

TOURISM SMALL AND MEDIUM ENTERPRISE COMPETITIVENESS: THE  
INFLUENCE OF ENTREPRENEURIAL ATTITUDES TOWARDS BUSINESS  
PERFORMANCE

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## DECLARATION

*I declare that the work I am submitting for assessment contains no section copied in whole or in part from any other source unless explicitly identified in quotation marks and with detailed, complete and accurate referencing.*

Signature :.....

Name :.....

Date :.....

## DEDICATION

To my beloved dad and mom for gave me spirit and knowledge. To my beloved supervisor, Miss Sitinor Wardatulaina Binti Muhd Yusof for giving me motivation and guidance during the research.

And all the good souls around me, whose inspiration, prayers, support and love blessed my heart and sustained me in every sound of my life.

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## ABSTRACT

The data have shown that is over demand and high competition among the SME hotel. Following the knowledge-based view approach, this contribution aims to study how the entrepreneur attitude influence tourism SME entrepreneur toward their business performance. Besides that, the number of foreign visitor travel to Malaysia was increase from year 2008-2018. That why as the SME entrepreneur personality attitude play the important role to manage their business and adapt in the competitive market. The hypotheses proposed in our research framework are survey by questionnaires to 150 SME hospitality entrepreneurs. The entrepreneurial attitudes which are personal control, self-esteem and innovation will determine whether will have significant and positive relationships with business performance. It also will find out which are the most influences attitudes towards the business performance. The finding may help SME entrepreneur self-improvement and enhance their competitive advantage to their business.

## ***ABSTRACT***

Data menunjukkan bahawa terdapat permintaan dan persaingan yang tinggi di kalangan hotel SME. Berikutan pendekatan pandangan berasaskan pengetahuan, sumbangan ini bertujuan untuk mengkaji bagaimana sikap usahawan mempengaruhi usahawan bersaiz kecil dan sederhana pelancongan terhadap prestasi perniagaan mereka. Selain itu, bilangan perjalanan pelancong asing ke Malaysia meningkat dari tahun 2015-2016. Hal ini disebabkan sikap personaliti perusahawanan kecil dan sederhana memainkan peranan penting untuk mengurus perniagaan mereka dan menyesuaikan diri dalam pasaran yang kompetitif. Hipotesis yang dicadangkan dalam rangka kerja kajian kami adalah soal selidik kepada 150 perusahaan bersaiz kecil dan sederhana hospitaliti. Sikap keusahawanan yang merupakan kawalan peribadi, harga diri dan inovasi akan menentukan sama ada akan mempunyai hubungan yang signifikan dan positif dengan prestasi perniagaan. Ini juga akan mengetahui yang paling mempengaruhi sikap terhadap prestasi perniagaan. Temuan ini boleh membantu perusahawanan bersaiz kecil dan sederhana memperbaiki diri dan meningkatkan kelebihan daya saing mereka untuk perniagaan mereka.

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## **LIST OF ABBREVIATION & SYMBOL**

TSME= Tourism Small and Medium Entreprise

SME= Small and Medium Entreprise

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Research Background

According to the [World Economic Forum \(WEF\)](#) has placed Malaysia ranked 26th out of 136 countries most competitive tourism destination 2017. Due to its price competitiveness, strong air connectivity and beautiful natural resources become the unique competitive advantage against another competitor. Malaysia government put the heavy effort on the tourism sector growth and investment the variety aspects among the tourism which include preservation of natural environment and business travel.

Reported by [The SUNDAY DAILY](#), said Amar Shah Mohsen from online newspaper, Malaysia's tourism sector was contributed about RM161 billion or 14.9 % of Gross Domestic Product (GDP) during year 2014. (Mohsen, [2017](#)) It was the 6th major income to Malaysia economy. Since initiating the National Transformation Programme (NTP), tourism sector plays an important role as the character to create sustainable system to diversify out structure economy rather than oil dependency. Its enable create the huge investment and millions of job opportunity for Malaysia.

In the 10th Malaysia Plan alone, the government budgeted about RM1.04 billion for variety of entrepreneurship development programmes under the Ministry of Rural and Regional Development reported from The Malay Mail online

. Especially, total amount RM520.1 million was allocated for entrepreneurship development programmes under Majlis Amanah Rakyat (Mara), while the balance RM521.12 million was given out to other department under the ministry to execute their programmes.

## 1.2 Problem Statement

Due to the lack of entrepreneurial behaviour among tourism entrepreneurs towards business performance, therefore, the purpose of this research would like to find out TSME entrepreneur enhance their business competitive advantage to sustain in the market and how would business performance can be affected from the entrepreneur personality attitude with the rapid growing of tourism sector. The format of tourism SME will be discussed in detail to explore further on which current structure tourism hospitality market in Malaysia Peninsula Southern Region, the relationship between competitiveness and sustainability among the TSME and what kind of the entrepreneur attitude influence the business performance as well.

According to The Star Online 2017, SME hotel continue growth in southern region Peninsula Malaysia which is Melaka and Johor. That is huge investment from China in both state and increases of China tourists create a potential demand to expand the TSME business. ([Xin Yi, 2017](#)) Chief Minister Of Melaka Datuk Seri Idris Haron had mentioned that whole state was growing tourism industry rapidly and many hotel face the full occupancy experienced during the holiday season. Otherwise, the geography strategy that near to Singapore and the new attraction established in Johor such as Legoland become the main factor foreign tourist increases and create a new hospitality demand in Southern Region.

However, according to The Star Online reported, SME hotel industry faced some problem due to of high competition among hotel service providers. That is because fall currency of Ringgit Malaysia causes the foreign tourists more willing to stay in luxury hotel and hurt the occupancy of SME hotel. Furthermore, many of the

SME hospitality also face many of challenges which include implementation of tourism tax, arise of Airbnb and over supply of accommodation ([Izzat Ratna, 2017](#)).

It could be found that of the previous research the effect of entrepreneurial competencies ([Noor Hazlina Ahmad, T. Ramayah, Carlene Wilson, Liz Kummerow, 2009](#)), dimensions of behavioral beliefs, attitude toward entrepreneurship and raising competitiveness for the tourism sectors . However, there were rarely seldom research showing that discover on Tourism SME in hospitality on how personality of an entrepreneur attitude toward the business performance that influence the competitiveness and sustainability.

### **1.3 Research Question**

1. What are the characteristics of TSME entrepreneur in Malaysia?
2. What are the elements of entrepreneurial attitude can influence the business performance?
3. What are the most influence entrepreneur attitude towards business performance?

### **1.4 Research Objective**

1. To identify the characteristic of TSME entrepreneur in Malaysia
2. To investigate the elements of entrepreneurial attitude can influence business performance.
3. To identify the most influence entrepreneur attitude towards business performance

## **1.5 Significant of Study**

The purpose of this study is to find out competitiveness of tourism small and medium enterprise (TSME) with perception of entrepreneurs' attitude towards the business performance among the sample of TSME hospitality owner in Malaysia. The entrepreneur attitude among the TSME hospitality will be examined through the Johor State and Melaka State. The result obtained from this study enable give the advised to entrepreneur in TSME hospitality operation to analyse which of the entrepreneur attitude is suitable for competitiveness and analysing how entrepreneurs' attitude bridge the gap between the TSM competitiveness & sustainable and business performance. It helps entrepreneur to identify the main elements to enhance business performance and give vision for future researcher to collect extra information and data which haven't existed during past studies.

## **1.6 Scope of Study**

This research main focuses on the respondents who involve in tourism small and medium enterprise hospitality specifically the hospitality owner or representative. This study will take the Southern Region Peninsular Malaysia which is Johor and Melaka state. The TSME entrepreneur will be examined based on their hotel characteristic profile, further element to consider which the entrepreneurs' attitude aware on competitiveness and sustainable in tourism hospitality industry and how these independent variable enable impact and affect the business performance.

## **1.7 Research Outline**

This research divided into five chapters to show the conception of study. First chapter, will be show that the idea and objective for this research. It will mention the problem that face by the Tourism SME hospitality and why this this have the value for

further research. Important and the scope of the study also will written in this chapter. The limitation shown in this chapter will explain the reason why the study carried out at Southern Region Peninsular Malaysia and other challenges to collect data.

Chapter 2 is the literature review. It will analyse every key word in this research and each of their meaning to carry out the research. It mostly focus to explore to explain the TSME in Southern Region, entrepreneur attitude, Competitiveness and Sustainability. This chapter also mentioned the Research Model use in this research and present the independent variable and dependent variable of the framework. Four hypotheses for analysis will be shown on the behind of the chapter.

On the following chapter will discuss the meaningful of Methodology in this study. Quantitative method used for this research and will show the way for analyse. It will show that which of the primary data and secondary data collection method used. Time horizon, reliability and validity also will be deeply explained in this chapter. It also writes that which of the method use for carry the research.

Chapter 4 would be data analysis. It will use the data collection for use to determine each of the meaningful of answer from respondent and find out the most appropriate entrepreneur attitude toward the business performance. Otherwise, all the calculation method and formula will show in chapter and let reader understand how the answer get from the calculation. The several of figure of statistic from the data collection will be shown. Last Chapter is the conclusion for overall research.

## **1.8 Summary**

The Chapter 1 has delivered the background tourism SME segments, targeted in Johor and Melaka, tourism trend that causes the essential to analyse the relationship among the Tourism SME competitiveness & sustainability, entrepreneurs' attitude and business performance. Significance and limitation of the study are covered show how the importantly for hotel entrepreneur to approach and enhance their business

competitiveness & sustainability from their own personal attitude for achieve higher business performance and determine several main issue while process this research. In Chapter 2, number of literature will be review for support the case dimension that proposed in the theoretical framework.

## **Chapter 2**

### **Literature Review**

#### **2.1 Introduction**

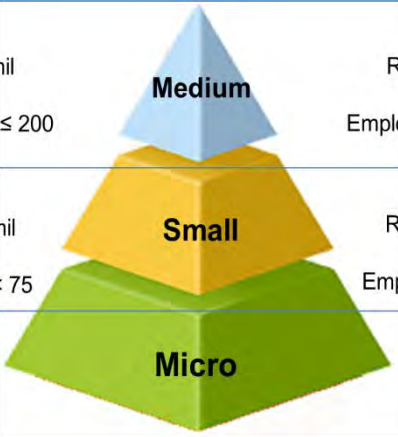
In this Chapter will define and discovers in depth each of the meaningful words and explain the definitions of each terms that conduct in this study. This chapter mainly cover in some of the definition of words included Small And Medium Enterprises, Business Performance, Competitiveness, Sustainability, Hospitality and entrepreneurial attitude. Besides that, it also will illustrate the theoretical framework and research framework that use in the research. At last, will show the number of hypothesis used to analyse the result to support the research objective.

#### **2.2 Small and Medium Enterprise (SME)**

According to the Organization of Economic Cooperation and Development ([OECD](#)) SME and Entrepreneurship Outlook: 2005, Small and medium-sized enterprises (SMEs) are not a subsidiary firm by any public listed groups, owner independent control firms which employ fewer number of employees. However, this number is different among countries. In European Union, the upper limit number of employee is 250 persons. Conversely, some countries set the limit number employee at 200 persons, while the United States can up than 500 persons. Small firms are commonly for those with lesser than 50 employees, while micro-enterprises have set at between number of 5 to 10 workers.

SMEs also enable defined by financial assets. From 1 January 2005, EU defined that all community act, funding programmes and field of State aid where SMEs can be granted higher strength of national and regional aid than large companies. The new guideline to define the SMEs which is increase the finance turnover which include Medium-sized enterprises employed between 50 to 249 persons and turnover not more than EUR 50 million; Small enterprises employed between 10-49 persons and not turnover not more than EUR 10 million; Micro firms employed less than 10 employees and annual turnover less than EUR 2 million. Otherwise, balance sheets for medium, small and micro enterprises cannot not more than EUR 43 million, EUR 10 million and EUR 2 million, respectively.

According to the SME Corporation Malaysia ([2013](#)), a review of the definition was undertaken in 2013 and covers all sectors, include services, manufacturing, agriculture, construction and mining & quarrying. Sales turnover and number of full-time employees are the two norms used in determining the SME which is manufacturing SMEs Sector sales turnover not more than RM50 million or not more than 200 person of full-time employees. However, SMEs for the services and other sectors defined as firms with not exceeding RM20 million of annual sales turnover with less than 75 number of permanent employees.

Manufacturing		Services and Other Sectors
Sales turnover: $RM15 \text{ mil} \leq RM50 \text{ mil}$ <u>OR</u> Employees: From 75 to $\leq 200$		Sales turnover: $RM3 \text{ mil} \leq RM20 \text{ mil}$ <u>OR</u> Employees: From 30 to $\leq 75$
Sales turnover: $RM300,000 < RM15 \text{ mil}$ <u>OR</u> Employees: From 5 to $< 75$		Sales turnover: $RM300,000 < RM3 \text{ mil}$ <u>OR</u> Employees: From 5 to $< 30$
Sales turnover: $< RM300,000$ <u>OR</u> Employees: $< 5$		Sales turnover : $< RM300,000$ <u>OR</u> Employees: $< 5$