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SIGNIFICANCE AND DRIVERS OF ENTREPRENEURSHIP IN THE BORDER REGIONS OF SABAH, MALAYSIA AND NORTH KALIMANTAN, INDONESIA

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CROSS-BORDER ENTREPRENEURSHIP

- AN OVERVIEW

- Described as economic activity which involves partners on two sides of a national border – i.e. “crossborder co-operation”.
- Involves relationship of various innovative and entrepreneurial actors, i.e. government, industry, university/institute – e.g. “*networks of innovators*” (Freeman, 1991), a “*triple helix*” (Etzkowitz & Leydesdorff, 2000); “*entrepreneurship ecology*” (Isenberg, 2010).
- Lead to significant economic benefits to regions and society – generate employment and wealth through new businesses/services, access to new markets and resources, research and technology transfer, better infrastructure, create more youth entrepreneurs (mobile-preneur)
- Benefits to traders – new market, new business networks, access to sources of supply (capital, labour, skills and knowledge, technology)

ENTREPRENEURSHIP IN THE BORDER REGIONS OF SABAH, AND NORTH KALIMANTAN

SABAH

- 4th largest contributing state to Malaysian economy
- Services contributed 40% to the state's GDP
- Tourism-related sectors contributed 20% to GDP
- Main economic activities in area bordering North Kalimantan – palm oil, fisheries (aquaculture, seaweed industry)
- Tawau division as the

NORTH KALIMANTAN

- The youngest Indonesian province
- Product industries – minerals (coal, gold, oil and gas, limestone), forestry, agriculture, fisheries
- Services – tourism as important source of revenue
- Tarakan as the main entry port in area of bordering Tawau, Sabah



SABAH AND NORTH KALIMANTAN - OPPORTUNITY FOR COMPLIMENTARY ECONOMIES

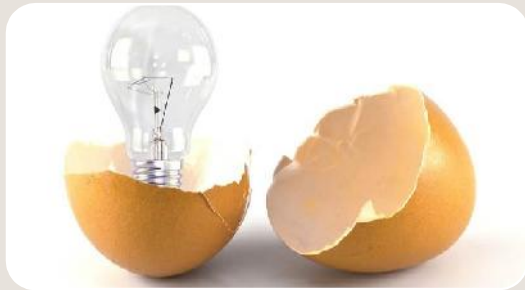
| | SABAH | NORTH KALIMANTAN |
|---------------------------|--|--|
| TRADED GOODS | <ul style="list-style-type: none"> • Petroleum and petroleum products • Vegetable oils and fats • Processed wood • Fish and crustaceans • machineries | <ul style="list-style-type: none"> • Palm kernels • Crude palm oil • Coal • Shrimp and other crustaceans • Wood and wood panels |
| POTENTIAL TRADED SERVICES | <ul style="list-style-type: none"> • Medical tourism • TVET and higher education (agriculture, tourism, business and financial services, healthcare industries) • Multi-destination tourism (to package and market various attractions more cohesively) | |
| MUTUAL RESOURCES | <ul style="list-style-type: none"> • Technical expertise • Financial resources • Infrastructure | |

SOCIO-ECONOMIC GROWTH IN THE BORDER COMMUNITIES

- Economic activities in small rural border area tends to be less formal and also linked to less developed economy (Puryanti & Husain, 2011; Rudiatin, 2016)
- The development concept in rural border is still in traditional based, i.e. emphasised on security and defense, rather than on welfare (prosperity) approach (Sunarya & Sudaryono, 2016)
- Socio-politically vulnerable – e.g. ethnic relations, security, business practice differences (Awang et al., 2013; Sunarya & Sudaryono, 2016; Thai & Turkina, 2014)
- Collaborative innovation resources are hard to integrate due to scattering distribution of resources

Pembangunan di kawasan perbatasan perlu dibangun ke arah status ekonomi lestari, seterusnya keluar daripada ekonomi mundur & miskin

MECHANISMS TO SUPPORT CROSS-BORDER ENTREPRENEURSHIP



Business incubation mechanism

Platform to accelerate startups through collaboration with several actors – academic, industry, government



Cross-border Integrated mechanism

Integration through government policy:-

- Sabah Corridor, BIMP-EAGA, Forum Kerjasama
- Digital Free Trade Zone, Pusat Perdagangan Sempadan



Incentive mechanism

To promote cross-border trade through:-

- Governance incentive
- Business matching, expo/carnival
- Transshipment hub, infra

UMS-STIE COLLABORATION



- Research and academic collaboration through Memorandum of Agreement (2016-2021)
- Dollar to dollar – pay your own travel (PYOT), sharing of research and academic expertise, facilities and data.
- Collaboration Outcome:-
 - Research works (more than 10 research topics)
 - Publication (journal articles, proceedings, chapter in book) – contributed to public policy/ communicated to general public
 - Co-organize conference, seminar, workshop
 - Staff and student mobility (academic, training, workshop, lecture)



POTENTIAL & DRIVERS OF SOCIO-ECONOMIC COLLABORATION FOR TAWAU-TARAKAN

