

Small Scale Entrepreneurs' Perceptions of Langkawi Development Authority (LADA) Entrepreneurial Programs

Mohamad Sukeri Khalid, Abdul Halim Ahmad, and Ahmad Marthada Mohamed
School of Government, College of Law, Government and International Studies, Universiti Utara Malaysia, Sintok,
Kedah, Malaysia
Email: sultanhidung@gmail.com, abdhali@uum.edu.my

Mohd Foad Sakdan
School of Telecommunication and Human Development, Universiti Malaysia Perlis, Malaysia
Email: msf@unimap.edu.my

Abstract— Tourism is one of the sectors that contribute to the development of the country and the government has decided to develop Langkawi as an international tourist destination. To realize this intention, the government established Langkawi Authority Development (LADA) on March 15, 1990 to develop Langkawi. LADA develops Langkawi based on four core areas namely infrastructure, tourism products, promotion and community development. One of the important aspects of community development is developing entrepreneurship among the locals. Therefore, the main objective of this study was to identify the perception of small scale entrepreneurs towards entrepreneurship programs undertaken by LADA whether LADA was seen as actively engaged in entrepreneurship programs that could encourage small entrepreneurs to succeed in their business. This study employed a mixed method approach whereby data was collected through a survey and semi structured interviews. The survey respondents were Langkawi small entrepreneurs comprising various small industries which were divided into two (2) main groups namely tourism-oriented and non-tourism entrepreneurs. A total of 300 questionnaires were distributed and 280 questionnaires returned. Semi structured interviews were also conducted with three (3) respondents involving a LADA Officer, the Chairman of Langkawi Homestay Association and the Chairman of Langkawi Small Traders. Based on the descriptive analysis used, majority of the respondents claimed that LADA's entrepreneurial activities were not effective in driving their intent to succeed in the business. But the findings based on the elite interview and the statistical support in the 2015 LADA Annual Report proved that LADA has been helping the local entrepreneurs. However, LADA needs to make improvements in organizing entrepreneurial programs to enable small entrepreneurs to benefit more.

Index Terms— Langkawi Authority Development, Small Scale Entrepreneurs, Entrepreneurial Programs, Tourism-oriented.

I. INTRODUCTION

Tourism is a very important economic activity in any country as it contributes to the economic resources of the country as well as to the community involved [1]. Investment in the tourism sector can contribute to the increase of individual and national income. As such, the government has identified Langkawi Island as one of the tourist islands capable of attracting domestic and foreign tourists and this led to the proclamation of Langkawi as a tax free island on January 1, 1987 [2]. The declaration has re-energized Langkawi as a tourist destination. To further the development agenda in Langkawi, the government established Langkawi Authority Development (LADA) on March 15, 1990 with a focus on development orientation based on infrastructure development, tourism products, promotion and community development.

It is undeniable that the rapid development of Langkawi Island has provided opportunities for investment, business and socio-economic development of the local community. This is reflected in the wide range of developments that involve both tourism and non-tourism businesses. However, according to [3], diversified business development has not yet fully provided opportunities for the local community. They also emphasized that despite the various policies and incentives provided by the Government, the local people were still not able to gain satisfactory wealth.

Reviewing the aspects of tourism entrepreneurship development among locals, [4], [5] & [6] emphasized that there is a low level of entrepreneurial participation among the locals and this requires a combination of Government and private bodies to ensure local residents have the opportunity to work together as well as position themselves in the current flow of Langkawi tourism. According to [7], most local entrepreneurs lack the information and knowledge of efficient and effective

business management. While [8] emphasized that in the world of business or entrepreneurship, prior knowledge or knowledge of organizations and businesses is an important foundation for enabling a product to be marketed well at both national and international levels.

Thus, LADA under the community development agenda has focused on entrepreneurial development for the local people. Various entrepreneurial programs have been implemented to help the local entrepreneurs with the hope that those involved in the entrepreneurial industry can take advantage of the development in Langkawi [9] & [10].

Based on the above discussion, one of the key objectives to be achieved in this article is to identify the perceptions of small scale entrepreneurs whether LADA's entrepreneurial program is effectively encouraging small entrepreneurs to succeed in their business.

It should be noted that the definition of Small Entrepreneur for the purpose of this article is in reference to the definition adopted by the National SME Development Council which defines small entrepreneurs, in terms of services or products, as a company comprising of between 5 to 30 workers with an annual income of between RM300, 000.00 and RM3 million.

II. METHODS

This study was based on a mixed-method approach whereby the research instruments were a set of questionnaire and a semi-structured interview protocol. The questionnaire focused on the perception of Langkawi small entrepreneurs on the effectiveness of LADA's entrepreneurial programs in the effort to help small entrepreneurs to succeed in their business. The questionnaire formed was divided into three (3) sections. Section A provided a general overview of the respondents' demographic information. Section B focused on respondents' perceptions of the effectiveness of LADA's entrepreneurial programs to help them increase their intention to succeed in their endeavour.

Part C outlined information on respondents' perceptions of their entrepreneurial intention to become more successful. The items in Part B were closed-ended and were based on a four-point Likert Scale. The scale used was "1" Totally Effective: "2" Averagely Effective: "3" Minimally Effective: "4" Totally Ineffective.

Meanwhile, face-to-face elite interviews were based on issues and themes related to respondents' perceptions of the impact of LADA's efforts in raising small entrepreneurs' intention to succeed. However, for the purpose of achieving the objectives of this article, the discussion focused only on the findings of the study in Part B.

III. RESULT AND DISCUSSION

The findings of the research collected through the questionnaire and semi-structured elite interviews were analysed descriptively for the purpose of achieving the objectives of the study. The findings of the study are as follows:

A. Demographic Information of Respondents

Respondents' age is an important criterion for understanding an issue because through age, the researcher was able to identify the level of maturity and experience that assisted in the achievement of the objectives.

TABLE I. RESPONDENTS' AGE

Age	Number of Respondents	Percentage
<25	24	8.57
26-30	45	16.07
31-40	77	27.5
41-50	73	26.07
>50	61	21.78
Total	280	100

The age analysis as in Table I showed that the majority of the respondents were between the ages of 31- 40 years, 77 (27.70%) followed by those between 41-50 years, 73 (26.07%). It also revealed that there were 61 (21.78%) respondents of above 50 years old who had been involved in business and for a long time. There were also young people involved in the business in Langkawi who have realized that the opportunities available are worth the effort. They consisted of respondents aged above 25 years, 24 (8.57%) and between 26 - 30 years, 45 (16.07%). This means that the majority of the respondents was over 35 years old and has a higher probability of maturity in expressing their views and opinions in this study.

TABLE II. RESPONDENTS' LEVEL OF EDUCATION

Level of Education	Number of Respondents	Percentage
UPSR	16	5.7
SRP/PMR	35	12.5
SPM/MCE	116	41.4
STPM	30	10.7
Certificate/Diploma	49	17.5
Degree	32	11.4
Master Degree	1	0.4
PhD	1	0.4
Total	280	100

The analysis of educational status as in Table 2 showed that the majority of the respondents that is 116 people (41.4%) have obtained their Malaysian Certificate of Education (SPM). There were also respondents with Diploma, Undergraduate, Master's and Doctoral Degrees. Similarly, there were 35 (12.5%) respondents who obtained lower certificate of education while 16 people (5.7%) passed the Sixth Grade / Primary School Exam. This finding indicated that the majority of respondents were those with at least a secondary education level that has allowed them to venture into small entrepreneurship.

TABLE III. RESPONDENT'S BUSINESS ORIENTATION

Types of Business	Number of Respondents	Percentage
Tourism Oriented	170	60.7
Non Tourism Oriented	110	39.3
Total	280	100

Table III shows that the total number of respondents in tourism oriented business was 170 (60.7%) and respondents engaged in non-tourism oriented business were 110 (39.3%). From the findings, it can be said that the respondents' age, education level and types of business fit the research orientation aimed at identifying the respondents' perceptions of LADA's effort towards the success of their entrepreneurship.

B. Respondents' Perceptions on the Effectiveness of LADA's Entrepreneurial Programs to Encourage Small Entrepreneurs to Succeed

LADA's efforts in providing entrepreneurial programs to nurture Langkawi's small business culture and motivation are vital. Hence, it is important to identify the effectiveness of LADA's entrepreneurial activities for small entrepreneurs.

TABLE IV. EFFECTIVENESS OF LADA'S ENTREPRENEURIAL ACTIVITIES FOR SMALL ENTREPRENEURS

Entrepreneurial Activities	Number Respondents	of	Percentage
Totally Effective	17		6.1
Averagely Effective	60		21.4
Minimally Effective	15		5.4
Totally Ineffective	188		67.1
Total	280		100

Table IV above shows that only 17 respondents (6.1%) stated that LADA's entrepreneurial activities were totally effective in influencing their entrepreneurial intention to succeed in their business. Meanwhile, 60 (21.4%) respondents claimed the activities as averagely effective towards helping them to increase their entrepreneurial aspirations. Subsequently, 15 (5.4%) stated that LADA's entrepreneurial activities were minimally effective in helping to increase their entrepreneurial intention to succeed. Meanwhile, 188 (67.1%) respondents clearly stated that they had never been involved in any entrepreneurial activities organized by LADA because they felt that the activities were totally ineffective towards helping them increase their intention to succeed.

Based on the findings of the survey, it is clear that the majority of respondents have a low perception of the effectiveness of LADA's entrepreneurship activities in enhancing the entrepreneurial desire of local entrepreneurs to succeed. Hence, the findings from the elite interviews have been used to further elaborate the interpretation of the survey results. The findings of the survey results were mentioned to the respondents involved in the elite interviews, namely to the Chairman of the Langkawi Homestay Association (R1), the Chairman of Langkawi Small Traders (R2) and a LADA Officer (R3) for a more detailed clarification. R1 stated that the findings of the survey were valid based on the development of homestays registered with the Ministry of Tourism in which he said:

"We homestay entrepreneurs who are recognized by the Ministry of Tourism are very disappointed because

LADA has no real interest in developing this homestay industry. By right, LADA can help create local products that can be of interest to every homestay in Langkawi. But LADA doesn't do it. There used to be plans to make products from used goods whereby machines were bought and we were taught how to use them, it was done for a while and then, everything stopped. I do not deny that there was community development program by LADA but that was just a plan. LADA should help us more. We want LADA entrepreneurship activities to be more effective. LADA should not let our business wither and die.."

R2 further stated that *"we are small businessmen and LADA lack entrepreneurial activities for us. There is, but very few. We asked the Council for assistance in providing business premises for us to rent especially for registered members. LADA had only a small number of premises made available to us. About the entrepreneurial activities I feel LADA has done a few but have not helped us much"*.

R3 emphatically states that *"Take a look at the LADA 2015 Report. Almost 15 entrepreneurship programs were run by LADA. If they say LADA has not been active for small entrepreneurship programs, I don't think that's right. LADA has provided various entrepreneurship programs throughout the year. Entrepreneurs can choose which programs / activities that suit them. Most LADA entrepreneurship programs aimed to make Langkawi entrepreneurs more open minded and to improve their product and to market their products more globally. But we cannot guarantee that all entrepreneurs will be present. There needs to be a lot of effort and determination from them to go out and choose the right one. That is why the survey found that 188 people commented that LADA entrepreneurship activities / programs were not effective at all, which could be due to lack seriousness or they were not concerned about the programs we offer. In relation to LADA entrepreneurship programs / activities being effective or not, we feel that we need to see how much entrepreneurs are willing to engage themselves in the programs. We welcome any entrepreneurs with ideas of what form of program will be most helpful and useful to them. Let's meet and discuss. With God's willing, we can work it out together"*.

Based on the findings of the interview with R3, it is clear that LADA was seen as committed to help local communities by establishing a Community Development Unit managed by a Manager and responsible for planning and implementing various community programs including entrepreneurship programs.

IV. RECOMMENDATIONS

Based on the findings discussed earlier, it is proposed that LADA conduct market research to identify the real needs and requirements of small entrepreneurs before planning and implementing any form of entrepreneurship program. This enables LADA to set up programs that help small entrepreneurs thrive in their field of business

V. CONCLUSIONS

Efforts to organize entrepreneurial activities by LADA need to take into account the target requirements. This is because there are groups that need the support and patronage from LADA directly to enable them to maintain their business. For example, homestay entrepreneurs registered with the Ministry of Tourism strongly expect LADA to help reinforce and fortify the industry because competition among homestays is currently too critical. They have only the foreign tourists to make their businesses sustainable for the future. Therefore, LADA can discuss with these homestay entrepreneurs to find a solution together, especially considering a form of tourism product that can attract domestic and foreign tourists to visit and live in their homestay as they were once introduced in the homestay industry.

CONFLICT OF INTEREST

"The authors declare no conflict of interest".

AUTHOR CONTRIBUTIONS

Mohamad Sukeri Khalid conducted the research and wrote the paper. Abdul Halim Ahmad was involved in data analysis while Mohd Foad Sakdan led the data collection. All of the authors have approved the final version.

ACKNOWLEDGEMENT

This work was supported in part by the Ministry Higher Education Malaysia under the Exploratory Research Grant Scheme (ERGS/1/2013/SSS10/UUM/02/03)

REFERENCES

- [1] A. Marzuki, "Impacts of tourism development in Langkawi island, Malaysia: A qualitative approach," *International Journal of Hospitality & Tourism System*, vol. 1, no. 1, pp. 1-11, 2008.
- [2] N. H. M. Salleh, R. Othman, S. H. M. Idris, A. A. Halim, M. S. Shukor, I. Yusof, M. Samsudin Dan M. Omar, "Development of tourism industry and its impact on Langkawi island community," *Jurnal Ekonomi Malaysia*, vol. 48, no. 2.
- [3] K. Kayat, "Power, social exchanges and tourism in Langkawi: Rethinking resident perceptions," *International Journal of Tourism Research*, vol. 4, no. 3, pp.171-191, May 2002.
- [4] I. Yusof, M. Omar, and G. Saat, "Impak pembangunan Langkawi ke astas struktur guna tenaga dan corak pekerjaan penduduk Pulau Dayang Bunting, Langkawi," *Jurnal Sains Sosial dan Kemanusiaan*, vol. 2, no. 2, pp 16-20, 2007.
- [5] A. Marzuki, I. Hay, and J. James, "Public participation shortcomings in tourism planning: the case of the Langkawi islands, Malaysia," *Journal of Sustainable Tourism*, vol. 20, no. 4, pp. 585-602, Jan 2012.

- [6] S. H. Mokhtar and Z. M. Ashari, "Issues and challenges of microcredit programmes in Malaysia," *Asian Social Science*, vol. 11, no. 26, pp. 191-195, September 2015.
- [7] P. Othman and M. M. Rosli, "The impact of tourism on small business performance: empirical evidence from Malaysian Island," *International Journal of Business and Social Science*, vol. 2, no. 1, pp. 1-11, January 2011.
- [8] A. M. M. Bukhari and M. F. Hilmi, "Challengers and outcome of innovative behavior: a qualitative study of tourism related entrepreneurs," *Journal of Technology Management and Innovation*, vol. 7, no. 2, pp. 131-142, July 2012.
- [9] Z. Mohamad, Y. Ibrahim, M. S. Muda, and S. Moklis, "Government supports and sustainability of tourism entrepreneurs in Malaysia," *The International Journal of Social Sciences*, vol. 11, no. 1, pp. 46-51, May 2013.
- [10] LADA Annual Report 2015.

Copyright © 2020 by the authors. This is an open access article distributed under the Creative Commons Attribution License ([CC BY-NC-ND 4.0](https://creativecommons.org/licenses/by-nc-nd/4.0/)), which permits use, distribution and reproduction in any medium, provided that the article is properly cited, the use is non-commercial and no modifications or adaptations are made.



Mohamad Sukeri Khalid obtained his doctoral degree from the Heriot-Watt University, Edinburgh UK. His research interest is directed more on property economics and entrepreneurs



Abdul Halim Ahmad obtained his PhD from Sussex University United Kingdom. Currently his research interest focused more on community and entrepreneurship.



Mohd Fo'ad Sakdan is Professor at School of Telecommunication and Human Development Universiti Malaysia Perlis. His research interest concentrates more on Political Science