

## The Development of Modern Business Supported by Local Resources for Efficiency: Utilization of Traditional Medicine

Moeljadi<sup>1</sup>, Risna Wijayanti<sup>2</sup>, Wahdiyat Moko<sup>3</sup>, Suseno Haji<sup>4</sup>

Management Department, Faculty of Economics and Business, Brawijaya  
University<sup>1,2,3,4</sup>

Jl. MT Haryono 165, Malang, Jawa Timur, Indonesia, 65145

Correspondence email: moeljadi@ub.ac.id

### ARTICLE INFORMATION

#### Publication information

#### Research article

#### HOW TO CITE

Moeljadi, Wijayanti, R., Moko, W., Haji, S.,  
(2022). The Development of Modern  
Business Supported by Local Resources  
for Efficiency: Utilization of Traditional  
Medicine. *Journal of International  
Conference Proceedings*, 5(4), 341-350.

#### DOI:

<https://doi.org/10.32535/jicp.v5i4.2090>

Copyright©2022 owned by Author(s).  
Published by JICP



This is an open-access article.  
License: Attribution-Noncommercial-Share  
Alike (CC BY-NC-SA)

Received: 18 September 2022

Accepted: 20 October 2022

Published: 22 November 2022

#### ABSTRACT

The development of tourism after COVID-19 era begins to show positive results. One of the tourism sectors that the Indonesian Government wants to improve is village tourism. There are many potential villages in Indonesia but they are still not well developed. One of those villages is Pandansari Lor in Malang Regency. The purpose of this research is to turn these potentials into profitable businesses for the villagers. The method used in this research is exploratory qualitative. The results of this study showed that the enthusiasm of the village community to be more productive has greatly increased so in the future of the village can be a creative village. The manifestation of this creativity can later be implemented by opening cafes and culinary places that provide herbal medicine for visitors while they are enjoying the panorama. So that visitor can remember Pandansari Lor as medical village that use green environment in its process. The main goal of the project is to improve the welfare of the village community.

#### Keywords:

Creative Village, Foreign Visitor, Tourism Village, Tourism After COVID-19, Tourism Industry

## **INTRODUCTION**

Global tourism industry was one of the main sectors that seriously affected by the pandemic of COVID-19. Data from the Central Statistics Agency (BPS) showed that foreign arrivals to Indonesia dropped significantly by 75% (AHK, 2022). Various efforts were made to improve and restore the tourism sector in Indonesia. One of the tourism sectors developed by the government in the post COVID-19 recovery phase is village tourism (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2021). Tourism village is representation of the development of community-based tourism rolled out by the government in rural tourism activities as a program to accelerate economic, social, cultural and environmental growth in rural areas (Mira, 2019). The main purpose of this program is to improve the welfare of rural residents.

According to the 2020-2024 RPJMN, the Ministry of Tourism and Creative Economy targets as many as 244 tourist villages and 71,381 digital villages, to be certified as independent tourism villages by 2024. If added, the total tourist attractions in the form of tourist villages in Indonesia are increasing by thousands. Based on the 2018 Village Potential Statistics, the PDPT Indonesia has a total of 7,275 tourist villages spread throughout the province. As for East Java, then Central Java became the province with the most tourist villages exceeding 1000 places.

One of the areas that has many tourist villages is Malang Regency. There are more about 106 tourism villages under the supervision of the Department of Tourism and Culture (Disparbud) Malang Regency (Berita lima, 2019). The Malang Regency Government is very intensifying regional revenues from these various tourist villages (Bhirawa, 2020). Pandansari Lor is one of the potential tourism villages in the Malang Regency.

Desa Pandansari Lor is a village located in Jabung District, Malang Regency. In Pandansari Lor village there are Coban / waterfalls, namely Coban Jahe and Coban Tangkil which are located in Begawan Hamlet. Pandansari Lor is a village that has the potential to be managed well because this village has abundant natural resources and the panorama is very beautiful so that it can attract many tourists to this village.

Although this village has various advantages as a creative village, in reality this village is still difficult to develop due to the lack of adequate human resources. Many villagers sell their crops to traders but still suffer losses due to the farmers' lack of knowledge about the appropriate market price. This village also has a good panorama to serve to visitors, but there is still lack of the development of cafes and culinary places in this village. So based on these problems, this phenomenon is interesting to be used as a research and development.

The main focus to be achieved from the existence of the Pandansari Lor creative village is to achieve the independence of villagers in empowering existing natural resources for village prosperity. All kinds of assistance and coaching need to be done in achieving this goal. The most important thing to achieve in improving the human resources of economic actors is the villagers themselves. It is hoped that by the end of this project, the villagers can run their business properly without the need for assistance from third party.

## **LITERATURE REVIEW**

*Optimizing Local Resources on Rural Business as Core of Village Modern Business*

The rural way of life is a way of life on the cultivation of natural products, both agricultural and maritime. Abundant natural harvests were the hallmark of the village's early potential. The growing community has created a business climate that urges rural communities not to rely on direct harvesting from natural products (Morse and McNamara, 2013). The opening of international trade collides local commodities with commodities produced by agribusiness cost leaders (entrepreneurs who find ways of producing efficient and minimal costs, so that the price of their products can be reduced cheaply). Ecological crisis and climate change threaten people who farm using the old (traditional) method and will be vulnerable to crop failure (Baga, 2004).

So far, business margins have been dominated by those who are in the intermediary channel (middlemen, distributors, processing producers), because they can increase the economic value of the processing process or better marketing distribution process. Meanwhile, the condition of the greatest risk of crop failure is borne by the suppliers of raw materials. The reality is that the price of fertilizers and insecticides increases, but when there are many, the market prices often occur among farmers (Baga, 2004). This shows that there is a weakness in bargaining power for rural communities who extract natural products but do not explore economic values. This condition is described in power relations reports from rural communities (Morrison, 2014).

The pattern of village communities who feel self-sufficient in the midst of the abundance of potential natural products that need to be changed, because in fact the abundance of natural products does not guarantee the prosperity of the community (Morse and McNamara, 2013; Parmawati, Soemarno, Maryunani, & Kurnianto, 2018). Many other aspects such as processing, distribution and marketing aspects need to be adopted by the village community. The rural community's agrarian mindset needs to be changed to a business mindset: developing capital values by maximizing economically viable potentials. Some concrete evidence of mindset transformation can be observed in villages that have begun to transform from agriculture to agribusiness (not only mastering agriculture but also mastering its business lines such as adding economic value to their own production or becoming souvenir products and so on (Baga, 2004). Natural potential is not only based on products that can be harvested, but also sells natural beauty that can be visited as tourist destinations (CA, 2002). sustainable development in the form of tourist villages, business villages or both, integrated more integrally and modernization of business towards post-pandemic economic recovery.

*Change Management in Digitizing Rural Business*

Villages are always to be more beautiful, more natural, and at the same time undergoes a slower science and technology transformation compared to urban areas which are the center of civilization of a region. In such conditions, the village tends to be abandoned by its inhabitants to achieve a better standard of living, because the alternative of job accessibility is more in urban areas, manifested by urbanization. So far, villages are often associated with low levels of education and accessibility (Organization for Economic Co-Operation and Development, 2006). The limited rural conditions make it difficult to keep up with the development of digital technology (Velaga, Beecroft, Nelson, Corsar, & Edwards, 2012) which has implications for the gap in the adoption of digital technology that is spatial in nature (Townsend, 2013). The problem does not only stop at the aspect of the availability of technology as a utility, but more fundamentally than the problem of this gap is the inclusion of digital adoption, so the problem does not stop at whether there

is internet access or not, but rather the readiness of rural communities to adapt (Mariën and Prodnik, 2014). Village business development needs to review the adaptation to change as a gradual process, so what is needed is how to process such sophisticated technological advances into things that can be digested by rural communities. Essentially, the transformation of rural community lifestyle can be naturally occurred in evolution process. Management of Change need to be applied to speed up, control and cultivate the transformation process, through unfreeze and freeze the institutional and cultural behavior within the village.

#### *Adoption of Modern Bussiness to the Individual Level*

The integration approach that is applied to build the digitization of village businesses should be approached on a fragment-by-fragment basis. Correctly implies the need for an intellectual initiator who is able to break down such complex business integration activities into small fragments that can be understood by the village community. Village communities excel as business executors, but to integrate various complex activities including strategic partnerships requires adequate intellectual actors.

Intellectual actors who become initiators for the transformation of village development can come from within the village or someone from outside the village. Based on the Actor-Network Theory, the intertwining of a community network is based on the presence of actors who initiate the formation of attachment (Lepa and Tatnal, 2006). Making the intellectual actors of investment development in the village from the original residents makes it easier to build a community, because they have developed a spiritual bond, share the same fate, have the same background and interests, and it is easier to understand each other. The concept of a virtual community that releases geographical boundaries does not limit the involvement of intellectual actors from indigenous people, because the emphasis is on building bonds, forming interests, goals and values that are mutually agreed upon and then fostering a sense of belonging.

#### *Offering the Best Experience: Transforming the Marketing Perspective of Rural Bussiness*

The formation of experiential marketing is a process from a stimulus to a change in behavior, learning or customer attitudes. Experience occurs in response to several stimuli (Schmitt, 2010), for example the marketing mix. The stimulus can be interpersonal (between people) or intrapersonal (within a person); can be a marketing stimulus (eg 4Ps) or environmental (e.g. economy, technology, culture). Experiential marketing is also related to the theory of consumer behavior. Consumer behavior as a field has developed into three dominant specializations (subfields): consumer information processing, consumer culture theory, and behavioral decision theory. These subfields all provide consumers with insight into the experience. However, Schmitt (2010) considers that two other major marketing disciplines (marketing strategies and marketing models) also contribute to the marketing experience in addition to consumer behavior. For the experience of subjectivity depends on the expectations and values of the customer. Experience can involve perception in which one constructs one's own state of reality; a reality based on its interaction with the environment.

Experience marketing helps create experiences and emotions for customers. The International Experiential Marketing Association (as cited in Same, 2012) states that experiential marketing "enables customers to engage and interact with brands, products and services". According to You-Ming (2010), experiential marketing is "a method of

communication, which mainly enhances the physical and emotional customer. feeling". Experiential marketing as a comprehensive customer relationship approach to the brand. Experiential marketing can be seen as tactical marketing designed to manage the entire physical environment and operational processes so that customers can enhance their consumption experience. Thus, in general the definition shows that experiential marketing is related to emotions, feelings, and senses.

## **RESEARCH METHOD**

The methodology being used in this research is qualitative explanatory research. Qualitative research is a type of research that explores and provides deeper insights into real-world problems (Moser & Korstjens, 2017). Instead of collective numeric data like quantitative research, qualitative research generates hypotheses by further investigation and examination toward object that being studied. Two main questions of qualitative study are "how" and "why" (Cleland, 2017). One of the benefits of qualitative research is ability to explain processes and patterns of human behavior that can be difficult to quantify (Foley & Timonen, 2015).

However, while qualitative research is sometimes placed in opposition to quantitative research, where they are necessarily opposites and therefore 'compete' against each other and the philosophical paradigms associated with each, qualitative and quantitative work are not necessarily opposites nor are they incompatible (Devers, 1999). While qualitative and quantitative approaches are different, they are not necessarily opposites, and they are certainly not mutually exclusive. For instance, qualitative research can help expand and deepen understanding of data or results obtained from quantitative analysis. For example, say a quantitative analysis has determined that there is a correlation between length of stay and level of patient satisfaction, but why does this correlation exist? This dual-focus scenario shows one way in which qualitative and quantitative research could be integrated together.

The implementation of qualitative method in this research is by the approach of giving persuasive approach toward the people of Desa Pandansari Lor. By giving persuasive approach, we can expect that the local villagers not feel threatened by the arrival of strangers. The researchers provide all materials and guidance to improve the quality and competence of the local villagers. The researchers also gave a depth interview to all the local villagers. All the researchers spent some times in the village to blend in the culture and understand the main problem of the villager. By blend in the same skin as the villager researchers got all the data needed for this qualitative approach.

## **RESULTS**

After spent some times with the local villagers in Pandansari Lor, did some depth interviews, and gave all the materials and competences needed to running business well, the researchers found out that the local villagers feel more motivated about business and developing this village. The villagers finally understand that Pandansari Lor is an attractive place to be developed as creative village. The villagers finally understand that they need to stick around and put the work by the spirit of "*Gotong Royong*". A local wisdom to work together and reaching the goals as a family. *Gorong royong* spirit is needed to be implemented in Pandansari Lor to be a succeeded as creative village.

The villagers also understand how to sell their goods for decent price to seller. Before the researcher gave the materials, they did not know how to sell their goods for good

price. That's why the villagers always suffered loss for selling their goods. All the villagers always sold their goods for bargaining prices. After the researchers came to the village, the researchers gave the link to all the villagers on all the recommended seller that can give them good prices. After the researchers gave these links on where to sell their goods for good price. After that all the villagers no longer suffering loss and they finally can profit from their harvesting. This incident shows that previously there was a lack of good communication between residents and the relevant authorities. This lack of communication makes the welfare of Pandansari Lor villagers difficult to achieve. Good communication between villagers and related parties should be carried out in order to achieve the welfare of the villagers who have been trying to be achieved. All parties must work together to achieve the big dream of Pandansari Lor as creative village.

In addition to increasing the income of farmers. The researcher also succeeded in providing a very interesting concept for the development of the creative village, the construction of cafes and culinary places across the river that have charming views around the village. The main idea to be achieved by the research team in this case is to increase the image and prestige of Pandansari Lor as a tourist village in which there is an alternative treatment place that prioritizes the principle of a green environment. The ideal idea given by the researcher finally attracted the interest of local investors in the village. An investor even intends to spend \$2 million to build a cafe. If this can be achieved, there will be a multiplier effect that can increase the income of local residents. Little by little the welfare of the residents will be achieved by building a cafe that will accommodate local residents to be able to work at the cafe.

After the assistance of providing material from researchers, finally local residents also began to understand and realize the importance of using online marketing tools in an effort to increase awareness from visitors about the existence as a creative village. Villagers, especially young people, have realized the importance of website ownership in increasing engagement from internet users. Currently, the village already has an official website. In addition to creating a website, the youth from Pandansari Lor also created their village's official Instagram account, namely @pandansari.lor. The purpose of creating this account is to promote village activities so that "viral marketing" can occur to attract visitors to the village. This will increase the visitors.

The spirit of *Gotong Royong* can be the answer to guide all of the Pandansari Lor problem. With this local wisdom and spirit, the local villagers can all work together in synergy and harmony to create not only a good business environment but also a green sustainable tourism. The villagers can use the top to toe strategy and work with all the parties involved to reach this goal. The villagers also can make a community which work together or called as "Paguyuban" in Indonesia. After the local villagers make *paguyuban* they can control each members activity and organize their work together so the villagers can work together as team members. This is so important because indirectly the vilagers are implementing management system inside of this creative village of Pandansari Lor. The forming of *Paguyuban* also can improve the work flow of each member which leads them to perform and work better. A healthy competition between every member can benefit the community.

Paguyuban can be focusing on their branding of creating a healthy medicine aka "*Jamu*" to their visitors. Integrating a café business with a beautiful panorama of river in Dusun Begawan while also promoting their original jamu can be a beneficial for business. There is no much such a place for drinking *jamu* especially with a beautiful green view such as we can see in Pandansari Lor. This will create a viral marketing effect towards all the

internet user. Especially if the villagers can create way to make “fear of missing out” drinking *jamu*. This drinking *jamu* and watching the river panorama is a very good and fresh business idea.

All of these ideas about businesses in the village will increase the revenue of the locals living here. The idea of combining the power of creating a quality of good harvesting plus combined with the new way of drinking *jamu* with panorama of river can drive Pandansari Lor to one of the best creative village in Malang. The village can be the pioneer of drinking *jamu* with a good panorama in Indonesia.

## **DISCUSSION**

### *The Rise of Pandansari Lor as Creative Village in Post COVID-19*

We cannot deny that COVID-19 was one of disaster that killed the entire world economic especially tourism industry. People are forced being stay at home while they were not able to travel anywhere. This phenomenon cannot be discarded in a short amount of time. People will need time to finally adapt to the new era (post COVID) where they finally can travel anywhere ever again. It is not easy to switch people paradigm from staying at home to travel anywhere they want. That's why people always tend to still stay at home and minimize unnecessary outside home activities. To recover the tourism world like it used to be going to be take more time.

That's why it is so important to brand Pandansari Lor as a “healing” place where people are safe to come and visit this village. This village can brand themselves as a “safe haven” tourism destination in this post COVID-19. Tourist maybe can think twice to visit such a crowded places such as malls, supermarkets, etc. However, they will feel safe to stay and relax in an outdoor place in the village. This village can brand themselves as a “safe” place to stay during this post COVID-19 era where they can provide all the visitors not only a “safe” place to stay as the place is outdoor but they also can provide herbal drink such as *jamu* and all the healthy local drink.

If this “safe haven” place campaign is working then the future of the village as a healthy and creative village can be reached. With the help of all the parties involved (especially government) can achieve it. The Village has a good panorama and relatively healthy air compared to crowded and unhealthy air in the city. Visitors can choose the village as the alternative place to visit.

### *The Impact of Local Young Generations as The Future of Pandansari Lor*

Future of this generations are meant to led by the Millennial Generations and Z Generation. Those two generations will be the leader of Indonesia in 2045 as the demographic bonus raises. That's why it is so important to involve young people in every aspect of life especially business. That can be applied too for Pandansari Lor. There are more than 50% locals in the village between age of 20-40. This group of age can be implemented really well to current globalization era where technology took over almost every aspect of life.

The *Paguyuban* of Pandansari Lor can implement the work of the young generation to make a lean “start-up” business model to gain not only traction but also can generate a good tech business from their own village. There are a lot of application-based model such as e-Desa to be implemented as the main role model of these young generations.

Not only stick to what's already around, but these young generations can create their own application and implementing it to Pandansari Lor. This also can be achieved if Malang Regency Government help with the accommodation of technological stuff to support this idea. By creating a lean startup model that promote the beauty and the health of the village can create a lot of benefits that can increase the economic value of the village. In that application also can be implemented a market place system like Shopee or Tokopedia where local people can use the app to sell their own harvesting products. This can create a win win situation for all the stakeholders in the village and create fortune to the locals.

## **CONCLUSION**

With the spirit of local wisdom *Gotong Royong* and the implementation of head-to-toe strategy, the village can slowly coordinate the members of the community to make a *paguyuban*. In that *paguyuban* all the community members involved can work together as family that no only interact together but also working together as whole. The making of *paguyuban* can create a good and healthy competition that can force the community member to prove their worth to benefit the community.

The main theme that can be brought here is the "safe haven" tourism village that not only safe to be visited in this post COVID-19, but also can provide a good quality healthy place with good quality healthy product such as *jamu* that can heal people from all the sickness they have. This "safe haven" idea of place also can be implemented with the arrival of local investor who is willing to invest \$2M and build a café in Pandansari Lor with a good panorama of river in it. This also can create a viral marketing between all the internet user and create a good amount of traction that can lead people to come in this "safe haven" post pandemic tourism spot.

The young generations (millennial and Z) also can take part in this project. As the generations that aware with the information technology, they can start the digital marketing of this village by keep their skin in the game with all the social media activity using websites, Instagram, even Tiktok. All those social medias are really good to gain attraction from the masses. Not only increasing social medias activity but the youth generations also can force themselves and make a lean startup model that can create their own app. Not only for promoting the village but also as a marketplace where they can promote their own harvesting in that market place. That will create "one to go" application that can benefit the village community.



## REFERENCES

- AHK. (2021). *Indonesia seeks to revive tourism industry for the post pandemic-era*. Retrieved from: <https://indonesien.ahk.de/id/infocenter/berita/berita/indonesia-seeks-to-revive-tourism-industry-for-the-post-pandemic-era#:~:text=Indonesia%20seeks%20to%20revive%20tourism%20industry%20for%20the%20post%20pandemic%20Dera,-Share&text=With%20the%20COVID%2D19%20pandemic,up%20to%20US%241.5%20billion.>
- Baga, L. M. (2004). *Agribusiness co-operatives as countervailing power for strengthening agribusiness system in Indonesia*. Paper presented at Poverty Elevation. *Poverty Alleviation: Concepts and Experiences: Focused on Indonesian Cases*, Göttingen. Germany.
- Berita Lima. (2019). *There are 106 Tourism Villages in Malang Regency with Potential*.
- Bhirawa. (2020). Villages in Malang Regency Increase PADes, *Develop Tourism Villages*. Retrieved from: <https://www.harianbhirawa.co.id/desa-di-kabupaten-malang-tingkatkan-pades-kembangkan-desa-wisata/>
- Cleland, J. A. (2017). The qualitative orientation in medical education research. *Korean Journal of Medical Education*, 29(2), 61-71. doi: 10.3946/kjme.2017.53
- Devers, KJ. (1999). How will we know "good" qualitative research when we see it? Beginning the dialogue in health services research. *Health Service Research*, 34(5 Pt 2), 1153-88.
- Kementerian Koordinator Bidang Perekonomian Republik Indonesia. (2021). *Tourism development through tourism village development to increase economic growth*. Retrieved from: <https://www.ekon.go.id/publikasi/detail/3520/pembangunan-kepariwisataan-melalui-pengembangan-desa-wisata-untuk-meningkatkan-pertumbuhan-ekonomi>
- Foley, G., & Timonen, V. (2015). Using grounded theory method to capture and analyze health care experiences. *Health services research*, 50(4), 1195-1210. doi: 10.1111/1475-6773.12275
- Lepa, J., & Tatnall, A. (2006). Using actor-network theory to understanding virtual community networks of older people using the internet. *Journal of Law and Governance*, 1(4). doi: 10.15209/jbsge.v1i4.87
- Mariën, I., & Prodnik, J. A. (2014). Digital inclusion and user (dis) empowerment: A critical perspective. *Info Journal*, 16(6), 35-47. doi: 10.1108/info-07-2014-0030
- Morrison, T. H. (2014). Developing a regional governance index: The institutional potential of rural regions. *Journal of Rural Studies*, 35, 101-111. doi: 10.1016/j.jrurstud.2014.04.004
- Morse, S., & Mcnamara, N. (2013). *The theory behind the sustainable livelihood approach*. Dordrecht: Springer
- Moser, A., & Korstjens, I. (2017). Series: Practical guidance to qualitative research. Part 1: Introduction. *European Journal of General Practice*, 23(1), 271-273. doi: 10.1080/13814788.2017.1375093
- Organization For Economic Co-Operation and Development. (2006). *Investment Priorities for Rural Development*. Edinburg: Scottish Executive.
- Parmawati, R., Soemarno, S., Maryunani, M., & Kurnianto, A. S. (2018). Analysis of poverty in forest surrounding communities by sustainable livelihood approach. *Jurnal Antropologi: Isu-Isu Sosial Budaya*, 20(1), 1-15. doi: 10.25077/jantro.v20.n1.p1-15.2018
- Same, S. (2012). Understanding experience marketing: Conceptual insights and differences from experiential marketing. Retrieved from:

- <https://archives.marketing-trends-congress.com/2012/Materials/Papers/Marketing%20Strategy/Same.pdf>
- Schmitt, B. H. (2010). *Customer experience management: A revolutionary approach to connecting with your customers*. New York: John Wiley & Sons.
- Townsend, A. M. (2013). *Smart cities: big data, civic hackers, and the quest for a new utopia*. New York: WW Norton & Company.
- Velaga, N. R., Beecroft, M., Nelson, J. D., Corsar, D., & Edwards, P. (2012). Transport poverty meets the digital divide: accessibility and connectivity in rural communities. *Journal of Transport Geography*, 21, 102-112. doi: 10.1016/j.jtrangeo.2011.12.005
- You-Ming, C. (2010). Study on the impacts of experiential marketing and customers' satisfaction based on relationship quality. *International Journal of Organizational Innovation*, 3(1), 189-209.