

**THE CHALLENGES AND SUCCESS FACTORS IN TOURISM
ENTREPRENEURSHIP: CASE STUDY OF ENTREPRENEURS AT JONKER
STREET, MALACCA**

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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ENTREPRENEURSHIP: CASE STUDY OF ENTREPRENEURS AT JONKER
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**This report is submitted in partial fulfilment of the requirements of the award of
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DECLARATION OF SUPERVISOR

'I hereby acknowledge that I have read this project paper and in my opinion, this work sufficient in terms of scope and quality for the award of Bachelor Degree of Technopreneurship With Honours

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DECLARATION OF ORIGINAL WORK

I hereby declare that the work of this exercise is mine except for the quotations and summaries that have been duly acknowledge.

Signature :

Name :

Date :

DEDICATION

I would like to thank everyone who had contributed directly or indirectly in order for me to complete my Final Year Project and also my supervisor **Encik Mohd. Amin bin Mohamad** whose also provides guidance and encouragement in the preparation of this undergraduate project.

This special greeting for my impetus and my spirit;

Father and Mother: **Robert Goh & Amelia Wong**

My sibling;

Sister : **Germaine Goh**

Brothers: **Kelvin Goh, Gerald Goh**

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ABSTRACT

Tourism entrepreneurship is the fields that can be flourish the country as well as bring development to a society. Government had started in development of tourism field. In addition, government believes that can bring more return to the country. Tourism field can bring improvement to social, political, and economic. It would be great that the activities are supported by the society and government. They can be cooperated to development this field. By doing this, everyone can have benefit of it. This research project is aimed to identify the relationship between success factors of tourism entrepreneurs and successful tourism entrepreneurship at Jonker Street, Malacca. Besides that, in order to find out the challenges factor faced by tourism entrepreneurs, this research also will identify the relationship between challenges of tourism entrepreneurs and successful tourism entrepreneurship. Furthermore, this research also will examine the most significant factor that contributes to successful tourism entrepreneurship. A survey was carried out by the researcher through a questionnaire by identify the factors faced by tourism entrepreneurs. The researcher distributed the questionnaire and the same time interviewed them. The sample of respondents was targeted at tourism entrepreneurs that located at Jonker Street, Malacca. After gathered the data, the data were analysed by using descriptive anaylsis, which is suitable for quantitative research. The results show that there is a significant relationship between success and challenges factor (independent variable) in tourism entrepreneurship (dependent variable).

Keyword: Tourism entrepreneur, entrepreneur, tourism

ABSTRAK

Usahawan pelancongan adalah bidang yang boleh membangunkan negara dan juga dapat membawa pembanguanan kepada masyarakat. Kerajaan telah bermula untuk membangunkan bidang pelancongan. Di samping itu, kerajaan juga percaya bidang ini dapat membawa keuntungan yang banyak kepada negara. Bidang pelancongan boleh membawa kepada peningkatan sosial, politik dan ekonomi. Bidang ini dapat berkembang sekiranya bidang pelancongan mendapat sokongan daripada masyarakat dan kerajaan. Mereka boleh memberi kerjasama dalam membangunkan bidang ini. Dengan cara ini, semua pihak dapat memperoleh manfaat daripadan bidang ini. Projek penyelidikan ini bertujuan untuk mengenal pasti hubungan antara faktor berjaya yang dihadapi oleh usahawan dengan usahawan pelancongan yang berjaya yang bertempat di Jonker Street, Melaka. Di samping itu, untuk mengetahui faktor cabaran yang dihadapi oleh usaha pelancongan, kajian ini juga akan mengenal pasti hubungan antara faktor-faktor cabaran yang dihadapi oleh usahawan pelancongan dengan usahawan pelancongan yang berjaya. Tambahan pula, kajian ini juga akan mengkaji faktor yang paling penting dalam menyumbangkan kepada keusahawanan pelancongan yang berjaya. Oleh itu, satu kajian yang telah dijalankan oleh penyelidik melalui borang soal selidik dengan mengenal pasti faktor-faktor yang dihadapi oleh usahawan pelancongan. Penyelidik telah mengedarkan borang soal selidik. Pada masa yang sama, penyelidik juga menemu ramah usahawan pelancongan. Sampel responden itu disasarkan kepada usahawan pelancongan yang berada di Jonker Street, Melaka. Selepas mengumpulkan data, data telah dianalisis dengan menggunakan anaylsis deskriptif. Anaylsis ini sesuai untuk penyelidikan kuantitatif. Hasil kajian ini telah menunjukkan bahawa terdapat hubungan yang signifikan antara kejayaan dan cabaran faktor (pembolehubah bebas) dalam bidang keusahawanan pelancongan (pembolehubah bersandar.

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CHAPTER 1

INTRODUCTION

1.0 Introduction of study

The tourism industry in Malaysia had grown very tremendously in these recent years. Indeed, tourism industry had become an important source of revenue and contributes to sustainable development or Malaysia's economy (Tenth Malaysia Plan, 2011–2015, 2011). According to The Ninth Malaysia Plan (2006 – 2010), Malaysia Government sees tourism as one of the main providers of employment, a key foreign exchange earner, contributing to economic growth, attracting investments as well as strengthening the services account of the balance of payments.

According to World Travel and Tourism Council (1996), tourism and travel, is encompassing the transport, hospitality, visitor services and gaming sectors are considered to be the world's largest service industries. Therefore, it can bring a lot of income to the countries. Foreigners from different countries come to travel and enjoy their wonderful time in Malaysia. Tourism industry in Malaysia had contributed a very big business and income to this country. This is because tourism is increasingly year by year. It had considered a viable income to government. Tourism industry had slowly alternative to traditional sector such as agricultural and resource-based industries. We can see that in the next twenty year tourism industry will become the main viable income to government.

According to Kuratko and Hodgetts (2004), an entrepreneur is as a creator of new venture who faces uncertainty in many ways. They are individuals who have the capability to foresee opportunities, gather the needed resources such as time, energy, and money. Due to this factor, we can see that more and more industry aware the

space of room to grow in tourism field and change their business to tourism entrepreneur. Malaysia is famous about their food with the unique culture. Besides that, we have different types of races which have different religious and culture. We are also famous with beaches, and some historical building. This study focuses on the success and challenges factor in tourism entrepreneur which is particularly important for tourism at Jonker Street, Malacca.

Keyword: Tourism entrepreneur, entrepreneur

1.1 Problem Statement

Tourism is currently the fastest growing industry especially in developing countries. Tourism entrepreneurship is defined by Koh (1996:30) and Saayman and Saayman(1997) as activities related to creating and operating a legal tourists enterprise. Therefore, tourism entrepreneurship become more important compare to previous year. Besides that, Leiper & McGibbon (2001) acknowledged that indicators of failure depend on the aims of the entrepreneur in tourism are not always related to generating a profit. We can assume that although tourism entrepreneur are not aim on generating a profit, but this industry is very play an important role in contributing the development of the country.

Nowadays, people are enjoying travelling to everywhere. Therefore, tourism industries become very important in the country. Government had invested lot of capital to develop tourism in order to attract more tourists come to Malaysia. Many of the business people had developed their business into tourism entrepreneurs. Tourism entrepreneur had become a latest trend to others entrepreneurs. Malacca is the world heritage place and had attracted tourists from the whole world come to Malaysia to travel. Due to this factor, the researcher aimed to identify the success and challenges factors that faced by tourism entrepreneurs. The researcher had chosen one place of the tourist attractions to run the business. Hence, what are the success factors from tourism entrepreneurs at Jonker Street, Malacca? What are the challenges faced by tourism entrepreneur at Jonker Street, Malacca? Therefore, this

study is to identify the success and challenges that are faced among tourism entrepreneur at Jonker Street, Malacca.

According to Shaw & Williams, 1990, Bransgrove, 1992; Williams, 1993; Collings, 1994; Meredith, 1995; Neck, 1995; Leiper, 1995, 1997; McKercher & Robbins, 1998; Page, Forer & Lawton, 1999; Wanhill, 1999; Ladkin, 2000; McGibbon & Leiper 2001, a consistent pathology emerges across a range of international studies on small business and failure to conduct over a significant. They have come into conclusion that new business entrants in general were found to have failed or underperformed because of poor or non-existent management skills, inability to manage adverse external impacts occurring in the business, environment such as rising inflation and interest rates, insufficient capital, and resistance to accepting the advice of others. Therefore the researcher aimed to identify the success factors among tourism entrepreneurs that made their business success and stand along with others.

In order to assess the factors which are success factors of tourism entrepreneurs of small and medium sized enterprises among tourism entrepreneur which is located in Jonker Street Malacca, Malaysia, the researcher had chosen quantitative method which is distribute questionnaire to tourism entrepreneurs at Jonker Street, Malacca. Hence, what are the success factors in starting up a business at Jonker Street, Malacca?

Success factors here refer to personality, family, and financial factors that impede the business success of entrepreneurs of small and medium-sized tourism entrepreneur at Jonker Street Malacca. Meanwhile tourism entrepreneur also faced lots of challenges when running their business such as skill and knowledge, marketing skill, operation, and government support, loyal and committed staff. Due to this factor, this research is done in order to define factors in tourism entrepreneur at Jonker Street, Malacca.

1.2 Research Questions

The formulations of the research question in this study are:

1. What are the relationship between challenges factors faced by tourism entrepreneurs and success tourism entrepreneurship at Jonker Street, Malacca?
2. What are the relationship between success factors of tourism entrepreneurs and successful tourism entrepreneurship at Jonker Street, Malacca?
3. What are the most significant factor that contributes to successful tourism entrepreneurship?

1.3 Research Objectives

The main objective of the research is to identify the success and challenges factors in tourism entrepreneurship.

- 1) To identify the relationship between challenges factors of tourism entrepreneurs and successful tourism entrepreneurship.
- 2) To identify the relationship between success factors of tourism entrepreneurs and successful tourism entrepreneurship.
- 3) To examine the most significant factor that contributes to successful tourism entrepreneurship.

1.4 Scope and Limitation of Study

There are some forms of limitations in this research although the study is carefully executed. The limitation includes time constraint which is limited of time in the study.

Due to this factor, additional time is needed to produce a more quality work. This is because the researcher needs to gather data and analyse information that collected. The researcher created questionnaire to distribute to respondents. Respondents have limited

amount choices of answer to be choose, and might not able to provide the answer of their thought. Respondents had different kind of thought and opinion for the questions.

Besides that, the researcher followed their time which distributed the questionnaire during weekdays to tourism entrepreneurs which they had more free time to answer and contributed to this research. Moreover, the researcher had to make appointment before interview respondents to ask for their challenges and success factor. This research focuses only the challenges and success factor of tourism entrepreneurship and the entrepreneurs who run their business at Jonker Street, Malacca. Therefore, there are also limitations to the analysis presented in this report. Moreover, the population of tourism entrepreneurs is small, and they were chosen because this is one of the most famous places and unique place that most tourists came to visit and are not representative of whole tourism industry in Malacca. In addition, this research is only focusing on tourism entrepreneurs, but not others similar sectors and the scopes of studies are very limited.

1.5 Importance of Project

Koh & Hatten (2002: 21) clearly recognise the importance of entrepreneurs in tourism development claiming that ‘a community’s quantity and quality of supply of entrepreneurs significantly determines the magnitude and form of its touristscape because the tourism entrepreneur is the persona causa of tourism development’. Due to this factor, this study is important in order to identify the relationship between success and challenges factor of tourism entrepreneur at Jonker Street, Malacca. Besides that, in order to identify the factors among tourism entrepreneur which one will be the most significant and have competitive advantage toward other tourism entrepreneurs. Moreover, the researcher defined the challenges that faced by tourism entrepreneur at Jonker Street, Malacca. Tourism industry is an important industry in Malaysia. Malaysia government have invested a lot of money in tourism field in order to attract more customers to come to Malaysia. Therefore, it is important to study the factors that occur in tourism entrepreneur at Jonker Street, Malacca so that others tourism entrepreneur industry at Malaysia can have an example to look at it.

1.6 Summary

The study of tourism entrepreneurs is important because nowadays tourism industry has been identified as one of the area that can increase the economy of a country. In this chapter, it focuses on introduced the background of study, problem statement, the research's problem and objectives, importance of the research, scope, limitation of study, and summary. The following chapter, which is chapter 2, the researcher discussed about literature review and theoretical framework.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This study is to determine the challenges and success factors in tourism entrepreneurship focus on tourism entrepreneurs at Jonker Street, Malacca. The success factors make tourism entrepreneurs success to run their business at Jonker Street Malacca. Besides that, this chapter also discusses the challenges that occur among tourism entrepreneurs at Jonker Street, Malacca. In order to come out with theoretical framework, the researcher had explained the literature reviews to the success and challenges factor among tourism entrepreneur at Jonker Street, Malacca.

2.1.1 Introduction to tourism industry in Malacca

As we can conclude that, Malacca is world known for its long history, historical sites, cultures and cuisines where it has charmed millions of visitors since its founding in the 15th century. As we know, Malacca as a historical city has received the popular recognition of World Heritage Site by UNESCO in 2008 and attracted many tourists visit to Malaysia. Due to this factor, tourism industry in Malaysia especially in Malacca has witnessed a robust grow thin recent years. Therefore, tourism industry had become an important source of revenue and contributes to sustainable development for Malaysia's economy (Tenth Malaysia Plan, 2011–2015, 2011). According to The Star Online 2012, in year 2011, tourist arrivals increased by 137,128 to 24,714,324 compared to 24,577,196 in 2010, while

receipts increased by RM1.8bil to RM58.3bil compared to RM56.5bil the previous year. Moreover, Russell and Faulkner (2004) found that tourism entrepreneurs have a role to play in the development of destinations (when conditions are ‘chaotic’ and ‘unregulated’). According to Tourism Malaysia Official Corporate Website, which is the number of tourism had been increased year by year which is from year 1998 to year 2013, which is from 5.56 million to 25.72 million.

2.1.2 Overview and History of Jonker Street, Malacca

Jonker Street, once called the Noblemen’s Street (Tachimoto, undated: 7), or Karnpiizg Bel-rnda, Dutch Quarter (De Witt, 2003), represents a rich era of Malacca’s historical past. There are three districts in these areas which are Alor Gajah, Central Malacca and Jasin. In terms of history, Malacca is said to play a significant role in the history of Malaysia or it is the state” where it all kgan” (emelaka.com, 2002). The demarcation of heritage zones (Melaka State Government, 1994) reflects the seriousness of the Malacca State Government to implement its conservation and preservation policy and its living museum concept for historical sites and cultural practices.

According to Malacca State Government (1994), Jonker Street is the centre street of Chinatown and was once renowned for its antique shops. However, Jonker Street had changed over the past years and it had turned to clothing and crafts outlets as well as restaurants. The main attraction of Jonker Street is the night market on Fridays to Sunday that sells variety of stuffs which are food and beverages, clothes, crafts, art gallery and become one of the attraction places for tourists.