

# Is Sustainable Tourism Development Important for an Emerging Economy? A Study in Malaysia on Factors Affecting Locals' Attitude

\*Poh-Chuin, Teo<sup>1</sup>, Theresa C.F. Ho<sup>1</sup> and Ling Suan Choo<sup>2</sup>

<sup>1</sup>Azman Hashim International Business School, Universiti Teknologi Malaysia, 54100, Kuala Lumpur, Malaysia

<sup>2</sup>College of Business Administration, University of Bahrain, Kingdom of Bahrain

\*Corresponding Author: pohchuin@utm.com

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**Abstract:** The tourism industry has been recognized as one of the most contributing industries to many countries in the world. However, the COVID-19 pandemic has badly hit the tourism industry, which has deteriorated its performance since 2019. Many countries are moving toward the endemic phase, including Malaysia, and they are opening the country border again to the global travelers. This study aims to examine the attitude of Malaysians toward the country's tourism development, whereby the influence of perceived sustainable local community development, specifically on economic impact, social impact, and environmental impact, was examined. Based on data collected from a total of 210 survey responses using purposive sampling, economic impact and environmental impact have shown significant positive influence on the attitude of the locals. Implications to policy makers, researchers and market practitioners have also discussed in this study. This paper ends with discussion on research limitations and recommendations for future researchers.

**Keywords:** *Sustainable; Tourism Development; Emerging Economy; Malaysia; Local Attitude; Perception*

## 1. Introduction

Ranked as the 8<sup>th</sup> largest industry in the world by employment, the tourism industry has been badly impacted by the COVID-19 pandemic, whereby the pandemic has cost the global tourism industry US\$ 935 billion [1]. Prior to the pandemic, Travel & Tourism (including its direct, indirect and induced impacts) accounted for 10.3% of global GDP (US\$9.6 trillion) which decreased to 5.3% in 2020 due to ongoing restrictions to mobility and in 2021 we saw the share increasing to 6.1% [2].

Malaysia first started considering the tourism industry as an alternative to broaden the country's economic base after a severe economic recession in the mid-1980s [3]. Soon after

that, the Ministry of Culture, Arts and Tourism formulated The Malaysian National Tourism Policy (NTP) in 1992 to develop the tourism industry, which seemed to offer the potential to generate a large contribution to the country's economy [4]. The Malaysia government has been encouraging tourism development to enhance the country's economics and is giving priority to protect the environment and minimize the negative impacts of it [5]. Tourism made a large contribution on both microeconomics and macroeconomics level of the country. For the economics level, tourism has contributed to earning foreign exchange, revenue generation, balance of payment, creating job opportunities and enhancing gross domestic production [6]. While for community involvement, tourism provides

**Corresponding Author:** Poh-Chuin, Teo, Azman Hashim International Business School, Universiti Teknologi Malaysia, 54100, Kuala Lumpur, Malaysia Email: pohchuin@utm.com

benefits of job creation, people's well-being, income distribution and sustainable regional developments [6]. Development of tourism increases an individual's income as well as the government revenues and hence it would contribute to the development of the host's country [7].

Tourism industry is a highly profitable industry which can help the backward country to grow and expand rapidly. According to the data from 2005, over 40% of the balance of payment is contributed by the tourism industry and it becomes the main foreign exchange earners of the country. In 2006 tourism industry contributed as the second largest foreign exchange earning sector, it occupied over 10% of the total exports of Malaysia in 2006 and generated over 18.1 US dollar of export revenue [8]. Besides that, the tourism industry in Malaysia employs over 1.7 million workers which represents over 16% of the employment rate in Malaysia (Malaysia, 2011b). In fact, tourism industry is Malaysia's third most important industry after the manufacturing and palm oil sector [9].

In Malaysia, the total contribution of travel and tourism to GDP dropped from 11.7% (US\$ 44.8 billion) in 2019 to 3.6% (US\$ 12.9 billion) in 2020 [8]. In fact, within the first two months of Movement Control Operation period, the tourism and hospitality sector in Malaysia has already experienced losses of approximately US\$ 750 million [10]. Due to the research Malaysia has represented rapid growth in foreign tourists' arrival which stated as total increasing from 7.13 million in 1996 to 26.1 million in 2020, whereby the tourist receipts have recorded Malaysia Ringgit 86.14 million in 2019 as compared to Malaysia Ringgit 1.1 million in 1981 [11]. Therefore, it is crucial to research on the sustainable development of the tourism industry in the country.

### *1.1 Justification of Research*

This study examines the perception of residents toward the on sustainable local community development brought by the tourism industry in Malaysia. The factor considering that may influence public perceptions towards the sustainable local community development in Malaysia included economic factor, environment factor, social factor, and demographic factor. The perception of residents is vitally important on the development of tourism in Malaysia because this may impact on their attitudes towards the tourists that travel in Malaysia [12], which subsequently will affect the sustainable development of the tourism industry of the country. [13] found that residents who depend on tourism development are likely to perceive a higher level of positive tourism impacts and express greater support of tourism activities. This is also in line with the research conducted by [14] where the research showed that residents' perception toward development of tourism may be impacted by the costs and benefits, they perceived. This means that when they perceive benefits exceed costs the residents may be more supportive on the development of tourism, conversely if the costs exceed the benefits residents tend to be more

negative towards the development of tourism.

Besides that, some residents believe that although they do not gain the benefits directly from tourism development, the benefits are shared to the social and country economy, so they will also perform a positive attitude towards the tourists [15]. Once the residents perform positive attitudes, this may increase tourists' experience satisfaction and may lead to rapid growth in the tourism industry in Malaysia. The costs of the tourism development included the impact of tourism development towards the country's economy, environment and society which may cause changing perceptions of residents on development of tourism in their country.

Moreover, this research also justifies how tourism development affects the growth of the country. A prosperous tourism in a country may encourage more entrepreneurs to start up new business and stimulate the economics of the country. It is directly related to business and job opportunity, as the new business start-up will generate more job opportunities for society. Lastly, this research found that there is a correlative relationship between resident's perspective and attitudes with the developments of tourism in Malaysia. The supportive information and data result by this research may support the tourism industry in Malaysia to better understand the perspective and attitudes of residents to influence tourism development in Malaysia and be more helpful for future improvement.

The objective of this research is to examine the perceptions of local resident on sustainable local community development towards their attitude towards the tourism industry. To be specific, their perception on sustainable local community development was examined from three (3) dimensions, namely economic, environment and social impacts in order to provide richer understanding to academic researchers, policy makers and industry practitioners.

### *1.2 Literature Review*

Residents are referred as a group of individuals living and working within the same geographic area of residence and it is crucial to understand community development and improve tourism development [16]. According to the 12<sup>th</sup> Malaysia Plan, and National Tourism Policy 2020-2030 published by the Ministry of Tourism, Arts and Culture Malaysia, the future of Malaysia is considered community development.

Tourism needs support from the local community; this is necessary to ensure the economic sustainability, physiological, political, socio-cultural, and commercial of the industry. According to [17], one of the key elements in sustainable tourism development is to encourage the participation of the local community. Involvement of the local community should not be neglected as they should be an integral part of the current decision-making process at both the planning and management levels [18]. This may be because local communities play an important role in shaping the rural environment, utilizing most of the rural resources for economic gain and are responsible for creating the local

culture which becomes the main product in selling and marketing [19]. According to the argument from [20] in evaluating the current situation towards the destination, the closeness of the area and the perception of local residents was the most accurate factor. Therefore, most of the tourism literature suggest that local residents' perception of the tourism effect varied based on their perception of the benefit generated from the development [12]. Therefore, the result of this research of the host resident for tourism development has suggested a need to be concerned about the local's attitude toward the tourism development and the impact that affects their behavior.

### *1.2.1 Perception on Sustainable Local Community Development*

When positive attitudes and perception of residents are essential for encouraging visitor satisfaction and repeat visits in the future. [21] indicates that the level of tourism development influences resident attitude. Most of the theorists and researchers have stated that they needed to investigate the relationship between the perceived or objective measures of economic, social and environmental impacts towards the host community and between the level of tourism development [22] (Doxey, 1976; Gunn, 1988).

The impacts of tourism development and local perception is positive and favorable [23]. For example, when concerning the economic impacts that will reflect a clearly positive opinion of the benefits that tourism towards the local resident. Residents' attitudes toward the tourism development will be more positive if the community or residents depend on the tourist dollar, in other words if the family member, friends or neighbor depends on tourism-based employment [24].

H1: There have significant positive relationship between perception on sustainable local community development and local resident's attitude.

#### *1.2.1.1 Economics Impact*

Tourism has the capability to enhance the quality of local communities' life through attractions, recreational opportunities and services on offerings at the destinations [25]. They indicated that the local communities can get the benefits from an economic standpoint. There are sources of new employment opportunities, additional tax receipts, foreign exchange earnings when enhancing the local economies. [26] pointed out that the manufacturing sector considers tourism as a catalyst for economic development and is listed as the second major economic contributor to the Malaysian economy when capital is invested to attract tourism.

In form of economic impacts has been benefiting the local community which the most immediate and direct benefit of tourism development is to increase their income and standard of living in local communities by creation of jobs and the opportunity for people. This is mainly perceived

by residents as a means to develop the local economy, increase investment and economic diversification [27]. Furthermore, depending on the type and degree of tourism activities that involve tourism also can provide other forms of economic benefits to the local communities [28]. In fact, researchers also found that increases in tourism activities are associated with increases in GDP.

H1a: There is a significant positive relationship between economic impacts and local residents' attitude.

#### *1.2.1.2 Environment Impact*

Environment, generally supported by the local community, refers to the basic amenities such as transport, food services and accommodation together with the condition of surroundings like hygiene and ambience [29]. Environment impact is the change of the environment in any form, either benefit or adverse, that partially or wholly results from an organization's activities [30]. Instead of direct environmental impacts such as emission of gas, indirect environmental impacts will be applied in this research as this impact was aroused from the activities in tourism development [30]. In fact, the research of the year 2018 revealed that tourism contributes to the amount of the emission of the carbon dioxide in the world by 8% [31]. Environmental impact is a crucial factor that should be given attention in tourism development as it might affect the financial standing and living quality of the local community, influencing their interaction attitude to the foreign tourist [28].

Furthermore, a great environment is essential to maintain the diversity whereby the residents would be more appreciative of the preciousness of eco diversity and should be sheltered [29]. In developing the tourism industry, the availability of natural and cultural perspectives of the residents in the destination is necessary in maintaining and enhancing the environment. Hence, relevant investigation related to the environmental impact should be practiced as unplanned or not well-planned tourism development may end up with positive consequences like increasing job opportunity or even negative outcomes like environmental pollution [32]. In such, the relationship of environmental impact and attitude of local residents in tourism development should be determined.

H1b: There is a significant positive relationship between environmental impacts and local residents' attitude.

#### *1.2.1.3 Social Impact*

Social impact is referring to the influence brought by tourism development towards the local communities. The degree of friendliness of the foreign tourists may affect the perception of the local communities when they visit a country. Foreign tourists that bring social problems such as vandalism, drug addiction or even prostitution may lead pollution to the local community [33]. In other ways, foreign

tourists that try to bring their negative culture such as litter, spit beside the road or automobile theft will affect the living quality of the residents. Despite the negative impact that might have on the local community, well-behaved and polite tourists will bring harmony to the local community. However, this condition may also apply to foreign tourists, as social problems exist in a country they visit, which will affect their perception of the destination [28]. This aspect imperceptibly forms an interplay between local communities and the social.

Moreover, tourism development may lead to a high proximity area in the travel destination. Tourism development in the area will attract a huge number of tourists from other places, which causes crowds, noise pollution and traffic problems to the target destination. It is a serious problem of concern as it will cause inconvenience to the indigenous resident's living. This kind of situation may lead to the negative attitudes and perceptions of local residents towards tourism development [34].

H1c: There is a significant positive relationship between social impacts and local residents' attitude.

The research framework of this study is presented in Figure 1. Figure 1 shows the research framework of this study, whereby the independent variable of this study is perception on sustainable local community development, in which three (3) sub-dimensions namely economic impact, environmental impact and social impacts are examined; and the dependent variable is local residents' attitude.

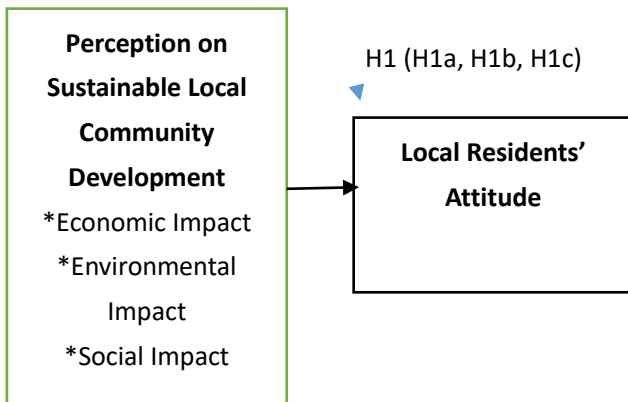


Figure 1: Research Framework

## 2. Materials and Methods

This is a causal study, which is also known as explanatory research that aims to determine the extent and nature of causal relationships. In this cross-sectional study, a quantitative method was adopted to address the research objectives, as this research approach allows in-depth and further exploration and inquiry of respondents based on respondents' responses, and interviewers and researchers

also try to understand their motivations and feelings [35]. This study examined the impact of perception on development from the perspectives of economic, environment, and social impacts towards local residents' attitude in the Malaysia context. Quantitative research methods have been widely circulated in tourism research. The target samples of this study were Malaysians aged 18 years old and above, and the target sample size was 200 respondents. Purposive sampling was employed.

## 3. Findings

First, descriptive analysis was performed, and the results were presented in Table 1. Majority of the respondents were female (54.3%, or 114 respondents), aged 15 to 25 years old (86.7% or 182 respondents), and with education qualification of diploma and below (50.5% or 106 respondents).

Table 1 Respondent's Demographic

Items	Frequency	Percent	
Gender	Male	96	45.7
	Female	114	54.3
Age	15-25 years	182	86.7
	26-35 years	13	6.2
	36-45 years	7	3.3
	46-55 years	6	2.9
	More than 55 years	2	1.0
Level of Education	Doctoral/ Masters/ Professional	5	2.4
	Bachelor's Degree	99	47.1
	Diploma and lower	106	50.5

Next, reliability analysis was performed to measure the stability and consistency of a particular element over a period between the questions of each measure [36]. A proportion is defined as reliable when it offers a consistent result after repeated measurement is made and the most common way to measure the reliability is using Cronbach alpha. The Cronbach alpha value for Local Residents' Attitude, Perception on Sustainable Local Community Development, Economic Impact, Environmental Impact and Social Impact was 0.816, 0.806, 0.818, 0.872, 0.804, accordingly, which indicates good association. Based on the rule of thumbs, the overall result of Cronbach alpha value is above 0.7, therefore this implies that the measurement scale of constructs in this research were stable and consistent.

Following, validity analysis was carried out to measure the degree which differentiate between the observed scale score and the characteristic of objects that are being measured. The output of the analysis revealed that the value for Kaiser-Meyer-Olkin (KMO) was 0.895, which is more than 0.5 cut-off point, the Bartlett's test result showing the value of Sphericity is significant ( $p=0.000$ ,  $df=78$ ). Based on the evaluation of the main parts, the findings indicated that only one of the Eigenvalues of the constructs are greater than 1 which is the local resident's attitude with value of 1.604. While the rest of the components are less than 1 which range from perception on development with value of 0.663, economic impact with value of 0.785, environment impact with value of 0.617 and social impact with value of 0.836. In terms of convergent validity, the factor loading for all portions within a construct is more than 0.5 as stated below. Discriminant validity stated that all objects were assigned appropriately to the corresponding constructs, promoting and not combining the corresponding constructs.

Subsequently, the values for Variance Inflation Factor (VIF) were more than 5.0 and the range of Tolerance Value was between 0.45 to 0.687. The findings indicated that the factor of multicollinearity was significant in this survey. The independence assumption refers to the multicollinearity analysis. Table 2 showed that perception on development and social impact showed no significant impact on local residents' attitude, and therefore H1 and H1c were rejected. Interestingly, both economic (t-value 8.524 significant at .000) and environment impact (t-value 3.434 significant at .001) presented a significant positive impact on local residents' attitude.

**Table 2** Multiple Regression Analysis

Variables	Understudied Beta Coefficients	t-value	Significant
Perception on sustainable local community development	0.806	-0.614	0.540
Economic impact	0.818	8.524	0.000 (p<0.05)
Environment impact	0.872	3.434	0.001 (p<0.05)
Social impact	0.804	1.938	0.054

#### 4. Conclusion

This research examined the influence of perception on sustainable local community development on local residents' attitude, where specific attention was given in exploring the

economic, environment and social impacts on development. The reason for studying the attitude of the locals was that local residents can help their community to ensure the benefit that can be achieved from tourism development (Kepe, 2004). From the perception on sustainable local community development, the local residents promote the positive perception will affect by the tourism development and most of the tourism literature suggest that the tourism impacts are based on the benefit can generate from the tourism. Then, even though the local residents did not perceive significant gain of the benefit from social development from the tourism activities but still received economic and environmental gains.

The research findings of this study also shed light to both policy makers and market practitioners whereby when they wish to gain greater support from the local community in developing the tourism industry, they could strengthen the social benefits brought by the tourism industry to the local community while promoting the associated economic and environment impacts. Therefore, the policy makers and industry players are suggested to work closely in exploring the social impacts resulting from a blooming tourism industry, and carefully design it in the marketing campaigns and communicate it in effective ways to the local community.

Future researchers are encouraged to replicate this study in different country settings, or preferably conduct cross-countries study, with a bigger sample size to enhance the generalisability of the research results. Besides, future researchers are also recommended to introduce and examine the moderating role of psychographic characteristics such as environmental consciousness and world mindedness in this research context in order to generate richer research findings. Apart from that, it would be more contributing if future researchers could research the role of culture in influencing the attitude of local residents.

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