Mapping Urban-Rural Linkage in Promoting Sustainable Regional Development to Support Rural Creative Economy Entrepreneurs

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Abstract. Strong rural-urban linkages are one of the supports for sustainable regional development. With the potential of the creative economy in the rural area owned by Temanggung Regency, the creative economy sector can be a driving force for rural-urban linkages. One of the actors that can drive the strengthening of rural-urban linkages is creative economy entrepreneurs, who have the potential to eliminate the boundaries of rural-urban linkages through good capacity in accessing various advantages that exist in the city such as knowledge and market share while optimizing the advantages of rural locations. This study aims to examine the role of rural creative economy actors in Temanggung Regency in encouraging the strengthening of existing rural-urban linkages based on the flow of people/labor, production, commodities, capital and information. The research method used in this study is descriptive qualitative with the support of data obtained through interviews and FGDs of creative economy actors in Temanggung Regency. The result of this research is that rural creative economy actors in Temanggung Regency have the potential to strengthen rural-urban relations, especially in the aspects of capital, information, and commodities.

Keywords: Urban-Rural Linkages, Creative Economy, Entrepreneurs, Sustainable, Regional Development

1. Introduction

Urban-rural linkages are an important aspect in the context of sustainable economic development. Increasing urban-rural linkages can help rural areas diversify their economies and ensure urban areas access critical resources [1]. Urban-rural linkages can also contribute to more sustainable economic development at the macro level because they can reduce the concentration or focus of development on urban areas, by providing spaces and opportunities for rural areas to develop [2]. It is necessary to strengthen rural-urban relations as one way to achieve sustainable development, including by optimizing the role of economic agents such as rural creative economy entrepreneurs [3].
Based on Law of The Republic of Indonesia Number 24 of 2019 [4], creative economy entrepreneur are individuals or groups of people or business entities with legal entities or not legal entities that carry out creative economy businesses, which is a value-added system of intellectual property and human creativity that contains originality based on cultural heritage, science and or technology. Creative economy entrepreneurs generally consist of creative actors and intellectual property managers. There are 16 sub-sectors of the creative economy according to Presidential Regulation Number 142 of 2018 [5], included architecture; design interior; product design; films, animations and videos; photography; craft; culinary; music; fashion; application and game developers; publishing; advertising; tv and radio; performing Arts; and fine arts. Generally, creative economy is a new leading economic sector that has the potential to improve the regional economy based on the local economy.

Temanggung Regency is one of the regions that has a high commitment to develop creative economy as one of the leading economic sectors. These priorities are stated in the development vision of Temanggung Regency in the Rencana Pembangunan Jangka Menengah Daerah (RPJMD 2018-2023) namely “Gandem” where the community has the ability to think, actualize, be innovative and creative, independent, and competitive so that they are able to excel both at regional and global levels. This is also a support for the well-known local economic potential and has even become an icon of Temanggung Regency such as coffee, wood creations, to performing arts.

According to Mayer et al. [6] rural creative entrepreneurs just like the other entrepreneurs who commonly have the potential to decrease spatial disparities through their capacity a creativity to create economic opportunities in rural areas. They have the potential to reduce the boundaries of urban-rural linkages through flexibility in accessing various advantages that exist in the city and rural especially on information, commodities, product, people and capital/financial as part of urban-rural flows. They also need to maintain urban-rural linkages for maintaining a high level of information on market needs and trends; valuating assets of rural regions for urban markets; and sourcing knowledge locally and extra-locally for different kind of innovation.

Generally, urban-rural linkages might help increase the competitiveness of rural creative economic firms. Based on literature review, there are less attention to the role of entrepreneurs especially creative economic entrepreneurs as economic agents who connected rural and urban areas and create linkages between them. Various research mostly has been conducted on the role of economic clusters in regional development, including rural-urban linkages [6]. Even though individual economic actors such as creative economy entrepreneurs have good potential and ability in strengthening rural-urban linkages.

2. Data and Methods

The aim of this paper is to contribute to the emerging debate about rural–urban linkages and to particularly highlight the role of rural creative economic entrepreneurs in linking peripheries and centers. The research method used in this study is descriptive qualitative. This research is focusing on the analysis of rural economic creative entrepreneurs role on urban rural linkages based on 5 flows of urban rural linkages.

This research is supported by primary and secondary data obtained through interviews and FGDs of creative economy actors in Temanggung Regency. The information obtained includes the identification of creative economy entrepreneurs and the role of Temanggung creative economy entrepreneurs in supporting urban-rural linkages based on the flow they produce. The data comes from 97 creative economy entrepreneurs in Temanggung scattered in villages in 20 sub-districts in Temanggung Regency according to Bappeda registration data (see Figure 1)
3. Results and Discussion

Urban-rural linkage is an important part of regional development, especially to achieve sustainable regional development [7]. The interactions that occur due to differences in their characteristics, functions and resources are a requirement to achieve collective competitiveness in regional development. Urban-rural linkages also produce several flows, included products, commodities, information, capital and people [8]. Through these interactions, rural economic diversification and resource guarantees for urban areas can be created to achieve sustainable regional development.

There are several economic actors that influence rural-urban interactions, including entrepreneur. Generally, entrepreneurs carry out urban-rural linkages as part of the production chain (see Figure 2). The same thing is also done by creative economy entrepreneurs. Creative economy businesses have a broad spectrum of business types, ranging from locality-based culture to information technology that adopts globalization. These factors are the basis for the high flexibility possessed by creative economy entrepreneurs in accessing various resources in rural and urban.

Based on Mayer et al. [6] there are 3 types of urban-rural linkages that are built and managed by entrepreneurs, included (1) maintaining a high level of information on market needs and trends; (2) valuating assets of rural regions for urban markets; and (3) sourcing knowledge locally and extra-locally for different types of innovation. Maintaining a high level of information on global market needs and trends is carried out as an effort to maintain sensibility for core markets and demands, through incremental expansion to national and international markets, work experience at expertised firms, and period of live-in cities. Valuating assets of peripheral regions for urban markets is carried out for identification of urban needs for rural values and authentic connotation of products with local values. Sourcing knowledge locally and extra-locally for different types of innovation is carried out as an effort to combine rural and urban sources of knowledge for innovation with local knowledge for incremental innovation and core region knowledges for radical innovation. These relationships are built and managed by entrepreneurs to increase the competitiveness of their businesses.

Figure 1. Administration Map of Temanggung Regency.
Figure 2. Rural–urban linkages from an entrepreneurial perspective (Source: Mayer et al. [6])

Creative economy entrepreneurs also utilize and strengthen rural-urban interactions as part of the production chain. Creative economy entrepreneurs produce flows of products, commodities, people, information and capital through their production chains as an effort to increase business competitiveness. These flows have an impact on the urban-rural linkages in Temanggung Regency (see Figure 3).

Figure 3. Temanggung Regency Urban Area and Rural Creative Economy Cores
3.1 Creative Economic Entrepreneurs Role on Information Flows

City as a regional core is a market center for economic actors, including the creative economy entrepreneurs. With this function, the city is also a source of information on the latest trends and needs of market. For creative economy entrepreneurs in Temanggung Regency, information on trends and actual needs is one of the inputs in the creative process in product creation. Market trends and needs need to be adapted directly for creative economy products in order to have high competitiveness when competing in the market.

City as a regional service center also functions as an information center for regulations and policies for creative economy development and business licensing. The availability of information on regulations and policies for the development of the creative economy as well as business licenses that are not yet fully accessible and served online in Temanggung Regency makes it necessary for business actors to go to the city to access information related to this matter. On the other hand, the Temanggung Regency government also carried out socialization related to regulations, policies and permits for the creative economy to villages to disseminate this information.

Rural is an information center for local wisdom, especially for the economic sub-sector that utilizes local materials, including local culture. Creative economy is one of the economic sectors that prioritizes originality so the local wisdom information is an important input to production process. The creative economy of Temanggung Regency, which is known for its diversity of local resources, also explores information on local wisdom to optimize local potential to increase added value for products. The input of information owned by urban and rural can be elaborated by creative economy business actors to increase product competitiveness.

The flow of information created by creative economy entrepreneurs in Temanggung Regency is also influenced by the ownership of business partners and the use of the internet. There are 35 creative economy business units in partnership with other businesses and 79 business units that have used the internet in their business activities. The existence of business partners allows the transfer of information or exchange of information that can increase the added value of the product. The use of the internet results in an expansion of the range of linkages, but on the other hand it also reduces the intensity of urban-rural linkages.

3.2 Creative Economic Entrepreneurs Role on Product Flows

City as a market core has guaranteed availability of raw materials and production support equipment for creative economy entrepreneurs, especially the information technology-based creative economy sub-sector. The acquisition of raw materials and production support equipment is not only accessible in Temanggung, but can also be accessed in surrounding city such as Magelang and Yogyakarta. In fact, there are 24 business units that use raw materials from outside the Temanggung Regency in the production process. The breadth of networking through social media allows creative economy actors in Temanggung Regency to access production resources from outside the Temanggung Regency.

Another factor that also influences the linkages related to the flow of raw materials for the creative economy is the price of local raw materials. Temanggung Regency is known for its high quality of raw materials and local resources so that it affects the price. Several creative economy entrepreneurs in Temanggung Regency fulfill their production needs by using raw materials from outside Temanggung Regency as an effort to reduce production costs.

Rural is a resource center for the creative economy sub-sector with production raw materials in the form of local culture. The location advantage possessed by rural creative economy entrepreneurs in Temanggung Regency allows them to access local raw materials. The actors of the rural creative economy in Temanggung Regency also benefit from the high interest of the local community in the preservation and conservation of local culture. It is recorded that currently there are + 1000 groups of local arts and cultural activists in Temanggung Regency which can be optimized to support product originality.
Creative economy entrepreneurs in Temanggung Regency are also used to elaborating production resources from cities and rurals. One example is processed wood products that use raw materials from local Temanggung wood, which is supported by production support equipment imported from outside Temanggung. This condition allows the creative economy entrepreneurs of Temanggung Regency to have higher added value products so that they have high product competitiveness as well.

3.3 Creative Economic Entrepreneurs Role on People Flows

Generally, cities provide a higher quality workforce than rural area, in terms of their skills and educational background. The same condition also occurs for the creative economy in Temanggung Regency where the majority of workers originating or domiciled in the city have a role as experts in the creative economy business. This role is commonly found in information technology-based creative economy businesses.

Creative economy businesses have high flexibility so that they are also able to absorb village workers in the production process. Rural workers are able to be managed by rural creative economy entrepreneurs in Temanggung Regency by optimizing their local knowledge so that they can increase the added value of the product. In addition, the wages of rural workers are also affordable, so as to increase the absorption of labor from the aspect of quantity, so that more products are produced. The creative economy sector that is able to absorb rural workers includes businesses based on local raw materials.

Flexibility of rural and city role as a result of the characteristics of creative economy businesses then produces different flows in the flow of people. Transfer of capacity also occurs as a result of this flow with higher benefits that can be obtained by creative economy business.

3.4 Creative Economic Entrepreneurs Role on Capitals Flows

City as a market core also attracts capital providers to operate, both from the banking sector and private credit. The same condition also occurs in Temanggung Regency where the majority of capital providers are located in the city center. There are 17 creative economy business actors who access capital in the form of loans or credit from banks and credit businesses. On the other hand, some of these banks and credit businesses have also opened branches at the sub-district center level as an effort to access potential consumers, including creative economy entrepreneurs. The linkages between business actors and providers of capital then forms the flow of capital between cities and villages.

The majority of creative economy entrepreneurs in Temanggung Regency use personal capital in financing their business. One of the factors that causes this is the amount of affordable creative economy business financing so that it can be accessed by individual capital. With cheap financing, creative economy entrepreneurs can allocate their financial resources to other aspects of production so as to increase the added value of the product.

Another uniqueness of the rural creative economy entrepreneurs in Temanggung Regency is the use of communal capital from the village community in business financing. Based on these conditions, villages can also be optimized as a source of capital for creative economy businesses. Even in some villages, there is a special allocation from village funds for the activities of fostering creative economic entrepreneurs, especially those operating in the local culture and arts sub-sector.

3.5 Creative Economic Entrepreneurs Role on Commodities Flows

City as a market center is able to attract creative economy commodities or products to compete in the market. This condition does not apply to creative economy businesses in Temanggung Regency where the majority of local economic products in Temanggung Regency have been able to access the national market. There are 46 creative economy businesses with products that are able to penetrate the national market, there
are even 11 creative economy businesses with products that are in demand at the international level. Some of these products include coffee and processed wood.

One of the factors that influence the flow of creative economy product commodities in Temanggung Regency is an internet-based marketplace. With the existence of a creative economy product marketplace, Temanggung Regency is able to access national and international markets. There are 80 creative economy businesses that have marketed their products using an internet-based marketplace.

Another factor that also affects the flow of commodities produced by creative economy businesses is the high quality of the product. Some products, such as coffee and original Temanggung wood products, have a high reputation at the national and international levels, which are able to attract consumers. These products have also been supported by good legal aspects through ownership of Intellectual Property Rights and Trademarks so that they increasingly convince consumers.

For rural creative economy entrepreneurs in Temanggung Regency, the village does not only function as a commodity destination, but also a commodity producer. Creative economy entrepreneurs, especially in the sector with raw materials for local culture and art, have been able to take advantage of the local wisdom possessed by the village so as to provide added value for the village as a commodity producer.

Generally, rural creative economic entrepreneurs have a broad spectrum types of business, thus providing various influences on urban-rural linkages flows (see Figure 4). Rural creative economic entrepreneurs also have high flexibility which has an impact on the changing roles and functions of urban and rural areas. Creative economy has reduced the boundaries of traditional urban rural linkages that limit the role of urban and rural and the flow that occurs between them. With the potential of the creative economy, the opportunity for regional development, especially for rural areas, will increase so that they are able to compete and collaborate with cities to create optimal regional competitiveness.

**Figure 4.** Rural Creative Economic Entrepreneurs Role on Urban Rural Linkages Flows (Source: Author, 2021)
4. Conclusion

Urban-rural linkages are an important aspect in the context of sustainable economic development. With the potential of the creative economy in the rural area owned by Temanggung Regency, the creative economy sector can be a driving force for rural-urban linkages. One of the actors that can drive the strengthening of rural-urban linkages is rural creative economy entrepreneurs, who have the potential to eliminate the boundaries of rural-urban linkages through good capacity in accessing various advantages that exist in the city such as knowledge and market share while optimizing the advantages of rural locations. With the potential of the creative economy in the rural area owned by Temanggung Regency, the creative economy sector can be a driving force for rural-urban linkages. Generally, rural creative economic entrepreneurs in Temanggung Regency have a broad spectrum types of business, thus providing various influences on urban-rural linkages flows. Rural creative economic entrepreneurs also have high flexibility which has an impact on the changing roles and functions of urban and rural areas. With the potential of the creative economy, the opportunity for regional development, especially for rural areas, will increase so that they are able to compete and collaborate with cities to create optimal regional competitiveness.

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