

Perceptions of Local Communities on the Economic Impacts of Tourism Development in Langkawi, Malaysia

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Abstract: The Langkawi Island is a popular tourist destination in Malaysia, which development started in the 1990s. To date, it is among the ten islands most visited by local and foreign tourists. The development of Langkawi Island has influenced the economic structure of local community, of which, envisaged as a symbol to help the community especially in the changing economic environment due to its ability to generate income, employment and raise living standards. Therefore, this study aimed to examine the local community's involvement and perceptions on changes in employment pattern and incomes stimulated by the tourism development in Langkawi. This study conducted a self-administered household survey and had successfully retrieved 398 respondents. From the findings, results showed that local community experienced employment opportunities which in return contributed to an increase in household income. It is therefore, notable investment on tourism development should be of interests to the government as this helps in ensuring the local community's economic benefits.

1 Introduction

It is noted that tourism is one of the largest and dynamically developing sectors of the external economic activities. When Malaysia implemented the tourism campaign extensively in 1990s, the impact of tourism development has grown tremendously especially in the islands and marine parks tourism sectors. [1] states tourism has been identified as an important factor in many contemporary island economies. [2] mentions, with comparatively advantageous effects in income and employment generation, tourism is seen as an option for enhancing rural lifestyle and for inducing positive changes in the distribution of income in underprivileged regions.

Tourism development contributes towards the enhancement of local communities in the sense of providing greater economic benefits [3]. [4] state that local communities who live in Langkawi will experience transaction process from the low-earned traditional life to modern life with a high rate of income. According to the World Travel and Tourism Council (WTTC), in [5], tourism was the second largest industry and accounted for 3.8 per cent of global Gross Domestic Product (GDP) [6]. Essentially, the islands of Malaysia were continuously developed into tourist spots and attracted constant arrivals [7]. Referring to the notion of transforming Malaysia into a well-developed industrial nation by 2020, tourism has been identified as one of the key sectors in catalyzing the social economic [8]. This background lays the fundamental objective for investigating all aspects of tourism development and economic growth, both at national and local levels. This paper aims to study whether the local community perceived a beneficial economic impact of tourism development and which variable dominantly affecting the local community.

2 Literature Review

2.1 Economic Impact of Tourism Development

Tourism sector successfulness of many countries worldwide, including Malaysia, is often measured in dollars and cents especially by the number of international tourists' arrival and their expenditure. In 2013, there were 1.087 billion international tourist arrivals worldwide, with a growth of 5.0% compared to 1.03 billion in 2012 [9]. In case of Malaysia, an increase of tourist arrival documented between 2009 (23.65 million) and 2013 (25.72 million); by which Malaysia has generated RM 65.44 billion in 2013 compared to RM53.4 billion in 2009. The combined effects of investments in infrastructure and influx of visitors suggest that tourism offers both positive and negative impacts on economy, culture, and environment [10]. Statistics from the Department of Statistic Malaysia showed that tourism development contributed to increase in tourist arrival, revenue and employment. Overall, employment in the tourism industry registered an increase of 4.7% in 2012 as compared to 7.8% recorded in 2011 [11]. In 2011, the total tourist arrival is 24.7 million and the total GDP is 590,353.

[12] states that the inbound tourism economic of a particular region normally focuses on changes in sales, income, and employment. Formally, regional economists discriminate direct, indirect, and induced economic effects on the inbound tourism development. The impacts of economic can be evaluated through increased foreign exchange earnings, increased employment opportunities, improved socioeconomic conditions, and greater market stability than traditional commodity exports [13]. [14] support the statement by stating that tourism contributes to the balance of payments and provided employment and investments in the national level, by which at regional levels, tourism offered opportunities for direct, indirect, and induced employment and income spurring regional and local economic development [15-16].

2.2 Local Communities Involvement in Tourism Sector

[17] define community as an existing or potential network of individuals, groups and organizations that share or have the potential to share common concerns, interest and goals. According to [18], the involvement of local community in tourism development is geared towards ensuring a high degree of control over tourism activities and receives a significant share of economic benefits in the form of direct revenue, employment, upgraded infrastructure and housing. [19] states tourism is an industry that brings changes and development in an area. Through tourism activities that are carried by this industry, local communities benefit from the economic, physical and social. Indirectly, this will be able to increase the standard of living.

From the residents' perspective, a number of scholars [13, 20] suggest that a majority of residents view tourism as an economic development tool and therefore, support it as an economic development strategy. Furthermore, few other studies [21-22] opine that residents are likely to envisage tourism as an entity that creates employment opportunities, creates new businesses and investment opportunities by generating revenues for local communities and governments. Thus, cooperation of host communities in planning and developing the tourism sector is evidently pertinent and residents should be the focal point in the tourism development [23] towards economic enhancement.

[24] state the involvement of the tourism development process is a matter that appears natural and without realizing it because people feel they are part of the tourism product. The involvement of local communities in the tourism industry can be seen in various forms. Furthermore, [25] support earlier statement by the state that the community itself acts as a symbolic key to the sustainability industry of tourism. According to them, all residents will participate in this sector indirectly, without them realizing it. Context of community involvement can be identified by their action on the program development of the surrounding area.

2.3 Economic Impact on the Local Communities

Tourism development has been benefitting the local community in the form of economic impacts [26]. [27] says the most immediate and direct benefit of tourism development is the creation of jobs and the opportunity for people to increase their income and standard of living in local communities but the tourism's impacts differ by community. He said that there are different types of tourism impacts, including economic, environmental, socio-cultural, service-related, taxes, congestion, and community responses. Each impact can have positive or negative effects depending on the community context. Although, tourism economy is not central to the local community, but it really helps in generating local economic activity [28]. Tourism resources to generate income for the majority of people see in terms of improvement in their standard of living. Tourism is also demonstrated by the contribution of tourism to local communities in terms of income, business and investment opportunities and improves living standards that benefit the community.

According to [22], local community is likely to view tourism as a tool that reduces unemployment by creating new employment opportunities, creates a new business and new investment opportunities, generates additional business for locals and generates revenue for local communities and governments. For example, [21] argue that local residents may welcome some of the changes influenced by tourism such as employment opportunities, improving income, employment and others.

3 The Background of Langkawi Island

Langkawi Island is located in the State of Kedah and is adjacent with the Thai border. Since 1987, Langkawi Island has grown significantly and is eminently known among local and international tourists. Various tourism development plans and activities have been implemented by the government and private sectors in order to revitalise Langkawi in order to become economic-sustainable. The Duty Free Zone status conferred in 1987 and the establishment of the Langkawi Development Authority (LADA) in 1990 have led to a more systematic development of the island and transformed Langkawi into the modern tourist destination [29]. Twenty years after the inception of Langkawi as a Duty Free Zone, the island gained the UNESCO recognition and was announced as the Malaysia's first Global Geopark in June 2007 [30].

Revenue receipts from the approximately 3 million recorded tourist arrivals in Langkawi amounted to about RM 2.6 billion in 2012. By looking at the statistics, Blueprint Langkawi is created as a government initiative to make Langkawi Island listed as 10 highest island visited by tourists as well as to make Langkawi as a luxury tourist destination. Blueprint Langkawi is one of the proposed development by the year 2015 and the target in economics is to double tourism in Langkawi Gross National Income (GNI) of RM 0.8 billion in 2010 to RM 1.9 billion in 2015, expectations are derived from additional tourism agriculture and fishing. Recipients are expected to double from RM 1.9 billion tourists in 2010 to RM 3.8 billion in 2015 to launch a marketing campaign based on customer needs, enhance the itinerary of foreign countries to Langkawi and product marketing in the luxury market and high spending tourists. More accommodations and commercial zones are expected to be developed, which led to the creation of new jobs in hotels and retail stores.

4 Methodology

The study presented in this working paper is motivated based on a two objective. The first objective is to examine the local community involvement in the tourism sector and the second objective is to investigate the perceptions of local community on the economic impact of tourism development in Langkawi Island. The instrument data is constructed a self administered questionnaire survey based on the working along experts from various fields also the secondary data from scholar in the related fields. The instruments is divided into three sections where the first sections gathers the demographic information of respondents (gender, age and level of education), by which sections two addresses the

information of the respondent's involvement in the tourism sector. This sections looking on the details of: how many year they are involved in the tourism sector; jobs before involved in the tourism; salary before and salary per month gained after involved in the tourism sector. The third sections collects the information on economic impact of tourism development on local community's perception. It is important to emphasize that this working paper will oly focusingon the economic impacts of tourism development. This working paper is run the test of descriptive analysis in order to completed the working paper followed the objective mentioned. In addition, likert scale is used in the instrument with the scale of 5 point system. Targeting local community with the minimum age of 18 and working in the various field in Langkawi Island, data collection was done in March 2014 (within two week timeframe). Out of 400 distributed questionnaires, this working paper has successfully retrieved 398 valid and usable questionnaires.

5 Analysis

5.1 Result/ Findings

Table 1 depicts the respondents' profile. Out of 398 respondents, 63.8% were male and 36.2% were female. The majority of the respondent falls between 21-30 years old (25.9 %), 31-40 years old (29.9 %), 41-50 years old (18.6 %) and above 51 years old (21.6 %). In terms of educational level, 96.0% respondents have formal education while 4.0% respondents reported to receive no formal education.

Table 1. Respondents' Profile

Demographic	Categories	Frequency	Percentage (%)
Gender	Male	254	63.8
	Female	144	36.2
Age	18-20	16	4.0
	21-30	103	25.9
	31-40	119	29.9
	41-50	74	18.6
	51 and above	86	21.6
Education	No formal education	16	4.0
	Primary School	80	20.1
	Secondary School	248	62.3
	Certificate/ Diploma	38	9.5
	Degree	16	4.0

Table 2 provides the following details: 83.9% respondents are indigenous people and 52.3% respondents are tourism industry workforce where 17.1% of respondents have accumulated 3-5 years of involvement and 5.0% respondents have worked in hospitality field before involvement. The difference in monthly income before and after involvement in tourism sector resented in Table 2 supports the previously mentioned findings related to the tourism economic impacts.

Table 3 presents a non-normal distribution pattern of employment where majority of respondents are involved in tourism service and hospitality sectors. In addition, half of total population who involved in tourism sector are full-time workforce while only 2.0% respondents involved with part time jobs. This result based on out of 208 respondents who involved in the tourism sector and 47.7% of respondent does not involved in tourism.

Table 2. Involvement in Tourism Sector

		Frequency	Percentage (%)
Origin population	Yes	334	83.9
	No	64	16.1
Involvement in tourism sector	Yes	208	52.3
	No	190	47.7
How many year involved in tourism sector	Less than 3 years	65	16.3
	3-5	68	17.1
	6-10	41	10.3
	11-20	22	5.5
	More than 20 years	12	3.0
Types of job before involved in tourism sector	Labor	20	5.0
	Hospitality	20	5.0
	Businessman/Self-employed	13	3.3
	Factory employer	7	1.8
	Students	6	1.5
	Taxi driver	5	1.3
	Others	22	6.3
Salary per month before involved in tourism sector	Below 1000	53	13.3
	1001-2000	33	8.3
	2001-3000	5	1.3
	3001-4000	3	0.5
	More than 5001	3	0.8
Salary per month gained after involvement in tourism sector	Below 1000	46	11.6
	1001-2000	101	25.4
	2001-3000	52	13.1
	3001-4000	2	0.5
	4001-5000	2	0.5
	More than 5001	5	1.3

Table 3. Sectoral Involvement of Local Communities

Items	Category	Frequency	Percentage
Employment in the tourism sector	Accommodation	15	3.8
	Hospitality	50	12.6
	Transportation	29	7.3
	Tourism Services	51	12.8
	Food and Beverage	28	7.0
	Government Agency	3	.8
	Entertainment	6	1.5
	Sport	5	1.3
	Tourist Attraction	21	5.3
Type of employment	Full time	199	50.0
	Half time	8	2.0
	Seasonal (school holiday, etc..)	1	0.3

Based on reliability analysis below, Table 4 shows the reliability values of all variables is 0.82. The values are considered to be an acceptable reliability, value and all the items are accepted to values the tourism developments give a positive impact to the employment pattern of the local communities. From Table 4, this study found that: more job and employment opportunities during peak season(mean=3.96, SD=0.64), followed by part time jobs (mean=3.94, SD=0.62), creates a new jobs opportunities (mean=3.93, SD=0.6), increased local tourism entrepreneurs(mean=3.92, SD=0.59), create employment opportunities for women and single mother(mean=3.92, SD=0.68), easy employment in the tourism sector(mean=3.92, SD=0.64), offer more job opportunities to the local community (mean=3.86, SD=0.66), reduction of unemployment (mean=3.84, SD=0.68 and offer jobs that require skills (mean=3.38, SD=1.08).

Table 4. Community perspective on the employment pattern

Items	Mean	Std. Deviation
Increased local tourism entrepreneurs	3.92	.595
Offer more job opportunities to the local community	3.86	.660
Creates a new business opportunities	3.93	.601
Offer jobs that require skills	3.38	1.087
Create employment opportunities for women and single mother	3.92	.683
Easy employment in the tourism sector	3.92	.642
More jobs and employment opportunities at peak season	3.96	.646
Part time jobs	3.94	.628
Reduction of unemployment	3.84	.684
<i>Reliability Statistics : Cronbach's Alpha</i>		.829

Based on reliability analysis below, Table 5 shows the reliability values of all variables is 0.87. The values are considered to be an acceptable reliability, value and all the items are accepted to values the tourism developments give a positive impact to the income changes of the local community and household. Table 5 shows the local community perspective on the income changes: tourism development positively increases the household income (mean=3.87, SD=0.75), opportunity to earn a side income (mean=3.83, SD=0.74), opportunities to sell local products (mean=3.77, SD=0.82), salaries/ wages of tourism sector is higher than other sectors (mean=3.72, SD=0.82), tourism generates main income for the community (mean=0.68, SD=0.9), poverty reduction (mean=3.67, SD=0.81), earnings depend on the season (mean=3.64, SD=0.93) and the majority of the population earned a high salary/ wages (mean=3.53, SD=0.92).

Table 5. Community perspective on the income change

	Mean	Std. Deviation
Tourism generates main income for the community	3.68	.907
Opportunities to sell local products	3.77	.826
Increase in household income	3.87	.751
Earnings depend on the season	3.64	.930
Poverty reduction	3.67	.816
Opportunity to earn a side income	3.83	.741
Salaries/ wages higher than other sectors	3.72	.822
The majority of the population earned a high salary/ wages	3.53	.922
<i>Reliability Statistics : Cronbach's Alpha</i>		.877

6 Discussion and Conclusion

From results, it is learned that tourism development created a positive impact on the local community economy. This can be explained through the analysis of current income which is higher than the previous earnings for RM 1001 - RM 2000 per month income. 208 were involved in the tourism sector on a regular basis (tourism service, hospitality, transportation and beverage sectors) with most of the respondents have been involved between 3-5 years. Within this study scope, this is influenced by the stability of tourism development and increase the influx of local and international tourists. Prior to involvement in the tourism sector, respondents were occupied as labourers, taxi drivers, traders and factory workers. Langkawi Island is known as a nature-based tourism centre that attracts foreign investors, which in return, stimulates both physical and human capital development. The development of Langkawi Island since 1990s has offered and continuously offers the accessibility to all-year tourism experience and therefore, this generates great employment opportunities (full time, part time and seasonal posts). Consequently, a decrease in the unemployment rate and widespread of local handicraft demand are observed especially after the notable investment in 2000s.

In conclusion, besides tourism benefits to government and country, tourism is seen as a sector that could provide the most significant impact to local communities in terms of financial improvement aspect. It seems the local community are involved in the tourism industry has increased the household income compared to previous traditional employment. Indeed, the development of tourism in such areas could have a major impact on quality of life of local communities. Tourism development not only affect the economy, but the utilities and infrastructure are also improved. Local community

involvement in tourism should be given attention by the local government to persuade the future generation involvement in and supports towards tourism sector in Langkawi Island. From the perspective of existing incentive, programs and policy, the government needs to continuously provide the opportunity and space for the locals to getting engaged with tourism sector.

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