MODEL OF TOURISM COOPERATIVE FOR SCALING UP COMMUNITY BASED TOURISM

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ABSTRACT
Community cooperative is a business model that can effectively manage community interests as exemplified by a model CBT located in Batu Puteh, Kinabatangan in the state of Sabah in Malaysia. In-depth interviews with the local community selected through purposive sampling and direct observations on the physical environment and the local community were used in this study. Findings show that the community cooperative effectively managed: (1) economic concerns through a dynamic financial model, transparent income distribution and project partners; (2) socio-cultural concerns by creating social cohesion through strong sense of ownership and sense of belonging; and (3) environmental concerns through its conservation and reforestation programmes. The cooperative was a catalyst for paradigm shift towards entrepreneurial ventures. Challenges and potentials of the community cooperative were identified.

Field of Research: Community cooperative, rural tourism cooperative, community based tourism, Miso Walai Homestay, KOPEL, MESCOT, Kinabatangan, community based tourism business model, broad based organizational structure.
1. INTRODUCTION

1.1 CBT issues and community cooperative

CBT has been acknowledged as a catalyst for rural community development. However, delicate issues pertaining to the management and operations of CBT have curbed the development and growth of CBT. Much literature has extensively discussed different facets of the issues (Denman, 2001; Jenkins & Parrott 1997; Vignati 2009; Belsky 1999; Scheyvens 2007; Mitchell & Hall, 2005; Reed, 1997; Renard, 2001) which have negated the potentials of CBT. Many of CBT issues stemmed from internal problems such as weak business model that cannot support CBT activities. The economic fragility of CBT has prompted researchers to argue that if CBT is to be profit-oriented then it should be run as a business entity which calls for a sophisticated approach to ensure its economic sustainability (Mitchell & Hall 2005; Hamzah & Khalifah 2009; Baromey et al., 2011). Community cooperative is deemed as an appropriate business model that can properly address CBT issues. The International Labour Office in its Rural Policy Briefs (ILO, 2011) outlined that community cooperative is essential for the following reasons: 1) to create opportunity for employment, income generation, and increase the availability of goods and services, all of which also contribute to economic growth; and 2) to stimulate performance and competitiveness, as their members are also the beneficiaries.

The significant contribution of a cooperative in promoting participatory tourism through its community based organization is not widely recognised (Verma, 2008; George, 2007). Despite this shortcoming, inevitably as a CBT matures, it should make way for a broader based organisation to curb potential manipulation and increase accountability and transparency (Moeurn, et. al, 2008). Many governments advocate the use of a cooperative business model as a tool to manage community enterprises and increase economic benefits to the local people (Din, 1997; Ooi et. al, 1994) as well as eliminate power-related conflict and poor tourism distribution among the locals (Goodwin et. al, 1998). A community cooperative has a few advantages lacking in other organization: broad based organisation that curbs manipulation of local elites (Verma, 2008); and strong stakeholders’ participation that nurtures community empowerment (Arif, 2009). Empowerment through its three forms (individual, community, and institutional) enables local community to collaboratively manage their interests in relation to the wildlife (Daniela, 2002) or other people-land-nature based interests. More importantly, a cooperative can identify and provide necessary capacity building programme for the local community involved in CBT (Bushell & Eagles, 2007).

However, there was a tendency for communities who experienced agricultural or commodity failure, or had scarce employment opportunities but later gained good economic benefits from CBT activities to be over reliant on CBT (Telfer, D. J, & Sharpley, R; 2008). Absolute dependency on CBT or tourism can be economically detrimental to the local people due to the dynamic nature of the tourism industry or its susceptibility to global events (Telfer, D. J, & Sharpley, R; 2008). To expand on the successful use of a cooperative model to operate a rural tourism initiative, this paper offers an insight into a cooperative business model used by a community based tourism programme located in Batu Puteh at Kinabatangan district in the state of Sabah in Malaysia. It describes how its business model successfully created sustainable economic benefits for its local community.

The success of CBT largely depended on the participation of the local people. Cooperative was the tool that effectively managed locals’ interests in gaining profitable economic return by way of fair and transparent income distribution system.
1.2 CBT in Batu Puteh, Kinabatangan

The establishment of CBT in Batu Puteh was triggered by the changing economic landscape that severed local people’s dependency on the forest when the state government replaced indiscriminate logging practices to pro-conservation / sustainable forest management practices. To alleviate the dire economic situation due to loss of livelihood and income from the gazettement of the Lower Kinabatangan area where Batu Puteh was located, a community based tourism project was initiated by the local youths in 1997 with the help of NGOs in tandem with the latter’s conservation efforts. The local youths called themselves MESCOT (Model of Economically Sustainable Community Tourism) members to represent their CBT initiative. MESCOT goals were to create community based ecotourism activities that could provide alternative source of income, alleviate local poverty and unemployment, and create benefits for local people from the protected area established.

2. METHODOLOGY

2.1 Research approach

This paper discusses the evolution of business models used by a successful community based tourism programme in Batu Puteh. The study used qualitative approach - case study method. It shares part of the findings of a bigger scale research project that was carried out in the form of a longitudinal study from 2005 to 2010. In 2005, the research team made an exploratory or reconnaissance visit to the study site to establish contact and develop rapport with the local communities as well as to get familiar with the place and its issues. In 2006, another visit was made to establish baseline data on the evolution and performance of Batu Puteh CBT. In 2007, once the research team had gained the trust of the local communities, another visit was made to interview the community leaders in the effort to model the development path of the CBT projects.

In 2008, Batu Puteh CBT (formally known as Miso Walai Homestay) was selected as one of the study sites for the study on Capacity Building of Community Based Tourism as a Vehicle for Poverty Reduction and Dispersing Economic Benefits at the Local Level in APEC Economic Countries. The Asia Pacific Economic Cooperation (APEC) and Ministry of Tourism (MOTOUR) commissioned this study, and the research team from Universiti Teknologi Malaysia, who had been working in the area since 2005, was engaged as the main consultant. In this APEC study, the research team started to develop preliminary models to describe the factors that were contributing to the success of Batu Puteh CBT. In addition, the study also identified the business models used by Batu Puteh CBT, which is elaborated and discussed in this paper. A few more fieldtrips to Batu Puteh from 2010 until 2012 provided new findings that are incorporated into this paper.

2.2 Key informants and research instruments

The key informants, identified through purposive sampling were the local people who were directly involved in CBT programme in Batu Puteh. They presented different groups in the CBT programme organizational hierarchy: (1) Pioneers of Batu Puteh CBT programme (7 key informants); (2) Batu Puteh CBT programme management team (5 key informants); (3) cooperative board of directors (3 key informants); (4) lower level CBT employees (10 key informants); and (5) CBT service providers (10 key informants). These respondents were involved in the Batu Puteh CBT programme at different levels based on their roles in the CBT organization. Most of the time, the research team made appointments with the key informants to interview them at a predetermined place and time given that some
of them had full time jobs elsewhere for example in the camp sites or worked in the reforestation and conservation project sites scattered in the forest reserve away from the main office.

3. FINDINGS AND ANALYSIS

3.2 Managing economic interests through a cooperative

3.2.1. Business Models
Since its inception in 1997, MESCOT managed to continuously expand the local recipients of its economic benefits by strengthening its business model. During the initial stage, MESCOT used a simple association organizational structure as shown in Figure 1. MESCOT coordinated all the activities but each bureau in the association handled its own operations and cash flows. However, gradually, this structure was deemed not instrumental in obtaining bigger grants due to its limited financial transparency. Government agencies and NGOs required a community organization to have a transparent financial management structure before funds were channelled into the community organization.

In addition, MESCOT had learnt from their counterparts of imminent mishaps lurking at bay: social conflicts arising from dominating local elites, lack of management transparency and poor economic distribution. In fact, some local people in Batu Puteh especially those who participated in homestay programmes had questioned MESCOT’s financial management and tourist distribution system. They saw increasing number of tourists’ arrivals but their homestay income did not increase and accused the MESCOT committee of mismanagement.

Although MESCOT members knew from the start that they had to have a better business model, the circumstances presented by external agencies and local people had expedited the decision to establish a cooperative. MESCOT decided that the best form of organization to manage its community based tourism initiatives would be through the formation of a tourism cooperative. The broad based organizational structure of the cooperative enabled the local people to be the ‘big boss’ while cooperative committee members were the implementers. This not only strengthened the local community’s trust towards MESCOT but also nipped potential community friction in its bud.
Subsequently, under the guidance of MESCOT as a steering committee, the local community agreed to formalize the association’s operation by setting up a tourism cooperative. MESCOT established KOPEL to create a sense of belonging, avoid conflict of ownership and encourage more involvement/investments from the local people/outsiders because all these would mean stronger support for MESCOT activities. On 17 July 2003, the community tourism cooperative named *Koperasi Pelancongan Mukim Batu Puteh Bhd* or better known as KOPEL was established under the auspices of the Malaysia Cooperative Commission or *Suruhanjaya Koperasi Malaysia* (SKM). SKM provided technical assistance as well as a startup fund for the cooperative. A few members of the Village Development and Security Committee (JKKK) were invited to sit in the cooperative board and this arrangement cut potential tension or friction between KOPEL and JKKK which gave KOPEL the freedom to manage the community based tourism programme as a business entity. In KOPEL’s organizational structure, specific units led by its own committee were set up to plan and handle activities that could generate income for KOPEL shareholders. Figure 2 shows KOPEL management and financial structures that enabled more partners to give bigger funds which in return economically benefitted the local community.

### Figure 2: Business Model of KOPEL (cooperative financial structure)

3.2.2. Income Distribution

KOPEL had proven itself as an effective mechanism to manage locals’ interests by expanding the spread of tourism income to the local community. The local people had benefitted from and through the CBT activities by working for KOPEL or by providing KOPEL with tourism services as such accommodation, transportation and crafts. In 2009, KOPEL collected RM1.3 million in annual income which was a significant achievement for a CBT. Then, in 2010 KOPEL gained a record high gross profit of RM 1,130,365.43 as shown in Table 1. In 2010, homestay operators gained an annual income averaging a little less than RM5000 per home. Other CBT activities brought KOPEL another RM
where KOPEL only kept 3% of the income to pay for its operation and a large percentage was disbursed as salaries to CBT employees. In 2011, KOPEL made a total gross revenue income of RM 173,187.74 and 10% of it (RM17,318.77) was given out as dividends at RM 19.88 per unit share (RM100 per unit share) – the first dividend since KOPEL’s inception in 2003.

Table 1: KOPEL’s Annual Profit

<table>
<thead>
<tr>
<th>Tourism Activities / Year</th>
<th>2000</th>
<th>2001</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miso Walai Homestay</td>
<td>22,353.50</td>
<td>32,478.25</td>
<td>186,950.00</td>
<td>215,878.50</td>
</tr>
<tr>
<td>TREC</td>
<td>3,390.50</td>
<td>9,696.15</td>
<td>100,044.69</td>
<td>151,677.81</td>
</tr>
<tr>
<td>SREC</td>
<td>-</td>
<td>0.00</td>
<td>-</td>
<td>30,307.80</td>
</tr>
<tr>
<td>Hammock Camp</td>
<td>-</td>
<td>40,892.00</td>
<td>-</td>
<td>194,323.61</td>
</tr>
<tr>
<td>Village Boat Service</td>
<td>5,714.00</td>
<td>14,628.00</td>
<td>82,539.12</td>
<td>160,846.22</td>
</tr>
<tr>
<td>KOPEL F&amp;B</td>
<td>5,714.00</td>
<td>14,628.00</td>
<td>82,539.12</td>
<td>160,846.22</td>
</tr>
<tr>
<td>KOPEL River View Café</td>
<td>2,050.00</td>
<td>3,905.00</td>
<td>38,559.20</td>
<td>55,981.49</td>
</tr>
<tr>
<td>Village Bus Services</td>
<td>1,600.00</td>
<td>3,274.50</td>
<td>69,253.85</td>
<td>194,323.61</td>
</tr>
<tr>
<td>Local Guides</td>
<td>0.00</td>
<td>1,455.00</td>
<td>65,728.40</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>0.00</td>
<td>1,455.00</td>
<td>65,728.40</td>
<td>-</td>
</tr>
<tr>
<td>KOPEL fund</td>
<td>1,000.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Laundry</td>
<td>-</td>
<td>31,595.50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Handcrafts</td>
<td>-</td>
<td>85,347.25</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conservation Fees</td>
<td>0.00</td>
<td>0.00</td>
<td>197,350.90</td>
<td>240,000.00</td>
</tr>
<tr>
<td>Forest Restoration &amp; Lake</td>
<td>0.00</td>
<td>0.00</td>
<td>197,350.90</td>
<td>240,000.00</td>
</tr>
<tr>
<td>Restoration</td>
<td>0.00</td>
<td>0.00</td>
<td>197,350.90</td>
<td>240,000.00</td>
</tr>
<tr>
<td>Gross Total Revenue</td>
<td>38,868.00</td>
<td>73850.40</td>
<td>626779.76</td>
<td>1,130,365.43</td>
</tr>
</tbody>
</table>

Source: KOPEL, 2011

More encouragingly was that one the CBT pioneer in Batu Puteh had a total of RM10,000.00 investment in the cooperative which came from her income through CBT activities. Other highest annual income in 2011 in various sections were: Administration - RM 16,000.00, Homestay - RM 8800, Forest Restoration – RM 7000, Lake restoration - RM 3600, Tour Guide – RM 6400, and Transportation - RM 20,000.00. This was undeniably a significant increase for a community where the average per capita annual income in 2000 ranged between RM2,400 – RM9,600 per year.

Moreover, KOPEL managed to empower its local youths and women by employing the majority of them in ecotourism and conservation activities. When KOPEL was established in 2003, there were only 109 members. Its membership increased by three fold by 2009 with 217 members to 260 members in 2010, which is a testament to the success of the tourism cooperative as shown in Table 2. This number was significant because it represents local people, young and old, who would not have the chance to gain income mainly due to limited academic qualification.

Table 2: Job Opportunities created by KOPEL

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total workers</th>
<th>Sector</th>
<th>Total workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>9</td>
<td>Lake Restoration</td>
<td>2</td>
</tr>
<tr>
<td>Homestays provider</td>
<td>34</td>
<td>Nursery</td>
<td>4</td>
</tr>
<tr>
<td>Boat Service</td>
<td>41</td>
<td>Craft art shop</td>
<td>2</td>
</tr>
</tbody>
</table>
Cultural Performances 15  Laundry 2  
Food & Beverages 10  Jetty & Logistic 5  
Tour Guide Service 10  Forest Restoration 60  
Supu Rainforest Eco Camp (SREC) 4  Tungog Rainforest Eco Camp (TREC) 8  

Total workers = 206  
Source: KOPEL, 2011

3.2.3. Project Partners
KOPEL collaborated with international donors and managed to secure funds to carry out small-scale community projects and reforestation projects. In the beginning only a few pro-conservation agencies knew about MESCOT initiatives. However, the breakthrough came in 2003 when its homestay programme became Sabah state champion in Homestay Competition. Word-of-mouth about MESCOT initiatives reached larger circle of international conservation agencies. That same year saw a turning point in the CBT programme when its chairman appeared before UNDP officials to share its experience and that event enabled KOPEL to gain its momentum as a full-fledged CBET programme. The partners provided funds, technical support, in-kinds, and a steady flow of tourists to Batu Puteh. They helped to promote Batu Puteh through word-of-mouth publicity or programme endorsement. Figure 3 shows KOPEL partners.

Figure 3: KOPEL Partners

International Agency
1. Intrepid Travel  
2. Outlook Expeditions  
3. Exodus Travel  
4. Geckos Travel  
5. Imaginative Traveller  
6. Jisco Travel  
7. Rakuno Gakuen University  
8. International School Brunei  
9. Camp Borneo

Government Agency & NGOs
1. Sabah Forestry Department  
2. Sabah Tourism  
3. LEAP Conservancy  
4. Alexander Abraham Foundation  
5. American Forests Foundation

Volunteer Organization
1. Raleigh International  
2. GVI

Local Tour Agency
1. Borneo Eco  
2. TYK

Source: KOPEL, 2011

3.3. Managing environmental Concerns through a Cooperative

3.3.1. Conservation and Reforestation
KOPEL was highly instrumental in easing the collaboration with Sabah Forestry Department (SFD) because it allowed a proper transferring and managing of grants/funds. With the experience and skills gained from earlier conservation projects, MESCOT took the initiative to approach SFD to apply for government contracts that would commission MESCOT to be a contractor for the department’s reforestation programmes. In what could be considered as a
landmark decision in 2008, SFD decided to award a 3-year-contract worth RM1.3million for KOPEL to carry out reforestation project over an area measuring 250 hectares and silviculture project covering 700 hectares. This decision reflected the changing public-community relationship which had a long history of dispute over land issues. Other local communities in the Lower Kinabatangan were also given such contracts as part of SFD’s pilot project in community forestry. KOPEL Batu Puteh has proven itself to be a good business model that has continued to successfully expand its profit margin. SFD has been the largest contributor to KOPEL which are renewed periodically based on KOPEL’s performance. During non-monsoon season, KOPEL gives RM60,000.00 - RM 80,000.00 of salaries to conservation workers for various conservation activities. Figure 4 shows contribution of income from homestay and conservation activities in Batu Puteh.

3.4 Cementing social cohesion through a cooperative

As tourists arrivals grew in number, capacity building programmes through various means were conducted to empower the local women and youths to ensure that they could get the opportunities to generate income from CBT activities. Community empowerment nurtured the sense of belonging towards the CBT, cemented community trust in KOPEL hence strengthened the social cohesion. The most notable capacity-building project that created the strongest emotional attachment and sense of ownership was the construction of the Tungog Rainforest Eco Camp (TREC). It started in 2002 when SFD gave permission and provided a fund of just under RM 900,000 for the construction of an eco-lodge type accommodation in a forest reserve located downstream about 10 minutes by boat from Batu Puteh CBT base. Instead of engaging a professional contractor to construct TREC, KOPEL decided that the local community with the help of foreign volunteers should construct it. The project which was supposed to complete in three years took almost eight years to be completed due to lack of resources. Literally, years of backbreaking work that went into the construction of TREC had created a strong sense of pride and ownership among the local community. Today TREC is regarded as a symbol of the local community’s spirit, passion and grit as well as a ground breaking capacity-building programme.

Figure 4: Biggest Income Contributors to KOPEL

<table>
<thead>
<tr>
<th>Year</th>
<th>Miso Walai Homestay Income (RM)</th>
<th>Forest &amp; Restoration Income (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>17,933.50</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>26,772.25</td>
<td>0</td>
</tr>
<tr>
<td>2002</td>
<td>24,369.50</td>
<td>42,157.14</td>
</tr>
<tr>
<td>2003</td>
<td>30,179.00</td>
<td>38,564.30</td>
</tr>
<tr>
<td>2004</td>
<td>30,520.00</td>
<td>12,844.30</td>
</tr>
<tr>
<td>2005</td>
<td>42,480.00</td>
<td>36,000.00</td>
</tr>
<tr>
<td>2006</td>
<td>45,630.00</td>
<td>112,000.00</td>
</tr>
<tr>
<td>2007</td>
<td>82,850.00</td>
<td>118,247.19</td>
</tr>
<tr>
<td>2008</td>
<td>130,380.00</td>
<td>125,151.50</td>
</tr>
<tr>
<td>2009</td>
<td>186,950.00</td>
<td>197,350.90</td>
</tr>
<tr>
<td>2010</td>
<td>215,878.50</td>
<td>240,000.00</td>
</tr>
</tbody>
</table>

Source: KOPEL, 2012
3.5 Cooperative as a catalyst for community entrepreneurship

KOPEL created a paradigm shift among the local community. As a CBT pioneer in Batu Puteh, [As] was amazed by the huge changes brought about by the CBT programme and the achievements they had made through CBT. The various workshops and on-the-job trainings to develop management and tourism related skills that she received through MECSOT had given her a clear idea of what it takes to run a business. [As] admitted that more businessmen and entrepreneurs can be generated through CBT but believed that careful planning and commitment were important factors that must be considered. [As] is now one of the key personnel in CBT operations as well as a self-appointed advisor who continues to convince the local people especially the local youths to heed MESCOT’s activities.

Another CBT pioneer [Ji] was working in the city at a furniture store before joining MESCO T on a part time basis. He realized that MESCOT had high commercial potential and it needed people who could commit fulltime because there was so much to do. He then decided to quit his job in the city and worked for MESCOT. Ten years on, [Ji] had set up a duck farm on his land, selling salted egg to markets in and around Kinabatangan and nearby towns. Apparently, he had to juggle his work at KOPEL and at his farm but KOPEL’s 5-working-day-system made it manageable. More impressive was that [Ji] had established a community cooperative in Batu Puteh. [Ji] was the first MESCOT member to become an entrepreneur. He did all these to motivate the other villagers to keep improving themselves and show them that “impossible” is a state of mind.

Other CBT pioneers like [Ju] and [Ar] had also become business-minded and very keen in venturing into entrepreneurial activities in the food sector and guiding sector respectively. Both [Ju] and [Ar] were seasoned and active CBT employees who had learnt the tricks and trades of running a business through CBT. The exposure working in various sections in CBT operations had given them the confidence to be an entrepreneur. [Ju] who had to stop schooling at the age of twelve saw the CBT programme as a platform for her to improve herself and improve her English language proficiency. She joined MESCOT at seventeen until and never looked back. Over the years, her mission had evolved to helping the local community alleviate economic difficulties through CBT. [Ju] had already started supplying snacks and cakes for tourists and locals during her off days and envisioned her own business growing. [Ar] who was the oldest MESCOT member (65 years old as of 2011) interestingly had already set up a homestay programme back in his original village away from Batu Puteh. The amount of knowledge and exposure he gained from CBT programme in Batu Puteh had given him enough confidence to pursue his own brainchild.

The rest of the respondents decidedly did not picture themselves becoming entrepreneurs. Most respondents reasoned that setting up a business would require capital that they did not have. The younger respondents mentioned that they had just started to get the hang of running a CBT and there were still a lot of things needed to be learnt. Following orders were much easier than running own business. On the other hand, some of the older respondents were not keen to start their own business because they held important posts in the CBT programme and did not want their personal endeavour to disrupt their devotion to the management and operations of CBT.

3.6 Dependency on CBT

However, in some cooperative-run CBT, the impact of industry uncertainties can be minimized if the cooperative has diversified product portfolios. A good community cooperative committee in a rural area should be able not only to give acceptable ROI to its investors but also to create job opportunities for the local people. This should not be seen as a tall order but rather as an obligation that cooperative committee has to deliver by being in the cooperative Board of Directors. [Ha], the chairman of KOPEL understood the difficulties of the locals having one source of
income especially subsistence farmers, relying on fishing, season fruit harvests, collection and sale of forest produce, part-time employment, palm oil planting or ecotourism activities to make a living. He related situations where some villagers in Batu Puteh had come to him complaining that they could not make ends meet for reasons like floods and poor palm oil harvests. However, he always advised the local people to diversify their sources of income because dependency on any particular sector is risky in a poor and flood-prone area like Batu Puteh (pers. comm. KOPEL chairman, 2012). Therefore, diversification is a good plan in order to sustain income flow and a cooperative is a suitable platform to support viable new economic ideas.

Dependency on CBT was evident in Batu Puteh. It was clear that the local people especially the youths were increasingly dependent on KOPEL activities as the main source of income gauging by the increasing number of employees. These young people usually lived with parents who mostly own palm oil plantations. They admitted that they were dependent on CBT, they answered yes and reasoned that they prefer CBT activities compared to toiling in the oil palm estates However, these youngsters were not willing to work as farmhands. Interacting with tourists was deemed as a more rewarding alternative where they would get the chance to meet people from different walks of life, cultural and social backgrounds. Another irresistible point that drew these youths to tourism was the real opportunity to improve spoken English.

Respondents who were new KOPEL members/employees agreed that working for KOPEL was the best option they had for someone having limited paper qualification. Although KOPEL gave lower pay compared to working in the cities, in the end the net value was about the same. The lower pay was compensated by the lower cost of living in the village. Of these respondents, four males who had worked outside the village said they would keep their options to work elsewhere open. To them a change of air and experience would be good. However, they knew that moneywise KOPEL would be a much better choice. Another three male respondents had never considered leaving KOPEL because they were already married and it could be a financial burden to relocate their families.

All female respondents (new KOPEL members) concurred that they never had the real need to leave or work outside the village. KOPEL provided them with a venue with their comfort zone to earn income. Without KOPEL they would just be housewives but CBT enabled them to actively contribute to household income. More importantly, working at KOPEL would enable them to bring their babies and toddlers to work and nurture when they are free. School-going children were left at home attended by grandparent/s. Proximity to homes (around 3-minute-walk) and feeling safe working with people they know were among other reasons shared by the female respondents. All these allow the ladies to work with piece of mind and they were decidedly willing to work hard to bring greater success to KOPEL. Once the socio-cultural fabric of the community is understood, it is easy to understand why the locals consider it is bliss to work for KOPEL. Although these key informants did not foresee any enterprising attempts but they supported KOPEL’s activities and projects because they placed full trust in KOPEL managers and knew that their interests would be looked after by KOPEL.

In sum, it can be said that dependency on CBT is not necessarily bad. Instead it should be seen as a signal that that CBT is doing well and benefitted the local community. CBT has allowed the respondents to stay put in the village to look after their extended family, and created job opportunities for those who lacked paper qualification.

4. DISCUSSION AND CONCLUSION

4.1 Adoption of community cooperative in Malaysia CBT context
In poverty-stricken areas, one way to reduce poverty is by creating jobs that generate high income and wealth that are widely distributed. CBT has the real potential to increase economic benefits but an appropriate business model has to be in place. Wealth for the local community is derived from creating valuable products and services that support CBT activities and can be created through a community cooperative. The state government should create the enabling conditions, infrastructure and policy that support cooperative activities. However, the slow adoption of community cooperatives at least in Malaysia CBT context indicates a weak advocacy from the local communities and the relevant authorities.

Community cooperative is a business model that has been proven to be instrumental in the growth of community’s business ventures. Its bottom-up approach and broad based management thus avoid manipulation by local elites. Currently in most CBT programmes in Malaysia, the management of CBT is dominated by the Village Development and Security Committee (JKKK) which has been found to be ineffective. This claim is supported by a study on the performance of the homestay programme in the East Coast states in peninsular Malaysia (ECER, 2009) where many of the CBT service providers were unhappy with the JKKK’s management, which they claimed was opened to manipulation, favouritism, and financial abuse. More importantly, the organizational and financial structures of a cooperative are in line with funders’/donors’ procedural requirements.

4.2 Pre-requisites

Although some community cooperatives are successful, it does not imply that every CBT committee has to adopt a cooperative business model because there are a few prerequisites to be considered. As learnt from Batu Puteh cooperative experience, laborious planning, financial assistance, strong viable economic activities, CBT-related skills, determination of local people to commit or support CBT activities, and product diversification were required to sustain the success of a cooperative. These conditions probably explained why the adoption of a cooperative business model by CBT communities is slow. Equally important is the readiness and capacity of the local people not only to run a cooperative but also to create and manage cooperative activities. When a community establishes a cooperative, its board of directors is obliged to create economic activities that benefit its members. However, running a business may be quite challenging for rural community. Sometimes community cooperative is established but the cooperative is not ready in terms of capital to finance its economic activities. In addition, rural communities tend to have higher composition of older people who naturally have limited capacity due to age factor and this can undoubtedly limit their commitment in any economic ventures.

In Malaysia context, the idea of running a CBT through a cooperative is laudable because it promotes transparent business practices. This is in line with the intention of Malaysia government to create ‘one community one cooperative’ to match its SME outlook of ‘one district one industry’. More importantly, in the case of the CBT programme in Batu Puteh at Kinabatangan, Sabah, its community cooperative strongly reflects sustainable environment, economic and social development. Although cooperative is a strong option for CBT business model, the importance of proper planning of any identified economic project is paramount.

4.3 Challenges

Sometimes, despite having a cooperative, CBT programme can still break up before or after it reaches growth stage due to various reasons including changing economic landscape of its community. For example, villagers may grow dependent solely on CBT while waiting for rubber or palm oil trees to grow. Once trees are ready to be harvested, focus on CBT quickly shifts to these agriculture activities that usually give much higher economic returns.
Involvement in CBT is seen as a pastime and there is no real economic dependency on CBT. As a result, participation in CBT activities becomes ‘as and when needed’ for various reasons. After all, CBT operates in a voluntary basis and local people can decide how and when they want to participate. Imminently, this scenario can jeopardize CBT operations. In some place, however, when the villagers grew older and had stopped farming activities, they would stay home in their empty nests. At this point, some would return to and rekindle their passion for CBT for various reasons - loneliness, additional income or socio-cultural pursuits. However, such motivations to re-enter CBT may not be strong enough to sustain a cooperative.

Economic and other tangible pursuits triggered by ‘internal awakening’ have been found to be a strong push factor of profit-oriented projects particularly in poorer communities (McGehee, & Kline, 2008). Changing demographic in the rural areas is another concern. Outmigration driven by better economic opportunities and livelihood in the cities or other rural areas has significantly created dysfunctional rural communities whereby the population of older people is dominant. Inevitably, this affects CBT activities which are, as in many other tourism activities, labour intensive. Both scenarios can break a CBT because the lack of local participation can paralyze a CBT with or without a cooperative.

It can be surmised that despite some rural constraints, community cooperative has been proven as a workable business model that has created a win-win-win situation between locals, governments and NGOs, and tour operators. In addition, cooperative forms a platform for commercial viability through the creation of diverse business portfolios. However, vision of a cooperative has to be grounded in community aspirations, the intrinsic and extrinsic motivations of the local people, followed by continuous capacity building programmes.

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References


Through KOPEL, MESCOT created a platform to legitimize its conservation efforts; to get endorsement from relevant state and international authorities for funds; and to promote participatory community for social cohesion.

As evident in a few minutes of meeting, some cooperative members had voiced their concern regarding some questionable cash flow and bookkeeping system. This was a major difference between a cooperative and conventional CBT business model; the latter was elusive of close monitoring. Subsequently, to address these concerns, KOPEL had to improve its bookkeeping skills as well as realign its income/tourist distribution system as requested by its members. There were internal auditors but as confessed by one of them, comments had to be made reservedly to avoid discouraging the committee because they were new in the business. Furthermore, the auditors knew that the concerns raised were not due to mismanagement but rather the competency to record complex business transactions.