



**Faculty of Technology Management  
and Technopreneurship**

**THE IMPACT OF TOURISM INNOVATION ON QUALITY  
OF LIFE OF RESIDENTS IN THE COMMUNITY :  
A CASE STUDY OF SUNGAI MELAKA**

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Master of Business Administration  
(Technology And Innovation Management)**

**2010**

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OF LIFE OF RESIDENTS IN THE COMMUNITY :  
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**A project paper submitted in fulfillment of the requirements  
for the degree of  
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(Technology And Innovation Management)**

**Faculty of Technology Management and Technopreneurship**

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## DEDICATION

*Dedicated to my family for their loving supports throughout the years.*

## **ABSTRACT**

This study investigates the level of awareness and determine tourism innovation impact to the quality of life (QOL) of residents. The main study aims that residents' of tourism innovation impacts (economic, social, cultural, and environmental) affects their satisfaction of particular life domains. Accordingly, the study proposed three major hypotheses: (1) tourism innovation impacts affects their QOL (economy) in the community, (2) tourism innovation impacts affects their QOL (social) in the community, (3) tourism innovation impacts affects their QOL (social) in the community. The sample population consisting of residents residing in Melaka River was surveyed.

The sample was proportionally stratified on the basis of tourism development stages covering along the Melaka River from Kampung Pengkalan Rama to Taman Kota Laksamana. 282 respondents completed the survey. Frequency, t-test and correlation analysis were used to test study.

The results revealed that the residents' Quality Of Life effect to Tourism Innovation with particular life domains significantly, and their satisfaction with particular life domains influenced their overall life satisfaction. The results indicated that the relationship between the Tourism Innovation and Quality Of Life. The environment impact of tourism and the satisfaction with community well-being were strongest among the others factor to the residents in communities.

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Bismillahirrahmanirrahim,

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Finally, I would like to thank everybody who was important to the successful realization of this project paper, as well as expressing my apology that I could not mention personally all of them one by one.

## **DECLARATION**

I declare that this project paper, The Impact Of Tourism Innovation On Quality Of Life Of Residents In The Community : A Case Study Of Sungai Melaka is the result of my own research except as cited in the references. The project paper has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

**Signature** : .....

**Name** : Akmal b. Abdul Manap

**Date** :

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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Background of Study**

Tourism is a major revenue earner for the Malaysian government, which has also invested significantly in the sector. The government has allocated RM1.8 billion in the Ninth Malaysian Plan for the 2006 to 2010 period. The allocation in the previous plans period (2001-2005) has been 700 million. The Malaysian government had set a target of 24.6 million tourist arrivals in 2010, while tourist receipts to reach RM59.4 billion that year.

The State of Melaka is currently on the course of rapid economic growth and development. The tourism industry in Melaka holds huge potential and has generated employment opportunities, more income for businesses and helped improve the

livelihood of locals. And why not, when more than six million people visited the historical state in 2008 and spent RM3 billion during their stays. With the present tagline in Melaka's tourism campaign being "Visiting Historical Melaka Means Visiting Malaysia, Melaka is highly optimistic of the tourist numbers and extrapolations indicate the number will reach 8.2 million by 2010.

## **1.2 Tourism Innovation at Sungai Melaka**

Since its heyday, the Melaka river has slowly degenerated from an important historical lifeline to a large sewage drain that nobody wants to see. With haphazard construction on the river banks (featured in the 1999 Connery/ Zeta-Jones movie 'Entrapment'), many are forgiven to forget that the 'drain' they cross over every day is the same waterway that had witnessed 500 years of the city's glorious and violent history. In view of this, the Malacca State Government, through the city's local authority, decided that the Malacca river should be given a new lease of life befitting its historical status. The beautification and rehabilitation of the Malacca river will be implemented in phases with the following objectives:

- To ensure that the riverfront retains strong links with the city's heritage
- Creating opportunities to initiate lively riverside activities along the river for commercial and tourism purposes
- To enhance and reinforce the riverfront character as an integral part of life for the city of Malacca
- To introduce pockets of gardens and spaces, proper and wide paved esplanade walks complemented by landscape design
- Introducing new vehicular and pedestrian bridges, jetties and waterfront activities to rejuvenate the maritime history of the city
- Introducing an interceptor sewer to channel all raw sewage, rubbish and debris away from flowing into the river

- Possible introduction of a barrage system to control the water level of the river from tide changes

Phase 1 of the project has already been completed and comprises of the following revitalized sections:

**The Spice Garden.** This is the start of the development upriver, located at the Hang Jebat Bridge. It is marked by a pavilion built in vernacular Malacca style, surrounded by terraces of planting comprising of edible spices and fragrant ethno-botanical species such as lemongrass, daun kesum, tunjuk langit and ginger. The Spice Garden serves as a symbolic homage to the important role it has played in the city's trade and economy centuries ago.

**The Esplanade, Kampung Morten.** Across the river from the historical Malay settlement of Kampung Morten, a paved esplanade walk has been built that makes it possible to walk from the Spice Garden at Hang Jebat Bridge to the Medan Selera at Jalan Bunga Raya. This has now become a favourite relaxing riverfront walkway strip for residents as they enjoy the view of Kampung Morten across the river.

**The Boardwalk.** The walk continues after Medan Selera via a boardwalk structure, which is elevated from the soft, muddy banks of the river. This ensures the continued survival of the existing riverine vegetation such as mangrove palms and freshwater creatures such as mudskippers and the water lizards. Under phase 2, the boardwalk route will continue towards the Hang Tuah Bridge.

**Jalan Laksamana Esplanade.** This riverfront development starts from the current Medan Mara all the way parallel to Jalan Laksamana up to the Stadthuys plaza. It involves the rehabilitation of several old shop houses along the river by dismantling the chaotic illegal extensions erected over the decades and rebuilding some of the walls using the same bricks. The shop houses are now reinforced, enhanced and adapted to a new, commercial use while maintaining their distinctive 'straits' character. The original laterite

stones that had been used by the British and the Dutch, found in the river, were re-used in parts of the new embankment.

Recently, Malaysian Resources Corporation Berhad (MRCB), through its subsidiary, MRCB Engineering Sdn Bhd, announced the commencement of the development of a new Marina for Melaka city on 29th February 2008. The RM24.3 million new marina, occupying a four-acre plot of prime waterfront spot, is strategically located within distance to four and five-star hotels, shoppings, and Melaka's well known historical and tourist spots, further boosting its potential to complement the tourism industry.

Slated for completion by the first week of 2009, the new Melaka Marina will also feature 40 berths dedicated to private and luxurious 40- to 60-footer yachts, an integrated government complex accommodating the immigration, customs and Marine Department Malaysia office, and a proper breakwater system to block and reduce wave height in the Marina.

The marina, the first of-its-kind in Melaka with an international jetty for boating and yachting enthusiasts, is part of the Melaka River beautification project which is expected to generate RM1 billion in investment in spin-off projects along the river, stimulate the local economy and generate jobs for local workers in Melaka (MRCB Resources Vol 7)

### **1.3 Problem Statement**

As Ap and Crompton (1993) stated that tourism is widely perceived as a potential economic base, providing elements that may improve quality Of life (QOF) such as employment opportunities, tax revenues, economic diversity, festivals, restaurants, natural and cultural attractions, and outdoor recreation opportunities. There are concerns, however, that tourism can have negative impacts on quality of life. These can be in the form of crowding, traffic and parking problems, increased crime, increased cost of living,



friction between tourists and residents, and changes in hosts' way of life (Andereck, Valentine, Knopf & Vogt 2005).

The impacts of tourism can be positive or beneficial, but also negative or detrimental. Whether impacts are perceived as positive or negative depends on the value position and judgement of the observer of the impacts (Mason 2003).

To date, little is known about the effect of tourism impacts on the quality of life of residents in communities. Once a community becomes a destination, the lives of residents in the community are affected by tourism, and the support of the entire population in the tourism community is essential for the development, planning, successful operation and sustainability of tourism (Jurowski, 1994). Therefore, the quality of life (QOL) of the residents in a community should be a major concern for community leaders. If the development of tourism results in a lesser quality of life, residents may be reluctant to support tourism in their community. Therefore, government planners and community developers should consider residents' standpoints when they develop and market recreation, travel, and tourism programs, and help residents realize their higher order needs related to social esteem, actualization, knowledge, and aesthetics.

#### **1.4 Research Questions**

1. What is the residents' level of awareness of the tourism innovation around Sungai Melaka area?
2. What are the impacts of tourism innovation in Sungai Melaka as perceived by the local residents QOL?

## **1.5 Objectives of the Study**

The objectives of this research are:

1. To measure the residents' level of awareness of the tourism innovation around Sungai Melaka area.
2. To determine the impacts of tourism development in Sungai Melaka as perceived by the local residents QOL.

## **1.6 Hypotheses**

### **Hypotheses 1**

H1o: There is negative effect between QOL (economy) and TI of sungai Melaka

H1a: There is positive effect between QOL (economy) and TI of sungai Melaka

### **Hypotheses 2**

H1o: There is negative effect between QOL (social) and TI of sungai Melaka

H1a: There is positive effect between QOL (social) and TI of sungai Melaka

### **Hypotheses 3**

H1o: There is negative effect between QOL (environmental) and TI of sungai Melaka

H1a: There is positive effect between QOL (environmental) and TI of sungai Melaka

## **1.7 Significance of the Research**

With the completion of this study, the researchers aim to contribute to the ongoing tourism development in Melaka that is by providing useful information to the local government of Melaka especially to its local tourism council. The researchers also intend that through this study would serve as a pioneering tool that would initiate more research ventures to be conducted not just in the municipality under review, but as well as other municipalities in the province that has a potential for tourism innovation and development.

## **1.6 Definitions of Terms**

Tourism – the process, activities, and outcomes arising from the relationships and the interactions among tourists, tourism supplier, host governments, host communities, and surrounding environments that are involved in attracting and hosting visitors (Goeldner, & Brent Ritchie, 2003).

Perception – the process of translating sensory data into meaningful information that can be used and acted upon; it is through perception that we make sense of the world (Fridgen, 1991).

Residents – are the community of tourism destinations who have contact with tourists (Fridgen, 1991).

Tourism Impacts – changes that result from tourism activity, development or innovation.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the overview of current literature in the frame of the presented research problem. Each of the bodies of literature is discussed which is focus on the specific nature of the relevant literatures that relates to this study.

#### **2.2 Innovations in tourism - what are they?**

The term 'innovation' is defined in close connection with another term: 'invention' (according to Schumpeter, and a range of his successors). Inventions are major scientific and technological developments brought about without any specified industrial use in

mind. Frequently mentioned examples are the steam engine and, more recently, the microprocessor. Innovations are further developments of the invention for industrial handling, together with the institutionalizing of the methods of production or the bringing of the new products to the market. Thus the adaptation to the markets and production systems is a crucial element which differentiates the concepts of 'invention' and 'innovation'? The success criterion is technical for invention, but commercial for innovation. The link between the concepts is the entrepreneurial capability of an individual and/or an organization?

Over the years, research has investigated the occurrence of major inventions and mapped their transformation into widespread innovations ranging from the most influential to the most insignificant. Predominantly, the innovation literature discriminates between product and process innovations. In order to enable these terms to be used appropriately about a service sector such as tourism and leisure, it has been found necessary to subdivide the innovations into the following types:

- product innovations
- management innovations

### **2.2.1 Product innovations**

Special interest tourism is reported by, for instance, Weiler, to be a growth sector, a fact that coincides with the presumed end of the era of mass tourism (sun, sand, sea ...)." The targeted consumer interests in specific types of attractions and activities involves the intensified use of the natural environment and a continued spatial spread. The commodification and marketing of natural resources is a necessary intermediate function that transforms the resource into a product.

The value added services forming part of the products are essential and the core of the innovation process. Without this entrepreneurial activity based on the

observation of economic opportunities, there would be no new product. To be more specific, product development based on the exploitation of the natural resources are for instance concerned with: Without these peripheral economic activities, the nature resource would not become a product for other than a very few 'explorers'. Contributors to Lindberg and Hawkins' book advocate numerous modes of organizing the eco-tourism product in such a way that the concern for the environment is respected, and other authors also stress the need not to prohibit anyone access to the natural resources but instead to organize and control the use of it and to appeal to the tourists for their utmost consideration and cooperation: ~

- the guiding system, including the combined efforts to provide pamphlets and guided tours, guidelines and codes of conduct, user free systems – for instance based on a zoning principle, etc.
- the tour operator's services, promoting and marketing the natural resources, and packaging the product
- the units of infrastructure, including accommodation, catering and transportation, eventually provided according to certain design standards, emission limits, etc.

### **2.2.2 Management innovations**

Management innovations could take place in co-operation with one or more of these agents. The handling of people and the creation of appropriate incentive systems including the environmental agenda form the core of the managerial innovations.

#### *The residents*

To show consideration for the residents when embarking on a tourism development project is of particular concern to some authors." The ecotourism definition included in the work of Ziffer (1989) is very distinct in this matter:

... the eco-tourist practices a non-consumptive use of wild-life and natural resources and contributes to the visited area through labor and financial means aimed at directly benefiting the conservation of the site and the economic well-being of the residents. The visit should strengthen the ecotourist's appreciation and education to conservation issues in general, and to the specific needs of the locals. Ecotourism also implies a managed approach by the host country or region which commits itself to establishing and maintaining the sites with the participation of local residents... (p. 6)

The theme of involving the residents in the community conservation work, in the servicing and guiding of the tourist is predominant, especially in literature concerned with third world countries and destinations lacking a well-developed tourist infrastructure (for instance articles in Lindberg and Hawkins (1993) and De Kadt (1992) suggest that development should include the promotion of small scale family owned enterprises rather than 'imported' foreign investments).

Management strategies aiming to involve residents include the establishment of support organizations and the organization of voluntary work. Brandon (1993) also stresses that the success of this type of management strategy depends on material or immaterial benefits and incentives being correctly identified and readily provided. If this is not done, the tourism enterprises and organizations cannot expect to count on the residents acting as collaborators or incidental 'staff members'.

## **2.3 Tourism and Local Community**

Generally we think of a community as those people who live and work together. Communities organize themselves in order to share resources, manage these resources, and achieve common goals in relation to quality of life aspirations. Specific policies, plan

and actions are needed to achieve community goals. Tourism planning should be part of this process (Bushell 2001). A stakeholder has been defined as a person who has the right and capacity to participate in the process; thus, anyone who is impacted upon by the action of others has a right to be involved (Gray 1989 cited in Aas, Ladkin & Fletcher 2005).

In this context, a stakeholder in the tourism industry is deemed to be anyone who is impacted on by development positively or negatively, and as a result it reduces potential conflict between the tourists and host community by involving the latter in shaping the way in which tourism develops (Swarbrooke 1999; Bramwell & Lane 1999 cited in Aas, Ladkin & Fletcher 2005).

Leask & Fyall (2006) noted that theoretically 'all the peoples of the world' are stakeholders in World Heritage. In practice, until recently, a limited number of stakeholders – governments, conservation experts and local authorities – were involved in the process. Local people, local amenity and community groups, local businesses, tour companies and visitors were largely left out of the consultation and management processes.

The relationship between tourism and community can be considered using a model identifying four different stakeholder groups concerned with tourism within any locale (Bushell 2001):

1. Government authorities who are responsible for the planning, resourcing and maintenance of basic municipal infrastructure.
2. The local business community, who derive an income from the operation of commercial enterprises.
3. The local community, who share their area with each other and with the visitors.
4. The visitors, who make tourism viable



Planners and stakeholders need to develop a shared vision and common ground on the future development and nature of a place and on the role that tourism might play in this vision (Bushell 2001).

Any sustainable tourism programme must work in concern with stakeholders. Their participation in the planning and management process is important. Why involve stakeholders in planning and management? In the World Heritage Paper 04: Involving Stakeholders: The benefits and Challenges of Public Participation explain that because:

1. Involving stakeholders saves time and money.
2. Failure to understand stakeholder positions can delay or block projects.
3. Stakeholders can inform managers about easily misunderstood local cultural differences.
4. Stakeholders can help identify problem areas that may have been overlooked by the experts.
5. Stakeholders can provide useful input regarding desired conditions at a site.

Stakeholder can help managers to establish visitor conditions and set quantifiable standards for problem management and impact limitation.

## **2.4 Impacts of tourism**

Impact studies emerged in the 1960s with much emphasis on economic growth as a form of national development, measured in terms of "Gross National Product (GNP)," rate of employment, and the multiplier effect (Krannich, Berry & Greider, 1989). The 1970s saw the impacts of tourism ventures on social-cultural issues (Bryden, 1973). Environmental impacts of tourism became the sole concern of tourism researchers in the 1980s (Butler, 1980). 1990s tourism impact studies are an integration of the effects of the previous

determined impacts, leading to a shift from "Mass Tourism" to "Sustainable Tourism" in the form of Eco-tourism, heritage tourism, and Community tourism (Jurowski, Uysal, & Williams, 1997).

Tourism is an industry with enormous economic impacts. It is also an industry that has many environmental and social consequences. A thorough understanding of each component of the tourism phenomenon is essential so that those involved with planning, management, and policy determination have a basis for decision-making.

The early research in this area focused on identifying the various perceived impacts of tourism development (Belisle & Hoy, 1980; Liu, Sheldon, & Var, 1987; Liu & Var, 1986; Perdue, Long, & Allen, 1987; Ross, 1992; Sheldon & Var, 1984). The major impacts and variables have been identified, methodological approaches developed, and problems and research needs delineated. Generally, residents recognized the positive economic impact of tourism development, but were concerned with potentially negative social and environmental impacts such as traffic congestion, crime, public safety issues, and pollution.

This early research also typically examined differences in perceived impacts among different types of local residents identified on the basis of socio-demographic characteristics (Belisle & Hoy, 1980; Liu & Var, 1986; Milman & Pizam, 1988; Pizam, 1978); place of residence or distance from the tourism area of the community (Belisle & Holy, 1980; Sheldon & Var, 1984); and economic dependency on tourism, measured both as type of employment (Milman & Pizam, 1988; Pizam, 1978) and by comparing local entrepreneurs, public official and other residents (Thomason, Crompton & Kamp, 1979; Lankford, 1994; Murphy, 1983). This research found little consistent difference in perceived tourism impacts by socio-demographic characteristics.

Perceived impacts of tourism decrease as distance between individuals' homes and the tourism sector of the community increases. Overall favorability of tourism impact perceptions increases with the individual's economic dependency on tourism.

Among tourism impact studies, the development of a tourism impact assessment scale has also been one of the important topics espoused by scholars starting about two decades ago (Chen, 2000). Pizam (1978) brought up tourism impact attributes; research started using various resident attitude-related attributes to postulate-perceived tourism impacts. Several researchers (Liu & Var, 1986; Liu, Sheldon & Var, 1987) further distilled these attributes into fewer identical impact domains. After that, Lankford and Howard (1994) found two factors from a 27-item tourism impact scale. McCool and Martin (1994), who investigated mountain residents' attitudes toward tourism, revealed four factors including impacts, benefits, equity, and extent. However, Burns (1995), who surveyed 102 inhabitants from 14 villages in the Solomon Islands, noticed that respondents' greatest concern was tourism's socio-cultural impact with regard to the demonstration effect and different cultural values of tourists.

According to the Inter-organization committee (1994), in general, there is consensus on the types of impacts that need to be considered (social, cultural, demographic, economic, social psychological). Also, political impacts are often included.

Recently Ap and Crompton (1998), in their effort to develop a reliable and valid impact assessment scale, revealed a 35-item tourism impact scale that helps monitor sustainable tourism development. However, the Inter-organization committee (1994) concluded that the Social Impact Assessment (SIA) practitioner should focus on the more significant impacts, use appropriate measures and information, provide quantification where feasible and appropriate, and present the social impacts in a manner that can be understood by decision makers and community leaders. In addition to investigations of scale development, scholars have facilitated discussions on the issues of perceived economic, social, cultural, and environmental impacts as a result of the presence of tourism. In the