Understanding host community’s experiences in establishing and developing small tourism enterprises in Lombok, Indonesia

Akhmad Saufi
MBus (Honours)

Griffith Business School
Tourism, Sport and Hotel Management

Griffith University

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Entrepreneurship has been suggested as an ideal means to stimulate host community participation in tourism development, particularly in developing countries (Hampton, 2005; Tosun, 2006). The growing literature on entrepreneurship and tourism includes relatively few studies that empirically explore and identify the entrepreneurial process in tourism. While stimulating the emergence of indigenous tourism entrepreneurs requires an understanding of the entrepreneurial process, the entrepreneurial process in tourism remains unclear, due to the lack of research on the phenomenon (Koh, 2006). The current study, therefore, sought to provide insights into entrepreneurial process in the tourism industry, the context in which the process occurs, and the entrepreneurial strategies that support the process, especially from an indigenous entrepreneur’s perspective. The study was conducted in five tourist destinations on Lombok Island, Indonesia. Twenty-eight host community members, twenty-one owner-managers of small tourism enterprises and seven other tourism stakeholders, were selected as research participants, and were engaged in the crystallisation process throughout the study. Observation was made in the twenty-one enterprises.

The constructivist paradigm was adopted to support the subjective indigenous ethnographic methodological approach. This approach was chosen because of the researcher’s epistemological stance, as an indigenous Sasak person from Lombok and as a local tourism entrepreneur. The constructivist paradigm allowed the researcher’s value laden position to resonate in the research process, and helped develop an understanding of the entrepreneurial process, from the perspective of those who experience the process. The researcher adopted an *emic* and an *etic* perspective for the interviews, the participant observation at various types of tourism enterprises, documentary material of tourism development on Lombok, and an auto-ethnographic approach to collect the empirical material. The auto-ethnographic approach allowed the researcher to collect empirical material from his experience in the tourism industry sector.

In addition, the study developed an indigenous method, *ngayo*, a Sasak’s meeting tradition, for collecting empirical material and engaging the participants in the crystallisation process. The empirical materials were interpreted using grounded theory,
and followed Straus and Corbin’s (2008) approach. Thus, the theoretical sampling technique was used to interpret and establish the main concepts and categories found in the empirical materials, until the categories reached saturation. Next, the materials were interpreted through open, axial, and selective coding processes. Fifteen primary concepts were identified, and then developed into three lower order concepts to form the substantive theory.

The findings revealed three phases of tourism entrepreneurial process: orientation, establishment, and development phases. The study resulted in the development of an entrepreneurial coping theory. The theory explains the endeavours of the Lombok host community members in their establishment and development of small tourism enterprises. The theory also explains the importance of motivations, cognition, and opportunity in the entrepreneurial process in the tourism industry sector. The entrepreneurial culture of the Lombok tourism industry confirmed as a context in which the entrepreneurial process takes place. In addition, the study discovered seven coping patterns that were adopted by the indigenous entrepreneurs throughout the entrepreneurial process: cooperating, collaborating, competing, innovating, the ngesup tradition, confronting, and intervening conditions.

The research into the lived-experiences of host communities on Lombok Island, Indonesia, has allowed for a better understanding of the establishment and development of small tourism enterprises; it also filled the gap in the existing literature. For example, the substantive theory of entrepreneurial coping contributed to the tourism literature. The research was undertaken from applied eastern perspective, based on the methodological perspectives of the “heart” and communality of Lombok. This perspective served to compliment the western-based methodologies and methods, which are mainly based on rationality. Importantly, the Lombok methodological perspective can be used as reference for future qualitative research within Lombok and the other regions of Indonesia.

The study also identified strategic and managerial recommendations for indigenous tourism entrepreneurs. Implementing these recommendations would enable entrepreneurs to deal with the entrepreneurial culture and increase the performance of
their small tourism enterprises. Additionally, the findings can be used as a reference, by
other host community members in Lombok and other regions of Indonesia, when
initiating small tourism enterprises. Significantly, the study highlighted the need for
improvement in the work practices and professionalism of local tourism agencies,
especially as public sector service providers. These improvements would expand their
roles by creating supportive environments for entrepreneurial activities in tourism, and
by establishing and maintaining rigorous coordination with other governmental
organisations, NGOs, and private tourism bodies. Further, tourism policies need to be
developed and applied, consistently, to increase the business performance of indigenous
tourism entrepreneurs; at the same time other host community members need to be
couraged to engage in the tourism industry sector. The study’s wide-ranging
investigation highlights the important role played by indigenous tourism entrepreneurs,
and the strategies they implement to build and maintain successful enterprises.

**Key words:** Lombok, entrepreneurial coping, entrepreneurial journey, entrepreneurial
culture, coping patterns, indigenous tourism entrepreneur
STATEMENT OF ORIGINALITY

I certify that this thesis has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

July 2013
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# ABBREVIATION AND ACRONYMS

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<tr>
<td>BPS</td>
<td>Badan Pusat Statistik (Statistic Department)</td>
</tr>
<tr>
<td>BTDC</td>
<td>Bali Tourism Development Corporation</td>
</tr>
<tr>
<td>CV</td>
<td>Commanditaire Vennootschap</td>
</tr>
<tr>
<td>EC</td>
<td>Entrepreneurial Coping</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HPI</td>
<td>Himpunan Pramuwisata Indonesia (Indonesia’s Tour Guide Association)</td>
</tr>
<tr>
<td>HRD</td>
<td>Human Resource Development</td>
</tr>
<tr>
<td>IDC</td>
<td>Instructor of Diving Course</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Kanwil</td>
<td>Kantor wilayah (Regional office)</td>
</tr>
<tr>
<td>Kemenparekraf</td>
<td>Kementrian Pariwisata dan Ekonomi Kreatif Indonesia (Ministry of tourism and creative economy of Indonesia)</td>
</tr>
<tr>
<td>LTDC</td>
<td>Lombok Tourism Development Corporation</td>
</tr>
<tr>
<td>NGOs</td>
<td>Non Government Organisations</td>
</tr>
<tr>
<td>NTB</td>
<td>Nusa Tenggara Barat. This is West Nusa Tenggara Province which consists of two main islands, one of which is Lombok</td>
</tr>
<tr>
<td>Parpostel</td>
<td>Pos dan Telekomunikasi (Post and Telecommunication)</td>
</tr>
<tr>
<td>Parsenibud</td>
<td>Pariwisata Seni dan Budaya (Tourism, Art, and Culture)</td>
</tr>
<tr>
<td>PT</td>
<td>Perseroan Terbatas (Limited)</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small to Medium-sized Enterprises</td>
</tr>
<tr>
<td>UD</td>
<td>Unit Dagang (Business Unit)</td>
</tr>
</tbody>
</table>
GLOSSARY AND THE TERM USED IN THE THESIS

Most of the meaning of these Sasak words/term have been derived from interviews and conversations during the fieldwork. They are used in the thesis to reflect community voice and are presented in italicised form followed by related English term e.g. *semeton* (brother).

<table>
<thead>
<tr>
<th>Sasak Word</th>
<th>English Translation</th>
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<tr>
<td>Adikm</td>
<td>Your younger sister/brother</td>
</tr>
<tr>
<td>Ampokm</td>
<td>In order to. When used for question, the term means “do you want more?”</td>
</tr>
<tr>
<td>Angkak</td>
<td>Why</td>
</tr>
<tr>
<td>Bagus lalok</td>
<td>Very good</td>
</tr>
<tr>
<td>Bapak</td>
<td>Sir / Mister</td>
</tr>
<tr>
<td>Batur</td>
<td>Friend</td>
</tr>
<tr>
<td>Berugaq</td>
<td>An open hut made of wood with (mainly) four poles. Berugaq is usually placed in front of a house to welcome guests</td>
</tr>
<tr>
<td>Cobak</td>
<td>Try</td>
</tr>
<tr>
<td>Curhat</td>
<td>Telling secret</td>
</tr>
<tr>
<td>Dateng</td>
<td>Arrive</td>
</tr>
<tr>
<td>Datu / Menak / Ningrat</td>
<td>King (the highest social class in Sasak society)</td>
</tr>
<tr>
<td>Islam Waktu Telu</td>
<td>The name of a religious belief within Sasak society</td>
</tr>
<tr>
<td>Jajar Karang</td>
<td>The lower class people within Sasak society</td>
</tr>
<tr>
<td>Jakn</td>
<td>Willing to do something</td>
</tr>
<tr>
<td>Juk</td>
<td>To (to a destination)</td>
</tr>
<tr>
<td>Juluk</td>
<td>Going first</td>
</tr>
<tr>
<td>Ke ngonekm</td>
<td>What takes you so long</td>
</tr>
<tr>
<td>Lalo</td>
<td>Going to / leaving for</td>
</tr>
<tr>
<td>Merarik</td>
<td>Married</td>
</tr>
<tr>
<td>Molah</td>
<td>Easy</td>
</tr>
<tr>
<td>Nane</td>
<td>Present day, now, currently</td>
</tr>
<tr>
<td>Ndek uah</td>
<td>Never</td>
</tr>
<tr>
<td>Ngayo</td>
<td>Visiting friends or relatives to discuss particular issues and strengthen relationship</td>
</tr>
<tr>
<td>Nyale</td>
<td>Sea worm. Nyale is the name of sea worm that emerge on the southern beaches of Lombok at the end of rainy season. Sasak people have a tradition to catch the sea worm called as <em>bau nyale</em> (catching sea worm)</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Saling ayoin</td>
<td>Visiting each other (amongst friends and relatives)</td>
</tr>
<tr>
<td>Ne</td>
<td>This</td>
</tr>
<tr>
<td>Ngeraos</td>
<td>Talking, conversation</td>
</tr>
<tr>
<td>Nggesup</td>
<td>Asking help from close friends and/or relatives</td>
</tr>
<tr>
<td>Permenak-perwangsa</td>
<td>Member of royal family (higher class people within Sasak society)</td>
</tr>
<tr>
<td>Pruangsa</td>
<td>Wealthy and highly educated people (higher class people within Sasak society)</td>
</tr>
<tr>
<td>Sai tie?</td>
<td>Who are there?</td>
</tr>
<tr>
<td>Semendak</td>
<td>Temporary</td>
</tr>
<tr>
<td>Semeton</td>
<td>Brother / sister</td>
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<tr>
<td>Triwangsa</td>
<td>Three social classes</td>
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<tr>
<td>Tuan Guru</td>
<td>Cleric, Respectful Imam</td>
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CHAPTER ONE
INTRODUCTION

1.1 Introduction

Many developing countries, such as Indonesia, have adopted tourism as a key industry to support its economy and alleviate the low living standards of many of its people particularly in outlying Islands and rural areas. At the same time, the success and sustainability of tourism development in such countries is reliant on the willingness of the host communities’ participation (Hampton, 2005; Timothy, 1999; Tosun, 2000). Two main reasons of the importance of host communities to the success of tourism development: most tourist activities have connection with host communities; and, the host communities can affect the security of tourists and the availability of local resources used by tourists. Therefore, the importance of the host communities’ participation has been widely discussed in the literature, for example: how host community members participate in tourism (Timothy, 1999; Tosun, 2000); or what factors influence their participation (Cole, 2006; Sheldon & Abenoja, 2001; Teye, Sirakaya, & Sönmez, 2002; Timothy, 1999; Tosun, 2000); or what approaches facilitate positive involvement of community members in tourism development (Hampton, 2005; Joseph & Kavoori, 2001; Wearing & McDonald, 2002). Overlaying these two phenomena, the development of tourism and the host community participation, is the encouragement of small-scale entrepreneurship in the tourism industry within the host community. Small-scale tourism entrepreneurship assists host communities to benefit from the tourism industry and participate, voluntarily, in local tourism development.

According to Tosun (2000), host community participation in tourism development should emerge and develop voluntarily among the members of the host community. One example is the emergence of local small tourism enterprises for certain goods and services in the fulfilment of tourist demand (Scheyvens, 2002a). Furthermore, the emergence of such enterprises indicates the willingness of the host community to participate in their own tourism development. In this sense, their willingness to participate is reflected in the attempts by tourism entrepreneurs to discover and exploit entrepreneurial opportunities, which result in the development of the overall tourism industry sector.

Small-scale entrepreneurship involves small markets and capital, and simple managerial issues (Dahles, 2000). These characteristics are ideal for the host community
members who, in the main, suffer from a lack of finance and business expertise. However, by placing the emphasis on local small-scale entrepreneurship, there is the opportunity for the host communities to work and support tourism, generate income, and increase the multiplier effects (Dahles, 2000; Kokkranikal & Morrison, 2011), and develop the local resources to meet tourists’ demands. Importantly, through local ownership there is the implication that the entrepreneurial process in tourism will increase and result in local prosperity and improved earnings from valuable foreign exchange (Scheyvens, 2003). It is also expected that the tolerance of the local people to tourist activities will improve, especially as they become more involved in the entrepreneurial process and ownership of the tourism businesses. The roles of the local tourism entrepreneurs within tourism development are discussed further in Chapter Two, section 2.5.

The engagement of developing country’s host communities in small tourism entrepreneurship needs to be encouraged (Hampton, 2005; Scheyvens, 2002a). Such encouragement is required due to the varied tourism environments and cultures that influence the attitudes and behaviours of host communities towards tourism development. Encouraging small-scale tourism entrepreneurship requires the coordination of all tourism stakeholders (Cole, 2006; Hampton, 2005; Teye et al., 2002), particularly tourism entrepreneurs. For instance, Wearing and McDonald (2002) suggest the need for tour operators to assist in improving the host community’s involvement in tourism by acting as facilitators rather than intermediaries, and engaging host communities in the development of tourist activities. Such an approach allows for the respect of custodial rights and ownership of tourism resources, whilst facilitating access to entrepreneurial opportunities (Ponting, McDonald, & Wearing, 2005). Further, the important roles that tourism entrepreneurs play in local economic development, as discussed in Chapter Two sub-section 2.5.1, can stimulate host community members to engage in tourism entrepreneurial activities. Thus, it is important to understand the concept of tourism entrepreneurs whose entrepreneurial experiences are the focus of the current study.

Despite the burgeoning studies on tourism entrepreneurship (e.g., Dahles, 2000; Kamsma & Brass, 2000; Koh, 2002, 2006; Koh & Hatten, 2002; McGehee & Kline, 2008), few attempts have been made to define the tourism entrepreneur. For instance, Koh (1996) defines a tourism entrepreneur as: “a person who creates and attempts to create a legal touristic enterprise” (p.30). While Koh’s definition implies behaviours of
tourism entrepreneurs, such as the creation of touristic enterprise, it lacks clarity of the motivations that drive the creation, the characteristics or competencies required to submit the creation, and the creation process. Defining an entrepreneur merely as someone who establishes a new enterprise is an incomplete description. Such a definition overlooks the variation in the quality of the opportunity, and the way that different people discover and exploit it (Shane & Venkataraman, 2000). As a result, Koh’s (1996) definition of the tourism entrepreneur, to be more comprehensive, needs to include important attributes that distinguish a tourism entrepreneur from other people.

Indeed, the literature on general entrepreneurship distinguishes between an entrepreneur and a small business manager or owner. The different characteristics of the two appear to be related to the entrepreneur’s ability to envision the future business and his/her desire for improvement and new creation (Storey & Greene, 2010). However, as entrepreneurship contains a continuing process, the difference between the two (entrepreneur and small business owner) has become subtle and unclear. For instance, someone who is defined as an entrepreneur as he/she has created a new enterprise and invented new products and services in the later stages of a continuum would be considered an enterprise owner or manager if he/she no longer has desire for new creation (Schaper, Volery, Weber, & Lewis, 2011). Interestingly, someone can be known as a lifestyle entrepreneur as he/she chooses self-employment in order to satisfy personal goals (McGehee & Kline, 2008; Koh & Hatten, 2002), regardless of whether he/she continues to create or not. In this case, their lack of a new creation, as (Schaper et al., 2011) contended, does not remove them from the entrepreneur definition. Based on critical analysis on the literature (i.e., McGehee & Kline, 2008; Koh & Hatten, 2002; Schaper et al., 2011; Storey & Greene, 2010), a tourism entrepreneur, in the current study, is defined as someone who creates a tourism enterprise to exploit discovered entrepreneurial opportunities in the tourism industry in order to meet his/her goals. Accordingly, tourism entrepreneurship can be defined as the creation process of enterprises in the pursuit of entrepreneurial opportunities in tourism industry.

The research will apply the concept of a tourism entrepreneur, instead of small tourism business owner, to all of its research participants. It is anticipated that the findings will increase our understanding of the motivations and characteristics that distinguish a tourism entrepreneur from other people, such as a tourism enterprise owner, within a context specific setting of Lombok, Indonesia.
The study will incorporate Koh’s (1996) five characteristics of tourism entrepreneur, namely: being favourable with entrepreneurial activities; being interested in a certain type of tourism related business; having skills and knowledge in the preferred business; having self-efficacy; and willingness to exploit entrepreneurial opportunity in tourism. Nevertheless, there is still much to learn about the tourism entrepreneur. For instance, not all tourism entrepreneurs have passion for tourism entrepreneurial activities, especially those who became tourism entrepreneurs because they had no other choice to make a living (this issue is discussed further in Chapter Four, subsection 4.2.1).

In the current research, in addition to the concept of the tourism entrepreneur, the “indigenous tourism entrepreneur” is also investigated. Here, indigenous refers to either the locality or a member of the destination host community (Smith, 1999). United Nations (UN) (2004) defines indigenous as:

Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing on those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal system (p.2)

However, to recognise the multiplicity of indigenous identities, Schaper, Carlsen, & Jennings (2007) consider to use local “People” instead of the term “indigenous” in general. In this regards, “Sasak” is better used to refer to indigenous of Lombok.

Based on discussions on entrepreneurship and definition of indigenous, an indigenous tourism entrepreneur in current study can be referred to as host community member who initiates, establishes and develops tourism enterprises in order to exploit entrepreneurial opportunities in the tourism industry, and to satisfy their goals. As all current research participants are the Sasak, indigenous of Lombok, live and engage in tourism entrepreneurship in Lombok, the term indigenous entrepreneur will be used interchangeably with Sasak, local entrepreneur, and host community members who establish and develop small tourism enterprises. Moreover, to avoid any misinterpretation, the term “small enterprise” also means “small business”. The definition of small enterprise is provided in Chapter Three, subsection 3.3.1 Sampling.
This introduction chapter is organised into six sections. In the first section, I provide the background to the research topic, including an overview of tourism development, the importance of indigenous tourism entrepreneurs, and their role in successful tourism development on Lombok. The next section presents the aims of the study and the research questions. The third section outlines the significance of the research; I summarise the contributions to be made in three key areas: the theory development of the indigenous tourism entrepreneurial process; the indigenous methodology; and the practice of tourism entrepreneurial activities and policy development. The fourth section provides an overview of methodological approach used, including the specific methods and the research context and setting. A chapter summary is provided in the last section, where I restate the importance of the current research to the tourism industry, its related literature, and the thesis structure.

1.2 Background

Lombok, located in the Nusa Tenggara Barat (NTB) Province, is one of 33 provinces in Indonesia (see map of the NTB Province presented in Figure 1.1). The province consists of two main islands (Lombok and Sumbawa), with two hundred and eighty small islands nearby, two hundred and forty eight of which are unpopulated (BPS NTB, 2012). Beautiful beaches, crystal clean water, and colourful marine life, making them ideal for tourist marine activities, such as snorkelling, diving, fishing, and surfing, surrounds the islands.

Figure 1.1. The NTB Province of Lombok. Adapted from http://archipelagofastfact.files.wordpress.com/2012/07/ntb.jpg
The island of Lombok is 4738.65 km² and consists of five municipalities: West Lombok, Middle Lombok, North Lombok, East Lombok, and Mataram (BPS NTB, 2012). Lombok lies between three main tourist destinations in Indonesia (Bali in the West; Tana Toraja, Sulawesi in the North; and Komodo in the East), which benefit Lombok as a tourist destination or a transit location (Kanwil Parpostel NTB, 1997). Further, Lombok’s proximity to these other destinations assists it in promoting Lombok’s environmental and cultural resources to potential overseas tourists.

In their work, Weaver and Lawton (2006) proposed four classifications of tourism attractions: natural sites, natural events, cultural sites, and cultural events. Lombok’s geographical, historical, socio-cultural aspects, as well as products and services are resources that can attract tourists. While the geographical aspects influence the natural sites and events, the historical and socio-cultural aspects affect the cultural sites and events.

Geographically, Lombok is divided into two sites. The west and northern part of Lombok is greener and more fertile than the middle and southern part. The northern part is characterised by the Rinjani Volcano, one of the highest volcanoes in South East Asia (3726 metres above sea level). The unique natural site and events on the volcano attract many domestic and international visitors. For example, 5,626 foreign trekkers visited in 2008 (Schellhorn, 2010). In contrast, the southern part of the island is a dry, rugged and hilly area. However, this area has beautiful beaches along the coast line, which are attractive for honeymoon tourists and those who seek tranquillity (Suhendar, 1992).

The Lombok’s cultural sites and events offer a unique heritage and traditions, influenced by Hinduism, Buddhism and Islam (Amin, Dahlan, Ratnati, & Malik, 1997; Lukman, 2004; May et al., 1989; Zakaria, 1998). For example, one old temple has followers from the three beliefs (Hindu, Buddha and Islam Waktu Telu) they worship together (Lukman, 2004) and perform a number of annual cultural events. Further discussions on the historical and socio-political aspects of Lombok are presented in Chapter 3 Sub-section 3.2.2.

In the current research, the focus is on the experiences of the host community members’ entrepreneurial activities in the tourism industry on Lombok. The unique sites and events of Lombok provide a wide range of opportunities from which can be created and developed various products and services for the tourist; these opportunities can also stimulate the emergence of different types of tourism entrepreneurs influencing the type of entrepreneurial experience. For instance, a tour operator may experience a
different entrepreneurial process from the operator of a hotel. Investigating the different types of tourism enterprises will increase our understanding of the overall entrepreneurial process in the tourism industry, particularly in the context of Lombok. Hence, the current study is undertaken at five well-known Lombok tourist destinations, where different types of tourism enterprises are located. An overview of the research sites is presented in Appendix F.

Lombok has been identified as a tourism destination by the Indonesian Government, via Regulation Number 24, Year 1979 (Parsenibud NTB, 1998). Pre-1986, Lombok was well-known as backpacker tourist destination. The Lombok’s mass tourism has been formally developed since 1986 when the first four star hotel, Senggigi Beach Hotel, was built (Parsenibud NTB, 1998). Since then, tourism, in addition to agriculture, has become one of the two most important sectors in Lombok’s economy. Table 1.1 shows the growth of tourist visitation to Nusa Tenggara Barat and foreign exchange received by the province in the last five years.

Table 1.1.Tourist visitation and foreign exchange in 2007-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>International tourists</th>
<th>Domestic tourists</th>
<th>Total tourists</th>
<th>Growth of tourist visitation</th>
<th>Foreign exchange in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>200,170</td>
<td>257,209</td>
<td>457,379</td>
<td></td>
<td>87,591,190</td>
</tr>
<tr>
<td>2008</td>
<td>213,926</td>
<td>330,575</td>
<td>544,501</td>
<td>19.04</td>
<td>100,058,933</td>
</tr>
<tr>
<td>2009</td>
<td>232,525</td>
<td>386,845</td>
<td>619,370</td>
<td>13.75</td>
<td>140,069,848</td>
</tr>
<tr>
<td>2010</td>
<td>282,161</td>
<td>443,227</td>
<td>725,388</td>
<td>17.12</td>
<td>206,175,347</td>
</tr>
<tr>
<td>2011</td>
<td>364,196</td>
<td>522,684</td>
<td>886,880</td>
<td>22.26</td>
<td>317,975,607</td>
</tr>
</tbody>
</table>

Note. Adapted from Statistik kebudayaan dan pariwisata Provinsi Nusa Tenggata Barat Tahun 2011 (Statistic of culture and tourism of West Nusa Tenggara Province, 2011) (p.20), by Dinas Kebudayaan dan Pariwisata Provinsi Nusa Tenggara Barat (2012), Mataram:Author.

The contribution of the tourism sector to the Gross Regional Domestic Product (GRDP) of the four regions on Lombok has shown a positive trend between 2006 and 2011; this contrasts with the contribution of agriculture, which has witnessed a declining trend during that time. See Table, 1.2.
Table 1.2. Gross Regional Domestic Products (GRDP) of regencies on Lombok

<table>
<thead>
<tr>
<th>Regencies</th>
<th>GRDP in 2006</th>
<th></th>
<th>GRDP in 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agriculture (%)</td>
<td>Tourism (%)</td>
<td>Agriculture (%)</td>
<td>Tourism (%)</td>
</tr>
<tr>
<td>West Lombok</td>
<td>26.60</td>
<td>23.44</td>
<td>23.11</td>
<td>24.95</td>
</tr>
<tr>
<td>Middle Lombok</td>
<td>33.30</td>
<td>19.16</td>
<td>28.05</td>
<td>20.22</td>
</tr>
<tr>
<td>East Lombok</td>
<td>37.99</td>
<td>18.05</td>
<td>33.61</td>
<td>20.89</td>
</tr>
<tr>
<td>North Lombok</td>
<td>44.97</td>
<td>18.28</td>
<td>41.63</td>
<td>19.03</td>
</tr>
</tbody>
</table>

Note. Adapted from Produk domestik regional bruto (PDRB) provinsi Nusa Tenggara Barat (Gross Regional Domestic Product of Nusa Tenggara Barat Province) 2011 (p. 77), by BAPPEDA, & BPS NTB, 2012, Mataram:BPS NTB.

For example, the agriculture sector contribution to the GRDP of West Lombok decreased more than 3% from 26.60% in 2006 to 23.11% in 2011, while the tourism industry increased its contribution by more than 1.5% from 23.44% in 2006 to 24.95% in 2011. Similar rises and falls were recorded for the other three regions (Table 1.2). The increasing contribution of the tourism sector to Lombok’s GRDP indicates the growing importance of the tourism industry for its future economic growth and the increasing number of entrepreneurial opportunities that can be exploited within the tourism sector. This trend indicates the opportunity for engaging host communities in tourism development and encouraging their participation through entrepreneurship.

The development of the tourism industry on Lombok is characterised by a lack of the local people’s involvement and it was revealed that during the first decade of tourism development, a low number of local people were working in the industry, especially in hotels, restaurants, and travel agencies (Widiani, Rosidi, Surenggana, & Putus, 1997). Another indication of the lack of local peoples’ involvement in the tourism industry is the vandalism towards tourism infrastructure by local people when social riots were sparked in Lombok in 2000 (Fallon, 2003). According to Fallon (2003) the riot reflected uncertain and fragmented plans for the island’s tourism, as well as the disintegration of confidence among local tourism stakeholders. Further, the social riots created security issues and resulted in the downturn of tourism industry in Lombok, as discussed in Chapter Five, sub-section 5.3.2.
The changes in Indonesian political policies since 1997 has brought a more supportive environment to the growth of micro scale tourism businesses (Hampton, 2005), particularly on Lombok (Fallon, 2003). Local people’s businesses are not more constrained by the lack of government tolerance. Further, self-employment and family enterprises are not operating under strict government restrictions anymore, as once happened (Hampton, 2005). Nevertheless, several factors still challenge the engagement of the host community in small-scale tourism entrepreneurship. For example, Saufi’s (2008) study reported that despite their eagerness to participate in tourism development, the host communities were still poorly engaged. This participation was limited by the poor work performance of the government officials; there was a lack of communication about the tourism industry, which did not allow the local people to identify entrepreneurial opportunities in the tourism industry. Outsiders, who have little commitment to the local economy, have speculatively acquired many of the local resources, particularly land. The outsider’s speculation has caused delay in tourism development in Lombok and distrust of tourism development from within the community (Fallon, 2001).

A later study by Schellhorn (2010), of a village near Rinjani Mountain National Park found a lack of initiative on the part of host communities; this behaviour resulted in a low level of tourism involvement, despite adequate stimulation from other tourism stakeholders, particularly NGOs. This has been attributed to most tourism businesses around the Rinjani National Park being owned by non-local people (other Indonesian and foreigners). Investigating the development of the tourism businesses, Schellhorn (2010) also found that despite tourism growth in the village as a result of its proximity to Rinjani National Park, the local villagers responded passively to the obvious opportunities for tourism entrepreneurship. In addition, Schellhorn (2010) identified nine barriers to local tourism participation in the village including; culture, education, ethnicity, gender, political/historical background, location, socio-economic factors, mobility, and tourism skill/knowledge. It is anticipated that the results of current study can stimulate host communities, such as the villagers around Rinjani Mountain, to actively develop their resources and generate income from the tourism industry through small-scale tourism entrepreneurship. Understanding the barriers to local people’s participation helps develop appropriate policy and strategy to encourage small-scale tourism entrepreneurship within the host community members.
Saufi, O’Brien, and Wilkins (forthcoming) also discovered three factors that troubled host community participation in Lombok, which ultimately influences the engagement process through small-scale entrepreneurship. These three factors were; poor work performance of tourism agencies, a lack of support from the private sector, and cultural limitation or host communities’ lack of tourism knowledge. As a consequence, host community members are unaware of the island’s tourism development potential (Fallon, 2003; Saufi, 2008), and fail to engage in the tourism industry sector (Saufi, 2008; Schellhorn, 2010). Clearly, research on tourism entrepreneurship is warranted so that community-based tourism development can be applied and the host community can play an active part in fostering tourism development through entrepreneurial activities.

Small-scale entrepreneurship is the means by which to engage a host community’s participation in tourism development (Cole, 2006; Hampton, 2005; McGehee & Kline, 2008; Tosun, 2002). Despite the burgeoning number of studies focusing on entrepreneurship in general (Davidsson & Honig, 2003; Haber & Reichel, 2007; Shane & Venkataraman, 2000), and host community participation in tourism development (Andereck, Valentine, Knopf & Vogt, 2005; Pearce, 2008), tourism entrepreneurship remains a largely under researched area (Carmichael & Morrison, 2011; Koh, 2006; Li, 2008; Russell & Faulkner, 2004). Importantly, the process of entrepreneurship in tourism has not been extensively explored (Koh, 2006), especially the establishment and development process of small tourism enterprises by host community members (McGehee & Kline, 2008). For this reason, research into tourism entrepreneurship is critical in stimulating host community participation in tourism development, particularly in developing countries (Fallon, 2001; Hampton, 2005; Kamsma & Bras, 2000; Scheyvens, 2002a). Such research has been suggested in a number of studies on Lombok, Indonesia (i.e., Dahles, 2000, Fallon, 2003; Hampton, 2005; Kamsma & Bras, 2000; Saufi, 2008; Schellhorn, 2008). Therefore, this research examines the experience of host community members in establishing and developing small tourism enterprises in Lombok, Indonesia. These findings are expected to increase our understanding of the entrepreneurial process in the tourism industry, as well as provide suggestions on how to engage host communities in tourism entrepreneurship, with special reference to indigenous of Lombok.
1.3 Research aims and objectives

Over the last decade, the tourism industry has increased its role as the foundation for an improved economy of Lombok. Nevertheless, the tourism development was characterised by a lack of host communities’ involvement, particularly in tourism entrepreneurial activities. This is in spite of research indicating the strong needs for the involvement of host communities in tourism development via small-scale entrepreneurship (Cole, 2006; Dahles, 2000; Fallon, 2003; Kamsma & Brass, 2000; Hampton, 2008; Saufi, 2008; Saufi et al., forthcoming; Schellhorn, 2010). Understanding the tourism entrepreneurial process and the conditions that support the process will assist the involvement of host communities in tourism entrepreneurial activities. The main aim of the current research is to advance our understanding of the experiences of indigenous tourism entrepreneurs in establishing and developing small tourism enterprises on Lombok, Indonesia. The research aims are stated in the following questions:

- What are the lived-experiences of local entrepreneurs in establishing small tourism enterprises in Lombok?
- What are the lived-experiences of local entrepreneurs in developing small tourism enterprises in Lombok?

To achieve the research aims and assist the investigation, the four objectives of this research are:

- To critically examine the entrepreneurial processes that the local entrepreneurs go through in the tourism industry sector.
- To interpret the context in which the tourism entrepreneurial process occurs.
- To evaluate the strategies that the local entrepreneurs employ in establishing their small tourism enterprises.
- To examine the strategies that the local entrepreneurs employ in developing their small tourism enterprises.

Based on these objectives, a list of questions was framed to guide the interviews (See Appendix A for the detailed research questions).
1.4 Research significance

The current research contributes to the tourism entrepreneurial literature and the tourism industry in three ways. First, the research contributes to tourism literature through the development of a substantive theory on entrepreneurial coping and indigenous research methodology. The entrepreneurial coping theory elaborates the indigenous entrepreneurial processes in tourism, the context where the process occurs, and strategies employed to support the entrepreneurial process. The research also develops an indigenous method for collecting empirical materials and engaging research participants in the crystallisation process. These indigenous methods assist in recruiting research participants and bridging Indonesia and Western perspectives, and can become a reference point for further research on tourism entrepreneurship in Indonesia and other developing countries.

Second, the study results can assist indigenous tourism entrepreneurs to increase their business performance, and inspire other host community members to engage in tourism entrepreneurship. The study presents three main results: the entrepreneurial process, the conditions of the business environment in the tourism industry, and the business strategies that can be adopted to deal with difficulties and to increase opportunities to generate business. For the indigenous tourism entrepreneur, the current study assists in the identification and exploitation of entrepreneurial opportunities. It also provides information of potential threats posed by the tourism environment and, at the same time, outlines the strategies to manage such threats and increase financial viability. For other host community members, the findings can be used as guidelines to search out entrepreneurial opportunities in tourism, as well as establish tourism enterprises.

Third, the current research contributes valuable information and insights for tourism decision makers. The results show how tourism decision makers can develop appropriate strategies that encourage host community participation in tourism development through entrepreneurship. As Hampton (2005) asserts, local tourism agencies need to design how the host community members should participate for sustainable tourism development. The study findings are a valuable reference tool for designing a model of community-based tourism development through indigenous entrepreneurship. The current research provides information on local resources, and the opportunity potential of such resources, when developed as part of a future tourist destination. Further, the study findings can assist decision makers to implement tourism
policies that support entrepreneurial activities in tourism and stimulate the emergence of indigenous tourism entrepreneurs. One example is evident when the local government provides host community members with a particular type of bank loan, which can be used to start and develop their small enterprises (Hampton, 1998).

1.5 Research methods

To achieve the research aim and objectives, the current research was designed using qualitative methodology and methods, following the tradition of the constructivist paradigm, indigenous ethnography, and the Sasak (indigenous) methodology. The research design is described briefly below.

Research paradigm and methods

Constructivist paradigm was adopted to help develop an understanding of the phenomena from the perspective of those who experience it. Embedded with the paradigm was the employment of the indigenous ethnographic approach. This approach was used to help understand the entrepreneurial process in tourism from the perspectives of indigenous tourism entrepreneurs. To support the paradigm, a set of qualitative methods was employed, consisting of in-depth and semi-structured interviews, participant observation, documentary materials, and ngayo the Sasak’s meeting tradition. Auto-ethnography was also used for collecting empirical materials; this method allowed my own experience of entrepreneurial activities in tourism to facilitate the analysis or results (Adams & Jones, 2008; Coffey, 2002; Tomaselli, Dyll, & Francis, 2008).

Collecting and interpreting empirical materials

The research participants were identified using purposeful and snowball sampling (Neuman, 2006). The interviews were conducted from January to May 2011, in two stages. In the first stage, nine interviews were conducted with eight research participants from January to February. One participant was interviewed twice for further clarification. Interview steps followed the theoretical sampling suggested byStraus and Corbin (2008), that is, the grounded theory approach. An analysis of the empirical materials was made after each interview. The concepts or themes derived from the first interview were used as topics of discussion in the second round of interviews; 25 interviews were conducted with 20 participants from March to May 2011. Five
participants who had additional information of particular issues were interviewed twice. The empirical materials were collected until data saturation was achieved.

Crystallisation was conducted from March to May 2012. During the crystallisation process I raised issues that needed further clarification from the interviews. I then paralleled the results of my analysis and interpretation on empirical materials collected, from the interviews, with the crystallisation and verification process. The crystallisation of the results of my first phase analysis was achieved through participant observation, ngayo, the Sasak traditional meeting, and informal discussions with peers, tourism business professionals, tourism agency officials, local anthropologists, and local informal leaders (i.e., Imams/Clerics). Additionally I used various materials, including tourism textbooks and Lombok history material, tourism journals, local newspapers, theses or dissertations related to tourism management, photographs, and audiovisual documentaries of tourism development on Lombok. These materials were used to compare, support and contrast my study results. Further, I employed the Grounded theory method to guide, as well as analyse, the empirical materials.

In collecting and analysing the empirical materials, I maintained my position as a “research participant”: I acted as an “insider” as well as an “outsider”. As an insider, I engaged and immersed myself in the culture of the observed community. My status as an indigenous Sasak helped me develop my understanding of the local culture. As I had studied tourism at high school, as well as at undergraduate level on Lombok, the field and industry of tourism was familiar to me. While studying at the university on Lombok, I started my career as a freelance tour guide in 1990; then, in 2003, I established two small tourism enterprises, a theatre for cultural show and a restaurant, located in one of tourist zones in Lombok. Such familiarity helped me develop relationships with my research participants as well as share my experiences of tourism entrepreneurial activities with them. This familiarity with tourism and my research participants enabled me to develop “emic perspectives” when analysing the empirical materials of the current thesis (Jennings, 2010). As a researcher, I acted as an outsider in which I developed “etic perspectives”. I adopted etic perspectives when incorporating the phenomena I found in the current study into the thesis. As Jennings (2010) contends, the researcher’s voice constructs the writing of the phenomena, meaning that the voice is now a scientific voice, no longer an insider’s voice.
1.6 Summary

Entrepreneurship is critical for tourism development and is an effective way to engage host communities in its development, particularly in a developing country (Hampton, 2005; Scheyvens, 2002, 2003). However, the process of how host communities, such as those on Lombok, initiate and establish their small tourism enterprises has not been extensively studied (Koh, 2006; McGehee & Kline, 2008). Little is known about such host community participation in tourism development through entrepreneurial activities (Page et al., 1999; Russell & Faulkner, 2004; Scheyvens, 2002; Tosun, 2002). The current research fills this gap and focuses on the process of establishing and developing small tourism enterprises. The research makes valuable contributions to the tourism literature, methodological approaches, and tourism industry.

The current thesis consists of seven chapters, as outlined in Figure 1.2. The chapters are structured to highlight the research focus, collect, analyse and interpret the empirical materials, and enable the development of the entrepreneurial coping theory for describing the experience of the host communities throughout the entrepreneurial process in tourism.

![Diagrammatical thesis outlines](image)

**Chapter Two** reviews the pertinent literature underpinning the current study and highlights the theoretical basis for several issues, namely: aspects of tourism development; host community attitude towards entrepreneurial activities in tourism; essential elements of entrepreneurship; and, tourism entrepreneurship.
Chapter Three presents the qualitative research paradigm underpinning the development of grounded theory, while the justification for the use of indigenous ethnography and auto-ethnography are given. In addition, the collection and analysis process of the empirical materials are discussed.

Chapter Four to Six present the interpretation of the empirical material. The quotes and excerpts from the interviews are provided as empirical evidence to support the emergent key themes and categories that evolved during the development of the entrepreneurial coping concept. Chapter Four contains the entrepreneurial process (entrepreneurial journey) that indigenous entrepreneurs experience when establishing and developing their small tourism enterprises. The indigenous entrepreneurs’ experiences, along with the entrepreneurial process construct and the development of the entrepreneurial coping concept.

The conditions where the entrepreneurial process takes place are discussed in Chapter Five. Chapter Five outlines the entrepreneurial culture that affects the success of the entrepreneurial process. The entrepreneurial culture is characterised by various circumstances that can provide either business profit or losses. Chapter Six presents strategies that the indigenous entrepreneurs employ to manage the entrepreneurial culture and to generate profits from their entrepreneurial activities.

Chapter Seven concludes with a discussion of the major findings of the study and engages with the construction of the entrepreneurial coping theory. The core concepts of coping theory are discussed and paralleled with findings in other studies. Additionally, the study’s contributions to tourism literature, the tourism industry, and the tourism decision maker, particularly in the context of Lombok and other developing countries, are specified.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

Chapter Two reviews relevant literature associated with the research focus, as outlined in Chapter One. The chapter also provides the basis for increasing our understanding of the key factors involved in the success of the tourism entrepreneurial process conducted by host community members. As the entrepreneurial process in tourism engages people’s social lives, the current study adopts a multidisciplinary approach and reviews a number of studies across multi disciplines, including entrepreneurship, tourism, education, sociology and psychology.

The chapter consists of six sections. In the second section I review the literature germane to economic and socio-cultural aspects of tourism development that influence host community’s perception of tourism impacts and their decision to involve in tourism entrepreneurship. In the third section, I review attitudes of host communities towards entrepreneurial activities in tourism. The different attitudes of the host community, the factors that influence the attitudes, and the concerns that stimulate host community participation in tourism development through entrepreneurial activities are investigated. The review of host community’s attitudes develops our understanding of the environment in which tourism entrepreneurial process takes place. Understanding host community’s attitudes also help develop appropriate approach of how to stimulate participation in tourism entrepreneurship.

The fourth section addresses the elements of entrepreneurship, including entrepreneurial opportunity and the characteristics of an effective entrepreneur. The fifth section reviews entrepreneurship in tourism and the importance of entrepreneurship for host community participation in tourism. The sixth section addresses the emergence of tourism entrepreneurial activities among the host community members. Finally, a summary of the literature review is presented including the place the current study has within the current literature, and a justification for the research.

2.2 Aspects of tourism development

Tourism is a service activity that engages many people, and has become an important economic source for many countries (Tosun, 2002; Wall & Mathieson, 2006). Tourism is considered as one of the largest and fastest growing industries in the world
(Wall & Mathieson, 2006; Weaver & Lawton, 2006). The industry also affects the social, political, cultural, and environmental aspects of many countries (Tisdell & Roy, 1998). In general, the impacts of tourism development on local people’s lives fall within three main topics: economic, socio-cultural, and environmental (Weaver & Lawton, 2008). The current study focuses on host community participation on tourism development through small-scale entrepreneurship reviewing a number of tourism studies, specifically concentrating upon economic and socio-cultural aspects of tourism.

2.2.1 Economic aspects

Tourism activities, where the nascent entrepreneurship process takes place, may contribute positively to a destination’s economy at the micro and macro levels. The tourism activities provide both direct and indirect employment (Louw & Smart, 1998; Mihalič, 2002; Sharpley, 2002; Weaver & Lawton, 2006) for the local people (Cukier, 2002). It is evident that tourism provides direct jobs in hotels, restaurants, in tour operations and other related businesses. In Indonesia, in 2006 alone, the tourism sector comprised 4.62% of the total products and 4.30% of the Gross Domestic Product (GDP) (Kemenparekraf, 2013). The tourism industry sector also provides employment to 4.4 million people, pays 45.63 trillion rupiah wages or approximately AUD $4.7 billion, and contributes 4.12% to the national income from taxes (Kemenparekraf, 2013). The tourism sector contribution has gradually been increasing over the past years as shown in Table 2.1.

Table 2.1: Contribution of tourism sector to Indonesia’s economy

<table>
<thead>
<tr>
<th>Year</th>
<th>Product GDP</th>
<th>Employment</th>
<th>Wages</th>
<th>Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trillion rupiah</td>
<td>%</td>
<td>Trillion rupiah</td>
<td>%</td>
</tr>
<tr>
<td>2007</td>
<td>362.10</td>
<td>4.62</td>
<td>169.67</td>
<td>4.29</td>
</tr>
<tr>
<td>2008</td>
<td>499.67</td>
<td>5.06</td>
<td>232.93</td>
<td>4.70</td>
</tr>
<tr>
<td>2009</td>
<td>504.69</td>
<td>4.79</td>
<td>233.64</td>
<td>4.16</td>
</tr>
<tr>
<td>2010</td>
<td>565.15</td>
<td>4.73</td>
<td>261.06</td>
<td>4.06</td>
</tr>
</tbody>
</table>

Note. Adapted from Statistik Pariwisata, by Kemenparekraf, 2013, Retrieved February 5, 2013, from www.budpar.go.id
The tourism’s commercial activities also stimulate indirect employment, such as medical services, the sale of general goods and services, as well as the sale of petroleum and gas, creating a multiplier effect on employment within and outside of the tourism industry (Cukier, 2002). Consequently, tourism stimulates the emergence of entrepreneurial activities, and has the potential to distribute wealth to the local people, especially in less developed countries or towns like Lombok (Sharpley, 2002) and ultimately has the potential to increase their living standards (Louw & Smart, 1998). These contentions were evidenced in NTB’s Gross Regional Products (GRDP) received from tourism. For example, in 2006, 8.71% of the GRDB of the NTB province, where Lombok is located, was contributed by tourism (BPS NTB, 2007); this contribution increased to 14.81% in 2011 (BPS NTB, 2012).

The upturn of the people’s living standard through tourism development can, subsequently, stimulate the growth of the private sector (Mihalič, 2002), which contributes to the government’s income from taxes and, eventually, increases the GDP (Louw & Smart, 1998; Mihalič, 2002; Sharpley, 2002; Weaver & Lawton, 2006) (See Table 2.1 for the Indonesian case). Importantly, growth in the private sector encourages export diversification (Louw & Smart, 1998), which generates valuable foreign exchange contributing to the nation’s balance of payment (Sharpley, 2002; Wall & Mathieson, 2006). Table 2.2 displays the foreign exchange Indonesia obtained from tourism from 2006 to 2010.

Table 2.2: The rank of foreign exchange received from tourism in 2006-2010

<table>
<thead>
<tr>
<th>Rank</th>
<th>Year</th>
<th>Foreign exchange (million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>2006</td>
<td>4,447.97</td>
</tr>
<tr>
<td>5</td>
<td>2007</td>
<td>5,345.98</td>
</tr>
<tr>
<td>4</td>
<td>2008</td>
<td>7,377.00</td>
</tr>
<tr>
<td>3</td>
<td>2009</td>
<td>6,298.02</td>
</tr>
<tr>
<td>4</td>
<td>2010</td>
<td>7,603.45</td>
</tr>
</tbody>
</table>

*Note. Adapted from Statistik Pariwisata, by Kemenparekraf, 2013, Retrieved February 5, 2013, from www.budpar.go.id*

Tourism was the sixth commodity that contributed to Indonesia’s foreign exchange in 2006 after oil and gas, confection, processed rubber, palm oil, and power tools (Kemenparekraf, 2013). The importance of the tourism industry sector for Indonesia’s
foreign exchange has increased in the last five years. In 2009 tourism was ranked as the third contributor to the Indonesia’s foreign exchange despite the tourism contribution being lower in 2009 than that in 2008. In the last few years, the increasing rank of tourism as a foreign exchange contributor occurred as Indonesia’s other commodity exports, particularly confection, were outweighed by other countries’ exports, particularly China (Moehayat, Sari, & Destiana, 2012). The importance of tourism on the foreign exchange has the potential to affect trade policies, such as reducing trade barriers between countries (Sharpley, 2002), and encouraging cooperation amongst countries (Louw & Smart, 1998; Mihalič, 2002; Sharpley, 2002; Weaver & Lawton, 2006).

However, in many developing countries, such as Indonesia, the economic aspects of tourism development may attract foreign investors, including those who have little willingness to help improve the local economic condition (Fallon, 2001; Wearing & McDonald, 2002). These foreign developers are often backed-up by local authorities who use tourism development as a political justification to exploit local resources for their own benefit (Mihalič, 2002). In Lombok, Fallon (2001) found that the attempts of tourism developers to force land acquisition at Rowok Village, during Soeharto’s era, delayed tourism development in the area. A similar situation was found in Gili Trawangan, Lombok, where a group of strong finance investors attempted to control the island and eliminate small tourism enterprises owned by the local people (Kamsma & Bras, 2000). Such exploitation has the potential to hinder any immediate or future opportunities for local people to benefit from tourism development (Fallon, 2001). This outcome is more likely when the local people do not possess the skills or abilities to manage the tourism development or its impact (Hampton, 2005).

Earlier research (e.g. Mihalič, 2002; Walpole & Goodwin, 2000; Wearing & McDonald, 2002) has shown that domestic tourism resources controlled by non-local developers and where the host communities lack capital, skills and information to manage their own resources, economic neo-colonialism may emerge. In such condition (i.e., under non-local developers’ control), the host communities may have little power to protect and control their own resources from outside exploitation. Walpole and Goodwin (2000) provide such an example, the Komodo National Park, Indonesia, where the host community of Komodo Island has been exploited as a tourism attraction, with only a few real benefits going to the community. While tourist access to Komodo
Island is provided by outside tour operators, the host community is constrained by the local authorities from exploring their own island.

In Lombok, the site of the current research, the control of non-local developers over tourism development is clearly evident (Fallon, 2001; Kamsma & Bras, 2000; Saufi, 2008; Schellhorn, 2010). The problem arises when non-local tourism developers prioritise short term economic benefits from their business activities, but disregard the impacts of those activities on the local society or the sustainability of the tourism development (Fallon, 2001, 2003). Saufi (2008) found that the lack of opportunity for the local people to benefit from tourism results in their remaining naive about the tourism development process. At the same time, most locals appear to reluctantly learn about tourism to some extent. This limited outlook towards tourism inhibits host communities from identifying entrepreneurial opportunities (Schellhorn, 2010). As Scheyvens (2002b) suggests, the host community should be empowered with skills and knowledge to benefit from tourism. Therefore, the current research is aimed at increasing the potentialities of the host communities to benefit from tourism development in their area through entrepreneurship. The socio-cultural aspects of tourism development are reviewed below.

2.2.2 The socio-cultural aspects

Tourism is related to the shift of people from one place to another. This shift, in turn, assembles tourism stakeholders (i.e., tourists, host communities, tourism developers and operators) together at a particular tourist destination (Louw & Smart, 1998; Weaver & Lawton, 2006), which might affect the social and cultural aspects of a host community (Weaver & Lawton, 2006). Importantly, the tourism impacts for the local society and culture depend on the condition of the host community’s social and cultural context, and the extent and intensity of the tourism development within the area (Brunt & Courtney, 1999; Dogan, 1989; Faulkner & Tideswell, 1997). The changes that tourism brings, including the socio-cultural impacts, may be either beneficial or detrimental to the host community, depending on the abilities of the community to manage the impacts (Andereck et al., 2005; Besculides, Lee, & McCormick, 2002; Tosun, 2002). For this reason, the current research provides an important forum in which host community members can be assisted to identify and develop their abilities to effectively manage tourism and its impacts.
Tourism stakeholders, such as tour operators and developers, tour agencies, and the tourists themselves, often request local content as part of their visit. A local community might be expected to perform or provide social and cultural events, such as traditional dance, arts and crafts (Weaver & Lawton, 2006). The arrival of tourist activities triggers changes in local people’s socio-cultural life, which can create entrepreneurial opportunities (Shane, 2000). For instance, the local people can establish tourism enterprises of dance clubs and art galleries. Furthermore, tourism can inspire the conservation of inherited cultural sites and events, and become a destination’s attractions (Besculides et al., 2002; Louw & Smart, 1998; Weaver & Lawton, 2006). This outcome may provide local people with favourable conditions in which to establish small tourism enterprises like art shops and restaurants. However, to effectively harness such entrepreneurial opportunities provided by tourism, the host community members are required to have appropriate entrepreneurial abilities and skills.

Additionally, tourism activity can improve a community’s social structure and interactions, especially through intercultural interactions and mutual understanding among nations (Andereck et al., 2005). Such activity helps to develop respect for human rights, particularly within developing countries, as well as increase tolerance towards and amongst different nations (Hitchcock & Putra, 2005; Louw & Smart, 1998). As a result, tourism activity can encourage social aid to other societies that can enhance political and economic stability (Besculides et al., 2002).

Tourism activity effects provide a positive environment for entrepreneurship, which, in turn, stimulate the emergence of tourism enterprises and indigenous tourism entrepreneurs. In this regards, in 1999, the Lombok local government initiated cooperation with the New Zealand’s Agency for International Development (NZAID) to improve park management, foster community development, and develop responsible park tourism around Rinjani Mountain (Schellhorn, 2010). Such cooperation resulted in the increasing number of tourists visiting Rinjani Mountain and provided an opportunity for local people to engage in tourism entrepreneurial activities.

However, there can also be negative socio-cultural impacts of tourism. Tourism can bring about changes in the local social and cultural context through their interaction with tourists (Andereck et al., 2005; Besculides et al., 2002). The establishment and development of a tourism enterprise can affect the authenticity of a product or a destination. While authenticity is an important issue in regard to a social identity, the activity of a tourism enterprise can lead to the commodification of the social and
cultural products, especially when the products are provided to meet tourists’ desires (Weaver & Lawton, 2006) rather than the local need.

In developing countries, tourism often stimulates the emergence of new social classes. These classes may consist of non-locals, who are more attached to the commercial part of tourism rather than to the community itself (Gursoy & Rutherford, 2004). A result can be the emergence of envy, anxiety, and resentment between locals and non-locals. Further, such disharmony can eventually trigger conflicts within the community (Louw & Smart, 1998). Resentment in non-local sentiment might stimulate the local people to vandalise tourism infrastructure owned by non-locals, as occurred on Lombok when unrest sparked in 2000 (Fallon, 2001). At its worst, both at the national and international levels, tourism activities can contaminate a community’s values, and fuel the emergence of illegal businesses or anti-social behaviours, including prostitution, drug smuggling, and organised crime (Andereck et al., 2005; Weaver & Lawton, 2006). These negative aspects can, ultimately, ruin the tourism development process itself.

In Indonesia, several tourism studies have shown the negative impacts of tourism development towards host community’s socio-cultural aspects. In Yogyakarta, tourism development caused the displacement of villages or the relocation of local people from their homes. In Bali, the government wanted to allow developers to build hotels near the holy temple (Hampton, 2005), resulting in locals becoming involved in protests. However, in the main, there are positive impacts of tourism development in relation to the host community’s socio-cultural aspects; one of which includes, tourism development has positively affected the position of women in Indonesia. According to Cukier, Norris and Wall (1996), tourism helped to increase women’s economic independence on Bali, even though they, the women, received lower payment than the men in the tourism sector. The situation was similar in Bandung, West Java. There, tourism enabled the lower-class women to have more control over their own lives and helped alleviate their families from poverty (Wilkinson & Pratiwi, 1995).

Importantly, Saufi (2008) found that the majority of host community members perceived tourism as a constructive changing agent in relation to their culture, despite some people opposing tourism and perceiving it as a destructive changing agent. An earlier study at Gili Trawangan, by Widiani et al. (1997) revealed that tourism developed host community’s awareness of their potential and the local resources that could be developed to generate income. The arrival of tourists increased the host
community’s sense of belonging towards their environment. Tourism development motivated many host community members to acquire knowledge and skills in order to compete for employment and business in the tourism industry.

The significance of the socio-cultural aspects of tourism development signifies the importance of the current research. The dynamic process of tourism entrepreneurship, which is central to this research, will provide information to facilitate host community members to develop and interlace their daily activities into tourism attractions (Koh, 2002), or to become a viable tourism pull factor in the tourism system (Weaver & Lawton, 2006). Russell and Faulkner (1999) postulate that people with entrepreneurial perspectives and foresight can turn threats into opportunities. It is expected that the host communities can see the socio-cultural impacts that tourism bring as opportunities from which they can benefit. At its heart, the tourism entrepreneurial process is moderated by personal ability, as well as the support of community members within which the process occurs (Koh, 1996). Host community members are important stakeholders of tourism. They can act as tourism developers, as well as inhibitors who influence the success of the tourism entrepreneurial process. Therefore, it is imperative to gain an understanding of their perceptions and attitudes of tourism and tourism business.

2.3 Host community attitudes towards tourism entrepreneurial activities

The current research is concerned with the nexus between host community participation and the processes involved in the establishment of small tourism enterprises. Indeed, the success of the involvement of host community in tourism entrepreneurship requires understanding of host community attitudes towards tourism (Andereck et al., 2005; Gursoy, Jurowski & Uysal, 2002; Gursoy & Rutherford, 2004; Williams & Lawson, 2001). To discuss the community attitudes, it is important to understand the concept of community as the fact that a group of people living in the same geographical area does not mean they belong to the same community (Madrigal, 1995). There may be many communities, such as academic community, elder community, youth community, gay community, and ethnic community, live together in the same area (Williams & Lawson, 2001). Further, Williams and Lawson (2001) propose a simple definition of community as “a group of people who share common goals or opinion”. Such definition, however, limit the characteristics of community as a group of people who share multi layers of belonging as “nested identities” (Smith,
1999). For instance, an ethnic group, such as indigenous people who become the focus of current study, do not always share the same goals and opinion and live within the same area, yet they are considered belong to the same community based on their blood and generation (Smith, 1999).

Furthermore, in many tourism studies, (e.g. Andereck et al., 2005; Brunt & Courtney, 1999; Davis, Allen, & Cosenza, 1988; Gursoy et al., 2002; Gursoy & Rutherford, 2004; McCool & Martin, 1994; Pérez & Nadal, 2005; Ritchie & Inkari, 2006) a host community consists of a number of different communities whose support is critical for tourism development. A broader concept of community is suggested by Smith (1999) as a group of people who share the same physical, political, social, psychological, historical, linguistic, economic, cultural, and spiritual spaces (Smith, 1999). Based on this (Smith’s) concept, community, in current study, is referred to a group of Sasak (indigenous Lombok) who undertake similar entrepreneurial activities in tourism and live within Lombok.

Host community participation is an important key in the success of tourism development in a tourist destination (Fallon, 2001; Scheyvens, 2003). One way to directly involve host communities in tourism development is through tourism entrepreneurship (Kamsma & Bras, 2000; Timothy, 1999), for example, by providing opportunities for the host communities to start their 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 to meet the tourists’ needs. Thus, engaging the host community in tourism through entrepreneurship requires an understanding of the tourism entrepreneurial process, as well as the attitudes of the host community towards the entrepreneurial activities in tourism.

The number of studies related to the attitudes of host communities towards tourism is growing, and is employing various instruments, measures and approaches (Andereck et al., 2005; Gursoy, Jurowski & Uysal, 2002; Gursoy & Rutherford, 2004; Williams & Lawson, 2001). Nevertheless, defining the nature of a host community's attitudes towards tourism is a complex task, since every community has different social structures, lives in a specific region, may be experiencing different stages of tourism development, and may be managed using different tourism policies. Furthermore, each community may deal with different impacts of tourism development in very different ways (Dogan, 1989). Hence, host communities may have various attitudes toward
tourism, which eventually affect the process of the establishment and development of small tourism enterprises.

A number of tourism studies (e.g. Brunt & Courtney, 1999; Davis et al., 1988; McCool & Martin, 1994) reveal three conflicting characteristics in regards to the relationship between community attachment and perceptions of tourism. First, the longer individuals live in their community, the more they perceive the negative impacts of tourism than the positive impacts (Group One). Second, people who are closely attached to their community tend to see tourism as a beneficial industry, both economically and socially (Group Two) (Gursoy & Rutherford, 2004). Third, individuals who have resided within their communities for a long period, or who are indigenous, may perceive the positive impacts of tourism to be greater than other individuals, while the perception of the negative impacts is equal throughout the community (Group Three) (Andereck et al., 2005). The first group may consist of people who tend to oppose the establishment of tourism enterprises in their community, whereas, the second and the third groups may support and actively participate in tourism entrepreneurial activities. However, the third group may give more support to social tourism enterprises which generate benefits to community members, in general, rather than for a few select individuals (Koh, 2006).

Differences also occur in the host community’s attitudes regarding the opportunity to use tourism resources. Gursoy et al. (2002) did not find any negative perception by host communities in relation to sharing their domestic tourism resources with tourists. Similarly, Perdue, Long and Allen (1990) argue that giving consideration for the host community’s needs, and increasing community input into the development of tourism infrastructure, increases local support for the development. In contrast, Gursoy and Rutherford (2004) highlighted that host communities, sharing local resources with tourists, perceive tourism as negatively affecting their local culture.

These differences in attitude may be explained by two possible perspectives, each of which informs the community’s perspectives in looking at tourism as an entrepreneurial opportunity. First, the diversity in the host community’s expectations of the benefits from tourism leads to different perceptions about tourism. In this case, a community member who expects benefits, and looks at the presence of tourists in their region as an entrepreneurial opportunity, may have positive attitudes towards, and support for, tourism activities in their area (Gursoy & Rutherford, 2004; Smilor, 1997). Second, host communities perceive tourism in a more positive light if it can trigger
improvements in local public services used by the community. If tourism activities stimulate the construction of public infrastructures (e.g. transportation and communication), and promote natural and cultural conservation, the community attitudes may be more positive (Gursoy et al., 2002; Gursoy & Rutherford, 2004).

The variation in attitudes can also be influenced by differences in perceptions about the host community’s future. In this regard, Gursoy and Rutherford (2004) posit five factors as influencing individual attitudes and support for tourism, namely: community attachments; the state of the local economy; community concerns; eco-centric attitudes or community concerns in relation to the environment; and, the use of the tourism resource-base by local residents. If the state of the local economy is considered as the most important factor, then this factor will link community attachment and concern to the economic, social, and cultural impacts of tourism. As a consequence, individuals, who are highly attached, and have a high concern for their community, will be inclined to see the positive impacts of tourism development, especially if they perceive their regional economic development needs to be improved (Gursoy & Rutherford, 2004).

Such diverse attitudes towards tourism may range from the most favourable to the most unfavourable. Dogan (1989) classifies the attitudes of host communities towards tourism into five groups: 1) resistance towards tourists and tourism; 2) apathy towards tourism impacts; 3) distancing themselves from tourism; 4) using tourism as an opportunity to develop their culture; and, 5) being fully engaged with the culture that tourists bring to them. Similarly, previous studies (as depicted in Table 2.3 in the next page) have revealed a number of clusters of host community attitudes towards tourism development.

The clustering studies show that host community members have, in the main, moderate attitudes, being neither extremely opposed nor supportive of tourism development. The moderate attitudes can be manipulated to become either extremely supportive or extremely opposed, depending on how the goals of the tourism development are communicated to the host communities (Madrigal, 1995; Perdue et al., 1990), and how the communities are educated about tourism (Andereck et al., 2005; Davis et al., 1988). In other words, the attitudes of the host community members can be altered, and the emergence of local tourism enterprises can be stimulated. The following section discusses how host community attitudes are evaluated.
Table 2.3: Cluster of host community attitudes

<table>
<thead>
<tr>
<th>Authors</th>
<th>Host community attitudes towards tourism development</th>
<th>The most favourable</th>
<th>The least favourable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davies et al., (1988)</td>
<td></td>
<td>Lovers (20%)</td>
<td>In-betweener (18%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cautious Romantics (21%)</td>
<td>Haters (16%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Love ‘em for a Reason (26%)</td>
<td>Realists (56%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In-betweeners (18%)</td>
<td>Haters (31%)</td>
</tr>
<tr>
<td>Madrigal (1995)</td>
<td></td>
<td>Lovers (13%)</td>
<td>Innocents (20%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax Payers (25%)</td>
<td>Cynics (10%)</td>
</tr>
<tr>
<td>Williams &amp; Lawson (2001)</td>
<td></td>
<td>Lovers (44%)</td>
<td>Concerned for a Reason (9%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax Payers (25%)</td>
<td>Haters (15%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ambivalent Supporter (29%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Realists (24%)</td>
<td></td>
</tr>
<tr>
<td>Fredline &amp; Faulkner (2000)</td>
<td></td>
<td>Lovers (23%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prudent Developers (26%)</td>
<td></td>
</tr>
<tr>
<td>Pérez &amp; Nadal (2005)</td>
<td></td>
<td>Development Supporters (11%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prudent Developers (26%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ambivalent and Cautious (24%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Protectionists (20%)</td>
<td></td>
</tr>
</tbody>
</table>

Note. Adapted from synthesising literature.

2.3.1 Evaluating host community attitudes

A number of frameworks used to evaluate community attitudes including play, compensation, conflict and attribution, and dependencies theory (Pérez & Nadal, 2005), and “intrinsic/extrinsic” dichotomy (Faulkner & Tideswell, 1997). However, the most common framework used to evaluate community attitudes is the social exchange theory (Andereck et al., 2005; Fredline & Faulkner, 2000; Gursoy et al., 2002; Pearce, Moscardo, & Ross, 1996; Pérez & Nadal, 2005; Ritchie & Inkari, 2006; Teye et al., 2002; Williams & Lawson, 2001). This is because social exchange theory provides a dynamic framework for explaining the relationship between individual benefits and perceptions of economic, socio/cultural, and environmental impacts (Madrigal, 1995; Perdue et al., 1990). Furthermore, the social exchange theory assumes that individuals are eager to make exchanges after having evaluated the costs and benefits of their actions (Jurowski & Gursoy, 2004).

According to the theory, a host community exchanges something they possess (such as tourism resources, collaboration, and toleration) for equal benefits from tourism (such as income, new infrastructure, and better public services). In doing so, they tolerate the negative impacts of tourism as a consequence of the exchange
The host community will perceive tourism development positively, if they perceive that they can gain benefits from it. However, if the development causes more costs than benefits, it will be perceived as negative (Ritchie & Inkari, 2006). In the current research context, social exchange theory is also used to explain why a prospective entrepreneur decides to search for, and use, an entrepreneurial opportunity provided by tourism, such as that suggested by Shane and Venkataraman (2000), as discussed elsewhere in sub-section 2.4.1.

In essence, the social exchange theory is in line with the argument that people will be inclined to undertake entrepreneurial activities, if they perceive they will obtain more benefits from being an entrepreneur than being an employee of a firm (Lee & Venkataraman, 2006). As a consequence, host community members will be inclined to undertake entrepreneurial activities in tourism, and even to become a tourism entrepreneur. This is especially so, if they perceive they will receive more benefits than losses from tourism in economic, socio-cultural, and environmental terms. Further, this perspective can be used to explain the rationale of a reciprocal relationship between positive attitudes to tourism and the benefits generated from entrepreneurship in tourism.

Additionally, helping host communities to develop positive attitudes and support for tourism, through entrepreneurship, is in line with the social representation theory. The social representation framework is frequently employed to explain human attitudes towards tourism (Pearce et al., 1996). Specifically, social representation theory refers to the understanding of host communities in relation to the impacts of tourism development. Such understanding is developed from experience, social interaction, and information obtained from the media (Pearce et al., 1996). It is assumed that people who work in tourism, and have frequent contact with tourists, gain benefits from tourism. However, people’s perceptions of tourism can be swayed negatively, if their contact with tourists is frequently unpleasant (Andereck et al., 2005). Thus, the individual’s opinions and perceptions are developed from within a social and historical context, while the knowledge of the individual is mostly derived from their experiences (Pearce et al., 1996).

Social representation theory suggests that local people may engage in tourism entrepreneurial activities when they recognise that an individual has obtained benefits from the activities. The theory supports the use of an individual’s positive experience in
conducting tourism entrepreneurial activities to motivate other people to undertake the same activities. Madrigal (1995) asserted that people's experience in tourism entrepreneurship can be used as a word-of-mouth mechanism to promote tourism to host communities. For instance, experiences of a successful tourism entrepreneur can be used as a role model to encourage host communities to initiate and develop their own small-scale business in tourism. Such successful business experiences can also be used as a reference to formulate important tourism policies (Tosun, 2000), as well as be adopted as a case study for educational purposes (Koh, 2002).

The next section presents a discussion on the obstacles to host community participation in tourism. These obstacles ultimately affect the tourism entrepreneurial process and the emergence of local small tourism enterprises.

2.3.2 Challenges to host community participation

According to Timothy (1999), the existence of host community participation can be examined from two perspectives. The first is whether host communities are involved in the decision-making process of the tourism policies. The second is whether the host communities have the tourism education, and the ability to manage its impacts. Both perspectives indicate the need for host community to have knowledge and experiences in tourism in order to play roles in tourism development.

Ideally, tourism decision makers should be willing to share their control of the tourism development with their host communities. At the same time, the host communities should obtain appropriate entrepreneurial (and other) skills to enable them to contribute as full participants in tourism development (Tosun, 2000). In a developing country, the existence of community participation in tourism development is indicated by the emergence of local tourism enterprises in a destination (Hampton, 2005; Scheyvens, 2002a). In Lombok’s context, participation can be stimulated by making pro small-scale tourism policies (Dahles, 2000; Saufi, 2008), such providing easy access for bank loan (Hampton, 2005).

As proposed by Tosun (1999), there are three types of host community participation in tourism: spontaneous participation, coercive participation, and induced participation: (1). Spontaneous participation refers to a bottom-up movement, or a situation in which a host community participates in tourism voluntarily. This type of participation is seen amongst local people in Gili Trawangan since tourism developed on the island in the late 1970s (Kamsma & Bras, 1999) and (2). Induced participation
occurs when host communities are only allowed to make suggestions, being excluded from the decision-making processes. This type of participation is seen in many tourist destinations in Lombok, one of which is Senggigi (Saufi, 2008); and (3). Coercive participation occurs when the tourism sector is made out to be for the benefit of the host communities but, in fact, is developed to meet the desires of other stakeholders, such as local authorities, tourists, and tour operators. This participation is seen in some villages on the southern part of Lombok, for instance at Rowok Village (Fallon, 2001), and Kuta Village with the case of LTDC (Fallon, 2003; Saufi, 2008).

Of the three participation forms, spontaneous participation is the ideal form of participation, since the idea of participating in tourism is reliant on the willingness of a host community, and should emerge and develop voluntarily within the members of the host community itself (Tosun, 2000). One example of such participation is the emergence of local tourism enterprises that arise to supply backpacker demands, as on some of the islands in Indonesia (Hampton, 1998; Scheyvens, 2002a). However, spontaneous participation can be developed only if host community members possess the expertise to manage the many facets of tourism, and are able to take advantage of the opportunities while overcoming the challenges of tourism (Louw & Smart, 1988). Also important is the support of the local authorities through the provision of appropriate policies (Tosun, 2000). Furthermore, in the context of Lombok, local authority’s supports are important in regards to the paternalistic nature of host communities (Lukman, 2004; Saufi, 2008).

Indeed, as many studies (e.g. Andereck et al., 2005; Davis et al., 1988) have shown, host community members are able to fully participate in tourism, especially by undertaking entrepreneurial activities, if they are informed and educated about tourism. However, in developing countries this outcome is often inhibited by obstacles, particularly, imposed by both local tourism agencies, and the host communities themselves (Timothy, 1999). Three main inhibiting factors to host community participation in developing countries are identified by Tosun (2000), namely: the shortcomings of “operational procedures”, “structural constraints” of government agencies, and “cultural limitations” of host communities. The operational procedures are related to the way tourism development is communicated to the host communities. Some shortcomings include: centralised decision-making processes; the lack of coordination among governmental departments and tourism stakeholders; and the lack of information about tourism. These problems can hinder the involvement of host
communities in the decision-making processes; the problems can also affect the entrepreneurial process (e.g. bureaucratic and complicated business licensing processes).

The second inhibiting factor identified by Tosun (2000) is the structural constraints. These constraints are related to the condition of the governmental institutions, attitudes of the bureaucrats, power structures, the legislative body and economic systems (Tosun, 2000). These limitations can lead to conflicts of interest amongst local elites, inappropriate legal systems, the overlapping of policies among government institutions, and unprofessional government officers (Cole, 2006; Timothy, 1999; Tosun, 2000). Consequently, there may be a lack of empowerment of local communities, as well as the acquisition and exploitation of local resources by outside investors (Fallon, 2003; Scheyvens, 2002a). Further, these problems can reduce the quality of public services and the availability of tourism infrastructure. The lack of tourism infrastructure can result in seasonality problems, low occupancy, low wages and, eventually, economic leakages (Teye et al., 2002).

The third inhibiting factor in Tosun’s (2000) identification, derived from the host community itself, relates to the cultural limitations. These limitations are associated with low competency levels of host community members (Tosun, 2000), which can hinder their ability to establish and develop their small tourism enterprises. Such cultural limitations often arise from a lack of knowledge and low levels of education (Teye et al., 2002; Timothy, 1999), as well as the low quality of human and social capital, two important ingredients in conducting entrepreneurial activities (Adler & Kwon, 2002; Davidsson & Honig, 2003; Haber & Reichel, 2007; Portes, 1998). Further, these cultural limitations can negatively influence the attitudes of host communities, and their lack of knowledge with respect to their participation in tourism, including entrepreneurial opportunities provided by the tourism sector.

Regardless of the cultural limitation, the attitudes of the host community members can influence the success of the establishment and development of the tourism enterprise. Koh (1996) declares that entrepreneurial actors, namely, people who are engaged in the process and their business environment, moderate the success of the tourism entrepreneurial process. Confirming this contention, Carter, Reynolds and Gartner (2004) argue that local people will be inclined to support particular businesses that are legitimate within their local political and social context. The host communities evaluate the legitimacy of the tourism activities from the impacts of those activities on
their economic and socio-cultural life aspects. The current research revolves around the swaying of perceptions of host community members towards the view that tourism is beneficial or detrimental, in not only a financial, but also a broader social perspective. These perceptions can influence the success of the establishment and the development of tourism enterprises in a destination. As a consequence, it is important to evaluate the influential elements of entrepreneurial process in tourism, as discussed in the next section.

2.4 The essential elements of entrepreneurship

Entrepreneurship is derived from the French term “entreprendre”, which means “to undertake” (Lordkipanidze, Brezet, & Backman, 2005). To date, there is no single definition for entrepreneurship but key definitions of entrepreneurship as proposed by a number of authors are shown below (see Table 2.4).

Table 2.4: Selected definitions of entrepreneurship

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schumpeter (1934)</td>
<td>Entrepreneurship is seen as new combinations, including the doing of new things or the doing of things that are already being done in a new way. New combinations include: (1) the introduction of a new good; (2) a new method of production; (3) the opening of a new market; (4) a new source of supply; and (5) new organisations.</td>
</tr>
<tr>
<td>Kirzner (1973)</td>
<td>Entrepreneurship is the ability to perceive new opportunities. This recognition and seizing of the opportunity will tend to “correct” the market and bring it back toward equilibrium.</td>
</tr>
<tr>
<td>Drucker (1985)</td>
<td>Entrepreneurship is an act of innovation that involves endowing existing resources with new wealth-producing capacity.</td>
</tr>
<tr>
<td>Stevenson, Roberts, &amp; Grousbeck (1985)</td>
<td>Entrepreneurship is the pursuit of opportunity without concern for current resources or capabilities.</td>
</tr>
<tr>
<td>Rumelt (1987)</td>
<td>Entrepreneurship is the creation of new business; a new business meaning it does not exactly duplicate existing businesses, but they have some element of novelty.</td>
</tr>
</tbody>
</table>
Table 2.4. (continued)

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gartner (1988)</td>
<td>Entrepreneurship is the creation of organisations, the process by which new organisations come into existence.</td>
</tr>
<tr>
<td>Timmons (1997)</td>
<td>Entrepreneurship is the way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced.</td>
</tr>
<tr>
<td>Venkataraman (1997)</td>
<td>Entrepreneurship research seeks to understand how opportunities come into existence; future goods and services are discovered, created, and exploited, by whom, and with what consequences.</td>
</tr>
<tr>
<td>Morris (1998)</td>
<td>Entrepreneurship is the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. It can occur in any organisational context and results in a variety of possible outcomes, including new ventures, products, services, processes, markets, and technologies.</td>
</tr>
<tr>
<td>Sharma &amp; Chrisman (1999)</td>
<td>Entrepreneurship encompasses acts of organisational creation, renewal, or innovation that occur within or outside an existing organisation.</td>
</tr>
</tbody>
</table>


Other authors (e.g. Smilor, 1997) posit that the entrepreneurship is related to a business activity, which strives to fulfil the needs of an evolving market; entrepreneurship also foresees future opportunities for advancement within the market. Entrepreneurship is also associated with activities that create new enterprises (Davidsson & Honig, 2003), or create wealth by the use of new technologies (Clark & Lee, 2006), through continuous invention and innovation (Bennett & Gordon, 2007). Further, entrepreneurship is explained as a “trial and error” process that helps to determine a secure course of action needed for a venture to be undertaken, especially when facing an uncertain future (Clark & Lee, 2006).

Indeed, it is not within the capacity of the current study to analyse the multiple definitions of entrepreneurship one by one. A number of definitions of entrepreneurship, as listed in Table 2.4, are to accentuate that there is no agreed definition of
entrepreneurship. Therefore, there is a need to establish a dominant paradigm from which to build our knowledge of entrepreneurship (Meyer, Neck, & Meeks, 2002). For this purpose, Shane and Venkataraman (2000) have asserted the key concepts (if not paradigms) that can increase our understanding of entrepreneurship. Irrespective of the various definitions, such as listed in Table 2.4, entrepreneurship requires the presence of two essential elements: entrepreneurial opportunity and a prospective entrepreneur (Shane & Venkataraman, 2000). The two key concepts influence the success of entrepreneurial process as discussed in the following section.

2.4.1 Entrepreneurial opportunity

The existence of entrepreneurial opportunity relates to a potential trigger for entrepreneurial activities (Krueger & Brazeal, 1994). Shane (2003) defines entrepreneurial opportunity as:

A situation in which a person can create new means-ends framework for recombining resources that the entrepreneur believes will yield a profit. The main difference between an entrepreneurial opportunity and many other situations in which people seek profit is that an entrepreneurial opportunity requires the creation of a new means-ends framework rather than just optimizing within an old framework (p.18).

The definition implies objective and subjective parts of opportunity. The objective parts refer to the potentialities to generate profits, such as new goods, services, raw materials, and methods or approaches that can be used to produce goods greater than their costs. These objective parts emerge as a result of the interaction between an entrepreneur and with his/her environment. The potentialities require subjective parts of opportunity that is an entrepreneur’s beliefs and vision. These (belief and vision) are related to willingness to use knowledge and skills to observe, create and exploit the opportunity (Shane, Locke, & Collins, 2003). In other words, despite the existence of entrepreneurial opportunity, it is up to an entrepreneur to look at the opportunity as potentialities to generate profit. These opportunities will turn into profits if entrepreneurs can create a new means-ends framework: a new way of thinking and working by employing new means and organising methods that help generate more outcomes than cost of production (Shane, 2003).

In the tourism context, entrepreneurial opportunity may exist in natural, as well as cultural, sites and events. The natural sites provide natural settings such as topography, beaches, seas, mountains, waterfalls, and jungles in which natural events of
sunsets, the migrating of birds and fish, and other natural phenomena take place. The cultural sites and events are people’s creations. Some cultural sites include temples, palaces, museums, and historical buildings in which cultural events (i.e., traditional music, dances and festivals) take place (Weaver & Lawton, 2006). Yet, the tourism sites and events require entrepreneurs’ willingness and expertise in order to be transformed into demanding products for tourists. For host community members, the sites and events can provide entrepreneurial opportunities in the tourism industry sector if they can look at them as potentialities for making benefits.

Many researchers (e.g. Clark & Lee, 2006; Davidsson & Honig, 2003; Krueger & Brazeal, 1994; Ozgen & Baron, 2007; Shane & Venkataraman, 2000; Smilor, 1997) posit that entrepreneurial opportunities are derived from the impulses of market needs. Indeed, entrepreneurial opportunity emerges as a result of growing demands for new products and services, the invention and innovation of new products and services, and the diversification of products and services (Smilor, 1997). Consequently, the emergence of entrepreneurial opportunity can be stimulated by allowing the freedom for both individuals and enterprises to explore market needs and meet them with innovative products and services (Clark & Lee, 2006).

In the tourism context, entrepreneurial opportunities emerge as a result of the growing demands for tourism activities at a particular destination. Further, tourism entrepreneurial opportunities can be stimulated by empowering local people to explore their opportunities in tourism (Bennett & Gordon, 2007; Scheyvens, 2002a). Local people can discover these opportunities by obtaining information through the mechanism of empowerment, such as mentoring, industry networks, and professional forums (e.g. seminars, workshops, and conferences) (Davidsson & Honig, 2003; Ozgen & Baron, 2007).

Shane and Venkataraman (2000) argue that, when an entrepreneurial opportunity is available to a potential entrepreneur, the decision (as to whether to use such an opportunity or not) will be a function of whether the potential benefits outweigh the potential costs of using the opportunity. Similarly, if an individual chooses to be an entrepreneur they have an anticipation of greater benefits than simply being an employee of a firm (Lee & Venkataraman, 2006). In other words, an individual’s vision of an entrepreneurial opportunity’s benefits and costs may hold different values for different people, depending on their level of optimism and confidence in the
opportunity’s successful cultivation (Kruegel & Brazeal, 1994; Shane & Venkataraman, 2000).

The development of an entrepreneurial opportunity is not only related to the creation of an entirely new venture, it is also related to the creation and innovation of new products and services within an existing enterprise, by utilising resources effectively (Haber & Reichel, 2007; Smilor, 1997). Hence, exploiting an entrepreneurial opportunity is a challenging prospect for a potential entrepreneur. Davidsson and Honig (2003) pointed out that numerous studies document entrepreneurs who have been unsuccessful in achieving their goals to obtain a thriving and stable business; usually, they have failed in the early stages of their opportunity exploitation. The next section discusses the entrepreneur as another critical element of the entrepreneurial process.

2.4.2 Effective entrepreneurs

While a number of studies (e.g. Clark & Lee, 2006; Lee & Venkataraman, 2006; Shane et al., 2003) have tried to identify the characteristics of an effective entrepreneur, the nature of every entrepreneurial opportunity is highly contextual. For this reason, no single set of characteristics can be identified for an effective entrepreneur (Davidsson & Honig, 2003; Page et al., 1999; Smilor, 1997). Further, it appears that only an extremely broad list of characteristics for success can be devised. More than half a century ago, Schumpeter (1949, as cited in Russell & Faulkner, 2004) suggested that: “The entrepreneur destroys the equilibrium with a perennial gale of creative destruction” (p.560). Additionally, Russell and Faulkner (1999) described an entrepreneur as a “chaos maker”, or the one who constantly makes changes in the formation of the supply and demand of the tourism system. They also described entrepreneurs as “movers and shakers”, who possess exceptional characteristics and actions. This type of entrepreneur can create opportunities for other entrepreneurial actions, as well as influence the direction of tourism development.

Smilor (1997) proposed some distinct qualities that an entrepreneur should have. The first quality is “talent”, or a psychological ability for self-motivation, in order to endure until the business goals are attained. According to Locke (2000), motivation consists of four key concepts: needs, values, goals and intentions, and emotion. Needs give rise to values. Values lead to the setting of goals in the fulfilment of needs. Values influence the willingness to act in order to meet the needs. Different values can lead to different considerations and different goals (Hastie, 2001).
### Table 2.5: Entrepreneurial motivations

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Empirical finding</th>
<th>Motivation</th>
<th>Empirical finding</th>
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<tbody>
<tr>
<td>Need for achievement</td>
<td>Individuals with high need for achievement, more likely to pursue entrepreneurial activities than other roles.</td>
<td>Independence</td>
<td>Individuals decide to be an entrepreneur for independence. An entrepreneur has higher independence than other people.</td>
</tr>
<tr>
<td>Risk taking</td>
<td>Inconsistent findings of whether an entrepreneur has a higher risk taking propensity than other people. The measurement of risk taking propensity is confounded with high self-efficacy.</td>
<td>Drive</td>
<td>Drive has four aspects: ambition, goals, energy and stamina, and persistence. Ambition influences the goals that an entrepreneur will achieve when pursuing an opportunity.</td>
</tr>
<tr>
<td>Tolerance for ambiguity</td>
<td>Inconsistent findings of whether an entrepreneur has higher tolerance for ambiguity than other people.</td>
<td>High goals require energy and stamina. When used for a long period this is called persistence or tenacity.</td>
<td></td>
</tr>
<tr>
<td>Locus of control</td>
<td>An entrepreneur has more belief in his/her own actions for outcomes rather than other people.</td>
<td>Persistence is also influenced by self-efficacy, love and passion.</td>
<td></td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>Someone with high self efficacy make more efforts than other people, persist and are willing to learn from failure, target higher goals, and develop better plans and strategies.</td>
<td>Egoistic passion</td>
<td>Passion affects a firm’s growth. An entrepreneur loves to do anything necessary for the success of his/her enterprise.</td>
</tr>
<tr>
<td>Goal setting</td>
<td>Goal setting is significantly related to the performance of an entrepreneur.</td>
<td></td>
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</table>

The combination of values and emotions give rise to the motive or motives. Furthermore, motives, values and goals affect the focus, intensity, and persistence of the action (Locke, 2000). In addition, as presented below, studies in entrepreneurship reveal a number of motivations attributed to effective entrepreneurs. For example, Shane et al. (2003) list a number of entrepreneurial motivations, which are frequently discussed in quantitative and qualitative studies (see Table 2.5). The different characteristics attached to entrepreneurs indicate the importance of motivations in the process of entrepreneurship.

Table 2.5 shows the relationship between one entrepreneurial traits and another. For instance, Need for Achievement is similar to Drive, which consists of four aspects: ambition, goals, energy and stamina, and persistence. These four aspects influence the emergence of other traits such as self-efficacy, love, and passion (Shane et al., 2003). Baum and Locke (2004) found that an entrepreneur’s passion for work insignificantly influences the growth of his/her venture. This finding indicates that an entrepreneur needs a set of motivations, rather than a single motivation, in order to grow his/her venture. Smilor (1997) suggests that, despite passion being the most observed motivation in the entrepreneurial process an entrepreneur should possess other motivational characteristics, such as a natural tendency for action, tolerance for ambiguity, and a desire for self-control in order to establish and develop an enterprise.

Table 2.5 also implies the contextual nature of the entrepreneurial motivations. For example, Risk taking and Tolerance for ambiguity were found to be inconsistent traits of entrepreneurs: the two traits failed to distinguish between an entrepreneur and non-entrepreneur (Shane et al., 2003). Furthermore, four main entrepreneurial traits (Need for Achievement, Risk taking, Tolerance for ambiguity, and Locus of control) were found to have insignificant relationships with the successful creation of new enterprises (Baum & Locke, 2004; Shane et al., 2003). A further investigation, such as the current study, is required to identify the effective motivations of an entrepreneur.

Smilor’s (1997) second quality is that an entrepreneur should see entrepreneurial opportunities: an entrepreneur should be able to identify entrepreneurial opportunities that other people do not. Schumpeter (1943, as cited in Shane and Venkataraman, 2000) argues that an entrepreneur could discover and create entrepreneurial opportunities from three categories of sources: technological changes; political and regulatory changes; and, social and demographic changes. Technological changes are the important sources of entrepreneurial opportunity as the development of technology helps people to use
resources in more productive ways. These changes can increase the rate of self-employment and the firm’s formation (Shane, 2003). The development of information technology (such as websites) is an example; such technology provides opportunities for online marketing and selling strategies in the tourism industry. Such development may change a firm’s organisation from a human based to a technology-based organisation, and from paper based to electronic based work. On Lombok, the development of technology, particularly information technology, has significantly increased the number of travel companies from 120 in 2002 to 376 in 2011 (BPS NTB, 2012).

Political and regulatory changes can affect people’s independence in the development of a new creation. According to Shane et al. (2003), an entrepreneur is higher in independence than other individuals. Independence plays an important role in the entrepreneurs’ ability to create the entrepreneurial opportunities. If the entrepreneurs are constrained by the government’s regulations, they will not be able to create innovative products (Smilor, 1997; Clark & Lee, 2006). Consequently, an entrepreneur may cooperate and collaborate, or even confront, with other people in order to obtain their cultural and economic independence.

In Indonesia, political and regulatory changes affect tourism entrepreneurial opportunities from small-scale tourism. These political changes are evident in Lombok. The Indonesian government’s decision to provide space for small-scale tourism facilities beside a Balinese Nusa Dua style luxury resort enclave in Kuta beach on southern Lombok, opened opportunities for the local people to engage in tourism entrepreneurial activities (Fallon, 2003). Earlier tourism studies in Lombok (e.g. Kamsma and Bras, 2000) found that the government’s policy to support quality tourism, and to overlook small-scale tourism, eliminated opportunities for many local people to benefit from tourism in Gili Trawangan, Lombok. However, later studies (e.g. Hampton, 2005) indicate that the changes in the Indonesian government’s policies on tourism provide opportunities for small-scale tourism to develop.

Social and demographic changes are also an important source of entrepreneurial opportunity as they: create new demands; make information available about how people can manage their resources in more productive ways; and create potentialities for scale economies that stimulate the creation of certain opportunities (Shane, 2003). In Indonesia, socio-demographic changes have increased demand in outbound tourism. The data shows that the number of Indonesians, who made trips overseas, increased from 5.1 million in 2005 to 6.7 million in 2011 (Kemenparekraf, 2013). Such an
increase has been influenced by the increase in the size of the Indonesian population, as well as an increase in the number of wealthy people. The changes in technology, politics and regulations, as discussed above, may increase people’s income and their spending on vacations. However, such changes require entrepreneur’s ability to make innovations in their businesses. As Smilor (1997) contends, innovations create entrepreneurial opportunity. Therefore, an effective tourism entrepreneur should be alert to information regarding the sources of tourism opportunity and exploit the opportunity with innovative products and services.

The third quality, as proposed by Smilor (1997), is that an entrepreneur should possess “know-how”; this quality involves the personal skills to communicate and to successfully manage an enterprise. Further, know-how is related to the entrepreneur’s cognition, including their processing of information or thinking, memorising, learning, problem solving, and decision-making (Locke, 2000). Such ability enables an entrepreneur to incorporate the required resources to start the entrepreneurial process. Know-how also enables an entrepreneur to discover and create entrepreneurial opportunity (Krueger, 2007). In the context of indigenous small-scale tourism, know-how may require the empowerment of tourism knowledge and information from the government to the host communities. Host communities, with their limited access to information and knowledge of tourism, will find it difficult to achieve the know how to discover and exploit opportunities provided by tourism, unless they are taught and directed to do so (Cole, 2006).

The fourth quality involves an entrepreneur acquiring “capital”, which is often explained as financial resources, and any other non-monetary resources needed to start and manage the venture. Smilor (1997) contends that capital is the source of power that energises entrepreneurial processes. An effective entrepreneur should be able to attain financial resources and constantly seeks to control, rather than own, the resources for maximum use. For this reason, an effective entrepreneur should possess social capital that enables him/her to establish networks and obtain social supports (Adler & Kwon, 2002).

Entrepreneurship is embedded in social networks. The more complex, extensive, and diverse the networks an entrepreneur has, the more likely he/she can obtain support to achieve the success of the business (Smilor, 1997). For small-scale tourism entrepreneurs in Indonesia, social networks are imperative in order to acquire financial support, especially as government’s policies are still focused on big scale tourism.
Therefore, an effective tourism entrepreneur in Indonesia requires either human or social capital that can help start and develop his/her tourism enterprises.

A number of studies reveal the importance of human capital (Haber & Reichel, 2007) and social capital (Adler & Kwon, 2002; Davidsson & Honig, 2003; Portes, 1998) for an effective entrepreneur. Human capital encompasses all embedded attributes of an individual within the business, such as level of education, knowledge, and experience. These attributes construct the individual’s capacity to be a contributor to the success of the entrepreneurial venture (Davidsson & Honig, 2003; Haber & Reichel, 2007). Social capital refers to “features of social organizations, such as networks, norms, and trust that facilitate action and cooperation for mutual benefit” (Putnam, 1993, as cited in Portes, 1998; p. 18). Social capital is also described as support from the community, which can be manipulated to benefit business (Adler & Kwon, 2002). This includes the benefit of being a member of various social networks, or being an important figure in other social structures (Chua, Chrisman, Kellermanns, & Wu, 2011; Portes, 1998). Chua et al. (2011) found that family members can help increase an individual’s trustworthiness, as the family members’ social capital can help an individual acquire business capital from lenders.

Both human and social capital complement each other in the process of creating entrepreneurship (Shane et al., 2003). For instance, an effective entrepreneur should have the self-confidence to manage with the stresses of an uncertain future, and the enthusiasm and motivation to create their own destiny (Smilor, 1997). Abilities to recognise entrepreneurial opportunities can be increased by personality traits, such as creativity and optimism, relevant prior knowledge and experience, and social networks (Ardichvili, Cardozo, & Ray, 2003).

An entrepreneur should also develop their human capital to enable creativity and innovation, and to endure any business hardships in which the creation and selling of the product may experience relative or complete failure (Shane & Venkraman, 2000). Furthermore, the entrepreneur is required to develop their social capital, which helps provide networks to assist in discovering entrepreneurial opportunities, as well as networks that help identify, collect, and deploy important resources to benefit and manage the performance of his/her venture (Clark & Lee, 2006; Davidsson & Honig, 2003). Human and social capital is imperative elements in the management of entrepreneurial resources. Augustyn (2004) describes these entrepreneurial resources as
tangible or physical resources, human resources, and intangible resources, such as image, reputation, culture, ideas and technology. These entrepreneurial resources influence the acquirement of organisational capabilities or the core competences to include operational skills, privileged assets, growth enabling skills, and special relationships.

Importantly, the entrepreneurial process requires entrepreneurial opportunity and the action of an entrepreneur to exploit the opportunity. The process involves entrepreneurs, with their characteristics, human and social capital, and the environment in which the entrepreneurs discover and create the opportunity. Further, the process includes entrepreneurs’ actions including: recombine resources to produce outcomes; create means and strategies to make products; and, search potential markets for their products. Previous discussions have addressed the contextual nature of the entrepreneurial process in general. A review of entrepreneurial process in tourism is presented in the next section.

2.5. Tourism entrepreneurship

While studies on the characteristics of entrepreneurs, and the process of entrepreneurship, continue to develop, some studies have sought to distinguish entrepreneurship, in general, from entrepreneurship in tourism. Koh (2002) argues that tourism entrepreneurship is different from general entrepreneurship, specifically in terms of the characteristics of the products, the expertise needed for the tourism business, and the market system. Furthermore, Koh and Hatten (2002) proposed nine distinct typologies for the tourism entrepreneur, which may differentiate them from the general entrepreneur. These typologies are presented in Table 2.6 in the next page.

Understanding the tourism entrepreneur’s typology, it appears that the tourism industry has added a number of specifications to the process of entrepreneurship and the entrepreneur’s characteristics (Koh & Hatten, 2002). Nevertheless, entrepreneurship in the tourism industry, as in other industries, still demonstrates many similar principles; one example is the role of entrepreneurs. Smilor (1997) contends that effective entrepreneurs are those who become the catalyst for changes in the market, and who can adapt to and benefit from the changes in market needs. These principles apply in tourism; tourism entrepreneurs are those who benefit from creating supply, and stimulating demand, in tourism markets (Russell & Faulkner, 1999; Ryan, Mottiar, &
Quinn, 2012). Therefore, tourism entrepreneurship still needs to adopt and apply a number of principles and concepts from the existing general entrepreneur literature.

Table 2.6. Koh and Haten’s (2002) tourism entrepreneur’s typology

<table>
<thead>
<tr>
<th>I. Product-based typology</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventive tourism entrepreneur</td>
<td>One who has commercialised product is truly new to the tourism industry.</td>
<td>American Express travellers cheque</td>
</tr>
<tr>
<td>Innovative tourism entrepreneur</td>
<td>One who has commercialised products is not new but is an adaptation of an existing product, or the discovery of a previously untapped market.</td>
<td>Orbitz.com</td>
</tr>
<tr>
<td>Imitative tourism entrepreneur</td>
<td>One who’s product is not significantly different from existing products.</td>
<td>A franchise hotel or restaurant that is not new to the marketplace but may be new to the community</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. Behaviour- or motivation-based typology</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social tourism entrepreneur</td>
<td>One who starts a non-profit tourism enterprise</td>
<td>A regional tourism industry association</td>
</tr>
<tr>
<td>Lifestyle tourism entrepreneur</td>
<td>One who starts an enterprise in order to support a desired lifestyle; generally, these types of tourism entrepreneurs have no desire to ‘grow’ the business beyond a certain size.</td>
<td>B&amp;B owner and avid kayaker who specialises in guided kayak adventures</td>
</tr>
<tr>
<td>Marginal tourism entrepreneur</td>
<td>One who starts and operates a tourism enterprise within the informal and peripheral sector of the tourism industry.</td>
<td>Unlicensed roadside farmer’s market</td>
</tr>
<tr>
<td>Closet tourism entrepreneur</td>
<td>One who operates a tourism enterprise while maintaining a full-time job as an employee elsewhere</td>
<td>A high school teacher who offers guide services during the summer</td>
</tr>
<tr>
<td>Nascent tourism entrepreneur</td>
<td>One who is in the process of developing a tourism enterprise</td>
<td>An individual developing a business plan or in the process of attracting capital investment</td>
</tr>
</tbody>
</table>
Table 2.6. (continued)

<table>
<thead>
<tr>
<th>Behaviour- or motivation-based typology</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serial tourism entrepreneur</td>
<td>One who has founded a succession of tourism enterprises, either due to failure of the previous enterprise or evolution of one enterprise into another form</td>
<td>Tourism enterprise A becomes a corporation, whereupon the serial entrepreneur sells the business and starts tourism enterprise B</td>
</tr>
</tbody>
</table>


Further, the process of how and why tourism enterprises are established and developed may inform the characteristics of tourism entrepreneurs and small tourism enterprises, as well as the environment where the entrepreneurial process occurs, or other influential factors involved in the process (McGehee & Kline, 2008). For this reason, the current research analysed the entrepreneurial process of small tourism enterprises, as experienced by host community members. The results of the study are likely to improve our understanding of the entrepreneurial process in tourism and, most importantly, strategies employed to create the process. The following section outlines the extant literature on tourism entrepreneurial activities conducted by local entrepreneurs in general.

2.5.1 Local entrepreneurs and tourism enterprises

Local tourism entrepreneurs play important roles in the allocation of innate resources, the integration and transformation of those resources into the creation of a tourist attraction, and the promotion of the tourism attractions (Bennett & Gordon, 2007; Koh, 2002; Pearce, 2008; Russell & Faulkner, 1999, 2004). In other words, entrepreneurs can establish a thriving local tourism destination that will contribute socio-economically to the community (Koh, 2002). At the same time, the tourism business can become an important ingredient in the tourism pull factor, which is one of the factors that attract tourists to visit a tourist destination (Weaver & Lawton, 2006).

Local tourism entrepreneurs can act as the innovators of tourism products and services to increase the benefits, and the reduce costs, of tourism development, and so
lead to the development of sustainable tourism (Ryan et al., 2012). For example, local tour operators make more contributions than do any other tour operators to the local economy, to the promotion of community-based tourism, and to the encouragement of environmental conservation (Scheyvens, 2002a). Indeed, this may be the reason why entrepreneurship has been encouraged, since 1990, as the means by which to recover rural economies, and to establish ecotourism, especially in less developed countries (Harrison & Schipani, 2007). Entrepreneurship is also used as a means to meet the objectives of international tourism development to increase tourism benefits to the less wealthy communities, and to alleviate poverty (Spenceley & Goodwin, 2007).

In general, entrepreneurs, with their self-motivation, and the ventures they undertake, are considered to be important components of the economic development of a nation (Clark & Lee, 2006; Ryan et al., 2012). In the context of tourism, locally established tourism enterprises play a critical role in the distribution of the economic benefits to other local people (Kokkranikal & Morrison, 2011; Ryan et al., 2012; Page et al., 1999; Thompson, 2004). Further, local tourism enterprises also limit the potential for economic leakage from tourism activities (Kokkranikal & Morrison, 2011; Scheyvens, 2002b). Harrison and Schipani (2007) point out that most locally owned tourism enterprises, such as hotels and restaurants, meet their customers' needs with products (e.g. fruits, vegetables, and meat) purchased from local farmers. The local tourism enterprise supports local agricultural activities. Likewise, tour operators and tour agencies help to promote local products and services, such as local restaurants, and the sale of locally-produced art and souvenirs, to the tourists (Spenceley & Goodwin, 2007).

Undeniably, tourism enterprises play a central role in promoting a host community’s identity to the tourists (Ryan et al., 2012). The tourism enterprise, Towa Furusato Mura in Tokyo, is an example, promoting rural tourism in a small rice-farming village in the mountains of north eastern Japan. This enterprise provides information about tourism attractions in Towa-cho and sells the products of local people (Thompson, 2004). It is postulated that this type of enterprise may also be suitable in a less developed country, such as on Lombok, where the current research takes place. Furthermore, as this type of enterprise sells local products that represent locals’ identity, the enterprise may increase the sense of belonging of the host community members towards the local resources. Indeed, Bennet and Gordon (2007) found that being responsible for their own cultural attractions to tourists could develop self-respect
among host community members. In this sense, such tourism enterprises (as the ones in Towa-cho village) can eventually increase host community participation in tourism development (Scheyvens, 2002b), especially smaller tourism developments. The next section, discusses the importance of tourism entrepreneurship to indigenous community.

2.5.2 Indigenous community and tourism entrepreneurship

Indigenous tourism does not just result in enterprises (business) but, a product rich in authenticity and spirituality (Bennet & Gordon, 2007). The main tourist attraction of indigenous tourism consists of history and culture, and ecologically diverse and unspoiled natural environment (Fuller & Gleeson, 2007). However, tourists and tourism operators often give insufficient respect to indigenous tourism. For instance, a short-term profit orientation, such as employment opportunities, often results in short-cut being taken by tourism operators and the authenticity of indigenous culture being spoiled. Furthermore, government’s policy that focus mainly on economic benefit of large-scale tourism often marginalises and excludes indigenous community, and overlooks the authenticity of indigenous culture. This is seen particularly in some enclave tourist resorts in Indonesia, such as Nusa Dua Bali, Kuta Lombok, and Bintan Island, (Shaw & Shaw, 1999). Such resorts are developed by outside developers, thus, the economic benefits are not received by indigenous community. The enclave tourism also stimulates the commodification of indigenous tradition to satisfy tourists (Shaw & Shaw, 1999).

The involvement of indigenous community in tourism entrepreneurship helps conserve the community’s culture and pristine natural environment and create sustainable tourism entrepreneurship (Bennet & Gordon, 2007). When conducted by indigenous community itself, local performance show can be a way of cultural conservation and a source of income. Further, the show can stimulate the emergence of indigenous entrepreneur. Shinde (2010) found that the increasing demand of middle-class urban for religious rituals in Vrindavan, India results in the modification of religious rituals to meet visitor’s needs. Such increasing demand stimulates the transformation of temple into religious enterprises, and many religious gurus transform into religious entrepreneurs. Shinde (2010) argued that such transformation should be seen as the emergence of indigenous religious entrepreneurs who drives religious tourism instead of the commodification of religious rituals. In such as way,
entrepreneurship provides indigenous community with opportunities to generate income as well as manage the authenticity of their own culture and natural environment.

As suggested in a number of studies, (e.g. Dahles, 1999; Furneaux & Brown, 2007; Neblett & Green, 2000; Shaw & Shaw, 1999) small-scale tourism entrepreneurship can best fit with indigenous community. Indigenous community will participate in tourism entrepreneurship when motivated and empowered with tourism knowledge and skills (Bennet & Gordon, 2007; Dahles, 1999; Fuller & Gleeson, 2007; Hing, 2007; Scheyvens, 2002a). For example, Hing (2007) found that the Native American Indian can successfully establish and develop large-scale gambling enterprises when facilitated by the US federal government. Such tourism enterprises help the Indian community improve their economic condition and strengthen their political position (Hing, 2007). In the current research context, it is anticipated that the empowerment of Lombok indigenous community with tourism entrepreneurship can stimulate the emergence of indigenous tourism entrepreneur on the island as that of Indian community.

For the purpose of current research empowerment is understood as a process of assisting indigenous community to engage in tourism entrepreneurship (Cole, 2006; Scheyvens, 2002b). Empowerment is critical particularly in regards to barriers that indigenous entrepreneurs face in tourism entrepreneurship. Furneaux and Brown (2007) found that a lack of access to capital, including financial capital, human capital development, organisational, physical and technological capital, and social capital result in a low level of participation of indigenous Australian in small-scale businesses. In a similar vein, Addinsall (2012) found barriers for indigenous Australian to start small-scale tourism entrepreneurship include cultural influences and assumption, racism and discrimination, training for employees not entrepreneur, land title agreement, government program and policy issues, and remoteness. The identification of such barriers to the undertaking of tourism entrepreneurship helps find appropriate assistance.

Empowering indigenous entrepreneurs with tourism entrepreneurship requires both material and strategic or technical assistance (Fuller & Gleeson, 2007). Yet, strategic assistance is often more important than material assistance as business capital is not always a matter in indigenous tourism entrepreneurship. This is particularly reported in Neblett and Green’s (2000) study. Indigenous tourism entrepreneurs running small-size accommodation units in Barbados failed to improve their business ability
despite obtaining the financial support from their government. Indeed, the improved entrepreneurial abilities are not seen from the injection of higher level of finance, but from the more efficient utilization of existing resources, (Fuller & Gleeson, 2007). Further, ability to generate income is reliant on the entrepreneur’s motivation to undertake tourism entrepreneurship (Bennet & Gordon, 2007; Fuller & Gleeson, 2007). Consequently, careful planning along with coordination with other tourism stakeholders is needed to empower the prospective indigenous entrepreneurs with appropriate knowledge and skills of tourism entrepreneurship.

Bennet and Gordon (2007) suggest the importance of mentor in the empowerment of prospective indigenous entrepreneurs with tourism entrepreneurship. Mentor supports individuals from within the indigenous community with motivation and appropriate knowledge and skills. According to Bennet and Gordon (2007), mentor should have good personality. This is particularly important to obtain indigenous people’s trust so that they (the indigenous people) are willing to involve in tourism entrepreneurship. Further, a mentor should have high commitment to help until people’s business sustainable (Fuller & Gleeson, 2007). A mentor is also expected to help develop business network by acting as a bridge between indigenous entrepreneurs and other tourism entrepreneurs, and provide advices to market their products and services (Bennet & Gordon, 2007). In Lombok’s context, the paternalistic nature of Sasak requires the presence of government officials (tourism agencies) to act as mentor and provide advices to acquire knowledge of tourism entrepreneurship.

Indeed, despite their unique culture and specific identity, indigenous entrepreneurs in Indonesia, such as Sasak, have to compete with other indigenous communities in tourism entrepreneurship. This is particularly true as Indonesia is populated by hundreds of indigenous communities. In such a condition, identity or ethnicity of an entrepreneur is central not only in establishing business networks but also acquiring entrepreneurial knowledge and skills (Hitchcock, 2000). For instance, Hitchcock (2000) found Indonesian Chinese entrepreneur develops business networks based on Chinese ethnicity and result in the domination of this ethnic group in tourism business particularly in Java and Bali. Given the domination of particular indigenous entrepreneurs in tourism industry, empowerment to the indigenous community of Lombok is required to help them benefit from tourism entrepreneurship. In the next chapter, the stimulation of entrepreneurial process in tourism is discussed.
2.5.3 Stimulating entrepreneurial process in tourism

Shane and Venkataraman (2000) argue that the establishment process of an enterprise is preceded by opportunity recognition. However, Hills and Singh (2004) contend that the decision to establish an enterprise may come before, after, or together with the recognition of an entrepreneurial opportunity. Confirming both contentions, Gartner, Carter and Reynolds (2004) suggest that the enterprise creation process may include different activities from one enterprise to another. Showing this diversity, two entrepreneurship studies below are used as an example.

Bhave (1994) proposed a framework of enterprise creation which consists of three stages: “opportunity stage; technology setup and organisation creation stage; and, exchange stage” (p.235). According to Bhave (1994), the opportunity stage refers to opportunity recognition, which entrepreneurs may obtain either from their environment or from their own experience or expertise. The opportunity recognition stage will lead to business concept identification, followed by actions to start a product or service. In the second stage, the process becomes visible, as the entrepreneur gathers resources, develops products, and establishes the organisation and its marketing system. The third, the exchange stage, refers to the situation where the products are ready and sold to customers.

However, unlike Bhave’s (1994) framework, which is preceded with opportunity recognition, Baucus and Human (1994) identified five stages in the process of enterprise creation, namely: searching for business ideas; selecting a business opportunity; collecting information for a particular enterprise; determining formal business specifications; and, gathering support and preparing for logistics. The different enterprise creation processes (between the two frameworks) reflect the contextual nature of the entrepreneurship process, and the complex characteristics of both elements (the entrepreneurial opportunity and the entrepreneur) of entrepreneurship.

The different entrepreneurial process frameworks were likely influenced by the different experiences of their respondents. While Bhave (1994) collected his data from a number of active entrepreneurs, Baucus and Human (1994) gathered their data from a group of retirees who create enterprises for their second career. Therefore, the two respondent groups may have different experiences, particular in the early stage of entrepreneurial process. In Bhave’s (1994) case, an entrepreneur may recognise an opportunity first and then establish an enterprise to exploit the opportunity. However, in Baucus and Human’s (1994) framework, the entrepreneurs (as they have experienced
doing business in their first career) establish an enterprise first and then search for an opportunity to exploit. Indeed, both studies were not related to tourism industry however, the results may be applicable for entrepreneurial process in tourism.

Enterprise creation is one of the fundamental activities of entrepreneurship (Bygrave & Hofer, 1991; Gartner, 1990), which is related to the exploitation of entrepreneurial opportunity (Shane & Venkataraman, 2000), including in the tourism industry (Koh, 1996, 2006). In this regards the current research is aimed at advancing our understanding of the creation process of small tourism enterprises. The research is focused at examining the establishment and development process of small tourism enterprises in a developing country, Lombok, Indonesia.

While continuing efforts have been made to distinguish the characteristics of general entrepreneurs and tourism entrepreneurs, the influential factors of the entrepreneurial process in tourism shows its similarity to that in the general sector. For example, Koh (1996) proposed eight stages of entrepreneurial process in tourism: cognitive orientation; opportunity search; opportunity assessment; consideration; opportunity pursuit; birth; operation; and evaluation. This process is similar to Mueller and Goic’s (2003) entrepreneurial process for other sectors, namely: searching, planning, marshalling, and implementing. Koh’s (1996) and Mueller and Goic’s (2003) proposals are agreed on the process including three main influential factors: opportunity, entrepreneurs, and environment.

In the early stages of the entrepreneurship, the process of seeking entrepreneurial opportunity is primarily derived from a willingness to look at an old object from a new angle or perspective (Smilor, 1997). These early stages are critical in the entrepreneurship process (Davidsson & Honig, 2003). The process of seeking entrepreneurial opportunities involves determining the nature of the opportunities, such as cost, type of business, and expertise required. Such factors are then examined and matched with the ability of the nascent entrepreneur to ensure the success of the entrepreneurial process (Shane & Venkataraman, 2000).

Following the above logic, stimulating the involvement of host communities in tourism entrepreneurial activities may require several mechanisms. In the first place, internal tourism marketing to local people is needed; this will develop the host community’s understanding of tourism (Madrigal, 1995). Further, the tourism industry should be included in education programs (Andereck et al., 2005; Davis et al., 1988). Therefore, tourism education should include entrepreneurship in tourism (Bennet &
Gordon, 2007), where host communities obtain knowledge of the discovery of entrepreneurial opportunities and how to start a new enterprise (Ozgen & Baron, 2007).

To ensure the most favourable outcome, the focus must first be given to the people and, then, to the business (Bennet & Gordon, 2007). Underpinning such positive outcomes is the need for the local people to understand the process of establishing and developing tourism enterprises. Indeed, this approach is paramount for the emergence of small tourism enterprises. Once the local people have an understanding of the influential factors and the favourable circumstances that contribute to the success of the tourism enterprise, there is a higher likelihood that they will be encouraged to participate in tourism development through tourism entrepreneurship (Koh, 2006).

Such entrepreneurship is an ideal form of community participation in tourism development, and it plays an important role in the success of tourism development (Koh, 2006; McGehee & Kline, 2008; Russel & Faulkner, 1999; Tosun, 2000). Significantly, entrepreneurship is the motor for tourism development, and entrepreneurs are the catalyst for changes that actively contribute to the creation of the supply and demand, and stimulate the dynamic changes in the tourism systems (Koh & Hatten, 2002; Russell & Faulkner, 1999, 2004; Ryan et al., 2012).

Ideally, the host community members participate voluntarily in the tourism development, by engaging themselves in entrepreneurial activities. However, as previously discussed in sub-section 2.3.2, a number of obstacles can be encountered when attempting to encourage entrepreneurship by host community members, including the operational procedures, structural constraints, and cultural limitations (Tosun, 2000). Overcoming these obstacles requires willingness of tourism authority to communicate all details with host communities and involve them in the decision-making processes (Timothy, 1999).

As noted above, host community members have different attitudes toward tourism, and their attitude depends on how they perceive the impacts of the tourism development (Gursoy et al., 2002; Williams & Lawson, 2001). In this regards those who perceive that tourism will benefit them will support tourism development; they may even engage themselves in the tourism entrepreneurial activities. From the above, it is clear that the current literature review helped to identify a number of clusters of factors influencing the attitudes of host communities and ranging from the most to the least favourable towards tourism development (Fredline & Faulkner, 2000). These factors
may, in turn, affect the establishment and development process of small tourism enterprises.

The above discussion has elaborated the importance of tourism entrepreneurship for the success of tourism development. However, many authors (e.g., Carmichael & Morrison, 2011; Haber & Reichel, 2007; Li, 2008; McGehee & Kline, 2008) pointed out that tourism entrepreneurship, to date, is still a *terra incognita* field of research. Indeed, the earlier contention, by Russell and Faulkner (2004), is still true, namely, that, among the ongoing studies about entrepreneurship, only a few studies link entrepreneurship and the service industry. Koh and Hatten (2002) use the term “*overlooked*” to describe the lack of research on entrepreneurship in tourism studies. From the few studies evaluating entrepreneurship in tourism, the focus has, in the main, been on conceptualising the characteristics of tourism entrepreneurs (Baum & Locke, 2004; Koh & Hatten, 2002). Hence, the process of establishment and development of small tourism enterprises remains unclear (Koh, 2006; Page et al., 1999). To fill in the gaps, as discussed above, the current study is focussed on defining the entrepreneurial process in tourism by critically examining the lived-experiences of host communities in establishing and developing small tourism enterprises.

### 2.6 Summary

The review of the literature, discussed thus far, has highlighted the need for an in-depth investigation into the establishment and development process of small tourism enterprises by analysing host community’s lived experiences related to the process. Host community members are seen as central to the success of tourism development in particular destination. Ideally, host community members should actively engage in tourism development within their area, particularly through entrepreneurial activities. Furthermore, the host community members need to act as tourism entrepreneurs, as well as influential factors in the tourism entrepreneurial process. However, the establishment and development of small tourism enterprises by community members appears to be influenced by the attitudes of the host communities towards tourism development and the tourism industry.

Indeed, a number of tourism studies suggest the importance of stimulating the involvement of host community members in the tourism entrepreneurial process. Yet, only a few studies on tourism have focused on entrepreneurship in tourism. Hence, our understanding of the tourism entrepreneurial process by indigenous community
members remains limited. The current research aimed at bridging this gap in tourism knowledge and understanding. It also sought to extend our understanding of the influence of the local community’s cultural perspectives in relation to the establishment and development process of small tourism enterprises. The overarching research question was: what are the lived-experiences of local entrepreneurs in establishing small tourism enterprises in Lombok? And, what are the lived-experiences of local entrepreneurs in developing small tourism enterprises in Lombok? Figure 2.1 (in the next page) shows how the current research fits within the existing literature.

![Figure 2.1: The position of current research within the literature. Adapted from synthesising the literature.](image)

Embedded within the research question lies the need to investigate: what entrepreneurial process the local entrepreneurs go through; in which context the entrepreneurial process take place; what strategies the local entrepreneurs employ in establishing their small tourism enterprises; and how they develop their small tourism enterprises? The answers encompass the processes, systems, approaches, and consequences of entrepreneurial activities in tourism. In the next chapter, Chapter Three, I address how this research study was designed.
CHAPTER THREE
RESEARCH METHODOLOGY AND CONTEXT

3.1 Introduction

Chapter Two reviewed the relevant literature associated with the focus of the current research, providing the basis for our understanding of tourism entrepreneurship conducted by host communities in developing countries. From the literature review, it is clear that entrepreneurship plays an important role in the success of tourism development. Further, it appears that it is an ideal means by which to stimulate host community participation in tourism development in developing countries. Nevertheless, despite tourism development’s importance, tourism entrepreneurship has not been extensively studied. As the entrepreneurial process in tourism remains unclear, there is a strong need to understand the entrepreneurial activities of the host communities in the tourism industry. The current research, therefore, focused on improving our understanding of the experiences of local entrepreneurs in establishing and developing small tourism enterprises in Lombok, Indonesia. Understanding the entrepreneurial process, and the factors influencing its success, can increase host community participation in tourism development through entrepreneurship and, as a result, can stimulate the emergence of indigenous tourism entrepreneurs.

Chapter Three presents a discussion on the research design chosen for this study. Firstly, I employed a qualitative research methodology, drawing on the traditions of constructivism, indigenous ethnography and Sasak (indigenous) methodology. The adoption of such methodology allowed my status as an indigenous researcher, as well as an indigenous tourism entrepreneur, to be involved in the whole research process. The study design is discussed in five sections. The first section presents an overview of the research paradigm that guided the adoption of the indigenous ethnography methodology, lists the five methods, and explains why the methodology and methods were considered to be the most appropriate to this study. The second section elaborates the five sets of methods, namely: interviews, participant observation and auto-ethnography, documentary materials, and ngayo a Sasak’s meeting-tradition. The third section elucidates the grounded theory approach, the method adopted to interpret the empirical materials, and discusses the crystallisation process. The ethical consideration
is presented in the fourth section, while the research’s boundedness is discussed in the final section.

3.2 Research Paradigm

A paradigm in science is a general logic or mode of thought (Neuman, 2006), within which a researcher can expand and construct theories in search of social life’s meaning (Babbie, 2004). According to Guba (1990, p.17), “paradigm” is a “basic set of belief that guides action”. A paradigm enables a researcher to find various (instead of one) solutions to a problem, and helps understand what and how other people look at a problem (Babbie, 2004). Therefore, it is imperative that the researcher acknowledges the paradigm followed in their research project. The paradigm adopted in the current qualitative research is the constructivist paradigm, which is also well known as the “interpretive social science paradigm” (Denzin & Lincoln, 2000; Jennings, 2010; Neuman, 2006). To provide consistency, the term “constructivist paradigm” will be used throughout this thesis; further, it will be discussed in its ontological, epistemological, methodological, and axiological perspectives.

Ontology

Ontology is related to the nature of “reality” (Guba, 1990); also it can be stated by the question: “What kind of being is [a] human being?” (Denzin & Lincoln, 2000, p.19). Ontologically, a paradigm can be identified by the question: “What is the nature of the “knowable”? Or, what is the nature of “reality”? (Guba, 1990, p.18). The constructivist paradigm ontologically assumes that realities are relative in nature, are different from one individual to another, and emanate from individual minds (Guba, 1990). Everyone has his/her own perspectives towards a phenomenon, and there are multiple (rather than one) explanations to describe a phenomenon. The different explanation of a reality can be associated with people’s different knowledge and experiences (Henderson, 1990). Therefore, in order to develop an understanding of a phenomenon, a constructivist researcher adopts an inductive (instead of deductive) approach to research, and commences his/her study in the empirical world (Jennings, 2010).

The constructivist paradigm is applied to explicate how the expressions, perceptions, opinions, beliefs, and favours or disfavours of the observed participants are meaningfully considered and communicated in the real context (Holstein & Gubrium,
The constructivist paradigm is also used to group participants’ behaviours, based on how they see the world (Henderson, 1990). Ontologically the paradigm enables us to understand host communities’ perception about their environment and tourism development (Walle, 1997). In the current research context, the constructivist paradigm is used to understand the beliefs and knowledge of the research participants, and to see the world from the participant’s perspective in order to further understand the relationship between the research participants, their environment, and their entrepreneurial activities in tourism.

**Epistemology**

Epistemology is related to the nature of the relationship between the researcher and his/her research object (research participants) (Denzin & Lincoln, 2000; Guba, 1990). A paradigm can be epistemologically identified by a question: “What is the nature of the relationship between the knower (the inquirer) and the known (or knowable)?” (Guba, 1990, p.18). Epistemologically, the constructivist paradigm assumes that the researcher’s perspectives are influenced by their interaction with the research object (research participants) and, that, between the researcher and those being researched there is an inter-subjective relationship (Jennings, 2010). In such a relationship, the researcher’s perspectives influence their analysis of the construct realities of those being researched (Guba, 1990). Following the constructivist epistemology, I placed myself as a subjectivist; thus, I use the term “I” instead of “researcher” or any third person’s term in the whole process of the research. I also use the terminology “participants” for my research object, and use a particular name when quoting the participants’ words.

To my advantage, I (researcher) have worked in the Lombok tourism industry for more than two decades as an employee and entrepreneur, and have established a close relationship with my research participants. This status enabled me to be an insider in the community of my research participants and, consequently, I was able to experience the social life of my research participants. My status also helped me compare the experience of one participant with another, as well as between the experience of my research participants and my own experience in tourism entrepreneurial activities. By being an “insider” of my participants’ community, I was able to obtain a deeper understanding of the observed phenomena (Jennings, 2001). Epistemologically, I collected empirical materials from an “emic perspective”: the perspectives of insiders as
a result of my being immerse deeply in the social life of the community being studied, or my becoming a member of the community being studied (Jennings, 2010).

**Methodology**

According to Guba (1990), a paradigm can be methodologically identified by a question: “How should the inquirer go about finding out knowledge?” (p.18). From a methodological point of view, the constructivist researcher uncovers and develops “realities” by comprehending research participants’ “constructions” of these realities, and by comparing the “constructions” with those of other research participants’ construction, to achieve a consensus (Guba, 1990). A constructivist researcher normally accentuates his/her research on the cases that emerge naturally in the people’s social lives (Neuman, 2006), and addresses his or her research questions in the process of how social experiences are made and interpreted (Denzin & Lincoln, 2000). In doing so, a constructivist researcher employs qualitative methodologies in the research process (Finn, Ellio-White, & Walton, 2000; Jennings, 2001; Veal, 1997) to generate research outcomes as authentically as possible (Guba, 1990). Qualitative methodologies lead researchers in their analysis by following the nature of the research subjects and contexts, and by allowing researchers to consider their experience and knowledge in the whole research process (Neuman, 2006).

I used a qualitative approach in this research, which was triggered by at least two core factors: first, the complexity in understanding the human behaviours which are associated with tourism (Finn et al., 2000; Jamal & Hollinshead, 2001; Jennings, 2001; Phillimore & Goodson, 2004); and, the specificity of my personal characteristics and the locally-based knowledge of the research objects (Jamal & Hollinshead, 2001; Mruck & Mey, 2007). Second, this research is related to phenomenology and ethnographic cases in which qualitative methods are required to understand the human lived-experience and behaviour (Coffey, 2002; Creswell, 2007; Finn et al., 2000; Moustakas, 1994; Patton, 2002).

Indeed, quantitative approaches, such as case study, may be used in the current study. However, host community’s experiences in tourism entrepreneurial activities, and epistemological perspectives of indigenous Lombok, as the focus of the current research, have been limitedly explored. These phenomena may be difficult to observe using quantitative approach. Furthermore, the appropriateness of qualitative research, particularly constructivist paradigm, for the current study is based on researcher’s status
as an indigenous Lombok and a tourism entrepreneur, and his relationship with the research object. The methodology and methods should be considered by a researcher based on their appropriateness to the focus of study rather than debating of which methodology has better methodological position (Jennings, 2000).

Methodologically, I sought to understand the entrepreneurial process in tourism from the insider’s view (emic perspectives). I comprehended the social phenomenon by interpreting and rebuilding the phenomenon constructed by my research participants from their lived experience, and by contrasting the phenomenon with those of other participants, and my own experience. To do so, I employed a qualitative approach, specifically indigenous ethnography, to understand the research participants’ experiences in tourism entrepreneurial activities. Yet, when evaluating and reporting the empirical materials, I adopted “etic perspectives”: the perspectives of an outsider of the community being studied. The adoption of the etic perspectives in reporting the study was used to maintain its trustworthiness. Moreover, the sounds in the research are not more the sounds of the research participants, but the sounds of the researcher or scientist (Jennings, 2010). To support the current research, I employed a set of methods when collecting and analysing the empirical material, as discussed in section 3.3.

Axiology

From an axiological perspective, the current research involved my own values laden in the process of collecting and interpreting empirical materials (Denzin & Lincoln, 2005; Jennings, 2009). Axiology is associated with the basic beliefs, ethics, and values (Guba & Lincoln, 2005). I valued subjective interpretation over objective inquiry, and I allowed my values to influence my research design. Correspondingly, I chose the constructivist paradigm for my study, as I believe this philosophical standpoint allowed my experience in tourism entrepreneurial activities to resonate.

In addition to my tourism career, I was born as an indigenous Lombok (Sasak person), and I have lived on the island most of my life. My indigenous status influenced my value-laden perspective, as well as my knowledge of tourism in Lombok. During my study I collected empirical materials on five tourist destinations on Lombok, (See Appendix F). The tourist destinations are located in the mainland of Lombok. I did not specifically collect empirical materials on other tourist destinations, such as Gili Trawangan, as there is a high non-local (other Indonesians and foreigners) ownership of tourism enterprises on the island.
The five destinations were the most well-known tourist attractions, as included in the daily tour packages by the majority of tour companies on Lombok. When I worked there as a tour manager for a travel company, I created a number of tour packages to the five tourist destinations. Creating such tour packages increased my familiarity with the settings, as well as with the local people of those destinations. Such familiarity helped me authenticate the local peoples’ experience in tourism entrepreneurship, and develop a deep understanding of the relevant phenomena. In addition, my position as an insider, as well as a researcher, gave me the opportunity for access that an outside researcher could not obtain, due to their limited understanding of local culture, language difficulties and trust issues with the local people. Such a position also enabled me to adopt the indigenous ethnographic methodological approach.

3.2.1 Indigenous ethnographic methodological approach

The nature of the current research necessitated the adoption of ethnography as this approach helped to develop an understanding of the lived-experience of the local people who engage in tourism entrepreneurial activities. Ethnography focuses on studying a group in which the group members interact and share a particular culture; thus, I evaluated the meaning of the behaviours, actions/interactions, and communication among the group members (Creswell, 2007). Additionally, ethnography consists of many types, two of which, adopted in this research, are “indigenous ethnography” and “auto-ethnography”. Indigenous ethnography is an inquiry into the culture of a community, whereby the inquiry is conducted by a member of the community (Tomaselli et al., 2008). I consider myself a local as I have worked in tourism and managed a small tourism enterprise on Lombok; consequently as a local I was able to study the experiences of the local people in establishing and developing their small tourism enterprises. Both my status as a member of the indigenous community being studied, and my being involved in a tourism business on Lombok, suited the adoption of indigenous ethnography as the methodological approach for my research.

The inclusion of my own experiences of tourism entrepreneurial activities in my analysis required me to adopt auto-ethnography during the whole research process (Adams & Jones, 2008; Coffey, 2002; Tomaselli et al, 2008). According to Jones (2005), auto-ethnography is:
A balancing act...Auto-ethnography works to hold self and culture together, albeit not in equilibrium or stasis. Auto-ethnography writes a world in a state of flux and movement – between story and context, writer and reader, crisis and denouement. It creates charged moments of clarity, connection, and change (p.764).

Auto-ethnography accounted for my personal experience as a researcher, which became a source of empirical information, with my subjective interpretation being used on the phenomenon. As further elaborated by Adams and Jones (2008) “Auto-ethnography… hinges on the push and pull between and among analysis and evocation, personal experience and larger social, cultural, and political concern” (p.374). Hence, my personal experiences were analysed and compared with the social phenomena and were used to evaluate the social phenomena. Auto-ethnography is also defined as “autobiographies that self-consciously explore the interplay of the introspective, personally engaged self with cultural descriptions mediated through language, history, and ethnographic explanation” (Ellis & Bochner, 2000, p. 742). In my research context, my personal experiences of tourism entrepreneurial activities helped me to collect empirical materials and to construct an understanding of others experiences in establishing and developing small tourism enterprises on Lombok.

The adoption of indigenous ethnography in this study required the reconciliation between the local and Western perspectives (Gurung, 2008; Jennings, 2009). While the empirical materials were derived from local perspectives, those were collected and evaluated using Western methodologies (Western perspectives). Consequently, the use of indigenous ethnography required the adoption of indigenous epistemological perspectives. Meanwhile, the use of auto-ethnography evoked my epistemological position in the research context. It was, therefore, imperative for me to clarify my relationship with my research participants. In this way, I can illustrate the holistic cultural portrait of my research participants by integrating their “emic” perspectives and my own “etic” views (Creswell, 2007; Jennings, 2001).

For the local people of Lombok, being a tourism entrepreneur means a reliance on their decision to search and engage in a tourism entrepreneurial opportunity. The entrepreneurial opportunity is a phenomenon, which is related to how the local people think about it, how they perceive the opportunity, and how they describe, feel about, judge, remember, value, and express the situation when communicating it with others (Patton, 2002). Consequently, ethnography is an important methodology for regarding the differences in historical, social structural and geographical background of my
research participants. The differences in the profiles of places where research participants live and run their tourism entrepreneurial activities can lead to differences in their experience and interpretation about the phenomenon of tourism entrepreneurship. In the current research, the ethnographic approach was used to study the local people’s daily activities in regard to tourism entrepreneurship. Such activities include the behaviours, actions, interactions, and the communication with and by the local people. I employed the process of ethnography through participant observation in which I engaged in the daily activities of the local people in order to observe, as well as interview, my research participants (Creswell, 2007).

The qualitative research approach allowed me to disclose particular aspects of my participants’ life and to understand their experiences (Smith, 2008). It was also imperative to note the indigenous epistemological perspective since the identity and cultural values of the indigenous community (the research participants) could affect my way of working, especially in this social science research setting (Frow & Morris, 2000; Schaper, Carlsen, & Jennings, 2007). While I have been reliant on Western knowledge and paradigms, it was important that I make the methodologies I was using familiar to my participants; it was essential that I decolonise the methodologies from the position of indigenous research, as brought up by myself, an indigenous researcher (Allwood & Berry, 2006; Smith, 2008). Taking into account the indigenous epistemological perspectives, I indigenised the research method in order to suit, and be acceptable to, the local cultures and my research participants. In doing so, I explained the process of the study, including the procedure for collecting and analysing the empirical material, using the local language. Furthermore, I adopted a local mores (ngayo) as one research method for collecting the empirical material and crystallisation. Further details about ngayo are presented in section 3.2.2.

According to Yang (2000), an indigenous researcher, who is undertaking indigenous research, should take into account the “indigenous compatibility” in which “…each empirical study has to be conducted in a manner such that the researcher’s concepts, theory, methods, tools, and results adequately represent, reflect, or reveal the natural elements, structure, mechanism, or process of the studied phenomenon embedded in its context” (p.250). Specifically, as Fontana and Frey (2000) suggest, it was important for me to understand the local language used by the research participants so that I could understand their perspectives and behaviours. For example, in the context of the present research, the Lombok people often use the plural pronoun “we” instead of
“they”, or the single pronoun “I”, even though what he or she wants to say relates to other people. One of my participants said, “Kebanyakan kita orang Lombok tidak mau jujur kepada tamu”; which literally means, “Most of us people of Lombok are not honest to tourists”. Culturally, what the participant meant was that many people in Lombok are not confident to talk frankly to the tourists, therefore, they talk metaphorically. Despite the speaker’s use of “us” he was talking about other people, not himself. Therefore, the statement could be both confusing and misleading to a researcher who did not understand the local language. Further, the tendency of using the plural pronoun in the speech of most Lombok people reflects the humbleness and communality of the people’s characteristics (Amin et al., 1997).

It was deemed essential to elicit these cultural nuances, as facilitated by an indigenous ethnographic methodology. My indigenous researcher credentials were bolstered as: I was born and bred on Lombok; I speak both indigenous Sasak and the national language Bahasa Indonesia (the two common languages used by people on Lombok); and I have engaged in tourism industry practices since 1990 (having had many opportunities to travel around Lombok and Indonesia, developing my understanding of tourism and the local people). Under such a privileged position, when undertaking my fieldwork, I was regarded as both a researcher and a local. According to local cultural practice many called me “batur” (or friend), and “semeton” (or brother). At times I was also called “bapak” (sir or master), a result of my previous job in one of the biggest travel companies on Lombok, and because of my present job as a lecturer. At times I was regarded as a government representative who came to supervise a business. In such instances, I was sometimes invited to be a mediator, and my advice was sought to solve problems with business partners. However, the most important aspect was that I developed a peer relationship with my research participants while sharing their experiences in the tourism industry.

As a qualitative researcher, it was imperative that I acknowledged the heterogeneity of the community from which the empirical material was collected (Schaper et al., 2007). From my perspective, the people of Lombok are not a homogenous group, especially in terms of their beliefs and ethnic backgrounds. Additionally, since the tourism industry has been developed for more than two decades, the people of Lombok have received significant numbers of international tourists. As a consequence, they have made international contacts and such contacts have influenced
their perspectives and business opportunities. Importantly, tourism development has resulted in the emergence of some places as tourist attractions (Saufi, 2008).

In the current research, my participants lived in different locations on Lombok, run different types of tourism enterprises, and come from different backgrounds. Such differences have influenced their perspectives, behaviours, and experiences related to tourism entrepreneurial activities and represent the heterogeneity in the culture. In addition, as the culture shapes individuals’ attitudes, and influences their actions toward particular issues, my understanding of the host community’s culture provided important insights into their perspectives and behaviours (Allwood & Berry, 2006). The next subsection provides an overview of the historical and socio-political aspects that influence people’s culture on Lombok.

### 3.2.2 Historical and socio-political aspects of Sasak Lombok

A survey in 2011 showed that Lombok was populated with 3.2 million people (BPS NTB, 2012). The indigenous people of Lombok are the “Sasak”, who populate the entire island. According to Lukman (2004), Sasak and Lombok are derived from Sanskrit. Sasak means ‘one’ or ‘single’, and Lombok means ‘honesty’ or ‘truth’. If the words are combined as Sasak Lombok, the meaning becomes the only one honesty or the only one truth. In their lives, the Sasak have characterised the philosophical meaning of Sasak Lombok into being honest and speaking the truth, as opposed to lying (Zakaria, 1998). Such characteristics are obvious in the Sasak people, as they believe in being loyal to their leaders, being patient or humble, and being religious. The Sasak people have a simple life and are truly paternalistic. They are highly faithful to God or their spiritual beliefs; they are also obedient to their parents and their government. These people are truly communal and have a high sense of tolerance, being supportive of each other and having close kinship relations, rather than a formal relationship (Zakaria, 1998).

The Sasak people are mainly Muslim and, their beliefs characterise Lombok as “a thousand-mosque island”. At the same time, much of the Sasak’s cultural background has a strong link with the Hindu and Buddhist religions that once were commonly followed by the people in the Indonesian Archipelago (Lukman, 2004). During those early times they were animists, then Buddhists, before the coming of Hinduism and Islam. Indeed, the influence of the Hindu religion, which began in the early 18th century, on Lombok, still remains visible on many historical buildings, such
as the palace and temples. For example, the Balinese King, who was Hindu believer, occupied the western part of Lombok and controlled that area until the coming of the Dutch in 1896 (Zakaria, 1998). The king built several palaces and Hindu temples, which remain today, and are preserved as historical heritage. Not surprisingly, on Lombok, much of the Hindu culture has been adopted by the Sasaks to guide their daily life. The Hindu influence also resulted in the development of a number of unique traditions, such as the rituals performed at wedding ceremonies, the singing of traditional songs, and the performing of traditional dances. These rituals have become an attractive aspect of performance for tourists to Lombok.

During the reign of the Balinese Kings, the Sasak people were divided into three main classes (Lukman, 2004; Zakaria, 1998). Such social stratification still remains today, and is obvious in the Sasak’s daily activities. This social stratification was also an important aspect in my research since it relates to the socio-political influence on the local people’s characteristics, one of which is the entrepreneurial characteristic. Based on their social stratification, the Sasak people are grouped into three main classes or triwangsas: the King and his family, wealthy people, and common people (Amin et al., 1997; Zakaria, 1998). Zakaria (1998) identifies the three classes: the datu or king, the permenak-perwangsa or the king’s families, relatives and subordinates, and the jajar karang or common people. Within the triwangsas, Zakaria adds another class, the sepangan or slaves, who were considered the lowest in the society, although today not so relevant.

Nowadays, even though there have been substantial shifts in the social aspects in Indonesia, for example, social equality, the influence of the social stratification is still evident (Amin et al., 1997). This stratification is most apparent in the marriage processes, where a man from the higher class is allowed to marry a woman from the lower classes, but a man from a lower class is not allowed to marry a woman from the higher classes (Amin et al., 1997; May et al. 1989; Zakaria, 1998). Additionally, a higher class woman will lose her status, if she marries a lower class man; as she has to follow her husband’s class, she will, therefore, lose her inheritance from her parents (Zakaria, 1998).

In terms of the socio-political aspects, the upper class tend to be more dominative than the lower class, often shaping the perceptions and opinions of the lower classes (Amin et al., 1997; May et al. 1989; Zakaria, 1998). Further, the upper class also tends to occupy most of the strategic positions in local governmental departments, such
as being the head of the department or being a politician (May et al., 1989). However, they do not have strong control over the economic sector; they have the same opportunities in business as the lower classes. In the economic sector, the competition is on an equal footing, and relies on the ruling of the market, not on social stratification. For this reason, more people are involved in business from within the common people or the lower class than from the higher classes. Social stratification motivates the lower class people to improve their status through tourism entrepreneurship as further discussed in Chapter Four, sub-section 4.2.1.

On Lombok, the influence of social stratification is also obvious from the characteristics of the Sasak people. In general, they are polite and highly respectful to those who from a higher social class or who are older (Amin et al., 1997; May et al., 1989). When talking with the higher class or older people, the Sasak people may not look into their eyes. They may not confront their opinions because that may be considered as a sign of disobedience, or be regarded as an insult. Indeed, a person’s opinion is measured by their social class, wealth or level of their education (May et al., 1989). Consequently, social stratification may influence the local people’s attitudes and behaviours when interacting with tourists, particularly those who perceive the tourists as wealthy people. (See Chapter Five sub-section 5.2.1, regarding stereotype of wealthy and generous Westerners).

Further, the Sasak people are truly paternalistic; they are loyal to their informal leaders (Zakaria, 1998), whereas the flow of ideas and commands are mostly hierarchical (May et al., 1989). They are also dedicated to their informal male leaders, who tend to have a wider knowledge of the Islamic religion (Lukman, 2004). These informal leaders are known as “imams” or “Tuan Gurus”, which means “respectful teacher”; they tend to be charismatic religious teachers (Amin et al., 1997; Lukman, 2004). In many cases, the imam is given more respect than the formal leader; with the local people being more obedient to the informal leaders than the formal ones (Amin et al., 1997; May et al., 1989; Zakaria, 1998).

Overall, the historical and socio-political aspects have influenced the local people’s culture on Lombok, especially in terms of the characteristics of the local people who engage in tourism entrepreneurial activities. To better understand the situation in Lombok, within the current research context, in the next section I discuss ngayo, a Sasak’s tradition that I adopted during my fieldwork to assist me in interacting with, and immersing myself, in the participants’ social life.
3.2.3 *Ngayo*, the Sasak’s meeting tradition

Consistent with the qualitative indigenous ethnographic methodological approach, I created and adopted an indigenous method, *ngayo*, from the local mores of the Sasak people. This approach helped me to indigenise the Western methodologies implemented in the current research and to make the methodologies acceptable to the local people. *Ngayo* is a Sasak’s tradition related to meeting family members, neighbours, friends, and other community members. As a communal characteristic *ngayo* strengthens and maintains relationships between individuals in the community, creating brotherhood conditions; further, it helps to develop openness and a full understanding of their informal discussions. Despite its positive benefits, *ngayo* is little known and only vaguely understood or identified. Therefore, to discuss *ngayo*, I approached and included the locals who had knowledge of this Sasak tradition. One local cleric shared his thoughts on *ngayo*:


Translated as: *Ngayo* is related to brotherhood. Brotherhood has six foundations. First is relationship, “nganyo”, to build relationships either individually or communally. Why do we have *ngayo*? That is in order to know each other. That is the first foundation of brotherhood in developing a community. What part of each other should we know? It is not only our bodies and names, but also our thoughts and souls. This will lead to understanding or ideology…and then from that there will emerge a willingness of people to help each other for good purposes (Sanusi, personal communication, May 15, 2011).

*Ngayo* is derived from Sasak language, “ayo” meaning visiting relatives, neighbours, friends, or someone whom we can talk to or share particular issues. *Ngayo* contains the energy of honesty. The spirit of *ngayo* is visiting and meeting someone for either serious purposes or just for a chat. A local humanist shared their thoughts:

Bila orang bilang: “*nane ne adikm jakn merarik. Cobak lalo ngayo juluk semendak juk amaq saikm to ampokm molah ngeraos*”. Berarti itu sudah mulai berbicara agak serius. Nah, tapi kalo misalnya ada muncul lagi
kalimat: “...angkak ke ngonekm ndek uah dateng ngayo penohn, sang uah bagus lalok tadahm nane” Berarti dia rindu sekali utk didatangi. Bukan berarti dia rindu karena mengharapkan sesuatu. Tetapi kepingin dia dapat ngomong bersama bersenda gurau biar dia bisa bersen apa curhat curhat…itu sebenarnya ngayo.

Translated as: When someone says: “Your sister will get married, can you ngayo” to your uncle to discuss it”. This refers to a serious talk, but if, for example, someone says: “It’s been so long since you came “ngayo” again, you’ve probably been rich hah…” This means that this person loves to be visited. It does not mean that the person expects something from his friend. He just wants to talk together, just to have a chat or fun…That is actually ngayo (Sahnan, personal communication, May 11, 2011).

According to Sasak tradition, ngayo is the implementation of building and managing relationships. It is a vital activity because ngayo indicates someone’s closeness to his or her relatives, friends, and community, and those who know each other do it. From such a position, the Sasak people developed their “saling ayoin” or visiting each other tradition in order to manage their relationships. For this purpose, Sasak’s often take with them their family members, such as their children, when making ngayo in order to strengthen and sustain their relationships. Therefore, Ngayo is also a means of making self-introductions to a new community. When a new comer enters a community, one of the community members will introduce the new comer to the other members by making ngayo. This is the uniqueness of ngayo; it always involves those who know each other. A very common expression to the one who brings along a new comer into ngayo is, in the Sasak language, is: “yaaa, sai tie sim jau’an te? Kama arak bae jaukm kernet... setiapm ngayo ye bedoem kernet doang kamu....” Meaning, “..., look, who are you bringing to us? You always bring someone else..., every time you come, you always bring a guest for us...” (Sahnan, personal communication, May 11, 2011).

Ngayo in the Sasak community is used effectively to build solidarity; it is also an effective way of solving many social problems (Mahyuni, 2009). For the Sasak people, ngayo is a means of teaching children solidarity and sharing. When someone ngayo and takes his or her children, the children will be given something by the host, normally money or a live chick. The chick must not be consumed, but it must be cared for and nurtured into maturity. The philosophical meaning behind this gift is creating sustainable relationships. Very often, when the children grow up, and the chick also grows, in terms of numbers, the new chick will be a gift to other children. By doing
ngayo, the Sasak people share their problems with each other. When they have a problem, the other community member becomes as mediator and this understanding is developed by visiting each other through ngayo. Consequently, I developed ngayo as an approach for collecting empirical material. I also adopted ngayo for the crystallisation process, as discussed in sub-section 3.4.2.

In doing ngayo, any topic can become a hot topic, and any problem can be solved. However, despite its simplicity, ngayo is a unique activity. Ngayo is undertaken when at least two people are known to each other (or otherwise someone should act as a mediator between the two people). Strictly following the Sasak traditional values, Ngayo is made by a male for a male and a female for a female. If a male guest wants to meet a female host, one of them should be accompanied by other family members, and they must talk in an open area. It is for this reason that most Sasak people build a small open hut, or “berugaq”, in front of their houses where they host their guests. The berugaq is used to welcome a new guest or someone who is, according to local values, impolite to be hosted in a closed room. (See sub-section 3.3.2, Plate 3.1, where I made angayo to a participant, and was hosted in a berugag). For example, when a male guest visits a house in which there is no male host, he sits in the berugaq. There he can meet the female host or wait until the male host comes home. This tradition was developed to protect both the guest’s and host’s integrity, and so that they would not be negatively perceived by other people.

The uniqueness of ngayo makes this activity an interesting and effective way of collecting empirical material. Since ngayo is an informal meeting, and people usually discuss unlimited topics, it provides a great collection opportunity. Furthermore, the spirit of ngayo is honesty; it is an effective approach of unveiling local people’s opinion regarding particular issues, especially sensitive ones. Therefore, ngayo was an appropriate approach, which, I developed during the fieldwork, particularly when collecting information through interviews and observations, and through the crystallisation of the empirical materials. The next sub-section presents a discussion on reflexivity and my social situatedness.

3.2.4 Reflexivity and my social situatedness

Reflexivity indicates the presence of a researcher in the whole process of his or her research; this presence ultimately influences the outcome of the research (Adkins, 2002; Coffey, 2002; Guba & Lincoln, 2005). Also, reflexivity is related to situations in
which a researcher involves his or her feelings, emotions, and personal capabilities during the research (Coffey, 2002; Mruck & Mey, 2007). One example of reflexivity, in the early stage of the current research was my choosing a research topic that suited my knowledge, personal characteristics and experience (Mruck & Mey, 2007). Further, reflexivity is also employed to inspect the way a researcher establishes themselves in the process of acquiring empirical material and developing interpretations about the material (Schwandt, 2007).

Subsequently, reflexivity is imperative in the process of analysing the empirical material and reporting interpretive studies because of their subjective nature; in the current context, it allowed me and my participants’ perspectives to be heard and evaluated by an audience (Hertz, 1997). The use of reflexivity is also suggested in regard to the constructivist grounded approach, because it entails the way researchers manage their research, link with their research participants, and correspond to the research participants in their research report (Charmaz, 2006). This approach, therefore, was suitable in the current study. I had worked in tourism for more than 13 years and, in 2000, I founded a social foundation, together with a couple from The Netherlands. The foundation was built to help orphans, and less fortunate children, with their study in Lombok, and to help local people improve their economic situation through the tourism industry. To finance the foundation, I established several tourism business units, including a theatre, a restaurant, and a public swimming pool. Establishing and developing the tourism enterprises to support the foundation gave me experiences of the entrepreneurial process in the tourism industry. This knowledge helped me understand the entrepreneurial process experienced by other tourism entrepreneurs.

Further, my career in tourism benefited from the completion of my Masters degree, with honours, from Griffith University in 2008. The Masters degree assisted me to acquire the qualification needed for teaching tourism management at a local university in Lombok. My previous working experience in the tourism industry, and my continued engagement in the academic world as a lecturer and in field research, increased my knowledge and experience of tourism. That knowledge and experience assisted me in pursuing further research into the host community’s experiences in establishing and developing their own tourism enterprises. Moreover, my position, as a founder and director of a social foundation that runs some small tourism enterprises, provided me with the opportunity to closely scrutinise the lived-experience of tourism entrepreneurial activity.
3.3 Research Methods

The following section explains how the empirical materials were collected. Firstly, the sampling (recruitment process) of the participants involved is discussed. The three main approaches (in-depth semi-structured interviews, participant observations and auto-ethnography) employed to collect the empirical material, are examined. Finally, the integrated use of Ngayo, for the collection and interpretation process of the empirical material is outlined. As noted briefly above, the ngayo technique is rooted in local tradition; I developed its use to increase the authenticity and trustworthiness of empirical material.

3.3.1 Sampling

Sampling enables a researcher to gain accurate data from a small part of a larger population (Sarantakos, 2005). Sampling in research is important, as it is not possible to collect data from the larger population, organisation or other entity that is the focus of the research (Neuman, 2006; Punch, 2005; Sarantakos, 2005; Veal, 2006). In addition, sampling determines the number of research participants, the setting and the process (Punch, 2005).

Veal (2006) explained that unlike quantitative research, that involves statistical analysis to determine the level of its sampling, qualitative research (as undertaken here) is not dependent on the numbers or the random selections but on the methods of how the respondents are selected and contacted. Qualitative research is, therefore, more likely to adopt non-probability or non-random sampling (Neuman, 2006; Sarantakos, 2005), and so the samples are not determined in advance and the researcher does not have full knowledge about the population from which the samples is drawn. Quantitative researchers need a pre-planned approach, based on statistical theory, whilst qualitative researchers select cases step-by-step, depending on the specific content that determines whether a case is chosen or not (Neuman, 2006).

In this study I used a combination of purposive and snowball sampling techniques to recruit the participants. Purposive sampling is also known as judgmental sampling because the researcher chooses the sample, based on their judgment that the sample will meet their criterion (Jennings, 2001; Neuman, 2006; Sarantakos, 2005). Thus, purposive sampling is a useful technique when selecting cases which are unique and informative; and where the members of the population are hard to reach; and the investigation is in-depth (Neuman, 2006). I adopted purposive sampling to recruit
research participants who established their tourism enterprises in five villages within Lombok, and who had different types of tourism businesses. These villages were the main tourist destinations where the majority of tourism enterprises were located. From a Lombok tourism industry perspective the villages are well known for Sasak traditional tours offered by the majority of tour companies. An example of such a tour package is provided in Appendix E; the location and information regarding the five villages are provided in Appendix F.

The (21) research participants owned and ran small tourism enterprises that employed from 1 to 50 people. As Bolton (1971, as cited in Storey and Greene, 2010) explains, a small business should “be owned and managed by the same individual; be legally independent; and have a small share of market place” (p.32). The European Union also commonly uses the term small to medium-sized enterprises (SMEs) to describe small businesses (Storey & Greene, 2010), as determined by the number of employees, their turnover and assets (see Table 3.1).

Table 3.1. SMEs’ definitions

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Headcount</th>
<th>Turnover</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt;250</td>
<td>≤ €50 million</td>
<td>≤ €43 million</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;50</td>
<td>≤ €10 million</td>
<td>≤ €10 million</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt;10</td>
<td>≤ €2 million</td>
<td>≤ €2 million</td>
</tr>
</tbody>
</table>


Consequently, this qualification for the research participants was used in this study; that is, the characteristics of small-scale enterprises employing a maximum 50 employees. I recruited my research participants from host community members (indigenous entrepreneurs) who owned and ran one or more tourism enterprises, with a maximum of 50 employees (Storey & Greene, 2010). To determine if participants’ enterprises were established, I followed McGehee and Kline’s (2008) suggestion that an enterprise can be considered established if it has been running for at least 42 months. I also recruited 7 participants from other tourism stakeholders including head village of the main tourist destination, heads of tourism departments, anthropologists and local cleric who involved in NGOs related to tourism. I expected the participants, with such
qualifications, to have experienced various events that would increase our understanding of the entrepreneurial process in the tourism industry. Details of the research participants’ profiles are provided in Appendix B.

The snowball sampling, also called network, chain referral or reputational sampling (Neuman, 2006), is used when the researcher has no information about the connection between the participants and others. When the researcher meets a participant, the other participants result from the recommendation of that first participant, and so on (Jennings, 2001). For this reason I adopted snowball sampling to meet appropriate participants in every research location. While I knew many participants, as a result of my activities in the tourism business, I did not know many tourism entrepreneurs, particularly those who ran surfing shops, for example, in Kuta village. By adopting snowball sampling I was able to meet and extend the number of participants from within the Kuta area.

To develop an understanding of the host community’s experiences in establishing and developing their small tourism enterprises, and to ensure that the research questions were addressed, my research participants were:

- Tourism entrepreneurs who owned and ran tourism enterprises (such as travel agencies, art shop, expeditions, furniture stores, hotels and restaurants, and surfing shops);
- Head of Senggigi village, a tourist destination where most tourism enterprises were located;
- Heads of provincial and regional tourism departments;
- Local anthropologists engaged with NGOs related to tourism; and

I also involved other tourism stakeholders in the crystallisation process which I did not count as research participants in Appendix B. These include:

- Tour guides who represented the Indonesian Guide Association.
- Lectures of Mataram University.

As a result, the research participants were affiliated with the geographical representation, as well as with the professions and institutions. Their recruitment enabled me to collect varied empirical information, and to conduct the crystallisation process. The different backgrounds of my participants provided various perspectives that helped me construct my understanding of the experiences of indigenous tourism
entrepreneurs; their backgrounds also helped explain the context in which the experiences took place.

3.3.2 In-depth semi-structured interviews

A common data collection methodology in qualitative research is the use of interviews (Sarantakos, 2005). They are used to identify participants’ understanding and interpretation of particular phenomena (Strauss & Corbin, 2008), as well as to clarify and understand messages and meaning of the phenomena (Finn et al., 2000). Interviews enable mutual exchange of information and experiences between interviewees and the interviewer (Jennings, 2005). Face-to-face interviews have some advantages, such as: in-depth discussions with the participants; the possibility to observe their surroundings; and the use of non-verbal communication (Neuman, 2006).

Strauss and Corbin (2008) suggest that in-depth semi-structured interviews are usually conducted in the very first interview. The results are used to guide any follow-up interviews, which can adopt a more structured technique in order to allow the process of theoretical sampling. Indeed, theoretical sampling is a method for collecting data based on concepts developed from previous data. The purpose of theoretical sampling is to collect as much data as possible to maximise the possibility of developing properties and dimension of particular concepts, and to identify the relationship between the concepts. Further, the data from theoretical sampling are gathered until a category reaches saturation. According to Strauss and Corbin (1998), data saturation is achieved when: “(a) no new or relevant data seem to emerge regarding a category, (b) the category is well developed in terms of its properties and dimensions demonstrating variation and, (c) the relationship among categories are well established and validated” (p.212). Whilst there is no common number of interviews to achieve data saturation, Creswell (2007) suggests this is often achieved after twenty to thirty interviews.

To develop an understanding of the local people’s experiences in establishing and developing small tourism enterprises, I conducted 34 interviews, with 28 participants: I conducted two interviews with some research participants who had additional information of particular issues that emerged after the first interview. The interviews were conducted in two stages from January to May 2011. The first nine interviews, with eight participants, were held in January and February 2011. From them I gained the primary concepts for the study. To enable the theoretical sampling process
to be effective, I used the results of the first interviews to guide my next round of interviews. This approach allowed me to know about the social and psychological processes in my particular settings; as Charmaz (2000) contends, it is imperative to start with preliminary interviewing questions. The purpose of such preliminary questions is to examine the participant’s concerns and then develop questions around those concerns. The concepts that I discovered from the first interviews I raised with the participants in the next round of interviews; these were conducted from March to May 2011. The interview schedule is provided in Appendix B, while the list of questions used to address the research questions are provided in Appendix A.

Plate 3.1. *Ngayo*: Me (left) was hosted by a participant (right) after work in a berugaq. The participant owns and manages a hotel and restaurant in Kuta, south Lombok.

The interviews were conducted as conversations lasting between thirty minutes and two hours. While this technique can be a long process for the participants, the in-depth conversations encourage the participants to express their opinions, experiences and beliefs. The depth and the length of the interviews are dependent on the knowledge and communication skills of the researcher and the respondents (Sarantakos, 2005). I benefited from my status as a local who spoke the same language as the participants. My knowledge of the settings and the local culture helped me to develop, during the study process, a close relationship with the participants. Furthermore, as discussed in
section 3.2.2, I adopted the *ngayo* technique when conducting the in-depth interviews. The technique enabled me to gain rich and objective empirical data; an example of my *ngayo* is shown in Plate 3.1

### 3.3.3 Participant observation and auto-ethnography

One common reason for using participant observation is to avoid false information from participants about their real life (Strauss & Corbin, 2008; Yin, 2009). I employed participant observation to help me collect empirical materials that I could not discover from the interviews. Further, this technique increased the credibility of my findings (Lincoln & Guba, 1985). Since this research was aimed at developing an understanding of the local people’s experiences in establishing and developing small tourism enterprises, it was important for me to obtain a deeper understanding about the local people’ social life. Observation allowed me to engage in the social life of my observed participants (Patton, 2002). Further, through this technique I increased my knowledge of the context in which my research participants lived and conducted their activities. Understanding the context in which the knowledge is embedded is the best way to understand a phenomenon (Lincoln & Guba, 1985; Straus & Corbin, 2008).

During the participant observations, I played the role of “researcher participant”; I was both an insider and an outsider (as outlined earlier in sub-section 3.2.1). I had the opportunity to visit and observe all enterprises owned and managed by my research participants at the five tourist locations (as previously explained in section 3.3.1). In my observation, I spent different time in each enterprise, ranging from 2 to 5 hours. I noted and wrote all-important issues related to my participants’ actions (behaviours), such as how they interact with their employees, customers, and other people around their enterprises. Most observations were followed by the interviews, as suggested by Patton (2002), to avoid any misinterpretation of what the participants meant by their particular observed behaviours.

Moreover, I usually conducted the observations during office hours, at the participant’s work places, before following up with the interviews. Thus, I made *ngayo* to my participants’ residences after office hours, a common practice for *ngayo* (as discussed in section 3.2.2). Most *ngayo* occurred one or two days after the observations to enable me to analyse my observations and then use those findings as topics in my interviews. My social status as a local tourism entrepreneur allowed me the privilege to involve myself in the entrepreneurial and social activities conducted by the host
communities in tourism; this also helped me use the ngayo technique. For instance, I played the role as mediator between a group of art shop owners and the tour guides at a research location. This involved a discussion on selling techniques and commissions (as depicted in Plate 3.2). Such participation increased my understanding of my participants’ daily activities related to tourism entrepreneurial activities, and my personal relationship with the participants.

Plate 3.2. A meeting for mediation between art shop owners and the HPI (Indonesia’s Tour Guide Association) in the pottery village.

The importance of self-reflexivity and my social situatedness aligned with my auto-ethnographic research approach. My own experience of working in the tourism industry, and establishing and developing my tourism enterprises became an important source of empirical material. I had established a theatre and a restaurant in 2002 on Lombok. In 2009, I established a public swimming pool that helped attract international, as well as local, tourists. My involvement in such tourism entrepreneurial activities provided me with the opportunity to reflect on my experiences and make comparisons with other community members’ experiences. I used my personal experiences to illustrate facets of cultural experiences and to distinguish the characteristics of identity familiar for insiders and outsiders. My personal experiences also helped me to construct the meaning of entrepreneurial experiences of other community members. In addition, I
collected secondary empirical material from documentaries; this aspect is discussed in the following sub-section.

3.3.4 Documentary materials

The development of ethnographic study has moved from the previous oral setting and non-literate societies to today’s documented settings presented by indigenous social actors (Atkinson & Coffey, 2004). Such developments have meant that secondary empirical material needed to be collected through documentaries, in addition to primary empirical material through interviews and observation. To increase our understanding of the social life of a community, I took into account what has been produced, reported, and documented about the community’s social life, either by other writers or by the community members themselves (Sarantakos, 2005). Such reports and documents include historical books, magazines, annual reports, meeting minutes, films, internet multimedia, diaries advertising posters and video clips (Jennings, 2010).

The most common sources of secondary empirical material are data archives and official statistics (Sarantakos, 2005). Hence, I collected data archives and official statistics from the head office of the villages, the library of West Nusa Tenggara Province, the provincial and regional tourism department offices, and the province statistical department. I also collected empirical materials from historical books, magazines, journals, Internet multimedia, and other written documents about indigenous Sasak and tourism entrepreneurship in Lombok. The secondary empirical materials (see the reference list), collected through the documents, helped me interpret and crystallise the information collected through the interviews and observations. The next section discusses the interpretation process of the empirical material.

3.4 Interpretation of empirical materials

Qualitative interpretation is concerned with empirical material displayed in words (Sarantakos, 2005), and text or symbols (Neuman, 2006). Qualitative researchers focus their interpretation on developing an understanding and interpretation based on the context of empirical material and the real life occurrence. Qualitative analysis relates to the transforming, interpreting, and making sense of the qualitative empirical material. In doing so, I had no single methodological analysis framework to follow; thus, I employed multiple methods at the same time (Jennings, 2001; Patton, 2002). According to Sarantakos (2005), the process of analysing qualitative empirical material
can be classified into three groups. First, iterative qualitative analysis uses grounded theory and analytic induction. Second, fixed qualitative analysis follows a fixed research design and the empirical materials are processed after completing the collection. Third, the subjectivist qualitative analytical approach includes all types of analysis that are excluded from the first two groups. This method is independent from general rules and principles.

Through the analysis of the collected empirical material I sought to develop an understanding of the host community’s experiences in establishing and developing small tourism enterprises. I also sought to generate theoretical insight and, therefore, I followed the iterative qualitative analysis (Sarantakos, 2005). The analysis followed the systematic procedures of grounded theory (Strauss & Corbin, 2008); here, as the researcher, I was placed in the analysis as an insider (Charmaz, 2006). In doing so, the data analysis procedures followed the three steps suggested by Strauss and Corbin (1990, 1998, 2008): 1) open coding; 2) axial coding; and, 3) selective coding.

I employed grounded theory to generate a theoretical framework from the empirical materials (Strauss & Corbin, 2008). Grounded theory consists of a set of inductive techniques for collecting and analysing empirical material in the pursuit of constructing fundamental concepts of a social phenomenon (Schwandt, 2007). A theory of a phenomenon is developed from empirical material collected from a large number of participants who experience the same phenomenon (Charmaz, 2006; Strauss & Corbin, 2008). Moreover, grounded theory is also considered as an emergent method used to observe the emergent themes in a phenomenon, and analyse the themes inductively, often discovering new methodological strategies in the analysis, and constructing an emergent understanding about a social phenomenon (Charmaz, 2006). Strauss and Corbin (1998) define grounded theory as:

Theory that was derived from data, systematically gathered and analysed through the research process. In this method, data collection, analysis, and eventual theory stand in close relationship to one another. A researcher does not begin a project with a preconceived theory in mind (unless his or her purpose is to elaborate and extend existing theory). Rather the researcher begins with an area of study and allows the theory to emerge from the data. (p.12)

The grounded theory approach was first proposed by Glaser and Strauss in 1967, and employed in the field of sociology. From its inception, the approach developed further into two approaches: systematic procedures (Strauss & Corbin, 2008), and the
constructivist approach (Charmaz, 2006). According to Strauss and Corbin (2008) and Charmaz (2006), the grounded theory variants diverged in two main perspectives; first, they diverge in the way the empirical material are interpreted and developed into a theoretical framework. This systematic procedural approach relies on a more rigorous set of analysis than the constructivist approach. Second, using the systematic procedural approach tends to place the researcher as an outsider or “etic”, whereas using the constructivist approach the researcher is placed as an insider or “emic”.

I adopt both approaches in this study. I followed the systematic procedural approach through the collection and interpretation of the empirical material using my indigenous auto-ethnographic “emic” perspective. Both variants were adopted as I could work systematically in collecting, as well as interpreting, my empirical materials, following particular methodological steps in grounded theory. Moreover, having a similar cultural background to my participants placed me as an insider, from which I was able to interpret my own experience of the observed phenomena in comparison, and in combination, with those of my participants (Moustakas, 1994; Patton, 2002). Consequently, I developed findings grounded in both my past participation in tourism, and my present interaction with my participants (Charmaz, 2006). In the next subsection I discuss the three steps of interpreting empirical materials through grounded theory approach.

3.4.1 Open, axial, and selective coding process

The process of discovering categories or phenomena can be achieved through open coding (Strauss & Corbin, 1990). I started my interpretation just after my first interview with the first respondent finished. As a grounded theory researcher I made my analysis, together with my data collection, from the first phase of the research (Charmaz, 2002). I first began by translating the initial interview into English; followed by the coding process. I initiated the process by reading all the empirical material; next, I divided the material into a number of segments, based on the focus or the topics that the participant talked about. By fragmenting the empirical material it was easier for me to highlight words, phrases, and sentences in particular colours, and then code those fragments. I then wrote myself memos on every fragmented empirical material describing and interpreting my participant’s discussion. Every memo was headed with one or several concepts that comprised some lesser concepts that I coded in the fragmented empirical material. This process made clear my primary concepts; it also led
me to particular issues that I needed to examine further in the next interviews. By setting up an early coding process I was able to determine the concepts and topics to be used as the foundation for the next interview, or for theoretical sampling. Moreover, the early coding process helped me work, in detail, with my data; it also made the analysis easier in the later stages (Strauss & Corbin, 2008). As mentioned previously, I collected empirical materials in two stages from January to May 2011. The first stage comprised nine interviews. Analysing the interview data allowed me to undertake a microanalysis, which provided foundation questions for the second stage interviews.

As I interpreted the empirical material fragment by fragment, I made methodological notes explaining the reasoning for that interpretation. I also used “microanalysis” for the interpretation; it is a way to interpret empirical materials in-depth and to observe particular concepts from the ideas, incidents, events, happenings, actions and interactions of the participants. Next, I identified the concepts using the comparative analysis technique to find the similarities and differences in the properties and dimensions. I then grouped similar concepts into one larger concept, and used it as a heading of the fragmented data. I followed these steps, as suggested by Strauss and Corbin (1998, 2008) to categorise the concepts, and link them from one to another with the NVivo software (Bazeley, 2007). However, since computer programs, such as NVivo, do not allow flexibility in analysing complex issues I undertook a manual analysis to progress through the open, axial, and selective coding stages (Gurung, 2008; Strauss & Corbin, 1990, 1998, 2008). This process resulted in a number of coded texts, which I categorised into 53 emergent themes. An example of the open and axial coding process, following Strauss & Corbin’s (1998) coding steps, is given in Table 3.2 (in the next page), while a further example of the open and axial coding process is presented in Appendix G. The coding steps followed in the current study were also adopted in Gurung’s (2008) study of Grounded theory analysis on participatory governance in the Annapura Conservation Area, Nepal.
Table 3.2. Example of open and axial coding process

<table>
<thead>
<tr>
<th>Interview January 26 2011 with Arman Manager and owner of Lombok Buana tour Senggigi</th>
<th>Open Coding (primary concepts are written in italics)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I came from a poor farming family [socioeconomic condition]. I could not finish my high school because of the lack of financial support [economic constraint]. I had to work to help my parents [motivation]. I went to Bali in the early 1990s and worked as a street vendor [entering career] in a traditional market. I sold watches in Kuta Legian for 3 years. That job introduced me to tourism [connecting] and led me to open a tourism venture, as you see today. [orientation phase]</td>
<td>Socioeconomic condition</td>
</tr>
</tbody>
</table>

Relating the concepts into a story line (developed during the axial coding)

Memo I: (pt#06) (This memo was made for participant number six) 26 March 2011

The empirical materials (above) tell the entrepreneur’s story of what he experienced in the early stages of his entrepreneurial process. I determined to structure the concepts (see Table 3.2) as follows:

Orientation phase:
- Motivation
  - Socioeconomic condition constraints
- Connecting to tourism
  - Entering career as a street vendor

In the beginning, the constraints of Arman’s socioeconomic conditions motivated him to work hard in order to improve his living conditions and help his family. Such efforts led him to become a street vendor, which, later, was connected to the tourism industry. This process, was experienced by Arman, lead him into the establishment of a tourism business. I conceptualise this experience as the orientation phase.

Methodological note: 26 March 2011

I went back and forth from one piece of data to another to rectify any misleading concepts and, thus, developed my understanding of the concepts. I constantly made comparisons between one piece of data and another, and between my experiences and what appeared in the data. I used the brainstorming technique, and kept asking questions about particular concepts, digging deeper into the data in relation to the properties and dimensions of the concept. I then categorised and constructed the concepts and developed the storyline.

Note. Adapted from Basic of Qualitative Research Techniques and Procedures for Developing Grounded Theory, Second Edition (pp. 101-121), by Anselm Strauss and Juliet Corbin, 1998, California: Sage

Axial coding is the process of putting data back into their context by making connections between a category and its subcategory (Strauss & Corbin, 1990).
However, open and axial coding are not sequential acts, instead they can be made simultaneously during the data analysis (Strauss & Corbin, 1998). In doing so, the categories and subcategories labelled in open coding are linked and developed into a set of relationships. This is achieved by means of a paradigm model which includes the causal conditions, the specificity of the properties, the context and the intervening conditions of the phenomenon, as well as the consequences of any action/interactional strategies that are taken (Strauss & Corbin, 1990). Using this process, I developed a statement of the relationships between the categories and the subcategories, and then I verified this data against the collected materials to add variation and depth of understanding (Strauss & Corbin, 1990).

Using open and axial coding, I incorporated Yang’s (2000) suggestion to think of the use of the local language by which the interviews are conducted in the analysis process in order to prevent distortion of the local context. Consequently, I returned to my first interview and re-interpreted my empirical material in a similar manner to the first time; however, this time I interpreted the information using Bahasa Indonesia, the language used mostly in the interviews. I then translated this second interpretation into English and compared it with the first (English) interpretation. Through this process I was able to go deeper into my interpretation, and develop a better understanding of my participants’ perspectives and experiences; it also enabled me to avoid as much bias as possible.

The fifty-three emergent themes, generated from the interviews and discussions during the ngayo process, were contrasted with the participant observation findings. The observations during the field research, combined with my experience as a local and tourism practitioner, provided references with which I wrote reflexivity notes during the fieldwork. I compared the interview transcripts with my experience and reflexive notes. I found that they supported the themes listed above. Indeed, there were similarities in the observations within the experiences of my participants (Hertz, 1997). As a result, the fifty-three emergent themes were condensed into fifteen concepts, which I described as the primary concepts. These concepts developed three lower order concepts, which were integrated in the selective coding process in order to form a substantive theory. The coding process and the connectivity among the concepts are displayed in Figure 3.1 in the next page.
Figure 3.1. Connectivity amongst the concepts developed the coping theory. Adapted form

The selective coding was the final process of integrating the categories to identify the central or core category, and to form a theoretical scheme (Strauss & Corbin, 1990). In doing so, I examined the scheme for its constancy and rationality by looking back to the empirical materials to confirm that all the appropriate categories were sufficiently developed, and that any irrelevant ones were collapsed. The scheme was then validated; I compared it with the raw empirical data; I also requested the participants to evaluate how the theoretical scheme fit their cases. The results of these steps informed the development of a substantive-level theory (Creswell, 2007).
validated the study results through crystallisation process, as discussed in the next subsection.

3.4.2 Crystallisation

Historically, the term “Triangulation” was developed in the 1970s. The measure was seen to strengthen the research by using several kinds of methods and data (Janesick, 2000), including both the quantitative and qualitative approaches (Patton, 2002). Triangulation can incorporate a combination of multiple methods, study groups, local and temporal research settings, and varied perspectives through which to study a phenomenon (Flick, 2006). Further, triangulation was conceptualised as a strategy for validating the results obtained using individual methods (Flick, 2004; Richardson, 2000; Steinke, 2004). Denzin (1978) distinguished four basic types of triangulation: (1) Data triangulation, the use of varied data sources in one study; (2) Investigator triangulation, the employment and involvement of multiple interpreters or researchers; (3) Theory triangulation, the use of multiple perspectives to interpret a single set of data; and (4) Methodology triangulation, the adoption of multiple methods to study a single problem.

Later, the focus of triangulation shifted towards the development of a deeper understanding of the phenomenon being studied, as well as towards optimising the epistemological potentials of the individual method (Flick, 2006). Flick (2004) suggests that triangulation is now seen more as a strategy for justifying and supporting the structure of knowledge by gaining additional knowledge, rather than merely for validating. In the concept of triangulation, the procedures between one method and another is viewed as being of equal value, in that one procedure is not considered as central and another as preliminary or illustrative (Flick, 2004). Therefore, the term “Crystallisation” was proposed to replace “Triangulation”, as a better lens through which to view qualitative research design and its components (Richardson, 1994; 2000). “The image of the crystal replaces that of the land surveyor and the triangle. We move on from plane geometry to the new physics.” (Janesick, 2000, P. 392). Nevertheless, several authors (e.g. Flick 2004, 2006; Steinke, 2004) still use Triangulation instead of Crystallisation in their studies. However, it is not the purview of this study to identify the differences between the two terms. Instead, I use the term “Crystallisation” to refer to Triangulation.

Crystallisation accepts the various aspects of any given method of the social world as a fact of life (Janesick, 2000). Flick et al. (2004) and Neuman (2006) suggest
that Crystallisation is a creative combination of several research methods to help interpret and comprehend particular research topic, question or issue with the greatest authenticity and trustworthiness. Furthermore, as Richardson (2000) stated: “Crystallisation, without losing structure, deconstructs the traditional idea of ‘validity’ (we feel how there is no single truth, we see how text validate themselves), and crystallisation provides us with a deepened, complex, thoroughly partial, understanding of the topic” (p.934).

The process of crystallisation provides an opportunity for more incisive insights, that can help the researcher better recognise the setting of the study. I used this approach for the fieldwork I conducted in two stages on Lombok. The first crystallisation process was conducted from January to May 2011 together with the interviews, and the second stage was from April to June 2012. The first stage focused on collecting empirical data, while the second stage focused on verifying the trustworthiness and authenticity of the data. As discussed in sub-section 3.4.1, I collected the empirical data in the first stage and then interpreted the material. I use these findings as the foundation for the collection of further empirical material during the second stage. This strategy allowed me to apply the theoretical sampling process, as suggested by Strauss and Corbin (1998), and, at the same time, it assisted me in the crystallisation of the empirical material (Flick, 2006). The crystallisation process was undertaken while I was collecting the empirical material. This (crystallisation) was achieved through a member checks mechanism: that is, I took the empirical material and the tentative interpretation notes back to the originating participant, who then confirmed whether the results are acceptable or not (Lincoln & Guba, 1985; Merriam, 1998).

To crystallise, in the second stage, I applied member checks and peer examination strategies (Lincoln & Guba, 1985; Merriam, 1998). In applying member checks, I shared the draft findings with four selected participants; I asked, via email, for their perspectives about my findings. I followed up on the emails by making ngayo, where I discussed, further, my findings. One participant stated:

What you found in the study really reflects what I experience in this business. The problems that I am facing are very much articulated in this study. I think if these findings are reported to the tourism agencies, there will be changes in our business...all stakeholders should know about it for we can improve our business conditions.

(Ramli, 2012)
I was also involved with several host community members who had undertaken tourism entrepreneurial activities; however, in these activities, I did not join in as a participant. The involvement of new members in evaluating the tentative results of the study increased the goodness of fit of the findings (Lincoln & Guba, 1985).

In using peer examination, I shared my draft findings with the heads of three tourism departments from three different regions. I also participated in several intense discussions with two colleagues from Mataram University. These public servants and colleagues reviewed my entrepreneurial coping theory. Their comments revealed that the theory had much to offer, manifesting many similarities in the problems they face when dealing with host community development programs. Such comments provided the goodness of fit of the entrepreneurial coping theory developed in this thesis.

3.5 Ethical considerations

Qualitative researchers encounter unavoidable contacts with human subjects in the field; these often trigger ethical problems and dilemmas (Punch, 2005). To protect research participants from mistreatment, and to ensure that they are not harmed, the conduct of the research should follow particular research ethic codes (Neuman, 2006; Punch, 2005; Silverman, 2010). Generally, the ethical research codes certify several issues to protect the participants, such as reserving the participants’ right to take part in, and to quit from, ongoing research; making an assessment of the potential benefits and risks to the participants; providing informed consent; and avoiding harmful treatment of participants (Silverman, 2010).

The current research followed the ethical clearance process, with approval being obtained from the Griffith University’s Human Research Ethics Committee on 25th of November 2010 (GU Ref No: HSL/22/10/HREC). This ethical clearance is attached in Appendix K. The ethical clearance also provided guidelines of conducting research on Lombok, to ensure that no research participant was harmed from their involvement in the research. The participants were informed about the aims and objectives of the study and were provided with the specific details of their participation. All participants who were willing to engage in the process were required to sign a consent form; they were also provided with the contact address for Griffith University and for the researcher, in case if they had concerns about the study or their role in it. Part of this process required me to establish an amiable relationship with the participants; I used both the telephone and emails to foster the relationships. Indeed, it was essential that I build trust with the
participants, as it was the traditional magic key to building the field relationships (Ryen, 2004).

To ensure that my participants understood the above conditions, I provided them with both an information sheet and a consent form in Bahasa Indonesia, the language commonly used on Lombok. The information sheet informed the participants about the purpose of my research, about my institution (Griffith University), and my contact address. The consent form provided information about their rights; I also emphasised that their involvement was voluntary and that they might withdraw at any time. They had the right to know about the nature of the research, and that they had control over their participation (Ryen, 2004; Silverman, 2010). Also I asked them to read all conditions before starting the interviews. Importantly, most participants, particularly those who lived in the villages, preferred oral explanation rather than reading the information sheet. This I did. A copy of the information sheet (English version) is provided in Appendix C, and consent form is provided in Appendix D.

Another important aspect of the research ethics was the confidentiality and privacy of the individuals involved in the sociological research (Neuman, 2006; Ryen, 2004). I ensured their privacy and indicated the same in their invitation letter; additionally, I restated this condition, verbally, before beginning the interviews. Since the research was concerned with the lived-experience in tourism entrepreneurial activities, some issues occasionally emerged during the interview that needed to be treated in a most sensitive and ethical manner. Importantly, the lived-experiences of entrepreneurial activities in tourism are sometimes characterised by competition and confrontation between the participants and their environment. A number of the participants’ opinions included exposure of an entrepreneur’s shortcomings in business or criticism of the government’s policies in tourism, or the social conditions that inhibited their business in tourism. Therefore, by using a pseudonym the participants could tell of their experiences without hesitation or fear of disclosure. A number of participants gave me permission to use their names in relation to some of their quotations. For further information about their lived experiences, the participants’ profiles are presented in Appendix B.

Some participants did not mind their real names to be associated with their quotations particularly when the topic discussion was related to cultural and motivational issues. The named participants were usually those who had already established a reputation in their field, such as the local anthropologist or other
professionals. Moreover, these participants stated that they felt honoured by having their comments included in the study. As a result, no individual participant was harmed through his/her participation. However, a number of boundaries limited the extent of the research; these are discussed below.

3.6 Boundedness of this research

This research was conducted on the island of Lombok, Indonesia; it focussed on seeking to better understand the experiences of host communities in establishing and developing small tourism enterprises. Its context related to the methods, places, and number of research participants, as well as the timing of the data collection. However, these factors sometimes influenced and posed limitations on the findings of the current study. The empirical material was collected from in-depth and semi-structured interviews; while rich in information, they are context specific to the local Lombok tourism entrepreneur participants. Therefore, the opinions and perspectives presented here may not reflect all local tourism entrepreneurs in Indonesia, or in other developing countries.

Significantly, the interpretation of the empirical material followed the steps involved in the grounded theory approach; it consisted of almost all quotes and excerpts from interview transcripts, documentary materials, participant observations, the Ngayo traditional discussion approach, and the auto-ethnography reflections. The empirical materials were collected from the participants who had different attributes in terms of geography, ethnicity, demography, and culture within Lombok. These differences were not a handicap to the study; in contrast the differences increased the credibility of the outcomes. Additionally, the study design, though originally constructed for the current study, may be applicable to similar situations elsewhere. Nevertheless, since this research is contextual, the results may describe specific characteristics of the local people of Lombok, and their tourism entrepreneurial culture, which are not the same as the people and their culture in other parts of Indonesia, or the world.

From my perspective, the use of the local language in collecting the empirical material, through the interviews, provided in-depth insights into the indigenous Sasak of Lombok from the five locations; using Bahasa Indonesia also helped to ensure the trustworthiness and authenticity of the study. Yet, this approach may require specific modifications if used for similar studies in other places in Indonesia, or in other developing countries. Such modifications may be needed, as there will be different
languages or dialects being used in other parts of Lombok. Further, studies on other indigenous people in different places may require a different analytical approach, such as action research or quantitative approaches.

Generally, tourism businesses are varied in their type and scope; Lombok is no exception. On Lombok the tourism businesses are rarely run by the local people; they tend to be by people from other Indonesian islands, such as Bali and Java, or even by non-Indonesians. Indeed, the adoption of qualitative approach, particularly grounded theory, in this study helps collect deep empirical materials, but makes it difficult to involve a large number of participants (Jennings, 2001). Consequently, the entrepreneurial experiences analysed in this research are based on a limited number and type of tourism enterprises established and developed in five locations on Lombok. This methodological limitation has an influence on our holistic understanding of the entrepreneurial processes in tourism, for example, on the obstacles faced during the process, and the strategies required to successfully completing the process.

Finally, this research was conducted during a specific period of time and involved a limited number of research participants. The study’s findings may not have identified all or even most of the tourism entrepreneurial issues, on Lombok or in other developing countries generally. The problems encountered here were influenced by current political conditions in Indonesia at the time, as well as the world’s current political circumstances. As political environments everywhere are continuously changing, they bring with them different problems. For this reason, the results of this study may need further analysis and adjustment in order to be applicable and contextual with a particular time and location.

3.7 Conclusion

This chapter has outlined the research design and methodology utilised in the current research. The chapter has articulated the methodological approaches, axiological and reflexivity influences, and the multiple data collection methods used. The traditions of qualitative methodology embedded in indigenous ethnographic epistemological perspectives, as well as a number of other methods have enabled multiple perspectives to be accommodated, and subjective interpretations of the empirical materials to be made. The research design process adopted in this research is presented in Figure 3.2. The interpretation of the multiple views of the participants is described in the findings Chapters Four, Five, Six, and Seven.
Figure 3.2. The research process adopted in the current study

The next chapter (Chapter Four), discusses the multiple experiences of the host community members who have established and developed small tourism enterprises on Lombok. The chapter reveals the participant’s entrepreneurial journey, especially in terms of how the different tourism enterprises were initiated, established, and developed in different locations within Lombok.
CHAPTER FOUR
TOURISM ENTREPRENEURIAL JOURNEY

We came from a poor family. I never received a formal education and my husband only graduated from elementary school. My husband was an orphan who didn’t have a house when we got married. We often moved from one place to another to live with our relatives. I had tried many jobs, such as selling rice, beans, and working in rice mills. Meanwhile, my husband used to work as a horse cart builder. That was before we started our art shop.

Rafi’i, 2011
Owner of Berkat Sabar Pottery Centre, Lombok

4.1 Introduction

While Chapter Three presented a discourse on the research methodology and methods used in the current study, Chapter Four discusses the research participants’ entrepreneurial journey in tourism and the emergence of the entrepreneurial coping concept. The participants’ journey involved the entrepreneurial process that the research participants experienced when establishing and developing their small tourism enterprises. The process went through three phases: orientation, establishment, and development. Each phase was characterised by continuous endeavours that constructed the entrepreneurial coping concept.

These phases were the primary concepts that were developed from the analysis of empirical material; they are the focus of the current discussion. The three concepts (the orientation phase, establishment phase, and development phase) together develop the lower order concept of the entrepreneurial journey, which refers to the entrepreneurial process in the tourism industry. The primary concepts also gave rise to the entrepreneurial coping concept that characterises the entrepreneurial journey in tourism. The interconnectivity of the primary, lower, and higher concepts in this study were discussed in Chapter Three (section 3.4.1). The interconnectivity among the concepts is depicted in Figure 4.1.
This chapter has four main sections. The first section discusses the orientation phase; it elaborates why and how the participants connected with, and became involved in, the tourism entrepreneurial activities. The second section, the establishment phase describes the participant’s experiences in setting up and starting their small tourism enterprises, through which they pursue tourism entrepreneurial opportunities. The third section presents an overview of the development phase; it explains the participant’s experiences in developing their tourism enterprises. The fourth section proposes the emergence of the entrepreneurial coping concept throughout the entrepreneurial journey in tourism.
4.2 Orientation phase

In the orientation phase, the participants experienced various events and phenomena that stimulated their decision to establish small tourism enterprises. The orientation phase was preceded by the emergence of the participant’s willingness to work or create something in response to their socioeconomic and cultural conditions. The participant’s endeavours to improve their living conditions led them into tourism entrepreneurial activities. Further, during the orientation phase, the participants made a course of action, which can be categorised as: getting connected in tourism, and getting prepared for the establishment of small tourism enterprises. Both categories are discussed next.

4.2.1 Getting connected

Getting connected was associated with the participant’s endeavours to acquire the knowledge and skills by which they could identify entrepreneurial opportunities in tourism. Such endeavours were stimulated by two major factors: the socioeconomic conditions and the cultural impacts of tourism. First, the socioeconomic conditions stimulated the participant’s action for improvements in their lives; this then led towards the tourism industry sector.

The participants described the socioeconomic constraints as social and economic conditions that inhibited them from fulfilling their basic needs, such as food, shelter, education, and social interaction. These constraints stemmed from poverty and social stratification. While poverty inhibited the participants from achieving their basic needs, the participants used poverty as a key driver in stimulating their persistent efforts to improve their socioeconomic conditions. A tour operator in Senggigi expressed this situation as:

I came from a poor farming family. I could not finish my high school because of the lack of financial support. I had to work to help my parents. I went to Bali in the early 1990s and worked as a street vendor in a traditional market. That job introduced me to tourism and led me to open a tourism venture as you see today. (Arman)

Although poverty stopped the participants, such as Arman, from obtaining a formal education, these conditions also triggered their persistent efforts to work and learn from their experiences. For the participants, living in poverty stimulated a desire for a better life. This desire for improvement increased the participant’s motivation to acquire the necessary knowledge and skills to find a job. Through this process, the participants
connected with tourism and, then, identified entrepreneurial opportunities in the industry.

*Social stratification* is the division of people based on generations, and on wealth (Macionis & Plummer 2002, 2012; Browne, 2005). Macionis and Plummer (2012) organised social stratification under five basic principles: (1) social stratification reflects individual differences, as well as characteristics of the society; (2) social stratification exists in every generation; (3) social stratification is universal, but variable; (4) social stratification involves inequalities and beliefs; and, (5) social stratification creates the identity of a particular social group. Therefore, social stratification not only divides individuals, based on their status, but also affects individuals’ interactions with their environment. Consequently, in every society, social stratification influences an individual’s ability to alleviate their socioeconomic conditions.

On Lombok, the indigenous Sasak are divided into three main classes of social stratification as discussed in Chapter Three sub-section 3.2.2. According to the participants, Lombok society is still heavily influenced by the social stratification system. Yet, it is this system that motivates them to improve their social status through income and business opportunities. A surfing organiser in Kuta expressed the situation as:

> I lived in a place where the social status was based on your parents’ wealth and blood. If you were poor and had no royal blood, you were no one...I went out of the environment and met some friends who introduced me to tourism. I found my confidence when having interactions with the tourists. They treated everyone equally. That was how this all started. (Kiem)

People, who are socially and economically constrained, such as the lower class people, may exert more effort to improve their living conditions than higher class people (Browne, 2005). For the participants, such as Kiem, making an effort to improve their economic and social status led to the entrepreneurial activities in tourism.

The second factor that motivated the participants’ connection to the tourism industry was the *cultural impacts of tourism*. A number of participants indicated that they decided to engage in tourism entrepreneurial activities after recognising the benefits of the activities in relation to the cultural aspects of their lives. A surfing organiser in Kuta described this in the following statement:

> Before doing this business I used to think that tourism was identical to a hedonic life style and harmful to my beliefs. Indeed, some tourists had bad manners, but
many were very polite. However, I found that tourists respected my religious beliefs, because my beliefs taught me to be honest and speak the truth in business. I demonstrated to all in this village that my business does not corrupt my religious beliefs. That is why people in this village respect tourists. (Andika)

For many people, such as Andika, perceptions about tourism impacts can influence their willingness to engage in entrepreneurial activities in tourism. The positive perceptions of tourism impacts towards local culture stimulated the participants’ decision to engage in the tourism industry, and further to search for entrepreneurial opportunities.

Participants’ perceptions of the benefits of tourist activities for the conservation of local cultural events also stimulated their willingness to become involved in tourism. This was evident in the conservation of the weaving traditions in the weaving village, as indicated by one participant’s statement:

Weaving has been a traditional craft for many generations in this village. I thank God that I am inspired to carry on this activity from my ancestors. The first art shop was established in the early 1980s to sell woven sarongs...The weaving art shop then expanded into the next village. I think we are now the third generation of weavers. (Panji)

In the weaving village, people shared their traditions with the tourists. Importantly, each generation was obliged to pass on the skills to the next generation. Teaching and learning traditional weaving was a cultural obligation, in that; the villagers were bound by tradition and respect for their ancestors. Neglecting the tradition was considered disobedience and disrespectful to the ancestors.

Originally, weaving was associated with a girl’s maturity in a traditional weaving village. Indeed, a girl would not be considered an adult and ready to start a family unless she could make a woven cloth (Suhendar, 1992). The participants acknowledged that weaving is still done by many adult women today, to hold on to tradition, as well as to generate income. Selling woven products, derived from this tradition, is an important source of income and, at the same time, it is seen as a way to conserve the tradition, and obey the tenants of their tradition.

Connecting with entrepreneurial activities in tourism involved the participants in three main mechanisms: interacting, pursuing jobs and business, and developing interests. These mechanisms are discussed below.
Interacting

The participants’ interaction or working together with individuals or groups, such as tourists and other tourism stakeholders was one way to connect with, and become involved in, tourism entrepreneurial activities. Two main circumstances encouraged the participants to interact with tourists: *living within a tourist destination* and *learning a foreign language*.

A number of participants indicated that living within a tourist destination helped them acquire the knowledge required for entrepreneurial activities in tourism; they achieved this knowledge through interactions with tourists and tourism practitioners. An art shop owner in Sade traditional village expressed this experience as: “Since the tourists came to this village to see us, I suddenly had an idea of selling something to tourists. I then established an art shop as suggested by some tour guides” (Maryam).

The tourists visited the traditional village to see how the local people, including the above participant, lived in their unique houses. Significantly, the tourist visitation inspired and connected the participant, and some other villagers, to initiate small tourism enterprises. Indeed, the participants acknowledged that having frequent interactions with tourists helped them to identify entrepreneurial opportunities and increase their knowledge of their own local resources that could be developed into tourist activities. These interactions also resulted in beneficial cooperation with other tourism practitioners, such as tour operators, which ultimately increased the participants’ abilities to generate benefits from tourist activities.

As seen above, a tourism practitioner can act as a form of public relations or a tourist information source, informing and educating people about tourism when communicating with the people. Additionally, the tourism practitioner can also be a role model for individuals, as well as inspire them to work in the tourism industry. This outcome was expressed by a surfing organiser in Kuta, when talking about entering the tourism industry:

> I came here in 1992. I was brought by my cousin, who worked as a tour guide in Kuta. I also had a friend who often worked with tourists. I was amazed when they spoke English. Since then I have learnt English while working with them. (Kiem)

Interacting with tourism practitioners provides participants, such as Kiem, access to tourism information, namely, what and how to provide products and services to tourists. *Interacting* with tourism practitioners affords the participants the opportunity to acquire
knowledge and skills, and to search for tourism entrepreneurial opportunities. Further, interacting with tourism practitioners can help to establish networks and exchange information. Through such interactions the participants were able to observe the success of the tourism practitioners and, therefore, become motivated to pursue jobs and businesses in the tourism industry.

Learning a foreign language also helped the participants’ interaction with tourists, as expressed by an online tour operator in Senggigi:

In my second year at high school in 1987, I had an English teacher who taught English using the communication approach. Thus, I had the opportunity to develop my communication skill. When I could talk a little in English, I wanted to communicate with foreigners. Fortunately there was a tourist destination close to my school. I went there regularly to practice my English. I experienced that having a relationship with tourists was great. Having frequent meetings and conversations with tourists motivated me to work in the tourism industry. After graduating from high school, I studied tourism at a private college. (Basar)

For Basar and other participants, learning a foreign language required practice, which stimulated their interaction with foreigners. Practicing a foreign language helped the participants to acquire better communication skills, increased their confidence in interacting with others, and aided their acquisition of information about tourism entrepreneurial opportunities. Indeed, the communication skills facilitated the development of their relationship with foreigners, which influenced how they conducted their tourism entrepreneurial activities. Communication skills are discussed further in Chapter Six, sub-section 6.2.3

**Pursuing jobs and business**

A number of participants described their connection to tourism as having occurred when identifying job opportunities in the tourism industry. One participant, who owned a furniture and woodcraft shop in Senggigi, stated:

After I graduated from college I found a contract job in a gold mine and worked there for three years. When my contract finished, I saw an opportunity in tourism. I then found a job in a diving club and then worked as a marketing manager. That was before I had my own tourism enterprise. (Saupan)

For many, such as Saupan, the involvement in tourism entrepreneurial activities was initiated by becoming an employee in a tourism company. This work increases their knowledge and skills of tourism entrepreneurial activities, and helps them to identify
entrepreneurial opportunity in the industry. Working within and becoming aware of these opportunities then stimulates their decision to start their own tourism enterprise.

From the above discussion it is clear that the participants shifted to tourism after they identified and determined that the tourism business was more rewarding than their existing employment situation. Further, their decision to shift their business to focus on tourism was based on their observation and evaluation of the market, and their recognition of the sustainability of a business in the tourism industry. Interestingly, some participants entered the tourism business intuitively. An hotelier in Senggigi expressed:

I bought this land accidently. My friend, the previous owner of the land, sold it to me because he needed money to move to Bali. A few months after I bought it I realised that this land was located in a tourist destination. I then established an art shop before I built this hotel. (Lukman)

The participants, such as Lukman, did not plan nor make any evaluation of the entrepreneurial opportunity before starting their business. In Lukman’s case, the decision to buy the land was based on a hunch that the investment would be financially beneficial in the future. However, the immediate purpose of the investment was to help someone out of his or her problem; the immediate benefit was the ownership of the land. Yet, such intuitive investments can lead into a tourism business, especially once a commercial opportunity is recognised and acknowledged. Some participants were also connected to tourism by developing their interests, as discussed in the next section.

Developing interests

A number of the participants described their interests as hobbies or something that they enjoy doing or creating. They acknowledged that their connection to tourism resulted from developing such interests. For example, a restaurant owner in Kuta stated:

I like cooking and making cakes. I cooked the Nusantara foods, the traditional foods, and cakes from all over Indonesia. Because of this hobby, my husband and I opened a small traditional restaurant in a village, but without success; then I opened the restaurant in this place. (Hanna)

In Hanna’s case her cooking hobby motivated her to learn how to cook and develop those cooking skills and abilities into creating various foods. Hanna’s skills enabled her to establish and develop a restaurant and generate income. In other words, the development of particular interests (hobby) enabled the participants to identify and exploit entrepreneurial opportunities in tourism.
Importantly, the participants indicated that they exerted more effort on activities that they liked doing (hobby). A surfing organiser in Kuta stated: “I like adventurous activities. When I first saw surfing I fell in love with it. I realised that I could make a business from it as well” (Jaka). In this case, an interest can evoke a particular emotion (such as passion), which then affects the intensity of action towards the favoured activity. Furthermore, an interest appears to stimulate people to increase their knowledge and skills of that activity or for something they like and, thus, the favoured activity is seen as beneficial. A local tour operator, who also owns a restaurant in Senggigi stated: “Travelling is my hobby. I often travelled after I graduated from high school. I then undertook a two-year diploma studying tourism management in Jakarta. A few years later I established this travel agency” (Dewinta). An interest or hobby can inspire a person to become an expert and professional in that area. For many, such as Dewinta, developing a hobby can lead to the seeking of further education and knowledge. As a consequence, there is an increased ability to identify entrepreneurial opportunities, followed by the adoption of appropriate strategies to conduct entrepreneurial activities in the tourism industry.

The study revealed that, overall participants could connect entrepreneurial activities in tourism either directly or indirectly. While some participants entered the tourism industry sector directly, by pursuing jobs and business and developing their interests, other participants entered tourism indirectly through interacting with tourism stakeholders and learning a foreign language. Interacting with tourism stakeholders helped the participants to acquire knowledge of the tourism industry and establish networks, which ultimately facilitated the identification of entrepreneurial opportunities in the tourism sector. Meanwhile, learning a foreign language increased the participant’s communication skills, which helped develop beneficial interactions with tourists, and enabled the participants to obtain jobs in the tourism industry. Various events and circumstances inspired and lead the participants to prepare themselves and their skills before they established a tourism enterprise; this issue is discussed in the next section.

4.2.2 Getting prepared

The second category of actions in the orientation phase is called getting prepared. Getting prepared relates to doing the groundwork before setting up tourism enterprises or starting the enterprise’s operation. Such preparations helped the participants to develop their entrepreneurial motivation and increase their knowledge
and skills so that they could search for, and exploit, entrepreneurial tourism opportunities. The three elements (motivation, knowledge and skills, as well as opportunity) continue to drive and influence participants’ entrepreneurial journey as they establish and develop a tourism enterprise. The participants’ endeavours to pursue the three entrepreneurial elements are discussed below.

*Developing motivation*

The majority of participants indicated that their decision, to initiate an entrepreneurial activity in tourism, was driven by motivation for a particular achievement. For example, an art shop owner in the pottery village expressed it as:

I looked at some of my senior colleagues in that travel company and said to myself that I didn’t want to work in the company for more than 10 years, though I had a better position compared to some of my friends. I didn’t know where I got such idea from. I worked in a very good facility and had an excellent relationship with my boss. Nevertheless, I resigned from my job. My boss was a little disbelieving and asked me twice in 2001 to stay...My boss asked if I had problems with the salary. I said that I was becoming bored...and I wanted to be independent. I wanted to be a businessman. I then started a pottery art shop, though with little knowledge of this type of business...I didn’t know anyone in this village, nor did I have relatives there. It was just so. (Husein)

Many participants, such as Husein, decide to be a tourism entrepreneur, because they perceived that an entrepreneur could independently determine their own future, and create jobs for other people too. Such motivational issues were one of the strong reasons that led the participant, Husein, to resign from his job and search for a business opportunity in the tourism industry.

A number of participants described their motivation to engage in tourism entrepreneurial activities as increasing after seeing the results of successful entrepreneurs, and using them as role models. An art shop owner in the pottery village expressed his journey as:

One day I was playing volleyball. The ball was accidentally bouncing into an art shop. When I picked up the ball, I met the art shop owner. Though she was my neighbour, it was the first time I had looked at the shop. I was admired the products that she had. At that moment I realised that selling pottery was a beneficial opportunity. I worked hard to collect money to start our art shop. I got loan from my regular social savings. I also exchanged grass for potteries. My wife helped by making pottery to add our collection. I then used my house as an art shop. (Hanafi)
Hanafi’s motivation to engage in tourism entrepreneurial activities was sparked after observing someone else’s success in the business. A role model’s success can indirectly motivate an individual to search for information about the resources needed to start a business, such as financial support and products. In other words, the participants developed their own motivations to engage in tourism entrepreneurial activities by obtaining inspiration from their environment.

Entrepreneurial motivation is also aligned with self-efficacy, or self-confidence in undertaking particular jobs (Shane et al., 2003). Self-efficacy undoubtedly played an important role in the participants’ decisions to commence entrepreneurial activities in the tourism industry. One of the most successful art shop owners in the pottery village expressed it as:

One day my niece pushed me to sell pottery to the tourists because we lived close to the main road in this pottery village. I said, “I couldn’t talk the tourists’ language”. My niece told me not to worry about that because tourists normally come with their tour guides. Then she gave me some pottery to sell, which I did. (Leyla)

Despite living within a pottery village, and having the location from which to sell pottery, the participant’s (Leyla) lack of self-efficacy inhibited her from initiating a tourism business. Yet, with such a suggestion and encouragement by a relative (or friend) an individual’s confidence can be increased so that they become willing to take the opportunity to enter into tourism entrepreneurial activities. Self-efficacy stimulates an individual’s willingness to take risks and deal with business uncertainties. Further, self-efficacy increases the desire to acquire knowledge and skills of a tourism business, as discussed next.

*Acquiring knowledge and skills*

All the participants commented upon the importance of entrepreneurial knowledge and skills. As one souvenir exporter in Senggigi stated: “Money alone is not enough to start a business; you need knowledge, skills and robust calculations when dealing with uncertainty” (Acelin). Importantly, the participants argued that entrepreneurial knowledge and skills are critical elements that enable them to manage and lead the direction of their entrepreneurial journey. The lack of entrepreneurial knowledge and skills discourages an individual from starting a tourism business and, consequently, can result in the loss of an entrepreneurial opportunity.
A number of participants stressed that knowledge and skills were influential elements in the acquisition of resources that could be used to be successful in business activities. Further, knowledge and skills can help establish a tourism enterprise despite the lack of tangible resources. For instance, a local tour operator, who also owned a restaurant in Senggigi, stated:

The business model should come first, even, before the business capital. If I had two hundred million rupiah, but I had no model for a travel business, it would not work. My business package was the model of the business. My capital was only a paper and a pen. I knew we had tourism objects; we knew that. I had no car, but it was not a problem because my friends had cars. I thought that I should work together with an insurance company to cover my activities, because I had no insurance. I had no restaurant, but I worked together with other people. Thus, my capital was a pen and a piece of paper, and trust in other people and a commitment to cooperate with them. I conceptualised a brochure using a pen and a piece of paper. My first real capital was only two hundred thousand rupiah, and a second hand computer. I then searched for a cheap office in Senggigi. I got what other people didn’t want. (Dewinta)

Entrepreneurial knowledge enables individuals to make a business plan and espouse appropriate business strategies in the early stages of their enterprise’s operation. Having communication skills also helps establish networks with other business partners, and assists in finding access to financial support. Furthermore, such entrepreneurial knowledge enables the participant to establish a product image and create loyal customers.

Many participants used the expression *climbing up from the ground floor* to describe how they acquired knowledge and skills of the tourism business; they achieved this through the *learning by doing process*. This expression implies a period of time that the participants spent working in a particular company before establishing their own enterprises. Most of the participants acquired knowledge and skills from their experiences instead of from formal school or colleges. For example, a local diving organiser in Senggigi explained his journey as:

I started my diving career by working as a freelance diving instructor in the Reef Seeker diving club. I worked and learnt about diving there for two and half years. I then moved to Prodive Bali in Kuta Bali where I gained diving experience for 1 year. I also got the opportunity to work in Australia and New Zealand on the Oceanic Odisi Cruise. I was the only worker from Lombok on that cruise. I thank God that I had acquired the skills that helped me get that work on the cruise ship. I then moved to Dream Dive, where I worked for two and half years. From there I worked at Dive Indonesia, where I gained further diving experience at a professional level; I became a professional dive instructor.
Having acquired such knowledge and experience, I then established my own dive course. (Mustafa)

The study participants, such as Mustafa, acquired knowledge and skills while working within their industry sector. Such experience enables them to gain appropriate knowledge and skills related to operational and managerial issues. Prior working opportunities provide the chance for individuals to learn practical business strategies, as well as problem solving and decision-making skills. Moreover, such working environments provide an arena in which to develop networking contacts that can lead to financial support; thus increasing their ability to identify a business opportunity (as discussed in the next section).

**Pursuing opportunity**

Shane and Venkataraman (2000) define entrepreneurial opportunity as a “situation in which new goods, services, raw materials, and organising methods can be introduced and sold at greater than their cost of production” (p.220). Simply stated, opportunity is “potentialities for profit making” (Shane et al., 2003, p. 362). The findings from the current study confirm these definitions. For example, a number of participants viewed entrepreneurial opportunity as a chance to generate business in tourism by establishing a tourism enterprise. An online tour operator expressed this as: “If you get a supportive agent, you get the business opportunity because you then get the chance to start your own business” (Basar). The participants, such as Basar, viewed the entrepreneurial opportunity as profit making potentialities through the establishment and development of a tourism enterprise. Furthermore, they suggested that the potential to make a profit (entrepreneurial opportunity) could be either discovered or created.

A number of research participants discovered the opportunities as a result of their interaction with the environment. This discovery process was experienced through one of two mechanisms: direct experience or the observation and analysis process. Direct experience is the discovery of entrepreneurial opportunity after experiencing an inspiring event. For instance, a surfing organiser stated:

I joined some friends to surf for three months in 1992...but, I then worked as an event organizer in the evening and rented books during the day time...In 2000, a riot was sparked in west Lombok and it brought negative impacts to the tourism industry. You would only meet one or two tourists in Kuta at that time. The only tourism activity that still existed at that time was surfing...It seemed that surfers didn’t care about anything but the waves. Having realised this fact my mind quickly clicked...My interest in surfing emerged at that time. I began to learn
surfing again and then worked as a freelance surfing guide before starting my own surfing shop. (Kiem)

Despite the existence of the surfing activity, external factors (the riot) stimulated the participant to think about or consider the entrepreneurial opportunity of surfing. The opportunity was observed after the participant experienced a particular event that evoked his knowledge and skills. The direct experience mechanism occurs when individuals rely on their environment: they tend to react after they experience the changes in their environment rather than actively anticipate or create changes. In such a mechanism, the individual might discover an entrepreneurial opportunity because they could create particular products or services that other people created. Consequently, the direct experience mechanism enables individuals to exploit the opportunity by imitating other entrepreneurs’ products and services.

Opportunities are also discovered as a result of the observation and analysis process of business conditions. For example, a participant who owned a furniture and woodcraft shop in Senggigi identified his opportunity, as described in the following statement:

In 2000, after the Lombok riots and the tragedy of the terrorist attack, I thought quickly that the tourism industry would be negatively affected. What I predicted became true. The tourism industry was significantly affected within a few months of the tragedy. For this reason I resigned from RDC diving club and moved into the furniture business. I worked for two years in a furniture company. I did so to gain knowledge and experience of furniture making. I then resigned from the furniture company and did odd jobs to save money while evaluating the possibility of developing my own furniture business. After one year evaluating the furniture business, I found out that many foreigners built hotels and villas on Lombok, which meant, to me, that there would be a great market for furniture. I then decided to start my own business in 2004; I targeted foreigners and tourists as my first market. (Saupan)

Such a discovery of an entrepreneurial opportunity is reliant, to some degree, on the entrepreneur’s business experience. In the above statement, the participant’s previous job was in tourism as the marketing manager of a dive club. Work experience would have assisted the participant in his discovery of the business opportunity. Since the furniture products were previously oriented to the local market segment, the identification of a new market segment in tourism required knowledge and experiences of this sector, which had been gained at the dive club.

In addition to the discovery, some participants created entrepreneurial opportunity based on information obtained from observing tourist activities within their
area. For example, an art shop owner in a weaving village expressing his journey in the following way:

We decided to establish this art shop in this place when there was no other art shop and no one sold traditional hand-woven clothes. This location is the gateway to the traditional weaving village. Thus, even though it is located outside of the tourist destination...we are passed by tourist buses every day. For this reason, we decided to open an art shop. We didn’t want to just get dust from the tourist buses that passed in front of us. However, in the beginning, we couldn’t attract any tourists... so we had to promote in Senggigi...we also displayed varied products from other places...After some tourist busses had stopped here, other art shops emerged. (Ramdan)

Whilst the participant might have foreseen future tourism development in his area, his identification of the opportunity was obtained from his own experience and observations of the growth of tourism entrepreneurial activities; he processed this information in an interpretative manner. Such interpretative information stimulated his endeavours to create a business opportunity by starting a tourism business in a new location. Importantly, the creation of a business opportunity can be made through a combination of analysis and trial and error processes. Moreover, the creation of such a tourism business can also stimulate the emergence of other businesses within the new location; the success of a business can stimulate other people to follow.

Getting prepared categorises a number of actions namely: developing motivation, acquiring appropriate knowledge and skills, and identifying entrepreneurial opportunity in tourism. *Entrepreneurial motivation* emerges and increases through aspiration and inspiration, as a result of individual’s interaction with their environment, as well as other factors, such as learning from a role model in the tourism business. The entrepreneurial motivation triggers the attainment of knowledge and skills of tourism entrepreneurial activities, which leads to the discovery and creation of business opportunities.

Overall, the orientation phase explains the individual’s experiences in the early stage of their entrepreneurial journey in tourism. The orientation phase begins when individuals are motivated to improve their socioeconomic and cultural condition through the tourism industry. Furthermore, motivations lead the individuals acquiring knowledge and skills, as well as the search for entrepreneurial opportunity. Having acquired appropriate knowledge and skills to discover and exploit entrepreneurial opportunity in tourism, the individual has the potential to increase their motivation to
continue the entrepreneurial journey via the establishment of a small tourism enterprise, as discussed in the next section.

4.3 Establishment phase

The establishment phase occurs when the individual establishes a small tourism enterprise in order to exploit the opportunities that they discovered or created in the orientation phase. For example, an hotelier in Kuta described the process he undertook when exploiting a business opportunity, as follows:

We saw a lot of backpackers who had no place to stay every time we went to Kuta for the weekend. We then searched for land. We meant to build a home stay. In the first stage, we rented a piece of land where we built some simple cottages. We got permission to operate the business from the head of the village. A few years later, after our business had developed, we purchased the land. We then went to the tourism department to formalise the operational license of the cottages. (Leo)

Leo established his small enterprise after identifying an opportunity. This establishment phase incorporates a range of actions affecting an entrepreneur’s success. For instance, it is critical that a new enterprise is established at strategic locations to ensure success. The manner of establishing a new business ventures also must be legitimate, abiding by the necessary legal rules and regulations. The range of actions in the establishment process is incorporated into two main categories: establishing an enterprise and turning on assets. The two categories are discussed below.

4.3.1 Establishing an enterprise

Establishing an enterprise incorporates three main actions: naming, licensing, and finding a location for the new enterprise. As discussed by the participants, an enterprise’s name not only fulfils the administrative procedures, but also helps to develop a brand image, which acts as a motivational influence for an enterprise. Further, the participants associated an enterprise name with business luck and optimism. An enterprise name can be perceived as a mantra that brings fortune to the business. An art shop owner in the pottery village noted, when talking about a lucky business that:

The name of the art shop was derived from my youngest daughter’s name for good luck. My youngest daughter was born during the crisis time. But, she brings luck for my business. That’s why I use her name for this art shop. (Hanafi)
For this reason, the creation and preparation of the enterprise name must occur at the beginning of the establishment phase.

An enterprise name is also used as a means to promote the identity of a community. For example, the participants indicated that an enterprise name could describe someone’s status as a member of particular community. A diving organiser in Senggigi stated that: “Because my motto is to promote my island, I started my dive course and named it Lombok Dive” (Mustafa). Mustafa’s locality status was reflected in his enterprise name; this enabled him to obtain support from community members who could assist in promoting his products to their customers. Furthermore, locality status allows entrepreneurs to compete against non-local enterprises. This issue is discussed further in Chapter Five, sub-section 5.2.1, especially in relation to the stereotyping of non-local entrepreneurs.

The second action in establishing an enterprise is licensing. To legalise an enterprise’s operation, individuals are required to apply for a business licence, which refers to the authority’s approval to operate an enterprise in a particular area. The licence varies between the enterprise type and the business operation, as displayed in Table 4.1.

Table 4.1. The enterprise types and licences

<table>
<thead>
<tr>
<th>Required licence</th>
<th>Types of enterprise</th>
<th>Authority</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>UD</td>
<td>CV</td>
<td>PT</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>X</td>
<td>X</td>
<td>Regional Department</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>X</td>
<td>Labour Department</td>
</tr>
<tr>
<td>Operation</td>
<td>X</td>
<td>X</td>
<td>Tourism Agencies</td>
</tr>
</tbody>
</table>

Note. UD = Unit Dagang, CV = Commanditaire Vennootschap, PT = Perseroan Terbatas

There are three types of enterprise licences: location, construction, and enterprise permits. These licences are applicable to three common types of enterprise: UD (Unit
Dagang), CV (Commanditaire Vennootschap), and PT (Perseroan Terbatas). From twenty-one participants in the current study, nine had established UD enterprises, eight had established CV enterprises, and four had established PT enterprises (see Appendix B for the participants’ company profiles). The procedures for establishing a CV and PT enterprises in Indonesia (Lawindo, 2013), are presented in Appendices H and I, respectively. The differences in the characteristics of a CV and PT enterprise are provided in Appendix J.

Not unexpectedly, the bigger the enterprise, the more complicated are the procedures the participants encounter in obtaining a licence. For instance, an hotelier in Senggigi discussed the licence situation in the following statement:

In order to operate, first of all I had to get a permit from the head of the village, the district, and the region. I also had to get approval from the tourism department. I then had to apply to the regional revenue agency and tax department to become a registered hotel...I had to pay twenty-seven million rupiah for a permit for my small traditional restaurant and home stay. In this village alone, I had to pay three million rupiah for what they called an obligated contribution. I actually had to pay the contribution for six million, but I bargained it down. (Lukman)

Additionally, an enterprise must abide by the local and conventional law at the village level. Each village has its own conventional law and different characteristics, as determined by the local people. Some villages have more supportive regulations for the operation of tourism enterprises than others. Such varied conditions result in individuals having different experiences when they attempt to establish their enterprises in these diverse locations.

The impact of the licensing process can be either beneficial or detrimental to tourism entrepreneurs. A simple procedure can accelerate the development and operation of a tourism enterprise and stimulate the emergence of new enterprises. However, due to the existence of few entrance barriers to tourism enterprise areas, there is likely to be an increased intensity in the competition. The different licensing procedures at a village level can affect the cost of an enterprise establishment and influence the enterprise development process; thus, providing challenges during the entrepreneurial journey, particularly during the enterprise establishment phase.

The physical location of a tourism business is also critical to enterprise success, which was acknowledged by the participants. The business location refers to a physical location where the enterprise is established; it incorporates several elements, such as land, buildings, premises, domains, and other properties that can be used to establish the
tourism business. The majority of the participants suggested that the proximity to stakeholders and supporting resources were important aspects to consider when choosing the business location. A tour operator in Senggigi gave the following opinion:

I bought this office because I have a ticketing service in this place. I see that people around here have a high motivation to travel. There are ten precincts in this area in which most of my customers live. They often travel around Indonesia, even the world. (Basar)

Basar and the other participants agreed that the business location contributed to the success of the business. A business location requires observations about supporting resources and an analysis of the market. Entrepreneurs need to possess business knowledge and experience, as well as networks to find an appropriate location. While their knowledge and experience enables them to analyse the market and the supporting resources, networks help to acquire the searched for business location. As a consequence, entrepreneurs were required to turn on their assets, as discussed in the next section.

### 4.3.2 Turning on assets

*Turning on assets* refers to an individual’s endeavours to establish a new tourism business by managing their tangible and intangible assets. *Turning on assets* implies a process of using and transforming available assets into supporting resources, such as finance. Assets consist of anything tangible or intangible that can be managed and owned to produce a value (Allee, 2008). Guilding (2002) stated that something is an asset if the enterprise can obtain benefits by owning them. Tangible assets are visible or physical resources (i.e. cash, equipment, and properties) that can be used to support the business activities in tourism. In contrast, intangible assets are non-physical resources (i.e. knowledge, skills, business experiences, reputations, and other entrepreneurial characteristics) that help an individual to successfully undertake a business (Heirman & Clarysse, 2007).

In the current study, the majority of the participants acknowledged that their first business capital was derived from their personal possessions. An hotelier in Senggigi shared his experience: “I sold out all of my assets for 425 million rupiah (approximately AUD 47,000). That money I spent on land where I built, in the beginning, a 4 room hotel” (Taufiko). Importantly, personal possessions, such as land, vehicles, and premises, provided quick cash particularly, when an enterprise operation begins, and
when it is difficult to find financial support. Investing in one’s own possessions helps to minimise operational costs, such as bank interest, and increases entrepreneurial motivation. The participants who invested their own possessions were highly motivated to generate business and to avoid personal lost. Moreover, investing one’s own possessions can also increase self-confidence. Those who established enterprises on their own land, such as the participants in the villages, had more freedom to set the business environment than did those who established their enterprises on rented premises.

However, most of the participants indicated that their personal possessions were inadequate to start and support the operation of their business. An owner of a furniture and art shop in Senggigi expressed this dilemma in the following statement:

Indeed, we had difficulty, particularly with financial support, in the beginning of our business. As a newcomer, we had to compete against other companies that had previously existed and had already obtained strong financial support. Meanwhile, when I started, I could only buy one cubic metre of wood on credit. I could not import teak (wood) in bulk because I didn’t have enough money. I faced a lot of difficulties in my first year. (Saupan)

Starting an enterprise requires strong financial support to prepare the first merchandise production, as well as to introduce the product to the market. A lack of financial support affects the entrepreneur’s ability to enter the market and continue their business journey. To overcome the lack of financial support, in the early stage of the establishment phase, the participants in the current study applied for a loan or made a prudent investment.

Micro credit loans have become an important way to increase business capital, especially in a developing country. Yet, applying for micro credit requires collateral and networking with bank officers. References and recommendations are also needed from the local authorities. An art shop owner in the pottery village shared the following experience:

I applied for a loan from a bank for about 1 million rupiah. I had to receive a reference from the head of the village in order to get the bank loan. I was very embarrassed when I had to sign the guarantee letter at the office. I wondered if everyone feels the same way when they owe money to the bank. (Leyla)

Additionally, it appears that micro credit loans often present bureaucratic procedure, with applicants having to wait in uncertainty for the approved credit; they also have to pay the interest in advance if they want to receive the credit. Such complicated and slow processes discourage first time entrepreneurs from applying for micro credit loans.
Consequently, some of the participants in the current study sought financial support from their relatives and family members instead of applying for micro credit loans.

The participants indicated that financial support from friends and family was less complicated to obtain and more flexible than a bank or micro credit loan, especially in terms of the repayments and interest. An art shop owner in the pottery village expressed his sentiments in the following way: “I borrowed money from many places...fortunately some family members lent me money. Dealing with the family was not so difficult as long as I had a valid reason for the loan...I started with that money” (Husein). The participants also acknowledged that loans from family or friends did not need collateral, but required their intangible assets, such as reputation, in order to ensure the financial support. A local diver in Senggigi discussed the situation as follows:

My first capital was about one hundred and fifty million rupiah. I got a loan from my Dutch friend. I got the loan for ten years, as mentioned in the agreement. With that loan, I convinced my Dutch friend that local people like me could be trusted in business. I always keep that in my mind. (Mustafa)

A loan is primarily obtained if the lender trusts the entrepreneur; this trust shown via one’s reputation, such as having well-known business characteristics (e.g. honesty), business experience, and intellectual properties. For many, such as Mustafa, obtaining someone’s trust might take a long period of time. During that period, the lender and the borrower must have adequate time to interact, so that the lender can make an overall evaluation of the borrower’s reputation.

According to some participants in the current study, reputation is the result of a range of efforts over time. For instance, building a business reputation is established by product image and interactions with customers, as well as other stakeholders’ opinions. An owner of the furniture and woodcraft shop in Senggigi suggested:

I faced a lot of difficulties in my first year…because we tried to be committed to our principles, despite inadequate financial support. We made some products, but we could not make much profit because we had to buy materials at retail prices. We spent a lot on materials. However, I kept going. My target in my first year was to establish the brand image of my product. (Saupan)

Product image, therefore, helps to create a business reputation, which can increase customers’ and other stakeholders’ trust, including the lenders, in the business. Yet, while reputation is critical in obtaining business credit, building a reputation requires intense action and perseverance when dealing with business difficulties and uncertainties.
Another way to overcome the lack of financial support is by seeking alternate means of raising the money. For instance, the entrepreneur can rent the land or the buildings where they wish to establish their enterprise, as reflected upon by an art shop owner in the pottery village:

I came to this village to find out information about a rented art shop. I was thinking of renting an art shop, because I had not enough money to build one. I rented an old art shop. When I looked at the art shop for the first time, I already had my plan. I saw that the art shop was small. Its yard was lower than the level of the road, and it had not been taken care properly. I realized that I had to pay the rent, make renovations, increased the level of the yard, build a surrounding fence for security, and made some other improvements. (Husein)

By renting a premise the entrepreneur can help accelerate the start of the enterprise operation. Several benefits accrue from adopting this strategy. Renting is usually cheaper than buying, and can be shared with other entrepreneurs; additionally, sharing rents can result in business cooperation with other entrepreneurs. Renting can help an entrepreneur set his/her business target, based on the renting period. The obligation to pay rent can bring positive effects to entrepreneurial motivation, in that the obligation increases the entrepreneur’s persistence in conducting business. Furthermore, the renting strategy allows the entrepreneur to move to a new business location if his/her business does not benefit in the old location.

Another example of prudent investment involves buying second-hand equipment to support the operation, as suggested by a tour operator in Senggigi:

I then bought a second hand personal computer (PC), but I did not pay cash straight away for the two and half million rupiah cost. I paid a down payment of only five hundred thousand rupiah for the computer…I said, “oh my God”. But, I was happy because I never had to apply for a bank loan. I eventually paid for it all using my own money. (Basar)

The choice to purchase second hand equipment helped to reduce the entrepreneur’s investment so that they were able to focus on the business necessities. Using cheaper equipment also increased the budget allocation for other activities, such as production and promotion.

Assets play an important role in the establishment phase, particularly in the early stage. While tangible assets (such as cash and premises) can be used as business capital, intangible assets (such as knowledge and good personal characteristics) can help obtain resources to support the enterprise’s operation. In this stage, motivations, knowledge and skills continue to be important. For instance, while entrepreneurs’
motivation can develop through their persistent efforts to obtain cash, their knowledge and skills can develop abilities to transform the cash into successful business outcomes.

Overall, the establishment phase is characterised by endeavours to exploit the identified business opportunities in which the business concepts are transformed into practices. The entrepreneurial journey in this phase is related to establishing an enterprise and starting its operation. Entrepreneurs learn about the types of enterprises and search for a strategic location for the enterprise, that is, an accessible location to stakeholders, both customers and suppliers. Furthermore, the entrepreneurs must be able to mobilise their available assets, both tangible and intangible, to start the operation. The success of the establishment phase leads the entrepreneurial journey into the development phase, which is discussed in the next section.

4.4 Development phase

While the previous section depicted experiences faced by establishing a tourism enterprise, the development phase involves a description of the entrepreneurs’ experiences in developing their enterprises. For example, one participant in the study, an art shop owner in Senggigi, described his experience in the following statement:

I think I have made all kinds of products...In the beginning, I made cupboards, chairs, and tables. We then made kitchenware. My unique product, that no other people can make, is made from liana wood. Because of that product I was appointed by the industry department to represent this region in an exhibition in Jakarta. From that exhibition I received a lot of orders for my product. I also received a number of contracts. For example, I have a two year contract with a hotel in Sekotong. I also have another contract with PT Queen; the firm is building a Villa in Gili Trawangan. (Saupan)

Developing an enterprise is a continuous process of identifying and exploiting entrepreneurial opportunities, from one opportunity to the next, in order to generate a greater business opportunity (Ardichvili et al, 2003; Shane et al, 2003; Vaghely & Julien, 2010). The exploitation of one opportunity can lead to the identification and exploitation of another opportunity.

The entrepreneurial process is categorised by the continual development and growth of a business (Shane & Venkataraman, 2000). It is this focus on growth that differentiates entrepreneurship from small business development (Storey & Greene, 2010). Additionally, an entrepreneurial journey, during the development phase, is characterised by endeavours to deal with various circumstances that support, challenge, and inhibit the efforts of making a tourism enterprise bigger and more beneficial. Such
endeavours are explained by two main concepts: selling and facing uncertainties. The next section discusses the two concepts consecutively.

4.4.1. Selling

Despite the different types of enterprises, the journey during the development phase is focused on selling products and services. Selling incorporates three main entrepreneurial activities: producing products and services, establishing networks, and promoting. It appears from the participants’ comments that the three main activities are entwined, and work together to increase the ability to sell the tourism product. An hotelier in Senggigi discussed this issue the following way:

We talk about service in tourism. If we had good services, we would be able to go through regardless of the competition conditions...if we serve the tourists well they will return, plus they help us with their “word-of-mouth” promotion.

(Taufiko)

As Taufiko noted, selling requires the ability to create demand for products and services (producing). The quality of the product affects the business performance and the enterprise image within the customers’ eyes (promoting). In addition, a high quality product can help create loyal customers and ensure the success of the enterprise development (networks).

Producing is one of the core activities in the entrepreneurial process. It is the process of transforming resources into products and services, and incorporates the tangible resources (such as materials), and the intangible resources (such as ideas, knowledge and skills). Importantly, producing is related to creating entrepreneurial opportunities, that is, the business concepts are translated into practices, with an action to execute a business plan creating distinctive products and services. Producing signifies the operation of an enterprise and determines the continuation of its business. Moreover, the products and services are created to generate profits and allow the enterprise to grow.

Despite customers’ demands, the entrepreneur’s ability to produce products is influenced by the availability of supporting resources, particularly skilful employees and materials. An art shop owner in the pottery village shared his experiences in the following statement:

The same potter receives orders from two or three entrepreneurs at the same time. As a result, all entrepreneurs will have less profit. The order will not be ready on time, and the quality of the goods cannot be guaranteed because the
potter has to work quickly to finish the orders on time. Thus, those who have more money and can meet frequently with the potter, in all probability, will have their orders finished earlier. (Husein)

To some extent, entrepreneurs must compete with other entrepreneurs to obtain the best employees services because, during peak production periods, there is a shortage of suitable employees. The competition requires not only financial support but also effective networks. An entrepreneur’s ability to establish such networks helps secure resources to produce products and services that are demanded by the customers.

Another core activity in the entrepreneurial process, as noted above, is networking. The majority of participants in the study suggested that networking in a tourism business is as important as creating the products. Therefore, networks should be established with all tourism stakeholders (in the private and public sectors, and with the tourists and local people). A local tour operator in Senggigi suggested that:

Some of my customers have a Lombok package tour; they book from their country through my agent in Bali. The backpackers book us also from Bali. We work together with an agent in Bali. For trekking tours, we provide a guide, a porter and equipment from another organisation. We just sell the trip as an agent. We provide transportation from here, and book a trip from an organizer in Rinjani. We work together with a local trekking trip organiser. The organiser looks after everything, including the permits to climb. (Arman)

Networks are aimed at promoting and selling products and services, which are then created and promoted together with a number of partners from different places. Networking helps to incorporate various resources, such as employees and natural resources, with the minimum cost. Importantly, networking increases the abilities of entrepreneurs to generate income.

Indeed, the greater the network the more opportunities are identified that will generate business. For instance, a souvenir exporter in Senggigi proposed that:

The more foreign buyers I have, the more articles I should export. For example, in 1994 and 1995, I could send twenty containers per month. My highest record was when I sent 40 containers a month during a Christmas 1995. I shipped six containers a day at that time. (Acelin)

Networking influences the ability of an enterprise to acquire market share and generate business. Entrepreneurs with a national and international networking level have the potential to attain more customers and businesses than those who rely solely on local and regional networking. Additionally, international networking can help promote and sell the products to overseas markets and, consequently, provide opportunities to access larger markets and generate greater business with other entrepreneurs worldwide.
Promoting is another critical activity in the entrepreneurial process, which helps to increase the selling of tourism products and services. Selling can be achieved by two means: *conventional* and *non-conventional promotion*. Conventional promotion is associated with exhibitions, sales calls, establishing relationships with other enterprises, and selling the products directly to customers. An online tour operator in Senggigi suggested the term conventional:

Regarding development strategies, I just do it *conventionally*. I have the sources, I mean the main supporting agents. To search for other agents, I made sales calls to Jakarta, Bali and Surabaya. I attended many events, but just regional events, at that time. I never attended overseas events. (Basar)

Conventional promotion appears to have been adopted by most local Lombok tourism entrepreneurs. These strategies provide opportunity for the entrepreneurs to make direct contact with the buyers or customers. However, conventional promotion is expensive and limited by time and place.

An alternative method is the use non-conventional promotional approaches to promote and sell products or services. Non-conventional promotion means utilising the new media, such as the Internet. An online tour operator commented that:

For those who have different business from mine, not many understand what I am doing because it’s a *non-conventional* strategy. They may not know what the Internet is. You know that people in Lombok are still not very familiar with Internet. For this reason I take this opportunity, and I don’t need to work hard all day. I can work for just one hour per day to maintain the promotional process, and I think that is enough...I don’t need an office because I can work from home. Furthermore, this promotion connects us directly with our customers. (Basar)

Even today the use of the Internet to promote tourist destinations on Lombok is considered non-conventional, as few tourism enterprises use Internet for promotion. The adoption of non-conventional promotion can be beneficial, as well as challenging. The lack of competitors who promote using the Internet can increase the opportunity to obtain a larger market share. However, the lack of the local people’s familiarity with the Internet influences the availability of employees with IT (information technology) qualifications. Furthermore, despite the lack of use of online promotions on Lombok, this strategy has been used successfully in other regions and countries.

Importantly, the use of online promotion results in worldwide competition and challenges. The global nature of the online promotion can bring unexpected consequences, such as intrusions by hackers or by a cyber attack. Such attacks can bring
material losses, and require expertise and persistent efforts to overcome and remedy the problem. One online tour operator stated that:

Indeed, I was attacked by hackers several times...I had to stay overnight to prepare my website. Now I have special software to avoid hackers. I check my website every day. I also have a security system for my email so that it is not hijacked by any one. You know that Indonesia is well-known for being under attack by hacker. Thus, I equip my email with software I bought for $50 from the United States of America. (Basar)

Overall, producing, networking, and promoting activities are the core of creating sales during the development phase of the entrepreneurial journey. Producing is the process of creating products and services to meet market needs. At such times networks help secure resources so that products and services can be created. Networks also ease promotional activities. The whole entrepreneurial process, ranging from production through to distribution, requires continuous endeavours, involving both cognitive factors (such as knowledge and skills) and entrepreneurial motivations. Such processes involve a number of factors, namely: creativity (the ability to create), social capability (the ability to establish networks), and mental and emotional ability (the ability to manage one’s own emotions and to encourage employees to meet production targets). These abilities are critical when entrepreneurs face uncertainties, or wish to progress their business. These issues are discussed below.

4.4.2 Facing uncertainties

The participants reported that business conditions are uncertain. Consequently, developing an enterprise can result in two outcomes: profits or losses; they can also have a number of consequences for a business: growth, decline or survival. These consequences reflect business uncertainties. For example, growth is experienced when the enterprise is growing in terms of its size, investment, quantity and quality of products, or market share. An owner of furniture and woodcraft shop described the growth of his enterprise:

Thank God, in the second and the third year I could add on more my workers, increase my capital by obtaining loans from here and there, and introduce my products to a bigger market. When I started, my workshop was only twenty square metres, and I had just two workers. Now, I have more than 1300 square metres, and I have twenty-eight workers. All workers are productive. Our administration is one of our strengths; it controls our efficiency. We have a system in which the workers are paid based on their output. (Saupan)
Growth can make an enterprise stronger in terms of its corporate culture and image, and increase the economic and social value of the enterprise. As explained by Saupan and other participants in the current study, enterprise growth is determined by the increase in the enterprise’s resources, such as the number of employees and business capital. Increasing numbers of employees indicates success in selling and increases in the requirements for the supply of raw materials. The acquisition of financial support indicates trust from other parties regarding the performance of the enterprise. Furthermore, a bigger market share is achieved through the creation of high quality products and satisfactory promotion. However, the increases in size and scope of an operation have an effect on the production and operational costs, and can require a more complex management system.

A number of participants suggested that becoming a market leader indicates the growth of an enterprise. Leading the market means controlling the biggest market share when compared to the other competitors. However, the entrepreneurs need to have the ability to produce and meet the demanded products and services, continuously, and to create a market for those products and services. To be a market leader requires an ability to manage the quality of the products, the promotional process, and the establishment of networks with customers and business partners so that the enterprise can continuously search for new markets. The entrepreneurs also need to maintain the product quality and develop appropriate managerial systems, which are supported by professional employees.

Expanding to other businesses and establishing other enterprises, as stated by a surfing organiser in Kuta, can also indicate the growth of an enterprise:

This enterprise develops. Some guests, who previously came for surfing, returned and had trust in me. We then collaborated in some businesses. I am currently developing other enterprises as an extension of this surfing enterprise. I have a restaurant that I named the Gecko restaurant. I built it on 600 square metres on my own land. I also have a plan to build a home stay as well. For the home stay, I already have about 300 square metres of land. (Kiem).

A growing business increases financial stability and business experience, and helps create new business opportunities. The success of an enterprise can attract further investment, which provides the opportunity for partnerships. Therefore, a growing business can stimulate business expansion and the establishment of new enterprises in other sectors.

However, personal weaknesses and unstable business conditions can create
obstacles to endeavours for developing a business; the result may be a business downturn and failure. Participants acknowledged this prospect; noting that sometimes they survive and make their enterprise operate despite business difficulties. For many entrepreneurs, dealing with business difficulties appears to result from focusing on short-term orientations to keep the enterprise operating, while searching for opportunities to progress. A local tour operator in Senggigi explained the situation in the following statement:

I started my travel agent in 2003. My main products include daily tours, ticketing, and renting cars, motor-bikes and bicycles...yet, my business is still unstable. I have moved my office more than seven times since 2003 because I have not had enough money to pay the rent. My income is just enough for my daily needs. (Zulfikar)

Indeed, business difficulties can be the consequence of a declining enterprise, which is the result of internal and external problems. Internal problems include the lack of financial support and the lack of business knowledge and skills, such as managerial and marketing abilities. External problems may be related to the condition of the tourism business in general, such as the decline in tourist visitations, an increase in market competition, the decline or instability in the economic or political situation at local, national or international levels. Therefore, for the participants, such as Zulfikar, focusing on the short-term orientation is the way they survive such internal and external problems.

From the study, it was clear that a number of the participants had decided to reinvent their tourism business in the face of business difficulties, and to make their business grow. Reinventing is achieved through closing the old enterprise and establishing a new one with new products or services. One tour operator in Senggigi had taken this action:

I worked step-by-step until I could establish an art shop in 1994. I developed my art shop for years, but I experienced a business downturn in 2007. I then tried to change my direction and started something new. This business then triggered my thinking about my business not just in terms of Lombok but of the world...My activities became monotonous, and my knowledge was not improving by managing the art shop. Now I generate more income from my travel agency, and I can also create opportunities for other people to get jobs. (Arman)

Participants, such as Arman, indicated that reinventing involves establishing a new enterprise with more marketable products and services. A new enterprise is intended to increase an entrepreneur's motivation to create new products and services. In this case,
entrepreneur’s desire for achievement is a critical element for survival. Further, entrepreneurs also learn from their experiences and try to make improvements from past mistakes, especially when they perceive the benefits from being involved in the tourism industry. The combination of business experiences and motivation increase an entrepreneur’s abilities to deal with uncertainties and business difficulties.

Overall, the entrepreneurial journey during the development phase is characterised by the participants’ endeavours to develop and expand their tourism businesses. Entrepreneurs see the importance of increasing the quality and quantity of their products and services, intensifying their promotions, and developing business networks at a national and international level. They also learn from their experiences, observations and evaluations of entrepreneurial opportunities; additionally, they develop their abilities to exploit and create further business opportunities. Indeed, the entrepreneurs are persistent in their efforts to grow their tourism business, despite difficulties and uncertainties. Therefore, the tourism entrepreneurial journey is characterised by entrepreneur’s continuous endeavours that are conceptualised as entrepreneurial coping (EC), which is discussed in the next section.

4.5 The emergence of the entrepreneurial coping concept

The previous sections have discussed the entrepreneurial journey in tourism, a journey that consists of three main phases: orientation, establishment, and development. The entrepreneurial journey has demonstrated the endeavours undertaken by the indigenous tourism entrepreneurs to gain benefits and avoid losses from tourism entrepreneurial activities on Lombok. In other words, business activities throughout the entrepreneurial journey can be characterised by the endeavours undertaken to cope with varied challenges, difficulties, and uncertainties that inhibit a successful tourism business. This section examines the emergence of the entrepreneurial coping (EC) concept throughout the entrepreneurial journey in tourism.

In the current study, the participant’s EC emerged for the first time during the orientation phase. They endeavoured to identify and develop their entrepreneurial motivation and abilities for the first time. Locke (2000) suggests that such motivation is all about needs, goals, values, and emotion. The needs stimulate the emergence of values, and give rise to goals (Hastie, 2001); whereas goals guide the actions and emotions influence the intensity of the action (Locke, 2000).
Socioeconomic constraints, such as social stratification and poverty, gave rise to the participant’s motivations (e.g. needs) to improve their life style. However, at the same time, the socioeconomic constraints diminished the participants’ opportunity to acquire knowledge and skills, or ability by which to generate income and improve their life style. Consequently, their motivations (e.g. values) stimulated them (the participants) so that they could cope with the problems; subsequently, they entered into tourism entrepreneurial activities and identified opportunities in the industry. Further, the participant’s ability to cope with the socioeconomic constraints, through tourism entrepreneurial activities, was complicated by their lack of industry knowledge and skills. Therefore, both, the socioeconomic constraints (as external factors) and motivations (as internal factors) gave rise to the entrepreneurial coping in tourism for the first time.

Additionally, the participant’s coping ability was complicated by the presence of economic, social, and cultural problems that inhibited them from acquiring the knowledge and skills that would help them to identify tourism business opportunities. Being able to develop their motivation, and acquire appropriate knowledge and skills to identify opportunities in tourism, enables the participants to enter the establishment phase of the entrepreneurial journey.

It was evident in the study that coping continued to be an important factor within the establishment phase. The entrepreneurs endeavoured to set up their tourism enterprises in order to exploit opportunities that they had discovered and created during the orientation phase. Yet, their coping was inhibited by the presence of a series of problems (namely, regulations, the lack of supporting resources, and the lack of experience in the tourism business). Such problems had to be overcome, or cope with, to ensure the completion of the establishment process and to develop the enterprises. Failing to cope with such problems most often resulted in the failure of the tourism business. As Davidsson and Honnig, (2003) pointed out that more than a half of nascent entrepreneurs fail in the early stage of entrepreneurial process; the result of an entrepreneur being unable to cope with the problems faced during the establishment phase.

The EC continues to take place during the development phase. The entrepreneurs have to cope with a number of challenges and difficulties when pursuing profits and growing the enterprise. As new comers to the tourism industry, the entrepreneurs may lack of business capital and the required knowledge and skills. Yet,
they have to cope with such difficulties in order to survive and grow. A diving organiser in Senggigi acknowledged this dilemma:

I saw that business in diving is prospective, not only because of a lot of diving sites in Lombok, but also there is still no local diving club. So, I have to buy the expensive equipment from Bali and face competition with non-local dive clubs that possess strong financial support and an existing market. (Mustafa)

In addition, entrepreneurs have to manage a range of issues, such as competing against entrepreneurs who have stronger support and resources, and maintaining the quality of their products and services in order to obtain trust from their customers. The entrepreneurs have to cope with a number of problems (including competition, selling, regulations, support, and resources) if they want to develop their enterprise.

The development of tourism enterprises is characterised by uncertainties, in that the business may make either a profit or a loss, and a range of internal and external factors influences it. The benefits bring business development, whereas the losses lead to stagnancy and even bankruptcy. Importantly, development requires continuous endeavours to fulfil and create the market’s needs. Entrepreneurs must manage tourism stakeholders who have different expectations from the tourism business. At the same time the entrepreneurs have to compete against a group of other stakeholders (e.g. entrepreneurs), they also have to cooperate with another group of stakeholders (e.g. the local people) in order to obtain support and resources.

The entrepreneurial journey can be described as a continuum, which has three phases: orientation, establishment, and development. Being stimulated by the socioeconomic constraints (the external factors), and the desire to fulfil needs (internal factors), entrepreneurs strive to incorporate their motivations, and appropriate knowledge and skills to search for opportunities throughout the entrepreneurial journey. The socioeconomic constraints can vary across the phases following a change in the needs they seek to fulfil. The success of incorporating the three elements in the lower phase (orientation phase) leads to the consolidation of the elements at the higher phases (establishment and development phases). The emergence of the entrepreneurial coping concept along the entrepreneurial journey is depicted in Figure 4.2 in the next page.
Entrepreneurial motivation + cognition + opportunities

Entrepreneurial coping (EC)

Orientation phase | Establishment phase | Development phase

The entrepreneurial journey experience is as an ongoing trajectory across the phases

Figure 4.2. The emergence of the entrepreneurial coping concept

4.6 Conclusion

Chapter Four discussed the tourism entrepreneurial journey for entrepreneurs on Lombok. The three main sections (orientation phase, establishment phase, and development phase) were described. The chapter also presented a discourse on the emergence of the entrepreneurial coping (EC) concept throughout the tourism entrepreneurial journey. The EC emerged in response to the external and internal factors that led to the undertaking of business activities in the tourism sector. The emergence of the EC indicated that the business activities in tourism provided problems and threats to the continuation of the entrepreneurial journey. Entrepreneurs were seen to deal with material and non-material losses if they failed to cope with the problems and the threats. Therefore, knowing where the threats to the entrepreneurs’ EC came from was the key to knowing how to cope with the threats and make the business in tourism both sustainable and profitable.

In order to understand such threats, it was important to investigate the interpretation of the context in which the entrepreneurial journey takes place, as well as
the process through which the entrepreneurs responded to the threats, namely via their actions, interactions, and emotions. Further, such a context consists of micro and macro conditions. The micro conditions appear to be associated with the immediate set of conditions faced by the entrepreneurs on a daily basis, while the macro conditions related to the socio-political and historical conditions of tourism development on Lombok. The context is important as it reveals the circumstances in which the threats are presented to the entrepreneurs’ EC; this issue is discussed in the next chapter.
CHAPTER FIVE
THE ENTREPRENEURIAL CULTURE OF TOURISM INDUSTRY IN LOMBOK

There is a high level of jealousy amongst us, the art shop owners. They don’t want to share. You know that most guides and drivers direct their tourists to one art shop only despite the similar quality of our products and services. We don’t know what games they play behind our backs.

Ramli, 2011
Owner of Dharma Bakti art shop, Lombok

5.1 Introduction

The three main phases of the tourism entrepreneurial journey on Lombok (orientation, establishment and development) were explored in the previous chapter. The emergence of the entrepreneurial coping (EC) concept, participants’ endeavours in establishing and developing their small tourism enterprises, was also discussed. The concept of entrepreneurial coping emerged from the participant’s responses in relation to varied problems and challenges they faced with the tourism environment. Those problems were formed by specific rules of the game that contextualised the tourism entrepreneurial journey on the island. The contextual nature of the tourism industry, where the tourism entrepreneurial journey and the entrepreneurial coping occur, is theorised as “entrepreneurial culture”.

The entrepreneurial culture results from the interconnectivity between one entrepreneur and another, and between the tourism entrepreneurs and their environment, at the local, national and international levels, within a period of time. Further, it arises from micro and macro conditions affecting the tourism industry, and emerges as a series of problems that constantly trouble and challenge the indigenous tourism entrepreneurs’ abilities to establish and develop their small tourism enterprises. Figure 5.1 depicts the entrepreneurial culture of the tourism industry on Lombok; it is this issue that is the focus of the discussion presented in this chapter.

Chapter Five consists of two main sections: the micro conditions and the macro conditions. The micro conditions, discussed in section 5.1, are a set of problems that tourism entrepreneurs have to deal with, through actions, interactions, and emotions in their daily entrepreneurial activities, in order to be successful with their entrepreneurial journey in tourism.
Figure 5.1. The entrepreneurial culture of tourism industry developed from five primary concepts

The macro conditions, discussed in section 5.2, are the larger social, historical, and political conditions that influence the micro conditions of the tourism industry on Lombok. For instance, the decline in tourist visitation to Lombok, as a result of domestic and international socio-political conditions, intensifies competition amongst small tourism enterprises, and influences an entrepreneur’s ability to establish and develop tourism enterprises.
5.2 Micro conditions

Micro conditions refer to the immediate set of conditions faced by the entrepreneurs in their day-to-day activities (Strauss & Corbin, 2008). In their interviews the participants indicated that local communities, the private sector (including tourism enterprises) and tourism agencies, together, bring about particular conditions that present problems to their entrepreneurial coping. These problems are: stereotype of tourists and locality status, destructive competition, and lack of encouragement.

5.2.1 Stereotype of tourists and locality status

The participants revealed that the majority the local Lombok people had negative perceptions about tourists and those who worked in tourism. Therefore, they were not willing to participate in tourism businesses, such as hotel and travel agencies. Earlier studies (e.g. Fallon, 2001, 2003, Saufi, 2008, Schellhorn, 2010) of host community participation in tourism development on Lombok also found that the local people’s lack of tourism knowledge inhibited them from benefiting from the tourism industry.

According to the findings from the current study, this lack of knowledge of tourists and tourism is shown by the stereotypes identified by the local people. Three main tourism stereotypes exist within the Sasak society, and influence the entrepreneur’s ability to develop their tourism business. Firstly, tourists were seen to have negative behaviours, such as a hedonic life style, with their free approach to sex contradicting local culture and religious beliefs. Secondly, was the perception that tourists were wealthy and generous Westerners who had strong buying power. Thirdly, the tourism entrepreneurs not born on Lombok were considered outsiders and, consequently, lacked local support. These stereotypes are discussed more fully below.

Stereotype of tourists with negative behaviours

The stereotype of tourists with negative behaviours posed various problems and challenges to tourism entrepreneurial activities on Lombok. The local people formed such stereotypes about those who worked in the tourism industry. It was perceived that these workers were thought to have been polluted by Western attitudes and behaviours, and were being disrespectful of their society. An online tour operator in Senggigi stated:

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

As a result of such a stereotype, many local people, particularly the young and single, are discouraged from pursuing a career in tourism. As the Lombok people (the Sasaks) live communally, their way of thinking is influenced by the common values adopted by the community. If the community perceives tourism negatively, the community members replicate this trend and avoid working in the tourism industry. Therefore, such stereotypes have the potential to prevent local people’s pursuit of tourism entrepreneurial activities.

In my working life I, too, have experienced such constraints related to my involvement in activities related to tourism; for example, with my parents opposed to my learning English. After I graduated from high school, I had hoped to enrol in an English course in order to become qualified as a freelance tour guide. However, a number of people from my community reacted negatively towards this intention, influencing my parents’ opinions on the matter. The locals said that working in tourism would damage the good reputation of my family. These communities’ views made my parents vulnerable to perceived negative influences connected with the tourism industry. The locals urged my parents to ban me from such work. My parents were convinced that if I had any interaction with the tourists my family would disown me. It took me three days to convince my parents that what people in my community perceived were not true. If I followed what my community said at that time, I would not have had the successful career in tourism that I have today.

The impact of this negative stereotype was also evident in local people’s opposition towards tourism development within the participant’s home environs. The participants described how some local people not only refused to join in the tourism activities, but also demanded that some of these activities be relocated from within their area. For example, a tour operator in Senggigi shared the local people’s perceptions towards his tourism business:
Some people from this village opposed tourism...they looked at tourism from one perspective...our efforts to provide entertainment for the tourists were often opposed by the people because they believed that such entertainment would attract a wild crowd. They accused the tourism industry of misleading local people...they criticized the development of tourism in their area. (Arman)

As a result, entrepreneurs, such as Arman, are not able to use or develop local resources for tourist products and services. Stereotypes and challenges influence the entrepreneurs’ ability to discover and exploit entrepreneurial opportunities in tourism.

In my work within the tourism industry, I, too, have experienced a lack of local support. I built a theatre for cultural shows aimed at tourists in 2002, in collaboration with a Dutch couple. The project was located in a village outside a tourist destination. The goal was to create a new tourist attraction and help the local people benefit from the tourism industry. The project was also intended to provide a regular show so that tourists could enjoy an indigenous performance and the local people could generate income through the performance. My research prior to building the attraction had not identified the local people’s unfavourable perceptions towards tourists that could have affected the operation of the theatre. However, these perceptions did exist. As a consequence, the venture was unsuccessful, despite the construction of the theatre, costing more than two hundred million rupiah (AUD$50,000; the exchange rate was approximately 4,000 rupiah per AUD$ at that time in 2002). The main obstacle was the local people’s lack of willingness to perform their traditions for the tourists. As a result, it was not possible to perform a regular show as had been planned. Instead, performers from other places were brought in every time the traditional show was scheduled, increasing the operational costs for the theatre.

As the participants acknowledged, the negative tourism stereotype derives from the local people’s misconceptions and reflects their lack of tourism knowledge. Such stereotypes influence local people’s thinking so that they are not willing to engage in tourism activities. As a participant from Senggigi commented:

Probably, only thirty percent of the tourism entrepreneurs originate from this village. This is a very small segment of the population because the local community is very close. They live in this place; but, they are not interested in tourism. Many of the people don’t want to participate...furthermore, the female villagers. They don’t want to work in my restaurant…They don’t want to send their children to study tourism either. They can’t distinguish between a restaurant and a night club.(Dewinta)
As a result, the tourism industry experiences a lack of local entrepreneurs and the tourism workforce is limited. For Dewinta and the other participants, the lack of local entrepreneurs increased their opportunity to generate business. Nevertheless, the lack of an available workforce presented them with a challenge. Consequently, the majority of entrepreneurs employ unskilled employees and have to manage two types of employment problems: poor performance by the employee and the untrustworthy behaviour of the employee.

The participants used the term “poor performance by the employees” to refer to the employees who could not meet their work expectations. A tour operator, who also owned a restaurant in Senggigi, made the following observation:

The problem is the performance of my staff. It is difficult to develop their understanding of good time-keeping in tourism, and professional commitment...Indeed, teaching people self-discipline is not easy...They don’t understand that they should serve foreign tourists...I’ve recruited some employees...who come and stay, and some go if they don’t understand my expectations...This province has a lack of skilful employees. (Dewinta)

Poor performance by the employees presents productivity constraints and operational costs. These employees need more supervision and impact negatively on entrepreneurs’ productive time. However, little improvements in meeting targeted productions seem rarely to be achieved, resulting in high levels of employee turnover. Since entrepreneurs have to continually focus on employee recruitment and development processes, their time is diverted from new product creation. Consequently, products and services are susceptible to replication by other entrepreneurs, resulting in declining market shares. Furthermore, the lack of skilled employees stimulates competition to attract the services of skilled employees. A high demand for these employees increases wage levels for the skilled employees, which in turn, affects operational costs. These problems ultimately influence the participants’ ability to generate business, and the further development of their business performance.

The participants also used the term “untrustworthy employee” to describe skilled employees who lack work ethics. One tour operator in Senggigi suggested the following:

The same applies to most tour guides in this place. I give them some jobs. I allow them to accompany my guests, but, the next day, they recommend that my customers use another agent’s services...We expect beneficial cooperation from them, but it is difficult to realise. (Dewinda)
Untrustworthy employees can create losses by manipulating the business operations and stealing enterprise assets for their own benefit. In the first stage, the employees may manipulate the sales results, and then increase their actions, if their behaviour is not detected. As such untrustworthy employees are only concerned with making profits for themselves, they can impose big losses on an enterprise. Their actions can even lead their employers into bankruptcy, as experienced by an online tour operator in Senggigi:

In 2009, my business collapsed. I went bankrupt. I was cheated by my own assistant, the one whom I trusted. Can you imagine that? I trained the guy from scratch...I took him on as my staff in 2003, and taught him many things...In this online business, again, another worker that I recruited was dishonest. He cheated me. He took our customers to other agents. He did that three times. For customers, who booked optional trips, he introduced them to other agents, and he got the commission from the agents. I finally fired him. (Basar)

Many entrepreneurs, like Basar, are too late to discover how these untrustworthy employees were manipulating their businesses. Such employees may be difficult to identify; nevertheless, the indigenous entrepreneurs need to be vigilant in order to succeed. Dealing with these employees requires managerial and psychological skills so that the entrepreneur can practice the appropriate management functions, such as supervision, control, and leadership.

Stereotype of wealthy and generous Westerners

The stereotype of tourists as being wealthy and generous Westerners, with strong buying power, has affected many local entrepreneurial journeys. Firstly, the stereotype inspires differential pricing between tourists and locals. The tourist price is always higher than the local price, and, unfortunately, this sets the price range for the locals who participate in the tourism industry. In my work, I, too, have experienced such pricing, namely, when I built a social foundation together with the Dutch couple. When we built one of our buildings, I always had to pay a higher price for the building materials when I shopped with the Dutch couple. However, when my assistant shopped for the products he paid the lower price.

As suggested by the participants, it appears that the stereotype of the rich tourists often triggers jealousy, and can result in the local people having an inhospitable manner towards the tourists and tourism providers. An hotelier in Kuta in the following statement notes this behaviour:

Local people in this area don’t understand yet about tourism. This is our obstacle...I mean local people still perceive that every tourist has much money.
They often force tourists to purchase their services...there is still much annoying behaviour directed towards the tourists and towards us, the tourism providers, too. We sometimes face theft and extortion. (Leo)

Furthermore, in the areas where most local people live in poverty, tourists and tourism providers often become the target of crime. A surfing organiser in Kuta faced the following situation:

We have a problem with security issues I mean...theft and robbery. I think economic factors trigger such events. There are many poor people around here. That may trigger crimes, such as theft and robbery against the tourists and us. Even though such crimes are committed by people from other villages, we are affected. (Andika)

These stereotypes created opportunistic crime prospects and troubled entrepreneurs’ and tourists’ relationship with the local people. Meanwhile, if entrepreneurs feel threatened and insecure in a specific place, they may cancel their investment there. As a consequence, there is a loss of opportunity to develop local resources for tourist products and services in that place.

The stereotype of the wealthy tourists with strong buying power also stimulates the emergence of aggressive street vendors who, to some extent, affect the quality of the tourist experience. An online tour operator in Senggigi shared:

The street vendors in Tanjung Aan always chase tourists and force them to buy their merchandise. I often have to face complaints from my customers because of this behaviour. Sometimes, I have had to exclude Tanjung Aan from my tour package to avoid the situation and the complaints. (Basar)

Unfortunately, the street vendors’ lack of knowledge about positive selling techniques may result in their becoming aggressive towards the tourists. The street vendors’ perceptions that tour operators and tour guides inhibit their efforts to make sales from the tourists can result in their inappropriate behaviour towards them (the tour operators). The number of street vendors tends to increase during the high tourist season. They usually follow the tourist coaches by motorbike, creating traffic accidents and lowering the tourist’s sense of safety. Additionally, the intense and increased selling competition amongst the street vendors often results in fighting in front of the tourists (customers).

The current study revealed that the majority of participants felt the need to manage the street vendor situation in order to improve the image of Lombok’s tourism. However, this goal is beyond the capability of many entrepreneurs. As the street vendor problems are related to the general tourism image, the solution requires a coordinated stakeholder (particularly host community stakeholders) and government approach.
Indeed, the street vendors could be prospective entrepreneurs who are searching for entrepreneurial opportunities in tourism. Nevertheless, their aggressive manner in pursuing tourists, and the way they compete with other entrepreneurs, challenges the entrepreneur’s abilities to create and develop their products and services.

*Stereotype of locality status*

The research findings also revealed that the local people, particularly in the villages, still believe in the stereotype of an entrepreneur’s locality status. The villagers call non-local entrepreneurs “pengusaha luar”, meaning that the entrepreneurs were not born in the village or location where they establish their business. The villagers give less support to the *pengusaha luar* than to the locally born entrepreneur. Indeed, there are a number of negative impacts from such stereotyping on entrepreneurial activities. For example, an art shop owner, who was not originally from the pottery village, stated that:

> People in this village were not very happy with my arrival. I got very little support, except from pottery producers. Other art shop owners looked upon me as an outsider at that time. When I just started my art shop, my materials were stolen three times, and my fence was pushed over twice within a week. I was also gossiped about maliciously by my employee. He told one of my buyers that I would be kicked out of this village because I couldn’t pay the employees and the pottery producers. Consequently, the buyer stopped collaborating with me. I realised that it could take me two to five years to redeem myself in the eyes of the village people. (Husein)

For entrepreneurs, such as Husein, who establish enterprises outside of their home village, there is a lack of local support potentially increasing the security risk for their business activities. The non-local entrepreneur stereotype is also exploited by local entrepreneurs to control local resources in order to compete more effectively against the non-local entrepreneurs. Therefore, it is difficult for non-local entrepreneurs to establish and develop their tourism enterprises outside of their home village.

Overall, local people play important roles in the success of the entrepreneur’s journey in tourism. Their contributions to the entrepreneurial culture of tourism industry are reflected in the three tourist and tourism entrepreneur stereotypes. These stereotypes, however, can have consequences for the entrepreneurial journey. First, the negative stereotype of tourists stimulates a lack of local support for the tourism industry; it also affects the availability of local employees. As a result, entrepreneurs have to deal with unprofessional employees who may create high operational costs and
even business downturn. Second, the stereotype of the wealthy tourist stimulates price discrimination and can trigger the emergence of aggressive street vendors. This stereotype also creates security issues for tourists and the tourism business. Third, the stereotype of locality status complicates the entrepreneur’s abilities to obtain local support, particularly for those who establish their enterprises outside of their home village. While engaging in tourism entrepreneurial activities is challenging in itself, it becomes even more complex when the entrepreneur encounters a lack of local support, the lack of professional employees, aggressive street vendors, and an insecure business environment in tourism. In such circumstance, the entrepreneur can only try to endure and ride out the difficulties, as well as cope psychologically with the difficulties until they can revive the situation or shut their business down. Compounding these challenges, entrepreneurs can also face other problems, such as destructive competition. This dilemma is discussed in the next section.

5.2.2 Destructive competition

Interaction amongst tourism entrepreneurs often leads to destructive competition, in that some entrepreneurs become intensely constrained by the actions and reactions of other entrepreneurs. Destructive competition is associated with an entrepreneur’s attempts to make short-term business profits, regardless of the ensuing detrimental results to long-term business success. The destructive competition can be characterised by three emergent categories: unsettled selling commission, silent enemy and unprofessional partner. These characteristics are discussed below.

Unsettled selling commission

Indigenous tourism entrepreneurs in Lombok establish business relationships with other entrepreneurs in order to sell their products and services. These relationships are managed by a commission system, not a formalised contract. A commission is given to those who help sell the product. For example, an hotelier in Senggigi describes the process as follows: “I always pay ten percent commission for the guide per room per night. If the room rate is hundred fifty thousand rupiah per room per night, I will pay fifteen thousand rupiah commission per room per night” (Lukman). However, there is no common standard for the commission (the unsettled selling commission) amongst the entrepreneurs. Some entrepreneurs give higher selling commissions than do others.
This practice often leads to destructive competition and negatively affects business development.

The unsettled selling commission trend increases the price of products and services that are paid by the tourists (customers) and influences customer satisfaction. As the percentage for the selling commission is unsettled, tour operators and their guides often set a high percentage as the selling commission. An art shop owner in the weaving village shared their feelings in the following statement:

We don’t know the set of rules of travel agents. If we collaborated with the travel agency’s owner or manager, the tour guides and drivers often don’t agree with that amount. If we collaborated with all of them, we cannot make a profit at all...If I don’t increase the price, so I can pay them, they don’t want to come to my art shop. If I increase the price the customers’ buying power decreases...The commission is a complicated problem for me. If I do or don’t follow the rule of the commission I have a big problem...We have to pay fifty percent as a direct commission to the guides and drivers who bring the tourists. That excludes the commission we have to pay for the office, which is ten to fifteen percent. We also have to pay a parking fee and the meals for the guides and drivers during their stay in our art shop. (Ramdan)

While the quality of the products and services remains the same, high commissions can make the price an unreasonable one for the tourists. To some extent, high commissions can also stimulate the practice of manipulating the tourists. That is persuading them to buy low quality products for high prices. Such practice potentially affects the tourist’s satisfaction and the entrepreneur’s business reputation. Therefore, high commissions can bring detrimental consequences for both customers and entrepreneurs.

The trend of paying a high selling commission makes it difficult for the entrepreneur to establish a sustainable relationship with their customers, as suggested by an art shop owner in the pottery village:

Since the tour guides usually asks for a commission, the price of the goods needs to be increased. As a result, our cooperation with the customer is not sustainable, because those buyers will have to charge a higher price, and they usually cannot compete in selling their goods in their country. I think the commission for tour guides is ten percent. The tour guides should not determine the price...in my experience because of the high commission rate for the tour guides the buyer tends to make only one purchase. (Husein)

The commission trend presents entrepreneurs with a difficult choice: whether to satisfy their customers with a reasonable price, or satisfy their business partners with a high rate of commission. Making the first choice can help establish a beneficial relationship
with particular customers, however, that choice can mean the termination of the support of business partners.

Overall, the unsettled selling commission trend stimulates entrepreneurs to set a high commission and to focus on developing commission-based collaboration instead of focusing on the quality of products and services. For some entrepreneurs, such as those running restaurants and art shops, the selling commission trend requires a strong finance position in order to provide the highest commission and to be attractive to other business partners. Such a trend can present a challenge to new enterprises, which lack enough financial support, despite their innovative products or services. In contrast, unsettled selling commission trends may benefit entrepreneurs with good income streams and marketing support, but the results are often short-term business gains. These games, and the rules that underpin them, lead the entrepreneurs into destructive competition, which inspires the emergence of silent enemy, as discussed below.

Silent enemy

The trend of commission based-collaboration stimulates the emergence of the silent enemy from within the ranks of the indigenous tourism entrepreneurs. The silent enemy refers to entrepreneurs who use unusual means, such as magic or supernatural power, to help attract buyers and, thus, impact negatively on other entrepreneurs’ business performance. A number of the participants indicated that magic or supernatural power was used to help increase an entrepreneur’s self-efficacy. Magic is believed to help some entrepreneurs increase their business performance and to help outweigh the competitors’ business performance. An art shop owner in the pottery village described such use in the following statement:

Indeed, I have experienced that some art shop owners compete unfairly. They use magic to get buyers into their art shop. For example, some people ask for a shaman’s help. The shaman could put maggots (wasp maggots) inside the pottery, like a wasp puts maggots into a piece of meat, to impair the quality of one’s pottery. The results from competition among art shop owners are often horrible. (Husein)

In the pottery and weaving villages, some entrepreneurs use magic (instead of a high selling commission) to help attract buyers and win business competition. The silent enemy attracts business partners in mysterious ways, as suggested by an art shop owner in the weaving village:
As far as I am concerned anyone can be attacked by using magic named the “quiet village”. When someone is struck by such magic, his or her art shop will always be quiet. No customers come because they cannot see the art shop. The customers don’t realize that the art shop is there. If some customers can see the art shop, they don’t have a willingness to enter. (Panji)

Participants, such as Panji, believed that a silent enemy uses magic to influence a business partner’s willingness to cut off relationships with any entrepreneurs and focus upon the silent enemy’s enterprise. Furthermore, magic was believed to help the silent enemy affect other entrepreneur’s business performance. For instance, the silent enemy may use magic to make other entrepreneurs unable to undertake their entrepreneurial activities in order to win the business competition. An art shop owner in the pottery village shared his experience in the following:

Many people are jealous of my success. I was even attacked by someone using magic, which disabled me from working for two years. During that period, I could not wear cloth because there was water under my skin from my waist up to the top of my face. I could not sleep well because I could not lie down properly in bed. (Hanafi)

Indeed, the existence of the silent enemy may sound irrational and culturally related. Yet, participants believed that such competitors exist and intensify the destructive business competition in Lombok tourism industry. Believing in the use of magic for business competition can lead entrepreneurs into the inappropriate allocation of their budget, such as setting aside money for magic procurement. Indigenous tourism entrepreneurs can be trapped by these ways of conducting business. Also, the use of magic prevents the entrepreneurs from developing their rational entrepreneurial abilities, such as appropriate marketing strategies that can help establish and develop tourism enterprises. Meanwhile, the entrepreneurs who do not believe in the use of magic will have to cope with the irrational actions of their silent enemies. Added to these entrepreneurial problems are the unprofessional business partners; this issue is discussed in the following section.

**Unprofessional business partner**

Unprofessional business partners were those who used a dishonest approach to generate business, including breaking formal business contracts. Many participants had lost opportunities to generate business when dealing with such partners. A tour operator, who also ran a restaurant in Senggigi, expressed the dilemma in the following statement:
It has been such an ecosystem that one eats or is eaten in the tariff competition...the hotel gives me contract rate. It is very clear that both sides sign the contract. When I accommodate my customers in the hotel, as a part of my package...the hotel people stole my clients...The hotel even said, “Don’t join the travel agent, I’ll give you the cheaper rate than that of the agent. The next year, those customers didn’t return to me because they had a direct contract with the hotel...be careful with the hotel because our guests are not safe. We should keep them on eyes for 24 hours. Furthermore, if the one who stays there is a tour leader, the group will surely move to the other agent the next day. (Dewinta)

For many entrepreneurs, such as Dewinta, the unprofessional business partner affected her short and long term business relations. In the short-term, the partners dishonestly took over Dewinta’s opportunity to generate business, such as selling optional trips to the customers. In the long term, the unprofessional partners intercepted Dewinta’s contract with her overseas agents and took over Dewinta’s future customers. In this case, the unprofessional partners might concentrate on short term-oriented business dealing, but overlooked future business dealings with Dewinta.

The research participants also indicated that the behaviour of unprofessional partners could result in negative motivational consequences that affect the participants’ abilities to develop networks. A tour operator in Senggigi made the following observations:

I have experienced unsatisfactory relationships with some working partners. They were dishonest. I prefer conducting my business alone while observing whom I can work with. This business needs both expertise and trustworthiness. A good relationship is related to my future business. If I can establish a good relationship, my business can continue. However, my standards mean that my relationships often break up, especially with some unscrupulous local travel agencies. (Arman)

Arman and other entrepreneurs have learnt from such unpleasant unprofessional partners. On the one hand, these experiences increase the participants’ knowledge and alertness of the characteristics and behaviours of business partners. On the other hand, however, such unprofessional behaviours can create big losses and negative motivations for the more scrupulous entrepreneur. These difficulties can result in depression and frustration that weakens the entrepreneur’s efforts to recover from a business downturn.

The participants reported that many of the unprofessional partners were organisers of associations to which the participants were affiliated. The participants called the organisers referees who come into play. The association organisers are supposed to be caretakers of their members and to act in the name of the association.
However, they (the organisers) often acted for the benefit of their own enterprises. A restaurant owner in Senggigi outlined this situation in the following statement:

I complain to the association, but it doesn’t work. Hotel and agent associations are useless...I said to them many times...“Please manage us, don’t only manage yourselves. The cake should be shared. It should be shared fairly”...They are like a referee who is also a player. (Dewinta)

The participants indicated that many referees who come into play had political power to influence entrepreneurial activities on Lombok. Some were government officials who also established tourism enterprises. They (the officials) often use their political power as a means to compete with other entrepreneurs and win business opportunities.

In many cases, the referees who come into play developed monopolistic systems in that their businesses were the first to benefit from government tourism policies. An art shop owner in the weaving village revealed that:

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

The government officials, who also run their own tourism enterprises, appear to be unable to do their government duty, which is to supervise and stimulate the development of tourism enterprises in their area. In that capacity, the officials should help stimulate other enterprises to get established and help create a comfortable business environment, for example, by initiating a business association that unites all entrepreneurs in their area. However, the officials only seem to develop their own enterprises, and help create discouraging business conditions, especially for the nascent indigenous tourism entrepreneurs. The referees who come into play create a negative image of government officials and their performance. They also increase the entrepreneur’s pessimism so that the entrepreneur has difficulty coping with the existing situation. Consequently, government official action in such situations clearly constitutes a conflict of interest.

Overall and together, unsettled selling commission, silent enemy, and unprofessional business partner destructively affect the conditions of business competition in the Lombok tourism industry. The use of magic and dishonest behaviour to generate business results in destructive competition, with attempts to obtain short-term profits threatening business sustainability. In addition, entrepreneurial culture is
also affected by the lack of encouragement and protection by tourism authorities towards entrepreneurial activities in tourism industry; this topic is discussed in the following section.

5.2.3 Lack of government encouragement

The government, particularly local tourism agencies, are another tourism stakeholder that can affect the entrepreneurial culture of the Lombok tourism industry. The local tourism agencies consist of the Tourism department and other related departments, such as the Police, Trade and Industry, Customs, and Immigration Departments. Local government, through tourism agencies, are responsible for encouraging host communities to participate in tourism development and for protecting the entrepreneurial activities (Saufi, 2008; Saufi, O’Brien & Wilkins, forthcoming). Yet, the participants revealed that the lack of encouragement from the tourism agencies characterised the entrepreneurial culture of Lombok’s tourism industry. This lack of encouragement negatively affected the entrepreneurial coping ability.

The participants acknowledged that the lack of encouragement and protection of entrepreneurial activities in tourism reflected the poor performance of the tourism authorities. Such a situation is caused by unprofessional individual officials who happen to manage an important area of government, hold a strategic position and authorise tourism policies. In their defence, some of these officials may have a lack of knowledge about tourism development and its related strategic issues and, therefore, work for their own self-interest. No matter the origin, the unprofessional tourism official influences the effectiveness or ineffectiveness of a strategy. A souvenir exporter in Senggigi when talking about promoting Lombok tourism overseas describes one instance:

When I joined an exhibition in a foreign country, the local government only paid for a booth. I, on the other hand, as an entrepreneur, had to pay for my tickets, accommodation, and other expenses…There were five entrepreneurs and twenty government officials at the exhibition. During the exhibition, the officials didn’t do anything…the officials were supposed to supervise the entrepreneurs. But, in fact, they didn’t know anything about the products and prices. They didn’t even speak English. At no time did an official who could speak proficient English assist us. (Acelin)

For many entrepreneurs, such as Acelin, an international exhibition has become an ineffective promotional event for Lombok tourism, especially as authorised officials continue to send inexperienced officials rather than tourism entrepreneurs. This policy fails to seize opportunities for the tourism entrepreneurs to meet prospective
international buyers, and expand the limited opportunities to attract more tourists to Lombok.

The unprofessional work of government officials affects the quality of public services related to tourism. A surfing organiser in Kuta shared his experience:

I had to wait to get electric power for more than a year; I still have not got it. My application for 6500 watt electric power has not been realised. Another problem is water. Also, I have to buy tap water from Tanjung Aan. However, water from the tap doesn’t work every day...I cannot get water from the ground in this place because it’s salty...dealing with the bureaucracy is very difficult. If we want to arrange something, we have to pay...I told the electricity official yesterday that this project was not just mine. The project is in collaboration with my Japanese friend. If this project was my own, I would pay whatever you asked…However, I am responsible for my friend and I have to keep his trust in me. (Andika)

The quality of the public service has an influence on the quality of the entrepreneur’s (e.g. Andika) products and services. Enterprises, particularly hotels and restaurants, need adequate and reliable electricity and water supplies for their customers; any problems in this area can affect the hotel and restaurant’s ability to generate business. In addition, a slow and ineffective bureaucratic process can delay the completion and operation of a new enterprise, such as hotels or restaurants. Delays can negatively influence a foreign investor’s decision to collaborate in the tourism business, and result in a lost business opportunity.

The lack of encouragement by the government in tourism entrepreneurial activities was seen in the government’s inadequate policy formation related to tourism. For instance, participants discussed the absence of the government’s policy on micro credit loans to support the finance of small-scale tourism business. An online tour operator in Senggigi stated that:

It is very difficult to get financial support to increase my capital. Meanwhile I have applied to some banks, but they always refuse my loan application. I need money to develop my ticketing service. I need to be registered as a user in the airline online system. The airline asks an average of fifty to a hundred million rupiah to register as a user. I cannot be a user because I have no money to apply for registration; meanwhile, I am pessimistic about applying to the government for financial support. (Basar)

For Basar and other entrepreneurs, the lack of such a policy negatively affects their ability to obtain financial support for new product development and business expansion. As previously discussed in Chapter Four, section 4.3.2, most participants, to overcome their financial problems, used second hand equipment and sought family financial support, in the early stage of their entrepreneurial journey in tourism. Without the
appropriate finance, the entrepreneur’s ability to enter the tourism market, with new products and services, is limited or impossible. The end can be failure to sustain their entrepreneurial journey.

Inadequate tourism industry policy formation often causes trouble in the process of international trading between indigenous entrepreneurs and their foreign business partners. A souvenir exporter in Senggigi expressed his frustration in this area in the following statement:

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

For Acelin and other entrepreneurs the lack of guidelines or any formal export procedure can result in high operational costs, especially for the inexperienced entrepreneur. Further, indigenous entrepreneurs, who are usually supported by only a small amount of capital, have to compete with non-local entrepreneurs who possess strong financial support and better business skills. Therefore, a government policy that assisted small indigenous entrepreneurs to obtain financial support for their entrepreneurial activities would encourage them to develop and expand their business.

The lack of encouragement was also evident in the lack of protection provided for indigenous tourism entrepreneurs in their entrepreneurial activities. For example, tourism agencies are supposed to enforce the law within Lombok’s tourist destinations in order to stimulate the development of legitimate or licensed small tourism entrepreneurs. However, the weak law enforcement in the tourism industry has increased the number of local people who have established unlicensed enterprises. The unlicensed businesses intensify the competition among tourism entrepreneurs, as they do not bear the costs that legitimate enterprise must pay. A tour operator in Senggigi noted that he had to compete with 67 local travel agents, many of them unlicensed, who offered the same products and services, and who sought for customers at the same place. As a result, many of the tour operators acted unprofessionally and targeted only short-term income goals. The tour operator further expressed his views in the following statement:

Most of our friends have a lack of knowledge and understanding of the tourism industry. They are money oriented but ignorant of service quality...Many do not feel responsible for their guests. This condition increases the level of
competition, as well as reduces customer satisfaction. The business people just think of how to get the money, they don’t care about the ethics business code. They often cheat each other...if I am negotiating with a guest, other agents sometimes become involved and offer a lower price. This condition triggers the tough competition. (Arman)

The government’s weak law enforcement also leads tourism entrepreneurs to destructive competition, as previously discussed, in which the entrepreneurs tend to focus on short-term business profits and winning the competition. As a consequence, they often conduct unethical business practices. The participants from Kuta revealed that the non-licensed restaurants provided cheaper products than the licensed restaurants, because the non-licensed restaurants do not pay taxes. While the number of non-licensed enterprises grows day-to-day, the entrepreneurs who operate legitimate businesses suffer financial losses, and subsequent frustration, as expressed by an hotelier on Kuta Beach:

We have problems with government regulation; especially when we have to pay taxes and those who don’t...The illegal restaurants, shops and many other enterprises on the beach should pay taxes, but they don’t. They sell the same products as we do for cheaper prices because they don’t have to pay any tax. They open their business in illegal areas. They are not supposed to be there because that is the beach where the tourists sit and enjoy the environment. When I reported this situation to the government, I was told that those people will be there for a while. But, they’ve been there for more than four years already...If this condition doesn’t change, I may do the same way as those people. In the beginning, there were just a few of them opening business on the beach, but now their numbers have increased. The government just lets them stay...The business condition in this area really discourages me. I run my business with an uncertain future. (Leo)

Weak law enforcement towards the non-licensed business operations also encourages the practice of tax manipulation, bribery and collusion, which will, ultimately, create a negative environment for business in Lombok.

The ineffective enforcement of tourism laws and regulations can also result in the emergence of security problems for tourists and entrepreneurial activities. Such an outcome will negatively affect the image of the tourism industry on Lombok, and frighten the tourists away. A tour operator in Senggigi commented.

I was cheated several times by some customers. I mean local tourists. For example, a few days ago, some local tourists rented one of my cars and didn’t return it on the due day. When I checked it, the car was pawned at someone in East Lombok. This has happened to me five times. If I reported these thefts to the police I would have had to pay money to get the car back. (Zulfikar)
The lack of protection towards tourism business has decreased entrepreneurs’ trust in the ability of government officials to provide security and safety for tourism entrepreneurial activities. Therefore, many entrepreneurs, such as Zulfikar, choose not to cooperate with the police department when facing security issues, such as theft and robbery. Their reluctance to engage with the police indicates a lack of trust in the government generally, and in the tourism authority’s performance in particular. Further, there is pessimism towards the regulation of tourism business on Lombok. Such attitudes towards the government officials and the tourism regulations indicate the low level of motivation felt by the entrepreneurs in creating new products and developing their tourism enterprises.

Overall, tourism agencies present a number of problems that threaten the entrepreneurs’ EC in their tourism activities. For example, if entrepreneurs witness a decrease in the number of tourists and at the same time have to deal with destructive competition and the government’s lack of encouragement, they can only cope with those problems as best they can. Indeed, they need to cope if they want to be successful in their entrepreneurial journey. However, two questions arise at this point, namely: Why do these problems or conditions occur on Lombok? What makes these the tourism entrepreneurial activities particular to Lombok? To answer these questions, it is essential that the macro conditions of tourism entrepreneurial activities on Lombok are known and understood.

5.3 Macro conditions

Lombok differs from other tourist destinations in Indonesia in terms of its geography, history, politics, and socioeconomic aspects (see the earlier discussion in Chapter One sub-section 1.5.1, and Chapter Three sub-section 3.2.2). These differences set the tone in respect to tourism policies, and influence the characteristics and conditions of tourism development on Lombok. Furthermore, the macro conditions of Lombok’s tourism development are also influenced by the socioeconomic and political conditions at the national and international level. The macro conditions that affect the entrepreneurial culture of tourism industry on Lombok are incorporated into two main issues: paradoxes and security issues.
5.3.1 Paradoxes

Since 2000, Indonesia has adopted a decentralised governmental system, in which autonomy is given to each region (Rasyid, 2002). The purpose of this system is to enable the democratic process, as a part of the individual’s democratic awareness. The purpose is also to stimulate and encourage the independency of each region, particularly in terms of economic development. However, on Lombok, such autonomy brings paradoxes in the development of the tourism industry. The paradoxes are related to operational issues, political issue, and LTDC (Lombok Tourism Development Corporation) projects. All paradoxes are discussed in detail below.

Operational issues

Even though an Indonesian region is a part of a province and, in terms of the governmental hierarchy, a regent is located under a provincial head or a governor, the regent is not accountable to the governor (Head of sub-department of HRD of NTB Provincial Tourism Department, personal communication, April 19, 2011). Accordingly, the regional tourism department is not accountable to the provincial tourism department, but to its regional head. Such a duplication of the managerial system creates complication in the execution of tourism policies. While the provincial tourism department makes tourism policies, including the plans for tourism development, the execution and implementation of the policies is reliant on the willingness of the regional tourism department. The head of sub-department of human resource development (HRD) in the Provincial Tourism Department shared her views on this issue:

For example, promotion for tourism development for the local people is made at the provincial level, but the budget for the promotion should be allocated by all regions in coordination with the provincial department. However, not all regions have the same policies and budget for such promotion. Some regions may focus more on the construction of public infrastructure rather than on promotion. Other regions may give more priority to developing other sectors than tourism. As a result we, at the provincial level, should allocate the budget for such specific promotions, despite our limited financial resources. Otherwise, the policies will fail in their implementation (Head of sub-department of HRD of NTB Provincial Tourism Department, personal communication, April 19, 2011)

Consequently, the decentralised management of tourism development at the regional level, instead of at the provincial level, creates two main operational paradoxes. First, the decentralised system results in dependencies of regencies on the province
regarding tourism development policies. However, while the provincial tourism department develops plans and programs for tourism development in each region, the income from the tourism sector, such as taxes, goes to the regions, not to the provinces. Second, the autonomy of each region complicates the coordination of tourism development. The different development priorities of each region result in fragmented tourism development, meanwhile tourist attractions on Lombok are located across four different regencies.

As the province cannot politically control a region, the province cannot command all regions within Lombok to apply the same tourism policies. As each region may have different development priorities, it is difficult to develop tourism, simultaneously, around the island. For example, most star rated-hotels are located in the west Lombok region as this region prioritises the tourism industry in its development (BPS, 2012). Therefore, while the tourist attractions are spread throughout all the regions, the west Lombok regency may receive more significant income from the tourism sector compared with other regions. The different priorities in development also influenced the availability of local employment for the tourism industry. In this regards, the development of tourism also influenced local people’s perceptions of tourists and tourism (see previous discussion in sub-section 5.2.1), and stimulated their willingness to engage in the tourism industry sector.

The different priority in each region influences the availability of tourism infrastructures throughout Lombok. Despite the large number of tourist attractions, only a few have been developed as tourist destinations. Hence, the majority of tourist attractions remain undeveloped, a result of the lack of infrastructure, such as road and tourist accommodation. An art shop owner in the weaving village expressed his concerns in the following statement:

What do you think the tourists will want to see if they come here? The road is still in a poor condition, and so is the condition of many tourist destinations. Must we only rely on Kuta alone? We have so many tourist attractions; I think the government just needs to build more and better infrastructure and promote the attractions as tourist destinations. The more objects we have the more tourists come here and the more business we can develop. (Ramdan)

The lack of tourism infrastructure affects the carrying capacity of a destination and the level of competition among the entrepreneurs in using the infrastructure. For instance, an art shop owner in the weaving village noted, when talking about tourism infrastructure that: “The bumpy road to this village often triggers complaints from
tourists. In my experience many tourist buses can’t reach my place because of the road” (Panji). As a result of the limited and inadequate infrastructure, only a limited number of tourists are able to access certain areas. Thus, entrepreneurs in those locations have limited opportunities to develop their business.

Political issues

During my fieldwork visits to the provincial and regional tourism departments on Lombok, I observed tourism official being promoted to a job based on his/her years of service, not expertise. Further, the job placement was influenced more by local political issues and nepotism, rather than qualifications. While a few tourism officials are educationally qualified in tourism, most appointments to strategic positions within the department are based mainly on political needs. The head of the department and some strategic positions were, mostly, occupied by loyalists of the incumbent rulers, regardless of their qualifications or competencies.

Additionally, an official or a head of department is often shifted to another department before his or her service in one department is accomplished. Such shifts or replacements often disrupt the continuation of many defined programs, and influence the quality of the public services provided by the tourism department. Furthermore, particular political parties use particular positions, such as head or secretary, in the tourism department as a means to achieve and strengthen political power, rather than to support tourism development. Such political games affect the work performance of tourism agencies. This trend may be the reason why tourism agencies are perceived by the host communities on Lombok as inhibitors to their participation in tourism development (Saufi 2008).

The political issues may also influence the ability of tourism departments to establish an effective coordination of tourism development with other institutions, NGOs, and local people. The participants described how they were never involved in any discussions about tourism development by the tourism agencies. From the participants’ perspective, most small tourism enterprises emerged and developed in spite of, or detached from, the government’s encouragement (discussed in sub-section 5.2.4). As a result, tourism has grown entirely in some places, and not others. Such concentrations are perceived as benefiting only a small group of people. According to a tour operator, who also runs a restaurant in Senggigi:
We expect that there is a rigorous network and link between the government and the private sector actors. This, however, has not occurred so far. The private actors go this way and the government goes that way...In developing tourism, our government...has no concept at all...Hence, I ask is, “Sir can you please manage us the entrepreneurs? Look at my place, you know what happens here? This place looks like a location for spa plus: a brothel location”. This happens because it is unclear about what is allowed and not allowed to build here. As a result, many local people protest the development of this place. (Dewinta)

The government’s lack of communication about the priority of tourism development in Lombok affects the development of tourism entrepreneurial activities. Knowing the priorities of tourism development (e.g. tourist destinations and infrastructure that will be developed in the short term) can assist the indigenous entrepreneurs to find appropriate business locations and resources for their products. For instance, it is known that the three little islands around Lombok are prioritised for diving sites. Consequently, entrepreneurs are prevented from developing fishing trips to those areas.

The lack of communication creates a suspicious image of tourism development. In turn, this discourages the participation of local people in tourism developments, such as entrepreneurial activities. An hotelier in Kuta has noticed the government’s lack of communication. When talking about the role of tourism agencies in his day-to-day entrepreneurial activities, he stated that.

The direction of our government’s policy regarding tourism development in this area is still unclear. This creates a great deal of uncertainty for the tourism businesses. I also see that the local government does not take responsibility for this situation...Tourism development is linked with many stakeholders. All elements are supposed to unite. (Leo)

The unclear concept of tourism development results in a lack of information about tourism development. The lack of information about the direction of tourism development discourages entrepreneurs from seeing themselves in a future tourism business. Ultimately, this has a negative effect on the entrepreneurs’ desire to develop their tourism business.

Lombok Tourism Development Corporation (LTDC) projects

The operational and political issues have not only created paradoxes in the development of tourism on Lombok, they have also left a lot of development projects incomplete. One incomplete project, that posed various problems to tourism development for more than two decades, involved the Lombok Tourism Development
Corporation (LTDC). Despite the magnitude of its tourism development, the LTDC project has not been extensively communicated to the local people (Fitri, 2011). Established in the middle of the 1980s by Lombok’s local government, the LTDC cooperated with an investor from Jakarta to support tourism development on the island (Fallon, 2001; Kamsma & Bras, 1999). The consortium was mandated to manage tourism development in the area of Kuta Beach, including developing star rated hotels, restaurants, golf courses, marinas and other tourism infrastructures (Kanwil Parpostel NTB, 1997). The idea to establish the LTDC was to copy the development of tourism in Nusa Dua, Bali (Asdhiana, 2011). Thus, the LTDC was allowed to manage a 1,175 hectares location on Kuta Beach Lombok (Fitri, 2011).

However, this LTDC project created four main problems for the development of tourism and for the macro conditions related to the entrepreneurial culture of the tourism industry. First, the LTDC started its project by taking over land, by displacing local people, and by displacing a number of established local tourism enterprises that were unaffiliated with the LTDC. The land owners were forced to sell their land to the LTDC at a rate determined by the LTDC management; this rate was often below the standard rate (Fallon, 2001; Kamsma & Bras, 1999). This matter has also been complicated by the fact that many of the land owners have still not received the payment for their land (Fitri, 2011). Additionally, the LTDC’s policy to relocate a number of established enterprises triggered disputes and conflicts with some local and international investors. One hotel owner in Kuta stated: “The disputes between the LTDC and the local people influenced the willingness of the national and international investors to invest in the area” (Guntur). The disputes also resulted in delays to other tourism developments within the area, and limited entrepreneurial opportunities for indigenous tourism entrepreneurs.

The second problem arose because the LTDC was established to have a similar mission to the Bali Tourism Development Corporation (BTDC) in Nusa Dua, Bali (Asdhiana, 2011). However, while the BTDC focuses on developing local human resources prior to the construction of hotel buildings and other tourism infrastructures (BTDC, 2012), the LTDC focuses mainly on the development of physical infrastructure and the promotion of the project to national and international investors. LTDC overlooked the development of local human resources, which resulted in the lack of local support for the LTDC projects. A hotel owner in Kuta shared his views on this topic:
As local people have a lack of knowledge and skills in tourism, the arrival of outside tourism entrepreneurs and employees to the area of Kuta created local discontent and escalated social tensions that affect the security of tourists and tourism entrepreneurs. (Leo)

The lack of knowledge and skills of tourism results in the exclusion of many Sasak people in tourism entrepreneurship despite the increasing foreign ownership of tourism in Lombok, particularly in the southern part.

Third problem involved the takeover of the land from the local people. One consequence was dramatic environmental changes within the Kuta area. Local people, whose land was taken over, were promised employment if the project started. However, for more than twenty years, the LTDC has only built one four-star-rated hotel because the project failed to attract investors to the area. While most of the land within the LTDC project remained unused, the local people were not allowed to work on it or cultivate it. In order to survive, the local people moved to other areas, to the hills and the preserved forest. This relocation caused the degradation of flora and fauna around Kuta. Therefore, the takeover of the local people’s land by the LTDC has seen a decline in local resources that could have been developed for, and utilised as, tourist attractions.

The fourth problem occurred as the LTDC experienced a downturn at the end of the 1990s. The downturn stimulated the actions of some local people to claim back their unpaid land. Others started small businesses, such as art shops and restaurants, on the claimed land. A hotel owner in Kuta commented: “Local people learnt quickly from one another that tourism is beneficial if they can sell or provide the services and products” (Leo). This phenomenon identifies the contradiction in the development of the LTDC projects. The LTDC was supposed to assist local people to improve their economic conditions through the tourism industry. However, the projects constrained local people’s opportunities to work and establish businesses in the tourism industry. The local people began their tourism business after the demise of the LTDC projects.

It appears that the local people’s actions in establishing tourism enterprises on the former land of the LTDC was stimulated by their perception that tourism is for everyone, and that they, the local people, are the first ones who should be allowed to benefit from tourism. Such perceptions were developed after they experienced the forced relocation and by observing entrepreneurial activities in the tourism industry within Kuta. Further, the local people’s actions to establish tourism enterprises on the
The former LTDC land was meant as a protest against the government’s tourism policy that did not favour the local people.

As the LTDC was considered the government’s project, the demise and failure of the projects increased the local people’s distrust of the government’s work performance and tourism policy. According to an hotelier in Kuta:

The local people started their business regardless of the regulations, and the location. They just knew that this was their land and, so, if tourists came, they should be coming to bring benefits to them, especially if they can provide the services and products required. (Guntur)

The local people’s lack of trust in the government’s performance resulted in many local people disobeying the legitimate regulations of the tourism industry. As noted above, many local people set up their tourism business within Kuta without permission or a licence. Other people in other tourist destinations followed this trend. For example, many entrepreneurs established and operated unlicensed travel agents in Senggigi. These unlicensed travel agents often fail in their ethical business conduct and create destructive competition (as discussed previously in sub-section 5.2.3). The emergence of such enterprises ultimately threatens the coping ability of indigenous tourism entrepreneurs who conduct their business based on legitimate laws and regulations. The sub-section below presents a discussion on the security issues that influence the entrepreneurial culture of the Lombok tourism industry.

5.3.2 Security issues

Tourism has been developing on Lombok since 1986. During that time a number of local, national and international security events have affected tourism development. These events include the social unrest on Lombok in 2000 (local event), terrorist attacks in Bali in 2002 and 2005 (national events), and the terrorist attack on New York in 2001 (international event). There have also been other events that have had an impact on the tourism industry, for example, the conflicts in the Middle East, the natural disasters and epidemics in South East Asia, and a number of air transportation accidents in Indonesia from 2005 to 2007.

Additionally, the lack of the local people’s involvement in tourism industry on Lombok affected the security of tourists and tourism entrepreneurs on the island (Fallon, 2001, 2003). This situation was generated by their perception of tourists and the tourism industry (as discussed in sub-section 5.2.1), and the lack of government
protection for the tourism industry (as discussed in 5.2.3). As a consequence of these perceptions most entrepreneurs and employees in the tourism industry were non-local, coming from other regions in Indonesia, and from overseas (Saufi, 2008). Therefore, despite its rapid development in the first decade, the tourism industry on Lombok became susceptible to social tension between the local people and the outsiders who came to work in the tourism industry. In 2000 these tensions reached a boiling point when a social riot befell Mataram and the West Lombok region; the riot sparked vandalism by many local people towards the tourism infrastructure.

Importantly, the riot in 2000 threatened the security of the tourists, and there was a decline in tourist numbers visiting Lombok. For example, the number of international tourists staying in star rated-hotels dropped by 43%, from 189,659 in 1999 to 107,286 in 2000 (Fallon, 2001). Moreover, many non-local investors left Lombok, with tourism projects being delayed and employees lost their jobs (Fallon, 2003). The trust of local people in the tourist industry, regarded as the foundation of Lombok’s economy (in addition to agriculture) decreased (Saufi, 2008). The social riot also created a turning point for tourism development on Lombok and the NTB province, where most tourism enterprises experienced a business downturn. For example, between 1995 and 1999, there were more than 300,000 tourists staying in star-rated hotels in NTB (Fallon, 2001). However, after the riot, from 2000 to 2010, tourist numbers staying in star-rated hotels has never again reached 300,000 (BPS NTB, 2007, 2012). Thus, the security issues, resulting from these riots, affected the ability of tourism entrepreneurs to sustain and develop their business on Lombok. In addition, the vandalism of the tourism infrastructure by the local people during the riots remains a cloud over the commitment of the local people and their support for tourism development (Fallon, 2003).

The Asian economic crisis in early 1998, which was followed by an economic and political crisis in Indonesia, interestingly, increased the income of the people who worked and had businesses in the tourism sector on Lombok. This increase occurred because of the drop in the exchange rate of the Rupiah against the US Dollar; while tourism products were rated in the US Dollar, the operational costs were paid in Rupiah (Saufi, 2008). However, several external issues further affected the development of tourism on Lombok, during its second decade. These included the economic and political situation in Indonesia and South East Asia, the terrorism issues, natural disasters, diseases and other security issues (Fallon, 2003; Rai, 2007; Serinate, 2006).
Importantly, as elsewhere in the world, the terrorist attack on the World Trade Centre in New York on 11th of September 2001 contributed to the decline in the number of tourist visits to Lombok. The fact that the majority of people on Lombok are Muslim was considered to be a powerful influence to the image of Lombok as a tourism destination. Business conditions were also affected by the Bali bombings in 2002 and 2005, and the hostile conflict in the Middle East (Rai, 2007). Indeed, public opinion linked the terrorist threats to a particular group of Muslims, increasing the perceived risk of terrorist attacks for visitors to Lombok (Saufi, 2008).

During the second decade of tourism development on Lombok, a number of natural disasters hit Indonesia, and some countries in South East Asia; these disasters (the tsunami in Sumatera in 2004, the earthquake in Java in 2006, and the epidemics of SARS and Avian influenza in South East Asia, especially Indonesia) also affected the number of tourists visiting Lombok, and contributed to the downturn in the tourism business (Serinate, 2006).

More recent factors that influence the downturn of the tourism industry on Lombok included the number of domestic air transport accidents in Indonesia, from 2005 to 2007 (BPBD, 2010). The incidents resulted in travel advisories from the United States and some European countries against using Indonesian airlines. The impact of such advisories was obvious with the slump in tourist visits to Lombok, because, while there was no international airport yet on Lombok at that time, the international tourists coming from Bali or Java mostly fly to Lombok on Indonesian airlines (Rai, 2007).

Overall, security is an important issue for tourists and the tourism industry. Though Lombok is a small tourist destination in Indonesia, the security issues of other regions and countries can affect the development of its tourism industry. Various events at the local, national, and international level can spark security issues for tourists and, ultimately, affect the entrepreneurial culture of the tourism industry. For instance, the decreased number of tourists visiting Lombok as a result of terrorist bombing in Bali in 2002 and 2005 intensified business competition in the tourism industry, which led to some destructive behaviour and competition (as discussed in 5.2.2).

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1The Lombok international airport has been operated since 2011
5.4 Conclusion

Chapter Five discussed the context in which the participants undertook their entrepreneurial journey in tourism. The context was conceptualised as the entrepreneurial culture of tourism industry. This entrepreneurial culture was formed by both micro and macro conditions of tourism development. Micro conditions involve the immediate set of conditions that tourism entrepreneurs must deal with in their daily activities. Three main tourism stakeholders influence these micro conditions: the local communities, other tourism enterprises, and tourism authorities. The tourism stakeholders pose a series of threats that challenge and menace the entrepreneurs’ abilities to cope with their tourism business. In contrast, geographical, historical, social and political aspects, as well as the security issues at the local, national and international levels influence the macro conditions. Further, the micro and macro conditions appear to result in an entrepreneurial culture that is specific to Lombok, and influenced the entrepreneurial tourism industry process on the island.

Despite the different products and services that indigenous entrepreneurs produce, they all have to deal with the difficulties that the entrepreneurial culture of the tourism industry in Lombok generates. The culture threatens the entrepreneurs’ abilities to benefit from their tourism businesses; it prevents or stalls profit success, and leads to business losses. Nevertheless, the entrepreneurial culture must be overcome, if the entrepreneurs are to be successful in their entrepreneurial journey within the tourism industry.

If tourist destinations on Lombok were developed equally; if the people on Lombok were educated and fully supported the tourism development; if the tourism employees were competent; if the business competition in tourism was fair and constructive; if there were no security issues threatening tourism; and, if the tourism authority had solid coordination, and was managed by professional officials, such a negative entrepreneurial culture of the tourism industry in Lombok would not exist.

Despite the number of challenges and problems threatening the entrepreneurs’ coping abilities, they have been able to continue their entrepreneurial journey in the tourism industry. Thus, they have been able to discover, create and exploit entrepreneurial opportunities, despite the preventive nature of the entrepreneurial culture. The next chapter presents a discussion on the actions, interactions, strategies, and motivational responses that the entrepreneurs employ in dealing with the
entrepreneurial culture; such responses increase their chances to create profits from tourism entrepreneurial activities on Lombok.
CHAPTER SIX
PATTERNS OF ENTREPRENEURIAL COPING

An old saying on Lombok is: *tunjung tilah, aik menén̄g, empak bau*. The literal meaning of the proverb is that: *while the lotus is untouched, and the water remains clear, the fish is caught*...The saying teaches us how to conduct a business properly, and solve a problem with a win-win solution so that we can ensure a beneficial and sustainable business.

Putrie, 2011
Local anthropologist of Lombok

6.1 Introduction

Chapter Five described the entrepreneurial culture of the tourism industry on Lombok. The entrepreneurial culture was presented as a series of problems threatening the success of tourism entrepreneurial journey. Though the participants ran different enterprises (*hotels, restaurants, tour companies, diving courses, art shops, surfing shops, and souvenir export*), they all dealt with the entrepreneurial culture. Therefore, the discussion in Chapter Five provided key perspectives supporting the use of entrepreneurial strategies for success in the entrepreneurs’ tourism activities.

The actions, interactions, and strategies (coping patterns) used by the participants when dealing with the tourism entrepreneurial culture of Lombok are discussed in Chapter Six. The focus (as depicted in Figure 6.1, on the following page) is on an examination of the interconnectivity between the higher concept of entrepreneurial coping, the lower concept of entrepreneurial coping patterns, and the associated primary concepts of cooperating, collaborating, competing, confronting, innovating, ngesup (traditional coping), and intervening conditions.

Section one identifies the repetitive and specific coping patterns that the participants employ to deal with the everyday problems in their entrepreneurial activities. The second section discusses the intervening conditions that affect the participants’ abilities to make use of these coping patterns; some of which enhance the participants’ abilities to cope with their business; while others weaken and even diminish their opportunity to cope.
6.2 Coping patterns

Based on field observations and interpretations of the empirical material, coping patterns can be defined as various actions, interactions, strategies, and motivational responses adopted by an entrepreneur on their tourism entrepreneurial journey. For the purposes of this thesis, these patterns refer to both repetitive and novel strategies employed in dealing with the entrepreneurial culture of the tourism industry on Lombok. In total, seven coping patterns were identified, namely: four repetitive strategies; one novel or specific strategy; one employed as either a repetitive or novel strategy; intervening conditions. The repetitive patterns were strategies, actions and
interactions adopted to deal with problems in day-to-day activities. The repetitive patterns were: cooperating, collaborating, competing, and innovating. The novel pattern was confronting, while the ngesup (a traditional indigenous coping strategy of communal assistance) strategy could be used either repetitively or as a novel strategy. Intervening conditions refer to conditions that either support or hinder the adoption of particular entrepreneurial strategy.

6.2.1 Repetitive coping patterns

The entrepreneurial culture of Lombok’s tourism industry creates risks and increases business uncertainties that can lead to business downturn and even bankruptcy. Though, the participants are locals, and had been involved in a tourism business for a period of time, there was always the potential for being in destructive competition, deceived by unprofessional partners, and confronted by local people who believe in negative stereotype of tourists and tourism entrepreneurs (as previously discussed in Chapter Five).

In tourism, entrepreneurial risks are constant, and the intellectual and motivational demands are high. Though the participants had strong financial support, they perceived silent enemies who could attack at any time, aggressive street vendors who affected the quality of the services, and untrustworthy employees who could steal business opportunities and terminate business networks. Overcoming these various problems that define the entrepreneurial culture of the Lombok tourism industry (discussed in Chapter Five) requires coping patterns: strategies, actions, interactions, and motivational responses in order to manage the problems and reduce the risks. These coping patterns are carried out by individual entrepreneurs, and are a part of the daily activities that enhance their ability to discover, create, and exploit entrepreneurial opportunities. In addition, the coping patterns are subjective, with individual entrepreneurs being influenced by the entrepreneurial culture that they encounter on their entrepreneurial journey (see Chapters Four and Five). The details that describe these coping patterns are discussed below.

Cooperating

Cooperating is a repetitive coping pattern entrepreneurs define as working together or participating in joint activities in order to increase their ability to discover
and exploit business opportunities. In doing so, entrepreneurs cooperate with other individuals, as well as organisations. A surfing organiser in Kuta describes this process:

We cooperated with some friends from Bali to organise a surfing contest to search for talented surfers in this place. Some contestants also came from Bali. We prepared everything, including a trophy for the winners. I had to look after the permits for the event. (Kiem)

Kiem and the other entrepreneurs indicated that, firstly, cooperating was associated with sharing jobs and costs that help stimulate the recognition of business opportunities. In Kiem’s case, the surfing contest was organised to promote surfing activities to local and international tourists and, thus, to increase the number of surfers visiting the surfing points on Lombok. By increasing the number of surfers business opportunities could be created for those who organised the surfing event, as well as for other tourism enterprises, such as hotels, restaurants, and travel companies.

Secondly, cooperating involved a number of tourism stakeholders directly and indirectly participating in the event. As Kiem stated, cooperation was established directly by the surfing organiser with his partners, and the event was indirectly supported by the local tourism authority (e.g. the police and tourism agencies) and the local people. If the surfing organiser did not receive a permit from the local tourism authority, and did not obtain local support, the event would not have proceeded.

In addition, cooperation may also be utilised to secure the success of tourism entrepreneurial activities through developing mutually supportive conditions. For instance, an hotelier in Senggigi stated: “I pioneered the building of a security post. I coordinated some enterprise owners and hotel managers to pay for people who were put in charge of the post” (Lukman). In this regard, the cooperation was intended to establish security in a tourist destination where the entrepreneur undertook his tourism business. This action was essential, as security is an important issue for tourists. A secured tourist destination can attract many tourists and, further, provide entrepreneurial opportunities.

One cooperation strategy that the participants utilised was becoming a member of a particular association or community. They benefitted from the activities that the associations held and the networking that occurred amongst the other entrepreneurs, some of whom were experienced in the entrepreneurial culture. A surfing organiser who became a member of the Indonesian Guide Association noted:

I often participate in tour guide training programs that the Indonesian Guide Association (HPI) manages…In 2009, I participated in the guide training which
Cooperative strategies assisted the entrepreneurs, such as Andika, to acquire tourism knowledge and skills (e.g. leadership and tour guiding techniques), which could be used to increase and improve their business performance in tourism. A tourism association is the place where tourism stakeholders meet and exchange information. Therefore, joining a tourism association can assist the entrepreneur to establish a business relationship with other entrepreneurs.

The participants suggested that an association, such as the tour guide association, usually supports and provides business protection for its members. A member of an association has the privilege to sell his/her products or services in a particular tourist destination where the association is based. A local tour operator in Senggigi identified this benefit in the following statement: “The cooperation’s name is KOTASI, a cooperation of the taxis in Senggigi. If you become a member of this cooperation, you are allowed to search for customers around Senggigi” (Zulfikar). Becoming a member of such an organisation provides the opportunity to cooperate with other members to promote and sell products together at a tourist destination; a non-member would not have the same privilege. In this regard, the cooperative strategy could also assist the entrepreneur to effectively compete against other tourism companies with greater financial support.

The participants who established enterprises outside their home village explained that they became members of the local NGOs and engaged in social activities within the new village. They joined because they recognised that as a member of a local community they would be able to cooperate with local villagers to obtain support for their businesses. This cooperative strategy assists entrepreneurs to deal with problems posed by the local people, including the negative stereotype of tourists and non-local entrepreneurs (see Chapter Five, sub-section 5.2.1). An art shop owner in the pottery village clarified this reasoning in the following statement:

I know that I was refused, in the beginning, when I started my art shop in this place. The way I fought back was not by declaring opposition to the community, but by approaching them. I have been a member of the village committee for two years and I am actively involved in any meetings related to the development of this village. I am happy that I belong here now and enjoy their full support for my business. (Husein)
Becoming a member of a local association and participating in its social activities enables the entrepreneur to meet and interact with the local people. The frequent meetings and communications provide the chance to develop the local people’s understanding of tourists and tourism entrepreneurs, as well as to obtain local support for the tourism business. In addition, engaging in social activities increases the entrepreneur’s positive image as a tourism entrepreneur and helps to overcome security problems, such as theft and robbery, which might threaten non-origin village entrepreneurs.

The participants also indicated that cooperation was an effective strategy to use to obtain government support. For instance, the participants were involved in international events, which involved the granting of funds and the promotion of the facilities. As noted by a souvenir exporter:

I frequently gain facilities from the trade and industry department when I join an exhibition; I often get a booth from the national export development body to promote my products overseas...I just have to pay for my transport and accommodation. (Acelin)

Such cooperation helps entrepreneurs to reduce their promotional costs and, at the same time, increase their profit potentialities. However, successful cooperation with governmental departments may require the establishment of specific relationship with individual officials, as suggested by one online tour operator in Senggigi:

Before I knew the government officials, I never attended overseas events. You have to know government officials if you want to take part in international promotions. If a governmental department has an overseas event, the decision maker will choose which businessmen can go to promote his business. I often get a nomination and am sent by the provincial tourism agencies to make a promotion at the international level. (Basar)

It is apparent that only entrepreneurs who have a personal relationship with officials, particularly the decision makers, obtain support to attend promotional events. Further, such cooperative strategies can lead to the practice of bribery and nepotism. Therefore, it is essential for tourism entrepreneurs to know with whom they are cooperating, as well as the consequences of the cooperation for their business and the development of the tourism industry in general.

Overall, the participants obtained benefits from cooperation; they established informal networks with individuals and participated in the formal activities of the organisation. Cooperation allowed access to, and interaction with, other tourism stakeholders. The entrepreneurs could share information about business opportunities
and find solutions for their problems. Cooperation could also increase the entrepreneur’s understanding about other people’s characteristics, as well as develop closer relationships with other people. In contrast, the lack of cooperation can result in little forthcoming support from other tourism stakeholders, particularly the local people and other tourism entrepreneurs. In addition, cooperation enables the activity of *collaborating*, an effective repetitive strategy in the management of entrepreneurial problems in the tourism industry.

**Collaborating**

The participants described collaboration as working together with individuals or enterprises in order to secure a business and share its profits. The difference between cooperation and collaboration is in the result. While cooperation is made to increase knowledge and help to identify future business opportunities, collaboration is intended to exploit a business opportunity and optimise income from that opportunity. Entrepreneurs establish informal as well as formal collaborations. Informal collaborations are usually designed for an indefinite period; they are not based on formal agreements. In talking about his strategy to start his surfing shop, a surfing organiser in Kuta noted:

> When I opened the shop I allowed some friends to display their surfboards and shirts. We collaborated. I just provided a place, and they displayed their items in my shop. We did it every day until I had the capital to buy my own items. (Kiem)

Kiem and the other entrepreneurs collaborated informally; no particular conditions were set, such as percentage of benefit being shared or the validity of collaboration. The informal collaboration was based on the willingness of both parties to collaborate. Such collaboration enabled the entrepreneurs to provide various products and services when they begin business operation, despite their lack of business capital, as previously discussed in Chapter Four, sub-section 4.3.2. Furthermore, informal collaboration in the early stage of a business operation can assist entrepreneurs to undertake market research. For instance, by selling other people’s products and services, they can obtain information related to the demand for those products (market demand). Such information can benefit their enterprise when they begin to produce and sell their own products and services.
Collaboration can assist entrepreneurs to compete with other entrepreneurs, particularly in the early stage of their entrepreneurial journey. One local diving organiser from Senggigi described his collaborative venture in the following statement:

There are five diving providers in Senggigi, but I am the only local. They are good at marketing and have strong financial support too. My strategy to compete with them is simple. I just developed a good relationship with as many friends as possible, especially those who work in travel agencies, hotels and restaurants. I give them attractive commissions from the diving sale. (Mustafa)

For entrepreneurs like Mustafa, who start their enterprises with limited finances, collaboration assists them to enter new markets and increases their abilities to compete with other entrepreneurs. As entrepreneurs collaborate to generate business, they need to have knowledge that helps them identify the best people with whom to collaborate, as well as how to attract beneficial business partners.

Formal collaboration is usually established for a definite period; it is formalised through the signing of a contract. The diving organiser, Mustafa, explained his process: “I have a supporting agent from Holland. We have a contract that we renew every year. This agent has been supporting me for three years” (Mustafa). The participants also indicated that the formal contract has particular conditions that contractually obligate each party. In this sense, formal collaboration can protect the entrepreneur from business detachment and business threats, such as those posed by unprofessional business partners and untrustworthy employees, as discussed in Chapter Five, sub-section 5.2.2.

A formal collaboration is essential for a joint venture with foreign investors. One surfing organiser, who collaborates with a Japanese investor, outlined his experiences in the following statement: “I work together with a Japanese investor. We established a company last year, and we are currently building a hotel in this place. We share the ownership, fifty percent for him and fifty percent for me” (Andika). Like other entrepreneurs, Andika developed business collaboration by sharing ownership. Andika shared the jobs and the operational costs to exploit the business opportunity and generate an income. In this regard, collaboration assists entrepreneurs to overcome business limitations with their collaborator. For instance, while Andika did not have enough finance to start a hotel, his foreign partner did. At the same time the foreign partner might not have been allowed to establish a hotel in Indonesia, due to government regulations on foreign ownership and properties. However, Andika did not face such restriction. Therefore, collaboration assisted both Andika and his foreign
partner to build a hotel together and to benefit from the coming of surfers to Andika’s village. Furthermore, in managing the collaboration, Andika was able to focus on the products and the service quality, while his foreign partner managed the marketing and advertisements.

The participants revealed that collaboration requires the sharing of the benefits, information, and knowledge in order to secure the continuation of the collaboration. A Lombok craft souvenir exporter from Senggigi described this requirement in the following statement:

When shifting from being a retailer into a wholesaler, I collaborated with my souvenir makers. I had to inform them of the difference between a wholesaler and a retailer. I always paid the souvenir makers fifty percent cash in advance, and then paid the remaining amount afterward the order was received to convince them of the benefit of a wholesale system. I needed them to understanding the new setting because they had only worked for retailers in the past. Giving them a new paradigm of the wholesaler, they understood that they would only get a small profit margin per unit, but that they would have bigger orders; this was difficult for them to grasp at the beginning. But, in the end, they became very happy with this kind of system. (Acelin)

For Acelin and other entrepreneurs, business collaboration is based on trust and the commitment of all members. Therefore, all members need to acknowledge and understand the benefits that they can obtain before they collaborate in order to secure the continuation of the collaboration.

In a Sasak traditional village, where most people were relatives, collaboration is established as a concept of unity. The art shop owners established a strong network from which everyone benefitted from every service they provided. A village art shop owner described this notion of unity:

Our concept is unity. We work together to sell our items. We exchange the products that we sell…The tourists can look around in this village and then shop anywhere. Thus, no matter which shop is visited by the tourists we always have the opportunity to sell our items. (Maryam)

Thus, in the traditional village, the practice of collaboration is reflected in the selling of products together, as a group. The collaboration helps to avoid destructive competition, (as discussed in Chapter Five, sub-section 5.2.2), and to increase the opportunity to generate business.

In other tourist destinations, such as in the weaving and pottery villages, collaboration is based on personal comradeship or friendship between two or more entrepreneurs. An art shop owner in the weaving village explained:
We develop our relationship comradely. If one art shop has worked together with a travel agent, for example, Bidy tour, I work together with another agent, for example, A&T tour. That way we share customers with other entrepreneurs in the village. (Panji)

Entrepreneurs, such as Panji, established friendship collaborations in order to avoid unfair competition amongst the local entrepreneurs and to increase the number of opportunities to generate business. In the weaving and pottery villages, where most art shops sell similar products, collaboration assisted the entrepreneurs to distribute the tourist-derived income and to avoid unfair and destructive competition. Each art shop collaborated with a different tour company and tour guide in order to attract as many buyers as possible. Further, the art shop owners exchanged their products and assisted each other in selling, which increased their opportunity to generate business.

The shared collaboration helped develop individual’s businesses, as well as the tourism industry in a particular destination. The entrepreneurs, who established enterprises at the same tourist destination, collaborated to prevent customers (tourists) moving to another destination, even though this increased the local competition. An hotelier in Senggigi shared his approach in the following statement:

We refer guests to each other. The more expensive hotels recommend many tourists to come here if the tourists are looking for a cheaper room rate. I recommend tourists to other hotels if they wish to stay in a higher-class hotel. We pay each other a commission. Indeed, while there is competition, it is healthy in nature. Sometimes we call each other, and we protect the price and the commission for them. We should protect each other or otherwise the tourists go to other places, such as Gilis or Kuta. (Lukman)

Entrepreneurs, such as Lukman, broadened the concept of collaboration by including competition into the collaboration. Tourism entrepreneurs, who run businesses at the same location, on the one hand, compete against each other to generate business; on the other hand, they collaborate with each other to allow business to grow in their location.

Overall, collaboration assists entrepreneurs to start up, establish, and develop their tourism enterprises. Collaboration involves the sharing of jobs, costs, and business profits: it can be established informally or formally with the other entrepreneurs. The difference between collaboration and cooperation rests in its short-term purpose. While collaboration is established to secure and generate business profit, cooperation is intended to obtain knowledge, skills, and networks that assist to identify and exploit business opportunity. The informal collaborations are usually based on trust and commitment of each member, and do not require a legitimate contract agreement.
Meanwhile, formal collaborations are based on contracts that protect the rights and obligations of each member in the collaboration. As a coping strategy, collaboration assists entrepreneurs to generate business and develop their tourism enterprises. Collaboration among entrepreneurs, who establish enterprises at the same location, can assist the development of the tourism industry in that location. Furthermore, collaboration assists entrepreneurs to increase their business performance and compete against other entrepreneurs, as discussed in the next section.

Competing

Competing involves actions to generate business and to obtain market share by outperforming other tourism entrepreneurial performance. The participants reflected upon the competitive behaviours and attitudes towards other entrepreneurs; they observed both direct and indirect competitive actions. The direct competitive actions are associated with attempts to outperform other entrepreneurs on selling products and services. An owner of art shop in the pottery village discussed these actions in the following statement:

Some art shop owners stopped the tour guides and their tourists in front of their gate. They forced them to come into their art shops despite their art shops being too small to hold the visitors; also there was no place to park. Furthermore, they only had a few collections or items to show to the tourists. (Leyla)

Direct competitive actions take into account product distribution and pricing. Some entrepreneurs actively offered their products and services at the place where the customers resided instead of waiting for the customers to come. They made special offers to attract the customer, and increase their desire and their buying power. For instance, some entrepreneurs provided special bonuses and discounts if the customers purchased particular products and services. This strategy was used to increase their sales, and to outperform the entrepreneurs who passively waited for the customers’ arrival.

Entrepreneurs also took indirect competitive action to increase their selling ability, such as promoting, establishing networks, creating unique products, and increasing the quality of the products and services. The actions are indirectly competitive, as they (the actions) do not immediately generate sales or income. However, in taking such indirect actions, the entrepreneurs usually adopt a competitive strategy, in collaboration with other entrepreneurs, to be more competitive, as discussed
earlier. One of the participants, an art shop owner in the pottery village gave the following observation:

The tour operators and tour guides are happy and always take the tourists to my art shop because I always treat them with hospitality and good manners. I provide meals and drinks for them so that when they are here they want to stay longer. I followed the approach that they requested because I realised that I get customers from them. The tour operators and tour guides have helped me develop my enterprise to its current condition. Now, I have this art shop with a wide parking place. I think my asset is the second biggest in this village. (Hanafi)

For many, such as Hanafi, establishing collaboration with tour guides and travel agents was the most effective way to compete against other art shop owners within his area. In this case, Hanafi did not go directly out to search for customers to buy his products; instead, his business partners took customers to him and helped him sell his products. Hanafi took indirect competitive actions by focusing on establishing a relationship with his business partners instead of taking his products directly to the customers.

The participants signified that the indirect competitive actions built their competitive attitudes, and affected their business goals. Competitive attitude involves a willingness to know and make a product that is better than the competitor’s product. The comment of an owner of a woodcraft shop in Senggigi gives insights into the action:

Based on my observations, some enterprises have problems with the time to complete orders, providing the correct number of items, and the quality of products. Therefore, I developed a business motto that I use as a principle to meet our customers’ satisfaction. I named the motto the three business principles: timeliness, the exact number, and a fixed quality. We always deliver the products on time, in the exact number as ordered, and of a good quality. Thanks to God, and by sticking to our motto, we gradually developed our business and now lead the market. (Saupan)

For Saupan and other entrepreneurs, competitive attitudes help in developing long-term business orientation. Such attitudes assist to focus attention on the customer satisfaction and the creation of loyal customers, rather than on the acquisition of short-term profits. As a result, entrepreneurial activities include observing and evaluating the market to increase the quality of products and services they are not merely to generate an income. The business orientation can then be transformed into a business motto, which is used to control the quality of the products and services.

Some participants reflected on their competitive attitude by monopolising particular products and services. They manipulated the operations of other enterprises
and monopolised access to particular resources. A surfing organiser expressed his frustration with monopolisation:

We are not allowed to come into the hotel area if we are not a guest of the hotel. Even, our guests are not allowed to take pictures. I have argued with the hotel’s boss...I said, “The beach is a public place why do you forbid us to come in?” He said that he had bought the place and everything on it. He also said that the waves belong to him. This person is very selfish. We are not allowed to park around his hotel...Even if we come and bring our guests to eat in his restaurant he doesn’t like it. (Jaka)

The monopoly of access to resources is aimed at exclusively producing particular products and services. By occupying a location where the resources sited, other entrepreneurs are prevented and impeded from using the resources. As a result, other entrepreneurs are not able to create similar products and services. Such reluctance in cooperating with other entrepreneurs is a strategy to win the business competition by monopolising the business. These competitive attitudes tend to be held by the bigger enterprises that wish to manipulate the operations of the smaller enterprises.

In general, entrepreneurs use competition as a strategy to help increase their business outcomes and business performance, and to deal with the entrepreneurial culture in Lombok’s tourism industry. Although the entrepreneurs experienced different sorts of competition, the essence of their experiences and endeavours is to generate business by outperforming other entrepreneurs. The spirit of competition involves a willingness to increase entrepreneurial abilities, such as knowledge, skills, and business capital, to generate more business than the others. As a result, entrepreneurs adopt competition, as a strategy, both individually and collectively. As an individual’s strategy, competition is adopted to compete against other entrepreneurs. As a collective strategy, competition is used together with collaboration; that is, a number of entrepreneurs at a tourist destination collaborate to compete against other groups of entrepreneurs in other destinations. The competitive attitude increases entrepreneurs’ creativity and desire for innovation and the formation of competitive products and services. In addition, the competitive attitude helps entrepreneurs to deal with homogenous products and services; this issue is discussed in more detail below.

Innovating

Another repetitive coping pattern that entrepreneurs adopt to deal with the entrepreneurial culture of Lombok’s tourism industry was innovating. Innovating
involves trying out new ideas and devices in the production and management area in order to increase business outcomes and generate more business. Schaper et al. (2011) divided innovation into two categories: incremental and disruptive innovation. While incremental innovations are the improvements to existing products and management, in order to increase business performance, disruptive innovations undertake fundamental changes in the market place. The current study has adopted the perspective of Schaper et al.’s (2011) incremental innovation into the coping pattern made by the participants. From this perspective an art shop owner in the pottery village expressed the following thoughts:

All art shops order products from the same potters. That is why they have very similar products. I don’t. I have my own potters. Therefore, I can always create a new model of a product. I also try new materials on the products. For example, I am currently combining pottery with batik painting and plaiting rattan. (Husein)

Entrepreneurs, such as Husein, make innovations to their operational management by employing full time, instead of casual employees. By doing so, they can create new products using innovative materials. Most art shops in the pottery village ordered goods from the same potters, with the result that they sell the same type and quality products. Husein’s innovative strategy was to employ several potters who specifically worked for him so that he could create different types of pottery and maintain the quality of his products.

The adoption of an innovative coping pattern by a number of participants involved the use of technology to help operate their enterprises. The use of Internet in operating a tourism business in Lombok is still considered innovative as only few tourism entrepreneurs use such technology. Indeed, the Internet has increased the number of travel companies in Lombok, as mentioned elsewhere in Chapter Two, subsection 2.4.2. Yet, travel companies and hotels, not other enterprises such as restaurants and art shops, mainly adopt the Internet. For instance, of the 21 tourism entrepreneurs who actively participated in the current research, only 3 entrepreneurs have websites for their business, one of which is an online tour operator. Meanwhile, the use of the Internet can increase work flexibility, as suggested by an online tour operator:

After I had IT knowledge, I did not need to work intensely anymore. I could work just one hour per day to maintain it, and I think that is enough. I don’t need an office either because I can work from home...Furthermore, if we promote our business online, we just need to spend about twenty-five million rupiah per year for promotion and maintenance. You can compare this with the offline promotion that can cost hundreds of millions of rupiah each year. (Basar)
Using the Internet for marketing has helped entrepreneurs, such as Basar, to control their businesses from many places at any time, and has increased their working efficiency. In addition, the use of the Internet has helped entrepreneurs save on the operational costs of promotion. However, innovation requires the converting of knowledge and skills into commercial practices. To do so, they undertake business experiments and observe other tourism enterprises. A surfing organiser in Kuta commented that:

I often go to Bali to have a look at how people create and market things there. In the tourism industry, we have to learn from the guru. And in my opinion Bali is the guru of tourism nowadays because many developed and successful tourism enterprises are located there. (Kiem)

The adoption of innovation also allows the entrepreneur to create unique products and services that cannot be copied by other entrepreneurs. Such innovative products and services help them win business competition and increase their market share. One participant expressed his sentiments in the following statement:

My unique product, that no other people can make, made from liana wood. Because of that product I was nominated by the industry department to represent this region in an exhibition in Jakarta. I received many orders for that product after the exhibition. (Saupan)

Furthermore, innovative and distinctive products help create an enterprise’s identity and distinguish that enterprise from the others. The innovative products also create market trust towards the enterprise’s performance, and increase entrepreneurial opportunities to generate business.

Some entrepreneurs create innovative products and services by extending their enterprises. This approach enables them to diversify and increase the range of their products. A restaurant owner in Kuta explained:

We developed the transport service in order to support this restaurant. I cook, and my husband provides the transport, the tours, and the ticketing services for our customers. That is the way we increased our services to the tourists who come to our restaurant. (Hanna)

For participants, such as Hanna, diversifying the products enables them to increase their service quality and extend their enterprises. The diversified products and services thereby assist them to establish more than one enterprise and extend their market segment.

Overall, innovation assists local tourism entrepreneurs to deal with a number of problems, such as scarce resources, high operational costs, and a lethargic market. An
innovative management enables entrepreneurs to create new and high quality products with efficient operational costs. These new products and services can create demand and increase market share. Furthermore, the innovative products can help to attract business partners to establish business collaborations. The next section presents a discussion on novel coping patterns that the participants use to deal with novel problems in tourism business.

6.2.2 Novel coping patterns

Novel coping patterns are associated with adaptive actions, interactions, strategies and motivational responses to contingency or unexpected problems that challenge and inhibit the establishment and development of tourism enterprises. The entrepreneurial culture of tourism industry is unpredictable and is characterised by various problems, which require a unique or context specific approach. To deal with the specific problems, the participants adopt two main coping patterns: confronting and ngesup (a traditional coping strategy), as discussed below.

Confronting

Confronting is an attempt to contain specific problems that threaten the sustainability of entrepreneurs’ business. As a coping pattern, confrontation includes psychological confrontation (such as debating and arguing) and physical confrontation (such as demonstration and showing forces). The use of confrontation as a coping pattern indicates the entrepreneurs’ willingness to mobilise all abilities to deal with critical problems in the tourism business when other ways of dealing with problems fail to generate a solution.

Actions or interactions are considered confrontational coping patterns if the entrepreneurs make such confrontation to maintain and defend their legitimate ownership. For instance, some entrepreneurs confronted other entrepreneurs and provided evidence to back up and justify their legitimate actions. A tour operator who ran an online business made the following statement:

When I built one of my websites, someone came to my house with his lawyer. The lawyer gave me an objection letter and accused me of taking his client’s domain name. I told the lawyer that my domain name was Lombok travel online.net. His client’s domain name was Lombok travel online.com. These two domains are considered different in cyberspace. The cyberspace takes into account even a dot in the domain name. Furthermore, there is no regulation yet about cyberspace in Indonesia. I challenged the lawyer to find out which part of
my domain name overlapped with his client’s. I confronted him until he finally cancelled his prosecution. (Basar)

For Basar and some entrepreneurs, confronting was related to self-defence, using reasonable arguments and evidence. Meanwhile, other entrepreneurs use whatever means necessary to maintain and secure their business existence. An art shop owner who was intimidated by someone using magic explained why he used confrontation:

One of my local workers told me that someone (competitor) had used many kinds of magic to kick me out of this village. I challenged the person to use all of his magic. I said I just believe in God and that magic doesn’t work on me. (Husien)

The entrepreneurs like Hasan, were put in a situation where they had no choice but to face or confront the magical competitor, the silent enemy (as discussed in Chapter Five, sub-section 5.2.2). Under such conditions, the entrepreneurs might fight back using whatever method they can, including asking for magical help from other people when possible.

For entrepreneurs, confrontation often involves a group of people in order to optimise the outcome. An art shop owner in the pottery village revealed that:

Indeed the customers returned to this place after the crisis, but only one art shop was visited. The art shop monopolised the business. The local people and the other dozen art shops could not benefit from the tourists. We had several meetings in order to distribute the customers to other art shops, but we didn’t find a solution. We asked for mediation from the tourism department, but they never came to help. We finally made a decision a few days ago to open everyone’s eyes. We formed an art shop association. We then stopped the tourist busses in front of the gate of this village. We compelled all the tourist buses to pay for an entrance fee and also directed them to visit all the art shops. The biggest art shop and the tour guides protested. But, we had to confront them to give greater benefit to more people in this village. (Husein)

The entrepreneurs in small weaving and pottery village enterprises, such as in Husein’s village, had problems when the big enterprises controlled the market. They monopolised and created destructive competition for the smaller enterprises (as discussed in Chapter Five, sub-section 5.2.2). To cope with such problems, small enterprises get together to confront the big enterprises, and force them into giving opportunities to the smaller enterprises to generate business. The smaller enterprises, in the above case, blocked the entrance to the shopping area in the village and managed the visitors (customers) so that all enterprises had the opportunity to generate business. By confronting the destructive competitor together, the smaller enterprises obtained the power to instigate business regulations and control business competition.
The entrepreneurs see it as important to involve as many people as possible, particularly when confronting against a powerful enterprise. An hotelier, who refused to sell his hotel to a consortium that was supported by government in Kuta stated:

I was forced to sell my land to the LTDC, but I persisted...I said, “Please do not remove us from our land. If you do so, we will fight back whatever happens. We know that you have money, but it doesn’t mean that you can buy anything you want. This land will remain in my possession until the next generation”. The LTDC blocked my business permit. They also paid my tax to get a claim on the land. But, I did not want to move from here. I faced them. And, my workers, who are mostly from this village, backed me up. (Guntur)

For many entrepreneurs, such as Guntur, confronting a more powerful business required not only courage and persistence, but also support from other people. In this regard, confrontation, as a strategy, should be adopted in association with cooperation. Since confrontation is only one way to deal with problems, it may require many attempts, including arguments and hostile actions. For example, in the case of a disagreement over business relocation, showing courage to protect one’s own properties is not enough. Confrontation should be backed up by individuals and organisations, such as NGOs, in order to increase the bargaining power and win the confrontation.

Overall, confrontation is a coping pattern used by entrepreneurs when other strategies fail to function adequately, and discussions do not generate solutions. Thus, confrontation is used to deal with specific problems that threatened the sustainability of a business, such as business relocations, or the attempted acquisition of the business by a more powerful enterprise. Obtaining support from individuals and organisations can increase the entrepreneur’s ability to use a confrontational strategy. In addition to this specific coping pattern, the entrepreneurs also adopt particular coping patterns, namely, either repetitive or specific ngesup (as discussed next).

Ngesup (communal assistance)

Ngesup is a local Lombok tradition that the participants adopted as an entrepreneurial strategy. The adoption of ngesup reflects the involvement of communal characteristics of the Lombok people into the tourism business. The local people are accustomed to asking for help in business or entrepreneurial activities, from family members or close friends, through ngesup. Unfortunately, while indigenous tourism entrepreneurs have practiced this tradition for many years, no academic research has focused on this tradition. While the Lombok people may ask for help, they also strive to
improve their abilities in order to be independent of other people. The essence of ngesup is the integration of business principles with friendship and kinship; the spirit of ngesup is business education and economic independence. The participants adopted this coping pattern in three different conditions: in the early stage of their entrepreneurial journey; when establishing and developing enterprises; and when facing a downturn in the business. As a result, ngesup can be adopted as either a specific or repetitive strategy of entrepreneurial coping.

As a specific coping pattern, ngesup tends to be adopted in the early stage of the entrepreneurial journey, and when facing special business conditions, such as a downturn in the tourism business. To some extent, the adoption of ngesup in the early stage of the entrepreneurial journey is similar to apprenticing and volunteering, in that ngesup is related to working in a friend’s or family’s enterprise without payment. The purpose is to help families or friends, while practicing particular skills and gaining expertise, before starting their own enterprise or practising as a professional. A surfing organiser in Kuta describes this process in the following statement:

While managing my own bookshop, I ngesup at my friend’s surfing club during the day to increase my surfing skill. I asked him so that I could do the volunteering if I didn’t have a customer at my bookshop. My friend was happy because he didn’t have to pay me. And I was happy too because I could surf for free and met many professional surfers. We helped each other. That was before the crisis struck and before I decided to start a surfing shop. (Kiem)

The ngesup strategy helped this prospective tourism entrepreneur to learn about tourism and to experience tourism entrepreneurial activities. Ngesup allowed the process of learning by doing (discussed in sub-section 4.2.2): the prospective entrepreneur could learn from his/her direct encounters with the actual tourism entrepreneurial activities. Such processes result in the acquisition of appropriate knowledge and skills, and open up access to entrepreneurial opportunities in tourism. Furthermore, the adoption of ngesup can benefit family or friends, the owners of enterprises, where the unpaid jobs during ngesup are conducted.

Ngesup is also used as a strategy to revive the business after a downturn, to regain business resources, to reduce losses, and to avoid bankruptcy. One participant who ran a travel agency and a restaurant in Senggigi expressed this:

I closed my company temporarily when the riot sparked in 2000. I then went to Bali to work (ngesup) in my sister’s company in order to get some income and experience. I did so because business in the tourism sector on Lombok was very
quiet at that time. I did not want to wait for the recovery while doing nothing. I returned to Lombok in 2005 and restarted my travel business. (Dewinta)

When facing a business downturn, an entrepreneur can temporarily close his/her enterprise and *ngesup* at a friend or family’s enterprise. The strategy allowed the entrepreneur to go through a difficult period while increasing their expertise in a particular area and, at the same time, obtain financial support to restart his/her own enterprise.

As a repetitive strategy, *ngesup* helps individuals to establish and develop their tourism enterprises. The adoption of *ngesup* for establishment and development purposes shifts the paradigm of *ngesup* from volunteering, which is done free of charge or unpaid, into a special rate for services and products. Additionally, *ngesup* is adopted to help exploit particular business opportunities, despite the lack of investment. For instance, an online tour operator noted the following, when talking about establishing contracts with international airline services:

> I need more money to develop my ticketing service and to be registered as a user in some major airline’s online systems. I have applied for a bank loan but I cannot get it. Since I have no contract with an international airline, I *ngesup* some friends to be able to issue an international ticket. (Basar)

*Ngesup* is adopted by using a friend’s resources or equipment to produce products and provide services and, in return, some form of compensation is offered. The compensation is given in thanks, not as a payment. An entrepreneur can decide to *ngesup* in order to provide particular products and services, despite a lack of financial support. *Ngesup* usually occurs as a result of the close relationship between two or more entrepreneurs.

Some entrepreneurs practice *ngesup* by generating products or services under someone else’s company flag. In such instances, individuals who ask for help by “*ngesup*” can still work independently. They generate business for their own benefit. Compensation is sometimes delivered to the owner of the company in appreciation for their assistance. For instance, a local tour operator, who experienced a slump in his business, stated:

> I just thought to earn some money for living expenses at that moment. That’s why I temporarily *ngesup* under my friend’s company. We shared services, but we don’t share profits. I mean; I sell the trips manually while my friend uses the Internet. If a customer requests a service that I do not provide, my friend will take over the service. (Zulfikar)
Ngésup allowed both (the ngésup person and the enterprise’s owner) to benefit. While the person who ngésup gets a job, the enterprise’s owner benefits from the promotion that the ngésup person provides. Ngésup enables the enterprise owner to give a licence to his friends to produce different products and services so that the enterprise owner can focus on his/her main products. In this case, ngésup is similar to imbalance collaboration in that the ngésup person obtains more benefits than the enterprise owner. The difference is: while collaboration is mainly based on an agreed share of business profits or business orientation, ngésup is primarily based on social purposes. Given that the participants established and developed small enterprises, the ngésup strategy helped them to diversify their products and services, despite the lack of capital. This strategy enables entrepreneurs to develop networking in promotion and selling. Therefore, ngésup is an effective repetitive strategy used to deal with destructive competition, one of the problems arising from the entrepreneurial culture on Lombok, discussed in Chapter Five, sub-section 5.2.2.

Overall, the communal nature of the local people on Lombok allows the possibility of using ngésup as a strategy for coping in tourism entrepreneurial activities. The uniqueness of this strategy and its spirit helps and supports other local entrepreneurs in coping with uncertainties and difficulties in tourism entrepreneurial activities. The participants were required to employ ngésup and other strategies (coping patterns) when dealing with the tourism entrepreneurial culture on Lombok if they were to be successful with their tourism business. Thus, entrepreneurs employ specific coping patterns, based on the problems that they must manage. Success in the use of the coping patterns can result in the establishment and development of the tourism enterprise. Yet, the entrepreneurs’ abilities to make use of the coping patterns are mediated by the particular conditions. Some conditions increased the entrepreneurs’ ability to make use of the coping patterns, while others weaken their ability to cope. These intervening conditions are discussed in more detail below.

6.2.3 Intervening conditions

Having conducted a tourism enterprise for a long period does not guarantee that the entrepreneur has the ability to cope with the entrepreneurial culture of the tourism industry in Lombok. For example, in talking about strategies to overcome the low number of customers, an entrepreneur, who had run an art shop in the weaving village for more than twenty years, stated:
All I can do now is just wait and pray. I can do nothing else. I cannot make sales calls to the tour guides and tour operators because it won’t help. I cannot market my product outside of this region either because I have not done it before. I hope there is a fair distribution of tourist visits to all art shops in this place, which is managed either by the guide association or the art shop association. (Ramdan)

Therefore, just as important as having strategies to cope with business problems is the ability to use the strategies effectively. A series of intervening conditions entered into the participants’ coping picture. Some enhanced the possibilities of coping (supporting conditions) while others diminished their chances (hindering conditions).

a. Supporting conditions

The participants described four main intervening conditions that enhanced their ability to make use of coping patterns: intensity of motivations, communication skill, work experiences, and locality status. The intervening conditions were attributed to the entrepreneur’s individual characteristics: one might have a higher level of intervening conditions than another. For instance, an entrepreneur with high communication skills may establish more business collaboration than the one with low communication skills. The four intervening conditions are discussed below.

Intensity of entrepreneurial motivations

Each participant possessed a set of entrepreneurial motivations that affected their entrepreneurial abilities. In talking about business motivations, a souvenir exporter, who had established more than one enterprise, noted: “I am willing to go up and down in business. Honesty, courage, confidence, and never stop learning and looking for something different are some of my secrets in developing my enterprises” (Acelin). Each entrepreneur has a different intensity of motivations that characterise him or her. For instance, one entrepreneur can have a stronger (more intense) business ambition than another. The different intensity of motivations influences their abilities in make use of the coping patterns and deal with the tourism entrepreneurial culture on Lombok. The more intense motivations the more likely the entrepreneurs are to make use of the coping patterns and develop their business. The intensity of their motivations is reflected in four main entrepreneurial characteristics: ambition, passion for work, honesty and, optimism.

Entrepreneurs’ ambition is indicated by their willingness to deal with difficulties in order to achieve their goals. Ambition gives entrepreneurs the energy to increase their
entrepreneurial abilities and search for business opportunities. A diving organiser in Senggigi reflected on this in the following statement:

I am an ambitious person in diving business because people who like to establish dive courses are still very few. That is why I force myself to take diving courses, from the open water private course up to the professional level to the level of the dive master, and then the instructor’s assistant and instructor’s level. It is not easy, but I am already at the level of the IDC staff. The highest level is the course director, and I should be there in two more years. In Indonesia, there is only one course director at the moment, and he will retire in two years. I intend to be the course director who replaces him. (Mustafa)

For many entrepreneurs, such as Mustafa, the higher the ambition the harder they strive for their business goals. Likewise, the higher the ambition the more likely they are to make use of the coping patterns.

Passion for work was evident in the participants’ patience when facing business difficulties and their persistent attempts to achieve their business goals. For example, the online tour operator in Senggigi talked about his business downturn in the following way:

I was slumped in this business for over eight months. I had to pay two hundred million rupiah of outstanding debts to a hotel. I had to sell my company, my office and my house. It was a very stressful situation for me. I kept working day and night during the period. I then tried to manage my company with my family. I thank God that I kept moving ahead, step-by-step, and in May 2010, I could buy this office. (Basar)

The entrepreneurs’ passion for work increases their ability to find a way out of business difficulties and revive from a business downturn. Since entrepreneurs in the Lombok tourism industry constantly deal with the entrepreneurial culture, an entrepreneur’s passion for work helps maintain their self-determination, enthusiasm, and desire to conduct the entrepreneurial activities. Therefore, passion for work helps increase an entrepreneur’s ability to adopt the coping patterns, such as creating innovative products and services through the trial and error process.

The participants confirmed that conducting business honestly was critical in order to obtain support from business partners and create customer satisfaction. Further, the participants used honesty as a working principle, with an art shop owner in the pottery village stating:

Honesty is very important. Since I started my art shop, I kept that professional ethic. I never cheated in my business. One of my customers left his order for two years. He had paid only half as a down payment. This customer didn’t give me his address; I didn’t know where to send the order to...I didn’t get any news
from him at all. I just kept the order in my storage. When he came back two years later, he was surprised because he found all of his orders still there. (Leyla)

Conducting business honestly helps build a good business reputation. Entrepreneurs’ honesty in business helps obtain customer trust and establishes solid relationships with business partners. Therefore, honesty increases the entrepreneurs’ ability to adopt coping patterns, such as cooperating, collaborating, and ngesup.

The entrepreneurs’ optimism was another important intervening condition that can increase their ability to make use of the coping patterns. For example, the participants suggested that a high level of optimism helps them cope with difficulties, such as a business down turn. One art shop owner in the pottery village expressed the need for optimism in the following statement:

Many people mock, teased, and put me down, including some of my relatives, when my business collapsed in 2003. But I said, “I am a professional. I have the skill and friends who will support me. It will take me only one year to pay all of my debt, and I will flourish again”. I believe that God is very kind. Despite my difficulty, I never showed my sorrowful face. The turning point of my life was in 2004. I totally recover within a year because I really believe that God is very kind. I was even able to buy a piece of land where I now have my own house and business. (Husein)

For Husein and other entrepreneurs, optimism enables them to look at business obstacles, such as bankruptcy and family’s opposition, as challenges instead of threats. Their optimistic views, toward a problem, increase their self-confidence to adopt particular coping patterns in order to revive and cope with the business problems.

Overall, entrepreneurial characteristics, such as ambition, passion for work, business honesty, and optimism, influenced entrepreneurs’ business motivation and increased their ability to adopt the coping patterns in dealing with the entrepreneurial culture of the tourism industry in Lombok. Entrepreneurs with higher motivations were more likely to adopt coping patterns and, consequently, had more opportunities to establish and develop their tourism enterprises than those with lower intensity of motivations. Likewise, the more entrepreneurs had ambition for success, a passion for work, business honesty, and optimism in business, the higher was their ability in establishing business relationships with other entrepreneurs, creating innovative products and services, and dealing with business difficulties and uncertainties. These characteristics influenced their coping ability through two mechanisms. First, the characteristics helped them create a business reputation, which facilitated their establishing relationships with business partners. Second, the characteristics influenced
their self-confidence in dealing with business difficulties. Optimism, for example, helps to increase self-confidence when dealing with a business downturn, facing ridicule or business competition.

**Communication skills**

Communication skills were associated with the participant’s ability to obtain business support through communication. The participants acknowledged that communication skills helped them obtain business support, either from internal or external organisations. Communication skills assisted the entrepreneur to undertake managerial functions effectively (internal organisation). For example, communication skills were required to encourage and motivate employees in a tour operation and a restaurant in Senggigi, as revealed in the following statement:

> Improving employee performance is not easy. I often say to my employees: “You should be on the same train with me so that we can arrive at the same station (destination). If you are in another train, you and I may end up at different stations... we should have the same commitment. You take the positive things from me. Take them, because one day if you have money, you can start your own restaurant. And, you will really be grateful for what I have taught you”. (Dewinta)

Dewinta and the other participants indicated that the success of their managerial activities, such as job delegation, job description, and employee development, was influenced by their entrepreneurial communication skills. An effective communicator within the organisation can influence their employee’s working performance, and helped minimise employee problems (as discussed in Chapter Five, section 5.2.1).

Communication skills assist in establishing beneficial relationships with external organisations, such as when acquiring support from local people, and developing networks with business partners (as suggested by an art shop owner in the pottery village):

> My materials were stolen three times in two weeks. When the third theft happened, people who lived around my art shop gathered...I used the moment to talk to them. I said, “I thank you for everyone’s concern. I come to this village to start a new life, the same as everyone else who looks for a better life in this place...I come from a village located behind the Mountain. Many shamans live there, including the most feared thieves and robbers on this island. For your information, I know those who pushed my fence down and stole my materials. I came here for peace and friendship, not to look for problems. It’s enough. I will keep this secret to myself. I won’t tell anyone who those thieves are”. That was my speech to the people. I just acted as if I knew everything. Surprisingly, everyone was quiet. And, since that time, nothing happened again. (Husein)
For Husein and other entrepreneurs who establish enterprises outside of their place of origin, their communication skills help to gain support from the local people and minimise security threats, such as theft and robbery. Their communication skills also increase their ability to adopt all coping patterns, including competition and confrontation with other entrepreneurs.

**Work experience**

The participants described their work experience as the history of, and experiences within, their business careers that influences the success of their tourism business. A local diving instructor in Senggigi revealed that:

I started my diving career by working as a freelance diving instructor in the Reef Seeker Diving Club. I worked and learnt about diving there for two and half years. I then moved to Prodive Bali in Kuta Bali for 1 year; I acquired more diving experience. I also worked at Oceanic Odisi Cruise and was the only employee from Lombok on the cruise at that time. I thank God that I acquired the skills that enabled me work on the cruise ship. I then moved to Dream Dive where I worked for two and half years. After this period, I moved to Dive Indonesia and worked until I became a professional dive instructor. I was then able to open my own diving school. (Mustafa)

For Mustafa and the other participants, work experience reflects their business abilities in making use of all coping patterns using two main features. First, work experience increased their ability to managing their internal enterprise. Work experience helped them effectively apply the managerial system and develop leadership within the organisation, as noted by an hotelier in Senggigi:

I used to do many jobs when I worked in an international hotel overseas. I washed plates. I acted as a room boy and bellboy. I made the reservations and acted as receptionist. I did a variety of jobs for six years at the Sheraton Brunei. We had to have multi skill abilities because we were highly paid. Here, however, most people cannot do such things. I used my experience to manage my staff. I trained them to have multiple skills as I experienced during my career. (Taufiko)

In this case, work experience increased the entrepreneurs’ technical ability in dealing with routine tasks and supervising employees, particularly new employees. Work experience also increases the entrepreneurs’ ability to apply innovative managerial systems and creating innovative products and services.

Second, work experience improves the entrepreneurs’ abilities to better interact with external enterprises, as suggested by an art shop owner in the pottery village:
Having worked in a travel agency for ten years, I had experience in how to communicate with the international customers. That was my strength that not many of my competitors had. Therefore, I could serve the foreign buyers on behalf of Bali cargos (Cargo enterprises that based in Bali exporting Lombok souvenirs), and the cargos didn’t need to send a translator from Bali. (Husein)

Thus, work experience enables entrepreneurs to make use of several coping patterns, simultaneously. For instance, work experience assisted Husein to collaborate with foreign business partners and, at the same time, compete with other local entrepreneurs who offered the same products and services. Furthermore, the entrepreneurs’ work experience related to their business expertise and knowledge of business conditions, as well as networks and business partners. As the entrepreneurs learnt from their business experiences, they knew the other entrepreneurs with whom they could cooperate and collaborate, and with whom they should compete. Therefore, work experience can help entrepreneurs develop their business performance and increase their competitiveness.

Overall, work experience was an intervening condition that increased entrepreneurial abilities in using coping patterns in the tourism business. The entrepreneurs learnt from their experiences about the tourism business and the culture of tourism business on Lombok. The entrepreneurs were able to more easily discover business opportunities and increase their self-efficacy to exploit those opportunities. Meanwhile, the knowledge of the culture of the tourism business allowed the entrepreneurs to develop relationships with the tourism stakeholders, and make use of the EC’s patterns. As discussed in Chapter Four, sub-section 4.2.2, self-efficacy plays an important role when deciding to undertake a task. The entrepreneurs with more work experience appear to have higher self-efficacy with the use of coping patterns than do those with less work experience.

**Locality status**

Locality status was described as an identity that associates a research participant with a particular place and community within which he/she was born and grew up. The stereotype about locality status (discussed in Chapter Five, sub-section 5.2.1), was identified by the participants from macro and micro perspectives. According to the macro perspective, the participant’s locality status was attached to their ethnicity and nationality, or country of origin. For instance, a diving organiser in Senggigi referred to himself as a local even though he was not born in Senggigi, nor did he stay there: “I am proud to be the only local diving organiser on Lombok. Because my motto is to promote
my place of origin, I started my dive course and named it Lombok Dive” (Mustafa). Mustafa and the other entrepreneurs referred their locality status as a “Sasak”, the indigenous people of Lombok. As Sasaks, they claimed their status as local entrepreneurs, even though they had established their enterprises outside their village of origin. By doing so, they expected to obtain support from the local people where they had established their enterprises.

The micro perspective associated the entrepreneurs with their birthplace and membership of the local community, as well as their village origin where their enterprise resided. A surfing organiser in Kuta noted: “I am the only local surfer organiser here. I never worked outside of this village. I just live and develop my business in this village” (Jaka). The entrepreneurs, such as Jaka, viewed their locality status at the village level. Despite their being indigenous to Lombok, they were considered non local if they established their enterprise outside their village of origin. Therefore, the indigenous entrepreneurs, who establish enterprises outside their village of origin often had to deal with a lack of support from the local villagers (as discussed in Chapter Five sub-section 5.2.1).

Further, the locality status provided the entrepreneurs with the privilege of managing the local resources for the tourists; additionally, they had the support of their communities. An entrepreneur in Senggigi mused:

I am lucky I am a local. I could promote the sailing event that will take place during Ramadhan (fasting month) to the local people. I could make the local people understand and accept that the non-Muslin sailing members could have meals during the day in Ramadhan. I don’t know what would have happened if the event organiser were a foreigner. (Acelin)

Being a local entrepreneur engendered tolerance and support from community members. The entrepreneurs’ locality status enabled them to be effective communicators with their community members and to develop an understanding about tourism. Foreign entrepreneurs could not obtain such a privilege. Therefore, locality status enables entrepreneurs to establish relationship with foreign investors. For instance, a surfing organiser in Kuta stated:

I work together with a Japanese investor because he knows me as a local surfer. This collaboration benefits both of us. While I look after our hotel and surfing school, he promotes the business in Japan. (Andika)

In contrast, the locality status increases an indigenous entrepreneur’s ability to compete against foreign entrepreneurs. A local diving organiser in Senggigi commented:
Some foreign diving organisers in Senggigi are jealous of me, possibly because they see my local status. They came here and asked how I market my product since I have no visible sales counter, and I do not have any representative in a hotel. Some of them even accused me to hijacking their customers. I said, “I never stole anyone’s customer. I just build a relationship with my friends. That’s the way I market” (Mustafa).

Overall, the intensity of motivation, communication skills, work experience, and macro and micro perspectives of locality status affect an entrepreneur’s ability to adopt the coping patterns in order to deal with the entrepreneurial culture of the Lombok tourism industry. However, the entrepreneurs’ abilities to make use of the coping patterns can be weakened by the presence of the hindering conditions (as discussed below).

b. Hindering conditions

In contrast to the intervening conditions that strengthen the entrepreneurs’ abilities to make use of coping patterns, there are a number of conditions that hinder or weaken their coping abilities. The hindering conditions can be incorporated into four main concepts: carelessness, unfavourable experiences, low level of education, and limitation of supporting agent. The first, the second, and the third concepts are attributed to the entrepreneurs’ personal limitations, while the fourth concept is associated with the limitation of the business environment. These concepts are discussed in more detail below.

Carelessness

Carelessness is associated with an entrepreneur’s tendency to take quick actions without adequately evaluating the potential risks of these actions. For instance, some entrepreneurs establish relationships with business partners whom they do not know and, know nothing about their business reputation. One art shop owner in the pottery village revealed:

The worst condition in my business was in between 2002 and 2005. I did not even have a motorbike as a means of transport. This tourism business was totally dead. Thus, I was thinking of doing another business. One of my wife’s relatives, who had just returned from overseas, offered me a business organising and transferring Indonesian employees who wished to work overseas. I took the opportunity, despite having no knowledge and experience in that business. I just trusted my wife’s relatives. But I was deceived. When the overseas agent requested the transfer payment for the worker’s visa, I collected the money, from the more than one hundred people who had applied. But, after the money was
transferred, the overseas agent disappeared, and I had to pay all of the money back to the applicants. I had to sell everything I had at that time, including my house. (Husein)

Such deceit has led entrepreneurs like Husein to have to deal with loss potentialities and even bankruptcy. They also had to overcome the carelessness factor imposed on their business motivation. Such business loss and bankruptcy can stimulate depression and weakened interest in persisting with efforts to revive the business. In contrast, unfavourable experiences in business relationships can influence the adoption of coping patterns, for example, cooperating and collaborating, with other entrepreneurs.

**Unfavourable experiences**

Unfavourable experiences were described by the participants as unpleasant business events that influenced their attitudes and behaviours. Such experiences appear to negatively affect the entrepreneurs’ ability to make use of the coping patterns. A tour operator in Senggigi expressed his experiences in the following statement.

> I have experienced many unsatisfied relationships with local working partners, especially the male ones, which resulted in the dismissal of our cooperation. They were not honest. To avoid similar situations happening in the future, I just decided to stop cooperating. I prefer conducting my business alone, while observing with whom I can work. This business needs not only expertise but also honesty. A professional relationship is related to my future business. If I can establish a good relationship, my business can go on successfully. However, this is often difficult, and that is why my relationships often break up, especially with some local travel agencies in this area. (Arman)

Indeed, Arman and other entrepreneurs learn from their business experience. Some use the unfavourable experiences to increase their ability to cope with business difficulties. However, others, such as Arman, do not cope well with such unfavourable experiences. Therefore, unfavourable experiences can weaken an entrepreneur’s ability to make use of coping patterns, particularly in relation to cooperating and collaborating with other entrepreneurs.

**Low level of education**

The participants’ educational background also influenced their business capacity, such as knowledge, skills, and motivation to conduct a tourism business. As discussed in Chapter Four, sub-section 4.2.2, most entrepreneurs acquire tourism knowledge and skills from their experiences instead of formally from school or college.
However, the level of education does influence entrepreneurs’ knowledge, skills, and entrepreneurial motivation. For instance, an art shop owner in the pottery village stated: "I doubted whether I should take the opportunity because I had never studied English at school. How could I speak with tourist if I never studied it at school?" (Leyla). Thus, an entrepreneur’s lack of formal education can result in a lack of knowledge and skills to search and exploit entrepreneurial opportunities. Ultimately, this may lead them to be discouraged from taking actions to perform entrepreneurial activities.

The lack of knowledge and skills also leads to a lack of self-efficacy: that is, a lack of self-confidence in performing a particular task (Shane et al., 2003). People with a lack of self-efficacy exert less effort, and respond less positively to negative feedback. They also set more simple goals and choose less appropriate business strategies in comparison to people with high self-efficacy (McGee, Peterson, Mueller, & Sequeira, 2009). As a consequence, entrepreneurs with higher levels of education tend to have more self-efficacy, and use coping patterns more effectively than the ones with a lower level of education.

Limitation of supporting agents

The limitation of supporting agents is associated with an inability of business partners, such as suppliers, to support the entrepreneurs’ business requirements. For instance, the limited carrying capacity of Lombok hotels or online presence can influence the ability of tour companies to sell their tour packages. An online tour operator in Senggigi stated:

I cannot make automatic confirmation yet because hotels in Lombok are not yet equipped with adequate online system. Meanwhile, the customers needed a quick response. When the customers book their rooms they cannot pay immediately because I have to check the room availability with the hotels. However, if a hotel gives me an allotment, I can set up an automatic confirmation reply. If we can do that, I will not need to do additional work. I just need to check the incoming payments every time we receive transactions. (Basar)

Entrepreneurs, such as Basar increase the quality of their services and products by adopting IT. However, despite the tour operator’s expertise in using IT to increase the speed of the reservation process, the application of such IT is limited by hotels’ IT facilities. The hotels also appear to have limited carrying capacity, and so are unable to accommodate all the guests referred to by the tour operator. The businesses limitations of other entrepreneurs mean that they cannot support the business development of
existing entrepreneurs. Such limitations weaken, for example, the tour operator’s ability to create innovative products and services, and limited their opportunities to generate business.

Additionally, the limitation from supporting agents also influences entrepreneur’s business performance in general. These limitations weaken competitive power, as suggested by a local diving organiser in Senggigi:

My biggest problem in competing with the foreign diving courses is equipment, particularly compressors. I have an old compressor. If it doesn’t work, I will have to send it to Bali because there is no compressor service in Lombok. This problem costs me money and time. I often have to cancel some trips and lose some customers because of this limitation. (Mustafa)

Indeed, the limitation of supporting agents, such as the lack of suppliers, limits the entrepreneur’s ability to create competitive products and services. The limitation of supporting agents could terminate many business opportunities and, ultimately, limit the ability to generate business.

Overall, hindering conditions (namely: carelessness, unfavourable experiences, level of education, and limitation of supporting agents) thwart an entrepreneur’s ability to make use of the coping patterns. These conditions diminish the entrepreneur’s chances of using the coping patterns. For example, carelessness can increase loss potentialities and even lead to business bankruptcy. It can also result in negative motivational consequences, such as depression and frustration, which weakens an entrepreneur’s attempt to recover from a business downturn. Further, an unfavourable experience can influence an entrepreneur’s ability to establish relationships with other tourism stakeholders, particularly business partners. While the participants’ level of education did not influence their business performance, in general, their level of education did influence their motivation to take advantage of tourism business opportunities. Finally, the limitations of supporting agents weaken the entrepreneur’s abilities to create, innovate, and increase the quality of products and services.

6.3 Conclusion

This chapter has demonstrated the entrepreneurial coping patterns that the participants employed as actions, interactions, strategies, and motivational responses when dealing with the entrepreneurial culture of the Lombok tourism industry. The chapter also presented a discussion on the intervening conditions that increase, or weaken, the entrepreneur’s abilities to make use of the coping patterns. Entrepreneurial
coping patterns are adopted in response to various problems (e.g. entrepreneurial culture) that threaten the success of the entrepreneurial process in tourism. These coping patterns include: repetitive patterns that are adopted to deal with everyday problems; and novel or specific patterns that are used to deal with particular problems in tourism entrepreneurial activities.

The entrepreneur's abilities to make use of the coping patterns are influenced by a number of intervening conditions. Some conditions increase, while the others weaken their abilities to adopt coping patterns. The intervening conditions that increase coping abilities are intensity of entrepreneurial motivations, communication skills, work experiences, and locality status. In contrast, the hindering conditions are carelessness, unfavourable business experiences, low level of education, and limitation of supporting agents.

The last three chapters (Chapter Four, Five, and Six) have outlined the processes of tourism entrepreneurial journey on Lombok, the problems that characterise the entrepreneurial environment in which the journey takes place, and the strategies that are adopted to deal with the entrepreneurial culture of the tourism industry. These chapters have demonstrated the development of the entrepreneurial coping theory in the context of Lombok. In the next chapter, I will move from an interpretation of the participant’s statements to the theory building process. I will reconstruct how the grounded theory of entrepreneurial coping developed, and, in the process, use the previous primary and lower order concepts. I will also demonstrate the supportive connection to my findings by referring to the related literature.
CHAPTER SEVEN
DISCUSSION AND CONCLUSION

Everything one knows is automatically evaluated by the subconscious, in the form of an emotion...everything one wants, requires some knowledge of the thing that one wants, and every action one takes to get it requires some knowledge of how to do so. (Locke, 2000. p.414)

7.1 Introduction

The central aim of this thesis was to understand the lived-experiences of host community members in establishing and developing small tourism enterprises on Lombok. While entrepreneurship is an ideal means to stimulate host community participation in tourism development, particularly in a developing country, local tourism entrepreneurship has not been extensively explored. I argue that it is important to understand the experience of indigenous tourism entrepreneurs in establishing and developing their small tourism enterprises, especially in order to stimulate host community participation in tourism development through entrepreneurial activities.

In both Chapters One and Two, two research aims and four associated objectives were developed. The research aims were defined as:

- What are the lived-experiences of local entrepreneurs in establishing their small tourism enterprises?
- What are the lived-experiences of local entrepreneurs in developing their small tourism enterprises?

Specifically, the research objectives were:

1. To critically examine the entrepreneurial process that the local entrepreneurs experience in establishing and developing small tourism enterprises in tourism industry.
2. To interpret the context or environment where the tourism entrepreneurial process occurs.
3. To evaluate the strategies that the local entrepreneurs employ in establishing their small tourism enterprises.
4. To examine the strategies that the local entrepreneurs employ in developing their small tourism enterprises.
The framing of the research aims provided an opportunity to interpret the entrepreneurial process in tourism, as well as to understand how the motivation to engage in such a process commences and grows amongst indigenous tourism entrepreneurs. Furthermore, it allowed us to examine how tourism stakeholders influence the success of the tourism entrepreneurial process.

In Chapters Four to Six, the study results, which addressed these objectives, were reported. The results from these chapters are diagrammatically presented in Figure 7.1, with a further discussion presented later in this chapter.

![Figure 7.1: The development of entrepreneurial coping theory.](image-url)
The research identified that these lived-experiences were evidenced through entrepreneurial coping. The development of an entrepreneurial coping theory has led to a number of conclusions and recommendations (with theoretical, methodological, and applied contributions), which are discussed in this chapter.

As indicated earlier, this chapter discusses the major findings of this study and the emergence of the entrepreneurial coping theory. Second, I discuss the higher order concepts of entrepreneurial motivations and opportunities using a series of hierarchical and cyclical relationships, which contribute to the construction of the entrepreneurial coping theory (as displayed in Figure 7.1). Third, I discuss the theoretical and methodological contributions of the study. The theoretical contributions highlight how the thesis addressed the research aims and objectives, and conclude with the development of the entrepreneurial coping theory. The methodological contributions provide insights into the traditional and indigenous epistemological perspectives. These contributions are a reference point for further research in Indonesia and other developing countries. The chapter concludes with an explanation of the applied contributions of the study, and suggestions for future research.

7.2 Summary of major findings

The major findings (displayed in Figure 7.1) are discussed below. Firstly, fifty-three emergent themes were coded from empirical materials, which were then interpreted and incorporated into fifteen concepts, called root concepts or primary concepts. The root concepts demonstrated the linkages amongst the emergent themes. The interpretation of the linkages among the fifteen root concepts resulted in the development of three lower order concepts. These lower order concepts then developed the higher order concepts from which was constructed the grounded theory of entrepreneurial coping. The entrepreneurial coping theory explained the local entrepreneurs’ experiences in establishing and developing their small tourism enterprises. This theory also explained the complex and continuous physical and psychological endeavours of local entrepreneurs in establishing and developing their small tourism enterprises. The entrepreneurial coping theory incorporates three major findings: entrepreneurial journey, entrepreneurial culture, and coping patterns. These findings are discussed, with conclusions given, in the following three sub-sections.
7.2.1 Entrepreneurial journey as a coping process

The findings addressed the research objective regarding the entrepreneurial process that local entrepreneurs experienced in establishing and developing small tourism enterprises on Lombok, Indonesia. The entrepreneurial journey provided an overview of the indigenous entrepreneurial process experiences. The journey in tourism consisted of three main phases: orientation, establishment and development. The phases were characterised by the entrepreneurial coping process; that is, the local entrepreneur’s constant endeavours to attain and develop entrepreneurial motivations and cognition in order to pursue entrepreneurial opportunities in tourism.

Orientation phase

During the orientation phase indigenous entrepreneurs connected to tourism, and identified the entrepreneurial opportunity in tourism, for the first time. The phase explained three major aspects that related to: the motivation to connect to tourism; the mechanisms used in connecting to tourism; and getting prepared to start and operate a new tourism enterprise.

First, the indigenous entrepreneurs were motivated to connect to the tourism industry sector by two factors: socioeconomic conditions and cultural impacts of tourism. The current findings extend earlier studies in tourism (for example, Andereck et al., 2005; Besculides et al., 2002; Gursoy et al., 2002; Gursoy & Rutherford, 2004) relating to the host communities’ decisions to engage in tourism development. According to these authors, people will tend to support tourist activities when perceiving socioeconomic and cultural benefits from the activities. The current study demonstrated that an entrepreneur’s initial decision to engage in a tourism entrepreneurial process was influenced by their perceptions that the tourism industry could help improve their living standards, increase their social status, and/or help conserve their cultural heritage. Further, the entrepreneurs were heavily reliant on their enterprises for survival particularly evidenced in the early stage of their entrepreneurial journey. This trend, named by Hessels et al. (2008) as necessity-motivation, is commonly found among entrepreneurs in lower income regions, such as in Lombok.

Secondly, indigenous entrepreneurs connected to the tourism industry sector through several mechanisms, including: interacting, pursuing jobs and business, as well as developing hobbies. These mechanisms were similar to how host communities of other countries connect to tourism. For instance, Andereck et al. (2005) found that
people’s connections to the tourism industry was influenced by their proximity to a tourist destination, and that their interests were associated with tourism. For the indigenous tourism entrepreneurs living close to a tourist destination and learning a foreign language led them to interact with tourists. The interaction with tourists and tourism practitioners provided an opportunity for them to attain tourism knowledge, which helped them find a job and identify entrepreneurial opportunities in the tourism industry sector.

Thirdly, the current study found three critical elements of tourism entrepreneurship including entrepreneurial motivations, cognition (knowledge and skills), and opportunity. These findings extended our understanding of Shane and Venkataraman’s (2000) contention regarding the entrepreneurship elements. That is, entrepreneurship will proceed if there are two critical elements: entrepreneurial opportunity and a prospective entrepreneur. Indeed, the current study identified three elements of entrepreneurship (motivations, cognitions, and opportunity), with the first two elements being related to the characteristics of the prospective entrepreneur.

Entrepreneurial motivation, identified in this research, was developed from aspirations, such as a willingness to improve socioeconomic conditions and the desire to become economically independent. Motivation also developed from inspiration. The indigenous entrepreneurs were inspired by their interactions, such as observing someone else’s success in tourism. Both, aspiration and inspiration further developed the entrepreneur’s characteristics, such as self-efficacy, ambition and passion for work, honesty, and optimism. The current study expanded Townsend, Businetz, and Arthurs’s (2010) finding related to self-efficacy. According to the authors, self-efficacy influences an individual’s decision to start a new enterprise. Similarly, the current study found that self-efficacy increased the entrepreneurs’ willingness to engage in tourism entrepreneurial activities and start a tourism enterprise, despite their lack of experiences and financial support.

Further, the current study expanded Shane et al.’s (2003) findings in relation to the important characteristics that influence an entrepreneur’s ability to identify, as well as exploit, entrepreneurial opportunities. Specifically, the current study identified four characteristics: ambition, passion, honesty and optimism, which created intervening conditions that increase entrepreneurs’ abilities to adopt entrepreneurial strategies (coping patterns) for their tourism business.
Establishment phase

The establishment phase explained the process of launching a new enterprise in order to exploit the entrepreneurial opportunity identified from the orientation phase. The establishment phase consists of two major actions: establishing an enterprise and turning on assets. First, establishing an enterprise requires at least three actions: naming, licensing, and finding location of the new enterprise. The findings paralleled Koh’s (2006) definition of a tourism entrepreneurial process as “activities pertaining to conception, creation and operation of a legal touristic enterprise” (p.127). The enterprise’s name, licence (legal action), and location contained strategic purposes (used as means to promote products or services); they are also used for the identification and legalisation of the enterprise by local authorities.

Second, the establishment phase was associated with turning on assets in an endeavour to: attain business capital, find a strategic location, and start the operation of a new enterprise. The business capital is derived from tangible and intangible assets. The tangible assets (e.g. savings, land, and premises) were used as the starting capital, as well as the collateral for a bank loan in order to operate the tourism business. The tangible assets assisted indigenous entrepreneurs to cope with their lack of financial support (such as micro loans), particularly in the early stage of their entrepreneurial journey. The intangible assets (e.g. intellectual properties, networks, and working reputation) were used to obtain supporting resources and develop business networks. Additionally, the intangible assets helped to overcome the shortage of financial support, and increased the entrepreneur’s ability to establish the new enterprise. In the establishment phase, the indigenous entrepreneurs used tangible and intangible assets to increase their business performance. Such use of tangible and intangible assets was similar to what Augustyn (2004) found when studying entrepreneurs coping with resource scarcity.

Development phase

The development phase was characterised by the continuous identification and exploitation of business opportunities. Two main categories were involved in entrepreneurial efforts to succeed in the development phase: selling and facing uncertainty. First, selling was important, as it was essential for business success; hence, the indigenous entrepreneurs focused on producing, establishing networks, and promoting. Producing incorporated both tangible resources (i.e. materials, equipment,
cash) and intangible resources (i.e. ideas, knowledge, skills/expertise) in order to create a product and/or service. Further, an entrepreneur’s ability to produce was influenced by networking. Networks helped to obtain resources, such as employees and natural resources, with a minimum cost, and assisted in attaining market share. Two types of techniques were involved in promotion: conventional and non-conventional. Conventional promotion is associated with exhibitions, sales calls, establishing relationships with other enterprises, and selling the products directly to customers. Non-conventional promotion is related to online or Internet promotion. Both promotional techniques help to distribute products to customers and establish a business’s brand image.

Second, facing uncertainty involves the attempts made to sustain and develop a new tourism enterprise. In the development phase, entrepreneurs must deal with both profit and loss potentialities. The development process results in growth, decline and survival conditions. Growth is signified by the increase in the enterprise’s size, investment, number and quality of products, and market share. Growth phases also provide an enterprise with the opportunity to create new enterprises and expand to other industry sectors. Decline is associated with a business downturn, the failure to create profits, and even bankruptcy. Survival is related to the conditions in which an enterprise is only able to generate enough income to cover its daily operational costs.

The internal environment, such as the lack of finance, lack of knowledge about marketing and managerial issues, as well as the external environment, such as the intensity of the competition, scarcity of resources, and economic and political conditions stimulate business uncertainty. The findings of the current study highlights that, in order for the indigenous entrepreneurs to develop successful enterprises, they need to deal with business uncertainty. Therefore, the entrepreneurial process (consisting of the orientation, establishment, and development phases) is characterised by entrepreneur’s endeavours in dealing with various problems that threaten the success of the process. Such endeavours were conceptualised as entrepreneurial coping.

7.2.2 Coping with the entrepreneurial culture

The findings, outlined below, address the research objectives in relation to the context where the entrepreneurial process occurs. In the current study, the context where the entrepreneurial process takes place is described as the entrepreneurial culture. This entrepreneurial culture is influenced by the micro and macro conditions of the tourism
industry sector. Micro conditions are associated with the immediate conditions that the indigenous entrepreneurs encounter in their daily tourism entrepreneurial activities. Macro conditions are related to specific conditions of the tourism industry sector in Lombok, namely, the social and political conditions at the local, national and international level.

The entrepreneurial culture shapes the relationship between one local entrepreneur and another, and between entrepreneurs and their environment. Further, the entrepreneurial culture of the tourism industry sector, in the current study is specific and contextual to Lombok, namely, that: the entrepreneurial culture of one location is different from another location. The entrepreneurial culture is characterised by a set of problems that continuously threaten the success of the entrepreneurial process. The problems, incorporated into five major categories, include three categories influenced by micro conditions (stereotypes of tourist and locality status, destructive competition, and lack of encouragement), and two categories influenced by macro conditions (paradoxes, and security issues).

Problems with stereotypes of tourist and locality status

Three stereotypes within Lombok society posed a problem and threatened the entrepreneurial journey of indigenous tourism entrepreneurs. The first stereotype revolved around tourists and their activities having the potential to bring negative effects to the local society and culture. Such negative stereotyping of tourists stimulated negative attitudes by the local people towards entrepreneurial activities in tourism. A number of studies in tourism (e.g. Andereck et al., 2005; Fredline & Faulkner, 2000; Pérez & Nadal, 2005) determined that local people’s attitudes towards tourism development varied along a continuum, from those that are highly favourable to development to those that are against development. The findings of this current study extend our understanding of the influence of the locals’ attitudes towards tourism entrepreneurial activities.

For example, on Lombok, the negative stereotyping of tourists stimulated the locals’ negative attitudes towards the tourism industry sector. Those who believed in such negative stereotypes forbid their family and community members from learning anything that related to the tourism industry, such as learning to converse in English, and refused to allow them to work in the industry. These attitudes and behaviours stymied the locals’ expertise in tourism entrepreneurship, or resulted in what Tosun
(2000) defined as “cultural limitation”, and limited the availability of local employees for the tourism industry. The negative stereotyping also stimulated anti-tourist action, which impeded the development of local resources for tourist products and threatened the security of tourism entrepreneurial activities (Saufi et al., forthcoming).

The second stereotyping of tourists inferred that tourists were wealthy people with a strong buying power. This stereotyping influenced a favourable attitude towards tourists and tourism. However, the stereotype also stimulated a negative outcome, the emergence of price discrimination, both for tourists and tourism practitioners. In the latter case, indigenous tourism entrepreneurs often paid a higher price of goods than locals not involved in the tourism industry. Another negative outcome was the emergence of aggressive street vendors who often disturbed tourists with their persistent selling behaviours (Timothy & Wall, 1997); this outcome intensified entrepreneurial competition. The third stereotype, related to locals’ perception of the entrepreneur’s locality status, saw indigenous entrepreneurs, not born in the village where they established their enterprise, being considered an outsider. As a consequence, these individuals had difficulty in obtaining local support for their tourism business; meanwhile, as Bennet and Gordon (2007) pointed out, the lack of local support increases business risk and the uncertainties faced by the tourism entrepreneur.

Problems with destructive competition

Destructive competition in the tourism sector of Lombok resulted from three major factors: unsettled selling commission, silent enemy, and unprofessional business partners. First, destructive competition emerged as a result of differentiated commission rates offered to business partners in order to obtain support. Indigenous entrepreneurs had to provide high commissions to attract a business partner who could bring them customers; if this rate was not paid the business partner would take the customers to another entrepreneur. Further, the business partners tended to support those giving the highest commission. Such competition has created business monopolies by those entrepreneurs with strong financial support, while those lacking financial support tended to fail or go bankrupt.

Second, destructive competition was triggered by the emergence of the “silent enemy”, namely the threat of using unusual means, such as magic, to win business competition. The arrival of the silent enemy into the business competition arena became a threat to the indigenous entrepreneur’s ability to create products and exploit
entrepreneurial opportunities in tourism. Indeed, the silent enemy may sound irrational, but it is contextual and culturally specific to Lombok where the entrepreneurial journey (in the current research) takes place.

Thirdly, destructive competition also resulted from unprofessional behaviour by business partners who manipulated the business situation, or misused business relationships for their own benefits. Both behaviours resulted in the loss of opportunity to generate long-term business success. Such behaviour also increased business uncertainty, as it was difficult for an entrepreneur to distinguish between a business partner and a business competitor. The decreasing number of tourist visits to Lombok, and the increasing level of competition could influence the emergence of unprofessional business partners.

Problems with lack of encouragement

There were also perceived problems with a lack of encouragement by tourism agencies/authority that also threatened the entrepreneurial journey in the Lombok tourism industry. This lack of encouragement emanated from a lack of professionalism in the tourism agencies, as public service providers having the portfolio of managing the development of the tourism industry on Lombok. The lack of encouragement was evidenced by the government’s inadequate policy formation related to tourism. For instance, there was a lack of financial support, such as micro credit loans, for small tourism entrepreneurship. The current findings support earlier studies regarding the lack of encouragement for small-scale tourism in Lombok (e.g. Hampton, 2005; Kamsma & Brass, 2000).

The lack of financial support for tourism business negatively affected the ability of indigenous entrepreneurs to compete against other, larger tourism entrepreneurs, with strong finance resources. Additionally, there was lack of government protection for legitimate entrepreneurial activities, along with a weak enforcement of the laws and regulations relating to the tourism industry. A consequence of this lack of support affected the entrepreneur’s independence and ability to create new products and services, as well as a concern for security in the tourism business environment. Furthermore, the lack of law enforcement stimulated the emergence of non-licensed tourism enterprises, and provoked disobedience towards business regulation.
Problems with paradoxes

The fourth category, problems with paradoxes, influenced the entrepreneurial culture of the tourism industry on Lombok in terms of the macro conditions. There were three main paradoxes: operational issues, political issues, and the LTDC project. The operational issues were related to the ineffective decision making process of the tourism policies. These operational issues influenced the availability of local resources to be developed for tourist products; they also affect the existence of entrepreneurial opportunities in tourism industry. The study’s findings increase our understanding of Tosun’s (2000) proposal regarding the limitations in stimulating host community participation in tourism development at the operational level. According to Tosun (2000), the implementation of tourism policies in developing countries often encountered problems at the operational level. Some of these problems include centralised public administration, lack of coordination, and lack of information made available to local people. The findings of the current study show that while decisions about tourism policies in Lombok was centralised at the provincial level, the implementation of the policies was decentralised to each region. The implementation of tourism policies could not be monitored and evaluated, as the province could not control the regions, politically. Consequently, the implementation of the policies was reliant on the willingness of each region to apply them effectively (see Chapter Five sub-section 5.3.1). This operational paradox created: complicated coordination within the regions, fragmented planning and priority in tourism development, and delays in the development of tourism infrastructures.

Political issues trigger a paradox associated with the power structure of the tourism department. In Lombok the recruitment and job placement of tourism officials were based more on political issues and nepotism rather than on qualifications; further, individuals were promoted based on years of service, not expertise. For example, the head of the department was chosen for their loyalty to the incumbent ruler rather than their professionalism and knowledge expertise. This political paradox influenced the professionalism of individual tourism officials, as well as the performance of the tourism department in general. These findings expand our understanding of the structural limitation to host community participation in tourism development. Indeed, as identified by Tosun (2000) and supported by the current findings, the stimulation of host community participation in tourism development in developing countries is often
impeded by structural limitations, which include the attitude of the professionals, the lack of expertise of officials, and elite domination.

On Lombok, another paradox related to the LTDC (Lombok Tourism Development Corporation) project in the southern part of the island. The LTDC project decisions provoked four major challenges that contributed to the tourism entrepreneurial culture. First, the takeover of the locals’ land by the LTDC resulted in disputes and conflicts between the project and the land owners. Second, the LTDC focused more on the development of the tourism infrastructure than on human resources. Third, the takeover of the local’s land provoked a dramatic environmental change in the southern part of Lombok, namely, the exploitation of the preserved forest for new living areas for displaced locals. Fourth, the LTDC projects left several cases unsolved and elicited delays in tourism development. Such problems decreased the local people’s trust in the performance of the local government, particularly with the Tourism Department; at the same time, it stimulated the emergence of non-licensed tourism enterprises on the LTDC land. The result was violations of tourism business regulations and an increase in the intensity of entrepreneurial competition. As Fallon (2001) and Kamsma and Brass (2000) contended that tourism projects in Lombok can elicit conflict between the local people and the private sector, and between the local people and the government.

_Problems with security issues_

Security issues emerged, which affected the number of tourists visiting Lombok and influenced the success of the tourism entrepreneurial process. These events were both societal and natural. For example, the 2000 riot on Lombok triggered vandalism towards tourism infrastructure by local people; the event reduced the visitor numbers and created difficult conditions for the entrepreneurial process in the tourism industry. These security issues were in line with Fallon’s (2001) assertion that there was a link between the actions of local people to vandalise tourism infrastructure with the lack of opportunity to benefit from the tourism industry.

Terrorist attacks in Bali and elsewhere also impacted upon the perceived security issues on Lombok, with a result that tourist numbers decreased on Lombok. Similarly, natural disaster events elsewhere, such as the Indonesian tsunamis and earthquakes, affected the security of Lombok’s tourism entrepreneurial process.
7.2.3 Coping patterns

The study’s findings for the third and the fourth research objectives related to the strategies that the indigenous entrepreneurs employ in establishing and developing their small tourism enterprises. The indigenous tourism entrepreneurs are often confronted by an entrepreneurial culture on Lombok. Such entrepreneurial culture poses entrepreneurial and psychological risks, such as the threat of potential financial losses and negative motivational consequences (e.g. depression and despair).

To cope with the entrepreneurial culture, local tourism entrepreneurs adopt various actions, interactions, strategies, and motivational responses, conceptualised as coping patterns. These coping patterns consist of repetitive and specific entrepreneurial strategies. Repetitive strategies are used to deal with everyday problems, including cooperating, collaborating, competing, and innovating. The specific or novel coping patterns (confronting and ngesup) are related to adapted actions, interactions, strategies, and motivational responses used when dealing with particular problems that occur once, or a few times, during the entrepreneurial process. Confronting is specifically employed when other strategies fail to function. Ngesup is adopted from local mores and is used either repetitively or specifically.

These findings extended the work of Watkins and Bell (2002) related to the business relationships among tourism entrepreneurs, which were characterised by three major experiences: competition, co-operation, and collaboration. A later study, in the context of destination marketing, by Wang and Krakover (2008), also included coopetition, which is associated with the simultaneous undertaking of cooperation and competition. The coping patterns identified on Lombok extended the previous findings in three ways. Firstly, the coping patterns reflected the attitudes and behaviours of tourism entrepreneurs towards particular relationships that they developed with other entrepreneurs. Secondly, the coping patterns explained the use of confrontation as a strategy to deal with business difficulties in the tourism industry sector. Confronting is an attempt to deal with threats towards business sustainability, and is used when other strategies, such as cooperation and collaboration, fail to generate a solution. This strategy requires psychological abilities (such as debating and arguing) and physical confrontation (such as demonstrating and showing force). The confrontational strategies indicated another form of relationship, beyond cooperation, collaboration, and competition, between one tourism entrepreneur and another, and between the entrepreneurs and government. Thirdly, the coping patterns demonstrated the adoption
of the local tradition (*ngesup*) as a strategy to deal with the entrepreneurial culture of the tourism industry on Lombok. This adoption evidences the influence of local culture on business relationships among the tourism entrepreneurs.

Cooperating was used to build relationships with business partners and other tourism stakeholders, such as local people and tourism agencies. The indigenous entrepreneurs adopted this cooperative strategy to increase their alertness to tourism entrepreneurial opportunities. The cooperative coping patterns were employed through various mechanisms, including: becoming a member of NGOs and other social organisations, and attending discussions, seminars, and workshops. Becoming a member of NGOs provided opportunities to join various social and religious activities that strengthened close relationships with local people which, in turn, helped open the entrepreneurs’ access to local resources that could be developed as tourism products and services. Furthermore, attending discussions, seminars and workshops increased the entrepreneurs’ tourism business knowledge and skills. Such forums also provided opportunities for sharing information and establishing beneficial relationships with other entrepreneurs. Therefore, cooperation assisted the entrepreneurs to increase their ability to establish and develop their tourism enterprise.

Collaborating was adopted to increase the entrepreneur’s ability to secure and generate tourism business. It was associated with working together with individuals or organisations in order to secure a business and share its profit. This strategy was employed through formal, as well as informal mechanisms. A formal collaboration may include a contract that described the rights and obligations of both members, and was validated for a set period of time. Formal collaboration assisted indigenous entrepreneurs to focus on developing product quality and attaining market share. An informal collaboration was established for the short and medium-term, and was often made on a case-by-case basis, such as for selling commissions. Informal collaboration was based on trust, with no penalty for a breach of contract. However, what informal collaborations required working effectively was the entrepreneur’s ability to convince business partners of the profit potentialities, and to gain their support.

The competitive coping pattern was employed throughout the whole entrepreneurial process, particularly related to actions, interactions, strategies, and motivational responses to increase business performance. Competitive patterns were reflected in behaviours (actions) and attitudes, and included attempts to increase the quality of products and services, as well as selling, promoting, and networking. For
example, for an entrepreneur to create higher quality products and services than other entrepreneurs, they had to invest more money on skilled employees and supporting resources. Additionally, they would offer discounts, special rates and bonuses to compete with the other entrepreneurs. Competitive coping patterns were often employed together with collaborative strategies to increase the power of their competitiveness.

The innovating coping pattern was used to compete with other entrepreneurs and obtain more market share. Innovation that the indigenous entrepreneurs adopted, in the current research, was associated with Schaper et al.’s (2011) contention, that is, improvements in existing products and management, as well as the creation of new products and services. Innovation was also related to the finding of new ideas and the means by which to increase the effectiveness and efficiency of the business operation. Further, innovation was applied to both the managerial system and promotional activities. In Lombok, where only few tourism entrepreneurs apply technology in their entrepreneurial activities, innovative promotion and sales were made by using the Internet.

Confrontation was a novel coping pattern; it was used to secure and sustain the existence of a legitimate business. The strategy was adopted, specifically, when other strategies could not generate a solution and was associated with showing an eagerness and forcefulness to face the worst potential risks that may occur. Confrontational strategies varied from arguing and presenting legitimate evidence, to using hostilities to win a conflict when a problem became dead-locked. Such a coping pattern was used to deal with specific problems, such as disagreement about business relocations, closure, disputes, and conflicts.

Another coping pattern, Ngesup, could be employed repetitively or specifically. Ngesup was a Sasak’s tradition used to ask for help from families or friends. It could be adopted in the earliest stage of the entrepreneurial journey, for example, to obtain a part-time job in a relative or friend’s enterprise to acquire appropriate business knowledge and skills. When establishing and developing an enterprise, ngesup was used to help provide particular products and services, to overcome the lack of capital and production devices. Ngesup also helped solve business downturn. An entrepreneur who experienced business difficulties could temporarily close his/her enterprise and ngesup in a friend or family’s enterprise. The entrepreneur could restart his/her enterprise after obtaining strong support to undertake the business.
Intervening conditions are factors that influence, either increase or weaken, an entrepreneur’s ability to employ coping patterns. Specific intervening conditions (e.g. intensity of motivations, communication skills, work experience, and locality status) increase coping abilities. Entrepreneurs with high quality entrepreneurial motivation, communication skills, and a longer work experience, are best able to adopt these strategies. In addition, a locally born entrepreneur tends to have more opportunities to develop cooperation and collaboration with the local people than do the non-locally born entrepreneur. In contrast, carelessness, unfavourable experiences, and limited supporting agents weaken an entrepreneur’s ability to make use of a coping pattern. While carelessness can lead into a business downturn, unfavourable experiences can elicit trauma and affect an entrepreneur’s ability to establish an effective relationship with business partners (see Chapter Six, sub-section 6.2.3, Hindering conditions).

7.3 Grounded theory of entrepreneurial coping

This section addresses the aims of current study, which were formulated in two questions:

- What are the lived-experiences of local entrepreneurs in establishing their small tourism enterprises?
- What are the lived-experiences of local entrepreneurs in developing their small tourism enterprises?

The lived-experiences of local tourism entrepreneurs were evidenced in the theory of entrepreneurial coping. As illustrated in Figure 7.1, entrepreneurial coping is associated with a higher concept of entrepreneurial motivations, cognition, and entrepreneurial opportunities. The entrepreneurial coping concept, developed by the three lower order concepts (entrepreneurial journey, entrepreneurial culture, and coping pattern) (see section 7.2), demonstrated the emergence of the entrepreneurial coping theory, which was grounded in the lived-experience of local tourism entrepreneurs in establishing and developing small tourism enterprises on Lombok. Based on the interpretation of the entrepreneurial journey (7.2.1), entrepreneurial culture (7.2.2), and the coping patterns (7.2.3), the theory of entrepreneurial coping (EC) is defined as:
The continuing process of developing and consolidating entrepreneurial motivations and cognition throughout the entrepreneurial journey in order to pursue entrepreneurial opportunities in tourism by establishing and developing tourism enterprises. The coping process emerges in various patterns in response to the preventive nature of the entrepreneurial culture in the tourism industry.

While empirical materials helped develop the theory of entrepreneurial coping, the term *coping* was not a common word used in the everyday life of the indigenous tourism entrepreneurs on Lombok. From my observations and interactions with the tourism entrepreneurs, nevertheless, all agreed that the incorporation and consolidation of motivation, cognition, and entrepreneurial opportunity was the key to the success of establishing and developing tourism enterprises. The three elements were seen as critical to tourism entrepreneurial abilities. Importantly, as pointed out in many studies (e.g. Carter, Gartner, & Reynolds, 1996; McMullen & Shepherd, 2006; Tang, Kacmar, & Busenitz, 2012; Townsend et al., 2010; Vaghely & Julien, 2010), entrepreneurial abilities are central to the entrepreneurial process.

The term *coping* was associated with three major efforts. First, *coping* represented endeavours to strengthen motivations in dealing with entrepreneurial difficulties (e.g. a lack of business expertise, business capital, or resources) that support the success of the entrepreneurial process in the tourism industry. Second, *coping* was associated with continuing efforts to attain and increase entrepreneurial knowledge and skills in order to discover, create and exploit opportunities in the tourism industry. Third, *coping* was related to attempts to adopt and create strategies to deal with business difficulties and uncertainties.

The notions of coping associated with the first and second endeavours paralleled a number of studies in psychology (e.g. Baum & Locke, 2004). According to Baum and Locke (2004) motivation and cognition are inseparable in real life because the combination of both results in one’s ability to act. For instance, the greater an individual’s tenacity (motivation) to learn, the greater is their ability to acquire the necessary knowledge and skill resources. In this regard, the coping theory explains that entrepreneurial abilities to identify and exploit entrepreneurial opportunities in tourism develop from the incorporation and consolidation of entrepreneurial motivations and cognitions.

The third type of endeavours associated with coping confirm Brigham, Castro and Shepherd’s (2007) contention that, when individuals are in the condition of misfit,
they will employ specific coping behaviour to handle the conflict between their preferences and the constraints placed upon them. This coping behaviour is described in the current study as coping patterns (see Chapter Six).

7.3.1 Motivational coping within entrepreneurial process

The current study has demonstrated the importance of motivation for the entrepreneurial process in tourism, and for the attempts made by indigenous entrepreneurs to attain and increase their entrepreneurial motivations. These findings increase our understanding of the work of Shane et al. (2003) on entrepreneurial motivation, namely, that entrepreneurial motivation determines the value of an entrepreneurial opportunity, and influences the entrepreneur’s decision to exploit and develop the opportunity. The following sub-sections present a discussion on entrepreneurial coping from the motivational perspectives. The discussion includes two main topics: key concepts of motivation, and motivations in the entrepreneurial process.

Key concepts of motivation

In Chapter Four, the emergence and development of entrepreneurial motivation throughout the entrepreneurial process was explained. The findings advanced our understanding of Locke’s (2000) concepts of motivation, namely, that motivation consists of four key concepts: needs, values, goals and intentions, and emotion. Needs give rise to values, while values lead to the setting of goals in the fulfilment of needs and, at the same time; they also influence an individual’s willingness to act in order to meet those needs (Locke, 2000). The current study demonstrates the emergence of entrepreneurial motivation in the early phase of the entrepreneurial process. Further, it appears that the socioeconomic conditions create needs that gave rise to values for improvement in living conditions. The willingness to meet the needs stimulates the attempts (actions) to discover and exploit entrepreneurial opportunities in tourism. The needs then developed along the entrepreneurial continuum process, that is, the fulfilment of one’s needs stimulates attempts to fulfil another.

Values are determined by frames of reference, that is, in the comparison that people make to evaluate how well they are doing (Hastie, 2001). On Lombok, religious belief is the ultimate principle used by local people to value anything (Zakaria, 1998). Thus, the local people, including indigenous entrepreneurs, reflect upon their religious beliefs in their daily lives (Lukman, 2004). Consequently, the entrepreneur’s decision to
pursue entrepreneurial tourism opportunities is influenced by their religious and cultural beliefs, especially as they search for opportunities they believe will not harm their religion or culture.

Importantly, as noted by Greif (1994), cultural beliefs differ from knowledge since they are not empirically discovered and are not analytically ascertained. Cultural beliefs emerge from ideas and thoughts of a group of people; they result from their interactions among each other, with other groups, and with their gods. To some extent, Lombok’s people (Sasak) respect cultural beliefs as much as religious beliefs, as evidenced in their daily interactions with other people (Lukman, 2004), including in tourism entrepreneurial activities. The use of magic or supra-natural power by indigenous tourism entrepreneurs, to help increase their business performance (as found in the current study), is a confirmation of how cultural beliefs influence the entrepreneurs’ activities.

Further, the Sasaks interpret their beliefs in a dynamic manner; thus, the local entrepreneurs’ values can change because of new knowledge or ongoing experiences (Morris, Kuratko, Schindehutte, & Spivack, 2012). In this way, the social norms and values the entrepreneurs adopt can support their entrepreneurial activities (Davidsson & Wiklund, 1997), and become important motivations in exploiting entrepreneurial opportunities (Meek, Pacheco, & York, 2010). Moreover, the entrepreneurs’ knowledge and ongoing experiences improve their confidence to start a new enterprise and deal with entrepreneurial difficulties (Townsend et al., 2010). In this regards, the current entrepreneurial coping theory demonstrates the influence of an individual’s knowledge of tourism and their experience of interacting with tourists and tourism practitioners, on their ability to start a tourism enterprise.

Values and goal-directed actions entail emotions, namely, “the form in which one experiences automated value appraisals” (Locke, 2000, p. 411). Emotions, together with feelings, and mood are the components of affect, and are central to the entrepreneurial process (Baron, 2008; Cardon, Wincent, Singh, & Drnovsek, 2009; Mitchell et al., 2007). For instance, emotions determine willingness or unwillingness (something desirable or not), and influence the decision to take an action (Foo, Uy& Baron, 2009; Rhee & White, 2007). In the context of the current study, the entrepreneurs’ emotions may spark when dealing with varied entrepreneurial problems (as discussed in Chapter Five). Emotions play an important role on entrepreneurial judgement and decision-making (Podoyintsyna, Bij, & Song, 2012). Therefore, the local
entrepreneurs’ emotions, in response to tourism entrepreneurial culture on Lombok, influenced their willingness to identify and exploit entrepreneurial opportunities in tourism.

Information, which is used to support judgement and decision is selected and encoded based on congruent affects (preferences). Previous knowledge and information, that is used to support a judgement, is also selected based on a current affect or emotion (Podoynitsyna et al., 2012). Cordon et al. (2009) suggest that emotion, particularly passion, is the motivating force in entrepreneurship. Passion influences the entrepreneurial process via opportunity recognition, strategic business plan making processes, enterprise creation processes, and the establishment of the enterprise. The current study found passion as one of intervening conditions that increase an entrepreneur’s ability to make use of coping patterns (See Chapter Six, sub-section 6.2.3).

Emotions also influenced how individuals treat information and shape their evaluation about entrepreneurial risk and opportunity (Foo, 2011). In this regards, the role of emotions is discussed through the valence (combination) approach and the appraisal tendency framework (Foo, 2011; Lerner & Keltner, 2000). According to the valence approach, emotions have a valence component (either positive: happiness and hope, or negative: anger and fear) (Foo et al., 2009; Hayton & Cholakova, 2012; Podoynitsyna et al., 2012). Positive emotions tend to induce positive information and optimistic evaluations regarding entrepreneurial opportunity, whereas negative emotions act in the opposite direction (Foo, 2011). However, according to the appraisal tendency framework, two emotions of the same valence can bring a different risk evaluation (Lerner & Keltner, 2001). Thus, anger and fear, both negative emotions, can influence the perception of risk differently. For example, anger can stimulate eagerness to face a risk, while fear can provoke actions to avoid risk (Podoynitsyna et al., 2012). It was found in the current study that the two emotions might influence the coping patterns that entrepreneurs used to deal with problems. Anger may stimulate the adoption of competition and confrontation while fear may induce moderate coping patterns such as cooperation, collaboration, and ngesup. The mixed emotions of happiness and anger can contribute to a perception of controllable conditions and positive events, whereas hope and fear can create a perception of negative and uncontrollable events (Lerner & Keltner, 2001). Given that entrepreneurs pursue opportunities when situations are perceived controllable and certain (Krueger, 2000),
the mixed emotions can influence entrepreneurs’ decision to take or not to take actions regarding a particular opportunity. Additionally, the combination of the positive emotions, such as happiness and hope, and the negative emotions, such as anger and fear, has an impact on the risk perception regarding the entrepreneurial opportunity (Podoynitsyna et al., 2012).

The complexity and uncertainty that characterises the entrepreneurial environment, as discussed in Chapter Five, influences the entrepreneur’s emotions and his/her risk perceptions (Baron, 2008). As a consequence, the characteristics of the entrepreneurial environment can induce the entrepreneur’s emotions (Foo, 2011). For instance, (as discussed in Chapter Five, sub-section 5.2.2) unsettled selling commission, silent enemy, and unprofessional business partners may spark entrepreneurs’ positive and negative emotions. Dealing with unsettled selling commission may induce anger when business partners require too high commissions. However, this problem can induce happiness if the commission stimulates big sales. Meanwhile, dealing with silent enemy and unprofessional business partners may induce fear as the entrepreneurs cannot detect how and when the problems will occur. As this problem cannot be controlled, the problem can induce the entrepreneurs’ hope. Therefore, an entrepreneur dealing with unsettled selling commission (induced to anger and happiness) perceives a lower risk than those dealing with silent enemy and unprofessional business partner (experiencing fear and hope). An entrepreneur induced to anger and happiness perceives that they have more control and will achieve certain business outcomes than one induced to fear and hope. However, both positive and negative emotions can increase the entrepreneur’s attempts for the success of the entrepreneurial tasks (Foo et al., 2009).

Given that feelings and emotions can predispose entrepreneurs to take particular actions, their ability to control their emotions helps them to employ appropriate business strategies and effectively deal with business risks and uncertainty. For example, the current findings show that the entrepreneurial culture can pose particular problems that threaten the security of an entrepreneur’s business, as demonstrated in Chapter Six sub-section 6.2.2. Such problems can spark anger, which stimulates the entrepreneur to use confrontational coping patterns. The findings paralleled previous findings (e.g., Lerner & Keltner, 2001) that angry people make risk-seeking choices.

Also, individuals experiencing positive effects, such as happiness, tend to be more creative than those experiencing negative effects (Baron, 2008). In the context of
coping patterns, positive effects (or affectives) can help the entrepreneur employ moderate strategies, such as cooperating, collaborating, and innovating to cope with business problems. The negative effects (or affectives), such as fear, can stimulate the employment of confrontation. Further, hope can stimulate the employment of ngesup in order to safely solve their entrepreneurial problems (see Chapter Six sub-section 6.2.2).

Importantly, as identified in the current study (Chapter Five), negative emotional reactions, resulting from business failure, can impact upon an entrepreneur’s motivation to retrieve or re-try the failed business (Shepherd and Cordon, 2009). The negative emotions can stimulate an entrepreneur’s willingness to exert more effort. When emotions are used as a source of information, the negative emotions can signal that the business requires more effort to succeed (Foo et al., 2009). In the current study context, entrepreneurial coping assists the entrepreneurs’ endeavours to manage their emotions in order to successfully deal with entrepreneurial problems. Further, entrepreneurs’ ability to regulate and manage their emotions increases their ability to cope with various problems and develop their businesses in tourism (See Chapter Four, section 4.4).

According to Rhee and White (2007), undertaking entrepreneurial activities requires emotional intelligence, defined as the ability to recognise our own feelings and the feelings of other people to effectively guide our thinking and action. In this study, emotional intelligence is important to help deal with risks presented by the tourism entrepreneurial culture. For instance, as with the findings of the current study, Rhee and White (2007) found that trustworthiness, one of the emotional elements, was a most critical ingredient for a successful entrepreneur. Trustworthiness is a reflection of having an understanding of other people’s expectations of reliable business. Without building and having trust, an entrepreneur may face difficulties in obtaining the necessary support to establish and develop his/her enterprise. The importance of trustworthiness was elaborated throughout the entrepreneurial process in the current study. Trustworthiness helped entrepreneurs develop a business reputation (See Chapter Four, sub-section 4.3.2), acquire business capital, create loyal customers, and develop beneficial relationships with other entrepreneurs. Further, trustworthiness increased the entrepreneur’s ability to cope with the entrepreneurial culture of the tourism industry on Lombok by developing and maintaining honesty and integrity in their business activities.
Motivation in entrepreneurial process

Indigenous entrepreneurs’ motivations affect the establishment and development of small tourism enterprises in two main ways. First, it is evident that the entrepreneurs’ motivations play a direct role on the success of the establishment and the development process. For instance, local entrepreneurs need passion to increase their coping abilities through the entrepreneurial process. Further, passion can positively affect the entrepreneurs’ self-efficacy in undertaking their entrepreneurial activities. This is also suggested by Baum & Locke (2004) that passion can be witnessed over time during the start-up and development processes when the entrepreneur deals with difficulties. The greater the entrepreneur’s passion for work the higher the self-efficacy they will have to establish and develop their tourism enterprises (Baum & Locke, 2004). Meanwhile, the increase in the entrepreneur’s self-efficacy affects the ability to conduct particular jobs (Shane et al., 2003).

In experiencing business difficulty, motivations help the indigenous entrepreneurs to develop their creativity and ability to cope. For instance, resource scarcity, such as the lack of financial support, stimulate the emergence of an individual’s creativity, and develops their ability to cope by resource leveraging and building capability platforms. Motivations also enable the entrepreneurs to endure, despite the changes in the entrepreneurial environment. Rhee and White(2007) suggested that the longer an enterprise operates the less optimistic the entrepreneur will be; this result comes from being tempered by a huge dose of reality as the enterprise becomes more established and the problems become more complicated. The solution for such condition is coping; through coping patterns the entrepreneur can revive, refresh and restate his/her business intentions to increase optimism towards his/her tourism businesses.

Second, motivations influence behaviours or tactics that give rise to strategies (coping patterns) essential in pursuing entrepreneurial goals (Lichtenstein, Dooley, & Lumpkin, 2006). Motivations stimulate and drive the acquisition of cognitive factors, such as knowledge and skills, which enable entrepreneurs to pursue opportunities and generate business (Baron, 2008; Collins, Hanges, & Locke, 2004; Ko, 2012). Furthermore, motivations influence cognition through the entrepreneur’s perception of the external world, creativity, heuristic processing, favourable memory, coping with difficulties, and the interpretation of others’ motives (Baron, 2008). In other words, motivations help entrepreneurs to continuously learn and acquire knowledge and skills
that they need to recognise and exploit opportunities (Ko, 2012), which, in this context, is to establish and develop small tourism enterprises. These findings were reflected in the findings from the current study.

7.3.2 Cognitional coping within entrepreneurial process

The coping theory demonstrates entrepreneur’s endeavours in developing his/her entrepreneurial cognition. “The field of cognition in psychology deals with the question: “what is” or more specifically, “what do I know, including what do I know how to do?” (Locke, 2000, p. 409). Cognition is related to knowledge, and the transformation of knowledge into action is skill. The cognitive factors, such as knowledge, skill, and vision, are required to sustain and generate satisfied outcomes from entrepreneurial activities, such as those in the tourism sector (Shane et al., 2003). Mitchell et al. (2002) defined entrepreneurial cognitions as “…the knowledge structures that people use to make assessments, judgements, or decisions involving opportunity evaluation, venture creation, and growth” (p.97). In the current study, the indigenous entrepreneurs coped with various problems to acquire the knowledge and skills they required in identifying and exploiting business opportunities. Knowledge and skills are the attributes of human capital, which is especially important for a newly established enterprise (Davidsson & Honig, 2003). Two cognitional coping strategies (cognitive style; and cognitive development) within the entrepreneurial process are discussed below.

Cognitive style

The indigenous entrepreneurs acquire information and learn tourism entrepreneurship from their environment. As has been discussed in a number of studies (e.g. Brigham, et al., 2007; Kickul, Gundry, Barbosa, & Whitcanack, 2009; Krueger, 2007; Olson, 1985), that individuals learn, represent, process and interpret information based on their cognitive styles. According to Brigham et al. (2007) studies about cognition classify two main cognitive styles: intuitive and analytic style. The intuitive cognitive style is rooted in the heuristic model of trial and error, while the analytic cognitive style is based on algorithmic fashion (Vaghely & Julien, 2010). Consequently, a cognitive style plays an important role in the identification and exploitation of entrepreneurial opportunities (Krueger, 2007; Kickul et al., 2009). The entrepreneurial coping theory demonstrates that the indigenous entrepreneurs use both of their cognitive styles. To some extent, the indigenous entrepreneurs construct their reality by
interpreting information that they receive from their environment; entrepreneurial opportunity is identified through the trial and error process. The entrepreneurs also analyse their reality in a normative way; and, entrepreneurial opportunity is recognised by analysing the pattern of information from their experiences in identifying the previous opportunities. Thus, entrepreneurs use either algorithmic fashion to recognise entrepreneurial opportunities or construct the opportunities through the trial and error process or heuristic approach.

Some individuals prefer the “intuitive cognitive style”, while the others “analytic cognitive style” (Kickul et al., 2009). Intuitive thinking can lead to the development of “invention abilities”, while analytic thinking is essential to the development of “innovation abilities” (Olson, 1985). The current study demonstrated that Lombok entrepreneurs’ use both cognitive styles in the discovery and creation process of entrepreneurial opportunities in the tourism industry, as demonstrated in Chapter Four. These indigenous entrepreneurs developed more of their intuitive cognition during the orientation phase to find ways to increase their knowledge and skills, and search for the entrepreneurial opportunities. After establishing and starting an enterprise, they used more of their analytic cognitive abilities. As the enterprise began to operate, the entrepreneur’s tasks shifted from searching for entrepreneurial opportunities to essential analytic tasks, such as making business plans, designing products and services, and undertaking promotional activities. The tendency to use the intuitive cognitive style in the early phase of the entrepreneurial process appears to be related to self-efficacy. Kickul et al. (2009) determined that individuals, with an intuitive cognitive style, possess a higher self-efficacy for identifying new entrepreneurial opportunities, but they possess a lower self-efficacy for exploiting the entrepreneurial opportunities.

An individual’s cognitive style also relates to particular environments and influences their coping patterns. For example, those with an intuitive cognitive style achieve a higher working satisfaction in an unstructured environment, and a lower satisfaction in a structured environment than those with an analytic style (Brigham et al., 2007). In the current study it was evident that some tourism enterprises, such as hotels and restaurants, had a more structured environment than others, such as tour companies and travel agents. The restaurants and hotels provide relatively homogenous products and services, and dealt with a definite number of competitors. However, tour companies and travel agents had to create heterogeneous products and services to attract customers. Additionally, they faced an indefinite number of competitors, including the
non-licensed travel agents. Therefore, the indigenous entrepreneurs, who run tour companies and travel agents, will need to use more intuitive, rather than analytic, cognitive styles.

An important factor is that the entrepreneurial environment is more unstructured in the centre of a tourist destination than outside that destination, the result of intensive competition amongst the entrepreneurs. Of the five current research sites (see Appendices B and F), most tourism enterprises were located in Senggigi and Kuta. In this regards, the entrepreneurial environment on Senggigi and Kuta was more unstructured and characterised by more intensive business competition than were those at the other three research sites. Consequently, tourism entrepreneurs who run businesses on Senggigi and Kuta will need to use more intuitive rather than cognitive styles.

Furthermore, the cognitive style influences the coping patterns adopted by the indigenous entrepreneurs. Competing within an unstructured environment requires the adoption of innovative coping patterns as discussed in Chapter Six, sub-section 6.2.1. The adoption of an innovative coping pattern also requires more use of the intuitive cognitive style than the analytic cognitive style, in order to invent and create new products and services. Therefore, the whole process of establishing and developing tourism enterprises requires cognitional coping, that is, attempts to attain and develop cognition.

**Cognitive development**

Cognitive development is related to the learning process; people learn knowledge and skills from a formal education or from lived experiences (Krueger, 2007). The current study demonstrated that the cognitive development process used by the indigenous entrepreneurs to learn entrepreneurial knowledge and skills, involved their interaction with the tourism environment and the learning by doing process. This process helps entrepreneurs construct knowledge from their experiences, and increases their problem solving abilities. Unger, Rauch, Frese, and Rosenbusch (2011) suggest that the learning by doing process enables individuals to acquire the knowledge and skills related to tasks via direct practices in real life. The process increases the knowledge content regarding what to know, as well as the knowledge structure that constructs the beliefs that underpin people’s logic and decision-making (Krueger, 2007). Furthermore, ongoing learning can effectively increase an entrepreneur’s
knowledge and skills, and improve their business performance, despite the changes in the entrepreneurial environment (Chandler & Lyon, 2009).

Knowledge and skills of tourism entrepreneurship are critical abilities for the nascent tourism entrepreneur. Most indigenous entrepreneurs spent a period of time working and acquiring tourism knowledge and skills in particular companies before establishing their own enterprises and has been observed by Unger et al. (2011). They, Unger et al. (2011), posit that knowledge and skills are more important to entrepreneurs who are founding and establishing new enterprises than to those who run old enterprises. The reason for this assertion is that owners of a new enterprise need to accomplish relatively new business tasks, such as solving problems and making decisions on business opportunities, which present cognitive challenges. In contrast, owners of an old enterprise tend to already have experiences and routines to which they can be referred (Unger et al, 2011).

A successful entrepreneur needs to have social cognition so that they can evaluate and interpret their environment (Shaver & Scott, 1991). As the coping theory has demonstrated, social cognition also enables entrepreneurs to interact with their environment and helps them discover entrepreneurial opportunities. This (social cognition) factor may be the reason why not all people who live within a tourist destination can identify tourism entrepreneurial opportunity and become tourism entrepreneurs. The lack of social cognition, however, means that some entrepreneurs fail to recognise tourism entrepreneurial opportunities despite living within a tourist destination. Social cognition influences the way people think. Indeed, it is the way people think of an event that generates business, not the external event itself (Shaver & Scott, 1991). Moreover, the way people think of an event is influenced by the socioeconomic condition of the business environment (Hessels et al., 2008). This (socioeconomic condition) has been discussed particularly in the early stage of entrepreneurial journey, in Chapter Four of this study.

As Krueger (2007) suggests, acquiring knowledge and skills alone is insufficient without knowing how, where, and when to deploy the acquired knowledge and skills. The coping theory demonstrates that knowledge and skills, incorporated with motivation, drive actions that better identify and exploit entrepreneurial opportunities. Such action is directed to achieve a goal; further, the goal needs an effective strategy, which is based on knowledge of the goal and other related factors (Greve, 2001; Locke, 2000). Such effective strategies to achieve the goals, in the current study, are named
coping patterns. The continuous process of acquiring knowledge of tourism through interaction with tourists and tourism practitioners develops enhanced perceptions and attitudes towards tourism (Andereck et al., 2005; Gursoy et al., 2002; Gursoy & Rutherford, 2004). Such a process ultimately creates intentions that stimulate action (Krueger, 2007) to engage in entrepreneurial activities in the tourism industry, as has been experienced by the indigenous tourism entrepreneurs participating in the current study.

7.3.3 The incorporation of motivations, cognition, and entrepreneurial opportunity

Entrepreneurship requires actions (McMullen & Shepherd, 2006), as has been demonstrated by the entrepreneurial coping theory: the incorporation of entrepreneurial motivation, cognition, and opportunity. The end result, represented by the entrepreneurial coping theory, develops appropriate abilities to establish and develop tourism enterprises. In the early phase of the entrepreneurial process, motivation and cognition together stimulate an increase in the entrepreneur’s desire to do something related to tourism. They (the motivation and cognition) also influence the entrepreneur’s values so that the tourism entrepreneurship is perceived as beneficial. The configuration of the entrepreneur’s desire-belief concept develops his/her self-efficacy (McGee et al., 2009), and stimulates a willingness to conduct business (McMullen & Shepherd, 2006). Hence, the indigenous entrepreneurs decided to establish a new tourism enterprise if they believe that they have the abilities to do it, despite a high probability of failure (McGee et al., 2009; Townsend et al., 2010).

In contrast, a condition called “survival” was found in current study and discussed in Chapter Four sub-section 4.4.2. In such condition, the indigenous entrepreneurs lacking entrepreneurial motivation and knowledge perceive the business environment as creating uncertainty and preventing them from undertaking a business, instead of perceiving the environment as a business stimulus. A similar condition to “survival” was found by Carter et al., (1996). Nascent entrepreneurs can start a business if they possess knowledge and skills which are supported by a high motivation to conduct the business. A lack of knowledge and skills will see the nascent entrepreneur give up their business. In addition, the lack of motivation can lead to a condition called “still trying” in which the nascent entrepreneur neither makes progress nor gives up their business (Carter et al., 1996).
The incorporation of entrepreneurial motivation and cognition create indigenous entrepreneur’s alertness to entrepreneurial opportunities (Gaglio & Katz, 2001). For instance, Tang et al. (2012) proposed three abilities that someone should possess to help increase their alertness for entrepreneurial opportunities: (1) alert scanning and search (the ability to search for new ideas and information regarding prospective businesses); (2) alert association and connections (the ability to analyse and interpret information, and transform the information into a beneficial business opportunity); and (3) evaluation and judgement (the ability to analyse the existence of a business opportunity for someone in a marketplace, and to decide if the opportunity can be exploited and generate profits). Such alertness demands a willingness to challenge assumptions and engage in cognitive categorisation (Gaglio & Katz, 2001). This process is a continuum, where positive affects (emotions) increase the extent to which people are willing to engage in such cognitive categorisation (Hayton & Cholakova, 2012). Furthermore, knowledge and skills help individuals to be alert to an entrepreneurial opportunity, while personal motivation leads individuals to the exploitation of that opportunity (Gaglio & Katz, 2001; McMullen & Shepherd, 2006; Shane et al., 2003).

The entrepreneurial coping theory articulates the process of acquiring knowledge, skills, and motivations that construct and develop entrepreneurial abilities (competences) while discovering and exploiting business opportunities in the tourism industry. From the current study, it was apparent that the indigenous tourism entrepreneurs were required to attain entrepreneurial abilities in order to deal with the dynamic and unstructured environment of entrepreneurial activities in tourism. Man, Lau, and Chan’s (2002) conceptual model of entrepreneurial competences showed the various abilities that an individual needs to possess in order to perform their business, competitively. The typology of entrepreneurial competence includes the ability to: (1) recognise opportunity and envisage benefit potentialities; (2) build beneficial relationship with other people; (3) settle an organisation and manage its internal affairs, such as the budget and financial issues, human resources, and production; (4) create, evaluate and develop appropriate business strategies; (5) absorb and comprehend complex information in order to create innovation; and (6) move forward the business despite difficulties and uncertainties. Having such abilities means that the individual is better able to cope with the entrepreneurial opportunities.

Overall, action is influenced by attitudes, which are driven by individual’s motivations, particularly feelings and emotions (Mitchell et al., 2007; Morris et al.,
2012), as well as cognitive factors, such as knowledge and information of particular events (Krueger, 2007, Locke, 2000). It is not possible to know about an individual’s experience without considering their motivations and cognition in the interpretation of the experience (Morris et al., 2012). In this study’s context, the entrepreneurial culture of the tourism industry on Lombok had a negative effect on local entrepreneur’s motivations (feelings and emotions); in turn, these motivational reactions influenced the entrepreneur’s attitudes and behaviours (Morris et al., 2012). The attitudes were influenced by the entrepreneur’s emotional intelligence (Rhee & White, 2007), and their cognitive factors (Shane et al, 2003). The knowledge of the entrepreneurial culture in the tourism industry is obtained from the individual’s previous experience, and the information they receive from the environment (Morris et al., 2012). Hence, together, the attitudes, cognition, and motivations drive behavioural responses towards the culture; in the current context this was the entrepreneurial coping process. Lombok’s tourism entrepreneurial culture influenced the entrepreneur’s behavioural responses (entrepreneurial coping), while the varied nature of the entrepreneurial culture stimulated the emergence of the coping patterns. Further, the coping patterns appear to have emerged in order to pursue business opportunities in tourism and to generate income from the tourism industry.

The findings of current study are in line with the findings of other studies on indigenous tourism entrepreneurship. For instance, the coping patterns elaborate how indigenous entrepreneurs develop their social capital as discussed in Bennett & Gordon’s (2007) study. According to Bennet and Gordon (2007) social capital is known as “sense of community”. Any community is formed through the relationship between individuals. The ingredients of sense of community in the indigenous contexts consist of identity, sense of belonging, and access to one’s own resources (Bennett & Gordon, 2007). The coping patterns demonstrate the Sasak’s strategies in establishing and developing networks with other tourism entrepreneurs and stakeholders. In other words, the coping patterns were used by indigenous entrepreneurs in Lombok to develop their social capital, which in Bennett & Gordon’s (2007) study, called sense of community. Furthermore, the entrepreneurial coping concept found in this study is characterised by the adoption of local values into entrepreneurial activities in tourism. This characteristic is also seen in the fusioning concept: participatory governance in the Annapura conservation area, in Gurung’s (2008) study on indigenous people in Nepal. The contributions of current study are provided below.
7.4 Theoretical contributions and implications

The growing literature on entrepreneurship and tourism (i.e., Dahles, 2000; Kamsma & Brass, 2000; Koh, 2006; McGehee & Kline, 2008) includes relatively few studies that empirically explore and identify the entrepreneurial process in tourism. My study helps to bridge this gap, specifically in relation to entrepreneurship in tourism and host community participation in tourism development. As one of the early studies focusing on tourism entrepreneurial activities in a developing country, and the first study conducted in Lombok, Indonesia, I focused the current study on the host community’s lived-experiences in their tourism entrepreneurial activities, rather than discussing the role of entrepreneurship on tourism. Therefore, the findings expand and develop further our understanding of the entrepreneurial process in tourism and its implication for host community participation in tourism development, in a developing country.

As discussed in Chapter One, the current study conceptualised the experience of host community members in establishing and developing small tourism enterprises. From this research, a theory of entrepreneurial coping was constructed to explain the entrepreneurial process. The theory was grounded from the lived-experience of local entrepreneurs from Lombok, Indonesia, as well as my own experience as an indigenous tourism researcher and entrepreneur. The new entrepreneurial coping theoretical framework demonstrates the entrepreneurial processes in tourism, the context in which the process takes place, and strategies adopted to ensure a successful entrepreneurial process.

A number of important contributions are made to the existing body of literature related to entrepreneurship in tourism and host community participation in tourism development. Firstly, three phases were identified in the tourism entrepreneurial journey process: orientation, establishment, and development. The entrepreneurial process reflected the continuous endeavours of local entrepreneurs to acquire and consolidate entrepreneurial cognitions, motivations and opportunities. Significantly, the findings of the entrepreneurial journey challenged Koh’s (1996) framework of the entrepreneurial process in tourism. While Koh’s framework incorporates eight stages, it does not explicitly include entrepreneurial motivations as an influential factor in the entrepreneurial process, as suggested in the present study. Further, the entrepreneurial coping framework demonstrates the importance of the motivation factor in the
continuation of the entrepreneurial process in tourism. Specifically, the entrepreneurial motivations give rise to an entrepreneur’s willingness to discover entrepreneurial opportunity, stimulate actions to acquire appropriate knowledge and skills, and drive persistent efforts to exploit the opportunity by establishing and developing the tourism enterprise.

The entrepreneurial journey described in this study also increases our understanding of Koh and Hatten’s (2002) typologies of tourism entrepreneurs, and demonstrates the relationship between one typology and another. Firstly, their product-based typology was validated in that most tourism entrepreneurs started their production by imitating someone else’s products. The entrepreneurs then made innovations to the imitative products before being able to invent their own distinctive products. Secondly, their behaviour- or motivation-based typology was demonstrated as most of the Lombok entrepreneurs, in the beginning of their career could be classified as either a marginal tourism entrepreneur or a closet tourism entrepreneur. The entrepreneurs then developed further, becoming either a lifestyle entrepreneur or a series entrepreneur. Also, an entrepreneur can adopt the characteristics of a social tourism entrepreneur regardless of his/her typology. For example, a lifestyle entrepreneur may have the willingness to share their business income to support social and educational activities, thus, becoming a social entrepreneur.

The current findings regarding the development of entrepreneurial motivations in the early phase of the entrepreneurial journey confirmed the social exchange theory (Andereck et al., 2005; Fredline & Faulkner, 2000; Gursoy et al., 2002; Pearce et al., 1996; Pérez& Nadal, 2005; Richie & Inkari, 2006, Teye et al., 2002; Williams &Lawson, 2001). According to social exchange theory, host communities are willing to bear all costs for the benefits that they can receive. The present study determined that a host community’s willingness to become involved in tourism entrepreneurial activities was motivated by their perception of the benefits that they would receive from the tourism, which must outweigh the socioeconomic costs. On Lombok, host communities initiated the tourism entrepreneurial journey in order to overcome their socioeconomic problems, and receive socioeconomic and cultural benefits from the tourism industry. Furthermore, the host community’s attitudes toward tourism entrepreneurial activities were influenced by their interaction with the environment, where they discovered and created the entrepreneurial opportunities. Such phenomena are consistent with the argument of social representation theory in which experience and information that the
host community receives, from within the environment, influences their attitudes towards tourism (Pearce et al., 1996).

The entrepreneurial coping theory can be used to explain the spontaneous participation, Tosun’s (1999) ideal typology of host community participation in tourism development. The entrepreneurial coping theory, on Lombok, demonstrated that the host community endeavours to discover and pursue entrepreneurial opportunities in tourism stem from their own willingness to improve their living conditions through undertaking of entrepreneurial activities in tourism. Such activities directly involve the host communities with tourism and result in the development of their tourism industry.

The entrepreneurial culture, found in the current research, presents limitations to the success of the entrepreneurial process in the tourism industry. Such entrepreneurial culture emerged as a result of a number of limitations to host community participation in tourism as have been identified by Tosun (2000). Tosun (2000) found that host community participation, in developing countries, faces limitations at the operational level, and within the structural and cultural environment. The study findings show that the host communities on Lombok have been able to deal with a series of problems resulting from limitations at the operational level, such as the lack of protection and the weak law enforcement. Such conditions were exacerbated by the structural limitations that have resulted in: the lack of tourism infrastructure, emergence of security issues, fragmented planning of tourism development, and the emergence of unsolved problems. Furthermore, a number of other problems were identified, such as the negative stereotyping of tourists, lack of local employees, resistance towards tourism, and complicated local regulations that reflect cultural limitations. All these problems weaken the entrepreneurs’ ability to establish and develop their tourism enterprises.

7.5 Methodological contributions

To gather the empirical material for the current study, I adopted the constructivist paradigm using five methods from the indigenous auto-ethnographic methodological approach (as discussed in Chapter Three): in-depth semi-structured interviews; participant observation; documentary materials; auto-ethnography; and, ngayo, traditional meeting. The diverse methods assisted in generating a number of research findings and the development of the entrepreneurial coping theory of this study. Further, the methods created several contributions.
First, the methodological aim was to indigenise the research methods to make the study socially and culturally appropriate. To this end, it was important to recognise the local socio-cultural norms and values so that information could be shared with the host communities during the research process (Gurung, 2008). A number of issues had to be overcome if this sharing was to be effective. Firstly, there is no word for “research” in the Sasak language, as reflected by the Western origins of the classical research method. Instead, research is interpreted as a census or activity to count, as for the population (Sahnan, personal communication, May 11, 2011). Consequently, in order to achieve the research objectives, I had to use the Western research paradigm and knowledge generation, viewed through an indigenous lens.

Secondly, by indigenising Western methodologies I created a new indigenous method ngayo, which was adopted from mores (tradition) of the Sasak, the indigenous people of Lombok. This method helped me collect empirical materials and in the crystallisation process. The uniqueness of ngayo is that its essence involves developing a brotherhood and trust among the community members. Ngayo creates an informal forum in which all members talk equally, information is shared, and the solution for problems is discussed (Sanusi, personal communication, May 15, 2011). Therefore, ngayo, helps develop the “social context” which was necessary if I was to generate trustful and extensive empirical material from the perspectives of those experiencing the phenomena (Rapley, 2004). The tradition of ngayo enables a researcher to develop a unique rapport with his/her participants, and to create “collaborative interviewing”, which is interviewing that allows space for the participants to raise various issues during discussion (Rapley, 2004). Ngayo helped in the process of crystallisation using member checks and peer examination strategies (as discussed in Chapter Three, sub-section 3.4.2). In addition, ngayo can be adopted as a research method by any researcher (indigenous or foreign researcher) if a researcher is to follow the spirit of ngayo, as discussed in Sub-section 3.2.3, and immerse in the Sasak’s social life.

Thirdly, my literature searches did not reveal any studies that had employed the constructivist paradigm and the use of the grounded theory as a research method in tourism entrepreneurship. I believe that this is one of the first studies employing grounded theory to analyse the lived-experience of indigenous tourism entrepreneurs in establishing and developing small tourism enterprises. Grounded theory allows the flexibility of embedding local epistemological perspectives and the ability to consider the entrepreneurial process in tourism. My status as an indigenous researcher and
tourism entrepreneur helped me understand the hearts and minds of the indigenous tourism entrepreneurs, from which a foreign researcher could not benefit.

Fourthly, the study contributed to Western methodological literature by applying an ethnic (Sasak) methodological perspective. Western culture has identified itself as the ethnocentric centre of legitimate knowledge. The work of indigenous people will be identified as “legitimate” and “real” knowledge only if it sits within a Western framework and adds value to the dominant non-indigenous culture (Smith, 1999). Such views present the colonisation of knowledge when seen from the indigenous methodological perspective. Consequently, decolonising local epistemological knowledge is essential in order to set new ethnic guidelines for many non-indigenous or Western researcher who bring a particular set of values and conceptualisation of time, space, subjectivity, gender relations, and knowledge to their research (Wilson, 2001). Thus, it was important to balance the Western perspective of rationality, and the Eastern perspective of wisdom, whilst at the same time taking into account the host community’s unique social and cultural world (Gurung, 2008).

My local “situatedness” was heavily influenced by the indigenous epistemological system within the study setting. Although the methodology was influenced by Western research and literature, I always used and acknowledged the indigenous epistemology, along with contributions from the host communities when conceptualising the phenomena addressed in this study. This horizontal approach created different depths of knowledge and information, and contributed to new knowledge about the indigenous entrepreneurial background in Lombok’s tourism industry, from an Eastern perspective (Gurung, 2008).

In previous tourism studies on Lombok (e.g. Kamsma & Bras, 1999; Schellhorn, 2010), no indigenous ethnography or auto-ethnography were used as the methods for collecting empirical materials and the crystallisation process. Although these methods were developed from a Western cultural perspective, the methods only work when the researcher is an insider, “emic”, who speaks the same language (Sasak) and shares the same cultural values and beliefs of the studied community. I indigenised these methods within the indigenous epistemological perspectives by recording the lived-experiences of the indigenous tourism entrepreneurs.
7.6 Applied contributions in tourism industry

This study has made a strong contribution to the tourism industry, particularly to host community members, including indigenous tourism entrepreneurs and tourism agencies. The findings cover three important issues related to host communities: delineating the entrepreneurial journey (process) in the establishment and development of small tourism enterprises; identifying and making visible the entrepreneurial culture, where the entrepreneurial process takes place; and, identifying strategies used to ensure the success of the entrepreneurial process and to deal with the entrepreneurial culture.

Firstly, the entrepreneurial journey provides a detailed process of the establishment and development of a tourism enterprise. The journey starts with the orientation phase (pre-start up conditions); providing information about how a prospective entrepreneur can acquire knowledge of tourism and search out an entrepreneurial opportunity in tourism. Understanding such process increases the individuals’ alertness towards entrepreneurial opportunities in the tourism industry. A prospective entrepreneur can learn that developing an enterprise is a process that incorporates tangible and intangible assets; it uses knowledge and skills to transform resources into products for tourists. Understanding the entrepreneurial process also helps prospective entrepreneurs to develop their own potencies (e.g. hobbies) that can assist them to be successful tourism entrepreneurs.

Secondly, the entrepreneurial culture presents information about the settings and conditions that a prospect entrepreneur has to deal with when establishing and developing a tourism enterprise. Understanding the entrepreneurial culture enables an entrepreneur to identify an appropriate type and a strategic location, for the tourism enterprise; this understanding also assists the entrepreneur develop relationships with his/her entrepreneurial environment. As suggested in Koh and Hatten’s (2002) typology, the unique relationships in tourism entrepreneurial activities stimulate the emergence of various tourism entrepreneurs.

Thirdly, the coping patterns allow the presentation of information in relation to the varied strategies that a prospective entrepreneur or indigenous entrepreneur can adopt in undertaking entrepreneurial activities in tourism. These coping patterns enable the adoption of appropriate strategies when the entrepreneur establishes and develops a small tourism enterprise. Further, the coping patterns help the indigenous tourism entrepreneur to develop business relationships and improve their tourism business performance.
The findings from the current study can be used by tourism agencies as a reference for making tourism policies. The contribution includes: host community’s participation in tourism through entrepreneurship; the direction of tourism development; and organisational performance. The findings also explain the endeavours of indigenous tourism entrepreneurs to establish and develop small tourism enterprises. The theory implicitly demonstrates the willingness of host communities to voluntarily participate in tourism development, which is the ideal type of host community participation (Tosun, 2002, 2006). However, tourism agencies need to support indigenous tourism entrepreneurs’ businesses by providing adequate and appropriate infrastructure and policies that increase the entrepreneur’s abilities to generate profits from tourism.

The study also identified entrepreneurial culture that influences host community members to display unfavourable attitudes and behaviours towards tourist activities. Such groups either decline to support tourism development, or cause trouble to the entrepreneurial process in the tourism industry. Consequently, tourism agencies need to develop and implement policies that stimulate host community participation in tourism developments. For example, tourism authorities may need to intensively promote tourism developments and provide the host community with information about the benefits of the tourism industry.

Additionally, the study has presented the expectations of indigenous tourism entrepreneurs towards the development of the tourism industry, particularly on Lombok. The study results can be a reference point for tourism agencies to develop policies that create entrepreneurial opportunities, especially for the indigenous tourism entrepreneurs. Tourism authorities should promote the benefits of tourism development for the local people, and provide more opportunities for local small-scale tourism to grow rather than encourage larger tourism facilities owned by outside investors (Hampton, 2005; Kamsma & Bras, 1999). Policies that support small-scale tourism can include appropriate strategies that increase local involvement in tourism and provide more benefits to the local people from tourism. While small-scale tourism requires small capital, which fits the local people’s business abilities, this type of business also prevents economic leakage, and helps to better distribute the income amongst host community members (Dahles, 2000). Moreover, such a policy will stimulate the emergence of many indigenous tourism entrepreneurs.

The paternalistic nature of indigenous entrepreneurs in Lombok requires active intervention of government officials particularly tourism agencies. Field actions are
required. For instance, the officials can encourage the establishment of entrepreneurial
groups and organisations, and initiate cooperation between the entrepreneurial groups
and local NGOs in order to create beneficial business environment in particular tourist
objects. Such cooperation can help indigenous tourism entrepreneurs establish
beneficial relationship in tourism business and allow them to develop ngesup traditions.

The current study has demonstrated the contributions, or lack thereof, made by
tourism agencies towards the entrepreneurial culture in tourism industry on Lombok.
For example, tourism agencies pose a number of problems that threaten the success of
tourism entrepreneurial activities. Therefore, the findings provide a valuable source of
reference for tourism agencies to improve their working performance. It is
recommended that the following initiatives be implemented in order to increase support
to local tourism authorities and, thus, improve the success of the tourism entrepreneurial
process in tourism.

7.7 Recommendations

If the host community members are to make changes in their living conditions
through entrepreneurial activities in the tourism industry, they need to hold the
conviction that tourism is the correct means for them to achieve their desired outcome.
Hence, they need to possess an adequate and appropriate knowledge of tourism and the
motivations that will help them to identify, create and exploit entrepreneurial
opportunities in the tourism industry.

If tourism authorities are to stimulate the emergence of indigenous tourism
entrepreneurs, the perception of the host communities towards tourism should be taken
into account. There should be a mechanism that helps promote the tourism industry to
host community members in order to make the tourism industry a desirable area to work
or do business. Therefore, the current study identified two approaches to be undertaken:
developing knowledge and skills of local prospective entrepreneurs; and, creating an
environment that supports the attainment of entrepreneurial knowledge and
opportunities.

The first approach focuses on developing the knowledge and skills of local
prospective entrepreneurs via educational mechanism through which they can observe
and exploit entrepreneurial opportunities in the tourism industry. Tourism authorities
can initiate the coordination of such programs with the education department to include
the teaching of tourism and international language, particularly English, at local
Entrepreneurship-based tourism should be included as a main course at local schools, as well as at universities so that students can learn about the tourism business. Furthermore, tourism schools and colleges can be built close to a tourist destination in order to help establish a relationship between the educational institution and the tourism industry. The students would also have the opportunity to practice what they are learning through work integrated learning practices.

Furthermore, tourism authorities need to create tourism policy that is supported by local social norms. For instance, given that host communities on Lombok construct their morality and behaviour based on their cultural and religious values, the education department must consider the inclusion of cultural and religious beliefs into courses at the tourism school and universities. These inclusions will help the local people to understand their position in tourism development. Once this understanding is achieved by the local culture, there will be a synchrony between the application of religious teachings and the practice of tourism entrepreneurship, which will increase the local people’s willingness to engage in tourism entrepreneurial activities.

The dynamic changes of the business environment also require the knowledge and skills to be up-to-date, to more effectively help solve actual problems in the tourism industry. In this regards, entrepreneurial activities in the tourism industry can be seen as a learning process in which indigenous entrepreneurs are constantly learning and practicing. To help this learning process, tourism authorities could act as supervisor as well as mediators. For instance, tourism authorities can establish regular workshops and seminars on tourism entrepreneurship where the indigenous entrepreneurs can meet and learn from professionals and successful entrepreneurs in tourism.

The second approach is related to creating an environment that supports the attainment of knowledge and skills in tourism, and the undertaking of the tourism entrepreneurial process. This approach can be applied through four main mechanisms: organising tourism campaigns; improving the quality of public services; enforcing business regulation; and including host communities in the tourism decision making processes.

The emergence of various problems that create the entrepreneurial culture in the tourism industry posed by the local people of Lombok requires serious action by the tourism authorities in promoting tourism development to the host communities. For instance, the negative stereotyping of tourists indicates the local people’s lack of tourism knowledge. Therefore, tourism authorities should hold regular campaigns to
promote tourism, and engage NGOs, informal leaders, such as imams, and local public figures in the process. The paternalistic nature of the local people of Lombok can help make a tourism campaign, supported by the informal leaders and public figures, into a success. A number of local anthropologists on Lombok (e.g. Lukman, 2004; Zakaria, 1998) have outlined the role of informal leaders in relation to the success of local development. To some extent, these host communities tend to follow the “fatwa” (command) of the religious leaders rather than respond to the encouragement from the government.

Improving the quality of the public service is also an important recommendation. For example, the local government can approve and apply a regulation that accelerates the process of founding a tourism enterprise. Current complicated and bureaucratic procedures (for example, confronted when obtaining a business license) negatively influence the success of the enterprise in the start-up phase. The more complicated the licensing procedure, the less likely it is that potential entrepreneurs will decide to establish an enterprise. Further, the quality of the public service is influenced by the tourism official’s professionalism and experience with the tourism industry, as well as the quality of coordination with other related departments. Consequently, tourism authorities and agencies on Lombok need to improve their organisation from the inside. Thus, job placements within the tourism department need to be based on the staff’s qualification instead of their seniority, as is the current situation. Placing qualified officials in appropriate positions will increase the tourism industry performance. Furthermore, a solid coordination with other related departments will establish a one-roof venue (or one stop shop) for administration dealings and increase the quality of the service.

The study also found that violations against business regulations in some tourist destinations within Lombok affected the entrepreneurial motivation of indigenous entrepreneurs, as well as the image of the tourism industry in general. Therefore, it is important that business regulation be enforced within the tourist destinations in order to control any misconduct by tourism entrepreneurs, and to stimulate the development of the new enterprises. Further, the business regulations need to protect all entrepreneurs, and create a safe and supportive environment for entrepreneurial activities. Currently, the regulations do not allow non-licensed enterprises to operate within a particular area, but this business regulation is not enforced.
The current recommendations also extend those from previous studies (e.g., Fallon, 2001; Hampton, 2005; Schellhorn, 2010; Timothy, 1999), for example, the inclusion of host communities in the tourism development decision-making process. This inclusion will increase the opportunities for the communities to benefit tourism activities, and stimulate the emergence of indigenous tourism entrepreneurs. However, to be successful, the programs require the willingness of the local government to issue pro-local tourism policies, that is, tourism development intended to benefit the local people. The following section highlights the challenges and opportunities for future research.

7.8 Challenges and opportunities for future research

In the current study the lived-experiences of indigenous tourism entrepreneurs, and their tourism entrepreneurial activities, have been interpreted, while a substantive theory of entrepreneurial coping has been constructed. The research has elaborated various socioeconomic and cultural conditions, identified as motivating entrepreneurs to engage in the entrepreneurial process in tourism. The research has also uncovered an important, but most often overlooked influence, of the cultural and religious beliefs towards the entrepreneur’s decision to engage in the tourism industry. However, further research is required to examine the influence of cultural and religious beliefs on the entrepreneurial characteristics of indigenous tourism entrepreneurs. For instance, how do cultural and religious beliefs affect an entrepreneur’s need for achievement, or influence the entrepreneur’s working performance. It is also interesting to discuss how Sasak entrepreneurs, who are mostly Muslim, in comparison to Balinese, who are mostly Hindus, conduct their tourism enterprises, and how the two ethnics, Sasak and Balinese, compete in tourism industry in Lombok.

Some studies (e.g., Dahles, 2000; Hampton, 1998; Kamsma & Brass, 1999, 2000) reported high willingness of host communities to undertake tourism enterprises despite in Gili Trawangan despite the lack of support of tourism authorities. In contrast, a later study by Schellhorn (2010) in a village in Lombok suggests a lack of locals’ motivation to participate in tourism entrepreneurship. Therefore, a further research is required to observe the key differences in local tourism entrepreneurship between Gili Trawangan and the mainland Lombok.

As identified by earlier tourism studies in Indonesia (e.g., Cukier et al., 1996; Wilkinson & Pratiwi, 1995), the tourism business is affected by gender issues. For
example, female employees generally receive less income from tourism than do male employees as they work shorter hours than male employees. Further, not all jobs in the tourism industry are considered suitable for Indonesian female workers. However, the current study shows that some female participants could establish and develop more enterprises than the average male entrepreneurs. Therefore, gender issues in indigenous tourism entrepreneurship would be an interesting topic to examine further. Similarly, how indigenous females look at the tourism industry would be well worth investigating. For example, do they see it as an opportunity to support their own socioeconomic independence, or as an opportunity for self-employment and career prospects?

Additionally, future research should address the perception of host community members towards female tourism entrepreneurs and female tourism workers. An earlier study by Wilkinson and Pratiwi (1995) has shown that host communities tend to have a negative perception of females who work in tourism, particularly when related to foreign tourists. While the current study has shown that females can be more successful tourism entrepreneurs than their male counterparts, it would be interesting to examine the perception of host community members towards the phenomena. Furthermore, in a tourist destination such as Lombok, where the majority people are Muslim, it would be an ideal location in which to evaluate the perception of local Islamic leaders, such as imams, and Islamic students, in relation to female tourism entrepreneurs. The result of such research may help create a more supportive environment for tourism entrepreneurial activities. Moreover, the research may also help stimulate the emergence of better prepared indigenous tourism entrepreneurs and increase the support for tourism development in Lombok.

The current research has highlighted the influence of experience, such as learning from role models, on the decision to engage in entrepreneurial activities in tourism. However, there is a need to explore the impacts of these roles to stimulate host community participation in tourism development through entrepreneurship. For instance, how the tourism private sector practices CSR (Corporate Social Responsibility), an unfamiliar practice on Lombok, in collaboration with local NGOs, help promote the tourism industry and stimulate the emergence of local tourism entrepreneurs. In this regards, future research can adopt action research methodology to help tourism entrepreneurs to practice CSR and increase host community participation in tourism through small-scale entrepreneurship.
7.9 Conclusion

A new theory of entrepreneurial coping has developed out of the current study. A number of findings, theoretical, methodological, and practical contributions have been made to the area of indigenous tourism entrepreneurs. Entrepreneurial coping helps understand and explain the lived-experience of tourism entrepreneurs on Lombok, Indonesia. Importantly, it is a context specific interpretation of the lived-experience of host community members who establish and develop their small tourism enterprises. The research study and findings were made more meaningful from my unique association with the tourism entrepreneurial activities in five tourist destinations within the west and central regions of Lombok.

For the study, I developed *ngayo*, an indigenous method to collect and crystallise empirical materials. *Ngayo* is a communal tradition of Sasak that provides opportunity to communicate with other people, share information, and develop networks. *Ngayo* helps develop informal relationship, which is based on honesty and brotherhood. Such relationship enables researcher to discuss various issues with participants, including the sensitive ones. Further, *ngayo* can be adopted by any researcher including non-indigenous one if the researcher is to establish relationship with Sasak and immerse in local tradition.

I also adopted indigenous ethnography as the research strategy, and grounded theory as the interpretation platform to indigenise the research methods from an indigenous epistemological perspective. Both approaches helped me to inductively construct the entrepreneurial coping theory. Entrepreneurial coping is a psychological and social process that engages individual entrepreneurs in an entrepreneurial journey in tourism. The theory has demonstrated the complex process that the indigenous entrepreneurs have to go through in order to attain knowledge, skills, and motivations. From these they are able to discover, create and exploit entrepreneurial opportunities in the tourism industry.

The “emic” perspectives I embraced in this study provided the opportunity to bring a number of insights into the development of the entrepreneurial coping theory. While writing the conclusion of this thesis, I looked back on my own experience during the last three years. In those years my PhD required my presence in Australia. As a consequence, I had to cope with a number of problems related to my little restaurant on Lombok. One problem, and perhaps the most stark, was having to manage an untrustworthy employee. This problem and my absence from Lombok in 2012 created
big financial losses for my restaurant and exacted a negative motivational consequence. Such entrepreneurial experience increased my understanding of the complex process of entrepreneurship, as outlined in the entrepreneurial coping theory.

The entrepreneurial coping theory provides a new way of thinking, and new terminology, for tourism entrepreneurship research. It also adds a new dimension to the tourism entrepreneurial discourse. While the entrepreneurial culture (rule of game) in each tourist destination is unique and contextual, it requires different strategies if indigenous tourism entrepreneurs are to be successful with their tourism business. Nevertheless, all entrepreneurial processes require the inclusion of knowledge and skills, motivation and opportunity in order to proceed. Therefore, entrepreneurial coping theory focuses more on such entrepreneurial elements, rather than on the managerial and strategic issues; the theory focuses on the psychological and social processes involved in acquiring knowledge, skills, and motivations in the search and exploitation of entrepreneurial opportunity. Additionally, entrepreneurial coping theory can be applicable within the Lombok context, as well as in other developing countries. Consequently, not only small-scale tourism enterprise owners-manager, as discussed in this study, adopted the entrepreneurial coping strategies but also the larger tourism enterprises. This is seen in how the larger enterprises, such as hotels, airlines, and tour companies, establish relationship with other tourism entrepreneurs.

A fundamental insight from my research is that the entrepreneurial coping theory can be used as a guideline to stimulate host community participation in tourism development through entrepreneurship. The coping theory explains the aspirations of host communities to generate output from tourism industry. Hence, the theory has answered the question of what to do, as well as how to, stimulate host community participation in tourism development. However, the issues of power sharing may still be challenging and cannot be achieved without the support and encouragement of the local tourism authority. In the final analysis, it is the decision maker’s choice as to whether to take appropriate interventions in order to support the local people to improve their living standard through tourism, or to just maintain political power.

The theory of entrepreneurial coping has described a trajectory of indigenous entrepreneurs’ experiences in entrepreneurial activities in tourism. This study, therefore, makes an important contribution to the tourism research field. A number of problems, that entrepreneurs encounter, have been outlined. Various strategies to overcoming such problems within the entrepreneurial process have been demonstrated. Most
significantly, the study has shown the essential role-played by the entrepreneurial coping theory in indigenous tourism development, and the influential role-played by the tourism authority when they intervene for the success of the entrepreneurial process in the Lombok tourism industry.
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Phillimore, J., & Goodson, L. (2004). Progress in qualitative research in tourism epistemology, ontology and methodology. In J. Phillimore & L. Goodson (Eds.), *Qualitative research in tourism ontologies, epistemologies and methodologies* (pp. 3-29). London: Routledge.


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APPENDICES
Appendix A
A list of questions to guide interviews

I take this opportunity to thank you for your participation in my research, by sharing your experiences in tourism entrepreneurial activities. This interview is conducted to support my PhD research project in Griffith University, Australia. You are kindly requested to provide your experiences in tourism entrepreneurial activities right from the first time you know tourism industry till now in chronological order as far as possible.

1. Could you please tell me as much as possible about your commercial activities in tourism?
   - When did you start your tourism enterprise?
   - Why were you interested in tourism?
   - What did you do before you started your commercial activities in tourism?
   - How did you get the idea to start your tourism enterprise?
   - How did you get financial support to run your tourism commercial activities?

2. Could you please tell me as much as possible about the situation and condition that affect your commercial activities?
   - How do you think local people think of your activities?
   - How many people do you employ?
   - Where do your workers mostly come from? (subject to the enterprise size)
   - How do you think of your business partners, such as suppliers, in supporting your activities?
   - How do you think of tourism agencies and local government in regards to your commercial activities in tourism?
   - How do you think of other people who take the same commercial activities as you do?
   - How do you deal with all people around you, such as your neighbours, workers, tourism agencies, business partners, and business competitors in regards to your commercial activities?
3. What do you expect to occur in your tourism enterprise in the future?

What is your future expectation for your commercial activities in tourism?

What is your suggestion to other local people regarding your commercial activities in tourism?

What is your suggestion to local tourism boards in regards to your tourism commercial activities?

Thank you!
## Appendix B

The participants’ profiles

Table B.1. Participants’ profiles and interview schedules

<table>
<thead>
<tr>
<th>Type of enterprises</th>
<th>Gender</th>
<th>Address</th>
<th>Length of interviews (minutes)</th>
<th>Interview schedule in 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. PT. Ace Expedition</td>
<td>Female</td>
<td>Senggigi</td>
<td>90</td>
<td>6 January</td>
</tr>
<tr>
<td>PT. Marina Bay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. UD. Hanan Art Shop</td>
<td>Male</td>
<td>Banyumulek</td>
<td>120</td>
<td>13 January; 15 January</td>
</tr>
<tr>
<td>3. CV. Rori Tours &amp; Restaurant</td>
<td>Female</td>
<td>Senggigi</td>
<td>120</td>
<td>20 January</td>
</tr>
<tr>
<td>4. CV Warung Hotel &amp; Restaurant</td>
<td>Male</td>
<td>Senggigi</td>
<td>90</td>
<td>26 January</td>
</tr>
<tr>
<td>5. PT. Lombok Travel Online</td>
<td>Male</td>
<td>Senggigi</td>
<td>90</td>
<td>26 January; 1 March</td>
</tr>
<tr>
<td>6. CV. Buana Travel gent</td>
<td>Male</td>
<td>Senggigi</td>
<td>90</td>
<td>26 January; 20 April</td>
</tr>
<tr>
<td>7. CV. Lombok Diving Club</td>
<td>Male</td>
<td>Senggigi</td>
<td>120</td>
<td>7 February</td>
</tr>
<tr>
<td>8. UD. Rismonika Artshop</td>
<td>Female</td>
<td>Banyumulek</td>
<td>90</td>
<td>8 February; 21 April</td>
</tr>
<tr>
<td>9. CV. Segara Anak Hotel &amp; Restaurant</td>
<td>Male</td>
<td>Kuta</td>
<td>90</td>
<td>2 April</td>
</tr>
<tr>
<td>10. PT. Edo Surf</td>
<td>Male</td>
<td>Kuta</td>
<td>60</td>
<td>3 April</td>
</tr>
<tr>
<td>11. CV. Sekar Kuning Hotel &amp; Restaurant</td>
<td>Male</td>
<td>Kuta</td>
<td>90</td>
<td>4 April</td>
</tr>
<tr>
<td>12. PT. Sunset Boutique Hotel</td>
<td>Male</td>
<td>Senggigi</td>
<td>45</td>
<td>16 April</td>
</tr>
<tr>
<td>13. CV. Palm Travel</td>
<td>Male</td>
<td>Senggigi</td>
<td>45</td>
<td>16 April</td>
</tr>
<tr>
<td>Type of enterprises</td>
<td>Gender</td>
<td>Address</td>
<td>Length of interviews (minutes)</td>
<td>Interview schedule in 2011</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------</td>
<td>---------</td>
<td>--------------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>UD. Berkat Sabar Art shop</td>
<td>Male</td>
<td>Banyumulek</td>
<td>30</td>
<td>21 April 9 May</td>
</tr>
<tr>
<td>CV. Saufa Furniture</td>
<td>Male</td>
<td>Senggigi</td>
<td>90</td>
<td>24 April</td>
</tr>
<tr>
<td>UD. Panjisari Art shop</td>
<td>Male</td>
<td>Sukerara</td>
<td>90</td>
<td>25 April</td>
</tr>
<tr>
<td>UD. Dharma Bhakti Art shop</td>
<td>Male</td>
<td>Sukerara</td>
<td>90</td>
<td>25 April</td>
</tr>
<tr>
<td>UD. Sade Art shop</td>
<td>Female</td>
<td>Sade</td>
<td>45</td>
<td>26 April</td>
</tr>
<tr>
<td>UD. Hasanah Restaurant</td>
<td>Female</td>
<td>Kuta</td>
<td>30</td>
<td>26 April</td>
</tr>
<tr>
<td>UD. Surf Raider</td>
<td>Male</td>
<td>Kuta</td>
<td>45</td>
<td>26 April</td>
</tr>
<tr>
<td>UD. Kiemen Surf</td>
<td>Male</td>
<td>Kuta</td>
<td>120</td>
<td>27 April</td>
</tr>
<tr>
<td>UD. Kiemen Restaurant</td>
<td>Male</td>
<td>Kuta</td>
<td>90</td>
<td>5 May</td>
</tr>
<tr>
<td>Head Village of Senggigi</td>
<td>Male</td>
<td>Senggigi</td>
<td>60</td>
<td>16 April</td>
</tr>
<tr>
<td>Head of sub-department of HRD of NTB Provincial Tourism Department</td>
<td>Female</td>
<td>Mataram</td>
<td>90</td>
<td>19 April</td>
</tr>
<tr>
<td>Head of sub-department of HRD of West Lombok Regional Tourism Department</td>
<td>Male</td>
<td>Gerung</td>
<td>120</td>
<td>20 April</td>
</tr>
<tr>
<td>Community development of Regional Tourism Department of Middle Lombok</td>
<td>Male</td>
<td>Praya</td>
<td>60</td>
<td>27 April</td>
</tr>
<tr>
<td>Sahnan (Local Anthropologist)</td>
<td>Male</td>
<td>Mataram</td>
<td>60</td>
<td>11 May</td>
</tr>
<tr>
<td>H. M. Sanusi (Local Cleric) who involves in NGOs related tourism</td>
<td>Male</td>
<td>Mataram</td>
<td>30</td>
<td>15 May</td>
</tr>
<tr>
<td>H. M. Putrie (Local Anthropologist)</td>
<td>Male</td>
<td>Praya</td>
<td>120</td>
<td>16 May</td>
</tr>
</tbody>
</table>
Appendix C
Information Sheet

Host community’s experiences in establishing and developing small tourism enterprises in Lombok, Indonesia

INFORMATION SHEET

<table>
<thead>
<tr>
<th>Chief Investigator</th>
<th>Student Investigator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Danny O’Brien</td>
<td>Akhmad Saufi</td>
</tr>
<tr>
<td>School: Griffith Business School</td>
<td>School: Griffith Business School</td>
</tr>
<tr>
<td>Telephone: +61 7 5552 8580</td>
<td>Course of study: Tourism Management</td>
</tr>
<tr>
<td>Email: <a href="mailto:danny.obrien@griffith.edu.au">danny.obrien@griffith.edu.au</a></td>
<td>Telephone: +61 7 5552 7275</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:akhmad.saufi@griffithuni.edu.au">akhmad.saufi@griffithuni.edu.au</a></td>
</tr>
</tbody>
</table>

This research observes the lived experience of local people in Lombok in establishing and developing small tourism enterprises. The research is part of my study, and will be submitted to meet the requirement for the degree of Doctor of Philosophy (PhD) in tourism management at Griffith University, Australia.

This research will take place in two main tourist destinations in Lombok, Senggigi Beach and Kuta Beach. Participants of this research are local people who own and manage small tourism enterprises.

Information about targeted participants has been obtained from the Industry and Trade Department office and local head village office. Participants will be recruited based on the recommendations of some parties such as local head villager, community leaders, and previous participants.

The results from this research will provide a guideline for tourism enterprise operators to improve their entrepreneurial performance, and for other local people to initiate and develop small tourism enterprises. It will also be a referential tool for local tourism agencies in stimulating the emergence of small tourism enterprises within host communities, particularly in Lombok.

This research will employ observation and interviews to collect data. Participants might be engaged in one or more interviews, which may take up to two hours. In order to avoid loss
in participants’ work time, the researcher will conduct observation during office hours, and engage participants in interviews after office hours. However, appointments will be made prior to the observation and interview.

This is to acknowledge that your participation in this research is voluntary. The answers or statements you make in this interview will give no influence to any organisation or community you are associated with. Although your answers will be recorded, this recording is only for producing a transcript copy and you will not need to provide your identity. The recording will be erased once the transcription and analysis are completed. You are free to withdraw from this study at any time.

Griffith University conducts research in accordance with the National Statement on Ethical Conduct in Human Research. If potential participants have any concerns or complaints about the ethical conduct of the research project they should contact the Senior Manager, Research Ethics and Integrity on +61 7 3735 5585 or research-ethics@griffith.edu.au.

If you have any questions or suggestions regarding this research please feel free to contact me (Akhmad Saufi) by telephone +61 4139 60966 (Australia) or + 62 817 36 6886 (Indonesia) or by email to akhmad.saufi@griffithuni.edu.au. Or, you could also contact my local contact person, Mr. Diswandi, MSc (a lecturer of Mataram University). Telephone: +62 81936749197, Email: diswandi2@yahoo.com.

The conduct of this research involves the collection, access and/or use of your identified personal information. The information collected is confidential and will not be disclosed to third parties without your consent, except to meet government, legal or other regulatory authority requirements. A de-identified copy of this data may be used for other research purposes. However, your anonymity will at all times be safeguarded. For further information consult the University’s Privacy Plan at http://www.griffith.edu.au/privacy-plan or telephone (07) 3735 5585.

Thank you,

Akhmad Saufi
Griffith Business School Student
Appendix D
Consent Form

Host community’s experiences in establishing and developing small tourism enterprises in Lombok, Indonesia

CONSENT FORM

Research Team
Senior Investigator : Dr. Danny O’Brien
Team Member : Mr. Akhmad Saufi
School(s) / Centre(s): Griffith Business School
Contact Phone : +61 7 5552 7275
Email : akhmad.saufi@griffithuni.edu.au

By signing below, I confirm that I have read and understood the information package and in particular have noted that:

- I understand that my involvement in this research will include my approval to allow researcher to conduct his interviews with me and his observation on my daily entrepreneurial activities.
- I have had any questions answered to my satisfaction;
- I understand the risks involved;
- I understand that there will be no direct benefit to me from my participation in this research (this may need to be modified for some projects);
- I understand that my participation in this research is voluntary and will not influence my relationship with any organisation or anyone.
- I understand that if I have any additional questions I can contact the research team;
- I understand that I am free to withdraw at any time, without comment or penalty;
- I understand that I can contact the Manager, Research Ethics, at Griffith University Human Research Ethics Committee on 3735 5585 (or research-ethics@griffith.edu.au) if I have any concerns about the ethical conduct of the project; and
- I agree to participate in the project.

Name
Signature
Date
Appendix E
Lombok Tour

SASAK TOUR (9 hours)

The Sasak people are the native inhabitants of Lombok and this tour highlights the best of Sasak culture in Lombok. From Senggigi drive south to the village of Banyumulek to see traditional pottery. From Banyumulek we travel to the traditional weaving village at Sukarare, to see villagers in traditional dress creating another popular Lombok art form. Ikat, or woven fabric, is produced on old “back-strap” looms, with generations of weavers painstakingly creating wonderful designs into woven blankets and fabrics, sought by collectors throughout the world. Driving further south, we visit the Sasak village at Sade or Rembitan to see traditional architecture with old-style housing compounds and Sasak houses with buffalo dung floors. After meeting the local people, we continue to the south coast resort of Kuta Beach, famous for its white sand beaches and world-class surfing. Enjoy a refreshing swim at the stunning beach of Tanjung An before heading back to your hotel.

Appendix F
Research Sites

Table F.1. Overview of Research Sites

<table>
<thead>
<tr>
<th>Research Site Pictures</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Senggigi" /></td>
<td><strong>Senggigi</strong> is located 13 kms north of Mataram, and populated by 1,124 families in 2010. Each family has average five members. Two main ethnics, Sasak indigenous Lombok and Balinese, migrant from Bali. 20 % of the population work related to tourism. The main tourist attractions include: Beaches; House of majority star rated hotels and restaurants in Lombok. Two of those include Sheraton and Holiday Inn; water sports; night clubs and entertainment.</td>
</tr>
</tbody>
</table>
### Table F.1 (continued)

<table>
<thead>
<tr>
<th>Research Site Picture</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Banyumulek" /></td>
<td><strong>Banyumulek</strong> is located 7 kms south of Mataram, and populated by 7,820 people in 2010. The population is indigenous Sasak. More than 40% of people in this village are potters (clay pot makers). This village is well-known in tourism industry as traditional pottery village, and house of hundreds of art shop selling souvenirs, mainly potteries.</td>
</tr>
<tr>
<td><img src="image2" alt="Sukerara" /></td>
<td><strong>Sukerara</strong> is located 25 km south east of Mataram, and populated by Indigenous Sasak. 70% women in this village are traditional cloth makers (weaver). Weaving is a tradition that symbolise female maturity in this village. This village is well-known in tourism industry as a traditional weaving village where tourists can see the process of traditional weaving and shop in hundreds of art shop selling souvenirs, mainly hand woven clothes.</td>
</tr>
<tr>
<td><img src="image3" alt="Sade" /></td>
<td><strong>Sade</strong> is located 47 km south east of Mataram. This is a Sasak traditional village where 115 families live in traditional huts (houses). They are farmers, but since this village opened as a tourist destination more than 2 decades ago, majority women engage in tourism entrepreneurial activities. This village is well-known in Lombok as a traditional village with unique houses and traditions, and a house of more than 50 art shops selling handy-crafts, sarongs, and other unique souvenirs.</td>
</tr>
</tbody>
</table>
### Table F.1 (continued)

<table>
<thead>
<tr>
<th>Research Site Picture</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Kuta Research Site Picture" /></td>
<td><strong>Kuta</strong> is located 60 km south of Mataram. There are more than 5 thousand people live in Kuta. Majority local people are fishermen and farmers. Though Kuta is one of main tourist destinations, most tourism operators are non-locals. Since the last two decades, tourism has stimulated the arrival of people from other villages, regions, and even, other countries to Kuta. The main tourist attractions in Kuta include beaches, surfing points, and diving sites.</td>
</tr>
</tbody>
</table>

*Note. Adapted from BPS NTB, 2012; Compiled data from village offices; Head village office of Senggigi, personal communication, April 16, 2011; Saufi, 2008.*
Appendix G
Coding Process

Interview with a diving organiser in Senggigi
February 07, 2011

Q: Could you please tell me your experience in tourism business, why are you in Senggigi to be a dive course manager and owner?

A: Initially I struggled so hard... I mean I started my career from scratch, climbing up from ground floor... I studied fishery... I was taught the knowledge about sea, and snorkelling theory. I studied in Yogjakarta for 3 years. The school name was marine high school. I graduated in 1997 and then went to Gili. My initial work in Gili was to grow sea weed. From there, my career moved to diving. I think because my basic education was there. I then studied in a university to improve my English, not to be a teacher.

I started my diving career by working as a freelance diver instructor in reef seeker. I worked and learnt about diving there for 2.5 years. I then moved to Prodive Bali in Kuta Bali where I learnt much diving knowledge there for 1 year.

I almost left for Australia and New Zealand to work at Oceanic Odisi Cruise. I was the only worker from Lombok at the cruise at that time. I thank to God that I acquired skill that helped me work at the cruise ship. I then moved to Dream Dive where I worked for 2.5 years. From here I worked at Dive Indonesia where I got much diving knowledge and professional level.

Coding:
Orientation phase: starting from a freelancer to become a dive professional
  o  Connecting
    o  Striving
      ▪  Climbing up from ground floor
      ▪  Freelancing
      ▪  Learning process

Motivation
  ▪  Education background
  ▪  Achievement/motivation
  ▪  Professionalism/knowledge/expertise

Memo: 1 (pt#7)
February 08, 2011
This interviewee talked that he went through hard processes before he established his diving course. I think above paragraph talked about the first phase of his career in tourism. Having graduated from fishery high school, he worked as a seaweed grower in a small island. This work introduced him to diving activity. Having basic experience in diving, he worked as a freelancer in a dive course in which for the first time he learnt
about diving. From here, he then moved from one dive course to another to increase his knowledge and experience of diving until he became a professional diver. And being inspired by the fact that no local dive course, he started his dive course enterprise in 2007. Hence, I want to code this part as “orientating” which refers to the processes that someone has to go through in searching opportunity to start an enterprise. In this context, orientating was conducted by “moving” from one company to another.

**Coding:**
Self-confidence: believing in self-resources?
- Self confidence:
  - Believing/awareness
  - Self resources:
    - Competence
    - Determination
      - Vision
      - Strength
        - Being local

**Memo 2: (pt#7)**
**March 15, 2011**
I know how to explain what the interviewee meant by talking like the above transcript but I still do not have the right word to conceptualise three main ideas I find in the transcript. The first one is about the interviewee’s perception of himself. He believed in what he had. What did he have? That was the second issue: awareness of his own competence, including strength, and vision that could help him in starting an enterprise. And, the third one is his motivation, eagerness, and willingness to act or use his competence to start an enterprise. I think, I will conceptualise the second and the third one as “self-resources” which refers to owning not only cognitive but also affective ability.

Some people may have only one of above resources: one may have competence but is not motivated to exploit or use it, whereas another may be willing to do something but not knowing how.

In this case, someone had both resources and believed that he could exploit or use the resources to attain his goals. That would certainly create confidence to act. Hence, I will code above transcript as “self-confidence”.

And thank to God that even though with small income we still exist up to now. Our (my) first capital was about 150 million rupiah. I got loan from my Dutch friend. I got the loan for 10 years as mentioned in the agreement. With that loan I tried
to convince my Dutch friend that local people (like me) can be trusted. That I always keep in my mind. [trust] And I have established Lombok Dive since four years ago. This enterprise is mine.

So I started this business with modest facilities, 1 boat and second hand equipments. Thanks to God, now we have many other facilities. We have 2 boats. I just bought a new boat with 17 meters length, and 80 PK motor. This boat is designed for 18 divers. We have 40 tanks, and 30 regulators. We also have second compressor. I bought second hand tanks and compressor. With all facilities that I have I always try to improve my service. Thanks to God for the result. Now I employ two dive instructor. [locating entreprise]

Coding:
Locating business: growing from networking (developing reputation)
- Locating business:
  - Networking:
    - Borrowing for Growing

Memo 3: (pt#7)
March 16, 2011
Here the interviewee told me some information about the existence of his business including where and how he got his first financial support, how he increase his asset until today. His first capital was loan from a foreign friend. What an interesting! Whoever his friend was, the interviewee should be a trustful person in his friend’s eyes, meaning the interviewee had successfully convinced his friend. Thus, the interviewee must have good skill in building relationship, of networking. On the other part of this interview, the interviewee also talked about building relationship with some friends to market. Thus, I think I can say that the interviewee grow his business through networking. I will code this part as “growing from networking” to cope the whole process of his business development, from the beginning until today.

Methodological note
March 16, 2011

Until this phase, I still have to go and forth from one data to another to rectify some concepts. By doing this, my understanding of some concepts develops. I still constantly make comparison between one data to another, and between my experience and what appear in data. I also make brainstorming, keep asking questions about particular concept to dig deeper in data regarding properties and dimensions of the concept. To help me understanding transcript, I let the transcript in its original language. I then recompose the transcript following particular topic or phases. I will have to pay attention to the properties and the dimensions of a concept.
Appendix H
Establishing CV

CV (Commanditaire Vennootschap) requires at least 2 (two) or more founders who should be stated in the authentic act as a Notary Deed. The founders of the CV are citizens of Indonesia, who constitute the so-called Active Limited Boards (that runs the CV) and the Passive/Silent Limited Board, the so-called Limited Commanditaire (the one just mentioned) in the Deed.

When applying for the CV certificate, the founders come together in front of a public notary, or give power of attorney to one of the founders, and or authorize another person to submit an application to the notary.

Procedure for establishing CV:

- Applying for an enterprise certificate at a notary public. The application requires: a statement with the enterprise location; a statement from the head of the village; a copy of the leasing or ownership details; a statement from the building’s owner if the enterprise is located in a building; and a copy of the latest location tax bill.
- Applying for a tax number (NPWP) for the enterprise from the Local Tax Department.
- Applying for a tax statement (SK-PKP) from the head of the tax department after receiving a tax number.
- Reporting the enterprise name, location, and products/services to the local court.
- Applying for a trading license (SIUP) from the local trading department for small scale enterprises.
- Applying for an enterprise registration number (TDP) from the local trading department. This is obligatory for all entrepreneurs, as per Regulation No. RI no.37/M-DAG/PER/9/2007
Appendix I

Establishing PT (Perseroan Terbatas)

The procedure for establishing PT

- A PT (Perseroan Terbatas) requires at least 2 (two) founders, who are also on eof the first shareholders.
- When applying for the PT, the PT founders can, together, go to a public notary or give a power of attorney to one of the founders, or authorize another person to submit an application to the notary.
- The PT requires an authentic certificate which is written in the Indonesian Language (Bahasa Indonesia), and is issued by a public notary. The certificate should contain the articles of association of the PT. The PT should be legalised by the Minister, as per Indonesia’s Regulation No. 40, 2007 regarding PTs.
- The PT founder should mention the first capital they had for their PT. The minimum of Rp. 50,000,000.00 (fifty million rupiah) should be mentioned as their first capital for the PT. From that amount, the founders should possess at least 25% in cash, as per Indonesia’s Regulation No. 40, article 31 and 32, 2007.

Table I.1. Example of PT’s name

<table>
<thead>
<tr>
<th>The name of PT</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The founders should apply with two or three names for the PT. The name should be preceded by ”T”.</td>
<td>The name of the PT may not be the same as another PT name.</td>
</tr>
<tr>
<td>For example: PT. PUALAM ENGINEERING PT. PENATA KARYA PEMBANGUNAN PT. PUMIGAS INDONESIA PT. KAYTECH ENERGY PT. BIRO KONSULTAN INDONESIA, etc.</td>
<td>To avoid the use of the same name, the PT name should be made prior to the application for the certificate to the public notary.</td>
</tr>
<tr>
<td>The use of the name PT should be approved by Indonesia’s Trade and Industry Minister.</td>
<td></td>
</tr>
</tbody>
</table>
Table I.1. (continued)

<table>
<thead>
<tr>
<th>Sector of business</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>The founders should explain the objectives and the line of business of their PT, including the industry in which the PT will operate.</td>
<td>For example: The objectives the business has; and the line of business/industry of the PT: Business objectives: Supply of goods and services Implementing services sector Construction sector Planning services sector Construction and supervision, etc.</td>
</tr>
</tbody>
</table>


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Appendix J

Differences between CV and PT

Table J.1. Differences between CV and PT

<table>
<thead>
<tr>
<th>Explanation</th>
<th>Perseroan Terbatas (PT)</th>
<th>Commanditaire Vennootschaap (CV)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of company</strong></td>
<td>The most well-known type of company in Indonesia</td>
<td>The second most well-known type of company in Indonesia</td>
</tr>
<tr>
<td></td>
<td>Commonly used by SMEs and large scale enterprises</td>
<td>Commonly used by SMEs</td>
</tr>
<tr>
<td></td>
<td>PT is an incorporated company</td>
<td>CV is non incorporated company</td>
</tr>
<tr>
<td><strong>Legal basis of establishment</strong></td>
<td>Indonesia’s regulation regarding PT no. 40 Year 2007</td>
<td>There is no particular regulation for CV</td>
</tr>
<tr>
<td><strong>Founders</strong></td>
<td>Minimum 2 persons</td>
<td>Minimum 2 persons</td>
</tr>
<tr>
<td></td>
<td>Indonesian citizenship</td>
<td>Indonesian citizenship</td>
</tr>
<tr>
<td></td>
<td>Foreigners can be included as founder for PT with foreign investment (PMA)</td>
<td></td>
</tr>
<tr>
<td><strong>Name of company</strong></td>
<td>The use of name is managed by Indonesia’s regulation no. 40 Year 2007 Article 16</td>
<td>There is no particular regulation regarding the name of CV</td>
</tr>
<tr>
<td></td>
<td>The company name should be preceded by a phrase Perseroan Terbatas (PT).</td>
<td>Two or more CV may use similar or the same name</td>
</tr>
<tr>
<td></td>
<td>The name may not the same with any other PT within Indonesia’s territory as per government regulation no 26 Year 1998</td>
<td></td>
</tr>
<tr>
<td><strong>Sector of service/operation</strong></td>
<td>PT can operate in all sectors/industry</td>
<td>CV can operate at limited sectors/industry and provide limited products/services such as trading, contractor, industry, reparation, agriculture, printing and service industry.</td>
</tr>
<tr>
<td>Explanation</td>
<td>Perseroan Terbatas (PT)</td>
<td>Commanditaire Vennootschaap (CV)</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td><strong>Process of establishment</strong></td>
<td>The establishment process is longer than CV</td>
<td>The establishment process is quicker than PT</td>
</tr>
<tr>
<td></td>
<td>The name of PT should be approved by Trade and Industry minister before being used</td>
<td>The name may be used without approval from Trade and Industry minister</td>
</tr>
<tr>
<td></td>
<td>Articles of association should be legalised by Indonesia’s Law and Human Rights minister</td>
<td>Article of association of CV does not need approval from Indonesia’s Law and Human Rights minister</td>
</tr>
<tr>
<td></td>
<td>The articles of association should be announced in the sheet of state news</td>
<td>The establishment cost is cheaper than PT</td>
</tr>
<tr>
<td></td>
<td>The establishment process is more expensive than CV</td>
<td></td>
</tr>
</tbody>
</table>

Appendix K
Ethical Clearance

GRIFFITH UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE

24-Nov-2010

Dear Mr. Saufi

I write further to your application for ethical clearance for your project "NR: Understanding host community's experiences in establishing and developing small tourism enterprises in Lombok, Indonesia" (GU Ref No: HSL/22/10/HREC). This project has been considered by Human expedited review 1.

The Chair resolved to grant this project provisional ethical clearance, subject to your response to the following matters:

Despite the fact that an indigenous issues were identified, given that the researcher is part of the community this was not considered serious enough to warrant E2 review. Instead this project was reviewed via the E1 pathway.

As per the expectation articulated by the National Statement on the Ethical Conduct in Human Research (2007) this application has been reviewed through the negligible risk pathway.

Clarification of how the involvement of [Dr O'Brien] supervisor will ensure the ethical, appropriate and successful conduct of this research.

Provision of a copy of the informed consent materials that includes the required features, information and assurances listed by section 7 of Booklet 22 of the Griffith University Research Ethics Manual.

Clarification as to how and what observations are to be made and whether consent is to be obtained. The application is encouraged to consult Booklet 33 of the Griffith University Research Ethics Manual for advice on observation without consent.

As per part 5 of s6 of Booklet 39 of the Griffith University Research Ethics Manual, the applicants are encouraged to consider whether there should be a local independent contact for any concerns about the ethics conduct of the research (eg for ease of access and for language reasons). If such a contact will be used, please clarify who they will be, this should be explained in the informed consent materials, and please provide an assurance that the Manager, Research Ethics will be promptly notified if any complaints about the ethical conduct of the research are received.

Documentation produced in another language (eg recruitment and informed consent materials) or received in another language (eg the approval of a local authority) must be provided to the Griffith University Human Research Ethics Committee (HREC) in the original
form and with a translation. Please refer to Booklet 39, of the Griffith University Research Ethics Manual for further advice.

This decision was made on 24-Nov-10. Your response to these matters will be considered by Office for Research.

The ethical clearance for this protocol runs from 24-Nov-10 to 31-Oct-12.

Please forward your response to Chris Rose'Meyer, Policy Officer, Research Ethics and Governance, Office for Research as per the details below.

Please refer to the attached sheet for the standard conditions of ethical clearance at Griffith University, as well as responses to questions commonly posed by researchers.

It would be appreciated if you could give your urgent attention to the issues raised by the Committee so that we can finalise the ethical clearance for your protocol promptly.

Regards

Chris Rose'Meyer
Policy Officer, Research Ethics and Governance
Office for Research
G39 3.56 Gold Coast Campus
Griffith University
ph: +61 (0)7 5552 7227
fax: +61 (0)7 5552 9058
e-mail: c.rosemeyer@griffith.edu.au
web:

Cc:

At this time all researchers are reminded that the Griffith University Code for the Responsible Conduct of Research provides guidance to researchers in areas such as conflict of interest, authorship, storage of data, & the training of research students. You can find further information, resources and a link to the University's Code by visiting


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