

AicQoL 2013 Langkawi
AMER International Conference on Quality of Life
Holiday Villa Beach Resort & Spa, Langkawi, Malaysia, 6-8 April 2013
"Quality of Life in the Built and Natural Environment"

Local Inclusiveness in Culture Based Economy in the Development of ECER, Malaysia: Case study from Kelantan

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Abstract

The production of culture in economic and urban landscape has received much attention within geography realm. There are many cultures that became a symbol of tradition to the community. The contribution of culture such as art, food, craft, textile and fashion can be preserved as a source of inspiration to produce new innovative products, added value and competitive advantage for a region. On the other hand, cultural economic geography is also about how people and their culture interact with their environments. Thus, this paper intends to investigate the level of local inclusiveness in culture based economy in the development region.

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Selection and/or peer-review under responsibility of the Association of Malaysian Environment-Behavior Researchers, AMER (ABRA malaysia).

Keywords: Cultural economy; clustering; East Corridor Economic Region

1. Introduction

There are many cultures that became a symbol of tradition to the community in particular. The existence of many culture undoubtedly had a positive effect on economic growth in a place or region. In addition, culture also plays a pivotal role in contributing revenues to local communities to improve their living standards. Cultural has been given a wide variety of definitions, but it will be used here to signify the informal shared values, norms, meaning and behaviour that characterize human societies. Cultural is a vital component to development and societies. According to Throsby (2001), in our increasingly

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globalized world, culture and economics can be seen as two of the powerful forces shaping human behaviour. However, that culture is difficult to address fails to compromise its possible explanatory power, and today's multinational executives are obliged to consider all factors affecting market growth and management practices and structures. In the most general sense, culture is a whole way of life of a community or all aspects of human thought and behaviour that can be transmitted from one generation to another through the learning process. Most of us make sense of cultural and associated with the phenomenon likes dance and music, food, fashion only. So, the meaning here is too narrow and limited, but the social scientist, understanding the concept of culture is more widespread. According to Donald W. Katzner (2009), culture plays a decisive role in shaping the nature and content of economics. On the other hands, what has been seen as the wider determinants of a society's culture gives rise to the character the problems and conditions that economic takes as its province of investigations.

The issues related to the cultural industries in Kelantan are the economic factors and complete infrastructure. Economic factors are categorized by diverse economic activities namely; investment in industries, good agricultural land and productivity, availability of resources in surrounding areas and availability of skilled and un-skilled labours. According to Census Data 2009, average monthly household income in Kelantan is RM2,536 which is the lowest compared to other states in Malaysia. In the culture industry, demand constraints are the factors that related to the restrictions of the size and pattern of the markets. They include factor that accounts for the lack of demand or fall in demand for the culture product within a particular market. For the supply constraints, factors that impede productions and the availability culture product. They include the unavailability of skilled labour, the difficulty in obtaining raw materials, the reluctance to adopt modern methods of productions or technology, the lack of credit facilities, the inadequacy of quality control measures in the productions process and others supply-related constraints. Complete infrastructure plays an essential element in the development and economic growth. Infrastructure factors can be divided into three main categories which are; a good communication and transportation network, provision of electricity and water supply, and investment in health and sanitary services. The main infrastructure that necessarily used such as electrical and water supply. Lack of infrastructure will impede economic growth in the state.

Kelantan is famous with the richness of cultural activities and lots of unique local tradition and foods. The cultural activities and colourful traditions can contribute to the economic growth of Kelantan such as shadow puppetry, top-spinning, kite-flying or woodcarving and musical performances such as Mak Yong and Dikir Barat. Batik and Songket fabric are also produced in Kelantan by cottage industries, and there are among the best in Malaysia. The advantages of different local cultural economy product can generate income for the states and also preserving their culture and heritage for the needs of future generations. The government had established East Coast Economic Region (ECER) to facilitate and attract investors to the region. ECER Development Council (ECERDC) was established in 2008 under Parliamentary Act to implement projects that had been identified in the master plan of ECER. ECER covers the states of Kelantan, Terengganu, Pahang and the district of Mersing in Johor and is targeted to attract investors to invest in the region. A report by ECER had identified 5 economic clusters of growth in generating economic growth in the region. The economic clusters are tourism, oil, gas and petrochemical, manufacturing, agriculture and education.

According to a report by BERNAMA (2011), ECER had successfully attracted RM36.5 billion worth of investments between 2007 and 2010. From the total amount, RM15.3 billion has already been received. The received investments consist of 158 projects, which have created 17500 new jobs in the region. In order to facilitate the successful implementation of ECER, ECERDC had identified key enablers in 4 sectors. The sectors include transport, infrastructure, real estate and environment. To enhance the accessibility and provide quality infrastructure in rural areas to reduce the urban-rural development gap had been identified as one of the important policy in the transportation sector. This is supported by the

projects that had been carried out in the region such as the East Coast Expressway Phase III & IV, widening of existing central spine federal road and upgrading of existing coastal road and construction of new roads. The improvement on the infrastructure is expected to attract investors to invest in the region. Based on the above background this research will primarily be caveat to seek answers on what type of cultural economy are highly localised that contribute to the local economy and where this happened.

1.1. Aim of the study

The aim of the study is to assess the level of inclusiveness for culture economy in Kelantan by investigating the local economic factor and the urbanization economic factor that affected the local entrepreneurs.

1.2. Objectives of the study

This study embarks on the following objectives:

- To investigate the level of inclusiveness for culture economy in Kelantan.
- To determine which factors influence the level of inclusiveness of culture economy in Kelantan.

2. Literature review

2.1. Definition of culture

According to Haviland (2002), culture consists of the abstract values, beliefs and perceptions of the world that lie behind people's behaviour and that are reflected in their behaviour. These are shared by members of society, and when acted upon, they produce behaviour that is intelligible to other members of the society. Cultures are learned, largely through the medium of language, rather than inherited biologically and parts of the culture functions as an integrated whole. Womack, M (2001) described culture as knowledge acquired through learning, whereas biology can be either innate or shaped by the environment.

2.2. Definition of culture economy activities

Chris Gibson and Lily Kong (2005) described that cultural economy had been used in many ways. Four approaches were examined to understand cultural economy. These four approaches are the sectoral delineation of cultural economy, the labor market and organization of production approach, the creative index definition, and the convergence of formats as a defining feature of the cultural economy. Mitchell, J. et al (2007) defined cultural activities as creative artistic and cultural work and supporting activities that distinguish a place and creating a unique sense of place. The cultural activities were built upon the cultural heritage of a place. Apart from that, cultural activities also represented a process by which the region grows and changes.

2.3. Concept of cultural economy

The culture economy concept derived by Ray (1998) provides a useful framework for identifying the resources or "knowledges" available to local economies and for analyzing the strategies which can be employed to turn these into saleable commodities. Ray (1998) had identified four inter-related Modes which are distinguishable within the culture economy. A study by Kneafsey, M (2001) attempted to apply

Ray (1998) culture economy framework to a case study of commodification for rural tourism to investigate the relations of tourism and social. Crang (1997) recognizes that 'the economic is embedded in the cultural' that 'the economic is represented through cultural media of symbols, signs and discourses', and the 'cultural is seen as materialized in the economic'. According to Allen Scott (1997), the concept of a cultural economy is incoherent in some respects, for it refers to a diverse collection of sectors displaying many different kinds of technologies, transactional arrangements, employment profiles, products and so on. The concept present context that output of cultural products industries is almost always susceptible, actually or potentially to a sort convergence on place-specific product design contours and cultural content. Lazzaretti, L. (2008) had carried out a study on the cultural districtualization model. The model is used for determining sustainable economic development based on the trinomial culture-economy-society and based on the resource-actors-community axis that tends to enhance the artistic, cultural, human and environmental differences of localities. Lazzaretti, L. (2008) uses the CAEH method to trace the three main components; art, culture and environment. His study showed that the local production system and the local community had localized strengthening of relations that can be traced back to several factors; training, family and locality. The study also showed that the respondents share the same training by family, school and close proximity between firms. This created a sense of belonging among the workers.

2.4. Spatial clustering

Scott's (1999) had formulated a theory on spatial clustering which can facilitate face to face contact in the cultural economy. From that theory, Pratt (2000a) proposes that a clustering of produces will occur where new communications technologies are insufficient to capture the full range of range of human expression and will occur in places, where there is a large degree of chance and random encounter with both similar and different producers, and users. According to Gibson and Kong (2005), clustering is a significant new guiding principle of culture economy, others have argued that the agglomeration of cultural production in main cities merely reinforce the uneven distribution of economic development that have always been characteristic of capitalist modes of production, producing heightened forms of metropolitan primacy.

2.5. Empirical studies on the economic impact in cultural activities

Several studies had been conducted by Hansen, T.B. et al. (1998) , Bryan, J. et al. (2000), Vaughan, D.R. et al. (2000) , Coomes, P.A. and Narang, R. (2000) and Geoff Broom Associates (2002) to assess the economic impacts of cultural activities to the local economy. Bryan, J. et al. (2000) discovers that cultural activities offered employment opportunities to 2.6% of the working population in Wales. It also provided 6,674 full time jobs in other Welsh industries, which brings a disposable income of £80 million. Findings from a study by Coomes, P.A. and Narang, R. (2000) also showed that cultural activities had given two thousand people with working opportunities and provided the state and local government with revenues from tax collection. Cultural activities had also been identified as a factor to attract visitors to visit the place as shown in a study by Geoff Broom Associates (2002).

3. Methodology

The significance role of culture as salient enabler in spurring local economic development is distinctly emerging, as expertly explained in Lazzaretti, et al (2008). Nonetheless, for most economists, geographers and planners, the scholarships of cultural economies are always viewed the significance of clustering and

emphasized on the implications of its export based to the growth of cities regions. Seemingly, the outcomes have generated a vast understanding of how clustered cultural industries have contributed to the growth of urban economies as it generally clustered within metropolitan environment. As deliberated in Lazzareti, et al (2008), it however, do not yield a convincing explanation on how the presence of cultural industries would enabled the growth of urbanization and over time support the huge potential in enhancing the growth of localization economies on a wider economic corridor. As such, the tenet to this research would be based on the following research issues, is there any significant relationship between cultural industries and the growth of urbanization and localization economies? By adopting the inductive mode of inquiry, the specific references to the growth of urbanizations and localization economies are empirically tested with the specific aim in providing applied evidences on the level of inclusiveness in culture economy. With specific focus, this research anticipates to analyze the equal geographical distribution of the cultural industries in the state of Kelantan, Malaysia and throughout the analysis of its spatial distributions and patterns of the culture industry.

The research was carried out in Kelantan which is located in the east coast region of Peninsular of Malaysia. The study area covers the ten provinces in Kelantan which includes Kota Bharu, Pasir Mas, Tumpat, Pasir Puteh, Bachok, Kuala Krai, Machang, Jeli, Tanah Merah and Gua Musang. Data for the study was obtained using primary and secondary data. The primary data were gathered through an interview. This research is focused on the entrepreneurs that involved in culture activities in Kelantan. The chosen entrepreneur's involved in several types of cultural economic activities such as traditional craft, traditional entertainment and traditional foods. The selection of sample firms was carried out through the examination of 830 firms in Kelantan that involved directly in the economic development of Kelantan based on the data gathered from the various government agencies. The entrepreneurs were categorized into three categories; handicraft culture product, traditional food product and arts and culture. Based on the list of names compiled from the various government agencies there are 830 entrepreneurs involved in various cultural economy activities as shown in Table 1.

Verification was carried out by phone calls to determine whether the names in the list were still actively involved in the local cultural activities. Upon verification, there are only 254 entrepreneurs still actively involved while the remaining entrepreneurs cannot be reached or have ceased operation. A total of 111 respondents exclusively based in Kelantan were selected based on a 95% confidence level and 7% margin of error. The sample is selected by using random sampling technique. The sample was chosen based on several factors such as the types of cultural activities and the location of the activities. Questionnaire survey of 111 individuals was carried out and respondents were required to answer questions related to financial info and firm background; demographic information, firms locality, level of development of the enterprises, total amount of production, total capital involve to setup enterprises, employment, purchases, revenues, grants, assistance from the government, the entrepreneur's perception towards the development of their industries, the availability of 'physical resources' (including capital and land), the local economic factors and the urbanization economic factors.

Table 1. Entrepreneurs involved in the cultural economy activities in Kelantan

Types of culture economy	No. of Entrepreneurs
Handicraft Cultural Product	701
Traditional Food Product	100
Art and Culture	29

Source: Government Agency (2011)

4. Discussion and analysis

From the survey that had been carried out, the cultural economic activities are mostly concentrated in the district of Kota Bharu, Tumpat and Pasir Mas as shown in Table 2.

Table 2. Total sample of respondents by area

Districts	No. of Respondents	Percentage
Kota Bharu	40	36.0
Tumpat	29	26.1
Pasir Mas	23	20.7
Pasir Puteh	7	6.3
Bachok	6	5.4
Tanah Merah	3	2.7
Machang	3	2.7
Total	111	100

The locations of the cultural economic activities were captured using Global Positioning System (GPS) receivers and were plotted in the base map of Kelantan. Fig. 1 illustrated that most of the cultural economic activities were concentrated in the district of Tumpat, Kota Bharu and Pasir Mas. It is also noticeable that most of the activities were located within easy accessibility from roads.

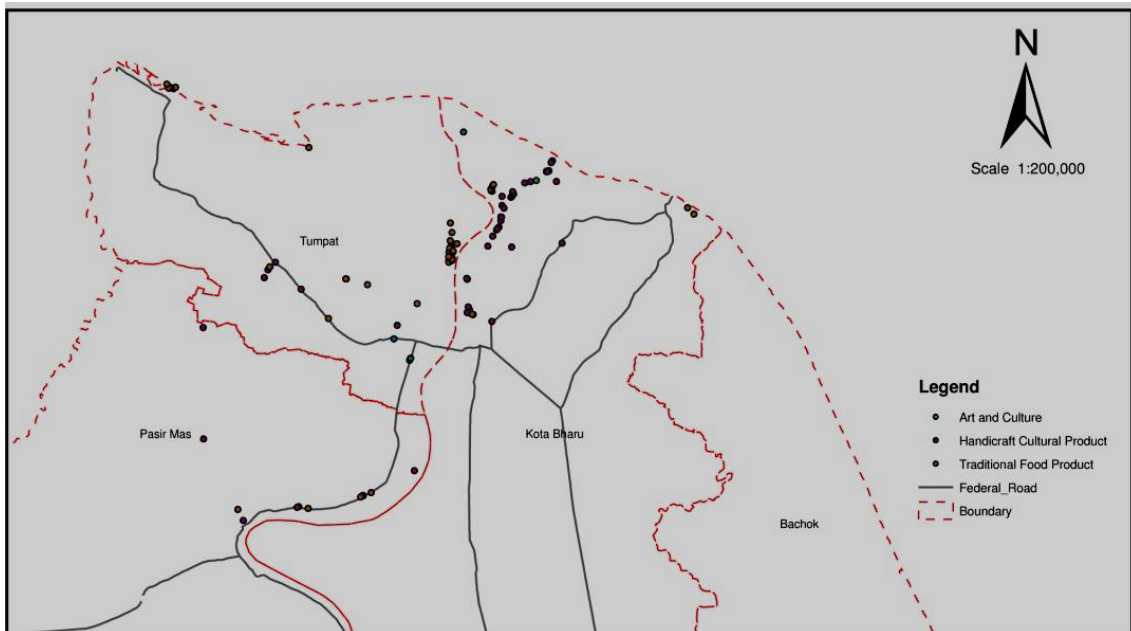


Fig. 1. Culture economic activities spatial distribution in Kelantan

The types of culture economy according to the districts in Kelantan were further investigated to determine the spatial distribution of culture economy activities in the districts in Kelantan. Table 3 shows that 85 percent of the handicraft cultural product came from the district Kota Bahru, Tumpat and Pasir Mas. There are two reasons that contributed to the outcome; 42.3 percent of the entrepreneurs involved in the culture economy activities because of family heritage and 22.5 percent of the entrepreneur agreed that the skill workers are readily available in the district. The study also showed that most of the entrepreneurs in Kelantan involved in producing handicraft cultural products such as silver, gold, gem, textiles and forest product.

Table 3. Distribution of entrepreneurs in Kelantan districts according to the type of culture economy in percentage

Types of Culture Economy	Percentage of entrepreneurs per district						
	Kota Bahru	Tumpat	Pasir Mas	Pasir Puteh	Bachok	Tanah Merah	Machang
Handicraft Cultural Product	40.2	19.5	25.3	8.0	2.3	3.4	1.1
Traditional Food Product	13.3	73.3	0	0	13.3	0	0
Art and Culture	33.3	11.1	11.1	0	22.2	0	22.2
Total	36.0	26.1	21.6	6.3	4.5	2.7	2.7

Further investigation reveals that most of the cultural economic activities had been in operation for more than 10 years as shown in Table 4. 72.9 percent of the respondent had been operating the business for at least 20 years. It indicates that the business had been a family business, and it is inherited from one generation to another. It is also supported by the fact that 42.3 percent of the respondents involved in cultural economic activities because of family heritage. A survey on the ownership also shows that 81 percent of the respondents held company in single or sole proprietorship.

Table 4. Years of operation

Years of Operation	No. of Respondents	Percentage
>2011	2	1.8
2001 - 2010	28	25.2
1991 - 2000	29	26.1
1981 – 1990	25	22.5
1971 – 1980	17	15.3
<1970	10	9.0
Total	111	100

The research intends to seek answers on the level of inclusiveness in culture economy. The level of inclusiveness is divided into two key aspects that included the local economic factor and the urbanization economic factor. This analysis reflects the actual situation from the opinion of the respondent on the site who are directly involved in the economic contribution of culture economy in Kelantan. In this analysis, the data were calculated based on the mean score obtained from the interview with the operators. A mean score of 1 indicates the least important, and mean score of 5 indicates most significant. Several indicators were tested in the study and the results are shown in Table 5. From the perspective of the entrepreneurs, the local economic factor is far more prominent compared than the urbanization factor. To enable the local culture economic activities to flourish it is essential to have the local economic factor that includes the organization aspect, infrastructure facilities, and the availability of labor and raw material.

Table 5. Rank of inclusiveness

Rank of Inclusiveness	Mean Score
1) Local Economic Factor	
Organization	3.6
Labor and Raw Material	3.7
Infrastructure	3.7
2) Urbanization Economic Factor	
Organization	2.7
Labor	3.4
Infrastructure	3.4
Public Facilities	3.1
Housing	2.9
Commercial	3.2
Industry	3.0

5. Conclusion and recommendation

This paper has focused on the involvement of the local people in cultural economic activities in Kelantan. Recent establishments of The East Coast Economic Region (ECER) had seen that the focus had been given to the states in the economic region to eradicate poverty and improve the household incomes of the people. A master plan had been developed to achieve the objective of ECER and focus had been given to transform the region to become a leading international and local tourism destination, an exporter of resource based and manufactured products, a vibrant trading centre, and an infrastructure and logistics hub. The findings of the study showed that three districts in Kelantan; Kota Bahru, Tumpat and Pasir Mas actively involved in culture economic activities. The type of culture industry that is mostly operated in Kelantan includes producing handicraft cultural products such as silver, gold, gem, textiles and forest product. Most of the operators had been in business for so many years, and the operators find that local economic factor is far more influential in ensuring the business stay competitively. Among the fundamental aspect that is vital to the business operators are the organizational aspect, infrastructure aspects and labor and raw material aspects. Therefore, the development of ECER should not neglect the local people that involved in the local cultural economic activities. Focus should be given to ensure that labor and raw material continue to exist. It is also crucial to prevent out-migration to other states by providing incentives to the local people to participate in local culture economic activities. An organized

supply chain and store should be established to enable operators to market their products locally and globally. Training and financial assistance should be provided to the operators so that they are well equip with the resources and able to expand their business. With the rapid developments in ECER, upgrading of infrastructure such as transportation networks should be able to enhance the local cultural economic activities.

Acknowledgements

The authors would like to acknowledge the funding support provided by the Ministry of Higher Education through the Fundamental Research Grant Scheme (FRGS). Authors also thank anonymous reviewers for their constructive suggestions and comments.

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