skill, Education, Rest taking	Attitudes, Local history, Customs and heritage	Natural asset, Peripherality, Accessibility to facilities
Agarwal <i>et al</i> (2009)	Region & Village	Employment, Enterprise business	Participation rates, Engagement	Skills, Education	Resilience	Transportation, Infrastructure, Location, Natural beauty
Klok (2011)	Village	Investment, Labour resources, Properties, Economic sector	Social infrastructure, Involvement of authorities	Knowledge, Experience	Historical environment, Hospitality	Attractiveness of environment, Location
Sánchez-Zamora <i>et al</i> (2014)	Village & Household	Income, Employment, Economic structure, Infrastructure	Public-Private sector network, Community co-operative	Demography, Skill, Education, Access to service	Identity, Heritage, Civic engagement	Peripherality, Natural resource, Environmental quality
Straka and Tuzova (2016)	Village & Household	Employment, Income, Number of businesses, Property ownership	Political engagement	Demography, Education, Skill, Health	Resilience, Attitudes	Infrastructure, Telecommunication

Deeper discussions on this issue of rural economic had established to highlight their research on this matter. As Terluin elaborated that population dynamics, territorial dynamics and globalization process are the major factors of the economic performance differences between rural areas using method of pattern-matching on factors of rural economic performance [19]. The continuity of Terluin’s work has been shifted to a new paradigm whereby the introduction of five types of capital - economic, human, social, cultural and environmental by Courtney and Moseley [2] and Agarwal *et al.* [1] as both of them

used district level analyses to evaluate economic performance of region level. Their focus has changed from investigations of single issues to an analysis of multiple issues particularly based on these five capitals. Klok [8] and Sánchez-Zamora *et al.* [17] suggested that this approach proved to be useful for rural areas to measure its economic performance in the context of village and households levels. Therefore, it's important in order to explain the differences of economic performance factors using five type of capital in each level of rural areas especially in the developing countries as Straka and Tuzova [18] explains that the importance of village and household level in assessing the economic performance of rural areas using correlation matrix analyses. These five type of capital that started by Agarwal *et al.* is significance to the Terluin's work on the territorial innovation model (theory of mixed endogenous and exogenous) which would help future research on working new framework in measuring rural economic performance. In addition, it does consider the interplay between internal and external determinants in measuring differences in economic performance (village level) and socioeconomic differentiation (household level) of rural areas [1] [2] [8] [17] [18] [19].

3. Rural Areas in Malaysia

An issue of population decline has influenced most of the rural areas in Malaysia. It is shown that the population has been gradually declined from years to years [22]. Agriculture productivity loss, lacking job opportunities in rural areas, rural-urban migration and lacking government incentives on rural products are the main related issues affecting population decline. Main determinants have been driving forces behind this pattern is rural-urban migration. Migration from rural areas to urban areas is the only way to find suitable jobs and better salary whereby it contributes to the population decline in rural areas. Besides that, rural households faced challenges which are household incomes disparities between urban areas and rural areas. It is shown that the total average monthly household income for urban and rural areas, although total revenue for the two regions is seen to increase from year to year, the household income gap is very significant [5]. Even though the gap of urban and rural income has been reduced from year to year due to several current policies implemented by the government to improve the wellbeing of peoples, but the effects of the development of urban areas has spread out unintentionally to the rural areas physically and economically. Deeper insight on differences in economic performance of rural areas should be intended to elaborate involving variations of determinants incorporates between and within the rural areas in the relevance of Malaysia context.

Table 2. Distribution of population and gross monthly income of household by strata.

Year	Population (Percentage)		Household Income (RM)	
	Rural	Urban	Rural	Urban
2010	29.1	70.9	2545	4705
2011	28.3	71.7	-	-
2012	27.6	72.4	5742	3080
2013	26.9	73.1	-	-
2014	26.3	73.7	3831	6833
2015	25.7	74.3	-	-
2016	25.0	75.0	4359	7671
2017	24.5	75.5	-	-
2018	23.9	76.1	Unpublished	Unpublished

Source: Household Income Survey Report, Department of Statistics Malaysia (DOSM)

4. Framework for Rural Revitalization

The existence of a various well-established body of literature on revitalizing rural economic performance had come to a specific research into this issue in rural areas began in the late 1990s. The research on the determinants of economic performance in rural areas around the world has evolved from investigations of single issues, to analyses of multiple issues particularly of the five types of capital - economic, human, social, cultural and environmental [1] [2] [8] [17] [18] [19]. Agarwal *et al.*

recommended that this framework proved to be useful for rural areas to measure the differences in economic performance and socioeconomic differentiation in rural areas especially in the developing countries [1].

This framework is used to measure the differentiation of rural economic performance in rural areas and socioeconomic differentiation of rural household. Thus, this framework was designed specifically to revitalize the economy of rural areas. In this research, this framework was established to emphasize relationships between all contributory factors within, and between, the five types of capital. For the village level, it involves Economic (5 factor); Social (3 factor); Human (4 factor); Cultural (4 factor); and Environmental (4 factor). Meanwhile, for the household level, it involves Economic (9 indicator); Social (8 indicator); Human (8 indicator); Cultural (7 indicator); and Environmental (9 indicator). Based on the discussion of rural economic performance above, the framework set out in Table 3.

Table 3. Evaluation of factors of economic performance in rural areas and socioeconomic differentiation of rural households.

Capital	Factors (Village Level)	Indicator (Household Level)
Economic	Occupations and Income	Increase income every year
		Stable in occupation
		Able to support a family well
		Able to get an additional source of income
	People Employed in Households	Good job and a balanced salary by family members
	Remittance from Families	Money transfer by family members really helps family life
Assistance from Government and Private Agencies	Financial and welfare assistance by the government	
	Business/agricultural/fishery assistance by the government or private sector help to increase income	
Asset and Property Ownership	The cultivated land can generate considerable yields	
Social	Trust and Norms	Trust in neighbors
	Membership and Participation in Community	Involved in social organizations such as the JKKK/mosque committee/youth/women's organization
		Engaging in community activities and gotong royong
	Collective Action and Neighbourhood Connection	Good contacts to facilitate a process in obtaining financial capital
		A good relationship with community leaders (Village Head)
	A good relationship with the Wakil Rakyat	
	A close relationship with successful entrepreneurs	
	No discrimination between the people inside the village	
Human	Health	Good level of health
		Able to do hard work
	Education	Have a perfect formal education
	Skill	Follow training and skills
		Skills inherited by previous generations
		Skills are shared with the younger generation
	New skills by younger generation shared to an older generation	
Confidence and Leadership	Like to be a leader in an organization	
Cultural	Attitudes	Good attitude and personality by surrounding community
	Religious	Regularly to the synagogue to fulfill my duty as a believer
		Praying and put fate and help from God
Cultural and Way of Life	Exercise regularly (walking, jogging, sports)	
	Local cultural activities involvement	

Environmental	Resilience	Religious activities involvement Financial assistance to relatives/neighbors/villagers
	Natural Environment	Attractive natural resource in the village Well maintained of natural resources in the village No natural disasters such as floods and storms occur
		Frequently visited by visitors/tourists
		Soil Fertility and Environmental Quality
	Accessibility to Facilities	Good basic infrastructure like electricity/water/road Public transport services and village are linked
	Location	Easy to get the goods and services in town/city center

5. Methodology

This case study follows the framework for revitalizing rural areas based on factors of rural economic performance, in which data is collected in the field, the questionnaire form, observation, and in-depth interview are the primary data collection instruments. Meanwhile, the sampling method is purposive where the survey involved the head of households, and both quantitative and qualitative research methods are used to capture views on differences in economic performance of rural areas and socioeconomic differentiation of rural households. This paper explained the research on differences in economic performance of rural areas which is not associated with the macro scale of study but it concerned with large-scale population data whereby it involves every family who lived in traditional villages in rural areas. On top of that, the socioeconomic differentiation of rural household studies was also involved selected successful and less successful head of households who lived in that village.

Three type of research instrument was used which are the questionnaire, observation, and in-depth interview. The questionnaire form is the main research tool to collect data and information of rural households and perception of five capitals involved in this research that covered the endogenous and exogenous factor which influence the economic performance of rural areas and socioeconomic differentiation of rural households through field survey. Meanwhile, observation form through field survey is used to gather data of surrounding the selected village in terms of the physical aspect of development that relates to the five capitals which influenced the economic performance of the villages and its households. Other than that, in-depth interview session will be used to support the structured questionnaire and obtain important information of life story analysis of selected successful and less successful rural households.

There are two level of spatial scale involved in explaining performance (1) Village level - Differences in economic performance of rural areas; (2) Household level - Socioeconomic differentiation of rural households. These two spatial levels will be analyzed separately which each of them have their own analysis to measure differences in economic performance and socioeconomic differentiation. Each analysis must follow exactly to the aspect of the study. Most importantly, to use this framework for revitalizing rural areas based on factors of rural economic performance, it must be translated to the instrument of research like questionnaire, observation, and in-depth interview. Likert-scale for the questionnaire is the most appropriate techniques to measure each of the elements or measurement in these five capitals.

Table 4. Aspects of study for analysis in the economic performance of rural areas.

Level of Analysis	Aspects of Study
Factors for differences in economic performance within the rural areas (village)	<ul style="list-style-type: none"> • Village level studies. • Data collection from every head of household in the village involving selected villages in selected rural region or in Malaysia known as “mukim” based on rural density of 0-150 people/km². • Collection of data is from household’s survey of a village and village observation of physical aspects through field survey.

Factors for socioeconomic differentiation of the households in rural areas (household)	<ul style="list-style-type: none"> • Quantitative data analysis (Mean and Spearman Correlation). • Household level studies. • Data collection from the selected households in the village involving selected successful and less successful households lived in the villages according to their household income level. • Collection of data is from household's survey of selected household using an in-depth interview to reveal the process of transformation and how the process of change (dynamic process). • Quantitative and qualitative data analysis (Mean, Spearman Correlation and life story analysis).
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This analysis provides relevance information about the differences in economic performance of rural areas and socioeconomic differentiation of its households where it measures the framework for revitalizing rural areas based on factors of rural economic performance using descriptive data analysis (Mean) and inferential data analysis (Spearman Correlation) between factors. For the village and household level, it will measure all five capitals involving Economic (5 factor, 9 sub-factor); Social (3 factor, 8 sub-factor); Human (4 factor, 8 sub-factor); Cultural (4 factor, 7 sub-factor); and Environmental (4 factor, 9 sub-factor). Thus, in order to revitalize rural areas, each factor in all five capitals must be counted and analysis. Once the descriptive data analysis shows the low rate of performance for selective factors influencing village and its household, then appropriate suggestion or action plan must be carried out to solve that issues relating to the factor involved. Instead of that, Spearman correlation were used to evaluate the relationship of factors in five capitals with economic performance of village and socioeconomic of households. This framework is straightforward and relevance government/private agencies or committee of villagers can conduct this framework and implemented the action plan once all the factors in the framework are being analyzed and the findings have revealed.

6. Discussion and Conclusion

Differences of economic performance in rural areas caused by different factors were drive in the relevant agencies to develop solutions to overcome the decline of rural areas. One of these solutions is rural revitalization. Successful rural revitalization requires a holistic approach, which includes components such as the local economy, physical environment, political environment and the social environment [9]. In respect to that, rural revitalization is linked to the economic planning and strategic spatial planning whereby it could play a key role in the revitalization process [12]. Significantly, this framework for economic revitalization of rural areas was used as a comprehensive approach to address rural issues and challenges involving two level of spatial scale which are village level and household level which consists of five types of capital, 20 factors and 41 indicators. This framework will play a part in enhancing the quality of the community's life in rural areas. Besides that, this framework provides understanding of the determinants of economic performance which largely underpinned by a complex interplay of internal and external forces based on five capitals. Thus, this framework is very relevance in revitalizing the economy of rural areas and can be applied as important tools to assess the factors for differences in economic performance and socioeconomic differentiation of rural areas.

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