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DIFFERENTIATION OF TOURISM PERFORMANCE IN RURAL AREAS: CASE STUDY OF DESA LESTARI, MALAYSIA AND DESA MANDIRI, INDONESIA

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Abstract

Rural tourism in Southeast Asia have leveraged the potential of rural tourism through a community-based approach by initiating a village-owned enterprise to strengthen the village economy based on the unique village's characteristics. However, despite the importance of rural tourism, considerable differences in economic performance happened among villages. It raised a question of how rural tourism performance varies between villages and what factors determine the variation. Thus, this paper aims to examine the differentiation of tourism performance in rural areas between Desa Lestari in Malaysia and Desa Mandiri in Indonesia. A quantitative method was employed using a structured interview involving tourism-related stakeholders to understand the diverse potential and dynamic of rural tourism. The findings highlighted that village-owned enterprises in both countries have successfully boosted the village economy by optimising the village's potentials, managed by the local community and supported by the government's initiatives. Regarding factors of rural tourism performance, Ponggok Village demonstrates a strong linkage between tourism performance with cultural and environmental dimensions, While Peruas Village strongly links tourism performance with economic and social dimensions. Hence, this research serves as a reference in understanding the success factors in rural tourism performance in Southeast Asia.

Keywords: Rural Tourism, Rural Planning, Rural Economy, Community Based Tourism, Village-Owned Enterprise

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INTRODUCTION

The tourism industry in Southeast Asia, particularly in Malaysia and Indonesia, has experienced significant growth in recent years, with a notable focus on rural tourism development (Trupp & Dolezal, 2020). Both countries have recognised the potential of tourism as a key driver in rural development and regional imbalances intervention. In addition, the growth of rural tourism in Southeast Asia was partly due to the increased demand from tourists seeking the experience of the natural environment and the cultural heritage preserved by local folks.

In Malaysia, the tourism sector has emerged as a major catalyst for economic growth, contributing to a substantial socioeconomic enhancement for the rural community and village development (Puah et al., 2018). Similarly, Indonesia has identified tourism as a promising path for future rural development, with a diverse portfolio of rural destinations offering the potential for sustainable business performance (Amiruddin et al., 2022). However, the differentiation of tourism performance between rural areas in these two countries remains an important area of investigation. One key factor to consider is the role of local communities in shaping the trajectory of rural tourism development.

Previous research has highlighted the significance of community perceptions and attitudes towards the environmental impact of tourism, which can significantly influence the sustainability of rural tourism initiatives (Lo et al., 2014; Yusoff et al., 2024). Furthermore, the quality of the relationship between local stakeholders and tourism operators has been identified as a crucial element in fostering sustainable rural tourism (Quaranta et al., 2016). Another important factor is the development of dynamic capabilities within rural tourism enterprises, enabling them to adapt to changing market conditions and maintain sustainable business performance over the long term (Streimikiene et al., 2021).

The positioning of Desa Lestari in Malaysia and Desa Mandiri in Indonesia in the context of rural tourism has a diverse potential between regions and villages despite the crucial differences and the dynamics in rural tourism performance. Hence, it raised a question of how rural tourism performance varies between Desa Lestari and Desa Mandiri and what factors determine the variation of these rural tourism villages. Therefore, this paper aims to examine the differentiation of tourism performance in rural areas using a case study approach between Desa Lestari in Malaysia and Desa Mandiri in Indonesia.

LITERATURE REVIEW

Rural Tourism Development in Southeast Asia

The growth of rural tourism in Southeast Asia has become an increasingly prevalent economic and social phenomenon in recent decades. The region's diverse landscapes, rich cultural heritage, and picturesque rural communities have attracted domestic and international tourists seeking authentic experiences

(Hitchcock et al., 2018). As a result, rural tourism has emerged as a promising pathway for economic development and community revitalisation across Southeast Asia, offering entrepreneurial opportunities for the populations and fostering a more sustainable balance between people and the environment.

The economic benefits of rural tourism have been well-documented, with practitioners reporting increased income, higher profit margins, and greater opportunities to sell agricultural products or craft items (Garrod et al., 2006; Fons et al., 2011). Additionally, rural tourism development enhances the viability and living standards of rural communities, as the populations actively participate in and benefit from the growth of the tourism industry. Importantly, the rise of rural tourism in Southeast Asia has also prompted a rethinking of the region's approach to natural resource management, moving away from a narrow focus on agricultural exploitation towards a more holistic and sustainable model that values the preservation of local ecosystems and cultural identity.

Rural Tourism Development in Malaysia's Desa Lestari Programme

The Ministry of Rural and Regional Development Malaysia (KKDW) is responsible for developing rural areas by improving the economic status of rural communities (Rashid et al., 2023). A programme known as Desa Lestari was established in 2013 where currently 165 villages have been selected under the village-owned enterprise. Through various economic projects, this programme has succeeded in revitalising rural villages and improving the living standard of rural communities by implementing agrotourism and ecotourism development projects. This programme has been a significant driver of rural tourism development, providing a platform for communities to showcase their unique cultural and environmental assets (Hassan & Abdul Rahman, 2023). Through this initiative, the Malaysian government has sought to empower rural communities, improving their economic circumstances while safeguarding the natural landscapes and traditions that define their way of life. This programme has been particularly successful in Sarawak, where tourism has become the second-largest contributor to the state's economy (Sheng & Potter, 2023).

An exemplary of this programme, Peruas Village ecotourism homestay programme in Pahang has successfully created an authentic “nature-based experience” rooted in the local culture to offer visitors (Rashid et al., 2019). Through this programme, community members have actively participated in hosting guests, sharing their traditions, and managing the environmental resources that underpin the region's appeal. Recognising the importance of stakeholder engagement, KKDW has prioritised the involvement of local communities in planning and implementing rural tourism initiatives. This approach empowered communities to take ownership of their development, ensuring that tourism activities align with their values and traditions.

Rural Tourism Development in Indonesia's Desa Mandiri Programme

Rural tourism in Indonesia has been intertwined with the participatory planning and community engagement agenda since the 1998 National Reform. The involvement of local populations plays a crucial role in ensuring the sustainability and long-term success of tourism initiatives (Fahmi et al., 2017). One of the main pillars of rural tourism in Indonesia is the community-based tourism (CBT). This approach emphasises community participation in various tourism activity dimensions from planning, management, operations, and monitoring-evaluation (Permana & Harsanto, 2020). The Indonesian government has realised the CBT in the form of the Desa Mandiri programme. This programme was launched in the late 1990s and aligned with the popular flagship project of promoting 100 Tourism Villages (Darsono et al., 2023). This programme highlights potential and highly-resourced villages across the country as key rural tourism destinations that are expected to be the engine of tourism growth in Indonesia.

It's involves upgrading infrastructure, improving accessibility, and providing training and support to local communities with the aim in establishing the tourism hubs in remote areas that can attract both domestic and international tourists whilst ensuring that the local communities benefit economically and socially (Wahyuningtyas et al., 2019). This programme emphasised the role of community ownership in tourism projects, from running homestays to offering guided tours, organising cultural events, and selling local products, with planners and government-only acted as educator and facilitator (Permana & Harsanto, 2020). In addition, the participated village through the village-owned enterprise able to collaborate with national and local government as they provide supporting educational and networking side-projects, which include promoting these villages through national and international marketing campaigns, capacity-building programmes, housing and infrastructure revitalisation, and cooperative training.

Theoretical Perspective on Rural Tourism Performance Differentiation

Rural tourism has been recognised as an essential driver for economic development in many developing countries, including Indonesia and Malaysia (Trupp & Dolezal, 2020). This sector generates income and employment for local communities and promotes the preservation of natural resources and cultural heritage. However, the performance of rural tourism varies across different regions, and understanding the factors contributing to this differentiation is crucial for policymakers and rural-related stakeholders. The dynamic capabilities framework is a theoretical perspective that can shed light on this concern.

Dynamic capabilities refer to a village-owned enterprise's ability to reconfigure and renew its resources and capabilities in response to changing market demands and environmental conditions (Shrestha & L'Espoir Decosta, 2023). This theory emphasises the importance of a village-owned enterprise's

ability to sense, seize, and reconfigure its resources to maintain a competitive advantage in a dynamic environment with the significant interplay of five development dimensions namely economic, social, human, cultural and environmental. In the context of rural tourism, the dynamic capabilities framework suggests that the performance of rural tourism destinations is influenced by the ability of local stakeholders, to sense changes in market trends, seize new opportunities, and reconfigure their resources and capabilities to meet the evolving needs of tourists. This may involve the development of innovative tourism products and services, the enhancement of destination infrastructure and amenities, the strengthening of local supply chains, and the implementation of effective destination management and marketing strategies.

Factors Impacting Rural Tourism Performance

Rural tourism has emerged as a prominent focus of scholarly inquiry, with researchers seeking to unravel the intricate dynamics that underpin its performance as a catalyst for community development; at the heart of this discourse lies an exploration of the complex interplay between various forms of dimension such as economic, social, human, cultural, and environmental, and their collective influence on the vitality of rural tourism ventures. As rural communities grapple with the challenges of globalisation, demographic shifts, and environmental pressures, understanding the nuanced relationships between these capitals has become increasingly crucial for policymakers, planners, and industry stakeholders invested in fostering sustainable and equitable rural tourism outcomes. A robust body of empirical evidence has emerged, illuminating the multifaceted nature of rural tourism performance through the lens of dimension interdependence with the justification of factors and indicators (Table 1).

The economic dimension underpinning rural tourism ventures represents a critical determinant of their success, as it encapsulates the financial resources, government assistance, and asset ownership necessary to develop and maintain viable tourism products and services (Quaranta et al., 2016; Yusoff et al., 2024). Equally important is the availability of financing resources, whether through government assistance, individual investment, or community-driven initiatives, which can enable rural entrepreneurs to establish or expand their tourism enterprises. Given the pivotal role of the human dimension in shaping the outcomes of rural tourism, it encompasses the indicators of education, local knowledge, skills, and capabilities of the youth generation as a key factor that can profoundly influence the performance and success of rural tourism initiatives (Ivona, 2021). These human dimension factors can directly shape the ability of rural communities to actively participate in tourism-related activities, leverage tourism opportunities to generate economic benefits and ensure the sustainability of tourism initiatives.

Table 1: Dimensions, Factors and Indicators Influencing Rural Tourism Performance

Factor	Indicator	References
Economic Dimension		
Assistance from Government	Financial grant obtained	Quaranta et al. (2016);
	Physical development project	Rashid et al. (2023)
Financial Resources	Self-financial funding used	Puah et al. (2018); Rosalina et al. (2023)
Asset Ownership	Number of asset ownership related to tourism activities	Yusoff et al. (2024)
Human Dimension		
Young Generation	Involvement of the young generation in tourism	Rashid et al. (2023)
Education Level	Villagers with a tourism educational background	Saxena et al. (2007)
Local Knowledge	Villagers with local knowledge practised in tourism	Ivona (2021)
Skill Set	Level of management skill in tourism activities	Rosalina et al. (2023)
Social Dimension		
Cooperation	Community involvement in social organisation	Ramaano (2023)
Social Organisation Activeness	Programme/activity related to tourism	Rashid et al. (2023);
	Villager's involvement in tourism activities/ programmes	Shrestha & L'Espoir Decosta (2023)
Leadership	Community's acceptance of the village leader	Lo et al. (2014)
Cultural Dimension		
Intangible Cultural Practices	Intangible cultural practices in tourism activities	Tiberghien et al. (2017);
	Marketing promotion of intangible cultural practices	Ivona (2021)
Tangible Cultural Assets	Tangible cultural assets involved in tourism activities	Amiruddin et al. (2022);
	Marketing promotion of tangible cultural assets	Rosalina et al. (2023)
Environmental Dimension		
Natural Resources	Natural resources attraction location	Ramaano (2023)
Man-Made Resources	Man-made resources attraction location	Garrod et al. (2006);
		Rosalina et al. (2023)
Infrastructures and Facilities	Provision of tourism-related infrastructures	Garrod et al. (2006);
	Tourism-related infrastructure maintenance	Castanho et al. (2021)
Accessibility	Accessibility of transportation mode to the village	Rashid et al. (2023)

Scholarly work consistently emphasises the critical role of the social dimension in underpinning the success of rural tourism initiatives ultimately hinges on the willingness and engagement of the local community (Lo et al., 2014; Ramaano, 2023). It was influenced by a complex interplay of factors, including the social dimension- the cooperation, togetherness, social activeness and leadership that facilitate collaboration and collective action within a community, resulting in rural tourism initiatives' performance. As rural communities have sought to leverage their unique cultural assets to attract visitors and spur the success of rural tourism ventures, the pivotal role of a community's cultural capital is the tangible and intangible cultural resources that shape the local identity and experience (Tiberghien et al., 2017).

The rural tourism industry has been recognised as a key driver of rural economic development through the important role of environmental assets that can provide a comparative advantage (Garrod et al., 2006). Rural areas often possess unique natural landscapes and diverse ecosystems that can captivate

visitors with a sense of rejuvenation and eventually shape the resilience of rural tourism destinations. Environmental factors in rural tourism destinations, such as natural and man-made resources, infrastructure completeness, and accessibility, have become pivotal in attracting visitors and ensuring the long-term sustainability of these tourism activities (Rashid et al., 2023).

RESEARCH METHODOLOGY

Case Study of Desa Lestari, Malaysia and Desa Mandiri, Indonesia

Peruas Village is one of the traditional villages in Malaysia that has achieved a *Desa Lestari* award from the Ministry of Rural Development Malaysia in 2018. This village has existed since 1890 and it is located in Ulu Dong Sub-district in Raub District, Pahang, 35 kilometres away from Raub city centre and 120 kilometres away from Kuala Lumpur (Figure 1). The main economic activities are commodity-based agriculture and ecotourism where it covers an area of 478.3 hectares with the main land use consisting of agriculture and nature such as rivers and forests. The village is rich in natural resources such as rafflesia flowers, forest reserves, waterfall and river and still maintains cultural activities. The establishment of Koperasi Homestay Kampung Peruas Raub Berhad in 2010 has successfully transformed this village into a vibrant ecotourism village that offers an authentic “nature-based experience” with the local culture experienced to visitors from and major cities like Kuala Lumpur. With the exploitation of attractive natural resources, this village has been selected as one of the villages in Malaysia achieving the *Desa Lestari* programme in 2018.

Ponggok Village is one of the tourist villages in Indonesia that has reached the status of an *Desa Mandiri* in 2016. This village began to make efforts through the utilisation of village potential. It is in Polanharjo District, Klaten Regency, 26 kilometres away from Solo city centre and 95 kilometres away from Semarang, the administrative centre for Central Java (Figure 1). This village covers an area of 77.0 hectares with the main land use consisting of food-based agriculture, housing settlement and natural water resources. It is rich in natural resources, including well-preserved natural spring water. The potential of spring water sources in Ponggok Village has been managed into umbul or water pools as water tourism attractions. Hence, the main economic activities are water tourism. The Ponggok tourism village is managed by Badan Usaha Milik Desa (BUMDes) Tirta Mandiri Ponggok, and Pokdarwis (Tourism Awareness Group) and successfully transformed the village’s economy with profitable revenue. Currently, this village has the highest village income generation among all the BUMDes in Indonesia.

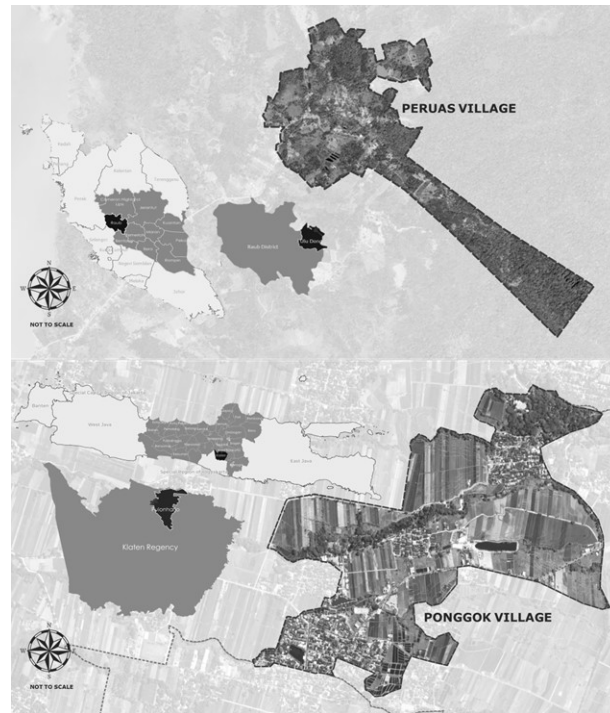


Figure 1: Location of Peruas Village, Malaysia and Ponggok Village, Indonesia
Source: Author (2024)

Method of Data Collection and Analysis

A quantitative method was employed as the research approach in collecting and analysing quantitative and qualitative data related to tourism-related stakeholders within these villages. This method can assist researchers in gaining a complete picture context of the diverse potential of rural tourism and the differences and dynamics in rural tourism performance between case studies of Malaysia and Indonesia. This method involved an ideal sample size using purposive sampling which only related to the research context such as the tourism-related key stakeholders. The relevant samples involved are hospitality and accommodation, attraction operators, village-owned enterprises, food operators, and transportation operators as interviewees using the structured interview method.

Through the interviews with different tourism-related key stakeholders in Malaysia and Indonesia case studies, the researchers performed a quantitative method analysis using mean score analysis and Analysis of Variance (ANOVA) in analysing the significance level of factors and indicators in rural tourism performance and evaluating the differentiation of rural tourism performance among the case studies. This analysis interpreted the transcript's data collection and synthesised the common themes of rural tourism performance.

FINDINGS AND DISCUSSION

Background of Rural Tourism Case Study in Indonesia and Malaysia

The case study of Peruas Village, Malaysia and Ponggok Village, Indonesia has shown how the concept of village-owned enterprises in both countries has strengthened the village economy and development based on the needs and potential of the villages through the establishment of village business institutions managed by the local community and supported by the government's initiatives (Table 2). Based on these case studies, it has indicated that the concept of village-owned enterprises can be the main wheel of economic drivers in the villages. For example, Peruas Village established their village-owned enterprise in 2010 with their focal business is community and private-driven hospitality and accommodation initiatives to support their eco-tourism activities. Meanwhile, Ponggok Village established their village-owned enterprise in 2002 with their focal business is the eco-tourism industry through a wide range of water activities with the support of community-driven accommodation and retail businesses.

Table 2: Current Background of Rural Tourism Case Studies

Background	Details	Case Study	
		Peruas Village	Ponggok Village
Tourism Entity	Village-owned Enterprise	Koperasi Homestay Kampung Peruas Raub Berhad	BUMDes Tirta Mandiri Ponggok
	Hospitality and Accommodation	Community and private-driven: Homestay, Resort and Chalet	Community and private-driven: Homestay and Resort
	Food Business	Private-driven small food stall	Community-driven food stall
	Attraction Place	Eco-tourism through forest and water activities	Eco-tourism through water activities
	Transportation	NA	Private transportation business
Tourist	Number of Tourists per Year	25,000-30,000 people	60,000-70,000 people
Recognition	Local Bodies	Federal Government Ministry and State Government	Central Government Ministry and Provincial Government
	International Bodies	Asean Rural Sustainable Tourism Standard (Gastonomy)	NA
Income Generation	Total Average per Year (USD)	USD 150,000 - 200,000	USD 600,000 - 650,000
Young Generation	Tourism Involvement	81% youth involvement	84% youth involvement
Resources	Natural	Waterfall, River and Forest	Watershed, River and Paddy Field
	Man-Made	River Pool	Water Pool and Fishing Centre

Source: Research Fieldwork (2024)

In terms of the resource availability for both villages, they shared almost similar natural and man-made attractions like water elements to be utilised as eco-tourism activities. These eco-tourism attractions were operated and managed by the youth generation within their villages with more than 80 per cent involvement of the young generation. Most of them are involved under the

village-owned enterprise for example, youth in Peruas Village are engaged in hospitality and accommodation, while youth in Ponggok Village are involved in attraction places and activities. Based on the village's tourist data, Ponggok Village received more visitors and tourists per year which is 60,000-70,000 people, while Peruas Village only received 25,000 to 30,000 people in the year 2023. The income generation per year from the rural tourism industry in Ponggok Village which generated around USD 600,000 to 650,000 is slightly lower compared to the Peruas Village which generated approximately USD 150,000 to 200,000 per year in 2023.

Factors Impacting Differentiation of Rural Tourism Performance

The study revealed that both Peruas Village (7.98) and Ponggok Village (8.06) generally indicated a high level of rural tourism performance (Table 3). The findings highlighted that both villages have differences in rural tourism performance with certain strengths and weaknesses linked to their context. Ponggok Village demonstrates a strong linkage between tourism performance and cultural and environmental dimensions. Ponggok Village excels in promoting intangible cultural practices and involving the community in tourism-related activities, reflecting its commitment to preserving local traditions whilst fostering active community participation and local engagement in various tourism attractions. In addition, Ponggok Village also indicated a well-performed in leveraging natural and man-made attractions as important factors, as well as maintaining tourism-related infrastructures based upon self-organised practices.

Meanwhile, Peruas Village showed strong linkages between tourism performance with economic and social dimensions. Peruas Village is good in terms of active government assistance and financial resources in developing their ecotourism products and supporting activities through the village-owned enterprise initiated by the community called Koperasi Homestay Kampung Peruas Raub Berhad. Their ability to convince Malaysia's government agencies to help them financially as well as invest in the tourism-related infrastructures and physical development projects in this village has shown good results in terms of the number of visitors/tourists domestically and internationally as well the income generated from these rural tourism activities. Peruas Village also excels in several indicators in the social dimension in terms of social organisation activeness in conducting tourism activities and the community's acceptance of the village leader or local champion which influenced the smoothness of village decision-making processes on the implementation of any related rural tourism.

Table 3: Analysis of Factors Impacting Differentiation of Rural Tourism Performance

Factor	Indicator	Performance Level (Mean)		ANOVA (F-test)
		Peruas Village	Ponggok Village	
Economic Dimension				
Assistance from Government	Financial grant obtained	9.44	7.13	0.000*
	Physical development project	9.56	6.38	0.000*
Financial Resources	Self-financial funding used	9.56	8.63	0.001*
Asset Ownership	Number of asset ownership related to tourism activities	9.11	8.00	0.002*
Human Dimension				
Young Generation	Involvement of the young generation in tourism	8.11	8.38	0.163
Education Level	Villagers with a tourism educational background	7.78	7.50	0.446
Local Knowledge	Villagers with local knowledge practised in tourism	9.22	9.13	0.350
Skill Set	Level of management skill in tourism activities	7.78	9.00	0.117
Social Dimension				
Cooperation	Community involvement in social organisation	6.67	7.13	0.226
Social Organisation Activeness	Programme/activity related to tourism	8.11	8.63	0.007*
	Villager's involvement in tourism activities/ programmes	7.56	8.75	0.022*
Leadership	Community's acceptance of the village leader	9.67	9.13	0.044*
Cultural Dimension				
Intangible Cultural Practices	Intangible cultural practices in tourism activities	5.67	7.88	0.008*
	Marketing promotion of intangible cultural practices	4.67	8.50	0.076
Tangible Cultural Assets	Tangible cultural assets involved in tourism activities	8.89	5.50	0.000*
	Marketing promotion of tangible cultural assets	6.67	4.38	0.346
Environmental Dimension				
Natural Resources	Natural resources attraction location	7.67	9.63	0.003*
Man-Made Resources	Man-made resources attraction location	7.78	8.88	0.021*
Infrastructures and Facilities	Provision of tourism-related infrastructures	7.67	9.38	0.000*
	Tourism-related infrastructure maintenance	7.67	8.63	0.004*
Accessibility	Acessibility of transportation mode to the village	8.22	8.75	0.051
Overall Rural Tourism Performance		7.98	8.06	0.001*

*Significant value at 0.05

Ponggok Village faced a slight deficiency in the economic dimension compared to Peruas Village. For instance, the finding shows that Ponggok Village has a lower perception of the relationship between tourism performance and securing government assistance for physical development projects and asset ownership. This situation is widely caused by unstable government policy and various complicated bureaucratic processes that limit many rural actors to secure opportunities at the local level easily. The common practice of the government's effort to distribute its financial support centred to particular places considered

more popular and attractive for markets also creates disconnection to certain potential areas that have been long overlooked. Despite this, the village demonstrates effective self-financial funding, indicating resilience and self-sufficiency, although vulnerable and unstable. The village's ability to fund its tourism initiatives helped to compensate for the lack of external government support but limits its potential for larger-scale infrastructure development and expansion.

Meanwhile, Peruas Village faced a slight deficit in terms of cultural dimension compared to Ponggok Village. For instance, the finding shows that Peruas Village has a lower perception of the relationship between tourism performance and marketing promotion of both intangible and tangible cultural assets and practices. This situation is widely caused by a low awareness level of digital marketing and promotion importance through mass media and social media by the tourism operators, especially from the hospitality and accommodation entities.

The findings regarding Ponggok Village's strengths and weaknesses in rural tourism performance reflect broader trends in Indonesia's rural and community-based tourism landscape. Ponggok Village has become a successful model of a tourism village due to its ability to capitalise on its unique cultural and environmental assets. However, like many rural tourism initiatives in Indonesia, Ponggok Village faces challenges in certain economic dimensions, particularly in securing government assistance for physical development projects and maximising asset ownership. This situation is a common problem for Indonesia because the nation has to take care of many villages under relatively dynamic and constantly changing policy frameworks. As a result, many programmes come as partial, unsustainable, and not reaching all potential village targets.

The findings regarding Peruas Village's strengths and weaknesses in rural tourism performance reflect rural transformation initiatives to make rural areas attractive and profitable through community-based rural tourism. Implementing high economic impact projects like the homestay programme and water recreation park have successfully transformed this village into a vibrant ecotourism village with proper government assistance, and financial resources. Although several challenges such as inadequacy support of community involvement and inadequate marketing promotion of intangible cultural practices and tangible cultural assets faced by this village may hinder the progress of the rural tourism development, yet they managed to offer an authentic “nature-based experience” with the local Malay culture experienced for the tourists in Malaysia.

In summary, the case study of Ponggok Village highlighted the need for a more integrated approach to all the rural tourism dimensions for rural tourism development in Central Java and Indonesia as a whole. While cultural and environmental dimensions have proven to be key drivers of success for

Indonesia's tourism villages, economic sustainability remains a critical challenge. In comparison, Peruas Village underlined the focal point of community reinforcement, effective marketing strategies, and resource attraction diversity as key approaches for the resilience of rural tourism in Malaysia. Therefore, with stronger partnerships between local communities, governments, and private sector actors, Malaysia and Indonesia villages can build a more robust and sustainable model for rural tourism that supports economic development and the preservation of cultural and environmental resources.

CONCLUSION

In conclusion, the Malaysian and Indonesian governments have prioritised rural tourism in their development agendas by recognising its differential potential to catalyse economic growth, alleviate poverty, and preserve cultural traditions. This paper presents a comparative analysis of the tourism performance in two distinct rural communities in Malaysia and Indonesia, in which the critical factors that drive their differential success are delineated.

The case of Peruas Village illustrates the hallmarks of an effective rural tourism programme under the village-owned enterprise where it manifests strong linkages between tourism performance with economic and social dimensions. The importance of active government involvement, and social organisation activeness were the key differential success factors for rural tourism development of Peruas Village. In contrast, the case of Ponggok Village suggests a unique trajectory, where the transformation of the rural tourism industry has transformed the existing rural economic structure into distinct tourism products by demonstrating strong linkages between tourism performance and cultural and environmental dimensions. The importance of active community participation and local engagement in the intangible cultural practices and natural resources abundance were the key differential success factors for the rural tourism development of Ponggok Village.

Indeed, the local communities' positive perceptions of rural tourism's dimension of social coherence, government support, cultural uniqueness and environmental abundance have been instrumental in sustaining the sector's growth in Southeast Asia, specifically in Malaysia and Indonesia. The outcomes observed in these case studies underscore the importance of tailoring rural tourism performances to each community's unique economic, social, human, cultural, and environmental dimensions, rather than adopting a one-size-fits-all approach.

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DISCLOSURE STATEMENT

The authors agree that this research was conducted in the absence of any self-benefits, commercial or financial conflicts and declare absence of conflicting interests with the funders.

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