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# Enhancing Rural Wellbeing: Unravelling the Impact of Economic Diversification in Sarawak

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**Abstract:** *This study delves into the multifaceted dynamics of economic diversification in the state of Sarawak, Malaysia, as well as the deep implications for rural wellbeing. Specifically, the aim of the study is to look into various economic diversification measures and their impact on the Iban rural community in Sri Aman, Sarawak. Sarawak, endowed with abundant natural resources and a diverse cultural legacy, has embarked on a transformative journey towards economic diversification in order to support sustainable development and enhance rural populations' livelihoods. This study used a mixed-methods approach, including surveys and in-depth interviews. It was found that the majority of households have increased their income by diversifying their sources of income by engaging in both farm and non-farm activities, such as formal and informal trading, wage labour, and remittances. The benefits of livelihood diversification can be seen in the community's decreased reliance on a single activity, the development of infrastructure, the survival of the Iban culture, and the resilience of the community.*

**Keywords:** *Rural, Economic Diversification, Sarawak, Iban.*

## 1. INTRODUCTION

Sarawak is Malaysia's largest state and is renowned as the Land of Hornbills. Sarawak has a diversified indigenous population and distant rural areas, making it a unique setting for investigating the impact of economic diversification (Alamgir et al., 2020; Freeman, 1995). Sarawak's largest ethnic group, accounting for 30.3% of the population (DOSM, 2019), is the Iban. Rural poverty persists in Sarawak, however, due to low productivity, a shortage of non-agriculture jobs, and a rise in rural-urban migration (Kato et al., 2020; Tedong et al., 2022; Tilai et al., 2022). This study is distinct in that it focuses on a localised situation. This research also includes socioeconomic inclusion and the application of structural change development theory in tandem with the Iban decision-making framework. The purpose of this research is to