

## **Determinants of Sustainable Rural Community-based Value Chains**

**Norziani Dahalan\*, Nurul Najwa Syafiah Ramlee, Mohd Faiz Hilmi and Fatimah Hassan**

*School of Distance Education, Universiti Sains Malaysia, 11800 USM, Penang, Malaysia*

### **ABSTRACT**

Failure to understand business from a value chain perspective was identified in the National Entrepreneurship Policy 2030 as one of the challenges that need to be addressed for an entrepreneur's sustainability. Value chains refer to the activities that add value at each stage in developing, producing, and delivering quality products to customers. This paper aims to identify the determinants of effective and sustainable factors that underpin rural community-based value chains in their business conduct. In achieving these objectives, the methodology includes a case study on the Warisan Dapur Lenggong Business Project in Lenggong, Malaysia, library searches, and an analysis of previous literature reviews on value chains and community-based small businesses. The finding shows that factors contributing to the success of rural entrepreneurs in value chains can be categorised into internal and external patterns. Internal individual factors include entrepreneurial culture, skills and knowledge, adaptability, continuous improvement and Innovation, networking and collaboration. In contrast, internal community factors include community, leadership, local association and staff support, value proposition and differentiation, financial management, community resilience and perseverance. In comparison, external factors include access to market information, technology and infrastructural limitations, political influence and

government policy. This paper also hopes to strengthen the body of knowledge on how effective value chains help entrepreneurs achieve sustainable competitive advantage as one of the agenda for 2030 Sustainable Development and for making Malaysia a higher-income and civilised nation.

*Keywords:* Community-based small business, Lenggong Malaysia, rural entrepreneurs, sustainable development, value chains

### ARTICLE INFO

*Article history:*

Received: 20 December 2023

Accepted: 20 May 2024

Published: 28 August 2024

DOI: <https://doi.org/10.47836/pjssh.32.S4.03>

*E-mail addresses:*

[norziani@usm.my](mailto:norziani@usm.my) (Norziani Dahlan)

[najwasyafiqah@student.usm.my](mailto:najwasyafiqah@student.usm.my) (Nurul Najwa Syafiah Ramlee)

[faiz@usm.my](mailto:faiz@usm.my) (Mohd Faiz Hilmi)

[hfatimah@usm.my](mailto:hfatimah@usm.my) (Fatimah Hassan)

\*Corresponding author

## INTRODUCTION

Every company has its business chains because each business involves activities that transform inputs into highly valuable customer outputs. A chain system is a management concept that explains the interconnectedness or relationship of multiple segments to strengthen the organisation involved, transform and increase value and service offerings to meet consumer demand, and have a continuous competitive advantage. According to Murphy et al. (2020), value chains refer to the various activities that add value at each stage of developing, producing, manufacturing, and delivering quality products to customers. In simple terms, a value chain refers to the series of activities a company undertakes to develop and deliver a product or service to its customers. It includes various stages, such as sourcing raw materials, manufacturing, distribution, marketing, and customer service (Liu et al., 2023; Paul & Shrivastava, 2015). In this regard, improving the value chain in a company is crucial and cannot be taken for granted by companies. It must also be regularly explored to transform and enhance the value and services offered to achieve high performance, satisfy user demand, and have a continuous competitive advantage (Murphy et al., 2020).

The importance of the value chain to the economy is undeniable. In Malaysia, the inability to understand businesses from a value chain perspective was cited in the National Entrepreneurship Policy 2030 as one of the challenges that need to be

addressed in terms of business sustainability (Malaysia, 2020). From a global perspective, Global Value Chains (GVCs) were disrupted when the global pandemic of COVID-19 affected one or more company's clusters of entities in the value chain (Organisation for Economic Cooperation and Development [OECD], 2021). During the pandemic, many countries' domestic value chains are also affected when countries implement export bans and reduce demand for products produced in other countries. According to Liu et al. (2023), a few studies have shown the importance of exploring the relationships between value chains and related community outcomes from all over the world, such as in China, Nicaragua and South India, highlighting the need to combine the development of the value chain while addressing livelihood and community development concepts such as asset building, vulnerability and well-being, and where necessary to build crucial institutions such as co-operatives because value chain restructuring is affected by local historical, social and environmental factors.

Therefore, value chain issues should become increasingly relevant and important for all businesses, especially small businesses in rural areas. Unfortunately, value chain issues for small businesses in rural areas are often under-researched and often taken for granted by stakeholders. It has become the practice of policymakers and implementers in Malaysia to generalise the policies and programmes they develop in all areas and regions in Malaysia (Gould, 2018). The fact is that a programme designed, developed

and successfully implemented based on the conditions of one place may not necessarily be suitable and successful for another community due to the differences between urban and rural characteristics, citizens, leaders and locations. Local customs and culture, as well as administrative structures and political sensitivities in the immediate neighbourhood, must be taken into account. The same applies to the chain system for community-based entrepreneurs in the rural business sector, which needs further exploration.

Community-based entrepreneurship is a growing concept in entrepreneurship research that capitalises on the demand for community involvement in business development. Community-based entrepreneurs are individuals or businesses that operate within a specific community and focus on the needs and desires of that community. In other words, personal networking that impacts the local start-up process and regional development has fostered community-based entrepreneurship. Gurau and Dana (2018) and Jaafar et al. (2020) describe community-based entrepreneurship as a form of local entrepreneurship based on environmental stewardship, social responsibility, collective action and traditional values of mutual support. They are driven by a desire to positively impact their local environment rather than focusing solely on profit. These entrepreneurs may start businesses that offer goods or services specifically tailored to the community's needs, such as local farmers' markets, small neighbourhood shops, or social enterprises that address local social

or environmental issues. They often work with community members and organisations to create sustainable and mutually beneficial relationships.

Three main characteristics of community-based entrepreneurship are (1) available skills in the community, (2) diverse goals and intentions, and (3) community involvement (Galappaththi et al., 2017). Therefore, community-based entrepreneurs play an important role in promoting economic growth, social cohesion and the overall well-being of their communities. Supply, demand and value chains are becoming increasingly important for all entrepreneurs, regardless of where they are based, including community-based entrepreneurs, as they form the cornerstone of entrepreneurs' business sustainability. The literature review revealed that several studies address aspects of this chain in the tourism sector (Damodar et al., 2019; Diah Ayu & Siti Rahayu, 2018; Rajashekariah & Chandan, 2013). However, most of these studies were only conducted by organisations and product operators in urban areas. The reading revealed that the contribution of the local community in the form of groups rather than individual entrepreneurs and intermediation received less attention and was studied even less in rural areas (Szpilko, 2017).

Therefore, this article aims to explore the factors that contribute to the success of community-based enterprises in rural areas and to try to understand the determinants of effective and sustainable factors that support the performance of community-

based value chains in rural areas in terms of their business behaviour and resilience. This work can contribute to the literature on value chains among rural community-based entrepreneurs in a case study in Malaysia. It is hoped that this development will expand and strengthen knowledge. This study will help rural communities develop their human sciences to cope with future problems. The value chain research mainly focused on the structural elements of production and neglected the elements of humanity and adaptability.

These elements could promote local identity, create employment opportunities and contribute to poverty alleviation by improving income opportunities within the community. They can also help preserve traditional knowledge and practises, promote sustainable resource management, and strengthen social cohesion by encouraging economic activity in urban or rural areas. When integrated into a well-managed value chain, human research can contribute to academic knowledge and improve human life, community progress, social change, and solutions to pressing global problems, particularly poverty alleviation and sustainability.

In today's global landscape, the preservation of high civilisation and the advancement of humanity depends crucially on the ability to address not only environmental challenges but also pressing socio-economic, legal and ethical issues of human values and business practices. Our study focuses on an area where there are numerous opportunities to promote positive

change at both the local and global levels. By examining the complex dynamics of value chains in rural communities, we aim to contribute to academic discourse and practical efforts to improve human well-being, preserve cultural heritage and maintain the integrity of human civilisation. This endeavour aligns seamlessly with the theme of this special issue: "Research on Humanity, Fostering the Preservation of High Civilization through Impactful Scientific." Linking our study to this theme is not merely a matter of academic convenience; it reflects our deep-rooted belief in the transformative power of science when used with empathy and foresight. By examining the dynamic of value chains in rural communities, our research emphasises the as we explore the dynamics of rural community-based value chains; our research emphasises the interconnectedness of humanity's collective efforts to build a better future. Through our analysis, we hope to provide insights that can expand academic knowledge, inform policymakers, inspire grassroots initiatives, and drive positive change in communities worldwide. In this way, we reaffirm our commitment to the enduring values of humanity and the preservation of a civilisation based on compassion, innovation, and scientific research.

## **LITERATURE REVIEW**

### **Concepts of the Value Chain**

Entrepreneurs recognise opportunities in the market and take risks to create new businesses or improve existing ones. They

play a crucial role in value chains by introducing innovative ideas, technologies and business models. A value chain encompasses the entire coordinated chain of activities in a company, including the stages from the development of ideas and concepts for a product or service through distribution to consumption at the end and after use by the consumer (Murphy et al., 2020; Collier et al., 2017). This range of activities includes different stages in which input-output transformation and distribution are carried out at different stages to complete the desired life cycle of the product or service (Collier et al., 2017). According to Nabi et al. (2023), the value chain has multiple spatial embeddings due to the geographical dispersion of activities in the value chain.

The geographical dispersion of activities within the value chain has made it possible to correlate regions' different levels of participation in the value chain with their economic and social development (Nabi et al., 2023). Whether urban or rural, entrepreneurs often recognise gaps or inefficiencies in existing value chains and seek to address them through their ventures. They bring together capital, talent and technological resources to create value-added products or services. In this way, they contribute to the overall growth and development of the economy. It is important to realise that entrepreneurs face various challenges along the value chain. These challenges include managing business operations, raising capital, understanding market dynamics and securing human resources.

However, their ability to adapt, innovate and create value characterises them and drives economic progress. To summarise, value chains encompass producing and delivering products or services. In other words, the value chain can be used as an analytical tool to understand the links between the actors in a chain (Lowitt et al., 2015; Liu et al., 2023). At the same time, entrepreneurs are the people who drive innovation and create value within these chains. Their contributions are critical to economic growth and the potential impact on development.

### **The Significance of the Value Chain**

A value chain is generally understood to be the relationship between actors, activities, processes, markets and their contributions to completing the life cycle of a product or service. Therefore, knowledge of value chains is important for rural entrepreneurs for several reasons (Collier et al., 2017; Liu et al., 2023; Murphy et al., 2020). Firstly, understanding value chains helps entrepreneurs to recognise opportunities for value creation in their local environment. By understanding the different stages and actors in the value chain, rural entrepreneurs can identify potential areas for innovation, cost reduction, or quality improvement.

Secondly, knowledge of the value chain enables rural entrepreneurs to build strategic partnerships and collaborations. By understanding the interdependencies and relationships between the different actors in the value chain, entrepreneurs can identify potential suppliers, buyers, or distributors.

This knowledge helps them to build strong networks and establish mutually beneficial relationships to improve their market access and competitiveness.

Thirdly, knowledge of the value chain enables rural entrepreneurs to make informed decisions about allocating resources and investments. By understanding the value chain dynamics, they can identify critical points where investments yield the highest returns. This knowledge helps them optimise their use of resources, whether introducing technologies, production processes or marketing strategies.

In addition, knowledge of the value chain helps rural entrepreneurs recognise potential bottlenecks or constraints within the value chain. By understanding these challenges, they can proactively develop strategies to overcome them, such as improving infrastructure, enhancing their skills, or obtaining financial support. This knowledge enables entrepreneurs to navigate the complex value chain and effectively mitigate risks. In rural areas, value chains often revolve around agriculture, forestry, crafts or other locally available resources. They can be driven by smallholder farmers, artisans or entrepreneurs who use their skills and knowledge to create value-added products or services. These value chains are deeply rooted in the local context, culture, and traditions and play an important role in the rural economy and communities.

Rural community-based value chains refer to activities and relationships within a particular rural community that contribute to creating, producing, and distributing

goods or services. These value chains typically involve local producers, suppliers, processors, traders and consumers working together to create economic opportunities and improve livelihoods in the community. Community-based value chains offer several benefits (Murphy et al., 2020; Liu et al., 2023). They promote local entrepreneurship, create employment opportunities and contribute to poverty alleviation by improving income opportunities within the community. They can also help preserve traditional knowledge and practises, promote sustainable resource management, and strengthen social cohesion. However, rural value chains at the community level also face challenges. Limited access to finance, infrastructure, technology, and markets can hinder their development. Lack of skills and capacity, as well as inadequate support services, can also be an obstacle. Overcoming these challenges requires the cooperation of various stakeholders, including government agencies, NGOs, and private sector actors.

To summarise, rural value chains are essential for economic development and poverty reduction in rural areas. They empower local communities, promote entrepreneurship and harness local resources to create sustainable economic opportunities. By addressing challenges and fostering collaboration, these value chains can contribute to rural communities' overall well-being and resilience. By utilising this knowledge, rural entrepreneurs can improve their competitiveness, create sustainable businesses and contribute to the economic development of their communities.

## **Value Chain and Entrepreneur Sustainability**

According to Murphy et al. (2020), Barua et al. (2021), and Liu et al. (2023), value chains are important for the sustainability of community-based entrepreneurs for several reasons, including economic development, market access, knowledge and expertise, collaboration and networking, and sustainability and resilience.

In terms of economic development, value chains provide opportunities for community entrepreneurs to start and grow their businesses, leading to local economic development. Participating in value chains allows these entrepreneurs to tap into larger markets, gain access to new customers, and increase their revenue and profitability. It creates employment opportunities, increases income levels and contributes to the overall economic well-being of the community.

In terms of market access, value chains could provide community entrepreneurs with access to established distribution networks, allowing them to reach a larger customer base. It helps overcome some challenges small businesses face, such as limited marketing budgets or lack of visibility. Involvement in value chains allows entrepreneurs in the community to familiarise themselves with the best practices, knowledge, and experience in the industry. They can learn from other actors involved in the value chain, such as larger companies or more experienced entrepreneurs, and adopt proven strategies for success. It is, therefore, necessary to promote cooperation, trust, and learning between actors in the value chain.

Value chains facilitate cooperation and networking between community-based entrepreneurs. By working with other companies and actors within the value chain, entrepreneurs can form partnerships, share resources, and collaborate on projects. The value chain promotes innovation, creates synergies and opens new avenues for growth and expansion. In addition, networking within the value chain can lead to new business opportunities, referrals and valuable connections within the sector.

According to Barua et al. (2021), value chain sustainability can be described in three dimensions: the economic or profit, social or people and environmental or planet. In terms of the economic dimension, issues related to the value chain are considered sustainable if the required activity plans are commercially viable at the level of each actor or support provider. In the social dimension, sustainability refers to socially acceptable outcomes in terms of the distribution of benefits and costs linked with increased value formation. For the environmental dimension, the ability of value chain actors to have a positive impact and little or no negative impact on the natural environment through their value-creating activities will determine its sustainability. Thus, for sustainability and resilience, entrepreneurs involved in community value chains can benefit from shared resources, collective problem-solving, and risk management strategies.

As the OECD (2021) mentioned, business practices can minimise or worsen value chain disruptions and their

impacts. Even though value chains provide opportunities for business growth, market access, knowledge sharing, collaboration and resilience for entrepreneurs in the community, there is still room for improvement. Therefore, the three stages of value chains, which consist of the upstream stages of the value chain (development and research, high-value production, business practises), the middle stages of the value chain (processes, high-value end-use) and the downstream stages of the value chain (traceability, commercialisation, targeted consumers), need to be widely researched and promoted for better understanding (OECD, 2021). By participating in value chains, entrepreneurs can contribute to local economic development, improve their competitiveness and increase their chances of long-term success. Thus, community-based entrepreneurs are crucial in promoting economic development and humanitarian values by fostering civilisation for a better future.

## MATERIALS AND METHODS

### Case Study

Our case study was a seven-year multidisciplinary research and development partnership project focussing on community-based entrepreneurs known as Warisan Dapur Komuniti Kampung Luat (WDKKL). This community-based enterprise project adopted a value chain approach in Lenggong Valley, Northeast Perak, Malaysia (see Figure 1). Located in Hulu Perak, Lenggong Valley is a centre of attraction for tourists because there are many historical caves

in areas where prehistoric people once lived. The Lenggong Valley was chosen as a study site because it was recognised as a World Heritage Site by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) on 30 June 2012.

Apart from tourism activities based on archaeological sources or archaeological tourism (archaeotourism), the Lenggong Valley could become a potential destination for rural tourism and heritage tourism. Lenggong Valley is also rich in various historical sites (the unique design of Masjid Yahya Ubudiyah and Masjid Jamek Lenggong), agricultural activities (paddy fields, fruits orchards) and cultural events (traditional foods festivals, Orang Asli communities) that can attract tourists to an area and market past events or assets that existed in that area. Thus, the choice of Lenggong Valley as the study area is also aimed at increasing its competitiveness and highlighting its advantages.

In Lenggong Valley, the Community-Based Tourism Entrepreneur (CBTE) programme is an initiative to develop local businesses by transforming their socio-economic way of life. This case study is among the popular CBTE projects in Lenggong Valley. The project is in Kampung Luat and is owned by the Kampung Luat Community Cooperation. The aim of establishing WDKKL is to produce and market traditional foods from the Lenggong Valley and strengthen tourism in the area. The cooperative founded WDKKL in January 2017 to ensure that its traditional local dishes, such as Kebebe, Ikan Pindang



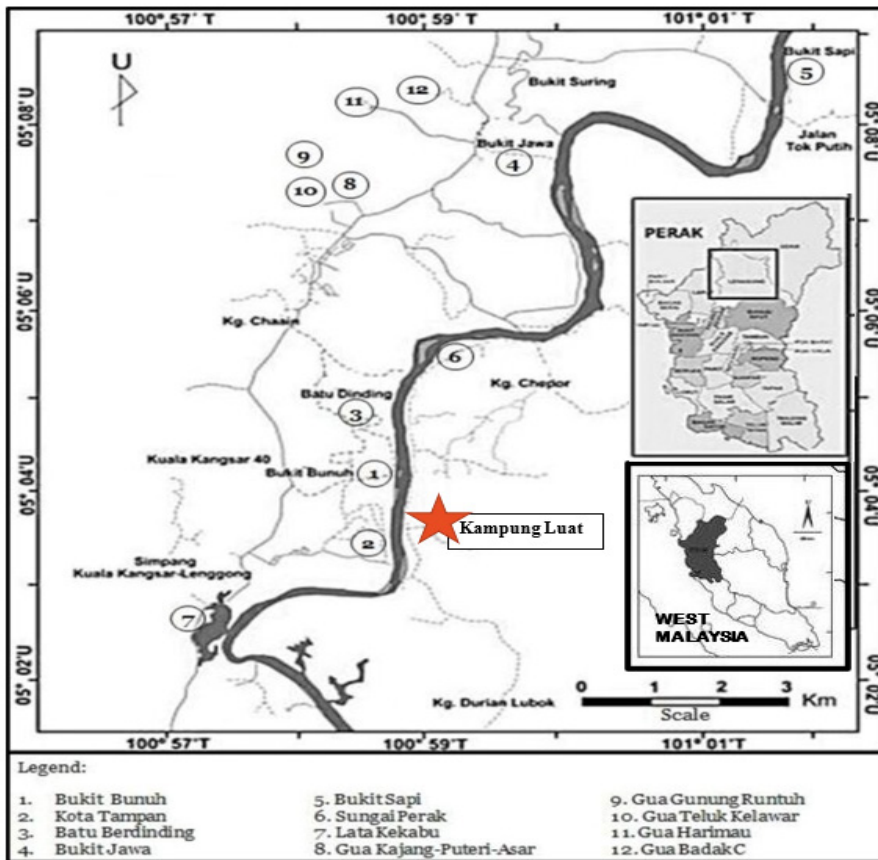


Figure 1. Location of Lenggong Valley, Perak, and the study site Kampung Luat  
 Source: Rapidah et al. (2018) with amendments

Lenggong, and Sambal Serai, remain on the market and provide an additional attraction for this UNESCO cultural heritage site. Since the establishment of WDKKL, these foods have been produced under the 'Lenggong Delicious' brand and marketed locally and nationally. In 2017, the village was named Bestari Vision Village (Kampung Wawasan Bestari) by the Ministry of Rural Development Malaysia. Thus, CBTE is a practical approach to encourage the community to participate and succeed in entrepreneurial activities.

According to Jaafar et al. (2014), Lenggong residents are engaged in small family businesses, such as handicrafts and food production, with some having been in business for generations. Nevertheless, the contribution of these activities in Lenggong Valley is not particularly large (Jaafar et al., 2021). Therefore, the development of the WDKKL project is justified for the following five reasons. Firstly, a business entity should be created to promote cottage industries and provide new employment opportunities for the community. Secondly,

the traditional heritage of traditional foods can be protected by fully utilising the raw materials available in the Lenggong area. Thirdly, to provide new and relevant activities and products to support tourism development in the Lenggong Valley. Fourthly, to create a new source of income that can prevent the migration of youth to the cities, as youth involvement in nature conservation is an important concern for the Lenggong Valley, and finally, to promote the national development and competitiveness of the Lenggong Valley. This cooperative was selected because of its active collaboration with other institutions and energetic management practices.

**Data Collection Techniques**

In this study, we rely on two methods of data collection. First, we focused on a library search and document analysis of previous literature on value chains and community-based entrepreneurs when the

global COVID-19 pandemic hit the study area. Secondly, in-depth interviews were conducted with 10 out of 15 community members leading the project to obtain their views on the success and challenges associated with the project's value chain, including their experiences, future suggestions and the potential value of their involvement. Only 15 project members were invited to be the research respondents, but only ten were willing to be interviewed. Interviewees were selected to cover all activities involved in the project, from the raw material collectors to the marketers of the products. The profiling of respondents is summarised in Table 1.

Following the interviews, detailed notes and interview recordings were made and transcribed. These were then analysed thematically using descriptive case study categories (Yin, 2017). It is recognised that thematic analysis was undertaken as it can help to identify patterns or themes

Table 1  
*Profiling of respondents*

Profile	Age	Marital Status	Education Level	Year as member	Position in Community	Role or Experience
Respondent 1	66	Married	Primary	6	Active Member	Cooking, Packaging and Sales
Respondent 2	60	Widow	SRP/PMR	6	Active Member ex-treasurer	Cooking and Sales
Respondent 3	64	Widow	Primary	6	Stockist	Cooking, Inventory and Sales
Respondent 4	46	Married	Degree	2	Ex Member	Marketing
Respondent 5	68	Widow	STPM	6	Leader	Involve in all process

Table 1 (Continue)

Profile	Age	Marital Status	Education Level	Year as member	Position in Community	Role or Experience
Respondent 6	71	Married	Primary	6	Active Member	Preparation and Cooking
Respondent 7	66	Widow	SRP/PMR	6	Active Member	Preparation and Cooking
Respondent 8	77	Widow	Primary	6	Active Member	Preparation and Cooking
Respondent 9	54	Married	SRP/PMR	6	Active Member	Preparation and Cooking
Respondent 10	63	Widow	SRP/PMR	6	Treasurer	Cooking, Packaging and Sales

Source: Authos' work

within the qualitative data collected. The summary of the research questions includes factors that influence the running of the projects, such as political, economic, social, technological, legal and environmental elements, entrepreneurial characteristics, behavioural collaboration, views of the current state and environment for the product and project direction.

A detailed profile shows that most respondents are 50 or older, as older women from this project. All respondents are female, Malay and Muslim. The education level of most respondents is primary or upper secondary. Since they stay in the village, they do not need to pursue higher education to make a living.

Most respondents have been active members since the project community was built in 2018. Only one interviewee (Interviewee 4) is withdrawing from the project community to focus on her child. There is a leader, a treasurer, a storekeeper and other active members in the project

organisation or management. The leader ensures that the process runs as planned smoothly. The leader is also involved in the process from preparation until the final stage as a marketing officer. Usually, the respondents cook the food together in the community workstation in the Kampung Luat Community Retail Hall. Tasks such as preparing raw materials, packaging, sales, and inventory are usually separated.

This qualitative research is using Thematic Analysis. Thematic analysis is a flexible approach that allows researchers to adapt their methods to the unique characteristics of the data. It is widely used in various disciplines to explore and understand patterns in qualitative data. A six-step guide was used to conduct this analysis (Maguire & Delahunt, 2017). These steps include understanding the data, creating initial coding, finding, reviewing, defining, and writing down themes. After examining the codes for patterns, similarities and differences, themes were identified and

analysed. The research themes emerged after organising the codes into potential themes based on common content, such as "the internal" or "external factors" in determining the success factor in the value chain. The final steps involved writing the report to ensure the analysis's credibility, reliability, confirmability and transferability. The report was concluded by presenting the themes found with evidence from the data.

**RESULTS AND DISCUSSIONS**

Library research and analysis of previous literature on value chains and community-based small businesses shows that the factors contributing to the success of community-based entrepreneurship are categorised into internal and external factors (Table 2). Internal factors that contribute to their success and sustainability include self-determination, attitudes, entrepreneurial skills, communication skills, leadership skills and entrepreneurial cultures (Gurāu & Dana, 2018; Jaafar et al., 2020; Murphy

et al., 2020; Pinheiro et al., 2020). On the other hand, external factors such as access to finance, social networks and social capital, political commitment and leadership skills are important external factors for community-based entrepreneurship (Hassan et al., 2021; Galappaththi et al., 2017; Sankaran & Demangeot, 2017).

On the other hand, lack of government support, outdated technology, limited infrastructure and oversight, limited market information and lack of financial incentives are the main problems of community-based entrepreneurship (Argyrou & Hummels, 2019; Jaafar et al., 2020; Paul & Shrivastava, 2015). Thus, internal and external factors play an important role in the success and sustainability of community-based entrepreneurship. The result of the library research is summarised and presented in Table 2.

In response to the research question, the result shows that all ten respondents believe that many external influences, such as the

Table 2  
*Important factors for the success and sustainability of community-based entrepreneurship through library search*

Library Search AAA	Factors in Community-based Entrepreneurship	
	Internal factors	External factors
Sankaran and Demangeot (2017)	Resilience and entrepreneurship understanding Promotion of self-reliance, self-governance	Virtual community engagement Forms of social capital Political involvement
Parwez (2017)	Requisite entrepreneurial skills Mutual cooperation Trust in others	Lack of existing capacities at individual levels and groups Multiplicity of local needs Lack of community affiliation
Galappaththi et al. (2017)	Lack of individual opportunity Less entrepreneurial skills Leadership	Lack of capacities at multiple levels Network of Community Cooperatives

Table 2 (Continue)

Library Search AAA	Factors in Community-based Entrepreneurship	
	Internal factors	External factors
Gurau and Dana (2018)	Self-determination Real-time action Adaptive initiatives and activities	Resources unavailable Environmental issues Lack of government support

Source: Authors' work

political, economic, social, technological, legal and environmental factors, affect their project development and sustainable business conduct. Respondents believe that this traditional food project can grow with the help of technologies that accelerate food production and packaging. Policy factors such as participation in exhibitions organised by the government can help to promote these traditional foods to the public and increase the demand for traditional foods. However, four respondents do not agree at all with the current situation and environment for the product, which is related to the current situation of raw material supply and environmental degradation in Tasik Raban, as well as political and economic instability. Five respondents agreed that a unique collaborative work culture can influence their business's excellent development and flourishing.

The unique culture of collaboration means that members of WDKKL undertake this project together rather than individually, enabling them to produce products quickly. For example, Respondent 2 said, "I like coming here and working," "I like working in a group so we can get the work done faster" (Respondent 3) and "I like coming every day" (Respondent 5), which shows

their close collaboration in completing their tasks. Flexible working hours make it easier for them to fulfil their daily tasks and the activities of the WDKKL project. Almost all respondents agreed with the statement that an effective and efficient organisational/collaborative working culture has an impact on excellent development and thriving. The work culture of the organisation/cooperative enables the members to perform their duties with commitment and enables the traditional food project to achieve its goals smoothly. This work culture fosters team spirit and strengthens the relationship with each other.

The pattern that emerges from the thematic analysis shows that internal and external factors determine the success and sustainability of entrepreneurs at the community level. Table 3 below summarises the research findings.

Several factors merged as the most mentioned factors accordingly and chosen as themes contributing to the success and sustainability of community entrepreneurs based on the research findings are discussed in detail below:

1. Community, leadership, local association and staff support. The study results show that this factor is the most frequently cited

Table 3

*Determining factors contributing to the success and sustainability of community-based entrepreneurs based on research findings*

Pattern	Themes
Individual	Entrepreneurial culture, skills, and knowledge
	Adaptability, continuous improvement, and innovation
	Communication and collaboration
Internal factors	Community, leadership, local organisation, and staff support
	Value proposition and differentiation
	Community
Community	Financial management
	Long-term vision and planning
	Community resilience and perseverance
External factors	Market information (demand and opportunity)
	Networking and collaboration
	Technology and infrastructural limitation
	Political influence and government policy

*Source:* Authors' work

and important factor contributing to the success and sustainability of entrepreneurs in the community. A supportive and caring community, many credible and committed leaders and organised local groups such as the Kampung Luat Cooperation provide raw material sourcing, local resources, networking opportunities and a customer base. By building strong relationships with community members, committed employees and the cooperative, trust, loyalty and credibility can be built and fostered within the community, leading to sustainable business growth.

2. Entrepreneurial culture, skills and knowledge. The thematic analysis results show that community-based entrepreneurs need a solid foundation of entrepreneurial culture, skills and knowledge to overcome

the challenges of starting and running a business. The continuous improvement and development of these skills are essential for long-term success. This finding is consistent with a previous study (Jaafar et al., 2021), which found that the skills needed by entrepreneurs can be categorised into three main areas: personal entrepreneurial skills, technical skills and business management skills. Personal entrepreneurial skills reflect the ability to take risks, creativity, perseverance, innovation and a vibrant vision for growth. In contrast, technical skills include writing, listening, oral presentation, organising, coaching, the ability to be a player, and technical know-how. Business management skills or knowledge include starting, developing, and managing businesses.

3. Understanding market information, such as market demand and opportunities. The study's results showed that recognising and responding to market demand is critical to the success and sustainability of the business. They conducted market research and analyses to understand customer needs, preferences and trends. For example, they have identified market opportunities and adapted their products or services to meet these needs by using e-marketing and repackaging them. Adapting to changing market conditions and customer preferences is essential for sustainable growth.

4. Value proposition and differentiation: Entrepreneurs based in one community need to create a unique value proposition that sets them apart from their competitors, as this traditional cuisine was also made and sold in their neighbouring village. They can attract customers and build a loyal customer base by offering something unique and valuable, like Homestay Rumah Tiang 16. It was mentioned that this homestay regularly serves WDKKL Ikan Pindang Lenggong to its guests as an authentic delicacy that should not be missed. Value proposition and differentiation could also support local businesses by promoting a culture of sustainability and entrepreneurship that can bring about positive change in their community.

5. Financial management: The study results show that sound financial management is crucial for the success of community-based entrepreneurs. Many have attended

a short course for entrepreneurs and know their finances well. Access to finance and knowledge of different funding sources can also contribute to success, sustainability and planning for future growth. They should limit their dependence on cooperative capital and political influence. It was mentioned that their financial management skills enable WDKKL members to borrow some funds instead of self-financing to prepare their seed capital. These experiences and findings align with a previous study (Asah, 2015), which highlighted the need for entrepreneurs to develop their management skills, such as financial management, marketing, strategic planning, human resource management, networking and organisational skills (administrative skills).

6. Adaptability, continuous improvement and innovation: Community entrepreneurs are open and adaptable to change to be successful and sustainable. In today's dynamic business world, they need to be able to change, evolve and stay ahead of industry trends and customer expectations. Using new technologies, such as social media platforms as marketing tools and sustainable business models, can also open new opportunities for growth while minimising the negative impact on the environment and society. The admission of inadequate digital marketing skills implies that training in related areas is necessary to improve their marketing strategies. They seem to rely heavily on conventional marketing strategies to sell their products.

7. Networking and collaboration: Building solid networks and collaborating with other businesses and stakeholders can provide valuable opportunities for growth and support. By getting involved in industry associations, attending trade events and local festivals, and joining relevant communities, entrepreneurs can learn from others, form partnerships, access resources and gain visibility. Relationships with other local and state agencies, such as Jabatan Perikanan, FAMA, Kolej Kemahiran Tinggi MARA and Pertubuhan Peladang Kawasan, which have been established as key stakeholders, need to be considered for product improvement and marketing strategies. Utilise participatory approaches that aim to engage local stakeholders and provide opportunities for strategic learning and innovation

8. Resilience and perseverance: Challenges and setbacks often accompany entrepreneurship. Successful community entrepreneurs demonstrate resilience and perseverance in the face of obstacles. They learn from failure, adapt their strategies and maintain a positive attitude. Overcoming difficult times and focusing on long-term goals contribute to their ultimate success. Regular supply chain assessments and monitoring, for example, help identify improvement areas and proactively address potential issues. As part of environmental management, they can also look for opportunities to grow their raw materials and recycle or reuse materials to minimise their environmental footprint. It was mentioned that they sometimes have to

look outside their district for their limited raw materials due to ripening times, weather conditions and unstable material prices. These challenges have made them more resilient and persistent.

9. Technological and infrastructural constraints. In the digital age, this technology should be maximised for businesses and not taken for granted. Business owners at the community level should be informed and educated by attending workshops or short courses. Since all respondents are older, they should invite younger employees to help them overcome this problem. Lack of space and other infrastructural constraints were overcome in several steps, most recently by moving to a new shop built by the local authorities. Technological innovations can increase value creation and delivery as well as the company's overall progress.

10. Political influence and government policy. Successful and sustainable entrepreneurs at the community level should be independent of politics and learn from failures. Different governments' policies should be according to their local resources, capacities and capabilities. Previously, WDKKL depended on its politicians, who also chaired the Kampung Luat Community Cooperation. However, due to the unstable political situation in recent years, they were forced to be independent in this matter.

To summarise, successful and sustainable community-based entrepreneurs should continuously evaluate and adapt their strategies to remain competitive and



sustainable in the years to come. Effective management of the entire supply and value chain is crucial for sustainability. Community entrepreneurs should ensure transparency, traceability and fair practises throughout the value chain, from sourcing to distribution. They should work with suppliers and distributors who share the same values and apply sustainable practices. Regular assessment and monitoring of the supply chain can help identify areas for improvement and proactively address potential issues. In this way, community-based entrepreneurs can contribute to the community's social development.

For example, they are creating employment opportunities, even part-time jobs, paying fair wages, providing safe working conditions and offering training and skills development programmes, such as learning new retorting techniques at Kolej Tinggi Mara in Lenggong. They also need a long-term vision and plan to achieve this through regular monitoring, evaluation, and reporting on sustainability performance. By incorporating these sustainability factors into their value chains, entrepreneurs can create community-based businesses that positively impact the environment, society and the overall well-being of their community.

Our study shows that the progress of value chains sets in motion a change process caused by either external or internal factors. It shows how rules, policies, organisations, communities and individuals influence the dimensions of community and livelihood for the benefit of all. Their work culture,

participation, and commitment have proven that value chains are built not only on the economic dimension but also on the social and human dimensions. There is a need to combine value chain development with livelihood and community development approaches to build key institutions such as cooperatives, as local historical, social and environmental factors influence value chain restructuring. Similarly, there are many internal influences, such as cooperative behaviour, where the nature of mutual aid, cooperation, non-envy and other factors are important for excellent development and growth. The respondents believe that the members of Kampung Luat always display a spirit of cooperation, helpfulness and tolerance when they do their work together from start to finish.

## CONCLUSION

This paper has highlighted two main patterns: internal and external factors contributing to a successful and sustainable community-based enterprise in Malaysia. Various aspects such as support systems, skills and knowledge, financial management, continuous improvement, and innovation were identified as internal determinants that contribute to a successful and sustainable community-based enterprise in Malaysia based on library research and case studies. External determinants include market information (demand and opportunities), networking and collaboration, technology and infrastructure, political influences and government policies.

In conclusion, we hope this study will provide insight into successful and sustainable community-based entrepreneurs and encourage relevant agencies to consider the findings for future practice. Furthermore, the findings of this study suggest that further studies should be conducted in this area to understand and effectively address the issues throughout the supply and value chain, which is critical to the sustainability of the National Entrepreneurship Policy 2030. Awareness of the elements involved in creating a profitable and sustainable value chain will help equip entrepreneurs with knowledge that will help them manage the situation skillfully.

### **Implications for Theory and Practise**

These research findings have several implications for theory and practitioners involved in rural development initiatives. The implications for theory include contributing to the existing literature, integrating multidisciplinary perspectives, and extending existing theories. Implications for practice include community empowerment, business strategies and market opportunities, policy relevance, and capacity and knowledge building for stakeholders.

This work can contribute to the literature on the determinants of value chain success and sustainability among rural community-based entrepreneurs in rural areas, particularly in the context of a Malaysian case study. Our study also contributes to the theoretical framework in rural community-based value chains. By examining the

interplay of various internal and external factors within these value chains, we contribute to a deeper understanding of best practices and the lessons learned from different practices and contexts that can be integrated into rural enterprise development strategies. Our research demonstrates the importance of a multidisciplinary approach to studying rural value chains. Integrating different theoretical perspectives provides a more comprehensive understanding of the complex interactions that determine rural economies and livelihoods. Please refer to Table 2, which shows the determinants from library research, and Table 3, which shows the perspectives of these determinants based on the results of our empirical research.

Research on value chains in Malaysia covers various industries and sectors, such as the palm oil industry, halal industry, electronics industry and tourism value chain, reflecting the diverse economic landscape of the country. Most value chain research focused mainly on the structural elements of production and neglected the elements of humanity, adaptability and community engagement initiatives. These neglected elements could promote local identity, create employment opportunities and contribute to poverty alleviation by improving income opportunities within the community. They can also help preserve traditional knowledge and practises, promote sustainable resource management, and strengthen social cohesion by encouraging economic activity in urban or rural areas. By further empirically testing, our findings can expand the existing theoretical framework and contribute to

advancing theoretical paradigms in this area of value chains, such as value chain theory, value chain analysis, and rural livelihoods.

These research findings have significant implications for practice, such as policy relevance. Our research findings directly affect policymakers and practitioners involved in collaboration and integration for rural development initiatives, whether as agencies, departments, leaders, managers, or political figures. By identifying key drivers of sustainability and resilience within rural value chains, we provide actionable insights that can inform the design and implementation of policies and programmes to promote sustainable rural development, e.g., TEKUN, MARA, AIM, and other non-governmental organisations supporting rural small entrepreneurs, such as the Yayasan Basmi Kemiskinan, MyCARE, Women of Will (WOW), Association of Bumiputera Women (PENIAGAWATI) and others.

For businesses operating in rural value chains, our research provides valuable insights into new market opportunities and sustainable business practices. By identifying market gaps, promoting value creation and fostering linkages between producers and consumers, businesses can contribute to economic growth and environmental protection in rural areas. We believe strong synergies exist between 'understanding and developing rural community enterprises' and 'understanding and developing value chain governance approaches' that better address social relationships. Traditional boundaries do not bind rural communities, so value chains bring together actors across sectors and spatial scales.

The practice provides insights into how different rural community-based entrepreneurs come together in a value chain, suggesting that community-based entrepreneurs facilitate social learning through various forms of affiliation, such as engagement (about what people do together and how they do it), imagination (shared visions and goals), and alignment about how individuals coordinate their perspectives and actions with the broader community to achieve larger goals.

It consistently maintains a high culture through responsible and ethical business practices. Our study emphasises the importance of capacity-building and knowledge-sharing initiatives to enhance rural entrepreneurs' and stakeholders' skills and capabilities. We can promote a culture of continuous improvement and adaptive management within rural value chains by facilitating learning networks, encouraging innovation and sharing best practices. The content of this paper can also stimulate future research to improve the literature review on entrepreneurship and open new perspectives for the study of value chains. The number of small entrepreneurs is growing, but they lack knowledge about value chains. There are many gaps in entrepreneurs' education on managing their finances and value chains, especially supply and demand.

By elucidating these implications for theory and practice, our research seeks to bridge the gap between academic enquiry and practical application and ultimately contribute to the promotion of sustainable rural development and the well-being of

rural communities through the field of rural entrepreneurs and value chains.

### **Limitations and Recommendations**

The lessons from this case study are that those seeking a community-based entrepreneurial position/role should focus on greater outreach and generalisability. One of the main limitations of our study is that it focuses on a specific geographical region and community, thus limiting the generalisability of our findings to other rural contexts. Future research should examine comparative studies examining rural value chains in different regions or contexts. Such an assessment would reveal relevant barriers to creating new businesses and make initiatives more targeted and effective. This approach would allow for a deeper understanding of the factors that influence the sustainability and resilience of value chains while highlighting best practices and lessons learnt from different contexts. While the methods used in our study are appropriate for our research questions, they may also have limitations.

For example, qualitative approaches such as interviews can lead to bias or subjectivity in data analysis. Combining multiple methodological approaches, such as quantitative surveys and participant observation, could increase the robustness of future studies. Our study was conducted during the global pandemic of COVID-19, which limited our time and data availability. These constraints limited our ability to capture long-term trends, operational changes in project activities, and dynamic

changes within rural community value chains. Future research could benefit from longitudinal studies that track the evolution of value chains over time and provide deeper insights into the resilience and sustainability of communities.

Future studies could also look at analysing the value chain using interdisciplinary and multidisciplinary approaches. Involving local communities, policymakers, and other stakeholders in the research process is crucial to ensure the relevance and transferability of results. Future research should adopt participatory approaches that involve stakeholders in problem definition, data collection, and decision-making to promote the co-creation of knowledge and empower communities to change. In addition, including diverse perspectives would enrich our understanding of the complex interactions that drive rural economies and livelihoods. By understanding the effective value and drivers for a successful and sustainable chain, community-based entrepreneurs will be better prepared for future challenges, especially for achieving a sustainable competitive advantage in the 2030 Agenda for Sustainable Development context.

### **ACKNOWLEDGEMENT**

The authors are grateful for the support from Universiti Sains Malaysia (203.PJJAUH.6711749) and the financial support from the Malaysian Ministry of Higher Education, Fundamental Research Grant Scheme (FRGS CODE: FRGS/1/2019/WAB04/USM/02/2).

## REFERENCES

- Argyrou, A., & Hummels, H. (2019). Legal personality and economic livelihood of the Whanganui River: A call for community entrepreneurship. *Water International*, 44(6-7), 752-768. <https://doi.org/10.1080/02508060.2019.1643525>
- Asah, F., Fatoki, O. O., & Rungani, E. (2015). The impact of motivations, personal values and management skills on the performance of SMEs in South Africa. *African Journal of Economic and Management Studies*, 6(3), 308-322. <https://doi.org/10.1108/AJEMS-01-2013-0009>
- Barua, P., Rahman, S. H., & Barua, M. (2021). Sustainable value chain approach for livestock-based livelihood strategies for communities of the southeastern coast of Bangladesh. *Modern Supply Chain Research and Applications*, 3(3), 191-225. <https://doi.org/10.1108/MSCRA-08-2020-0021>
- Collier, Z. A., Connelly, E. B., Polmateer, T. L., & Lambert, J. H. (2017). Value chain for next-generation biofuels: Resilience and Sustainability of the product life cycle. *Environment Systems and Decisions*, 37(1), 22-33. <https://doi.org/10.1007/s10669-016-9618-1>
- Damodar, G., Bijay Kumar, Y., & Rishi Ram, K. (2019). Value chain analysis and community-based strategies of Chirayita (Swertia Chirayita) in Eastern Nepal. *International Journal of Environmental Sciences & Natural Resources*, 20(1), 556027. <https://doi.org/10.19080/ijesnr.2019.20.556027>
- Diah Ayu, R., & Sri Rahayu, B. (2018). Value chain analysis of weaving industry. *Masyarakat, Kebudayaan dan Politik*, 31(3), 300-309. <https://doi.org/10.20473/mkp.v31i32018.300-309>
- Fong, S.-F., Lo, M.-C., Songan, P., & Nair, V. (2017). Self-efficacy and sustainable rural tourism development: local communities' perspectives from Kuching, Sarawak. *Asia Pacific Journal of Tourism Research*, 22(2), 147-159. <https://doi.org/10.1080/10941665.2016.1208668>
- Galappaththi, I. M., Galappaththi, E. K., & Kodithuwakku, S. S. (2017). Can start-up motives influence social-ecological resilience in community-based entrepreneurship setting? Case of coastal shrimp farmers in Sri Lanka. *Marine Policy*, 86, 156-163. <https://doi.org/10.1016/j.marpol.2017.09.024>
- Gould, P. G. (2018). Community-centred supply chains and sustainable archaeological tourism. *Archeostorie. Journal of Public Archaeology*, V2, 61-74.
- Gurău, C., & Dana, L.-P. (2018). Environmentally-driven community entrepreneurship: Mapping the link between natural environment, local community and entrepreneurship. *Technological Forecasting and Social Change*, 129, 221-231. <https://doi.org/10.1016/j.techfore.2017.11.023>
- Hassan, F., Dahalan, N., Hilmi, M. F., & Jaafar, M. (2021). Understanding the concept of community-based entrepreneurship: A systematic review approach. *Journal of Contemporary Issues in Business and Government*, 27(2), 2817-2827. <https://doi.org/10.47750/cibg.2021.27.02.292>
- Jaafar, M., Dahalan, N., & Rosdi, S. A. M. (2014). Local community entrepreneurship: A case study of the Lenggong Valley. *Asian Social Science*, 10(10), 226-235. <https://doi.org/10.5539/ass.v10n10p226>
- Jaafar, M., Noor, S. M., Mohamad, D., Jalali, A., & Hashim, J. B. (2020). Motivational factors impacting rural community participation in community-based tourism enterprise in Lenggong Valley, Malaysia. *Asia Pacific Journal of Tourism Research*, 25(7), 799-812. <https://doi.org/10.1080/10941665.2020.1769696>
- Jaafar, M., Jalali, A., Dahalan, N., & Abrahi, S. (2021). Sculpting a community for tourism enterprise: A case study in Lenggong Valley, Malaysia. *International Journal of Business and Society*, 22(1), 496-512. <https://doi.org/10.33736/ijbs.3191.2021>

- Liu, L., Ross, H., & Ariyawardana, A. (2023). Building rural resilience through agri-food value chains and community interactions: A vegetable case study in Wuhan, China. *Journal of Rural Studies*, 101 (2023), 103047. <https://doi.org/10.1016/j.jrurstud.2023.103047>
- Lowitt, K., Hickey, G. M., Ganpat, W., & Phillip, L. (2015). Linking communities of practice with value chain development in smallholder farming systems. *World Development*, 74, 363–373. <https://doi.org/10.1016/j.worlddev.2015.05.014>
- Maguire, M., & Delahunt, B. (2017). Doing a Thematic Analysis: A practical, step-by-step guide for learning and teaching scholars. *All Ireland Journal of Higher Education*, 9(3), 3351-3364.
- Malaysia. (2020). *National Entrepreneurship Policy Malaysia: An Outstanding Entrepreneurial Nation 2030*. Ministry of Entrepreneur Development and Cooperative. <https://www.kuskop.gov.my/admin/files/med/image/portal/NEP2030-Final.pdf>
- Murphy, M., Danis, W. M., Mack, J., & Sayers. (2020). From principles to action: Community-based entrepreneurship in the Toquah Nation. *Journal of Business Venturing*, 35(6), 106051. <https://doi.org/10.1016/j.jbusvent.2020.106051>
- Nabi M. N. U., Liza, A. A., Islam, M. N., & Akther, F. (2023). A value chain analysis of agroforestry products in the South-western region of Bangladesh. *Khulna University Studies Management & Business*, 20(1), 95-110. <https://doi.org/10.53808/KUS.2023.20.01.929-mb>
- Organisation for Economic Cooperation and Development. (2021). *Building more resilient and sustainable global value chains through responsible business conduct*. Centre for Responsible Business Conduct. <https://mneguidelines.oecd.org/rbc-and-trade.htm>
- Parwez, S. (2017). Community-based entrepreneurship: Evidences from a retail case study. *Journal of Innovation and Entrepreneurship*, 6(1), 1-16. <https://doi.org/10.1186/s13731-017-0074-z>
- Paul, J., & Shrivastava, A. (2015). Comparing entrepreneurial communities: Theory and evidence from a cross-country study in Asia. *Journal of Enterprising Communities: People and Places in the Global Economy*, 9(3), 206–220. <https://doi.org/10.1108/jec-06-2013-0018>
- Pinheiro, S., Granados, M. L., & Assunção, M. (2020). Local incentive structures and the constitution of community-based enterprises in the forest. *World Development Perspectives*, 20, 1-12. <https://doi.org/10.1016/j.wdp.2020.100243>
- Rapidah, M. S., Mohamed, K. R., Ali, C. A., Leman, M. S., & Saidin, M. (2018). The application of Market Appeal-Robusticity Matrix: A case study of the archaeological heritage of Lenggong Valley, Perak, Malaysia. *Geo Journal of Tourism and Geosites*, 23(3), 702–718. <https://doi.org/10.30892/gtg.23307-321>
- Rajashekariah, K., & Chandan, P. (2013). *Value chain mapping of tourism in Ladakh*. WWF-India.
- Sankaran, K., & Demangeot, C. (2017). Conceptualizing virtual communities as enablers of community-based entrepreneurship and resilience. *Journal of Enterprising Communities: People and Places in the Global Economy*, 11(1), 78-94. <https://doi.org/10.1108/jec-02-2015-0017>
- Szpilko, D. (2017). Tourism supply chain—Overview of selected literature. *Procedia Engineering*, 182, 687-693. <https://doi.org/10.1016/j.proeng.2017.03.180>
- Yin, R. K. (2017). *Case study research and applications: Design and methods*. Sage.