

THE IMPACTS OF TOURISM DEVELOPMENT ON POVERTY ALLEVIATION IN SARAWAK

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ABSTRACT

The study aims to investigate economic impact of tourism development such as local economy development, tourism entrepreneurial activity and tourism employment generation in alleviating poverty. Five hundred and twenty local community from Kuching and Miri, East Sarawak, Malaysia have participated in the research. The result indicates that the tourism development contributes to the local economy development, creates tourism entrepreneurial activity and generates tourism employment among the local communities' in increasing the household income.

Keywords: Tourism Development; Poverty Alleviation; Sarawak.

1. INTRODUCTION

Tourism development is an economic, social, cultural and environmental panacea for developing countries and is an effective tool for poverty alleviation and raising the quality of livelihood, particularly on a long-term basis through the usage of tourism resources (i.e., culture, nature, wildlife, rural and physical) (Scheyvens, 2012). On this note, poverty is multidimensional concepts involving issues such as lacking basic needs, inadequate earnings, scarcity of access to education, ineligible credit facilities, poor healthcare, insecurity, inferiority complex, a sense of helplessness, the absence of development, deprivation, equal and human rights (Holden, 2013). The contribution of tourism development in alleviating poverty could be traced back in the 1970s (United Nations World Tourism Organisation, 2016). Over the decades, tourism development has become an economic panacea for developing countries since during the 1950s. In the early 1990s, tourism development has increased the quality of livelihood, with a high degree of participation by local communities (Scheyvens, 2012).

In this vein, Sarawak is a tropical paradise with flora and fauna richness, beautiful rivers and forest. It is also rich in diverse cultures, customs, traditions, ethnicity and religions. Subsequently, the internal tourist arrivals in Sarawak increased from 4 million (2012) to 4.9 million (2014); while the total internal tourism expenditure was RM8.7 billion (2012) and increased to RM10.7 billion (2014) (Ministry of Tourism Sarawak, 2015). The increasing number of internal tourist arrivals and tourism receipts offers an interesting platform for this study to investigate on the impact of tourism development in Sarawak. By encouraging tourism development, the tourism industry may

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provide jobs for 15,000 unemployed locals which in turn, improve their livelihood (Ministry of Tourism Sarawak, 2016).

In addition, past studies on the nexus between tourism development and poverty alleviation have tended to focus on developed countries (Rogerson, 2014) and the African region (Snyman, 2013). Empirical studies in Malaysian context appear to be limited. Halim (2014) focuses on tourism as a tool for poverty alleviation in Setiu Wetland Terengganu, and Harris (2009) examines the pro-poor community-based tourism in Kelabit Highlands. Therefore, this study aims to fill the conceptual gap by developing a pro-poor tourism model that monitors the impacts of tourism development on poverty alleviation in the context of Sarawak, Malaysia. The next section describes the data and methodology used in this study, follows by the results and discussion. The last section presents the conclusion and viable policy recommendations as well as future study directions.

2. METHODS AND MATERIAL

The neo-liberalism theory is linked with tourism development and poverty alleviation through directing the economic growth, social equality and free market trade in developing countries.

2.1. Development of Hypotheses

The development of a country is accessed by the local economic growth. Therefore, the tourism development plays a vital role in a country's economy development through the creation of jobs and business to contribute to the poverty alleviation (Song, 2016). A study on Nicaragua's tourism industry shows positive relationship between local economic development and poverty alleviation. The foreign exchange earnings from international tourism receipts positively affect the Nicaragua's local economy development and contributes to poverty alleviation (Croes & Vanegas, 2008). The smaller businesses are expected to benefit the local economic and communities' development as small businesses produces local products in the tourism market (Rogerson, 2014). Generally, local communities' have positive attitudes toward local economic development through tourism outcomes such as poverty alleviation and community development (Aref, 2011). As a result, hypothesis H1 was structured;

H1: There is a positive relationship between local economy development and poverty alleviation.

Tourism development is believed to help the local communities to increase their household incomes and living standards by creating tourism entrepreneurial activities. As the tourism industry magnifies innovation in tourism entrepreneurial activities, the innovation in tourism businesses produces novel tourism products and services to tourists (Assaker, Hallak, Vinzi & O'Connor, 2013). Leur (2013) argues that the local communities are willing to take up any different entrepreneurial activities in the tourism whenever there are promising economic prospects. Thus, by putting more effort in any circumstances, the growing tourism provides numerous tourism entrepreneurial activities for the local population to improve their household economic level and income (Harris, 2009). The root cause of poverty is low income, so the alternative way to alleviate poverty is to raise income generation through tourism entrepreneurial activities. As the tourism industry is a needs low capital, the local communities could become investors, businesspersons, or producers and sell the tourism products to tourists (Karnani, 2009). Thus, hypothesis H2 was designed;

H2: There is a positive relationship between tourism entrepreneurial activity and poverty alleviation.

Tourism is a labour-intensive workforce providing large amount of employment opportunities for the local population (Aynalem, Birhanu & Tesefay, 2016). The tourism development creates new type of employments for the local communities' as tourism speeds up the processes of a production, service innovations and market expansion based on tourist demand (Truong & Hall, 2015). Further, the tourism development continues to be recommended as the main source of income, employment generation and economic growth for the Dominican Republic (Wilkinson, 2009). Hence, the hypothesis H3 was structured;

H3: There is a positive relationship between tourism employment generation and poverty alleviation.

2.2. Samples and procedure

Tourism creates direct, indirect and dynamic effect of tourism entrepreneurial and employment to increase the local communities' household income (Truong & Hall, 2015). However, directly involved respondent in tourism are considered in this study. A survey questionnaire is used to collect data from the permanent local employees and employers at several tourism channels such as the National Parks', Sarawak Cultural Village, souvenir outlets', travel operators', food and beverage providers' and accommodation providers' (i.e., homestays', resorts' and hotels') in Kuching and Miri. A total of 680 questionnaires were distributed personally to the local communities'. The non-probability sampling of judgement and convenience sampling is used in selecting 680 local communities'. But, 160 questionnaires are discarded due to uncompleted, unfilled and unreturned. As a result, 520 (76.24%) questionnaires are imposed in this study. The questionnaire is adapted from several authors. Refer table 1.

Table 1: Item of the Questionnaire and Source

Items of Local Economy Development (Reflective)		Source
LED1	Local economy development reduces poverty.	Truong (2014)
LED2	Privatisation tourism business helps the development of local economy.	Mthembu (2011)
LED3	Local economy development reforms tourism ideas.	Mthembu (2011)
LED4	Local economy development stimulates the demand of local products and services.	Wang & Pfister (2008)
LED5	Local economy development stimulates the supply of local products and services.	Mthembu (2011)
LED6	Local economy development creates different range of economy.	Mthembu (2011)
LED7	Local tourism development increases the number of economically active people.	Truong (2014)
Items of Tourism Entrepreneurial Activity (Reflective)		Source
TEA1	Tourism entrepreneurial activity gives an opportunity to supply more local products.	Mthembu (2011)
TEA2	Tourism entrepreneurial activity helps in product and service development.	Mthembu (2011)

Table 1: Item of the Questionnaire and Source (cont.)

Items of Local Economy Development (Reflective)		Source
TEA3	Tourism entrepreneurial activity creates small businesses.	Yoon, Gursoy & Chen, (2001)
TEA4	Tourism entrepreneurial activity creates an investment opportunity.	Yoon <i>et al.</i> (2001)
TEA5	Tourism entrepreneurial activity creates business relationship with stakeholders.	Truong (2014)
TEA6	Funding is available to access market for tourism entrepreneurial activity.	Tosun (1999)
TEA7	Getting a license is easy to run tourism entrepreneurial activity.	Satarat (2010)
TEA8	Tourism entrepreneurial activity benefits many the local community.	Mthembu (2011)
Items of Tourism Employment Generation (Reflective)		Source
TEG1	Employment is easy to be employed in the tourism industry.	Truong (2014)
TEG2	Employment in tourism industry transform the local community into knowledge-based community.	Truong (2014)
TEG3	I have an opportunity to get into the managerial position in tourism industry.	Duffy (2015)
TEG4	I have an opportunity to be formally employed in the tourism industry.	Duffy (2015)
TEG5	The tourism employment opportunities are distributed equally to all local communities.	Duffy (2015)
TEG6	Income from tourism employment creates saving opportunity to the family.	Keovilay (2012)
TEG7	Tourism employment benefits the local community.	Keovilay (2012)
TEG8	Overall, I am satisfied with the employment opportunities provided by the tourism development.	Wang & Pfister (2008)
Items of Poverty Alleviation (Reflective)		Source
PA1	Tourism development increases household income to alleviate poverty.	Keovilay (2012)
PA2	Tourism development creates new tourism market to alleviate poverty.	Mthembu (2011)
PA3	Tourism development creates skilled community to generate income.	Truong (2014)
PA4	Tourism development adds knowledge to the community to generate income.	Truong (2014)
PA5	Tourism development increases infrastructure facilities for community well-being.	Faulkner & Tideswell (1997)
PA6	Tourism development provides accessible to use tourism resources to alleviate poverty.	Mohamed (2013)
PA7	Tourism development decreases job insecurity	Yoon <i>et al.</i> (2001)
PA8	Tourism development creates an awareness to alleviate poverty.	Truong (2014)
PA9	In general, tourism development has the potential to alleviate poverty.	Keovilay (2012)

3. RESULT AND DISCUSSION

3.1. Assessment of the Measurement Model

The SmartPLS 3.0 (M3) is used for confirmatory factor analysis (CFA) to assess the reliability, validity, loadings of an item, convergent validity of the composite reliability (CR), average variance extracted (AVE) and discriminant validity are examined. Table 2 shows all the loading value for the local economy development, tourism entrepreneurial activity, tourism employment generation and poverty alleviation exceed the recommended value of 0.5. The results also show the CR values and the AVE are highly reliable for all variables. Overall, the convergent validity is achieved in this study as outlined by Henseler and Chin (2010).

Table 2: Convergent Validity of the Measurement Model

Construct	Item	Loading	CR	AVE	Convergent Validity (AVE > 0.5)
Local Economy Development	LED1	0.720	0.901	0.570	YES
	LED2	0.715			
	LED3	0.761			
	LED4	0.827			
	LED5	0.851			
	LED6	0.825			
	LED7	0.542			
Tourism Entrepreneurial Activity	TEA1	0.834	0.926	0.644	YES
	TEA2	0.849			
	TEA3	0.852			
	TEA4	0.828			
	TEA5	0.756			
	TEA6	0.588			
	TEA8	0.875			
Tourism Employment Generation	TEG1	0.741	0.892	0.511	YES
	TEG2	0.677			
	TEG3	0.751			
	TEG4	0.767			
	TEG5	0.756			
	TEG6	0.759			
	TEG7	0.730			
	TEG8	0.503			
Poverty Alleviation	PA01	0.753	0.900	0.528	YES
	PA02	0.726			
	PA03	0.739			
	PA04	0.744			
	PA05	0.722			
	PA06	0.698			
	PA07	0.715			
	PA08	0.716			

Note: TEA07 and PA09 are deleted due to low loading.

3.2. Discriminant Validity

Based on Henseler and Chin (2010), the results in Table 3 show the discriminant validity is achieved for all variables.

Table 3: Discriminant Validity of Measurement Model

	LED	PA	TEG	TEA
LED	0.755			
PA	0.612	0.727		
TEG	0.552	0.485	0.715	
TEA	0.568	0.571	0.417	0.803

3.3. Assessment of the Structural Model Analysis

Figure 1: Results of the Path Analysis

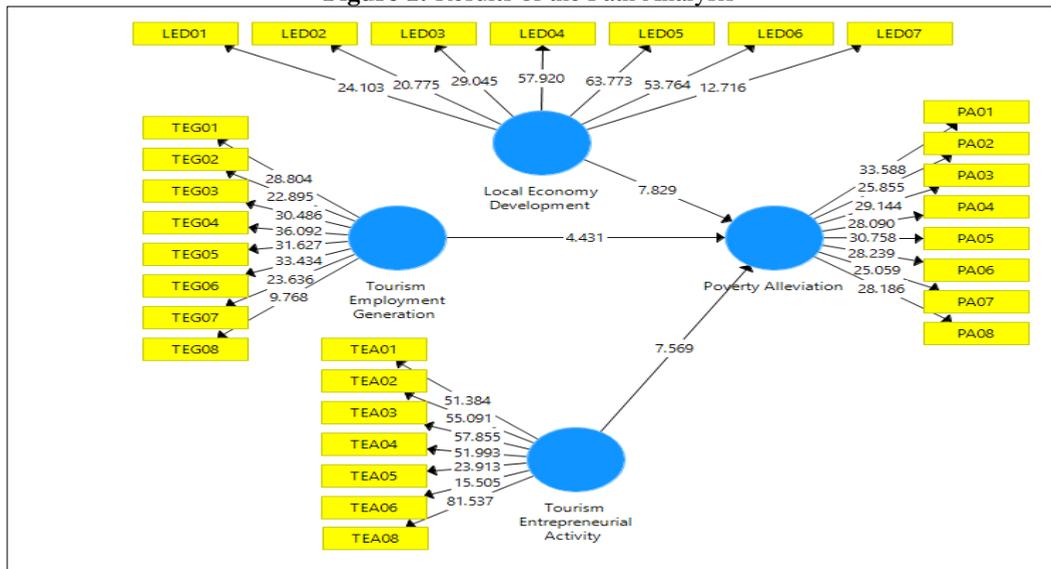


Table 4: Path Coefficients and Hypothesis Testing

Hypothesis	Relationship	f^2	Beta	t-value	Supported
H1	Local Economy Development → Poverty Alleviation	0.139	0.363	7.829**	Yes
H2	Tourism Entrepreneurial Activity → Poverty Alleviation	0.033	0.298	7.569**	Yes
H3	Tourism Employment Generation → Poverty Alleviation	0.111	0.160	4.431**	Yes

Note: * significant at 5% significance level ** significant at 1% significance level

3.4. *Result of the Hypothesis Testing*

The results show there is a significant relationship between local economic development and poverty alleviation at 1% significance level. The finding is supported with Croes and Vanegas (2008) and Song (2016) that the role of local economic development creates employment and businesses for community well-being. Rogerson (2014) states smaller businesses `benefits the local economic and the development of community as they produce and sell local souvenir products in the tourism market. As a result, this has created an indirect opportunity for backward and forward linkages such as the agriculture, manufacturing and construction industry. The results also offer support to hypothesis 2 that tourism entrepreneurial activity significantly contributes to poverty alleviation. The findings imply that tourism fosters economic activities among the local communities to become investors, entrepreneurs as well as producers. It is interesting to point out that selling or offering local tourism products and services such as handicraft, homestays, festival, traditional games, local food, local dance performance, jungle trekking and mountain climbing contribute to the household income and security (Harris, 2009). The results confirm past studies that the tourism entrepreneurial activity has contributed economically to the local communities in South Australia and South Africa respectively (Hallak, Brown & Lindsay, 2012; Rylance & Spenceley, 2016).

Table 4 further shows that tourism employment generation is positively significant in alleviating poverty; the findings is in line with Truong and Hall (2015) that tourism development creates direct effect of tourism employment and increases the well-being of local communities. Studies such as Aynalem et al. (2016) claim tourism provides many job opportunities due to its nature as labour-intensive workforce, while Mbaiwa (2003) finds that tourism development in Okavango Delta, Botswana provides employment to the local community.

4. CONCLUSION

The study concludes that the tourism development economic impact has used to measure poverty alleviation in Sarawak base on pro-poor tourism. The findings of this study have examined 3 independent variables to determine the poverty alleviation. The local economic development, tourism entrepreneurial activity and tourism employment generation are positively influence poverty alleviation in Sarawak. This study signifies the theoretical research about tourism development economic impact and poverty alleviation in Sarawak. The study has selected neo-liberalism theory to explain the economic impact of tourism development and neo-liberalism theory to clarify on poverty alleviation. Further, this research has successfully developed a conceptual model and guidelines for researchers, local communities' and tourism channels in Sarawak on pro-poor tourism as well as extended the pro-poor tourism research in context of developing country. In considering of, this study is related with several limitations and recommendations for the future research. Sarawak is the biggest state in Malaysia enclose by 12 division's. Subsequently, Kuching, Sri Aman, Sibul, Miri, Limbang, Kapit and Mukah are known for tourist destinations. However, this study has not explored the seven divisions. In addition, the study focuses in Kuching and Miri division which have selected base on the largest population rate. Therefore, future researcher could explore tourism development in alleviating poverty with use of tourism resources study in Sri Aman, Sibul, Limbang, Kapit and Mukah.

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