

understanding

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9 Understanding the host community's experiences of creating small autochthonous tourism enterprises in Lombok, Indonesia

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8 Introduction

1 Tourism is seen as a panacea for many developing destinations. However, development within these destinations is fraught with challenges and external influence that may impede host communities' support for tourism. Scheyvens (2002a) argues that in developing countries host communities need to be encouraged to actively engage in tourism development. 'Ethnodevelopment builds on the positive qualities of Indigenous culture and societies to promote local employment and growth' (Van Nieuwkoop and Uquillas 2000: 1). One way to directly involve host communities in ethnodevelopment is through tourism entrepreneurship (Kamsma and Bras 2000; Timothy 1999), for example by providing opportunities for the host communities to start their own small tourist enterprises (Hampton 2005; Scheyvens 2002b). However, the emergence of local small tourism enterprises is reliant on the willingness of the host communities to proceed and transform the local resources into products and services to meet the tourist's needs.

23 This book chapter explores the issues of ethnodevelopment in Indigenous tourism entrepreneurship on Lombok, Indonesia. The aim of this chapter is twofold. 25 First, to highlight the opportunities and barriers to ethnodevelopment of small-scale tourism entrepreneurship within five local communities of Lombok. And 27 second, it seeks to understand the factors influencing entrepreneurial culture for 28 small-scale Indigenous tourism entrepreneurs. These findings, while unique to the 29 research setting, have broader lessons for ethnodevelopment in tourism entrepreneurship in other developing countries.

31 Entrepreneurship, ethnodevelopment and tourism

32 To date, there is no single definition for entrepreneurship. The lack of consensus 33 on defining entrepreneurship relates to the disparate discipline features and focus 34 (Simpoh 2011). However, key definitions of entrepreneurship are centred on 35 creating or developing a business activity that aims to fulfil the needs of an

1 evolving market and is adaptive to future opportunities for advancement (Sharma
2 *et al.* 1996). Regardless of the diverse definitions of entrepreneurship, Shane and
3 Venkataraman (2000) assert that entrepreneurship requires the presence of two
4 essential elements: entrepreneurial opportunity and a prospective entrepreneur
5 whereas Koh argues that tourism entrepreneurship is different from general entre-
6 preneurship. Specifically, Koh (2002) notes that tourism entrepreneurship differs
7 in terms of product characteristic, the exper⁶ie needed and the market system.

8 Within the ethnodevelopment literature, entrepreneurship is ‘thought to lead
9 ethnically structured enterprises and production into ‘steady income sources’ and
10 ‘long-lasting financial autonomy’, so those pertinent groups are financially
11 enabled to govern their business initiatives’ (de Lima *et al.* 2016: 17). The
12 empowerment of Indigenous peoples for long-term community development and
13 income generation is seen as central to ethnodevelopment.

14 Engaging Indigenous people in the identification of entrepreneurial opportuni-
15 ties to gen⁷ate income is one way that fulfils ethnodevelopment objectives.
16 Indigenous tourism entrepreneurs play important roles in the allocation of innate
17 resources, the integration and transformation of those resources into the creation
18 of a tourist attraction, and tourism promotion. In other words, entrepreneurs can
19 establish a thriving local tourism destination that will contribute socio-economic
20 benefit to the community (Koh 2002). At the same time, the tourism business can
21 become an important ingredient in the tourism pull factor that is one of the factors
22 attracting tourists to visit a tourist destination.

23 Locally established tourism enterprises also play a critical role in the distribu-
24 tion of the economic benefits to other local people (Kokkranikal and Morrison
25 2011; Page *et al.* 1999; Ryan *et al.* 2012; Thompson 2004). These local enter-
26 prises also limit the potential economic leakage from tourism activities
27 (Kokkranikal and Morrison 2011; Scheyvens 2002b), as the money is redistrib-
28 uted within the local economy. Harrison and Schipani (2007) point out that most
29 locally owned tourism enterprises, such as hotels and restaurants, meet their
30 customers’ needs with products (e.g. fruits, vegetables, and meat) purchased
31 locally. Likewise, tour operators and tour agencies help to promote local products
32 and services, such as local restaurants and the sale of locally produced art and
33 souvenirs, to the tourists.

34 However, local tourism development and entrepreneurship is largely depend-
35 ent on the host community. The importance of the host communities’ participa-
36 tion has been widely discussed in the literature, for example: how host
37 community members participate in tourism; what factors influence their partici-
38 pation; and what approaches facilitate positive involvement of community
39 members in tourism development. Thus engaging the host community in tourism
40 through ethnodevelopment and Indigenous entrepreneurship requires an under-
41 standing of the tourism entrepreneurial process, as well as the attitudes of the
42 host community towards the entrepreneurial activities in tourism. Our research
43 seeks to fulfil this gap by examining the entrepreneurial culture on Lombok,
44 Indonesia facilitating or inhibiting Indigenous entrepreneurs within the tourism
45 industry.

1 **Research setting: Lombok, Indonesia**

2 Lombok is an island within Indonesia that lies between three main tourist destina-
 3 tions (Bali in the West, Tana Toraja, Sulawesi in the North and Komodo in the
 4 East). The islands are surrounded by beautiful beaches, crystal clear water and
 5 colourful marine life, making them ideal for tourist marine activities. Tourism
 6 development on Lombok has formally developed in the late 1980s when the first
 7 four-star hotel, Senggigi Beach Hotel, was built. Since then, tourism and agricul-
 8 ture have become the two most important sectors in Lombok's economy. The
 9 increasing contribution of the tourism sector to Lombok's gross regional domes-
 10 tic product (GRDP) indicates the growing importance of the tourism industry for
 11 Lombok's future economic growth.

12 Historically, the development of the tourism industry on Lombok is character-
 13 ised by a lack of local people's involvement. The lack of involvement during the
 14 first decade of tourism development was evident by the low number of local
 15 people working in the industry, especially in hotels, restaurants and travel agents.
 16 Changes in Indonesian political policies since 1997 have brought a more support-
 17 ive environment to the growth of micro-scale tourism businesses (Hampton
 18 2005), particularly on Lombok (Fallon 2003). Nevertheless, several factors still
 19 challenge the engagement of the host community in small-scale tourism
 20 entrepreneurship.

21 Saufi's study of 2008 reported that, despite the host communities eagerness to
 22 participate in tourism development, they were still poorly engaged. This lack of
 23 participation was limited by the poor work performance of the government offi-
 24 cials, as well as the lack of communication about entrepreneurial tourism oppor-
 25 tunities. Moreover, many of the local resources, particularly land, have been
 26 speculatively acquired by outsiders who have little commitment to the well-being
 27 of the local economy. The outsider's speculation has caused a delay in tourism
 28 development on Lombok and distrust of tourism development from within the
 29 community (Fallon 2001). Additionally, social unrest and riots in the early 2000s
 30 reflected local people's uncertainty around fragmented plans for the island's tour-
 31 ism (Fallon 2003), as well as a lack of confidence among local tourism stakehold-
 32 ers. These events significantly impacted on the development of the tourism
 33 industry on Lombok.

34 Schellhorn (2010) added that, despite tourism growth in a village close to
 35 Rinjani National Park, Lombok, the local villagers responded passively to the
 36 obvious opportunities for tourism entrepreneurship. Schellhorn identified nine
 37 barriers to local tourism participation in the village including: culture, education,
 38 ethnicity, gender, political/historical background, location, socio-economic
 39 factors, mobility and tourism skill/knowledge. On the other hand, Saufi *et al.*
 40 (2014) discovered three factors hindering host community participation on
 41 Lombok, which ultimately influences the engagement process through small-
 42 scale entrepreneurship. These three factors were: poor work performance of tour-
 43 ism agencies, a lack of support from the private sector, and cultural limitation or
 44 host communities' lack of tourism knowledge. As a consequence, host

1 community members are unaware of the island's tourism development potential
2 and fail to engage in the tourism industry sector (Saufi 2008; Schellhorn 2010).
3 Understanding the barriers to local people's participation can help authorities to
4 develop appropriate policy and strategy to encourage small-scale tourism entre-
5 preneurship within the host community members.

6 **Methodology**

7 The research adopted an Indigenous ethnographic qualitative research approach.
8 Indigenous ethnography is an inquiry into the culture of a community, whereby
9 the inquiry is conducted by a member of the community (Tomaselli *et al.* 2008).
10 This is particularly pertinent to enable the ethnodevelopment perspective from
11 those who are experiencing the phenomenon to be heard. In-depth interviews
12 were conducted across five communities in Lombok. The five villages were
13 chosen as they represented the main tourist destinations where the majority of
14 tourism enterprises were located in Lombok. Figures 9.1. and 9.2 show some
15 types of autochthonous business managed by locals in Lombok.

16 Purposive and snowball sampling to recruit research participants was under-
17 taken. Firstly, purposive sampling identified individuals who were: (1) Indigenous
18 entrepreneurs; (2) owned a tourism enterprise; (3) with a maximum of
19 50 employees (Storey and Greene 2010); and (4) had been established for at least
20 42 months (McGehee and Kline 2008). These sampling conditions enabled the



Figure 9.1 Local homestay and restaurant at Senggigi.

Source: Author.



Figure 9.2 Selling activity at Sade Village.

Source: Author.

1 participants to have experienced the entrepreneurial journey and process.
 2 Secondly, a snowball sampling approach enabled these initial participants to
 3 provide further contacts who fulfilled the criteria. In total 27 interviews with
 4 21 participants were undertaken. Two interviews were conducted with six partici-
 5 pants who had additional information on particular issues that emerged after the
 6 first interview.

7 The interviews were conducted in Sasak (the local language) and lasted
 8 between 30 minutes and two hours. This method encouraged the participants to
 9 express their beliefs, opinions and experiences and enabled the Indigenous stories
 10 to emerge. Interviews were digitally recorded, transcribed verbatim and pseudo-
 11 nyms assigned and then analysed and coded in NVivo. An open and axial coding
 12 process identified 53 emergent themes which were condensed into 15 primary
 13 concepts and three lower-order concepts. These themes, concepts and orders
 14 provide an overview of the entrepreneurial process that Indigenous tourism entre-
 15 preneurs journey through. This chapter presents the results for one of these
 16 themes, that of entrepreneurial culture.

17 **Results**

18 Entrepreneurship is dependent upon the entrepreneurial culture, which enables or
 19 otherwise the support for ethnodevelopment and entrepreneurial activities within

1 a society. Entrepreneurial culture results from the interconnectivity between indi-
2 viduals, and between the tourism entrepreneurs and their environment, at the
3 local, national and international levels, within a period of time. Entrepreneurial
4 culture is also influenced by the micro and macro conditions of the tourism indus-
5 try sector. Micro conditions are associated with the immediate conditions that the
6 Indigenous entrepreneurs encounter in their daily tourism entrepreneurial activi-
7 ties. Macro conditions are related to specific conditions of the tourism industry
8 sector in Lombok, namely the social and political conditions at the local, national
9 and international level. When combined these factors shape the individual's
10 perspective on ethnodevelopment and entrepreneurship, as well as the relation-
11 ships between entrepreneurs and their environment.

12 Entrepreneurial culture is characterised by a set of problems that continu-
13 ously threaten the success of the entrepreneurial process. The problems, incor-
14 porated into five major categories, of these three categories were influenced by
15 micro conditions (*stereotypes of tourist and locality status, destructive competi-*
16 *tion and lack of encouragement*) and two categories were influenced by macro
17 conditions (*decentralised government and security issues*). The results will
18 report on the observations and discussions relating to each of these five major
19 categories.

20 **Micro conditions influencing entrepreneurial culture**

21 **4** Many local Lombok people have a long established negative perception about
22 tourists and those who work within the tourism sector (Fallon 2001, 2003; Saufi
23 2008; Saufi *et al.* 2014; Schellhorn 2010). It was perceived by many locals that
24 tourism workers were polluted by Western attitudes and behaviours, and were
25 being disrespectful of their society. An online tour operator in Senggigi stated:

26 After I had graduated from my college, I was banned from working in tour-
27 ism by my parents. They perceived that if I was to work in tourism I would
28 do negative things with female tourists. I finally stopped and have worked
29 odd jobs ever since ... My parents just did not allow me to work in tourism
30 regardless of my two years of tourism education ... If you live in a remote
31 village, you get to listen to what others say about you. There is more to hear
32 than to see in the village ... Our neighbours told my parents that people who
33 work for tourists were inhospitable towards our culture. They perceived that
34 people who worked for tourists had loose sexual morals. They slept with
35 female tourists even though they were not married. My people believed in
36 such a stereotype ... I could not do anything about my wish to work in the
37 tourism industry until I got married in 1992. After that, my parents had no
38 reason to forbid me from working in tourism anymore. (Basar)

39 As a result of such a stereotypical attitude, many local people, particularly the
40 young and single, are discouraged from pursuing a career in tourism. This is
41 because the Lombok people (the Sasaks) live communally, their way of

1 thinking influenced by the common values adopted by the community. If the
2 community perceives tourism negatively, then the community members respect
3 this trend and avoid working in the tourism industry. These community
4 perspectives influenced the willingness of locals to engage in tourism entrepre-
5 neurial activities and to attract and retain high-quality staff to work in this
6 industry sector.

7 There was an additional stereotypical attitude among locals that tourists were
8 wealthy and generous Westerners, with strong buying power that created differ-
9 ential tourist pricing. As one respondent noted:

10 I mean local people still perceive that every tourist has much money ... there
11 is still much annoying behaviour directed towards the tourists and towards
12 us, the tourism providers. (Leo)

13 This led to a number of situations where tourists and entrepreneurs became the
14 victims of crime. These perceptions have also facilitated a secondary category of
15 entrepreneur with the emergence of street vendors. The street vendors' lack of
16 knowledge about positive selling techniques may result in their becoming aggres-
17 sive towards tourists. The street vendors' perceptions that tour operators and tour
18 guides inhibit their efforts to make sales from the tourists can result in their inap-
19 propriate behaviour towards these gatekeepers.

20 Another key finding of the research was where the entrepreneur originated
21 from. The villagers call non-local entrepreneurs *pengusaha luar*, meaning that the
22 entrepreneurs were not born in the village or location where they established their
23 business. As one participant commented:

24 I got very little support, except from pottery producers. Other art shop
25 owners looked upon me as an outsider at that time. When I just started my
26 art shop, my materials were stolen three times, and my fence was pushed
27 over twice within a week. I was also gossiped about maliciously ...
28 (Husein)

29 This was despite Husein being an Indigenous Sasak entrepreneur, the level of
30 'locality' being defined by the villagers at the village level. The non-local entre-
31 preneur stereotype is similarly exploited by local entrepreneurs to control local
32 resources in order to compete more effectively against non-local entrepreneurs.
33 Therefore it is difficult for non-local entrepreneurs to establish and develop their
34 tourism enterprises outside of their home village.

35 The research identified that the entrepreneurial culture of Lombok led to the
36 potential for destructive competition among tourism entrepreneurs, with the
37 pursuit of short-term business profits being prioritised by some. Indigenous tour-
38 ism entrepreneurs establish business relationships with other entrepreneurs in
39 order to sell their products and services. These relationships are managed on a
40 commission basis rather than a formalised contract. For example, a hotelier in
41 Senggigi describes the process as follows:

1 I always pay ten percent commission for the guide per room per night. If the
2 room rate is a hundred fifty thousand rupiah per room per night, I will pay
3 fifteen thousand rupiah commission per room per night. (Lukman)

4 In reality, there is no common standard for the commission among the entrepre-
5 neurs with some entrepreneurs enticing relationships through higher selling
6 commissions. This practice often leads to destructive competition and poor entre-
7 preneurial relations, and negatively affects business development. The commis-
8 sion trend presents entrepreneurs with a difficult choice: whether to satisfy their
9 customers with a reasonable price, or satisfy their business partners with a high
10 rate of commission. Making the first choice can help establish a beneficial rela-
11 tionship with particular customers; however, that choice can mean the termina-
12 tion of the support of business partners.

13 The trend towards commission-based collaboration stimulated the emergence
14 of the silent enemy. The silent enemy refers to entrepreneurs who use unusual
15 means, such as magic or supernatural power, to help attract buyers and, thus,
16 impact negatively on other entrepreneurs' business performance. Magic is
17 believed to help some entrepreneurs increase their business performance and to
18 help outweigh the competitor's business performance. The silent enemy attracts
19 business partners in mysterious ways, as suggested by an art shop owner in the
20 weaving village:

21 As far as I am concerned anyone can be attacked by using magic named the
22 'quiet village'. When someone is struck by such magic, his or her art shop
23 will always be quiet. No customers come because they cannot see the art
24 shop. The customers don't realise that the art shop is there. If some custom-
25 ers can see the art shop, they don't have a willingness to enter. (Panji)

26 Magic was believed to help the silent enemy to assist an individual's business as
27 well as affect other entrepreneur's business performance. The existence of the
28 silent enemy may sound irrational and culturally related, yet participants believed
29 that such competitors exist and intensify the destructive business competition in
30 the Lombok tourism industry. Indigenous tourism entrepreneurs can be trapped
31 by these ways of conducting business. Furthermore, the use of magic prevents the
32 entrepreneurs from developing their rational entrepreneurial abilities, such as
33 appropriate marketing strategies that can help establish and develop tourism
34 enterprises.

35 A range of participants also acknowledged that entrepreneurial culture was
36 impacted by unprofessional business partners. An unprofessional business part-
37 ner used dishonest approaches to generate business, including breaking formal
38 business contracts. A tour operator who also ran a restaurant in Senggigi
39 expressed the dilemma in the following conversation:

40 It has been such an ecosystem that one eats or is eaten in the tariff competi-
41 tion ... the hotel gives me contract rate. It is very clear that both sides sign

1 the contract. When I accommodate my customers in the hotel, as a part of my
 2 package ... the hotel people stole my clients ... The hotel even said, 'Don't
 3 join the travel agent, I'll give you the cheaper rate than that of the agent. The
 4 next year, those customers didn't return to me because they had a direct
 5 contract with the hotel ... be careful with the hotel because our guests are not
 6 safe. We should keep them on eyes for 24 hours. Furthermore, if the one who
 7 stays there is a tour leader, the group will surely move to the other agent the
 8 next day. (Dewinta)

9 For many entrepreneurs such as Dewinta, unprofessional business partners have
 10 affected their short- and long-term business relations. In the short term, the part-
 11 ners dishonestly took over Dewinta's opportunity to generate business, such as
 12 selling optional trips to the customers. In the long term, the unprofessional part-
 13 ners intercepted Dewinta's contract with her overseas agents and took over future
 14 customers.

15 Unfortunately, many participants indicated that these unprofessional partners
 16 were often organisers of associations they were affiliated with or individuals in
 17 position of power. The participants called the organisers *referees who come into*
 18 *play*. The association organisers are supposed to be caretakers of their members
 19 and to act in the name of the association. However, they (the organisers) often
 20 acted for the benefit of their own enterprises. As Dewinta stated 'I said to them
 21 many times ... "Please manage us, don't only manage yourselves. The cake
 22 should be shared. It should be shared fairly."' Other examples were government
 23 officials who had also established tourism enterprises. They (the officials) often
 24 used their political power as a means to compete with other entrepreneurs and win
 25 business opportunities. In many cases, the *referees who come into play* developed
 26 monopolistic systems in that their businesses were the first to benefit from govern-
 27 ment tourism policies. An art shop owner in the weaving village revealed that:

28 If the local government has a free promotional programme in other regions,
 29 this official keeps that information to himself. He never informs us ... he is
 30 the head of the industry and trade department; that position means that he is
 31 actually a mediator. However, because he also has a business it seems he
 32 cannot be fair and objective. He takes everything for himself and leaves
 33 nothing for us. (Ramdan)

34 The government officials, who also run their own tourism enterprises, appear
 35 to have a significant conflict of interest in being able to undertake their govern-
 36 ment duty.

37 *Macro conditions impacting on entrepreneurial culture*

38 In 2000, Indonesia adopted a decentralised governmental system handing auton-
 39 omy to each region (Rasyid 2002). The purpose of this system is to enable the
 40 democratic process, promote the individual's democratic awareness and stimulate

1 economic independence for each region. However, this has resulted in confusion
2 about responsibilities. First, the provincial tourism department is responsible for
3 developing the plans and programmes for tourism development, yet their imple-
4 mentation is reliant on regional tourism departments. Second, all the economic
5 benefit in terms of the tourism sector taxes are retained by the regions and not
6 equitably share with the provinces. While the central government had the right
7 intention to promote the democratic process, in reality it is far from perfect. The
8 operationalising of the scheme has been problematic, and each of the regions and
9 provinces, driven by their own agendas, has developed conflicting tourism devel-
10 opment priorities. Indeed, this confusion has resulted in a lack of tourism devel-
11 opment around the island.

12 The political issues may also influence the ability of tourism departments to
13 establish an effective coordination of tourism development with other institu-
14 tions, NGOs and local people. The participants described how they were never
15 involved in any discussions about tourism development by the tourism agencies.
16 From the participant's perspective, most small tourism enterprises emerged and
17 developed in spite of, or detached from, the government's encouragement. As one
18 participant commented:

19 We expect that there is a rigorous network and link between the government
20 and the private sector actors. This, however, has not occurred so far. The
21 private actors go this way and the government goes that way ... In develop-
22 ing tourism, our government ... has no concept at all. (Derwinta)

23 The government's lack of communication about the priority of tourism develop-
24 ment in Lombok affects the development of entrepreneurial tourism activities.
25 Leo discussed this by stating, 'This creates a great deal of uncertainty for the
26 tourism businesses. I also see that the local government does not take responsibil-
27 ity for this situation ...' Knowing the priorities of tourism development (e.g.
28 tourist destinations and infrastructure that will be developed in the short term) can
29 assist the Indigenous entrepreneurs to find appropriate business locations and
30 resources for their products.

31 The quality of the public service also has an influence on the provision of
32 entrepreneurial activities. Individual officials who hold an important government
33 position have the responsibility to develop tourism strategies and policies but
34 often lack knowledge and experience in tourism development and its related
35 strategic issues and simply develop initiatives for their own self-interest. A surf-
36 ing organiser in Kuta shared his experience:

37 I had to wait to get electric power for more than a year; I still have not got
38 it. My application for 6500 watt electric power has not been realised.
39 Another problem is water. Also, I have to buy tap water from Tanjung Aan.
40 However, water from the tap doesn't work every day ... I cannot get water
41 from the ground in this place because it's salty ... dealing with the bureau-
42 cracy is very difficult. If we want to arrange something, we have to pay ...

1 I told the electricity official yesterday that this project was not just mine. The
2 project is in collaboration with my Japanese friend. If this project was my
3 own, I would pay whatever you asked ... However, I am responsible for my
4 friend and I have to keep his trust in me. (Andika)

5 In addition, a slow and ineffective bureaucratic process can delay the completion
6 and operation of a new enterprise. Another respondent identified how inadequate
7 government policy formation also resulted in delays and cost overruns. He stated:

8 I've got a problem with the customs department. There was no standard
9 procedure about how to export things, what is or is not allowed to be
10 exported. The regulation changes all the time and I have to find them out for
11 myself. No one told me what I should do if I wanted to export wood, or other
12 things ... I made a fatal mistake, and I had to pay a high amount of tax ...
13 the tax was higher than what I usually paid. (Acelin)

14 The lack of guidelines, or any formal export procedure, can result in high opera-
15 tional costs, especially for the new entrepreneur. Further, Indigenous entrepre-
16 neurs, who are usually supported by only a small amount of capital, have to
17 compete with entrepreneurs having inside information as well as stronger finan-
18 cial backing. Therefore a government policy that is transparent and encourages
19 ethnodevelopment could assist small Indigenous entrepreneurs to develop and
20 expand their businesses successfully.

21 Inadequate or unfair implementation of legal or business practices by authori-
22 ties was also a significant factor influencing Indigenous entrepreneurs on
23 Lombok. Weak law enforcement in the tourism industry has increased the number
24 of local people who have established unlicensed enterprises. The unlicensed busi-
25 nesses intensify the competition among tourism entrepreneurs, as they do not
26 bear the costs that legitimate enterprise must pay. While the number of non-
27 licensed enterprises grows day-to-day, the entrepreneurs who operate legitimate
28 businesses suffer financial losses and subsequent frustration, as expressed by a
29 hotelier on Kuta Beach:

30 We have problems with government regulation; especially when we have to
31 pay taxes and those who don't ... The illegal restaurants, shops and many
32 other enterprises on the beach should pay taxes, but they don't. They sell the
33 same products as we do for cheaper prices because they don't have to pay
34 any tax. They open their business in illegal areas. They are not supposed to
35 be there because that is the beach where the tourists sit and enjoy the envi-
36 ronment. When I reported this situation to the government, I was told that
37 those people will be there for a while. But, they've been there for more than
38 four years already ... If this condition doesn't change, I may do the same way
39 as those people. In the beginning, there were just a few of them opening busi-
40 ness on the beach, but now their numbers have increased. The government

1 just lets them stay ... The business condition in this area really discourages
2 me. I run my business with an uncertain future. (Leo)

3 The government's weak law enforcement can lead tourism entrepreneurs into
4 unfair competition, as previously discussed, in which the entrepreneurs tend to
5 focus on short-term business profits and beating the competition. Weak law
6 enforcement encourages unethical business practices such as tax manipulation,
7 bribery and collusion, ultimately creating an environment lacking trust for busi-
8 ness in Lombok.

9 During the 30 years that tourism has been developed on Lombok a number of
10 local, national and international disturbances have significantly affected tourism
11 development. These disturbances include the social unrest on Lombok in 2000
12 (local level), terrorist attacks in Bali in 2002 and 2005 (national level), and the
13 terrorist attack on New York in 2001 (international level). There have also been
14 other incidences that have impacted the tourism industry, for example Middle
15 East conflicts, natural disasters and epidemics in Southeast Asia, a number of air
16 transportation accidents in Indonesia and increasing media attention on religious
17 fanaticism. Overall, security is an important issue for tourists and the tourism
18 industry. Though Lombok is a small tourist destination in Indonesia, the develop-
19 ment of its tourism industry can be affected by the security issues of other regions
20 and countries. Various horrific incidences at the local, national and international
21 level can spark security issues for tourists and, ultimately, affect the entrepre-
22 neurial culture of the tourism industry. Table 9.1 shows the key findings that have
23 influenced the entrepreneurship on Lombok region.

24 **Discussion and conclusion**

25 Ethnodevelopment and entrepreneurship is reliant on having an effective entre-
26 preneurial culture that will support and develop small businesses within a society.
27 While the literature on tourism entrepreneurship is well developed, what is lack-
28 ing is an understanding of the factors influencing and impacting upon the entre-
29 preneurial autochthonous culture of many destinations. This chapter has sought
30 to fill this gap by exploring the results of one research project in five host commu-
31 nities on Lombok, Indonesia. While the results of the study are unique to this
32 research setting there are a number of lessons that other developing countries can
33 observe.

34 Firstly, entrepreneurial culture, while unique to the context in which it is being
35 experienced, is influenced and impacted upon by a range of micro and macro
36 conditions. Micro conditions involve the immediate set of conditions that tour-
37 ism entrepreneurs must deal with in their daily activities. These micro conditions
38 are influenced by three main tourism stakeholders: the local communities, other
39 tourism enterprises and tourism authorities. The tourism stakeholders pose a
40 series of threats that challenge and menace the entrepreneur's abilities to cope
41 with their tourism business. In contrast, the macro conditions are influenced by
42 geographical, historical, social and political aspects, as well as the security

Table 9.1 Summary of key findings influencing entrepreneurship on Lombok

<i>Micro conditions</i>	<i>Macro conditions</i>
<i>Stereotypes of tourist and locality status</i>	<i>Decentralised government system</i>
Negative perceptions of tourists and those working in the sector	Confusion about roles and responsibilities in developing and implementing tourism
Discouraged locals from working in the sector in order to conform to community society values	Local tourism entrepreneurs emerged and developed in spite of government's encouragement
Tourists perceived as wealthy, creating differential tourist pricing	Lack of communication of tourism development priorities on Lombok
Tourists becoming victims of crime or harassment	Positions of power within public sector not linked with qualifications but other factors
Origin of entrepreneur influences their ability to establish and access resources	Self-interested government officials
<i>Destructive competition</i>	Slow and ineffective bureaucratic process
Pursuit of short-term business profits	Lack of transparency in government policy
Commission-based relationships	Inadequate or fair implementation of legal or business practices
'Silent enemy' – unusual means to impact on business performance, i.e. magic or supernatural powers	Weak law enforcement of the tourism industry, i.e. licensed businesses
Unprofessional business partners	<i>Security issues</i>
'Referees who come into play', created from unequal power relationships	Local social unrest on Lombok
Street vendors' aggressive selling techniques	National and international terrorist attacks
<i>Lack of encouragement</i>	Other incidents, i.e. natural disasters, conflicts, air transport accidents and media attention on religious fanaticism

1 issues at the local, national and international level. Despite the different products
2 and services that Indigenous entrepreneurs produce, they all have to deal with
3 the difficulties that the entrepreneurial culture of the tourism industry in Lombok
4 generates. The culture threatens the entrepreneur's abilities to benefit from their
5 tourism businesses, it prevents or stalls sustainable success and it leads to busi-
6 ness vulnerability. Nevertheless, the entrepreneurial culture must be overcome if
7 the entrepreneurs are to be successful in their entrepreneurial journey within the
8 tourism industry.

9 Secondly, previous tourism studies (e.g. Andereck *et al.* 2005; Fredline and
10 Faulkner 2000; Pérez and Nadal 2005) concluded that local people's attitudes
11 towards tourism development varied along a continuum, from those that are
12 highly favourable to development to those that are against development. The

1 findings of this current study extend our understanding of the influence of the
2 local attitudes towards entrepreneurial tourism activities and the influence this
3 has on entrepreneurial culture. For example, on Lombok, the negative stereotyp-
4 ing of tourists stimulated the local negative attitudes towards the ‘outsider’ (Elias
5 and Scotson 1994). Those who believed in such negative stereotypes forbade
6 their family and community members from learning anything that related to the
7 tourism industry, such as learning to converse in English, and refused to allow
8 them to work in the industry. These attitudes and behaviours stymied the locals’
9 expertise in tourism entrepreneurship, or resulted in what Tosun (2000) defined
10 as ‘cultural limitation’, and limited the availability of local employees for the
11 tourism industry. The negative stereotyping also stimulated anti-tourist action,
12 which impeded the development of local resources for tourist products and threat-
13 ened the security of tourism entrepreneurial activities (Saufi *et al.* 2014).
14 Additionally, the culturally bound identification of ‘locality’ appeared to signifi-
15 cantly influence local support for tourism business; as Bennett and Gordon (2007)
16 pointed out, the lack of local support increases business risk and the uncertainties
17 faced by the tourism entrepreneur.

18 Thirdly, Indigenous entrepreneurs in this study were engaged in commission-
19 based business to attract support. Many participants had to offer high commissions
20 to attract a business partner who could bring them customers; if this rate was not
21 paid the business partner would take the customers to another entrepreneur. In
22 other words, the business partners tended to support those giving the highest
23 commission. Such competition has created business monopolies by those entrepre-
24 neurs with strong financial support, while those lacking financial support tended to
25 fail or go bankrupt. Unprofessional behaviours also increased business
26 uncertainty.

27 An interesting finding of this research, linked with the society’s culture, related
28 to the emergence of the ‘silent enemy’. The silent enemy refers to the threat of
29 using unusual means, such as magic, to win business competition. The arrival of
30 the silent enemy into the entrepreneurial culture field became a threat to the
31 Indigenous entrepreneur’s ability to create products and exploit entrepreneurial
32 opportunities in tourism. Indeed, the silent enemy may sound irrational, but it is
33 contextual and culturally specific to Lombok where the entrepreneurial journey
34 (in the current research) takes place.

35 Fourthly, the government’s role in supporting ethnodevelopment and entrepre-
36 neurship should not be underestimated. Normally, government creates the frame-
37 work, through legislation, rules and regulations, that is needed to be enforced to
38 enable a fair and equitable business environment. The duplicity of and confusion
39 about tourism development within Indonesia impacted upon the entrepreneurial
40 culture evident on Lombok. There was a lack of government protection for legiti-
41 mate entrepreneurial activities, along with weak enforcement of the laws and
42 regulations relating to the tourism industry. A consequence of this lack of support
43 affected the entrepreneur’s independence and ability to create new products and
44 services, as well as a concern for security in the tourism business environment.
45 Furthermore, the lack of law enforcement stimulated the emergence of

1 non-licensed tourism enterprises, and provoked disobedience against business
2 regulation.

3 Finally, macro conditions beyond the control of the entrepreneur also influence
4 the entrepreneurial culture of tourism business and destinations. However, as
5 shown by the current research, the entrepreneurial culture presents limitations to
6 the success of the entrepreneurial process in the tourism industry. These limita-
7 tions confirm the earlier findings identified by Tosun (2000) in developing coun-
8 tries, namely that a host community faces limitations at the operational level and
9 within the structural and cultural environment. As a consequence, the host
10 communities on Lombok have been able to deal with a series of problems result-
11 ing from limitations at the operational level, such as the lack of protection and
12 weak law enforcement. Such conditions were exacerbated by the structural limi-
13 tations that have resulted in the lack of tourism infrastructure, the emergence of
14 security issues, the fragmented planning of tourism development and the emer-
15 gence of unsolved problems.

16 Entrepreneurial culture presents information about the settings and conditions
17 that a prospective entrepreneur has to deal with when establishing and developing
18 a tourism enterprise. Understanding the entrepreneurial culture enables an entre-
19 preneur to identify an appropriate type of and a strategic location for the tourism
20 enterprise. This understanding also assists the entrepreneur develop relationships
21 with his/her entrepreneurial environment.

22 The study results can be a reference point for tourism agencies to develop poli-
23 cies that create entrepreneurial opportunities, especially for the Indigenous tour-
24 ism entrepreneurs. Tourism authorities should promote the benefits of tourism
25 development for the local people, and provide more opportunities for local small-
26 scale tourism to grow rather than encourage larger tourism facilities owned by
27 outside investors (Hampton 2005; Kamsma and Bras 1999). Policies that support
28 small-scale tourism can include appropriate strategies that increase local involve-
29 ment in tourism and provide more benefits to the local people from tourism. While
30 small-scale tourism requires small capital, which fits the local people's business
31 abilities, this type of business also prevents economic leakage, and helps to better
32 distribute the income among host community members (Dahles 2000). Moreover,
33 such a policy will stimulate the emergence of many Indigenous tourism entrepre-
34 neurs delivering authentic products and services that their region offers.

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