

# The Potential And Opportunities Of Tourism Entrepreneurship In Labuan Bajo

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## ABSTRACT:

**Purpose:** The aim of this research is to identify the potential and opportunities of tourism entrepreneurship that can be developed in Labuan Bajo

**Design/Research method:** The analysis method in this research is survey to identify all potential of tourism business and to conduct qualitative analysis of tourism business opportunities that can be developed in Labuan Bajo

**Finding:** Research finding indicated many opportunities for entrepreneurs and start-ups to develop Tourism SME in this area such as culinary, transportation, accommodation, traditional handcraft etc.

**Limitation:** The limitation of this research was conducted only in mainland (Flores land), not in-depth in surrounding islands

**Implication:** This research may be useful for local people, outland and foreign investors to identify, to assess and to consider of building a new start-up and investing the great tourism business in Labuan Bajo. It also support the local government in making policies regarding tourism development.

## Keywords:

Tourism Business, Tourism Entrepreneurship, Tourism Opportunities

## 1. INTRODUCTION

Tourism is one of the sectors that support the economy of a region. Each year the tourism sector contributes to the country's revenues of over 500 billion dollars (Kotler, Bowen & Makens, 2002). Tourism is one of the most rapidly growing sectors in the world, with an annual growth rate of 10% (Alsos & Clausen, 2014). It is interesting for entrepreneurs and new start-ups to do business in this emerging market (Lordkipanidze, Brezet, & Backman, 2005). Tourism is also an industry that can change according to consumer wishes and the emergence of new technology (Hall & Williams, 2008).

Entrepreneurship in the tourism sector is a promising business in the areas of tourist destinations. Entrepreneurs/businessmen play an important role in economic growth through leadership, management, innovation, research and development effectiveness, job creation, competitiveness, productivity and the establishment of new industries (Kuratko, 2009). The experience and satisfaction of tourists, beside the development of tourist destinations and community development, relies heavily on entrepreneurial tourism (Bardolet & Sheldon, 2008; Cawley & Gillmor, 2008).

Labuan Bajo is one of the main tourism destinations in NTT province. This area in West Manggarai Regency has unique tourist attractions such as Wae Cicu, Bidadari Island, Masonry/Kanawa, and

Komodo National Park. There are five-star hotels and international airports in Labuan Bajo. As a mainstay of the rapidly growing tourism area, Labuan Bajo has a huge potential of tourism entrepreneurship. Data from the Central Bureau of Statistics District of West Manggarai in 2017 showed that the number of hotels in Labuan Bajo as many as 80 units and the number of visitors Komodo National Park as many as 125,469 visitors (Biro Pusat Statistik, 2017). Meanwhile, the official website of West Manggarai Regency showed that there are many business ventures in Labuan Bajo, including hotels/inns, travel agencies, restaurants, dive, entertainment, spa, transportation, ticketing agent and tour guide. There are also some small businesses that are creative economic groups namely weaving groups, souvenir groups, culinary groups, etc (Website Resmi Pemkab Manggarai Barat, 2019).

The purpose of this research is to investigate the potential and opportunities of tourism entrepreneurship in Labuan Bajo to increase community revenue while simultaneously to complete the tourism business.

## 2. LITERATURE REVIEW

### 2.1 Entrepreneurship

Entrepreneurship is defined as the process by which individuals take advantage of the opportunity to

become a business (Barirnger & Ireland, 2012). According to Iuliana, Carmen Maria and Sirbu (2016), the term entrepreneurship focuses on several traits of entrepreneurs including the desires, motivations, and skills necessary to start and manage a successful business. While Shane and Venkatraman (2000) defines entrepreneurship is a mindset that establishes different values to resources and opportunities from the general population and mindset that encourages creativity and innovation, change the game and be unique.

The characteristics of entrepreneurship are as follows:

- Having the high courage and creativity  
A successful businessman is someone who has a high courage to create. Because having only creativity is not enough to go to business success. People who have the courage to start will not be afraid of the risks of failures that may occur at any time. However, it does not mean to be brave without any qualified consideration and planning. Entrepreneurial souls are created because of the confidence to realize the dream and the desire to have better and greater life.
- Having a strong spirit and will  
Not only having the creativity, an entrepreneur who wants to build a business must have a strong spirit and will. The goal is to foster confidence that will lead to success. A strong will makes a person determined to manifest what he wants.
- Having a good analytical ability  
An entrepreneur must have ability to analyze on what is being worked. For example, counting the profit or loss, competition, selling value of goods or services and other market analysis skills. It is important for an entrepreneur who is in business, because it aims to minimize losses.
- Leadership and non-consumptive behavior  
Businessmen must have a leadership both for himself and in his subordinates. In the sense of being able to lead or control himself and his members in decision making. A leader should not have consumptive behavior, since spending should be smaller than income. With this behavior, the built business will grow further by capitalize on profits as capital for larger businesses.
- Making decisions and implement it  
Great businessman is the one who is able to make decisions quickly and precisely to produce something. Businessmen who have an entrepreneurial spirit are those who have the calculation in each decision to execute the

decision as agreed with the team. Executing decisions quickly minimizes loss of opportunity.

- To have a great devotion to the business  
Entrepreneurial behavior must be owned by someone who can devote his life to his work. Businessman who is starting his business must waive the interests that can be delayed for his work. Although many people say that business is not having a binding time, but to pursue business will take more time to learn, understand and run the business.

## 2.2 Tourism Entrepreneurship

Tourism is an economic sector that requires a high degree of entrepreneurial activities and contributions. To meet the increasing demands and huge needs amount requiring innovation and diversification of tourism products. This will create more opportunities for tourism. As tourism industry constantly is growing due to the changing market demand facing, provide suitable context for Entrepreneurship (Samiei & Akhoondzadeh, 2013). Entrepreneurship plays a vital role for tourism development especially in rural and ethnic communities because many hotel chains and multinational firms of rural areas are invested for stating-up in the light of small or medium-sized enterprises for the potential markets (Chang, 2011). Tourism entrepreneurship can be defined as various activities related to tourism, hospitality and leisure sectors by creating and operating a legal tourist's enterprise (Bagherifard, et.al, 2013).

The study's findings report that entrepreneurship helps create economic development through various SMEs activities. Basically, entrepreneurs take initiative for these activities that can create self-employment for themselves as well as employment opportunities for others (Biswas & Rashid, 2018)

From the definition and all research findings above, it can be conclude that there is a significant impact of tourism entrepreneurship in tourism industry.

## 2.3 Tourism Industry

Tourism industry can be defined as the set of industries which facilitate by providing infrastructure and products and services and make possible travelling for different purposes and travelling to places of leisure and business interests. Tourism industry is all about providing necessary means to assist tourists throughout their travelling.

10 Sectors of Tourism Industry are:

- Natural tourist attractions: Natural attractions are the very base and the driving factor for tourism industry.
- Man-made tourist attractions: Then there man-made tourist attractions which also attract scores of tourists.
- Cultural and other festivals & events: Cultural, religious or other type of events keep taking place everywhere in the world.
- Sports and recreational sector and activities: People travel around the world to attend various sports events or activities at different famous places.
- Tourism and travel trade services: This is the core services sector of tourism industry.
- Transportation sector: Transportation sector is the very base and means of tourism.
- Accommodation or Hospitality industry:
- Food & Beverages industry: Food & Beverages sector plays a very unique role in tourism.
- The MICE sector: The MICE sector is a wide industry in itself that draws various visitors from across the globe.
- Business tourism sector: Business tourism is another sector which involves business travelers travelling for various business purposes (market-width.com).

### 3. RESEARCH METHODS

The research was conducted using a qualitative approach to investigate the potential and opportunities of tourism entrepreneurship in Labuan Bajo This is a survey based research that is aim to identify all potential of tourism business and to conduct qualitative analysis of tourism business opportunities that can be developed to increase local revenue in Labuan Bajo by literature study, interview, observation and field research.

### 4. RESULTS AND DISCUSSIONS

Labuan Bajo is one of the 19 villages and subdistricts located in the district of Komodo, West Manggarai Regency, East Nusa Tenggara Province, Indonesia. Labuan Bajo previously was the subdistrict and the capital of the Komodo district and also the capital of West Manggarai Regency, East Nusa Tenggara, Indonesia and now developed into the city of Labuan Bajo.

As a well-known tourism area in Indonesia, Labuan Bajo in West Manggarai Regency is targeted by the central government to be the Special Economic Area (KEK), which is known to have an impact on the economic growth of the area. In addition to the

development of tourism sector, the economic sector (creative) specifically the development of agricultural Economics (food) is the main economic potential of West Manggarai. These two sectors (beside the cultural sector, law, social welfare, security and governance/bureaucracy) are already contained in the medium term development planning of the West Manggarai Regency (2011-2015) as the development priorities.

Tourism is expected to be the leading sector/main sector of economic mobilizer in the West Manggarai Regency and the pillars of regional income (PAD), through the following:

- Increasing the number of beach tourism objects (nautical tourism) as a mainstay tourism potential by increasing the interest of investors both local and foreign investors,
- Increasing the interest of the public to the heritage tourism object or the attraction that has a specificity such as Komodo tourist attraction with tourism promotion and value added tourist attraction,
- Preserving the attraction by developing ecotourism, agrotourism, culinary tourism and local cultural attractions,
- To build and to maintain supporting infrastructure of the development of such as accessed road infrastructure to tourism objects, hygiene facilities such as waste disposal and drainage so that the surrounding environment become beautiful, clean and healthy.

The following will be discussed the potential and opportunities of tourism entrepreneurship in Labuan Bajo :

#### 4.1 Accommodation or Hospitality Industry

Hotel and lodging business is the largest potential tourism business in tourism area like Labuan Bajo. This potential can be seen from the tourist visits and the average length of guests stay. Information released by the Central Bureau of Statistics in West Manggarai 2018, the number of domestic and foreign tourists visiting the Komodo National Park in 2017 is as many as 125,469 tourists, excluding the visitors in Labuan Bajo city who do not visit the Komodo National Park while the average length of stay during the year 2017 is 1.86 for foreign guests and 1.51 for domestic. This is attracting many investors and entrepreneurs to establish hotels, inns and lodges. Data from the Tourism and Culture office in 2018 showed that the number of hotels and inns operating in the end of the year 2017 is 80 accommodation and hospitality business consisting of star hotels, budget hotels, inns and hostels. This data had not been updated because there is unavailable 2018-2019 data. From the field

observation in the city of Labuan Bajo, there are new star hotels that are not in the hotel list such as Ayana, Atlantis and La Cecile.

With the increasingly promotion of tourism conducted by local governments and provincial governments and supported by the infrastructure which is direct flights from major cities in Indonesia such as Jakarta and Denpasar so that the number of visits tourists are increasing, there is a large business potential of accommodation or hospitality industry. Entrepreneurship opportunities of hospitality are not only for star hotels but also for backpacker lodging category also has a potential market. This means that not only a large investor can be able to invest in this sector, the small startup also has the same opportunity.

#### *4.2 Food & Beverages Industry*

Food and beverages are primary needs that must be fulfilled, no exception in tourist attractions area. This makes food and beverage businesses have a huge opportunity, as the business is not only dominated by large investors. Small traders can also engage with this business. With the sparkling of tourism in Labuan Bajo and increasing tourist visits, the demand for food and beverages is also increase from five-class hotel dining and even a street food class.

From the 2018 Tourism Office data, there are 80 restaurants, dining houses, cafes, registered catering services that offered food and beverages. It does not include shops and small kiosks that selling soft drinks. From the observation in the field, there are several café and liquor shop that sells special food and beverages from Italy. While small stalls sell Javanese and Padang cuisine, few restaurants selling local food. Labuan Bajo's entrepreneurs have the opportunity to develop local food and drink. Coffee is a commodity that is in demand nowadays and often bought by coffee lovers or bought as gifts for their family. It can also be developed local snack like kompyang which is packed using traditional design of Labuan Bajo

#### *4.3 Tourism and Travel Trade Services*

Many tour packages are offered in Labuan Bajo, generally a package to Komodo Island/Rinca Island for 1-4 nights. Open Trip Komodo also offered to explore locations that are exotically using ship such as to Padar Island, Kelor Island, Kanawa Island, Pink Beach, etc. From the Tourism and Culture office of West Manggarai District data in 2018, there are 59 companies engaged in tour and travel in Labuan Bajo.

Tour package is a promising business, because it does not require large capital. Relying on networking, an entrepreneur combines several services offered by lodging, transportation, tour guide, food and beverage, then packaged into a valuable tour package. Increasing of foreign tourist interest to Komodo tour packages and others, increasingly open the opportunity to build a tour seller startup. With the development of technology, the tour seller does not have to go direct sales abroad such as participating in the travel exhibition or table top, just have cooperation with the overseas tour seller. This potential also opens up opportunities for new tour operators to offer innovations of tourism services that attract the attention of visitors such as giving a free photography services or instgramable documentation which the fees including in the package Tour.

#### *4.4 Transportation Sector*

The transportation sector plays an important role in tourism business. This business includes the transfer of tourists between local areas, inter-regions, inter-islands and between countries. The potential of transportation business in the Labuan Bajo area is car and motorcycle rental inside the city, inter-district bus, boats/ships to serve tours to the island of the Komodo National Park area. To serve tourists who exit Labuan Bajo it can be a ticket agent of flight or sea ship. Data showed transportation companies operating in Labuan Bajo during the year of 2018 as many as only 3 registered companies, however indicated number of tourist who using this service, it can be concluded that the car, motorcycle and boat rental business are still a promising business opportunity in the future.

Meanwhile, ASITA data shows the number of ticketing companies selling airline and sea ships tickets only as many as 16 registered companies as travel agents, it remained a wide open opportunities of this business. Although the airline ticketing service has been replaced by several mobile applications such as traveloka.com or tiket.com, nevertheless the sale of ship tickets is still not found in similar applications so that tourists still rely on the sea ship tickets sales counter. Therefore, the business of sea ship ticket agents still have the opportunity to generate income for the company.

#### *4.5 Sports and Recreational Sector*

The most popular Sports and Recreational in Labuan Bajo is Diving. There are 3 spots that frequented tourists diving. The first one is Kanawa Island which has clear sea water and coral reefs become a place to play small fish and turtle can even be easily spotted from the top of the water surface.

Another spot is Taka Makassar which is a sand island surrounded by beautiful coral reefs and offers a variety of marine biota that attracts to be seen and felt directly. The last is the beauty of the Pink Beach underwater, scuba diving lovers will be instantly pampered by a very beautiful and unforgettable view.

There are currently 35 registered companies offering the sale and rental of scuba diving equipment. The opportunity to explore this business is also widely open because many tour operators also offer diving tour. This will have an impact on the increasing demand for scuba diving equipment. However, this business also needs a considerable capital because the price is quite expensive.

#### 4.6 The MICE Sector

With many international hotels that stand in Labuan Bajo attract many parties from outside Labuan Bajo to conduct a meetings, incentives, conferences and exhibitions in this area. They rented a ballroom that was in the hotel as well as staying at the hotel. There is currently no special place for non-hotel offering this business. This business has a high profit because it involves a high class event but this business also requires high investment costs as well.

#### 4.7 Handy Craft and Unique Souvenir

One of the tourist activities after visiting the tourist attractions is buying gifts and souvenirs. From the search in various stores that sell souvenirs, it is just a few stores that sells local souvenirs in this area. Many handy crafts are still in nuance of Bali, so there is not something unique that the tourists can bring home as a something memorable that they have visited this place.

The opportunity to produce handy craft and unique souvenir from Labuan Bajo is actually an interesting profitable opportunity. It is not requiring large working capital or a lot of labor. It may be benchmarking from Dagadu Jogja or Joger Bali that is selling "trade mark" and "land mark" in the form of gifts and souvenirs such as T-shirts, key chains depicting the situation or the scenery of Labuan Bajo, bracelet, rosario and Komodo miniature as the icon of Labuan Bajo.

#### 4.8 Event Organizer and Entertainment

Wedding and Pre-wedding activities are more often done in Labuan Bajo, because this place presents beauty in line with the meaning of marriage. This opens up an opportunity to establish an event organizer that offers a complete wedding package starting from

the pre-wedding photography and video, and wedding events arranging from costumes, singer, MC and more.

In addition to entertainment opportunities such as music concert, bar, karaoke, music Café is also a very good opportunity to be developed because entertainment is a complement in tourism industry. Nowadays, only a few businessmen invest in this sector. Data in 2018 records only 9 bars, karaoke and music Café in Labuan Bajo

#### 4.9 Others

Of all the business described above, there are still some business opportunities that are less offered in Labuan Bajo but actually have potential and supporting tourism sectors, such as translator and interpreter. The demanding for tour guide is also increasing, so it opens the opportunities of young to be a tour guide. There is even a chance to open a tourism-related course institution e.g. language courses and guiding techniques. Currently it is only 60 people to be certified official tour guide.

A lot of time spent by tourists at tourism attractions such as diving or touring in the islands around Labuan Bajo causes less time to be able to wash their clothes. This is also an opportunity to offer laundry services around the hotel where they stay. A tiring day of activities makes guests need to relax. Body massage, reflexy and spa services are promising opportunity in Labuan Bajo

Selling phone credit, SMS and Internet Data Package (local and roaming) is also an opportunity, because Internet data is needed by tourists who want to access tourist information, accommodation, facilities and directions that are very helpful to tourists in this area.

## 5. CONCLUSION

As the developing tourism site, Labuan Bajo has the potential and opportunities of entrepreneurial activities that are very beneficial both local people and outside investors who want to invest there.

Hotel, food and beverages, tour and travel business are the very promising business and there are many business opportunities in this industry that can still be developed to fulfilling the demand of tourists. Transportation business, scuba diving equipment rental, handy craft, event organizer, entertainment, MICE sector also as supporting sector that can be a business opportunity not only generate income but also can be an attraction to increase the number of visitors and staying time duration. There are some other businesses that do not need big capital but it can create

business opportunities and employment such as body massage, reflexy, spa, phone credit, SMS and Internet Data Packages (roaming), etc.

## 6. LIMITATION AND STUDY FORWARD

The limitation of this research was conducted only in mainland (Flores land), not in-depth in surrounding islands. Future research might cover all area such as Komodo Island, Kanawa Island, etc

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