

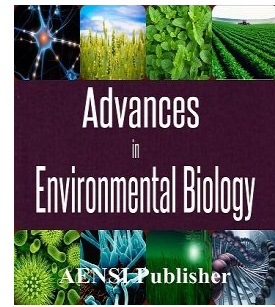


AENSI Journals

## Advances in Environmental Biology

ISSN-1995-0756 EISSN-1998-1066

Journal home page: <http://www.aensiweb.com/AEB/>



### The Role of Government Agencies on Tourism related SMEs in Lenggong Valley, Perak

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#### ARTICLE INFO

##### Article history:

Received 12 October 2014

Received in revised form 26 December 2014

Accepted 1 January 2015

Available online 17 February 2015

##### Key words:

Tourism related SMEs, government agencies supports

#### ABSTRACT

As a new UNESCO World Heritage Site, strong supervision by the government is essential for Lenggong Valley to excellently develop in tourism and economic sector. A study was conducted on the tourism related SMEs (micro, small and medium enterprise) in order to measure the government agencies supports provided to the businesses. The study discovered that many government agencies have been supporting the tourism related SMEs and several different types of assistance are provided include capital, loan, course and training, marketing, consultancy, allocation and equipment support. The government agencies assistance is crucial to ensure the tourism related SMEs maximise the advantages from potential tourism development.

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**To Cite This Article:** Munira Mhd Rashid, Mastura Jaafar and Norziani Dahalan., The Role of Government Agencies on Tourism related SMEs in Lenggong Valley, Perak. *Adv. Environ. Biol.*, 9(3), 61-64, 2015

### INTRODUCTION

The official declaration as an Archaeological Heritage of Lenggong Valley, a UNESCO World Heritage Site on 30 June 2012 generated opportunity for the area to be a potential tourism destination. According to the Department of National Heritage, funding has been provided under the Malaysian Government's Economic Development Plans to propose the Ulu Perak Historical Zone Development Plan with the initiative of protecting, conserving, restoring and interpreting Lenggong Valley as the prehistoric heritage capital of Malaysia [1]. The tourism should be allied with the local economy activities (eg. agriculture, micro and small scale enterprises) in order for the tourism to be advantageous in terms of economic development, rural livelihoods improvement, income earning and poverty diminution [2]. The government intervention and support are needed by the SMEs (micro, small and medium enterprise) in helping them to grow. The absence of investment or start-up capital, and challenges in assessing investment capital linked with the government support are among the critical factors in ensuring the survivability of the micro businesses [3]. However, rather than providing direct assistance to the SMEs, government should concentrate on creating a conducive business environment and promoting provision of business development services by the private sector [4]. In the effort to develop the tourism related SMEs in the area, this study attempt to measure the government agencies supports received by the tourism related SMEs in Lenggong Valley.

#### Methodology:

This study adopted the quantitative method through self-administrated questionnaire approach on the owner-managers of tourism related SMEs. As the absence of appointed agency in managing the SMEs population of Lenggong Valley, information on government-registered SMEs was collected from Lenggong District Council, Mini Rural Transformation Centre (RTC), Lenggong Development Centre of Technology and Fish Product (Pusat Pengembangan Teknologi Produk Perikanan Lenggong) and Rubber Industry Smallholders Development Authority (RISDA). Based on the specified lists, it is discovered that only 150 SMEs are tourism-based and thus these SMEs are designated as the study population. Researchers used the 95% confidence level when determining the population size and data reliability. This study retrieved 106 questionnaires that were reliable and usable. The existing SMEs in Lenggong Valley are established before the declaration of Lenggong Valley as a UNESCO world heritage site, thus these SMEs are not purposely focus on tourism market.

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Therefore, researcher took into account all types of businesses that are directly or indirectly involve with tourism. These includes tourism related SMEs in the field of food production business, food and beverage service, retail business, agriculture, accommodation, transportation and other services in Lenggong Valley.

## RESULTS AND DISCUSSION

The study revealed that some of the tourism related SMEs run more than one business activity. It is discovered that majority of the businesses in Lenggong were engaged in the food and beverage services (31.0%) and the production of food products (31.0%), such as preserved fish, cookies, spices, local traditional foods of such as fish or meat floss (serunding), mini sponge cake baked (bahulu), crackers (keropok) and sweet toffee-like confection (dodol). Other than that were the businesses in retailing (19.0%), agriculture (8.6%), accommodation (7.8%), transportation services (1.7%) and IT services (0.9%). Homestay Kampung Beng was chosen as respondent for accommodation business based on the following criteria; non-governmental and acknowledged by the authority. Homestay Kampung Beng is among the first Malaysia Homestay Program. A village homestay program is formed by a group of certified homestay operators within the village, managed by coordinating groups such as the homestay program committee [5].

**Table 1:** Type of SMEs in Lenggong Valley

Description	Criteria	Frequency	Percentage (%)
Type of business activity	food production business	36	31
	Food and beverage service	36	31
	Retailing	22	19
	Agriculture	10	8.6
	Accommodation	9	7.8
	Transport service	2	1.7
	Others (internet)	1	0.9

Note: N=116

Regarding the government agencies supports on the tourism related SMEs in Lenggong Valley, the type of assistance provided were capital, loan, course and training, marketing, consultancy, allocation and equipment support. Majority of the respondents received capital assistance from Amanah Ikhtiar Malaysia (41%), followed by The National Entrepreneur Group Economic Fund (Tekun Nasional) (18%), Ministry of Tourism and Culture Malaysia, Perak (14%), Department of Agriculture (9%), Ministry of Rural and Regional Development (MARA) (9%), Farmers Organisation Lenggong (4.5%) and Federal Agricultural Marketing Authority (FAMA) (4.5%). In terms of providing loan, Amanah Ikhtiar Malaysia was found as the main source of loan (62%), followed by MARA (17%), Tekun Nasional (14%), Ministry of Tourism and Culture Malaysia, Perak (5%) and Department of Agriculture (2%).

MARA (23%), Ministry of Tourism and Culture Malaysia, Perak (19%), and Amanah Ikhtiar Malaysia (15%) are among the dependable source for course and training support, followed by FAMA, Farmers Organisation Lenggong, Rubber Industry Smallholders Development Authority (RISDA) (8% respectively). The remaining were by the Department of Agriculture, Community Development Department (KEMAS), Institute for Rural Advancement (INFRA), Social Welfare Department Malaysia and Ministry of Health Malaysia (4% respectively). In the context of marketing assistance, most of the respondents received help from the Ministry of Tourism and Culture Malaysia, Perak (36%) and Lenggong District Council (12%). Besides that, RISDA, FAMA, Lenggong Development Centre of Technology and Fish Product, and Farmers Organisation Lenggong have contributed 8% of marketing assistance followed by Department of Agriculture, KEMAS, Perak State Government, Inland Revenue Board of Malaysia (LHDN), and Standard and Industrial Research Institute of Malaysia (SIRIM) which were found to contribute 4% each.

With regards to the consultancy, MARA (33%) was highlighted as the most referable and this is followed by Department of Agriculture, Farmers Organisation Lenggong and RISDA (17% respectively), and Ministry of Tourism and Culture Malaysia, Perak (17%). Besides, MARA and Farmers Organisation Lenggong were the agencies that have helped the tourism related SMEs in term of allocation assistance (67% and 33%) as well as equipment provision (34% and 11%). In addition, Department of Agriculture and Social Welfare Department Malaysia are also involved in equipment provision (22% and 11%).

**Table 2:** Government Agencies Supports

Type of Supports	Government Agencies	Frequency	Percentage (%)
Capital	Amanah Ikhtiar Malaysia	9	41
	Tekun Nasional	4	18
	Ministry of Tourism and Culture Malaysia, Perak	3	14
	MARA	2	9
	Department of Agriculture	2	9
	Others	2	9

Loan	Amanah Ikhtiar Malaysia	36	62	
	MARA	10	17	
	Tekun Nasional	8	14	
	Ministry of Tourism and Culture Malaysia, Perak	3	5	
	Department of Agriculture	1	2	
Course and Training	MARA	6	23	
	Ministry of Tourism and Culture Malaysia, Perak	5	19	
	Amanah Ikhtiar Malaysia	4	15	
	Farmers Organisation Lenggong	2	8	
	FAMA	2	8	
	RISDA	2	8	
Marketing	Others	5	20	
	Ministry of Tourism and Culture Malaysia, Perak	9	36	
	Lenggong District Council	3	12	
	Lenggong Development Centre of Technology and Fish Product	2	8	
	Farmers Organisation Lenggong	2	8	
	RISDA	2	8	
	FAMA	2	8	
	Others	6	23	
	Allocation	MARA	2	67
		Farmers Organisation Lenggong	1	33
Consultancy	MARA	2	35	
	Ministry of Tourism and Culture Malaysia, Perak	1	17	
	RISDA	1	17	
	Farmers Organisation Lenggong	1	17	
	Department of Agriculture	1	17	

Table 2: Continued

Equipment	MARA	3	34
	RISDA	2	22
	Department of Agriculture	2	22
	Farmers Organisation Lenggong	1	11
	Social Welfare Department Malaysia	1	11

**Summary:**

This study presents the role of government agencies on tourism related SMEs in Lenggong Valley. The government agencies that have been assisting the tourism related SMEs are Amanah Ikhtiar Malaysia, The National Entrepreneur Group Economic Fund (Tekun Nasional), Development Centre of Technology and Fish Product, Ministry of Rural and Regional Development (MARA), Farmers' Organisation of Lenggong, Federal Agricultural Marketing Authority (FAMA), Rubber Industry Smallholders Development Authority (RISDA), Community Development Department (KEMAS), Institute for Rural Advancement (INFRA), Department of Agriculture, Ministry of Tourism and Culture Malaysia, Perak. Meanwhile, the types of support provided comprise of capital, loan, course and training, marketing, consultancy, allocation and equipment support.

As a rural and new developing tourism destination, local community require guidance for them to excel and success in business and this attempt is strongly depending on government. The government agencies should collaborate with the district authority, the chiefs and the headmen in the effort to discover the business owners that need assistance and also the potential entrepreneurs that are interested to get education and exposure on the business opportunities that can be pursued. In fact, Malaysia's New Economic Model had highlighted the policy purpose to build entrepreneurship (by providing financial and technical support for SMEs to upraise the value chain) as among the initiative to create a competitive domestic economy [6]. Entrepreneurial awareness among the community is crucial, as entrepreneurs need to be able to realise the economic opportunities as the impact of the tourism development. This attempt is imperative to ensure these potential people will maximise the benefits from budding tourism development.

**ACKNOWLEDGEMENT**

The authors would like to extend their appreciation to the Universiti Sains Malaysia (USM) for the research grant entitled (Heritage Awareness and Interpretation) [Grant No 1001/PTS/8660012] that makes this study possible.

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