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Rural Tourism Development. Industry's Perspectives on Sustainable Tourism

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Abstract. Tourism plays an important role in the economy of a developing nation and is considered as one of the main industries for moving the country's economy. Rural tourism has been actively promoted by governments as well as the tourism industry in Malaysia. It is important to note that stakeholders like industry players do play a crucial role in sustaining tourism development. The purpose of this study is to assess the perceptions of rural tourism industry players on tourism development from four main perspectives, namely business environment, infrastructure quality, organizational management, and performance measures in rural setting. 168 respondents comprising of rural tourism industry players from 34 rural tourism sites in Malaysia took part voluntarily in this study. To assess the developed model, SmarPLS 2.0 (M3) was applied based on path modeling and then bootstrapping with 200 re-samples was applied to generate the standard error of the estimate and t-values. Interestingly, the findings suggested that tourism industry players were most concerned with the infrastructure quality and organizational management on repositioning of the rural destinations. Hence, rural tourism marketing efforts need to leverage on the existing strengths and maximize the available opportunities in order to achieve sustainable tourism development. This study has suggested implications for policy implementers and planners for tourism development.

Keywords: Rural Tourism, Industry Players, Business Environment, Infrastructure Quality, Organizational Management, Performance Measures, Positioning, Malaysia.

1. Introduction

Rural tourism is defined as tourism which takes place in rural areas where it has low population densities and hence created an impression of space [1]. Rural tourism is found to have bought benefits to the local communities in terms of their economic growth, social cultural aspect, services, standard of living and these have built up positive attitudes and behaviour of the local communities towards tourism development [2]. Past studies have revealed that, rural tourism has been actively promoted in most of the countries without an overall effective strategy and proper planning with the stakeholders [3]. Tourism industry players normally constitutes of small enterprises own by local families, lodge owners, tour guides who are directly involved in providing services to the tourists [4]. It is evidenced that to secure loyal customers, it is crucial to ensure that customers must be satisfied and have a wonderful experience during their visits [5]. Past researchers have posited that industry players in rural tourism have not developed a strategic plan to ensure sustainability of the services that they have provided for the tourists [6]. Past researches have indicated that tourism development has helped to revitalize the rural economy and created more value added channel for local communities [7]. Based on previous research, the section on hypotheses proposes a series of hypotheses on the 4 main tourism impacts namely, business environment, infrastructure quality, organizational management, and performance measures on development of rural tourism as perceived by rural tourism industry players.

2. Literature Review

2.1. Development of Rural Tourism in Malaysia

Tourism is known as the second largest industry in Malaysia and plays an important role to alleviate poverty among the indigenous community that has resources to promote tourism. Malaysia's rural tourism is

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composed of a large number of rural communities, each with distinct and varied culture and values. Tourism which has been actively promoted in rural area in Malaysia ranges from agrotourism, cultural/heritage tourism, ecotourism and many others. For the past 10 years, tourists' arrivals in Malaysia have more than doubled from 10.2 million in 2000 to 24.6 million in 2010. In the corresponding time frame, tourists' receipts increased from RM17.3 billion to RM56.5 billion. Nonetheless, there are challenges faced by the rural tourism industry in Malaysia such as the lack of direct international air link to rural destinations, the varieties of local product base, the service quality provided and also the quality of the local products and safety measures.

2.2. Industry Players in Rural Tourism

Researches in the past have elucidated that the participation of the rural communities play a significant role in sustaining the development of community based tourism and would provide more opportunities for the communities to benefit from tourism development, enhance the positive effects of tourism and reduce the negative impact of tourism[8]-[10]. It is also noted that their participation is fundamental to the effectiveness of the planning and management of tourism in their areas [11]. Thus, it is crucial for rural tourism industry players to understand and to be aware of what their local counterparts require from the development of their site to remain competitive in the marketplace. Various studies have in fact provided evidence that the development of tourism impact can be further categorized into four main areas, namely, business environment, infrastructure quality, organizational management, and performance measures from the perspective of industry players.

Business environment plays an important part for the industry players to continuously invest in the destination and to maintain its market position [12]. For a tourism destination, the comparative advantage is very much related to inherit resources such as climate, scenery, flora, fauna, and many others. Some other factors which are of concern to tourism industry players are the infrastructure quality, management quality and the performances and services provided by the employees are also equally crucial to ensure the sustainability of the businesses [13]. Past researchers [e.g., 14] have posited that it is not easy for the industry players in rural tourism to juggle in between exploiting the benefits of rural tourism communities while at the same time trying to maintain a traditional lifestyle. Nonetheless, in order to sustain, rural tourism players must strive to balance the services provided to meet the needs and expectations of the customers.

3. Method

The population of the present study consists of members of rural tourism industry players currently running a business who are the direct stakeholders in rural tourism destinations in Malaysia. The target respondents comprised of members of industry players who are making a living at the rural destinations for at least 1 year, namely the lodge owners, tour agents, entrepreneurs, retailers, and petty traders. A total of 500 questionnaires were distributed and explained to the industry players in 34 sites of rural tourism destinations in Malaysia, nonetheless only 168 sets were usable.

4. Findings

This section presents the main research results. To assess the model developed, SmartPLS 2.0 (M3) was applied based on path modelling and then the bootstrapping [15]-[16]. 200 re-samples were used to generate the standard error of the estimate and t-values.

4.1. Assessment of the Measurement Model

Firstly, confirmatory factor analysis (CFA) was conducted to test the reliability, convergent validity, and discriminant validity of the scales. As indicated in the Table 1, most item loadings were larger than 0.5 (significant at $p < 0.01$). As shown in Table I, the Average Variance Extracted (AVEs) was either closed to and exceeded 0.5 [17]. The composite Reliability (CRs) for all the variables exceeded 0.7 [18] while the Cronbach alpha values were either close to or exceeded 0.7 [19]. It was noted that all the indicators loaded much higher on their hypothesized factor than on other factors (own loading are higher than cross loadings [20], [21], hence convergent validity is confirmed. In addition, as indicated in Table 2, the square root of the AVE was tested against the intercorrelations of the construct with the other constructs in the model to ensure

discriminant validity [20], [21], [22], and all the square root of the AVE exceeded the correlations with other variables. Thus, the measurement model was considered satisfactory with the evidence of adequate reliability, convergent validity, and discriminant validity.

Table. 1: Results of the Measurement Model

Model Construct	Measurement items	Loading	CR[a]	AVE[b]
Business Environment	Tourism_business1	0.721	0.824	0.540
	Tourism_business2	0.736		
	Tourism_business3	0.709		
	Tourism_business4	0.772		
Infrastructure Quality	Infra_quality 1	0.726	0.810	0.518
	Infra_quality 2	0.808		
	Infra_quality 3	0.688		
	Infra_quality 4	0.648		
Organizational Management	OM_attitude 1	0.764	0.859	0.549
	OM_attitude 2	0.718		
	OM_attitude 3	0.762		
	OM_attitude 4	0.767		
	OM_attitude 5	0.690		
Performance Measurement	Training_fair_mechanism1	0.774	0.843	0.574
	Training_fair_mechanism2	0.741		
	Training_fair_mechanism3	0.772		
	Training_fair_mechanism4	0.743		
Repositioning	Repositiong_1	0.624	0.914	0.451
	Repositiong_2	0.727		
	Repositiong_3	0.624		
	Repositiong_4	0.642		
	Repositiong_5	0.728		
	Repositiong_6	0.624		
	Repositiong_7	0.624		
	Repositiong_8	0.706		
	Repositiong_9	0.706		
	Repositiong_10	0.650		
	Repositiong_11	0.626		
	Repositiong_12	0.700		
	Repositiong_13	0.607		

Note: [a] Composite Reliability **(CR)** = (square of the summation of the factor loadings)/{(square of the summation of the factor loadings) + (square of the summation of the error variances)}
[b] Average Variance Extracted **(AVE)** = (summation of the square of the factor loadings)/{(summation of the square of the factor loadings) + (summation of the error variances)}

Table. 2: Discriminant Validity of Constructs

	Business environment	Infrastructure quality	Organizational management	Performance measurement	Repositioning
Business environment	**0.735**				
Infrastructure quality	0.656	**0.720**			
Organizational management	0.606	0.599	**0.741**		
Performance measurement	0.633	0.655	0.659	**0.758**	
Repositioning	0.663	0.685	0.720	0.676	**0.672**

Note: Diagonals represent the square root of the average variance extracted while the other entries represent the correlations.

4.2. Assessment of the Structural Model

Secondly, Table 3 and Figure 1 present the results of the hypotheses testing. It was revealed that two hypotheses were found to be significantly related to the destination image. The results have revealed that two hypotheses, namely, H2 and H3 were supported whereas, H1 and H4 were not supported.

$$GoF = \sqrt{\overline{AVE}\, x \overline{R^2}}$$

Table. 3: Path Coefficient and Hypothesis Testing Between Independent Variables and Repositioning

Hypothesis	Relationships	Path Coefficient (β)	t-value	Decision
H1	Business environment → repositioning	0.192	1.938	NO
H2	Infrastructure quality → repositioning	0.247	2.843	YES
H3	Organizational management → repositioning	0.347	2.871	YES
H4	Performance measurement → repositoning	0.164	1.251	NO

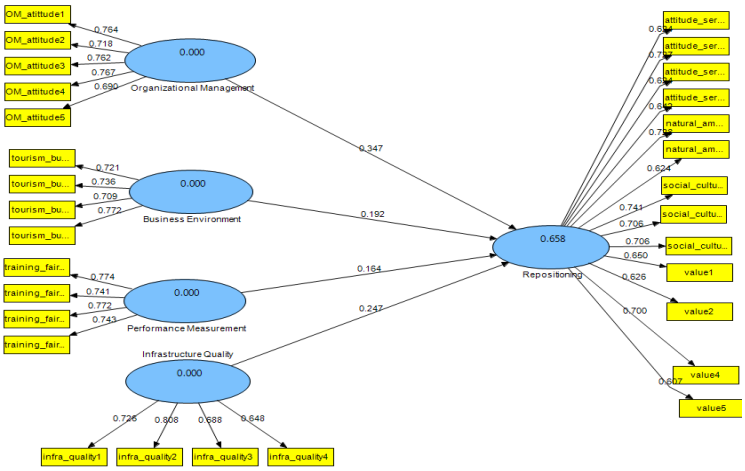

Fig. 1: Beta Value with Model Framework.

5. Discussion

This study endeavours to investigate the impact of business environment, infrastructure quality, organizational management, and performance measures from the industry's perspectives on the positioning of rural tourism destination. The results of this study have indicated that infrastructure quality and organizational management components are significant and are the main concern of tourism industry players when it comes to positioning. The results are further supported by [23] whereby both tourists and tour operators are concerned with the environmental quality of facilities at the rural tourism destinations and hence it is crucial to increase the hospitality provision in the destinations and also the accommodation capacity for the tourists [24]. Past studies have also revealed that the organizational management of industry is also instrumental to the success of tourism development as the industry's operation and management, marketing, and product development are responsible for destinations' competitiveness [25].

Interestingly, the findings have revealed that business environment and performance are not the main concern of the industry when it comes to repositioning of the destinations. This could be due to the fact that these rural destinations are not as competitive and hence without competition, positioning would be unnecessary and a good image would probably suffice to attract tourists and to generate profit [26].

6. Conclusion

This study has provided compelling evidence on the importance of continuing the efforts to understand the perception of industry players in rural tourism. This research study claims to demonstrate the existence of a positive and significant link between 2 constructs of what industry players perceived to be important when it comes to repositioning of the rural areas. The results have revealed that in order to sustain tourism development in rural areas, infrastructure quality and organizational management are the main concern in the tourism industry.

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