# RESILIENCE IN TOURISM BUSINESS (A CASE STUDY OF CHERATING LAMA VILLAGE, PAHANG)

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A project report submitted in partial fulfilment of the requirements for the award of the degree of Master of Science (Tourism Planning)

Faculty of Built Environment Universiti Teknologi Malaysia To my beloved wife and children & to those who show concern

#### **ACKNOWLEDGEMENTS**

All praise is to Almighty Allah, the compassionate, the most Gracious, the most Merciful, who through His infinite mercies, protection and kindness for giving me the strength to accomplish this work.

I wish to express my sincere appreciation and gratitude to my main thesis supervisor Professor Dr. Amran Hamzah for his support, guidance and invaluable encouragement in all the stages of conducting this study. I would also like to extend my appreciation to my lecturers Professor Dr. Zainab Khalifah, Dr. Hairul Nizam Ismail (Dr. your concern is highly appreciated), and En. Ahmad Tajuddin Hj. Kechik for their supportive ideas, advices, comments and guidance as well.

I am also very grateful to those special people, who we came together and those that I met here in the University, which unfortunately, it is not possible to list all of them in this limited space. For them my few words cannot describe their great respect, love and sincerity.

Finally, I am grateful to all my family members and all those that show concern for their support and prayers.

#### **ABSTRACT**

Tourism has proved to be resilient in time of economic crises and shows no sign of slowing down, despite the uncertainty, caused by the events such as September 11, other terrorist threats, and even unexpected new illness like SARS in the beginning of the new century followed by bird flu and recently H1N1 virus (2009). Moreover, uncertainties are large and it may be difficult to reduce them as fast as the system changes. Sustainability involves maintaining the functionality of a system when it is perturbed, or maintaining the elements needed to renew or reorganize if a large perturbation radically alters structure and function. The ability to do this is termed "resilience." In short resilience theory addresses the strengths that people and systems demonstrate that enable them to rise above adversity. This research project therefore, is to provide the reader with an overview in some aspects of resilience theory in relation to a case study in Cherating Lama Village which is known to be one of the famous tourism destination in east cost Malaysia that have undergone the growth, consolidations, stagnation and decline cycle. Without thinking and research, by tourism planners and marketers to know the level of current resilience situation in tourism business and development, the village would be affected both as a tourist destination and in its major role as the income generating source to the local people and the surrounding communities as a whole. Therefore, the research has attempted to find out the chronology of chalets/resorts developments, the measurements or level of resilience and situational analysis of resilience in tourism business in Cherating Lama, with particular emphasis on those that have undergone decline, what make them to decline and what potential resilience methods could be use as a strategy to manage and revitalise/rejuvenate the tourism business in Cherating Lama.

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#### **CHAPTER 1**

#### INTRODUCTION

#### 1.1 Introduction

Tourism is one of the most remarkable success stories of modern times. The industry, which began on a massive scale only in the 1960s, has grown rapidly and steadily for the fast 30 years in terms of income it generates and number of people who travel abroad. It has proved to be resilient in times of economic crisis and shows no signs of slowing down, despite the uncertainty, caused by the events such as September 11, other terrorist threats, and even unexpected new illness like SARS in the beginning of the new century, followed by bird flu and recently H1N1 virus (2009).

According to World Tourism Organisation data, more than 715 million people were travelling internationally in 2002, generating more than US\$472 billion in earnings. The outlook for the next first decades looks even more outstanding. Their forecast predicts 1.6 billion international tourist by the year 2020, spending more than US\$2 trillion annually- or US\$5billion every day. The overall 2% growth in international tourism for 2008 builds on the strong results of the part of the year before the collapse of the financial markets. The second half of the year showed an abrupt shift in trend with international tourist arrivals flat or showing negative growth in each of the last six months of 2008. Overall, the 5% growth

between January and June gave way to a 1% decline in the second half of the year. Growth was negative in the last six months of 2008 in both Europe (-3%) and Asia (-3%). The drop is even more significant in Asia given its double digit growth in 2007 and strong showing in the first part of 2008 (+6%).

The slowdown in advanced economies, which are facing a contraction in gross domestic product for the first time since World War II, is already spreading to major emerging markets such as China, India, and Brazil. As the current troubled economic scenario is expected to continue well into 2009 and probably beyond, UNWTO's initial forecast for this year is for an even more modest performance. According to the January 2009 issue of the UNWTO World Tourism Barometer, international tourism is expected to stagnate or even decline slightly during the year. But there is still a high degree of uncertainty and much will depend on the evolving economic conditions, thus, the UNWTO expects 2009 international tourism to be in the range of 0% to a 2% decline.

The pressure on national and local government to rapidly develop their tourism potentials to meet demand and produce benefits, makes it more essential than ever to plan carefully and consider the environmental and human impacts of tourism. Malaysia enjoys exceptional advantages for developing its tourism industry. Its fascinating scenery, multicultural attributes, pleasant weather and other attributes attract hundreds of thousands international tourists annually.

The Tourism, no matter where it is located, is a product that has been shown to follow the growth, consolidation, stagnation and decline cycle observed in many commercial products. Resort development in tourism business has undergone these processes in Cherating Lama which is undoubtedly considered, the most popular beach tourism destination on the east coast of Peninsular Malaysia. Without new thinking and research, by tourism planners and marketers, to know the level of current situation and level of tourism development, Cherating Lama Village would be affected both as a tourist destination and in its major role as the income generating source to the local people and the surrounding communities as a whole.

The consequences of the point noted above can be understood from the theoretical perspectives, brought together in the Tourist Area Life Cycle (Butler, 1980) and the causation theory of visitor – resident irritants (Doxey, 1975), in relations to Resilience Theory.

Resilience theory is a complex field of study that has been addressed by social workers, psychologist, sociologist, educators and many others over the past few decades. In short, resilience theory addresses the strengths that people and systems demonstrate that enable them to rise above adversity.

In addition, the field of resilience is broad and diverse. In some aspects it is well developed and explored. In others it is still nascent. This research project is purposes to provide the reader with a broad overview in some aspect of resilience theory in relation to a case study of Cherating Lama Village. When a theory provided additional understanding of resilience, it is incorporated, whether or not that theory was considered to be part of resilience theory. Cherating Lama Village is known to be one of the famous tourism destination in Malaysia had been chosen as the study area.

Therefore, this research will attempt to find out, the chronology of the resort development in the study area and what are the measurements of resilience and the situational analysis of resilience in tourism business, with particular emphasis on only those that went on decline, what make them to decline and what are the potential attributes that could be use as a strategy to manage and revitalise the decline of tourism business in Cherating Lama.

#### 1.2 Background of the Study

"Resilience is the ability to thrive, mature, and increase competence in the face of adverse circumstances. These circumstances may include biological abnormalities or

environmental obstacles. Further, the adverse circumstances may be chronic and consistent or severe and infrequent. To thrive, mature, and increase competence, a person must draw upon all of his or her resources: biological, psychological, and environmental.''(Gordon: 1995).

However, according to Berkes et al. (2003b) and Walker and Salt (2006:ch.1), resilience theory has ambitious to add a new and unique view on sustainable development. If these ambitions are realized, resilience theory might become an important aspect of environmental politics and as such, influence how society manages environmental problems. These potential societal implications also mean that resilience theory becomes interesting to study from a sociological perspective.

Hence, there are different types of resilience; these are individual, communities, cultural and business resilience. However, they are related in certain aspects with each others, therefore, this study will focused about the business in Cherating Lama Village which is tourism destination where mostly the inhabitants are depending on tourism business incomes. Moreover, business resilience is the ability of an organisation's business operations to rapidly adapt and respond to internal or external dynamic changes – opportunities, demands, disruptions or threats – and continue operations with limited impact to the business. Business resilience must encompass business as well as IT operations. It can be thought of as spanning six discrete layers: strategy, organisation, processes, data or applications, technology and facilities or security. The model itself is scalable and can be applied to an enterprise, to an individual location, a key business process or IT system. Clearly, a number of lower level considerations are embedded in each layer. For example, the facilities or the layer should consider various aspects of physical and logical security, and environmental considerations.

#### 1.3 Problem Statement

There can be little doubt that tourist areas are dynamic, that they evolve and change over time. The evolution is brought about by variety of factors including changes in the preferences and needs of visitors, the gradual deterioration and possible replacement of physical plants and facilities and the change (or even disappearance) of the original natural and cultural attractions which were responsible for the initial prosperity of the area. In some cases, while these attractions remain, they may be utilised for different purposes or come to be regarded as less significant in comparison with imported attractions. Some of the resorts business at Cherating Lama has started to show the signs of the above mentioned statement in tourism business due to low tourist arrival and occupancy rates of resorts/accommodation over the last few years. However, there is no evident of statistics or research to ascertain the level of stated assumptions, and the factors/reasons that influences them. Hence, this research to examine and evaluate the attribute factors that influences the development process of tourism business in Cherating Lama with particular reference to resort development by the local proprietors, as the community's economy mostly depends on tourism business.

#### 1.4 Research Questions

From the problem statement noted above, the following research questions were developed. These are:

- i. How is the chronology of tourism performance by accommodation at the study area?
- ii. What are the factors that influence the decline of tourism business and the number of tourist arrival at Cherating Lama?
- iii. How is the level of tourism resilience in the study area?

# 1.5 Research Objectives

- i. To evaluate the resort /accommodation and tourism business developments in the study area.
- ii. To find out the factors that influences tourism activities to the number of tourist and
- iii. To investigate and asses the current level of tourism business resilience at Cherating Lama.

#### 1.6 Significance of the Research

Given the global uncertainty and with economic forecasts experiencing continued downward revision, tourism business development needs to be studied so as to understands the positive and negative factors influencing tourism from the grass root level, hence the findings of this study are important to help all the stakeholders in tourism to find out the aspects that influence the tourism business development and to increase performance of tourism activities for the current and future generation particularly in the area of planning for business resiliency for the local communities.

#### 1.7 Scope of Research

- The literature review that focuses on the perspective of business resilience and other resilience theory that provides additional understanding of resilience, and the Butler's Tourism Area Life Cycle model will be studied.
- ii. Feedback obtained from the stakeholders of accommodation in Cherating Lama to analyse their problems, causes of decline, and the potentiality of proposed solution, ideas or opinion on how to revitalise/rejuvenate from the decline in tourism business.

iii. Feedbacks from the resort proprietors are to be gathered to study the chronology of tourism development and tourism business in the study area.

# 1.8 Research Methodology

This study will examine the attributes that influences the decline of tourism business among the resort/hotel accommodation proprietors in Cherating Lama. Interviews to the stakeholders of the accommodation sectors will be carried out for the purpose of this study. The primary data of the study will be formed from the information and observation related to the study gathered in the study area.

The secondary data will be gathered from the literature contained in the related and appropriate articles, books, journals, conference papers, magazines and other research publications.

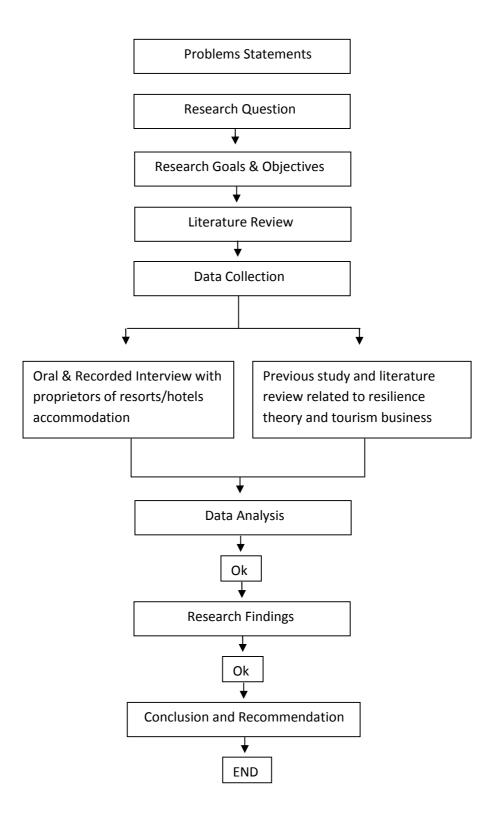


Figure 1.1 Flowchart of Research Methodology

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# 1.9 Chapter Layout

Below as elaborated are brief outline of the contents in each Chapter:-

# **Chapter 1: Introduction**

This chapter will discuss the issues in the study through the support of literature and observation on the decline of tourism business in Cherating Lama. It follows by creating the problem statement, determination of the objectives and the importance and scope of the study and described the general idea of the study.

#### **Chapter 2: Literature Review**

This chapter discusses the main issue in the study through the support of the literature as well as other destination situation on the related subject as contained in this study. The theories, idea and concepts as well as findings of the experts in the related field pertaining to the study will be explained in this chapter.

#### **Chapter 3: Description of Current Situation in Cherating**

The above descriptions are based on the study of resilience in tourism business in Cherating Lama carried out by a group of students of Universiti Teknologi Malaysia in September 2009. This study will fill the gaps by focusing on the factors that influences tourism business resilience and will generate a clear understanding about Cherating Lama Village.

# **Chapter 4: Research Methodology**

This chapter described the research approach applied in the study. This includes the methods used to gather the data and the soft ware's that will be use to analyze the information to report and address the problems in the study.

# **Chapter 5: Findings and Analysis**

This chapter presented the findings of this study. Ideas, opinion and comments from all parties involved in the research will be gathered to match the basis in the literature referred to highlight and achieve the objectives of the study.

# **Chapter 6: Conclusion**

This chapter summarized the outcome of the research analysis to conclude the study. Recommendations will be made to all parties involved in solving the problems as mentioned in the problem statement in this study.

between January and June gave way to a 1% decline in the second half of the year. Growth was negative in the last six months of 2008 in both Europe (-3%) and Asia (-3%). The drop is even more significant in Asia given its double digit growth in 2007 and strong showing in the first part of 2008 (+6%).

The slowdown in advanced economies, which are facing a contraction in gross domestic product for the first time since World War II, is already spreading to major emerging markets such as China, India, and Brazil. As the current troubled economic scenario is expected to continue well into 2009 and probably beyond, UNWTO's initial forecast for this year is for an even more modest performance. According to the January 2009 issue of the UNWTO World Tourism Barometer, international tourism is expected to stagnate or even decline slightly during the year. But there is still a high degree of uncertainty and much will depend on the evolving economic conditions, thus, the UNWTO expects 2009 international tourism to be in the range of 0% to a 2% decline.

The pressure on national and local government to rapidly develop their tourism potentials to meet demand and produce benefits, makes it more essential than ever to plan carefully and consider the environmental and human impacts of tourism. Malaysia enjoys exceptional advantages for developing its tourism industry. Its fascinating scenery, multicultural attributes, pleasant weather and other attributes attract hundreds of thousands international tourists annually.

The Tourism, no matter where it is located, is a product that has been shown to follow the growth, consolidation, stagnation and decline cycle observed in many commercial products. Resort development in tourism business has undergone these processes in Cherating Lama which is undoubtedly considered, the most popular beach tourism destination on the east coast of Peninsular Malaysia. Without new thinking and research, by tourism planners and marketers, to know the level of current situation and level of tourism development, Cherating Lama Village would be affected both as a tourist destination and in its major role as the income generating source to the local people and the surrounding communities as a whole.

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# 1.5 Research Objectives

- i. To evaluate the resort /accommodation and tourism business developments in the study area.
- ii. To find out the factors that influences tourism activities to the number of tourist and
- iii. To investigate and asses the current level of tourism business resilience at Cherating Lama.

#### 1.6 Significance of the Research

Given the global uncertainty and with economic forecasts experiencing continued downward revision, tourism business development needs to be studied so as to understands the positive and negative factors influencing tourism from the grass root level, hence the findings of this study are important to help all the stakeholders in tourism to find out the aspects that influence the tourism business development and to increase performance of tourism activities for the current and future generation particularly in the area of planning for business resiliency for the local communities.

#### 1.7 Scope of Research

- The literature review that focuses on the perspective of business resilience and other resilience theory that provides additional understanding of resilience, and the Butler's Tourism Area Life Cycle model will be studied.
- ii. Feedback obtained from the stakeholders of accommodation in Cherating Lama to analyse their problems, causes of decline, and the potentiality of proposed solution, ideas or opinion on how to revitalise/rejuvenate from the decline in tourism business.

iii. Feedbacks from the resort proprietors are to be gathered to study the chronology of tourism development and tourism business in the study area.

# 1.8 Research Methodology

This study will examine the attributes that influences the decline of tourism business among the resort/hotel accommodation proprietors in Cherating Lama. Interviews to the stakeholders of the accommodation sectors will be carried out for the purpose of this study. The primary data of the study will be formed from the information and observation related to the study gathered in the study area.

The secondary data will be gathered from the literature contained in the related and appropriate articles, books, journals, conference papers, magazines and other research publications.

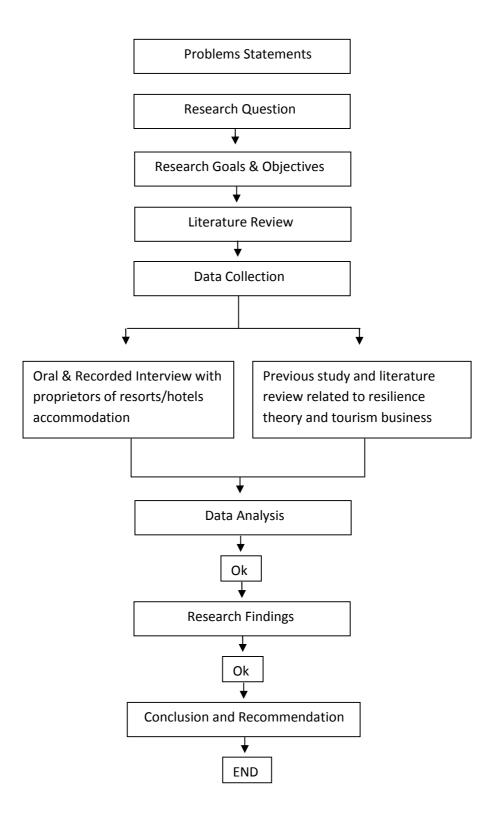


Figure 1.1 Flowchart of Research Methodology

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# 1.9 Chapter Layout

Below as elaborated are brief outline of the contents in each Chapter:-

# **Chapter 1: Introduction**

This chapter will discuss the issues in the study through the support of literature and observation on the decline of tourism business in Cherating Lama. It follows by creating the problem statement, determination of the objectives and the importance and scope of the study and described the general idea of the study.

#### **Chapter 2: Literature Review**

This chapter discusses the main issue in the study through the support of the literature as well as other destination situation on the related subject as contained in this study. The theories, idea and concepts as well as findings of the experts in the related field pertaining to the study will be explained in this chapter.

#### **Chapter 3: Description of Current Situation in Cherating**

The above descriptions are based on the study of resilience in tourism business in Cherating Lama carried out by a group of students of Universiti Teknologi Malaysia in September 2009. This study will fill the gaps by focusing on the factors that influences tourism business resilience and will generate a clear understanding about Cherating Lama Village.

# **Chapter 4: Research Methodology**

This chapter described the research approach applied in the study. This includes the methods used to gather the data and the soft ware's that will be use to analyze the information to report and address the problems in the study.

# **Chapter 5: Findings and Analysis**

This chapter presented the findings of this study. Ideas, opinion and comments from all parties involved in the research will be gathered to match the basis in the literature referred to highlight and achieve the objectives of the study.

# **Chapter 6: Conclusion**

This chapter summarized the outcome of the research analysis to conclude the study. Recommendations will be made to all parties involved in solving the problems as mentioned in the problem statement in this study.

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