

# Participatory planning and village tourism SMEs: A case study of Bantul Regency, Yogyakarta, Indonesia

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#### Abstract

Tourism, with its multiplier effect, is believed to be a savior for developing countries to better their economic conditions. It is also central to the development of peripheral, remote and insular regions by facilitating transitions from agriculture-based economies to service industries. Community participation approaches have long been advocated as essential for sustainable tourism development. In Indonesia village based small and medium enterprises in the tourism industry are on the rise with significant numbers of villages developing as tourist destinations. The attractions of these destinations are their natural beauty, industrial products and cultural values and artifacts. This development raises the question of government intervention in the planning process of such village based, SMEs. This paper analyses village based tourism SMEs in the Bantul Regency, Indonesia with special reference to the background of the SMEs development, its effect on the local community, and the nature of the government's role or intervention in the planning process. The data were gathered through library research, government's document investigations, observations, and several interviews with stakeholders and entrepreneurs. It was found that the village-based tourism SMEs faced several challenges including the lack of tourism industry knowledge and education, and the lack of capital and promotional ideas to start their businesses.

**Keywords**: government intervention, local community, participatory planning, small and medium enterprises (SMEs), tourism-based development, tourism village

## Introduction

Tourism, around the world, has been a critical factor in the reduction of the prosperity gap between developed countries and developing countries (Jenkins, 1982). This holds true even today in the twenty-first century. Tourism has also been central in the development of peripheral, remote and insular regions by facilitating transitions from agriculture-based economies to service industries (King, 1999). Buhalis (1999) points out that there appears to be an almost universal view that many island microstates, particularly tropical islands, have little economic choice but to accept traditional approaches to tourism development, characterized by mass tourism and large scale facilities controlled by multinational companies. While tourism is not the only savior of developing countries, it certainly is a crucial factor in economic and other developments in those regions.

The contribution of tourism in the economic development on regional and local levels is due to its multiplier effect on the other sectors. Tourism offers opportunities to open up businesses which would ultimately benefit the destination region and its people. Ideally, the development of tourist destinations facilitates the growth of small, medium and big enterprises in the region. However, the reality can be more complex. This paper aims to analyze those challenges based on the three questions I have outlined in my abstract.

# **Background**

The Bantul Regency is located in southern part of Yogyakarta Province. Geographically it is bordered with Yogyakarta City in the north, the Gunungkidul Regency in the east, the Kulon Progo Regency in the west and Indonesian Ocean in the south. The Bantul Regency is located at 07° 44′ 04″ - 08° 00′ 27″ SU and 110° 12′ 34″ - 110° 31′ 08″ ET. The width of Bantul Regency is 508.85 km² with 60 percent of the topography dominated by hills. The land use of the region is predominantly used for residential purposes (37%), paddy fields (33%), dry fields (15%), and forests (3%). The local government of the Bantul Regency divides the regency into 17 districts (*kecamatan*), 75 sub-districts (*kelurahan*) and 933 villages (*desa*). According to Bantul Statistic, in 2010, the population was 911.503 with 49% men and 51% women. The density is 2 people per kilometer square which is categorized as medium density in Indonesia. Moreover, the population trend is 0.85% per year.

In 2005, 26% of the population in the region worked on agricultural based activities such as farming and food production, while 19% worked in industries and 21 % in trade and commerce. The condition of work based shift to trade, hotel and restaurant, because in 2010, 26.54% of population work on the trade, hotel and restaurant. As the result, the number of population working in agriculture is decreasing at 19.17% (see on Table 1). Since a high number of the population worked in trade, hotel and restaurant sectors, one can be analyzed that the tourism sector has been growing up in Bantul

Tourism in Bantul is related to the entire Yogyakarta Province. As the icon of old town and central heritage, Yogyakarta became the third place of tourist destination in Indonesia after Bali and Lombok. Yogyakarta is also known as a student city for its universities and colleges that attract students from all over Indonesia. The tourism potential is spread to other regencies in Yogyakarta such as Sleman, Kulon Progo, Gunungkidul, and Bantul. In Bantul, there are 72 craft centers, three of them proposed to the local government to be sites of village tourism. The Bantul Tourism Board, 2011, lists five village tourism centers: the Village of Pundong, the Village of Kasongan, the Village of Krebet, the Village of Tembi and the Village of Kebonagung. Table 2 illustrates this point.

## Literature review

Village based tourism

Naturally the tourism industry is complex and abstract. Tourism sells tangible and intangible experiences of a destination. Because of its unique characteristic, rural tourism has also gained a following in the last decade as an economic revitalization tool, as well as a way to preserve and celebrate local cultures and resources (Rural Sociological Society, 2006).

The attributes that make up a place the infrastructure, culture, climate, history, political conditions, industry mix, topography, and so on vary wildly. The interactions of all of the stakeholders in the community the business owners, elected officials, opinion leaders, landowners, school children, parents, multi-generational residents and new transplants add another layer of complexity if the goal is to understand why some communities thrive and others struggle. These attributes of a community make up the entrepreneurial climate and profoundly influence tourism development (Kline, 2007).

Opperman (1997) saw rural tourism as tourism that occurs in non urban settings where human activity is present -- a definition that allows for some differentiation between limited human activities in national parks as opposed to farming lands where human actions are broad and intrusive. Others see rural tourism as being located in rural areas, functionally rural, rural in scale and traditional in characters (Page & Getz, 1997), as viewed through European perspectives.

In Bahasa Indonesia, the word village is translated into "desa" which is the lowest governance structure of community. In addition, the word 'rural' is also translated into desa and "pedesaan" which has a similar meaning. For the purpose of this study, village means hamlet or "dusun" which is smaller than desa. A dusun consists of 100-200 families in one particular area and a desa consists of 500-1000 families. Based on the Law No. 5/1979 about the governance structure of desa, desa is the residential area of people living under one law unity of the community, which is the lowest

governance structure directly above the district leader. These residents have the right to manage themselves in the unity of Republic Indonesia.

Small and Medium Enterprise (SMEs)

The year after the second war has seen policies supporting the growth of large enterprise give away under the pressure of economic restructuring, global competition, new pattern of work and technological change to those that support more strategic commercial alliance and seek to strengthen "enterprise" as an element not only in national economy but also in national psyches (Gray, 1998).

Small and Medium Enterprise (SMEs) exert a strong influence on the economies of all countries, particularly in the fast changing and increasingly competitive global market (Ghibadian & Gallear, 1996; Ladzani & Van Vuuren, 2002). They contribute significantly to job creation, social stability, and economic welfare (Ghibadian & Gallear, 1996; Ladzani & Van Vuuren, 2002; Steiner & Solem, 1988). Entrepreneurs thrive in a "chaotic" environment because that setting allows flexibility and innovation. Environmental factors influence entrepreneurs not only in times of stability but especially "under conditions of environmental jolts," rapid or unusual change that provoke urgent or atypical response (Aggestam and Keenan, 2003). Entrepreneurs find opportunity in the system's turbulence and their reaction to the opportunity will likely create further turbulence. They might also cause the turbulence by a course of action whose impact ripples through the community. In either case, entrepreneurs are a factor in the changes of a community system and are under-researched in relation to the rural tourism development process.

In Indonesia SMEs are taking the essential role in economic activities. Mostly they are focused on trade, food production, textile, garment, wood, wood manufactures, mineral, and non metal products. In 2001 SMEs contributed approximately 59.3% to the country's Gross Regional Domestic Product and 10% to trade and agriculture (Adiningsih, 2004). It created jobs for 99.3% of the Indonesian workforce. The macroeconomic situation influences the competition and vulnerabilities of SMEs in Indonesia (Adiningsih, 2004). It has been predicted that the existence of SMEs in Indonesia developed especially after surviving the 1998 economic crisis.

Tourism worldwide is based on a network of small and medium sized tourism enterprises (SMTEs) which provide all types of tourism products and services, while enabling closer interaction between the host population and visitors, as well as facilitating a rapid infusion of tourism spending into the local economy (Cooper and Buhalis, 1992). The clustering phenomenon has been attracting economists to study spatial locations that created the concept of new economic geography or geographical economics (Fujita & Thisse, 1996: Krugman, 1995: Kuncoro, 2002: Lucas, 1988). The argument is strengthened by Porter that the economic map has been recently dominated by cluster (Porter, 1998). The industries tend to agglomerate in one area in order to get benefit from the connection of spatial locations. The definition of cluster according to Porter is the "geographical concentration of the companies or industries connected in the one specific location" (Porter, 1998). Kuncoro in another study explains that industrial cluster in Indonesia basically is located in one area and have one or two special products (Kuncoro, 2002).

Entrepreneurship consists of three distinct yet interacting elements: creativity, risk taking, and business capabilities (Echtner, 1995, cited in Murphy and Murphy, 2004). Entrepreneurs tend to be seen as those who shake up the status quo by pushing ahead with their dreams, sometimes in unconventional ways, and they are growing in number as the tourism market fragments into a myriad of special interests, and large corporations are cutting back on middle management personnel.

## Methodology

The methodology adopted by the study follows the qualitative analysis method. Coalter (1999) argues that an over-reliance on the classical methods of empirical science was limiting an understanding of leisure's meaning. By this he means the fragmentation, quantification and categorization of data, a process he critiqued, as too often refining what is already known rather than creating knowledge along new frontiers. As a remedy, Coalter suggests a renewed focus on the cultural context of leisure's meaning through the use of qualitative methods since meaning is best procured from the subjective

minds of the individuals that comprise a culture of interest. Similarly, Samdahl (1999) explains that social reality is subjectively defined based on varying cultural and historical contexts, and therefore, the cultural historical context gives meaning to the social processes within it. The social process under investigation in this study is tourism, specifically as it occurs in the eight villages in the Bantul Regeny, the Province of Yogyakarta, Indonesia.

The study of tourism as a social process, like the study of leisure, benefits from furthering an understanding of meaning (Hepburn, 2002; Simpson, 1993). For this, qualitative methods are well suited. Reflecting upon this, Cohen (1988) argues that some of the significant contributions to the study of tourism have been made by researchers who have employed qualitative methods. In practice, the use of qualitative methods in tourism research steadily increased throughout the 1990s (Riley & Love, 2000). Not coincidently, this increasing interest in qualitative methods coincided with a burgeoning interest in host communities' perceptions of tourism and tourism's impacts (Walle, 1997). Simpson articulates this connection when he states:

Tourism impacts on indigenous populations at many levels. Some of these can be researched and documented in purely quantitative terms. Others, such as the changes in the conceptualization and meaning of cultures and objects, can only be understood by an awareness of the fine grain of local experience. (p. 164)

In this paper, the respondents were chosen based on stratified, random cluster locations. Five entrepreneurs were selected in each village. The respondent was decided based on the snowball effect. As the researcher, we went to the community leader in the village who in turn gave me the name of the person appropriate to be a respondent. We also visited two government institutions: 1) Cultural and Tourism Board, 2) Trade, Industry and Cooperation Board in order to interview the stakeholders. Preliminary investigating was conducted in 2007 after the disaster happened and in May 2008; in addition, interviews were also conducted on December 2008 and on January 2012.

#### Result and discussion

Spatial cluster phenomenon

In Indonesia, specialized products are developed in specific locations. In local economy, the Bantul Regency is experiencing a similar phenomenon. There are 72 central industries in Bantul that are

Table 1. The Gross Regional Domestic Product of Bantul Regency at current market price by industrial origin (USD)

Sector	2005	2006	2007	2008	2009	2010
Agriculture	79,159,200	81,474,200	83,854,500	88,014,800	91,941,700	93,325,900
Mining and Quarrying	3,278,400	3,400,000	3,502,300	3,582,900	3,578,300	3,652,500
Manufacturing Industry	64,454,400	56,806,400	58,232,800	59,618,700	61,078,100	64,793,900
Electricity, Gas and Water Supply	2,900,100	2,712,700	2,929,400	3,167,500	2,344,800	3,628,900
Construction	27,607,800	38,191,500	41,369,400	43,715,100	43,440,900	45,447,900
Trade, Hotel and Restaurant	61,290,400	62,419,600	65,940,100	70,235,300	74,683,300	78,978,900
Transport and Communication	22,243,600	21,953,500	23,481,400	24,877,900	16,814,500	28,723,600
Financial, Ownership and	20,517,700	19,339,900	20,251,100	21,288,800	23,076,800	25,201,500
Business Services Services	41,965,600	43,666,800	4,533,400	47,304,900	49,936,400	53,039,700
Gross Regional Domestic Bruto	323,417,200	329,964,600	344,895,000	36,180,600	377,994,800	396,792,800
GDRP Per capita	371.23	373.23	384.50	397.67	409.72	435.32

Resource: Statistic of Bantul, 2011

clustered in the same location. From 72 central industries six of them are established to be *desa* wisata, village tourism. Because these industries benefit the location they are based in, the central industry recognizes that they have the potential to be tourist destinations (see Figure 1).



Resource: Modification from Administration Map of the Bantul Regency and Desa Wisata Database

Figure 1. The spatial distribution of village tourism in the Bantul Regency

The SMEs for the local economy

The craft industry in the Bantul Regency is an important source of employment in the region, with more than 60,000 people working in these sectors. According to the government website, 60 percent of the total craft export in Yogyakarta Province is supplied by Bantul's industry. In 2010, Bantul had 18,119 industry activities, which are dominated by small and medium industries (see Figure 2).

Table 2. The existing village tourism with SMEs based in the Bantul Regency

No	Name	Location	Description
1	The Pundong	Panjangrejo	The Panjangrejo Pundong is the central for ceramic. In 2003,
	Village	Bantul	the Panjangrejo village started manage themselves as the rural tourism. The ceramic attractions are supported by the natural attraction and human live. The community provides many tourism events when there is demand on that.
2	The Kebunagung Village	District of Imogiri	Kebon Agung tourism village is located at Kebon Agung Village, which lies more or less 12 (twelve) kilometer to the south east of Bantul. It provides the village attraction such as daily life such as cultivation, and animal farming. They also provide some performances such as "kuda kepang" as their strength.

No	Name	Location	Description
3	The Krebet Village	Sendangsari, the District of Pajangan five kilometers on the westward of Bantul	The Krebet Village produces variety of wooden batik crafts. The geographical condition of the Krebet Village is unfertile, isolated from the center, and in the top hills influences the people to have profession to make home industry rather than in agriculture. Started in 1974, Kemiskidi, one of the pioneers in Krebet tried to create batik on the wood. After that he was trying to sell the product to one of the local artist and he liked it. In 1983, he got a lot of order then he employed his family to help him. In 1988, he started his own business and have the own company. He gets permanent order every month. His success influence many people to do the same business. Recently the numbers of wooden batik craftsman are more than 300 people. With high motivation, good creativity, and wide perspective of hamlet people, this area is free from unemployment. Actually, the hamlet was giving work opportunity in crafts for people adjacent area. This condition is giving support to other kind of development. The people are taking this kind of work because of; 1) this job is not hard as agriculture work, 2) this job may be conducted in their own home and can be done day or night, 3) both male and female can work this job, 4) this job is faster making money, 5) this kind of job may be conducted by any family
4	The Tembi Village	Timbulharjo Village, District of Sewon	They provide home stay with Javanese traditional architecture and the daily life of people at Tembi such as farming, and cultural activities. The Tembi Village is initiated by one Australian entrepreneur, Mister Warwick, at 1992 called OA Company. He proposed to the government to put the Tembi Village as the tourism village. Then 1994 the local government decided to adopt Tembi as the tourist destination. Since the crisis, the OA Company was sold to Daud. Starting in 2000 the Tembi Village increases the quality and the promotion. They establish several events and strengthening the local people to be ready to service the tourists. Moreover, they connect the Tembi Village into the tourist packet for foreign tourists. They make the good cooperation with other village tourism: the Gabusan Village and the Manding Village. The communities of Tembi get opportunity to be a host of home stay and open business of craft
5	The Kasongan Village	It is located at Bangunjiwo Village, District of Kasihan, and four kilometers to the northward of Bantul.	craft.  The Kasongan Village is the central of pottery in the Bantul Regency. This tourism village produces household products such as plates, bowl, and ceramic which are made of clay. Based on the observation the Kasongan Village is relatively developed compare to other central industry and tourism, especially in the craft of pottery. Based on the interview results, there are two type of industry in the Kasongan Village. The first is the independent craft maker that sell the product to the showroom and the craft maker that belong to the showroom. The first craft maker is contracted by the showroom to supply the product for them.

No	Name	Location	Description
6	The Pucung Village (Potential)	Pendowoharjo, Sewon	The Pucung Village is one of the villages that produce the puppet leathers. It is located in the east part of Bantul. The puppet leather craft started in 1900 by the <i>Ngayogjokarto</i>
	(i otential)		Palace staff who gave training for the people. The skills is become the intangible heritage for the people in the Pucung Village. In 1984 the government paid attention to these industries because puppet is also part of Javanese culture. They were started by giving training for the entrepreneurs to
			make business. Even though the numbers of people who are working in the puppet leather remain a lot but the Pucung Village is not established as the tourism village yet.
7	The Manding		Manding is located on Parangtritis street, approximately
	Village		three kilometers on the eastward of Bantul. This place has so
	(Potential)		many leather craftsmen and shops selling leather products
			such as jackets, shoes, bag, belt as well as varied accessories made of leather like picture frames and key hanger.
			Manding, as one of the center for leather craft industry in
			Bantul, has more or less forty traditional leather industries
			that involving hundreds of workers.
			Manding started as a cluster in 1960s. There was a
			foundation who helped people to get training in create the product, management, and entrepreneurship from the
			government. After that there was another foundation that
			helped them called Pekerti Foundation. The Pekerti
			Foundation helped them to distribute and promote the
			products in Jakarta at 1980. It was the starting point to sell
			the product abroad in Netherland, Malaysia, and Japan. The
			entrepreneurs experience several challenges during the 1997 monetary crisis. Then, they tried to broader the product from
			leather based only to <i>enceng gondok</i> (Eichhornia Crassipes)
			based product. The second challenge was the earthquake in
			May 27 <sup>th</sup> 2006. More than 60 percent of the house was
			damaged by the earthquake. The government together with
			private sector such as Bank Indonesia rebuilt several public
			infrastructures in order to recover the entrepreneur and the
			residents in Manding. The government was also giving the donation for each entrepreneur consists of machine and
			compressor with total US\$ 900.
D	ca: Modification fro	It	7

Resource: Modification from Interview (2012)

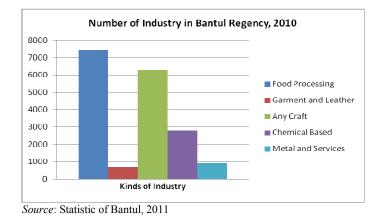


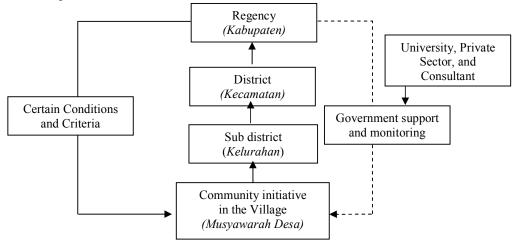
Figure 2. The number of industry in the Bantul Regency

Based on the interview in five villages, tourist activities were found to be a part-time occupation for the people. These villagers make tourism attractive only when there is a demand for it. For example, in Tembi Village Tembi, they perform traditional, cultural events when there is a group of visitors interested in such activities. Another example is in the Krebet Village, where a group of students visit to learn how to make batik in a wood so that they can teach these skills to other students. There is no significant income from the tourism activities because workers don't devote full time to tourism sectors, and therefore it is too early to predict the economic impact of tourism in these communities. One thing that can be concluded in these findings is that through the launch of the village as a tourist destination, workers get a solid platform to promote their craft products.

## Government regulation and intervention

Several institutions have laid out certain criteria for setting up SMEs in Indonesia. First, according to regulation UU No. 9/1995, SMEs that meet the criteria: 1) have to deposit less than US\$ 20,000 that does not include land and properties, 2) have the net income less then US\$ 100,000 per year, 3) the owner is an Indonesian resident, 4) independent industry, 5) the form of the industry can be personal ownership and certificate industries, or non certificate industry including cooperation organization. The Bank Indonesia adopts the criteria from UU No.9/1995 related to the decision to give loan for the industries (PBI No. 3/2/PBI/2001). Second, the criterion from the government called Inpres No.10/1999 (president instruction) decides that industries that have a net asset of US\$ 20,000 - 1,000,000, including land and property are considered medium industry. The third is the criteria from Ministry of Trade and Industry (Kepmenpperindag) No.257/MPP/Kep/7/1997. It considers industries that have investments of less than US\$ 5,000,000 that include land and properties. The fourth is the indicator from Statistic Indonesia that divides the SMEs based on the number of the employees. The industry with less than three employees is considered a family based industry, five to nine employees is considered a small industry, and those with twenty to ninety-nine employees is considered a medium industry.

The development of SMEs in Indonesia is managed by the *Kantor Menteri Negara Koperasi dan Usaha Kecil Menengah*, The Ministry of Cooperative and SMEs. Besides that the Department of Industry & Trade, Department of Finance, and Bank Indonesia also take part in the development. The local government, the Bantul Regency, puts the SMEs as the essential part of local economic development through many programs and strategies. They have two visions to accomplish the strong SMEs and Cooperation as the support for local economy: 1) to accomplish the investment, strong institution, and the SMEs welfare, 2) to accomplish in production and in the local potential in sustainably. Agencies such as Cultural and Tourism Board, SMEs and Cooperation Board at the local level were found to show some interest in providing assistance in the development of village tourism and the enterprises.



Source: Interview 2008 and 2012

Figure 3. The process of proposing to be village tourism destination

The locals take part as consultants and incubators for the entrepreneurs. They understand that the entrepreneur has the ability to see tourism as an opportunity for business. They help plan the village, give them training of language and skills to manage the destination and promotion through government leaflet and website. Based on the interview, the process to become tourism destination takes several years. In the Bantul Regency, the village community proposed themselves to become part of tourism destination for Bantul. This proposal follows the bureaucratic line from *Kelurahan* (sub district), *Kecamatan* (district), to *Kabupaten* (regency) (Figure 3).

Recently, the success of village tourism in Bantul has encouraged other villages to propose to the local government to become village tourism destinations. Four villages have put in proposals so far: Pundong, Jetis, Srandakan, Kasihan, and Piyungan. The government applies the conditions before accepting the proposal from the community. First, the village should have the required characteristics, and second, the community should have the 'sadar wisata' organization which is an organization that focuses on supporting the tourism activities.

### Characteristic and motivation of the entrepreneur

In the tourism sector, an entrepreneur and the host community have different roles. The village based tourism based on the SMEs and industries make the community the host and also the souvenir suppliers. The entrepreneur starts business not as a speculator, but as someone with experience in the field. Some of them are distributors or laborers who go on to start their own businesses. Based on the interview, several entrepreneurs imitated the system set forth by senior or pioneer entrepreneurs. They started the same business with the same distribution and market. Moreover, for people who live there, they see entrepreneurship as a lifestyle and there is an opportunity to do that. They develop skills and connections on the job and then build on that potential to become entrepreneurs. This case has been manifested in in Krebet, Kasongan, Manding, and Pucung.

The competition around each enterprise remains low. The relationship of the business is built by connection and trust. They have their own markets; for example, when many people sell to West Java, new entrepreneurs sell to East Java to eliminate the competition. Similarly, in Tembi, since the owner of home stay is different to eliminate the competition they give the free choice to the guest in choosing the home stay. This condition shows that the competition between entrepreneurship in one destination is low.

The linkages appear also between two village destinations; for example, the Pundong Village and Kasongan Village. Pundong produces plain ceramic and Kasongan produces ceramic with full pattern. Therefore, some of Kasongan entrepreneurs take products from Pundong and add them with the patterns. This relationship shows that basically the linkage is strong between two destinations. However, this research found several issues with new comers and speculators. People from outside the area come to visit the village and start business there. It became an issue not only in the competition of the market but it also affected the local people. The locals initiated their villages to be Village Tourism destinations but ended up inviting speculators to invest in the areas and decrease their own opportunities.

Mayer and Mayer, 2004 argues that the spectacular success and failures of local entrepreneurs is related to their strong personalities and abilities to transform communities. It leaves many observers to view entrepreneurs with either a combination of admiration and awe or ridicule and contempt. They also mentioned that entrepreneurs can be the bane of planners and regulators who seek to moderate and control change, but their energy and ideas can invigorate destination.

# Challenges to develop

There are several challenges in order to develop SMEs in village based tourism area according to interviewees. First, the essential problem that came up in the SMEs in the village tourism is the promotion. The segment of village tourism is unique. Raharjana (2008) identifies the segment of village tourism as tourists who expect to enjoy the experience, uniqueness, quality and appreciate not only the physical environment but also the local cultural values. Instead of searching for cheap tourism objects, they willingly pay higher for quality experience. Their orientation is to gain the most challenging and exotic experiences as well as nostalgia. Furthermore, they seek the benefit, which

persists as a part of self-actualization through deep interaction with environment and culture. Government help comes through many avenues such as through the production of websites (see http://bantulbiz.com/id/index.html).

The second challenge is lack of tourism industry knowledge and education. The entrepreneur faces difficulties in hiring staff and craftsmen since craftsmen do not receive formal training. Therefore, the candidate workers have to rely on their seniors for training and guidance. For the owner, the time taken up by the process of training is another investment. They also mentioned that the availability of skillful senior craftsmen is getting low since these craftsmen prefer to build their own businesses when they have the capital. However, some of them also mentioned the challenges when they started the business.

## Conclusion and implication

In conclusion, based on the above analysis, it is fair to surmise that village-based, small and medium industries are beneficial to the community and the government on several levels. Admittedly, developing tourism villages is a complex process with intricate and multi-level challenges involving various stake holders such as social communities, villagers, enterprisers and local government entities. Nevertheless, in the Bantul Regency, the path to progress has been laid out.

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