



Entrepreneurs choice in business venture: Motivations for choosing home-stay accommodation businesses in Peninsular Malaysia



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ABSTRACT

Tourism is an important industry for Malaysia, and home-stay accommodation businesses play a significant role in aiding the success of the tourism industry. The aim of this paper is to analyse the start-up motivation factors and business challenges for home-stay accommodation businesses. The data were gathered from a survey of 1250 home-stay entrepreneurs in the country with a usable response rate of ($n = 853$) or 68.24 per cent was achieved, and was analysed descriptively. To get more in-depth understanding of the phenomenon, interviews with selected 35 home-stay accommodation entrepreneurs were also conducted. It was found that the main motivations of home-stay entrepreneurs are different to those of small- and medium-sized enterprises (SMEs) business in other sectors. The identification of motivational factors in this study provides a clearer account of what actually motivates entrepreneurs to ventures into home-stay accommodation businesses – an under researched area. The paper propose a revised model of motivations factors of home-stay accommodation entrepreneurs, which incorporates two distinct sets of push and pull factors – one that applies to the entrepreneurs of SMEs in other industry and one applies to entrepreneurs in home-stay accommodation tourism industry. The data also present the result of several key business challenges in this unique niche industry such as lack of service orientation, lack of facilities, safety concern, competition with incompliance unregistered home-stay operators and difficult to maintain optimum levels of cleanness. In addition to developing the theory on home-stay accommodation businesses, the findings of this paper will have relevance for policy making and supportive measures at the federal or state government levels to create an environment that will stimulate the competitiveness of SMEs in home-stay accommodation businesses in their attempts for business growth and key strategy for economic improvement.

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1. Introduction

The tourism industry in Malaysia has witnessed a robust growth in recent years. Indeed, the tourism industry has become an important source of revenue and contributes to sustainable development for Malaysia's economy (Tenth Malaysia Plan, 2011–2015, 2011). 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 (Ninth Malaysia Plan, 2006–2010). In 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 (The Star Online, 2012). Most tourist come from more than 80 countries but among the top 10 tourist markets for 2011

(in rank order) were Singapore (13,372,647), Indonesia (2,134,381), China (1,250,536), Australia (558,411), United Kingdom (403,940), and Japan (386,974) (ibid).

In an effort to position Malaysia as a premier tourist destination in the region, the Government in collaboration with the private sector and local communities intensified promotional and marketing activities. Local authorities and communities are encouraged to be more actively involved in promoting the country's traditional advantage, namely its cultural and natural heritage. Culture becomes a tourist attraction and also gives a sound argument for the preservation of a given region (McKercher et al., 2005). Therefore, the government has developed and diversified many new tourism products, and one of the efforts is to introduce community-based home-stay accommodation tourism. Home-stay accommodation is rural cultural tourism that has been developed in efforts to diversify cultural tourism product, contribute economically to the rural population. Rural cultural tourism such as the home-stay accommodation business has been shown to bring immediate benefits such as successfully providing job opportunities for local communities and improves qualities of life for local people

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(Bhuiyan et al., 2011). In line with this observation, Liu (2006) claimed that home-stay businesses provide not only an alternative choice for cheaper accommodation to the tourists but also a supplementary source of income to the operators. Currently, 159 communities throughout Malaysia with more than 3424 participants are registered to operate home-stay accommodation businesses in the Malaysian Homestay Programme, forming an important tourism product for the country (Ministry of Tourism, 2013). The establishment of Ministry of Culture, Arts and Tourism on 19 May 1987 (now known as Ministry of Tourism Malaysia) brought many significant changes in promoting Malaysia as a tourism destination. The effort to promote greater local participation in tourism was emphasised further in the Seventh Malaysia Plan 1996–2000. The Ninth Malaysia Plan, 2006–2010 has continued the country's efforts in rural tourism through Malaysia's domestic programme which includes the Rural Residents Tourism Programme and the Homestay Tourism Programme (Ninth Malaysia Plan, 2006–2010, 2006). This ministry with the assistance of other ministries and related agencies such as Ministry of Rural and Regional Development, Ministry of Health, Local Authority or Local Government, Homestay Association Malaysia, and Homestay Coordinator has implemented many strategies to promote home-stay accommodation businesses at the national and international level. The Malaysian government views the home-stay accommodation programme as a unique tourism product enabling the tourists to experience a lifestyle and cultural different from their country of origin. It is closely related to nature, culture and local custom and is intended to attract a certain segment of the tourist market that desires authentic experiences. The home-stay tourism sector is characterised by the provision of economic services from and in the entrepreneur's home and represents a relatively rare economic phenomenon (Stringer, 1981). For this reason, the rural households and micro-, small- and medium-scale entrepreneurs are encouraged to participate. Thus, this raise question of what motivates entrepreneurs to start-up or be involved in community-based home-stay accommodation businesses in Malaysia becomes an interesting topic to be investigated.

Many studies have been carried out on the ecotourism and community-based tourism programmes: for examples in Africa (Lepp, 2007; Manyara and Jones, 2007; Kibicho, 2008), Asia (Nyaupane et al., 2006; Okazaki, 2008; Kayat, 2010; Jaafar, 2012), Oceania (Dyer et al., 2003), and Peru (Zorn and Farthing, 2007). Similar studies that examined the motives and involvement of entrepreneurs in those businesses are still lacking (Li, 2008). In Malaysia context, despite several studies focusing in home-stay accommodation businesses, this has restricted the analysis to specific gender and using small samples size, generally made up of entrepreneurs in one state or some area in the country (Abd-Halim et al., 2011; Abdul-Razzaq et al., 2011; Kayat, 2010; Osman et al., 2008; Ibrahim, 2004; Kayat, 2002). Therefore, the findings remain inconclusive (Kim, 2008; Morrison and Thomas, 1999). This paper has the advantage of helping to overcome some of the above-mentioned limitations, since it is based on a larger sample size. In this respect, the present study is probably the first one to use large number of populations to explain the entrepreneurial motivations in tourism and hospitality industry, and in particular home-stay accommodation entrepreneurs. This is, in a researcher opinion, the greatest contribution that may be expected from this paper. Attention to investigate the motivational factors in the home-stay accommodation businesses is essential as the growth of the home-stay accommodation programme has provided huge opportunities to the rural communities. By focusing on entrepreneurs who chose to venture into home-stay accommodation businesses, this study fills a gap in the literatures, which enable development of entrepreneur decision making theory and provide much needed information for strategy and marketing decision makers in

government and related agencies. This study is very relevant as it attempt to close this gap by not only providing further insights and understanding of the entrepreneurial process, but also for the more general understanding of the economic development in developing nation.

2. Research objectives

In a paper mapping the development of research in small businesses and entrepreneurship, Blackburn and Smallbone (2008) root research into motivations as the starting point in this field of research. From a theoretical perspective, this research seeks to discover whether the motivators most frequently mentioned in empirical studies employing the push–pull model of entrepreneurs in various sectors also apply to entrepreneurs in home-stay accommodation businesses. Motivated by this research gaps, this paper aims to understand what motivates individuals to be involved in tourism and hospitality businesses, an in particular home-stay accommodation operators. Specifically, the objectives of this paper are: to identify the underlying start-up motives in the small business sector namely home-stay accommodation businesses; to explore either push or pull factors as the primary factors for home-stay entrepreneurs, and the problems they faced in managing such businesses. More specifically, this study addresses the following research questions:

RQ1: What are the underlying motivational factors of home-stay accommodation entrepreneurs?

RQ2: What are the primary motivational factors that motivate the entrepreneurs to become involved in home-stay accommodation tourism businesses?

RQ3: What are the challenges entrepreneurs' or home-stay accommodation operators encounters in this unique industry?

This study contributes to a better understanding of entrepreneurial theory by providing further evidence about the primary motivations, what entrepreneurs believe they need for business start-up, and the challenges faced by the home-stay accommodation entrepreneurs. This paper is structured as follows. The paper begins by briefly reviewing the related literature on the motivations for small business start-up and business challenges. Then, the research methodology section explains the selection of the study areas, the design of questionnaires, and interview questions. Next, both quantitative and qualitative data are analysed. The final part discussed the conclusion and implication for future studies.

3. The push–pull model of business start-up in tourism research

Motivation is the reason for a behaviour (Solomon, 2009). Understanding motivation refers to recognising forces that initiate, direct, and sustain human behaviour (Iso-Ahola, 1999). Motivation is defined as the state of need that exerts 'push' on the individual towards certain types of action that are likely to bring satisfaction (Moutinho, 1987). Micro and small business researchers recommend analysing motivations for business start-up as a way of understanding the goals that entrepreneurs set for their enterprises and the criteria by which they measure their performance (Kuratko et al., 1997).

In tourism, motivational research revolves around a concept offered by Dann (1977), who distinguishes push and pull factors in tourists' motivations. These two broad categories of 'push' and 'pull' factors are not mutually exclusive and it would be more accurate to say that there are often multiple motivations as to why people

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