

# Sustainable Tourism Related SMEs through Strategy Identification

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**Abstract.** It should be pointed out that expansion of tourism sector relies on micro, small and medium enterprises exist in various related region. This particular study was conducted in Lenggong Valley, Perak to assess the existing strategies in the attempt to develop sustainable tourism related SMEs. Potential businesses in the area were measured using four traditional SWOT inclusive strengths, weaknesses, opportunities, and threats. The results from observation reveal interesting findings in relation to internal and external factors evaluation of tourism related SMEs. Therefore, this study presents the strategies for development of sustainable tourism related SMEs in the Lenggong Valley, which serve the purpose of assessing the potential business of tourism related SMEs and entrepreneurs. In-depth inspection of tourism strategies are critically considered when creating public policy that benefits the area and the local community.

## 1 Introduction

In general, the augmentation of tourism industry is very much relies on micro, small and medium enterprises exist in various related sector. At present and in the near future, tourism industry has and will show a huge influence in Malaysia economic development. In favour for tourism to be beneficial in relations to economic development, poverty reduction, income generation and enhancing rural means of living, it should be related with the local economies activities for instance the agriculture and micro and small scale enterprises [1]. Tourism and entrepreneurial activities are complementing each other's, as the development of tourism depends on the SMEs while in the same way SMEs activities also require the help of tourism in way to grow and survive. This can be explained by the fact that tourism sector help to generate opportunities for the local community to start a business activity, while tourism sector depends on the SMEs activities to provide the tourist's needs and wants. Tourism is conservatively a small and medium- sized enterprises industry as in the point that majority of the tourist amenities are provided by the small and medium-sized businesses [2]. According to the WTO-OMT definition:

*“Sustainable tourism development meets the needs of present tourists and host regions while protecting and enhancing opportunities for the future. It is envisaged as leading to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, and biological diversity and life support systems.”*[3].

According to the National SME Development Council (NSDC) definitions, micro enterprise in services sectors, are the enterprise with full-time employees of less than 5 people, and having sales turnover less than MYR 200, 000 while a small enterprise are the enterprise with full-time employees of between 5 and 20, with the annual sales turnover of between MYR 200, 000 and less than MYR 1million. In rural areas, small-scale enterprises are normally dominating the economic scene. These enterprises reflect local resource capabilities [4];. Unlike urban tourism, rural tourism offers a market for small businesses and brings economic benefits to businesses and local development. The tourism empowerment to stimulate the development of small businesses and increases economic multipliers [5-6] enable tourism to be acknowledged as a development tool for reviving those declining traditional industries [7]. The existence of small and micro enterprise is always based on the strength of its rural areas with certain qualities symptomatic of its situation, such as natural beauty, quietness, and uniqueness[8]. Many small businesses in rural areas are established in respond to the demand for attractions in those areas [9]. Small enterprises are normally owned by families from the local community and often producing local agricultural products and cultural activities [10].

The data given by Lenggong Development Authority reported that based on 374 business premises registered, 70% of business activities include wholesale, retail trade and vehicles workshop, 16% are food and beverage service, 11% are personal services and other activities, 2% are storage of tobacco and latex (rubber-based) and 0.5% are the accommodation service [11]. Even this data does not capture the real small and micro enterprise in Lenggong; however it can be used to generally explain the profile of businesses in Lenggong Valley. The above data reflect the current situation of SMEs development in Lenggong Valley. It showed few conclusions:

1. The site has been recognised as a World Heritage Site (WHS) by the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) on 30 June 2012; however the existing business does not grow in according to tourism development in Lenggong Valley.
2. Major economic sector in Lenggong Valley involve in agricultural related activity [12]. Based on survey on 500 local community, some of them already involve in small-scale business activity, however the exposure on opportunities on rural and tourism businesses have not been explored in Lenggong Valley. Thus, there is a very good business potential to be explored to address the need of the tourist.
3. The site is rich with heritage and non-heritage attraction that could be explored into archaeological and heritage tourism, eco-tourism, food, agro and culinary tourism. However, the use of local resources has not been fully utilized to reflect the uniqueness of the area.
4. Most of them are self employed and involved in business related to agricultural and fisheries. However their business cannot survive due to lack of capital and personal discouragement [12]. Sustainability of SMEs needs to be address to ensure the sustainability of the business particularly, Lenggong Valley in Malaysia.

Based on the above justifications, the purpose of this study is to evaluate existing strategies for the development of sustainable tourism related SMEs in the Lenggong Valley of Malaysia. An analysis was conducted to measure the potential business activities thorough variety of tourism related SMEs initiatives within their strengths, weaknesses, opportunities offered and potential negative threats, on the area and its entrepreneurs.

## 1.1 Lenggong Valley as Heritage Destination

Lenggong Valley is a popular site for its archaeological heritage and was recognised as a World Heritage Site (WHS) by the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) on 30 June 2012 because of its rich archaeological heritage, showing evidence of human settlement during the Palaeolithic era and a meteorite hit Bukit Bunuh area for about 1.83 million years ago [13]. Other unique elements that contributed to the recognition of Lenggong Valley by UNESCO as a WHS include the presence of an undisturbed Palaeolithic stone tool workshop, the discovery of the australomelanesoid “Perak Man” in 1991, and a number of caves that show evidence of prehistoric burials.

Apart from the human civilization findings, Lenggong is also such an attractive place. The Valley is surrounded by the greenery of Titiwangsa Ranges and Bintang Ranges which made it as a habitat for many species of flora and fauna. Lenggong is also rich with nature attractions such as waterfalls cascade and caves. It has several beautiful waterfalls cascade such as Lata Randu and Lata Kekabu. Moreover, it is a place for almost 20 caves to be explored including the popular caves such as Gua Harimau, Gua Puteri, Gua Kajang, Gua Kelawar, Gua Teluk, Gua Asar.

Beside, Lenggong is also quite a well-known for its economic activities. The local community produces agro products such as “serunding”, “dodol”, preserved fishes, black paper spices, and run activities of farming cattle and goats in a small scale. It is also a home for the largest deer’s farm in Malaysia under the supervision of the federal government. Lenggong Valley is also recognized for its freshwater fish and fish preserved according to local tradition. These economic activities are supported by the local government by which Hulu Perak District Local Plan 2002-2015 had come out with the effort to develop a concept of ‘one product one village’.

## 1.2 Tourism Related SMEs in Lenggong Valley

The tourism industry comprises a variety of businesses and ventures opportunities which relate to tourist experiences and activities. In general, the category of business activities in tourism into four that are food and accommodation services, retail and souvenir, travel agent, transport and sport, and others which represent other than as had been mentioned [14]. The three main potential tourism ventures identified by [15] are active recreation sites, sites of interest and accommodations. Sites of interest comprise activities such as heritage sites, arts and craft centres, zoos, small museums that usually provide education themes. Whereas active recreation sites offer active physical experiences, either through “soft” activities such as bicycle riding, nature walks and camping or “challenging” activities such as hiking, climbing and rappelling, mountain- biking and scuba. SMEs in tourism have becoming an important focus. This section will reveal internal and external factors of SMEs in Lenggong Valley.

### 1.2.1 Heritage attraction [16]

#### *Archaeological tourism*

##### Archaeological treasure

- Human skeletons (Perak Man) in Lenggong Museum
- Meteorite impact at Bukit Bunuh
- Archaeological sites

#### *Heritage tourism*

##### Historical attraction

- Cemeteries of popular people in ancient year such as, Makam Tok Lalang, Makam Tok Sendalu, Makam Tok Tan Lela Setia, Makam Tok Busu Sega
- Rumah Limas, an ancient house with the design of Johor’s style
- Kubu Melayu, fortress was made during the war in the past years.
- Masjid Jamek Lenggong, an ancient mosque with the design of English style and resemble the castle in Kuala Kangsar.
- Masjid Abudiyah an ancient mosque with the design of Aceh’s style

#### *Eco tourism/agro tourism*

##### Flora and fauna

- Malaysia’s largest deer’s farm
- 100 species of birds
- 20 species of fishes
- Diversity of flora and herbs

*Ecotourism/Natural tourism*

Natural Attraction

- Rainforest of Titiwangsa Ranges and Bintang Ranges
- Cascade waterfalls such as Lata Randu and Lata Kekabu and more.
- More than 20 caves such as Gua Harimau, Gua Puteri, Gua Kajang, Gua Kelawar, Gua Teluk, Gua Asar
- Lake Raban

1.2.2 *Non- heritage attraction*

*Agro/food tourism*

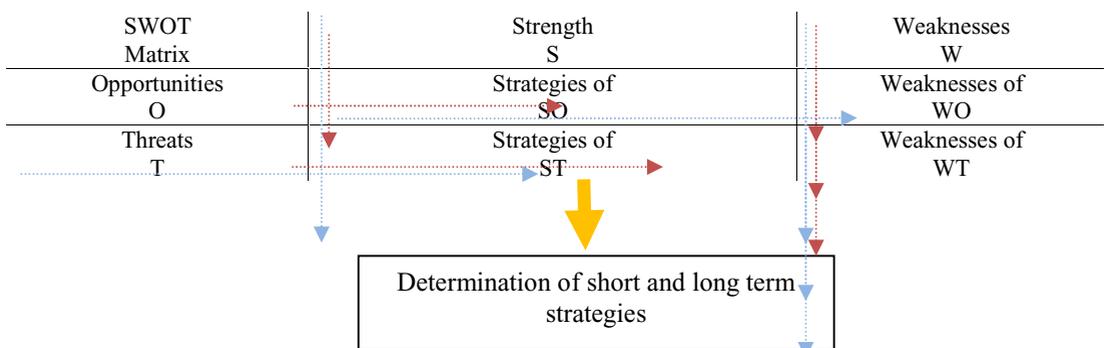
Activities of local community

- Local food such as dodol, serunding, black pepper spices
- Local traditional food such as Kekebe, Belotak and pekasam
- Food event
- Homestay activities
- Kayaking at Raban Lake

**2 Methodology**

The methodology of this study is based on the descriptive method and interpretation of tourism related SMEs activities in heritage and non-heritage areas in Lenggong Valley. A conceptual data collection was adapted to the SMEs activities using SWOT (strength, weakness, opportunity and threat) strategies; the SWOT outputs bring some relevant strategies in the study area. This analysis aims to identify the strengths and weaknesses of an area which is consider to the opportunities and threats in the specific sites such as the study area of this research. The result of the strategic planning method shows the strategic position and necessary actions in the rural areas with regard to the tourism related SMEs in Lenggong Valley with potential businesses opportunities which is reveal in the following statements (see Table 1).

**Table 1.** SWOT Matrix and Determination of Strategies



Source: [17]

There are four main approaches in the SWOT analysis which are applicable to the conditions of the study area. In line with our earlier observations these include:

1. **Diversification strategy:** proposes the use of inherent strengths to remove threats (ST).
2. **Competitive strategy:** strengths and opportunities should be pointed out by this strategy for the creation of practical solutions (SO).
3. **Defensive strategy:** proposes to remove internal weaknesses and to avoid threats (WT).
4. **Invasive strategy:** proposes to remove weaknesses and to use opportunities (WO)[18].

Therefore, the following statements are accurate about the strategies which are except the result of the SWOT analysis of the internal and external factors related to strategies which are evaluate the tourism related SMEs in Lenggong Valley.

### 3 Results and Discussion

To evaluate the objectives, strategies, and policies which are revealed in the internal and external factors in current analysis, the research has been explored the strengths, weakness, opportunities, and threats of tourism related SMEs in Lenggong Valley.

**Table 2.** Internal factors evaluation of tourism related SMEs in Lenggong Valley

Strengths	Weaknesses
1. Majority of the local population are self employed and easy to establish business 2. Small business offers ownership, independent decision making, small amount of capital, small risk and easy to manage. 3.Strong tie with family and friends to support business 4.Produce production in small volume which easy to innovate and is suitable for tourism sector such as craftsmanship/handy craft 5.Knowledge of producing traditional product from local resources	1. Lifestyle entrepreneur with lack of entrepreneurial skill and have non-economic goals. 2.Tied with their traditional culture such as involvement in agricultural and fisheries 3. Small size offers high tendency for discontinuity 4. Diseconomies of scale, limited capital, lack of means to growth 5. Limited opportunities, limited information, and limited staff 6.Limited knowledge in running business/IT 7.Limited support/motivation 8. Lack of resources especially fish in producing dried fish such as fish. 9.Lack of involvement in association

**Table 3.** External factors evaluation of tourism related SMEs in Lenggong Valley

Opportunities	Threats
1. Increasing of tourist due to UNESCO Archaeological site status 2. Many potential activities such as cultural, heritage, rural, education, food production business gained high recognition with export business to Brunei and Singapore. 3. Many supporting sectors especially series can be explored such as IT, transportation and accommodation 4. Many unique resources can be used as a source to process such as man power and raw material thus opportunity for product innovation is high 5. Many local agencies involves in preparing for the training and capital Amanah Iktiar, MARA and TEKUN. 6. Strong networking and back up-village community 7. Lenggong Valley is planned to be one of the targeted rural development area in Perak 8.Level of competition is low	1. Lack of accessibility to information and knowledge 2. Difficulties accessing financial resources/Lack of capital/ the amount of loan is small. 3. Lack of accessibility to investment (technology equipment and know-how) 4. Non-conformity of standardization 5.Lack of quality awareness and lack of mutual recognition schemes 6. Lack of opportunity recognition 7. Lack of monitoring on business sustainability

### 3.1 TOWS Matrix

*TOWS Matrix* (threat, opportunity, weakness and strength) illustrates how external opportunities and threats in front of an exacting situation can be coordinated with the internal strengths and weaknesses, to result in four sets of possible strategic alternatives [19]. Accordingly, the variation of the SWOT analysis and TOWS matrix is in Table 4.

**Table 4.** TOWS Matrix

<b>Competitive</b> strategies on the basis of strength points and opportunities ( <b>SO</b> )	<b>Invasive</b> strategies on the basis of the strength points and opportunities ( <b>WO</b> )
<ul style="list-style-type: none"> <li>- Majority of the local population are self employed and easy to establish business to cater the increasing number of tourist due to UNESCO Archaeological site status (S1, O1)</li> <li>- Increase and establish business can supporting many other sectors or activities especially related to tourism such as IT, transportation and accommodation and provide work opportunities (S1, O2, O3)</li> <li>- Provide information and training from local agencies help to increase small business ownership, independent decision making, amount of capital and sustainability (S2, O4)</li> <li>- Increase number of small business ownership is one of the targeted rural development under New Economic Model and improve the level of competition which is low (S2, O5)</li> <li>- Existing knowledge embedded in local people and the availability of resources can be explored to produce Lenggong specific products for tourist (S5,O3,O6)</li> </ul>	<ul style="list-style-type: none"> <li>- There should be an initiative to inculcate business culture among the local community including increasing their involvement in association(W1,O4,O5)</li> <li>- The experts can train to product food business that can gained high recognition with export business to Brunei and Singapore (W1, W2,W3,W4,O4,O5)</li> <li>- Collective experience of a number of experts can make availability of manpower (W1, W2,W3,W4,O3,O4)</li> <li>- Local people should be involves for training and other activities such as as cultural, heritage, rural, education etc.(W5,O2,O3)</li> </ul>
<p><b>Diversification</b> strategies on the basis of the strength points and threats (<b>ST</b>)</p> <ul style="list-style-type: none"> <li>- Point out special strong tie with family and friends to support business and sustainability(S3 , T4,T5)</li> <li>- State policies and guidelines should be drawn production in small volume which easy to innovate and is suitable for tourism sector (S4, T5)</li> <li>- Various local and federal agencies should support the development of small scale business to increase their business sustainability (S2,T1,T2,T3,T4,T5)</li> </ul>	<p><b>Defensive</b> the strategies on the basis of the weak points and threats (<b>WT</b>)</p> <ul style="list-style-type: none"> <li>- Action should be taken to reduce the lack of opportunity recognition and limit information and limited staff (W3,W4,T5)</li> </ul>

Above statements as strategies are reasons to implement the ideal position in the Lenggong Valley to develop tourism related SMEs in this area.

## 4 Conclusion

This study has explored on the SWOT analysis of SMEs in tourism related business in Lenggong Valley. Lenggong Valley as a new emerging and developing tourism sites will have to empower their SMEs to support the development. Synonyms with tourism, among the popular business activities

need to cover are accommodation, food and craft, transport and hotel businesses. Having a rural site and agricultural as a main economic activities provide natural resources for third level development of economic activity. Lenggong Valley is an interesting example of new developing world rural tourism sites in Peninsular Malaysia.

SWOT analysis performed to assess the potential business of tourism related SMEs which are initiatives on the area with entrepreneurs and managers. Careful inspection of tourism strategies are critically considered when creating public policy that benefits the area and the local community. Thus, opportunities and threats in the case of sustainable SMEs tourism development in Lenggong were identified and evaluated by SWOT analysis. Sustainable SMEs tourism infrastructure can be making in the area to fulfil tourists needs and desire and attracts more tourists to make more business in the area. This development in the region will defiantly change local residents' life condition and bring satisfaction to them due to its job creation and income making.

Therefore, an integrated plan in relation to country rural planning and management are needed for the development of Lenggong Valley tourism by focusing on involvement of local community to sustain the development programme and overcome the impacts of tourism.

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