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Working Paper Series

Tourism Development and Non-linear Change in Small Islands: Lessons from Perhentian Kecil, Malaysia.

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Working Paper No. 246
February 2012

Tourism development and non-linear change in small islands: lessons from Perhentian Kecil, Malaysia.

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Abstract.

Perhentian Kecil, located off the east coast of peninsula Malaysia, is predominantly a small-scale tourism destination, specifically for backpackers and independent travellers. Against the context of an aggressive drive by the state government to remove small-scale tourism development in favour of formal and high-end resorts, this paper examines the local responses to the exogenous factors that had threatened the equilibrium, and hence sustainability, of the tourism systems on the island. The paper draws upon a longitudinal study with multiple visits over an extended period since the mid 1990s. Using insights from Resilience Theory the paper argues that this island destination is an example of non-linear change rather than conventional resort evolution. The paper also discusses how the authors - as researchers - had to realign their research framework and approach to take into consideration the growing complexities of tourism development in small island destinations.

Key words: backpackers; resorts; economic development; resilience; planning; island tourism

Introduction.

For many small islands tourism is economically significant as a source of income and employment. In some insular areas such as the Caribbean, tourism accounts for over 75 per cent of some countries' GDP (Graci and Dodds, 2010). Islands, especially small islands, continue to fascinate and attract tourists (Royle, 2001), and for tropical Less Developed Countries (LDCs) such as Malaysia with many offshore islands, developers and government planners see the potential to develop resorts. However, what of small islands that already host international tourism, albeit at a small-scale and catering for backpackers? What issues and tensions might emerge as these small island destinations face significant change?

The Perhentian islands off the east coast of peninsula Malaysia have been a tourism destination since the late 1980s when backpacker tourists 'discovered' these islands. The two main islands (Perhentian Besar: 'large Perhentian island') and Perhentian Kecil ('small Perhentian') have experienced differing forms of tourism development. This paper focuses on Perhentian Kecil which has remained broadly a small-scale tourism destination, specifically for backpackers and independent travellers. Against the backdrop of an aggressive drive by the Terengganu state government to get rid of small-scale tourism development in favour of formal and high end resorts, this paper examines the local responses to the exogenous factors that had threatened the equilibrium, and hence sustainability of the tourism systems on the island. In addition, this paper documents how the authors had to realign their research framework and approach to take into consideration the growing complexities of tourism development in small island destinations.

Modelling the Evolution of Tourism in Small Islands

Island tourism has a growing literature since the seminal work of Hills and Lundgren (1977) in the Caribbean, and Archer's work on economic impacts (1977). The well-cited and highly influential model developed by Butler (1980) of the Tourist Area Life Cycle (TALC) suggested a stages approach to understanding resort evolution and proposed that resorts moved through 'exploration', 'involvement', 'development', 'consolidation', and finally 'stagnation'. For many destinations, the post-stagnation stages are the most crucial (or even problematic) since the model suggests that resorts may experience rejuvenation or may continue to decline. Since the 1980s authors have applied Butler's TALC to islands (Choy 1992; Weaver 1990); and others have

researched environmental impacts and sustainability (Bardolet 2001; Briguglio, Butler, Harrison, and Filho 1996; de Albuquerque and McElroy 1992; Gössling 2001; Wilkinson 1989). Research also examines other geographical aspects such as the links between island ecotourism and economic development (Klak and Flynn, 2008) and, most recently, small-scale tourism as a possible form of ‘soft growth’ for islands (Timms and Conway, forthcoming). Much of the literature though concerns large resorts or mass tourism in islands so that small-scale tourism, particularly backpackers and independent travellers, has a smaller literature with the main research located in South-East Asia, the predominant backpacker region (Cohen, 1982; Fallon, 2001; Hampton, 1998; Hampton and Hampton, 2009; Hamzah 1995, 1997, 2007; Spreitzhofer, 1998; Wall, 1996).

Spatial temporal or evolutionary models have largely been used to analyse the evolution of small-scale tourism (Butler, 1980; Oppermann, 1993; Agarwal, 1997; Dodds and McElroy, 2008). There have also been criticisms of the model (Choy, 1992; Getz, 1992) but its simplicity makes it an attractive tool to explain the evolution of resort destinations, especially those that started from an ‘involvement stage’ initiated by the local community.

Lately researchers have argued that the TALC’s linear narrative is unable to rigorously analyse the complexity of the interactions and forces shaping destination areas (McKercher, 1999; Farrell and Twining-Ward, 2004, 2005; Cochrane, 2010). These are the proponents of Resilience Theory, a model that was initially developed by Holling (1973) for the field of ecology but has lately been applied to other disciplines including tourism. The main difference between the four phases of Resilience Theory and the TALC is that the former describes the evolution of tourism systems in a destination area as a cycle or a loop instead of a linear progression. The four phases are ‘reorganisation’, ‘exploitation’, ‘conservation’ and ‘release’ (Holling, 2001). *Reorganisation* represents the rapid change that usually takes place after a ‘destabilising event’, which is often manifested in the form of the regeneration of societal structures. *Exploitation* explains the creation of new systems or institutions accompanied by new cultural, political and social relationships. *Conservation* refers to the formation of a stable but rigid state through newly formed and interconnected structures and capital. Finally the *release* phase occurs when the disturbance event (s) destabilises the existing rigid structures to produce rapid changes (Holling, 2001: 394).

The use of Resilience Theory in tourism studies has been rather limited. Among the few attempts to use the model in the context of tourism development, Calgaro and Cochrane (2009) applied Resilience Theory to develop strategies to strengthen the tourism systems in Thailand and Sri Lanka after the 2004 Tsunami. Schianetz and Kavanagh (2008) developed tourism indicators based on Resilience Theory and Nguru (2010) applied the model to explain the resilience of the tourism system in Kampung Cherating Lama, the pioneer 'drifter enclave' in Malaysia. According to Resilience Theory, local knowledge is important for resource management, which is often generated via a process of 'learning-by-doing' (Folke et. al, 2005). This explains why local communities had been able to develop environmentally friendly 'drifter enclaves' by applying their knowledge and expertise in sustainable vernacular development (Nguru, 2010). Nonetheless, Resilience Theory also does not deny that cultural knowledge should be complemented by scientific knowledge (Anderson, 2007; Folke *et al.* 2005), which is crucial in moving up small-scale tourism development along the value chain.

In the context of tourism development, Cochrane (2010) suggested that Resilience Theory could be used to describe the four phases that a tourism system goes through in its development path. The 'release' phase is considered to be the equal of TALC's 'rejuvenation' stage but prior to this phase, a 'destabilising event' usually occurs (such as the Tsunami, bird flu etc.) that may result in the destination going through a temporary decline. This happens before the destination is then revitalised through the community's resilient actions such as innovation and adaptation to changing market forces and strong leadership which would ensure that the destination will not succumb to permanent decline, but reinvent itself. In the same light, the revitalisation that occurred in Kampung Cherating Lama, according to Nguru (2010) was due to the fact that practical business knowledge was accumulated and exchanged, and this helped the local community's understanding of market forces and tourist demand despite their lack of formal education.

The Research

This working paper is based on a longitudinal study that began in the mid 1990s with later visits in July 2006, July 2008, May 2009 and June 2010. The initial field work commenced in 1994 in the form of a series of preliminary visits to the island and one of the authors stayed with the local residents at Kampung Pasir Hantu. The participant-

observer approach was adopted as part of the researcher's overall methodology in understanding the dynamics of small-scale tourism development for their Ph.D work. The aim of the initial fieldwork was to establish contact and gain the trust of the local community who were directly involved in the development and operation of small-scale tourism development in Perhentian Kecil. These visits provided valuable insights into the local response towards the advent of tourism on the island which included the dynamics of their business operation, empowerment process, and relationships with policy makers and tourists.

During the mid 1990s small-scale tourism development was confined to Pasir Panjang (Long Beach) on the east coast, and one author identified the forces that were shaping the entrepreneurial capacity of the local community given their lack of education and capital. In addition it was a timely opportunity to closely examine the dynamics of local community involvement in the early stage of tourism development in Perhentian Kecil. This coincided with the 'involvement stage' of Butler's TALC (1980) and the participant-observer approach adopted allowed an examination of the phenomenon from the perspective of the local population through gaining their trust through regular stays with the local community at Kampung Pasir Hantu.

From 2000 to 2005, both authors had separately visited Perhentian Kecil several times and had observed the gradual evolution in its physical development from basic A-frame huts to more comfortable chalets with better facilities. Informal interviews with key informants from the local communities revealed that investors from the mainland were either taking over some of the 'mini resorts' that used to be operated by the local people, or that they were becoming business partners. In addition, small-scale tourism development had expanded to Coral Bay, on the opposite coast of Perhentian Kecil. The researchers then got to know each other through their participation in international tourism conferences. Recognising that they were working on common subject matters within the same geographical area, the authors decided to embark on a joint longitudinal study to examine the economic, social and ecological dimensions of small-scale tourism development in Perhentian Kecil. Having established a good relationship with the local community at Kampung Pasir Hantu and the local operators at Pasir Panjang, it was decided to focus on the evolution of the small-scale tourism development on the island from the perspective of the local stakeholders.

The first field visit of the joint research was carried out in 2006 with the aim of establishing baseline data on the small-scale tourism development and operation both at

Pasir Panjang (Long Beach) and Coral Bay. As noted earlier, the island at that time had been attracting investors from outside, which corresponded with the TALC's 'development stage'. The methodology used was a blend of semi-structured interviews, site mapping, participant observation and formal questionnaires. The scope of the 2006 fieldwork mainly covered the operators' business profile such as nature of business, source of capital, human resource development, partnerships between local operators and outsiders, relationship with local authorities, future planning etc.

Due to financial constraints, field visits could not be carried out in 2007. After securing new funding, field work was resumed in 2008 and two experienced local research assistants (RAs) were employed to help with logistics and to undertake some interviews and translate others. The RAs were qualified to Master's level in tourism and both had worked with the authors on previous projects. Prior to visiting the island, training was held to induct the RAs into the project, pilot the questionnaires and discuss the semi-structured interviews.

The 2008 fieldwork took a new dimension because the new state government had managed to 'introduce' a formal resort (Bubu Resort) that was supposed to pave the way for the transformation of Perhentian Kecil into a high end resort destination (*New Straits Times*, 4 February 2005). Coupled with the development of a two-storey shopping arcade on Long Beach, these new developments were receiving negative response from the local community as well as tourists (especially through blogs). At this juncture, the authors were presented with the opportunity to examine whether strong exogenous factors would lead to a possible demise of the small-scale tourism development to make way for formal resorts ('decline stage' followed by 'revitalisation stage' according to Butler's TALC). Much to the surprise of the authors, the 2009 field visit revealed that the anticipated demise of the informal sector through buy-outs did not occur. Instead the small-scale operators showed great resilience and flexibility to adapt to the new development scenario that was taking place on the island without losing their market share.

At this stage the authors decided to revisit the appropriateness and limitations of evolutionary models as well as seek alternative theories to explain the new phenomenon that was shaping up in Perhentian Kecil, created by the tensions between powerful exogenous forces and the resilience of the local tourism systems. Based on the literature, the authors were attracted to the potential application of Resilience Theory, having noted how it was successfully used by Nguru (2010) in the case of Kampung

Cherating Lama, which had gone through a similar development path as Perhentian Kecil. Having started the longitudinal research with the aim of plotting the spatial temporal evolution of small-scale tourism development in Perhentian Kecil in a linear progression (as in Butler's TALC), the authors later realised that the complexities of the phenomenon implied that the original research questions had to be revisited and readjusted.

Resilience Theory presented the authors a tool to comprehensively examine the counter reactions towards the exogenous factors that occurred from 2004 onwards. There were two exogenous factors, namely the state government's directive to remove budget accommodation and the relaxation of affirmative policies to protect *Bumiputra* (Malay) entrepreneurship. In addition there was an endogenous factor in the form of negative media reports on the deteriorating state of the coral reefs around Malaysia's islands (*The Star*, 22 July 2010). Although Perhentian Kecil performed better than the other islands in terms of coral condition, the poor sewage treatment system employed by the small-scale operators was identified as one of the main contributors towards water pollution and possible coral depletion (Reef Check, 2008). These exogenous factors in tandem with the endogenous factor could be interpreted as being 'destabilising events' with the potential of upsetting the equilibrium (and the fundamental sustainability) of the tourism systems in Perhentian Kecil.

To reflect the changing conceptual framework of this longitudinal study, the research questions had also been reviewed and realigned from those that were initially concerned with understanding the dynamics of small-scale tourism development/operation within an enclavic type of development, to those that investigated their evolving role within an inter-connected tourist system shared with other key stakeholders such as government agencies, formal resorts, tourism marketers, new investors and environmental NGOs (see Table 1).

Throughout the longitudinal study, the qualitative method was used in the form of participant observation and semi-structured interviews with key respondents selected from chalet/resort operators, restaurant and shop owners, dive schools, transport operators, environmental NGOs, tourists and local government officials. In addition, respondents were asked to recommend who else might be interviewed on the island using the 'snowballing' technique to gain further entry to a given population of potential respondents.

Table 1: Evolution of Conceptual Framework during Longitudinal Study

| Year | Physical Development | Research Questions | Model Used in Conceptual Framework |
|-------------|---|--|--|
| 1995 - 2005 | Organic growth of small-scale tourism development at 'drifter enclaves' | <ul style="list-style-type: none"> • How did the local community respond to advent of tourism? • What was the role of related government agencies to nurture Bumiputra entrepreneurs? • How did the local operators develop their business skills and business knowledge to cater for changing tourist demand | Evolutionary models (Butler, 1980; Opperman, 1993) to explain 'involvement' stage |
| 2006 | Outsiders taking over 'mini resorts' but maintaining physical form/setting up business partnerships with locals | <ul style="list-style-type: none"> • What percentage of tourism development was in the control of the local community? • Without access to capital was establishing partnerships with outsiders the only option? Who were the outsiders in terms of their relationship with the local community? | • Evolutionary models (TALC) to describe 'development stage' |
| 2008 | Introduction of formal resort (Bubu Resort) and construction of 2 storey shopping arcade at Long Beach | <ul style="list-style-type: none"> • How did the local operators initially respond to the introduction of formal resorts and tourism facilities? • Were the local operators ready to compete against the new operators with sophisticated business models? | TALC in combination with basic principles of Resilience Theory (McKercher, 1999; Farrell and Twining-Ward, 2004, 2005) |
| 2009 | Development of 2 new resorts along Coral Bay (Senja and Sharila) | <ul style="list-style-type: none"> • Did the introduction of the pioneer formal resort resulted in a comprehensive take over of the small-scale tourism operators? | Adaptation of Resilience Theory in tourism destination management (Cochrane, 2010, Nguru, 2010) |

| | | | |
|------|---|--|--|
| | | <ul style="list-style-type: none"> • Did the small-scale tourism operators upgrade their facilities and services to compete against the formal resort? • What role did ‘local champions’ and community organisations play in protecting the local operators’ market share? | |
| 2010 | Upscaling of business operation by small-scale operators and commitment to physical upgrading | <ul style="list-style-type: none"> • Did the local operators embrace modern technology to enhance their business operation and marketing? • What were the role of local knowledge and kinship in harnessing the resilience of the local operators? Was there a desire from the local stakeholders to work together to enhance the economic competitiveness and ecological sustainability of Perhentian Kecil | Model development based on Resilience Theory (McKercher, 1999; Farrell and Twining-Ward, 2004, 2005) (Cochrane, 2010, Nguru, 2010) |

Tourism Development in Perhentian Kecil.

Within the emerging South-East Asia backpacker trail, the Perhentian islands are one of the ‘honeypot’ sites in northern peninsula Malaysia, along with Penang and the Cameron Highlands. Typically, backpackers enter Malaysia from southern Thailand (or travel north from Singapore) and then journey in a circuit between Penang via the Cameron Highlands and then to the east coast specifically to visit the Perhentian islands. Backpackers often stay on islands or at other beach resorts as mini ‘holidays’ as a break from harder travelling within their larger trips around the region (Hampton, 1998). Backpacker enclaves have been discussed elsewhere (Brenner and Fricke, 2007; Lloyd, 2003) and spatial flows of backpackers are beginning to be analysed (Rogerson 2007).

The Perhentian archipelago lies about 20 kilometres off the coast of peninsula Malaysia in Terengganu state. The island group consists of two main islands Perhentian Besar (Big Island) and Perhentian Kecil (Small Island) plus some small uninhabited islets. The Perhentian islands are located in a Marine Park and visitors pay a small entrance fee of RM5 (approximately US \$1.50). There is one main *kampung* (village), Kampung Pasir Hantu, on Perhentian Kecil with a resident population of around 1,500. By virtue of its inclusion in the *Lonely Planet* guidebooks, Perhentian Kecil is well-known to international tourists especially backpackers. It is the most visited backpacker destination in Malaysia and has the highest per capita expenditure which can be mainly attributed to their expenditure on scuba diving (MOTOUR, 2007). Ironically, few tourists are aware of the geographical location of Perhentian Kecil within Terengganu state, much to the chagrin of the state government. In 2010, 287,149 international tourists visited Terengganu, of whom 90 per cent purposely went to the Perhentians and Redang Island without visiting any other attractions in the state (MOTOUR Terengganu, 2011).

The two main Perhentian islands appear to have experienced quite different forms of tourism development. Perhentian Besar now has more upmarket resorts with both international and domestic tourism, whereas Perhentian Kecil has mainly backpacker tourists/small-scale tourism accommodation and presently only three mid range resorts. Perhentian Kecil has two main beaches: Pasir Panjang or Long Beach (East coast) and Coral Bay (West). Different forms of accommodation, restaurants, dive operators and other tourist infrastructure exist on both beaches but interestingly, differences between the two beaches are now beginning to appear. Long Beach is larger, has more facilities and many bars and attracts younger tourists being seen as the 'party beach'. Coral Bay is quieter, and attracts slightly older tourists and more families. The tourist accommodation is generally small-scale, and low cost consisting of simple wooden chalets or A-frame buildings, sometimes built on a concrete base. Local materials are used both for construction and for fitting-out. The budget prices are typically \$10-25 per night. Coral Bay had one larger resort, although it is still a mid-market type of accommodation but in 2008 another mid-market place opened with 100 rooms, mainly targeting domestic groups. Not surprisingly, given the basic facilities, backpackers and independent travellers are the main market segments (Hamzah, 1995). At present there are no booking systems for most island accommodation so that they rely entirely on 'walk-in' trade. Consequently during peak season, tourists arriving later

in the day may find that all the accommodation have been filled by arrivals from earlier boats, and commonly they either have to sleep the first night on the beach, or return to the mainland (Hamzah, 2007). However, the newer resorts use online bookings or have agents on the mainland.

There is a lack of official data on tourist arrivals but Kaur (2007) provided an interesting comparison between the number of accommodation units on Perhentian Kecil and other destinations in Terengganu, revealing that for a small area of 15 square kilometres, there were 47 chalets on Perhentian Kecil offering 1,140 beds. In comparison with other popular tourism destinations in Terengganu, only the capital city of Kuala Terengganu surpassed this, having 41 hotels/chalets offering 1,747 beds, but covering a much bigger area of 605 square kilometres. In high season the accommodation units at Perhentian Kecil have a 100 per cent occupancy rate. This raises a major question on the carrying capacity of the island. Carrying capacity threshold limits for Perhentian Kecil had been recommended by a study on coastal and island development commissioned by the Terengganu state government but they were not enforced (Sea Resources, 2006). As noted above, the facilities are limited and somewhat basic. Rooms tend to have an attached toilet and simple shower. Some have air-conditioning, but most rooms just have a fan. There is some electricity and chalet operators have their own generators that run for limited hours during the evening. The more recent mid-range resorts offer better facilities and higher levels of comfort and service quality.

Table 2. List of Tourist Accommodation on Perhentian Kecil

| No | Accommodation | Number of Units | No. of Beds* | Location |
|----|------------------------|-----------------|--------------|--------------|
| 1. | Rock Garden | 32 | 64 | Long Beach |
| 2. | Bubu Long Beach Resort | 39 | 78 | Long Beach |
| 3. | Chempaka Chalets | 20 | 40 | Long Beach |
| 4. | Lemon Grass | 20 | 40 | Long Beach |
| 5. | Simfony Chalets | 28 | 56 | Long Beach |
| 6. | Matahari Chalets | 30 | 60 | Long Beach |
| 7. | Moonlight Beach | 28 | 56 | Long Beach |
| 8. | Panorama Chalets | 31 | 62 | Long Beach |
| 9. | Lily Chalets | 13 | 26 | Long Beach |
| 10 | Mohsin Chalets | 64 | 128 | Long Beach |
| 11 | D`lagoon | 64 | 128 | Long Beach |
| 12 | Rajawali Coral | 64 | 128 | Coral Bay |
| 13 | Fatimah Chalet | 11 | 22 | Coral Bay |
| 14 | Aur Bay | 10 | 20 | Coral Bay |
| 15 | Butterfly Chalet | 10 | 20 | Coral Bay |
| 16 | Maya Beach Resort | 12 | 24 | Coral Bay |
| 17 | Senja Bay Resort | 50 | 100 | Coral Bay |
| 18 | Mira Chalet | 8 | 16 | Coral Bay |
| 19 | Shari-La Island Resort | 71 | 142 | Coral Bay |
| 20 | Petani Beach | 5 | 10 | Petani Beach |
| 21 | Impiani Resort | 23 | 46 | Petani Beach |
| | Totals: | 562 | 1,124 | |

Source: fieldwork notes

* estimated average 2 bed/ room each accommodation

The tourist infrastructure is basic consisting of simple cafes and bars, limited - and relatively expensive - internet facilities, and some small shops. The island does not have any bank or automatic telling machine and has limited credit card facilities. The main tourist activities are scuba diving and snorkelling on the coral reefs and boat trips. The Bubu Resort offers parasailing, banana boat rides, kayaking and water skiing.

Table 3. Tourist Facilities on Perhentian Kecil

| No. | Facility | Numbers of Units: | |
|-----|-------------------------|-------------------|-----------|
| | | Long Beach | Coral Bay |
| 1. | Restaurant | 7 | 6 |
| 2. | Multi-purpose shop | 5 | 2 |
| 3. | Scuba diving shop | 7 | 2 |
| 4. | Souvenir shop | 3 | 1 |
| 5. | Batik/ painting shop | 1 | - |
| 6. | Mini shop | 1 | 2 |
| 7. | Massage | 1 | - |
| 8. | Bookshop | 2 | 1 |
| 9. | Water taxi service | 7 | 2 |
| 10 | Snorkelling rental shop | 5 | 2 |

Source: MOTOUR/UTM, 2007

The islands are accessed by speedboats from Kuala Besut harbour. Perhentian Besar has several wooden jetties whereas until as recently as 2008 Kecil did not and so relied on small water taxis to transfer tourists from the speedboats to the shore. Interviews with water taxi boatmen showed that a circuit had emerged where the boatmen also worked in the Southern Thai islands in the Perhentians' 'off' (monsoon) season between October and February. However, with the completion of the two large concrete jetties on either beach (funded by the Ministry of Tourism Malaysia) the water taxi business disappeared and their services became redundant. Some had been forced to leave the island to look for alternative work elsewhere, whilst others had diversified into taking snorkelling trips for tourists or intra-island ferry trips.

Most of the food and drink required by the tourists were imported from the mainland. The islands do have some potable water supply from wells but tourists prefer to drink bottled water. There are minimal medical facilities and the only clinic is located at the local village, Kampung Pasir Hantu, and staffed by a paramedic and a midwife. There are no tourist police and the newly constructed police station complex only has two regular policemen on duty. The state government has recently started preliminary work on the construction of a centralised water supply system for the island and for sewerage, most accommodation units have septic tanks which are emptied into the sea during the monsoon period. Solid waste and general garbage are regularly collected and shipped to the mainland by barge, however, this has been criticised given that the large

garbage bags often fall into the sea while being transported to the mainland. One resort operator commented that “the private contractor has never bothered to reprimand his men for allowing some of the bags to fall off the barge. We suspect it is being done intentionally”. Since 2007 two wind powered turbines provide electricity to the villagers in the *kampung* and the tourist operators still rely on their own diesel generators for electricity.

Analysis and Findings

Spatial Temporal Evolution of Tourism Development in Perhentian Kecil

Based on the longitudinal study that started from the mid 1990s, the evolution of tourism development in Perhentian Kecil was synthesised and initially described using Butler’s TALC (1980) as the conceptual framework. Essentially Perhentian Kecil has undergone three distinct stages of development: Stage One: early 1990 until the mid 1990s; Stage Two: the mid 1990s until around 2003; and Stage Three from around 2003 to date.

Stage One: early 1990 till mid 1990s

This stage was characterised by the local response to the demand from tourism. The form of development was broadly ‘organic’, small-scale and unplanned. Arguably, the close-knit fishing community at Kampung Pasir Hantu, with little knowledge of the tourism business, became small-scale tourism entrepreneurs almost overnight. Perhentian Kecil was a relatively late starter and benefited from the exodus of backpackers from Cherating once domestic tourists began to overwhelm the ‘drifter enclave’ there (Hamzah, 1997). Due to the remote location of the island, there was no government intervention, and the new operators provided their own capital thus ensuring complete local ownership and control. All the pioneer operators were from the local *kampung* (village) and they were mostly related to each other. Due to the lack of capital, the initial development was mostly in the form of A-frame huts.

Although the *kampung* had a formal headman, the actual leadership was assumed by a colourful village elder, Pak ‘A’. Despite not holding any official post, Pak ‘A’ was instrumental in setting up a boat cooperative at Kuala Besut harbour to transport tourists to Perhentian Kecil. He also represented the villagers in meetings organised by the District Office and provided strong moral support for the villagers who wanted to venture into the tourism business.

During this stage, the fieldwork revealed that it was common for the foreign tourists to go about topless and many were engaged in ‘hedonistic’ practices such as excessive drinking that is common in much international tourism. Despite being located in a conservative Islamic state, the local operators had surprisingly developed a high tolerance level to such practices as they were becoming increasingly dependent on tourism as their main source of livelihood. According to a pioneer operator, “we regard the topless bathing and drunkenness as occupational hazards as long as they are carried out at Long Beach” (Long Beach is separated from the *kampung* by a rocky cliff). Even in the early days, the local operators were fast learners in terms of understanding tourist demand, behaviour and expectations. At the same time, the operators were also very protective of the traditional values in the *kampung*, and as much as ‘hedonistic’ behaviour was tolerated at their ‘work place’ (Long Beach) participant observation showed that most of the locals were outraged whenever a foreign tourist (s) strayed into their *kampung* to take photographs. As their ‘local champion’ and moral guardian, Pak ‘A’ made sure that none of the beach boys who flocked to Long Beach were from the *kampung* and this form of ‘territorial coexistence’ survived throughout the ‘involvement stage’.

In essence, the ‘involvement stage’ was a steep learning curve for the local community during which they were observed to be continuously learning new skills such as foreign languages, culinary skills and book keeping etc. Interestingly, their culinary skills were mostly learned from backpackers, especially the art of making banana pancakes which are still considered as being the now-iconic food for many backpackers. More importantly they were comfortable adjusting to a new system brought about by the advent of tourism, without sacrificing their traditional values.

Stage Two: mid 1990s to early 2000.

In this stage, outsiders started to form partnerships with the locals but the semi-structured interviews revealed that these ‘outsiders’ were mainly *Bumiputras* residing in the nearby mainland towns/cities of Kuala Besut, Kota Bahru and Kuala Terengganu. They often had family ties with the islanders, and maintained the small-scale and low density development as well as employing locals as the workforce. Rooms and other facilities were improved but they were still basic and low cost. Many of these new operators also supplied in-house restaurants/cafes and dive shops. One group of investors said “we do not need new development here such as the Berjaya resort type [a

large scale resort group in Malaysia], no need for concrete jetties, tourists here want to relax and enjoy the natural beauty of the island and they could go to Kuala Lumpur if they want to see modern resorts and development”.

The lack of access to micro credit facilities was one of the main reasons why locals sought partners from outside the island. Although Malaysia has both a Special Tourism Fund and a Tourism Infrastructure Fund created by the Ministry of Tourism, these were mainly exploited by mainland developers. According to an official from the commercial bank appointed to handle these funds, islanders “do not know how to write business plans and do not have the collateral” [land is often owned by many family members]. Without access to micro credit they turned to outsiders with the local headman sometimes acting as the land broker.

This stage could be interpreted as the beginning of TALC’s ‘development stage’ but the pace of development slowed from 1999 to 2004 which coincided with the period when the conservative Islamic political party, Parti Islam SeMalaysia (PAS) took control of the state government of Terengganu. In fact, there was a lull in Perhentian Kecil during this period given that PAS was not supportive of tourism and directives to hotels/resorts to provide separate swimming pools for male and female guests scared away investors. During this stage too, the local operators had become confident businesspeople in their own right and started to educate guests on the need for proper behaviour. This was surprisingly effective since topless bathing practically ceased almost overnight and ‘full moon parties’ had to go underground.

Stage Three: 2004 until present day.

In 2004, the Barisan Nasional (National Front) won back the control of the Terengganu state government and tourism was again regarded as a major economic driver. This period also marked the arrival of Bubu Resort, a formal and Malaysian Chinese owned resort – the first of its kind in Perhentian Kecil. Bubu Resort also introduced a new ‘business model’ that differed significantly from the unpackaged stays of most backpackers. The new model is typically a package of three days, two nights full board, boat transfer plus snorkelling trip from RM 299 (US \$93). Following the model of the Laguna and Berjaya Resorts on Redang island as favoured by the state government “this new business model for the islands will set a new benchmark for resort operators to follow, we do not want chalets that are charging RM30/night” (\$9.30) (state tourism official).

Unlike other backpacker areas such as Bali or coastal Mexico, until this period the island had not experienced foreign ownership including the so-called ‘developer-tourists’ (Brenner and Fricke, 2007). Bubu Resort is fundamentally different being more capital intensive. It consists of three-storey, permanent concrete buildings and has Chinese-Malaysian owners. In addition, the entire workforce was sourced from established hotels in Kuala Lumpur and ‘translocated’ to the island. It also caters for the mass package market of East Asian tourists (Chinese, Taiwanese and Hong Kong). An interview with a Terengganu state tourism official (pers. comm., 2009) revealed his preference for the business model introduced by Bubu Resort which he claimed “should trigger a new trend in resort operations on Perhentian Kecil, which the local operators have no choice but to follow”. The new business model is said to be similar to that practised in Redang island which has succeeded in attracting an influx of East Asian visitors (ECERDC, 2010).

Once Bubu Resort opened for business, there were intense initial reactions from the local operators on the island. One operator lamented: “what can we do, they have strong political connections, even though they are not *Bumiputras* [literally: ‘son of the soil’ that is Malay]” (Chalet owner A). Another said: “now it is a free-for-all!” (Land owner). A pioneer operator added “too much development and concrete, [the] government should control it” (Chalet owner B).

From the findings of fieldwork between 2008 and 2009, it could be surmised that the arrival of Bubu Resort was initially regarded by the local operators as a threat to their survival. On the other hand the policy makers in the Terengganu state government welcomed Bubu Resort and its ‘new’ business model as the right catalyst to transform Perhentian Kecil into a high yield tourism destination. These conflicting aspirations therefore created tensions that were about to upset the balance of power and tourist systems that had gradually evolved in Perhentian Kecil and had been mainly created by the local response to unsophisticated tourist demand.

Exogenous Factors and Their Destabilising Effects

Ever since the Barisan Nasional (National Front) won back control of Terengganu from the opposition PAS in 2004, the state government has been aggressively promoting the redevelopment of the formerly neglected Terengganu islands into a high end resort destination. In this light, the state government has also been making strongly-worded statements in the local media against backpacker tourism on Perhentian Kecil, such as

“we want to get rid of backpackers from Perhentian Kecil as they destroy the coral reefs. Instead we encourage the development of high end resorts which generate greater economic impact to the local economy” (*New Straits Times*, 4 February 2005).

In essence, the advent of Bubu Resort plus two other formal resorts at Coral Bay could be interpreted as a ‘destabilising event’ that could trigger the ‘relapse’ stage according to Resilience Theory (Cochrane, 2010). Once the rhetoric that greeted the arrival of Bubu Resort had simmered down, the local operators went through a denial stage. When asked whether she would upgrade her establishment and level of service to compete against Bubu Resort, a pioneer operator was adamant: “why should I change? My children are well provided for and my loyal customers keep coming back?” Repeating the same question to the pioneer operator a year after the interview, a change of heart was detected when she admitted that “we would like to upgrade and increase the number of chalets using our own money, in fact I have already paid someone to come up with architectural drawings a few years ago but he just vanished” (Chalet owner C).

During the 2008 and 2009 field visits, the authors heard many tourist complaints regarding the archaic “first come first served” system still being used by the local operators. The common response was succinctly given by a local operator: “I’m not in favour of telephone or online booking, it’s a hassle and tourists can always book through the dive shops which offer the service”. A year later she simply said: “I’m interested in setting up an online booking system” (Chalet owner D).

In 2006 the local authority started building a new two-storey concrete shopping arcade on Long Beach to the anger of the chalet owners who mounted a substantial local protest. In terms of the TALC, this shopping arcade development, combined with the new Bubu Resort and state government’s overall policy for the island could be seen as perhaps being the beginnings of a ‘consolidation’ stage. However the construction went on despite attracting an inspection by the then Chief Minister of Terengganu. The main complaint against the shopping arcade was that it would significantly block the view to the sea given its location on the beach reserve. A long-established operator said “we were not consulted over the construction of the shopping arcade, it’s not that we are against it but it should not be located along the beach where it would block the open view to the sea”. The shopping arcade opened in 2009 but has significantly changed the visual quality of Long Beach, given that the concrete building did not conform to the human scale of the surrounding mini resorts as well as blocking the surrounding chalets’

view of the sea. Despite this, the field visit in 2010 revealed that the adult children of the pioneer operators have since set up internet cafes and tourist information kiosks within the shopping arcade and were handling the online booking for their parents' mini resorts. Suffice to say that while in terms of Resilience Theory the exogenous factors did create a 'destabilising effect' on the tourist systems in Perhentian Kecil, the local tourism industry managed to quickly adjust their operation to accommodate the recent changes without using a confrontational approach.

To facilitate the development of Bubu Resort in Perhentian Kecil- given its Chinese-Malaysian owner - the Terengganu state government had to take the radical step of exploiting loopholes in the National Land Code (GOM, 1965), which stipulates that only *Bumiputras* (Malays) are allowed to own and develop Malay Reserve land. Most coastal areas and islands in Malaysia are located on Malay Reserve land including Perhentian Kecil. It should be highlighted that this kind of affirmative protection gave rise to the organic growth of small scale tourist development within the fishing communities along the east coast of peninsular Malaysia.

Although the whole of Perhentian Kecil is gazetted as Malay Reserve land, the law cannot stop non Malays/*Bumiputras* from being involved in development provided that they are carried out in the form of a joint venture or partnership with a local landowner. More often than not, the island landowners are paid a nominal fee to act as sleeping partners or what is locally known as the 'Ali Baba' syndrome. Although this practice is rife on uninhabited islands such as Redang, Lang Tengah and Tenggol it has yet (until Bubu Resort) to penetrate Perhentian Kecil due to the presence of a sizeable (and proud) local Malay community on the island. Despite this, interviews with the operators revealed that 65 per cent of the resorts are currently operated in the form of partnerships with outsiders from the mainland. However as mentioned earlier, many of these partners are related to the locals. Bubu Resort was supposed to be a 'guinea pig', with the blessing of the state government to test the reaction (and resolve) of the local operators (pers. comm.. state tourism official, 2008). At the height of the Bubu Resort controversy the local champion, Pak 'A' suffered poor health and eventually passed away in 2009. His demise left a vacuum in terms of leadership and organisation because until today, there is no formal organisation representing the local operators: "we don't need one – the other operators are our brothers, sisters and sons. We are family and that is stronger than any formal organisation" (Chalet owner C). Participant observation revealed that the community reaction to the arrival of Bubu Resort was that it brought

them closer together and sibling rivalries were put aside. They agreed to accept and accommodate Bubu Resort but pledged that they would not be part of any collaboration with non Malays that could result in the proliferation of such resorts in the future.

Table 4 Ownership Status of Mini Resorts at Perhentian Kecil

| No. | Accommodation | Ownership | | |
|-----|------------------------|-----------|-------------|----------|
| | | Local | Besut local | Outsider |
| 1. | Rock Garden | | √ | |
| 2. | Bubu Long Beach resort | | | √ |
| 3. | Chempaka chalets | √ | | |
| 4. | Lemon grass | √ | | |
| 5. | Simfony chalets | | | √ |
| 6. | Matahari chalets | √ | | |
| 7. | Moonlight beach | | | √ |
| 8. | Panorama chalets | √ | | |
| 9. | Lily chalets | | | √ |
| 10. | Mohsin chalets | | | √ |
| 11. | D`lagoon | | | √ |
| 12. | Rajawali coral | | | √ |
| 13. | Fatimah chalet | √ | | |
| 14. | Aur Bay | | | √ |
| 15. | Butterfly chalet | √ | | |
| 16. | Maya beach resort | | | √ |
| 17. | Senja Bay Resort | | | √ |
| 18. | Mira Chalet | | | √ |
| 19. | Petani Beach | | | √ |
| 20. | Impiani resort | | | √ |

Source: Fieldwork notes, 2007

Deteriorating Condition of Coral Reefs and The Resulting Change in Attitude

Besides the exogenous factors described above, there was also an endogenous factor that could be having a ‘destabilising effect’ on Perhentian Kecil, which is the deteriorating condition of the coral reefs around the island. Immediately after capturing back Terengganu from the opposition political party in 2004, the newly installed Chief Minister instructed that the Terengganu islands should encourage the development of high end resorts that are certified by Green Globe or the like so that tourists will pay premium rates to enjoy a world class tourism experience (pers. comm. UPEN Terengganu, 2005). This sentiment was echoed in one of the tourism policies contained in the Terengganu state Structure Plan which recommended “the

sustainability certification of resorts on the Terengganu Islands so as to attract Green and discerning tourists” (JPBD, 2005).

Against this backdrop, media reports and reef monitoring studies carried out by environmental NGOs such as Reef Check showed that the quality of coral reefs around Malaysia’s islands were deteriorating. Coral bleaching was also happening at an alarming rate to the extent that several dive and snorkelling sites had to be temporarily closed by the Department of Marine Parks (*The Star*, 22 July 2010). Prior to this the Terengganu state government had been making bold press statements that blamed the deteriorating quality of coral reefs on Perhentian Kecil due to the budget establishments: “we want to get rid of backpackers from Perhentian Kecil as they destroy the coral reefs...” (*New Straits Times*, 4 February 2005). The reef monitoring report published by Reef Check (2008) vindicated the small-scale operators by concluding that the status of the reefs around Perhentian Kecil was better than that of the other islands such as Redang and Tioman (larger scale developments). However, the report also recommended that the poorly treated sewage problem from the chalets, using septic tanks, had to be addressed. During the 2008-2009 field visits it was observed that these environmental NGOs were starting to work with the local operators in coming up with strategies and action plans to minimise negative impacts on the coral reefs. At the same time the foreign tourists going to Perhentian Kecil were becoming more discerning and concerned about environmental sustainability.

During the earlier part of the longitudinal study, the local operators did not feel that their basic sewage treatment was causing water pollution and there had been no attempt to upgrade the existing system although the government is introducing a centralised treatment system for the village. The 2010 field visit added questions on the willingness of the local operators to adhere to sustainability certification. The majority (92 per cent) said that they were willing to participate in any sustainability certification exercise but could only afford to pay RM 1000 (\$313) per resort. The majority also felt that the government should take the lead and subsidise the bulk of the cost, and suggested that the enforcement should be in the form of self regulation by their local organisation despite the fact that they have yet to set up a formal association.

Discussions and Conclusions

This working paper raises a fundamental question: namely is the island now reaching a ‘tipping point’? In other words, has Perhentian Kecil reached the moment that could be

identified as being when the destination changes from small-scale backpacker tourism to a very different form of tourism development? In essence the 'tipping point' would also imply the transfer of local ownership and control to outsiders, which could lead to the marginalisation of the local community and potentially negative impacts on the fragile island environment due to overdevelopment. In terms of Butler's (1980) evolutionary TALC model, the findings of the longitudinal study have shown that tourism development in Perhentian Kecil had moved into the 'development' stage, with some characteristics starting to appear from the 'consolidation' stage.

The question can also be raised whether the path along Butler's S-shaped curve is inevitable or are local operators, as the weaker stakeholders - or 'prey' according to Cochrane (2010) - resilient enough to accommodate the changes to the tourist systems brought about by government policy and the arrival of 'predators' such as Bubu Resort?

The organic growth of small-scale tourism development on Perhentian Kecil mirrors the conceptualisation by Oppermann (1993) who identified the primary role of the informal tourism sector in establishing 'drifter' enclaves along the coastal areas of LDCs. Oppermann (1993) also argued that as such enclaves move along the TALC (Butler, 1980), they are not overwhelmed nor displaced by the formal sector but continue to exist alongside the latter. This parallel yet separate existence was originally postulated by Cohen (1982) but Oppermann (1993) suggested that as a competitive, attractive and strategically located enclave evolves into a major destination or hub with heavy investment from the formal sector, the informal sector also moves out of its enclavic nature to become part of mainstream tourism, albeit without losing its distinct informal features. This evolution process appears to be similar to the early stages of many other backpacker destinations in the region such as Gili Trawangan in Lombok, Indonesia in the early 1990s (Hampton, 1998) or the Southern Thai islands in the early 1980s (Cohen, 1982).

The earlier part of the longitudinal study presented the authors with the opportunity to closely examine the dynamics of small scale tourism development as it gradually moved from Butler's 'involvement stage' to the 'development stage'. One interesting finding concerned the 'learning-by-doing' process (Folke et. al, 2005) that the local operators went through to compensate for their lack of formal education and training. Ahmad (2005) discovered that the same process was adopted by most fishing communities along the coastal areas of Malaysia, and that the practical knowledge

accumulated through this process was shared between the chalet operators within the community.

The arrival of Bubu Resort appeared to bring significant change to the existing tourism system in Perhentian Kecil. Previously, the island seemed to have a fairly uncomplicated tourism system where local family members met the young backpackers' basic needs and this demand was manifested in the form of small-scale, low density development that also had minimal environmental impacts. However, the arrival of Bubu Resort had initially threatened to upset this equilibrium. For the paper's authors, the research problem and questions became more complex at this stage. This then called for the linear narrative based on Butler's TALC (1980) to be revisited. Despite its limited application in tourism studies, Resilience Theory would be able to complement TALC to better understand the complexities of the scenario brought about by the advent of Bubu Resort and more so, the forces behind it. At this stage, Perhentian Kecil exhibited outward signals of tourism systems that were trapped in transition, in the form of antagonistic reactions from the local community and foreign tourists, as well as 'trial by media' arguably mainly driven by the state government.

Explicitly, both the federal and state governments were trying to scale up coastal and island tourism development along the value chain, as exemplified by the high value/high yield tourism rhetoric in various tourism plans and policies that included Perhentian Kecil (see for example Sea Resources, 2006; JPBD, 2004; JPBD, 2008; ECERDC, 2007; PEMANDU, 2010). As a consequence, affirmative policies to protect *Bumiputra* ownership and control as embedded in the country's New Economic Policy are being compromised to make coastal and island tourism more competitive and lucrative. In the same light, protectionist measures created by the local planning authority are under pressure of being removed, and to be replaced by a forced commitment to sustainability certification with the view that eco labelling will increase the island's competitive edge (ECERDC, 2007).

It remains to be seen whether the small-scale, locally owned accommodation at Perhentian Kecil will withstand government intervention and new market forces to maintain their identity and market share. Interestingly since the arrival of Bubu Resort in 2004, the anticipated wave of takeovers similar to what had happened in neighbouring Redang Island once a large scale resort (Berjaya Resort) was introduced, has yet to materialise at Perhentian Kecil. It should be pointed out that Redang Island

was uninhabited before the advent of tourism whereas Perhentian Kecil has a sizeable and resilient community.

The situation in Perhentian Kecil resembles the development path that Kampung Cherating Lama experienced, when the arrival of two formal resorts in the late 1980s (Butler's 'development stage') signalled an inevitable transformation of Malaysia's pioneer 'drifter enclave' into a formal resort destination. In applying Resilience Theory to the case of Kampung Cherating Lama, Nguru (2010) discovered that the local operators' ability to adapt to changing market demand and 'kinship support' rather than government intervention were instrumental to their survival once their main market segment, which were the backpackers, left *en masse* for Marang and subsequently Perhentian Kecil.

The study findings also support the contention by Dahles (2000) that small-scale tourism operations are more flexible and respond better and swiftly to changes in the marketplace. By using Resilience Theory to describe the impact created by Bubu Resort, it could be said the 'old tourism systems' that had been in place since the advent of tourism had been destroyed. In retrospect, the 'old tourism systems' were already showing signs of becoming irrelevant to current tourist demand, such as the archaic 'first come first served' system and the conviction that small-scale tourism development does not contribute towards environmental degradation. Bubu Resort set a higher standard of service and a business operation that optimises the use of information technology. After an initial reluctance, the local operators too embraced modern technology by getting their adult children to set up internet cafes and handle online bookings, thus fulfilling the changing expectations of modern day backpackers (Hampton, 2010). Their commitment to responsible tourism principles is now evident with their willingness for their establishments to obtain sustainability certification.

Instead of being taken over and marginalised by large, corporate resorts, the local operators are making a significant contribution towards the creation of a new tourist system in Perhentian Kecil. Community leadership that used to be provided by a 'local champion' has now been assumed by an informal community organisation with the desire to represent and move up the small-scale establishments along the value chain. It is anticipated that a formal tourism association may soon be established with Bubu Resort as a member.

With better organisation and a sustainable business model, the relationship with government agencies should also improve, which should pave the way for strong multi-

stakeholder partnerships to be formed. In turn, this will also enhance access to MOTOUR's Special Tourism Fund as a way of incentivising local operators to move up the value chain. To surmise the tourist systems in Perhentian Kecil are in the process of being reinvented, having recovered from the shock created by the forces behind Bubu Resort, which should lead to a more sustainable development path.

Perhentian Kecil has many lessons for other LDCs that have embraced island tourism as a catalyst for development. The evolution and life cycle of similar enclavic tourism developments have been deconstructed in the past mainly using spatial temporal models, of which Butler's TALC (1980) had provided a practical framework. While writers such as Choy (1992), Getz (1992) and Agarwal (1997) have criticised the application of Butler's TALC, proponents of Resilience Theory (Farrell and Twinning Ward, 2005; McKercher, 1999; Lepp, 2008) concur that even though the TALC is considered too linear to analyse the complexity of tourism destinations, its six stages provides a symbiotic interface with the four phases or loops that are considered to be more effective and realistic in analysing this complexity.

By incorporating Resilience Theory towards the end of the longitudinal study, another dimension could be added to the research by capturing not only the physical evolution but also the social construction of the tourist space in Perhentian Kecil (Phillimore and Goodson, 2004). There had been the risk that by applying TALC throughout the longitudinal study, that the research might have become stuck in a 'comfort zone' without questioning the appropriateness of using a positivist line of enquiry throughout. A mechanistic attempt to equate the evolution of tourism development with the various stages of Butler's TALC would have been a futile exercise once the dynamics of small-scale tourism development on the island had been comprehensively investigated although approaches are still common (see Graci and Dodds, 2010). In the final analysis, the longitudinal study not only produced a new perspective of the evolution of small-scale tourism development, but also became a form of rite of passage for the authors as researchers.

Acknowledgements.

The research on which this working paper reports was partially funded by the Ministry of Tourism, Malaysia. The authors are grateful for the Ministry's assistance particularly Dr Junaida Lee Abdullah, but this paper does not reflect an official view in any way. The authors would also like to thank JD, Che Wan and Shima for all their assistance with fieldwork, as well as the interview respondents who generously gave up their time. We are also grateful to Dr Ghazali Musa for his helpful comments on an earlier version of the paper. The usual disclaimers apply.

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