

Empowering Rural Communities through Social Entrepreneurship: A Case Study from An Indigenous Dusun Woman in Ranau, Sabah

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Abstract

This case study presents an inspiring journey of Wasinah Kuntagil, an indigenous Dusun woman from Sabah. Facing financial challenges due to her husband's illness, she started producing and selling *tuhau* floss, a traditional culinary delight from her community. Using a social entrepreneurship model, she not only supplemented her family's income but also provided opportunities for others in her community to earn more. By employing an interview method to collect comprehensive data, this research provides a valuable chance for students to examine the decision-making process of a rural entrepreneur and evaluate the positive effects of her management style on the economy and social well-being of the women in her community.

Keywords: Agricultural economics, commercialisation, indigenous women, microeconomics, social entrepreneurship

Background of Business

This case study chronicles the journey of Wasinah Kuntagil, an indigenous woman belonging to the Dusun ethnic group in Sabah. She ventured to introduce one of her community's traditional culinary delights from the rural highlands of Ranau, Sabah to the commercial market through a social entrepreneurship model. In 2005, due to her husband's illness, which prevented him from working as a coconut picker, Kuntagil, a full-time homemaker, decided to produce *tuhau* floss at home to supplement her family's income.

Tuhau is a wild ginger from Sabah-Borneo's jungles, used in a relish-like dish. It's finely chopped and mixed with lime juice or vinegar, chilis, garlic, and salt. Popular in Sabah, Malaysia, it's sold year-round in markets. *Tuhau* can also be pickled, enhancing its tart, savory taste, and is often eaten with white rice. Using her father's original recipe, she made and sold *tuhau* floss to residents in Marakau, a hamlet in Ranau district.

Kuntagil's product utilises *tuhau*, a locally sourced wild ginger-type plant that grows abundantly in the Ranau highlands and has a delightful aroma. Her business not only provided her with an extra income but also benefited the people of Ranau by offering them opportunities to earn additional money. These individuals were crucial to Kuntagil's social entrepreneurship model. For more than a decade, Kuntagil sold her *tuhau* floss from home until she secured several grants from the Malaysian Government to assist in commercialising her product. The grants she received aided in financing the implementation of safety and quality assurance measures for the product, acquiring food certifications, and producing

labeling and packaging materials. The journey to commercialise the *tuhau* floss was challenging for Kuntagil, but her unwavering determination to overcome obstacles led to her current success.

This case study provides an opportunity for students to analyze how a rural entrepreneur made the decision to pursue commercialisation and engage in social entrepreneurship. Students will examine the factors that influenced her decision-making process. Furthermore, students will evaluate how the entrepreneur's management style positively impacted the economy and social well-being of the women in her community.

Indigenous women, like Kuntagil, often have limited access to capital, market data, and training, which can hinder their ability to grow their businesses and participate in the formal economy. This lack of access to resources can also make it difficult for indigenous women to adapt to changes in the economy, such as shifts in consumer demand or new technologies. Kuntagil's business growth was initially slow, and she had to participate in numerous business pitching competitions to secure monetary prizes, which enabled her to purchase more supplies, hire additional workers, and access to business opportunities outside Ranau.

Company's Profile

Starting in 2005, Kuntagil sold small batches of *tuhau* floss in her neighbourhood with only RM50, equivalent to approximately USD12, as her start-up capital. She received assistance in processing the product from close family members and neighbours, who were all housewives or single mothers. After making a profit, Kuntagil registered NurCahaya Enterprise as a sole proprietorship business entity in 2007. The following year, she moved her processing facility from her home to a nearby location that she built using her own savings. The facility was approximately 10 feet by 12 feet long and could accommodate small equipment used for preparing, cooking, drying, and packing processes. It was not until 2010 that Kuntagil was able to expand her sales beyond Ranau, specifically in Kota Kinabalu City, with the help of her husband and children. They sold the *tuhau* floss exclusively at the farmers' market on weekends due to the high travel cost, as the distance from Ranau to Kota Kinabalu City took nearly three hours by car.

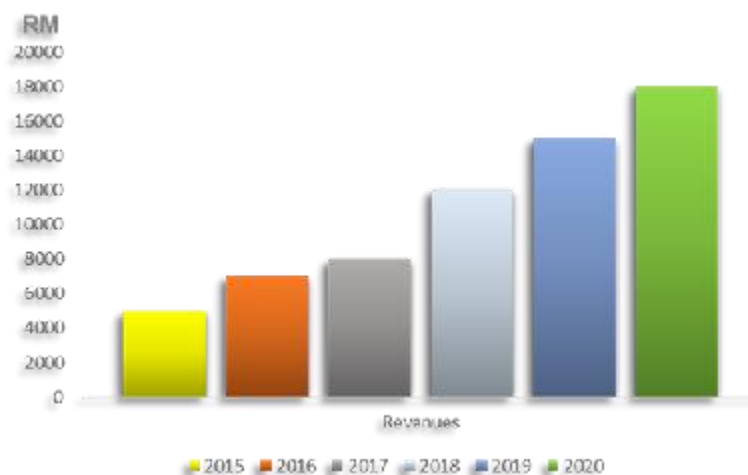
Kuntagil was approached by the Malaysian Innovation Foundation in 2011, following the success of her *tuhau* floss, and was offered a business grant of RM100K. The foundation is linked to the Ministry of Science, Technology, and Innovation and recognized the potential of Kuntagil's innovative product. This grant was specifically designated for indigenous rural women who aimed to expand their businesses while practicing social entrepreneurship. Originally, the *tuhau* floss packaging was very unappealing and did not comply with the food regulations as stipulated under the Malaysian Food Act 1983. After being awarded the grant, Kuntagil managed to get some professional services to design and print the packaging with proper labeling. Figure 1 shows the comparison between the early packing of the *tuhau* and after the modifications made to the packaging.

Figure 1: Early packaging (*left*) and latest packaging (*right*)



Within four years, Kuntagil established Cahaya Kasih Sdn. Bhd (CKSB) to increase the production volume of *tuhau*. Once again, her company was granted RM500K by another government investment agency, Teraju Superb. With the help of a grant she received, she successfully registered her brand "BessBah" with the Malaysian Intellectual Property Office (MyIPO). This allowed her to establish legal ownership over her brand and protect her intellectual property rights. According to the financial statement for the end of 2020, her company's annual revenue was recorded at RM20K. Figure 2 illustrates a gradual increase in CKSB's income each year.

Figure 2: Income statements of CKSB for the years 2015-2020



This amount of revenue was categorized as micro enterprise as defined by SME Corporation Malaysia (SME Corp).

Kuntagil's strategy to expand her sales network involved inviting housewives and single mothers in her area to become selling agents. By appointing these agents, she was able to effectively market her *tuhau* floss to a wider audience. Her approach proved successful, and

her network of agents grew to include areas beyond her immediate vicinity, such as Linkabau, Giring, and Kota Belud. *Tuhau* is a traditional food in Ranau that is commonly used in local dishes. However, Kuntagil's innovative use of *tuhau* to make *tuhau* floss has allowed her product to be embraced by people of various ethnic backgrounds. Despite the challenge of introducing a new product with an unfamiliar ingredient, Kuntagil persevered in building her business. It took over a decade of hard work to establish and expand her market beyond Ranau. Today, her brand "BessBah" is well-known and continues to grow in popularity, a testament to Kuntagil's determination and creativity. Figure 3 shows the timeline of Kuntagil's business expansion.

Figure 3: Timeline of Kuntagil's business growth



Social Entrepreneurship Model

Kuntagil, who resides in the rural area of Ranau in Sabah, has made a significant impact on the local economy, particularly for housewives and single mothers with limited education or access to employment opportunities in nearby towns. Her efforts have resulted in an improvement in the economic situation of those within her community. Despite the limited economic activities and access to technology in the area, Kuntagil's business has provided employment opportunities for those in her community. Her part-time workers were all local residents who lived near her processing facility and would walk to work. She paid them an hourly rate of RM4.50 (equivalent to USD1) without setting a minimum number of hours. Kuntagil understood that her employees had other obligations, such as caring for their children and preparing meals for their families. As a result of her flexibility, her employees were content and appreciative.

In recruiting agents to sell her *tuhau* floss, Kuntagil took a unique approach. She did not impose any minimum purchase or sales requirements on her agents. Instead, she motivated and encouraged them to sell as much as they could in order to maximize their earnings. This approach gave her agents a sense of autonomy and they were not compelled to buy more stock than they could handle. By empowering her agents in this way, Kuntagil built a loyal and committed team that helped her expand her business.

Kuntagil realized that processing *tuhau* floss was a time-consuming and physically demanding task. In early days, she obtained the raw *tuhau* from the nearby woods where it grew wild. Kuntagil would start searching for *tuhau* as early as 6 a.m. daily, with some of her part-time workers assisting her. Once the *tuhau* stems were collected, they were processed immediately into floss to prevent quality deterioration. The resulting floss had a light and fluffy texture, similar to coarse cotton. The entire process, including 12 hours of sun drying, took around 18-20 hours before the *tuhau* could be packed and sealed. Initially, all processing

was done by hand using basic kitchen tools. Kuntagil's husband then brought the *tuhau* floss to local grocers, where it sold for around RM15 (USD3.60) per 100 grams. Occasionally, she received substantial commissions from customers for special events. She no longer had to forage for *tuhau* in the woods because she had created a network of freelance farmers who grew and sold the *tuhau* to her at a competitive price.

When the COVID-19 pandemic hit, Kuntagil's income suffered, affecting not only her but also her part-timers and the *tuhau* farmers she worked with. In her search for solutions, Kuntagil reached out to the Department of Agriculture, who advised her to explore online business opportunities. To this end, she recruited a group of young people and trained them on how to operate an online business. Unfortunately, her efforts were hindered by the poor internet connectivity in Ranau, which made it difficult to successfully sell their products online. Furthermore, the cost of shipping Kuntagil's product doubled due to the courier company's difficulty in reaching her village.

Company's Management Style

Kuntagil did not engage in micromanaging her employees, instead, she trained them on how to process the *tuhau* floss and operate the processing machinery. In addition, she compensated them in cash at the end of each workday. By building a high level of trust, employees under this style of management feel appreciated and are willing to contribute more to the company's success. This management style empowers employees and holds them accountable for their work, which motivates them to perform at their best, leading to improved efficiency and productivity within the organization. On another note, her *tuhau* suppliers were not obliged to sell exclusively to her, even though she had aided them in the early stages of cultivating the *tuhau*. In the initial phases, Kuntagil sought assistance and guidance from the Department of Agriculture for the *tuhau* farmers in their village, as the crop had never been grown on farms before.

Conclusion

Kuntagil's case exemplifies the characteristics of a successful social entrepreneurship venture and a unique management style, particularly among indigenous community.

As a social entrepreneur, Kuntagil identified a need for a product in her community and developed a solution that not only met that need but also created a sustainable business model. She sourced her raw materials sustainably and developed relationships with local farmers to ensure a consistent supply of quality raw materials. Kuntagil's business not only generated profit but also created value for her community by providing employment opportunities and supporting local farmers.

In terms of management style, Kuntagil's approach was employee-centred and empowering. She trusted her employees and offered them flexibility in terms of working hours, which allowed them to balance their work with their personal commitments. She provided her employees with the necessary training and tools to do their jobs effectively and rewarded them with monetary incentives. Her management style encouraged employee engagement, accountability, and contribution, which in turn led to improved efficiency and productivity.

Overall, Kuntagil's case highlights the importance of social entrepreneurship and the positive impact it can have on local communities. It also emphasizes the effectiveness of employee-centred and empowering management styles in creating a successful and sustainable business.

References

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Discussion Questions

Question 1

A quiz may consist of five short questions:

- i) What was the name of the protagonist in this case study?
- ii) What is the name of the plant used in Kuntagil's food product?
- iii) Where is the tuhau floss produced by Kuntagil located?
- iv) What was the name of Kuntagil's first registered enterprise?
- v) When did Kuntagil receive the second business grant?

Question 2

In reference to social entrepreneurship model, what inspired Kuntagil to start her social entrepreneurship venture and how did she get started? Provide justifications for your answer.

Question 3

What challenges did Kuntagil face in the early stages of her business and how did she overcome them?

Question 4

What impact did Kuntagil's social entrepreneurship venture have on the local community, particularly on rural women?