



Entrepreneurial Potential in Realizing the Local Economy In the Tourist Village

Amin Kiswanto¹, Sugiarto², Tonny Hendratono³, Nur Rohman⁴
^{1,2,3,4} Sekolah Tinggi Pariwisata Ambarrukmo Yogyakarta

Jl. Ring Road Timur No 52, Bantul, Daerah Istimewa Yogyakarta, Indonesia 55198

Email: aminkiswanto@stipram.ac.id

Abstract: *Entrepreneurship in the context of a tourist village involves various types of businesses related to the development of local tourism and the utilization of natural and cultural resources owned by the local community. The scope of entrepreneurship in a tourist village can include tourism-related businesses, agriculture-related businesses, handicraft-related businesses, culinary businesses, and transportation-related businesses. The purpose of this article is to find out the forms, challenges, opportunities, entrepreneurial potential, contributions and benefits for tourism villages. The method used in this article is to use a qualitative approach by conducting interviews, observation, documentation and literature study as well as content analysis. The results show that to develop a sustainable local economy, local communities need to consider the potential of natural and cultural resources and develop responsible and sustainable tourism management strategies to reduce negative impacts on the environment and society. However, there are several challenges that entrepreneurship in a tourist village may face, including limited market access, limited capital and resources, lack of business skills and knowledge, intense competition, and negative environmental and social impacts. To overcome these challenges, entrepreneurs in a tourist village need to develop business skills, expand their networks, and implement responsible and sustainable tourism management strategies with the support of the government and non-governmental organizations. By overcoming these challenges, entrepreneurship in a tourist village can play a crucial role in the development of sustainable local economies and strengthen the tourism industry in the area.*

Keywords: *Entrepreneurial Potential, Local Economy, Tourism Village*

INTRODUCTION

Tourism is a very important economic sector for many countries around the world. Globally, tourism has proven to be a significant contributor to economic growth, creating jobs, and contributing to the development of infrastructure and public services. However, the COVID-19 pandemic has had a significant impact on the tourism industry, especially on small and medium businesses (MSMEs) that depend on tourism (Dias et al., 2022) ; (Maulina et al., 2022) . Homestay is one of the tourism businesses that supports super priority tourism destinations. Currently, homestays tend to be more attractive to foreign tourists who want to explore and travel to know local culture and meet local people, so they tend to choose accommodation in rural areas (Jain et al., 2023; Kiswanto et al., 2024; Kontogianni & Alepis, 2020) .

Entrepreneurship is becoming increasingly important in facing economic and social challenges. In the tourism context, entrepreneurship can help in developing innovation and

increasing the competitiveness of the tourism industry (Barkley, 2019) . However, there are challenges faced by entrepreneurs in the tourism industry, such as access to capital, lack of skills and knowledge, and complex regulations, (Kurniawan, 2020; Revida et al., 2022) .

Entrepreneurship, village tourism and tourism have a close relationship with each other (Raharjo & Rinawati, 2019) . Entrepreneurship can be the key to developing tourist villages and the tourism industry in a sustainable manner. Entrepreneurship can help develop tourism potential in tourist villages. Entrepreneurs can create products or services that are unique and attractive to tourists, such as regional culinary specialties or tourist experiences that are different from other places. This can help increase the attractiveness of tourist villages and increase the number of tourist visits (Fatchurrohman, 2018) . Apart from that, entrepreneurship can help strengthen the local economy in tourist villages. Entrepreneurs can create new jobs and build local supply chains to support their businesses. In the long term, this can help improve the welfare of local communities and reduce poverty. On the other hand, entrepreneurship can also help strengthen sustainable tourism management in tourist villages (Kiswantoro et al., 2023; Napu et al., 2023) . Entrepreneurs can help in developing responsible and sustainable tourism management strategies, such as reducing the environmental and social impacts of tourism.

Tourism villages have great potential for local economic development (Karim et al., 2021) . The presence of tourist villages provides opportunities for local communities to develop various kinds of businesses, including entrepreneurship. Entrepreneurship can be one of the driving forces of the local economy in tourist villages because it is able to create new jobs, increase people's income, and introduce superior regional products (Ataei et al., 2020) .

In the context of tourist villages, entrepreneurship can include various types of businesses, such as tourism, culinary, crafts, agriculture, and so on (Banjarnahor et al., 2022) . With entrepreneurship in tourist villages, local communities can more easily utilize the natural resources around them, such as agricultural products, local wisdom and regional culture, to make products that can attract tourists.

Therefore, entrepreneurship can help develop tourism potential in tourist villages in a sustainable manner, and can help improve the quality of life of people in tourist villages (Pantiyasa, 2013) . With more business opportunities, people can increase their income and reduce unemployment. This can help improve the welfare of local communities and increase tourist attraction in the area. Apart from that, entrepreneurship can also help strengthen

sustainable tourism management, so that it can ensure the sustainability and sustainability of tourism in the future.

This article discusses the forms, challenges, opportunities, potential of entrepreneurship, contributions and benefits for tourist villages. The challenges and opportunities faced by entrepreneurs in the tourism industry which then places emphasis on how entrepreneurship can help in facing the challenges faced by the tourism industry and how the tourism industry can create an environment that supports entrepreneurial development. Additionally, this article can provide examples of successful entrepreneurship in the tourism industry and how they can influence the development of the tourism industry in the future.

THEORETICAL BACKGROUND

The entrepreneurial potential in tourist villages can make a major contribution to realizing a sustainable local economy. Several supporting theories related to entrepreneurship in tourist villages in realizing a sustainable local economy include:

a. Local Economy

Sustainable economic growth can be achieved through local economic empowerment. One of the main factors in local economic empowerment is the development of entrepreneurship based on local resources. In the context of tourist villages, entrepreneurship can help increase income and create jobs in the area. Blakely and Bradshaw, (1990); Khan, (2004) argue that Local Economic Development is where local government and community organizations are involved to encourage, stimulate, maintain business activities to create jobs. Furthermore, according to AHJ Helming as quoted from Sri Wahyuni (2013) Local Economic Development (PEL) is a process where a strong partnership between local government, community-based groups, and the business world manages existing resources to create jobs and stimulate economic (growth) in a certain area, (Wiranta, 2015; Yusri et al., nd) . According to Blakely, the criteria for a local economy are: 1) Local raw materials and resources 2) Can be mobilized by local residents/according to the capabilities of local residents (HR) 3) Entrepreneurs and the dominant workforce are local workers 4) Involve the majority of local residents 5) The small scale of service is indicated by the amount of investment and the number of workers. 6) There are organizations/groups of economic activities. 7) There are links with other economic activities. 8) The emergence of new entrepreneurs.

Local economic development is an effort to strengthen the competitiveness of the local economy for regional economic development, in which the local government and community-based organizations must be involved in encouraging, stimulating or maintaining community activities for job creation, as a solution to the recovery and development of the national economy, especially in utilizing the economic potential of each region based on the resources owned by their respective communities. The focus of Local Economic Development is 1) Increasing local content 2) Substantial involvement of stakeholders in a strategic partnership 3) Increasing the resilience of economic independence 4) Sustainable development 5) Utilization of development results by the majority of local communities. 6) Development of small and medium enterprises 7) Economic growth achieved in an inclusive manner 8) Strengthening capacity and improving the quality of human resources 9) Reducing gaps between groups of society, between sectors and between regions. 10) Reducing the negative impact of economic activities on the environment.

b. Entrepreneurship

Entrepreneurship is a key factor in economic development. In the context of tourist villages, entrepreneurship can help identify business opportunities and create added value from existing local resources. Entrepreneurship can also help strengthen competitiveness and innovation in the tourism industry.

c. Natural Resources and Environment

Tourist villages often have abundant natural and environmental resource potential, such as natural beauty, local culture and handicrafts. This theory suggests that sustainable economic development must take into account environmental sustainability and sustainable use of natural resources. Entrepreneurship in tourist villages can help promote sustainable economic development by considering environmental factors and natural resources in their business strategies.

d. Sustainable Development

Sustainable economic development must consider three important dimensions, namely economic, social and environmental aspects. In the context of tourist villages, entrepreneurship can help create sustainable development by creating jobs, increasing local community income, strengthening local culture, and considering environmental sustainability. Sustainability of tourism entrepreneurship is a tourism development strategy that relies on a sustainable entrepreneurial process. Sustainability, in this context refers to tourism development projects that produce sustainable business (Ndife, CF 2014). Sustainability management as a way to accelerate the application of management principles,

models and best practices across operating systems, and enable the environment to achieve sustainable development, (Kuei, CH, & Lu, MH 2013).

Entrepreneurship development in tourist villages can be an effective way to create a sustainable local economy and strengthen the tourism industry in the area.

METHOD

The method used in this research is to use a qualitative approach by conducting interviews, observation, documentation and literature study as well as content analysis, (Adlini et al., 2022) . Researchers collected data from several existing libraries. Interviews were conducted with several entrepreneurs in the tourism sector and MSMEs, tourism village managers, as well as related stakeholders who understand business and business in tourist villages. Observations and documentation were carried out directly by visiting several tourist villages by observing MSMEs regarding their challenges, contributions and how entrepreneurship can improve the quality of life and increase public awareness in preserving the environment. Content analysis is carried out by reading, paying attention to and observing journal articles and other publications related to entrepreneurship in tourist villages. Content analysis can help to identify challenges, contributions and how entrepreneurship can improve the quality of life and increase public awareness in preserving the environment.

RESULTS AND DISCUSSION

Entrepreneurship in the context of tourist villages includes various types of businesses related to developing local tourism and exploiting the potential of natural and cultural resources owned by local communities. The scope of entrepreneurship in the context of a tourist village can include several types of business, including:

1. **Tourism Business:** Tourism business can include developing homestays, managing tourist attractions, developing tourist attractions such as nature tourism, cultural tourism and culinary tourism.
2. **Agricultural Business:** Agricultural business can include agrotourism development, such as developing fruit gardens, coffee or tea plantations, cattle or goat farming, and so on. These agricultural products can then be processed into processed products that can attract tourists.

3. **Craft Business:** Craft business can include making handicraft products, such as weaving, wickerwork, statues, and so on. These handicraft products can then be sold as souvenirs to visiting tourists.

4. **Culinary Business:** Culinary business can include developing regional specialty food products, such as traditional food, market snacks and unique foods. These culinary products can then be sold as souvenirs to visiting tourists.

5. **Transportation Business:** Transportation businesses can include developing businesses providing transportation services, such as bicycle rental, car or motorbike rental, and providing public transportation services.

In the scope of entrepreneurship in tourist villages, it is important for local communities to consider the potential of natural and cultural resources owned by the area. By exploiting this potential, local communities can develop businesses that can attract tourists, increase community income and welfare and increase community awareness of the importance of preserving the environment and local culture. However, it should be noted that apart from having existing potential, entrepreneurship in tourist villages also faces several challenges in realizing a sustainable local economy, including:

1. **Limited market access** - Tourist villages are often located in remote locations and far from the city center . This can make it difficult to access wider markets and limit business opportunities for growth.

2. **Limited capital and resources** - Entrepreneurs in tourist villages often have limited capital and limited access to resources, such as skilled labor and adequate infrastructure.

3. **Lack of business skills and knowledge** - Many entrepreneurs in tourist villages may not have enough business skills and knowledge to manage and expand their businesses.

4. **Intense competition** - Tourism is often a competitive industry, especially in tourist-heavy areas. Entrepreneurs in tourist villages may face fierce competition from similar businesses in other areas.

5. **Environmental and social impacts** - Tourism development in tourist villages can have negative impacts on the environment and social if not managed well. This can harm the local economy and reduce the attractiveness of tourism.

To overcome these challenges, entrepreneurs in tourist villages need to develop business skills and expand their networks to access wider markets. They also need to develop responsible and sustainable tourism management strategies to reduce negative environmental and social impacts. Governments and non-governmental organizations can help by providing support and resources, such as business training, access to capital, and

infrastructure development. By overcoming these challenges, entrepreneurs in tourist villages can play an important role in realizing a sustainable local economy and strengthening the tourism industry in the area. So that if these challenges or obstacles can be faced or resolved well, it is hoped that tourist villages will have an important contribution to the development of tourism and entrepreneurship in the area. The following are some of the contributions of tourist villages in developing tourism and entrepreneurship:

1. Offers an authentic tourist experience - Tourist villages offer a different experience from big cities and crowded tourist destinations. Tourists can experience life in the countryside, learn about local culture, and enjoy the pristine natural beauty.
2. Provide opportunities to strengthen the local economy - Tourism villages can help strengthen the local economy by providing new jobs, promoting local products, and developing local supply chains. This can help improve the welfare of local communities and reduce poverty.
3. Encourage entrepreneurship - Tourism villages can encourage entrepreneurship by providing support to local entrepreneurs. This can help in creating new jobs, improving the products and services offered, and increasing the competitiveness of the tourism industry in the area.
4. Protecting the environment and culture - Tourist villages can help in protecting the environment and local culture. Responsible and sustainable tourism management can help reduce the negative impacts of tourism and ensure the sustainability of tourism in the future.
5. Increasing tourism promotion - Tourism villages can help increase tourism promotion in the area. By offering different tourist experiences, tourist villages can become a new attraction for tourists and help increase the number of tourist visits.

Therefore, tourist villages have an important contribution to the development of tourism and entrepreneurship in the area. By strengthening the local economy, supporting entrepreneurship, protecting the environment and culture, and increasing tourism promotion, tourist villages can help improve the welfare of local communities and strengthen the tourism industry in the area. Apart from these contributions, entrepreneurship can help improve the quality of life of people in tourist villages in several ways , including:

1. Creating new jobs: With entrepreneurial businesses in tourist villages, local people can have the opportunity to work and generate income. This can help reduce unemployment in the village and improve the economic conditions of the community.

2. Increase income: By having a successful entrepreneurial venture, people can increase their income. This greater income can be used to meet daily living needs, improve health conditions, and improve the general quality of life.

3. Increasing skills and knowledge: In developing entrepreneurial businesses, people will be involved in various activities, such as training, product development, and marketing. This can help improve people's skills and knowledge, so that they can have better skills and knowledge in managing their businesses.

4. Increase self-confidence: In managing entrepreneurial ventures, people will be involved in various activities, such as presentations of their products or services. This can help increase people's self-confidence and help them feel more confident in interacting with other people.

5. Encouraging community independence and empowerment: In developing entrepreneurial businesses, local communities will become more independent and have greater control over their own lives. This can help increase people's sense of empowerment and self-confidence, so they can better plan their own future.

Overall, entrepreneurship can help improve the quality of life of people in tourist villages through creating new jobs, increasing income, increasing skills and knowledge, increasing self-confidence, and encouraging community independence and empowerment. Furthermore, entrepreneurship can also increase public awareness of the importance of preserving the environment and regional culture. Entrepreneurship can increase public awareness of the importance of preserving the environment and regional culture in tourist villages in several ways, including:

1. Utilizing natural resources sustainably: In developing entrepreneurial businesses in tourist villages, local communities can utilize available natural resources sustainably. This can help raise public awareness about the importance of protecting the environment and improving the conditions of the surrounding environment.

2. Develop environmentally friendly products: Entrepreneurial businesses in tourist villages can develop environmentally friendly products, such as using raw materials that do not damage the environment and product packaging that can be recycled. This can help increase public awareness about the importance of choosing environmentally friendly products.

3. Preserving regional culture: Entrepreneurial efforts in tourist villages can help preserve regional culture by developing products and services related to local culture, such

as handicrafts, typical foods, or regional dance arts. This can help raise public awareness about the importance of maintaining local culture and preserving it for future generations .

4. Involving the community in environmental and cultural activities: Entrepreneurial businesses in tourist villages can involve local communities in activities related to the environment and culture, such as river cleaning activities or arts and cultural activities. This can help increase public awareness about the importance of protecting the environment and local culture.

In order to increase public awareness about the importance of preserving the environment and regional culture, entrepreneurship in tourist villages can be an effective tool. By utilizing natural resources sustainably, developing environmentally friendly products, preserving regional culture, and involving the community in environmental and cultural activities, entrepreneurial ventures can help raise public awareness about the importance of protecting the environment and local culture for future generations .

In this case, the government can play an active role in supporting the development of entrepreneurship in tourist villages through training programs, mentoring and providing business capital. This is expected to strengthen competitiveness and improve the quality of products produced by local communities.

Overall, the potential for entrepreneurship in realizing the local economy in tourist villages is very large. With the right support from the government and surrounding communities, entrepreneurship in tourist villages can become a driving force for a strong and sustainable local economy.

CONCLUSION

Entrepreneurship in the context of tourist villages consists of several types of tourism businesses such as managing tourist attractions, homestays, cultural tourism and culinary tourism. In addition, there are also agricultural businesses such as agrotourism, fruit plantations, cattle and goat farms, as well as coffee or tea plantations and craft businesses, both handicrafts and other crafts, and transportation businesses. Besides that, entrepreneurship in tourist villages has challenges in realizing a sustainable local economy, including: limited market access, capital and resources, lack of skills, intense competition and environmental and social impacts. However, tourist villages also have a contribution to the development of tourism and entrepreneurship, including: offering authentic tourism experiences, strengthening the local economy, encouraging entrepreneurship, protecting the environment and culture, and increasing tourism promotion. Apart from that,

entrepreneurship can also improve the quality of life of people in tourist villages in several ways , including: creating employment opportunities, increasing income, increasing skills and knowledge, increasing self-confidence, and encouraging community independence and empowerment.

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