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## Differential Ethnic Involvement in the Penang Tourist Industry: Some Policy Implications\*

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### ABSTRACT

*This paper draws attention to the ethnic impact of tourism on the plural society of Penang. It suggests that extant models on tourism development pay inadequate attention to the multiethnic character of the host community which may serve to determine the manner in which benefits from tourism are distributed. Using Penang as an example, it attempts to describe the process which gives rise to ethnic dominance in the industry, and suggests some measures which can be taken to sustain the attractive plural outlook of the island as a tourist destination.*

### ABSTRAK

*Kertas ini memberi perhatian kepada kesan pelancongan terhadap kedudukan masyarakat majmuk di Pulau Pinang. Penulisan yang ada tentang kesan pelancongan tidak menonjolkan perkara ini walaupun ciri majmuk ini sendiri adakalanya boleh menentukan pola agihan faedah dari pelancongan. Dengan merujuk kepada kedudukan di Pulau Pinang, kertas ini cuba menghuraikan proses dominasi etnik dalam industri pelancongan, dan mencadangkan beberapa langkah yang boleh diambil bagi mengekalkan wajah masyarakat majmuk yang merupakan satu daya tarikan penting bagi destinasi pelancongan tersebut.*

### INTRODUCTION

The negative consequences of tourism on the host community have been a source of considerable concern among planners, policy-makers and members of the general public in recent years. Since the scope of tourism as a sector is wide-ranging, its overall consequences are complex and difficult to assess. Very often the issues highlighted depend to a large extent on the nature of information available and on the specific interest of the observer. Some of these consequences such as the incidence of crime and the issues associated with environmental deterioration, despite their attribution problems, are familiar and have received greater exposure both

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in Penang and elsewhere. Other issues such as the loss of community cohesion, ethnic ramification, moral and cultural decadence, are difficult to measure, and consequently, are seldom pursued beyond the platitude.

The purpose of this paper is to draw attention to the economic impacts of tourism on the host community in multiethnic situations. Although aspects of this category of problems are relatively well documented in the literature over the past two decades or so, very often the focus has been on the socio-cultural changes brought about as a consequence of intercultural contacts between the hosts and the guests. Findings on the patterns of host-visitor behaviour, on the features of ethnic tourism as a saleable product, and on the cultural changes induced by the growth of mass tourism are undoubtedly relevant. But equally important, though relatively neglected, is the ethnic impacts of tourism, viewed as a race-relations problem among members of the host community.

How do the different ethnic groups in the destination areas benefit or suffer from tourism? How do they in turn react to these impact patterns? And what are the policy implications that may arise from these issues? Questions such as these are especially pertinent within the contest of plural societies as is the case with Penang. As Wu (1982: 326) observes,

The multicultural context of the host society can have significant influence on the tourism industry and in turn, the tourism industry may have important direct impacts on opportunities available to each communal group as well as indirect impacts on how the ethnic groups in the host society interact with each other.

In the first part of the paper attention is drawn to the conceptual issues raised in the literature on the subject of local involvement in the tourist industry. The second examines the situation in Penang and in the third part some policy implications are discussed.

### LOCAL INVOLVEMENT IN TOURISM : THE MODELS

A specific model which describes a generalized pattern of local involvement in tourism is yet to appear. There are however three strands of ideas which seem to underpin current thinking on the process of local involvement in tourism. These ideas are interrelated and each one has its own corpus of literature, but in this section only a capsule reference is made to the relevant principles as they apply to the subject of local involvement in tourism.

The first in the so-called 'growth centre' model. In essence this model suggests that concentrated growth in tourism in selected areas has the capability of transmitting growth impulses to the outlying areas. This is possible since tourism services are purchased locally and have the potential of creating backward linkages in several ancillary and primary activities. For this reason writers in this group frequently describe the role of tourism as 'engine', 'growth point', 'growth pole', 'instrument', 'catalyst', 'stimulus' etc. to economic development. In Malaysia tourism has been regarded as a 'vehicle' for the development of lagging regions in the east coast (Mokhtar Halim 1982: 135). It has also been suggested that Penang can

act as 'growth centre' for tourism development in the Penang-Langkawi region (Singh 1975 : 271 - 4).

The implicit assumption in this model is that the opportunity structure produced by the 'spread' effects from the tourist centre operates openly so that members of the community can have ready access to the opportunities so long as he has the necessary entrepreneurial ingredients to take advantage of the market situation. A related concept often invoked in association with the spread effect is the tourism 'multiplier'. There are many types of multipliers but the main idea is that injection of input factors from tourism can create a multiple effect to the local economy. Thus the income multiplier would suggest an effect worth some multiples of the initial tourist spending through the subsequent rounds of purchases of local services. Criticisms of the multiplier estimates often direct attention to the erosion of this effect owing to import leakages. Since both the spread and the multiplier effects are conceived in spatial and structural terms, rather than as a social or ethnic process, further examination of the impacts beyond the numeric is not heeded. As a former consultant to the government of Malaysia states:

All we need to do was to lure some propulsive industries .... Then ... we would sit back and let the market generate spread effects to the peripheral regions (Higgins, 1983: 8)

Thus the question of who among the locals are involved and which areas actually benefit from tourism becomes a secondary issue which is left to the 'invisible hand' of the market. However as Chow (1977: 6-7) points out:

The value of resort development is not necessarily in the property taxes and excise taxes generated, since most public spending benefits newcomers ... The value of new development is rather in that portion of income which is recycled into the older communities.

In many of the Third World destinations the tourist industry is organized along ethnic lines so that the multiplier or spread effects, however high they may be, may not bring the expected benefits to the marginalized group in the community. For this reason studies have shown that in many of the established destinations growth in tourism has in fact resulted in a measure of increase in the interethnic income disparity (Howard 1971 : 5, Samy 1975, Butler 1979: 193, 201, Rajotte 1981: 19; Cohen 1983: 161; see also Sobhan 1983). Thus by ignoring the ethnic-oriented nature of the development surface in most plural contexts, the growth-centre model seems to be overly simplistic as it fails to address this central feature of these societies.

Another perspective on local involvement finds expression in the dependency model. The basic premise of this model is that the pattern of local involvement is orchestrated from the metropolitan centres. The predominance of foreign ownership and control, together with a global structure of organization, is said to have imposed on peripheral destinations a development mode which reinforces structural dependency on, and vulnerability to, metropolitan countries (Britton 1981: 19). This

is possible through a web of well entrenched network of control in the various enclave activities such as marketing, transportation, accommodation and the supply of imported materials. In this arrangement the model suggests, the greatest commercial gain goes to foreign and local elite interests. Thus local involvement is restricted to a class of local 'compradores' whose enclave operations do not benefit the majority of local entrepreneurs.

The third perspective on local involvement, here called the evolutionary model, is more illuminating as it attempts to describe tourism development from the incipient stage to the eventual stage of maturity. Although there are many variants of this model, the consensus is that tourist destinations develop in historical stages which begin with outsiders taking over control of the industry. The explicit proposition is that during the second stage which Butler calls 'involvement', tourism develops out of local entrepreneurial initiative (Butler 1980: Because at this stage host-visitor interaction is still intense and congenial, some modernizing ideas can be expected to result from the exchange between the visitors and the locals. As a consequence of this locals will begin to appreciate the needs of the visitors and will be prepared to take advantage of the new business opportunities arising from their arrival. If entrepreneurship is considered a *primum mobil* of economic development of the local community, then by providing the breeding ground for local involvement, this incipient stage may serve to lay the foundation (through real spread effects) for a future growth of local and/or indigenous-based travel industry. This surely is the desired mode of development for the host community.

Unfortunately, the above conception is somewhat wishful if one considers the human resources of the local area. It assumes that local entrepreneurship is capable of springing up spontaneously. Even if there is no social and cultural impediments to the emergence of the Shumpeterian innovator, locals, would still have to be preadapted, in terms of motivation, awareness and experience, to the market culture. The only advantage locals have over outsiders is that simply by being there gives them locational advantage in proximity to the new opportunities. This advantage is not likely to make much difference in the presence of an established entrepreneurial group whose acumen and foresight far outweigh the intuitive capability of the locals. This has been the case with the situation in Langkawi, and in southern Thailand where the tributary area is clearly compartmentalized among three ethnic groups. As Cohen (1983: 161) describes.

Once the locals become fully aware of the potential for tourism in their area, it may be too late, since the strategic opportunities, such as choice sites for tourist facilities, will have been grabbed by outsiders, (non indigenous) as was the case on Sabai and later Sanuk beaches and Phuket.

In most plural situations the travel business is initiated by non-locals, either colonial pioneers or immigrant groups. The potential involvement of the indigenous group is thus preempted right from the start. Onve the

former group penetrates and establishes itself in the destination area, especially when their entry is reinforced by the tendency to forge ethnic closure, it will require more than spontaneous efforts on the part of the locals to gain ground for themselves. But to assert singularly as Snodgrass (1980: 228) does, that certain groups are excluded mainly on account of ethnic discrimination, will not stand to test since the travel industry is much more open to newcomers.

Nonetheless, in the light of the deficiencies of the above models an interpretation based on ethnicity is suggested as a more realistic conception toward the understanding of local involvement in the plural contexts of Third world destinations.

### AN ETHNIC INTERPRETATION

The main assumption in the ethnic interpretation is that economic activities in plural societies tend to be occupied by certain ethnic groups to the exclusion of others, so that the growth of a particular activity tends to benefit the group in control of it. As a general proposition the principle of ethnic dominance does not preclude the inclusion of members of other ethnic groups so long as their incorporation (on symbiotic or commensal basis) does not threaten the control by particular ethnic gate-keepers, but instead, serves towards further advancement of their economic interests.

Given this general principle, it follows that growth in tourism tends to spread or to trickle down, as it were, along defined ethnic paths rather than progressing openly, transcending ethnic boundaries. The tendency towards the formation of ethnic niche applies in varying degrees among all ethnic (and subethnic) groups. There are two principal elements in this model. First, as originally hypothesized by Furnivall (1956: 304).

There is a plural society, with different sections of the community living side by side, but separately within the same political unit. Even in the economic sphere there is a division of labour along racial lines.

Such segmentation, often also in spatial terms, arises owing to the process of community closure based on ethnic identities. In situations where there are strong boundary markers such as language, religion or even the colour of the skin, ethnic identity acts as strong barrier which serves to conserve and to reinforce social separation.

Secondly, ethnic niche tends to be more pronounced in the *laissez-faire* situation where competition for resources encourages the formation of monopolies and combines which operate along ethnic or subethnic lines. This is not to suggest that in noncapitalistic economies such economic closure can not arise, but only that in capitalistic economies the maintenance of ethnic dominance tends to be accentuated by market competition because ethnic participants can, more often than not, draw preferential treatments from fraternal associates who may favour them over their nonkinsmen. As Jackson and Smith (1984: 112) observe, "... ethnic attributes frequently provide individuals with a resource which they

could exploit to enhance their prospects of establishing an effective economic niche." Because commercial activities by nature are urban-centred and urban centres are meeting places for ethnic groups, the problem of ethnic dominance becomes visible and may on occasions act as a source of group antagonism. Such antagonism provides further cause for ethnic closure to the disadvantage of entrepreneurs from outside the reference group.

According to Aldrich et al (1984: 193) ethnicity creates a tariff barrier shielding businesses from outside competition. It "... served to provide protected niches for entrepreneurs ... in that non-members have been more or less disadvantaged in competing for the same customers." The advantages to be shared by insiders are many. This includes mutual aids in access to credit facilities, practical training, business intelligence and above all, leadership and mutual assurance. Although it may seem easy at the outset to enter into tourist-oriented businesses such as ventures in hotels, restaurants, travel and tour operations, or even guide services - so long as one possesses the capital and is sufficiently motivated, the experience of those deprived of the ethnic advantages however may prove to be quite different. This seems to have been the experience of bumiputras in Penang.

## LOCAL INVOLVEMENT

### HISTORICAL BACKGROUND

Travel industry in its rudimentary forms came to the Penang region with the advent of western mercantilist trade in the later part of the eighteenth century. Prior to this the island was notorious as a hideout for pirates. James Lancaster, who was also one of them, sought to recuperate on the island in 1592. While he was in the northern waters native Malays came to barter fresh supplies in return for durable items with his crewmen. This pattern of response from the local Malays is also evident in a number of reports by subsequent sailors to the region (Johnson, 1807: 143; Wilkinson 1883: 98; Kratz 1981: 66). The enthusiasm of the locals in their willingness to trade with the visitors reflects the existence of traditional entrepreneurial activities. But probably owing to the small number of visitors at each point in time, and the nature of self-sufficient sailing vessels which did not require much local purchases, these transactions did not give rise to sedentary businesses associated with travel.

As the China trade grew, and as more ships passed through the region, the need for a port of call which could provide some security and transit services was increasingly felt. "It was also necessary to provide restaurant and refreshment ports (which) were just as important as trading ports" (Drake 1970: 270).

Penang grew into a visitor centre soon after its foundation in 1789. By 1805 Johnson (1807: 224) estimated that there were some 2000 itinerants on the island. The founders of Penang recognized the value of Chinese

labor and deliberately sought to encourage their arrival, so that a year after the inauguration of the settlement Chinese families "... kept the shops in the bazaar pretty extensive" (Garnier 1923: 6). At this stage visitors to Penang had to depend more on private hospitality than accommodation in taverns or hotels since there was little encouragement for the establishment of these facilities (Low 1972: 313). Most of the needs of the visitors appear to have been provided by Europeans, as Garnier (1923: 11) described the situation in 1811.

It must have been very different then to now, for then we find many trades were in the hands of Europeans. There were Europeans working as printer, tavern keeper, fiddler, hair dresser, coachmaker, watchmaker, cooper and shipwright.

The situation in both Singapore and Malacca during the early period were also similar, development of the tourist facilities were almost exclusively in the hands of Europeans.

By the time Lennon visited Penang in 1795, the incipient visitor trek had already been established. The waterfall which was linked by a road originally built for visitor carriages struck Lennon as a beauty of "grandeur and magnificence." This same spot made a strong impression on a visitor in 1805 who concluded that, "Penang rivals anything that has been fabled of the Elysian Fields" (Johnson 1807: 225). A number of bungalows were later built on Penang hill for the use by European residents and visitors. Perhaps the only mention of Malays in the early travel business was that they were dependable gharry carriers without whose services transportation uphill especially for the ladies would have been difficult (Johnson 1807: 227).

One of the manmade attractions during this period was the Amee corn mill in Ayer Itam. The mill was erected and opened to visitors by a Chinese merchant. With remarkable ingenuity this entrepreneur was able to create a tourist attraction by harnessing power from a nearby stream to drive his mill which supplied bread to the island, and at the same time he also set up a tavern and a hotel on the same ground for the tourists (Davis 1956: 32). From early writings on foreign visitors however, Chinese involvement in the tourist accommodation sector, was more of an exception than a rule.

Probably the first reference to the 'tourist' in Penang was in a travelogue originally published in 1834 (Begbie 1967: 384-386). The author, in the usual manner, described the physical attractions of the island and the function of the hill as a resort for the Europeans. The ambience presented, including the facilities provided during the early stages clearly reflects European initiative, design and taste. The hotels such as Hotel de L'Europe, E & O, Runnymede and the hill bungalows were products of European needs and enterprise, and all the original owners of lands on Penang Hill were European.

There is very little specific information on the Chinese, Malays or Indian involvement in the tourist industry in Penang during the earlier periods and to a large extent this still holds true even at present. It is possible however to provide some conjectural account of Chinese

involvement in these activities from scattered remarks in the literature. The involvement of Malays and Indians (who were known to have run what were equivalent to hotels as far back as the Malaccan Sultanate), were very minimal and need not be pursued further (for example see Sandhu 1973: 55, 60).

One of the typical features in the Malaysian urban landscape is the Chinese lodging houses. Nearly half of the hotel buildings in Penang today are remnants of the old lodging houses which were built during the prewar years. The origins of this form of accommodation which is almost exclusively run by the Chinese is difficult to trace but there are three possible explanations. First, the influx of Chinese immigrant labour, especially during the mid-nineteenth century, created a healthy demand for temporary accommodation in port lodging houses. Some of the Penang brokers in the 'pig' (singkeh) business seemed to have worked in collusion with their counterparts in Singapore in importing immigrant workers to work in the north western states of the peninsula. Since these immigrants were barred from European establishments, and in any case would not be able to afford such facilities, the port lodging houses or the houses of ethnic associates were the only options for transit accommodation. Also, given the lack of females among the migrant workers there is a further market for brothels which were usually operated on the premise of these lodging houses. The natural propensity of the Chinese clientele to seek ethnic services both in the brothel and restaurant market certainly works in favour of Chinese operators in these activities (Heussler 1981: 158).

Second, on the supply side, lodging houses, at least the wooden ones (including *Kongsis*) were not very expensive to built, coupled with the fact that these premises could generate sustainable returns on account of their multiple functions as eating places, hotels, brothels and owners' residence. Moreover, as urban settlers who resided in the market, and in the absence of competition from Europeans, Malays and Indians, the opportunities for those with some capital were almost there for the taking.

Third, it can also be argued that the Chinese, like the Japanese, were well preadapted to the running of such establishments. Catering for the needs of the itinerant traveller has been the usual practice in *kongsis* and association houses, and indeed similar facilities (K'e-chan or inn) were already known to exist in Hong Kong and Canton during the previous period. The same may be said of the prewar Japanese brothel operators whose familiarity with their traditional ryokan (inn), 'also made them relatively more aware or preadapted than the Malays or the Indians. In his study of the Chinese coffee shops and lodging houses, Lim (1979: 18-21) found that 38% of the original businessmen had prior involvement with business activities before immigration.

Thus a combination of favourable demand and supply factors provided advantages many of which militate against the entry of non-Chinese entrepreneurs. Once the pioneer enterprises were established the pattern of ethnic dominance in the lodging house sector was reinforced and

perpetuated through subethnic trade associations (Lim 1979: 24). In many ways the same process also applied to the operations of railway station hotels and rest houses most of which were run by the Hailam group (Goh, 1962: 93).

The dominance of the hotel sector by certain subethnic groups has been perpetuated not solely on account of discriminatory practices since in the *laissez-faire* situation a degree of free entry prevailed. In reality hotel operators were not in the position to effect a full monopoly of the market. Unlike retailing and trades in franchise items, inputs for the hotel sector (durables and nondurables) could be readily purchased in the market, and during the later stage, the composition of the hotel clientele was also multiethnic. But because of the simple fact that strategic space and choice sites are immutable, their occupation became a permanent barrier to entry. In this sense it is true to say that "In the past, the predominantly Chinese ownership and management structure (in hotels) has impeded Malay entry" (Snodgrass 1980: 228). Whether the practice of deliberate ethnic exclusion is actively pursued and if it exists to what extent, remains a matter for speculation since the nature of operations of ethnic enterprises in Malaysia and elsewhere is always shrouded in secrecy.

The role of social and trade associations in effecting ethnic or subethnic Chinese monopoly in the travel sector, undoubtedly important and wellknown, will not be discussed here. Suffice it to say that their effectiveness in forging community closure particularly in the sharing of business intelligence, finds no equivalence among the Malays or the Indians. Although the latter groups do have their own associations, the degree of commitment can not be said to be the same since these associations are not organized on kinship or blood basis.

What emerges from the foregoing is that local involvement in the tourist industry has been patterned along the ethnic line since the incipient stage. Initially, all aspects of travel industry - accommodation, transport, catering and other related activities, were initiated and monopolized by the Europeans. By the time Malaya became independent most of the facilities gradually passed over into the control of the Chinese community. In Penang the ownership and management of port hotels, hill bungalows and to a lesser extent transportation, conform to this transfer process which unquestionably bear imprints to the patterns of ethnic dominance in the industry today.

#### ETHNIC DOMINANCE

A newcomer to Penang will not miss being aware of one central feature characteristic of the island. As the visitor leaves the airport or the harbour, he begins to be enveloped in an ambience which is overwhelmingly Chinese in character. He is likely to stay in Chinese run hotels, eat in Chinese restaurants, and buy souvenir items from Chinese shops. As he proceeds further to explore the mass tourist circuit, also predominantly Chinese in

coverage, he will come to realize that tourist development in Penang is predominantly concentrated in the hands of the Chinese. If he learns about the country from government brochures he will find less congruence

TABLE I. Ethnicity of ownership in tourist related establishments in Penang, 1982

Activity	Chinese (%)	Indian (%)	Malays (%)	Others (%)	Total Number
Hotel & Motels	92.8	0.9	0.0	6.3	111
Restaurants	76.0	11.6	9.1	3.3	121
Cafe & other eating places	83.5	7.9	8.0	0.6	764
Banks, and Financial Institutions	52.6	12.4	6.7	28.3	209
Insurance	61.2	5.0	4.3	29.5	139
Entertainment Services	77.8	8.9	4.4	8.9	158
Laundry Services	90.9	9.1	0.0	0.0	44
Photo studios	96.8	0.0	3.2	0.0	63
Barbers, beauty shops, health centre	80.9	15.1	4.8	0.2	456
Tailoring services	91.2	5.1	3.2	0.5	433
Repair services	93.1	1.1	4.6	1.1	612
Professional services	76.7	8.8	4.8	9.7	536
Real Estate, other business services	60.4	18.0	7.2	14.4	111
Total (%)	81.6	7.7	5.3	5.5	3757

Source: Majlis Perbandaran Pulau Pinang (MPPP), 1983

between the image of the idyllic and multiethnic destination being promoted, and his actual encounter. As to whether this matters to the visitor no one really knows. It is however a matter of concern to policy-makers and especially more so among the Malay segment of the community (Yahya Ismail 1978: 52-53).

Before exploring the policy questions it is necessary to first look at the extent of Chinese dominance in the tourism sector. The following tables on the ethnic composition in ownership and employment in tourist related

activities are self explanatory. As shown in Tables I and 2 Chinese owned 81.6% of the tourist related establishments and represented 71%, 82.1% and 88.5% of the employees in hotels, tour agencies and tourist guides respectively.

TABLE 2. Employment in Penang hotels, tour Agencies and guides, 1980

Activity	Chinese (%)	Malays (%)	Indians (%)	Others (%)	Total Number
Hotel	71.0	26.2	2.0	0.7	3338
Tour Agencies	82.1	10.1	6.6	1.2	424
Tourist guides	88.5	5.7	4.6	1.1	174
Total (%)	73.0	23.6	2.7	0.7	3936

Source: Majlis Perbandaran Pulau Pinang (MPPP), 1982.  
Directory of Tourist Guides, TDC, 1984

As pointed out in the preceding section, this pattern of Chinese dominance has a long history which dates back to the early colonial period. If one compares with the situation in the 1920s, it seems evident that the dominance of the Chinese has decreased to the small extent as more Malays migrated to the urban areas. The Census Report for 1921 for example, shows that some 92.2% of the total Malays and Chinese employees in hotels and clubs in the Straits Settlements were Chinese (Tham 1977: 45). The extent of Malay involvement was small at the beginning and even in a 1964 survey of employment in small towns where Malays could be expected to have bigger representation, only about 4% of the employees in restaurants, cafes, hotels and lodging houses was recorded (Jones 1965: 70). Malay inroads into hotel employment in Penang, although short of the expected target, is a clear testimony of the effects of affirmative policies by the government.

There is however a preponderance of Chinese in the upper categories of employment while proportionately more Malays are to be found in the lower enclaves (see Table 3 and 4).

Information on equity control among ethnic groups is difficult to obtain especially in the light of the sensitiveness of the subject. The only indication available from the Statistics Department is that in 1979 bumiputra companies accounted for only 5.6% of the total value of fixed assets of all hotels and lodging houses in the country. There are also no available statistics for ethnic involvement in the transport services although it is believed that virtue, by of icencing control, increasingly more Malays are beginning to participate in this area. Of the total number of permits approved by the Road Vehicles Licencing Agency (LPPJ) for the whole

TABLE 3. Employment structure in Penang Island hotels, 1982

Category	Chinese (%)	Malays (%)	Indians (%)	Others (%)	Total Number
Management Staff	81.2	9.7	1.8	7.3	165
Technical and Supervisory	76.5	22.0	0.7	0.7	277
Clerical and Related Workers	87.7	9.9	2.1	0.2	382
Service workers	66.3	31.6	1.8	0.2	1904
General workers	69.8	26.0	3.4	0.6	610
Total (%)	71.0	26.2	2.1	0.7	3338

Source: Penang Labour Department, 1983.

TABLE 4. Employment structure in tour agencies, Penang Island 1982

Category	Chinese (%)	Malays (%)	Indians (%)	Others (%)	Total Number
Management staff	84.0	6.0	8.0	2.0	50
Technical & supervisory	100.0	0.0	0.0	0.0	11
Clerical & related workers	85.6	9.6	4.4	0.4	229
Sales & service	74.8	15.1	7.6	2.5	119
General workers	66.7	0.0	33.3	0.0	15
Total (%)	82.1	10.1	6.6	1.2	424

Source: Penang labour Department, 1983.

country in 1981, 43% of the taxi permits, 26.9% of the permits for hire and drive cars, and 63.7% of the tour coach permits, were awarded to bumiputras.

It is suggested earlier that the image of Penang as projected overseas may not necessarily accord with the actual experience during the tourist's visit. Rather than exploring a multiethnic ambience, the new visitor may only be exposed to a preponderantly Chinese outlook of Penang. (This observation is expressed by two tourists who now reside in Hawaii and California). Even if this comment is a general experience, Penang Chinese

is surely place specific as much as any place is unique on its own. If one takes a tour of Penang in coaches which offer a standard city or round the island tour, one invariably finds that most of the tourists are taken through circuits which focus on Chinese operated activities. If and when they pass through the mosque or the kampung, these are often objects to be appreciated from a distance. Consequently, when tourists spend their money, quite apart from those expenditures spent at the hotels, more often than not, these are spent on Chinese marketed items. This is to be expected since Chinese entrepreneurs and population are the dominant majority, and this spending pattern also reflects the broader context in which the community of Penang in particular and urban centres in general, are overwhelmingly Chinese. It goes without saying that this pattern is not peculiar to the tourism sector alone.

There are certain areas such as handicrafts where one would expect more bumiputra participation. But even here Malay involvement is minimal. The above observations provide some indication on ethnic dominance in the tourist industry. Within the context of the New Economic Policy clearly there is more effort to be desired. But if Bumiputra involvement in Penang is to be increased without affecting the interest of other members of the Penang Community, some serious thoughts should be directed towards expanding the store of tourist attraction in the island. Some ideas teased out below, needless to say, come from armchair reading but with positive intent.

### POLICY IMPLICATIONS

It must be recognized at the outset that ethnic closure and nepotistic practices are normal. They exist not only between ethnic groups but also within each communal group. The virtues of communal closure are better expressed in some cultures than others. The credit rotating practices among the 'huey' type associations among the Chinese, Japanese and Koreans have made them better competitors in the market even in the Western cities. It should come to no surprise for example that partly through such practices, the Japanese in 1919 owned 47% of the hotels in Seattle (Light 1972: 10). The 'onion ring' concept is an apt description of the Chinese, which suggests different levels of ethnic closure to the detriment of members outside each ring. Even among the Malays or Indians this tendency is commonplace. As an example, no single Malay travel agent in Kedah employed a non Malay in their business. Similarly a contrasting situation exists in Cherating and Pulau Tioman where the tourist activities are almost exclusively run by the Malays. Social scientists of the structural or 'class' persuasion seem to be oblivious to the salience of this ethnic tendency. This is unfortunate. But for policymakers and their consultants this is a reality which must be given serious consideration.

In the absence of a convincing alternative this writer leans to the presumption that in the long run ethnic dominance can lead to racial

hostility which is not desirable, at least not within the tourist industry. Tourism is sensitive to politically-charged events and this is evident not only in Penang but also in other established destinations such as Fiji, Noumea, Philippines, Cuba, Bahamas, not to mention Beirut. Hostility within the industry not only demoralizes workers, it may also discourage visitation as have been the recent situation across the northern border (see also Samy 1975). That the island has not faced such problems in recent years is not a good reason for complacency. Visitors responding to surveys at Bayan Lepas airport have repeatedly marked 'friendly people' as the most important attraction. It is hoped that ethnic hostility will never jeopardise this impression which is hard won and which community members ought to value and be proud of.

The lack of Malay involvement in Penang tourism have been a source of resentment both within and outside the state. My intuition is that as a result of this Penang has not been able to attract as much domestic tourists (the Malay segment) as its attractions can offer. Somewhat related to this the Chief Minister has once commented on the problem of brain drain among Penang Malays. Whether this in part also has to do with ethnic dominance remains to be understood.

One of the possible reasons for the lack of domestic tourists especially the Malay segment, many observers believe, lies in the high room rates. For the inert segment of the market, and especially the low budget travellers, Penang is best to be forgotten. Herein lies one possible avenue for which local Malays can participate. Policymakers should seriously consider cheap alternative establishments which Malays can run. A survey can be conducted to locate and provide an inventory of potential Malay households who want to participate, and to identify business areas where they can participate. Similarly, the possibilities of using disused land (*tanah terbiar*) or Muslim endowment land (*tanah wakaf*) for tourism activities should also be explored. Some lesson can be learned from the Malays in Cherating and Tioman (some 80 entrepreneurs altogether) who have proven that given the opportunity they can operate the small scale facilities as well as the non-Malays. The Tufi house in Papua New Guinea, the pension or guest lodge in Europe, or even Sam Khoo's hut on Pangkor are some possible models to contemplate. These premises need not necessarily develop into squatter colonies for vagabonds.

They can be registered and regulated into suitable cheap accommodation both for foreign travellers and the Malaysian public. In so doing the domestic component of the Penang tourism market can also be expanded. To do this municipal ordinances relating to lodging houses and rural land use codes will have to accommodate these needs. In the past foreign consultants have been singularly concerned with the provision of MTQ (minimum tourist quality) standard hotels. It is time that the potentials of cheaper alternatives be considered. After all, studies have shown that it is the small scale mom-and-pop type establishments which are the ones that have greater 'multiplier' effects to the local economy. The

question of 'who benefits' does not arise to the same extent as the luxury types of establishments. Properly planned, it should provide opportunities to more community members as well as to the Malaysian travelling public.

Another area that deserves scrutiny concerns the limited attraction that Penang has been able to offer. As it is, the whole sites of attraction can be covered under three days at most. Especially in the face of competition from other destinations in the region, tourism planners have to think of ways of increasing the attractiveness of Penang. One possibility is to set up some forms of cultural zones (either dispersed or centralised) in which the multiethnic cultural items are organized for tourist observation and/or participation. Examples that come to mind are the Hawaiian Polynesian Cultural Centre, 'Pistang Filipina', Korean Folk village, Bangkok Rose Garden and the Miniature Park in Indonesia. This zone may be located in the mainland or the western part of the island. All ethnic groups may be encouraged to participate in this enrichment programme. It should benefit everybody, including the luxury hotel sector. At present while TDC and PDC have been busy in their overseas promotional efforts, the images sold or promised are not adequately matched with what is actually offered.

One French travel columnist once asked the writer where he could possibly sample the cultural performance in Penang. Eventually he was directed to a commercial program at the Eden Seafood restaurant which being the only place where one could have a glimpse of the cultural performance left him somewhat dissatisfied. There is a Persatuan Penari Pulau Pinang which was once a popular contributor to tourist entertainment. Associations such as this may be able to contribute further with the establishment of a cultural centre. The Pesta site is of course an attraction to Penang, so is the proposed handicraft centre. But policymakers need to think of a larger offering than these. This raises the question of funding. Many of the famous cultural centres in other destination emerge out of private initiative while others are government sponsored. Some form of collaboration between the private sector and government agencies seems desirable, but this requires expert judgement and cannot be pursued further here.

Up to this point several issues have been raised and discussed subjectively. Tourism has hardly been studied by academics, nor has it been closely examined by other groups in the community with the exception of the Consumer Association of Penang (CAP). Without a proper understanding of the complex issues surrounding the impacts of tourism it is difficult to arrive at an overall assessment, the findings of which need to be known by the community in order to avoid unhealthy public reactions to the industry. The information gap is large. Just as in the case of the enrichment needs of Penang as a destination, the initiative for research must come not only from the government but also from the private sector, either in the form of direct involvement or incentive arrangements. As it is, the government has expended a measure of effort to conduct surveys, training and to promote the island out of the public coffer. It behoves on

the private sector to share some of the responsibilities in making Penang a peaceful and competitive destination.

#### ON POLICY PRECEPTS

It is often suggested that in Malaysia there is no declared policy on tourism development both at the state and Federal levels (Tengku Iduara 1985: 6). Although in explicit terms this is only half truth, since any tourist related enterprise is still subject to numerous local government ordinances and by-laws governing licences for operation. The hotel industry for instance, is also subject to special provisions relating to investment incentives and the various stipulations under the Industrial Coordination Act. But beyond these recent official pronouncements, the tourist industry has always been guided by the *laissez-faire* principle. It was only after the mid-1970s that some attention was directed towards proper planning to ensure balanced development in this sector. Every state government has for some time engaged foreign experts to draw up master plans for tourism, and in 1975 a master plan for the whole country was commissioned. These consultant reports provide impressive technical details on visitor attractions, forecasts on long range expected arrivals, logistic problems attending tourist related services, and detailed graphics on landscape and building designs much of which were inspired from previous consultancy assignments completed elsewhere.

It is usually emphasized in the preamble that tourism would bring unquestionable benefits to the country through foreign exchange earnings and employment generation. Little, if any, is said on the social and environmental implications of the recommended programmes. Although the issue of ethnic inequality in the Malaysian economy, including the tourist sector, is notable, foreign consultants avoid this subject and consequently present a less than realistic conception of the planning problem. At best the 1975 master plan paid lip service to this aspect by mentioning that one of the objectives of tourism development in Malaysia was "... to provide a basis upon which Malaysia may develop her tourist potentials in an orderly and balanced manner within the framework of the national development plan the New Economic Policy" (TDC 1975: 4). Nowhere else in the 276 page report does it elaborate on the needs of the New Economic Policy, especially on the extent of *bumiputra* participation in the industry.

It is the contention of this paper that the ideological infleets or policy precepts which inform tourism planning in Malaysia is biased towards the concept of free competition without due regard to its peculiar multiethnic needs. For the same reason, consultants seldom consider alternative modes of development, but singularly recommend the development of international luxury types of tourism facilities. This bias is further entrenched by the fact that most tourism planners, policymakers and industry officials are trained and are oriented by the same ideological

framework - western luxury tourism curriculum and literature, which also trained the consultants. Given this pattern of education and policy precepts it has always been regarded as red herring to contemplate on an incentive scheme for small-scale and indigenous based (beside the international) mode of tourism development.

### CONCLUSION

This paper suggests that for a healthy growth of the tourist industry it is necessary to ensure a broader-based involvement of the host community. While the multiethnic character of the state has been an asset to tourism it can also be a source of its demise. The problems that can emerge from a pattern of ethnic dominance can not be solved by apportioning blame or beating the dead horse. It must ultimately come through earnest intent and foresight, to view the problem constructively and to make the best from the legacy of the past. It is argued that because conventional models do not pay adequate attention the interethnic problems which are characteristic of plural situations, they have little value in understanding the situation which obtain in a place such as Penang. But so long as policy precepts continue to be derived from the ideas generated from these models, policymakers for the future may risk losing sight of the long range problems facing the industry.

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