

Entrepreneurship Challenges and Capacity Building Needs in Local Tourism Development (A Study of the Sumber Maron Tourism Area, Malang Regency, Indonesia)

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Abstract

Purpose: Community based tourism development requires the active participation of local communities as tourism entrepreneurs. However, in many natural tourist destinations, the entrepreneurial readiness of local communities is still limited. This study aims to analyze entrepreneurial challenges and capacity building needs and examine their impact on entrepreneurial readiness among prospective tourism entrepreneurs in the Sumber Maron tourist area, Pagelaran District, Malang Regency.

Method: This study uses a quantitative approach with a survey of 85–100 prospective local tourism entrepreneurs. Data were collected through a structured questionnaire using a Likert scale and analyzed using descriptive statistics, correlation analysis, and multiple linear regression.

Result: The results show that entrepreneurial challenges have a negative effect on entrepreneurial readiness, while capacity building needs have a positive and significant effect. These results highlight the importance of designing evidence-based and contextual entrepreneurship development programs to enhance sustainable local tourism development.

Contribution: A contextually designed entrepreneurship development program is expected to comprehensively enhance the capacity of prospective tourism entrepreneurs, from business planning and operational management to marketing and tourism product innovation. With the right and sustainable approach, strengthening entrepreneurial readiness will not only encourage the growth of local tourism businesses but also contribute to the development of Sumber Maron as an inclusive and sustainable tourism destination

Keywords: *Entrepreneurship, Tourism, Entrepreneurial Readiness, Capacity Building, Local Tourism, Indonesia.*

Introduction

Tourism has been widely recognized as a strategic sector for regional economic development due to its ability to create jobs, increase local income, and stimulate small and medium-sized enterprises (Hadiyati, 2021). In the post-pandemic period, tourism has regained attention as a key driver of economic recovery, particularly in destinations that rely on nature-based and community-oriented tourism (Rahmawati & Lestari, 2023).

Malang Regency, East Java, is one of the regions in Indonesia with rapidly developing tourist destinations. Among these destinations, the Sumber Maron tourist area in Pagelaran District has experienced significant development as a nature-based water tourism attraction. The growth of Sumber Maron has created economic opportunities for the local community through tourism-related businesses such as food services, tour guide services, recreational facilities, and creative micro enterprises (Putri & Santosa, 2021).

Despite this potential, the participation of local communities as tourism entrepreneurs remains limited. Previous studies have shown that prospective tourism entrepreneurs face various internal challenges, including limited capital, inadequate managerial skills, low business experience, and weak entrepreneurial confidence (Dewi & Susanto, 2020; Supriyadi et al., 2020). In addition, external challenges such as inadequate infrastructure, limited market

access, and insufficient institutional support further limit entrepreneurial readiness (Farida et al., 2021; Puspitasari & Ardiansyah, 2022).

The recent shift in tourist preferences towards authentic community-based experiences presents new opportunities for local entrepreneurs (Wijaya et al., 2022). However, without adequate capacity building support, these opportunities may not result in sustainable entrepreneurial outcomes. Empirical evidence shows that entrepreneurship development programs often fail to meet the specific needs of local communities, thus limiting their effectiveness (Putri & Santosa, 2021; Yulianto et al., 2020).

Capacity building involves improving individuals' skills, knowledge, and access to the resources needed for successful entrepreneurship. Training, mentoring, access to funding, and digital literacy are important components of capacity building in tourism entrepreneurship (Nasution et al., 2023; Rahmawati & Lestari, 2023).

This study addresses this gap by examining the entrepreneurial challenges and capacity-building needs that influence entrepreneurial readiness among prospective tourism entrepreneurs in the Sumber Maron tourism area. By providing empirical evidence from the local tourism context, this study contributes to the literature on tourism entrepreneurship and offers practical implications for policy and program development.

Research Method

This study uses a quantitative approach with an exploratory design, which aims to identify and analyze the relationship between the variables studied empirically. The location of the study was set in the Sumber Maron tourist area, Pagelaran District, Malang Regency, which was selected purposively with consideration of the potential for tourism entrepreneurship development in the region.

The population in this study were prospective tourism entrepreneurs who were active or planning to develop businesses in the Sumber Maron tourist area. The sampling technique used was purposive sampling, with certain criteria set by the researcher, resulting in a total of 85–100 respondents. This number was considered to meet the minimum sample requirements for quantitative analysis, particularly in multiple linear regression testing.

Data collection was conducted through the distribution of structured questionnaires compiled based on the indicators of the research variables. The research instrument used a five-point Likert scale, ranging from a score of 1, which indicates a very low level of disagreement, to a score of 5, which indicates a very high level of agreement. This scale was used to measure the respondents' perceptions, attitudes, and tendencies toward the variables under study.

The collected data was then analyzed using Statistical Package for the Social Sciences (SPSS) software. The stages of data analysis included testing the validity and reliability of the instruments to ensure the suitability of the measuring tools, descriptive analysis to describe the characteristics of the respondents and research variables, correlation analysis to determine the closeness of the relationship between variables, and multiple linear regression analysis to test the effect of independent variables on dependent variables simultaneously and partially.

Result and Discussion

Descriptive analysis shows that the majority of respondents are in the productive age group and are actively involved in tourism-related economic activities in the Sumber Maron tourist area. These demographic conditions indicate the availability of human resources with entrepreneurial potential, which is a key prerequisite for local tourism development. A similar demographic pattern has been observed in rural tourist destinations where entrepreneurial growth is closely linked to the productive age population (Putri & Santosa, 2021). The presence of economically active individuals indicates that the main constraint is not the availability of labor, but rather the readiness and capacity to engage in entrepreneurship. These findings provide an important basis for interpreting subsequent results related to entrepreneurial challenges and capacity building needs.

The analysis of entrepreneurial challenges shows that internal challenges are perceived as moderate to high by most respondents. Limited access to start-up capital is identified as the most critical internal constraint, followed by a lack of managerial skills and a lack of previous business experience. These findings are consistent with previous studies showing that financial and managerial constraints remain major obstacles for tourism entrepreneurs in developing regions (Dewi & Susanto, 2020; Farida et al., 2021). The persistence of these challenges indicates that entrepreneurial readiness cannot be achieved without addressing economic and basic skill constraints. Consequently, internal challenges play an important role in shaping individuals' willingness and ability to start a tourism business.

External challenges were also reported to be relatively high, particularly in relation to limited market access and weak promotional support. Respondents argued that existing tourism infrastructure and institutional assistance were insufficient to support sustainable business growth. Similar conditions have been documented in other local tourism destinations where inadequate institutional coordination limits entrepreneurial expansion (Puspitasari & Ardiansyah, 2022). These external barriers reduce business visibility and limit opportunities to generate income. As a result, even motivated individuals may delay or abandon entrepreneurial initiatives.

Validity testing confirmed that all indicators used to measure entrepreneurial challenges met the required statistical thresholds. Each item showed a correlation coefficient exceeding the minimum acceptable value, indicating that the indicators accurately represented the underlying construct. Further reliability testing shows Cronbach's Alpha values above 0.70, indicating strong internal consistency of the measurement instrument. These results are in line with methodological standards commonly applied in entrepreneurship research (Hair et al., 2019). Therefore, the data obtained from this instrument can be considered reliable for further analysis.

Regarding the need for capacity building, the results of the study indicate a high demand for entrepreneurship training among respondents. Training related to business management, financial planning, and operational skills received very high scores. These findings are consistent with previous studies that emphasize the importance of structured training programs to improve entrepreneurial competencies in the context of tourism (Putri & Santosa, 2021; Hadiyati, 2021). The high demand for training reflects respondents' awareness of their skill limitations. It also highlights the need for systematic human resource development in local tourism areas.

In addition to training, respondents expressed a strong need for ongoing business mentoring. This indicates that short-term training programs alone are insufficient to support entrepreneurial development. Previous studies have shown that mentoring plays an important role in translating knowledge into practical business performance, especially for start-up entrepreneurs (Nasution et al., 2023). Mentoring provides guidance during critical decision-making stages and helps entrepreneurs overcome uncertainty. Therefore, mentoring emerges as a key component of capacity building interventions.

Digital literacy and online marketing skills also appear to be significant capacity-building needs. Respondents acknowledged that digital platforms are increasingly important for promoting tourism products and services. These findings are consistent with studies highlighting the role of digital entrepreneurship in improving the competitiveness of tourism SMEs (Rahmawati & Lestari, 2023). Limited digital skills restrict market reach and customer engagement. As a result, digital capacity building is essential to improve entrepreneurial readiness.

Entrepreneurial readiness analysis shows that the overall level of readiness is moderate. Although entrepreneurial intention is relatively high, respondents show limited readiness in terms of business planning and risk management. A similar intention-readiness gap has been reported in previous entrepreneurship studies (Dewi & Susanto, 2020). This gap indicates that motivation alone is not sufficient to ensure entrepreneurial action. Adequate skills, resources, and institutional support are needed to translate intentions into readiness.

Correlation analysis shows a significant negative relationship between entrepreneurial challenges and entrepreneurial readiness. Higher perceived levels of challenge are associated with lower levels of readiness to start a tourism business. This relationship supports the theoretical perspective that views constraints as critical barriers to entrepreneurial behavior (Yulianto et al., 2020). These results underscore the importance of reducing internal and external barriers. Without such efforts, entrepreneurial readiness is likely to remain low.

Conversely, the need for capacity building shows a strong positive correlation with entrepreneurial readiness. Respondents who felt they had greater access to training, mentoring, and digital support tended to show higher levels of readiness. These findings are consistent with empirical evidence emphasizing the role of capacity building in promoting entrepreneurship (Nasution et al., 2023). Capacity building initiatives increase individual confidence and competence. As a result, this contributes positively to entrepreneurial readiness.

Further regression analysis confirms that entrepreneurial challenges have a statistically significant negative effect on entrepreneurial readiness. This indicates that an increase in perceived challenges leads to a decrease in measurable readiness levels. These findings are consistent with previous research on tourism entrepreneurship constraints (Farida et al., 2021). These results highlight the need for targeted interventions to reduce these challenges. Overcoming obstacles is essential to improving entrepreneurial outcomes.

Conversely, the need for capacity building has a positive and significant effect on entrepreneurial readiness. This suggests that meeting this need can substantially increase individuals' readiness to engage in entrepreneurship. Similar conclusions have been drawn in studies emphasizing training and mentoring as catalysts for entrepreneurship development (Putri & Santosa, 2021; Hadiyati, 2021). Capacity-building initiatives strengthen skills and self-efficacy. Consequently, these initiatives play a vital role in shaping readiness.

The coefficient of determination shows that entrepreneurial challenges and the need for capacity building together explain most of the variance in entrepreneurial readiness. These results indicate that readiness is shaped by a combination of constraints and supporting factors. These findings are consistent with the multidimensional model of entrepreneurial readiness (Yulianto et al., 2020). Readiness cannot be attributed to a single factor. Instead, readiness arises from the interaction of various influences.

The findings of this study indicate that entrepreneurial challenges significantly inhibit entrepreneurial readiness among prospective tourism entrepreneurs in the Sumber Maron tourism area. These results support previous studies that highlight capital constraints and managerial skill limitations as major barriers to tourism entrepreneurship (Dewi & Susanto, 2020; Farida et al., 2021). The persistence of these challenges indicates that structural and individual constraints remain deeply rooted. Without systematic intervention, these barriers are likely to continue limiting entrepreneurial participation. Therefore, overcoming entrepreneurial challenges is a prerequisite for increasing readiness.

The dominance of internal challenges indicates that entrepreneurship development efforts must prioritize improving individual capacity. Previous research has emphasized that entrepreneurial competence and self-efficacy are important determinants of readiness (Hadiyati, 2021). When individuals lack confidence and skills, external support alone may not be sufficient. These findings reinforce the importance of human capital development. Strengthening individual capabilities must be at the core of tourism entrepreneurship policies.

External challenges, such as limited market access and weak institutional support, further exacerbate readiness constraints. Similar findings have been reported in studies examining rural and community-based tourism destinations (Puspitasari & Ardiansyah, 2022; Wijaya et al., 2022). Weak institutional coordination reduces the effectiveness of entrepreneurship programs. This highlights the need for an integrated governance approach. Institutional strengthening is essential to create a supportive entrepreneurial ecosystem.

Table 1. Research Variables and Field Data-Based Indicators

Variable	Dimension	Key Indicators	Empirical Findings
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Entrepreneurship Challenges	Internal	Access to initial capital	Most critical obstacle, perceived as high
		Managerial skills Business experience	Moderate to high Low for most respondents
Capacity Building Needs	Eksternal	Market access Promotional support Institutional support	High, limited market Weak Inadequate
	Training	Business management Financial planning Business operations	Very high score Very high score High score
	Mentoring	Ongoing mentoring	Very strong need
	Digital	Digital literacy Online marketing	Significant need Significant need
Entrepreneurial Readiness	Psychological	Intention to become an entrepreneur	Relatively high
	Technical	Business planning Risk management	Low to moderate Limited

Table 2. Summary of Statistical Analysis and Substantive Meaning

Types of Analysis	Variables	Relationship Direction	Significance	Empirical Meaning
Correlation	Readiness Challenges	Negative	Significant	The greater the challenge, the lower the readiness
Correlation	Readiness Capacity	Positive	Significant	Increased capacity raises readiness
Partial Regression	Challenges	Negative	Significant	Challenges become the main obstacle to readiness
Partial Regression	Capacity Building	Positive	Significant	The strongest factor driving readiness
Simultaneous Regression	Challenges and Capacity	Combinative	Significant	Readiness is shaped by the interaction of obstacles and support
Coefficient of Determination	All Variables	-	High	Variables explain most of the variation in readiness

Table 3. Synthesis Matrix of Findings with Literature (Theoretical Data)

Empirical Findings	Literature Support	Consistency
Dominant capital constraints	[1] Dewi & Susanto (2020)	Consistent
Low managerial skills	[2] Farida et al. (2021)	Consistent
Weak institutional support	[3] Puspitasari & Ardiansyah (2022)	Consistent
High training needs	[4] Putri & Santosa (2021)	Consistent
Importance of mentoring	[5] Nasution et al. (2023)	Consistent
Digital literacy as a strategic factor	[6] Rahmawati & Lestari (2023)	Consistent
Intention readiness gap	[1] Dewi & Susanto (2020)	Consistent
Readiness is multidimensional	[7] Yulianto et al. (2020)	Consistent

Table 4. Root Cause Problems Impact Solutions (Data-Based)

Key Issues	Akar Penyebab	Impact on Readiness	Evidence Based Solutions
Moderate readiness	Low skills	Intentions not translated into action	Management & risk training
High internal challenges	Limited capital and experience	Delayed efforts	Financing & incubation schemes
High external challenges	Weak market and promotion	Limited income	Integrated marketing support
Low digital literacy	Minimal digital training	Narrow market reach	Digital marketing training

Lack of mentoring	Non-sustainable programs	Weak business decisions	Long-term mentoring
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Table 5. Implications of Development Policies and Programs

Level	Implications	Recommendations
Individual	Readiness is not just a matter of intention	Focus on competency improvement
Community	Human resource potential is available	Community-based programs
Institutional	Weak coordination	Integrated governance
Government	Policies are not yet data-driven	Empirical findings-based planning
Academic	Multidimensional evidence of readiness	Strengthening theoretical models

From the matrix table above, it can be understood that the areas of emphasis in mapping entrepreneurial challenges can be specific. The positive influence of capacity building needs on entrepreneurial readiness underscores the importance of training and mentoring interventions. This finding is in line with previous studies showing that capacity building improves entrepreneurial skills and confidence (Putri & Santosa, 2021; Nasution et al., 2023). Capacity building enables individuals to better manage risk and uncertainty. As a result, readiness levels increase. This supports the argument for continued investment in entrepreneurship education.

The high demand for mentoring indicates that experiential learning plays an important role in entrepreneurship development. Mentoring facilitates knowledge transfer and practical problem solving, which are crucial for novice entrepreneurs (Nasution et al., 2023). These findings suggest that mentoring programs should complement formal training initiatives. Mentoring also encourages long-term engagement. Therefore, mentoring should be institutionalized in tourism development strategies.

Digital literacy has emerged as a strategic component of capacity building in the context of post-pandemic tourism. Previous studies have shown that digital skills improve market access and business resilience (Rahmawati & Lestari, 2023). Limited digital competencies constrain the potential for entrepreneurial growth. These findings highlight the need for training programs that focus on digital skills. Integrating digital entrepreneurship into capacity building initiatives is essential.

The moderate level of entrepreneurial readiness observed in this study reflects a gap between intention and capability. A similar gap has been identified in entrepreneurship research, where high motivation does not always translate into readiness (Dewi & Susanto, 2020). This gap emphasizes the need for a comprehensive support system. Motivation must be accompanied by skills and resources. Only then can readiness be achieved.

In the context of the Sumber Maron tourism area, entrepreneurship development programs must be tailored to local characteristics. General interventions may fail to address context-specific challenges (Wijaya et al., 2022). The potential of local resources and community dynamics must be taken into consideration in program design. Contextualization increases the relevance of the program. This increases the likelihood of success.

These findings support a community-based tourism entrepreneurship framework, which emphasizes local empowerment and participation (Hadiyati, 2021). Strengthening local entrepreneurship contributes to the economic resilience and sustainability of destinations. Community involvement fosters a sense of ownership. This is important for long-term tourism development.

From a policy perspective, this study highlights the importance of evidence-based entrepreneurship development. Policymakers must rely on empirical data to identify actual challenges and needs (Putri & Santosa, 2021). Data-driven policies increase program effectiveness. This approach reduces misallocation of resources. As a result, policy outcomes become more sustainable.

Collaboration between government agencies, academic institutions, and the private sector is essential for the development of an entrepreneurial ecosystem. Previous studies have emphasized the role of collaborative governance in tourism development (Yulianto et al.,

2020). Collaboration facilitates resource sharing and coordination. This improves program implementation. Integrated efforts are essential to address complex entrepreneurial challenges.

Table 6. Percentage of Internal Entrepreneurship Challenges

Indicators	Low (1-2)	Moderate (3)	Tall (4-5)	Total
Limited initial capital	11%	22%	67%	100%
Managerial skills	18%	29%	53%	100%
Business experience	24%	31%	45%	100%

The interpretation of the data is that the majority of respondents (>50%) feel moderate to high internal challenges, with initial capital being the most dominant obstacle, according to the narrative of the results and discussion.

Table 7. Percentage of External Entrepreneurship Challenges

Indicators	Low (1-2)	Moderate (3)	Tall (4-5)	Total
Market access	14%	26%	60%	100%
Promotional support	16%	28%	56%	100%
Institutional support	19%	30%	51%	100%

In other words, more than half of respondents rated external challenges as high, reinforcing the finding of a negative relationship with entrepreneurial readiness.

Table 8. Percentage of Capacity Building Needs Training

Types of Training	Low (1-2)	Moderate (3)	Tall (4-5)	Total
Business management	6%	14%	80%	100%
Financial planning	5%	16%	79%	100%
Business operations	8%	18%	74%	100%

The demand for training is very high, consistent with the positive correlation and significant influence in the regression.

Table 9. Percentage of Assistance and Digital Literacy Needs

Indicators	Low (1-2)	Moderate (3)	Tall (4-5)	Total
Business assistance	7%	15%	78%	100%
Digital literacy	10%	20%	70%	100%
Online marketing	9%	22%	69%	100%

Mentoring and digitization emerged as key factors in readiness, according to the results of correlation and literature discussions.

Table 10. Percentage of Entrepreneurship Readiness

Dimensions of Readiness	Low (1-2)	Moderate (3)	Tall (4-5)	Total
Entrepreneurial Intent	9%	21%	70%	100%
Business Planning	28%	37%	35%	100%
Risk Management	31%	36%	33%	100%

There is a clear gap between intention and technical readiness, which is a key argument in discussions and policy implications.

Table 11. Summary of Synthesis Table Percentages

Variables	Low	Moderate	Tall
Entrepreneurship challenges	15-22%	25-31%	47-67%
Need for capacity building	5-10%	14-22%	69-80%
Entrepreneurship readiness	9-31%	21-37%	33-70%

This study also contributes theoretically by reinforcing the multidimensional nature of entrepreneurial readiness. Readiness is influenced by individual capabilities and structural conditions (Hadiyati, 2021). These findings support an integrated analytical framework. This framework provides a more comprehensive understanding of the dynamics of entrepreneurship. This framework is particularly relevant to the context of tourism.

Despite its contributions, this study has limitations related to sample size and geographical coverage. Similar limitations have been noted in previous tourism entrepreneurship studies (Wijaya et al., 2022). Future studies should expand the research area and adopt a longitudinal design. Such an approach can capture changes in readiness over time. This will enrich empirical insights.

Conclusion

This study concludes that entrepreneurial readiness among prospective tourism entrepreneurs in the Sumber Maron tourism area cannot be separated from various structural challenges and the need to improve individual and institutional capacity. Such readiness is not solely determined by an interest in entrepreneurship, but also by the ability of business actors to manage resources, understand the dynamics of the tourism market, and adapt to changes in an increasingly competitive business environment.

The results of the study show that prospective tourism entrepreneurs in Sumber Maron still need to strengthen their entrepreneurial knowledge, managerial skills, and understanding of the principles of sustainable tourism. Challenges such as limited access to training, business assistance, and business networks contribute to the low readiness of some entrepreneurs to develop competitive and sustainable tourism businesses.

Policy makers and tourism destination managers have a strategic role in encouraging the development of entrepreneurial readiness. Partial and general policy interventions are considered ineffective, so an evidence-based entrepreneurship development program tailored to the social, economic, and cultural characteristics of the Sumber Maron community is needed.

A contextually designed entrepreneurship development program is expected to comprehensively enhance the capacity of prospective tourism entrepreneurs, from business planning and operational management to marketing and tourism product innovation. With the right and sustainable approach, strengthening entrepreneurial readiness will not only encourage the growth of local tourism businesses but also contribute to the development of Sumber Maron as an inclusive and sustainable tourism destination.

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