PERCEIVED CRITICAL SUCCESS FACTORS (CSFS) FOR THE TOURISM INDUSTRY OF PENANG ISLAND: A SUPPLY PERSPECTIVE

Beh Yean Shan, Joel Tham Kah Marn
Universiti Utara Malaysia, Taylor’s University
Taylor’s University, No.2 Jalan Taylor’s, 47500 Subang Jaya, Selangor, Malaysia

ABSTRACT

The aim of this study is to examine and identify the major critical success factors that are crucial in the successful development of the tourism industry of Penang Island. The research’s initiative was driven primarily by the average tourism performance of the destination in recent years based on through observation in tourist arrival, receipts, and length of stay in comparison with the joint heritage status city of Malacca. The study focuses on identifying critical success factors derived from discussion with major stakeholders group from the supplier perspective. Data collected was analyzed with categorization, affinity group analysis and thematic analysis while findings are validated using data triangulation. The findings and discussions of the studies were presented following the format of thematic analysis and categorization method. A total of seven factors were identified and agreed by the supply side stakeholders of the tourism industry. The findings suggest that the authority and relevant stakeholders in the industry should provide greater emphasis and effort in developing competence and strengths in these identified factors in order to improve overall destination competitiveness locally as well as globally.

Keywords: PERCEIVED CRITICAL SUCCESS FACTORS (CSFS) ; TOURISM INDUSTRY ; PENANG ISLAND; SUPPLY PERSPECTIVE

1. INTRODUCTION

Tourism has been emerging as the major revenue generating industry for many developing economies. During the last few decades, it can be observed that the sector has developed to be the third largest industry globally, after oil and automobile industries to constitute about approximately 10 percent of the world gross income, 8 percent of the world export, and 35 percent of the world trade recorded in services (WTTC, 2006 as cited in Hafiz and Fauzi, 2010, p.80). In Malaysia, this sector has been recognized as a major source of income and a catalyst for the Malaysia economic renaissance. The trend and benefits can be easily identified from the consistent increases of tourist’s arrival and receipt in the past ten years. As shown in table 1.1, the tourist’s arrival in year 2000 was 10.22 million and ten years later, at year 2000 the figure had been increased to 24.5 million with a total rise of 14.28 million tourists. The tourism receipts at the same period had also shown a significant increase from 17 million ringgit to 53.4 billion in year 2010. These figures had indicated Malaysia as a major tourism destination in the world.
A research on the tourism opportunities in Malaysia has been conducted by Research and Markets between the years 2007 to 2009 that focused on various perspectives of the tourism industry. The findings had shown that there is a great potential on education tourism for Malaysia as the total foreign exchange earnings from international students totaled RM 900 million up to the year 2010 (Research and Markets, 2011). The study on critical success factors has been viewed as an important area to investigate in various sectors since in the past few decades that includes general business management, telecommunications, general strategic planning, networking, and recently on tourism development and planning. Critical success factors has been proven to be the foundation of developing and executing strategy and it is the point for many parties such as investors, service providers, local communities and other stakeholders to defend their views, and to give recommendations on the industry’s development (Harrigan, Raiser & Raiser, 1998, p.9).

The reason of Penang being chosen as the focus destination of this study is mainly due to its status as a heritage site, its prominence as a major tourism and meeting and convention centre in the Asian region. Since the announcement that its major city, Georgetown has been inscribed as a United Nations Educational, Scientific and Cultural Organization (UNESCO) heritage property in year 2008, the tourist’s arrival for the state has witness a dramatic increased from 5.1 million in 2007 to 6.3 million in 2008 (Penang State Tourism Development, Cultures, Arts and Heritage, 2009, para.1). The reason of the dramatic growth in tourist’s arrival is said to be ignited with UNESCO heritage property status. It has also been awarded as the second Best Places to Go in year 2009 by New York Times reader (Chin, 2009, para.1), and also been voted as one of the world best Asian islands on travel and leisure (Communication and Publicity Division Tourism Malaysia, 2008, para.1). Also, the newly opened International Cruise Terminal – Swettenham Pier has also attracted many tourists to visit Penang since its first dock of international cruise (Super Star Libra). Aside from this the Pier also attracted the second largest passenger cruise in the world Queen Mary II to make her maiden call on February, 2010 followed by the docking of Superstar Virgo and some confirmed line cruisers Amusement World, Royal cruises, and AIDAcara (Penang Port Commission, 2010, para.2). The famous Star Cruise Line had also chosen Swettenham Pier as the home port for Star Pisces which have a planned regular scheduled Penang tour daily for the entire year of 2010 (Filmer, 2010, para.3), and this said to be a new attraction for Penang island and is believed instrumental in increasing the numbers of tourists arrival in the future. Thus, with such huge potential as a global tourism destination, it is imperative that studies should be conducted in identifying and understanding the critical success factors that the relevant stakeholders should be focusing on in the near future in order for Penang to reach greater prospects of growth and competiveness in the tourism industry.

Despite its growing prospect and reputation as a tourist destination, there were also negative feedbacks and reviews coming from tourists towards Penang and some issues surrounding its world heritage status. The first issue is concerns with “swiftlet farming”, where such activity is deemed to be common in Georgetown area and UNESCO warned that if it is being carried out without proper control, the issue of health hazard might arise leading to the
danger of de-listing (The New Straits Times Press Malaysia, 2010, para.2). The status is also threatened by the authorities in failing to undertake construction with more care on heritage building causing some damage to heritage sites (Australian Broadcasting Corporation, 2009, para2). Other complains includes the issue of cleanliness in the Batu Feringghi Night Market as well as the poor attitudes of the hawkers operating there(The Star Online,2009, para.3). Poor roads and traffic conditions, badly maintained beaches, hazardous driving environment, poorly translated roads and directions signage (Raman Nair, 2010, para.3), and overpriced food for tourists (Yeap Cheng Hock, 2010, para.1) are example of negative comments being given by tourists in recent years. All these weaknesses may drive tourists away if corrective actions are not taken in the near future. Of greater concern is Penang’s ability to retain existing tourists and it is believed that the market resources may slowly be depleted one day if the authorities fail in maintaining the interest of existing travelers. Therefore, in order for the government’s initiative of “Visit Penang Program 2010 to 2013” to be successful, it is important to indentify the critical success factors for the Penang tourism industry in order to provide the focal point by which to improve Penang Tourism sector’s competitiveness and attractiveness.

2. LITERATURE REVIEW

2.1 Roles of Tourism in Penang

Tourism serves as an economic development motivator and socio-cultural promoter. The economic benefits are evidently significant for the economy as can be seen in the case of Singapore where it can be observed that this market contributed almost half of the total tourist number visiting Penang and it had indirectly. Such development may have also lead to Singaporeans investment in Penang ranked second in terms of foreign direct investment for the state. The increased tourists demand had also encouraged the growth of flights number by budget airlines. Besides, the tourism industry in Penang is also playing the role of image promoter for the nation as its attractiveness include the availability of talented workforce, reliable logistic hub, competent supply chain management, livable city where creative and innovative people desire to stay, intellectual property protection and good governance. The listing of Georgetown as world heritage site had also attracted world famous architects to work on the restoration projects of buildings in town thus playing the role of provoking professional’s interests to the state. (Lim Guan Eng, June, 4, 2010) The economic role of tourism could not be understated since that the government expects tourism revenues to double by 2015. It is the responsibility of the industry players to develop activities and new sectors that will attract more visitors to the province and provide them with a more diverse experience when they are visiting. The tourism industry will need to focus on investing in and developing new tourism and outdoor recreation products, and provide effort in improving the quality of tourism services by identifying labor needs, hiring, training staff, and providing a high-quality, client-centered service and, marketing specific destinations, tourism products and individual businesses (British Columbia, 2007, p.5)
2.2 Defining Critical Success Factors

Rockart (1979 cited in Hua, Wen, and Chan et al. 2009) refers critical success factors (CSFs) as “a limited number of dimensions to ensure successful competitive performance for an organization” (p.61). The concept of critical success factors was first introduced by Ronald Daniel in 1960s four decades ago (Caralli, 2004, p.7). The concept was built upon the theory on eliminating the irrelevant factors that are not contributing to the success of a firm’s planning process; and this theory believes that each industry have three to six factors that determine its success. The concept was then being further developed and used by Kenichi Ohmae in 1960s as a mean of planning, and strategies implementation (Alagse, 2000, para.1). Leidecker & Bruno (1984 cited in Baker, 1998) mentioned that critical success factors are “characteristics, conditions or variables that when properly sustained, maintained or managed, can a have a significant impact on the success of a firm competing in a particular industry” (p.82). CSFs involves in industry level analysis focuses on certain factors serve as the basic for the structure of the industry that significantly impact on any organization’s performance that operating in the industry (Leidecker & Bruno 1984 cited in Baker,1998, p.82). However, critical success factor concept is not only being used in impacting a firm but also highly suitable to be used in the determination of competitiveness for an industry.

Rockhart’s approach working on CSFs focuses on two-direction approach. The approach focuses dually on the company and works toward the market and the vice versa. The study on the market or customers is termed as the external analysis and the study of its impact on the firm backwards is known as the self analysis with the purpose of pursuing competitive advantage. (Rockart 1979 cited in Baker, 2003, p.82) To summarize all definitions and concepts that defined by various authors, critical success factors can be summarized as a set of measure or key factor that determine the strategies to succeed an industry, firms or plans. CSFs is not only meant for organizational practice usage but also for business and industry problems referred back to the earliest concept of “success factors” put forth in management built on the literature by Ronald Daniel in 1960s. Rockhart’s team expanded the concept illuminated by Daniel to the critical success factors approach that is widely used in today’s industries (Caralli, 2004, p.9).

2.3 Importance of Critical Success Factors

The key in identifying critical success factors for situation and conditions is to delineate area of performance with a very focused area of result, since achievement of the said factors will have to ensure the competitive performance of an industry or organization (Jenster, 1987 cited in Jonker 2004, p.60) CFSs are the most important factor in governing the success of those which are consistent with the company’s goals and objectives by keeping the industry or organizations on-track with its goals, objectives, and vision (Pollalis & Grant, 1994 cited in Jonker 2004). Critical success factors for an industry were considered vital to the need of planning and control within the firm (Rockhart, 1979, p.68). Therefore, to succeed in a tourism business organization, the industry performance should not be overlooked.
Critical success factors are also those variables that will influence an organization and industry’s competitiveness significantly once it is defined (Hofer and Schendel, 1978 cited in Jonker 2004). As mentioned by Sogaard (1993) the process of identifying critical success factors has been “frequently proves to be as important as the actual end results” (p.229). Critical success factors on the supply perspective are viewed as crucial given its role in enhancing the multiplier effects of growth in any industry. Multiplier effect is an economic phenomenon which indicates the magnitude of a particular macroeconomic policy measure. The effect leads to greater disposable income, which causes increase in consumption in turn might help to increase employment in industries, and therefore enjoy greater demand (Edge well, Allen, Smith & Swansons, 2008, p.116).

Identifying critical success factors is also important for the delivery of quality service. Quality of service depends largely on effective management, and specifically managing the critical or key success factors of a business. (Simon, Marques & Narangajavana, 2008, p. 359). It is often neglected and management does not grasp the value of determining these critical success factors for the effective and sustainable management of the establishment. (Simon, Marques & Narangajavana, 2008, p.2) CSFs help to define key performance areas that are essential for the organization to accomplish its mission. Managers implicitly know and consider these key areas when they set goals and as they direct operational activities and tasks that are important in achieving goals. However, when these key areas of performance are made explicit, they provide a common point of reference for the entire organization (Caralli, 2004, p.18), thus providing the much needed focus on achieving organizational goals.

2.4 Sources of Critical Success Factors

Rockart defined five specific sources and types of CSFs for organizational use which are firstly, the industry in which the organization competes or exists, secondly on an understanding of the organization’s peers, thirdly, the general business climate or organizational environment, fourthly, the problems, challenges and barriers to the organization and lastly, the layer of the management. A series of industry CSFs has been proposed by Baker expanded from the previous studies where every organization is believed to inherits a particular set of operating conditions and challenges that are inherent to the industry which it change to do business. Critical success factors is not necessarily apply only to a commercial or profit oriented mission but also non commercial, educational, public service, and non-profit orientation activities. Besides, there are four other major sources of critical success factors proposed by Baker (1998, p.83), that is deemed to be suitable for industrial usage. The first factor clearly defines the nature of how a set of CSFs is determined by the characteristics of the industry itself. The competitive strategy source guides in positioning and locating geographical location, as the industry’s competitiveness is determined by history and current competitive strategy. Besides, environmental factors do affects factors to be critical such as the changes in economy, political, and demographics that lead to CSFs at various industry levels, while temporal factors covers an area of activities that are significant for the success of an organization for a period of time because the activity are below the threshold of acceptability. To identify critical success factors, it is vital to understand the structure of the tourism industry; the industry is divided into physical assets and intangible elements. Physical assets
include natural, cultural, historical, and manmade attractions whereas for intangible assets includes destinations image and reputation and a region of variety accumulated technology know how in developing and implementing tourism strategies (Apostolopoulos, Apostolopoulos, & Gayle, 2002, p.284).

Dieke (2005, p.3) had developed a process of identifying critical success factors that match with the characteristics of developing countries. The process firstly focuses on soundly based interventions in the tourism sector that play catalytic role, followed by locating necessary components or fundamentals of a successful tourism development, and thirdly, to find the reference point against which to assess or evaluate tourism success, fourthly, point to the essential lessons that we may learn from developing tourism and which might assist us to do a better job in the foreseeable future and the last stage is to enable environment which will permit tourism to develop in a manner that is consistent with national development policy objectives.

2.5 METHODOLOGY
The data collection process followed closely to the processes of identifying critical success factors for industry that matched with the characteristics of developing countries that developed by Dieke. The process is followed closely and interview questions are built upon the theory as proposed by Baker (1998) where he suggested four bases of critical success factors that applicable in industry’s usage which are competitive strategy, environmental factors, temporal factors, and the structure of the industry. These bases had been incorporated into the interview questions of identifying critical success factors for the tourism industry of Penang for all supply stakeholders of the industry. The interview note used in the interview sessions that have been carried out through face-to-face interviews with qualified managerial level local authority and stakeholders from the five major components of tourism suppliers proposed by Gunn & Vars. In order to derive the critical success factors for Penang tourism industry, all interview questions were designed and based on the identified process and key areas that was established by Baker. The respondents were free to provide insights, opinions, and comments that are relevant to the area of the research topic that is deemed informative for the researcher. In case study design, extensive data is needed on the individuals, programs or events that the investigation is focused. A series of questions in relevant to the research purposes and objectives were generated, different types of question were designed to serve each research objective to ensure the consistency of the outcome and answers from the respondents enhancing the reliability of the research instrument. Interview was used as the instrument to collect data as it is supported by Rockart’s method of collecting data for CSFs research. Interview helps to collect extensive and multi-layer data for a qualitative research.

2.5.1 Interview Note Design
The interview notes were designed according to the four bases of critical success factors proposed by Baker in year 1998. The first base is called structure of the industry. Baker (1998) states that “each industry has its very own set of critical success factors that are determined by the characteristics of the industry itself” (p.82). The variables examined were based on previous studies which are resources diversity in all aspect, destination image, and technology level being used in the industry to complement its operation. The questions set based on these variables
helped an industry to understand its own characteristics and situation, which in the end able to derive CSFs that are important for industrial development. Second base is competitive strategy; each industry has its own unique situation that is determined by its history and current competitive strategy. The variables examined were based on Porter’s diamond model which is useful in examining competitive strategy for a country or industry. Variables include human, knowledge, physical, and capital resources, infrastructure, markets dependency, role of supporting industries, and its opportunity offered to the tourism industry, the outcome indicated whether the industry is at competitive position. Third base is environmental factors, variables include political-legal, socio-cultural, and environment influences abandoning technology in this section as there was an overlap with the third question regarding technology level. And lastly, temporal factors are the internal areas that are deemed significant to the success of the industry, strengths and weaknesses were the two variables accessed under temporal factors. By grouping all the responses derived from these questions, the critical success factors derived from the supply perspective of the tourism industry is holistic and lesser bias in questions setting as all variables and questions set was based on previous studies and literature.

2.5.2 Sample and Respondents

Purposive sampling is used to choose the qualified respondents that are deemed to have sufficient relevant knowledge to participate in the interview session. Invitation letters were sent to all of the listed organizations in the sampling frame and interviews were only conducted to those whom agreed to participate in the interview. The characteristics of the respondents are standardized where respondents should at least hold supervisory level or above position or preferably holding a managerial position to be deemed qualified for the interview. Non-probability sampling may be the most practical and suitable method for this study due to the qualitative nature of its topic and research objectives (Saunders & Lewis & Thornhill, 2003, p.169). Another reason of using purposive sampling is because one of the criteria of purposive selection sampling has been met that is Saunders et al. (2003) “collect data from those who respond, and also select organizations that is interested in the topic and willing to devote time to be interviewed” (p.169). The data were collected manually through face-to-face interview, data collected were recorded manually using pen and paper and with the permission of the interviewees.

There were a total of ten data collected respectively from ten respondents represented different tourism sectors contributed various views, and perspectives. These respondents include representative holding managerial position from the Ministry of Tourism Penang. Accommodation sector were represented by four lodging sector representatives, three were general managers and one was public relations manager. The attraction sector was represented by one of the attraction owner in Penang, a competent personnel having more than twenty-years of experience in managing tourism attraction. The travel trade sector was represented by two privately owned tour and travel agencies coordinators, and lastly the transportation sector were represented by a bus service provider holding a managerial position and a representative from airline sector. These respondents had contributed their feedback regardless of their individual sector’s background but in macro view, providing needed insights to the entire tourism industry of Penang Island. The interview kicked-off by interviewing the local authority as per Dieke (2003) the
“process of identifying critical success factor must begin with player that playing catalytic role in the industry” (p.11) which is the local authority.

2.5.3 Data Analysis

The process and steps of data analysis for this case study design initiated from the organization of details about the case, and then followed by the coding of respondents, categorization of data, identifications of pattern and lastly synthesis and generalization (Leedy & Ormrod, 2005, p.136). The detailed data analysis process followed closely on the data analysis process for critical success factor research created by Bullen and Rockart (1981, cited in Corallis, 2003) initiated with “activity statements generation from interview notes, followed by affinity groupings, continued with supporting themes identification and lastly performed affinity group analysis” (p.72).

Three primary steps in data analysis for critical success factors includes develop activity statements, place activity statements into affinity groupings, and develop summary themes. The purpose of activity analysis is to categorize and analyze raw data so that it can be used to derive CSFs. The respondents is recoded and detached from the personnel whom provided the information to avoid bias and attribution going forward, the coding was done as followed A – local authority, B1 and B2 – travel and trade sector, C1and C2 – transportation sector, D1 to D4 – lodging sector, and lastly, E is the coding for attraction sector. The activity statement must be condensed to its very core meaning in order to reduce ambiguity and shaped into manageable data to be analyzed. Activity statements are statements that are harvested from interview notes and documents that reflect what managers do or believe they and the organization should be doing to ensure success. Bullen and Rockart (1981 cited in Corallis, 2003) states that “activity statements can reflect something that the organization is already doing, paying attention to, or monitoring or reflect something that the organization should be doing” (p.65). Supporting themes usually highlight the underlying content or intent of a CSF, these themes usually drawn from an initial grouping and analysis of activity statement; it could be grouped and analyzed to derive supporting themes. There is no one-to-one relationship between activity statements and supporting themes that summarize the intention of the activity statements as an aid in deriving a CSF. Bullen and Rockart (1981 cited in Corallis, 2003) “affinity grouping is a process for organizing ideas, thoughts, and concepts; it enables the categorization of data that share common characteristics, traits, qualities so that a common description of the data can be developed” (p.72). Each activity statement, affinity group, and supporting theme were given code for future CSFs tracking and reference purposes. Supporting themes were developed before the derivation of CSFs, it usually represent a group of activity statements that will be used as the foundation to create the CSFs. CSFs are derived rather than created the steps to derive CSFs is firstly group summary themes, derive CSFs, refine and combine CSFs (Bullen and Rockart, 1981 cited in Corallis, 2003, p.73).
2.6 IMPLICATIONS AND FINDINGS

A total of seven critical success factors have been identified from this study namely: the extent of products differentiation, service quality, tourism infrastructure, tourism marketing and promotion, tourism planning and policy, strategic alliances and industrial cooperation, and economical sustainability for the industry. The following discussions are categorized into the aforementioned CSFs and are aimed at summarizing the main findings and input provided by relevant stakeholders that have participated in the study.

2.6.1 The Extent of Products Differentiation

The tourism resources in Penang is said to be very diverse featuring its strengths and weaknesses. The vast diversified resources may enable Penang to offer different types of tourism products and therefore attracts different types of travelers to visit the destination. However, it is also said that the excessive available resources may cause Penang Island to lose focus in offering products and therefore losing its own identity and uniqueness. Besides, more budget and development allocation need to be scattered with excessive resources, with the current constraint of tourism industry in Penang, serving niche markets with focused products are the most essential CSF and necessary action to be taken.

2.6.2 Service Quality

The operational skills of the workers in the industry need to be improved as perceived by the supply side stakeholders, as the service standards and operational skills are inadequate in meeting the established standards. Also, the hospitality level of non-tourism participant locals also need to be improved as tourism is considered and viewed as one component by the travelers, overall hospitality may affects the image of the destination. This has to be urgently improved as the average length of stay for visitors into Malaysia as a country is only 6.4 days up to year 2010 (Asean Tourism Forum, 2010) what more to one of its state-Penang. It indicates that if one unable to demonstrate the true hospitality to the travelers within 6.4 days, Penang Island might be labeled as a destination without hospitality. The failure of satisfying these criteria may cause inefficiency and ineffectiveness in running day-to-day operation affecting the overall’s industry effectiveness and traveler’s experience. There was also an issue on dependency of service resources. Existing service quality and resources are very dependent on external sources where operational staff is majorly outsourced from other parts of Malaysia, and managerial staffs from other countries. To ensure service consistency more training needed on language, maintenance and human resources integration. As the destination image has already been affected by the poor attitudes of certain sector, it eventually became harder for the service providers to satisfy and to exceed traveler’s expectations as the result of perceived impression. Service quality is deemed to be a very important CSF for the tourism industry of Penang tourism industry as it is matched with the established tourism CSF in Europe – distinctiveness. Improvement on service quality may results in creating a unique selling position of the industry to the world.
2.6.3 Tourism Infrastructure

The traffic congestion issue has affected the planned route especially on travel agents on its package and tours. The physical resources on Penang Island are highly available however it is not able to be utilized efficiently and effectively, its productivity is limited by traffic congestion. Other modes of transportation should be developed such as rail linked transportation. The development of this mode of transportation is said to be limited by capital resources available as many physical development of buildings and other types of facility are still in progress. This phenomenon can be supported by:

“…… The state government has only two sources of revenue – collection of taxes related to state land matters and Islamic religious taxes, while the local governments collect assessment taxes …… between 2001 and 2008, the Penang State contributed $26 billion to the Federal revenue but received only $0.8 billion in return……” (extracted from Penang Transport Council’s column, 31st of March, 2010).

The infrastructure development is limited by congestion and poor networking facilities. Findings had also shown that there is a lack of roads signage for international tourist’s reference, and also limited options of accessibility on the island. The infrastructure development is said to be at good stage might be the result of the increasing number of iconic destinations for Penang island for instance, the second Penang bridge as an physical iconic destination in the future, the intangible fame of being world heritage site, the readily available international cruise terminal and the increasing number of convention facilities as well as fully fledged accommodation facilities. Although many of these projects are still in progress, yet it may be the most important and critical success factors for the tourism industry in Penang Island of diversifying the forms of tourism in offer such as medical tourism, education tourism, heritage tourism, nature tourism, and even MICE in the future.

2.6.4 Tourism Marketing and Promotion

The destination is deemed to be successful as Penang is gaining potential advantage of being a cheaper destination to travel at a lower cost of operation in terms of labor cost, this can be proven when the income per capita for Singapore was USD20,066 per capita and Malaysia was USD3311.76 per capita up to year 2010 indicating lower labor cost need in Malaysia despite of the different status of developed and developing nations (Nation Master, 2011) and cost of raw materials comparing to Singapore that having similar cultural background. Besides, the image of Penang Island as a tourism destination is also viewed as affordable place to travel if compared to neighboring countries in terms of value for money. Tourism marketing and promotion need to be shifted from Europeans, Australians, and Americans markets to Asian markets such as Middle East, China, Singapore, and India as their disposable income is at the rising stage bringing more potential tourism activities into Malaysia as per the current trend of tourist’s arrival in Malaysia. The market trend changed is also possibly might be the result of depleted natural resources such as sun, sea, and sand which are always the first choice favorite of Western travelers. Penang is also facing difficulty in distinct itself with other states in tourism offer as most of the natural resources across Malaysia is almost the same it created the issue of homogeneity product in tourism.
The tourism marketing and promotion has to be re-emphasized on different markets as there are more travelers in Penang seeking the experience for cultural and heritage values, as well as there is also significant trend of increase in cruise tourism making it an opportunity for more excursionists to explore Penang island. Besides, the awareness of Penang being ignited as a world heritage site by UNESCO seems to be low for international tourists as domestic marketing promotion had always been put at first priority compared to international publicity. It is critical to increase tourism marketing and promotion regarding this issue internationally as it may aids the process of pulling back tourists whom have been away due to the depletion of natural resources in Penang island in the future. All these changes require Penang tourism industry for a total rebrand from falling into the positioning blurring trap. Marketing, promotion, and branding are all equally important in making Penang a successful tourism destination in the future. European Commission (2003, p.30) mentioned that “having the right tourism products is only part of equation, potential tourists also have to be persuaded to use them. Branding is a way to encourage customer to buy a particular products.”

2.6.5 Tourism Planning and Policy
There are limited capital resources such as budget, fund, and other types of financial support being allocated for tourism development, the lacking of fund affects the quality of knowledge resources available for the tourism industry. The readily available resources such as factor of endowment, historical and intangible cultural values are not being utilized optimally to maintain the infrastructure making it in ineffective and inefficient in the management and development of tourism. Besides, there is also an urgent need in establishing an adequate and precise method to collect and measure the data of tourist’s arrival from various entrances in order to identify the dependence of tourism industry in Penang of either the home market or external market for policy planning and development. Many planning and policies have brought vast economic benefits to the locals for instance there are a lot of business and employment opportunities created upon the booming of this industry, and directly increased the revenue of government through the receipt of taxes from locals, duties from tourism products as well as visa fees. The increased in government revenue also benefited the local and the tourism industry in terms of infrastructure development in the area. As infrastructure usually are shared among the both parties, local usually benefited from this type of development. Policy is vital in regulating tourism operating environment and if properly controlled if will helps to enhance the cooperation relationship among industries and countries.

2.6.6 Strategic Alliances and Industrial Cooperation
Developers contributed success to tourism industry of Penang in terms of bringing mass development of buildings and roads on the island. Developers had established strategic alliances with local authorities for the development of physical infrastructure mainly aiding mm2h program, lodging, and convention facilities. The development of land infrastructure had increased mobility of various land transportation to desired destination on the island. Beside the major role played by developer, financial institution had also contributed a lot in financing projects and been given credibility as industrial cooperator for developers and local authorities. The ease of getting financial support and its reliability is the backbone for a business or project to be established. Product suppliers also play a major role n
ensuring quality supply in place to produce quality tourism products. Lastly, maintenance and management companies are also the main players in strategic alliances and industrial cooperation as the maintenance experts for all kind of attractions and management expertise for various areas are the critical success factor for a destination. Financial, maintenance and management ensure the smoothness of operation and establishment of new business.

This critical success factor is also matched with the CSFs established by European Commission – strategic planning and partnership. The collaboration among sectors had brought to an outcome of establishing a tourist association that has been proven to be highly effective and it is believed that if Penang practices the similar CSF it will have the similar impact to the industry. Strategic alliances and planning are viewed as important as it will help to avoid the dilution of public resources into too many small projects but major ones to form an iconic attraction that deemed to be highly significant for the development of the industry.

2.6.7 Economic Sustainability
Tourism is a fragile industry that is highly vulnerable with exposure to various environmental changes; it is ranked as the second income generator for Penang Island after manufacturing industry. Since tourism brought abundant social and economic benefits to the locals in Penang, over dependent on tourism industry may cause potential danger in economic strikes during crises such as disease outbreak, economic crises, and natural disasters despite the insensitivity of Malaysia’s tourism industry to these disasters with reference to the previous experience. Moreover, tourism industry is always being viewed as one component from the demand side and therefore; it is not easy to rebuild the market confidence and image in international arena once crisis happened in the region. There is a need for alternative industry and plan in reserved to secure and ensure the long term and sustainable benefits of tourism dependent in the industry. Sustainability practice and planning should be in place to sustain the economy, environment, and development.

2.6.8 Strengths and Weaknesses
Penang has a myriad of strengths as a highly marketable tourism destination. This is supported by the fact that the state is blessed and endowed with many natural and man-developed diversified resources. One of the key advantages is the ease of accessibility in terms of multiple entrance points to the island via land, water, and air. It is also strategically located in a country that is free from major natural disaster which is one of the main factor affecting tourists destination. It also enjoys high awareness of going green practices, good destination image as an individual tourism destination despite of the negative image influences from the country, competent human resources in adapting into a multi-lingual environment and industry regardless of its level of fluency, the availability of high end land infrastructure and construction of mega projects that may benefit the industry in the future.

Weaknesses identified include weak destination and cultural identity for Penang island as a tourism destination, poor service quality on certain sectors and operational skills, lacking of rail linked transportation resulted in traffic congestion on land, low capital resources for major development, the construction of Penang bridge may bring more
private vehicles and land transports to flow into the island that may cause over capacity and pollution in the future, lacking of sustainable practices regulated policy, low heritage status internationally, lacking of multidimensional strategic alliances across sectors and lastly, the hazard of depending on tourism industry as second income generator for the country and state.

2.7 CONCLUSION
As the conclusion for the study, seven critical success factors for Penang’s tourism industry from the supply perspective have been identified, seven strengths been identified and lastly, ten weaknesses been identified from this study. However, the quality and relevancy of the responses were not up to the expectations as some of the respondents were not able to provide holistic view to the entire tourism industry of Penang from various aspects. Some of the answers given tend to skewed towards their own background and nature of business. Based on the observations during the interview sessions, all interviewees had prepared for the interview as the irrelevancy of answers were low after the second attempt of getting the accurate information. All respondents had given their full cooperation to contribute ideas, and insights to this study.

The critical success factors for the tourism industry in Penang from the supply perspective are the extent of products differentiation should be focused on several niche segments, service quality in transportation, lodging, and airline sectors need to be improved, tourism infrastructure either tangible or intangible need to be planned and focused in order to optimally utilize the limited capital resources available, tourism marketing and promotion need to be emphasized internationally, tourism planning and policy need to be strongly emphasized on sustainable practices as well as deploying enforcement to regulate the entire tourism environment, strategic alliances and industrial cooperation are urgently needed to achieve synergy for Penang tourism industry to succeed in various dimensions of neither planning, management, development, capital resources and lastly, economical sustainability of the industry in long term must be considered. Evidence from this research shows that in general, it seems that the result of this study shown significant rooms for improvements for the entire tourism industry of the Island.

2.8 LIMITATIONS OF RESEARCH
There are some drawbacks of this study concerning of its research design, sample, and instruments. The sample of the study is also skewed as there were only interview conducted for interested organizations where it may be balanced and representative enough in providing insights and views. Besides this, as it is a qualitative study that applying case study method, the result is not generalizable and may not be representative in other regions but serve as a key guide reference. The instrument used was in-depth interview where the accuracy and responses are heavily dependent on the knowledge and experiences of the respondents. Although, all the respondents are at least holding a managerial position in their respective organization, the answers tend to skewed as they are from different backgrounds, for example general manager from international chained hotel tend to provide international experience example in macro view and vice versa. Furthermore, the interpretation of the data is fully based on the researcher’s understanding, level of knowledge, and views therefore it is unavoidable that the interpretation may contain
subjective views. Despite of all these, the results are representative as a pooled perspective from the supply side stakeholders and provide valuable new qualitative insights on the key competences of this industry seen in the lenses of CSFs.

2.9 Future Research

Future researcher may entice into the similar research area from the demand perspective, the combination of future research from demand perspective with the outcome of this study might be able to form a holistic framework to access in detail the critical success factors for the tourism industry in Penang island in the future. Future researcher may also conduct similar research using quantitative approach to generalize the findings and enable it to be applicable to other tourism destinations that having similar traits, qualities, and characteristics.

Table 1.1 Tourist’s Arrivals and Receipt Statistic, 2000 – 2010

<table>
<thead>
<tr>
<th>Years</th>
<th>Tourist Arrivals (million)</th>
<th>Tourism Receipts (RM’ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10.22</td>
<td>17.3</td>
</tr>
<tr>
<td>2001</td>
<td>12.78</td>
<td>24.2</td>
</tr>
<tr>
<td>2002</td>
<td>13.29</td>
<td>25.8</td>
</tr>
<tr>
<td>2003</td>
<td>10.58</td>
<td>21.3</td>
</tr>
<tr>
<td>2004</td>
<td>15.70</td>
<td>29.7</td>
</tr>
<tr>
<td>2005</td>
<td>16.4</td>
<td>32.0</td>
</tr>
<tr>
<td>2006</td>
<td>17.4</td>
<td>36.3</td>
</tr>
<tr>
<td>2007</td>
<td>20.9</td>
<td>46.1</td>
</tr>
<tr>
<td>2008</td>
<td>22.0</td>
<td>49.6</td>
</tr>
<tr>
<td>2009</td>
<td>23.6</td>
<td>53.4</td>
</tr>
<tr>
<td>2010</td>
<td>24.5</td>
<td>56.5</td>
</tr>
</tbody>
</table>

Source: Adapted from Tourism Malaysia, 2008, Facts and Figures
REFERENCES


BIBLIOGRAPHIES

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