Factors of Local Community Participation in Tourism-Related Business: Case of Langkawi Island

Norlida Hanim Mohd Salleh, Mohd Shafiin Shukor, Redzuan Othman, Mohd Samsudin, and Siti Hajar Mohd Idris

Abstract—Tourism development has enabled the involvement of local communities, particularly in tourism-related business. Community involvement is capable of improving the socio-economic status of the locals, especially in removing them from the clutches of poverty. Recognizing the importance of community involvement, this study attempts to identify the factors which can specifically stimulate community involvement in tourism-related business. To achieve these objectives, face to face interviews with local communities using questionnaire as the study instrument has been conducted. Data was analyzed through the utilization of Statistical Package for the Social Science (SPSS) and Analysis of Moment Structure (AMOS). The results showed that the involvement of local communities in tourism-related business is influenced by two factors, namely income and encouragement from family. These factors are also assisted by other factors, namely self-confidence, interest and opportunity available in Langkawi.

Index Terms—Determining factors, local community participation, tourism-related business, Langkawi Islands.

I. INTRODUCTION

The importance of community involvement in tourism development has been agreed by most researchers in this field. According to [1], a community drives the development of tourism. In the context of ecotourism, the environment will be conserved with the involvement of the community because the community is more aware on the extent to which the environment should be developed in regard to tourism related activities.

In local communities’ involvement, enabling them to reap the benefits from the development that is happening around their neighborhood is of the utmost importance. One of the beneficial impacts to the community is the change in the socio-economic status [2]. For example, in the context of Langkawi Island, before the development of tourism in Langkawi, most of the locals were involved in fishing and farming. However, with the establishment of tourism sector, they had shifted to better economic sector especially to the tourism sector. In this sector, some of them work in resorts, as tourist guides and establish tourism related businesses [3].

In addition, community participation in the tourism sector is seen as capable in sustaining tourism development [4]. This is also supported by the World Tourism Organization (WTO), World Travel and Tourism Council (WTTC) and the Earth Council [5]. Series of discussions by researchers clearly show that the development of tourism should not only be considered from the economic aspects or profitability alone, but more importantly it is developed in a sustainable manner through community participation.

Here, entrepreneurs and business activities serve as catalysts for economic development of the local communities, as well as guarantors to the continuity of the economy especially in the island [6], [7]. The community has gained the benefit from the tourism development. The locals are given the priority in the substantial number of job opportunities in the tourism business activities. This to prevent them from being marginalized, remain in the traditional economic activities and have no process of economic change. The failure to incorporate the local community will result in continuous poverty among the locals [8] where this will eventually lead to negative effects of tourism development on the population, and retarding its future success [9]. Based on these facts, community participation must be encouraged.

Hence, this study attempts to identify the factors that promote community participation in the tourism industry. By knowing these factors, a relevant policy can be proposed in order to enhance community participation in the tourism industry either in Langkawi or other tourist destinations. The structure of this paper is of the following order: i) introduction ii) background of tourism development in Langkawi Island, iii) research framework, iv) research methodology, v) findings and vi) conclusion and policy implications.

II. BACKGROUND OF TOURISM DEVELOPMENT IN LANGKAWI ISLAND

The tourism industry is a significant industry as it acts as an agent to economic growth. Most countries consider tourism industry as a key industry that requires strategic and development planning for it to remain efficient in the modern world and bring in more benefits to the country and the local communities in the country [10].

The tourism industry in Langkawi also has proven itself to be a major revenue earner for the country in terms of total revenue generated. In 2010, this industry showed that the total revenue collected increased by 4.9 per cent from RM6.8 billion in 2009 to RM7.1 billion as reported by the Langkawi Development Authority (LADA).

This achievement is due to the seriousness of various parties, especially the Ministry of Tourism Malaysia in introducing and promoting Langkawi as a popular tourism
destination that should be visited, both by the national (domestic) and international tourists.

To date, various tourism products have been developed as tourist attractions in Langkawi by LADA or by some other agencies. Several major tourist attractions in Langkawi are: Kilim Geopark, Langkawi Oriental Village, Cable Car, Laman Padi Langkawi, Langkawi Handcraft Complex, Langkawi and underwater Chenang Beach, refer Fig. 1.

The impact of these activities/attractions can be seen when the number of tourist arrivals from 2007-2010 to Langkawi always exceeded 2.3 million tourists [11]. However, the development of tourism industry is meaningless if it is not able to reduce the economic gap of the local communities. This problem always occurs in tourism industry that does not procure the involvement of local communities in tourism development. According to a study conducted by [12], he found that community involvement in the current development of tourism industry is often regarded as the key to a stable development (sustainable). Moreover, communities are expected to share some of the benefits (such as employment and income growth) and cost reduction (due to low wages).

Therefore, there is a need for community participation in the development’s mainstream. Entries will not only increase the income of the tourism industry itself, but more importantly, to spread the benefits to the local communities [13], [14]. In the long term, this will indirectly guarantee the sustainability of their lives and enable them to be independent in the development mainstream of tourism industry [10].

In 2011, there were 1459 businesses registered with the Companies Commission of Malaysia. This figure increased to 1547 in 2012, and improved to 1633 in 2013. Until September 2014, about 1200 entrepreneurs operating in the Langkawi Island had registered with the said commission. There are a huge number of participations, and if this figure can be sustained, it will increase the socio-economics’ status of Langkawi communities. As such, participation should be encouraged by the stakeholders.

III. RESEARCH FRAMEWORK

Studies of local community participation can be described as follows. From Fig. 2, it appears that the development of tourism industry and the community in Langkawi should be connected to each other. This means that the development of the tourism industry should provide a space for the community to get involved. Through community involvement, the tourism industry will continue be developed and sustained.

Based on this research framework, this study is trying to accomplish the following objectives:

1) Review the profile and types of local communities’ businesses in tourism.
2) Determine the factors that influence local community participation in tourism.

A. Location, Sampling and Research Instrument

This study is based on field work in Langkawi. In detail, this study was conducted in several major business areas namely Kuah Town in Langkawi, Padang Mat Sirat, Ayer Hangat, Ulu Melaka, Kedawang, and Bahor. A total of 282 local communities were involved in the study.

Face-to-face interview using questionnaire as the research instrument had been used. The questionnaire was in Malay and divided into several parts. The first part was on the socio-demographic of the respondents/local community; which included gender, age, race, marital status, religion, and background levels of education. The second part was related to the involvement of local communities in tourism-related businesses, which was related to the six main factors, namely, income, family, opportunity, confidence level and interest. A few items which served as the proxy to the stimulus variables were also investigated in this research. The independent variables were determined based on previous studies and evaluation is based on a 5-point Likert scale from 1-"Highly Not Important" to 5- "Highly Important".

B. Study Analysis

This study employed the Statistical Package for the Social Science (SPSS) and Analysis of Moment Structure (AMOS) software. SPSS was used to analyze the demographic profile of the local communities using descriptive statistical frequency test. The mean analysis was conducted to analyze the independent variables. The mean value was used to describe the average level of agreement by the respondents against the factors that stimulate their local community involvement. Using a five-point Likert scale, scale mean under 2.5 is classified as non-essential; while mean scale of 2.5 and above is considered as important [14].

AMOS software was used for Structural Equation Modeling method (SEM). SEM was utilized in order to explain the structure of the linear equation which represents
the causal relationship between variables. SEM has two methods, which are exploratory analysis of Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA).

EFA was used to filter unimportant independent variables in order to form a new cluster factor. Items that are not important and do not achieve the desired value will be deleted from these factors; and this is dependent to value of the loading factor, i.e. the standardized estimated value of the AMOS software. The standardized estimated value must equal or exceed [17].

Next, the reliability test (Cronbach’s Alpha) should be performed. The test is conducted in order to determine whether the factors that have been developed (from a group of items) fulfill the requirement of the process in forming a factor construct. Here, CA 0.6 is considered to be an acceptable value. Meanwhile, previous researchers have determined that CA between 0.6 and 0.7 as moderate; the CA between 0.7 dan 0.8 as good; CA value between 0.8 and 0.9 as very good; and the CA value of above 0.9 as excellent [16].

In testing the validity of the proposed model, AMOS will be used in the testing of model fit (goodness of fit). Basically, the model validation tests carried out were based on the chi square. Chi square test is the most objective method for the validation of the model [19]. However, some researchers used other indices together with the chi square test. This is because in the case of large sample size, the chi square tends to generate a large value (> 2.0), but it is still acceptable if the value does not exceed 5.0. To solve the problem of model validation, most researchers including this study will use the fit indices. These indices include the goodness-of-fit index (GFI), adjusted goodness-of-fit index (AGFI), parsimony goodness fit index (PGFI), normalized fit index (NFI), comparative fit index (CFI), root mean square residual (RMSE) and root mean square error of approximation (RMSEA) [16], [19].

C. Research Model and Hypotheses Development

The first objective of this study is to identify the type of tourism-related business activities entered by the community of the island of Langkawi. This can be discovered through interviews conducted with respondents.

Nonetheless, in order to achieve the second objective, the information from the interviews should be analyzed before a conclusion can be made. The conclusions are on factors that influence the local community participation in the tourism related business. Initially, for this purpose, all the variables namely family, passion, confidence, opportunity and opinions are expected to be factors that stimulate the community to be involved in tourism-based businesses in Langkawi Island. This relationship is illustrated by Fig. 3.

H1: There is positive relationship between family encouragement and participation in business

H2: There is positive relationship between interest and participation in business

H3: There is positive relationship between confidence and participation in business

H4: There is positive relationship between opportunity and participation in business

H5: There is positive relationship between income and participation in business.

IV. EMPIRICAL FINDINGS

The study began with a discussion on the socio demographic profile of local community. This is followed by the discussion on profile and types of local communities businesses and factors that influence the local community participation in the tourism related business.

A. Socio Demographic Profile

Based on Table I, results from field study show that the local communities consist of 45.4% male and 54.6% female. The age of local communities involved in tourism related business is between 21 to 67 years. In terms of the local communities’ age, it is found that those aged 31-40 years were at 35.1%, 21-30 years at 34.4% and 41-67 years at 30.5%.

Majority of them were Malays with a percentage of 76.6%, followed by the Chinese at 21.3%. Overall, the 72.7% were married and 23.4% were singles. In Malaysia, Malay is synonymous with being Muslims, thus, the majority of the local communities in this study were Muslims (78%). In terms of education level, 58.2% of the respondents had a minimum level of education and possessed a certificate of education. 17% were diploma holders and 8.3% had a degree.

B. Review on the Profile of Local Communities’ Businesses

Based on Table II, there are 4 main profiles to the tourism related business surveyed in the study; namely year business starts, start-up capital, type of business and the monthly income.

In general, the commencement of Langkawi local communities’ participation in businesses is the year 2000. This is because the year 2000 was the year when the government started to actively implement development programs in PulauLangkawi until it is recognized as a member of the Global Geoparks Network [21]. Thus, many business opportunities are available to local communities.

Meanwhile, in terms of the business’s start-up capital, most local communities obtained their financial support through personal savings (84.2%), financial resources/capital from bank loans (21.2%), and family loans (18.6%). This means majority of the local communities start their businesses with their own resources and are not bound by
financial organizations.

Several types of businesses often taken up by local communities are accommodation, retailing, wholesaling, transportation, restaurants and other tourism-related support services. Majority of the local communities are involved in retail (42.8%). This type of business does not require huge capital, and it is sufficient through private fund. Second, those who are involved in food preparation, i.e. restaurant at 26.4%. In view that Langkawi is a tourism center, the provision of food is very necessary. However, the business of serving food (restaurant) is very competitive as there are also food operators of hotels, resorts and chalets. Other types of business recorded a smaller percentage of participation ranging from 2 to 16%.

These findings also showed only 7.8% of the local communities involved in businesses in Langkawi earned below RM2,000. This shows that only a small percentage is earning below the poverty line. For those earning above RM2,001, the percentage was 92.2%. These findings indicate that the involvement of local communities in businesses has been successful in reducing poverty in Langkawi.

C. Determining Factors of Local Community Participation in Tourism Related Business

The factors that determine local community participation in tourism related business are shown in Table III. Based on that table, few analyses/statistical tests have been conducted. Those are: the mean analysis for each of the items, standardized estimated test, reliability test and the mean analysis of the construct, as well as the model validation tests.

D. Mean Analysis of Each Item

Based on the mean analysis of the family factor, the mean range is between 3.55 and 3.83. In detail, encouragement from friends and family as well as providing the spot for business by family members registered mean value of 3.83 each. These are followed by encouragement from family members (3.61). For continuing family business and the desire to have a business to be passed to children, their mean is at 3.55.

Further, participation is no doubt influenced by income. This is because the local communities’ involvement in tourism related businesses is because they expect to earn more money. This item shows the highest mean value at 4.08. In addition, by being involved in businesses, they stated that the business can brings in additional income to themselves as well as to family with mean values at 3.97 and 3.98, respectively. The item where the respondents expected to obtain high profit recorded a mean value of 3.88.

Interest in business is also an important factor. In fact, this statement is supported in most previous studies, such as [21]. The main item that should be included in this factor is the passion to run a business (4.17). Second, participation in the business allows them to make drastic decisions independently and without being bound by any party (4.03). The community also felt that being a business owner is something to be proud of (3.88).

Self-confidence is needed by the local communities to enable them to venture into businesses and in other areas as well. Thus, the community stated that being confident is an important stimulus for business (4.03). Second, in an effort to build self-confidence, local communities stated that they should be prepared to improve the situation when there is a complaint from a customer. Knowledge/skill is the lowest item. However, these items are still at a high level of agreement (3.89).

For the opportunity factor, local communities stated that there are huge business opportunities in Pulau Langkawi.

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(4.03) that should be explored. Second, they need to take advantage of the good economic environment (3.94). Third, local communities felt that going into business will give more time (3.82) as compared to other occupations that are bound by working hours. These results are similar to the findings by [25] in which most of them became businessmen as they want to work independently.

External support to businessmen also needs to be considered. This support encompasses the aspects of financial assistance from the government and banks, and the support to obtain start-up capital, raw materials and labor. The local communities stated that the financial assistance from the government and banks is an important item to boost their businesses. The study conducted by [24] showed that financial factor is important to businesses and financial assistance from commercial banks is also needed to expand or grow business.

E. Standardized Estimated Test

After testing the mean of the items for the factors, the next tests are the standardized estimated test (factor analysis) by using AMOS 5. Based on Table IV, the test found that 2 of the 5 items for family factors are eliminated because their loadings were lesser than 0.4. Meanwhile, the loading of items for income ranges between 0.51 and 0.65. These values indicate that no item is to be deleted. Further, the item, interest was shown loading factor exceeding 0.40, i.e. between 0.51 and 0.67. As for the confidence factor, it has 7 variables and the loadings of the items were in the range of 0.44 to 0.72. Standardized tests for all three items for interest factor found that the loadings were at 0.51, 0.66 and 0.68. For the stimuli for business involvement from external influence factors, 2 items were removed as they did not meet the requirements.

F. Reliability Test

The reliability test, Cronbach Alpha (CA) indicated that all the constructed factors were between 0.62 and 0.85. These values showed that these factors have correlations that are of medium, high, and very high strength to build the constructs as suggested by [16]. There was no construct eliminated.

<table>
<thead>
<tr>
<th>TABLE III: MEAN ANALYSIS, ITEM VALIDITY AND FACTOR CONSTRUCT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor/Items</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Family</td>
</tr>
<tr>
<td>1. Encouragement from friends</td>
</tr>
<tr>
<td>2. Family provides the business spot</td>
</tr>
<tr>
<td>3. Encouragement from family to start business</td>
</tr>
<tr>
<td>4. To continue family business</td>
</tr>
<tr>
<td>5. To pass the business to children</td>
</tr>
<tr>
<td>Income</td>
</tr>
<tr>
<td>1. To earn better income</td>
</tr>
<tr>
<td>2. To earn additional income</td>
</tr>
<tr>
<td>3. Expecting high profit</td>
</tr>
<tr>
<td>4. Increase family income</td>
</tr>
<tr>
<td>Interest</td>
</tr>
<tr>
<td>1. Like to operate a business</td>
</tr>
<tr>
<td>2. Free to decide</td>
</tr>
</tbody>
</table>

G. Mean Analysis of the Construct

For the mean test for each factor’s constructs, all the factors had high agreement level, i.e. between 3.74 and 4.04. Interest was the most dominant factor in stimulating them into businesses (4.04). Second, they were involved in businesses in order to earn an income (3.98). Moreover, the local community felt that self-confidence has to be at the third place (3.85). In involving in businesses, they need to grab the opportunity given (3.93). Finally, family support is needed as to ensure continuity in business (3.74).

H. Model Validation Tests

The goodness of fit’s results on the tested models did not fulfill the requirement. Thus, this model was modified in order to obtain an acceptable result. As a result of the modification, the chi square value was found to be at 2.50 at significance level of $p=0.01$. This value exceeded the requirement of 2.0. Thus, the goodness of fit test confirmed that this model is acceptable. The goodness of fit tests, GFI, AGFI, PGFI, TLI, and NFI showed values of 0.863, 0.825, 0.673, 0.877 and 0.810, respectively. These results exceeded the suggested value of 0.700 and 0.500 [16]. Thus, these indicate that the suggested model suits the sample data.

Additionally, the alternative indices were also utilized to evaluate the fit model, i.e. RMSEA, RMR and CFI. Results were: RMSEA (0.076), RMR (0.076) and CFI (0.875). The alternative fit index CFI indicates that the structure of the model is acceptable and the data is suitable to the model (Table IV).
also noted that entrepreneurial tradition in the family (parents, brothers) is important in supporting the respondents in businesses.

Overall, it can be concluded that those who are involved in the business are influenced by income and encouragement from family. Hypothesis 1 and 5 are directly supported. Meanwhile, income also relates to either, interest, confidence or opportunity to become a stimulant to the community to be involved in tourism related business.

### Table V: Structural Model Parameter

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Estimate</th>
<th>Standard Error</th>
<th>Critical Ratio</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income &lt; Interest</td>
<td>0.848</td>
<td>0.878</td>
<td>2.238</td>
<td>0.025</td>
</tr>
<tr>
<td>Income &lt; Confidence</td>
<td>0.498</td>
<td>0.264</td>
<td>3.038</td>
<td>0.002</td>
</tr>
<tr>
<td>Opportunity &lt; Income</td>
<td>0.827</td>
<td>0.237</td>
<td>4.845</td>
<td>***</td>
</tr>
<tr>
<td>Stimulus &lt; Income</td>
<td>0.277</td>
<td>0.478</td>
<td>2.138</td>
<td>0.033</td>
</tr>
<tr>
<td>Opportunity &lt; Family</td>
<td>0.258</td>
<td>0.080</td>
<td>2.102</td>
<td>0.036</td>
</tr>
<tr>
<td>Stimulus &lt; Family</td>
<td>0.420</td>
<td>0.249</td>
<td>2.916</td>
<td>0.004</td>
</tr>
</tbody>
</table>

Fig. 4. The empirical model.

### V. Policy Implication and Conclusion

This study shows that tourism development should be integrated with community involvement. This is important because entrepreneurs and business activities serve as catalysts for economic development [13], [28] as well as guarantors to the continuity of the economy in this island. The community has gained the benefit [14] from the tourism development especially in terms of, as source of employment and income growth as well as to ensure the sustainability of the tourism industry.

To further enhance community participation in tourism related business, the factors that serve as stimulants to this involvement are important to be noted. This is the objective of this study as well as to discover the profile and types of local communities’ businesses in tourism.

The results showed that the involvement of local communities in tourism-related business is influenced by two main factors, namely income and family encouragement. These factors are also aided by confidence, interests and opportunities available in Langkawi.

Thus, as a policy implication in further stimulating community involvement in tourism related business, the local
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communities must be made aware of the opportunities to earn or increase their income through tourism related businesses. They also need to be exposed to the opportunities available. Additionally, they are also to continuously receive the support from family members, institutions or government; as well as the increase in confidence and interest factors. These factors could also be synergized and are believed to increase community involvement in tourism related business, particularly on the island of Langkawi.

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REFERENCES


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