



UNIVERSITI
TEKNOLOGI
MARA

ARSHAD AYUB
GRADUATE BUSINESS SCHOOL

CASE STUDY

MBA UiTM CAWANGAN JOHOR
AA701/AA705

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Case Study: Global Business Strategy And Sustainability

SERIES 2

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ISBN:

First Edition: 2025

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Published in Malaysia by
Universiti Teknologi MARA (UiTM) Cawangan Johor
Kampus Pasir Gudang, 81750 Masai

ACKNOWLEDGEMENT

The author would like to express sincere gratitude to all those who contributed to the completion of this case study. First and foremost, the author would like to thank the organization that provided their invaluable input and knowledge sharing throughout the process. This case study has the potential to provide valuable insights and practical solutions that can benefit both organization and the broader community. By highlighting key findings and best practices, it serves as a resource for practitioners, policymakers, and researchers seeking to address similar challenges. Additionally, the knowledge gained from this study can foster collaboration among community organizations, ultimately leading to improved outcomes and enhanced support for those affected by the issues explored.

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Illustration

Almunauwarah Binti Abdul Rahim

Publisher

Universiti Teknologi MARA

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Business Continuity and Competitive Advantage in Ecotourism

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ABSTRACT

Located on the island of Borneo, Sarawak is one of the ethnically, culturally, and linguistically diverse states in Malaysia. As a home of 31 ethnic groups, Sarawak offers a unique abundance of culture, adventure, nature, food, and festivals (CANFF). This case study explores the integration of innovative ecotourism strategies at Nature's Resort & Spa to enhance sustainability and competitiveness. The study highlights the impact of community participation and the role of local staff in enhancing ecotourism experiences. Through these multifaceted approaches, Nature's Resort & Spa aims to create a sustainable and competitive ecotourism destination that benefits both visitors and the local community.

Keywords: competitive advantages, value creation, sustainability, ecotourism

SPECIAL NOTE

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character or any organization, this should be known that it is not done on purpose as the writers of this case study acknowledge the respect and importance of the anonymity and privacy of each individual relevant in any respect.

SARAWAK TOURISM INDUSTRY

The Third Sarawak Tourism Masterplan 2021 – 2035 served as the roadmap to transform Sarawak into a preferred tourism destination through sustainable approaches, including providing economic opportunities for the rural communities. Since tourism is one of six economic sectors for economic prosperity, social inclusivity, and sustainable environment envisioned in Sarawak, Post Covid-19 Development Strategy 2030 has been developed by the Sarawak state.

In the State's Budget 2024, an allocation of RM252 million has been designated to the tourism sector as an integrated approach aimed at making Sarawak a top destination in ASEAN. YB Datuk Sebastian Ting Chiew Yew (The Deputy Minister for Tourism, Creative Industry and Performing Arts) said the allocation involves RM200 million for new tourism attractions and upgrading existing facilities, while RM52 million for operations, marketing, and promotion under the Sarawak Tourism Board (STB) and Business Events Sarawak. Through this strategic approach that is focusing on narrowing the development and economic gap between rural and urban areas, it is expected that balancing of urban-rural development and sustainable urban-rural integration is achieved as Sarawak moves towards developed status by 2030.

It is recorded by Ministry of Tourism, Creative Industry & Performing Arts Sarawak (MTCP) that there is increasing number of visitor arrivals into Sarawak in 2023 compared to 2022 by 94%. In 2023, foreigner visitor occupied 55% compared

to domestic visitor, 45%. Compared to 2022, a remarkable increasing from foreigner was recorded at 174%. Despite an increasing from domestic visitor by 43% in 2023, the percentage of domestic is lower compared to foreigner. Further analyzation of domestic visitor in 2023, there is an increase by 43% compared to 2022.

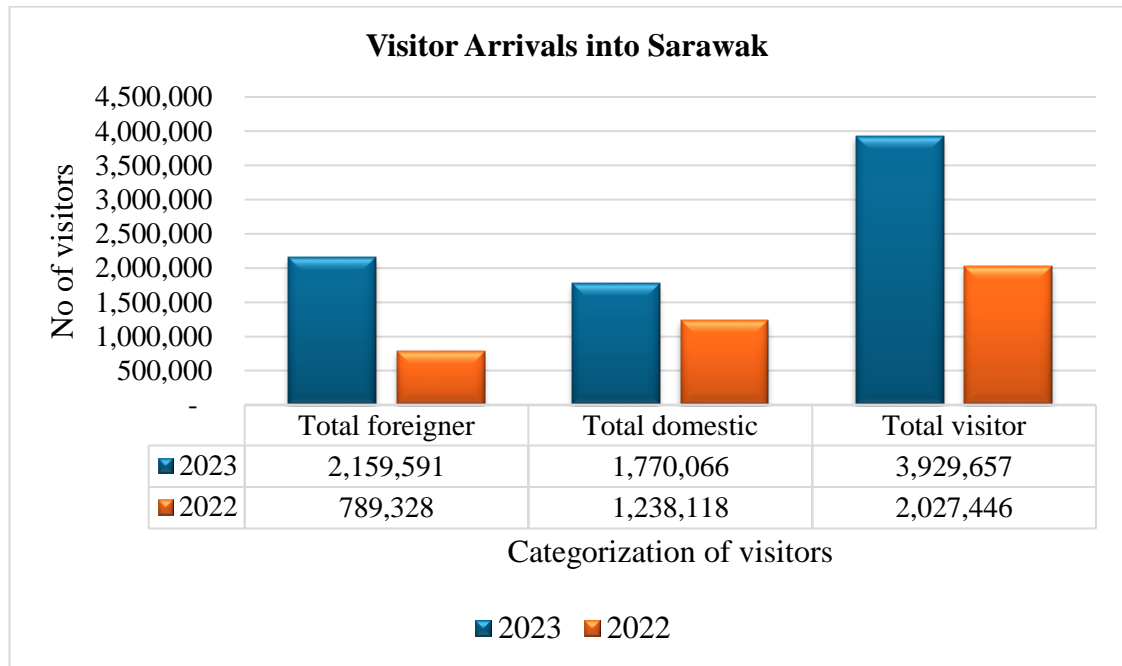


Figure 1.0: Visitor arrivals into Sarawak 2022 and 2023

Source: Ministry of Tourism, Creative Industry & Performing Arts Sarawak

There are 12 divisions in Sarawak namely Kuching, Samarahan, Serian, Sri Aman, Betong, Sarikei, Sibul, Mukah, Bintulu, Kapit, Miri and Limbang. The divisions are separated into 45 districts and 22 sub-districts. The district chosen for this case study is Marudi specifically at Mulu as sub-districts. Mulu is a small remote district in Sarawak, it has been gazetted under administration of Marudi District since 1st August 2015. The district is close to Brunei with the nearest larger city is Miri. Mulu is 1,573 hectares and the home of 12 villages with about 4,696 citizens. The Mulu district is administrated by one administrative officer and assisted by three support staff. In 2022, it is recorded that 72,119 visitors had visited Mulu, and it is

expected that 88,000 visitors to visit the district in 2023. The facilities provided in Mulu are the airport, school, clinic, and the famous Gunung Mulu National Park. Mulu is world renowned for its remarkable untouched rainforests and largest natural cave formations in the world. It is one of Malaysia's four UNESCO World Heritage sites.

NATURE'S RESORT & SPA

Nature's Resort & Spa is the first rainforest resort in Asia Pacific located at Mulu, Sarawak. The opening of this resort in 2015 marks the second property under the flagship of MI Group on the Island of Borneo and the eighth for MI Group in Malaysia. Inspired by the "Modern" design philosophy, Nature's Resort & Spa has fully transformed the former 20-year-old RMR Resort and creatively built-in style based on the concept of ethnic long houses. RMR Resort had been opened since 2011 and rebranding under new image.

The resort falls under loyalty program offered by MI Group. It is specifically designed to reward and incentivize frequent guests who stay at MI Group hotel. The program allowed the members to earn points for their stays, and these points can be redeemed for various rewards, including free nights, room upgrades, experiences, and more.

The accommodation and facilities provided at Nature's Resort & Spa are 24 hours fitness centre, Spa and Cafe. The resort is allocated 2.5KM from Mulu Airport with a complimentary airport shuttle and private car service provided by the local community. Despite being in a remote area, the resort placed number one in the engagement social survey among 557 properties under MI Group.

MACRO – ENVIRONMENTAL FACTORS

The headquarters of Nature's Resort & Spa is centralized in Miri while the decision maker comes from Miri which then circulated to Mulu. The training is organized by Miri, which involved Mulu and Miri staff with the same training module. Despite the resort located at the remote area, the management obligated to the minimum wage as per circulated by Government of Malaysia which is RM 1,500. The management also implements a service point for the staff which becomes a motivator in served the visitors. Occasionally, the resort had joint venture with PERKESO to hired disability staff which is compulsory policy under MI Group. Failed to hired disability staff will affect the performance of the resort.

Located near Mulu National Park and distant from town, manpower supply is a part of challenges faced by Nature's Resort & Spa. However, the opening of Nature's Resort & Spa has created employment opportunities in local communities. Economic benefits included is jobs in hospitality and guided activities to Mulu National Park. To enrich the economy of local communities, homestay has been opened to cater to the needs of visitors who wish to find an affordable price while stayed in Mulu. Mulu National Park is another alternative accommodation provided in Mulu. Moreover, the main transportation used by the local community is boats to avoid pollution. Meanwhile, jobs in Mulu National Park are occupied by native people in Mulu.

Understand and aligned with local cultural attitudes towards nature and tourism are crucial for Nature's Resort & Spa to success. To preserved local culture and bonded with the communities, the resort implemented Serve 360 as a part of their corporate social responsibility to contribute to the Mulu communities. The

activities organized by the resort should reflect the needs and involved local communities such as Sports Day – the staff of Nature’s Resort & Spa attended the school and took part in the school sports day. MI Group has established the 2025 Sustainability and Social Impact Goals that become a guidance towards a positive and sustainable impact. These goals are designed to support meaningful progress towards the United Nations Sustainable Development Goals (SDGs), which seek to address some of the most critical challenges faced by the world and its communities.

In a view of technology advancement, Nature’s Resort & Spa use integrated systems that allowed each entity to communicate with one another. However, it is notable that Mulu only provides a service of reception while Miri handled all the booking and reservation. With the integrated system, the staff at Mulu can access it to check on the details of reservation (no visitors, booked rooms etc.). However, the accessibility might be interrupted depended on the weather condition. During rainy days, there is a consequence the Mulu staff unable to access the system due to poor connection. Despite being remote inside of Mulu, the resort provides internet accessibility to visitors through its satellite. There are four satellites installed at the resort that permit transmission of internet access. Other than Nature’s Resort & Spa satellite, there are three main service providers which are Digi, Celcom, and Maxis. However, the reception depends on the weather. Since the main transport to the resort is by flight, the amenities of Mulu Airport are not fully automated and still use manual labour. The announcement of arrival and departing was done manually and there is no machine to carried the luggage. Despite being attraction place for local and foreigner, the technology is not fully implemented in Mulu.

The main activity in Nature’s Resort & Spa is ecotourism which promotes activities that allowed visitors to experience natural environments in Mulu National

Park without causing harm to nature. The activities include hiking, bat watching, cave tour, boat riding and sightseeing of Mulu handicraft. Since Mulu is an attraction place for ecotourism, there is a need to ensure the safety of the visitors. However, there is no centralized enforcement with a proper amenity provided in Mulu. In the long term, it may bring a negative impact to Nature's Resort & Spa indirectly since it will become a concern to the visitors.

BUSINESS CONTINUITY & COMPETITIVE ADVANTAGES

Ensuring business continuity and gaining a competitive advantage through value creation involves a combination of environmental stewardship, community engagement, and strategic innovation is crucial for Nature's Resort & Spa to remain competitive in eco-tourism industry. It is been adapted via few strategies:

(1) Community Involvement

The involvement is created via cultivation of strong relationships with local communities through involvement in decision-making processes and shared the benefits of ecotourism with the community. This not only contributes to social responsibility but also enhances the positive impact of Nature's Resort & Spa business on the local economy. Nature's Resort & Spa emphasized on business strategy of "think local, act local." It embodied the strategy to implement consistent strategy when offered their services internationally (global strategy) while adapted MI Group international approach to the Mulu market using a local approach. With the opening of Nature's Resort & Spa, the local is engaged through the recruitment of staff. The local is employed by the resort and was offering the same benefit offered to other employees in MI Group worldwide. To enhance the skills of the employees, the training provided is provided by Miri

which will then be translated into the local language. Moreover, the local handmade craft is sold to the resort which improved the economy of the local community. The grocery been supplied to Nature's Resort & Spa is provided by local community to ensure the freshness of the food offered to the visitors. Through the engagement with local community, the resort managed to create a value added in their services.

(2) Nature-Based Experiences

Mulu National Park is located 5mins away from Nature's Resort & Spa by vehicles. Through engagement with Mulu National Park and the resort, the visitor can experience nature-based activities. The activities at Mulu National Park were guided by local community who can speak in English with a knowledge of the nature. The value of creation is cultivated via knowledge sharing between local tour guide and the visitor.

(3) Certifications and Accreditations

The resort is a member of the healing hotels of the world. The certification creates a strong impact towards Nature's Resort & Spa branding which in turn creates value added. "Healing Hotels of the World" is a global organization representing a global network of hotels and resorts; focused on promoted and curated a collection of wellness and healing-oriented hotel and resorts. These properties were selected based on their commitment to holistic well-being, offered guests experiences that go beyond traditional hospitality to encompass physical, mental, and spiritual rejuvenation. Being associated with "Healing Hotels of the World" enhance global recognition to Nature's Resort & Spa. It served as a mark of distinction within the wellness and hospitality industry.

(4) Collaboration with Conservation Organizations

Collaborated with environmental and conservation organizations to support and participate in research initiatives, habitat restoration, and wildlife protection. Nature's Resort & Spa participated with conservation organizations yearly as part of their corporate social responsibility (Serve 360). Through the collaboration with conservation organizations such as World Wildlife Fund (WWF), the resort demonstrated a commitment to environmental stewardship. This can differentiate an ecotourism business from competitors, attracting environmentally conscious travelers who prioritized sustainable practices.

(5) Continuous Improvement and Innovation

Fostered a culture of continuous improvement and innovation within Nature's Resort & Spa. Encouraged employees to contribute ideas for enhancement of sustainability, improve visitor experiences, and stayed ahead of industry trends. The resort emphasized an open-door policy. Every staff member in the resort voices out their concern to the top management if they were faced any unsolved issue. Accessibility has shortened the lead time in solved any issue that arises. The open-door policy has led to the value creation in improved the way Nature's Resort & Spa handled issues pertained to any issue related to the customer. The core values of Nature's Resort & Spa were (i) put people first, (ii) pursue excellence, (iii) embrace change, (iv) act with integrity and (v) serve our world. The philosophy of "take care of associates and they will take care of the customers" has made MI Group a great place to work for more than 95 years. Through its core values of putting people first it has consistently acquired awards and recognition since the company provides opportunities to grow and succeed.

(6) Marketing and Branding

Effective marketing and branding strategies play a crucial role in ensured business continuity and gained a competitive advantage in the ecotourism industry. MI Group is the largest hotel chain in the world with over 30 brands and 8,700 properties across 139 countries and territories give people more ways to connect, experience and expand their world. Since Nature's Resort & Spa a is one of the hotel chains under MI Group, the branding is attached with the resort that led to the trustworthy among visitors. However, despite rebranding of RMR Resort, there is no synchronization of the name. The signage of transportation still mentioned RMR Resort that may lead to brand confusion to the visitors.

GOING FORWARD

Despite Nature's Resort & Spa having been awarded 2023 Trip Advisor Travelers' Choice Hotel, it is recommended for the resort to enhance a few features.

- (1) *Introduction of E-Ecotourism* – Nature's Resort & Spa could offer virtual or augmented reality experiences that allow visitors to explore natural areas or participate in ecotourism activities remotely especially during rainy days since the activities are limited on the season.
- (2) *Nature Crafts and Workshops* – Since the resort based on ecotourism and most of the activities in Mulu National Park are suitable for adults, it is recommended for Nature's Resort & Spa to conduct workshops where kids can create nature-inspired crafts using materials found in their surroundings. This could include leaf pressing, rock painting, or making bird feeders. Moreover, most of the staff are local citizens – this would create knowledge to be shared between the staff

and the visitors. Consequently, this would bring an advantage to the resort to enhance its engagement with the local community.

(3) Botanical Gardens Visits

Nature's Resort & Spa could designate a specific area within the resort that provides an exploration of botanical gardens that display a variety of plants, flowers, and ecosystems. Kids can learn about different plant species, their importance, and the role they play in the environment. The creation of the garden could bring a value added to the resort in a way that offers an alternative service to the visitors.

CONCLUSION

It is concluded that MI Group successfully penetrated its resort business in Mulu by attracting local visitors (60%). The market segmentation implemented by the group managed to allure their target customers which are local communities itself; Malaysia citizen. Despite being recognized by global brand, the group successfully implement the strategies of “act local, think local” that enables the businesses to build stronger connections with diverse markets, enhance adaptability, and foster a positive brand image, contributing to long-term success in a global business landscape.

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