Community participation for economic development of border town shopping in Malaysia

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Key words
Border town, Shopping, Community participation, Border tourism, Neighboring countries

Abstract
Cross-border town for shopping attractions are considered one of the economic contributions towards the tourism industry in any given country. In Malaysia, few cross-border towns have emerged for many years, known to offer shopping attractions and experience. These territorial areas include Malaysia-Thailand border, Malaysia-Singapore border and Malaysia-Brunei as well as Malaysia-Indonesia border in east part of Malaysia. Though these cross-border towns are seen positively through economic perspective, but community participation in providing the businesses must also be investigated. Few issues have arisen which include low growth of the shopping facilities and business monopoly by neighboring countries' traders rather than the local community in the particular area. This research was conducted to understand the shopping tourism activities from the perspective of visitors, traders and local communities. Qualitative data analysis strategy was employed through extensive review of literature, personal interviews along with observations of visitors, traders and local. The findings indicated that most people visited these border-town shopping areas because they are influenced by the perceived variety of cheap goods, delicious neighboring countries food and activities that is not available or permitted in their home country. The paper concludes by discussing ways to support every level of the supply chain to facilitate the efficient development of shopping infrastructures, facilities and ideas for policy makers to help assist the economic growth of the local communities involved in cross-border town shopping business.

Introduction
Identified as a major motivator for leisure activities, shopping will always be the one of the reasons to visit or travel to new places. Past researchers have identified shopping as a form of therapy for every level of generations. Moreover, it has become the main economic activities in tourist destinations and the success of this economic model has prompt several agencies to expand the destination to entice more foreign tourists (Filipovic, Jovanovich & Cicvarić, 2013). These efforts had become more global when the media take role in contributing ratings for every country around the world that is fancy by most shoppers. Ratings and ranking for these places are normally done according to prices followed by availability of goods, services and hospitality. Kuala Lumpur, the capital city of Malaysia has been ranked by a global news network, Cable News Network (CNN) as the top four for best shopping city in the world based on their annual survey to identify the ‘top 10 best shopping cities around the world (Bernama, 2012).

Several factors are seen as the reasons why people travel for the purpose to shop. These may include the availability of products that are away from home, price differentials at the destination as compared to the home country, products and activities that is not available or permitted as well as the image and environment of the destination offered which may have not developed like what they usually experience in their home country (Nielsen, 2002; Werner & Kai, 2005; Titeca & De Herdt, 2010; Ghosh, 2011). At such, this has lead places around the world to become a popular shopping destination thus attracting more travelers to come all the way to certain destination to shop.

One of the types of shopping tourism that has attract considerable attention throughout all these years is shopping at border areas, known as cross-border shopping that normally occur in between two different countries. This unique type of cross-border shopping already emerged quite some time at certain places in Malaysia and a lot of border areas has started to pick up the activities as part of their local
attractions. In Malaysia, cross border includes Malaysia-Thailand border, which can be found in few northern states in the west peninsular and Malaysia-Indonesia border as well as Malaysia-Brunei Darussalam border in the east part of the country. The most common and well-known shopping activities at the border town can be seen in Padang Besar that located in Perlis, Bukit Kayu Hitam in Kedah and Rantau Panjang in Kelantan. While in east Malaysia, shopping activities are seen to be quite active at Serikin that located in Kuching and Tedungan in Limbang, both in Sarawak. One of the interesting features that may be the reason for its attractiveness is people can actually cross border without the use of passport, provided that they remain in designated market area (Azmi, Sulaiman, Asri & Razali, 2015).

Problem Statement

An ongoing issue pertaining to border town shopping activities would be the slow improvement of facilities and whether the development of these shopping areas can benefit local communities or not. This is because of business conflicts between the local sellers and neighboring countries traders, like Thais in Padang Besar and Golok and Indonesians in Serikin is seen to be not proportionate. In Padang Besar for example, Amir Salim (2002) and Azmi et al (2015) has already highlighted in their study that entrepreneurs especially those involve with shopping and tourism activities in this place majority are not of the local community. Most of these traders are outsiders that find business opportunities and gain profit from it. Furthermore, it is commonly known and mentioned in some other studies that increasing number of visitors to a certain places has brought significant economic benefit to the local (Hui & Wan, 2008; Mugizi, Ayorekire & Obua, 2017) Unfortunately, it seems that this is not the case for some places around the world and definitely not to these border town areas in Malaysia by looking on who monopolize the shops and markets. Moreover, most foreign traders in these areas are the people who are active and communicate more with tourist as compared to the local communities thus the image and intention for revisitation of these visitors will have to rely mostly on them.

Literature Review

Border Shopping in Malaysia

Padang Besar, Perlis

Padang Besar, a border town that located in Perlis, the smallest state in Malaysia is borders with Songkhla province in Southern Thailand. Being the border town in the most northern part of Malaysia, it is also an important stopover for routes stretch all the way from Singapore to Thailand, be it the rail or road system. Most of tourists that looking for adult entertainment that famous in Thai border towns will normally cross here while the shopping activities mostly take place in Malaysian territory (Azmi et al, 2015). There are quite a number of marketplaces around the Malaysian territory area, but the main shopping activities can be seen happen in Padang Besar Business Arcade Complex (PBAC). Another attraction for shoppers would be the Emas Kerajang Duty Free Complex (EK) and Warisan Limpahan Duty Free Shops (WL), which offer duty-free shopping. However, for Malaysian travelers who would like to shop at these free duty complexes are obliged to declare their intention at the Malaysian Immigration checkpoint.

The main attraction of Padang Besar would be the price of the products and most of the product available for sale are produced and brought from Thailand. These include foodstuffs, apparels, cooking utensils, imitation jewelry and handbags as well as cosmetics. Majority of the traders in Padang Besar shopping areas are also Thai nationals. The facilities and infrastructure around Padang Besar are reported to be unsatisfactory, inadequate and not well maintained (Amir Salim, 2002; Azmi, A. Hamid, A. Wahab, Ramli & Mohd, 2014). Though number of complaints keep on submitted to demand for improvements from the traders and tourism suppliers for better developments in the area, it was still receiving lack of attention from the related stakeholders.

Rantau Panjang, Kelantan

Kelantan, a state that located in the north-east of Peninsular Malaysia and bordered by Narathiwat province of Thailand to the north. Both towns are separated by a small river that known as Golok river. Sungai Kolok (pronounce as go lok) is a border town on Thailand side while the Malaysian border side is known as Rantau Panjang. Though it is not as developed as Padang Besar, Rantau Panjang is still popular among Malaysian for its shopping, food and entertainment at night (Hussin, Abdullah & Maamor, 2012).
However, since the bombing of Muslim separatist in the northern Thailand started in 2005 and frequent natural disaster like flooding, the activities getting slower, but visitors seem not reluctant to come down especially among the local Kelantanese and neighboring states like Terengganu and Pahang (Hussin et al, 2012).

Several shopping venues in Rantau Panjang area is seems to be selling goods from Thailand. According to study done by Hussin et al (2012) identified issues and problems faced by traders in Rantau Panjang duty free zone mainly are on the difficulties of local traders to compete with Thais traders who renting their business stalls the local citizens. In the same study done by Hussin et al (2012), it was found the about 77% of the premises in the duty-free zone were rented from the original owner without proper documentation and procedure known to the authorities. Thus, business also monopolized by Thai traders in this border town in Kelantan.

Serikin, Sarawak

Sarawak is another state that located at Borneo Island in Malaysia and bordered with Indonesia as well as Brunei Darussalam in the north. The small village of Serikin that located 65km from the capital city of Kuching and situated at the Malaysia-Indonesia border seen a thriving cross border trading activity throughout all these year. This small village will be transformed to a marketplace that flocked by high spirited traders from Indonesia who regularly cross the border every Friday evening as the market will only be opened on Saturday and Sunday. Research done by Awang, Sulehan, Bakar, Abdullah and Ong (2013) showed that most of the traders are Indonesians who comes from various part of West Kalimantan. About more than 85% of these Indonesian traders came either using their own cars, rental van or trucks and park at the Kalimantan borders. They took about four to eight hours drive going and coming back from Serikin town and they will repeat it every weekend without fail. Though most of these traders are coming from the undeveloped part of West Kalimantan, it did not stop them for being courageous and high spirit to carry out their business and communicate with the visitors, who majority coming from the West Malaysia (Muzvidziwa, 2001). Awang et al (2013) also mentioned in their study that there were very few of local seller that actually from Serikin and almost none from the nearby village as well.

Community Participation in Cross Border Shopping

The concept of community involvement in tourism especially the one involving two different countries in the border areas were less studied. There are few questions mentioned in the study by Tosun, Temizkan, Timothy & Fyall (2007) on how to emerge equal participation from both countries, who will help in the process and on to what extend for it to pass so as to become a reality. Similar questions were asked in a much more earlier studies involving the process of community participation to progress that normally differ according to different country and prevailing local conditions under which community involvement will be practiced (Tosun et al, 2007; Cassidy, 2011).

A study carried out by Myer-Ohle (2009) on the shopping activities in developing countries like Singapore showed that cross-border trade activities benefited the traders on both sides of the borders. Blatter (2000); Muzvidziwa (2001); Damon & Jeuring (2009); United Nations (2010) all agreed in their report study that cross-border trading contribute to the economic development of an area as well as bring the local people out from the cycle of poverty.

Research Methodology

This study started with an extensive literature review in an attempt to understand the shopping activities at the three major border town around Malaysia. Following the review, initial study was conducted to gain better information on the development of infrastructure and facilities that comes with tourism activities in these places, which further lead to the understanding of the location. The discussion from initial study then led to the design of the main study, including the context, the participants, data collection procedures and data analysis method in interpreting the qualitative data. Personal (one to one) in depth semi structured interviews with the locals and visitors were conducted to understand their perception towards the community participation and border shopping development at these places. There were total of 49 respondents being interviewed for this study at the three border towns; Padang Besar, Rantau Panjang and Serikin. 21 respondents (6 local community, 3 Thai traders and 12 visitors/shoppers) were interviewed in Padang Besar, 10 respondents (2 local community, 2 Thai traders and 6...
visitors/shoppers were interviewed in Rantau Panjang while 18 respondents (2 local community, 6 Indonesian traders and 10 visitors/shoppers) in Serikin. The conversation during interview have been precisely and carefully recorded which then analyzed using thematic analysis that examining the patterns between all of the border town included in the study.

Thematic analysis was applied to recognize and examine the patterns that appeared enclosed in the data sets (Braun & Clarke, 2006) which has been conducted at two levels for this study. Intercoder reliability test was carried out to prove the reliability of the thematic analysis. Based on Cohen’s kappa (1968) index assessment, the intercoder reliability for this study is acceptable at 0.819.

Findings and Conclusion

The demographic profile of all the people who were being interviewed at all the three-border town. From the respondents, 73.4 per cent were females, and 26.5 per cent were males. Majority of the participants (47.14 per cent) were between 28 – 37 years old, and by 38 – 47 years old (45.71 per cent). For ethnicity, majority were Malay (57.14 per cent), followed by foreign traders who are Thai and Indonesian citizen (22.45 per cent), Chinese (9.86 per cent) and Indian (3.27 per cent). 100 per cent of the visitors/shoppers’ motive coming to these border town is to shop and more than half (71.4 per cent) of the respondents (visitors/shoppers) had been to the particular border town more than once.

Table 1: Result of the interview of trade participation

<table>
<thead>
<tr>
<th>Question</th>
<th>Most commonly cited themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main motivation to do business in this area?</td>
<td>Better money as the exchange rate is higher (11 entries)</td>
</tr>
<tr>
<td></td>
<td>Earn so much as compared to working in hometown (9 entries)</td>
</tr>
<tr>
<td></td>
<td>Help to change lifestyle (8 entries)</td>
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<tr>
<td></td>
<td>Business is good every week (6 entries)</td>
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</tbody>
</table>

Determinants of Trade Participation in Border Town Area

Respondents from all border town shopping areas, Padang Besar in Perlis, Rantau Panjang in Kelantan and Serikin in Sarawak who are among the traders were asked why they involve in doing business at the border town area. All mentioned that their main reasons are interested in business, prefer doing their own business and gain better income. This in line with the study done by Peberdy (2000); Hampton, (2010); Bruns, Miggelbrink & Muller (2011) in South Africa and Indonesia whereby their respondents are also primarily driven by opportunities to earn better income by doing own businesses. The following feedback from the traders were noted and demonstrates in Table 1.

Business is good. Every week I can earn about MYR6000-MYR8000 by selling rattan mat, which is highly demanded by visitors coming from West Malaysia. Respondent 15 (Serikin Indonesian trader)

Selling ‘kerepek’ (Thai chips) in Padang Besar has helped me so much with my income and has change my family’s life. I can easily earn up to MYR800 – 1200 per day. Respondent 17 (Padang Besar trader)

Table 2: Result of the interview for facilities development

<table>
<thead>
<tr>
<th>Question</th>
<th>Most commonly cited themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>What did you think / rate the facilities development in this area?</td>
<td>Dirty toilets (36 entries)</td>
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<tr>
<td></td>
<td>Shops are hot (35 entries)</td>
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<tr>
<td></td>
<td>The stalls are poorly maintained (26 entries)</td>
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<tr>
<td></td>
<td>It was crowded (24 entries)</td>
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<tr>
<td></td>
<td>Poor infrastructure (19 entries)</td>
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<tr>
<td></td>
<td>Facilities were not improved but more stalls than before (19 entries)</td>
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Determinants of Facilities Development in Border Town Area

Table 2 showed that majority of the respondents were not happy with the slow development of facilities in the shopping area. These responses appeared to be similar with study done by Amir Salim (2002) and Azmi et al (2014) where their respondents agreed that infrastructure of the shopping facilities are not adequate, not cleaned, and totally not in a satisfactory level. Though concerns have been raised in the past, lack of attention from the responsible parties has led to the same issue brought up today (Azmi et
al, 2014). On the other hand, study done by Goh et al (2014); Azmi et al (2015), stated that majority of their respondents are quite optimist with the development of these shopping area by looking at the increasing number of visitors every year despite of the poorly maintained infrastructures. They also feel that border town shopping had a great potential to be vibrant and to be developed as major tourist attraction in the country.

There is a need for stakeholders’ participation in monitoring and came up with strategic evaluation that could attempts in establishing the balance of the area. Current visitors’ perception remarks showed that there is a big gap between the facilities development compared to the robust growth of business stalls and shops in the border areas. Some feedback from visitor’s perception remarks are quoted below:

*The tourism for Perlis depends mostly on this border town shopping thus the need for infrastructure and facilities to be improved soonest. Respondent 22*

*Stalls are too poorly maintained. Not fan inside the stall and here in Serikin the weather is hotter than usual. No development just more shops now. Respondent 34*

*The whole area was too crowded, and toilets are in bad condition. More shops now but facilities getting worse. Respondent 8*

<table>
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<tr>
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<tbody>
<tr>
<td>Do you prefer to see more local traders doing business here?</td>
<td>Came to buy items from Thailand/Indonesia (28 entries)</td>
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<tr>
<td></td>
<td>Interesting to deal with foreign traders (22 entries)</td>
</tr>
<tr>
<td></td>
<td>Cheaper if coming from Thai/Indon (19 entries)</td>
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<tr>
<td></td>
<td>Different experience to see foreign traders (17 entries)</td>
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**Determinants of Visitors’ Perception on Local Community Involvement**

Cassidy (2011) highlighted that the experience of consumers in every shopping destination play an important part in economic development and social life. Therefore, destinations must take the opportunity to develop genuine and distinctive experiences that will add value into the journey taken by them and will help in tourism brand and positioning (UNWTO, 2016). All three-border town shopping area is in the territorial space that still within Malaysian boundary. However, all three experienced the influx of neighboring countries traders, Thais in Padang Besar and Rantau Panjang, Indonesians in Serikin that monopolizes the shops and stalls which seen to cause loses of ownerships for the local community. However, feedback from visitors showed that their main purpose coming to these border town areas are to purchase neighboring country goods and to deal with foreign traders.

*It was interesting to be able to shop in a different environment without you have to bring your passport. Respondent 3*

*Majority of the Indonesian sellers who are doing business here are very nice and it doesn’t bother me that majority of the stall operated by them. Respondent 32*

*This is the reason I came to this market. I wanted to buy Thai food ingredients and I can only get it here, with a cheap price. It is also interesting to communicate with them. Respondent 20*

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<tbody>
<tr>
<td>Any benefit that you gain from the business activities in this area?</td>
<td>Rent out shops and house to foreign traders (7 entries)</td>
</tr>
<tr>
<td></td>
<td>Selling food and drinks to traders and visitors (3 entries)</td>
</tr>
</tbody>
</table>

**Determinants on Local Community Participation towards Business Activities**

Earlier studies by Schoenberger & Turner (2008); Mat Som, Mohamed & Wong (2005) showed that the cross-border trading network is often a complex situation that practiced by people of the local communities and neighboring country traders. The study done by Mat Som et al (2005) have seen the growth of tourism related activities in the border market has increased the local participation in tourism. However, according to Suksuwan (2002), there is an obvious leakage of revenue when it comes to
shopping activities as the neighboring country traders is seen to be benefiting more from the border town markets compared to the local traders.

On a different note, Tomari (2010) highlighted in his study that there is no other town in any country that could compete with the range of products at the border. Besides the interesting and wide range of products, price is more likely be the main factors to select a shopping destination for any shoppers. Subramaniam, Devadason & Sundaraja (2008); Mat Som et al (2005); Kuncharin & Mohammad (2013) all agreed that the price of products in border land is highly competitive as most of the shopkeepers usually sell similar kind of products in the market.

The increasing number of visitors has always brought significant economic benefit to the local community. Feedback gathered from the three border town shopping areas showed that local community are getting their portion from the benefit of influx visitors into these border town from a different kind of sources. They getting profit from renting out their stall to the foreign traders, set up stall and leased it to these traders, renting out the open areas at their house compound for parking space, operating restaurants or food stalls, room for rental that highly required by the Indonesian traders every weekend to do business in Serikin and most importantly, charging entry to toilets for visitors. Some feedbacks from the local communities regarding their participation in the border town market are shown in Table 4.

I set up stall and leased it out to Indonesian traders for MYR60 – MYR80 (USD 20 – USD25) monthly. I also open rooms in my house for rental to these Indonesian traders and they will pay me around MYR35 – MYR45 (around UDS10) per night. Respondent 37

We operate food stalls that cater not only for visitors but for the Thai traders as well. Respondent 22

We rent out our stall to the traders at the ‘Horse Barn Marketplace’ which they have to pay rentals on monthly basis that range from MYR12 to MYR165 (from USD3 to USD 45). Respondent 44

Conclusion

This study examined the economic development of three major border shopping town in Malaysia. The findings are in accord with previous studies that relate the development of infrastructure and facilities in the border town market. This was initially pointed out by Azmi et al (2014), whereby there are still lot of improvement need to be taken care of by related stakeholders and action need to be taken as soon as possible as number of visitors are increasing every day causing the facilities at the market area getting unbearable hence making visitors, traders and local community feel uncomfortable during their visit.

Studies done by Myer-Ohle (2009); Mugizi et al 2017; Musadad, 2018 showed that cross border activities benefited the economy of community from both side of the countries. Though foreign neighboring countries traders seems to be the one earned the most from these cross-border businesses, but somehow the local communities were happy with the spilled over income from other sources that came along with these activities (Mat Som et al, 2005). Some may raise the question if it is better or worse that there were more foreign traders coming and doing business at the border town and local participation is only at a minimum level. Thus, from this study it could be argued that it is not a matter of better or worse as the former cannot be replaced with the latter looking at majority of visitors coming to the border town are looking for products that were brought in from the neighboring countries.

Figure 1 presents the study framework that emerged from the findings of this study. It proposes variables that can be studied in exploring the causes and impact for better economic development in border town area. For future research also, it may be insightful to investigate and compare in detail each of the activities, participation and issues arises between all the border town in Malaysia as this has becoming part of the important attraction in the country.
Figure 1: Study Framework on Economic Development in Border Town Area

References


Werner, F., Kai, S., (2005), Shopping Tourism in Germany: Impulses in the development of tourism and retail commerce in Germany. Köln: Institut für Sozialforschung