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MANAGING THE DEVELOPMENT OF TOURISM - A CASE STUDY OF SABAH, MALAYSIA

Thesis submitted in fufilment of the requirement of the degree of Doctor of Philosophy

in

Urban and Regional Planning

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ABBREVIATION USED IN THE THESIS

ASEAN	Association of South East Asian Nations
AAGR	Average Annual Growth Rate
AKI	Aware and Knowledgeable Informants
APPR	Average Person Per Room
ARR	Average Room Rate
AWS	Average Wages and Salaries
BOD	Board of Directors
BOP(s)	Balance of Payment(s)
BTA	British Tourist Authority
CRNP	Crocker Range National Park
DAI	Directly Affected Informants
DCs	Developing Countries
E	Excursionists
EAP	Estimated Annual Payroll
ETAS	Estimated Total Annual Spending
FEE(s)	Foreign Exchange Earning(s)
GCA	Gomantong Conservation Area
GDP	Gross Domestic Product
KP	Kinabalu Park
ICs	Industriailised Countries
IDS	Institute of Development Studies (Sabah)
IIA	Investment Incentive Act
IMF	International Monetary Fund
ITB	International Tourism Exchange, Berlin
MHA	Malaysian Handicraft Association
MOTAI	Ministry of Trade and Industry
MOTC	Ministry of Tourism And Culture
MOTED	Ministry of Tourism and Environmental Development
MRD	Ministry of Resources Development

NCCOT	National Cabinet Committee on Tourism
NDP	National Development Plan
NEC	National Executive Committee on Tourism
PATA	Pacific-Asia Travel Association
PIA	Promotion Investment Act
PRR	Payroll/Revenue Ratio
PS	Pioneer Status
PTP	Pulau Tiga Park
SA	Statutory Authority
SDP(s)	Sabah Development Plan(s)
SHA	Sabah Hotel Association
SNR	Sepilok Nature Reserve
SO(s)	State Organisation(s)
SPH	Sri Pelancongan Hornbill
SPT	Sabah Park Trustees
STA	Sabah Tourist Association
STGA	Sabah Tourist Guide Association
STO	State Tourism Organisation
STTF	Sabah Tourism Task Force
STPC	Sabah Tourism Promotion Corporation
TARL	Total Annual Rooms Let
TARP	Tenku Abdul Raham Park
TDCM	Tourist Development Corporation of Malaysia
THP	Tawau Hill Park
TIP	Turtle Islands Park
TTS	Tourist Trade Survey
TVNS	Total Visitor Nights Spent
TWC(s)	Third World Countries
VFR	Visiting Friends and Relatives
WTO	World Tourism Organisation

CONTENT

PAGE

LIST OF FIGURES

LIST OF TABLES

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ABSTRACT

Sabah (Malaysia) is a recent entrant to the tourist industry; aiming to: tap tourism's economic and employment possibilities, use tourism to sustain the local culture and traditions, and to promote national integration.

The main aim of the research is to develop management strategies for recent entrants to the tourism industry such as Sabah. The analyses of tourism resources, manpower, visitor characteristics and trends, tourism organisation and policy, and economic, social and environmental impacts of tourism are the means used in the thesis to explore the current strengths and shortcomings of tourism in Sabah and so provide for strategy development. The scope is deliberately broad.

The main findings are: (1) Sabah possesses attractive tourism resources but these are underdeveloped; (2) policy and organisational infrastructure is in place to support tourist development; (3) manpower is not a serious problem; (4) the majority of visitors from outside Sabah arrive by air and, hence, air accessibility is important; (5) these trends have not been strongly assisted by marketing, so there is scope for further efforts of this kind; (6) seasonality is not a crucial issue; (7) local visitors are important, but have been ignored; (8) the distribution of tourists and their income is uneven and mainly focussed in the capital town. This reflects the uneven regional employment and development structure, so constrains the economic potential of tourism; and (9) the social and environmental impacts are not yet serious but these are emerging and have the potential to become serious if ignored.

The thesis proposes development and mitigating frameworks, which identify seven key factors crucial for building a competitive tourism infrastructure - namely: appropriate and accessible tourism technology, strong institutional problem solving capacity, effective marketing, appropriate physical infrastructure, available and flexible capital for investment, skilled and adaptable workforce/receptive population and entrepreneurship. Strategies that are easily implemented and crucial are placed under the short-term; more difficult ones and those that need to be continued beyond the short-term are included under the medium and long-term. The strategies are assigned to particular organisations for implementation so duplication can be avoided. The thesis also propose a spatial development strategy. It considers the tourist catchment potentials of different regions and their resource strengths. A spatial development hierarchy is proposed with development specialisation that is practical and recognises the regional tourist resources and catchment potential. The strategy is directed towards attracting tourists by winning market niches and avoiding regional competition. The proposal includes the role of local tourism to enhance sustainability. Marketing approaches (image building, tourist and market targetting) to support the tourism development hierarchy are also discussed.

1. INTRODUCTION: SETTING THE SCENE

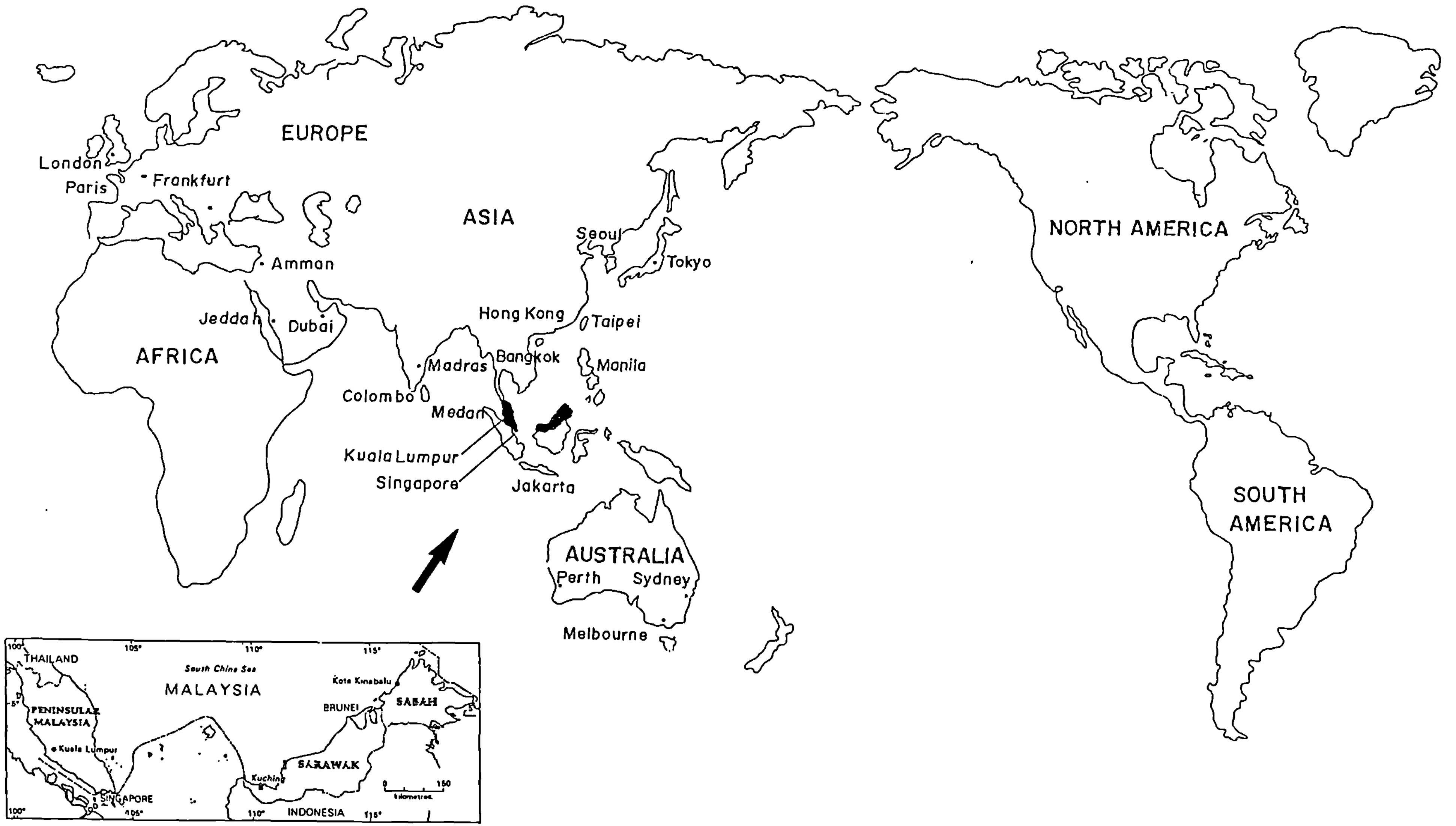
In recent years people have begun to question the economic, social and environmental costs and benefits of tourism. Evidence from worldwide experience is growing which shows that the costs can offset the benefits, affecting the sustainability of the tourism industry. Research on the policy issues in these areas is scarce and greater attention is needed. The ultimate aim of this thesis is to propose strategic policy frameworks for managing tourism in Sabah (Malaysia). Sabah is a recent entrant to the tourism industry, hence development policy and strategy is important to set the direction for future growth, ensuring that the industry becomes competitive and sustainable. In order to fulfil the aim it is necessary to study the impacts of tourism, which have not yet been researched in Sabah. Thus the impact study is the main stream of the thesis. It is necessary to find out the positive and negative effects of tourism so that the policy recommendations can focus attention on the areas where tourism benefits can be maximised and areas where efforts are necessary to mitigate the adverse impacts. However, for policy purposes, impact studies by themselves are not enough. Other aspects such as tourism resources, manpower, visitor characteristics and trends, and tourism organisation and policy are also important. Appraisals of these areas are needed to support the impact studies. Some work has been done by consultants, the Institute of Development Studies (Sabah) and Government organisations but they lack thoroughness, cohesiveness and analysis (they are very descriptive). They agree that Sabah has rich tourist resources and tourism development is sensible. This study aims to correct the deficiencies of previous work and also to streamline and enrich the findings by incorporating understanding gained from previous research, personal work experience and an original impact study, as well as to probe deeper into the issues. The supporting appraisals and analyses are means to explore the main strengths and problems of tourism in Sabah; these are therefore the secondary objectives. The findings will identify where Sabah's strengths in tourism can be consolidated and where attention is required to reduce the weaknesses. Knowledge leading to improvements in these areas is important because these are means to strengthen the positive tourism impacts and mitigate the negative impacts. For example, the development of attractive tourism resources can assist to increase tourist flow to Sabah hence sustain their expenditure and economic growth; growth in tourism cannot be attained without labour and organisational inputs; the adverse impacts of tourism cannot be mitigated with manpower and organisational skills and so on. Understanding the supporting issues is vital. The scope of the thesis is therefore broad. This is because the tourism environment and issues are broad and a wide understanding is necessary to provide a firm basis for prescribing a thorough and realistic development policy and strategy. The broad scope is especially relevant to Sabah due to the infancy of the tourism industry and the many issues that need to be confronted. Sabah is at a stage when development strategy is important. The methodology of the study is fully explained in chapter 4.

The purpose of this chapter is to set the scene for the research by presenting: (1) briefly the geography and history of Malaysia and Sabah; (2) the milieu influencing the modus operandi of decision making in Malaysia and the State of Sabah; (3) Sabah's aspirations for tourism and (4) the outline structure of the thesis.

1.1. BRIEF GEOGRAPHY AND HISTORY OF MALAYSIA AND SABAH

Malaysia comprises of two distinct entities: Peninsular Malaysia in the west is separated from the Eastern States of Sabah and Sarawak by between 650 and 1,600 kilometres of the South China Sea (figure 1.1). With an estimated population of 14.7 million in 1990 and an area of 131,582 square kilometres there were 112 persons per sq kilometres in Peninsular Malaysia. Sabah and Sarawak respectively is 73,709 and 124,445 sq kilometres with 1.5 and 1.7 million inhabitants in 1990. With roughly 16 persons per square kilometre, the Eastern States are more sparsley populated than Peninsular Malaysia. Compared with 44.7% of the population in Peninsular Malaysia living in the urban areas in 1990, Sabah (26%) and Sarawak (21%) are less urbanised. In Peninsular Malaysia only the northern States of Kedah and Perlis showed figures below that of

FIGURE 1.1: MAP SHOWING THE LOCATION OF MALAYSIA AND SABAH



Source: Self drawn. Note: Not drawn to scale.

the Eastern States. The others have urban populations ranging from 28% to 54%; at the upper ends are the States of Penang, Selangor and Terengganu (Statistical source: Department of Statistics, Malaysia/Sabah).

Previously known as Malaya, Peninsular Malaysia achieved independence from the British colony in 1957. Sabah and Sarawak became incorporated into the Federation of Malaysia with the nation's formation in 1963. By virtue of their historical and cultural differences and the agreement established into the constitution, the Eastern States are vested with a considerable degree of political and economic autonomy not apparent in the other Malaysian States; the major difference being the existence of legislative assemblies in the States of Sabah and Sarawak.

Since the dawn of Malaysia's history her economic and social development has been inextricably related to international trade. Lasting for a thousand years from the second century BC Indian traders marked their influence in Peninsular Malaysia. Contacts with the Arabian traders begun in the thirteen century AD and through their influences the islamic religion were established in the region (Wheatly, 1966; Cho 1990). In the Eastern States Indian and Arabian traders and merchants were engaging in barter trading since the thirteenth century. Accounts of trade between The Eastern States and China have been recorded in the Chinese Annals as far back as the 7th century AD but historical records were more detailed between 1368-1644 (Tregonning, 1965). The zenith of these trade relations coincided with the prosperity of the Brunei Sultanate between the fourtheenth and seventeenth century (Pianzin, 1984).

From the fourteenth century Western influences began in peninsular Malaysia. European arrivals to South East Asia were motivated by the prospects of trade and wealth, discovery and scientific endeavour (Gudgeon, 1981). The British achieved supremacy over the region in 1786 and were to last until 1957 and was only briefly interrupted by the Japanese occupation during the second world war (Tregonning, 1964; Andaya & Andaya, 1982; Jomo 1990).

In the Eastern States European intervention only began in the latter half of the nineteenth century. Their interests in Sabah were motivated by political and commercial activites, explorations and missionary works (Acre; Cockburn; Gudgeon, 1981). Sabah did not became a direct colony of Britain but a British protectorate under the Royal Charter issued to the North Borneo Chartered Company in 1881 (Tregonning 1958, 1960, 1965; Ongkili, 1981; Pianzin 1984). After the second world war the Company was unable to continue its operation; to preserve British prestige, Sabah became a British Colony in 1946 and lasted until the formation of Malaysia in 1963.

After the war in 1945 there were growing nationalist sentiments in Peninsular Malaysia and independence was achieved in 1957. Likewise growing nationalitic feelings, in addition to post war domestic problems, has changed Britain's keeness to maintain her colonies in Borneo (now known as Sabah and Sarawak). Proposing the union of Malaya, Singapore, Brunei, Sabah and Sarawak through the formation of Malaysia; Britain managed to stir enthusiasm from most of the leaders (except Brunei) of the concerned parties. However the Cobbold Commission found that the majority of the people in the Borneo States favoured independence to joining Malaysia (Jomo 1990). Despite the findings Sabah and Sarawak were incorporated into Malaysia on September 16, 1963.[1] Due to this historical legacy there are now vast geographical, political and cultural differences between Peninsular Malaysia and the States of Sabah and Sarawak.

The study is concerned with the Eastern Malaysian State of Sabah (figure 1.1; also see the study focus in the introduction). The State occupies the northern portion of the Island of Borneo within the region of South East Asia. The region form part of the Pacific rim which is noted for their economic bouyancy.

1.2. SOCIO-ECONOMIC PROFILE AND PROBLEMS

This section presents the socio-economic profile and problems of Malaysia and Sabah.

1.2.1. THE PROBLEM OF SOCIAL IMBALANCE

Social imbalance in Malaysia and Sabah has deep historical roots. Pluralism within Malaysian society was created by the import of labour from China and India by colonial administrators. In the mid-ninetneenth century a large number of Chinese were brought in to work in the tin mines of Peninsular Malaysia. Likewise when the rubber industry began to prosper in 1910 there were influxes of Indians to the plantations. In the ensuing years the Indians roughly retained their status as a steady workforce; the Chinese were encouraged as businessmen; while the indigeneous population were confined to agricultural production. On account of the colonial administration's division of labour policy, opportunities were given to the immigrant population for economic advancement; while the indigenous population became trapped within a *vicious economic treadmill*. Because of their political powerlessness and extreme poverty they were unable to escape their predicament. In time the indigenous population became worse off than the migrants. Hence the exposure of economic and social opportunities to a narrow sector of the community has resulted not only in an inequitable income structure but also brought the stratification of race to types of employment and geographical location (Cho, 1990; Jomo, 1990; Pianzin, 1984). The Malaysian experience has shown that stratification and inequality, left unhindered, tend to worsen with the passage of time.

The explanation for social imbalance in Malaysia is also true for the State of Sabah, although there has been no significant inmigration of the Indians. Nevertheless the prejudices of past colonial labour policy are still felt strongly. The lack of exposure to social and economic opportunities means that, relative to the Chinese, the indigenous population are far poorer; and since a majority of them are farmers living in rural areas, there is an obvious association between race, employment and geographic location.

1.2.2. THE PROBLEM OF REGIONAL IMBALANCE

In Malaysia there is a marked division between the modern prosperous urban economy and the peripheral underdeveloped rural economy. There are also distinct regional differences, marked by the dominance of larger cities (Kuala Lumpur and Penang) and the relative underdevelopment of smaller towns; and the polarisation of economic development along the growth corridor of the West Coast of Peninsular Malaysia at the expense of the East Coast of the Peninsular and the Eastern States of Sabah and Sarawak. Within regions there are also divisions between the formal sector and the informal sector. Altogether these contribute to the uneven spatial development of Malaysia.

Regional imbalances are apparent in the distribution of poverty.[2] Of the 2,331,700 households in Malaysia in 1976, 879,300 (37.7%) were classified as being in poverty, of which 89.7% were residing in the rural areas and 75.5% were indigenous population. Of the total poor households in Malaysia 83,900 (9.5%) were living in Sabah representing 58.3% of the State's total households (163,900). 78% of the poor households in Sabah were rural inhabitants and 82% were of indigenous origin. In general there exist not only distinct intra-regional disparities, identifiable by the rich-poor dichotomy of the urban and rural scenes; but also pronounced inter-regional disparities which coincided with racial inequalities (Pianzin, 1984). These social and regional inequalities are the target of political redress as the problems are seen as a potential source of social destabilisation. In 1984 the incidence of poverty in Peninsular Malaysia and Sabah has respectively declined to 18.4% and 33.1%. Although the poverty situation appears to be improving it is still considered as a serious problem.

1.2.3. RAPID POPULATION GROWTH, URBANISATION AND RURAL-URBAN MIGRATION

Between 1985 and 1990 it has been estimated that Sabah's average annual population rate of increase was around 3.9%, which is higher than the Malaysian average of 3%. In the light of table 1.1 this rate of increase is one of the highest in the world. However with a population of 20 persons per square kilometer in 1990, Sabah is less densely populated than her Asian neighbours and many parts

TABLE 1.1: WORLD'S AVERAGE RATE OF ANNUAL POPULATION INCREASE (1985-1990)

REGION		PERCENTAGE RATE * POPULATION INCREASE
World		1.7
Africa		3.0
	Eastern Africa	3.1
	Middle Africa	2.9
	Northern Africa	2.7
	Southern Africa	2.3
	Western Africa	3.3
Americas		1.5
	North America	0.8
	South America	2.1
Asia		2.1
	Eastern Asia	1.3
	Southern Asia	2.3
	South Eastern Asia	1.9
	Western Asia	2.8
	Malaysia	3.0
	Sabah	3.9
Australia & New Zealand		1.9
USSR		0.8

* The method for estimating the rate of increases are based on the results of sample surveys, postcental or intercensal estimates.

Sources: Demographic Year Book;
Department of Statistics, Malaysia & Sabah.

of the world today (Department of Statistics: Malaysia, Sabah; Demographic YearBook).

In 1990 the bulk (74.4%) of Sabah's population still lived in the rural areas and 25.6% were urban dwellers. Sabah is one of the least urbanised in the world when compared to the average of 71% in the developed countries, 30% in the lesser developed countries and 29% in Asia (ibid). Between 1981 to 1990 the average urban growth rate for Sabah is estimated at 6.2% which is higher than the Malaysian average of 4.3% (Koh 1985, Department of Satistics: Malaysia, Sabah). The rate is one of the highest in the world when compared to the 2.8% for the world's average, 1.6% for the more developed countries and 4% for the lesser developed countries in the same period (ibid).[3] Increases in the urban population are contributed by natural increases, rural to urban migration and immigration from neighbouring countries, namely, the Philippines and Indonesia. Most of the rural-urban drift was caused by the flow of youths seeking employment in the three towns of Kota Kinabalu (capital of Sabah), Sandakan and Tawau. Despite this trend rural to urban migration is not serious as in many TWCs which have reached crisis proportions. This is because of the relative stability of the older rural population, the better rural conditions and high ownership of land and housing.

1.2.4. SCALE OF THE SOCIO-ECONOMIC PROBLEMS

Malaysia shares the problems often associated with Developing Countries (DCs) and Third World Countries (TWCs). The major problems include economic dependency on a narrow range of primary products, unemployment and underemployment, poverty, regional and social disparities, rapid population growth and rural-urban migration. In some countries there are problems of extreme poverty associated with mass starvation, homelessness, unemployment, runaway urbanisation and large scale rural to urban migration (World Bank). By these standards Malaysia and Sabah are relatively well-off. Although economic and social problems exist in varying degrees, death from hunger is unknown, homelessness is low and urbanisation caused by rural-urban migration has not reached crisis proportions. Hence the socio-economic problems of Malaysia and Sabah are less serious than those found in the TWCs.

1.2.5. PROBLEM OF ECONOMIC DEPENDENCY

Malaysia's economic situation is similar to that of many DCs and TWCs in that the country is still dependent on exports of primary commodities. In the 1960s the main exports were tin and rubber. They have since been overtaken by commodities such as timber products, crude petroleum and palm oil. Manufactured goods have been steadily increasing from under 10% of GDP in 1963 to 25%

in 1990. Although Malaysia's export base has gradually become broader, the country is still heavily dependent on export earnings for economic development (ibid).

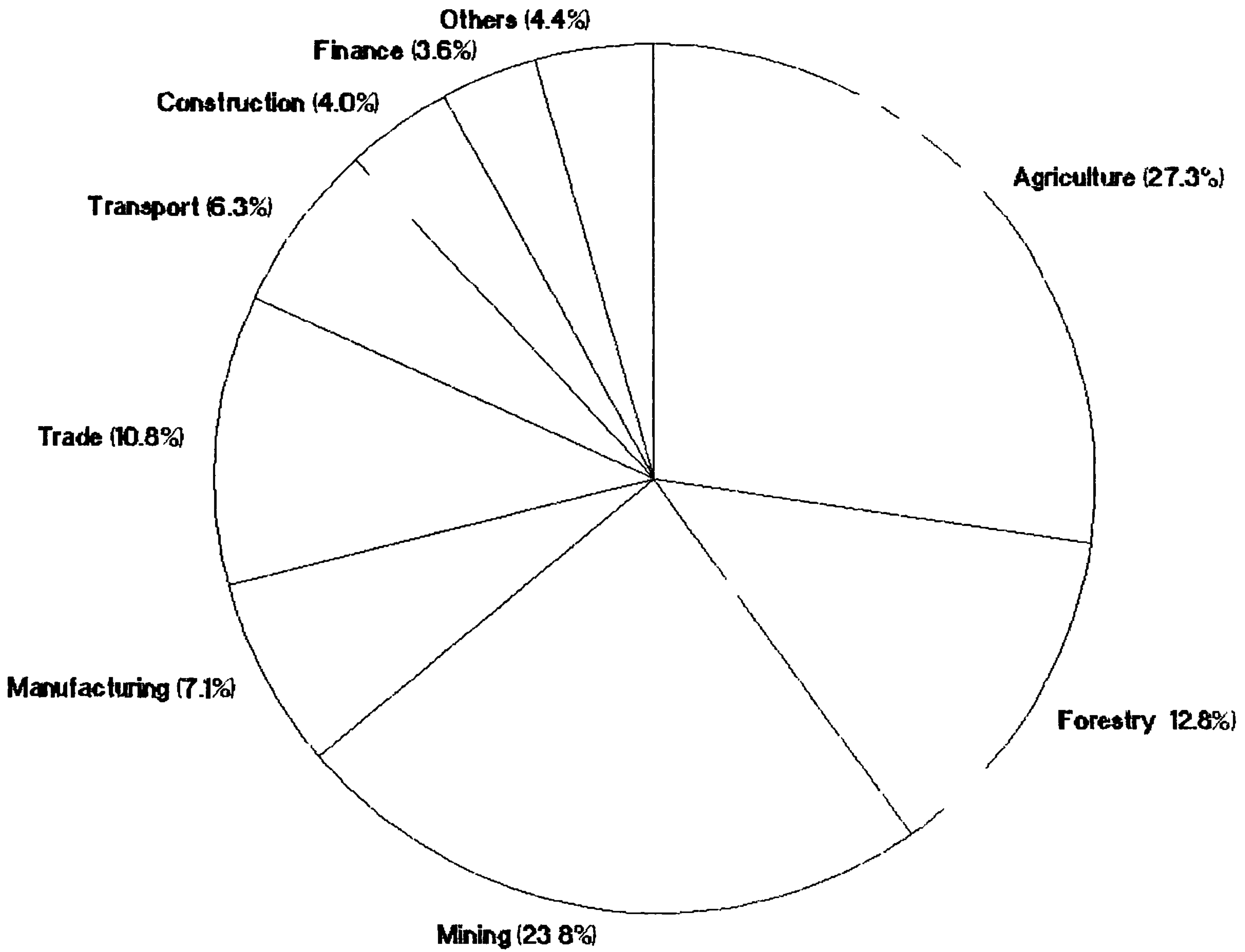
Sabah is even more dependent on the primary sector, as revealed by the breakdown of Gross Domestic Product (GDP) in figure 1.2. In 1990 mining, fishing, agriculture and forestry constituted 62% of GDP. In the agricultural sector Sabah is largely dependent on two exports crops: palm oil and cocoa. Mining include the extraction of crude petroleum and copper. Unlike Malaysia as a whole, manufacturing plays a small role in the State's economy (7% of GDP). The service sector contributed 31% to GDP. Clearly Sabah's economy is dependent mainly on the primary and service sectors.

1.2.6. UNEMPLOYMENT

Throughout the 1960s and 1970s the rate of unemployment in Malaysia was 6-7%. This is higher than the average of around 5% in the DCs and TWCs (Salome, 1989). In the developed countries (DCs) of Europe the average rate of unemployment was around 3-5% before the 1973 oil price shock while the corresponding rate for North America was 4-6% (Williams, 1984). The situation in Sabah was better, official unemployment was around 2-3% (Department of Labour, Sabah; Year Book of Labour Statistics)[4].

In the 1980s the level of unemployment increased

FIGURE 1.2: COMPOSITION OF SABAH'S GNP
(1989)



considerably throughout the world. Rates of over 10% appeared in TWCs and some DCs. Unempolyment in Malaysia stayed at around 6-8% but in Sabah it worsened considerably to 8-9%. Figure 1.3 puts unemployment in Malaysia and Sabah into an international context. Widespread youth unemployment in Malaysia and Sabah is consistent with a worldwide phenomenon resulting from the entry of school leavers into the labour market (World Economic Survey, 1989; Department of Statisitics, Malaysia/Sabah). Unemployment is emerging to be a serious problem in Sabah as it is greatly outpacing jobs creation (see chapter 6).

1.2.7. ECONOMY

Although Malaysia is often described as one of the rapidly expanding economies of the developing world (Alden & Awang, 1985; Choo, 1989; Cho, 1990; Jomo, 1990) table 1.2 shows that the country's annual average gross domestic product (GDP) growth rates between 1981-1988 were lower than other ASEAN[5] and Asian countries but much more rapid than other international economies. However the trend in the 1980s was not representative of the earlier periods especially the 1970s where Malaysia's economic performance has been better in ASEAN and other TWCs. Overall Malaysia is among several countries that has fared better economically in the post-independence era. In terms of per capita GDP the annual growth rates between 1981-1988 for Malaysia lagged behind the growth rates of real GDP by

FIGURE 1.3: RATES OF UNEMPLOYMENT* IN DEVELOPING, THIRD WORLD AND INDUSTRIALISED COUNTRIES, 1991.

	ASEAN & Other Developing	Selected Third World Countries	Industrialised Countries	
16%	Yugosalvia		Spain #	16%
15%				15%
14%				14%
13%				13%
12%		Nicaragua		12%
11%			Italy	11%
		Colombia	Canada	
10%			Belgium	10%
			Denmark #	
			France	
9%	SABAH			9%
	Philippines		U.K.	
8%	MALAYSIA		Netherlands #	8%
			West Germany	
			New Zealand #	
7%			Australia #	7%
6%				6%
			West Germany	
			United States	
5%		Chile	Austria	5%
			United States	
		Costa Rica	Norway	
4%		Brazil		4%
3%	Thailand, Mexico			3%
	South Korea			
	Indonesia			
2%			Japan	2%
	Singapore			
			Sweden #	
1%	Hong Kong			1%
			Switzerland #	
0%				0%

\# 1989 figures.
* Expressed as percentages of the labour force.
Souce: Year Book of Labour Statistics.

TABLE 1.2: AVERAGE ANNUAL REAL GDP GROWTH RATES BY REGION AND COUNTRY (1981-1988)

REGION/COUNTRY	REAL AAGR* OF GDP (%)	AAGR OF PER CAPITA GDP (%)
ASIA	4.2	
Hong Kong	7.3	5.4
India	5.7	3.1
Japan	4.0	4.0
South Korea	9.2	7.9
Taiwan	8.0	7.5
ASEAN**	5.8	
Indonesia	4.1	2.1
Malaysia	3.9	2.3
Philippines	4.7	-1.5
Singapore	5.2	5.0
Thailand	6.5	4.6
WESTERN EUROPE	2.3	
Austria	2.5	2.3
Belgium	2.3	2.1
Denmark	1.8	1.6
France	2.3	2.3
Finland	2.0	3.1
Italy	2.3	2.2
Netherlands	1.6	1.2
Norway	3.4	3.3
Sweden	2.0	2.4
Spain	2.3	2.4
Switherland	1.8	1.8
West Germany	1.9	1.5
United Kingdom	3.3	3.1
OTHER DEVELOPED ECONOMIES	3.3	
Australia	3.4	2.1
Canada	3.2	2.1
United States of America	2.8	2.4
New Zealand	1.7	0.8
OTHER UNDEVELOPED ECONOMIES		
Eastern Europe	3.1	
Africa	0.9	

* AAGR - Average Annual Growth Rate.
** ASEAN - Association of South East Asian Nations.

Source: Handbook of International Trade and Development Statistics.

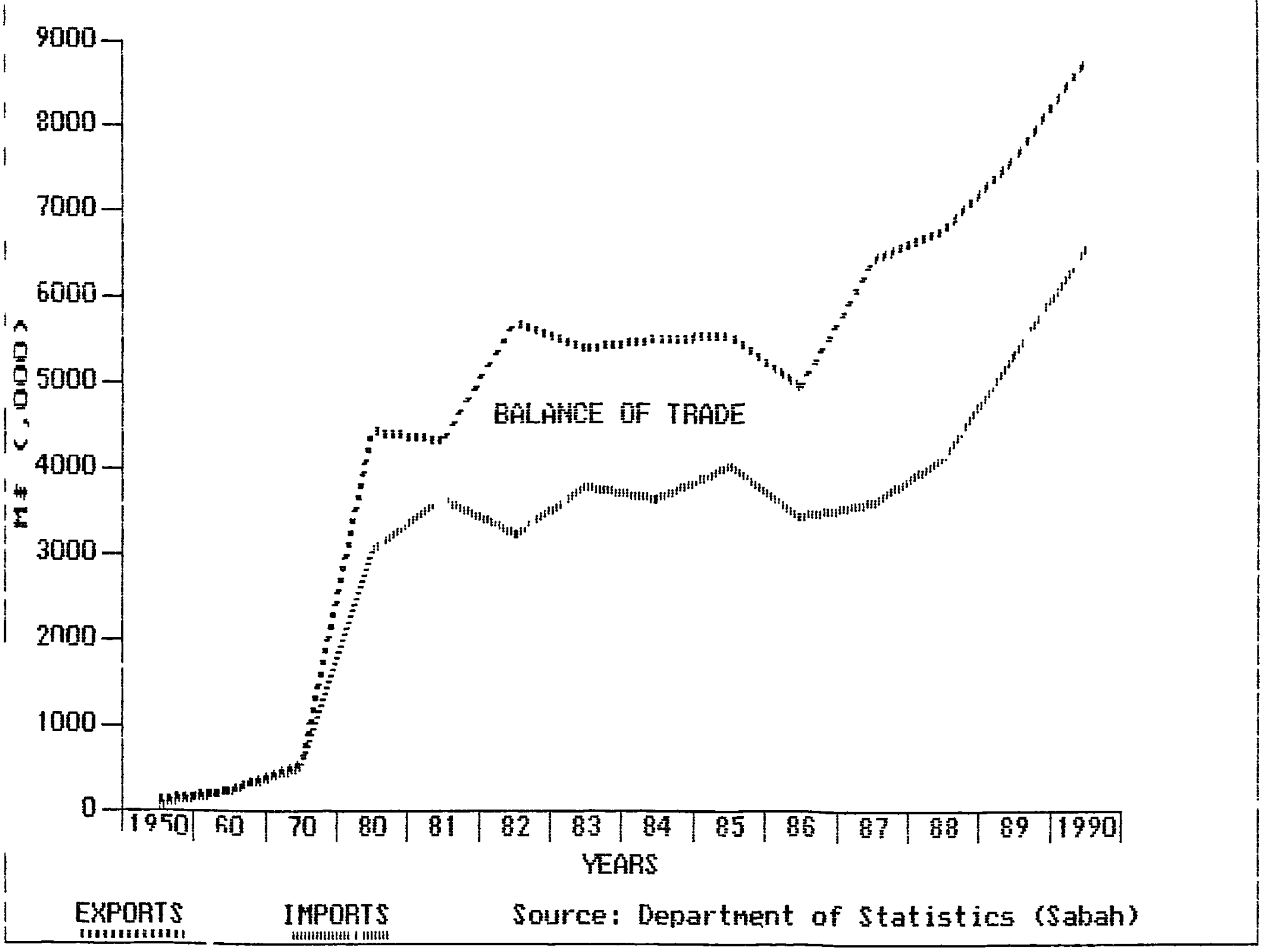
1.6%. The pattern has been exhibited by most countries shown in table 1.2 notwithstanding Finland and Sweden where the growth of per capita GDP has been slightly better than GDP. The variations between these growth rates has been wider in the developing countries than the more developed countries, a situation that reflects the higher population growth rates of the former.

Except for a brief period in 1975 and between 1984-1986, where simultaneous sharp decline of primary and manufactured commodities has resulted in the negative growths of the primary (mainly agriculture) and manufacturing sectors, GDP growth has overall been robust. The downturn in 1975 was the impact of the oil crisis whereas those between 1984-1986 were caused by weak external demand on commodities resulting from the world's recession (Mauzy, 1987; Cho, 1990). For most of the 1970s and 1980s Malaysia's economy has experienced an average annual rates of 5.7%. For Sabah the trend has been around 7.6% (Department of Statistics, Malaysia).

In the decade after independence (1960s) Peninsular Malaysia's average GDP at constant prices grew by 5.2% per annum. In the same period Sabah's GDP grew by 6.8% per annum (ibid). However unlike the former where the primary sector (mining and agriculture) was relatively better developed, Sabah entered into self-government with an uncertain future. Since the times of the Chartered Company Sabah's economy has always been dependent on her export earnings. Because of this dependency the period immeadiately after the colonial era (1963-1965) Sabah's visible trade balance deteriorated by M$29.9 millions in 1963, M$42.6 millions in 1964 and M$31.2 millions in 1965. The decline of the trade balances reflected the organisational vacuum created by the change from colonial to local responsibility. Despite of the inexperience at self-government the rapid recovery and stabilisation of the political, administrative and economic systems managed to overcome the uncertainty in the transitional phase (Pianzin, 1984; Department of Statistics: Malaysia, Sabah). The recovery were reflected by the balance of trade position shown in figure 1.4. Hence one important reason of Malaysia's economic progress has been featured partly by the organisational capability of the local planning and administration systems (Pianzin, 1984) and partly by the vibrancy of the local population.[6] Figure 1.4 also shows that balance of trade is not problematic for Sabah. Irrespective of the economic achievements the development efforts during the post independence decade consisted of an amalgam of projects without being guided by a definite policy and systematic development planning. The emphasis in this period were targetted at agricultural, infrastructural and rural developments.

The 1970s continued the liberal economic and development policies albiet under the influence of clearer and firmer development policy. The decade also saw the launching of an inward looking industrialisation policy featured by

FIGURE 2: SABAH: EXPORTS, IMPORTS AND BALANCE OF TRADE (1950-1990)



Source: Department of Statistics (Sabah) import substitution strategies. Starting from 1970 the Malaysian planning system began a process of change with concern for coordination in regional planning and integrated development approach (Cho, 1990). Inspite of the ecomomic difficulties posed by the oil crisis in the mid-1970s, Malaysia's and Sabah's GDP grew respectively by 8% and 12% per annum. In Peninsular Malaysia the primary, secondary and tertiary sectors grew by respectively by 7.2%, 11.7% and 7.8% per annum. The corresponding annual rates for Sabah were 21%, 10% and 8.7%. The exceptionally high growth rates in the primary sector for Sabah were propelled by the commencement of mining activites (copper and petroleum). Agriculture by itself accounted for an annual growth rate of 7.8%. Notwithstanding the oil crisis in 1975 and high inflationary pressure the high growth rates experienced by Malaysia were attributable to the favourable prices of primary and manufactured commodities but especially that of timber whose price rose by 60% in 1976. The contribution of industrialisation to the economy were important in Peninsular Malaysia constituting 13% of GNP in 1970 and increasing to 20% by 1980. This was not the case in Sabah. The high growth of the secondary sector were reflected by the construction industry during the period. Agriculture has been important sources of growth for both regions but especially in Sabah (ibid).

Despite the adverse global economic climate that has persisted in the 1980s Malaysia's GDP has been growing by

3.9% annually. Sabah experienced a growth rate of 3.5% during this period. However negative growths of 1% were registered for the country in 1985 and 5% per annum for Sabah over the 1984-1986. This has been caused by the unfavourable prices of primary and manufactured commodities on account of the weak demand from the international market. Nevertheless the general growth of the period has been the combined results of: (1) achievements in attaining higher productivity and efficiency from structural adjustment measures started from the previous decade and its continuation thereon; (2) domestic price stability together with the appreciation of currencies of the country's major trading partners has cushioned the impacts on exports; (3) the import substitution strategy of the 1970s aimed at meeting domestic consumption has assisted to minimise the importation of inflation; (4) regional development has been given increased importance and (5) the decline in private sector's investment has been compensated by increased government spending and overseas borrowings (ibid).

Between 1970 and 1990 there was considerable shift in the economic structure of Peninsular Malaysia and Sabah. At purchaser' value at constant prices the GDP in 1990 was more than treble the 1970 figure in Peninsular Malaysia; in terms of per capita GDP this has almost doubled. Over the same period GDP and per capita GDP for Sabah increased by five and three fold respectively. However the two economies were distinctly different as the composition of the primary (32%), secondary (25%) and tertiary (43%) sectors in terms of GDP were more balanced in the case of Peninsular Malaysia. Comprising 59% of GDP in 1988 Sabah has been more dependent on the primary sector and has a much smaller manufacturing base (6% of GDP). The Sabah's tertiary sector was 35% of GDP (Gudgeon, 1981; Pianzin, 1984; Department of Statistics, Sabah).

Being an open economy Malaysia's and Sabah's economic development discussed earlier have been largely dependent on their exports of commodities. As a proportion of GDP the Malaysian exports of goods and services has grown from 44% in 1970 to 63% in 1990. Sabah's exports was 66% of GDP in 1970 and 78% in 1990 (ibid).

In the decade of 1971-1980 the main contributors to economic growth for Malaysia have been shared between the export earnings accruing from crude petroleum with an AAGR of 41.9%, timber produce (logs and sawn) with 35.7%, palm oil (25.7%) and manufacturing (26.1%). The role of the primary commodities were assisted by stronger prices during the 1970s. With weaker commodity prices in the 1980s the growth of most of the primary sources declined, except palm oil and unprocessed timber which remained marginally positive. Since 1970 the percentage share of primary commodities of the overall exports value has consistently declined whereas those of manufacturing has increased from 11.9% in 1970 to 45% in 1987. This pattern of export trends is reflective of the changing economic structure of Malaysia discussed previously (ibid).

Since the formation of Malaysia the economy of Sabah has been dependent on timber but this pattern altered with the commencement of petroleum and copper mining in 1975, the diversification into other crops like cocoa, palm oil and fishery and into manufacturing. The growth of the various commodities between 1971-1980 were responsible for the stronger economic performance of the State in that period. As in the country as a whole, the growth were assisted by higher commodity prices (Gudgeon, 1981; Pianzin, 1984). Conversely unfavourable prices in the 1980s affected export earnings hence the decline in the AAGR's for most of the primary sources; except for cocoa, fishery and timber products which maintained growth rates in the 1981-1987 period. Similarly Sabah's exports of manufacturing goods have grown from 3% of GDP in 1970 to 7% in 1990 (ibid). This growth is small compared to the national trend. The diversification into manufacturing has been difficult for Sabah because of the small domestic market and the peripheral location which has hampered the attractiveness of import substitution and export oriented industries.

In terms of GDP by public and private expenditures the latter has been more prominent in the Malaysian economy with an AAGR of 9.6% in 1971-1980 and slowing down to 4.5% during 1981-1989. The AAGR for the public sector over the corresponding periods were below that of the private sector at 7.6% and 1.3%. However by percentage share of total consumption the national share of public expenditures has been increasing while private expenditure has declining over the relevant years. In 1970 public expenditures constituted 20.8% of GNP rising to 25.5% in 1989. The corresponding values of private expenditures were 79.2% and 74.5% (ibid). This is because of the increasing role of the public sector in economic development.

In Sabah private expenditures were more than public expenditures by almost ten times over the 1970-1989 period. The situation for Malaysia was different, the private/public expenditures ratio were roughly 3:1. In 1970 public and private expenditures in Sabah were respectively 12.1% and 87.9%. The corresponding values in 1989 were 8.7% and 91.3% (ibid). Like the national situation private expenditures has been critically important to the State's economy. Private and public expenditures in Sabah roughly constituted a tenth of the national scale.

Considering the adversity of prevailing world's economic climate Malaysia's and Sabah's economy have been experiencing growth. Various reasons has been prescribed for the economic tenacity. Snodgrass (1980) has attributed the favourable economic performance as emanating from a strong national government, good physical and administrative infrastructures, advantageous ratio between land and resources to population, a broader based export sector and a liberal and outward looking economic policy with emphasis on international trade and entrepreneurship. Other reasons given by Cho (1990) were the plans during this period were not "ideologically doctrinaire" (pp 67) but the objectives set were pragmatic and achievable. In the development history of Malaysia there has been continous strong political and bureaucratic commitments and that implementation has basically been consistent with plans. Thus a relatively effective organisational and implementation infrastructure has an important factor in the progress of the Malaysian economic development. Regional plans too have made attempts to consider the capability of resources. Other positive factors are relative economic (price, currency), social and political stability, the minimisation in the importation of inflation through the development of import substitution industries, the availability of indigenous investments and the financial credibility of Malaysia in the eyes of the international money lenders. However the causal factors contributing to development success is as yet inadequately understood and the concern of contemporary researchers.

Nevertheless there are also weaknesses of the Malaysian economy. The Malaysian economy is extremely open and hence vulnerable to international price fluctuations and manipulation of the international commodity and money markets. Being heavily dependent on exports for economic growth Malaysia's resources are under strained as the unfavourable prices of primary commodities leads to a contraction of export earnings despite increasing sale volumes. With exports earnings under threat and the appreciation in the currencies of her major trading partners such as Japan, Singapore, the U.S.A. and Britain has added burden to her debt repayment. A large portion of Malaysia foreign debts has been made in the 1970s and early 1980s where the global economy has been stronger and investment expectations in the country has been based on the optimistic expectation in the continuation of this trend. Another weakness is the large content of foreign investment which makes Malaysia vulnerable to any adverse shift in policy of multinational enterprises. Hence there are various less controllable external forces that are disadvantageous to the Malaysian economy.

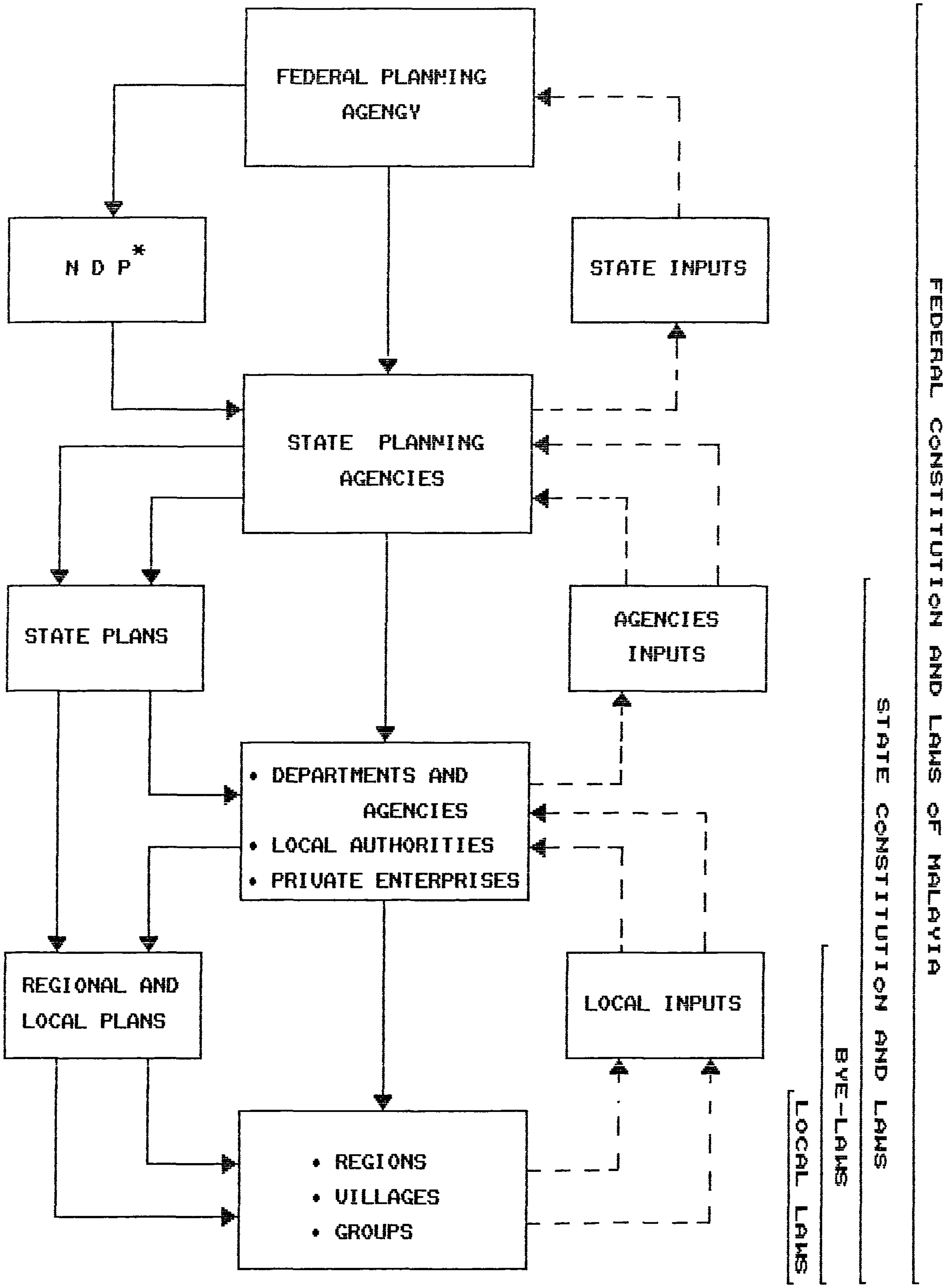
1.3. THE MALAYSIAN PLANNING SYSTEM

Continuing with the preliminary objective this section discusses the decision making process in Malaysia and Sabah.

1.3.1. FEDERAL-STATE PLANNING FRAMEWORK

As indicated in figure 1.5 planning in Malaysia is influenced by the Federal and State Constitutions and the various Federal and State legislations relevant to

FIGURE 1.5: PLANNING PROCESS IN MALAYSIA



* National Develpoment Plan —— Top-down

Source: Pianzin (1984) – – – Bottom-up

planning.[7] The ninth schedule of the Federal Constitution spells out the division of responsibilities between the Federation and the States. Generally the Federal Government is accountable for matters referred to in the *Federal List*; the States are responsible for functions stipulated in the *State List*. In general any matters regarding State land falls within the responsibility of the State. There are some areas where the Federation and State share responsibilities and these are included in the *Concurrent List*. However the responsibility of the Federal Government under these areas is limited to the provision of legislation which aims to ensure uniformity of policy and the provision of technical advice and guidance. The Federal, State and Concurrent Lists are broadly summarised in table 1.3. As tourism is only beginning to emerge as an important activity it is not directly mentioned in the lists. Since the management of parks and recreational facilities falls within the Concurrent List and that there are Federal and State tourism organisations, it may be deduced that the area is within the Concurrent List.

The overall planning system in Malaysia may be explained with the aid of figure 1.5. The Federal Planning Authority provides the broad policies contained within the National Development Plan (NDP) which becomes the basis for plan generation in the Federation and the States. However the State Planning Authorities provide inputs in the preparation of the NDP. Thus the planning process in

TABLE 1.3: SUMMARY OF FEDERAL, CONCURRENT AND STATE LISTS

FEDERAL LIST	CONCURRENT LIST	STATE LIST
* Foreign affairs	* Social welfare	* Muslim and Native laws
* Defence	* Scholarships	* Land matters
* Internal security	* Protection of wild-life and national parks	* Agriculture and forestry
* Civil and criminal law	* Animal husbandry and quarantine	* Local government
* Citizenship	* Town and country planning	* Local services and State works
* Federal Government Administration and organisation	* Vagrancy	* State Government Administration and organisation
* Finance	* Drainage and irrigation	* Penalty for offences of State laws
* Trade, commerce and industry	* Rehabilitation of Mining land and soil erosion	* Investigation of State affairs
* Shipping and navigation	* Agriculture and forestry research, control of pest, and diseases affecting agriculture and forestry	* Indemnity on State matters
* Communication and transport	* Theatres, cinemas and public entertainment	* Turtles and riverine fishery
* Federal works and power		* State holidays
* Survey and research		
* Education		
* Medicine and health		
* Labour and social security		

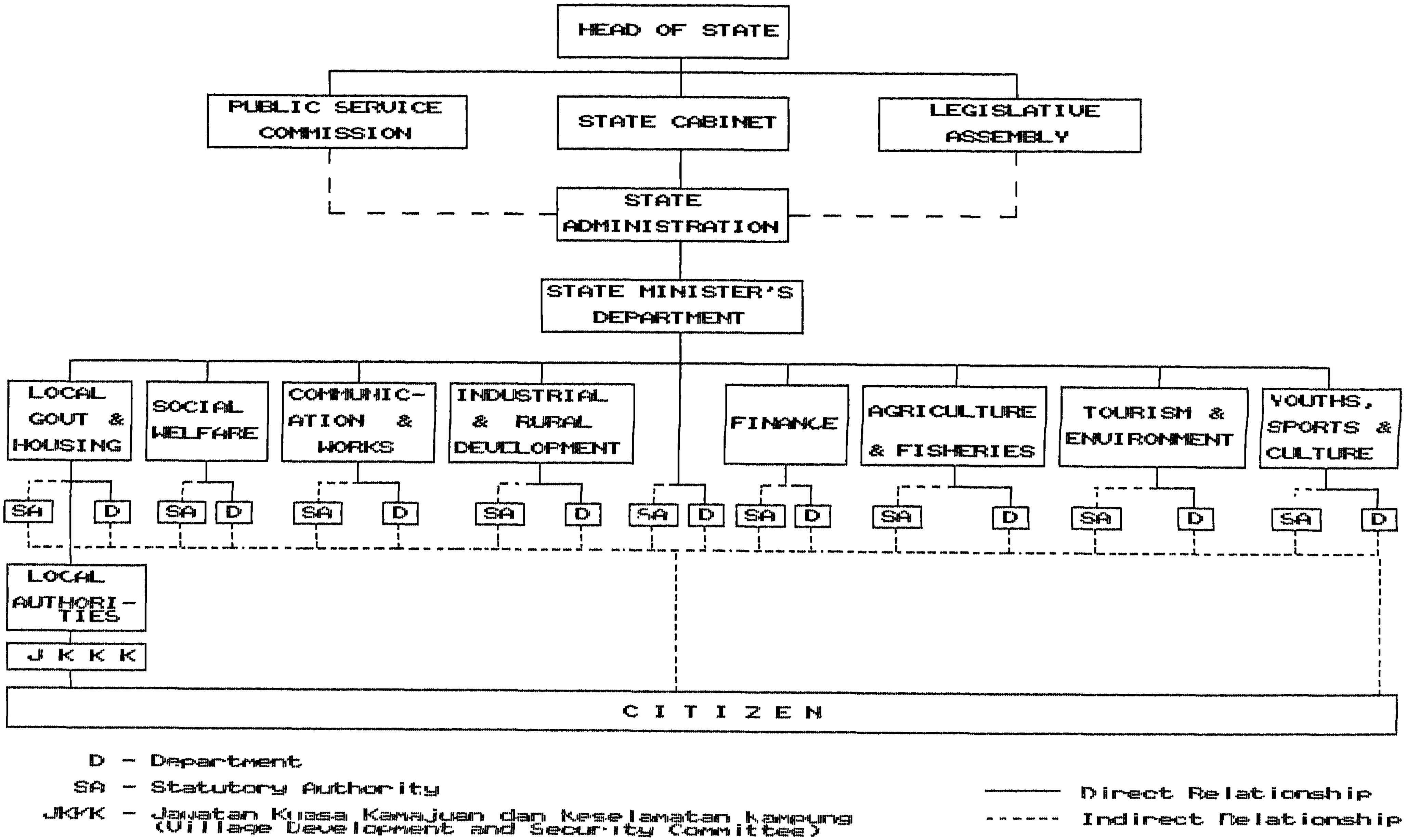
Source: Constitution of Malaysia

Malaysia involves a combination of *top-down* and *bottom-up* approaches. However as suggested by the bold line in figure 1.5 the former is more dominant while the hatched line denotes subservient relationships. Nevertheless information emanating from below is important as it can influence policy. This mixture of approaches permeates to the local level. Procedures within the administrative machinery are established to facilitate hierachical and intersectoral coordination. However the system has not totally eliminated fuctional overlaps, conflicting policy objectives and inefficiency caused by human factors and bureaucracy. Tensions are mainly caused by organisational complexities. Despite the imperfections the gamut of national and state policy objectives and implementation strategies are in fair unison and the Malaysian planning and administrative system operates reasonably well (Bruton, 1982 a, b; Pianzin, 1984).

1.3.2. POLITICO-ADMINISTRATIVE STRUCTURE IN THE STATE OF SABAH

Figure 1.6 represents the organisational structure of administration in the State of Sabah. Excluding the Statutory Agencies or Authorities the whole organisational structure is commonly known as the Public Service. As can be seen from the figure there are hierachical and sectoral divisions of functions. By the top-down and bottom-up processes described previously - the overall State policy, contained within the *Sabah Development Plan* (SDP), is

FIGURE 1.6: ORGANISATIONAL STRUCTURE OF THE SABAH ADMINISTRATIVE MACHINERY



D – Department
SA – Statutory Authority
JKKK – Jawatan Kuasa Kemajuan dan Keselamatan Kampung (Village Development and Security Committee)

Source: Adapted from Kitingan & Chan (1980) f lated by t e State De artme t of Plannıng. The SDP s the c bıned eᵡpressıons of tl e sectoral pol'c'es which are form lated by the resp ctive Mınistrıes shown in figure 1.6, beco ıng formal on approval bv the state abinet. The polıcv of each Ministry delimıts the f nctıon of the varıous Departments under their authorıty.

Lıke Departments, Statutory Authorıties or Agencies (SAs) a e i plementing i stıtutions. SAs are established by eg sla ıo s nd have cons'derable autonomy to form their wn po icıes. Possessing statutory powers and autonomıes to cr ate p lıcies and implement those policies dıst'ng 'sh SAs from the Departments of the Public Ser ı e. Usuallv the polıcies of SAs are determined by he B ard f Dire tors (BODs) whereas the task of ımp ementation is the responsibility of the respective Manage ents of the SAs. In the decision-making process the B Ds of SAs are specifically accountable to the Minist y having portfolio over them and in general to the Legis ative Assembly. The SAs in the policy-making process are delimited by the relevant Federal and State leǥıslat' ns, policies and objectives. However the management of each SA has the freedom to devise the means o achieve the objectives of its policies and spend its funds accordingly. The General Manager of the SAs are answerable to the BODs. The SAs have the additional advantage of being able to operate outside the stringency of government regulations and functions as empowered by the respective legislations. For instance the SAs can venture into business or industrial activites while assuming the conventional public sector role of providing services. In essence the SAs are autonomous insofar as the relevant laws and government policies permit. Nevertheless the SAs in comparison to Government Departments possess more flexibility in the implementation sphere.

District administration falls within the responsibility of the Local Authorities (LAs). Together with the *Jawatankuasa-jawatankuasa Kemajuan dan Keselamatan Kampung* or Village Development and Security Committees (JKKKs) the LAs represent the lower administrative hierachy which administer district matters and form the medium of liaison with the citizens of the district (see figure 1.6). The JKKKs are the decision-making bodies at the grassroot levels serving as intermediary between the residents of districts and the government. Its function is to give feedbacks to the government as a basis for development planning of the districts and to assist in overseeing the proper implementation and satisfactory progress of development projects in the areas under its jurisdiction. The JKKKs are represented in the higher planning hierarcy by the LAs.

1.4. SOCIO-ECONOMIC POLICIES

This section discusses local policy responses to the various socio-economic problems.

1.4.1. THE THRUST OF DEVELOPMENT POLICY AND PLANS

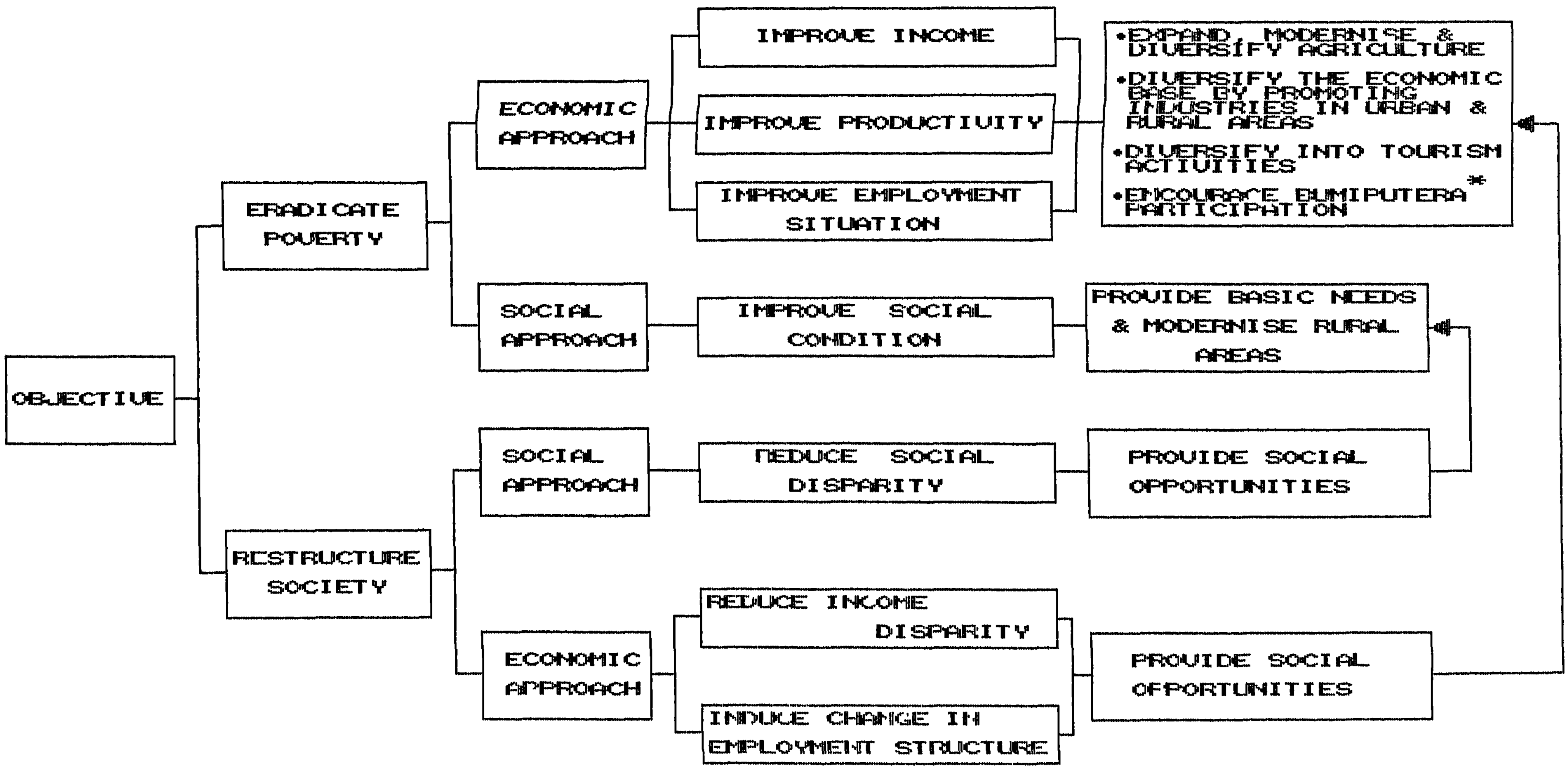
The basic tenet for socioeconomic development since 1971 is guided by the *Rukunnegara* or national ideology which is dedicated to achieve national unity, an equitable distribution of the nation's wealth and to build a progressive society. These broad principles are built into the *New Economic Policy* (NEP); which has the dual objectives of: (i) eradicating poverty and the (ii) restructuring of society so as to eventually remove the association between race, employment and geographical location. In the words of the *Third Malaysian Plan* the first prong of the NEP aims at progressively improving the economic condition and quality of life of the poor of all races by increasing their access to land, physical capital, training and other public services, thus permitting them to share more equitably in the benefits of economic growth. The aim is that the incidence of poverty should be substantially reduced by implementing policies and programmes geared towards the needs of the poor. The second prong attempts to achieve fairer distribution among the ethnic groups of opportunities to participate in the widening range of economic activities. Its aim is to reduce the dependence of the indigenous population on subsistence agriculture and to increase their share of employment, assets, business and ownership in the modern sectors of the economy. The strategy encompasses the creation of a commercial and industrial indigenous community so as to eventually bring a more balanced racial composition in the ownership and management of commercial and industrial activities in all categories and scales of operation. The strategy of the NEP is a constant and long term commitment.

It is thought that poverty and social imbalances may create social conflicts harmful to national unity, hence the urgency for public policy in Malaysia to eliminate these elements. In the process of eradicating poverty and restructuring society it is sought not to deprive any ethnic group of economic or social opportunities. For this reason a growth strategy rather than solely a redistributive strategy has been adopted (Second Malaysia Plan, Third Malaysia Plan, Fourth Malaysia Plan, Lim, 1981). The racial riot of the 13th of May 1969 in the nation's capital, Kuala Lumpur, has compelled a rethinking brought about by the realisation of the effects of poverty and social inequality. It is perceived that social upheavals of this kind were the result of the explosion of frustration from deprived groups who could no longer tolerate the neglect of their social and economic conditions. The awareness that poverty and social disparity could stir dire consequences ultimately led to the birth of the NEP. Thus according to the Malaysian philosophy poverty and inequality may upset the delicate political balance inherent in a pluralistic society and may manifest into adverse social conditions, which may hinder overall economic and social progress. In other words, progress depends upon social and national unity and this may be attained by removing the factors that breed social dislocation. This implies that the extend to which Malaysia can alleviate poverty and restructure society, hence national unity, depends on the pace of economic growth.

1.4.2. FOCUS OF DEVELOPMENT STRATEGIES

The objectives of the NEP and the strategies to achieve them are summarised in figure 1.7. To eradicate poverty and restructure society - improvements in economic productivity, employment, income and social conditions are emphasised. Thus the strategy incorporates a combination of economic and social approches. The economic approach concentrates on providing and expanding economic opportunities, to be achieved by expanding, modernising and diversifying the agricultural sector in export oriented crops and diversifying the economic base by promoting industrial development in the urban and rural areas. The social approach is interwoven with the economic approach in that the latter provides opportunities for employment and economic participation by the poorer sections of the population, especially the indigenous groups. Economic progress is also considered necessary to enhance the nation's capability to provide society's basic needs and social opportunities. Thus the economic and social approaches have complementary roles.

FIGURE 1.7: STRATEGIC ELEMENTS OF DEVELOPMENT POLICY IN MALAYSIA AND SABAH



* Indigenous population.

Source: Pianzin (1984).

Since the 1960s and especially in the 1970-1980 period Sabah relied primarily on expanding export crops, through new land development and increasing the productivity of small farms through modernisation to achieve the objectives of the NEP. Considerable success were achieved in implementing these strategies so there are now both efficient large estates and small holdings. The welfare of the rural communities was enchanced by increased personal incomes and the provision of basic infrastructure such as water, electricity and housing (Pianzin, 1984; Voon, 1981).

At the same time attempts were made to expand the economic base by promoting the growth of industries particularly small scale and agribased industries. Although the gross output of the manufacturing sector increased over ten fold between 1970-1990 its contribution relative to the primary sector remains small.

1.4.3. ASPIRATIONS OF MALAYSIA AND SABAH FOR TOURISM

In the light of the emphasis of development policy to redress the socio-economic problems, this section addresses the role of tourism.

The potential for developing the tourism industry in Malaysia has long been recognised. Until recently the industry was largely left to develop on its own, because the development priority was to expand the primary sector, given the richness of the country's natural resources (minerals, forestry, fishing and agriculture) and to build the manufacturing industry. In recent times Malaysia is considered to have achieved the status of a newly industrialised country. Given the strong economic fabric tourism may in future play a part not as the engiene of economic growth but as a means of economic diversification (Wells, 1982).

In Sabah the situation is different. For various reasons the manufacturing sector in Sabah has not grown to the scale observed in Peninsular Malaysia: the State's peripheral location, the failure of the Malaysian incentive programme to be sufficiently sensitive to the situation in Sabah and the smallness of the domestic market have all been important. The State's economy is heavily dependent on the primary and service sectors (see figure 1.2, pp. 15), so the need for economic diversification is even stronger. Within the context of economic diversification Malaysia and Sabah consider that tourism may be a catalyst for economic growth and substantial income earning and employment opportunities.

Since the inception of Malaysia in 1963 neither the country nor the State of Sabah have been burdened with the scale of balance of payments problems that occur in many DCs and TWCs. While the debt level is currently within manageable proportions and the credibility status remains high, the growth orientated strategy means that the

Country and State need to earn foreign exchange to cater for some of the resource requirements of development. It is envisaged that tourism may provide an opportunity to earn substantial foreign exchange.

It is also acknowledged that the emphasis on modernisation in Malaysia and Sabah may eventually obscures local culture, customs and traditions. The need to preserve these elements for the promotion of tourism is thought to be the best way of sustaining them.

There is also a widespread idea that tourism may provide the scope for meeting the objectives of the NEP (see sub-sections 1.4.1. and 1.4.2.). Development of the industry would bring opportunities for citizens' participation in a wide range of entrepreneural activities and employment.

To summarise: the following reflects Malaysia's aspiration for developing the tourism industry. Tourism is expected to provide: (1) an opportunity to earn substantial foreign exchange; (2) the potential for substantial income earning opportunities; (3) the creation of sizeable employment opportunities; (4) a contribution to national and regional economic growth; (5) scope and opportunity for citizen participation by way of entrepreneural development and employment; and (6) the sustenance of local cultures, customs and traditions.

1.5. OUTLINE STRUCTURE OF THE THESIS

The foregoing discussion has introduced the historical, geographical and socio-economic settings relevant to decision-making and policy in the study area and has given Sabah's expectations for diversifying into tourism. This section gives the outline structure of the thesis.

Chapter 2 covers the history, trends and characteristics of tourism. Chapter 3 discusses the economic, social and environmental issues of tourism activities and developments. The role of these chapters is to provide groundings for the thesis in analysing tourism issues.

The methodology of the thesis is described in chapter 4.

Chapters 5, 6, 7 and 8 appraise the tourism resources, manpower, trends and characteristics of visitors to Sabah and tourism organisation and policy. As mentioned earlier chapters 5 to 8 support the assessment of the economic impacts in chapter 9 and the social and environmental impacts in chapter 10. The findings of the previous chapters are summarised in chapter 11 and the bases for the conclusions and recommendations in chapter 12.

2. OVERVIEW OF TOURISM

This chapter aims to: (1) trace the history of travel and tourism, briefly examining the circumstances and motivations behind them; (2) present an overview of tourism trends at the global level, in the industralised, developing and third world countries, and the ASEAN region. (Trends in Sabah, [study area] will be examined in chapter 7); (3) briefly discuss: (i) the factors affecting international tourism and (ii) the qualities of tourist generating countries and destinations; (4) briefly compare the scale of domestic tourism and international tourism and (5) discuss the prospects and future directions of tourism.

2.1. BRIEF HISTORY OF TOURISM

Insofar as man has been lured to move from his usual geographical habitat by curiosity or adventure a form of tourism has existed from the dawn of time. The roots of tourism may be traced way back in prehistory through archaeological evidences about travel practices in those early times. Based on a literature review the chronology of travel and tourism has been compiled in table 2.1.

As far back as 3,500 B.C. eastern civilizations (Egyptians, Phonesians, Chinese, Indian and other civilizations in South and East Asia) were already travelling across land on animal backs and seas by

TABLE 2.1: CHRONOLOGY OF TRAVEL AND TOURISM

TIME	CIVILISATION	MOTIVATION	MODE OF TRAVEL
BC Period	Near East: Egypt, Phonesia Far East: China, India, East Asia, South Asia Europe: Greece, Rome	Trade Adventure Curiosity Sports Festival Education Pleasure Official	By foot On animals back Non-mechanised vessels Animal driven carts Charriots
1000 AD	Fall of the Roman Empire: political, economic and social instability in Europe hence social travels diminished. Travels in Asia was not drastically affected.		
12th-13th century	Medieval	Trade Pligrimages Crusades Missionary Diplomacy Education Escapism	By foot On animals back Non-mechanised vessels Animal driven carts
14th century	Famine, disease and wars in Europe hence little social travel. This century marked the apex of many civilisations in Asia hence travel remained important		
15th-18th century	Renaissance to industrial revolution in Europe. Political decline in Asia.	Trade Curiosity Adventure Discovery Exploration Expedition Education Pleasure Visit friends & relatives Health Colonisation Missionary	By foot On animals back Non-mechanised vessels Horse drawn carriage
19th-20th century *	Modern	Multifarious	Railways Mechanised Ships Automobiles Aviation

* Social travel were interrupted by the 1st and 2nd world wars.
Source: Author's compilation from the literature review (cited in the text).

non-mechanised vessels mainly for trading, administrative and educational purposes. However voyages resulting from curiosity and pleasure to temples and architectural sights (especially Egypt) were evidenced from 1500 B.C. (Carry, 1929; Casson, 1974; ITB, 1986; Wolters, 1982; Tregonning, 1965). So in addition to business travels there existed a form of tourism not remote to what we know today.

In the West travel became prominent during the Greek and Roman civilizations. Even though travel for trading transactions and official purposes[8] were the major activites there were other reasons for travelling. From the 6th century B.C. travels such as those of Herodotus were made to learn the geography, history, science and customs of people of distant lands; and may be regarded as the antecedent of educational tours. Odysseus' description of the wanderlust nature of the Greeks denote adventure as another motivation for travel. Aditionally the Greeks were known to venture away from their home for religious partakings, festivities and sports (Olympic Games). In contrast Roman travels, apart from administration and trade, were pleasure motivated as evidenced by the existence of *thermaes*, villas, resorts and guest houses. In the main the relative abundance of leisure and pleasure trips distinguished the Roman era to that of curiosity, adventure, religious festivities travels of the Greeks. This was to last until Rome's downfall in the Fifth century A.D. (Sigauk, 1966; Cason, 1974; ITB, 1986).

The fall of the Roman Empire saw social and economic instability in Europe. This diminished interests for social travels until 1,000 A.D. Social travels in Asia was not drastically affected by the demise of the Roman empire. The appetite for social travels in Europe did not revive until the middle ages where material progressed resumed. The main inspirations for travel during these times were pilgrimmages, missionaries and religious crusades (Sigaux, 1966; Robinson, 1976, Hindley 1983, ITB, 1986). Such travels were not confined to the West as by the mid 14th century Islamic pligrammages to Mecca had begun and missionaries activities were widespread in South and South East Asia (Newton, 1926; Wolters, 1982; Coedes, 1966, 1968). Some of these venturers had other non-religious motive as many of them made side trips to Africa and Asia in search of exotic relics and artefacts which Hindley (1983) relates to the practice of sourvenir hunting by modern tourists. In the East and West the medieval period also heralded the beginnings of great travels (noteably those of Marco Polo) inspired by diplomatic reasons, the unquenching quest for adventure, knowledge and new merchandise. Travel in medieval times was difficult but flamed by the compulsion of accomblishment and aspirations of the mind. Sigaux (1966) attributed this adventurous spirit as the desire of escaping the doldrums of the local environment. Like prehistoric times travels associated with trade was important but differed by the intensity of transactions between the East and the Mediterrenean (Cary, 1929; Wolters, Codes, 1966, 1968; Casson, 1974).[9]

After the middle ages famines, diseases and wars of the 14th century hindered social travel in Europe. Conditions in Asia were different as this era coincided with the heights of civilisations and empires hence travel for trading, diplomatic, missionary and educational reasons was intense. Between the 15th to the 19th century this was to change as Western military and political supremacy led to interventions and decline of eastern political sovereignties. Hence travels from the west became prominent and marked by scientific expeditions, famous voyages, great dicoveries, religious and economic missions; without which the scale of international relations and tourism as we know today would not have happened. In Continental Europe travels for the purpose of broadening one's mind and cultural learnings known as the *Grand Tour* were a growing past time for the wealthy. Travels for health reasons were also recorded.

Without doubt the major impetus for travel and tourism was innovations and invention since the industrial revolution; the main ones are featured in table 2.2. Growing social affluence and transit technology has inspired the modern philosophy of organised travel and tourism.

Examining the course of tourism (see summary at table 2.1) there is an array of travel motivations that were especial

TABLE 2.2: IMPACTS OF MAJOR INNOVATIONS AND INVENTIONS ON TRAVEL AND TOURISM

PERIOD	INNOVATIONS/ INVENTIONS	INSPIRATIONS OF INNOVATIONS/INVENTIONS
1800	Beginning of sea side resorts in Europe.	Popularisation of sea side resorts and developments of other resorts viz: hill resorts, casinos, theme parks etc.
1807	Robert Fulton built the steam ship.	Led to development of passenger cruise ships especially in the last quarter of the 19th century.
1825	Locomotive invented by George Stephenson.	Proliferation of passeger rail service since the 1830s.
1841	Excursion travel introduced by Thomas Cook.	Developments of: 1865: Travel Agency; 1877: Internationalisation of travel agencies.
1857	First Alpine club founded in Britain.	Proliferation of mountain clubs in Europe; inspired the growth of skiing sport.
1886	Development of the automobile by Friedrich Benz	Mass production of cheaper motor cars by Henry Ford enabled the use of motoring for pleasure; 1902: Motoring holiday began by Otto Julius Bierbaun and popularised; developments of holidays by coach, caravans, camping holidays etc.
1901	Nature clubs in Germany	Proliferation of leisure clubs.
1903	Powered flight by the Wright brothers.	1909: Introduction of air transport and subsequent growth; 1945: Recognition of international travel by the establishment of the International Transport Association; Post war: Growth of mutinational tourism corporations.

Source: Author's compilation from the literature review (cited in the text).

in each respective times. Travel as the force of trade, curiosity and adventure, sports and festivals, religious motives, diplomatic and official reasons, escapism, cultural and educational experiences, visiting friends and relatives, and for leisure, recreation, pleasure and enjoyment has never been lost throught the passage of time. These still exist in varying forms and intensity and combined in multifarious ways. Even pilgrimages are now very much alive as evidenced by Moslem travel to Mecca to perform the *haj* or Christians travelling to shrines in various parts of the world. Reasons for travel in earlier times were personal and for a definite objective. Nowadays tourist choices are influenced not only by their wishes but also by the marketing of travel organisations and increasingly the question of value for money. Also convenience now is the essence as many tourists expect their tickets, meals, accommodation, tours and other travel requirements to be neatly ready for their consumption. Tourism is also constantly modified by changes in taste and fashion and will be a continuing process. The impacts of modern transit is really revolutionary in an evolutionary tourism process.

Improvements in transportation have eclipsed the usual modes of transportation prior to the 20th century, namely, by foot, on animals, horse drawn coaches, non-mechanised vessels and steam ships. Despite losing its primary role these modes are still popular past times as witnessed by leisure walks, yachting, paddle boats, horse riding for pleasure and so on. The appearance of the railways, automobiles, cruise ships and aeroplanes revolutionised travel patterns and behaviour, and tremendously increased forms of recreation. The first two have encouraged the development of water based, mountain, countryside and theme (viz: disneylands, sports etc.) recreations/resorts. These also paved the way for motoring and rail excursions and holidays. Cruise liners and aviation profoundly increased holidaying abroad. Instead of vacationing in regional resorts or using local recreational facilities one could jet to an exotic destination, to a warmer environment to escape the winter or simply enjoy the recreation venues and facilities of another country. Consequent of the modern mobility allowed by these modes of transportation newer aspects of tourism proliferated. In air recreation there are hand gliding, balooning, fun flying, free fall parachuting and such likes; skiing, yatching, canoeing, boating, fishing, snorkelling, scuba diving comprised only a spectrum of water based recreation; and there are host of recreation on land such as hiking, camping, caravanning or motoring.

2.2. GLOBAL OVERVIEW OF INTERNATIONAL TOURISM[10]

Trends of international tourist arrivals at destinations shown in figure 2.1. increased steadily between 1960-1990; registering an average annual increase of 6.2%. Arrival growth rates were faster for the 1960-1970 period at 8.7% but slowed down to 6% between 1970-1980 period and 3.8%

between 1980-1990 (WTO's data).[11] Between 1974-1976 the growth rates of around 3% were slower resulting from the effects of the oil price increases on travel. The major cause of slowdown in the 1980s was the worldwide recession. However the undernumeration of the arrival statistics does not present a complete picture of international tourist arrivals at destinations. Edwards (1988) reported that "the main deficiencies on tourist volume relate not to poorer and less developed countries but to some of the largest tourist destination in relatively advanced countries in Western Europe and North America" (pp 84). The main reasons are: (1) the large size of cross boundary visits by private cars between European countries, USA and Canada, and USA and Mexico. Statistics on such crossboarder travels are poorly covered because the huge scale makes enumeration difficult and expensive; (2) the abandonment of boarder counts of visitors in some countries because of the large scale of international visitors and efforts to encourage the principle of free flow of people between neighbouring countries; (3) some countries only record tourists by visitor nights at registered hotels. Unfortunately such information is limited as these exclude stays in cheaper commercial accommodation and campsites and tourists visiting friends and relatives (Devas, 1988; Edwards 1988); and (4) some countries collect data on tourism by sample surveys. Notwithstanding quality, these can only present broad estimates and not the real scale of arrivals. For other European countries where data have been found to be defficient the *EC Omnibus Surveys* have provided better information but these are periodic snapshots and the sampling frames were too small to treat the data with confidence (Devas, 1989). Statistics from the less developed countries are better because: (1) the smaller flows of overland visitors from neighbouring countries and the bulk of it arriving by air or sea makes recording easier; (2) these countries retain a bureaucractic philosophy of recording all movements in and out of the country (Edwards, 1988) and (3) some of these countries being tourism dependent need accurate data for planning and monitoring purposes; and (4) on the whole there are greater commitments to tourist development in the less developed countries. In the absence of other comprehensive and authoritative sources, trend analyses from the WTO statistics throw useful light on the scale and pattern of international tourism.

Table 2.3 presents the tourist arrival trends in percentages. It can be observed that Europe shared more than two thirds of the world's tourist arrivals between 1960-1990. Between 1960-1980 Europe's average share of the woild's arrivals was around 72%; this declined to 66% in the decade of 1981-1990. North America (Canada and USA) average share of the total arrivals was about 19% in 1961-1970 and declined progressively to around 14% in 1971-1980 and 12% in 1981-1990. The rest of the world merely accounted 8% of the world's arrivals in 1960 but by 1990 increased to 29%. The declining percentage share of

Europe and North America between 1960-1990 hides the fact that in absolute terms their numbers have anually increased by 5.8% and 4.4% respectively. However their percentage sizes have been eroded by the faster growth rate of 10% registered by the rest of the world.

The dominance of European destinations has been mainly due to the large population of the region with relatively high disposable incomes and high mobility to neighbouring countries. In the main Western Europe, especially the Mediterranean, has had a long history of tourism developments and has therefore become established tourist destinations. Unlike Europe, North America's neigbours are less numerous and lesser populated, hence tourism arrivals are fewer. The European and North American trends indicated the main bulk of international tourist arrivals are from short-haul[12] origins. By comparison tourism developments in the other parts of the world are relatively new but there are emerging tendencies for long haul travel[13] and for travellers to venture into hitherto lesser discovered destinations (Edwards, 1985, 1988; Devas, 1989). Hence the faster rate of tourist arrivals for the rest of the world, especially in recent times. This recent pattern has been attributed to the growing sophisticatation of tourists' behaviour: escaping the stress of overcrowding, environmental deteriorations and escalating costs of the more established destinations in Europe and North America and the realisation by wealthier travellers that the less trodden destinations are less crowded, environmentally better, offer acceptable comfort and standard of facilities[14], and *value for money* destinations[15].

International tourism has greatly increased in volume over time (see figure 2.1). Various factors has contributed to the growing volume and among the important issues are: (1) the operation of higher capacity, wide bodied jet planes which has restructured the economics of air travel, thereby making travel more affordable; (2) the development of policies that encourage "open skies", freer movement of people across national boundaries and greater internationalisation of businesses; (3) growing affluence of many societies, increasing leisure time and willingness to spend more money on leisure and recreation; (4) greater motivations of nationals to travel abroad as inspired by their curiosity of foreign lands, people and their way of life and (5) greater marketing and promotional efforts by tourist corporations and businesses.

Although data on tourist volume are useful to elucidate trends and patterns it is not a reliable indicator of tourism growth, not only because of the inadequate collection of data mentioned above, but also because the sheer numbers of people crossing national frontiers often has negative implications (see chapter 3). Without other efficient measures tourism growth has often been equated to its economic contribution to the host community. One approach of measuring tourism's economic contribution is the estimation of tourist spending by national samples in the host countries, often referred as tourist receipts by the WTO. Another method is the estimation of travel expenditures from banking transactions of tourists in the originating country. This data is collected by the International Monetary Fund (IMF). These statistics are more widely covered than tourist volumes hence more reliable (Edwards, 1988). However these data exclude tourist expenditures on fares and those emanating from credit cards. The second source in particular understates tourist expenditures from countries with tight exchange controls. As the main purpose of the latter is to provide balance of payment statistics, its application in this study is limited. Due to the WTO's comprehensive international coverage on value and volume statistics and the unavailability of other better sources, this study uses it for analysis.

Similar to the arrival trends, international tourism receipts depicted in figure 2.2 have consistently increased from US$6.9 billions in 1960 value to US$230 billions in 1990 (current values); representing an annual growth rate of 13.3%. The growth rates for Europe and North America during the relevant period roughly grew by 12% per annum. The rest of the world exhibits faster annual rate of increase at 15.7%.

Like the pattern of arrivals table 2.4 reveals the dominance of European destinations as recipients of

FIGURE 2.1:INTERNATIONAL TOURIST TRENDS

(1960-1990)

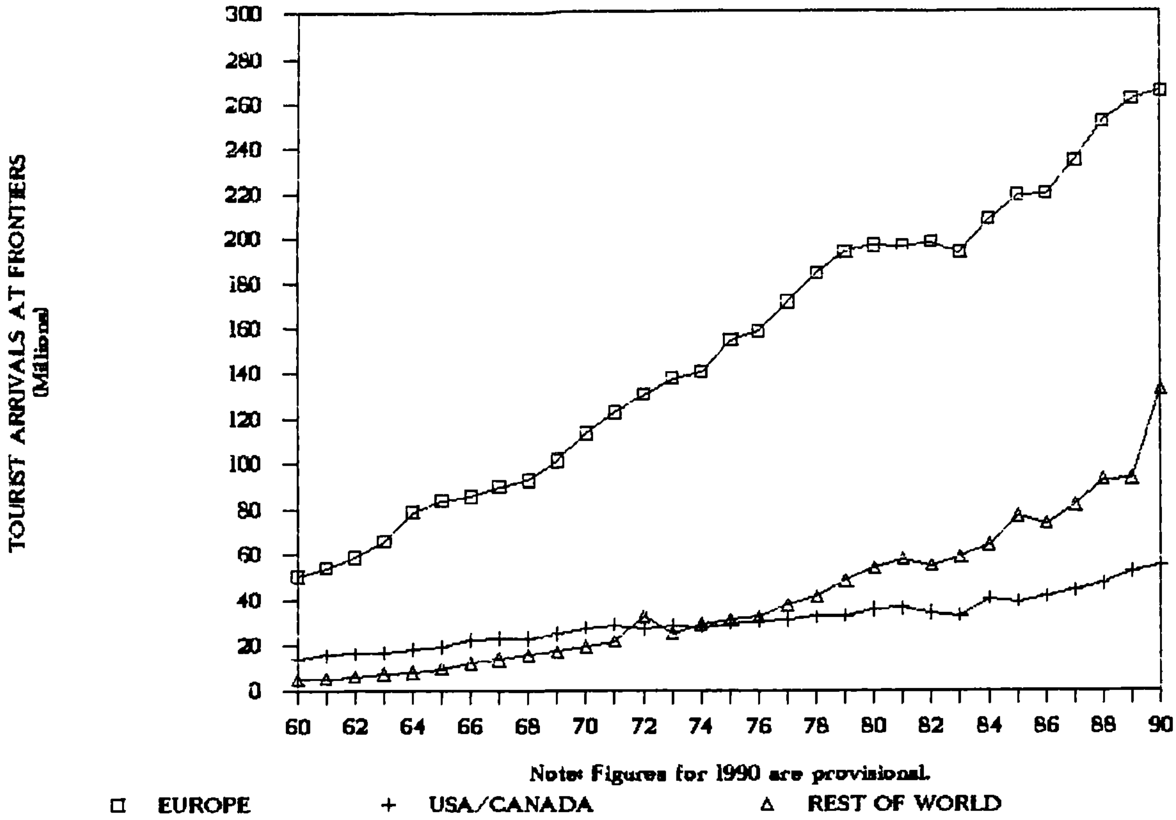
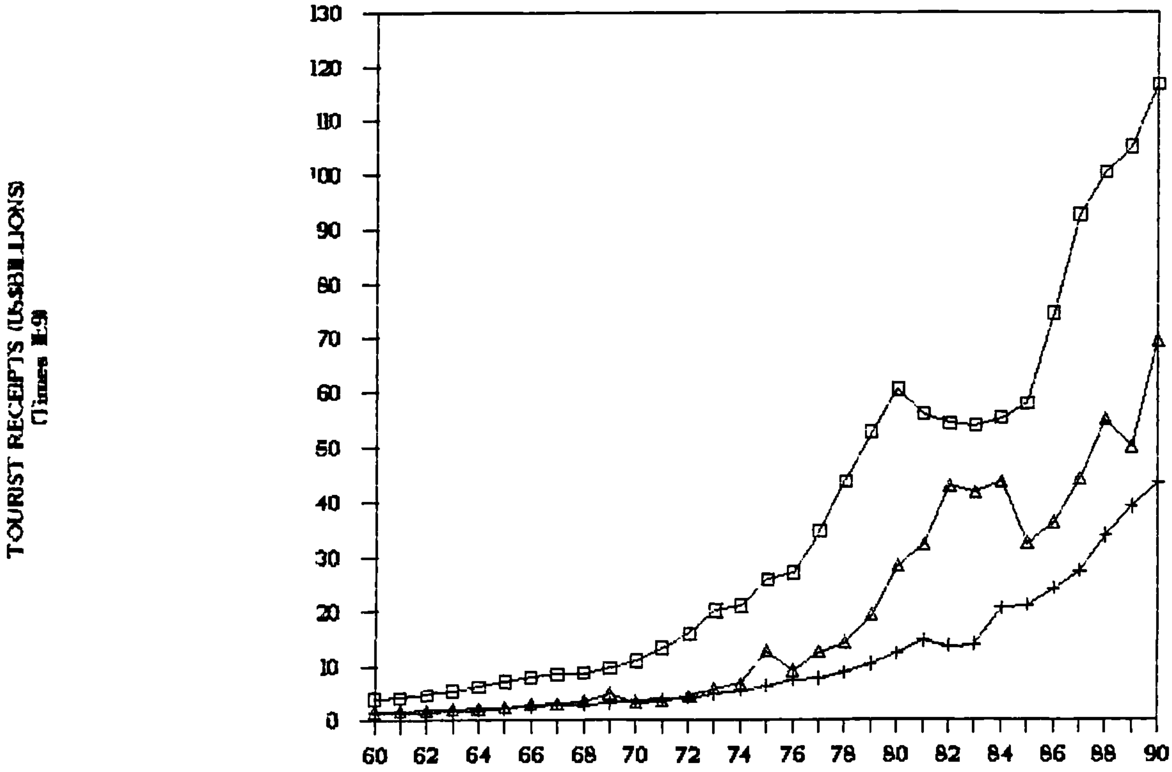


FIGURE 2.2: INTERNATIONAL RECEIPTS -

FROM TOURISM (1960-1990)



SOURCE: WORLD TOURISM ORGANISATION

TABLE 2.3: INTERNATIONAL TOURIST ARRIVALS IN PERCENTAGES

YEAR	EUROPE	NORTH AMERICA	REST OF THE WORLD
1960	72.3	20.2	7.5
1961	71.7	20.8	7.5
1962	72.3	20.2	7.5
1963	72.3	20.2	7.5
1964	75.2	17.7	7.1
1965	74.3	17.2	8.5
1966	71.4	18.5	10.1
1967	69.5	17.7	12.8
1968	70.7	17.4	11.9
1969	70.6	17.6	11.8
1970	70.8	17.2	12.0
1971	70.8	16.6	12.6
1972	71.5	14.9	13.6
1973	71.9	14.9	13.2
1974	71.0	14.2	14.8
1975	71.8	13.7	14.5
1976	71.8	13.8	14.4
1977	71.3	13.1	15.6
1978	71.3	12.7	16.0
1979	70.4	12.0	17.6
1980	68.8	12.4	18.8
1981	67.6	12.4	20.0
1982	68.9	11.9	19.2
1983	68.8	11.6	19.6
1984	66.7	12.8	20.5
1985	66.9	11.9	21.2
1986	65.8	12.3	21.9
1987	65.2	12.2	22.6
1988	64.5	11.9	23.6
1989	64.4	12.8	22.8
1990	58.7	12.1	29.2

Source: World Tourism Organisation (WTO).

TABLE 2.4: INTERNATIONAL TOURIST RECEIPTS IN PERCENTAGES

YEAR	EUROPE	NORTH AMERICA	REST OF THE WORLD
1960	57.1	20.2	22.7
1961	58.1	18.8	23.1
1962	59.6	17.4	23.0
1963	61.2	16.7	22.1
1964	62.5	17.0	20.5
1965	62.7	17.9	19.4
1966	60.2	18.2	21.6
1967	59.5	19.8	20.7
1968	59.4	18.0	22.6
1969	58.9	18.2	22.9
1970	62.6	19.3	17.7
1971	65.2	19.7	16.5
1972	65.8	18.3	17.8
1973	66.3	16.4	18.5
1974	63.6	15.2	20.0
1975	64.8	15.8	19.4
1976	62.5	16.8	20.7
1977	63.5	14.0	22.5
1978	64.9	12.9	22.2
1979	64.4	12.4	23.2
1980	60.2	12.1	27.7
1981	54.9	14.1	31.0
1982	56.3	13.9	29.8
1983	56.2	14.1	29.7
1984	55.9	13.9	30.2
1985	56.2	13.7	30.1
1986	59.2	12.9	27.9
1987	60.0	12.2	27.8
1988	60.5	11.4	28.1
1989	57.4	18.7	23.9
1990	58.9	19.0	30.1

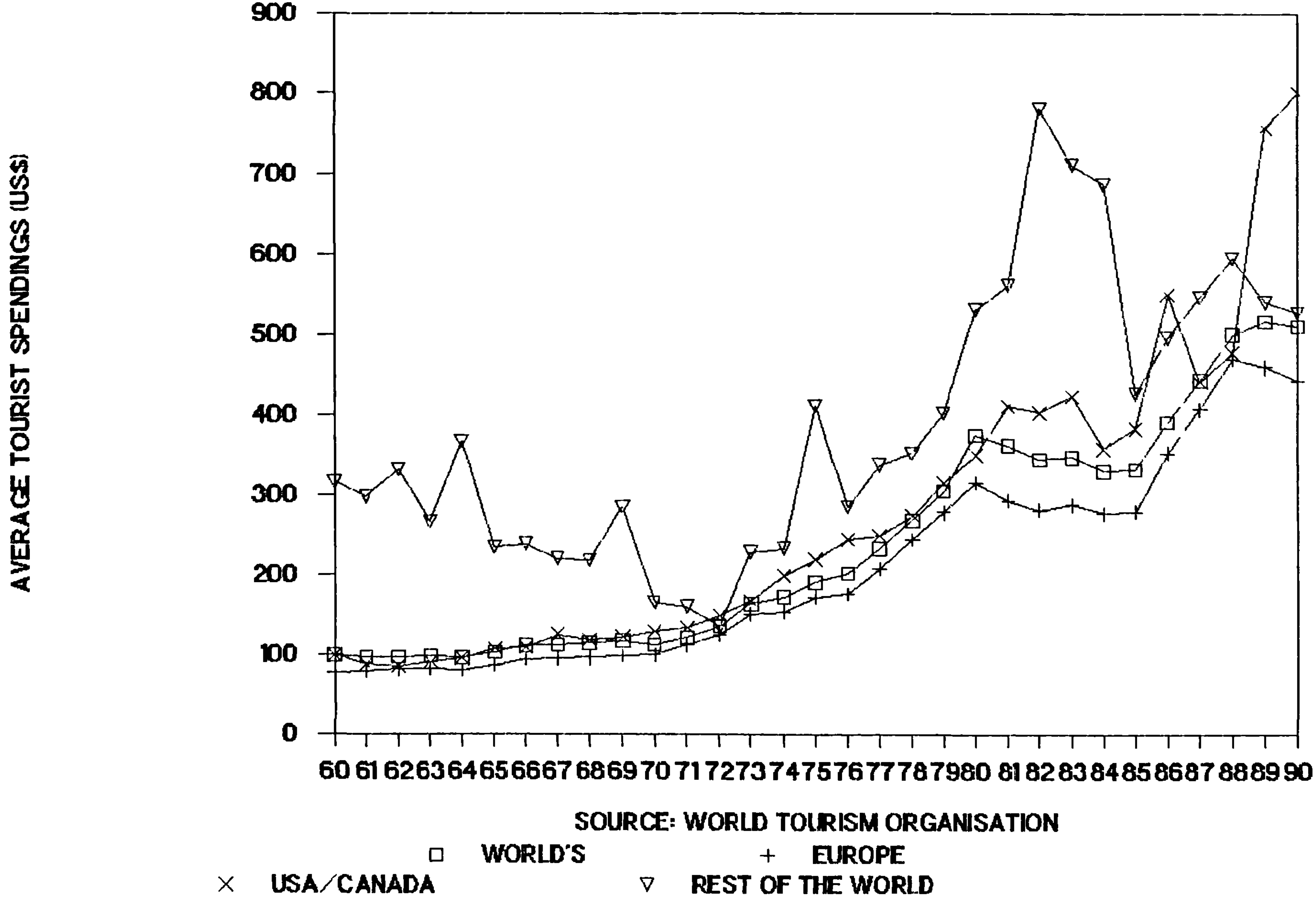
Source: World Tourism Organisation (WTO).

international tourist receipts. Between 1960-1990 Europe's tourist receipts are about 60%. In the same period the average for North America and the rest of the world were 16% and 24% respectively. Until 1977 the shares of North America and the rest of the world were similar in size; but between 1978-1990 the average of the former shrunk to about 14% while the latter maintained its share of around 24%.

Despite Europe's dominant share of international receipts, figure 2.3 indicates that the average tourist spending in that region between 1960-1990 has been consistently slightly lower than the world's average. Average tourist spending in North America for most of that period nearly coincided with the world's average. The trends of average tourist spendings for the rest of the world has been in the main higher that the world's average. Generally the European and North American trends were more consistent over time; whereas the trend for the rest of the world has fluctuated widely. The omnibus surveys revealed that the bulk of European holidayers were of the lower income brackets and this has mainly influenced the lower average spending in the region. This reflected that the magnitude of international receipts for Europe has been dictated by the sheer size of tourist arrivals. The main bulk of tourists in North America came from the region itself and the higher average spending per tourist were consistent with the higher personal incomes of that region. The rest of the world has much higher average tourist spending

FIGURE 2.3 AVERAGE TOURIST SPENDINGS

(1960-1990)



SOURCE: WORLD TOURISM ORGANISATION

because it emanated from wealthier travellers. The erratic trends were the effects of the economic and non-economic factors discussed in section 2.3.

2.2.1. INTERNATIONAL TOURISM IN THE INDUSTRIALISED COUNTRIES (ICs)

Figure 2.4 compares the world's and industrialised countries (ICs)[16] trends of international tourist arrivals. The figure shows that the ICs have consistently secured the major proportion of the world's arrivals. Similarly figure 2.5 reflects the dominating trends of the ICs share of the world's international tourist receipts. Between 1970-1990 the ICs' average share of the world's tourist arrivals and receipts were each around 81%. The dominant shares of the ICs dictate the general patterns of the world's international tourist arrivals and receipts.

The trends of the ICs' tourist arrivals by origins is shown in figure 2.6. Between 1970-1990 the developed economies of Europe dominated the share of tourist arrivals with nearly three quarters of the total and the fastest growth rates of roughly 7%. In the same period North America (US/Canada) constituted about a quarter of the ICs' total arrivals but a slower growth rate of 4.7%. The other countries of the ICs - comprising of Japan, Australia and Canada - shared a small proportion (averaging 2%) of the arrivals and the growth rates of about 6% per annum. The respective growth in the

FIGURE 2.4:TOURIST ARRIVALS COMPARISON-

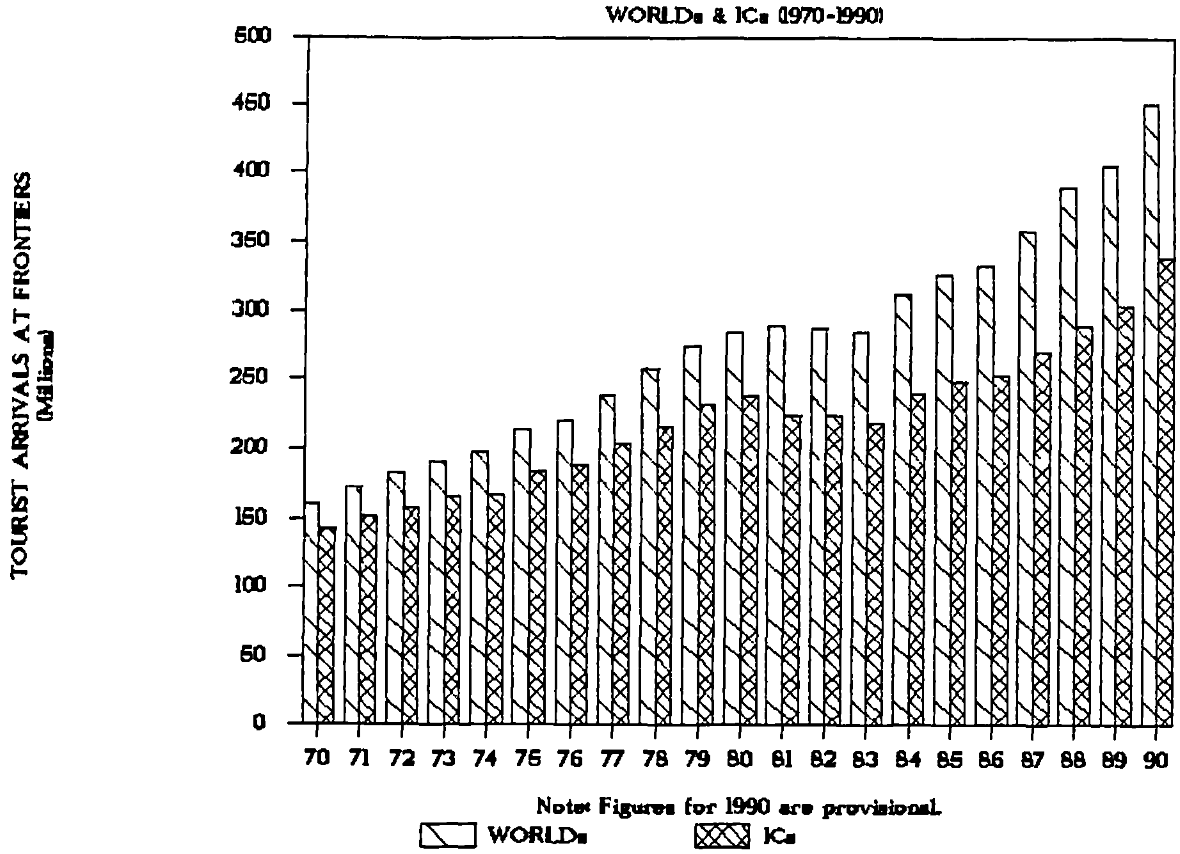
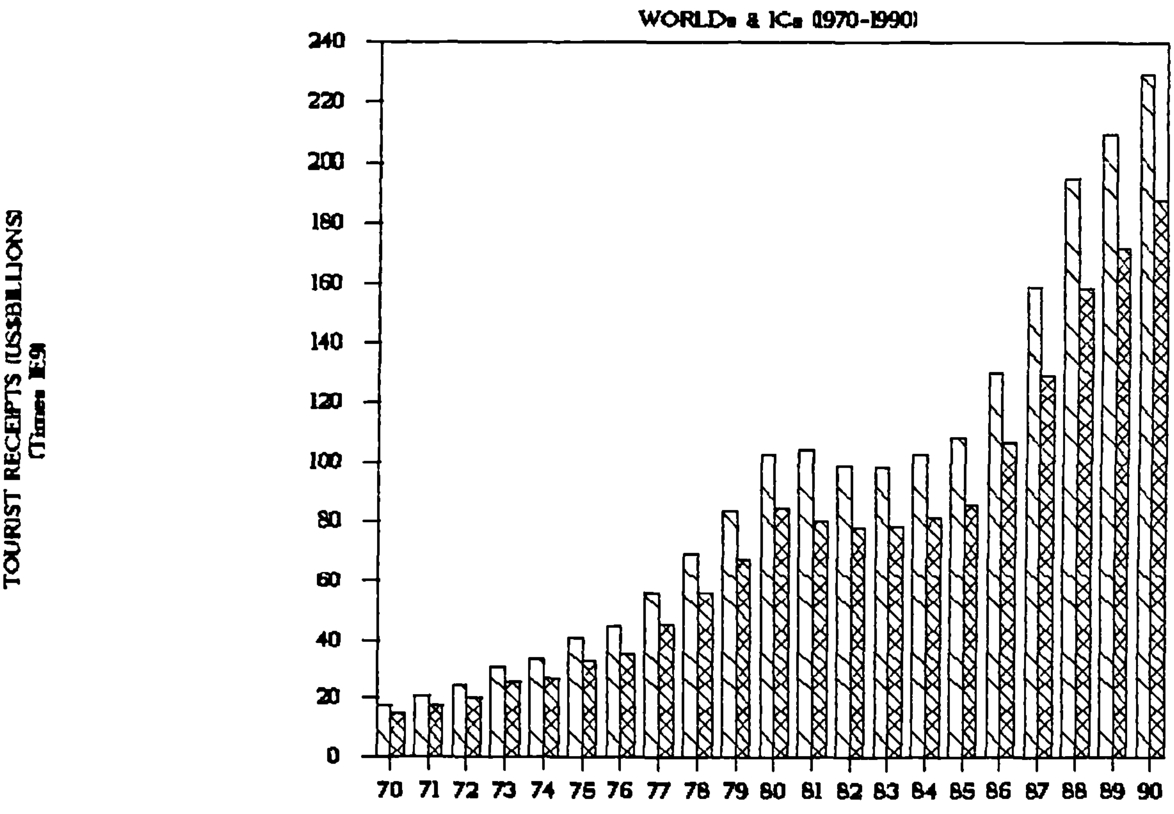


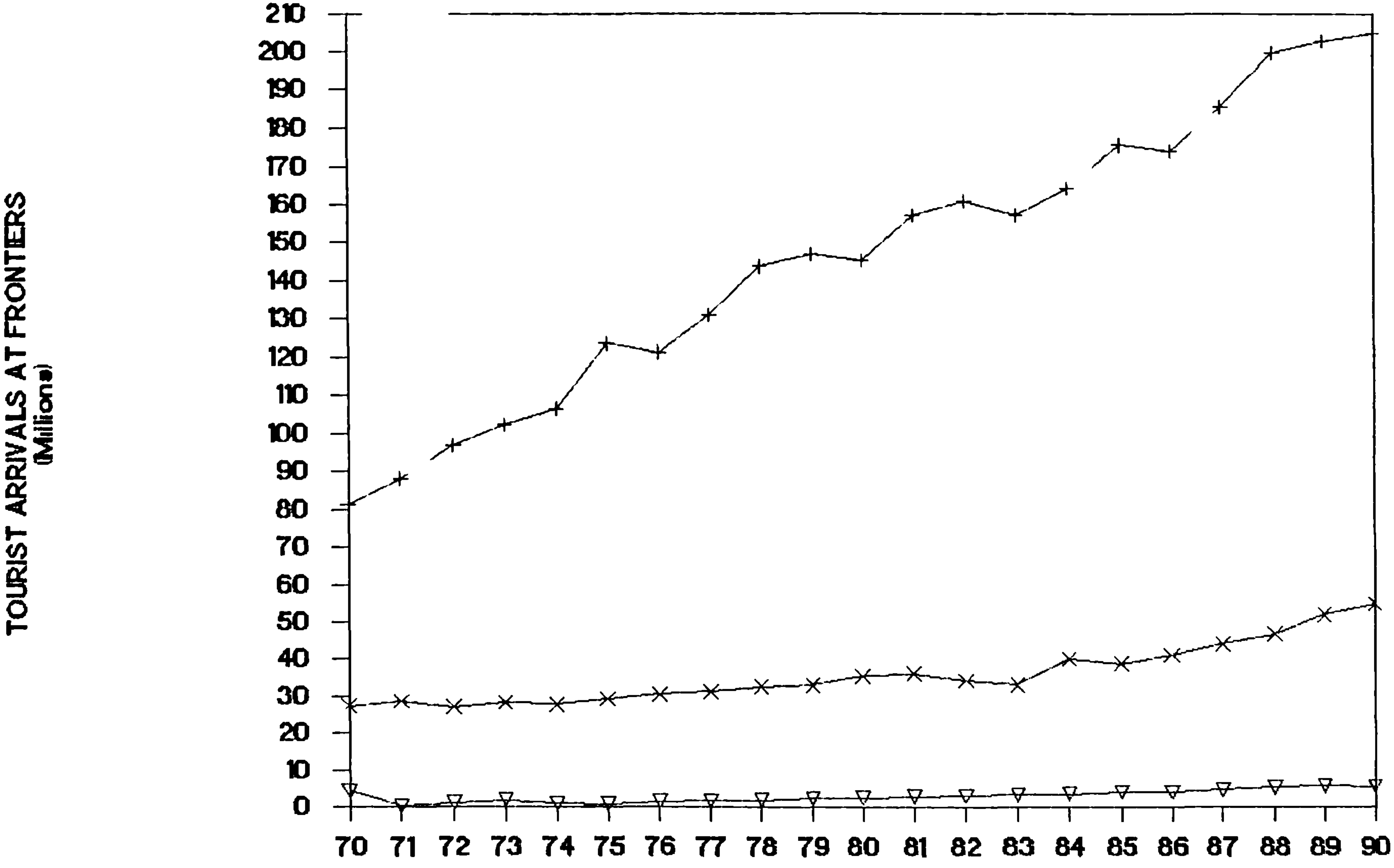
FIGURE 2.5:TOURIST RECEIPTS COMPARISON-



SOURCE: WORLD TOURISM ORGANISATION

FIGURE 2.6: TOURIST ARRIVALS IN THE ICs

1970-1990)



Note: Figures for 1990 are prov sional.

+ DEVELOPED EUROPE × USA CANADA ▽ OTHERS developed European countries and North America were mainly generated from within (Devas, 1989; Edwards, 1988; Euromonitor, 1988; Waters, 1985; Cleverdon, 1983; Medlik, 1983). Over that time tourist flows from North America to their main European destinations has declined. Fewer first time visitors were arriving and repeat visitors were spending less time than they used to (Elliott 1991). Similary European tourists visiting North America were decreasing because of the escalation of tourist prices (Devas, 1889; Edwards 1987). The reasons for these declines will be discussed later. The other ICs have depended on vistors from North America and Europe. Their growth rates were modest mainly because long-haul travel has been affected by the recession in the generating countries (Elliott 1991). ICs like Australia and New Zealand have benefited from stronger economies in the other ICs, notably arrivals from Japan.

2.2.2. INTERNATIONAL TOURISM IN THE DEVELOPING COUNTRIES (DCs) AND THIRD WORLD COUNTRIES (TWCs)

Figure 2.7 compares the trends of international tourist arrivals in the developing (DCs)/third world (TWCs) countries[17] to that of the world's. In 1970 arrivals in the DCs and TWCs constituted a tenth of the world's total arrivals, rising to a quarter in 1990. Between 1970 and 1990 the average arrivals in the DCs and TWCs was 18.8% of the world's scale. Similarly figure 2.8 reveals that in 1970 the DCs and TWCs received 15.6% of the overall world's total tourist receipts, increasing to 18.5% in 1990. The average receipts from tourism in 1970-1990 was 19% of the world,s total.

The trends of tourist flows to the DCs and TWCs is shown in figure 2.9. In 1970 there were 17.7 millions tourists arriving in the DCs and TWCs. Of these 41.8% were received by the Central and South America (inclusive of the Carribbean), 37% by the Asia-Pacific region, 12.8% by Africa and 8.4% by the Middle East. The trend has greatly changed by 1990. Of the 1.1 billion tourist arrivals: 60% were hosted by the Asia-Pacific region, 23.3% by Central and South America, 11.7% by Africa and 5% by the Middle East. The hanging trends were influenced by the faster annual growth rates of the Asia-Pacific region which were three times more than the other regions. The annual rate of growth of the other regions were roughly similar, at around 5% per annum between 1970-1990. The rapid growth of the Asia-Pacific region was mainly contributed by growing affleuence of some societies within the perimeters of the economically bouyant Pacific rim. The main suppliers of tourists were from countries with strong economies: 36% from South East Asia and Eastern Asia and 30% from Japan and the United States. The arrival trends were also affected by changing circustances in the tourist receiving regions. Growing economic and social difficulties in Africa and political instabilities in Central/South America (especially the Carribbean in the 1980s) and the Middle East were examples. Inflation was

FIGURE 2.7: TOURIST ARRIVALS COMPARISON-

WORLDs & DCs/TWCs (1970-1990)

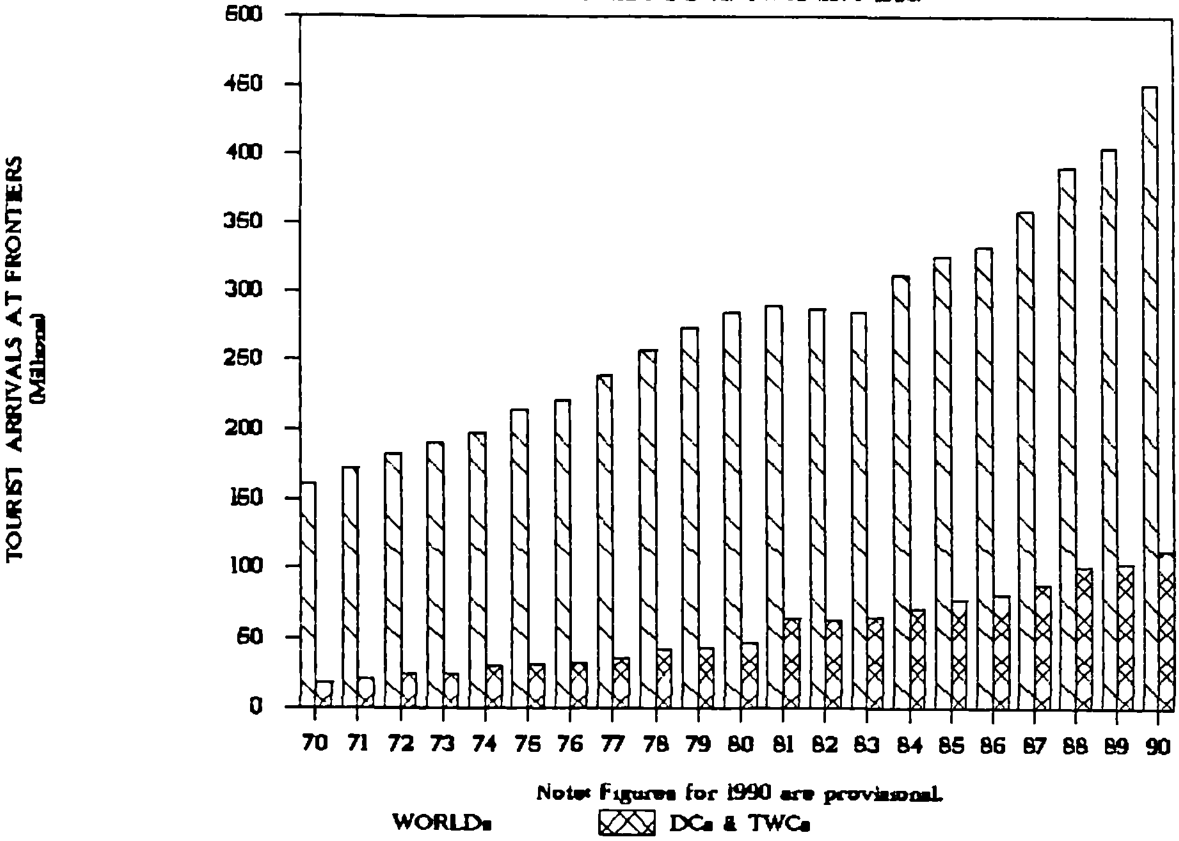
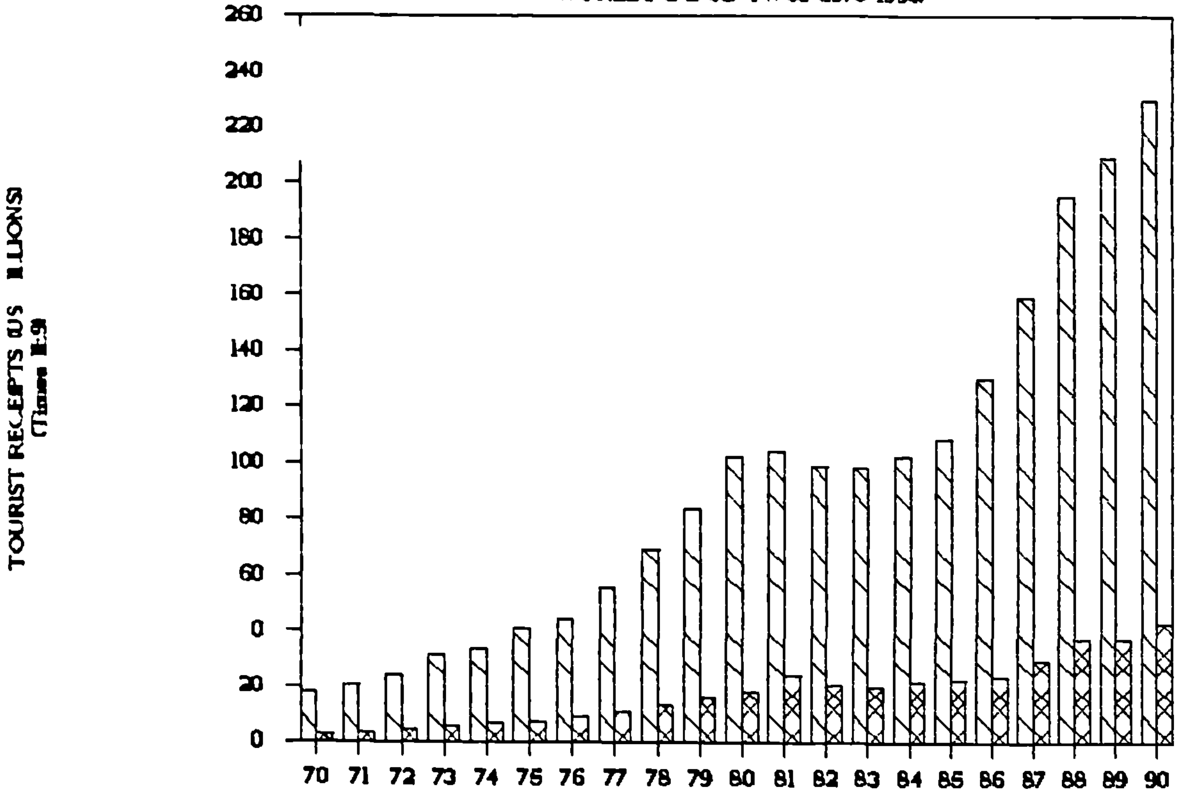


FIGURE 2.8: TOURIST RECEIPTS COMPARISON-

WORLDs & DCs/TWCs (1970-1990)



SOURCE: WORLD TOURISM ORGANISATION

also serious in the Carribbean. The Asia-Pacific region has been more economically and socially stable during the 1970's and 1980's. The misfortunes of some regions of the TWCs were partially the source of growth in the DCs, as tourists shy away from problematic conditions of some destinations. The DCs, especially in the Asia-Pacific region, have consolidated their image as a good alternative tourist destination.

The associated receipts from the tourist flows are depicted in figure 2.10. In 1970 the DCs and TWCs received US$1.2 billions from tourism. 39.3% went to Central and South America, 36.7% to the Asia-Pacific Region, 18.8% to Africa and 9.2% to the Middle East. By 1990 the largest share went to the Asia-Pacific region (49.2), displacing Central and South America to second place (37.6%). Africa's and the Middle East's shares were 8.6% and 4.6% respectively. Although the number of tourists flowing to the Asia-Pacific region exceeded those to Central and South America (see figure 2.9), the volume of receipts of the former has remained below the latter until 1982. The trends were the effects of the dominance of high spending North American tourists patronising Central and South America. The reverse of the trends in the 1980s were mainly the effects of improving tourist facilities in the Asia-Pacific region, in addition to the social factors restraining the flow of tourists to Central and South America mentioned earlier. The growing divergence in the flow of tourists and receipts between

FIGURE 2.9: ARRIVALS IN THE DCs & TWCs

(1970-1990)

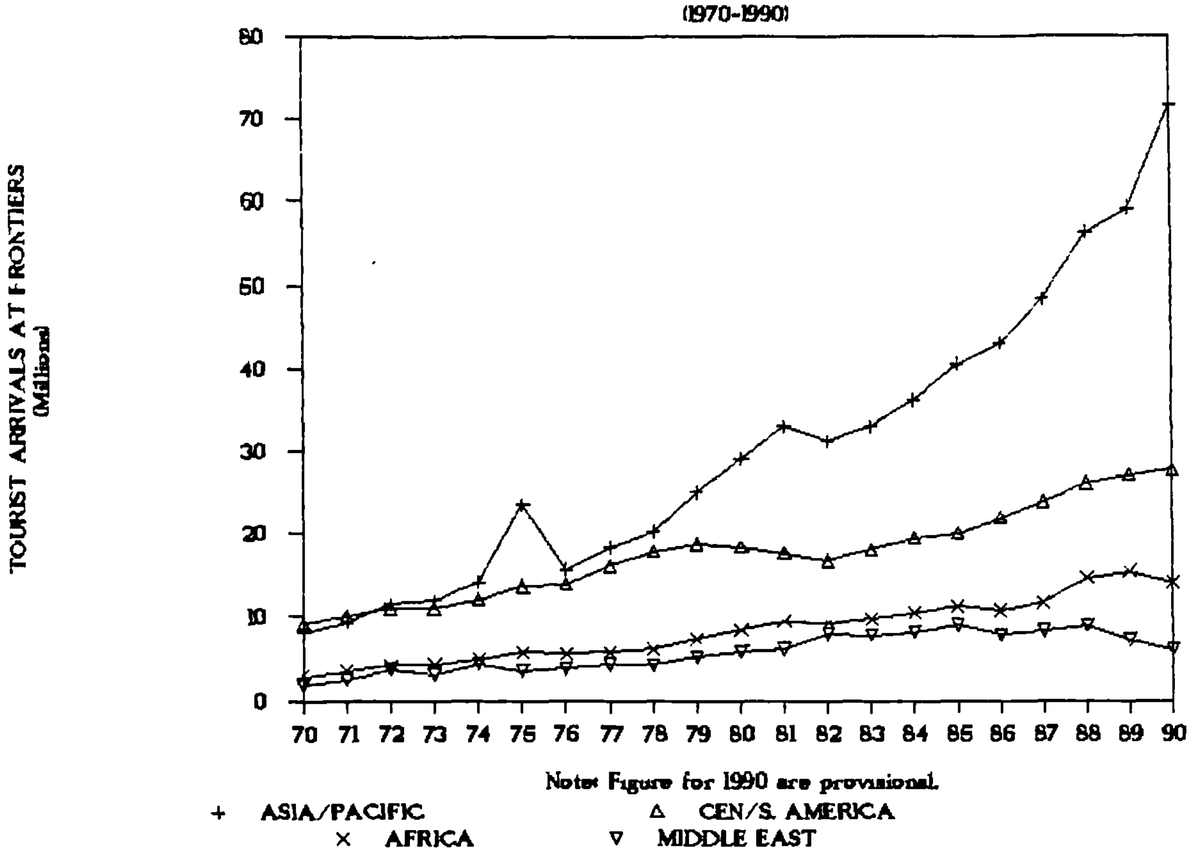
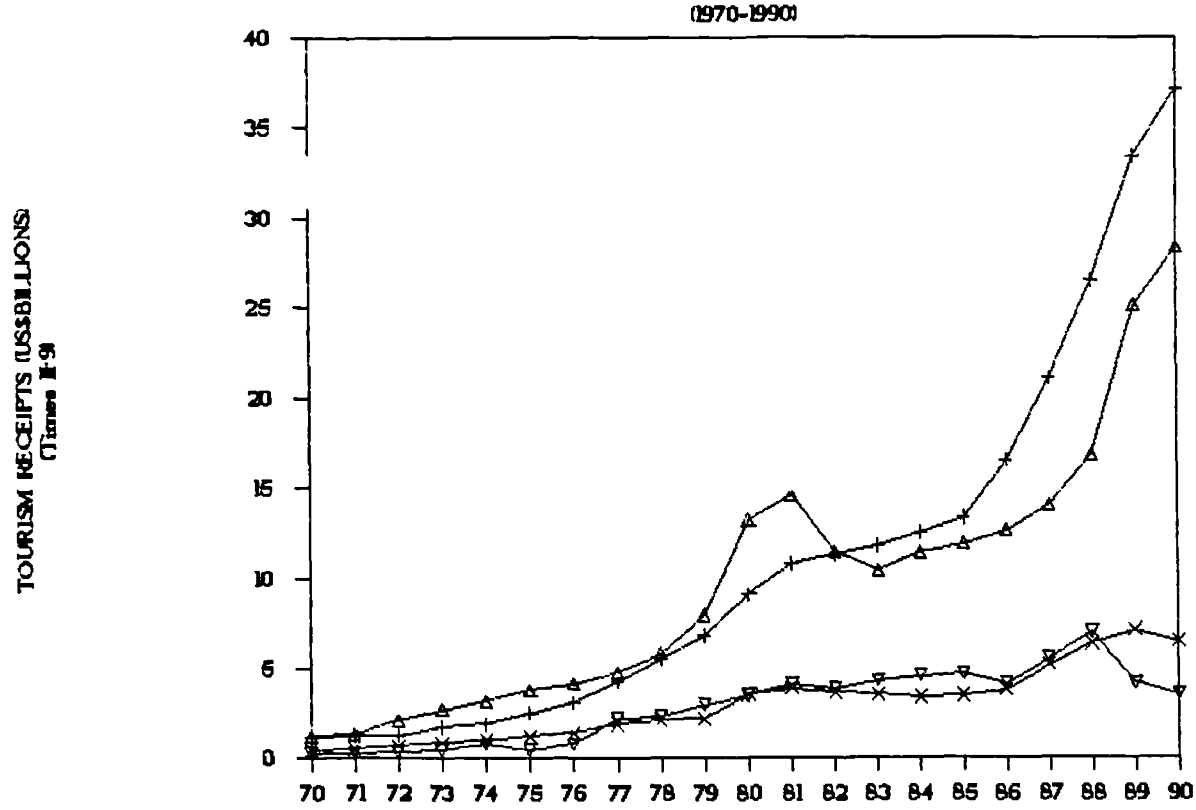


FIGURE 2.10: DCs/TWCs TOURIST RECEIPTS

(1970-1990)



SOURCE: WORLD TOURISM ORGANISATION

the two regions were influenced by their changing images as tourist destinations. Tourist receipts in Africa and the Middle East were growing proportionally to the flow of tourist at roughly 5% per annum, discounting the abnormal declines of the latter since 1988. The declines were attributable to the political and social instability of the region (Devas, 1989; personal analysis). The real annual increases in Africa and the Middle East were overshadowed by the faster growth of the Asia-Pacific and central/South American regions, superceeding them by four-fold.

2.2.3. INTERNATIONAL TOURISM IN THE ASEAN REGION[18]

The trends of tourist arrivals from abroad to the ASEAN region between 1980-1988 is shown in figure 2.11. During that period the three largest tourist receiving countries in ASEAN were Singapore, Malaysia and Thailand, registering an overall percentage share of 87.4%. Their respective average percentage share were 30.4%, 29% and 28%. The Philippines and Indonesia each received 8.6% and 7.2% during the same period. Singapore and Malaysia grew at nearly the same pace. Their average annual growth rates were 7.9% and 8%. Thailand shared similar annual growth rates between 1980-1985 but this has doubled between 1986-1989. The main cause for these upturn was increased marketing activities (personal knowledge). The growth trends of Thailand was also experienced by Indonesia. The momentum between 1986-1988 for Indonesia has been the success of Bali as a tourist resort, attracting tourists mainly from Australia. Between 1980-1986 the Philippines' tourists declined at an average annual rate of 0.2%. However the 1988 arrivals showed a 30% increase over the 1986 figures. The declines were the result of social unrest in the Phillipines between that period.

Figure 2.12 portrays the trends of tourist receipts of the ASEAN region. For most of the period (1970-1987) Singapore was the top earner of tourist receipts in the region. The avergage percentage share between 1980-1988 was 39.5%. Second came Thailand with an average percentage share of 27.6% Malaysia's average percentage share in that period was 13.5%. These countries absorbed 80.6% of the tourist receipts in the 1970-1988 period. The rest was earned by Indonesia (10.1%) and the Philippines (9.3%). The fastest rate of growth was registered by Indonesia. The average annual growth rate between 1980-1988 was 15.7%. Thailand's and Malaysia's annual rate of change were 12.4% and 10.5%. These rates were faster than Singapore, which experienced an annual rate of increase of 8.4%.

However the trends of receipts does not reflect the trends of tourist arrivals. In particular Malaysia's trends of tourist arrivals has been consistently larger than Thailand's and nearly the same as Singapore's over the 1980-1988 period. In terms of receipts Malaysia was

FIGURE 2.11: TOURIST ARRIVALS IN ASEAN

(1980-1988)

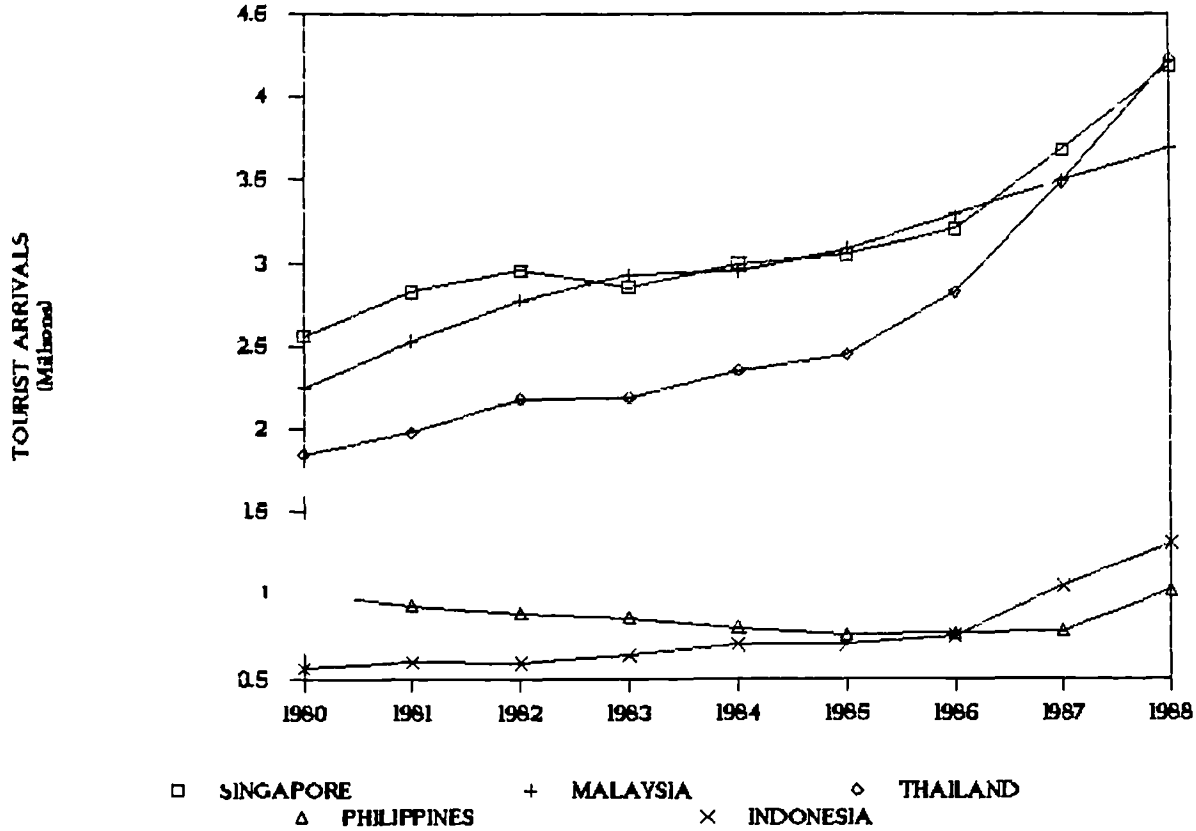
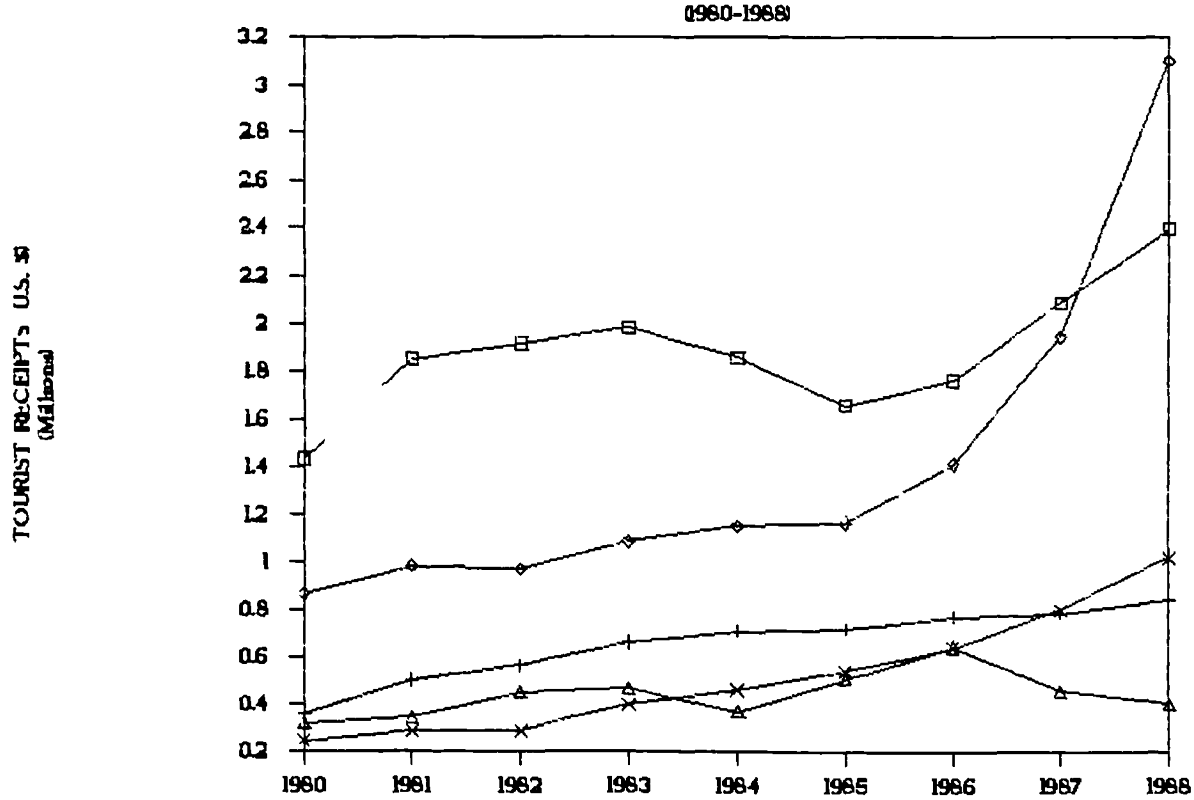


FIGURE 2.12: TOURIST RECEIPTS IN ASEAN

(1980-1988)



SOURCE: WTO, TDCM.

receiving three times less than Singapore and twice lesser than Thailand in that period. The most important reason was the much lower spending per tourist in Malaysia. Several factors caused this. The main ones were: the tourist market in Malaysia is less developed and the array of spending items are less, accommodation and spending items were cheaper, tours to Malaysia were organised mainly from Singapore hence most of the economic benefits were received by foreign businesses, and tourists' length of stay was much shorter (average of 3 nights vis-a-vis 7 nights for the other ASEAN countries).

The trends of receipts and tourist arrivals of the ASEAN region and the DCs and TWCs, the proportions does match. Between 1970-1988 ASEAN's average tourist arrivals was 40.8% of the average total tourist arrivals in the DCs and TWCs. However ASEAN's average tourist receipts for the period was much smaller than the average total tourist receipts in the DCs and TWCs (staistical sources: WTO, country statistics). There are several reasons for this. The most important reason has been the predominance (55%) of visitors orginating from ASEAN itself. Nearly three quarters of these visitors stayed in the homes of friends and relatives. This substantially reduced spending on accommodation, hence the average spending per tourist has been much smaller than other DCs and TWCs. The pattern also reflects the underdevelopment of tourism in the ASEAN region. Since the region has only started promoting tourism in the begining of the 1980s vis-a-vis other DCs and TWCs (viz: South Korea, Hong Kong, Taiwan, the Carribean - which commenced serious tourism marketing in the 1960s) tourist facilities in the region is not as commercialised as elsewhere.

In particular Japanese tour operators state that their clients found that spending opportunities in the region were limited compared to other established destinations (Pianzin, 1986; a). European tour operators also comment on the undedeveloped nature of tourism, especially in Malaysia (Pianzin 1986; b). Much of the activites of tourists in the ASEAN region are sightseeing as opposed to say the Carribean where most of the tourists spent their time at resorts.

Table 2.5 shows the origins of visitors coming to the ASEAN region in 1989. Overall more than half of the visitors were from Asia particularly Japan (a fifth of the Asian arrivals). It is clear that most visitors to ASEAN were generated by nearer origins. Malaysia's share of the Asian visitors was (85%). Singapore received the least from Asia (33.3%). Roughly half of the visitors to each of the other ASEAN countries came from the region. Malaysia received 13.1% of visitors from the stronger economies (Canada, USA, Northern and Western Europe, Japan, Australia and New Zealand). This was much lesser than Singapore's (49.4), Thailand's (37%), the Philippines (53.1%) and Indonesia,s (51.6%). Malaysia's higher share

TABLE 2.5: PROPORTION OF VISITORS TO THE ASEAN REGION BY ORIGINS (1989)

ORIGIN	DESTINATIONS				
	SINGAPORE %	MALAYSIA* %	THAILAND %	PHILIPPINES %	INDONESIA %
ASIA	33.3	85.0	54.1	47.4	56.4
Hong Kong	3.0	1.3	-	12.8	2.2
Japan	16.3	4.6	10.6	17.4	12.1
Korea	1.3	-	1.5	1.5	1.6
Taiwan	3.6	0.9	3.2	5.4	2.6
South Asia	7.3	1.2	2.9	1.8	0.6
West Asia	1.8	-	6.6	2.8	0.7
S. E. Asia	-	77.0	29.3	5.7	36.6
AMERICAS	6.7	1.5	7.7	22.4	6.3
Canada	1.0	-	1.3	1.9	1.0
USA	5.4	1.5	6.1	20.3	5.1
Others	0.3	-	0.3	0.2	0.2
EUROPE	19.4	3.9	25.2	9.9	24.7
Northern	8.1	2.6	9.4	3.4	6.2
Southern	2.2	-	3.2	0.9	3.1
Western	8.1	1.3	12.2	5.5	15.0
Others	1.0	-	0.4	0.1	0.4
OCEANIA	39.5	3.1	12.3	5.6	12.4
Australia	8.6	2.8	5.9	4.3	11.4
New Zealand	1.9	0.3	0.6	0.3	0.7
Others	29.0		5.8	1.0	0.3
REST OF THE WORLD	1.1	6.5	0.7	14.7	0.2
TOTAL:	100.0	100.0	100.0	100.0	100.0

* Figures include Peninsular Malaysia only.

Source: World Tourism Organisation.

of tourist volume from countries with lower purchasing power was the main reason for the lower tourist receipts. It is evident that a country's tourist receipts are not solely determined by the voulme of tourists it receives but their purchasing power and the spending opportunities in that country are important as well. The latter depends on the characteristics of tourist developments, that is whether they can entice tourist spending or not.

2.3. FACTORS AFFECTING INTERNATIONAL TOURISM

Edwards (1988) has identified four main factors influencing the volume of tourist arrivals at destinations. These are regrouped in table 2.6 under two broad categories: economic and non-economic factors. International tourist flows at destinations could increase or decrease through the independent or combined effects of both factors. Edward's study revealed that the non-economic factors led to more pronounced changes in tourist numbers at destinations. However such effects were usually short-term and tourist flows returned to normality soon after the non-economic influences subsided. The effects on the volume of tourists caused by economic factors were less severe but the changes were more lasting.

Since 1981 tourist flows from North America to Europe have increased and ebbed due to the varying influences of these factors. Edwards (1988) found strong statistical

TABLE 2.6: MAIN FACTORS INFLUEN ING TRAVEL AND TOURISM

ECONOMIC FACTORS

- Changes in real personal incomes.

- Changes in the relative cost of trips leisure in the domestic scene and abroad.

- Changes in the real c st holidays facilities relative to other tourist destinations. This may be caused by:
  * changes in exchange rates
  * different rates of inflation

NON-ECONOMIC FACTORS

- Rising or decreasing popularity of particular type of holiday or tourist destination, aused by changing taste, preference etc.

- Preference of trips abroad over domestic trips.

- Change in political and social conditions at tourist destinations.

- Change of physical/environmental conditions at tourist destinations viz: introduction of new or improved tourist infrastructures/facilities, overcrowding, pollution, tourist-host conflicts, crimes against tourists, unsocial behaviour of host etc.

- Effectiveness of tourism marketing and/or product/destination promotion.

- Favourable/adverse publicity of the tourist destinations through indirect channels viz: films, television documentaries, media coverage, etc.

- Changing awareness of prospective tourists about the destinations.

Source: Modified from Edwards A. (1987).

correlation between the sharp upswing (77%) in holiday trends between 1981-1985 and the sharp fall in relative prices (between the US and Europe) of 12% per annum during that time. Since 1986 the situation has reversed producing a persistent decline in tourist flow of 7% per annum. Holidaymakers from Canada to their main destination in Europe fell by 22% between 1979-1981 following a corresponding increase in relative prices (between the origin and destinations) between 1978-1980. However non-economic factors were found to be more important affecting severe flows of leisure trips from North America. Edwards has attributed the sharp decline in 1986 (40%) of US leisure travels to Southern Europe (notably Greece, Italy and Spain) to the perceived security risks of European destinations. Anxieties about the repercussions of the Chernobyl incidence and the bombimg of Libya by the US were the main causes (Williams & Shaw, 1988). Similar declining Canadian holiday trends to Ireland since 1979 were mainly caused by security problems. Although Edwards has cited social insecurity as the main non-economic cause, it is felt that other social and environmental issues such as congestion, pollution, health hazzards, quality of services are important - especially in the Mediterranean. Behavioural causes too cannot be disregarded. North American trips to Europe between 1985-1990 actually increased by 25%, but visits to the main European destinations (Britain, France, Germany, Italy and Switzerland) decreased. Since most of the tourists from North America were repeat visitors there is fair presumtion that they were visiting European countries other than their usual destinations (Elliott, 1991). Repeat visitors, according to Elliott are familiar with Europe and do not stay longer; spending two days less in 1990 than in 1985. He also stressed that experienced visitors were specialising in seeing a particular destination instead of visiting groups of countries; leading to a fall in the latter by 11% between 1985-1990. However this could be due to the effects of the economic recession.

Travels from Western Europe to North America declined by 3.2% annually between 1980-1985. This was mainly the result of the rise in the US dollar and rising tourist prices (relative to the European currencies and tourist prices). In that period tourist traffic from Europe to the Caribbean fell by 3.4% per annum, as the US dollar is tied to Carribbean currencies (Devas, 1989). The trends to other long haul destinations has persistenty increased. The strong European currencies has made leisure in these destinations relatively cheaper.

Between 1973-1976 the common cause for declines especially in long-haul destinations was the rising oil price which made air travel costier (Valenzuela, 1988; King, 1988). The above facts and figures have shown the general effects of the oil prices.

Other destinations are affected more by non-economic factors. The Philippines was the only destination in ASEAN that experienced declining tourist traffic between 1980-1987. The main cause was the continued political unrest since Mrs Acquino gained power. The history of other destinations (Sri Lanka, Yugoslavia, Portugal, Greece and the Carribean) confirms that political/social unrests can severely curtailed tourism (King, 1988; Leontidou, 1988; Lewis & Williams, 1988; EIU Country Reports). Other known adverse effects from social factors are the unwelcoming attitudes of the tourist receiving countries. These were the case in Malta and Jamaica at the end of the 1970s. It is happening in Gao, India (Elliott, 1991). Natural catastrophes such as earthquakes (Italy in 1980) can affect tourist flow drastically (King, 1988). These examples indicate the volatile nature of tourism as a source of national income.

2.4. QUALITIES OF GENERATING COUNTRIES AND TOURIST DESTINATIONS

Empirical evidence suggests that countries with good potentials for generating tourists bear the characterisitcs outlined in table 2.7. At the micro-level the inclination of individuals to travel abroad are associated with their affordability (that part of disposible income available for travel) and preferences to visit other countries. The motivations for the latter are many and varied (discussed above). Their choice of destinations is dependant on tourist prices abroad

TABLE 2.7: IMPORTANT CHARACTERISTICS OF STRONG TOURIST GENERATING COUNTRIES

FACTORS	ELEMENTS
Demography	1) High population: young and mobile; 2) Later marriages and childbearing; 3) Small family structure; 4) High urbanisation; 5) Long life expectancy 6) Healthy population
Socio-economy	1) Affluent societies with high purchasing power and disposible incomes; 2) Large sizes of population in employment; 3) High participation of women in workforce; 4) Large number of two income earners in households; 5) Availability of retirement schemes & other social benefits; 6) High proportions of educated population.
Economy	1) Strong economy (High GNP); 2) Strong currency; 3 High cost of domestic tourist prices relative to prices abroad.
Leisure time	1) Long paid holiday entitlement; 2) Short working week: less than 40 hour per week; 3) Several holidays coincides with Mondays or Fridays, thus legenthening weekends and giving opportunities for shorter holidays.
Travel trends and character-istics	1) Consistent high leisure and business trips abroad; 2) High proportions of multiple trips abroad; 3) Leisure and recreation activities are importantfroms of life styles; 4) Strong business links abroad.

Source: Compiled by author from personal research/observations, discussions with tourists and tour operators and the literature review (cited in the text).

(related to affordibility), their taste, life styles and stages in the life cycle. The latter are important. Families are likely to choose destinations that provides facilities for children as well as enjoyable facilites for adults. Young single people are likely to favour destinations that provide fun and opportunities to meet people of their own age. The elderly tend to look for restful and relaxing places. Culture also plays an important part. The Japanese are restless tourists (associated with their busy culture), hence look for destinations with plently to see and do (Pianzin 1986, a). The European's holiday culture seeks relaxation and enjoyment hence their main choice are destinations with leisure and resort facilities (Pianzin, 1986, b; Euromonitor, 1988). Here there are variations too. For example the British holidayers favour sunny and beach recreation so Spain's seaside resorts are popular; the wealthier British travels mainly to the USA, Northern Africa and the Caribbean (Devas, 1989). The Germans for instance like sightseeing and therefore their travels within Europe (Northern and Southern) are more widespread than the British (Pianzin, 1986; b).

At the broader scale, the factors influencing travel abroad are the interrelationships of the wealth of the country, socio-economic and demographic status, leisure time and tourist characteristics. Higher proportions of trips abroad are observed from countries with strong economy/currencies and where the domestic tourist prices are usually higher than those of other countries (Devas, 1989; Cleverdon & O'Brien, 1988; Edwards, 1987; 1985; Medlik, 1982). Affluent societies with relatively high disposible incomes and purchasing power are found in wealthy countries. Wealthier countries are also associated with larger workforce, higher proportions of women in the workforce, higher proportions of two income earners in the households, availability of retirement schemes and other social benefits and larger educated population hence broader bases in professional employment (higher income earners). These favourable socio-economic factors increase the ability of people to travel. The socio-economic factors are strengthened by the demographic factors. Affluent countries with high population, especially the urban sector, usually have greater proportion of trips abroad. Travel abroad is especially greater in regions comprising of several populated countries, such as Western Europe. Travel propensities are also influenced by demograhic characteristics such as later marriages and child bearing, small family units (more disposible incomes), long life expectancies and healthy population (affects mobility).

Table 2.8 suggests the important characterisitics of successful destinations. Accessibility is obviously important. Southern Europe commands greatest tourist flow because their beach resorts are very accessible for visitors from Western and Northern Europe (Devas, 1989). The success of some Asian destinations such as Bali in

TABLE 2.8: IMPORTANT CHARACTERISTICS OF MORE SUCCESSFUL TOURIST RECEIVING COUNTRIES

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1) High accessibility;

2) Attractive tourist infrastructures/facilities/services/physical (natural and man-made) and intangible resources (climate, culture, attitudes etc).

3) Stable political and social conditions;

4) Stable currency;

5) Low inflation;

6) Tourist costs are lesser than those in the tourist generating countries and similar destinations abroad.

7) Economy of tourist generating countries.

8) Hospitable and friendly population;

9) Safe for tourists (social security and heath risks);

10) Clean and lesser polluted/damaged environment.

11) Lesser crowded.

12) Favourable reports.

13) Effective marketing.

Source: Compiled mainly from personal research/observations and various sources cited in the text.

Indonesia, Singapore and Hong Kong is related to the increasing air accessibility from Australia, the US and Western Europe. South Korea's growing tourist trends are associated with its position at the crossroads between the east and the west; apart from direct air access to Japan, U.S.A. and Taiwan. Korea is thus well positioned to tap the markets with high tourist departure rates (Pianzin, 1985). Acessibility to the strong economies of tourist generating countries is particularly important for the success of tourist destinations in attracting visitors.

The importance of factors 2 to 11 in table 2.8 has already been touched above.

Negative press and media reports of tourist destinations could create bad images, hence the decline of tourism. Negative publicity of the Gran Canaria on German televisions has substantially affected its tourism (Elliott, 1991). Similar publicity of social and political strife in the Phillipines, Middle East and Southern Africa has made tourists shy away from these places.

Effective marketing efforts can bring tourists. Hawaii is reported to have revitalised its declining tourist flow by active marketing campaign (Farrell, 1982; Elliott, 1991). However marketing success is shortlived if the destinations' tourist attractions are weak. Dishonest marketing could be unfavourable to the destination in the long run, as repeat visitors will not be attracted.

2.5. SCALE OF DOMESTIC TOURISM

Broad estimates by the World tourism Organisation in 1970 put the scale of domestic tourism at between around two-thirds and three-quarters of all tourist trips. In

1980 the estimates was roughly 80%. Domestic tourism in many countries remains unrecorded, hence the figures may be underestimates (Medlik, 1982). Despite the defficiency there is plenty of evidence that the scale of domestic tourism is much larger than international tourism.

WTO's data (1988) shown in table 2.9 indicates that the volume of nights spent by domestic tourists exceeded those of international tourists in most countries. The proportions of nights spent by international tourists were higher than domestic tourists in poorer countries such as Cyprus, Greece, Morrocco and Turkey. Large proportions of tourist nights were likewise recorded in Portugal, Spain and Yugoslavia. This pattern also emerged in th other TWCs. In 1980 international tourist nights in Africa were 5% more than nights spent by the domestic tourists. In the Middle East domestic tourist nights were 40% of the total (Medlik, 1982). These countries or regions have been attractive holiday destinations for tourists from countries with stronger economies. The low purchasing power of people in poorer countries causes low tourist prices which makes international tourism more attractive. On the other hand higher household incomes creates mobility hence larger proportions of domestic tourism in the other countries.

2.6. SUMMARY

History has shown that the economic and social changes has

TABLE 2.9: PROPORTION OF NIGHTS SPENT BY DOMESTIC AND INTERNATIONAL TOURISM (1988)*

COUNTRY	PERCENTAGE SHARE OF DOMESTIC TOURISTS	PERCENTAGE SHARE OF INTERNATIONAL TOURISTS
EUROPE		
<u>Northern Europe</u>	70	30
Denmark	68	32
Finland	86	14
Norway	40	60
Sweden	78	22
United Kingdom	75	25
<u>Western Europe</u>		
Austria	31	69
Belgium	80	20
Luxembourg	73	27
Switzerland	70	30
West Germany	73	27
<u>Southern Europe</u>	56	44
Greece	29	71
Italy	78	22
Portugal	56	44
Spain	59	41
Yugoslavia	58	42
OTHERS		
Bulgaria	68	32
Czechoslovakia	77	27
East Germany	99	1
Hungary	50	50
Cyprus	17	83
Israel	80	20
Malaysia	73	27 (1989)
Morroco	34	66
Republic of Korea	91	9
Turkey	38	62

* Figures are rounded, expressed as percentages of total tourist nights spent.

Source: World Tourism Organisation, MARA Institute of Technology, Baty & Templeton (1991).

greatly affected the fortune of travel and tourism. Political, social and economic instabilities in the past have adversely affected it. Economic prosperity, by the positive effects on social income and time, has facilitated the growth of travel and tourism. Thus time has shown the irony of the industry: tourism is extremly vulnerable during unfavourable times but more resilient than other industries (evidenced by the quick recovery of tourist and spending volumes shown above). During favourable times growth has been strong. History too has revealed that tourism has not suddenly occured in modern society. It has appeared through time in different guises. Travel and tourism have undergone a process of evolution. The rapid transformation of technology has revolutionised the scale and organisation of tourism in recent times. Thus tourism has long existed, ebbed during difficult times, grown during times of prosperity and intensified with improvements in transit technology. It is an activity sought after by modern societies. Tourism is likely destined to stay if there are no drastic disturbances to the international social and economic order.

The following are likely directions for tourism: (1) Domestic tourism will remain to be larger than international tourism for most countries (except in attractive tourist destinations whose population have low participation in tourist activities). In times of worsening economic recession there are likely to be movements away from travels abroad, except for countries with high currency exchange rates and domestic tourist costs. Short-haul tourism (particularly in Europe) will be most affected since the majority of tourist participations are in the lower income groups; (2) Provided that the world's social and economic order does not change drastically, international tourism will remain steady. The protraction of the economic recession will lead to changes in tourist flows. Some international tourist destinations will decline. The most vulnerable are tourist destinations which have advese economic and non-economic factors (see table 2.7). Destinations which manage to avoid these problems and possess favourable competitive advantages (see table 2.8) are likely to grow; (3) Europe will continue to dominate international tourism but the structural changes suggested above are emerging and will continue with worsening economic condition; (4) Growing sophistication among the wealthier tourists will provide the impetus for long-haul destinations. Destinations that can enhance their tourist resources according to the needs of the tourists, preserve social stability and create economic advantages are likely to experience growth. Destinations failing to satisfy these factors will lose their competitive advantages; (5) Tourism is part of the culture of modern society and will remain even in economic recessions. In times of economic recession structural changes, suggested above, will most likely occur. During times of economic prosperity the prospects of tourism will be brighter.

3. IMPACTS OF TOURISM DEVELOPMENTS AND ACTIVITIES: A REVIEW OF THE LITERATURE AND PERSONAL ASSESSMENT

This chapter examines the positive and negative aspects of tourism activities and developments, drawing upon the work of other researchers and personal experience. Also the chapter seeks to identify areas of deficiency in tourism research, hence requiring further work.

3.1. THE IMPORTANCE OF ASSESSING THE IMPACTS OF TOURISM

The impact of tourism has only received serious research attention recently because: (1) the industry was previously regarded as secondary and unimportant; (2) prior to the 1970s there was a general optimism in the economic benefits accruing from tourism and lack of empirical evidence pointing to the contrary; (3) the physical or environmental effects, especially in the industrialised countries (ICs) were camouflaged by the imposing impacts of industrialisation and therefore not so apparent; and (4) tourism has long been regarded as a friendly industry with smokeless economic bases (Soo Ann, 1973); inoffensive, pleasing and intruding less against the economic and social interests of other societies (Richter, 1982) and enjoying a symbiotic relationship with the environment (Mathieson and Wall, 1982). The latter factor together with the a priori associations of economic prosperity with tourism (emanating from unqualified lessons from the ICs) has attracted the interests of the developing countries (DCs) and other third world countries (TWCs). Enthusiasm and lack of understanding has made the tourism industry vulnerable to human error (Hodgson, 1987). It was the glaring physical effects upon pristine and less damaged environments; the conspicious economic and socio-cultural effects brought by the sudden introduction of foreign ideas and values in less sophisticated societies that stimulated research interest in this area since the 1970s. Yet while researchers have been concerned especially on the various adverse socio-economic and social-cultural impacts of tourism developments and activities in the less developed world (Young, 1973; Bryden, 1973; Jafari, 1974; Turner & Ash, 1975; Cleverdon, 1979) these problems have not eluded the more developed nations either. As tourism is increasingly threatening the basic foundations (such as the attractiveness of natural and socio-cultural attributes) which tourism thrives on (Travis, 1982), as well as the general well being of human societies, it is important to examine the impacts of tourism so that appropriate mitigating prescriptions may be developed. Also the impact of tourism is controversial: some say it is harmless, while others allege that it is damaging the economies, environments and socio-cultural aspects of some society; hence the need for detailed research.

3.2. ECONOMIC EFFECTS OF TOURISM ACTIVITIES AND DEVELOPMENTS

Countries or regions seeking to develop the tourism industry are attracted by the following economic aspirations: (1) the opportunity to earn substantial foreign exchange and exogenous incomes; (2) the contribution of the industry to national and regional economic growth and (3) the creation of substantial employment. Previous research has shown that some countries or regions have to certain extent realised these benefits, but some have experienced the major costs of tourism as well. These economic effects can be examined under two broad headings: the macro and micro (local) issues.

3.2.1. MACRO-ECONOMIC ISSUES: FOREIGN EXCHANGE EARNINGS (FEE) AND BALANCE OF PAYMENTS (BOP)

At the international and national level inbound tourism[19] can attract FEE and improve the BOP situation. Tourists require local currencies to pay for goods and services they want at their destinations. These transactions are recorded as invisible revenues on the BOP accounts of the host countries. These invisible items can be estimated from bank transfers and tourist expenditure surveys. These methods are often crude and vary in quality between countries which limits the scope for reliable comparative analysis (Pearce, 1989).[20]

Different countries perceived FEE in various ways. For countries experiencing persistent and acute balance of trade deficits FEE from inbound tourism can help to alleviate the BOP problem. For countries with healthier BOP situations, FEE can contribute to the national economy and provide the means to import goods and services for economic development. In recent times countries such as Japan and South Korea have perceived tourism in another way: by encouraging outbound tourism[21] these countries are attempting to curtail their huge FEE and BOP surpluses to stabilise their strongly appreciating currencies. In earlier times the same countries has pursued contrary policies to restrain the outflow of monetary resources.

Another advantage seen in tourism is the relative ease of entry into the enterprise as the industry is less constrained by economic and political barriers such as protectionism policies. Considering this factor and the difficulties faced by many DCs and TWCs in developing their primary and manufacturing industries, tourism has been considered a possible alternative stimulus to economic development. Primary industries especially agriculture and mining have been highly susceptible to supply and demand related shocks such as weather extremes (English, 1986), buffer stock policies of importing countries and severe price fluctuations. Manufacturing has been inhibited by demand related factors under the guise of protectionism measures (Van Roy, 1985; English, 1986), the weakening of laissez-faire attitudes and other politico-socio-economic policies of the ICs. Worse still, prices in these sectors could fall simultaneously as witnessed in the 1984-1985 period. The resiliency of tourism volume and value trends indicated in chapter 2 suggest that the industry may be less inhibited by supply or demand elasticities. Past trends discussed in chapter 2 clearly suggest that tourism is sensitive to economic and social adversity but its recovery from adverse conditions is relatively quicker than the other economic sectors.

Little in depth research has been undertaken to illuminate the impact f international tourist earnings on the BOP situation at the global or regional level. However there are everal general and country specific studies that may be useful in interpreting the contribution of tourism to FEE.

As tourism is a service industry, international receipts from it are treated as service exports. There are several approaches to assess the contribution of the FEE. Several studies have sought to evaluate the contribution of international tourism to FEE by its size in the gross national exports earnings (English, 1986; EIU Country Reports, 1984-1988; Wyer et. al., 1988). Table 3.1 present figures for some selected countries. This shows that the importance of tourism as a generator of FEE varies greatly from country to country. Its significance is greater in major tourist receiving countries (viz:

Austria, Greece, Spain, Yugoslavia) and tourist dependent economies such as Barbados, Morocco, Peru and Seychelles. Its role in divesifying the economic base is important for the more developed economies such as Hong Kong, Singapore, Mexico and Thailand. Developed economies such as Japan, the US, UK and West Germany have much smaller contribution of tourism to their gross export earnings.

Tourism BOPs has also received some attention from researchers. The BOPs are usually measured by the difference of tourist receipts and expenditures.[22] Table 3.2 shows the tourism BOPs for the main regions of the world in 1987. The figures indicate that various regions of the world have different tourism balances. Table 3.3 presents the tourism BOP situations for a selection of countries. Europe has the largest surplus but within the region there are wide differences (table 3.2). There are surpluses in Southern Europe and to a lesser extend in Eastern Europe. Table 3.3 reveals that the largest surpluses were mainly contributed by Spain, Italy, France and Greece. The large tourism deficits, notably that of Western Europe, were from Germany and the Nertherlands. Other countries such as Sweden, Switzerland and the United Kingdom have smaller deficits. Other ICs such as Canada and the United States were also in deficit. Over time countries with stronger economies and currencies (particulary Northern and Western Europe and Canada/USA) have consistently shown tourism deficits (OECD, WTO and IMF data). Their stronger economies and currencies have

TABLE 3.1: CONTRIBUTION OF INTERNATIONAL TOURISM TO GROSS EXPORT EARNINGS

COUNTRY	YEAR	PERCENTAGE OF EXPORTS RECEIPTS
INDUSTRIALISED COUNTRIES		
Australia	1986	6
Austria	1985	24
Canada	1987	4
Greece	1984	18
Italy	1984	8
Japan	1987	1
Spain	1987	26
Switzerland	1987	9
United Kingdom	1984	4
United States	1987	5
West Germany	1987	2
DEVELOPING COUNTRIES		
Hong Kong	1985	11
Singapore	1985	16
Taiwan	1984	3
Thailand	1987	14
Mexico	1986	20
Yugoslavia	1987	35
THIRD WORLD		
Barbados	1986	42
Costa Rica	1985	13
Jaimaca	1985	17
Kenya	1987	21
Mauritius	1985	20
Morocco	1986	32
Peru	1986	62
Seychelles	1985	57
Sri Lanka	1986	10
Tunisia	1986	23

Source: E.I.U. Country Reports (1984-1986);
Witt, Brooke & Buckley (1991).

TABLE 3.2: BALANCE OF TOURISM TRANSACTIONS IN REGIONS OF THE WORLD (1987)

REGION	RECEIPTS (US$ m.)	EXPENDITURES (US$ m.)	BALANCE (US$ m.)
AFRICA	3,619	2,640	979
Eastern Africa	700	257	443
Middle Africa	82	440	-358
Northern Africa	1,811	695	1,116
Southern Africa	665	880	-215
Western Africa	361	368	-7
AMERICAS	33,329	34,679	-1,350
North America	19,313	26,625	-7,312
Central America	4,014	2,654	1,360
South America	3,875	4,119	-244
The Caribbean	6,127	1,281	4,846
ASIA*	26,619	25,038	1,581
East Asia & the Pacific	19,190	18,382	808
South Asia	1,857	1,088	769
Middle East	5,572	5,568	4
EUROPE	95,147	85,495	9,652
Eastern Europe	2,156	943	1,213
Northern Europe	17,413	24,080	-6,667
Southern Europe	35,712	8,202	27,510
Western Europe	38,519	51,272	-12,753

* Includes main regions of Asia only.

Source: Witt, Brooke & Buckley, 1991 (using WTO's 1989 data).

TABLE 3.3: TOURISM BALANCE IN SELECTED COUNTRIES (1987)

COUNTRY	RECEIPTS (US$ m.)	EXPENDITURE (US$ m.)	BALANCE (US$ m.)
INDUSTRALISED COUNTRIES			
Australia	1,789	2,351	-562
Canada	3,390	5,840	-1,901
Denmark	2,219	2,860	-906
France	12,008	8,618	3,390
Greece	2,192	507	1,685
Italy	12,174	4,536	7,638
Nertherlands	2,666	6,362	-3,695
Spain	14,760	1,938	12,882
Sweden	2,033	3,781	-1,748
Switzerland	2,033	3,718	-1,748
United Kingdom	10,229	11,898	-1,669
United States	15,374	20,785	-5,411
West Germany	7,716	23,551	-15,835
DEVELOPING COUNTRIES			
Brazil	1,502	1,249	253
Mexico	3,497	2,361	1,136
Malaysia	717	1,272	-555
Singapore	2,216	791	1,425
Thailand	1,947	381	1,566
THIRD WORLD			
Bahamas	1,174	152	1,022
Barbados	379	29	350
Egypt	1,586	52	1,534
Jordan	580	445	135
Kenya	344	21	323
Mauritius	138	51	87
Morroco	1,000	100	900
Nigeria	78	38	40
Tunisia	672	94	578

Source: Reconstruced from Witt, Brooke & Buckley, 1991; (Original source: WTO's 1989 data).

allowed higher tourist departure rates from their residents. Countries with persistent tourism deficits such as Germany, Canada, the United States and United Kingdom usually have higher relative tourist costs, hence dicouraging visitors especially from countries with weaker economies and currencies. These conditions have contributed to the excess of outbound (relative to inbound) tourism. Countries with lower exchange rates but attractive tourist resources such as Spain usually enjoy consistent surpluses in their tourist BOPs. This has allowed many DCs and TWCs to experience tourism BOP surpluses (see table 3.2). Exceptions such as the deficits of Malaysia are caused mainly by the country's higher exchange rates relative to her neighbours such as Thailand, Indonesia and the Phillipines.

The validity of tourism as a mean to improve FEE and BOP will depend on the scale of tourism leakages - the higher it is, the weaker is its legitimacy. Leakages occur in various ways. Sometimes countries with respectable FEE from tourism such as Canada and Germany, exhibit consistent negative net tourism earnings because of the extent of outbound tourism (EIU Country reports, 1986; 1987).

Many studies have gauged tourism FEE leakages by the scale of the outflow from gross tourism earnings; the position for a range of countries is shown in table 3.4. The findings of Perez (1973), Lui and Var (1983), Britton

TABLE 3.4: LEAKAGES FROM GROSS TOURISM EARNINGS

REGION	YEAR	LEAKAGE (%)
SMALL ISLAND ECONOMIES (TOURIST DEPENDENT)		
CARIBBEAN		
Antigua	1980	60
Aruba	1977	60
Bahamas	1977	73
Bermuda	1978	67
St. Lucia	1978	45
U.S. Virgin Islands	1979	43
PACIFIC ISLANDS		
Cook Island	1979	50
Fiji	1979	56
THIRD WORLD		
AFRICA		
Gambia	1987	90
Tanzania	1987	60
ASIA		
Nepal	1979	47
Sri Lanka	1983	27
DEVELOPING COUNTRY		
Hong Kong	1983	41
Malaysia	1982	16
Philippines	1983	11
South Korea	1983	20

Source: Archer (1979), Britton (1979), Cater (1987), English (1986), Mcelroy & Tinsley (1979), Spinrad (1978, 1980).

(1987 a,b), Fletcher and Snee (1989) on the Caribbean and Pacific Islands have reported that lesser developed peripheral regions whose economies are basically tourism orientated and open tend to experience higher leakages due to a multiplicity of factors. It has been highlighted that small island societies lacking resources have found it necessary to import substantial amount of capital, consumer goods and services to provide tourist infrastructure, facilities and amenities. These problems were also found in poor countries of Africa and Asia (Green, 1979; Wilson, 1979; Wyer et. al., 1988). A large proportion of tourist consumption imports were expended to supplv the gastronomic requirements (Belisle, 1984; Wilson, 1979; Wyer et. al., 1988). Compounding the pr blem has been the loss of agricultural land, fishing grounds and labour to satisfy the competitive demand of the tourism sector (Bryden, 1973; Wilson, 1979). This problem has not been confined to the TWCs but the more developed economies of some European countries have experienced similar situations (Valenzuela, 1988). Ironically it appears that the very development chosen (especially the poor countries) to be the solution to their economic problems excacerbates poverty, as tourism displaces their basic liveihood: fishery and agriculture. Poor economies are not only restricted by material shortages but cannot supply the quality and quantity of labour required by the tourism industry. They must employ expatriate labour to sustain the operations of tourist facilities and services (Sadler & Archer, 1974; Cleverdon, 1979; Asher, 1985; Wyer et. al., 1988). It is apparent that the inability of many DCs and TWCs to provide the required inputs is the overiding factor that contributes to high leakages. There is truth that dependent economies have higher tourism import contents than more sophisticated economies, as the former are less able to provide the local inputs; thus the pattern of leakages exhibited in table 3.4.

In trying to establish competitive advantages and attract tourists quickly many DCs and TWCs are subdued into accepting standard marketing practices of being able to display sophisticated tourist facilities alongside their natural and other man-made attractions. This makes development process a prerequisite for the lesser developed regions. Due to their severe capital constraints and eagerness to improve economic conditions quickly many of the DCs and TWCs resort to attracting foreign investors, particulary the transnational tourist corporations (TTCs). These strategies do not always have the desired FEE effects as they can cause massive invisible payments in the form of: remittances of TTCs' profits and expatriate remunerations; overseas service payments comprising of interests, commissions, managements fees, royalties etc; debt sinking payments and cost of training personnel abroad (Mathieson and Wall, 1982; Pearce, 1989).

Ascher (1985) has argued that TTCs can limit TWCs' capacity to earn foreign exchange. International tour operators' superior financial, organisational and marketing prowness can transform these competitive advantages to subdue the TWCs to lower the prices of their tourism products. They can choose to provide marketing services to tourist destinations that accepted their prices and withdraw services to countries which resist, the latter has happened to Morocco and Tunisia (Ascher, 1985; English, 1986). Examples are numerous: pressure has been applied to the Indian, Jordanian and Tanzanian Governments to lower their domestic airfares and hotel prices, visa and park entrance fees etc. (Wyer et. al., 1988). Hotels and airlines can also exert considerable influences. English (1986) commented that international airlines can choose to keep low profiles on third world routes during recessionary periods. It is also observed that foreign airlines operating under seating capacity constraints at boom times will prefer to divert their attention to the more established core routes at the expense of less known destinations, even though the services may be profitable. For TWCs without their own airlines the situation poses difficulties as the marketing and accessibility of their tourist facilities depends on foreign airlines (Britton, 1987). Whereas smaller airlines of the DCs and TWCs are subjected to unfair pricing practices such as collective agreements by the major airlines and large price undercutting (Ascher, 1985). The priorities of international owned hotels to accumulate profit speedily and extricating it from the domestic economy for investments elsewhere in their overseas chain and predilections to import (even where local supplies are available) have accentuated exchange leakages. In minimising risks transnational hotels seldom invest substantial amounts of their own capital in the TWCs but seek local fundings from government and private sources. Locally owned hotels under international chain management exhibit the peculairities of consistently registering losses despite being run under sound management principles and long business operations (Lea, 1988). Their profitability is undermined by excessive management and franchising fees, service agreements and various licencing charges.

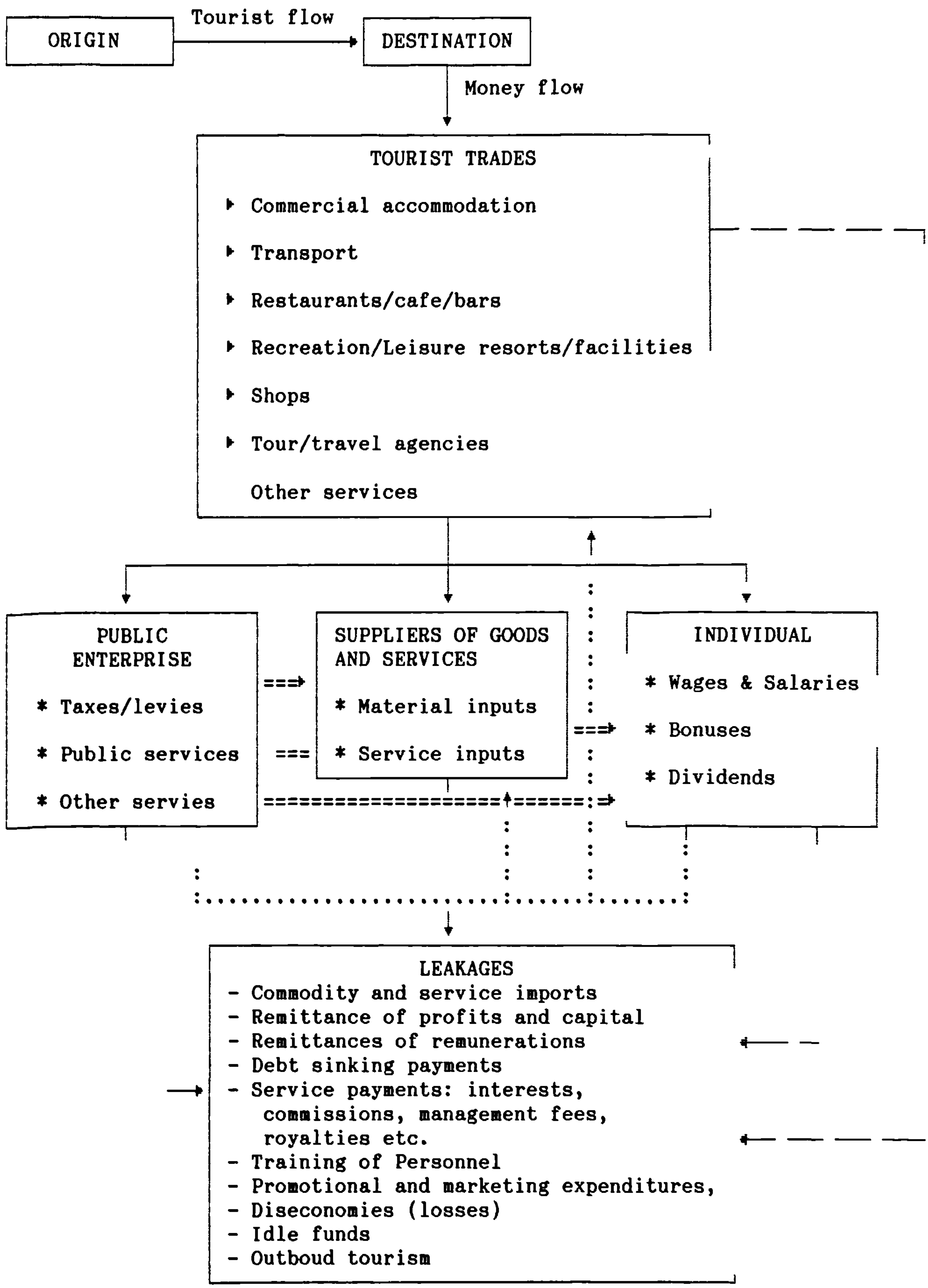
Socio-cultural aspects referred to as the demonstration effects (elaborated later) have been known to accelerate exchange leakages (Wilson, 1979). This is manifested by increased importation of consumer goods (such as jeans, spectacles, liquior etc.) induced by the acculturation of tourist lifestyles, consumption pattern and behaviour.

While it is acknowledged that leakage problems deserve serious attention, it is possible that researchers have overreacted to the issue, and not thought through the longer term benefits. It could be that exchange leakages are inevitable initially in underdeveloped countries but diminish over time. South Korea has had a development strategy that required massive capital and commodities imports which critics described as suicidal because of the financial leakages. The Koreans accepted that capital leakages were inevitable initially but viewed their actions as an investment strategy that would be rewarded in the long run. Through time it appeared that this unconventional strategy worked advantageously. This issue require further research (personal experience).

3.2.2. LOCALISED ISSUES: EFFECTS OF TOURISM RECEIPTS ON THE DOMESTIC ECONOMY

Net international tourism receipts appear as FEEs in the national economy; they also reflect tourist spending in the domestic economy and are depicted as money flows in figure 3.1. At their destinations tourists make direct payments for the consumption of goods and services (see range of spending items in figure 3.1). This spending becomes the incomes of tourist trades, hence constitute the pr'mary or direct tourism impact on the domestic/local economy. However the tourist trades require material and ervice inputs to run their businesses. They have to pay for commodities and services to the suppliers; wages, salaries and bonuses to labour, dividends to shareholders and pay for taxes, levies and public services. Figure 3.1 shows these payments as direct money flows since the transactions emanate from the orginal tourists spending. Investment by the tourist trades follow similar processes, since payments are made to suppliers, public services and other actors. The tourist trades also pay for transactions overseas and outside the region (see range of

FIGURE 3.1: COMPONENTS OF TOURISTS SPENDING, LEAKAGES AND MONEY FLOWS



LEGEND: Direct money flow ...... Induced money flow

====== Indirect money flow — — Leakages (money flowing out of the economy)

Source: Personal construction.

leakages in figure 3.1).

Payments by the tourist trades to local enterprises reappear as the incomes of suppliers of goods and services, public enterprises and individuals. These incomes at some times are expended by the private and public sectors (indirect spending) and individuals (induced spending) for various purchases, investments or services. Suppliers in the private sector have to pay for public services, taxes and levies. The public sector pays for goods and services procured from the private sector. Hence the inter-flow of indirect payments between them shown in figure 3.1. Individual earnings from the tourist trades are spent to fufil their particular needs. Some of it goes to local business for the purchase of goods and services, some of it goes to the public sector through taxes, levies and payments for public services and some of it goes back to the tourist trades for recreation and leisure consumption. These individual spending are depicted as the induced money flow in fogure 3.1. These secondary (indirect) and induced spending become the bases of other businesses, public enterprises or individuals incomes. If there are no leakages these incomes would recirculate in the domestic economy becoming successive rounds of income and spending. Each round of income and spending enhances domestic consumption and triggers further spendings or investments. Thus supply and demand related factors progressively transpire, contributing to successive economic growth (knock on or spin-off effects), if the initial, indirect and induced economic activities prosper and expand. The scale of prosperity will depend, inter alia, on the degree of interlinkage of the tourist trades to the other sectors of the economy; the propensity of residents to spend on locally produced goods and services; and the velocity of circulation of the tourist spending. However in reality it is not possible to sustain the initial injection of tourist spending as foreign exchange leakages and diseconomies exist at various levels of spending (see figure 3.1). This cycle of spending and income also applies to the regional level and leakages take the form of regional outflows of capital. Assessing the direct, indirect and induced effects of tourist spending is difficult and will be discussed later.

3.2.3. ISSUES RELATING TO NATIONAL AND REGIONAL DEVELOPMENT

Revenues from tourist spending accrue to local businesses which in turn contribute to local incomes. These monies permeate through the economy stimulating growth within industries and sectors via the multiplier process. The diversity of the tourist industry means that it creates wide ranging opportunities for linked development across sectors, offering great potential as a stimulus for development and source of employment and income.

Issues of tourism development have not been thoroughly researched but some ideas and concepts have been propagated. At the macro-scale tourism has been said to reduce global and regional disparities through the expenditures of tourists from rich to poor countries (English, 1986) or from higher income metropolitan visitors to poorer peripherical areas (Pearce, 1989). At the more micro-level tourism has been viewed as assisting in the economic development of deprived areas, where the only possibility of achieving economic development may be through capitalising on its resources - scenic or natural beauty; unsploit environment and rustic attributes; unique cultural, ethnic and vernacular identities; exotic flora and fauna and so on. Development aspects imply national or regional economic betterment and the associated positive social spin-offs throuh the income effects. Since the ascribed development advantages of tourism hinges on the other factors already discussed above (viz: the magnitude of tourists spending, its distribution in the local economy and associated leakages and nature of employment in the tourist trades) the issue is still the subject of debate.

Evidence on the regional development impact of tourism has not been conclusive. In Scotland, Duffield and Long (1981) showed that the only impetus to rural development stemmed from the areas' tourist resources in the form of unspoilt landscapes and unique local culture. Similarly tourism presents the only opportunity for economic growth im many TWCs that are lacking in exportable resources

(Bryden, 1973; Cleverdon, 1979). But the effects of tourism development are uncertain. Allock (1986) asserted that although the effects of tourism income has sparkle some economic growth in isolated mountain regions of Yugoslavia, the economies remain weak since the forces are not perpetuated by endogenous factors. The dependency of tourist facilities on exogenous factors, mainly tourist volumes, scale of their spending and imports of external resources; delimits the potential of tourism as a strategy for economic and regional development. Also the redistributive effects of tourism are unclear. Evidence suggests that while several backward areas in India have benefited from tourism the main impact is felt in large metropolitan areas (Pavaskar, 1982). In the United Kingdom the major concerntration of tourist spending goes to large cities, particularly London (EIU Country report, 1987). Italy has had some success in developing the remote northern sections of the country as skiing resorts, although highly seasonal, but their effort in the southern portions of the country has so far failed to catapult regional growth (Leontidou, 1988). Evidence strongly suggests that economies of scale have led to the spatial concerntration of tourist developments in accessible areas (King, 1988; Leontidou, 1988; Lewis & Williams, 1988; Tuppen, 1988). Development in remote areas has been shown to be more difficult though not without favourable evidence. Spain has successfully developed some of their islands (Valenzeula, 1988). Some rural tourism have been thriving in other parts of the world (Frater, 1982).

Hence, tourism as a regional economic strategy is not one that can be adopted freely as the success of regional destinations depends on their ability to attract tourist spending sizeable enough to sustain tourist facilities; retain these incomes and to avoid the pitfalls of tourist developments (elaborated elsewhere). This involves several interdependent factors: among them are the attractiveness, marketability, competitiveness and relative location of destinations, and stages of development of their tourism industry. More detailed analyses are required if we are to understand the complicated economic issues surrounding tourism.

3.2.4. TOURISM EMPLOYMENT ISSUES

The employment potential of tourism is usually considered to be one of its important contributions to the economy. Tourism is generally regarded as a highly labour intensive industry. With widespread unemployment in many developed and lesser developed countries caused by varying economic circumstances, tourism is seen as a solution.

The novelty of the tourism industry lies in its wide employment base and there are fewer barrier to entry for employment. Greater numbers of people can partake in the industry provided there are willing to serve the tourists, possess fine personal and hospitable attributes, the ability to communicate and please the clients and cope with the demanding tasks (Pianzin, 1988). At one end of the sprectum of service related jobs are waiters and waitresses, bartenders, chauffers, entertainers, caterers and so on. Specialist jobs are available as meeting and convention organisers, tour guides, sales personnel, managers and suchlikes. Equally there is vast scopes for self-employment viz: taxi drivers, craftmen, artists, photographers and so on. In reality careers within the tourism arena have no clear-cut boundaries since the sector has many interlinkages than any other economic activities. It is possible for participants engaged in other sectors, say agriculture, fishing or construction activities, to produce outputs that will eventually be connected to tourism activities; and in many instances they may not be even aware of it. The perception of tourism as an amalgam of activities with diffused intersectoral linkages, labour intensive and an arena of enormous employment opportunities generates policy-makers enthusiasm for the industry as a focus for economic and regional growth.

There is much conflicting evidence and opinion concerning tourism employment. For example, Wyer et. al. (1988), using statistics published by the International Labour Organisation, placed direct employment (hotel and restaurant trades) in India to be less than half a million in 1984. A review of that country by the EIU estimated total tourism employment to be around 4.5 million for the same year. Disparate as the data and analyses may be, there exist several sources that may highlight the characteristics of tourism employment. The importance of direct tourism employment has been particularly potrayed in tourism dependent economies where agricultural is poor and profound scarcity of resources has inhibited industrial and other economic activities. The lack of opportunities in other sectors due to the resources constraint has skewed employment to a singular industry (Seward & Spinrad, 1982). Hence in the Caribbean and Pacific tourism dependent island, employment absorbs between 30%-75% of the total workforce (McElroy & Tinsley, 1982; Seward & Spinard, 1982; English, 1986). In more sophisticated economies tourism employment opportunities appeared to be greater in destinations that can attract and sustain higher income tourists and larger magnitude of tourist spending, has larger and relatively maturer tourism economies and good international accessibility.

Indications suggest that in relatively simple economies direct tourism employment has more profound effects because of the narrow economic base. More sophisticated economies have wider economic base hence more secondary employment, especially when the tourism industry has attained some level of maturity and interlinkages with the other sectors of the economy.

Like tourism earnings (see discussion in the previous section) the employment issue may be complicated by several endogenous and exogenous factors. These factors (economic and non-economic) has been discussed in chapter

2. Enmeshed in complexity it is not suprising that the literatures on this subject has revealed controversies. Much of the controversies revolve around the factors summarised in table 3.5.

Considering the labour-capital debate: data from Australia and the United Kingdom appeared to support the labour intensive qualities of tourism employment (Cooper & Pigram, 1979, 1984; Duffield & Long, 1984; BTA, 1983; ETB, 1985); but not so in Barbados, Kenya and Tanzania where the employment-capital ratios were influenced by development emphasis on luxury hotels (Elkan, 1985; Archer & Davies, 1984). Where development policy has preferred capital intensive acitvities there is bound to have high cost of labour generation. Hence labour intensiveness (so is the cost of creating labour) is not an inherent quality of tourism but subject to development approaches. Besides, circumstances within the tourism industry may change, thereby affecting the ratio between labour and capital. For example, tourism labour productivity in the United Kingdom has been reported to be improving substantially over time (ETB, 1985; Baty & Templeton, 1991); but in Puerto Rico it has declined considerably over a seven year period (Ruiz, 1985). This suggest that research should have examine the broader impact exerted by socio-eco-political forces, as well as examine the quality of tourism as a creator of employment.

Criticism have described employment as highly seasonal,

TABLE 3.5: CONTROVERSIES SURROUNDING TOURISM EMPLOYMENT

<u>FAVOURABLE FACTORS</u>	<u>UNFAVOURABLE FACTORS</u>
LABOUR INTENSIVE * Mainly budget type development	CAPITAL INTENSIVE * Mainly luxury type development
LOW COST OF LABOUR GENERATION * Low wage structure consequent of socio-economic forces * Low development cost	HIGH COST OF LABOUR GENERATION * High wage structure consequent of socio-economic forces * High development cost
HIGH LABOUR PRODUCTIVITY * Favourable socio-economic forces	LOW LABOUR PRODUCTVITY * Unfavourable socio-economic forces
LOW SEASONALITY * Steady tourist flow resulting from: - Wider tourist markets - Minimal climatic changes - Strong marketing effects	HIGH SEASONALITY * Fluctuating tourist flow resulting from: - Narrow market - High climatic changes - Weak marketing effects
HIGH PAYING STATUS JOBS OF SKILLED QUALITIES * Favourable socio-economic forces	LOW PAYING MENIAL JOBS OF SKILLED QUALITIES * Unfavourable socio-economic forces
BALANCED EMPLOYMENT OPPORTUNITIES: MALE vs FEMALE LOCAL vs EXPATRIATES * Favourable cultural influences * Availability of labour * Wider choice of employment available	SKEWED TOWARDS ONE PARTICULAR SEX OR EXPATRIATE * Unfavourable cultural influences * unavailability of labour * Aversion of males to domestic labour

Source: Constructed by the author from field observations/ work experiences/research and the literature review.

predominated by low paying menial jobs with unskilled attributes, skewed towards female and part-time labour, offering employment opportunities to skilled expatriates and encouraging social deviancy such as prostitutions. Controversies surfaced again because conflicting evidence was uncovered. While studies in Australia, Greece, the Caribbean, Tunisia, parts of Africa and Asia, United Kingdom and Yugoslavia have supported these aspects (see Bryden, 1973; Green, 1979; Neumann, 1979; Samaoui, 1979; Rosma, 1981;; BTA, 1982; Cooper & Pigram, 1984; Duffield & Long, 1984; ETB, 1985; Papadopoulus & Mirza, 1985; Allcock, 1986; Crush & Wellings, 1987); other findings has reported the contrary (see Spartidis, 1976; Pye & Lin, 1982; Seward and Spinard, 1982; Van Houts, 1983; Iklan, 1985; Lever, 1987). Again the narrow approach of most of the studies (establishing causal relationships between very few factors) has ignore many pertinent issues such as those discussed below.

There are issues that are not as straightforward as expressed in the literatures and deserve more serious attention. For instance, low paying menial jobs may be distasteful to sophisticated societies accustomed to higher status and higher paying jobs, but more acceptable to societies that have limited employment opportunities. Relevant questions have to be asked: What is so demeaning about blue collar jobs in the tourism sector as compared to other sectors? Are lower status jobs within the agricultural, mining, construction, manufacturing and service sectors more superior than tourism? What are the alternatives for people with low education and few technical skills? In some DCs and TWCs the younger generation prefer such jobs over the tedious manual agricultural, construction and manufacturing jobs (personal experience). Are these preferences also true for more developed economies?

It is true that the tourist trades (especially hotels) employs a high proportion of female labour in some countries. Could this be related to the appropriateness of women to the domestic nature of the job? Could it be that women are looking for jobs suitable to their skills? Could it be perhaps the aversion of men to domestic related work? Could it be that employers prefer women because they perceive them more suitable for domestic positions? In some cases the predominace of one sex has cultural connotations. In some muslim countries males dominated the tourism industry because of the cultural barrier of females to employment (Van Houts, 1983). The wider issues posed by the above have not been adequately researched.

It is also true that tourism involves a high proportion of part-time and temporary employment in many countries, particularly in peak seasons. Also some wider issues have to be asked. Are the other industries less affected by seasonality? Other issues may also be important. Part-time work may sometimes be preferred by women in particular life cycle or by men who prefer to supplement their incomes. In some cases it has been found that part-time jobs served as a complementary sector as it absorbed redundant labour affected by seasonality (English, 1986). It is not adequate to link tourism to types of works, but the wider social issues deserve further investigation.

Linkages of the tourism industry to the other economic sectors may be weak as found in the Caribbean and Pacific islands (Seward, Shirley & Spinard, 1982; Wryer et. al., 1988; Archer, 1989). However without the tourism industry indirect and induced employment effects would not be possible in Kenya and Tanzania (Elkan, 1985), the craft industry in Indonesia and retailing in Hong Kong, Singapore and Thailand (personal observation). In some countries tourism inter-industry linkages are weak and in some these are stronger. Some causal suggestions have been discussed previously. Are these the only causes? Can policy influence the causal factors?

Tourism is blamed for the growth of social deviance such as prostitution, begging and crime (English, 1986; Wyer et. al., 1988; Richter, 1989). Is tourism the main cause of these social problems? Are these problems less severe in countries which do not promote tourism? Do poverty and income issues have any role to play? Are these problems particular in the TWCs? How are the problems compared to the wealthier countries? Can the cessation of tourism alleviate the social deviance?

Tourism employment research has been narrow and piecemeal. There are many important issues left out. There is a need for further research.

3.2.5. METHOD OF ASSESSING THE ECONOMIC IMPACTS OF TOURISM

Ideally tourist receipt accruing to national or regional economy can be more accurately covered by a census on tourist spending. Such complete survey is expensive and difficult to implement, especially in areas with large tourist volumes and many entry points. Furthermore this kind of survey can only be undertaken by governments or regional organisations. In the absence of such statistics in most countries, sample surveys have often been used by researchers to estimate tourist spending. Fretching (1987) discussed four types of questionnaire based surveys, namely: entry, site, exit and household surveys. Entry surveys, undertaken at points where tourists enter destinations, maybe useful in estimating how much incoming tourists intend to spend. These are predictive indicators at best, rather than precise estimates. As such it is a less preferred method of estimating tourist spendings as it does not relate to actual tourist expenditures at destinations. The second method is visitor expenditure survey undertaken at tourist sites (viz: resorts, accommodation and other recreational sites). In such cases tourists will be able to recount their actual spendings, although possibly only partially as many of them would not have completed their stays. Nevertheless these data can provide patterns of tourist spending. However the major limitations of this method relates to distributional bias. Generally shorter staying visitors are more numerous than long stayers; thus the probability of interviewing the former is greater than the latter type of visitors. It is then possible that data collected by this method would be less representative and could distort the results (Archer & Shea, 1974). Contrasting the exit expenditure surveys administer questionnaires at departure points. This will permit tourists to account for their overall spending experiences and minimise the kind of sampling bias mentioned above. This method is more preferable since it provides a better base for estimating tourist spending. However this method would be cumbersome to execute in countries or regions having many exits that cannot be easily identified. Household expenditure surveys can be used for domestic or inter/intra regional tourist expenditures; however their utility as bases for gathering information from international tourism are perhaps rather restrictive. Whereas the quality of the data generated by entry surveys is marred by the assumption that visitors intended spendings will be representative of their final spending; the others are affected by recall bias of the respondents. It affect household surveys more as the time lag between the respondents' act of spending and interviews are greater than as in the case of site or exit surveys. Sometimes participants of packaged tours, business conventions, travels associated with business incentive rewards, and such-like are not able to provide all of their expenditures as some of the payments are made on their behalf by the organisors or sponsors (Fretching, 1987). Other pitfalls often associated with survey method are design related flaws, lack of interviewing competency, sampling errors, and inaccuracy of responses to questionnaires (Elkin & Roberts, 1987).

Direct tourist receipt are usually estimated by the survey methods discussed above. The indirect and induced change propelled by tourism on the national or regional economy constitute the secondary effects; these may be estimated from secondary data, through the survey of the tourist trades and multiplier techniques (Archer, 1973 a,b, 1977; Smith, 1989). Secondary data if available is convenient and cheap, although restricts analysis to an aggregate level. Estimations from the surveys of the tourist trades are cumbersome, time consuming and expensive; offering snap-shot analyses. Taking the ratio of the sum of the direct and secondary effects (type 1) or direct, secondary and induced effects (type 2) to the sum of the direct effects by itself Archer & Owen (1971) devised a method, known as the multiplier, of measuring the vigour of the secondary effects (for a more rigourous treatment of the multiplier see Archer, 1973, 1977, 1982; Cleverdon, 1979; MaCann, 1983; Fretchting, 1987; Milne, 1987). This method has been subsequently refined by Henderson and Cousins (1975). The multiplier refers to the magnitude of the impact of receipt from tourist spending upon the income of residents in the affected area consequent of direct, indirect and/or induced economic activities. Thus a unit of currency of tourist spending may be interpreted as adding some degrees of added income to the local residents of an area. Multipliers are usually derived from ad hoc, economic base and input-output models. These are rigourous tools useful for estimating the secondary and induced effects. Despite its strength to quantify these effects, caution should be exercised regarding the following limitations: (a) these techniques require precise data, more so with the input-output analysis; (b) except for the input-output method the others cannot deal with inter-industry relationships and cross sectors implications of income generation; (c) the economic base model is essentially devised as a national model and is less efficient in estimating regional effects; (d) the requirements of an inter-industry or cross sectors matrices makes the application of the input-output model very demanding and up to date data may not be available in many countries; (e) the multiplier models are designed to measure the aggregate income effects upon a region. A multiplier model that is able to differentiate between regional income effects and local income effects has yet to be designed; (f) The multiplier models assume a stable and static economy with unemployed resources available to meet demand. This limitations undermines reality in two ways: firstly, resource constraints are common in the less endowed countries or regions and secondly the modern practice of tourism development is frequently accompanied by large overseas borrowing or sudden inflow of capital from other regions. The multiplier model cannot cope with these large and sudden changes; and (g) Multiplier analyses are open to manipulation and abuse or may be misapplied (Levitt & Gulati, 1970; Bryden & Faber, 1971; Archer, 1973).

Several tourism income impact studies has been carried out and some of the results are summarised in table 3.6. Income multiplier values vary between countries and regions. However there are notable consistencies, especially those exhibited by regions of the United Kingdom. These smaller income multipliers have been attributed to the narrower economic base hence a limited range of economic activities and lesser business transactions between them. The smallness of the economies also meant that productions are limited and not adequate to meet the needs of the local communities. Hence most of the consumption requirements have to be imported into the region and high leakages from it would produce the small income multipliers. Regions in the United States has higher income multiplier values than those in the United Kingdom because the degree of trade with the rest of the country were stronger (Archer, 1982). Archer (1982) also reported that the higher value income multipliers were associated with strong tourism linkages with agricultural

TABLE 3.6: NATIONAL AND REGIONAL TOURISM IMCOME MULTIPLIERS

COUNTRY/REGION	INCOME MULTIPLIER
ISLAND ECONOMIES	
Antigua	0.9
Bahamas	0.8
Bermuda	1.1
British Virgin Islands	0.6
Cayman Islands	0.7
Cyprus	1.1
Dominica	1.2
Fiji	0.7
Gibraltar	0.6
Hawaii	0.9-1.0
Indian Ocean Islands	0.9-1.3
Iceland	0.6
Jamaica	1.3
Mauritius	0.9
DEVELOPING AND THIRD WORLD COUNTRIES	
Egypt	1.2
Hong Kong	1.0
Turkey	2.0
DEVELOPED ECONOMIES	
Irish Republic	1.7
United Kingdom	1.7
U.K. REGIONS	
Appleby	0.2
Brighton and Hove	0.2
Bournemouth, Dorset	0.2
Calisle	0.4
Cumbria	0.4
Endinburgh, Scotland	0.3
East Anglia	0.3
Great Yarmouth	0.3
Greater, Tayside	0.3
Gwedd, North Wales	0.4
Isle of Skye	0.3-0.4
Kendal, Cumbria	0.3
Lothian Region	0.3
Winchester, Hampshire	0.2
U.S. REGIONS	
Door Coutry	0.5
Grand County, Colorado	0.6
Missouri	0.9
Sullivan County, PA	0.4
Southwestern Wyoming	0.4-0.5
Walworth County, Winconsin	0.8

Note: Figures are rounded.
Source: Rearranged from Rearce (1989), Witt, Brooke & Buckly (1991); original source - Archer (1982); Fletcher & Snee (1989).

(Dominica) or manufacturing activities (Hong Kong). In the Bahamas and Bermuda the higher values were attributed to the higher value added by tourism activities. Income multipliers in excess of unity were found to have larger economic base, stronger sectoral linkages and higher value added by tourism activities (see table 3.6). Lower income multipliers values such as in the Cayman and British Virgin Islands were reported to be the result of weak intersectoral linkages and high leakages. It appeared that the magnitude of the tourism income multipliers depends on the size and nature of the economy and the degree of intersectoral linkages (Pearce, 1989; Witt, Brooke and Buckley, 1991).

Similarly the assessment of the impacts of tourism on employment has frequently relied on secondary sources, survey methods and multiplier analysis. Its strengths and weaknesses have already been discussed earlier. While direct employment effects may be estimated through the survey of the tourist trades or from secondary sources if available; indirect (secondary) and induced employment effects are usually estimated from multiplier analysis. It is calculated from the ratio of direct and secondary employment (indirect and induced employment) to the direct employment. The formula relates the level of direct employment that would be needed to support further increment of labour in the secondary activity (for indepth discussion of the multiplier mechanics see authors cited above). The multiplier analysis hinges on the economic concept that a certain level of demand is essential for a particular economic activity to thrive.

Unfortunately studies on employment multipliers are scare and comparisons between countries and regions cannot be made. Research in this area is needed.

3.3. SOCIAL AND CULTURAL IMPACTS OF TOURISM DEVELOPMENT AND ACTIVITIES

Tourism was historically seen as a panacea for economic development. More recently harmful social and cultural effects have been apparent. Tourism affect societies; some of the major issues are summarised in table 3.7.

3.3.1. SOCIO-ECONOMIC ISSUES

As has been discussed earlier tourism like any other economic activity affects the society in which it takes place. Some of the major economic arguments have been dealth with earlier. This discussion highlights the social implications of propagating tourism as an economic stimulus.

Proponents have argued that employment and income earning opportunities have brought improved standards of living especially in societies that have been depended on subsistence production. Tourism has also in some cases stimulated fishing and agricultural activities by the

TABLE 3.7: SOCIAL IMPACTS OF TOURISM

SOCIO-ECONOMIC IMPACT

Positive Impact	Negative Impact
* Improved standard of living.	* Social displacement/ dislocation/disruption brought by changes in eco-poltico power, land values and employment structure.
* Employment opportunities.	* Social conflicts resulting from the economic impact upon traditional social structure.
* Income earning opportunities.	

SOCIO-CULTURAL IMPACT

Positive Impact	Negative Impact
* Host-tourist interaction causes goodwill and understanding.	* Host-tourist conflict.
* Revitalisation of cultural activities and identities.	* Commercialisation and pollution of culture.
	* Social dualism.
	* Neo-colonisation.
	* Growth of undesirable activities.
	* Acculturation and demonstration effects.

Source: Author's compilation from the literature review.

induced effects of tourism demand (Elkan, 1975). Thus it is believed that additional incomes from new found opportunities can increase social welfare as residents are better able to provide for their basic needs. Additionally, improvements in infrastructures and social services have resulted from tourism development and contributed to the welfare of the local population (Crandall, 1977). For example, road networks passing through the rural areas may alleviate the accessibility problems of primary produce or may aid in bringing social services to the remoter areas.

However economic opportunities do not necessarily have advantageous repercussions. In traditional societies where the lack of employment and income earning opportunities confined residents to traditional production, tourism development has presented them with an alternative form of economic occupation (Van Houts, 1983; Lever, 1987). The newer forms of income earning opportunities have lessened the economic dependency of wives and the younger generation on their husbands and parents and are now more able to dictate their own lifestyles. Economic independence also implies social independence and this socio-economic reorganisation has conflicted with the established family and patriachial status (Cleverdon, 1979; De Kandt, 1979). This was evidenced in the Seychelles (Wilson, 1979), Cyprus (Andronicou, 1979), Malta (Boissevain, 1977) among others. In Sri Lanka the preference for cash earning opportunities by children has disrupted their education (Wyer et. al., 1988).

Tourism displacement has been observed in some DCs and TWCs as the roots of population displacement and social dislocation. To mention a few examples: village societies were wiped out to accommodate resort developments in the countrysides of Mexico (de Regt, 1979); in Goa, India the compulsory acquisition of land for hotel development has uprooted the livelihood of fishermen, farmers, hawkers and fish monger without compensations (Ritcher, 1982); and enclosed tourist complexes (isolating tourists from the local inhabitants) has displaced local farmers and fishermen (Wyer et. al., 1988). The concept of segregating tourists and local residents in France and Indonesia has caused resentment of the latter as the special privileges given to the former undermined their basic resource heritage (Glenny, 1981). These land based displacements have wide repercussions on the economic and social stability of residents as they caused the demise of traditional economic activites. The loss of liveliood and resentment of the tourists by local residents consequent of land displacement is threatening social security as well.

Displacement from land was only part of the effects of tourism development. Local inhabitants found themselves displaced from tourism employment by higher skilled migrants or expatriate recruitments (ibid). Reports from Africa, the West Indies, and other TWCs (Elkan, 1975; Perez, 1974; Wyer et. al., 1988) reveal that locals tend to be engaged in menial employment (waiter, waitresses, cleaners, manual labour etc.). TWCs with scarce resources depends on foreign enterprises to develop tourism (Lea, 1988, Wyer et. al., 1988). Foreign owned businesses prefer to import skilled labour and have little interest in training local labour. Countries with adequate and relevant manpower such as South East Asia and the Far East have more success in creating jobs for the local people. Hence the availability of the right kind of labour is a precondition if tourism is to benefit the local population. The notion that foreign enterprises can transfer skills and tourism expertise often offers false hopes (personal experience).

If not emananting from development and land appropriation policies, rising land values exerted by tourism demand has led to the decline of traditional economic structures as these will eventually be excluded through the process of land bids. Escalating land prices in the Seychelles arising from speculative elements associated with tourism developments have allowed wealthy foreign enterprises to entice local uninformed landowners into selling their agricultural land (Wilson, 1979). High Taxes and cost of land maintenance consequent of land policy in Mexico has forced rural landowners to sell their land to tourism developers (Valle & Regt, 1979). Such loss of agricultural and fishing communities has also happened in the more developed economies such as Spain and Switzerland (Bryden, 1973; Valenzuela, 1988).

3.3.2. SOCIO-CULTURAL ISSUES

It is believed by some that contacts between tourists and local residents can contribute to learning experiences and appreciation of cultures, hence perpetuate international goodwill and understandings. Such interactions may remove prejudices and suspicions, culminating in international harmony (Clarke, 1987; Turner & Ash, 1975). However Hassan (1975) observed that organised tourism tend to prevent the mixing of tourists and local residents, hence minimal inter-cultural and educational exchanges takes place. Some tourists such as the Japanese prefer to keep to themselves hence perpetuate national streotypes (personal experience). Misunderstandings through communications could also strain international relationships (Brewer, 1984). Much has been said on this subject but not much convincing evidence has been produced. Further research is needed.

Interactions between tourists and hosts may be negative causing various forms of conflict. Sheer difference and incompatibility between host and guest cultures (manifest in parameters such as ethnicity, values, beliefs, ideologies, behaviours, profound economic disparity etc.) are suggested to be some of the causal factors. Direct actions of the tourists such as offensive behaviour, disrespect for local cultures and demanding attitudes can incite local resentment (Brewer, 1984). Similarly, negative actions from local residents such as unwelcoming attitudes, pestering by beggers and trinket vendors, violence and crimes against the tourists can cause anger. Conflicting interests between tourists and residents can cause friction. This has been the case between fishermen (concern for livelihood) and tourist divers (concern for enjoyment) in the Maldives, Indonesia and the Philippines.

Conflicts arising from indirect sources are also important. As mentioned previously, tourist developments in some countries have displaced local residents from their land and jobs (Wilson, 1979; Wyer et. al., 1988); thereby undermining their welfare. This has sparked resentment against the tourists; the latter being remote from the issue may not understand such attitudes. The privileges accorded to the tourists especially in exclusive tourist developments (beach resorts in France, Thailand and India) have excluded local residents from enjoying their own natural heritage, causing ill feelings and resentments. Compounding these, gross neglect by policy makers concerning the economic predicaments exerted on the local residents by tourist developments tend to exacerbate the problem of tourists/residents confrontation. Exploitative tendencies against either tourists or residents have worsened the situation. In some cases colonial antecedents have implanted negative attitudes among the residents (Perez, 1974). They see tourist development as a manisfestation of neo-colonialism as most is owned by foreigners, and expatriate labour has taken their place. Some of the issues of host-tourist conflicts are straightforward; some are more complex - embedded in history, development policy and indirect causes. Farrell (1979) noted that in the main the cause for these conflicts are often misunderstood or ignored. In chapter 2 it was discussed that unstable tourist-host relationships have dire consequences for the growth of tourism at destinations. It is important to research and understand the nature of these conflicts if development planners wish to see tourism progress.

Through the flight of time and compounded by the effects of modernisation, colonialism, missionary efforts and changing societal values - culture and traditions may fall into obscurity. The need to promote tourism has led to the revitalisation of these elements in some countries. Testimonies were reported in the Pacific Regions where hotels employ traditional carpenters, craftsmen and weavers to create crafts, arts and images to pacify tourist demand (Wyer et. al., 1988). Revivals of tradition and culture have been observed in ethnic communities in Africa, Australia, the Caribbean, Canada, Indonesia, the Mediterennean, Mexico and Scotland by way of the intensification of arts, crafts, folklores, music, dances and the preservation of vernacular architecture (Andronicou, 1989; Huit, 1989; Manning, 1979; Noronha, 1979; Scahdler, 1979; Pi-Suyner, 1982; Lea, 1988). Throughout the continents of the world museums displaying traditional arts and crafts serve as reminders of the various cultural heritages (Huffman, 1985). In Malta and America genuine admiration by tourists of the host culture has awakened consciousness among residents of their cultural heritage. Such consciousness can become the basis for the stregthening of national identity and language (Boissevain, 1979; Esman 1984; MacCannell, 1984)

There are however several opposing views. Critics stated that mass production of arts and crafts especially for tourist consumption have led to stereotyped, low quality junks, degrading traditional designs and the loss of manual skills (Lea, 1988; Wyer et. al., 1988). Modifications of wood carving, brass casting and weaving in Africa has submerged cultural significance and the extent of caricatures is synonymous with fake arts and crafts. With due respect it is felt that analysts have failed to distinguish types of buyers and cultural artifacts. Some buyers are collectors and are willing to pay for authentic products; while most tourists are sourvenir hunters, buying artifacts that remind them of the destinations they visited. Thus authenicity is a matter of preference not social compulsion. In South East Asia tourist demand for genuine arts and crafts is less than sourvenirs. Thus not all tourists want authencity. Not all tourist artifacts are cultural either. Production should be able to satisfy both markets if tourism is to benefit the local people. There are some less sensitive cultural aspects such as folklore and everyday arts and crafts that can be modified for sourvenirs. While there is nothing wrong with cultural conservations, proponents should not claim that everythings should be conserved. There are some aspects that can developed over time. Arts and culture is not static but evolves (Graburn, 1984).

There is a need for broader research on the issue, free from bias and preconceived beliefs.

Other viewpoints are that the commercialisation of culture debase local forms of cultural expression, bringing about the dilution of traditional institutions and cultural meanings. Some have labelled this cultural pollution. Prasad (1987) says that the indeginious Fijians fire-walking rituals have been reduced to entertainment for tourists, losing the original religious and ethnic significance. In contrast the remoteness of Fijian Indians from tourism activities has safeguarded the retention of the original reverence of fire walking. Interpretations of the cultural divergence of the Fijian case should be approached with caution as the issues may be clouded by political influences and policies (Britton, 1987; a, b; Prasad, 1987). However the Balinese took the opportunities offered by tourism without jeopardising the uniqueness of their society and culture. Forge (1978) explained the resiliency of the Balinese as the sum effects of greater residents' participation in tourism activities, their tolerance of cultural differences (by virtue of their pluralistic society) and centuries of experience in coping with external influences. The latter has consolidated their ability to distinguish what ideas can be adapted and those which should be rejected. Thus Ascher (1985) suggested that probably the solution is not one of preserving culture but allowing societies to advance their culture in a self determined way.

Prescriptions of cultural conservation and preservation is said to be negative as it calls for the freezing of societies and cultures, thus converting them as museum pieces for tourist enjoyment and doomed them to eternal underdevelopment. The idea forwarded by Ascher is more positive, allowing for cultural developments.

Tourism developments has also been blamed for exacerbating social dualism (Jafari, 1973; Crandall, 1987). Modernisation effects and unequal tourism developments has reexpressed societies in the DCs and TWCs into rich-poor or modern-traditional dichotomies, although this may also be present in developed societies to a lesser extend. In fact dualistic phenomena is an inherent characteristic of any modernising society and is enivitable in the earlier stages of development; its diminution is dependent on the effectivness of corrective development policies adopted by that society (Pianzin, 1984). It is difficult to see the justification for the dualistic argument as the alternative would imply the reinforcement of the traditional economic system or a slow pace of change that is inadequate to meet the surmounting social problems. What is worrying though is the appearance of unequal or unbalanced social structures caused by non-egalitarian land appropriation, development, employment and exploitive or biased policies (see discussion the the socio-economic issues).

Tourism is also viewed to be instrumenting the transplantation of social and cultural influences of powerful industrialised countries, and hence a powerful means for domination and exploitation (Ascher, 1985). The subservient relationships of several TWCs to transnational corporations may serve as examples to this assertion. Domination of core regions on the businesses of dependent leisure peripheries are other examples (Turner & Ash, 1975). This is manifested through economic and social influences of the United States upon the resources of poor Caribbean islands, where capital dependency of the latter allowed the core region to dictate tourism activities; or the ownership of tourism businesses and holiday homes fall into the hands of rich expatriates. This investment and capital related control has been described by Nash (1978) and Perez (1975) in harsher terms as practices of imperialism or neo-colonialism. With unequal power structure and dependency of most TWCs on foreign resources, as argued, has disabled them from improving their economic and social well being and has remained underdeveloped as prior to independence. This phenomena is however not universal as previously poor countries have worked their way to become newly industrialised countries. Some developing economies experience of tourism developments are less influenced by dependence on foreign resources.

It has also been argued that expositions of tourist cultures may implant foreign values among residents. This demonstration effects will eventually result in the acculturation of foreign lifestyles, behaviour and consumption patterns. Adverse effects become inducing agents for local inhabitants to increase their spending on imported commodities; thus conditioning an increased outflow of capital through increasing import payments (Cleverdon, 1979; Mathieson and Wall, 1982). Social habbits like smoking and drinking expensive items, gambling and so on may also be assimilated by the residents as they witness the consumption of these items appears to give satisfaction to tourists. However not all demonstration effects are bad. Crandall (1987) commented that the exposition of affluence and well being of tourists may inspire the local population to work for the betterment of their status. On the other hand this may be harmful as the local people aspire for unrealistic socio-economic targets.

A great deal of literary attention has associated tourism with prostitution and other social vices (begging, pickpocketting etc.). However much of these analyses are dependent on prima facie evidences or related to the overtness of sex advertisings in the DCs and TWCs (Wyer et. al., 1988). The organised nature of sex tourism has often led to the association of prostitution as a feature of tourism in these regions. However there are few comparative statistics to differentiate the nature of tourism in these regions and those of the ICs. Personal observations of the red light districts of Amsterdam, Germany, Scandinavia or the West End of London only reinforced the association of prostitution and travellers, showing little sign of these areas being better off in this respect than the DCs and TWCs. If news of adult and child prostitution are prevalent in the DCs and TWCs, so too are these perennial issues in the more developed worlds (BBC news).

While it cannot be denied that tourism does support prostitution; it is not an endemic feature of the activity as this social vice has existed in countries such as the Philippines, Thailand and South Korea long before the serious promotion of tourism. The problem is deeply rooted in the socio-economic milieu such as extreme poverty (Neumann, 1979; Phonypadut, 1982; Ong, 1985); the coexistence of relatively affluent Americans in military bases (Wyer et. al., 1988), available clientele from rich local residents and visitors, exploitation of the unfortunate by powerful social communities (Neumann, 1979; Lea, 1988); the absence of attractive employment to dilute the lure of prostitution and so on. Where alternative employment has been available prostitution has been declining (Roebuck & McNamara, 1973). So if research is to contribute meaningful results in this area it must escape the realm of circumstantial evidence and broadened out to include other relevant issues.

3.3.3. METHODS OF SOCIAL IMPACT ANALYSIS

Since the issues involving socio-economic and socio-cultural impacts are diverse and complex; transgressing into nebulous, non-quantifiable and intangible aspects there can be no single assessment method that is adequate by itself. Hence approaches following multiple lines of inquiry are frequently relied upon. These methods are summarised in table 3.8.

Surveys are favourite tools used to investigate various socio-economic and socio-cultural impacts. Literature dealing with this subject discusses two approaches, namely longtitudinal and attitudinal surveys (Pearce, 1989). Longtitudinal surveys may be used to collect socio-economic information from a particular community over a series of time frames. Being serially continuous the method provide scope for understanding processes of change and provide useful insights of the impact of local circumstances. Since this form of inquiry requires constant dedication, time consuming, expensive and needing sustained funding - it has been adopted more extensively by research organisations. Because of these limitations, attitudinal surveys are more popular for other researchers who do not enjoy timing and financial advantages. This questionnaire based approach requires the respondents to indicate their attititudes or perceptions toward the impact of tourism by using either a set of unprompted open ended questions or more usually a series of closed questions or statments. Some of the main questionnaire techniques are briefly described in table 3.9. These forms of assessment can generate useful information

TABLE 3.8: DATA COLLECTION METHOD FOR SOCIAL IMPACT ANALYSIS

IMPACT	SURVEY	KEY INFORMANTS	DELPHI	PART. OBSERVATION	DATA ANALYSIS	CONTENT ANALYSIS
SOCIO-ECONOMIC						
Economic independence	X	X			X	
Labour force displacement		X			X	
Empl yment hanges	X	X	X		X	
Change in land values		X	X		X	
C an e in living t ndard	X	X	X		X	
Changes in p wer tru tur		X	X		X	
SO O- LTU AL						
Ho t-t urist relati n	X	X	X	X		X
S c al dualism	X	X	X	X		X
Neo-colonialism	X	X	X	X		X
Dem n trati n effects	X	X	X	X		
Commercial-isation of culture	X	X	X	X		
Undesirable activities	X	X	X	X	X	X

Source: Adapted from Crandall (1987).

concerning social impacts but nevertheless have various limitations. Although the richness of information that may be generated by unprompted open ended questionnaires, the method involves tedious orderings and categorisation of data. Questionnaire utilising the scales listed in table 3.9 necessitates the generation of a pool of relevant attributes for selection, rating or ranking by the respondents. In this respect the method may be restricted to contemporary understanding of the issues relating to social impacts. The limitations of respondents to a narrow set of criteria may render issues to oversimplification if caution or understanding is limited. There is also the danger that information acquired may be distorted due to various factors such as the imperfections in the respondents' perception of issues under question and acts of diliberate misrepresentation.

Interviews with key informants such as community leaders, relevant key personnel within the public and private sectors, tourist trades, tourism experts or pressure groups can contribute to the collection of factual data or opinions and attitudes concerning the social impacts of tourism. The advantage lies in the solicitation of information from a group of people who are familiar with the issues under inquiry. However caution is necessary to control personal bias.

Factual, opinionated and attitudinal information can also be collected using the delphi technique. This method

TABLE 3.9: TYPES OF ATTITUDINAL SCALES

SCALE	DESCRIPTION
Thurstone Scale	Respondents are requested to express their agreement or disagreement from a host of statements by ticking in the appropriate spaces provided.

<u>Example</u>

Statement	Agree	Disagree
		________
________	_____	________

(or variations thereof)

ikert S ale	Respondents are requested to rate their opini n on a host of statements against an interval scale.

<u>E.ample</u>

Statement	Str ngly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
		_____	_________	________	________
		_____	_________	________	________

(or variations thereof)

Semantic Differential	Respondents are requested to rate their opinion on a five or seven points scales anchored at each end by polar adjectives or phrases.

<u>Example</u>

Can you describe the characteristics of your holiday destinations?

(Please circle)

People:	Friendly	1	2	3	4	5	Unfriendly
Nature of resort:	Quiet	1	2	3	4	5	Noisy

(Continued next page)

(Continuation of table 3.9)

Stapel Scale	Simplified version of semantic differential. <u>Example</u> My holiday experience has been: Most enjoyable + 3 + 2 + 1 (Please tick) - 1 - 2 - 3 Most Unenjoyable
mparative Scale	Modification of Likert Scale. <u>Example</u> tatement / Very Satisfied / Neither Satisfied Nor Unsatisfied / Very Disatisfied _________________ _____________ _________________ _____________
onstant Sum Scale	Respondents are asked to rank a selected criteria by order of preference or importance within a fixed scale. <u>Example</u> Using a maximum mark of 10 please rank the following characteristics of your holiday destination: Climate __________ Diversity of culture __________ Diversity of activity __________ (or variations thereto)

Source: Adapted from McDougall & Munro (1987).

requires the selection of a panel of experts preferably from wide ranging backgrounds and experiences and may include academics, researchers, practitoners, relevant bureaucrats, knowledgeable members of the tourist trades and other members of the public. The panel members are requested to answer questionnaire where questions reflected the hypotheses/issues the inquirer wishes to test/evaluate. Their responses are then analysed and synthesised. From this further rounds of questionnaires may be asked to the same panel aimed to clarify uncertain or ambiguous answers. Additional or extension questions may be asked to solicit additional information that is considered important to the issues. Data collected in this fashion is considered reliable and valid as these are extracted from educated and knowledgeable sources; and cross-checks against biased opinions can be devised.

Participation observation requires the researcher to observe possible social impacts from field observation or tourists, residents and components of the tourism system. The method is useful for gathering first hand data on various aspects relating to social impacts. Its usefulness is enhanced if the researcher has intimate fore-hand knowledge of the area or social composition of the subject under study. Apart from being subjective, the technique may be open to bias or distortion due to the absence of checks devisable for sampling techiques (Crandall, 1987). It has also been pointed out by Riley (1963) that the present of observers can affect the behaviour of participants and hence the observations may be unnatural.

Content analysis of newspaper articles, photos, tourists advertisements and other archives may provide useful informations on the issues of social impacts. These sources may form the bases for cross checking attitudinal surveys. There is a need for analysts to be caution against bias opinions, especially in newspaper contents. Often these forms of information are fragmented, incomplete and cumbersome to retrieve.

3.4. ENVIRONMENTAL IMPACTS OF TOURISM

Like the economic and social effects of tourism, the issue of environmental impacts has positive and negative aspects. Some of the main issues are discussed below.

3.4.1. TOURISM AS AN AN IMPETUS FOR THE CONSERVATION OF NATURE AND CULTURE

Some argue that the desire to cater for the needs of tourism has instigated human awareness and appreciation of the values of natural and cultural heritage and thus spurred conservation efforts (Sandys, 1985). Many of the clean-up operations, landscaping and derelict sites around the world has been led by the interests in promoting tourism (Ryan, 1991). Others have expressed the view that the development of nature parks in East Africa as outcropping from the interest of propagating tourism. Ploughbacks from tourist generated incomes have been attributed to the source of sustenance of conservation efforts in the area (Channel 4, 1991). Culture is a saleable tourist attractions (Huffman, 1985). Thus countries rich in cultural heritage (such as the United Kingdom, the Mediterranean, the Middle East and some Asian and African countries) tourism has provided the impetus for the rehabilitation and preservation of historic sites (Vulconic & Tkalac, 1984; Channel 4, 1991). Old and dilapidated building structures have been salvaged from abeyance and revitalised as tourist attractions (Sandys, 1985). In Malaysia historical buildings have been repaired and cleaned because its cultural importance to tourism have been realised (personal observation) Hence tourism has stimulated nature and cultural conservation.

3.4.2. THE ADVERSE EFFECTS ON ENVIRONMENTAL QUALITY

The adverse effects of tourism activities on air, water and land have been widely publicised. Pollution has been associated with tourism (Mathieson and Wall, 1982; Wyer et. al, 1988; Pearce, 1989; Nicholson, 1990; BBC2, 1991, a,b) However studies have difficulty in distinguishing the actual contribution of tourism to pollution and comparing these with thé outputs of other industries. For example, water pollution has often been cited as one of the ill effects of tourism activities in the Mediterranean (Matheison et. al., 1982) but the literature has been unable to differentiate these from those emanating from a multitude of social and industrial users. Fumes emanating from tourist transport is said to be adding to air pollution. The extent of fumes emmitted by tourist transporters have yet to be qualified from social and industrial modes of transportation; such measurements could be extremely difficult in urban areas so often characterised by multiple users. In remote areas it is easier to relate air pollution resulting from transport fumes (Kirpatrik & Reeser, 1976). Among the more other obvious impacts that affect the quality of the environment are effluent discharges, solid waste disposals, litter, congestion from the influx of tourists and noise associated with tourist activities (Matheison et. al. 1982). However most of these are qualitative arguments, often noumenal, and little convincing quantitative evidence has been produced.

3.4.3. PHYSICAL DAMAGED CAUSED BY RECREATIONAL ACTIVITIES

Studies of environmental damage caused by recreational activities have been piecemeal. Few have attempted to structure these various works in a cohesive manner. From the better documented literature (Wall and Wright, 1977; Edington, 1986; Bayfield and Barrow, 1985), mass media (television programmes and newspaper articles) and other studies the following issues have emmerged.

A sprectum of recreational activities have been broadly categorised as active recreational pursuits. Driving of off-road vehicles (viz: trial bikes, snow mobiles, dune buggies, four wheel vehicles), mountain and cliff climbing, animal riding, skiing, hunting, mobile water sports and other active activities has caused vegetation, landscape and marine damage, dunes instability and wild-life mortality. Vegetation damage are usually known to have been caused by trampling effects of human, animals, machines and sporting contraptions (Wall and Wright, 1977; Edington, 1986). Instabilities of slopes are often associated with the loss of vegetation caused by activities such as skiing and tourist developments on mountain and hill sites (Price, 1985; Emanuelson, 1985; Ryan, 1991). Excessive beach recreational activities (notably riding of beach buggies) are known to adversely alter dunes stability which has wider repercussions on the coastal ecosystem such as beach erosions and more exposure to storm surges (Jackson, 1986; Edington, 1986). While the most common causes for faunal mortality are associated with impacts against moving vehicles and vehicular compaction of soil (affecting animals living underground). These environmental effects have been reported by the literature in all the continents of the world.

It has long been contemplated that passive recreational pursuits such as wild-life observations and the general enjoyment of scenery has little impact upon the environment; but recent evidence is causing a rethinking of this issue. Research has shown that less active activities can cause many environmental consequences. It has been revealed that the presence of humans has distorted wild-life behaviour. Feeding of animals by visitors in Africa, Asia and North America has shown to bring fundamental changes in animal behaviour; becoming parasitic (instead of the natural quest of food for survival) and turning aggresive when food is denied. Whale watching in the Pacific and Atlantic coasts of North America and seas around Hawaii, the West Indies, Sri Lanka and New Zealand has undermined the natural bondage between mothers and offspring. For reasons that are not yet properly understood, it appears that the pressence of large vessels has confused young whales causing them to shift allegiance from motherly to material affection. Zoological observations within the nature parks of Africa has acknowledged that there is a critical phase after birth that develops parent-offspring bondage and separation of animals by moving tourist vehicles during this crucial period has disoriented parental recognition of their young. There are other such effects but suffice to say that there are destabilising factors on wild-life behaviour arising from human disturbances (Wall and Wright, 1977; Edington, 1986; Ryan, 1991).

Visitors intrusion has also direct consequences on wild-life. Studies in Britain and Africa have revealed that the invasion of visitors has scaring effects upon birds and reptiles causing them to either abandon their nests or leaving for a long time thus losing their eggs to predators and inhibiting breeding. In the national parks of Africa human disturbances have resulted in hunting failures of large cat species; this causes undernourishment of their cubs. Tourist presence in Africa has also upset the breeding activities of timid creatures. In the worst circumstances it has been known that human intrusion has resulted in the mass migration of wild-life to another environment (Wall and Wright, 1977; Edington, 1986; Ryan, 1991).

The consumptive nature of recreational activities can also bring adverse environmental changes. Collection of faunal, floral and geologic specimens has been found to alter areal species composition and disturb landscapes. Evidence has shed light that commercial exploitation in the form of tourist sourvenirs has caused the diminution of wild and marine life (Salm, 1986; Urry, 1990; Channel 4, 1991). In the Himalayan resorts and camping areas excessive chopping of trees for firewood has caused deforestation and the problems associated with it such as erosion and decline in the quality of scenery (BBC2, 1991, c; Ryan, 1991). There are many other examples but the above should illustrate the adverse impacts of consumptive reacreation.

In the case of the enjoyment of scenery, the trampling effects of participants have been referred to cause damage to vegetation cover and fragile ecosystems (Wall and Wright, 1977; Edington, 1986; BBC2, 1991, c). Constant and intense foot pressure has affected natural features such as Ayers Rock in Australia and built structures such as the Parthenon in Greece (Romeril, 1989). The seriousness of these effects relate to the impacts of scale or carrying capacity. The latter refers to the level of recreational participation or visitor use beyond which adverse environmental damange is likely to occur. Despite the widespread reference to this concept in environmental management, in practice it is difficult to identify that level of human activity that is tolerable by a particular habitat or ecosystem.

Micro-studies (cited by Wall and Wright, 1985; Edington and Edington 1986; Ryan, 1991) expressing conflicts between passive, active and consumptive forms of recreational pursuits and environmental factors are numerous but a survey of some of these viewpoints would suffice to illustrate the point. Although these case studies have been used to illustrate the environmental impacts of recreational activities, inadequate distinctions are made between the impacts of international tourism, domestic tourism and excursionist or between tourist and local recreation uses. This disagregation is needed if analyses are to contribute to meaningful results on the impacts of tourism activities upon the environment. The associations of tourism and environmental impacts are misleading if all recreational pursuits are taken to form tourist activities.

3.4.4. IMPACTS OF THE BUILT ENVIRONMENT

Provision of tourist infrastructure can affect the environment in various ways. Hotels, ski lifts, cable cars, power lines, sewage and water supply systems has been cited to cause visual blight (Pearce, 1978; Romeril, 1989) or cause impediments to scenic views as is the case of Portugal. In the Gold Coast of Australia building heights have obstructed sunshine penetration onto adjacent beaches towards the evening so lessening the quality of leisure experiences during this period (personal observation). Hotel and marina developments in the Carribean, Asia and Africa have destroyed the mangrove habitats that are important to marine life and sources of pollution (BBC2, 1991 a, b; BBC2, 1992). In mountain regions development of infrastructures and amenities has affected slope stability through soil erosion (Edington, 1986). Sewage and refuse pollutants and urbanisation effects have permanently changed environmental quality, especially in environmental sensitive areas. Roads adjacent to nature parks have been responsible for wild life mortality, as have been reported in North America and Africa (Edington, 1986; BBC2 a,b). Mass tourism has led to overcrowding in many European resorts; overstressing capacities of water and power supplies, sweage and refuse disposal systems and recreational amenities (Nicholson, 1990). Examples of the effects of tourism developments on the environment are numerous, but the aim here is to give some basic idea and not to overstate the case.

3.4.5. HEALTH RISKS TO TOURISTS AND RESIDENTS

Associated with environmental qualities are the problem of health hazzards to tourists. In destinations such as the Mediterranean region and Africa water pollution has often been stated as the causal factor for gastrointestinal disturbances and other diseases (cholera, typhoid, hepatitis and dystentery) contacted by the tourists (Mathieson and Wall, 1982; Edington, 1986; Nicholson, 1990). In tropical destinations and forest related recreation diseases have been reported to be transmitted by bites from ticks, mosquitoes, and other insects or snake bites and other attacks by animals could be fatal. Parasitic infections such as schistosamiasis (widespread in Africa, South America island of the Pacific, The Middle East and parts of Asia) could be passed to the tourists (Edington, 1986). A serious contemporary health risk of travels to residents is the spread of AIDS. In previously unaffected area such as Thailand incoming tourism is known to have changed the situation drastically within a short time (Lea, 1980; personal knowledge).

3.4.6. SOCIAL IMPLICATIONS OF TOURISM ENVIRONMENTAL IMPACTS

Pearce (1989) has categorised these environmental impacts in terms of tourism generated stressor activities, the environmental stressed produced, the primary effects on the environment and man's responses to the problems. This framework is presented in table 3.10. It can be seen that the environmental impacts have social consquences manifested by the burden of efforts and costs in mitigating measures and environmental management. Intangible social costs associated with disatisfaction on asthetic and environmental qualities, arising from the adverse changes of tourism developments, are legitimate concerns. Research in this area has been mainly concerned with the identification and understanding of the causal factors arising from tourism environmental impacts. Applied research concerned with the development of effective mitigation strategies is lacking. There is a need to move into this area if further environmental damages are to be avoided.

3.4.7. METHODOLOGY FOR ENVIRONMENTAL ANALYSIS

Williams (1987) aptly described tourism as a highly differentiated activities affecting diverse elements of the environment, hence explaining the breath of methodological analyses in the assessment of environmental impacts. The author clarified that environmental assessment approaches fulfil the basic function of identification, prediction and evaluation. Identification methodologies aim to describe the current environmental milieu, ascertain the activities of tourism projects and explore the range of impacts that may occur. Complementary in function are predictive schemata, it's main role are to forecast key factors in environmental

TABLE 3.10: TOURIST GENERATED STRESS, EVIRONMENTAL CHANGES AND SOCIAL RESPONSES

STRESSOR ACTIVITIES	STRESS	PRIMARY ENVIRONMENTAL CHANGE	SOCIAL RESPONSES
1) Permanent environmental change (a) Major construction activity: * built fabrics; * transport network; * tourist facilities. (b) Change in land use: * expansion of recreational land.	Change in local environments: * expansion in built environment; * land taken out of public, private and rural uses.	Change in habitat. Change in population of biological species. Change in people's health and welfare. Change in visual quality.	Individual - impact on aesthetic values. Collective measures: * expenditures on environmental improvements; * expenditure on managing nature & environmental conservation; * controls on access to recreation.
2) Generation of waste materials: * from urbanisation; * transportation	Pollution: * solid waste * emmisions * effluent * discharges * noise (traffic, aircraft etc)	Change in quality of environment: * air * water * soil * health of flora and fauna * health of humans	Individual mitigating measures: Locals: * air conditioning * protests & attitude change Tourists: * dislike of the destinations - decline in tourists, hence revenues. Collective mitigating measures: * expenditure on: + pollution abatement; + clean-up of landscapes.
3) Tourist activities: * different types of recreation	* Trampling of vegetation and soils; * destruction of species.	* change in habitat; * change in population of biological species.	Collective defensive measures: * expenditure on: + management of conservation; + national parks and conservation areas.
4) Effects on population dynamics: inmigration because of tourist developments; tourist flows.	Change in population density: * permanent * temporary	* conjestion * demand for natural resources: land, water energy etc.	Individual - attitudes to overcrowding; Collective - Growth in support services e.g. water, power etc.

Source: Pearce (1989), with modifcations.

changes; examining the nature, intensity and extense of impacts and may include probabilistic analyses of occurance. On the other hand evaluative designs are directed to determine the benefits, costs or likely effects of proposed developments or tourist activities upon the environments. Several techniques have been developed to facilitate these functions and is outlined in table 3.11.

The quantitative methods shown demand either good understanding of the subject under investigation or demanding in terms of information or technical needs. Since tourism in Sabah is new and lacking research, many aspects of tourism activites and developments are not well understood. Hence these methods are not easily applied in such circumstances. The questionnaire technique offers a good alternative method for discovering and evaluating the real and potential impacts of tourism on the environment. Questions could be targetted to knowledgeable respondents (key informants) who are aware of real and potential impacts of tourism on the environment. The strength and limitations of this method have been discussed earlier and need not be repeated here.

3.5. SUMMARY

The review of the literature in this chapter has shown the following important aspects: (1) there have been disparate experiences of the economic, social and environmental

TABLE 3.11: METHODOLOGY AND TECHNIQUES FOR ASSESSING ENVIRONMENTAL IMPACTS

METHODS OF ANALYSIS	RESEARCH FUNCTION IDENTIFICATION	 PREDICTION	 EVALUATION
OBJECTIVE METHOD			
Checklist	X		
Matrices	X	X	X
Networks	X		
Sieve Technique	X	X	
Carrying Capacity		X	X
Environmental Impact Analysis		X	X
Benefit Cost Analysis		X	X
Quantification (Before/During & after changes)	X	X	
Threshhold Analysis		X	X
Delphi	X	X	X
Annoyance Index	X		
SUBJECTIVE METHOD			
Questionnaire Survey	X		
Participation Observation	X	X	
Visual Appraisal	X		X

Source: Williams (1987); Pearce (1989).

impacts of tourism. In varying degrees tourism can contribute positively to the economy, society and environment provided that the negative impacts do not seriously offset these benefits. These benefits are difficult to achieve; (2) the negative impacts of tourism can seriously harm the economy, society and environment of the tourist receiving country. Tourism cannot simply be promoted and developed and hope that it will bring positive benefits. It is important to assess whether tourism can be made viable and sustained in a particular country or region, what the likely negative impacts are and how these could be minimised and (3) the issues of tourism and its impacts are not well understood. The literature has shown that the prospects of tourism varies from place to place (country/region) and it is important to assess its suitability within the context of a particular country or region. Hence research is important to facilitate understanding and assist the proper organisation of tourism promotion and development.

4. RESEARCH OBJECTIVES AND METHODOLOGY

4.1. CASE-STUDY OBJECTIVES

The objectives of the research are detailed in figure 4.1. The main objective of the thesis is to propose strategy and policy to develop Sabah's tourism industry; aiming to enhance the State's strengths in tourism and reduce the weaknesses. Hence the impacts study is important so the present and potential impacts can be diagnosed and identified. The impacts study will become the bases for prescribing a sustainable tourism industry (which is important to achieve Sabah's aspiration in generating income, employment, and economic and regional growth) and mitigating the adverse impacts of tourism.

The supporting objectives complement the impact study. Wider understanding of the tourism environment, organisational and policy settings are important if sensible and realistic policy recommendations are to be made later. Thus the appraisals on tourism resources, manpower, visitor characteristics and trends, and tourism organisation and policy are aimed to daignose and identify the strengths and weaknesses of the tourism industry in Sabah. These supporting objectives cover the environment in which tourism operates. Understanding in these crucial areas, together with the information generated by the impacts study, will be helful to pursue the strategy and policy objective. The choice of a wide stance will be

FIGUR 4.1· OBJECTIVE F TH ABAH CASE-STUDY

STUDY OBJ TIV S

MAIN OBJECTIVE

1)TO PROPOJE DEVELOPMENT AND MITIGATING FRAMEWORKS DIRECTED TOWARDS ENHANCING SABAH'S ECONOMIC AND SOCIAL ASPIRATIONS AND MINIMISING THE IMPACTS OF TOURISM;

THE ABOVE IS TO BE A HIEVED BY

1.1)STUDYING THE ACTUAL AND POTENTIAL ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS OF TOURISM DEVELOPMENTS AND ACTIVITIES;

1.2)THE IMPACTS ANALYSES WILL ASSIST TO DIAGNOSE AND IDENTIFY THE SERIOUS AND POTENTIAL ADVERSE EFFECTS OF TOURISM DEVELOPMENTS AND ACTIVITIES, BECOMING THE BASES FOR STRATEGY AND POLICY.

SU PORTING OBJECTIVES

2) TO UNDERSTAND THE CURRENT A D POTENTIAL SUPPLY AND CEMAND FACTORS OF TOURISM IDENTIFYING ITS STRENGTHS AND *HORTCU INGS

SUPPLY FACTORS

2.1)ANALYSE TOURISM RESOURCES ACCESSIBILITY AND PATRONAGE FROM VISITORS

2.2)CATEGORISE TOURIST FACILITIES AND APPRAISE ITS STRENGTHS AND SHORTCOMINGS

2.3)ASSESS THE MANPOWER SITUATION IN SABAH AND ITS POTENTIALS TO SUPPLY THE TOURISM INDUSTRY

DEMAND FACTORS

2.4)ASSESS TOURIST CHARACTERISTICS, TRENDS, TYPOLOGIES, MOTIVATION AND MARKET SEGMENTS AND RELATIONSHIPS TO THE SUPPLY FACTORS

2.5)APPRECIATE THE NATURE AND IMPLICATIONS OF INTERNATIONAL ACCESSIBILITY

3)TO ASCERTAIN THE ROLES PLAYED BY NATIONAL AND STATE TOURISM ORGANISATIONS AND POLICY IN THE DEVELOPMENT ANC PROMOTION OF TOURISM WITH THE VIEW TO IDENTIFY

3.1) INTERRELATIONSHIPS

3.2) SCOPES FOR COMPATIBILITY AND CONFLICTS

3.3) STRENGTHS AND WEAKNESSES OF THE DELIVERY SYSTEM discussed in the next section.

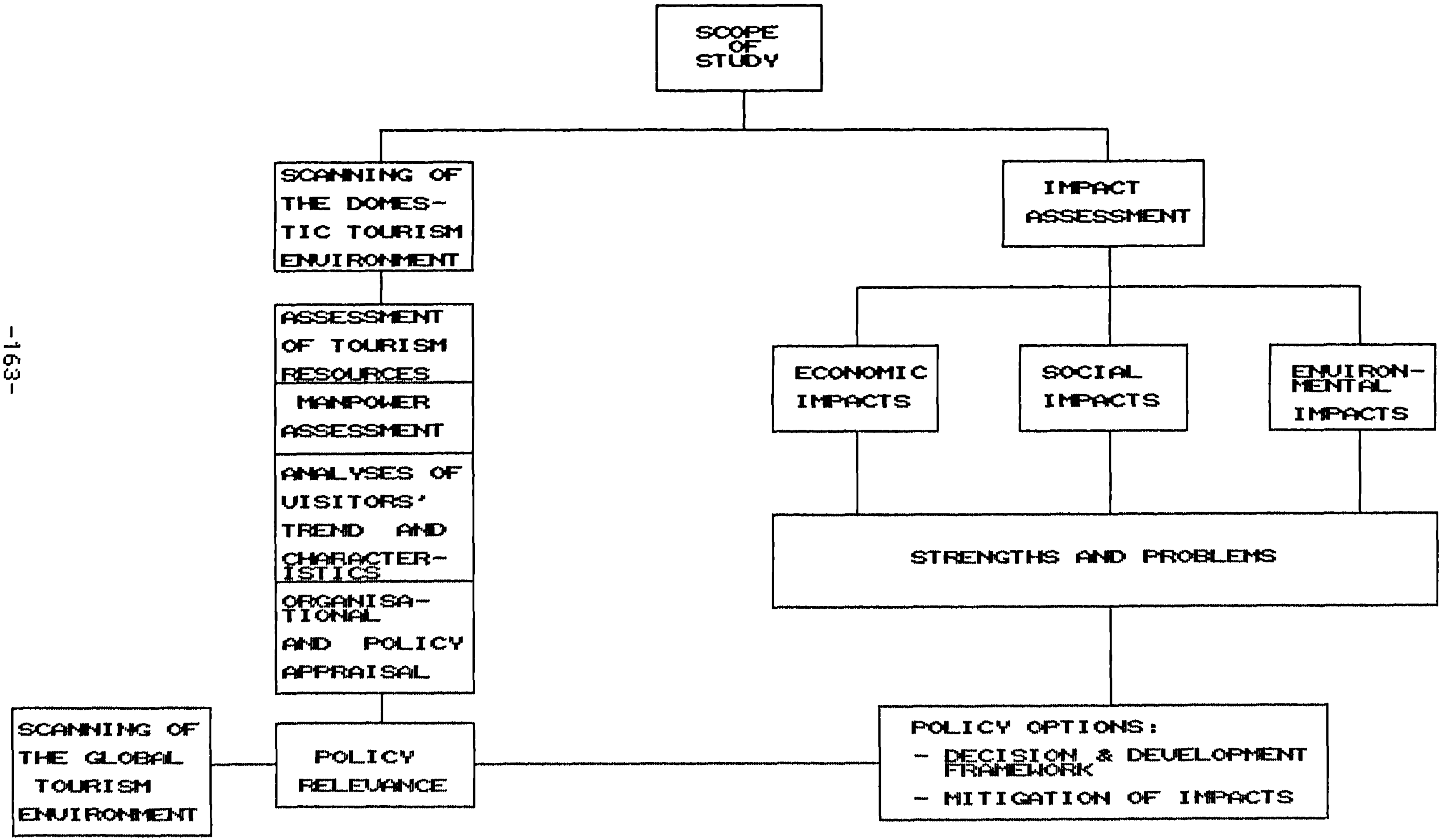
4.2. SCOPE OF THE CASE-STUDY

Interrelationships between the various objectives mentioned above are illustrated in figure 4.2. The right hand side of the figure encapsulates the main objective of the study. Impact study covering the economic, social and environmental aspects will be dedicated to discover the positive and negative effects of tourism development and activites; including socio-economic, socio-cultural and environmental issues. The left hand side covers the supporting objectives. Appreciation of the domestic and global tourism environments are helpful to policy issues.

As shown at the extreme left hand corner of figure 4.2, a canning of the global tourism environment (undertaken in chapters 2 and 3) will contribute to policy issues. Key factors such as international tourist trends, characteristics of the tourist generating countries and tourist destinations, and tourism impacts will be relevant in development and marketing issues.

The broad scope of the case-study highlighted by figure 4.2 reflects the broad tourism environment which planning activities need to address if realistic policy and development strategies are to evolve. This environment is described in chapter 3 as encompassing wide and overlapping economic, social and environmental issues

FIGURE 4.2: RESEARCH FRAMEWORK AND OPE OF THE STUDY



arising from the impacts of tourism activities and developments. The planning issue is even more complicated given that Sabah is a recent entrant to the tourism arena. In order to avoid past pitfalls, the issue for Sabah is to steer tourism developments toward the aspirations and expectations of local people while at the same time considering ways of mitigating the potential adverse impacts. It is felt that a broad inter-desciplinary frame of analysis could be most useful to the planning environment where a holistic view is necessary. A micro-based approach would be too specialised to cover the relevant issues and hence have limited planning applications. Notwithstanding the richness and depth of analysis generated from micro-based studies it is felt that in an environment where interrelationships are important, as in the case of tourism, the understanding of factors studied in isolation would produce a *Gestaltian* effect[23]. That is what is understood to be the process in a subset of the environment would be less important if the factors were taken as a whole.

The broad scope of the study is compensated by long working experience in the tourism field, wide travel experiences, local knowledge and familiarity with the domestic tourism environment.

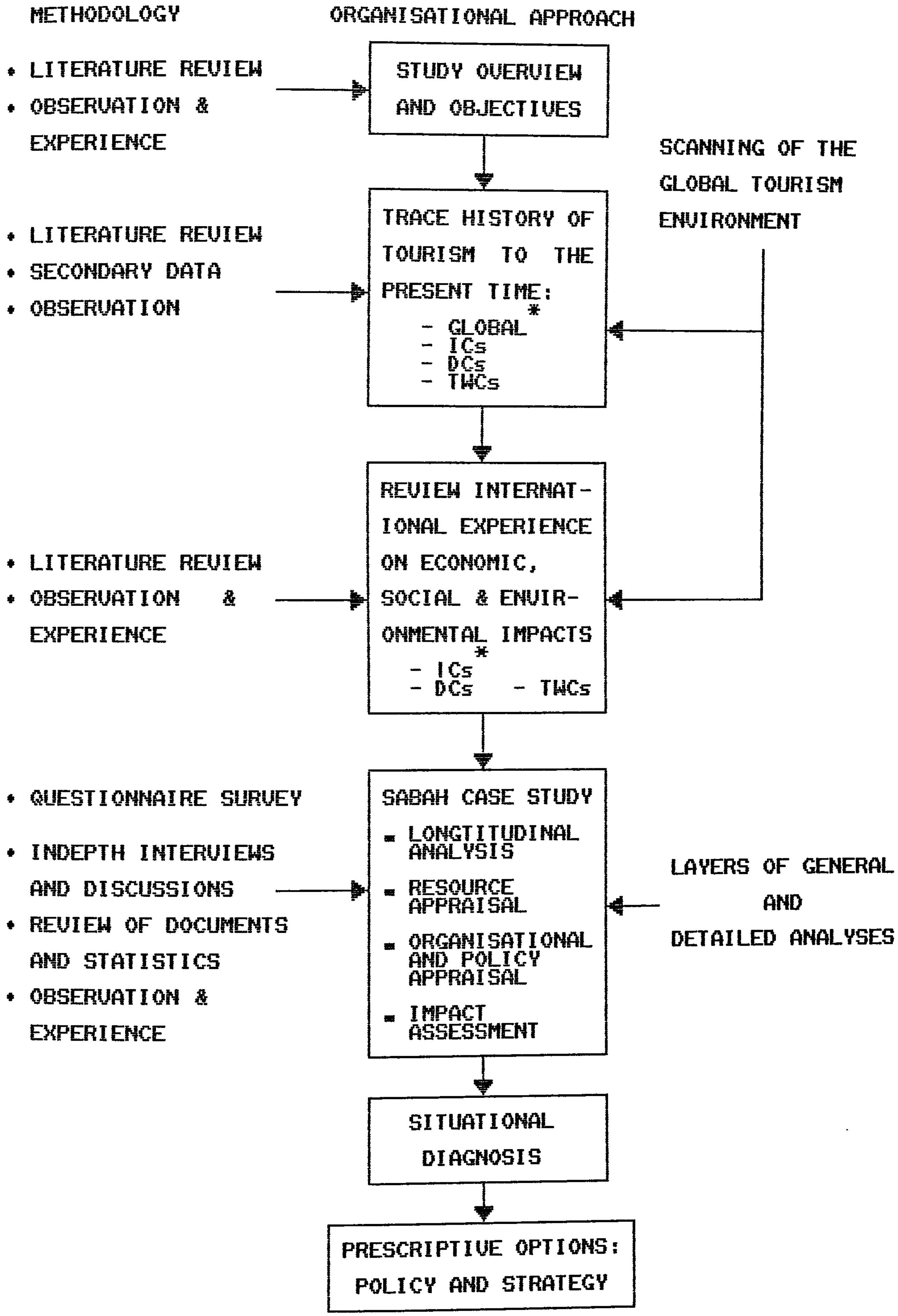
4.3. APPROACH AND METHODOLOGY

4.3.1. ORGANISATIONAL AND ANALYTICAL APPROACHES

Reflecting the dual but complementary roles of broad and detailed analyses described by the research objectives and scope, figure 4.3 shows how these will interrelate in the organisation of the study. The study is started by the scanning of the global tourism environment. An overview of global tourism was undertaken in chapters 2 and 3 to appreciate international tourist trends, issues and problems confronting tourism activities and developments in the contemporary world. The issues arising from the experiences of other countries provide useful groundings to the Sabah case-study.

The Sabah case-study adopts a combination of broad and detailed analyses. Refering back to figure 4.2 the scanning of the domestic tourism environment - assessments of tourist trends and characteristics, tourism resources, manpower situation and organisation and policy issues - are broad appraisals whereas impact assessments are detailed analyses. For example, in the process of tourism development manpower will be needed for the fledging tourism industry. Accordingly assessment of the current manpower situation in Sabah will be helpful to gauge its potential to meet these needs. The manpower study will set the context for the economic and employment impact study. Also sumerged within the assessment of the

FIGURE 4.3: ORGANISATIONAL APPROACH OF THE CASE-STUDY



* ICs : INDUSTRALISED COUNTRIES; DCs: DEVELOPING COUNTRIES;

TWCs : THIRD WORLD COUNTRIES.

tourism resources the relationships between scale and impacts could be more meaningful as it enables the identification of tourist areas that are currently under pressure from tourist impacts or areas which may be prone to undue pressure in the future. These interplay of broad and detailed foci allow the considerations of interrelating issues in diagnosis and prescriptions.

4.3.2. FRAMEWORKS AND METHODS FOR SCANNING THE DOMESTIC TOURISM ENVIRONMENT

Data sources for the areas of study mentioned in the foregoing discussion are listed in table 4.1. Knowledge acquired through work and local experiences are cardinal to the assessment of the tourism resources, organisational and policy issues but will be complemented by the information provided by planning, official and research doucments. In the analyses of visitor trends, characteristics and typology - statistical gaps will be supplemented by the visitor questionnaire survey (see appendix 1),[24] knowledge gained from extensive field observations of tourist activities and behaviour, and discussions with tourists and tourist trade specialists.[25]

Information were extricated by the cummulative roles of the methods prescribed in table 4.1. The purpose of appraising the domestic tourism environment are to discover tangible and intangible (including social values) phenonmena, to understand the general tourism system and

TABLE 4.1: DATA SOURCES OF THE SABAH CASE-STUDY

AREA OF STUDY	SOURCE OF DATA	
	PRIMARY	SECONDARY
SCANNING OF THE GLOBAL TOURISM ENVIRONMENT		Official statistics and literature review
SCANNING OF THE DOMESTIC TOURISM ENVIRONMENT		
Appraisal of tourism resources	Work experience: field observations & surveys, local knowledge & experien-nces & discussions with tourists & tourist trade personnel	Examination of tourism resource inventory from research and official documents
Manpower Appraisal		Official statistics and documents
Analysis of visitor trends, characteristics and typology	Visitor questionnaire survey, Work experiences (see above)	Official statistics and research documents
Organisational and policy appraisal	Work experience: indepth discussions with relevant key personnels and observation/familiarity with the domestic tourism environment	Planning and official documents
IMPACT ASSESSMENT		
Economic Impacts	Visitor questionnaire Survey, tourist trade survey & interview of key informants	Official statistics
Social and environmental impacts	Indept interviewing of key informants	

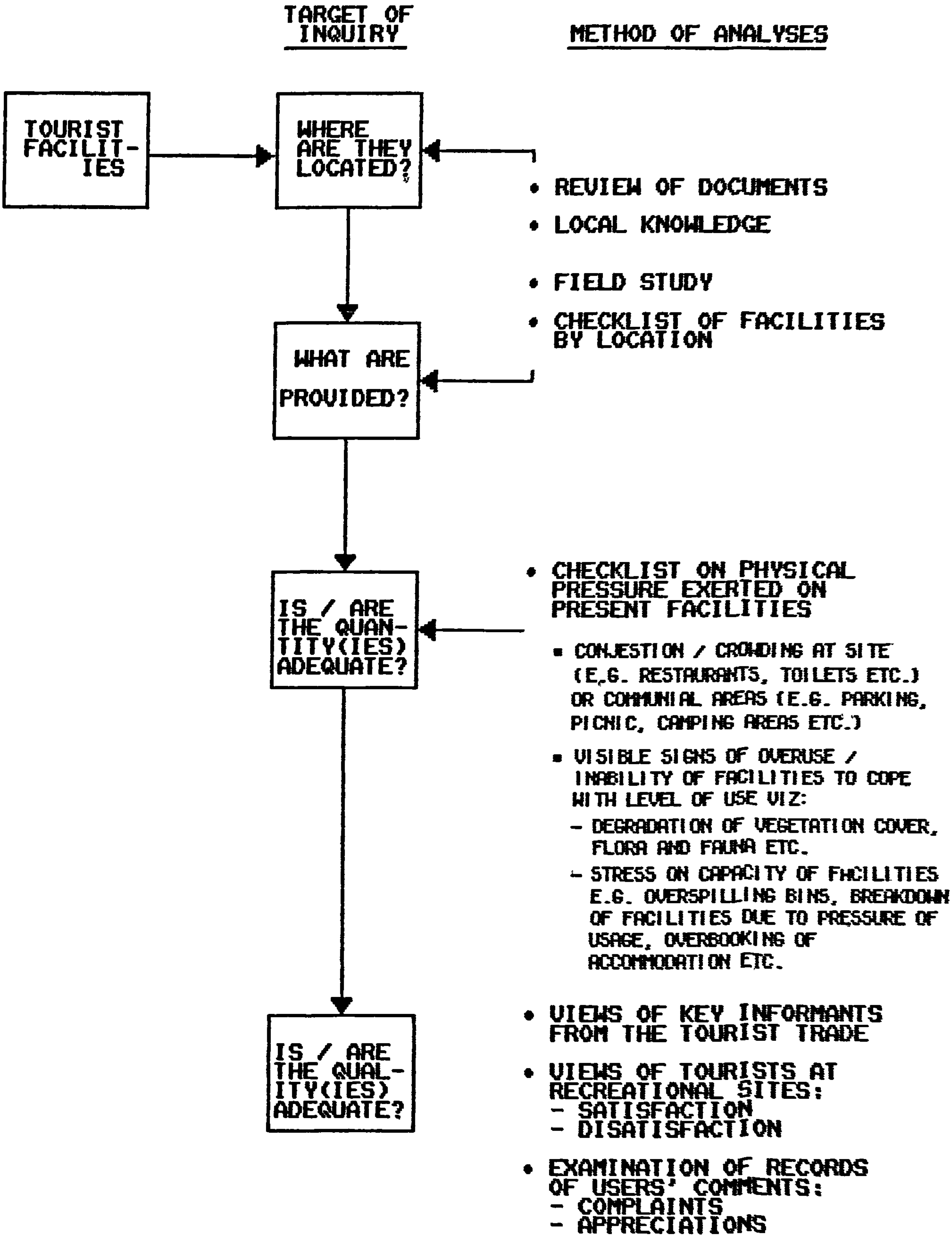
tourist behaviour and appreciate key advantages and problems. These bring the interplay of soft data (records of indepth discussion and archives), and ordinal data (categorisation).

Indepth discussion with tourists and tourist trade personnel, during the author's working span (1985-1989) has been particularly important in evaluating the attributes and accessibility of resources. Hence the assessment of resources will not entirely be evaluated from the elitist and technocratic perspective (research values and expertism)[26] but is interested to seek common grounds for investigation by cross-checking these values with those of the users. Together these methods form the bases for rationalising visitors' choice of destination and appraisals of strengths, constraints and implications of the tourism resources.

The quality and quantity of tourist facilities are assessed using the frame work shown in figure 4.4. Site observations were the bases for examining the the adequacy or inadequacy of facilities. The quality of these facilities are assessed from the views of tourist trade specialists, tourists, examination of visitor records (archives) and site observations (conducted during the authors' working life-time).

Another area depending strongly on the intermix of primary data acquired from work experiences and secondary data is

FIGURE 4.4: FRAMEWORK FOR ASSESSING TOURISM FACILITIES



the appraisal on organisational and policy. The focus here is to understand policy and organisation issues, and the structure, processes and interrelationships of the various layers of the tourism environment (viz: the political and policy environment, the administrative and management environment, the tourism business environment and the overall social environment). Policy issues are examinable to an extent from planning and official documents. However notes from indepth discussion with relevant and key personnels compiled during the researcher's working lifetime will complement the secondary information. The organisational studies and its interrelationships to policy will be based to some degrees on the data sources mentioned above but will be mainly construed from personal observations of the domestic tourism environment.

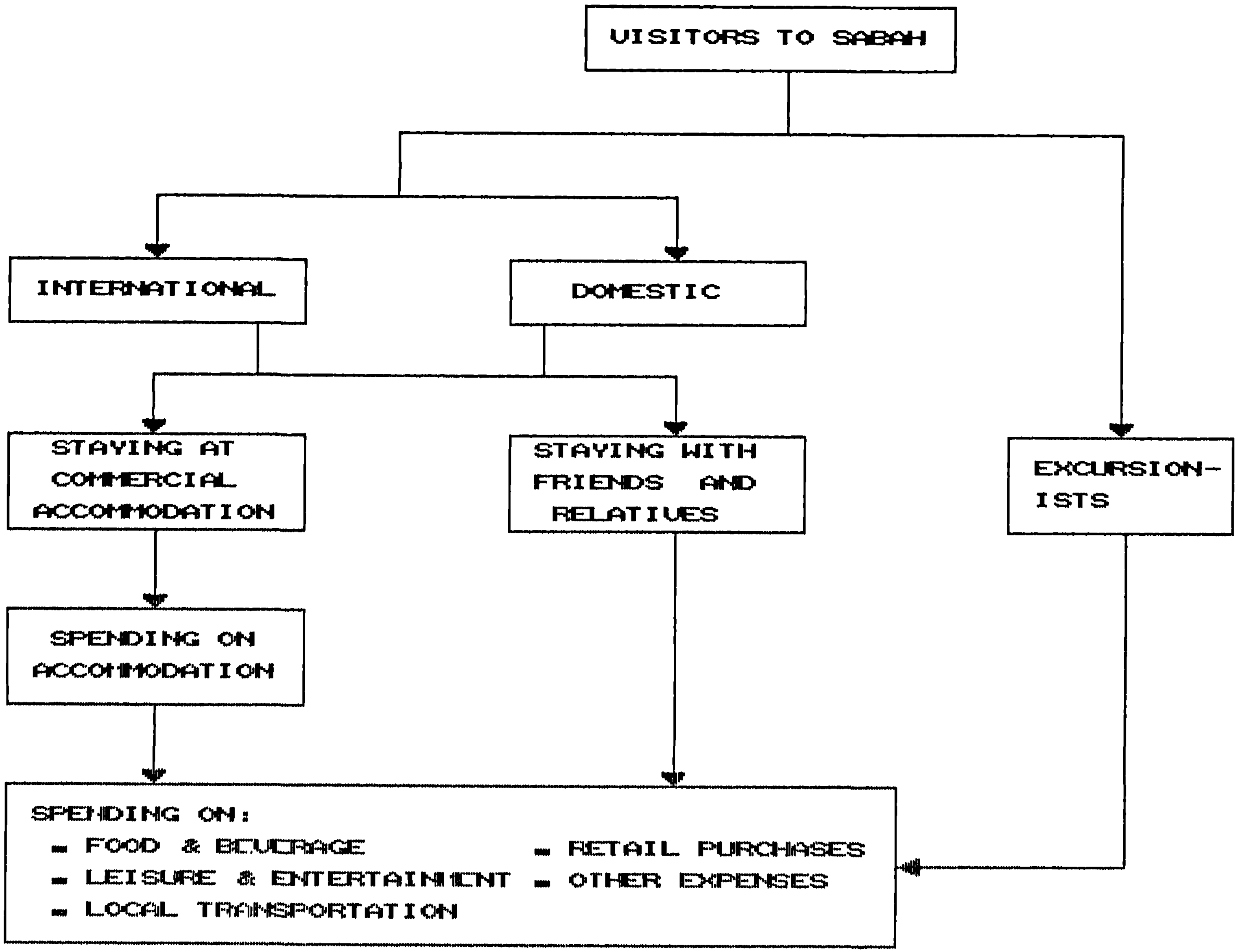
4.3.3. FRAMEWORK AND METHODS FOR ASSESSING THE DIRECT ECONOMIC EFFECTS OF TOURISM

Tourism is a young industry in Sabah; hence the economic assessment is aimed mainly to uncover the direct or primary impacts since interlinkages of the industry would be weak during the early stage of development. Researchers have applied several methods to assess the economic contribution of tourism. Input-output analysis, usually linked to the multiplier concepts for secondary analyses, is the most widely used (see chapter 3). The methodlogy must be relevant to the particular case-study.

Although the input-output and multiplier techniques have their merits they may be not suitable in this instance since they assume that well-developed economic linkages exist and there is a relatively established and stable economic structure. This has limited applicability to the Sabah situation which are marked by rapidly changing circumstances (see chapter 1). Tourism being a new enterprise in Sabah, data are also inadequate thereby making the techniques unoperationable.

In the situation where well used methods are not practical for the purpose of the Sabah case-study, it is aimed herein to capitalise on knowledge gained from work experience to identify the crutial elements of tourism in Sabah where economic estimators are necessary. One of these crucial elements of tourism is the contribution of tourist spendings to the local economy. Accordingly the framework for assessing the size of these spendings is shown in figure 4.5. The model shows that the relevant visitors to Sabah for the analysis can be grouped into tourists or excursionists.[27] Tourists and excursionists may be further dissaggregated into international or domestic tourists. Observations suggest that overnight visitors normally stay in commercial accommodation or are staying with friends or relatives. This suggests that it is necessary to isolate spending on commercial accommodation. By definition excursionists do not stay overnight and like those staying with friends and relatives do not incur expenditure on accommodation.

FIGURE 4.5: FRAMEWORK FOR ESTIMATING VISITOR SPENDINGS

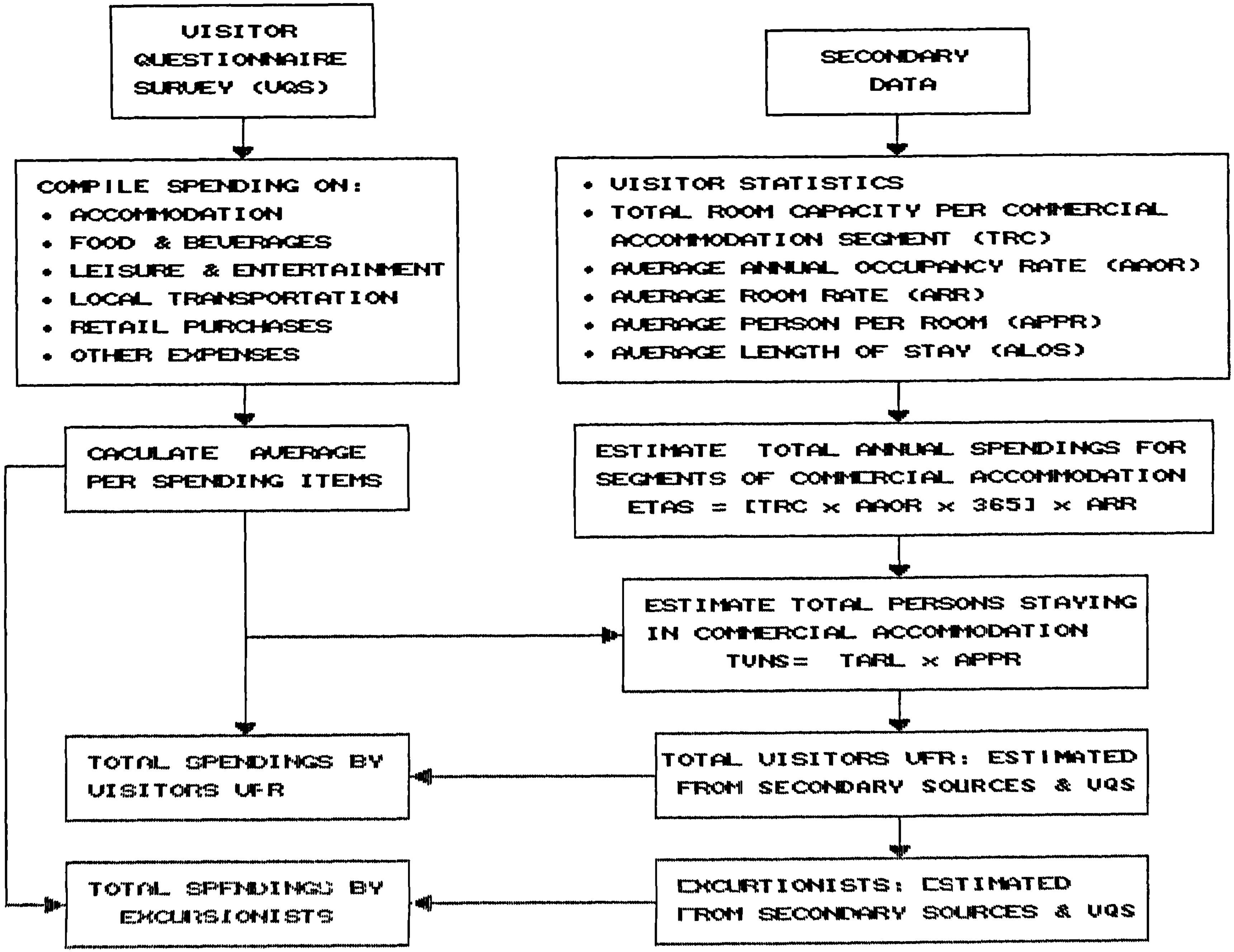


However all categories of visitors may spend on items such as food and beverages, leisure and entertainment, local transport, retail purchases and other expenses; these need to be identified and quantified.

The method for estimating visitors spending is outlined in figure 4.6. Essentially the method aims to differentiate three broad categories of expenditure, by visitors: (1) staying in the different categories of commercial accommodation, (2) staying with friends and relatives and (3) excursionists. The first band of spending can be estimated in two ways: from secondary data compiled from hotels[28] and other segments of commercial accommodation[29] and averages caculated from the VQS. Estimating the total spendin for the various commercial segments from the secondary data (see formulae given in the third box at the right side of figure 4.6) requires two distinct steps.

Fir tly the total annual room-nights let (TARL) can be calculated by the first expression shown below (see acronvms in figure 4.6). Multiplying the result by the average room rate (ARR) would yield the estimated total annual spending on the different segments of commercial accommodation (ETAS) shown by the second expression. Alternatively the total spending on accommodation can be estimated by applying the total nights stayed by visitors staying in the various commercial accommodation to the average spending on accommodation obtained from the VQS.

FIGURE 4.6: METHOD FOR STIMATING VISITORS' SPENDINGS



TRC x AARO x 365 = TARL -------- [1]

TARL x ARR = ETAS -------- [2]

TARL x APPR = TVNS -------- [3]

TVNS / ALOS = ETV -------- [4]

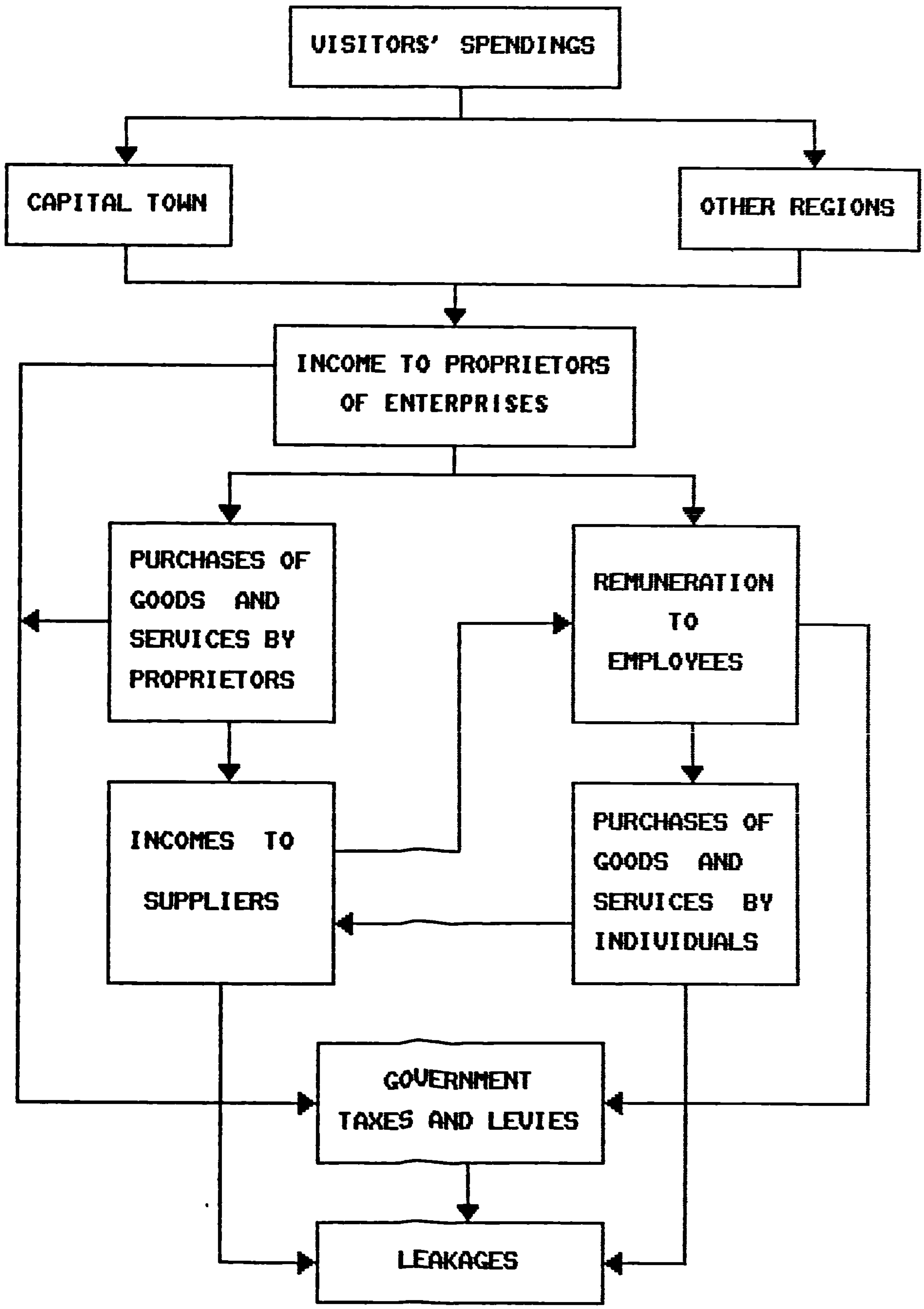
To estimate spendings on other items it is necessary to estimate the total visitor nights stay in the various commercial accommodation segments. The latter is derivable by the formulae given within the fourth box on the right side of figure 4.6. Multiplying the resultant of expression 1 (TARL) by the average person per room staying at the various segments of the commercial accommodation (APPR) yields the total visitor-nights spent at the respective commercial accommodation segments (TVNS). Applying TVNS with the averages of spending items calculated from the visitor questionnaire survey (VQS) the total spendings of visitors staying in the commercial accommodation may be estimated.

It is also important to estimate the total number of visitors staying at the commercial accommodation (ETV). This can be done by expression 4 which require the division of TVNS and the average length of stay (ALOS). ETV is important to ascertain the distribution of visitors and its consequent on tourist receipts.

The procedures described so far attempts to disaggregate visitors spending staying at the various segments of commercial accommodation. Visitors staying with friends and relatives (VFR) and excursionists (E) has not been accounted for yet. This is done by the last two boxes on both sides of figure 4.6. Information from official statistics and the VQS can be used to estimate the numbers and average night stays of those VFR and E. Applying their length of stay to the averages of spending items caculated from the VQS, the total spendings of VFR and E can be estimated.

Direct visitor spendings described above accrue to proprietors of tourist services and therefore are commensurate to their respective income. Figure 4.7 suggests the regional implications of visitors spending contributing to the respective local economy and manifesting as incomes to proprietors of goods and services. Proprietors in turn need to purchase goods and services for their respective operations; through payments for these operating items, the initial visitors spending they recived as sales receipts are recycled and reemerge as incomes accruing to the suppliers. Some of the incomes of proprietors and suppliers are transferred as remunerations to employees becoming individual or personal incomes. They provide the purchasing power for household consumption hence are translated into incomes of suppliers of goods and services. Some of the income of the various participants is converted to government revenues through taxes and other levies. These income effects accruing from tourism need to be identified and quantified. Similarly leakages from the local economic system through

FIGURE 4.7: FRAMEWORK FOR ASSESSING THE DIRECT CONTRIBUTION OF VISITORS' SPENDINGS TO THE LOCAL ECONOMY



say the repatriation of incomes by expatriate elements, imports of goods and services and federal taxes need to be recognised and estimated.

Figure 4.8 provides a skeleton for the estimation of local income accruing from tourism. From the VQS visitor spendings are estimated from the procedures described in figure 4.6. Since visitors spending and proprietors income are directly related, disaggregations of the former would roughly approximate the latter. The various income accruing to the suppliers, individuals and the public sector could be estimated by applying the disaggreated income to the appropriate proportion of proprietors' expenditure (see figure 4.8) caculated from the tourist trade survey (TTS - see appendix 2)[30] and secondary data. Leakages from the local economy can be measured by extracting extraneous expenditures (approximated from the TTS by the proportion spent on imported goods and services) and applying secondary sources to trace the destination of taxes and levies.

Individual income mentioned earlier imply the existence of employment. Figure 4.9 provides the schema for estimating the contribution of tourism to payroll and jobs. As discussed previously annual direct tourism receipts can be disaggregated from the VQS. Data on salaries, wages and revenues by economic segments and profession can be obtained from the TTS; from it the annual payroll/revenue ratio (PRR) and average salaries and wages per economic

FIGURE 4.8: METHOD OF ESTIMATING LOCAL INCOMES

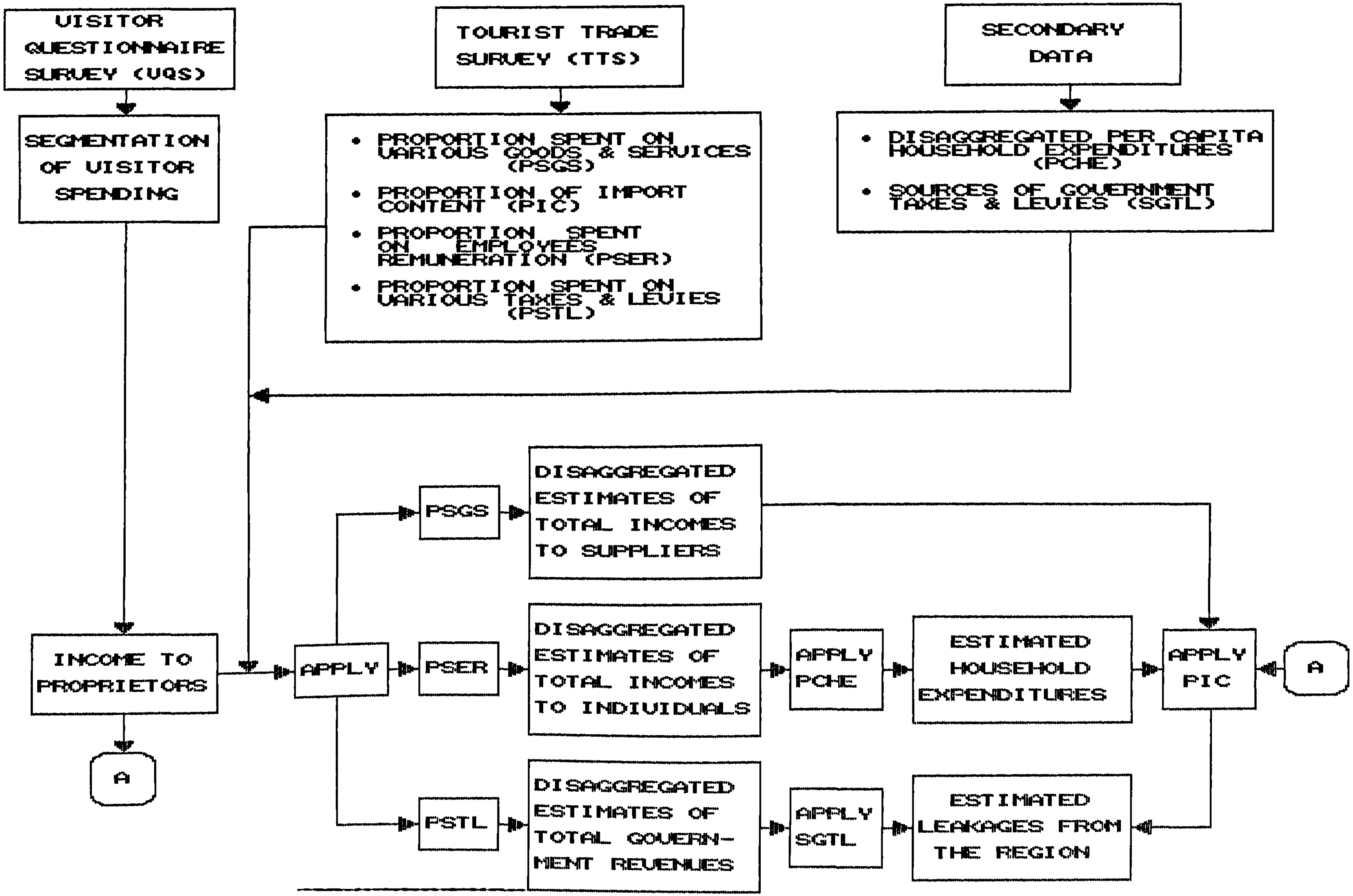
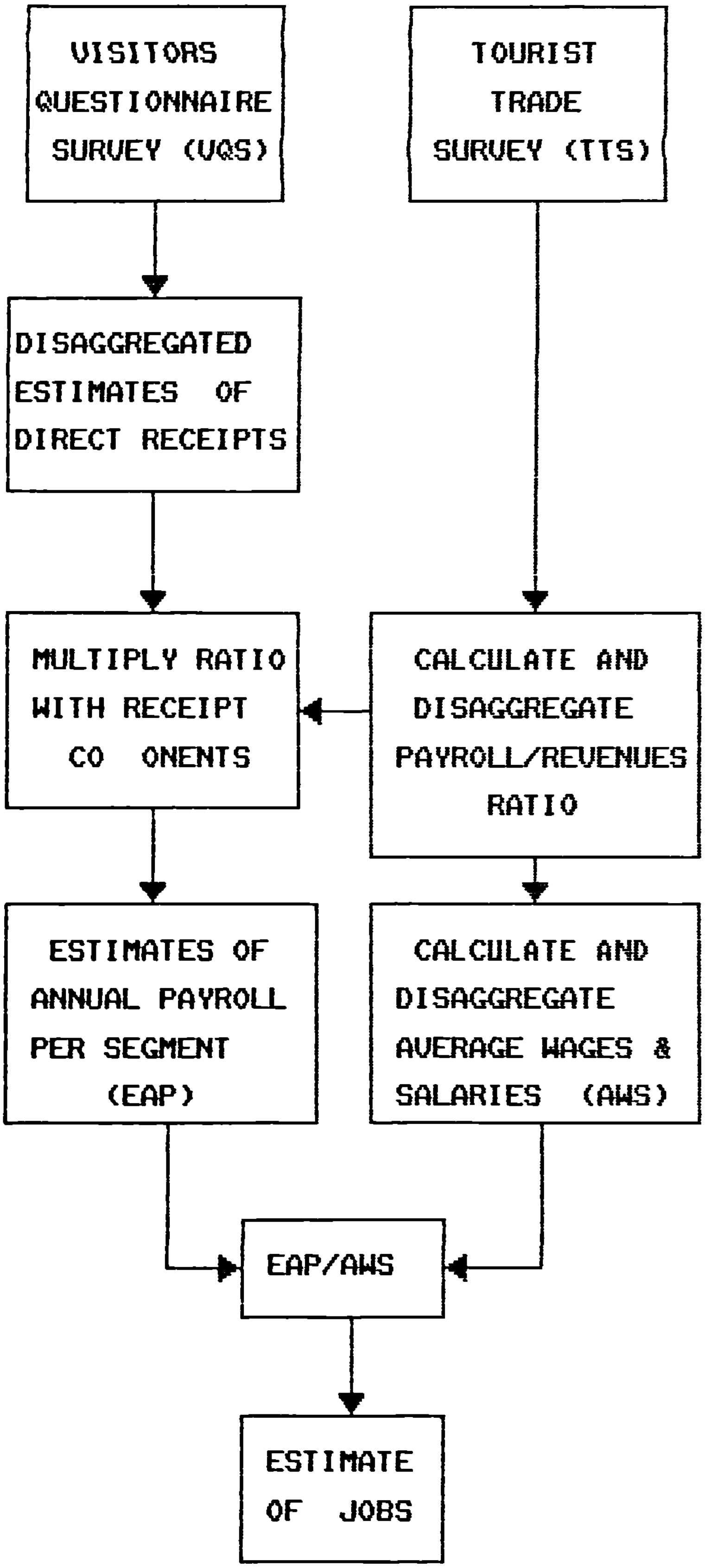


FIGURE 4.9: ESTIMATION OF PAYROLL AND EMPLOYMENT SIZE

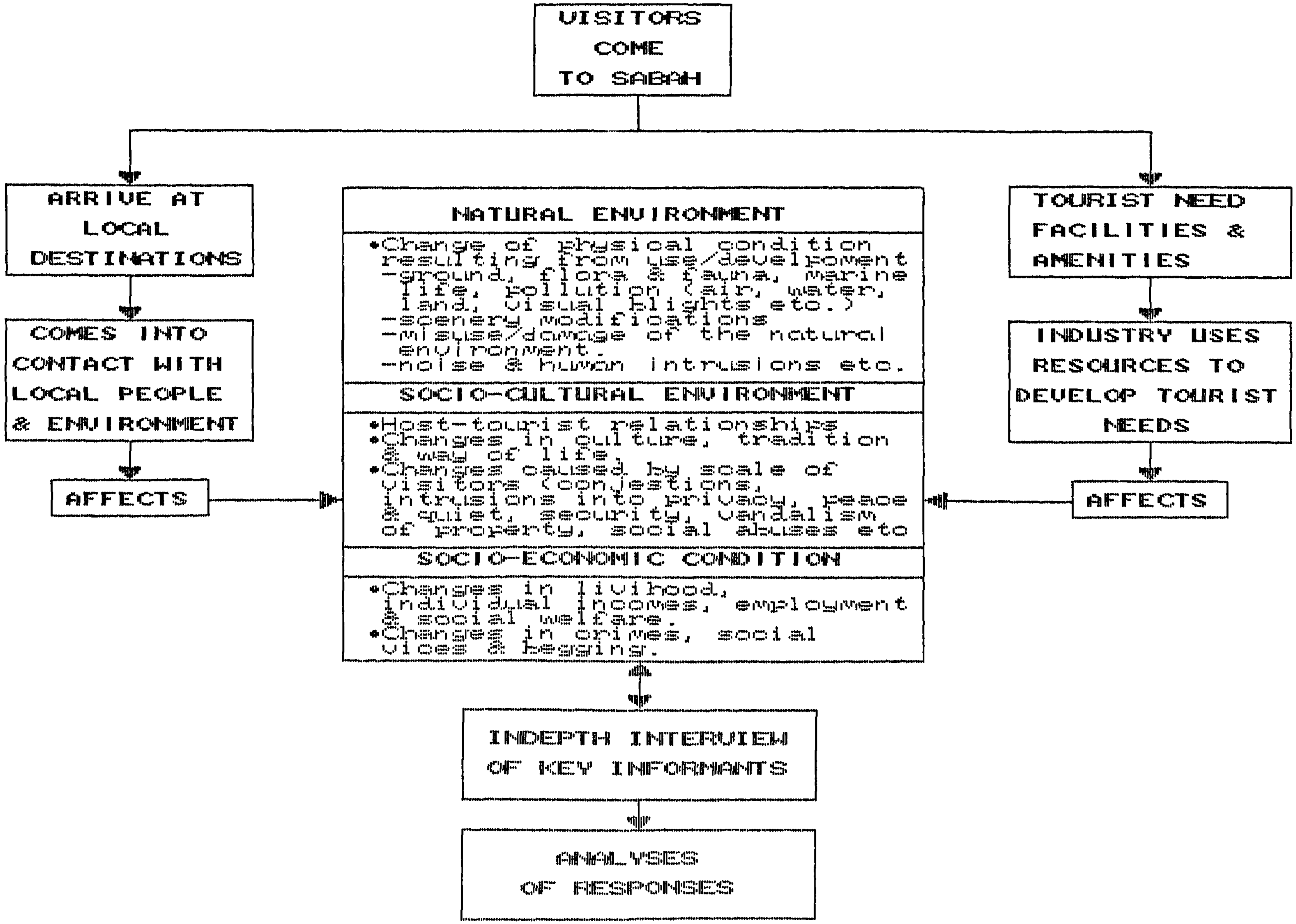


segment and profession (AWS) can be caculated. Multiplying the respective PRR with the disaggregated receipts components will provide a disaggregated estimate of the annual payroll (EAP) contributed by tourism. Dividing EAP by AWS the total number of jobs supported by tourism in the respective segment may be approximated. The estimates on tourism employment and remuneration can be compared with the other economic sectors way of the lorenz curves. Analysis of the tourism economic impact is presented in chapter 9.

4.3.4. ASSESSING THE SOCIAL AND ENVIRONMENTAL IMPACTS OF TOURISM

The framework and method for assessing the social and environmental impacts of tourism is given in figure 4.10. As shown visitors to Sabah will come into contact with the local population and physical settings at local destinations affecting the natural, socio-cultural and socio-economic environments. Hence it is necessary to examine the social and environmental ramifications illustrated in figure 4.10, for some of the important areas affected by tourism. One angle of the inquiry is directed to discover: the socio-economic benefits/disbenefits, the socio-cultural and environmental changes exerted by tourism (see figure 4.10) on five selected local communities. These communities were chosen because of their exposure to organised and informal tourist visits. Since there are tight coherence within

FIGURE 4.10: FRAMEWORK AND METHOD FOR ASSESSING SOCIAL AND ENVIRONMENTAL IMPACTS OF TOURISM



the social fabrics of the local communities in Sabah there is in normal circumstances strong agreement in their opinions and perceptions concerning local issues.[31] In this situation a small but carefully selected interviewees is expected to represent the views of each of the communities under investigation. Information were sought using the questionnaire in appendix 3.[32] Cross-checks between the interviewees were made relating to the information given. The smallness of the community also allowed tangible responses to be checked on the field. In some circumstances it has been possible to check information from other sources cited by the interviewees.

This localised analysis is complemented by a broader investigation of the socio-economic, socio-cultural and environmental impacts exerted by tourism. Likewise, using the same questionnaire, indepth interviews with key informants (viz: academists, consultants, researchers, planners, tourist trade practitioners, interest groups and the knowledgeable public) who are aware of tourism issues are conducted.

Lesser is known about issues relating to the environmental, socio-cultural and socio-economic impacts of tourism in Sabah. Hence the structure of the questionnaires shown in appendix 3 have open-ended components. This allows follow-up questions and indepth discussion on the issues presented and aiming at discovering physical and intangible impacts. Responses to the questionnaires will be analysed, categorised and summarised in chapter 10.

Figure 4.10 also disclose that enterprises uses resources to supply tourist facilities and amenities. Meeting these tourist needs will likewise affect the natural, socio-cultural and socio-economic environments inducing changes described in figure 4.10. Some of these aspects will be identified by the indepth interview of knowledgeable informants described earlier.

5. APPRAISAL OF TOURIST RESOURCES IN SABAH

Pursuing the objectives to understand the supply factors of tourism the overall aims of this section are to: (1) identify and describe the natural, man-made and intangible tourist resources in Sabah; (2) map the location of the tangible tourist assets; (3) appraise the accessibility, physical and other attributes and shortcomings of these resources; (4) appraise international and internal accessibility; (5) examine resource patronage and usage characteristics and (6) evaluate the contribution of these resources to Sabah's potential as a tourist destination. Insight and understanding of these issues are important to support the main objectives outlined in chapter 4.

This study appraised tourist resources by drawing long personal experiences founded on field observations and surveys, observations of tourist activities and behaviour, discussion with tourists and specialists within the tourist trades, personal travel experiences in Sabah,[33] and secondary sources. The main findings are discussed in this chapter.

5.1. NATURAL TOURIST RESOURCES

With reference to the aims just outlined, this section deals with presently used as well as potential natural tourist resources. The main natural attractions in Sabah may be grouped into two categories: (1) nature parks, conservation areas and wildlife sanctuaries and (2) attributes of the beach, sea and reefs.

5.1.1. NATURE PARKS, CONSERVATION AREAS AND WILDLIFE SANCTUARIES

Early and modern visitors writing about Sabah particularly complimented the attributes of her natural edownments (Keith, u.d.; Hoebel, 1984; Chay, 1986). Recognising the importance of these assets the State has taken steps to conserve them. As can be seen from table 5.1 there exist

TABLE 5.1: ORIGINS AND LAND AREA OF NATURE AREAS IN SABAH

NATURAL AREAS	YEAR OF ESTABLISHMENT	SIZE (hectares)
Nature Parks		
1) Kinabalu Park (KP)	1964	76,800
2) Tunku Abdul Rahman Park (TARP)	1974	4,929
3) Turtle Island Park (TIP)	1977	7,137
4) Pulau Tiga Park (PTP)	1978	15,864
5) Tawau Hill Park (THP)	1979	27,984
6) Crocker Range National Park (CRNP)	1984	139,919
Total size of nature parks:		272,633
Conservation Areas		
1) Sepilok Nature Reserve (SNR)	1964	4,300
2) Gomantong Nature Conservation (GNC)	Pre-war	8,000
3) Dannum Valley	1985	42,775
4) Silabukan	Proposed	10,000
5) Tanjung Linsang	Proposed	5,000
6) Gunung Lotung	Proposed	50,000
Total size of conservation areas:		120,075
Bird Sanctuaries		
1) Sipadan Island	1937	Unsurveyed
2) Kota Belud	1960	-ditto-
3) Mantanani Island	1962	-ditto-
4) Bohay Dulang Island	1987	-ditto-

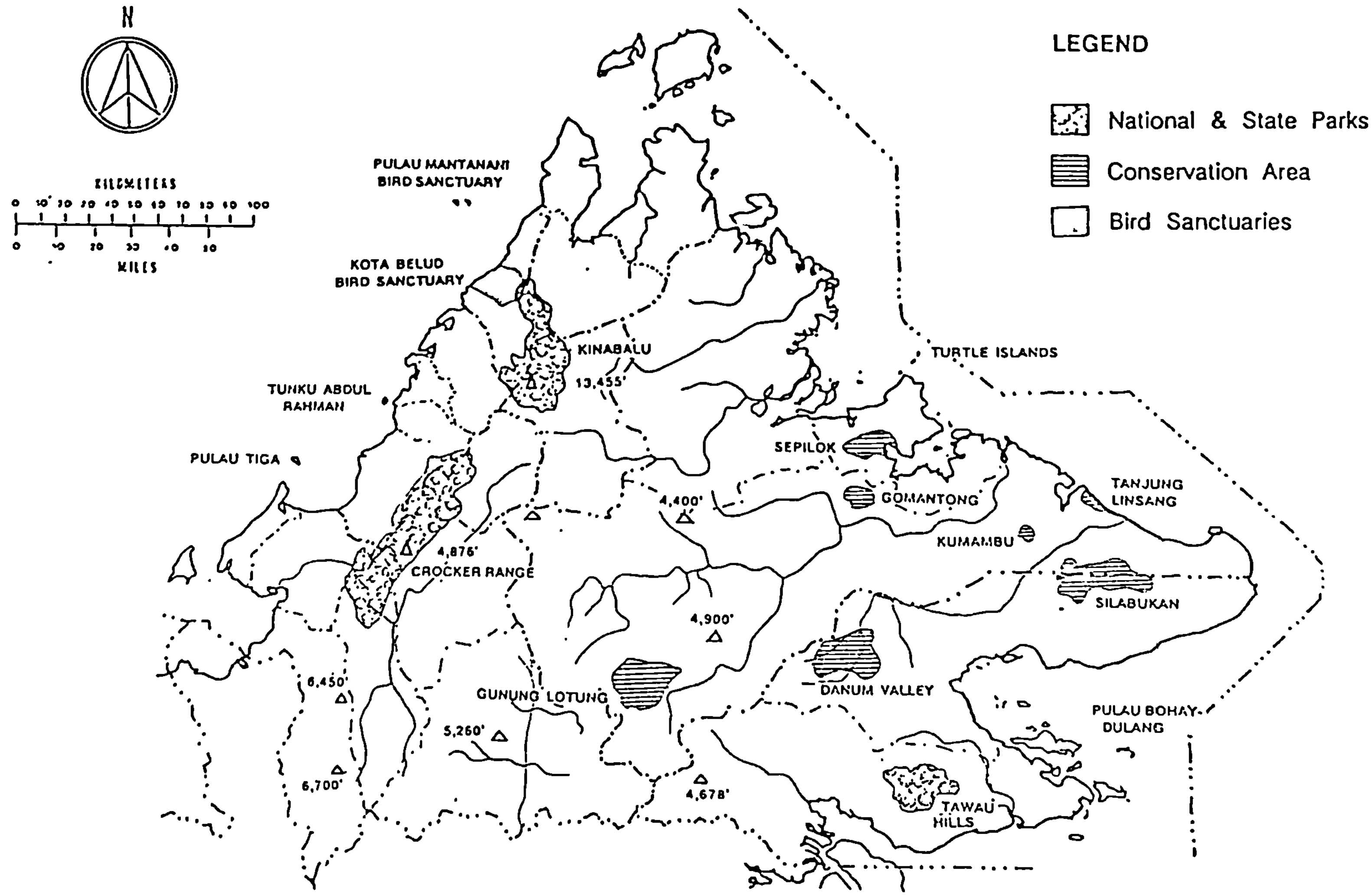
Source: Personal summary based on official documents.

in Sabah six nature parks established permanently by legislature, an equal number of conservation areas and four bird sanctuaries created by Government instruments and policy. The geographical location of these areas, is depicted in figure 5.1.

Table 5.2 summarised the nature of accessibility of each of the natural areas to the main urban centres in Sabah, as espoused by the general impressions of tourists and tourism specialists. The broad factors influencing accessibility are outlined in table 5.3. These key factors were definded within the categories of accessibility given at table 5.4. The two easily accessible natural places (table 5.2) are within close proximity to the capital town, Kota Kinabalu, and well established transportation routes. An important point emerging from table 5.2 is that users has generally indicated that accessibility is not very easy for most of natural areas.

The attributes of the natural areas are summarised in table 5.5. Attributes of the natural atttactions are assessed by their relative uniqueness in terms of physical features and social opportunities. Favourable or likeable attributes that were considered as having few equals elsewhere are categorised as *unique*; those that are seen to have several equals are grouped under *good* and those attributes that are viewed to be not unique or commonly occuring are referred as *ordinary* (see table 5.5). The

FIGURE 5.1: NATURE PARKS, CONSERVATION AREAS AND WILD-LIFE SANCTUARIES IN SABAH



SOURCE : A. Davies et al, "Faunal Survey of Sabah," 1982

TABLE 5.2: ACCESSIBILITY OF NATURAL TOURIST RESOURCES IN SABAH

NATURAL ATTRACTION	EASILY ACCESSIBLE	ACCESS REQUIRING EFFORT	DIFFICULT ACCESS
Kinabalu Park	By road from Kota Kinabalu		
Tunku Abdul Raham Park	By boat from Kota Kinabalu		
Turtle Island Park		By boat from Sandakan	
Tiga Island Park			By boat from Labuan
Crocker Range National Park		By road from Kota Kinabalu	
Tawau Hill Park		By road from Tawau	
Sepilok Nature Reserve		By road from Sandakan	
G mantong Nature Reserve		By road from Sandakan	
Dannum Valley			By road from Lahad Datu or Tawau
Silabukan			-ditto-
Tanjung Linsang			-ditto-
Gunung Lotung			By road from Tawau
Sipadan Island		By boat from Semporna	
Kota Belud Bird Sanctuary		By road from Kota Kinabalu	
Mantanani Island			By road from Kota Kinabalu

Source: Compiled from the opinions of tourists, tourism specialists (1985-1989) local knowledge & personal experiences.

TABLE 5.3: FACTORS INFLUENCING ACCESSIBILITY

+ Availability and frequency of scheduled transporation.

+ Availability of unscheduled transportation e.g. taxis and other licensed vehicles or boats.

+ Duration of journey.

+ Availability of tour services.

+ Ease of finding transportation or making travel arrangements.

+ Comfort of journey: taking into account physical and mental stress brought by quality of transportion, effects of journey time and travel conditions e.g. physical fatigue, car & sea sickness etc.

TABLE 5.4: FACTORS AND CATEGORIES OF ACCESSIBILITY

EASILIY ACCESSIBLE	ACCESS REQUIRING EFFORT	DIFFICULT ACCESS
Schedules of transport are frequent and reliable.	Schedules of transport are irregular, infreq-uent and unreliable	Transport have to be specially arranged e.g. vehicle hire etc.
Unseduled transport are abundant.	Unscheduled transport are sparsely available.	*-Ditto-*
Wider range of transport sources.	Limited range of transport sources.	Transport by special arrangement is the only choice.
Scheduled tours are available at least daily.	Tours are available only occasionally.	Tours are not available.
Journey is short and time taken is reasonable so allowing comfort and enjoyment.	Journey distance and time taken is tolerable but causing some discomfort and fatigue.	Journey distance and time taken is ardous causing exhaustion and needing special motivation to accomblish.
Vehicle available is comfortable and the medium travel-led on e.g. road surface is good, sea is calm etc.	Conditions of travel are less satisfactory.	Conditions of travel are bad.

Source: Tables 5.3 & 5.4 - see previous table.

TABLE 5.5: UNIQUE ATTRIBUTES OF NATURAL TOURIST RESOURCES OF SABAH

NATURAL ATTRACTION	PHYSICAL FEATURES				SOCIAL OPPORTUNITIES			
	BEACH & AQUATIC QUALITY	MARINE HABITAT	FLORA & FAUNA	GEOMOR-PHOLOGY	SCENIC	EDUCA-TIONAL	EMO-TIONAL	RECREA-TIONAL
Kinabalu Park			***	***	***	***	***	***
Tunku Abdul Rahman Park	***	***	***	**	***	***	***	***
Turtle Island Park	***	***	**	*	***	***	***	***
Pulau Tiga Park	**	*	**	**	***	***	***	<***>
Crocker Range National Park			***	**	**	**	**	<***>
Tawau Hill Park			**	**	**	**	**	<**>
Sepilok Nature Reserve			***	**	***	***	***	***
Gomantong Nature Reserve			**	**	**	***	***	*
Dannum Valley			***	**	***	***	***	<***>
Silabukan			**	**	**	**	**	<**>
Tanjung Linsang	**		**	**	**	**	**	<**)
Gunung Lotung			***	**	***	***	***	<**>
Sipadan Island	***	***	***	**	***	***	***	<***>
Kota Belud Bird Sanctuary		**	**	**	*	**	*	<**>
Mantanani Island	**	***	**	**	***	**	***	<**>

Legend: *** Superlative/Unique ** Good * Ordinary <> Potential
Source: See table 5.2.

characteristics of these physical and social attributes for the respective natural places listed in table 1.1 will be discussed in turn and taking into account accessibility.

Kinabalu Park (KP) is the second largest nature park in Sabah and the oldest (see table 5.1) and most unique. Its special attributes are spelled out in table 5.6. The area's most prominently feature the *Kinabalu* mountain (4,101 metres). This granitic massif is the highest peak between the Himalayas and peaks of New Guinea and the grandest highland feature in South East Asia. It is the source of several rivers in Sabah and disects the park's surface with waterfalls, rapids and swift rivulets. The KP has diverse flora extending from the fertile lowland diterocarp forest through montane oak and conifer forest and the mossy habitat of the alpine summit. Corner (1978) ascribed this assemblage of plants in varying contiguous environment as the 'richest and most remarkable' in this world. Legislated and managed as a conservation area this rich vegetational diversity provides sanctuary to an equally rich and varied faunal pool including several rare species. This combination of variform topography, hydrologic features, luxuriant and variegate vegetation and pressence of wildlife provides the KP with excellent scenic qualities and vast social opportunities. Since botanical and exploratory expeditions by Sir Huge Low in the 1850s the park is renowned for its contribution to botanical and zoological research and nature study. It

TABLE 5.6: UNIQUE ATTRIBUTES OF THE KINABALU PARK

PHYSICAL ATTRIBUTES	DESCRIPTION
Geomorpology	+ Highest Mountain in South East Asia: 4,101 metres granitic massif. + Thermal spring with therapeutic reputation. + Attractive hydrologic features: waterfalls etc.
Flora and Fauna	+ Diverse and complex natural habitat: * 1,200 species of orchids (not fully discovered). * 27 species of rhodedendrons. * 450 species of fern. * Largest conglomeration of pitcher plants including the *Nepenthes Rajah* the biggest genus in the world. * Large collection of flowering plants (species identification is ongoing) including the *Rafflesia* - the biggest and rarest flower in the world. * Over 1,000 species of buterflies. * 300 species of birds. * Sanctuary to interesting and rare mammals.
SOCIAL ATTRIBUTES	
Scenic	+ Variform topography. + Luxuriant and variegate vegetation. + Pressence of diverse/rare wildlife. + Hydrologic aesthetics. + Panorama of lofty mountain ranges, undulating landscape, valleys and interesting villages from mountain heights.
Educational	+ Botanical and Zoological research. + Ornithological interests. + Nature and conservation Study.
Emotional	+ Wilderness experience and associated attributes of solitude, tranquility, thrills from experiences of nature and adventure. + Enjoyment and comfort of cool weather.
Recreational	+ Nature and scenic appreciation. + Emotional experiences (see above). + Forest recreation. + Terrain and terrestrial exploration. + General recreation e.g. pinicing, sightseeing, socialising etc.
Historical/ anthropological significance	+ Mt. Kinabalu has deep association with local legend and ancient religious reverence. + Explorations by Europeans in the 1850s bore significance in world's orchid cultivation.

Source: (1) Corner E.J.H. (1978) Kinabalu, Summit of Borneo The Sabah Society, Kota Kinabalu; (2) Field observation and survey; (3) Personal derivations: segmentation of attributes.

has historical links to the Kew Garden in London as the provider of plant materials (Cockburn). Recreational opportunities have roots in the natural attributes of the park and manifest as nature and scenic appreciation, terrain and terestrial exploration, and forest and general recreation. Being vast and mainly isolated the park offers excellent wilderness experience and associated attributes of solitude, tranquility, peace and quiet and thrills from the experience of nature and adventure. By its exceptional natural habitat the KP is not only unique in its South East Asian setting but also an environment that is scarce worldwide. As indicated by table 2.2 the park can easily be reached by road from the capital an average journey duration of approximate two and a half hours.

The Tunku Abdul Rahman Park (TARP), Turtle Island Park (TIP) and Pulau Tiga Park (PTP) are island settings demarcated for conservation by statutes designed to protect the growing rarity of the coastal environment and its unique islands' habitat. These parks share similar tropical coral island characteristics. The TARP and TIP have unspoilt beaches, excellent aquatic qualities and diverse marine flora and fauna. The beach of the PTP are much narrowerer, the sand much more compact and sendimentations from river estuaries affect the clarity of the water. The sea still accommodates rich marine life but not quite as exuberant or visually spectacular as in the TARP and TIP. Both the PTP and TARP are endowed with florid tropical forest. The forest found in the Gaya island within the TARP is especially unique as it is a lowland dipterocarp rain forest within only thirty minutes boat ride from the State Capital. The vegetation in all three parks support undisturbed beach island habitats which are getting rarer along the coast of South East Asia. The TARP sustains primates, reptiles, large birds and mangrove organisms. Rare bird species such as the Frigates, Megapoles and wild pidgeons inhabit the PTP. The islands forming the TIP are the breeding ground for the Green and Hawksbill turtles. The PTP and to a lesser extent the TIP also have interesting geology, manifested by everal bubbling miniature mud volcanoes. The TARP is the most accessible of these islands as it is located within 0-40 minutes boat ride from Kota Kinabalu.

The Crocker Range National Park (CRNP) is the newest and largest of the nature parks in Sabah and is a long spine of mountain ranges. These are distant southerly extensi ns of the KP and reflect the latter's natural chara teristics. This includes the variety of its flora and fauna consisting of montane oak forest, schrubs, orchids and the grandiflora, *Rafflesia*. In lesser dominance it too possess variform terrian and mountain heights that offer panaromic vistas of undulating land capes, valleys and its constituents - the traditional villages of interior Sabah. Being conserved for its important water catchment attributes the area too is carved with hydrologic features thus adding to the aesthetics of the landscapes. In contrast the Tawau Hill Park (THP) comprises a rugged countryside with several extinct volcanic peaks and ridges. The area also has its share of waterfalls, gullies and streams, as well as geothermal springs. With restricted accessibility (see table 5.2) and few recreational facilities the CRNP and THP are patronised only by the ardent visitors having special interests. The THP is mainly visited by local excursionists whereas the CRNP attracts the occasional avid international and domestic tourist.

Of the nature reserves, the Sepilok Nature Reserve (SNR) and Gomantong Conservation Area (GCA) are visited more frequently. The SNR is primarily conserved for its virgin dipterocarp lowland rainforest with mature trees of commercial value and wildlife habitat. It is a sanctuary to rare primates notably the *orang utan* and probosis monkeys. Additionally the area shelters 70 species of mammals and 217 species of birds. It also contains at least 450 species of trees. The SNR is especially renown for its *Orang Utan Rehabilitation Centre* and conservation activities. The attractiveness of the SNR is enhanced because it is located only 40 minutes by road from the eastern town of Sandakan.

On the other hand, the GCA attracts visitors interested in its honeycomb cave structures and habitat, including bats, insects, reptiles and especially the insectivorous swiftlets which build edible birds' nests. The seasonal harvesting of these nests, a traditional activity of the local inhabitants for over a century, also invite visitors' attention. GCA is over three hours drive on unsurfaced road for most of the distance from Sandakan and travel require prior arrangement. It is of interest only to the special interest groups such as nature enthusiasts, hikers seeking challenging terrian and explorers.

The other designated and proposed nature conservation areas (Dannum Valley, Silabukan, Tanjung Linsang and Gunung Lotung) are endowed with sprawling virgin forests containing mature commercial trees and diverse species, undisturbed scenic landscapes and rare fauna. Among the latter are the *orang utan*, probosis monkeys, Sumatran rhinocerous, hornbills, sun bear, clouded leapord, slow loris, Borneon elephants and others. However these are only visited by avid adventurers since access is difficult and recreational facilities are not available. Yet the rare natural attractions of these areas means they possess considerable recreational potential.

All but one of the sanctuaries listed in table 5.1 originated from the interest of the colonial administration to protect rare bird species. The Mantanani Islands (north west of Sabah) and Bohay Dulang Island (east of Sabah) are attractive coral islands but suffer from restricted accessibility and lack of recreational facilities. There are therefore few visitors except those with specialised interests. The Kota Belud

Bird Sanctuary (north of Sabah) also has few visitors as there are no recreational facilities. The special attributes of marshland habitat are mainly attractive to ornithologists. The Sipadan Island (south east of Sabah) has unusual island characteristics including complicated underwater caverns and colourful corals and marine life. It is reputed to have few equals in the world (opinions of tourism experts, oceanographers and specialist divers) and is therefore of great interest to underwater explorers and scuba divers. The unspoilt beaches and clean turquois eas, virgin tropical forest and habitat include an unusual variety of wildlife including the Green and Hawk bill turtles, moniter lizards, dolphins and rare bird species. Hence the island is of great value to special interest tourists.

From field observations it is evident that there exists the concerntration of basic and recreational facilities within the vicinity of easily accessible nature areas (see table 5.2), hence there is a wider range of visitors within these areas. At the KP the base and Hot Spring areas, being the nodal points for access and facilities, are the focal areas for visitors of various interests. Similarly the Sapi and Manukan islands being serviced by jetties and recreational facilities are the core areas of the TARP, hence attract wider patronage. These areas are frequently crowded at weekends and public holidays and more visited by the leisure, family and elderly visitors. More remote nature parks and conservation areas which require trekking after arrival are patronised by special interest visitors motivated by emotional, educational and other interests such as the quest for adventure, exploration or wilderness experience. Visitors to natural places which requires special travel arrangements but where overnight and some recreational facilities are available (as in the cases of the TIP, PTP and the Sipadan Island) are basically interested in the special attributes of the localities, but often tie the visit with recreational activities such as pinicking, swimming, trekking, socialising and so on. In the case of the TIP, the main attraction is watching turtles lay their eggs. For the PTP it is the birds' habitat. The Sipadan island attracts underwater exploration and adventure. In other places where access is difficult or recreational facilities do not exist, the main motive is the special attributes of nature or personal quest for emotional and educational experiences surrounding exploration and adventure.

Table 5.7 list some of the basic facilities provided at Sabah's nature parks, conservation areas and wildlife sanctuaries. The level of adequacy or inadequacy of these facilities are summarised therein.

5.1.2. ATTRIBUTES OF THE BEACH, SEA, ISLANDS AND REEFS

Together with the year-round warm climate, unspoilt tropical islands surrounded by relatively unpolluted seas,

TABLE 5.7: BASIC FACILITIES PROVIDED AT SABAH'S NATURE PARKS AND CONSERVATION AREAS

PLACE \ FACILITY	PICNIC AREA	CAMPING AREA	PARKING AREA	TOILETS/ CHANGING ROOMS	WATER SUPPLY	BINS	TABLES & BENCHES	BBQ	SHELTER
KINABALU PARK: Base Area	●●●●		●●	●●	●●●●	●●●●	●●●●	●●●●	●●●●
KINABALU PARK: Mountain trail				●	●	●●●●	●●●●	●●●●	●●●●
KINABALU PARK: Poring Hot Spring	●●●●	●●●●	●	●●●●	●●●●	●●●●	●●	●●●●	●●
TARP: Gaya Park				●	●	●			●
Sapi Island	●●●●	●●●●		●	●●●●	●●●●	●●	●●	●●●●
Mamutik Island	●●●●			●	●●●●	●●●●	●●	●●	●●
Manukan Island	●●●●			●●●●	●●●●	●●●●	●●●●	●●●●	●●●●
Sulug Island									
PULAU TIGA PARK				●●●●	●●●●	●●●●			
TURTLE ISLANDS PARK				●●●●	●●●●	●●●●	●●●●		
SEPILOK NATURE PARK				●		●			●

LEGEND:
●●●● Adequate at present
●●● Adequate by vietue of controlled visitor numbers
●● Inadequate at peak period
● Inadequate at all times
BLANK Not applicable / Not provided
TARP Tenku Abdul Rahman Park

(Continued next page)

(CONTINUATION OF FIGURE 5.7)

PLACE \ FACILITY	WALKING/ CLIMBING TRACKS	SWIMMING POOL	BATHING FACILITY	RESTAU-RANTS	ACCOMMO-DATION	ORCHID DISPLAY GROUND	EXHIBI-TION CENTRE	JETTY/ MARINA
KINABALU PARK: Base Area	◆◆◆◆		◆◆◆◆	◆◆	◆◆◆◆	◆◆◆◆	◆◆◆◆	
KINABALU PARK: Mountain trail	◆◆◆◆		◆◆◆	◆◆◆	◆◆◆			
KINABALU PARK: Poring Hot Spring	◆◆◆◆	◆◆◆◆	◆◆◆◆		◆◆◆◆	◆◆◆◆	◆◆	
TARP: Gaya Park	◆◆◆◆		◆◆					
Sapi Island			◆◆					◆◆◆◆
Mamutik Island			◆◆	◆◆◆◆	◆			
Manukan Island		◆◆◆◆	◆◆◆◆					◆◆
Sulug Island								
PULAU TIGA PARK					◆◆◆◆			
TURTLE ISLANDS PARK			◆◆◆◆		◆◆◆	◆◆◆		
SEPILOK NATURE PARK	◆◆◆◆			◆◆			◆◆	

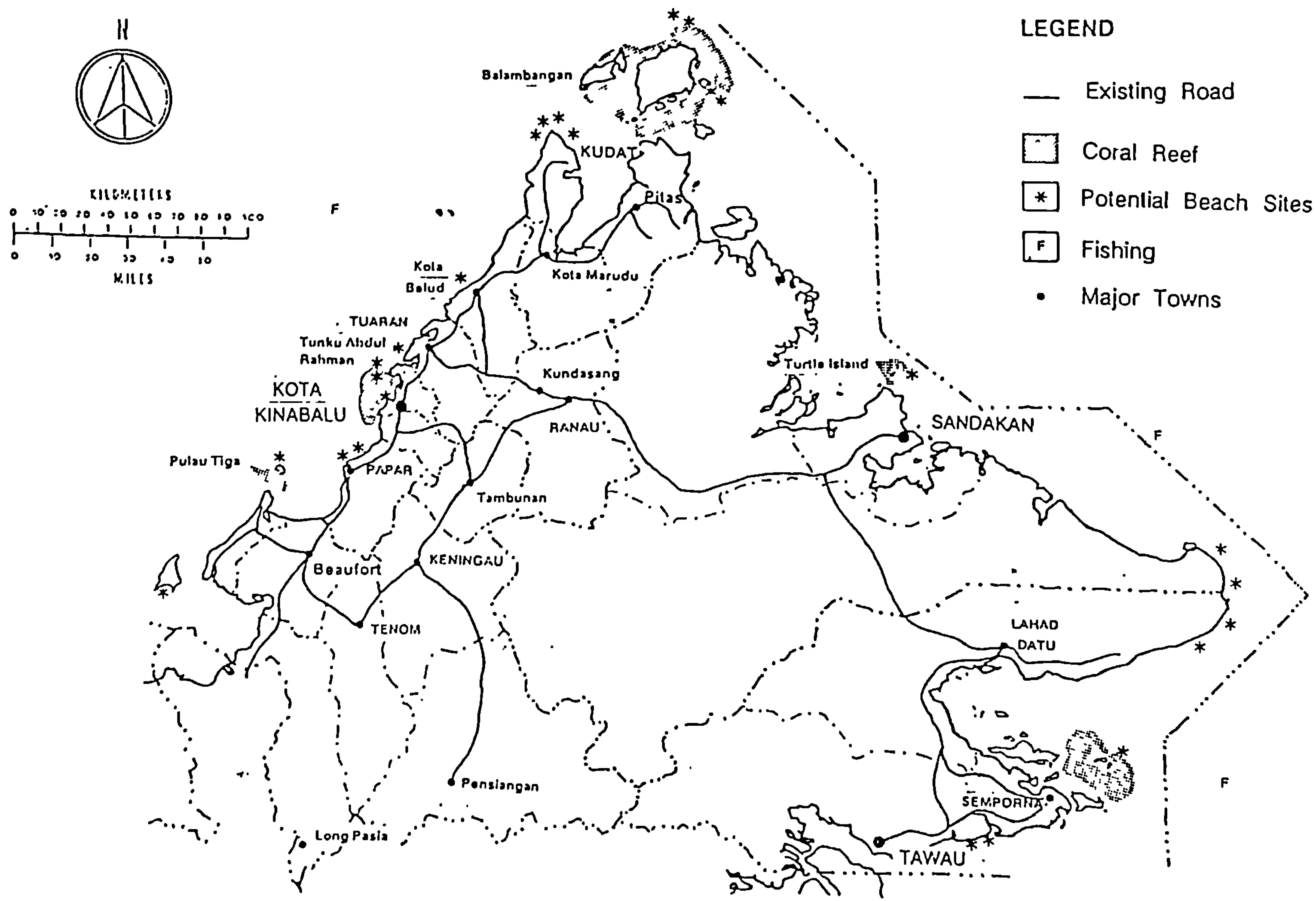
LEGEND:
- ◆◆◆◆ Adequate at present
- ◆◆◆ Adequate by virtue of controlled visitor numbers
- ◆◆ Inadequate at peak period
- ◆ Inadequate at all times
- BLANK Not applicable / Not provided
- TARP Tenku Abdul Rahman Park

Source: Based on previous works - See Analytical framework in figure 4.4.

rich corals and marine life the sandy beaches of Sabah constitute one of the most valuable tourism resources. This is especially important since so much of the world's tourism is concentrated on beach related recreation. Figure 5.2 gives the geographical location of the major beaches, islands and coral reefs around Sabah. The major beaches are largely concerntrated along the West Coast of Sabah outstretching from the northernmost point of the Kudat Peninsular to Brunei Bay in the south. As the East of Sabah has rocky coastline the beaches of the nearby islands are favoured recreational destinations. Some of the better known beaches of Sabah are grouped in table 5.8 by their relative accessibility, using the factors described in tables 5.3 and 5.4.

In the west coast f Sabah the Tanjung Aru Beach is about twenty minutes drive from the central business district of Kota Kinabalu and just a few minutes walk from the only resort hotel (Tanjung Aru Beach Hotel) in Sabah. The ervice of an urban transport network means that the beach is highly accessible. Similarly the beaches of the TARP can be comfortably reached within thirty to fourty minute boat trip. Consequently these beaches are popular recreational areas for local and international visitors, especially families. At weekends and public holidays parts of these beaches tend to be fairly crowded though not to the same extent as popular Mediterranean beaches, Hawaii, Puket in Thailand, Bali in Indonesia and such other densely visited beaches of the world. Pantai Dalit

FIGURE 5.2: MAJOR BEACHES AND CORAL REEFS IN SABAH



SOURCE : Sabah Tourism Master Plan, 1980

TABLE 5.8: MAJOR SANDY BEACHES OF SABAH GROUPED BY ACCESSIBILITY

EASILY ACCESSIBLE	ACCESS REQUIRING EFFORT	DIFFICULT ACCESS
WEST COAST		
+ Beaches within the Tunku Abdul Rahman park. + Tanjung Aru Beach.	+ Pantai Manis, Papar. + Pantai Dalit, Tuaran.	+ Beaches at Pulau Tiga. + Beaches around the Kudat area. + Kuala Penyu Beach. + Beaches within the Kimanis and Brunei Bays.
EAST COAST		
	+ Beaches of the Turtle Islands Park. + Beaches of the Sipadan Island. + Beaches of the nearby islands around Sandakan and Tawau.	

Source: Compiled from the opinions of tourists, tourism specialists, local knowledge and personal experiences.

and Pantai Manis which are about twenty five miles respectively north and south of Kota Kinabalu can be reached by road within an hour. Being further away and relatively undeveloped for tourism there are fewer international visitors. However these beaches are increasingly visited by local day-trippers. Access to the offshore island beaches in the east of Sabah requires effort but natural attractions lure informed international tourists with specialist interests including marine turtle observation at the TIP and scuba diving at the Sipadan Island. None of the other beaches in that region are particulary special so are mainly within the domain of local visitors.

Based on the factors affecting the attribites of the beach and sea shown in table 5.9, the major beaches of Sabah are categorised in Table 5.10. The outstanding beaches are contained within the islands of the Sabah parks and bird sanctuaries.

Similarly the major coral reefs of Sabah can be grouped by accessibility as shown in table 5.11. Only the coral reefs around the TARP are easily accessible because transportation is easily available since it is close to Kota Kinabalu. Despite the reputed uniqueness (especially the reefs around the Balambangan Island) the coral reefs to the north of Sabah are hardly visited because of access difficulty due to its remoteness and its appeal is restrained by the lack of facilities. Elsewhere the appeal of the coral reefs is reduced by difficult access and being more ordinary, they are not promoted by tour operators. However some keen visitors motivated by personal interest ocassionally travel to these areas. Table 5.12 lists the key factors determining the attributes of the coral reefs of Sabah summarised in table 5.13. As in the case of the attributes of the beaches the outstanding reefs again coincided with the vicinity of the Sabah islands' parks and bird sanctuaries. Coral reefs around the Balambangan Island and Semporna have their own special attractions but are generally overshadowed by the better known areas.

TABLE 5.9 : FACTORS AFFECTING THE ATTRIBUTES OF BEACH & SEA

FEATURE	OUTSTANDING	GOOD	ORDINARY
Beach	Exceptionally fine and clean sand.	Fine clean sand.	Coarse or compact sand or rocky.
	Pristine environment with little natural entrophy e.g. erosions, vegetation debris etc.	Social impacts are less conspicious although natural entrophy may be obvious.	Impacts from natural degradation and social uses are evident.
	Unique environment producing exceptional natural beauty and scenery.	Relatively lesser unique environment but still outstanding in natural beauty and scenery.	Common environment hence natural disposition and scenery is typical to Sabah
	Extraordinary appeal to human ensation e.g. thrills, satisfaction or enjoyment.	Above average appeal to human sensation.	Typical appeal to human sensation.
Water	Very clean, clear and calm.	Clean and reasonably clear but may be affected slightly by natural phenonmena e.g. sedimentation, current etc; but not pollution.	Water quality is typical of the region. May be affected by pollution (but not severe so as to render it dangerous for swimming) and more pronounced natural phenonmena.

Source: Compiled from the opinions of tourists, tourism specialists, local knowledge and personal experiences.

TABLE 5.10: ATTRIBUTES OF THE MAJOR BEACHES OF SABAH

LOCATION	OUTSTANDING		GOOD		ORDINARY	
	BEACH	WATER	BEACH	WATER	BEACH	WATER
WEST COAST						
Beaches within the Tenku Abdul Rahman Park	X	X				
Beaches at Pulau Sapi Park			X			X
Tanjung Aru Beach, Kota Kinabalu					X	X
Pantai Manis, Papar			X			X
Pantai Dalit, Tuaran			X			X
Beaches around the Kudat Area					X	X
Kuala Penyu Beach					X	X
Beaches within the Kimanis & Brunei Bays					X	X
EAST COAST						
Beaches of the Turtle Islands Park	X			X		
Beaches of the Sipadan Island	X	X				
Beaches of nearby islands					X	X

Source: Compiled from the opinions of tourists, tourism specialists, local knowledge and personal experiences.

TABLE 5.11: MAJOR CORAL REEFS OF SABAH GROUPED BY ACCESSIBILITY

EASILY ACCESSIBLE	ACCESS REQUIRING EFFORT	DIFFICULT ACCESS
WEST COAST		
+ Coral reefs around the Tunku Abdul Park.		+ Coral reefs around the Pulau Tiga Park.
NORTH (KUDAT)		
	+ Coral reefs around the west of kudat.	+ Coral reefs around the Balambangan islands.
EAST COAST		
	+ Coral reefs around the Turtle Island Park.	

TABLE 5.12: FACTORS AFFECTING THE ATTRIBUTES OF CORAL REEFS

	SUPERLATIVE	OUTSTANDING	ORDINARY
1	Rich, diverse & colourful/ attractive coral tructure and exhuberant marine life that spells uniqueness or rarity.	Rich coral structure and marine life but less diverse and colourful/ attractive.	Limited physical and colour variety of coral structure and marine life.
2	Excellent under-water visibility over 10 metres).	Above average water visibility (6-10 metres).	Acceptable water visibility (not less than 3 metres)
3	Free from natural impurities and pollution.	Natural impurities and pollution are minimal.	Acceptable level of natural impurities and pollution.
4	Marine environment is extremely safe from current and predators.	Safe marine environment i.e. no great risk from natural calamities (current and predators).	While Sabah water is generally safe nevertheless safety may be affected by remoteness lack of facilities.

Source: Tables 5.11 and 5.12 - Compiled from the opinions of tourists, tourism specialists, local knowledge and personal experiences.

TABLE 5.13: ATTRIBUTES OF THE MAJOR CORAL REEFS AROUND SABAH

LOCATION	OUTSTANDING				GOOD				ORDINARY			
#	1	2	3	4	1	2	3	4	1	2	3	4
Coral reefs around the Tenku Abdul Rahman Park		X	X	X	X							
Coral reefs around the Sipadan Island	X	X	X	X								
Coral reefs around the Turtle Islands Park		X	X	X	X							
Coral reefs around the Pulau Tiga Park					X	X	X	X				
Coral reefs around the west of Kudat									X	X	X	X
Coral reefs around the Balambangan island	X					X	X					X
Coral reefs around Semporna					X	X	X					X

Figures denote attributes listed in table 5.12.
Source: Compiled from the opinions of tourists, tourism specialists, local knowledge and personal experiences.

5.2. MAN-MADE TOURISM RESOURCES

This section deals with physical infrastucture that supports the tourism industry and is crutial for its success. Broadly these include: (1) transportation networks and (2) urban fabric and the built environment.

5.2.1. EXTERNAL TRANSPORTATION LINKAGES: INTERNATIONAL AIRPORT AND SEAPORTS

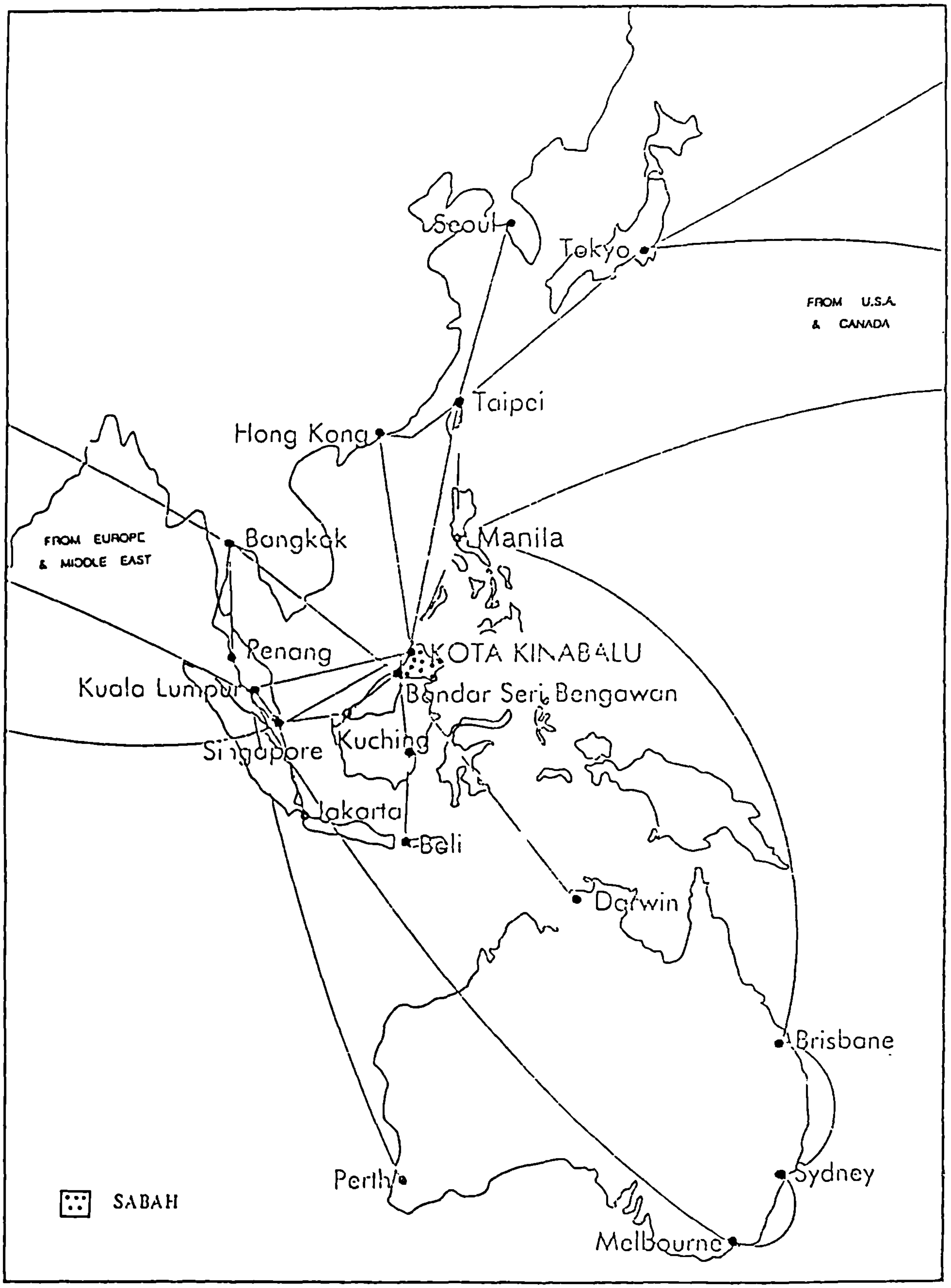
Sabah's main link with the rest of the world is provided by the modern Kota Kinabalu International Airport which can handle large aircrafts such as the Airbus, 747 jets and the concorde.[34] The extent of the international air linkages to and from the terminal are shown in figure 5.3. Direct fli hts connect Kota Kinabalu with the cities shown in table 5.14 with the frequencies and seat capacity shown therein. Flights to the first four cities are short haul with a journey duration of between 45 minutes to over 2.5 hours. The others are *medium haul* flights ranging between 6 to 8 hours. *Long haul* flights can only be undertaken indirectly through any of these cities. This limitation of international accessibility coupled by the remoteness

TABLE 5.14: DIRECT INTERNATIONAL AIR ROUTES AND WEEKLY FLIGHT FREQUENCIES (1991)

ROUTE ORIGIN	WEEKLY FREQUENCY	SEAT CAPACITY	AVERAGE JOURNEY TIME (hrs)
Bandar Seri Bangawan, Brunei	6	1,020	0.75
Kuala Lumpur/Singapore	26	4,870	2-2.30
Manila	9	1,530	1.00
Hong Kong	4	680	2.30
Taipei/Seoul	3	1,000	6-8.00
Tokyo	2	400	8.00
TOTAL:	50	9,500	

Source: Schedules of the Royal Brunei Airlines, Malaysia Airlines, Cathay Pacific, the Philippines Airlines and Singapore Airlines, (1991).

FIGURE 5.3: INTERNATIONAL AIR ACCESS TO SABAH



Source: Modified and redrawn from STPC (1987);

Teo & Sullivan (1988)

of Sabah from the major tourism routes spells one of the major problem for Sabah's tourism.

The locations of the major sea ports of Sabah are marked in figure 5.4 and its physical dimensions are outlined in table 5.15. Although the major role of these ports is to cater for cargo traffic, cruise liners are begining to discover Sabah following the socio-politico turmoil in the Philippines. Large cruise ships are increasingly visiting the Kota Kinabalu and Sandakan ports to take advantage of the various tourism attractions nearby. However their tay only last a day or so.[35] The Kota Kinabalu International Airport and seaports that presently receive cruise passen ers have the capacity and ability to cater for far more passengers and traffic flows.[36]

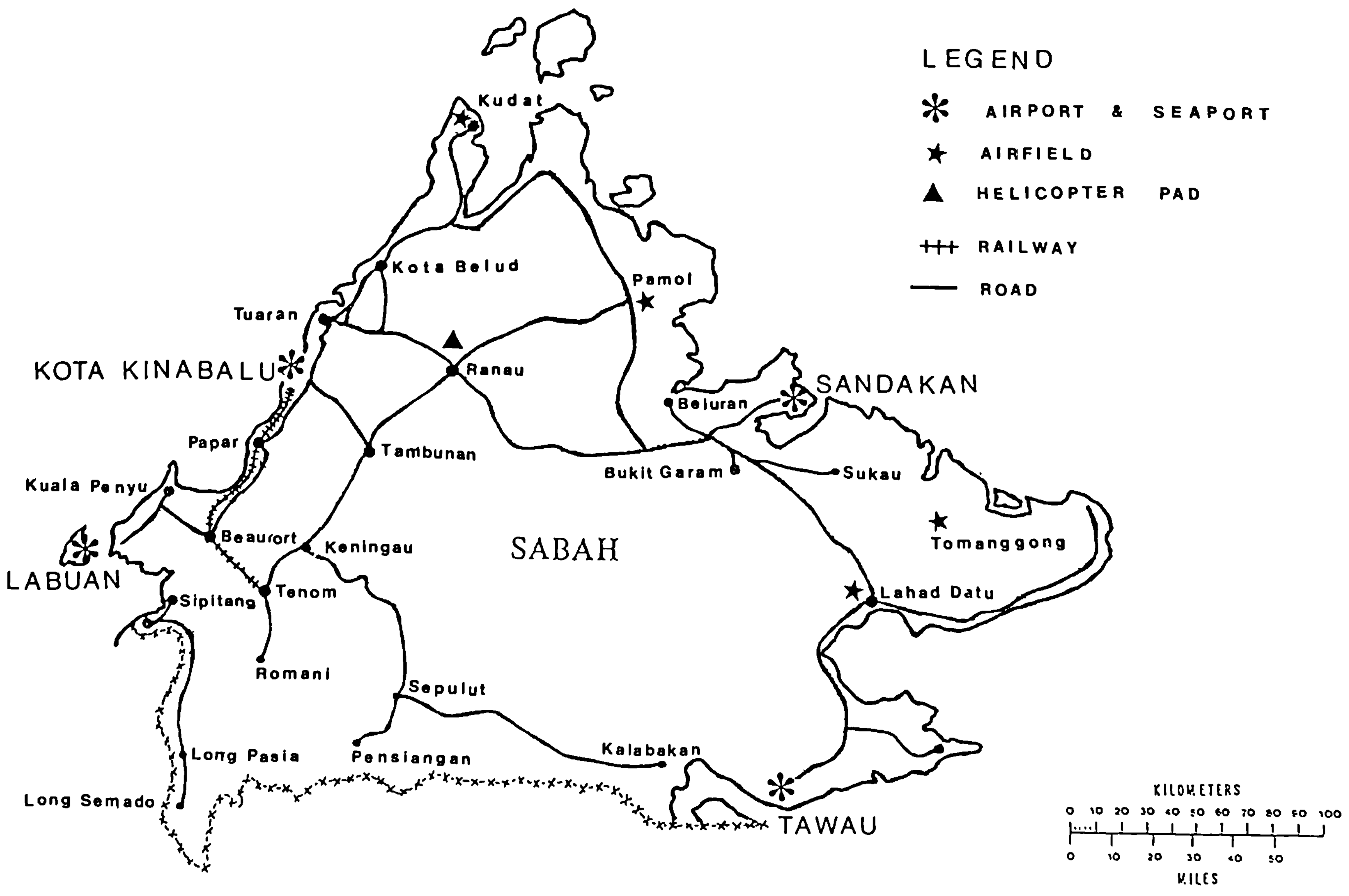
TABLE 5.15: DIMENSIONS OF THE MAJOR SEA PORTS OF SABAH

LOCATION	NUMBER OF BERTH	MINIMUM LENGTH (metre)	MAXIMUM LENGTH (metre)	MINIMUM DEPTH (metre)	MAXIMUM DEPTH (metre)
Kota Kinabalu	10	65.5	213.3	5.5	9.1
Sandakan	4*	76.2	213.0	6.1	9.1
Tawau	5*	99.1	152.4	6.1	9.1
Labuan	2*	83.8	243.8	7.6	8.5

* Excluding jetties specialised for oil and goods.

Source: Sabah Ports Authority.

FIGURE 8.5: TRANSPORTATION NETWORKS IN SABAH



Source: DID (1988) Investment Challenge in Sabah;)
IDS (1988) Sabah Tourism Development Plan;) Kota Kinabalu.
& PDM, Malaysia (1988) Sabah Investment Study;)

5.2.2. INTERNAL ACCESSIBILITY: AIR AND LAND TRANSPORTATION NETWORKS

Figure 5.4 shows other airways in Sabah. In addition to the international airport at Kota Kinabalu the major towns in the eastern coast of Sabah, namely Sandakan, Tawau and Lahad Datu are serviced by airports. The first two locations have airports that can handle Boeing 737 jets and several flights to Kota Kinabalu are available daily. Lahad Datu is serviced by Fokker Friendship aircraft with flights to Kota Kinabalu twice weekly. Airstrips are provided in remoter areas of Sabah and the various locations are depicted in figure 5.4. These areas are erviced by smaller aircraft such as the Britten Norman Islander. Additionally to the regular schedule provided by the Malaysia Airline there are two firms offering chartered flight services, including helicopters, to the remoter areas of Sabah. Helicopter pads are provided in ome natural places such as the KP (one of the major tourism attractions of Sabah) and Dannum Valley.

Also shown in figure 5.4 is the road network. There are four major highways in Sabah and information detailing the respective distance and roles is given in table 5.16. These higways form the main links between the major tourism natural attractions and towns of Sabah. In 1987 the total road distance in mainland Sabah was 8,721 kilometres of which 14.4% were major highways. Of the total 29% were tarmaced surfaces (urban roads and the

TABLE 5.16: MAJOR HIGHWAYS OF SABAH

HIGHWAY	DISTANCE (km)	ROUTE
West Coast Highway	362	Links towns along the west coast and primary access to beach, islands and reefs within the region including the Tenku Abdul Rahman & Pulau Tiga Parks
East Coast Highway	338	Links eastern towns between Sandakan and Tawau and serve as a primary access to natural tourism attractions within the region viz: Sepilok Nature Reserve, Gomantong Conservation Area, Turtle Islands Park, Tawau Hill Park, Sipadan & Bohay Dulang Islands, Danum Valley, Tanjung Linsang etc.
East-West Highway	386	Connects the West & East Coast Highways. Peimary access to the Kinabalu Park, countryside and villages of the Interior of Sabah (northern portion).
Interior Highway	177	Links the interior towms of Tenom, Keningau and Tambunan to Kota-Kinabalu and passess through the Crocker Range National Park & the countryside and villages of the interior of Sabah (southern portion).

Source: (1) Public Works Department;
(2) Routes are based on field observation.

major portion of the highways). 62% were gravelled roads (rural distributory roads and some portion of the highways) and 9% were earth roads (rural service roads). While most of the urban roads and highways comprise good metalled roads the rural roads are poorly surfaced. Under the *Fifth Malaysian Plan* (1990-1994) priority attention are given to the road building programmes. Currently the ongoing projects to completely tarmaced the *East-West*, *East Coast* and *Interior Highways* are nearing completion. Priority is given to upgrade access to tourism areas.

The railway shown in figure 5.4 complements the interior road network. It runs from Kota Kinabalu to the interior town of Tenom via the southern town of Beaufort - a distance of 134 kilometres and servicing 483,000 passenger journeys in 1987. From the statistics this mode of transportation is not a prominent feature of internal acce sibility in Sabah. However some tourists have been known to use the railway. Discussions with some tourists have revealed that the service is considered unusual because the rolling stock is old fashioned. The train ride in itself is pleasing as it is said to sway gently and the route passes through some of Sabah's scenic countryside revealing vernacular village architecture and exotic vegetation. But the experience that captivates the memory of most tourists is the scenery of the Padas Gorge and river with its backdrop of equatorial forest and panaromic sceneries of "Borneon" countryside.

5.2.3. URBAN FABRIC AND THE BUILT ENVIRONMENT

A basic infrastructure that is obviously important to the tourism industry is accommodation. In Malaysia hotels are the usual form of tourist accommodation. As yet there is no standard system to categorise hotels in the country. However the pricing of hotels in the region usually reflects the range of facilities provides. Hotels in Sabah may be categorised according to the income segments that they seek to attract (table 5.17). Economy hotels

TABLE 5.17: PERCENTAGE DISTRIBUTION OF HOTELS AND ROOMS BY REGION AND CATEGORY OF HOTELS.

REGION	ECONOMY HOTEL		MEDIAN BUDGET HOTEL		LUXURY HOTEL		TOTAL	
	NUMBER %	ROOMS %	NUMBER %	ROOMS %	NUMBER %	ROOMS %	NUMBER %	ROOMS %
Kota Kinabalu	26.7	15.8	7.9	13.7	3.2	25.5	37.8	55.0
Sandakan	12.7	6.5	4.9	4.4	-	-	17.6	10.9
Tawau	14.3	8.2	3.3	9.8	-	-	17.6	18.0
Rural Areas	22.2	8.1	4.8	8.0	-	-	27.0	16.1
TOTAL	75.9	38.6	20.9	35.9	3.2	25.5	100.0	100.0

Source: Tourist Development Corporation of Malaysia (1986).

are those offering basic facilities and target for travellers with limited budget. Luxury hotels aim to attract the high income travellers by offering them a wider range of facilities with a high degree of convenience and comfort. Median budget hotels position themselves to attract the middle income group by offering commensurate facilities. This method of categorisation lacks the sophistication of other grading systems (such as the *star* grading system adopted in the U.S.A. and the U.K. or variations of it in Continental Europe) but it is more straightforward. In 1990 there were a total of 90 hotels with 3,076 rooms contained within the hotel list complied by the Tourist Development Corporation of Malaysia.[37] Table 5.17 gives the percentage distribution by region and the categorisation discussed previously. Observed by types of hotels the economy hotels were the most numerous. However with 75.9% of the hotels having only 38.6% of the total quantity of rooms (that is an average of 20 rooms per hotel) suggest that this category of hotels were small in size. Median budget hotels constitute 38.6% of the total number and are much bigger with an average of 70 rooms per hotel. Luxury hotels are the smallest in number; in fact there are only two in Kota Kinabalu with over 300 rooms each. As the distribution in table 5.17 suggests the hotels are concerntrated mostly in the urban areas of Kota Kinabalu (55%), Sandakan (10.9%) and Tawau (18%) and relatively few in the rural areas (16%). Kota Kinabalu over hadows the other regions, which is consistent with the capital's role as the gateway to Sabah.

Tourists were in anonymous agreement that the Tanjung Aru Beach Hotel (located in Kota Kinabalu), is an excellent hotel with a wealth of luxurious facilities and can cater for all ages. It is attractive because of its proximity to the Tanjung Aru Beach and the TARP. It is serviced by a marina which caters for water sports and transportation to the TARP. The other luxury hotel in Kota Kinabalu mainly caters for business people due to its location in the central business district, but it also accommodates tourists in the higher income bracket. However there are serious concern among local and international tour operators that resort hotel of similar quality to the Tanjung Aru Beach Hotel is underprovided. These views has been collaborated by many tourists who were disappointed by the difficulties of reserving their accommodation in the said hotel.

Domestic tourist have indicated that the prices of luxury hotels are high. International visitors generally do not complain severely about prices as they were of the opinion that the prices are fair given the quality of services and facilities provided. Most tourists staying at the Median Budget Hotels and economy hotels found that the hotels they stayed at were giving "value for money" and were generally satisfied.

Other man-made facilities important to tourism are restaurants. Dining facilities are integral to Luxury hotels and Median Range Hotels in Sabah. In addition to restaurants provided by hotels there exist 54 restaurants in Kota Kinabalu, 30 in Sandakan and 16 in Tawau (Municipal records, 1988).[38] Apart from eating places designated as restaurants there are innumerable smaller facilities such as coffee shops, food stalls and markets which offer cheaper alternatives. Most rural towns in Sabah have their own set of eating places. Typical to the Far East eating places in Sabah display a rich variety of local crusines. Choices are not limited to local food and beverages as most restaurants run by hotels offer Continental or European alternatives and there are now Japanese and Korean restaurants in the major towns. While tourists generally rated restaurants at hotels as good, domestic tourist found that their services were dear. International tourists of the respective incomes found the prices at hotel restaurants to be reasonable but value for money were ascribed more to the lower priced hotels. Restaurants not run by hotels receive favourable comments with respect to value for money. The other dining places were largely patronised by domestic tourists but are not popular among international tourists. Domestic and the South East Asian visitors (except those from Brunei and Singapore) generally found the cost of food in Sabah hi her than what they are accustomed in their own countries. Vistors from the Far East (Japan, Hong Kong, Taiwan and South Korea) are lesser unsatisfied by food prices since the costs in their own countries are higher.

Apart from accommodation and restaurants the other man-made tourist resources are only of secondary interest to tourists; the primary interests being the natural tourism attractions. Table 5.18 lists the built components that are promoted by local tour operators. The urban fabric of Sabah looks ordinary when compared to other cities of the Far East such as Thailand, Indonesia, Hong Kong or Singapore and the quest for unusual architectural and townscapes are not an important reason why tourists come to the State. The unsophisticated urban character does not detract tourism. Perceptions and images invoking rustic charms and garden townscapes are cited by tourists as "pleasing to the eye" and smaller scale urban development "allows freedom from the usual

TABLE 5.18: MAN-MADE TOURIST ATTRACTIONS OF SABAH

MAN-MADE ATTRACTION	OUTSTANDING/ INTERESTING	ORNINARY	DEFFICIENT	POTENTIAL
Kota Kinabalu Town		X		
Sabah Museum	X			
State Mosque	X			
Sabah Foundation		X		
Chinese Temples	X			
Open Markets	X			
Bazaars & fairs	X			
Signal Hill	X			
Shoppin Facilities			X	
Sporting Facilities				X
Historical relics				X

Source: Compiled from the opinions of tourists and tourism specialists.

trauma of big city life". These aspects promote sensual pleasures apart from leisure and enjoyment. Hence one appeal of urban Sabah, particularly Kota Kinabalu, has psychological connotations. The Sabah Museum with its reflections of vernacular architecture has been considered oustanding and its contents of ancient relics and local artefacts attracted those who has historical and cultural interests. Likewise the golden domed and moorish architecture of the Sabah Mosque and the cultural inspired decors of the chinese temples have similar appeals. However western influenced architecture manifesting in the Sabah Foundation building, despite one of the rare buildings in this world to be built by a suspension structure, has been regarded as common in tourist appeal. The stereotype modern structures of urban Sabah is broken by cultural traits such as open markets, bazaars and street fairs and tourists generally find these traditional urban forms and unfamiliar commercial activities interesting. Si nal Hill is interesting to the tourists from vari us aspects. Firstly tourist are brought by tour operators to this area to obtain a bird's eye view of Kota Kinabalu. Secondly the area is an example of garden city urburbia where tourists can view a section of Sabah's wealthy neighbourh od and a place where ornithological pur uits can be fulfilled just adjacent to the capital town.

Negative views were given of shopping facilities as they do not cater very well for tourist needs. It is clear from tourist responses that the existence of modern supermarkets and shopping arcades by themselves do not fulfil these needs. The right kind of services, products, artefacts or sourvenirs that tourists wants need to be made available. Tourists also feel, that the excellent sporting facilities, particularly the golf courses around Sabah, are not well promoted. Historical structures, although rare in Sabah, are likewise not developed for tourism. Tourist experts are of the opinion that structures such as The Australian war memorial at Kundasang and the various war graves may have sentimental appeals to various nationalities involved in the second world war. Various sites such as the Mat Salleh memorial, anthropological sites and remnants of cultural heritage such as megaliths could be rejuvenated for tourism. Certainly there exist a wide array of folk lores, legends, significant historical cultural events, war time hi tory and archives that could become the basis for recreatin the historical story of Sabah.

5.2.4. TO RI M CALENDARS

Tourism Corp rations in Malaysia and Sabah considers public holıdays, religious occassions and festivals (namely *New Year's Day*, *Hari Raya*[39], *Chinese New Year*, *Christmas Day* and *Harvest Festival*[40] for Sabah) to form part of the tourism events. While hotels take advantage of the e occasions by arranging inhouse celebrations few hotels or tour operators has in fact include these events into their brochures. Apart from the *Chinese New Year* where public exhibitions of dragon dances attract tourist interests the rest of the occasions are rather private orientated. Thus where cultural activities (particularly in the case of the *Harvest Festival*) are interesting to tourists, avenues encouraging their direct participation are in fact rather restricted. Despite great interests from tourists in cultural events, tourism promoters have not yet incorporated these in the form of tourism pakages that can stimulates tourist visits. Hence, cultural festivals still remains only a potential area. Other events specially created for tourism, namely the *Sabah Fest*, *Dragon Boat Festival*, *Mt. Kinabalu Climbathon*, has been regarded by tourists as exciting. The first: a medley of cultural songs, dances and activities that highight traditional costumes, food and merriments, has been created in 1987. This event appeared to be generally appealing to the tourists but were of particular interest to the ultural tourist segment. The *Dragon Boat Festival* exhibits b at races with chinese cultural traits; however the scale of the event cannot compare with those organised in Hon Kon , Singapore and Penang. Although lesser appe l'n to tourists than the former this event is again of pe ific interest to the tourist segment appreciating cultural activities. The last event is a race up and down the K'nabalu mountain created in 1988 and has attracted international participants interested in an unusual kind of sport. Despite its existence these events has yet to be packaged and publicised so as to attract a wider range of international visitors.

5.2.5. CAPACITY OF BASIC INFRASTRUCTURES

The two most important basic infrastructures for any development are electricity and water. Figures from the Department of Statictics (Sabah) reported that in 1989 Sabah is capable of supplying 970 millions kilowatts of electricity and 69 million gallons of water. In that year the total consumption of electricity was 770 millions kilowatts and 43 millions gallons of water. This means that about 200 millions kilowatts of electricity and 26 millions gallons of water are available for any future developments. These surlpuses are capable of supplying any tourism developments, since tourist enterprises do not need enormous amounts of these items.

5.3. PEOPLE AND CULTURE

Sabah is a pluralistic society with 33 indigeneous cultural groups (Ministry of Tourism and Environment Survey, 1988; Topin 1984). Identified within these groupings (excluding cultures of migrant population) are 53 languages and 69 dialects (Moody, 1984). Manifesting within this cultural diversity is a potpourri of festivals that display rich variety of local costumes, music and songs, dances, musical instruments, arts, handicrafts, religous and civil traditions. Such intermingling of cultures and traditions is indigenous to Sabah and is not replicated elsewhere in South East Asia although Indonesia has her owm distinctive cultural variety.

Reflected in this diverse cultural heritage is the rich variety of local food and beverages. As inventorised by Topin (1884) there are at least 37 varieties of local cuisines and 8 kinds of beverages.[41] These exotic cusines add to the varities of Malay, Chinese, European, Japanese, Korean and Thai food available at restaurants in Sabah. Hence the availability of a variety of local and international food enhanced choice and is advantageous to the promotion of tourism.

Emanating from the indigenous cultures are exotic lifestyles. Already promoted by some *inbound tourist operators* are the *periodic markets or tamu*[42] where visitors could be brought to a fair-like rural open market to appreciate the plural characteristics of the population and multiplicity of the indigenous cultures and lifestyles, the variety of crafts and local artifacts, traditional utensils, animals and farm products and the exotic trading activities especial to the Sabah's culture. A popular location for tour operators is the *tamu* at *Kota Belud* located within an easy 2 hours drive north of *Kota Kinabalu*. Also promoted by local tourist agencies are the various vernacular architectures of villages that brings forth the exotic lifestyles of the local cultures (various tourist brochures produced by the major inbound tour operators in Sabah and discussions connected thereto, 1989). Noteable among these village structures are the *Mengkabong Water Village*[43] (which can be easily reached by overland transport in approximately 2 hours) and further *Long Houses*[44] of the *Rungus* and *Murut* tribes (respectively within harder 4 hours drive to the north and southeast of *Kota Kinabalu*). Tourists who has participated in these country tours found it to be exotic, unique and educational. However much of these cultural aspects remained unexplored by tourism - international tourism experts agreed that these avenues has potential to attract tourists enthusiastic in foreign culture and lifestyles. To mention a few: the unique age old rural traditional of marketing farm produce in stalls without shopkeepers or attendants, buffalo racing, traditional farming and trapping utensils, the art of making and using blow-pipes are some exotic aspects of culture and life-styles that may interest the cultural tourist segment.

5.4. INTANGIBLE TOURISM ASSETS

Most tourists and trade specialists agree that intangible assets summarised in table 5.19 are important to Sabah.

TABLE 5.19: INTANGIBLE TOURISM ASSETS

(1) Hospitable and friendly people
(2) Feeling of safety/security
(3) Warm climate and conducive natural attributes
(4) Relaxing atmosphere/environment
(5) Realatively clean, unspoilt & unpolluted environment
(6) Unconjested/uncrowded places
(7) Genuine experiences/lesser commercialised
(8) Adventurous/challenging opportunities
(9) Exotic/unusual place

Source: Compiled from the opinions of tourists and tourism specialists.

Hospitality and friendliness refer to the impressions of international tourist from their experiences upon contact with the host population. It includes the gamut of receptions at airports, hotels, local tour operators and the attitudes of people they meet casually at recreational places and other places such retail outlets (e.g. shops, supermarkets, stalls, markets, petrol stations, news agencies, travel agencies) and service points (e.g. post offices, tourist information centres).

Feeling of safety and security is strongly related to the first factor. Tourist responses also attributed this factor to the sense of social order in Sabah's society and the physical environment. This is also related to the lack of commercialisation in Sabah's tourism thus limiting host-tourist conflicts (see discussion below). Adding to this feeling is the availability of safe drinking water, swimming and recreational environment. The sights of clean beaches and relatively unpolluted seas are also important mental images that eases the fear of health risks. For the English speaking tourists the feeling of safety and security is enhanced by the high usage of the language in Sabah. Stress is also reduced by the availability of familiar food and beverages.

Climatic factors include warm sunny climate and the conducive natural factors of Sabah. Tourists from cold climates stressed more on the warm sunny attributes; while tourists from warmer climates emphasied more on the conducive attributes, however this aspects were also present for the former. Conducive refer to the combined factors contributing to the pleasantness of the atmosphere and physical settings, adding to enjoyment of recreational and leisure pursuits. These factors include the steadiness or nonextrimity (or nondisruptive aspects) of temperatures and wind; the pressence of cool sea breezes to ease temperatures and humidity; short duration and less intensive storms; clear bright sky for most of a typical day; nonviolent seas; the breakage of temperatures by tree shades and cool mountain environment and climate allows recreational or leisure activities for at least some parts of the day (that is not totally restricted). International visitors, in their discussion were mainly attributing these factors to coastal based recreation such as beach whereas regional or domestic tourist were basically referring to the mountain side recreation.

The other intangible aspects are self explainatory.

5.5. SUMMARY OF TOURISM RESOURCES IN SABAH

5.5.1. STRENGTHS AND LIMITATIONS

Summarising the above discussion the following strengths and limitations of the tourism resources of Sabah can be identified. The main strengths are: (1) the abundance of natural resources and the availaility of legislations protecting the major ones; (2) reinforcing the above advantage are intangible (viz: climate, hospitality of the local population, general safety and security felt by the tourists, relaxing and interesting environment, relative unspoilt environment, etc.); (3) interesting tourism calendars have been created; (4) there is a diversity of tourist resources that can cater for various ages and interests (general, family and specialised users); (5) some tourist infrastructures and facilities such as tourist accommodation, the Kinabalu Parks, the Tenku Abdul Rahman Park, Sipadan Island, museum and other built fabrics are in place and can be immediately included in the marketing of Sabah; (6) there are adequate capacity of general services (water and eletricity) to cope with future tourism developments; and (7) Sabah is a small country and most of the tourist resources can be reached within a few hours from the State capital.

The major limitations are: (1) Sabah is located away from the main tourist routes and international accessibility is limited; (2) many of the natural tourist attractions are not easily accessible; (3) there are deficiencies in the supply of basic tourist facilities: shopping facilities for the tourists are not adequate, luxury hotels are undersupplied and basic facilities in some of the major tourist attractions are inadequate; (4) marketing is weak - the tourism calendars created are not well promoted, the smaller hotels and the excellent sporting facilities (especially golfing) are inadequately marketed, (5) the tourism industry are relatively underdeveloped. Internal acessibility to some of the natural attractions are poor. Cultural and historical attractions are capable of captivating the tourists but at present not properly developed. There is the lack of tourist facilities to make the tourists stay longer.

5.5.2. VISITOR SEGMENTS AND PATRONAGE OF TOURIST RESOURCES

The types of visitors visiting the various tourist resources can be broadly grouped under the following: (1) easily accessible tourist resources (Tenku Abdul Rahman Park, Kinabalu Park and other built fabrics) are visited by a wider range of visitors especially the general leisure groups, family and the elderly; (2) the lesser accessible tourist attractions are mostly visited by specialist groups (e.g. divers, bird and wildlife enthusiasts, nature lovers, cultural tourists and adventurers) and (3) distant and lesser attractive tourist resources are predominantly visited by local visitors.

6. APPRAISAL OF THE MANPOWER SITUATION IN SABAH

It is essential to understand the labour supply in Sabah as the development of the tourism industry will require labour inputs. This chapter examines the manpower situation in Sabah covering the following: (1) the sources and trends of employment; (2) the structure of employment in the business sector; (3) the scale and characteristics of unemployment and (4) the labour needs of the tourism industry.

6.1. SOURCES AND TRENDS OF EMPLOYMENT

Table 6.1 shows the composition of employment by sector in Sabah for the period 1970-1990. Agriculture, forestry and fishing (primary production) is the biggest source of employment. The percentage share it employed in 1970 was nearly 61%. The size of employment by the sector has declined to 57% in 1980 and 45% in 1990. The fall in percentage share of employment between 1970-1980 hid the fact that the sector grew at 4.1% per annum during that period. Between 1980-1990 employment in that sector declined at an annual rate of 1.3%.

The "other services" comprising of community, social and public services form the second largest employing sector. Its percentage contribution to employment was 14.2% in 1970, rising to 18.1% in 1980 and 20% in 1990. This represented an annual growth rate of 9.1% between

1970-1980 and 2.2% between 1980-1990.

Trade (retail and wholesale), hotels and restaurants have consistently occupied third position. The sector contributed 9.5% of the total employment in 1970, increasing in percentages to 14.9% in 1990. However the average annual growth rate between 1970-1980 was only 2.6% but this has improved to 10.4% between 1980-1990.

TABLE 6.1: NUMBER OF PERSONS EMPLOYED BY ECONOMIC SECTORS

SECTOR	1970		1980		1990	
	PERSONS	%	PERSONS	%	PERSONS	%
AGRICULTURE, FORESTRY & AND FISHING	127,352	60.6	179,550	57.3	156,112	45.3
MINING & QUARRYING	893	0.4	1,260	0.4	1,339	0.4
MANUFACTURING	6,275	3.0	15,750	5.0	23,140	6.7
CONSTRUCTION	6,318	3.0	9,500	3.0	11,397	3.3
TRANSPORT/ STORAGE/ COMMUNICATION	7,020	3.3	9,450	3.0	14,800	4.3
TRADE/HOTEL/ RESTAURANT	20,017	9.5	25,200	8.0	51,460	14.9
FINANCIAL SERVICES	2,100	1.0	3,150	1.0	8,634	2.5
UTILITIES	1,404	0.7	2,155	0.7	2,072	0.6
OTHER SERVICES	29,759	14.2	56,700	18.1	69,076	20.0
EMPLOYMENT INADEQUATELY DESCRIBED	8,924	4.3	10,501	3.5	6,910	2.0
TOTAL:	210,062	100.0	313,216	100.0	344,940	100.0

Source: Department of Labour (Sabah).

The manufacturing sector like the other economic sectors employed smaller numbers, 3% in 1970, 5% in 1980 and 7% in 1990. Despite the small employment size, it is the fastest growing sector. Between 1970-1980 the sector's employment grew by an average annual rate of 15.1% but slowing down to 4.7% per annum between 1980-1990.

Except for financial services which declined by 0.4% between 1980-1990, the rest of the sectors registered annual growth rates of around 3% during the 1970-1990 period. The average annual growth rates were larger between 1970-1980 (around 5% overall) and much smaller between 1980-1990 (0.7%). The weaker performance during the latter periods compared to the 1970s was reflected by the global recession during the period.

6.2. STRUCTURE OF EMPLOYMENT IN THE BUSINESS SECTOR

Figure 6.1. depicts the average distribution of employment in the business sector in Sabah between 1970 to 1990. It reveals that most of the employment (40.6%) are provided by small businesses, that is employing less than 10 persons. 30.4% are employed by larger businesses (employing 50 persons or more). The rest (29%) are employed by businesses between the range. Overall the general structure of businesses in Sabah is small. This is mainly because the small population of Sabah (chapter 1) does not provide the threshold to support the viability of larger economic activity.

Except for the large ones, most of the manufacturing industries in the private sector provide for the domestic market. 88% of the manufacturing firms employ 10 or less persons (figure 6.2); 10.% employ between 11-50 persons and only 2% employ more than 50 persons. The large manufacturing activity such as the paper pulp mill, methanol, sponge iron mill, flour and feeed mills are owned by the public sector. The manufacturing sector in Sabah is weak. As revealed by table 6.1 employment is mainly provided by the primary sector (46%) and service setor (46%). The contributions of the manufacturing sector to employment is small (7%).

6.3. SCALE AND CHARACTERISTICS OF UNEMPLOYMENT

Between 1986-1990 the number of job seekers far outnumbered the number of new jobs available (table 6.2). The availability of new jobs each year can only absorbed on average 8% of the job seekers. Thus the gap between labour supply and employment generation is large. Unemployment is likely to increase substantially in the future as the annual addition of new jobs is much lesser than the trend of job seekers.

As can be seen from table 6.3 nearly half of the unemployed are in the age bracket of 15-19 years. Just under a third of the unemployed are from the 20-24 age group. Hence unemployment mainly comprise of the young,

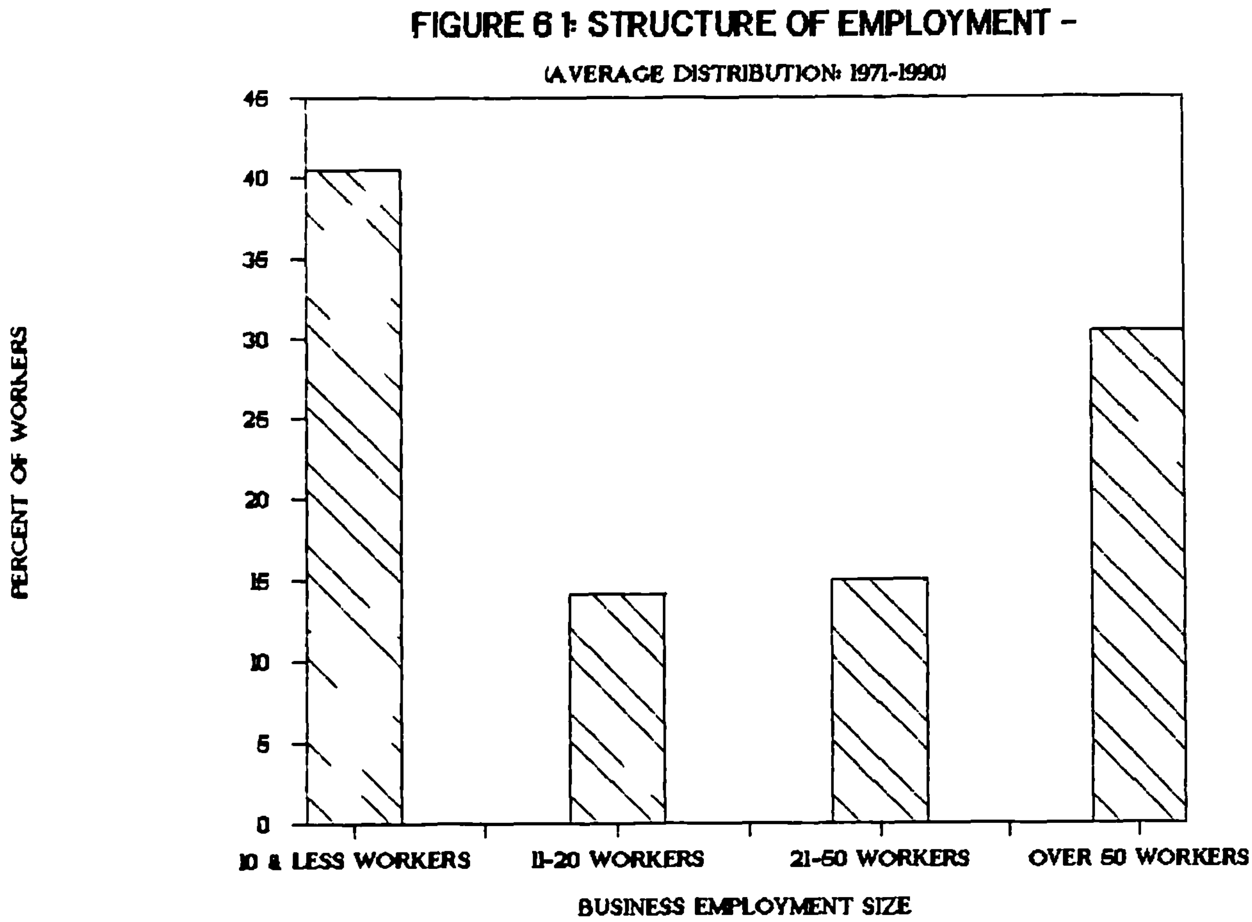


FIGURE 6 1: STRUCTURE OF EMPLOYMENT -
(AVERAGE DISTRIBUTION: 1971-1990)
PERCENT OF WORKERS
45
40
35
30
25
20
15
10
5
0
10 & LESS WORKERS
11-20 WORKERS
21-50 WORKERS
OVER 50 WORKERS
BUSINESS EMPLOYMENT SIZE

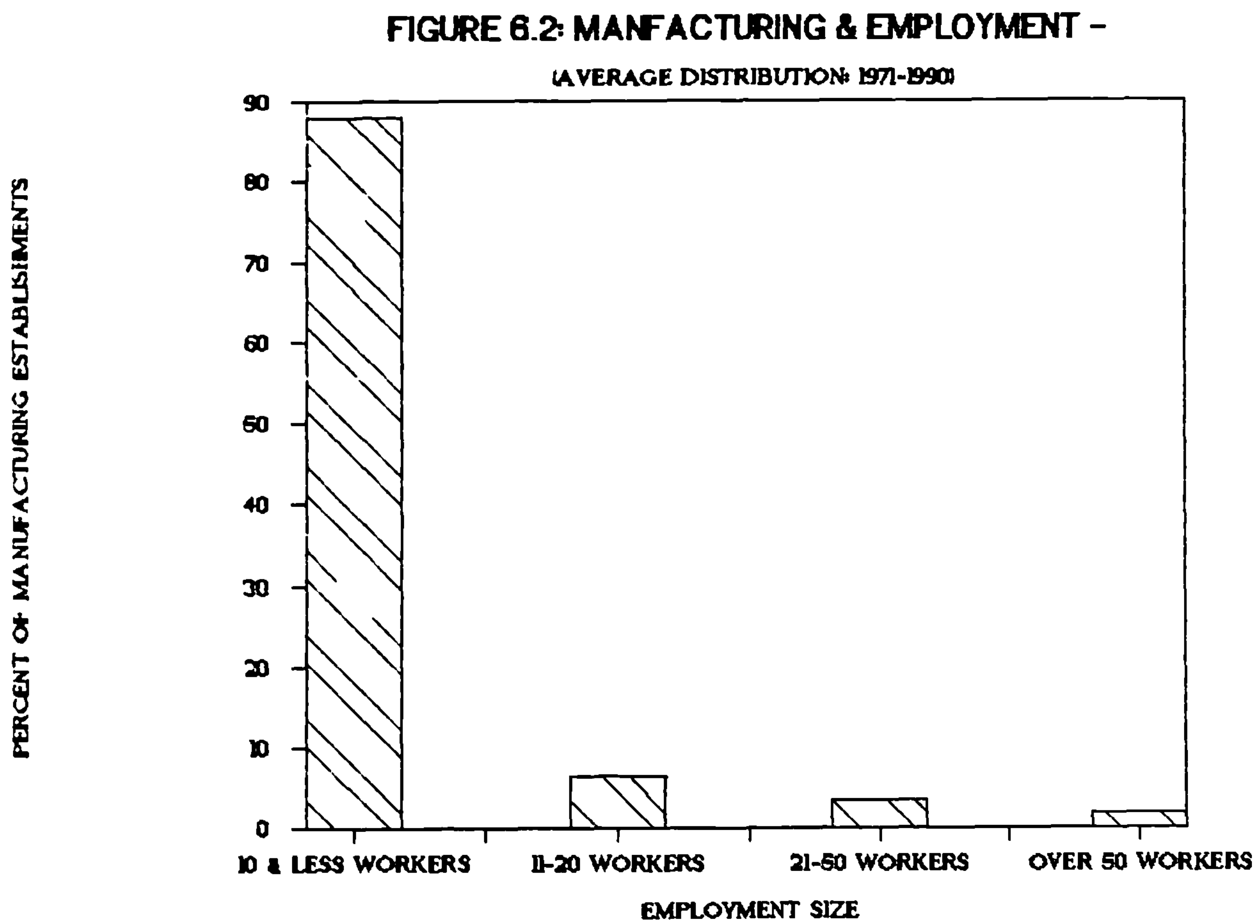


FIGURE 6.2: MANFACTURING & EMPLOYMENT -
(AVERAGE DISTRIBUTION: 1971-1990)
PERCENT OF MANUFACTURING ESTABLISHMENTS
90
80
70
60
50
40
30
20
10
0
10 & LESS WORKERS
11-20 WORKERS
21-50 WORKERS
OVER 50 WORKERS
EMPLOYMENT SIZE

TABLE 6.2: UNPLACED JOB SEEKERS AND NEW VACANCIES AVAILABLE (1986-1990)

YEAR	NUMBER JOB SEEKERS (A)	NEW VACANCIES AVAILABLE (B)	GAPS BETWEEN A & B
1986	21,957	1,726	20,231
1987	24,059	1,939	20,120
1988	22,276	3,339	18,937
1989	28,851	4,358	24,493
1990	35,460	3,943	31,517

TABLE 6.3: PERCENTAGE DISTRIBUTION OF UNEMPLOYED PERSONS BY AGE GROUPS AND SEX (AVERAGE: 1985-1990)

AGE GROUP	TOTAL UNEMPLOYED (per cent)	UNEMPLOYED MALE (per cent)	UNEMPLOYED FEMALE (per cent)
15-19	49.7	46.3	56.2
20-24	29.2	29.3	29.1
25-29	9.1	9.3	8.8
30-34	4.6	5.6	2.4
35-39	2.3	2.8	1.2
40-44	1.7	2.2	0.8
45-49	1.6	2.2	0.5
50-54	1.0	1.3	0.5
55-59	0.7	0.9	0.4
60-64	0.1	0.1	0.1
TOTAL:	100.0	100.0	100.0

Source: Tables 6.2 and 6.3 - Department of Statistics, Sabah.

especially school leavers. Unemployment is less problematic in the older age groups. Female unemployment is 10% more in the 15-19 age group, otherwise the differcence of employment between the sexes are not great.

The distribution of unemployment by education in table 6.4 reflects the large unemployment among the young people. About 20% of the unemployed attained primary education, 40% lower secondary and 28% upper secondary. Nearly 2% are educated up to matriculation levels and about a percent have university education. A majority of those within these range of education are looking for their

TABLE 6.4: PERCENTAGE DISTRIBUTION OF UNEMPLOYED PERSONS BY EDUCATIONAL LEVEL AND SEX (AVERAGE: 1985-1990)

AGE GROUP	TOTAL UNEMPLOYED (per cent)	UNEMPLOYED MALE (per cent)	UNEMPLOYED FEMALE (per cent)
Little Formal Education	7.0	6.0	8.9
Primary	22.9	23.6	20.6
Lower Secondary	39.3	41.3	35.3
Upper Secondary	28.0	26.2	32.3
Matriculation	1.9	1.9	2.0
College/ University	0.9	1.0	0.9
TOTAL:	100.0	100.0	100.0

Source: Department of Statistics, Sabah.

first work opportunities after leaving the educational system. Those with little formal education (7%) are in the other age groups, becoming unemployed as they fell out of work. There is little marked difference between male and female unemployment by education category.

The high incidence of unemployment among those who have left the educational system is also reflected by the profession grouping (table 6.5). The major bulk of those achieving secondary education are looking for clerical positions, hence the greatest concerntration of unemployment (65%). Unemployed persons with higher education (raduates and matriculants) are seeking for professional, managerial and administrative positions (4%). The rest are mostly those who fell out of work. The greate t problem is in the clerical group because the gap between new jobs and job seekers is large. The number of new vacancies are greatest in the primary and tertiary production sector. These jobs are not well demanded by the local residents and are often filled by migrants form Indonesia and the Philippines. Although the small scale of unemployment among the higher educated, the number of new vacancies cannot asorbed all of them. Gaps between job seekers and vacancies exist at all levels but more serious in the group having a high concerntration of school leavers (clerical).

TABLE 6.5: PERCENTAGE DISTRIBUTION OF UNPLACED JOB SEEKERS BY OCCUPATION (1990)

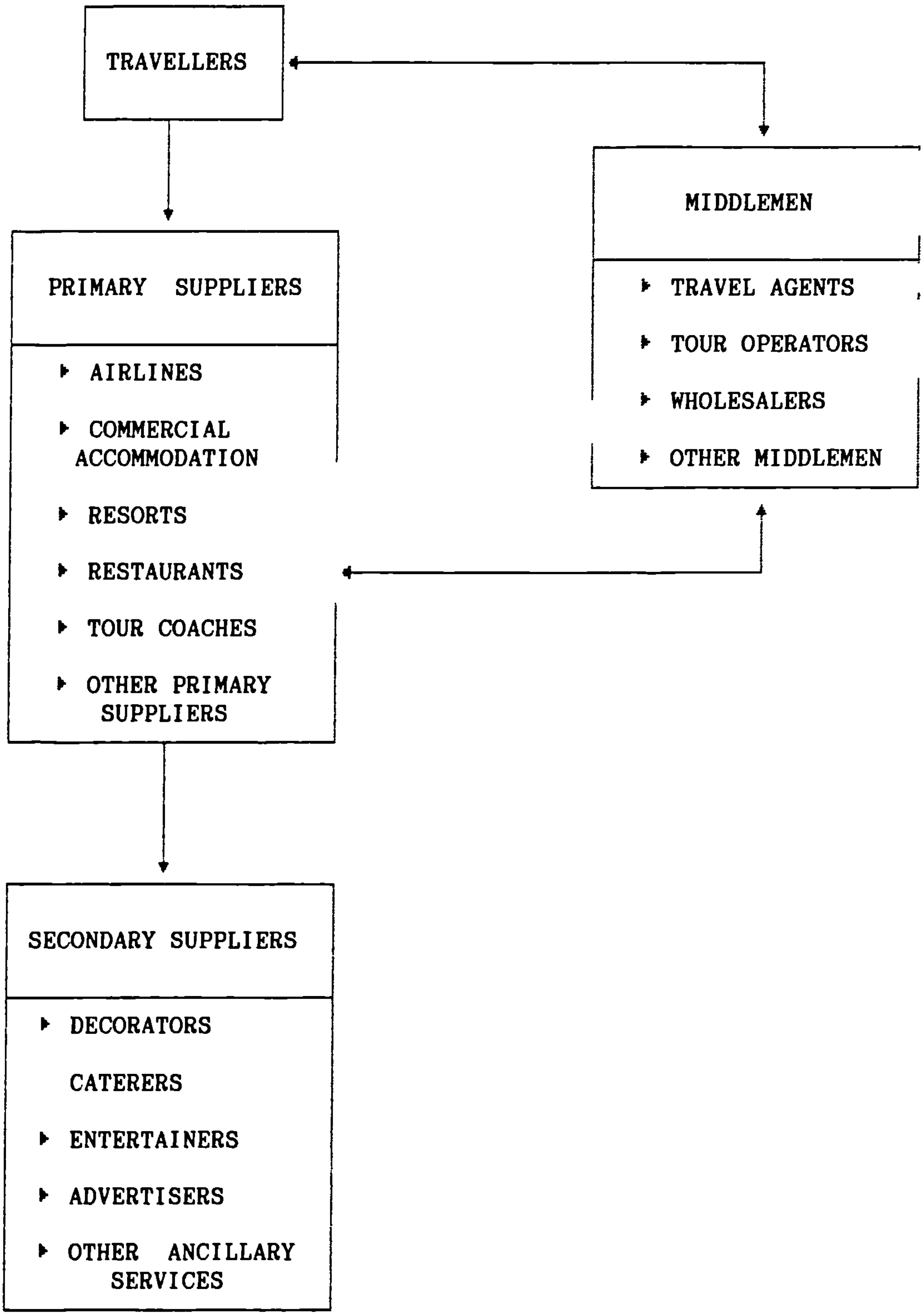
PROFESSION	PERCENT OF UNPLACED JOB SEEKERS	PERCENT OF NEW VACANCIES
Professional/Managerial/ Administration	3.5	1.7
Sales	0.5	8.1
Clerical	64.7	17.3
Service workers	4.3	7.1
Primary production	2.3	21.7
Tertiary production/Labourers	24.7	44.1
	100.0	100.0

Source: Department of Statistics, Sabah.

6.4. MANPOWER NEEDS OF THE TOURIST INDUSTRY

Figure 6.3 shows the supply system of the travel industry. The range of activities show the potential for employment in the tourist industry. The main labour needs are listed in table 6.6. Most of the labour requirements of the tourist industry are presently supplied locally (see chapter 9). With excess labour capacity shown above and increasing trends of unemployment, it is unlikely that labour would be problematic to meet the needs of the tourism industry. However training would be required to prepare inexperienced job seekers.

FIGURE 6.3 : DIAGRAM SHOWING THE TRAVEL SUPPLY SYSTEM



Source: Modified from Gee C.Y., Choy D.J.L., Makens J.C. (1984) The Tourist Industry, AVI Publishing, Westport, Conn.

TABLE 6.6: LABOUR REQUIREMENTS OF THE TOURISM INDUSTRY

LOW EDUCATION	SECONDARY	TERTIARY EDUCATION
* Retail assistant; * Junior clerical staff; * Specialist assistants; * cleaners/ manual labour; * Bar tenders/ waiter/waiterres; * Gardeners; * Drivers; * Other blue collar	* Tour guides; * Clerical staff; * Sales staff; * Specialists staff: chefs, artists, interior decorators, etc.	* Hotel administration and management; * Tour operators administration and management; * Resort administration & management; * Parks management; * Tourism marketing; * Management of public tourist organisations.

6.5. SUMMARY

Unemployment in Sabah exists at all education levels and trends suggest that it is likely to increase. The excess labour capacities present potentials for the tourist industry. The smallness of the domestic market and the limitation posed by international accessibility (chapter 5), it is likely that the scale of tourist developments would not be large in the near future. There is adequate labour capacity to meet the anticipated needs of the tourism industry in Sabah. With the inexperience of the majority of job seekers, it is likely that training would be required to develop those with higher secondary and tertiary education to meet the specialist needs of the tourism industry. The needs of manual and less skilled workers can also be easily met.

7. ANALYSIS OF VISITOR CHARACTERISTICS AND TRENDS

Visitor statistics[45] are collected by the Department of Immigration (Sabah) upon their arrivals through the submissions of disembarkation cards at entry points. These data are transmitted to the Department of Statistics (Sabah) for collation and disemination. Some of the information requested in the old disembarkation card require visitors to provide their intended accommodation choices and length of stay; these forms of "before the fact" data has been often criticised for its questionable reliability. This section excludes such statistics and utilise those that can be meaningfully analysed within the context of tourism. These include the following: (1) number of visitors; (2) age and sex of visitors; (3) travel arrangements of visitors; (4) mode of travel; (5) visitors by country of origin; (6) purpose of visits and (7) points of entry. The purpose of this chapter is to assess the characteristics and trends of visitors to Sabah. Other patterns such as length of stay and occupancy rates of commercial accommodation will be included in chapter 9 where they are particularly important to the economic analysis.

Sabah is a lesser known destination, still unexposed to mass tourism and its tourism industry has until recently existed unassisted. The majority of visitors to Sabah are less informed by marketing activities and more by other forces such as personal knowledge and initiatives, hearsay of previous visitors, information permeated through family ties, social and economic interactions, formal ties (business, official and educational reasons), journalistic and non-marketing media and the effects of proximity.[46] Coordinated marketing has only been undertaken since 1985; prior to this major hotels conducted their own promotion. Tourism policies in general have also until recently been ad hoc. Hence Sabah is relatively undeveloped compared with other better known tourist destinations. The State is a recent entrant to the world's tourism industry.

7.1. VISITOR ARRIVAL TRENDS

Trends of visitor arrivals[47] are shown in figures 7.1 and 7.2. The data reveals that part of the impetus for touri m has stemmed from the steady increase of domestic tourism[48] at 11.4% per annum between 1972-1986. The trend of international arrivals[49] has fluctuated more in line with changing economic circumstances. Hence the decline of international visitor arrivals from 53,791 in 1973 to 33,427 in 1975 can be related to the economic difficulities posed by the oil crisis. The weak world's economic situation was also responsible for the fall in international visitors by 8% per annum between 1982-1984. This was in line with the declining international trends although it was more severe for Sabah (see figure 2.1 in chapter 2). The decline in this period was also affected by accessibility constraints because the main air links from the Malaysian capital, Kuala Lumpur, were increasing

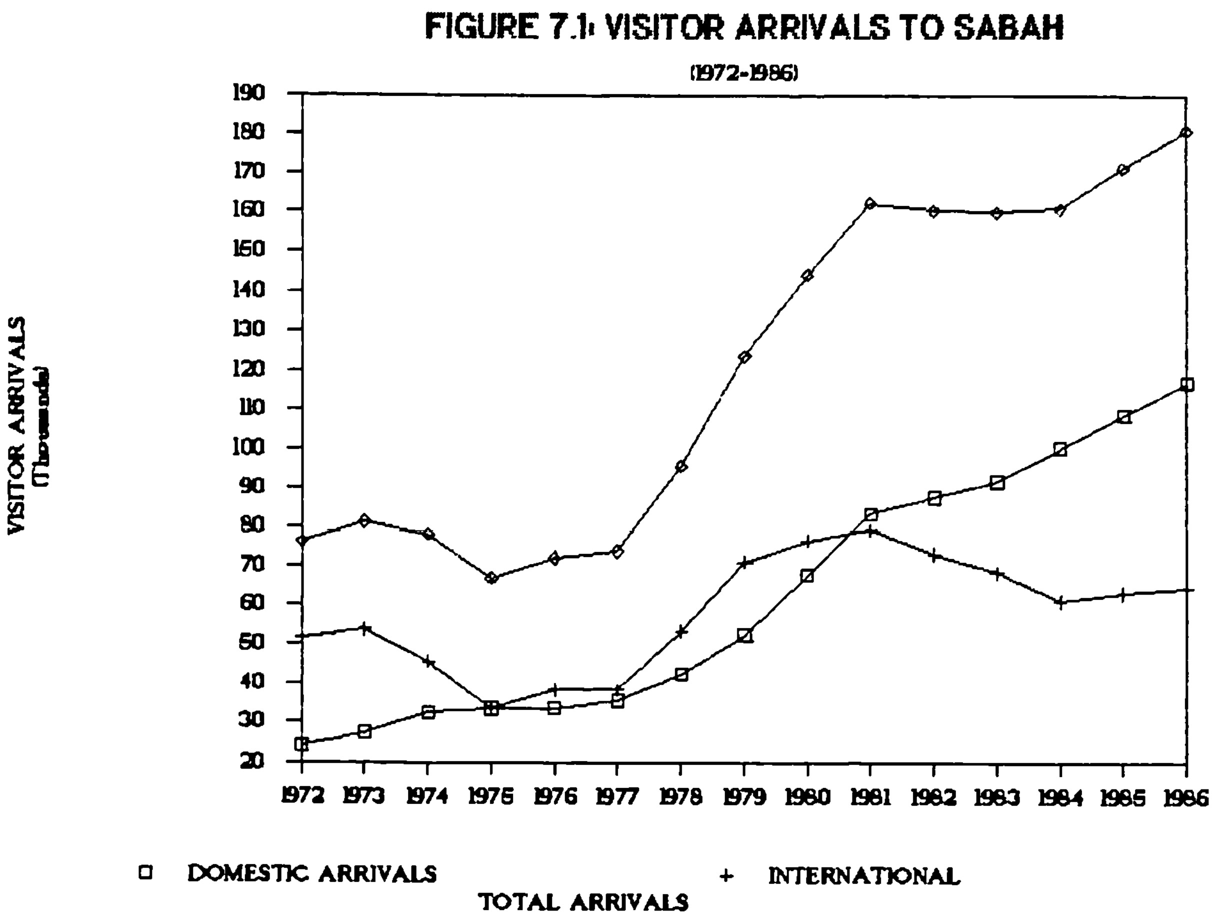


FIGURE 7.1: VISITOR ARRIVALS TO SABAH
(1972-1986)
VISITOR ARRIVALS
(Thousands)
DOMESTIC ARRIVALS
INTERNATIONAL
TOTAL ARRIVALS

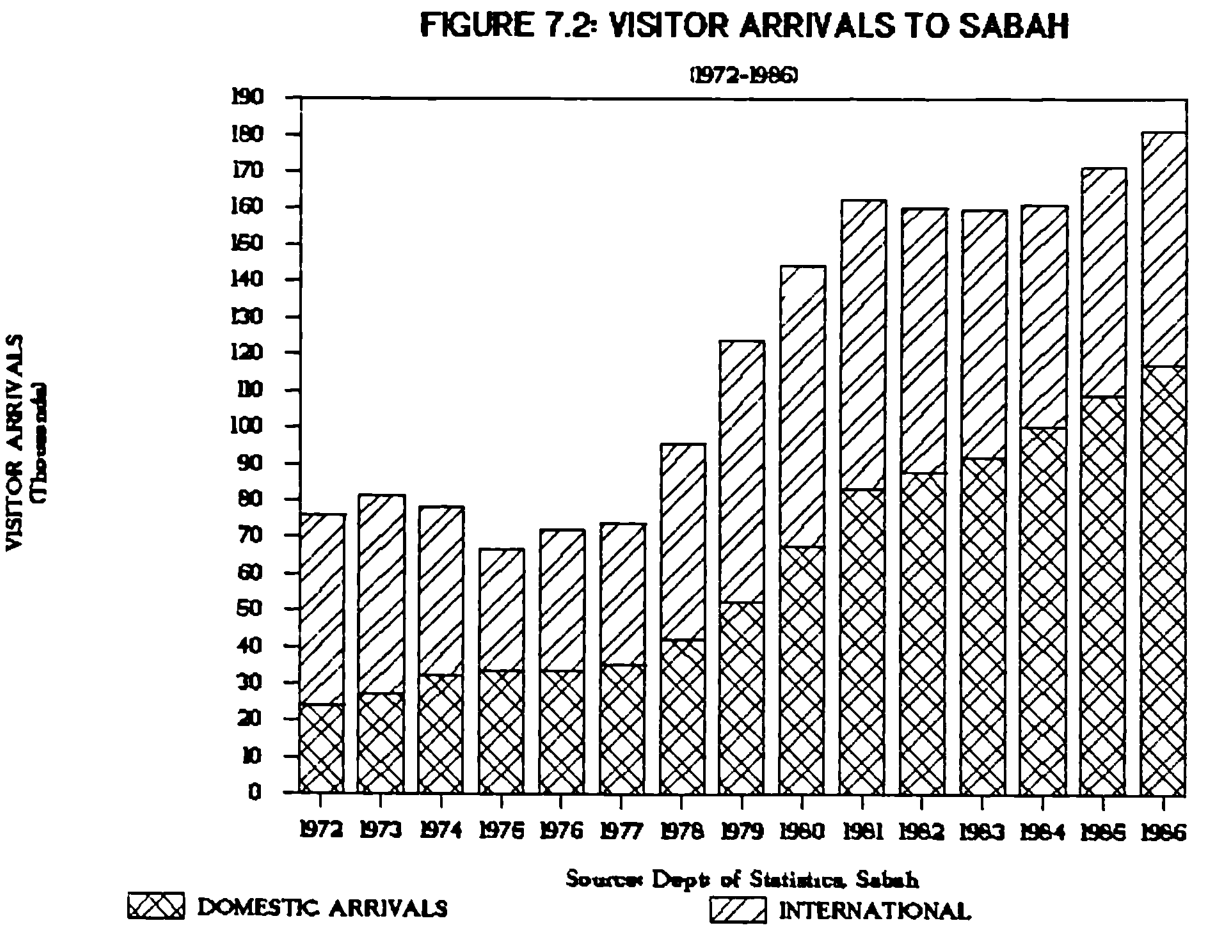


FIGURE 7.2: VISITOR ARRIVALS TO SABAH
(1972-1986)
VISITOR ARRIVALS
(Thousands)
Source: Dept of Statistics, Sabah
DOMESTIC ARRIVALS
INTERNATIONAL

being used by domestic travellers. This limitation meant that international travellers, especially those from long distances, have increasingly found it difficult to obtain seats during peak periods (June-August & December).[50] As a result international visitor arrivals grew by a modest 2.7% per annum over the 1972-1986 period. While this longer term growth has been commensurate with the upward trend of international tourism it was much weaker than the world's average growth rate of 4.5% or 7% for the Asia-Pacific region.

Together domestic and international visitor arrivals had an average annual growth rate of 6.5%. The arrival of international visitors exceeded that of domestic visitors until 1980 when the position was reversed (see figure 7.1). Also from the distribution of visitors shown in figure 7.2 it could be observed that these sources have contributed roughly the same number of visitors over the 1975-1981 period. Since 1984 domestic visitors have accounted for three-fifths of total arrivals. Although recent trends indicate the growing number of domestic visitors, international visitors are not unimportant.

7.2. SEASONALITY

The visitor arrivals presented in figures 7.1 and 7.2 are broken down into monthly percentage distribution in figure 7.3. The closeness of the distribution indicated that the flow of visitors in the years indicated in the figure were fairly steady and hence not distinctly demarcated by seasonality.

7.3. AGE AND SEX STRUCTURE OF VISITORS

Figure 7.4 shows the composition of total visitors by their age distribution. Between 1972-1986 approximately 88% of the overall visitors were consistently within the age band >19 to 49 years. The greatest concerntration (61%) was in the 20-39 year age group. The age distribution reveals that most of the visitors were fairly young.

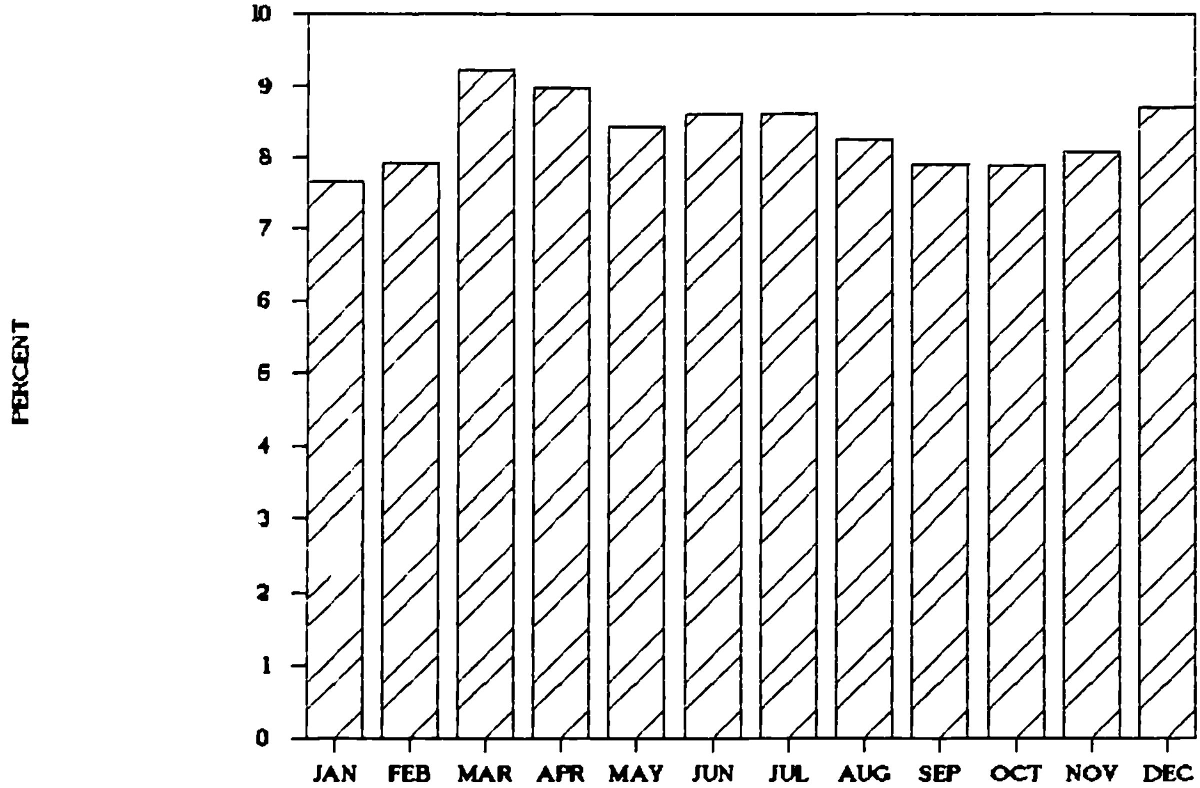
Over the same period the sex distribution also reveals consistently that male visitors were more numerous than females by a ratio of 3 to 1 (see table 7.1). However, the male-female ratio for leisure visitors were more equally distributed at approximately 1.6 to 1 (PDM, Malaysia). This is because there are more women and family among the leisure visitors. Particularly among visitors with business interests, men are more numerous.

7.4. TRAVEL ARRANGEMENTS OF VISITORS

The distribution of visitors by travel arrangements (table 7.2) shows that most were travelling independently. This reflects the immaturity of the tourism industry in Sabah. Group travel has only risen in recent years. The "other"

FIGURE 7.3:MONTHLY VISITOR DISTRIBUTION

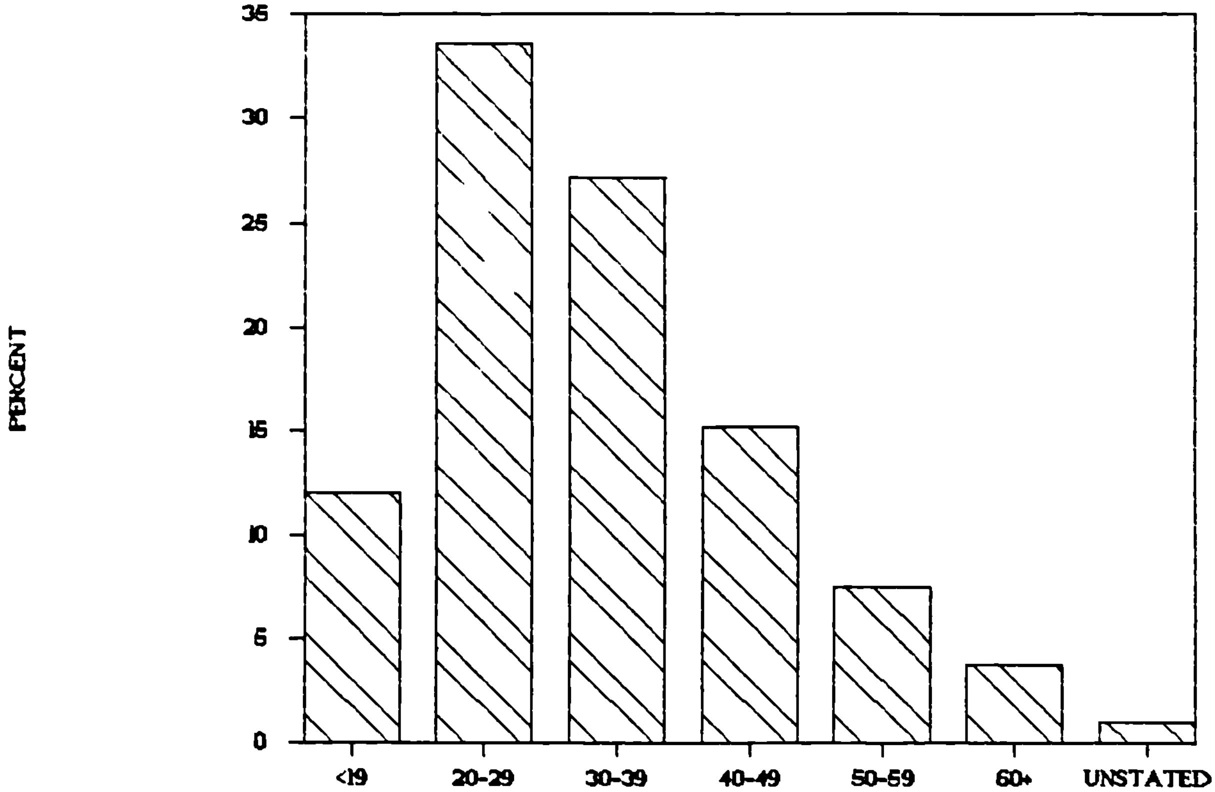
(AVERAGE: 1972-1986)



Source: Department of Statistics, Sabah

FIGURE 7.4:AGE DISTRIBUTION OF VISITORS

(AVERAGE: 72-86)



Source: Department of Statistics, Sabah

TABLE 7.1: PERCENTAGE DISTRIBUTION OF VISITORS TO SABAH BY SEX (1972-1986)

YEAR	MALE	FEMALE	RATIO
1973	74.7	25.3	2.9
1974	76.6	23.4	3.3
1975	76.0	24.0	3.2
1976	74.7	25.3	3.0
1977	76.6	23.4	3.3
1978	74.9	25.1	3.0
1979	73.7	26.3	2.8
1980	75.4	24.6	3.1
1981	74.1	25.9	2.9
1982	75.2	24.8	3.1
1983	76.8	23.2	3.3
1984	74.7	25.3	3.0
1985	67.5	32.3	2.1
1986	73.7	26.3	2.8

Source: Department of Statistics, Sabah.

TABLE 7.2: PERCENTAGE DISTRIBUTION OF INTERNATIONAL VISITORS BY TRAVEL ARRANGEMENT (1978-1986)

YEAR	TRAVEL ARRANGEMENT		
	ON GROUP TOUR*	NOT ON GROUP TOUR**	OTHERS
1978	1.6	50.7	47.7
1979	1.6	54.2	44.3
1980	3.5	60.9	52.3
1981	3.0	50.4	46.6
1982	4.0	49.9	46.2
1983	6.1	48.1	45.8
1984	7.1	60.3	32.1
1985	12.1	64.1	23.8
1986	12.6	64.0	23.4

* Group tours are travels arranged by tour operators and other organisers involving batches of visitors travelling together.

** Visitors travelling independently i.e. not attached to to arrangements by tour operators or other organisers.

Source: Department of Statistics,Sabah.

category includes people on business, official visits and education travels. Also included in this category were accompanying spouses and dependents of non-leisure visitors and those who were visiting friends and relatives.

7.5. MODE OF TRAVEL

The majority of visitors to Sabah arrived by air (table 7.3). Travels by air have fallen slightly over the years as arrivals by sea have increased due to cruise passengers. It is noticeable that arrivals by land have consistently been very low. This is restricted to domestic visitors from the adjacent State of Sarawak and international visitors from Indonesia.

TABLE 7.3: PERCENTAGE DISTRIBUTION OF VISITORS TO SABAH BY MODE OF TRAVEL (1972-1986)

YEAR	AIR	SEA	LAND
1975	80.8	18.2	1.0
1976	75.0	23.8	1.2
1977	75.3	23.6	1.1
1978	67.2	31.6	1.2
1979	62.5	36.5	1.0
1980	69.3	30.0	0.7
1981	72.3	26.9	0.8
1982	73.1	25.7	1.2
1983	66.1	32.3	1.6
1984	69.5	30.0	0.5
1985	55.1	44.9	0.0
1986	60.6	39.4	0.0

Source: Department of Statistics,Sabah.

The period 1975-1986 showed that approximately 85% of all domestic visitors have consistently arrived by air, 14% by sea and 1% by land. In the corresponding period roughly 96% of the international visitors outside of ASEAN (except India) arrived by air. Most of the remaining arrived by sea. 56% of visitors from the ASEAN region arrived by sea, 42% by air and 2% by land.

7.6. GENERATING AREAS OF INTERNATIONAL VISITORS

Roughly two thirds of international visitors during the 1972-1986 period were from close neighbours within the ASEAN region (table 7.4). The second most important (about a quarter) visitor was from countries in East and South Asia. The other sources, in order of importance, were Europe (8.4%) North America (4.4%) Oceania (3%) and the rest of the world (3.1%).

From the ASEAN region Indonesia, Brunei (adjacent southerly neighbours) and Singapore (northerly neighbour) has since 1972 consistently been the major generator of visitors to Sabah. Contributing to an average percentage share of 26.2% of the total visitor arrivals for the 1972-1986 period, Indonesia has been the main source of visitors to Sabah; Brunei and Singapore ranked second and third with 22.8% and 15.1% respectively. The Philippines and Thailand provided 2.0% and 0.5% respectively. Hence the ASEAN countries of Indonesia, Brunei and Singapore are positioned as the three largest visitor contributors

TABLE 7.4: AVERAGE PERCENTAGE DISTRIBUTION OF VISITORS TO SABAH BY REGION (1972-1986)

REGION	PERCENTAGE	RANK *
ASEAN	66.50	
Indonesia	26.17	1
Brunei	22.79	2
Singapore	15.10	3
Philippines	1.98	11
Thailand	0.46	14
EAST ASIA/SOUTH ASIA	14.72	
Japan	7.26	4
Hong Kong	3.09	8
India	2.79	9
Taiwan	1.58	12
EUROPE	8.36	
United Kingdom	5.06	5
Continental Europe	3.30	7
NORTH AMERICA	4.36	
United States	3.50	6
Canada	0.86	13
OCEANIA	2.98	
Australia	2.60	10
New Zealand	0.38	15
OTHERS	3.08	**
Total:	100.00	

* Trend and rank has been fairly consistent between 1972-1986.

** Not ranked as the percentages here sums up small number of visitors from several countries thereby making comparison irrelevant.

Source: Department of Statistics, Sabah.

(averaging 66.6%) and by virtue of their dominant numbers have dictated the fluctuations of the international visitor trends shown in figure 7.1 by the rise and fall of their visitors. Although the share of international visitors from ASEAN has dipped from approximately four-fifths to two-thirds in 1986, overall the trend has exhibited a long-term growth of 3%.

In the same period Japan, Hong Kong and Taiwan (East Asia) contributed 7.3%, 3.1% and 1.6% and ranked fourth, eight and thirteenth respectively (table 7.4). In the relevant period visitors from Japan increased at an average annual rate of 4.5%. Visitors from Hong Kong and Taiwan were rapidly rising averaging 7.2% and 13.3% respectively in the 1972-1986 period. From South Asia India's contribution had a high growth rate of 31% between 1972-1980, but between 1981-1986 visitors from that country fell by 9.6%.

In the longer-haul origins the United Kingdom, the United States, Continental Europe (mainly Germany) and Australia shared 5.1%, 3.5%, 3.3% and 2.6% of the 1972-1986 visitors' average and occupying fifth, sixth, seventh and twelvth positions respectively. In this period the United Kingdom generated the fastest average yearly growth rate of 5.6%, improving her proportionate share from 2.8% in 1972 t0 5.3% in 1986. Visitors from the other sources grew respectively by 3.5%, 3.2% and 2.7%.

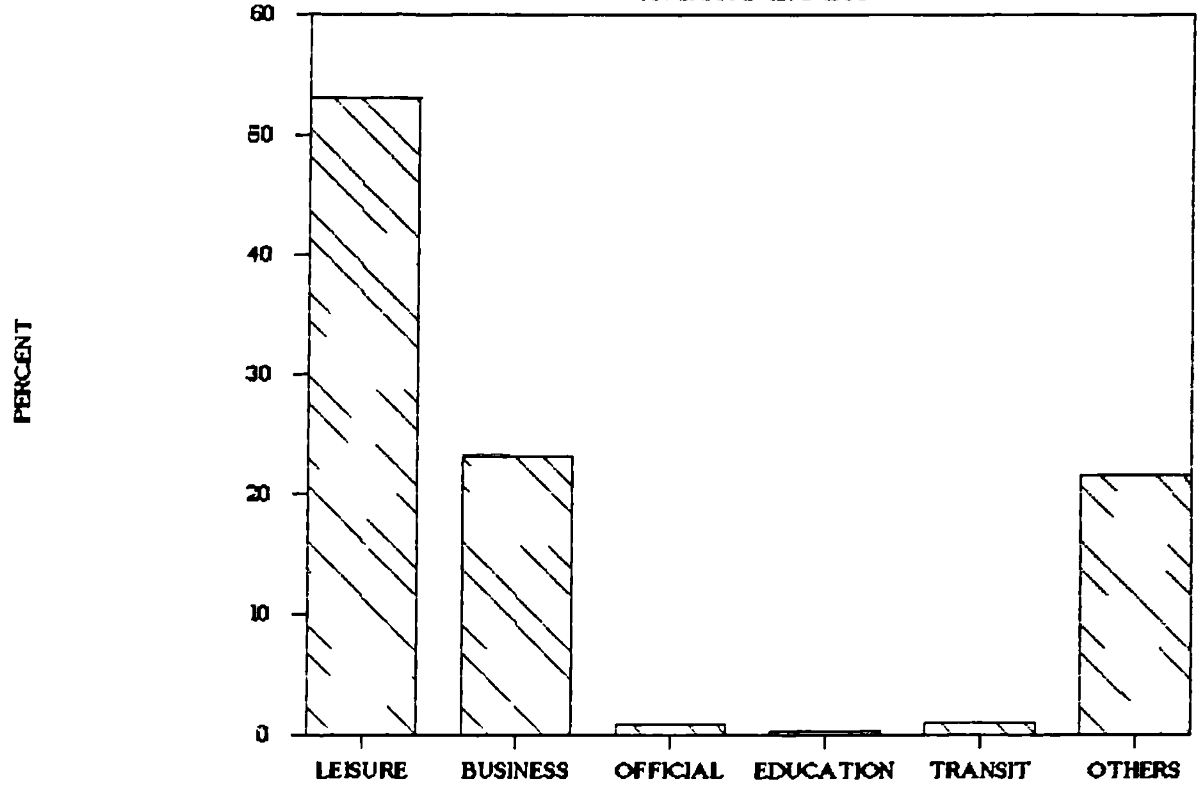
Hence the important trends are: (1) the ASEAN region led by Indonesia, Brunei and Singapore is the largest visitor generators for Sabah with a modest long term growth rate of roughly 3%, (2) East Asia is the next largest source exhibiting higher growth rates, (3) South Asia is a declining source of visitors and (4) in the longer haul the United Kingdom, Continental Europe (especially Germany), United States and Australia are important generating countries.

7.7. REASONS FOR INTERNATIONAL VISITS

Figure 7.5 shows the main reasons for international visits (1972-1986). It is clear that the major bulk of visitors came for leisure (roughly half), for business and other reasons (roughly a fifth each) and smaller proportions for official, educational and transit purposes.[51] Isolating visitors from major sources -- namely: the ASEAN region, Europe and North America (see figures 7.6, 7.7 and 7.8) the pattern is repeated. Figure 7.9 shows that leisure and business purposes are equally important in the Far East. Singapore is different: the proportion of business visitors exceeded that of leisure (figure 7.10). These discrepancies are expected as the economically bouyant countries, noteably: Japan, Taiwan and South Korea of the East Asia Singapore in ASEAN, have considerable business interests in Malaysia. The data reveals consistently that leisure and business have been the major purposes of international visits to Sabah. The "other" category is

FIGURE 7.5: VISITORS BY PURPOSE OF VISIT

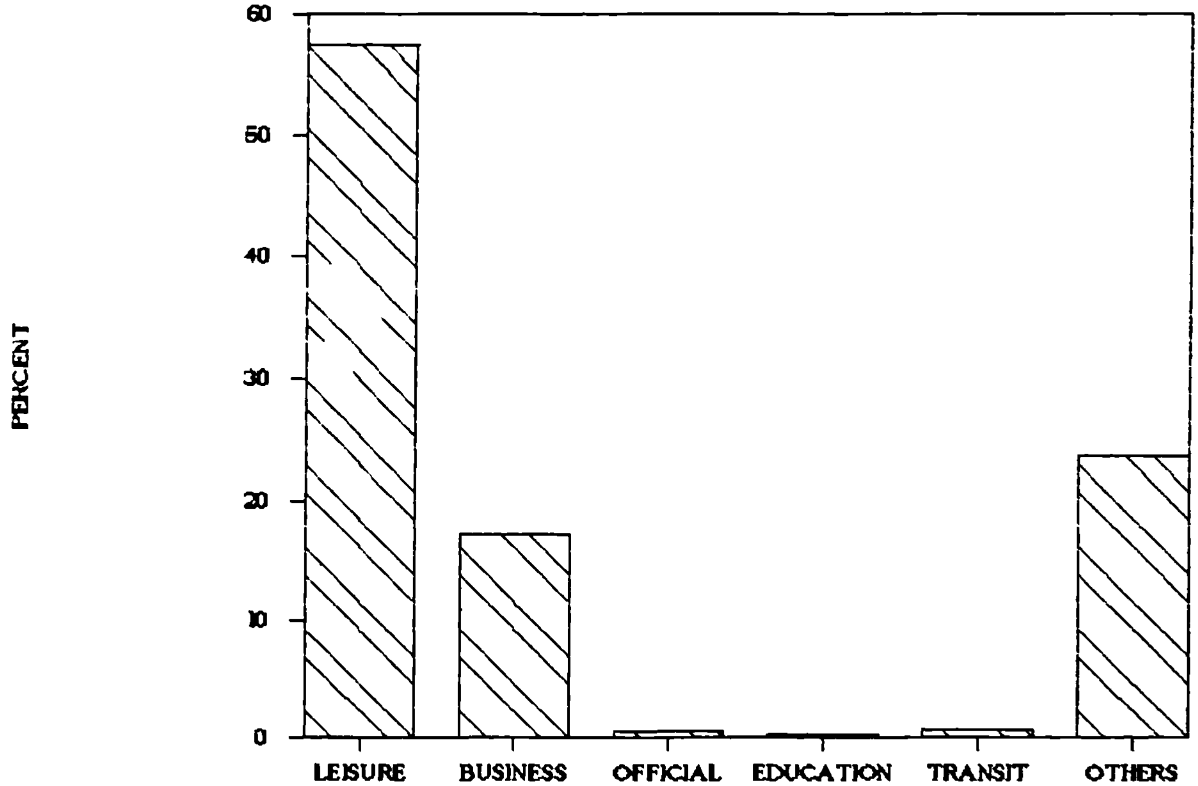
(AVERAGE: 1972-1986)



Source: Dept of Statistics, Sabah

FIGURE 7.6: PURPOSE OF VISIT - ASEAN

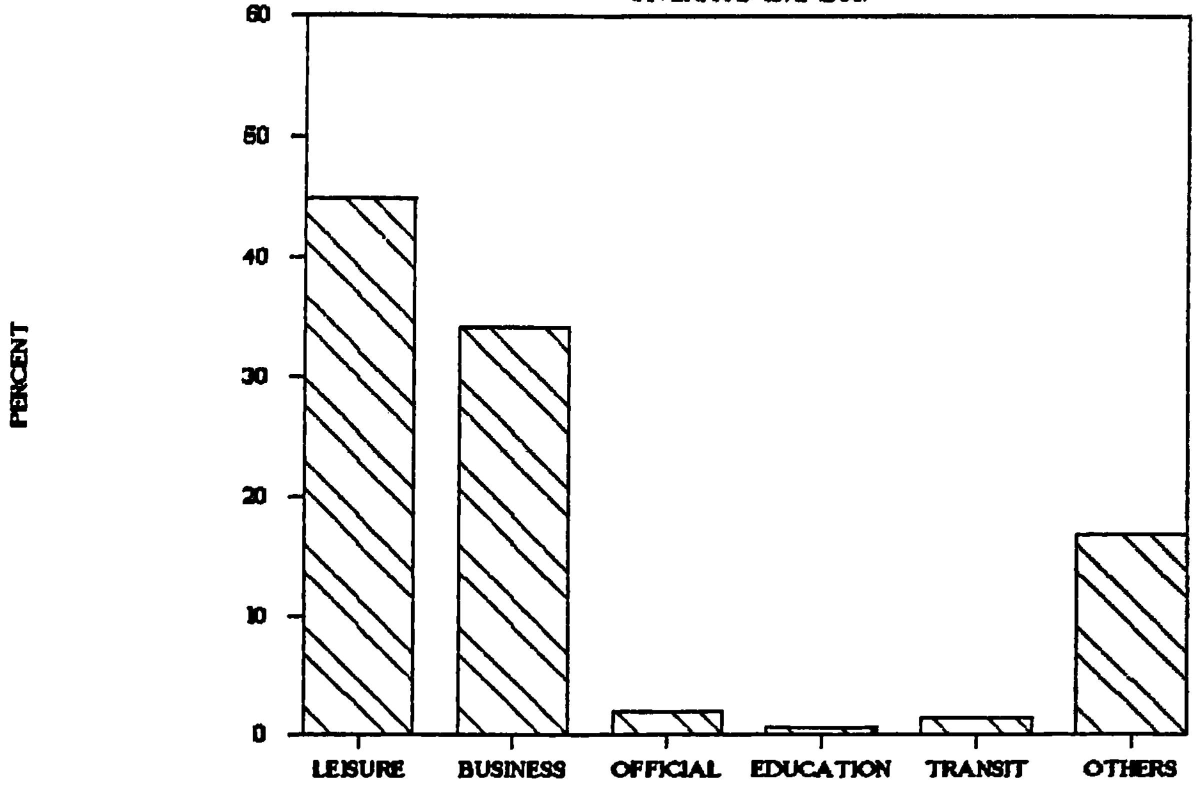
(AVERAGE: 1972-1986)



Source: Dept of Statistics, Sabah

FIGURE 7.7: PURPOSE OF VISIT - EUROPE

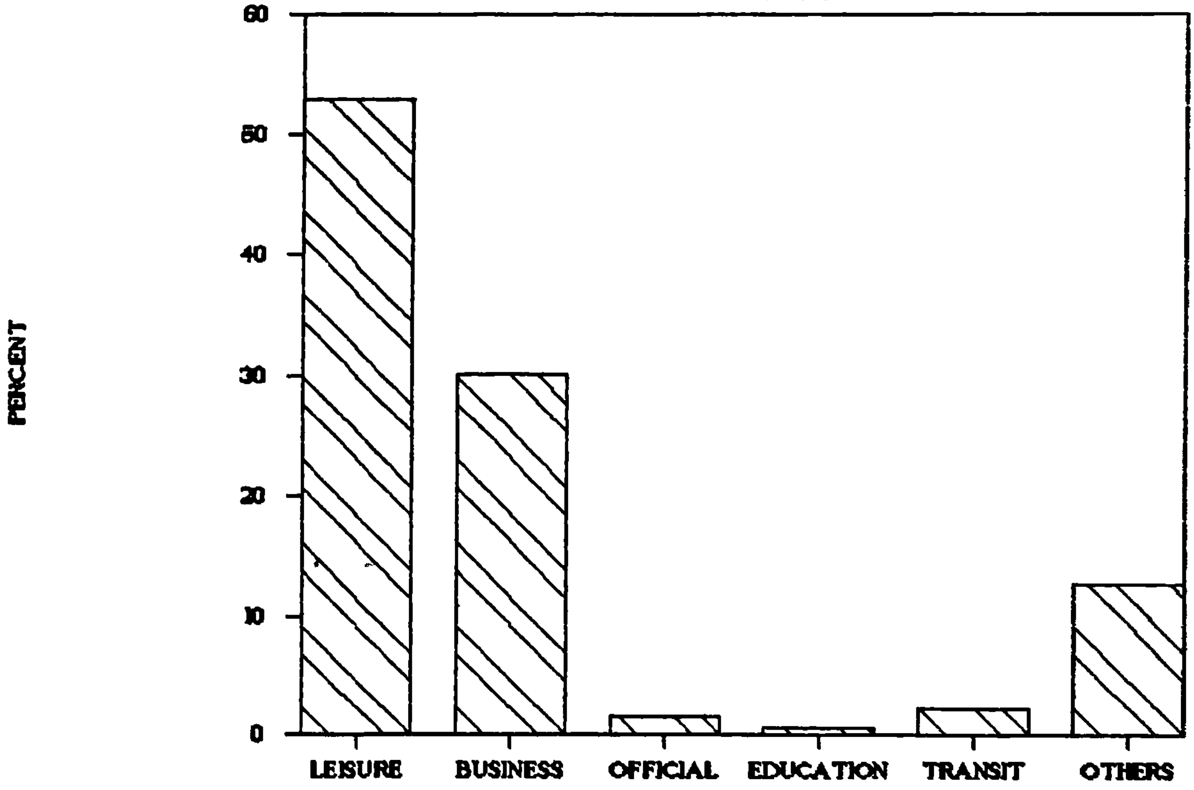
(AVERAGE: 1972-1986)



Source: Dept. of Statistics

FIGURE 7.8: PURPOSE OF VISIT-N. AMERICA

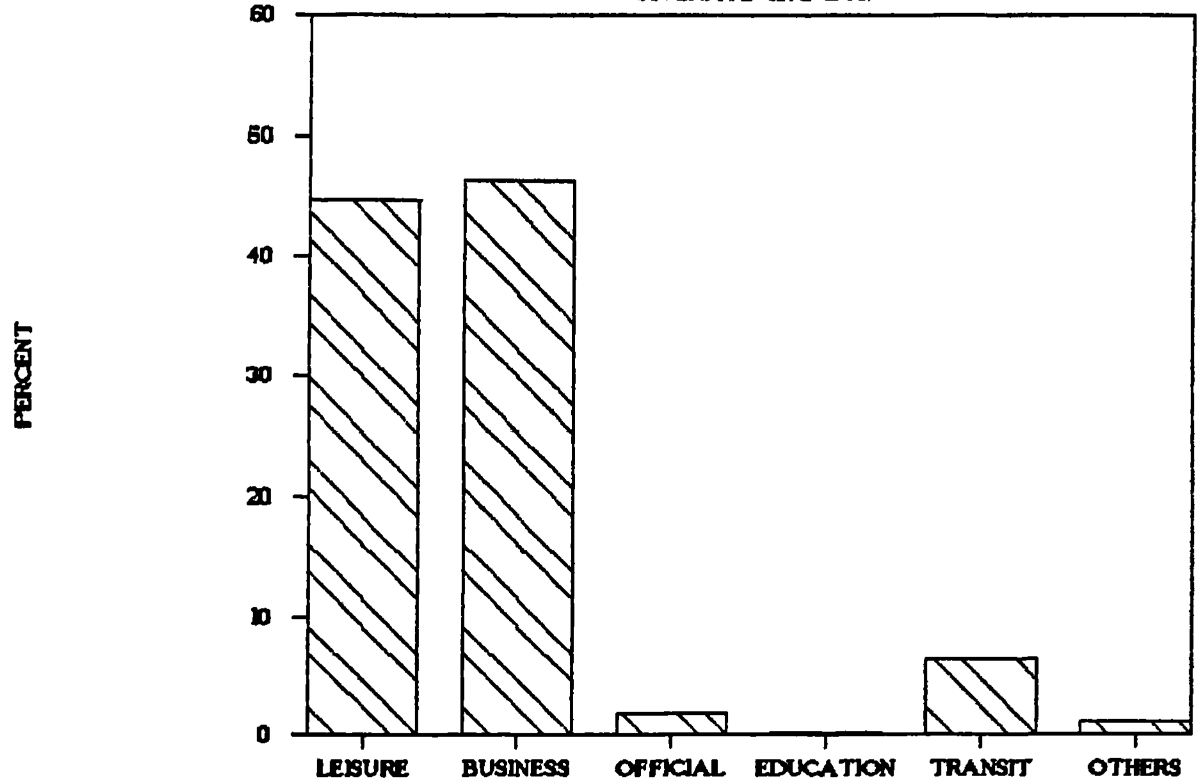
(AVERAGE: 1972-1986)



Source: Dept. of Statistics

FIGURE 7.9:PURPOSE OF VISIT - EAST ASIA

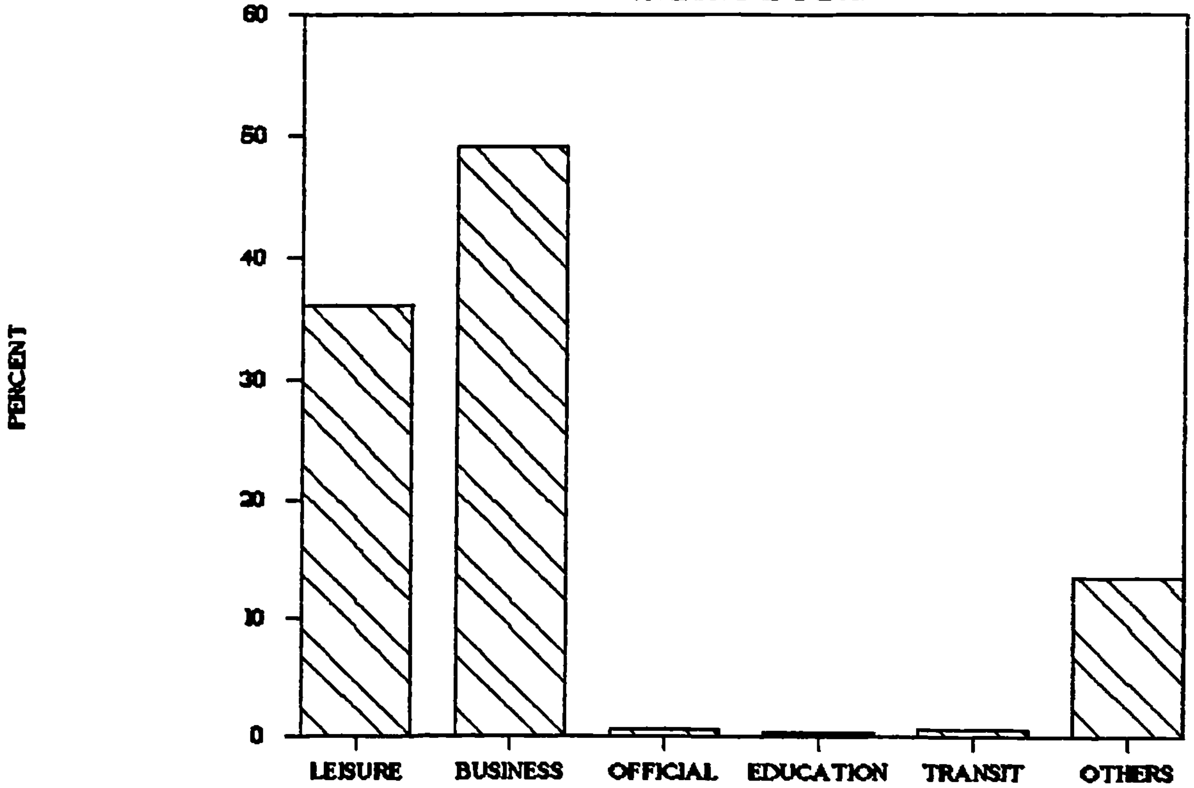
(AVERAGE: 1972-1986)



Source: Dept of Statistics

FIGURE 7.10: PURPOSE OF VISIT-SINGAPORE

(AVERAGE: 1972-1986)



Source: Dept of Statistics

fairly large. Caution should be exercised in interpreting these data as most within the category may be family members accompanying business and leisure visitors and others who did not indicate their purposes for whatever reasons.[52]

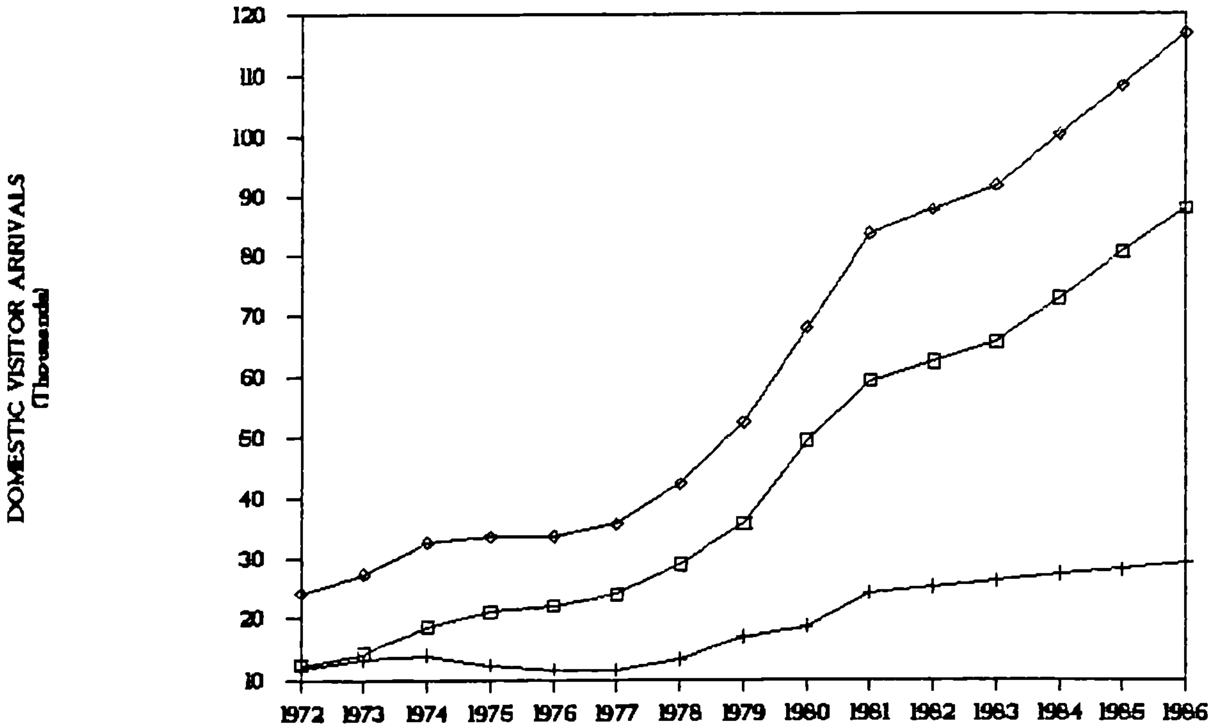
7.8. DOMESTIC VISITORS

As shown in figure 7.2 domestic visitors to Sabah increased from roughly a third of the total in the early 1970s to about three fifths of the total in the mid 1980s. Between 1972-1986 domestic visitors were mainly generated from Peninsular Malaysia and the adjoining State, Sarawak. The annual visitor inflows in these years are shown in figures 7.11 and 7.12. Peninsular Malaysia contributed to approximately half of the total domestic arrivals in 1972, rising to about three-quarters in 1986. The share from Sarawak has gradually fallen relative to Peninsular Malaysia but increased in absolute terms. The overall average annual rate of increase for Peninsular Malaysia was 15.5% and 6.7% for Sarawak. In the 1980s the average annual growth rate fell to 7.2% for Peninsular Malaysia and 3.8% for Sarawak.

Statistics on the purpose of visits by domestic visitors are unfortunately not available. However basing on the visitor questionnaire survey conducted by this study, figure 7.13 discloses that a majority of the total domestic visitors came to visit friends and relatives with

FIGURE 7.11: DOMESTIC VISITORS TO SABAH

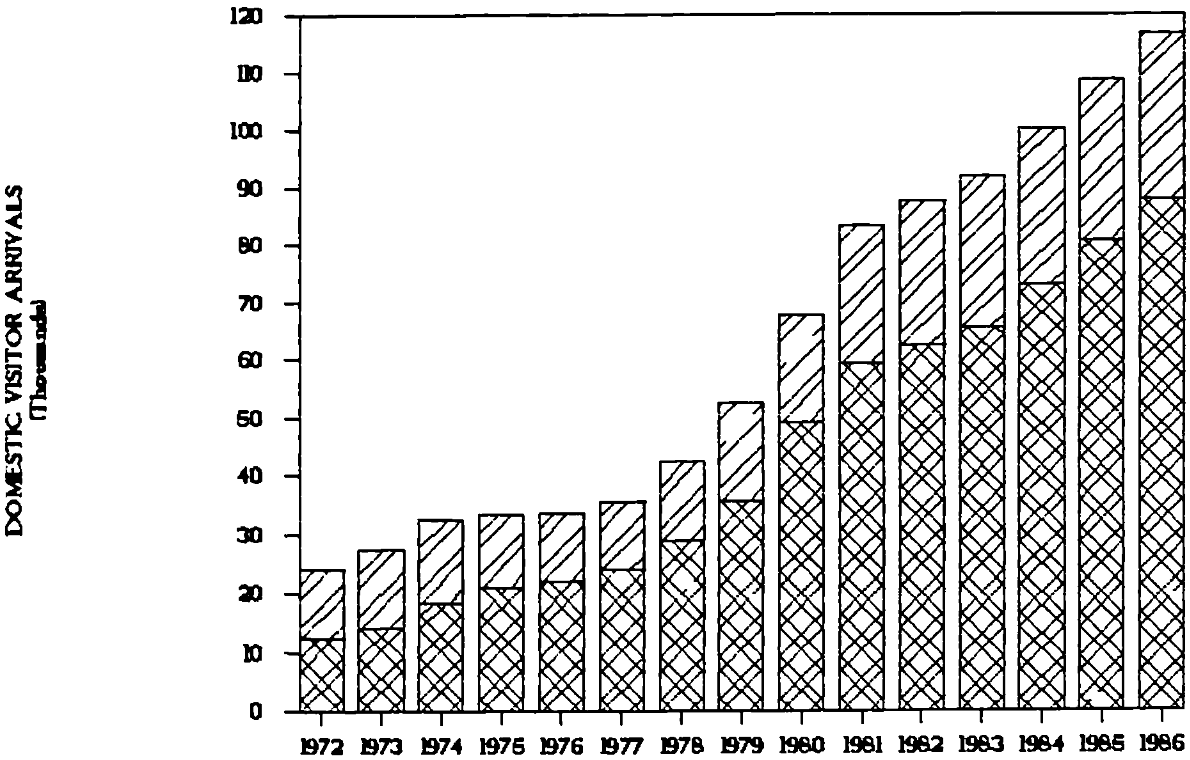
(1972-1986)



Source: Dept of Statistics

FIGURE 7.12: DOMESTIC VISITORS TO SABAH

(1972-1986)



Source: Dept of Statistics, Sabah

the prime intention of leisure participation. Sabah being a State of Malaysia there are stronger leisure (65%), business (26%), official (6%) and educational (3%) purposes, relative to the proportions exhibited by the international visitors.

7.9. POINTS OF ENTRY

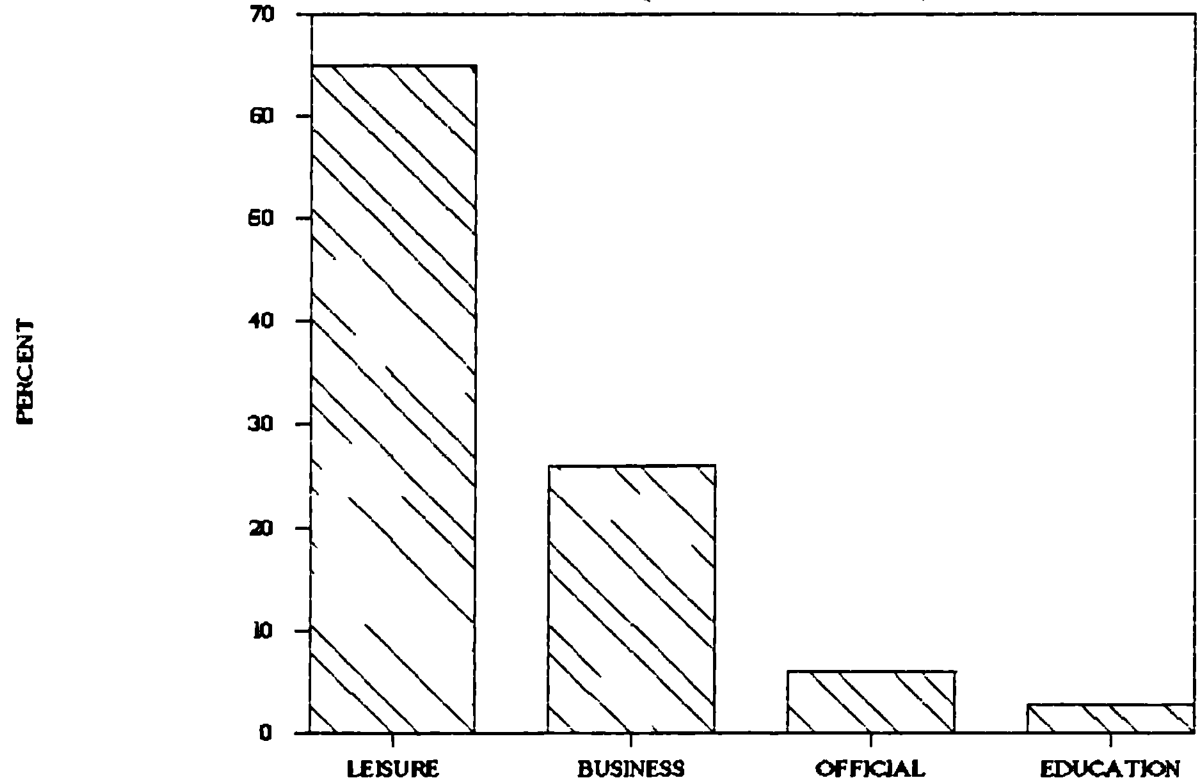
Visitors enter Sabah through eleven points of entry. Figure 7.14 showed these entrances and relative importance in terms of volume. The major entrance are Kota Kinabalu, Labuan and Tawau. Between 1972-1986 an average of 99% of visitors entered through these major points. The average for the rest together only constituted 1% of the total. Catering for roughly four fifths of the total visitors Kota Kinabalu is by far the most important and the trend is increasing since the area is served by an international airport and seaport.

7.10 IMPLICATIONS OF INTERNATIONAL ACCESSIBILITY

Kota Kinabalu being better linked to other countries by air and sea ports will remain the gateway for international and domestic visitors. Earlier it is shown that the major proportion of visitors enter Sabah by air and this form of transportation is likely to dominate other transport modes. From the weekly seating capacity shown in table 5.14 (pp. 211) it is ascertainable that

FIGURE 7.13: PURPOSE OF DOMESTIC VISITS

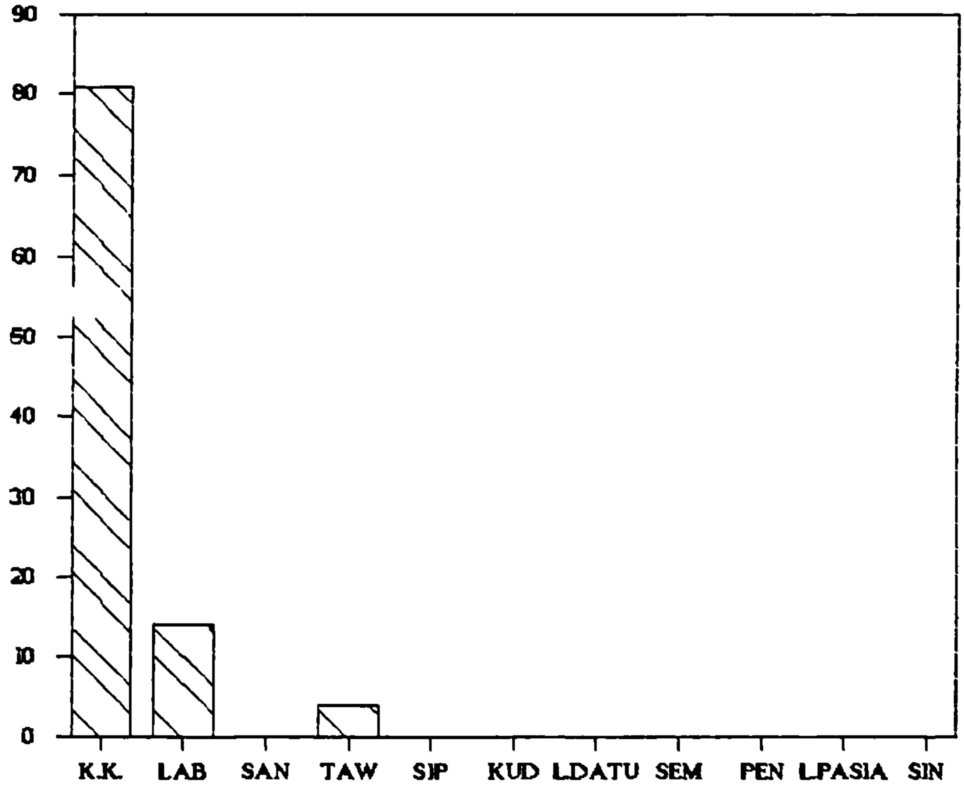
(VISITOR QUESTIONNAIRE SURVEY, 1991)



Source: Department of Statistics, Sabah

FIGURE 7.14: VISITORS BY POINT OF ENTRY

(AVERAGE: 1972-1985)



Source: Department of Statistics, Sabah

the annual inflow of visitors to Sabah will be limited to around 500,000 persons. This situation can only be changed if the present seating capacity is increased. Hence visitors flow is limited by air accessibility.

7.11 SUMMARY: IMPORTANT VISITOR CHARACTERISTICS AND TRENDS

This chapter has highlighted the following important visitor characteristics and trends. (1) Overall visitor arrivals to Sabah is sensitive to the world's economic situation, growing during strong economic periods and declining during times of economic hardships; (2) Visitor flow is not marked by seasonal patterns; (3) Most of the visitors are young (below 49 years old); Males outnumbered females by 3:1, but the trends have been affected by dominantly male business and other formal visitors. The trends for leisure visitors have shown a more balanced sex composition; (4) Most of the visitors travelled independently to Sabah but recent trends indicate the growing importance of visits organised by tour operators; (5) The majority of visitors arrived by air and arrivals by sea and land are relatively unimportant; (6) The main generating countries are within the ASEAN region (neighbouring countries) and is likely to remain because of proximity. Visitors from Japan, Hong Kong, Taiwan, Korea (East Asia), the United States, the United Kingdom and Conintental Europe (especially Germany) and Australia have been gradually growing recently becaused of increased promotion. Visitors from South Asia (mainly India) are declining; (7) The leisure visitors have been consistently dominant (comprising half of the 1972-1986 average) but the business visitors (a fifth) and other formal visitors (a fifth) are not unimportant; (8) More than two-third of the visitors entered through Kota Kinabalu and this trend is increasing because of the important role of air transportation; (9) Throughout the 1970s international visitors are more numerous than domestic visitors but in recent times the latter has overtaken the former. Both these sources remained important; and (10) The inflow of visitors to Sabah is constrained by air accessibility.

8. APPRAISAL OF TOURISM ORGANISATION AND POLICY

This chapter examines: (1) the way in which the tourism sector is administered and managed in Malaysia and in the State of Sabah; (2) the aims of the tourism policy and (3) the financial arrangements made to support the tourism sector.

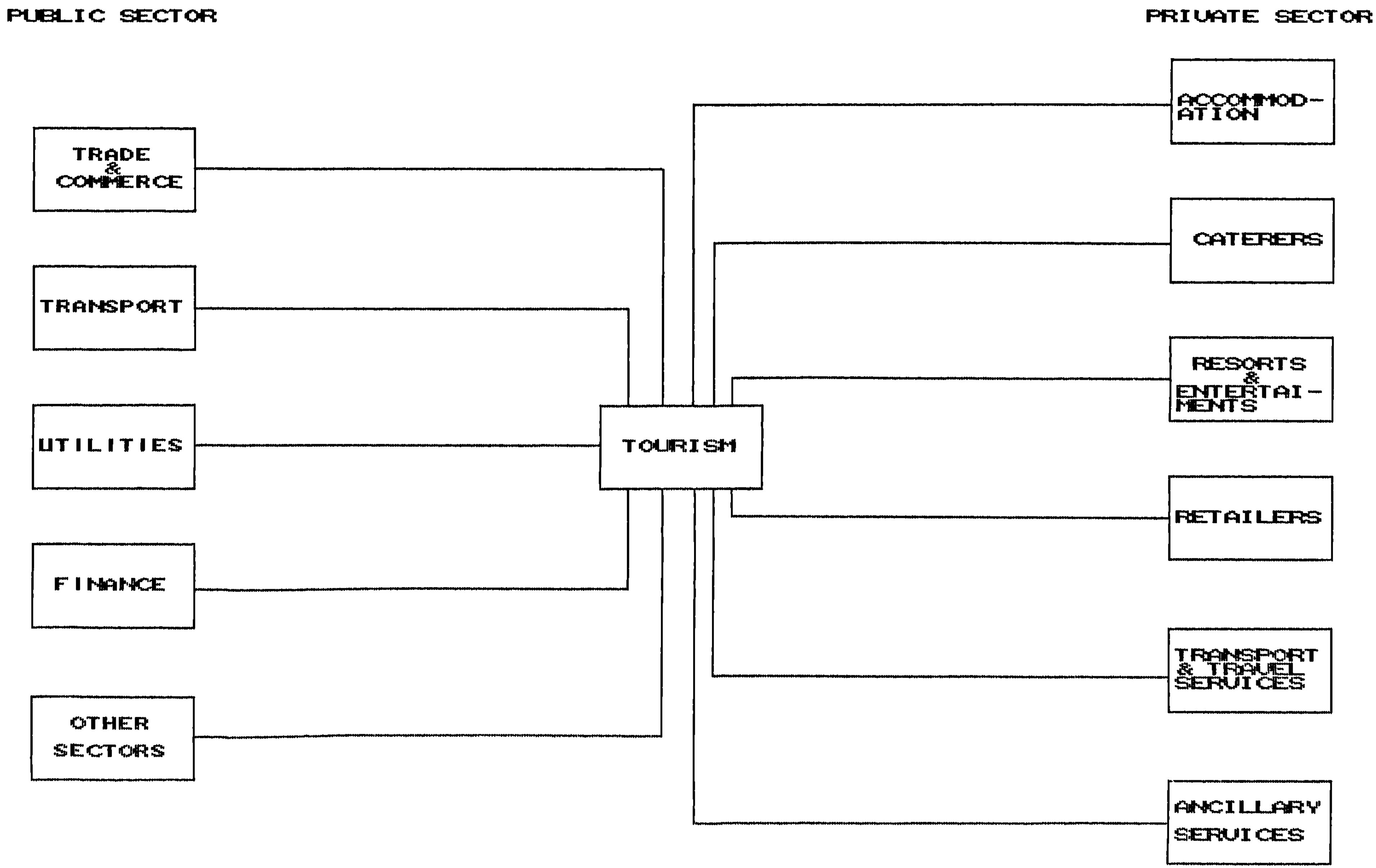
The analysis in this chapter is partly supported by an examination of planning, legislative and other relevant official documents. Care has been taken to utilise materials that are generally recognised to be reliable. Official policy instruments and plans, legislations, budget and research documents are treated as reliable sources of information; whereas documents containing propaganda and public relations type information are excluded. The analysis is complemented by personal understanding accumulated from lengthy experience in the tourism sector.[53]

Before any appraisal can be undertaken it is important to explain the environment in which tourism operates in Malaysia.

8.1. TOURISM POLICY ENVIRONMENT IN MALAYSIA

The environment under which tourism operates in Malaysia is complex. The intricacies may be appreciated by the cobweb of interrelationships shown in figure 8.1. It

FIGURE 8.1: TOURISM RELATED INTERESTS IN MALAYSIA

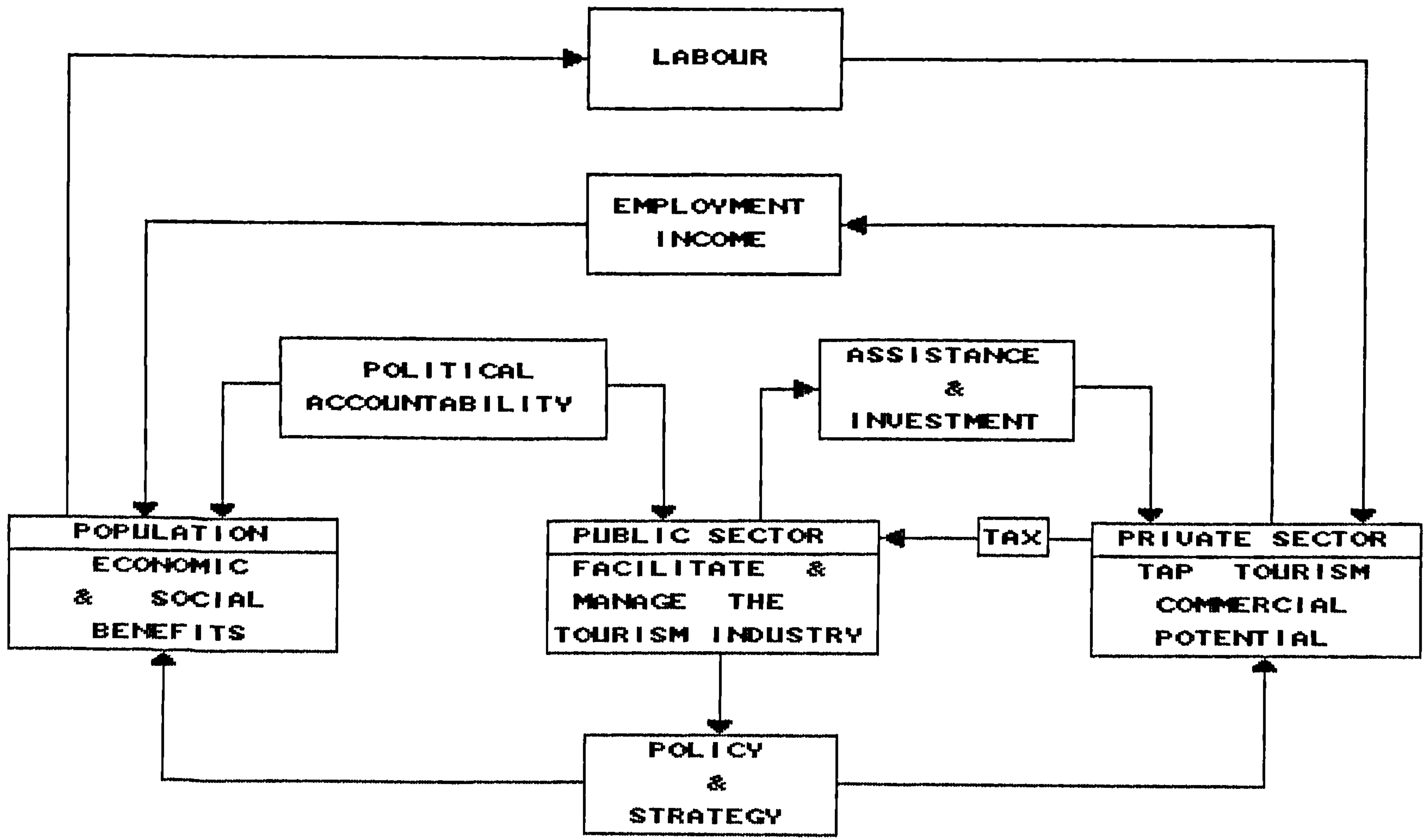


visualises that tourism being a composite and diffused industry, has great scopes for interaction, not only between the public and private sectors but also within the sectors of public administration. Because of the more diffused nature of tourism it trangresses into the realm of different segments of the public sector.

Ironically while organisations are often seen as facilitating agents for policy making and impelementation, bureaucratic complexities can also cause problems. In the tourism planning environment difficulties arise because there are dynamic interrelationships of planning functions. The compexities is manifested: (1) by the interdependent activities of planners within their own organisational framework; (2) with other planning and implementing agencies; (3) there are also the interactions of planning organisations with the administrative and political environments. There is not only the clamour for reconciliations between professional values but also between planning values and political values. Among the difficulties are the conflicting short-term political goals (responding to electoral needs) and the long-term planning goals (maintaining social welfare or public good and economic prosperity). In addition to this human dimension there are also complex interactions between sets of social problems, sets of policy prescriptions and sets of implementation problems. These are often difficult to reconcile. Thus the planning and political environments are embedded within a complex system of human and organisational interactions. If the interrelationships of these separate but impinging elements are left unreconciled then conflict will surface. Conflicts can also arise because politicians are insensitive to the various planning and implementing difficulties and often presumes the process of policy formulation and implementation to be simple. On the other hand planners and public servants are often frustrated by their subservient roles and often has to sacrifice professional beliefs for concensus opinions. Conflicts usually occur because planners are so engrossed in the analytical process thus rendering themselves remote from the political process which is vital to democratic societies.

Relationship between the public and private sectors is even more complicated by their interdependent roles and is summarised in figure 8.2. The major interest of the Malaysian public sector is to manage and facilitate the promotion and development of the tourism industry in pursuance of their objectives (see section 8.3.1.). Whereas the basic role of the private enterprises are to recognise and tap the economic opportunities presented by tourism potential. The success of the tourism industry depends greatly on a vibrant private sector as the manifold of tourism enterprises viz: commercial accommodation, catering businesses, resorts, entertainments, retailers supplying products to tourists, transport and travel services and a host of other ancillary services (supply of food and beverages to hotels

FIGURE 8.2: KEY RELATIONSHIPS BETWEEN BROAD INTERESTS INVOLVED IN TOURISM IN MALAYSIA



and restaurants, photographers, petrol station etc.) falls within this sector. The main types of enterprises are listed in figure 8.1, underlying the unenvious task of the public sector to manage a wide sprectum of activities of diffused relationships. On the other hand the private sector's fortune, inter alia, depend on the success of government efforts in promoting tourism, the assistance to make tourism enterprises viable by investment in tourist facilities and amenities (viz: general infrastructure, parks, playgrounds, and other basic recreational facilities), commitment to sustain tourism by restraining externalities (environmental preservation efforts, nature and cultural conservations etc.) and to initiate developmental activities where the private sector find it not profitable to participate in. The challenge of the public sector then is to establish confidence and motivate private sector's investment into the tourism industry. The outcome of this challenge is the response of the private sector to their policies and strategies; the nature of enthusiasm depends on the degree of facilitation, quality of public incentives and pull of economic expectations. From an angle the roles of these sectors are complementary by a common goal of seeking economic growth in tourism. Here the private sector is motivated by profitable opportunities; whereas the government hopes to tap the prospects of tourism to fulfil the aspirations of improving the welfare of the people (discussed later). However this common aim of economic viability and sustainability is at times hampered by conflicting interests.

The objectives of the public sector (facilitation of social and economic welfares) and private sector (profiteering) often conflicts. The concern of the former to find an acceptable balance between social and economic progress frequently conflicts with the interests of profit maximisation of the latter. Thus regulations catering for the efficacy of public policy such as legislations for the orderly development and protection of the tourist industry may be looked upon as restrictive by the private sector. Aims to promote public goods of these kinds are often resented by the private sector, whose main interest is the attainment of corporate efficiency for competitive dominance.

The relationship between the government and the general public is inextricably linked to the notion of political accountability. To this respect public investment in the tourism industry is seen as justifiable by the masses if it brings economic and social benefits. For the private sector this investment is worthy if it brings substantial growth within the tourism industry. Thus tourism policies have widespread implications. Success can create a vibrant tourism economy that can provide income and employment to the population.

Whilst the community is generally in agreement with the con ern of the public sector for public welfare there are nevertheless conflicts between the roles and views of these entities. For example groups or individuals affected by tourism by, say, the displacement of land or livihood or in other ways can express their discontent with public policy; the seriousness of the problem depends on the masses affected and the ability of the public to organise into effective pressure groups.

Likewise the relationships between the private sector and the community has compatible and conflicting elements. Compatibilities between them are manifested through their mutual economic roles - the private sector as a source of employment hence income and the community as a source of labour. However interrelationships can produce complications if businesses exploit their employees, hence causing ill feelings. This internal problem if serious can be the subject of political lobbying by the public and business sectors.

The dynamic interrelationships between the political, planning, business and the community discussed in this section is summarised in table 8.1.

8.2. ORGANISATION OF TOURISM IN MALAYSIA

This section examines the modus operandi of organisations administering and managing the tourism sector in Malaysia: firstly from the national and regional perspective and later that of the State of Sabah.

TABLE 8.1: COMPATIBLITIES AND CONFLICTS BETWEEN POLITICAL, PLANNING, BUSINESS AND PUBLIC INTERESTS

PARTY	COMPATIBLE ELEMENTS	CONFLICTING ELEMENTS	PARTY
POLICY MAKERS	* Public goals and accountability	* Misunderstandings and tensions caused by bureaucratic complexity * Short-term political goal vs long-term planning goal * Political vs professional values	PLANNING
PUBLIC SECTOR	* Economic growth, viability and sustainbility of the tourism sector	* Public roles and values vs private roles and values * Efficacy of public policy vs private corporate efficiency	PRIVATE SECTOR
PUBLIC SECTOR	* Public welfare	* Public roles and values vs group / individual roles and values	COMMUNITY
PRIVATE SECTOR	* Economic inter-depedency	* Business interests vs group / individual interests	COMMUNITY

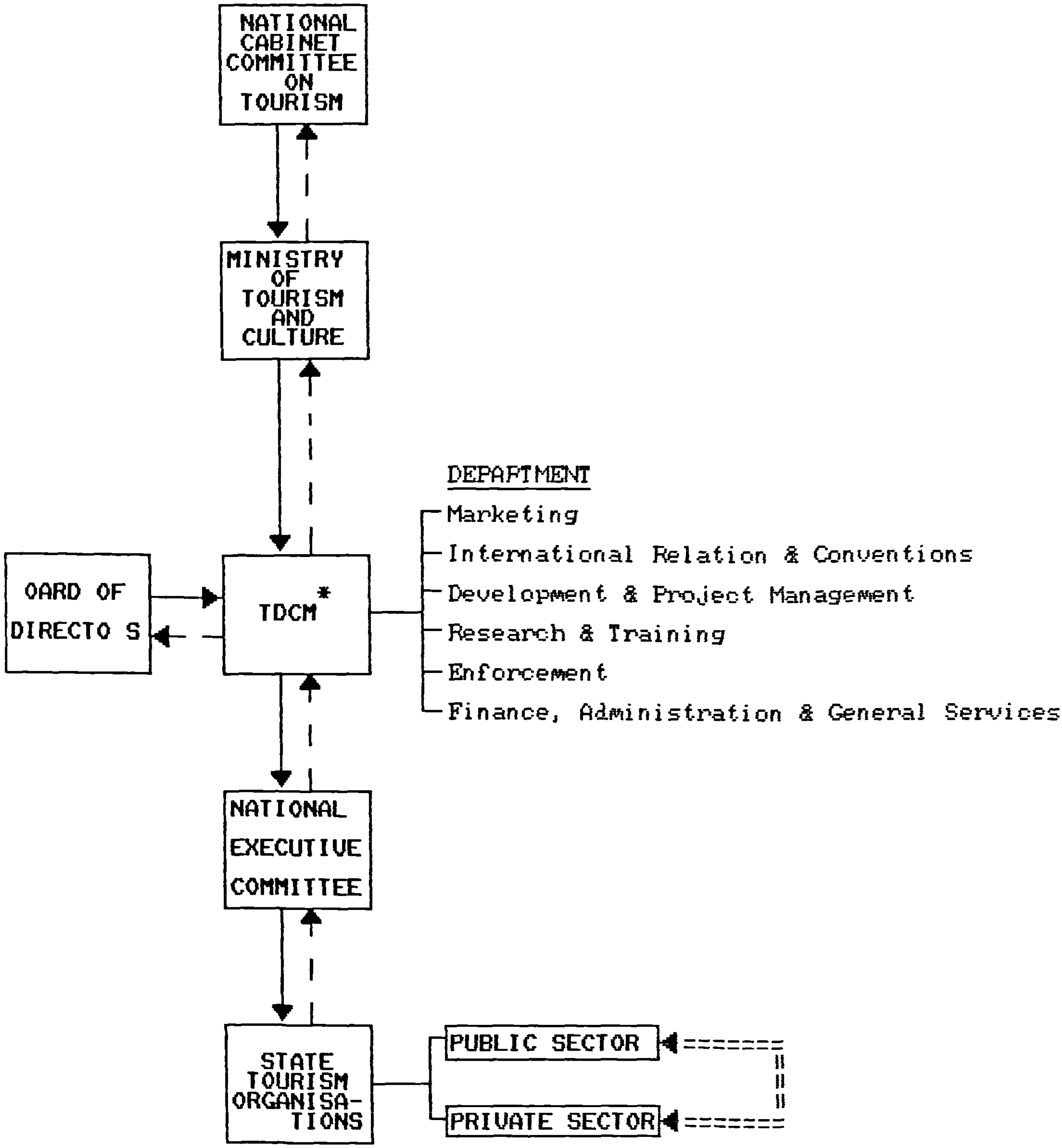
Source: Personal Experience and observation.

8.2.1. NATIONAL AND REGIONAL ORGANISATIONAL FRAMEWORK

Since the pronouncement of the national priority to promote tourism and develop the tourism industry in 1985 there have been considerable efforts to restructure the administration and management aspects. In 1987 the federal Ministry of Tourism and Culture (MOTC) was created to formulate national policy on tourism. Prior to this the interests of tourism was weakly represented by the Ministry of Trade and Industry, as the main concern of promoting industrialisation in Malaysia took precedence. Under an underdeveloped policy the task of promoting and developing tourism was left to the Tourist Development Corp ration of Malaysia (TDCM), a statutory body established on the 10th of August, 1972. Hence the national interest in tourism is not new as promotional and development efforts have been going for about two decades, albiet just for Peninsular Malaysia. What is new is the priority ıven to the tourism sector. Apart from the MOTC, the Nati nal Cabinet Committe on Tourism (NCCOT) and National Executive C mmittee (NEC) on tourism were added to the structure of tourism organisation in 1987.

The revised way in which tourism is administered and managed in Malaysia can be explained with the aid of figure 8.3. The system of tourism organisation in Malaysia is basıcally centralised and this is represented by the continuous line connecting the various bodies. Polıcy directives and information are handed by the policy

FIGURE 8.3: STRUCTURE OF TOURISM ORGANISATION IN MALAYSIA



* Tourist Development Corporation of Malaysia

——— Direct and Dominant Relationship

----- Direct Subservient Relationship

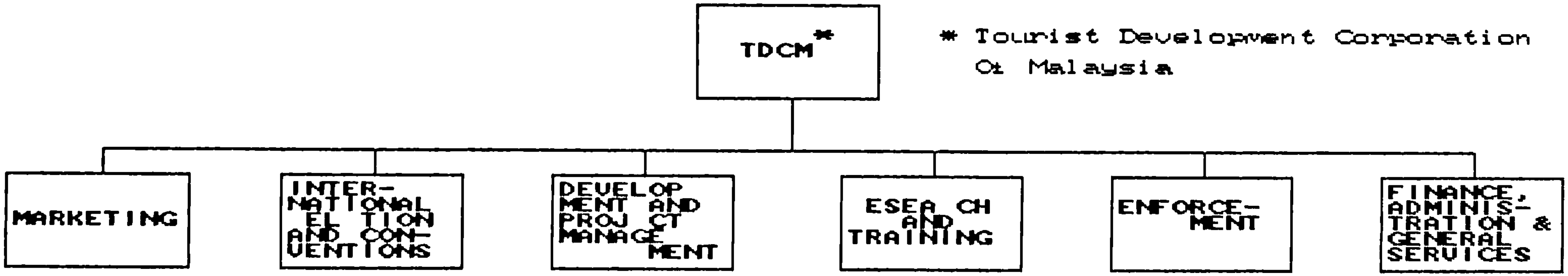
===== Indirect Relationship

making bodies (first two boxes in figure 8.3.) to the implementing arms for interpretation and execution. However inherent in the planning process there are substantial information and professional inputs from the lower to the higher authorities. This is shown by the broken line in figure 8.3. At the regional level indirect relationships between the public and private sectors based on periodic consultations and liaison and manifested through special meetings, seminars and representations at public organisations are the main sources of information interchange.[54]

As stipulated earlier the MOTC is the main policy making organ in Malaysia. However at the top of the organisational structure is the NCCOT which is chaired by the Prime Minister. Acknowledging that the composite nature of the tourism industry will trangress its concern into the other economic sectors and vice versa as well as the realm of the private sector (see discussion in the previous section) the prime role of this committee is to coordinate these various interests and activities. An important part of the coordination activity attempts to harmonise the policy among the overlapping sectors influencing tourism promotion and development. Its primary intention is to promote policy cohesion across the various sectors. In the implementation process cross boundaries of responsibilities could create bottlenecks; hence another important aim of coordination is to speed implementation by clarifying and directing the task to the appropriate authorities. The aim is to clear misunderstandings.

Below these policy oriented authorities (NCCOT, MOTC) are the implementing arms of the tourism system. Established by virtue of the Tourist Development Corporation Act of 1972, the TDCM is the national implementing arm. Provided by subsection 4(1) it is responsible for the following primary functions: (1) the promotion of the country as a tourist and convention destination at the international and domestic arena; (2) the provision of tourism facilities and amenities; (3) recommending tourism policies and strategies to the federal government and to implement these on approval. In pursuance of these basic functions subsection 4(2), inter alia, enables the TDCM to conduct research, request information from other public and private enterprises, invest or create business or procure properties for the development of tourism facilities and amenities and make provisions for the descipline and regulation of the tourism industry. Part five of the enactment vested the TDCM with the power to enforce schemes and designs to regulate and manage the tourism industry. Thus the statutory authority is vested with wide powers to assist in the formulation of tourism policies and strategies, implementation and regulatory aims. The overall role of the TDCM is magnified by the function of its respective divisions shown in figure 8.4. Advising the management of the TDCM is the Board of Directors (BODs). The BODs comprise of a pool of key

FIGURE 8.4: RESPONSIBILITIES OF THE DIVISIONS WITHIN THE TDCM *



DIVISIONAL RESPONSIBILITIES:

◆ MARKETING STRATEGY	◆ INTERNATIONAL LIAISON	◆ DEVELOPMENT STRATEGY	◆ INFORMATION NEEDS & SYSTEM	◆ ENFORCE LEGISLATION	◆ ADMINISTRA-TION & MANAGEMENT
◆ TOURISM PROMOTION	◆ DEVELOPMENT & PROMOTION OF MALAYSIA AS A CONVENTION DESTINATION	◆ DEVELOPMENT OF TOURIST FACILITIES	◆ TOURISM SURVEYS & STUDIES	◆ MONITOR & REVIEW LEGISLATIVE NEEDS	◆ PROVISION OF ANCILLARY SERVICES
◆ SUPPLY OF MARKETING & PROMOTIONAL TOOLS		◆ PROJECT IMPLEMENT-ATION & MANAGEMENT	◆ TRAINING NEEDS & STRATEGY	◆ CONTROL & REGULATE THE TOURISM INDUSTRY	

Source: Personal Construction from:
(1) Tourist Development Corporation Of Malaysia Act, 1972;
(2) Information from TDCM.

personnel from the private and public sectors, academics and researchers or other individuals appointed by the MOTC by virtue of their extensive experience in tourism or other fields which can offer invaluable service towards the promotion and development of tourism. Together with the management of the TDCM it is envisaged that the organisation can work towards a balanced approach, that is taking into consideration the interest of the public and private sectors, in the promotion and development of the tourism industry in Malaysia.

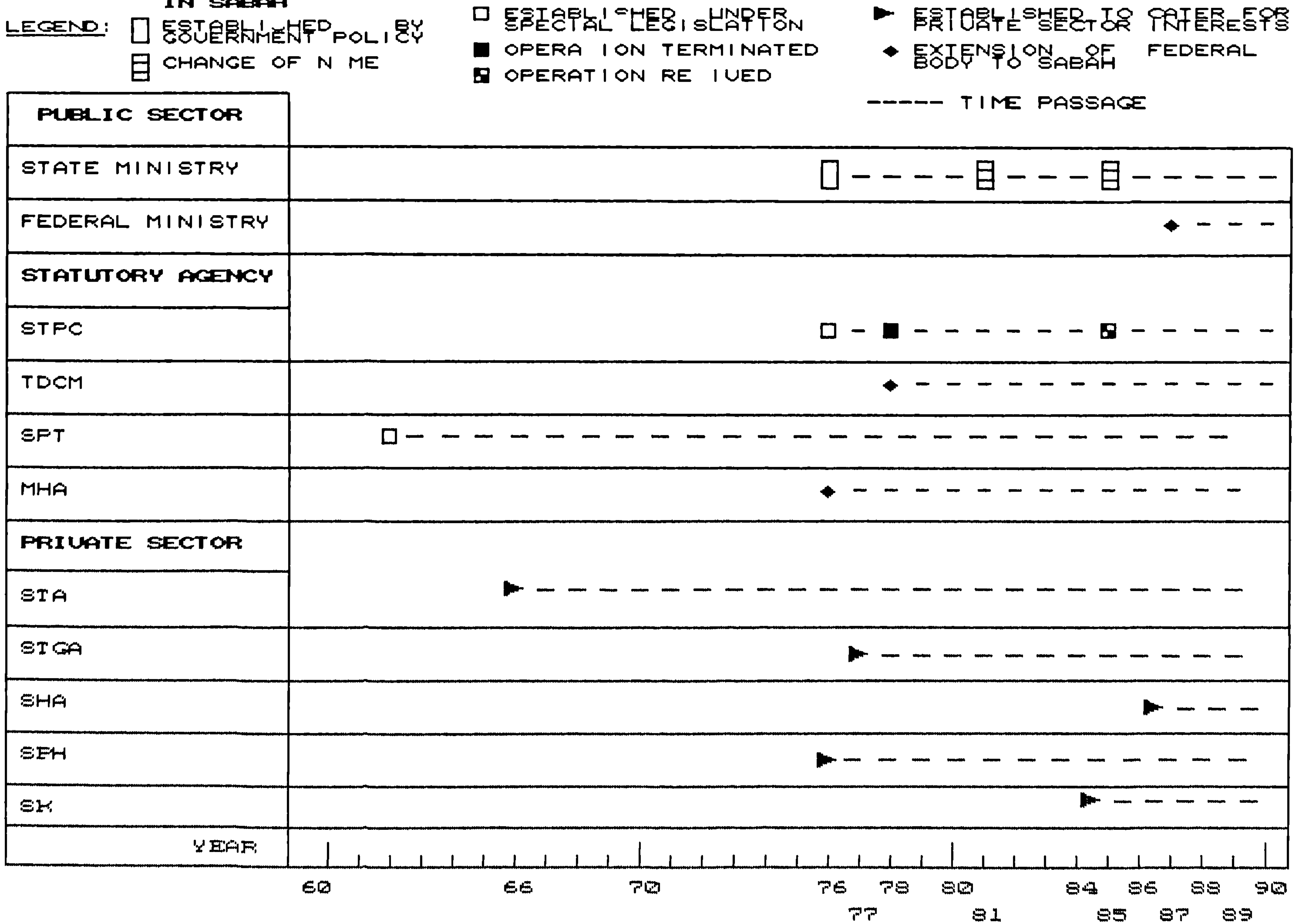
At the regional level the task of interpreting and implementing national policies and strategies are the responsibility of State Organisations (SOs). In each of the thirteen states in Malaysia the State Economic Development Corporation (SEDC) has been formed, under the respective State Enactments, to pursue all economic activities at the State levels. The basic role of the SEDCs are to coordinate and integrate development activities at the State level, including public and private efforts. With the exception of Sabah and Sarawak, which has their own tourism organisations[55]; the purview of tourism development in the other States of Malaysia are vested in the SEDCs. Attempting to coordinate the various activities of the State, the TDCM initiated the creation of the National Executive Committee (NEC) in 1987. Its basic aim is to rationalise tourism developments and prevent rampant development duplications.

8.2.2. ORGANISATION OF TOURISM IN THE STATE OF SABAH

As pointed out earlier the State of Sabah differs from the other States by having its own structure of tourism organisation. The reason for this is historical and has been discussed in chapter 1.

Consistent with national policy, the priority accorded to tourism began emerging in 1985. Unlike Peninsular Malaysia, where the promotion and development of the tourism industry has begun about two decades earlier, tourism in Sabah prior to 1985 has existed mainly on its own. From the time chart shown in figure 8.5, attempts to promote tourism were initiated by the private sector in 1966 with the emergence of the Sabah Tourist Association (STA). However without the assistance of public policy and the lack of finance and cohesion in the efforts of the private sector, the tourism industry drifted unaided. The Sabah Park Trustees (SPT) (responsible for managing the Sabah Parks system discussed in chapter 5) which begun operation in 1962 was mainly concerned with landscape conservation and was indirectly paving the way for tourism by providing recreational facilities within the Sabah Parks. In 1976 interest in tourism increased following the establishment of the Ministry of Manpower and Environmental Development (MMED), having responsibility for the industry. A Statutory Agency known as the Sabah Tourism Promotion Corporation (STPC) was also created in the same year. Its main responsibility was to promote and

FIGURE 8.5: CHART SHOWING THE ESTABLISHMENT AND CHANGE OF MAJOR TOURISM ORGANISATIONS IN SABAH



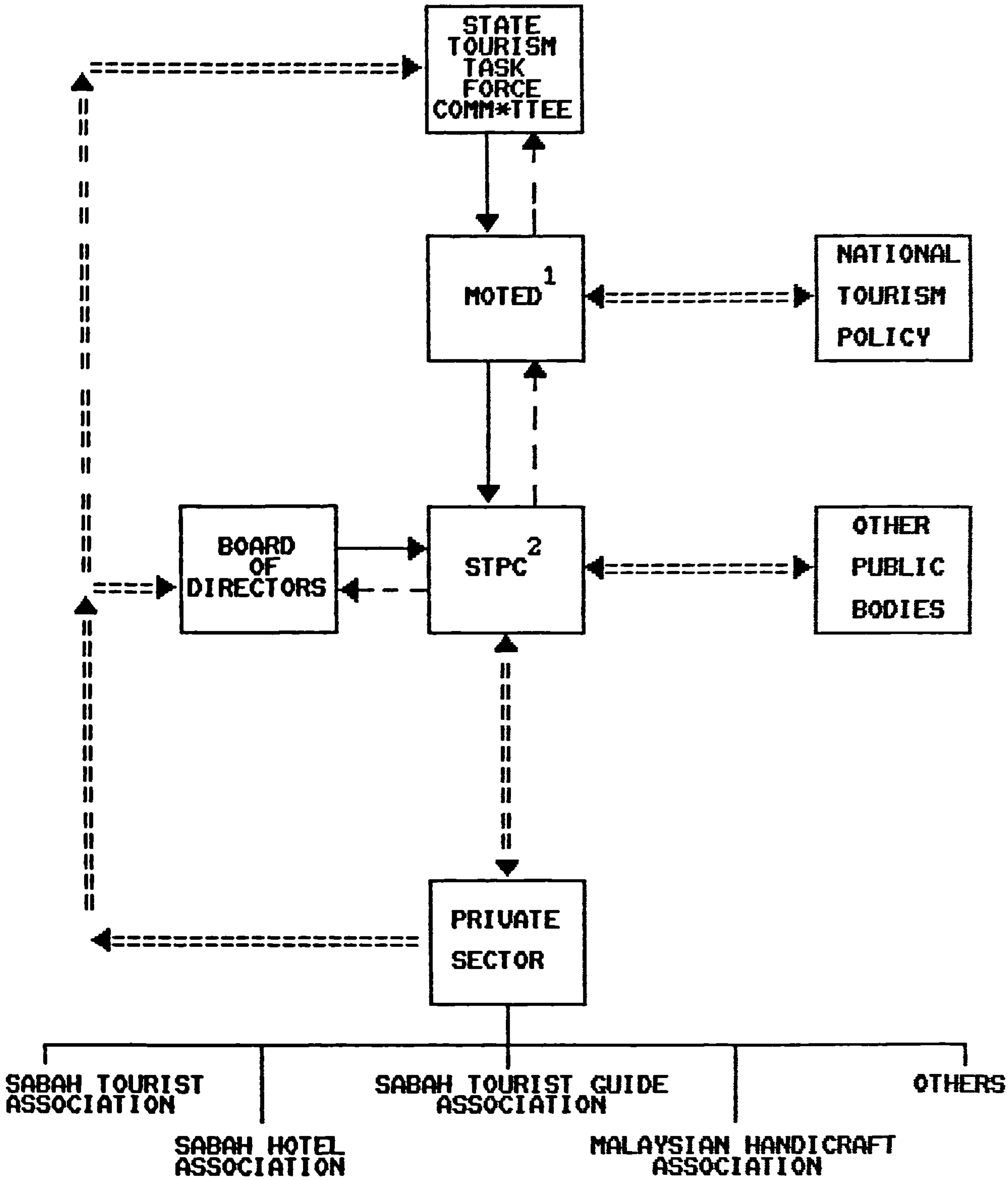
Source: Based on information collected from the various organisations (see above).

develop Sabah as a tourist destination. In turn the STPC set up a travel agency, Sri Pelancongan Hornbill (SPH), to pioneer the marketing of Sabah. Also in the same year the operation of the Malaysian Handicraft Association (MHA) was extended to Sabah to train craftsmen and improve the quality of local handicrafts. But these State's initiatives were shortlived. With the extension of the TDCM to Sabah in 1978 the operation of the STPC ceased. The latter is seen at that time to duplicate the activity of the national TDCM. However a small tourism unit within the MMED was established to deal with the interests and problems of the private sector. Without strong policy commitments, coupled with the failure of the TDCM to promote Sabah effectively, the tourism industry floundered. In 1981 the MMED was renamed the Ministry of Resources Development (MRD) without any invigoration of the tourism policy. Despite the establishments of several agencies between 1976 to 1984 (see figure 8.5) to cater for the interests of tourism in various ways, the organisation of tourism remained haphazard and unfocussed.

Following the national enthusiasm and a clearer State's vision for the role of tourism the MRD became the Ministry of Tourism and Environmental Development (MOTED) in 1985. The national policy on tourism was strengthened because the sector is envisaged as a viable activity to diversfy Malaysia's economy. Likewise Sabah's interest in diversifying the State's economy found the national enthusiasm to be attractive because of the strength of the

State's natural tourist resources (see chapter 5). The committed national and State policy on tourism has attracted professional inputs and clearer promotion and development visions issued. The STPC was revived the same year. A process of organisational restructuring ensued and by 1986 the organisational framework shown in figure 8.6 began to function. The current ambit of the MOTED, as structured in figure 8.7, encompasses the protection of the environment and wildlife (role of the Environment Division and the Department of Wildlife), the management of the Sabah Parks system (role of the Sabah Parks' Trustees) and the management of the tourism sector (role of the STPC). The MOTED paved the way for the creation of the State Tourism Task Force (STTF). Similar to the NCCOT the main role of the STTF is to coordinate policy and implementing activities from the various organisations promoting and developing the tourism industry. With the assistance of the STPC, the MOTED is responsible for developing state tourism policies and strategies. Advising the STPC are the Board of Directors (BODs) comprising of key personnel whose extensive experience is considered advantageous for the tourism industry. Similar to the national system discussed in figure 8.3, the dominance of the top-down decision making style is reflected in the State tourism organisation and this is represented by a continuous line in figure 8.6. As in the national structure, inputs toward policies and strategies flow from the lower organisations in the hierarchy to the higher levels ones. This is denoted by the single broken

FIGURE 8.6: STRUCTURE OF TOURISM ORGANISATION IN SABAH



1 Ministry of Tourism and Environmental Development

2 Sabah Tourism Promotion Corporation

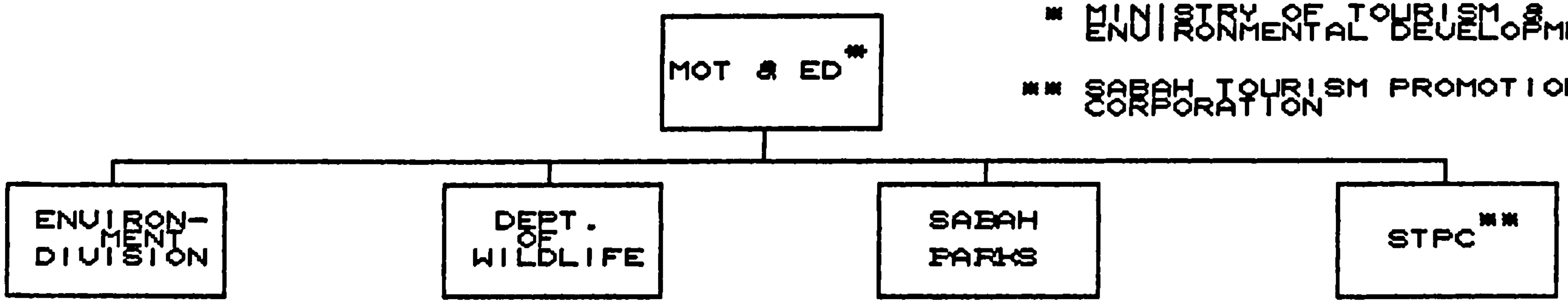
——— Direct and Dominant Relationship

– – – Direct Subservient Relationship

====== Indirect Relationship

Source: Constructed from personal observation and work experience.

FIGURE 8.7: PURVIEW AND ROLES OF THE MINISTRY OF TOURISM AND ENVIRONMENTAL DEVELOPMENT



* MINISTRY OF TOURISM & ENVIRONMENTAL DEVELOPMENT

** SABAH TOURISM PROMOTION CORPORATION

ENVIRONMENT DIVISION — RESPONSIBILITY:

(1) SAFEGAURD ENVIRONMENTAL QUALITY.
(2) POLLUTION IDENTIFICATION AND MITIGATION.
(3) STUDY AND MINIMISE ENVIRONMENTAL IMPACTS.
(4) STRATEGISE FOR ENVIRONMENTAL ENHANCEMENT.
(5) ORGANISE PROGRAMMES FOR PUBLIC EDUCATION.
(6) ASSIST IN POLICY AND LEGISLATIVE FORMATION AND REVIEW.
(7) IMPLEMENTATION OF POLICY AND LEGISLATION.
(8) CONDUCT RESEARCH FOR THE EFFICACY OF THE DIVISION'S FUNCTIONS.

DEPT. OF WILDLIFE — RESPONSIBILITY:

1) PROTECTION OF WILDLIFE.
2) MANAGEMENT OF WILDLIFE SANCTUARIES AND SPECIAL CONSERVATION AREAS.
3) ASSIST FARMERS AND ESTATES TO COPE WITH WILD-LIFE INTRUSION.
4) ASSIST IN POLICY AND LEGISLATIVE FORMATION AND REVIEW.
5) IMPLEMENTATION OF POLICY AND LEGISLATION.
6) CONDUCT RESEARCH TO ENHANCE WILD-LIFE AND MANAGEMENT.

SABAH PARKS — RESPONSIBILITY:

(1) MANAGEMEMENT OF THE SABAH PARKS SYSTEM.
(2) CONSERVE NATURAL HERITAGE FOR PUBLIC ENJOYMENT, SCIENTIFIC AND EDUCATIONAL INTERESTSTS.
(3) OPEN PARKS FOR RECREATION AND TOURISM AND MAINTAIN BASIC FACILITIES FOR THESE PURPOSES.
(4) ASSIST IN POLICY AND LEGISLATIVE FORMATION AND REVIEW.
(5) IMPLEMENTATION OF POLICY AND LEGISLATION.
(6) CONDUCT RESEARCH FOR THE EFFICACY OF THE PARKS' FUNCTION.

STPC — RESPONSIBILITY:

(1) COORDINATE AND FACILITATE FOR TOURISM DEVELOPMENT.
(2) MANAGE THE TOURISM INDUSTRY.
(3) PROMOTE SABAH AS A TOURIST DESTINATION.
(4) GENERATE TOURISM MARKETING AND DEVELOPMENT PLANS
(5) ASSIST IN POLICY AND LEGISLATIVE FORMATION AND REVIEW.
(6) IMPLEMENTATION OF POLICY AND LEGISLATION.
(7) CONDUCT RESEARCH FOR THE EFFICACY OF THE CORPORA-TION'S FUNCTIONS.

Source: Personal construction using information from:
(1) Ministry of Tourism and Environmental Development;
(2) Various legislations.

line.

Figure 8.6 also shows indirect relationships by the double broken line. Thus the influence of the national policies and strategies on the MOTED and STPC serve to guide decisions and actions rather than being dictated by them. The STPC also works with the other federal and state bodies (viz: TDCM, SPT, MHA, Department of Wildlife, local authorities etc.) and the private sector (see figure 8.5), in the promotion and development of tourism but the relationships are indirect as the operations of the latter are independent of the former. The role of the STPC is mainly the coordination of public and private sectors activities in the promotion and development of the tourism industry. In cases where efforts of coordination becomes ineffective the matter is referred to the STTF for sanction. The private sector is indirectly related to the STTF and the BODs of the STPC by representations from the major tourism bodies within that sector. Through periodic consultations and representations in special meeting the MOTED also encourages such indirect interactions. Consultations and representations is also the main medium in which the STPC works with the private sector. In essence the state tourism organisation framework mirrors that of the national organisational structure.

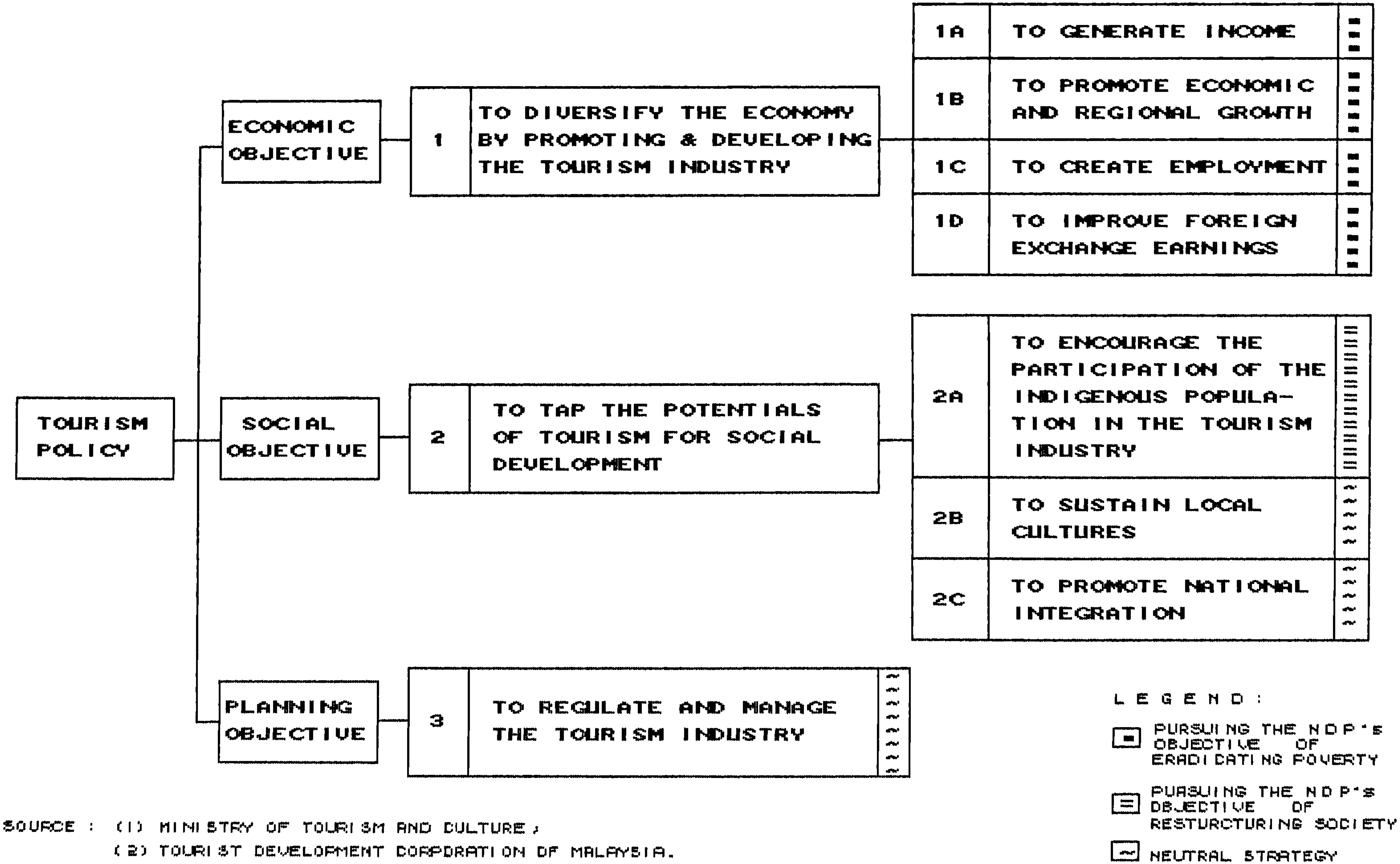
8.3. TOURISM POLICY, STRATEGY AND MODE OF IMPLMENTATION

This section considers the main focus of tourism policy and strategy in Malaysia and examines how these are mainly implemented.

8.3.1. MAJOR THRUST OF THE MALAYSIAN TOURISM POLICY

Tourism policy in Malaysia has three basic objectives - summarised in figure 8.8 as economic, social and planning objectives. Economic growth in Malaysia has been spearheaded by agricultural modernisation and industrialisation. In Sabah the economy is dominated by the primary and service sectors. However the country and state are keen to see further economic growth and tourism has been identified as a potential area of diversification. Diversification into tourism is seen as having the potential to attract exogenous income via the expenditures of international tourists (policy 1A). It is envisaged that tourist expenditures reverberate through the economy via multiplier effects, hence they have the potential to influence economic growth within and outside the tourism industry. Tourism development may be encouraged particularly in regions where attractive natural tourist resources exist (policy 1B). Related to the economic growth induced by the generation of income from tourism is the anticipation of employment creation (policy objective 1C). International tourist expenditures in Malaysia could also be translated as foreign exchange earnings (policy objective 1D). Malaysia is also aiming to pursue this policy objective by promoting domestic tourism to reduce foreign exchange leakages. It is hoped

FIGURE 8.8: TOURISM POLICY IN MALAYSIA



SOURCE : (1) MINISTRY OF TOURISM AND CULTURE ;
(2) TOURIST DEVELOPMENT CORPORATION OF MALAYSIA.

that a substantial balance of payments surplus will provide resources for all round development.

The second policy (figure 8.8) aims to tap the potential of tourism for social development. By encouraging the participation of the indigenous population in the tourism industry, especially at the economically disadvantaged areas, this policy is consistent with the overall objective of the national development plan - which is directed towards the restructuring of the Malaysian society so that the close association between race, incomes, employment and geographical location will be lessened. The other part of the social policy aims to tap the potential of tourism to sustain local cultures and the promotion of national integration. As discussed in chapter 1, Malaysia is a pluralistic and multicultural society hence the latter policy objective is very important. It is envisaged that mutual understandings of other cultures through domestic tourism can promote national integration.

Tourism policy objectives in Sabah are similar to those of the national government. The views of tourism policy makers and planners in the state are generally consistent with those of their national counterparts.[56]

8.3.2. TOURISM STRATEGY AT THE NATIONAL LEVEL AND STATE OF SABAH

The strategies adopted by Malaysia and Sabah to secure a sustained flow of tourists are listed in the first two columns of table 8.2. These strategies may be grouped into two complementary parts: (1) the promotion strategy and (2) development strategy.

The promotional strategy aims to stimulate tourist arrivals by a marketing mix[57] shown within the strategic component column of table 8.2. The first of these is market selection. With limited promotional budget Malaysia and Sabah cannot afford to promote worldwide; hence it is necessary to choose and target market segments. In selecting the target markets the following are considered: (1) marketing potentials are expected to be favourable from countries with strong economy, affluent society, sizeable trend of residents going abroad and good preformance as suppliers of tourists to Asia; (2) considering the above point emphasis is given to countries with strong currencies, particularly those that have appreciated against the *ringgit* and which make Malaysia a relatively cheap destination; (3) airline fares, airlines seating capacities and flight frequencies are important determinants for tourist inflow to countries such as Malaysia, where the main entry points are the airports. However accessibility is a more important factor, hence

TABLE 8.2: TOURISM STRATEGY AND MODE OF IMPLEMENTATION

TOURISM STRATEGY	STRATEGIC COMPONENT	APPLICATIONS AT THE NATIONAL LEVEL	APPLICATIONS BY THE STATE OF SABAH
Promotional Strategy	Market selection	Develop and implement national criteria	Develop and implement state criteria
	Create image and awareness	Establish network of international and domestic offices	Cooperate and work with the national tourist agency
		Development of marketing contacts and tools/ media exposition	Similar to the methods employed by the national tourist organisation but tailored to state needs
	Creation of tourism activities and calendar	Set up national programmes	Set up state programmes
Development Strategy	Improvement and development of infrastructure, amenities and facilities	Develop and apply national priority	Develop and apply state priorty
	Improve international and domestic accessibility	-ditto-	-ditto-
	Facilitate for tourist information needs and other convenience	Identify and provide information needs from the national perspective	Identify and provide information needs of tourists coming to the state
	Facilitate for the competiveness and efficiency of the tourism industry	-ditto-	-ditto-

Source: (1) Tourist Development Corporation of Malaysia;

(2) Sabah Tourism Promotion Corporation.

where international linkage is good, tourist growth can be expected; (4) countries which impose travel restrictions on their residents are weak markets; and (5) countries showing positive consumers response to past marketing activities are appropriate markets to enter. The national and Sabah's marketing criteria are similar but due to the difference in accessibility, the choices of tourist market targets are different. TDCM's selection of primary markets are strongly influenced by Kuala Lumpur's good air accessibility to the long-haul tourist generating countries. Sabah's concentrates on tourist markets that have direct linkages with the State, such as Hong Kong, Japan, Taiwan, South Korea and Singapore. However countries with strong political, social and trading ties such as Britain, the United States and Australia are also considered as important markets.

The second component of the promotional strategy is the creation of a positive image for Malaysia and Sabah as attractive tourist destinations.[58] As a relatively new and emerging tourist destination Sabah place heavy emphasis on this aspect. This results from various studies suggesting a low level of awareness among international travellers and tour operators of Malaysia as a tourist destination (PATA, 1985; TDCM, 1987; Pianzin, 1986 a; b). Hence importance is paid to the dissemination of information projecting Malaysia's and Sabah's favourable image. To facilitate for this the TDCM has established overseas' offices in Bangkok, Hong Kong, Singapore (short-haul markets), and in the longer haul markets of Tokyo, San Francisco, London, Frankfurt and Sydney. Sabah cooperates with the national tourist organisation in promoting the State's tourism resources.

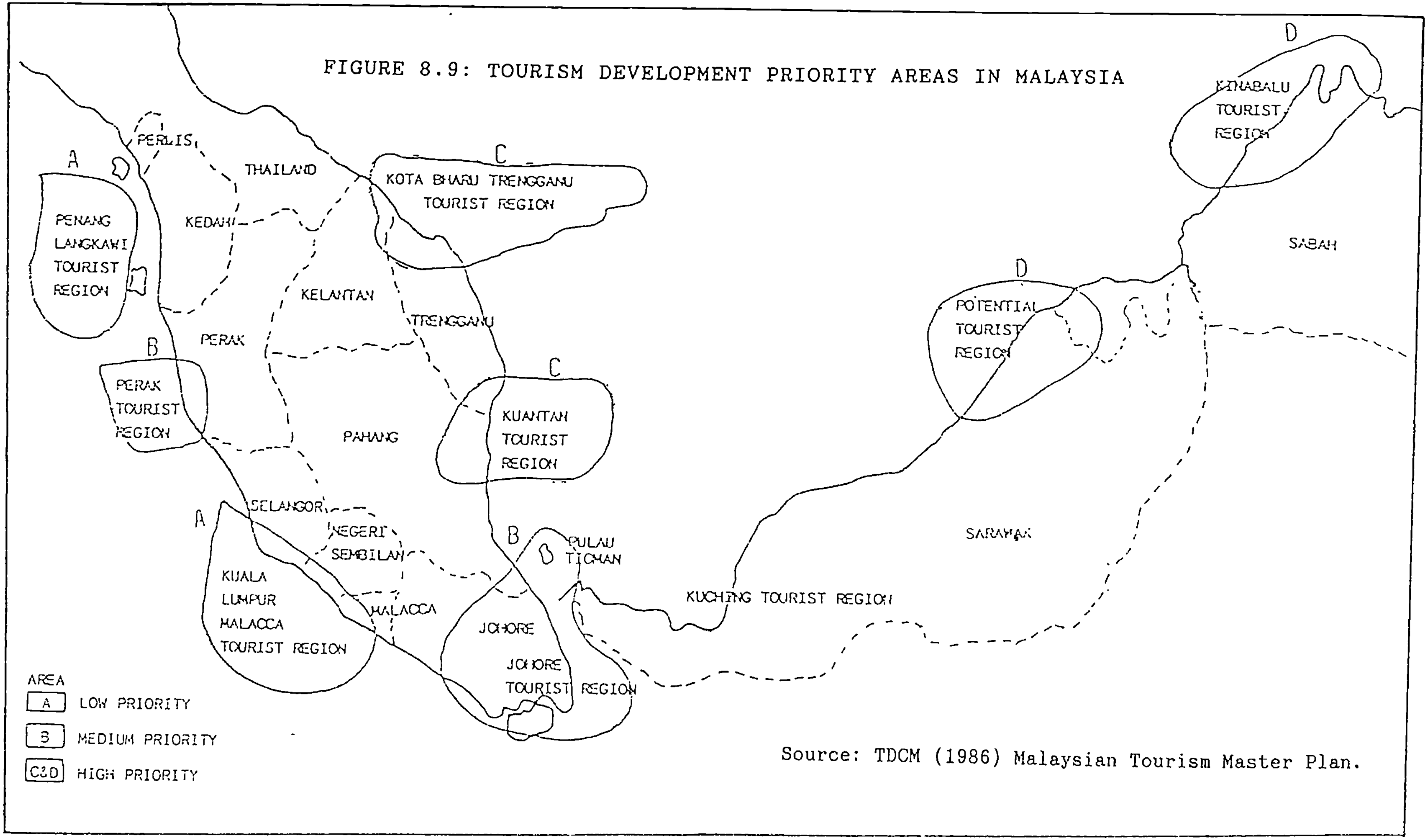
Activities of creating a saleable image and dissemination of awareness are to be sustained through the establishments of marketing contacts, media exposition and development of marketing tools. With delegations from the private and public sectors marketing contacts are to be partially fostered through the participation of travel marts and conduct of sale missions. Both of these modes involve the meeting of sellers (Malaysian hoteliers, tour and resort operators) and buyers (international travel operators) of tourist services. The former is a formal forum organised by the travel market organisers whereas the latter are periodically organised by the TDCM and *Malaysia Airlines* at overseas tourist travel markets. Other means which have been utilised for destination promotion through contacts are the sponsorships of international travel operators to Malaysia for familiarisation and educational tours. Dissemination of tourist information to foster international travellers awareness of Malaysia and Sabah are undertaken through media expositions such as the encouragement of travel writers, film makers, televisions and radio stations to report the tourism potential of the areas. Images and awareness have also been disseminated through marketing tools such as films, videos, brochures, pamphlets, sales kit (a compendium of information on the tourist resources and travel), posters, souvenirs and collector items on Malaysia and Sabah. Although adopting similar methods, the TDCM promotes tourism from the national perspective while the STPC tailors marketing activities to promote Sabah.

While there is general consensus about the need to creat a tourism image for Malaysia there is disagreement between the national and State on the type of image to project. The national approach focuses on the generality (although often skewed towards Peninsular Malaysia) whereas each State prefers to portray specific images of its region. Sabah has expressed concern on the lack of consideration of its tourism resource strengths in the national tourism strategy. The lack of knowledge of regional tourism resources reflects the poor coverage of these subjects by the national marketing tools. Views from international travel operators also stressed on the inadequacy in terms of the quality and quantity of Malaysia's tourist brochures.[59] Disagreements between the public and private sectors on this issue originates from the emphasis of the former on projecting heavily on cultural images, while the latter wants more exposure to the resource characteristics of the country. Also the great emphasis in image creation may not be justifiable, as images are often independently set by the international travel operators according to their respective rationale in selling tourists destinations.[60]

Tourist organisations in Malaysia realise that scenic landscapes, good accommodation and other physical attributes may not be sufficient to bring tourists to the country. Steps are being taken by tourist organisations in Malaysia, including Sabah, to incorporate a variety of cultural and sporting events and local festivities to enhance the promotion of tourism. Many of these activities have already been included in the tourism calander to become the bases for future promotions. The ultimate aim is to create the image of a country with a range of activities and natural splendours.

The second arm listed in table 8.2 as the development strategy relies on providing a development mix[61] of tourism products (viz: supporting infrastructures, accommodation, resorts, recreational facilities and amenities) that would aid the promotional strategy to captivate tourist interests. Malaysia and Sabah have developed their respective development priorities for implementation. The national priority seeks to move away from the extensively developed areas of the west coast of Peninsular Malaysia to the less developed regions which have attractive tourist resources. Following this criteria the country is grouped into areas of low, medium or high priority for tourism development (see figure 8.9). The types of development encouraged within the respective region is summarised in table 8.3. However the choice of appropriate development is left to the responsibility of the respective States of Malaysia.

FIGURE 8.9: TOURISM DEVELOPMENT PRIORITY AREAS IN MALAYSIA



Source: TDCM (1986) Malaysian Tourism Master Plan.

TABLE 8.3: PRIORITY AREAS FOR TOURISM DEVELOPMENT

LEVEL OF PRIORITY	TYPES OF DEVELOPMENT TO BE ENCOURAGED
High Priority Areas	(1) Development of new and improvement to existing recreational facilities and amenities especially in rural areas. (2) Provision of new accommodation and associated facilities especially in rural areas. (3) Development of pioneer tourism project in the less developed regions.
Medium Priority Areas	(1) Addition to accommodation where there are shortage of capacity. (2) Restaurants and catering services where shortages has been identified.
Low Priority Area	(1) Tourism projects with a high proportion of local usage. (2) Addition to hotel room capacity in the two major international gateways: Kuala and Penang. (3) Projects where employment could be created with low public funding.

Source: Tourism Master Plan (1986).

On the issue of a dispersal strategy there are obvious inconsistencies in policy. Firstly the predominant views among national policy makers of promoting Kuala Lumpur, the capital city, as the flagship of tourism - that is - the development of the city as the country's primary destinations from where international tourist depart to other regions of Malaysia. In reality most tourists after coming to Kuala Lumpur do not visits other regions of Malaysia, especially the more distant States of Sabah and Sarawak. Thus the flagship emhasis accentuates the development of Kuala Lumpur and lesser tourist developments are made in other regions. Secondly, in practice a corridor of tourist development is manifesting in the west coast of Peninsular Malaysia extending from Penang to Johore. Priority areas C and D depicted in figure 8.9 remains underdeveloped. The main reason for this disparity is political interests favouring the allocation of federal funds to the corrider area and the insensitivity to regional issues in the national tourism development policy (see discussions in section 8.4).

Sabah has a multitude of tourist attractions and chapter 5 has shown that these mainly lie in the State's rich endowment of natural and cultural attractions. Hence the development priority intends to capitalise on the resource advantages. According to the view of the MOTED the State is positioning to intensify the development of "biological and cultural tourism". The underlying idea behind biological tourism is to blend recreation within unique and attractive natural settings but with minimal sacrifice to the objective of environmental protection. As discussed in chapter 5 Sabah has several parks and wildlife sanctuaries which are readily marketable and fit into this idea by virtue of the availability of recreational facilities within relatively undisturbed natural environment. Activities intended for these areas are the improvement of existing tourism facilities to enhance their attractiveness. Chapter 5 also pointed that Sabah has a wide area of undisturbed forest reserve with unique and interesting characteristics. Plans are being mooted out to establish a few recreation areas that are sympathetic to conservation issues. Some of the ideas are safari parks, nature and marine parks cum recreation, controlled hunting ground and other forest recreations.

Cultural tourism reflect similar idea albiet linking tourism to the cultural aspects. Chapter 5 has explored the richness of Sabah's culture and these could be tapped to provide additional attractions of the tourists. Implementation activities along this line include the exhibitions of traditional arts, crafts, and dances in major hotels, the extension of local food and beverages in hotels and restaurants, the integration of cultural festivities to tourism and the development of a cultural village displaying vernacular architectures of different ethnic groups of Sabah and the way of life of the local inhabitants. The village will also become a venue for the manufacture of local arts and handicrafts for sale to the tourists. Identification of other projects is ongoing.

Another important idea is the development of sporting tourism. This aims to open up existing sporting facilities such as golf and to create new avenues (possibly fishing) for tourists. Sport have also been entered into the tourism calander in the form Mt. Kinabalu Climbathon" - a race up and down the highest peak in South East Asia. Other initiatives undertaken and currently under consideration are the integration of cultural sports in the tourism calander. Ultimately it is hoped that the development mix will provide the impetus for many more tourists to visit Sabah.

In assigning priority to particular areas for tourism development, Sabah adopts several criteria outlined below:

(1) the vicinity of the development area should be rich in natural resources such as flora and fauna and attractive unspoilt scenery;

(2) overland transportation is good;

(3) availability of adequate water supply or water sources;

(4) adequate basic amenities (electricity, telecommunication etc.) and preferably strong facilities for tourists as well;

(5) within the catchment of local population;

(6) safe area and no visible vandalism;

(7) tolerable travelling distance from the international airport;

These criteria are to be assessed alongside the merrits of the development proposal. The importance of the criteria will therefore vary for different sites.

Despite the efforts of Sabah discussed above, the State has not yet developed an integrated and systematic approach to tourism promotion and development. This is because the BODs of the STPC have not yet developed a clear development and marketing policy. Although development and marketing plans are in existence the BODs often have their own minds and decisions are taken with little references to these plans. Also the tourism development objectives have not been integrated into the regional Structure Plans and Local Plans.

Another concern of the development strategy (see table 8.2) is accessibility. International accessibility is within the national purview whereas internal accessibility is a shared responsibility between the federal and state governments. Highways and airports are national concerns but the state have to cater for distributory and rural roads. In the realm of international accessibility Malaysia have been active in seeking bilateral agreements with other countries for landing rights.[62] Recent figures indicated that 48 airlines have landing rights to Malaysia but only 52% have excerised these rights.[63] Sabah is constrained in this area. Since international accessibility is the responsibility of the federal government Sabah is limited to lobbying for federal assistance. Marketing priority is directed at countries that have direct links with Sabah and other countries where the inconvenience of indirect linkages are not severe. Sabah has been particularly active in improving internal access to tourist resources, especially those that are readily marketable and in priority areas for development. However with financial constraints Sabah's objective in improving overland accessibility can only be accomplished in the long term.

Tourist satisfaction is not solely determined by the quality of the natural, cultural, sporting, built resources and accessibility but also the presence of facilities that cater for their conveniences at destinations. To this end Malaysia and Sabah is respectively giving attention in building regional and local frameworks to assist tourists and provide them with appropriate travel information. The identification of other tourist needs is progressing at both levels and so far a tourist police unit has been created recently to provide security for tourists.

Because of the competitive nature of tourism in the Asia-Pacific region, the private sector is continuously lobbying for the support from the public sector to improve their competiveness. Sympathetic responses has been given by the federal government by a 5% reduction in hotel service tax. Electricity rates for hotels in Peninsular Malaysia were reduced. In Sabah the hotel room rates have been generously slashed. However the roles of the public sector in responding to the lobby from the private sector has not been reciprocated by consistent actions. In fact the larger hotels (over 100 rooms and above) have raised their room charges considerably (by at least over a half of the original room rates) since the government response, thus making the plea for government intervention to enhance their competiveness look dubious. Training programmes for hotel employees at the lower and supervisory levels and tourist guides have been undertaken but these are ad hoc short term remedies rather than an integral part of the tourism system.

Table 8.4 summarises the main substance of the discussion in this section, underlining the sources of compatibility, conflict and inconsistency in the application of tourism and strategies.

8.4. FINANCIAL SUPPORT FOR THE TOURISM INDUSTRY

Policy and strategy (discussed above) forms part of the

TABLE 8.4: SOURCES OF COMPATIBILITY, CONFLICT AND INCONSISTENCY IN THE APPLICATION OF TOURISM STRATEGY

STRATEGY	SOURCE OF COMPATIBILITY	SOURCE OF CONFLICT	SOURCE OF INCONSISTENCY
Market Selection	Agreement on marketing criteria by National and State organisations	National emphasis on long-haul tourist markets differ from Sabah's emphasis on markets with direct air linkages	Neglect of domestic tourism is contrary to the national policy of promoting this segment for national integforion
Creation of image and awareness	Consensus on the need to create image and awareness	National - State / public - private sectors discord on what image to project National focus is general whereas States' focuss on specific resources Overconcerntration of cultural aspects by the public sector differs from the private sector's focus on promoting built tourist resources	Choice of image by international travel operators is independent from domestic choice and usually differs from the national stance
Dispersion of tourist develop-ment	Agreement on rationality of strategy	Choice of area to develop is political and may not be based on the strength of tourism resouces of that area Lack of support for areas with strong tourism resources	Conscious activity to develop the national capital as a flagship Protraction of tourism investments along the develop-ment corridor of the west coast of Peninsular Malaysia
Access-ibility	Agreement on improvement and development strategy	Polarisation of access quality between developed and underdeveloped regions	Biased development does not support the dispersion strategy
Facilitate Competi-tiveness	Commplementary roles of the public and private sectors	Discontentment due to lack of appropriate actions from the public sector and vice versa	Actions of the private sector in increasing hotel rates does not reciprocate public sector's initiatives to lower tax and levies

Source: Discussion with personnel of the tourist trade, observation and experience planning process to develop and promote the tourism industry; financing is another. There are three main sources of public sector financial support namely: (1) the allocation of public funds; (2) incentive schemes and (3) earmarked funds made available to developers as special loans. These will be discussed in turn.

8.4.1. ALLOCATIONS OF PUBLIC FUNDS TO THE TOURISM SECTOR

Financial support in Malaysia to the various sectors of the economy can be seen by the allocation of public funds through the respective National Development Plan (NDP) and Sabah Development Plan (SDP). It has been said that serious emphasis to promote and develop the tourism industry in Malaysia has only begun in 1985; nevertheless some efforts existed prior to this date. Under the First Malaysian Plan (1966-1970) there were little funds allocated to the tourism sector in the NDP or SDP, reflecting the absence of a conscious effort to support tourism. In the Second Malaysian Plan (1971-1975) a small development allocation of M$ 9.39 millions was made, the bulk of which was utilised to develop hotels of international standard.[64] There was no mention of tourism in the SDP in the relevant period. Continuation of the support given to hotel developments (international class) was made under the Third Malaysian Plan (1976-1980). The budget provisions of M$ 28 millions also included allocations for the development of Tourism Plans (M$ 0.5 million went to the Sabah Tourism Master Plan Study).

Promotional funds amounting to M$21.19 millions were allocated to the TDCM. Most of these were utilised for overseas promotion. The Fourth Malaysian Plan (1981-1985) allocated M$ 44 millions for hotel and resort developments in Peninsular Malaysia. There was no development fund allocated to Sabah. Promotion funds amounting to M$ 58.4 millions were allocated to the TDCM. 29% of these were expended in Europe (U.K. and West Germany), 22% in Japan, 17.7% in the ASEAN region. Malaysia Airlines also contributed M$ 15.7 millions to promote Malaysia overseas. National efforts during the Fourth Malaysian Plan period were concertrated on the promotion and Development of Peninsular Malaysia. Little attention was given to Sabah during the period.

During 1981-1985 the Sabah government provide fundings for the development of 2 international class hotels (600 rooms) in Kota Kinabalu, a medium class hotel with 150 rooms in Tawau (one of the major town in the east coast of Sabah), and 210 rooms in three hotel developments in the interior of Sabah. However in relation to the overall developments budget the amount allocated to tourism was small. In the Fifth Malaysian Plan (1986-1990) tourism was allocated M$ 8.45 millions, a mere 0.6% of the total development budget. This was utilised in the improvement of Sabah's parks, museum, cultural activities and conservation efforts.

The major development efforts were based on the National and State Tourism Development Plans. Most of the hotel and resorts developments were completed in record time. However the deficiency of these Plans has been the overconcentration on the provision of tourist accommodation and facilities and not much thought was given to how these could be effectively marketed. Thus there is an obvious dislocation between tourism development plans and marketing plans, as the latter were developed later in recognition of this weakness. Also hotels and resorts developed under the auspices of the TDCM and SOs in Peninsular Malaysia (Johore, Trengganu, Lankawi, Port Dickson and Pulau Tioman) and Sabah were interpreted by the private sector to compete with their operations. The public sector justified their action by the lack of private investment during these times and has to provide pioneering developments. These hotels and resorts are now offered for privatisation.

8.4.2. INCENTIVE SCHEMES FOR TOURISM

Government support for tourism is made through the extension of tax relief and capital allowance schemes, previously only available to the agicultural and manufacturing industries. The legal frameworks are contained within the Income Tax Act (1967) and the Investment Incentive Act (IIA) of 1968. Tax reliefs of particular relevance to tourism is the Pioneer Status (PS) which is aimed to attract firms to engage in particular activities or manufacture products that the Ministry of

Trade and Industry (MOTAI) has included in their priority list for promotion. Under the IIA, started in the Second Malaysian Plan (1971-1975), PS was restricted to the building of hotels only. In 1986 the IIA was repealed and superceeded by the Promotion Investment Act (PIA). This act enabled the PS to be applied for the establishment, expansion, modernisation and renovation of hotels and other tourism projects such as safari parks, zoos, tourist resorts and facilities. Businesses incorporated under the Companies Act of 1965 wishing to undertake the activities stipulated above may apply for PS. On approval they are exempted from 40% of income tax and 5% development tax. PS is granted by the MOTAI for an initial period of 5 years. Intending to encourage expansion and reinvestment it is renewable for another 5 years under the following condition: the company has a fixed asset (excluding land) of at least M$ 25 millions by the end of the initial 5 year period; or is employing at least 500 full-time Malaysian workers; or is considered by the MOTAI to be meritous in enhancing the economic or technological development of the country.

A capital allowance scheme applicable to the tourism industry is the Investment Tax Allowance (ITA). Similar to the PS, firms venturing into the areas of promoted tourism activities (mentioned in the previous paragraph) may apply. Eligible companies are exempted from tax on capital expenditures incurred in the first 5 years of operation, the size of which is based on the criteria shown in table 8.5. Exemptions are on a graduated scale based on the priority area shown in table 8.5. On top of the locational based exemptions, a further 10% is awarded to companies having fixed assets (excluding the value of land) of at least M$ 50 millions; another 10% is allowable for those employing 300 full-time Malaysian workers and another 5% deductions for projects having international linkages. In the case of the PS, companies must be registered under the Companies Act (1965) and are included in the register of the TDCM.

Hotel developers granted with PS or ITA enjoy further tax benefits under the Industrial Building Allowance (IBA) incentive scheme. The IBA specifies an initial 10% tax exemption and an annual 2% on capital expenditures.

The incentive schemes are biased towards big businesses and little assistance is given to smaller businesses. The effects are especially relevant to Sabah as the business structure is composed mainly of small firms (see chapter 6).

8.4.3. EARMARKED LOAN FUND SCHEME FOR TOURISM

In September 1985 a new M$ 1 billion investment fund was earmarked for loans to priority areas of investment including tourism. Since access to this loan fund is determined primarily by the viability of the proposed projects, it can only be utilised by the more organised

TABLE 8.5: CRITERIA FOR AWARDING THE INVESTMENT TAX ALLOWANCE (ITA) IN THE TOURISM SECTOR

CRITERIA	AREA OF HOTEL* / ITA PERCENTAGE				TOURIST PROJECT AREA* / ITA PERCENTAGE			
	A	B	C	D	A	B	C	D
	%	%	%	%	%	%	%	%
(a) Location	25	35	55	65	35	45	65	75
(b) Fixed assets of at least M$50 million (excluding land)	10	10	10	10	10	10	10	10
(c) Employment of at least 300 full-time Malaysian workers	10	10	10	10	10	10	10	10
(c) Projects having international links		5	5	5	5	5	5	5
TOTAL ITA %	50	60	80	90	60	70	90	100

* AREA A : Covering the Federal Territory of Kuala Lumpur and the State of Penang but giving allowance to area D.

AREA B : Covering the States of Selangor, Perak, Negri Sembilan, Melacca and Johore but giving allowance to area D.

AREA C : Covering the States of Pahang, Terengganu, Kedah, Kelantan, Perlis, Sabah, Sarawak and the Federal Territory of Labuan but giving allowance to area D.

AREA D : Covering islands, hill resorts and other priorty areas as determined by the Ministry of Trade and Industry from time to time.

Source : Malaysia (1988)

private sector thus excluding the participation of potential small developers. Thus small developments such as rural chalets and the cottage craft industry finds it difficult to access finance. Acknowledging this the national government introduced a loan scheme not requiring collateral. Exactly how this will operate is still not clear as it is not consistent with normal banking practices.

8.5. SUMMARY: STRENGTHS AND WEAKNESSES OF THE TOURISM DELIVERY SYSTEM

From the above discussion there are potential strengths and weaknesses of the tourism delivery system in Malaysia.

8.5.1. POTENTIAL STRENGTHS

The potential strengths are as follows:

(1) The institutional framework for organising tourism is in place. It has been shown that the tourism sector has emerged from a situation where tourism policy and organisation were underdeveloped and under the shadows of stronger agricultural and industrial policies. Since tourism was identified as a means of economic diversification in 1985 there has been a rapid organisational restructuring at the national and in the State of Sabah. The institutional capacity for tourism policy making and implementation is now much greater than

before.

(2) There is strong political and public sector commitment to the promotion and development of tourism. This is reflected by the provision of organisational, legislative and financial frameworks to support tourism.

(3) The speed in which the organisational infrastructures have been created shows strong implementation capacity. This implementation strength is also manifested on the ground by the speedy completion of several tourism projects since 1985 such as urban beautification and preservation of historic building in Kuala Lumpur and road connections to tourist attractions and a cultural centre in Sabah.

(4) The coexistence of top-down and bottom-up decision making procedures, together with consultation and liaison between the public and private sectors, provide bases for sound policy and implementation approaches. Representation of views from the public and private sectors creates the potential for a balanced policy, promotional and development stratgies.

(5) The tourism objectives are clear and supported by a general consensus.

(6) Financial arrangements and incentive schemes are provided to support the tourism industry.

8.5.2. POTENTIAL WEAKNESSES

The following presents potential weaknesses:

(1) The complex nature of the beaucracy provide scopes for tensions and implementation bottlenecks.

(2) Conflicting interests between short term political goals and long term planning goals or between political and professional values may also cause tensions.

(3) The lack of clarity between political and executive powers may affect the efficacy of the public sector. Sometimes policy making bodies tend to encroach upon the roles of the implementation bodies. Thus political directives may confuse planning and long-term objectives.

(4) Under the legislative provisions of the TDCM and STPC the divisions of responsibility between the respective BODs' and the management are unclear. Basically the BODs are established to consider policy issues, but frequently they get involved in implementation issues; thereby intrude into the realm of the management. Hence the lack of clarity in the boundaries between the BODs and management create problems and affects organisational efficacy.

(5) Development and marketing strategies that are

appropriate to the nation may not be to the region because of the differences between national and regional problems. The failure of national tourism policy to be sensitive to local issues and appreciate that different problems require different solutions, is a potential source for tension.

(6) There are inconsistencies between the articulation of policy and implementations. In particular the policy of dispersion is aimed to bring tourist developments to disadvataged regions. However polarised developments are evident along the corridor of western Peninsular Malaysia because of stronger political support. Disadvantageous regions tend to be left out. Low priority areas defined in the Malaysian Tourism Development Plan, as in the case of Lankawi, take precedent over planned high priority areas because of stronger political support.

(7) The financial and incentive structure to support tourism favours big businesses, large developers and investors. It provides little support to small businesses, developers and investors.

9. ASSESSMENT OF ECONOMIC IMPACTS

This chapter is concerned with the economic impacts of tourism in Sabah. This includes: (1) ascertaining the magnitude and distribution of visitors to Sabah and their spending patterns; (2) the implications of these spendings on local incomes, examining the amounts accruing to recipients and their distribution among the local economy; (3) the different sources, scales and implications of leakages; and (4) the contribution of the tourist industry on employment, including the types of jobs, remunerations and economic ramifications.

Data for the analysis is extricated from several sources namely: (1) the visitor questionnaire survey (VQS), (2) the tourist trade survey (TTS) and (3) a combination of field and secondary data (see rationale in chapter 4). The next sections examine the nature of these data.

9.1. VISITOR QUESTIONNAIRE SURVEY (VQS) - VISITOR CHARACTERISTICS

This section will examine the characteristics of the respondents of the VQS and includes: (1) period of survey, number of questionnaire collected and sampling size; (2) origins of the visitors; (3) sex and age structure; (4) travel arrangements; (5) occupation; (6) purpose of visit and accommodation category and (7) implications of the data collected by the VQS.

9.1.1. PERIOD OF SURVEY, NUMBER OF QUESTIONNAIRE COLLECTED AND SAMPLING SIZE

The VQS was undertaken in two parts, the first to cover the international and domestic visitors and the second to cover the local visitors. Since most of the international and domestic visitors arrived by air through the State's capital (96.4% in 1990) the interviews were undertaken at the exit of Kota Kinabalu International airport. This is done, instead of interviewing at sites, to avoid the probability of capturing more short stayers thus preventing a biased sample (Archer B. Shea S., 1974). It is not possible to cover local visitors by this method, so the interviews for this group were undertaken at the main tourist accommodation and recreational sites. A smaller sample of local visitors was taken because of resources constraint, greater accuracy is needed for the other visitors due to their greater spending power and hence the importance accorded by public policy to attract tourists from external sources and that the group were more homogeneous than the visitors from outside Sabah. Table 9.1 shows the time span of the survey, number of usable questionnaires collected and size of visitor capture. The estimation of tourist receipts does not rely on information provided by the VQS alone. Estimation of receipts by commercial accommodation is also estimated from field and secondary sources thus allowing comparisons and cross checks. Long planning, careful preparation, caution in the field, the use of experienced interviewers, adequate briefing and constant on site supervision minimised sampling errors.

TABLE 9.1: TIME SPAN, NUMBER OF RESPONDENTS AND SAMPLING SIZE

MONTH (1991)	NUMBER OF INTERNATIONAL AND DOMESTIC VISITORS *	PERCENTAGE OF MONTHLY ARRIVALS	NUMBER OF LOCAL VISITORS **
MAY	255	1.7	105
JUNE	348	1.6	115
JULY	241	1.6	97
AUGUST	216	1.5	83
TOTAL:	1,060	AVERAGE: 1.6	400

* Include international visitors (from outside Malaysia) and domestic visitors (from other parts of Malaysia).

** No benchmark available to express as monthly percentages. Local visitors are from within Sabah.

Source VQS (1991)

9.1.2. ORIGINS OF INTERNATIONAL AND DOMESTIC VISITORS

Table 9.2 presents the interviewees' origins. 49.1% of all respondents were international visitors and 50.9% were domestic visitors. Most of the visitors (88.9%) were from short to medium distances (50.9% came from other parts of Malaysia, 19.6% from neighbouring countries of South East Asia and 18.4% from East and other parts of Asia). Distant countries generate fewer visitors (11.1%: 6.6%

TABLE 9.2: ORIGINS OF INTERNATIONAL AND DOMESTIC VISITORS

COUNTRY OF ORIGIN	NUMBER INTERVIEWED	% OF TOTAL	% OF INTERNATIONAL/ DOMESTIC GROUPINGS
INTERNATIONAL VISITORS	520	49.1	100.0
SOUTH EAST ASIA	208	19.6	39.9
Brunei	67	6.3	12.7
Philippines	37	3.5	7.2
Indonesia	46	4.3	8.8
Singapore	58	5.5	11.2
EAST ASIA/ OTHER ASIA	195	18.4	35.8
Hong Kong	46	4.3	8.8
Japan	47	4.4	9.0
South Korea	40	3.8	7.8
Taiwan	53	5.0	10.2
Rest of Asia	9	0.9	1.8
EUROPE	70	6.6	13.4
Continental Europe	16	1.5	3.1
United Kingdom	54	5.1	10.3
NORTH AMERICA	22	2.1	4.2
Canada	6	0.6	1.2
USA	16	1.5	3.0
OCEANIA	19	1.8	3.6
Australia	17	1.6	3.1
New Zealand	2	0.2	0.5
REST OF THE WORLD	6	0.6	1.2
DOMESTIC VISITORS	540	50.9	100.0
Peninsular Malaysia	421	39.7	78.0
Sarawak	119	11.2	22.0
TOTAL:	1 060	100.0	-

Source: VQS (1991)

from Europe, 2.1% from North America, 1.8% from Australia and New Zealand and 0.6% from other countries). The number of visitors for each country is shown in table 9.2.

75.7% of the international visitors came from nearby countries (39.9% from South East Asia and 35.8% from rest of Asia). Distant origins generate 22.4% of the international visitors (Europe: 13.4%, Canada and USA: 4.2%, Australia and New Zealand: 3.6% and other countries: 1.2%).

Domestic visitors comprised of 78% from Peninsular Malaysia and 22% from Sarawak. Visitors from the international and domestic origins were roughly balanced. and this is consistent with the official visitor statistics in 1990 (Department of Statistics, Sabah).

9.1.3. ORIGINS OF LOCAL VISITORS

The origin of local visitors is shown in table 9.3. Nearly half came from Kota Kinabalu, almost a quarter from Sandakan and Tawau and the rest from other parts of Sabah.

9.1.4. SEX AND AGE COMPOSITION

The sex of the respondents is shown in table 9.4. 75.7% of the visitors from outside Sabah were males and 24.3% were females, roughly three to one. This imbalance is partly caused by the larger number of male business arrivals (table 9.5). Otherwise male and female ratios are more balanced at roughly 2:1.

TABLE 9.3: ORIGINS OF LOCAL VISITORS

REGION OF ORIGIN	NUMBER INTERVIEWED	PERCENTAGE OF LOCAL VISITORS *
KOTA KINABALU	166	41.4
SANDAKAN	92	23.1
TAWAU	86	21.4
OTHER AREAS	56	14.1
TOTAL:	400	100.0

* Local visitors are from within Sabah.

Source: VQS (1991)

TABLE 9.4: SEX DISTRIBUTION OF INTERVIEWEES

SEX	INTERNATIONAL AND DOMESTIC VISITORS	PERCENT	LOCAL VISITORS	PERCENT
MALE	802	75.7	265	66.3
FEMALE	258	24.3	135	33.7
TOTAL:	1,060	100.0	400	100.0

Source: VQS (1991)

TABLE 9.5: SEX DISTRIBUTION OF INTERNATIONAL AND DOMESTIC VISITORS BY PURPOSE OF VISIT

PURPOSE OF VISIT	MALE	%	FEMALE	%	MALE/FEMALE RATIO
LEISURE	498	47.0	234	22.1	2:1
BUSINESS	268	25.3	9	0.8	30.1
OTHERS	36	3.4	15	1.4	2:1
TOTAL:	802	75.7	258	24.3	3:1

The sex distribution for local visitors was more slightly balanced, two males to every female visitors (table 9.6). Once again the overall ratio is distorted by the unbalanced nature of business (11:1) and other (3:1) visitors. Local leisure visitors are almost evenly balanced.

In terms of age structure, table 9.7 shows that 91% of the respondents from outside Sabah were young (<30 years: 39%) and middle aged (30 to 49 years: 52%). 9% were in the latter stages of their life (50-59: 6%, 60 and over: 3%).

Local visitors have similar composition. 97% were young (<30 years: 48%) and middle aged (30 to 49 years: 49%). Only 3% were in the advanced age bracket (50-59: 2%, 60 and over: 1%).

TABLE 9.6: SEX DISTRIBUTION OF LOCAL VISITORS BY PURPOSE OF VISIT

PURPOSE OF VISIT	MALE	%	FEMALE	%	MALE/FEMALE RATIO
LEISURE	130	32.5	120	30.0	1.1:1
BUSINESS	123	30.8	11	2.7	11 :1
OTHERS	12	3.0	4	1.0	3 .1
TOTAL:	265	66.3	135	33.7	2 :1

TABLE 9.7: AGE STRUCTURE OF INTERVIEWEES

AGE	INTERNATIONAL AND DOMESTIC VISITORS	PERCENT	LOCAL VISITORS	PERCENT
UNDER 20	148	14	80	20
20-29	265	25	112	28
30-39	339	32	108	27
40-49	212	20	88	22
50-59	64	6	8	2
60 AND OVER	32	3	4	1
TOTAL:	1 060	100	400	100

Source: VQS (1991)

9.1.5. TRAVEL ARRANGEMENTS

Most of the respondents from outside Sabah indicated that they travelled independently (668: 63%) rather than organised group tours. Businessmen and officials conducting their duties in Sabah and young holidaymakers chose this form of travel. Travel by group tours were the second largest comprising 222 (21%) of the international and domestic interviewees. This form of travel was popular among respondents with families and the middle aged. They originated from the more distant countries, especially East Asia, Europe, North America and Australia. 170 (16%) of the interviewees travelled with their family. Most of them were travelling for leisure and coming from East Asia, Brunei, Singapore, the USA, UK and Austalia. All of the local visitors travelled independently.

9.1.6. OCCUPATION

Table 9.8 reveals that most visitors had white collar jobs (66.4%). 28.6% were in managerial and professional groups and 37.5% other non-manual jobs. Respondents' engaged in blue collar and manual employment made up only 8.8% of the sample. The rest were housewives (10.2%), students (7.2%), retired (6%) and the other occupation category (1.4%) such as those in self employment, dependents and first time job seekers.

The occupational distribution for local visitors were:

TABLE 9.8: OCCUPATION OF INTERVIEWEES

OCCUPATION	INTERNATIONAL AND DOMESTIC VISITORS	PERCENT	LOCAL VISITORS	PERCENT
MANAGERIAL & PROFESSIONAL	306	28.9	119	29.7
OTHER NON-MANUAL	398	37.5	112	28.1
BLUE COLLARED/ MANUAL	93	8.8	58	14.4
HOUSEWIVES	108	10.2	60	15.1
STUDENTS	76	7.2	38	9.5
RETIRED	64	6.0	11	2.7
OTHERS	15	1.4	2	0.5
TOTAL:	1,060	100.0	400	100.0

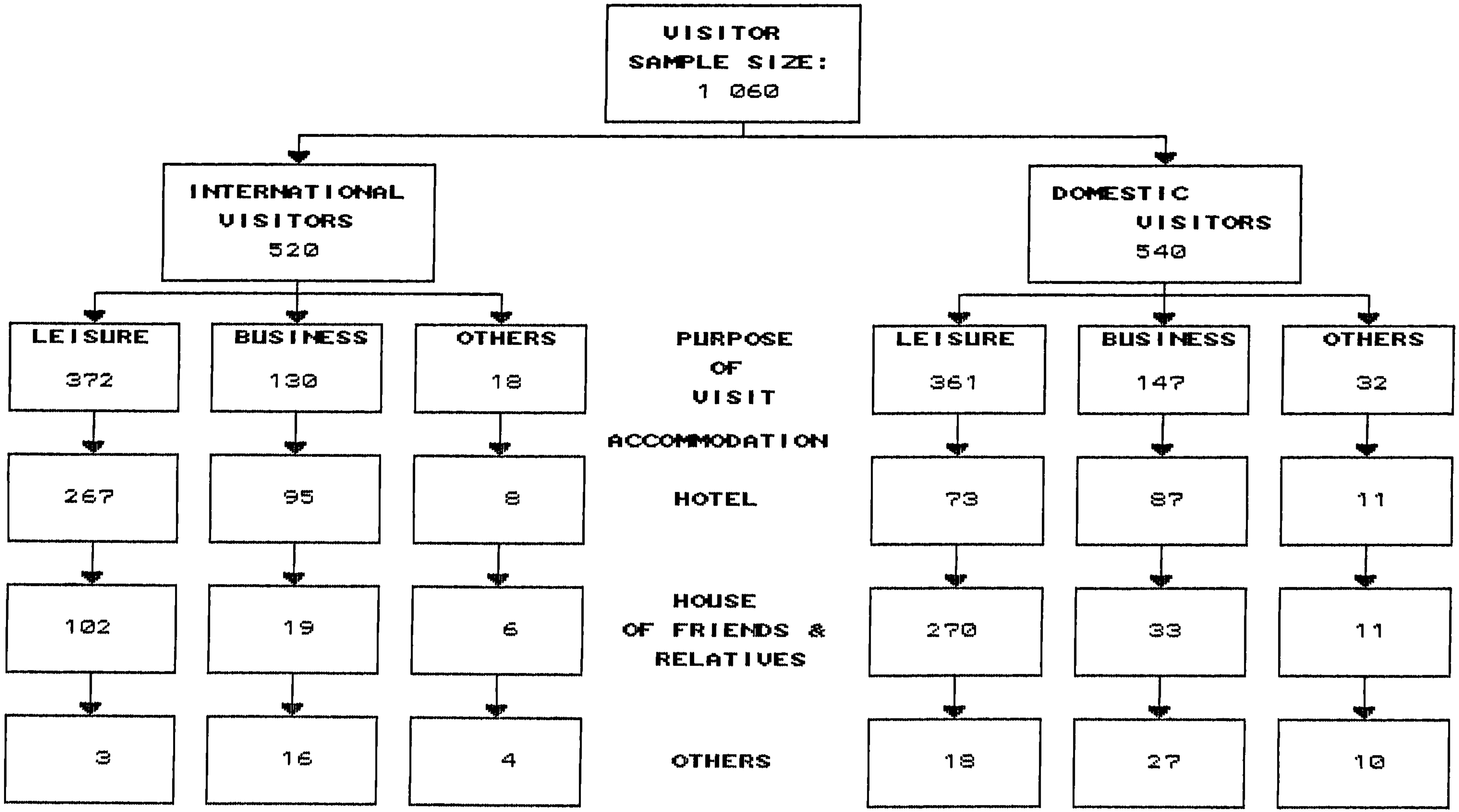
Source: VQS (1991)

57.8 % white collar (managerial and professional: 29.7%, other non-manual: 21.1%), blue collar - 14.4%, housewives - 15.1%, students - 9.5%, retired - 2.7% and the others - 0.5%). Local visitors, being closer, had more blue collar workers, housewives and students.

9.1.7. PURPOSE OF VISIT AND ACCOMMODATION CATEGORY

Figure 9.1 show the size and distribution of interviewees by their purpose of visit and category of accommodation. Most came for leisure; the international source (35.2%)

FIGURE 9.1 : INTERNATIONAL AND DOMESTIC VISITORS - SAMPLE SIZE AND DISTRIBUTION BY PURPOSE OF VISIT AND TYPES OF ACCOMMODATION *



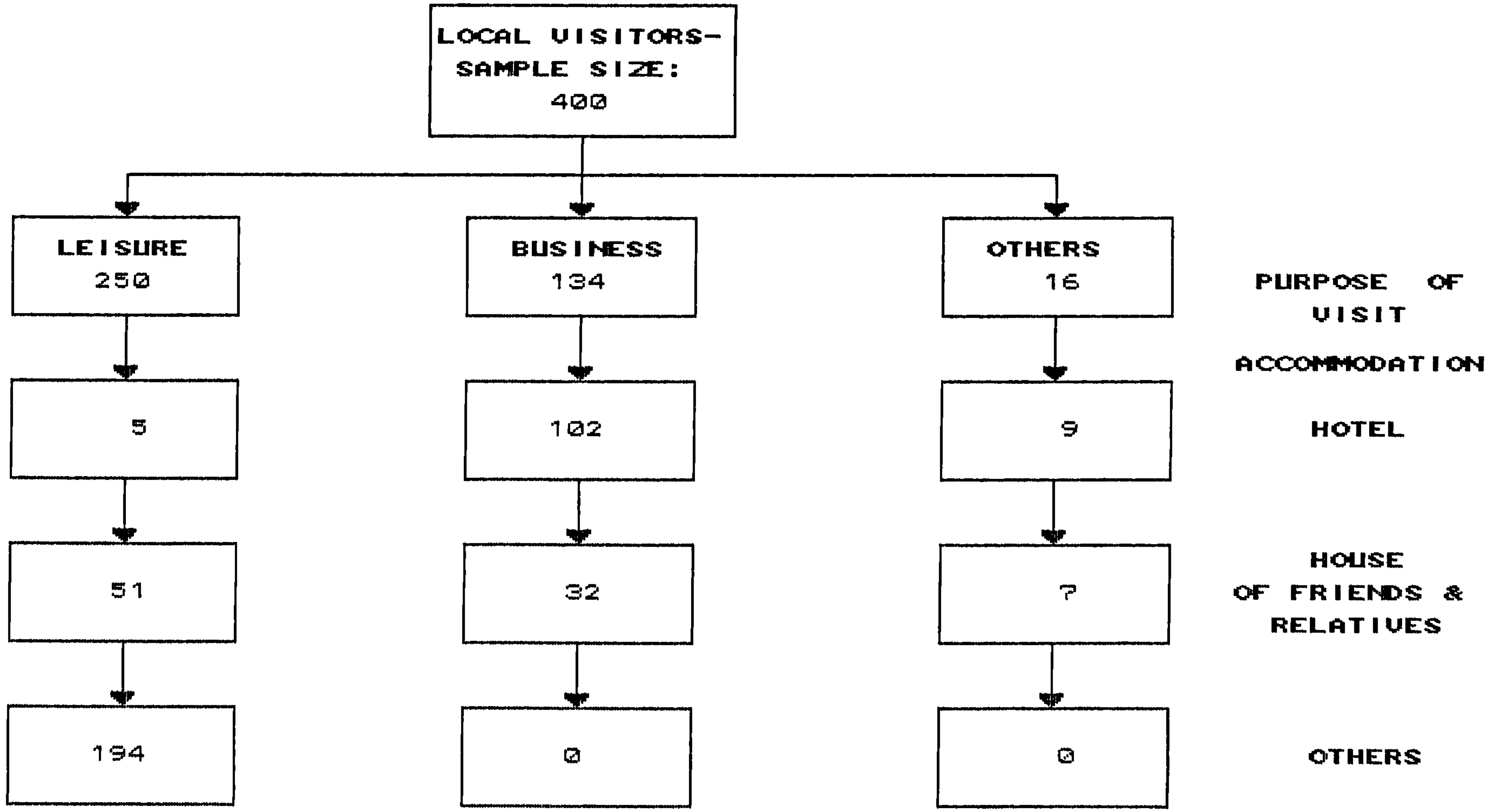
* Percentages may not tally because of rounding.
Source: VQS, 1991.

slightly larger than the domestic visitors (34%). Leisure comprised 71.7% and 66.8% respectively of the international and domestic totals. Of the international leisure visitors 71.8% stayed in hotels (25.2% of the total interviewees), 27.4% (9.6% of total) stayed at the residents of friends and relatives and 0.8% (0.3% of total). This is different from the domestic pattern; the major proportion of the leisure group were accommodated at the house of friends and relatives (74.9% of the domestic leisure total or 25.4% of the overall total). The size staying in hotels (domestic leisure total: 20.1%, overall total: 6.8%) were much lower compared to the international side. The number staying at other types of accommodation was small.

The next important reason for coming to Sabah was business purposes. Out of the overall total the domestic sources were slightly larger (13.9%) than the international source (12.2%). Again most of the international visitors stayed in hotels, representing 9% of the total or 73.1% of the total international business visitors.

Figure 9.2 also reveals the importance of leisure and business visitors for the local visitors. Most Leisure visitors stayed with friends and relatives, and the other types of accommodation. Business and the other visitors stayed in hotels and with friends and relatives.

FIGURE 9.2 : LOCAL VISITORS - SAMPLE SIZE AND DISTRIBUTION BY TYPES OF ACCOMMODATION



Source: UQS, 1991.

9.1.8. IMPLICATIONS OF THE INFORMATION COLLECTED BY THE VQS

To summarise: (1) Domestic and international visitors were fairly balanced. Most visitors were generated from nearby origins and declined as distance increased; (2) Most of the outside visitors are young, and males heavily outnumbering females; (3) Most visitors from outside travelled to Sabah independently (63%), although the number travelling with group tours (21%) and family (16%) were still sizeable. All the local visitors travelled independently; (4) The bulk of the international, domestic and local visitors were in white collar occupations; (5) Most of the international and domestic visitors came for leisure and business reasons; the fomer favouring hotel accommodation while a large proportion of the latter stayed with friends and relatives. Many of the local visitors were day trippers and visiting friends and relatives although those accommodated in hotels was sizeable in the business group.

The international and domestic visitors in the VQS exhibited similar characteristics to the visitor trends discussed in chapter 7. Thus the VQS can be regarded as a good sample.

9.2. TOURIST TRADE SURVEY (TTS) - BUSINESS CHARACTERISTICS

Data collected by the TTS complements that collected by the VQS. Receipts estimated from the average visitor expenditure obtained through the VQS can be linked to the TTS to assess the economic impacts.

This section deals with: (1) survey period and coverage of the TTS; (2) the internal characteristics of the tourism industry in Sabah; and (3) the implications of the data collected by the TTS.

9.2.1. SURVEY PERIOD AND COVERAGE OF THE TTS

The TTS was conducted at roughly the same time as the VQS. The types of establishments and approximate coverage of the survey is given in table 9.9. It covered most of the important establishments observed from experience to be patronised by the different types of visitors.

9.2.2. INTERNAL STRUCTURE OF THE SABAH TOURISM INDUSTRY

The enterprises servicing the tourism industry in Sabah are relatively homogeneous. Most are owned by Malaysians living permanently in Sabah, registered as sole proprietors, with relatively small assets (less than M$50,000) and revenues (not exceeding M$100,000 anually) and employing not more than 10 people.

TABLE 9.9: ESTABLISHMENTS INCLUDED AND COVERAGE OF THE TTS

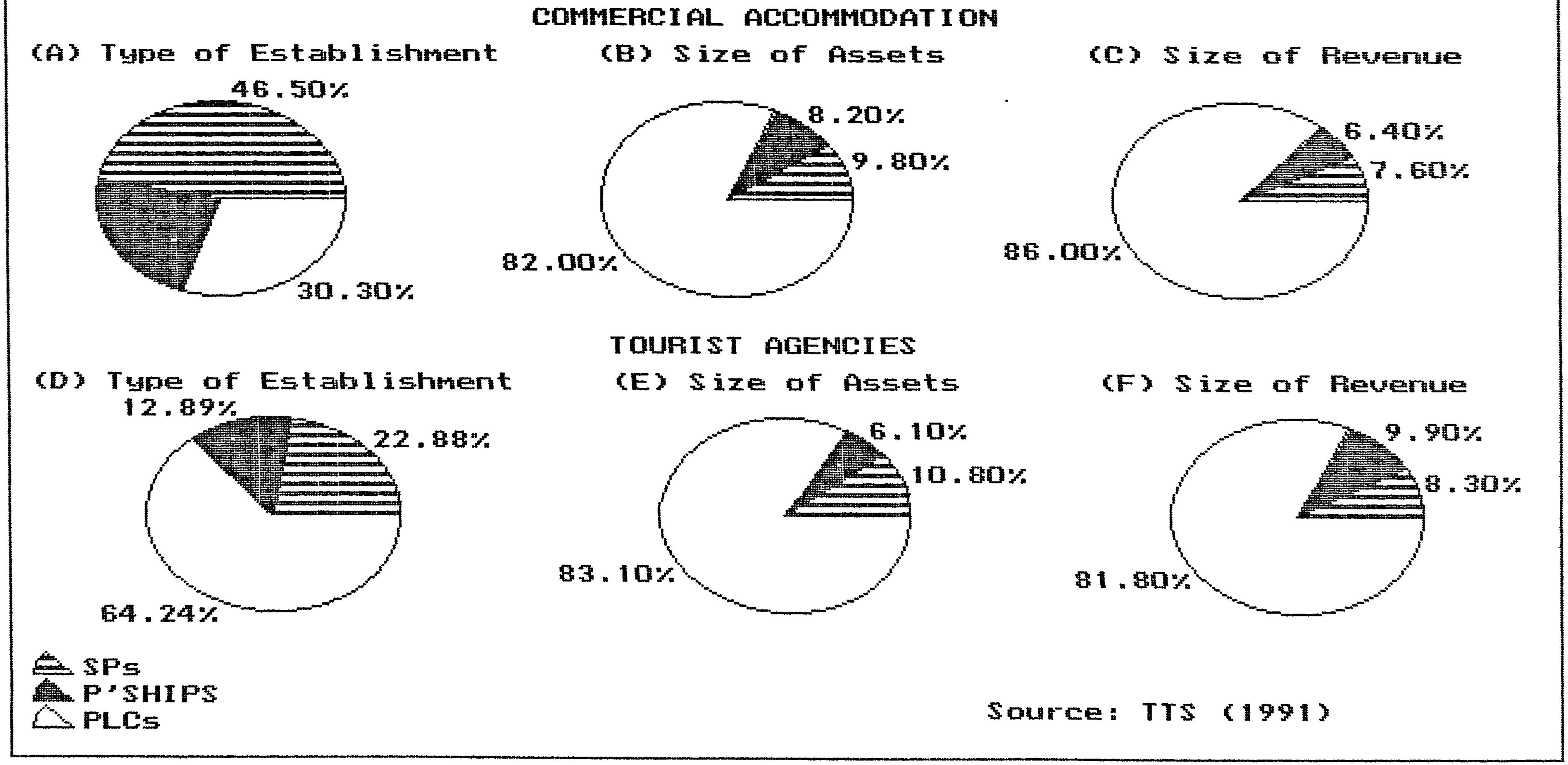
TYPES OF ESTABLISHMENTS	NUMBER	APPROXIMATE COVERAGE
LUXURY HOTELS	2	100 %
MEDIUM BUDGET HOTELS	31	69 %
ECONOMY HOTELS	29	58 %
CHATELS	3	100 %
HOSTELS	8	100 %
INBOUND TOURIST AGENCIES	12	100 %
OTHER TOURIST AGENCIES	21	34 %
HANDICRAFTS/GIFT SHOPS	15	100 %
RESTAURANTS	26	33 %
CAFE	25	10 %
LEISURE/RECREATION	10	30 %
OTHERS	22	5 %
TOTAL:	194	-

Source: TTS (1991)

In terms of size of assets and revenues, the commercial accommodation sector and tourist agencies are more important. Figure 9.3(A) shows that 46.5% the commercial accommodation establishments are owned by Sole Proprietors (SPs), 30.3% by Public Limited Companies (PLCs) and 23.2% by partnerships. By size of assets in 1990 figure 9.3(B) shows that the share of PLCs are the largest (82%); sole proprietors and partnerships owned 9.8% and 8.2% respectively. This pattern is also manifested in the size of gross revenue with 86% accruing to the PLCs, 7.6% to sole proprietors and 6.4% to partnerships in 1990 (figure 9.3(C)).

Figure 9.3(D) reveals that 64.3% of the tourist agencies

FIGURE 9.3: STRUCTURE OF THE TOURIST INDUSTRY IN SABAH



operate as PLCs, 22.9% as sole proprietors and 12.8% as partnerships. 83.1% of the assets in 1990 were held by the PLCs, 10.6% by sole proprietors and 6.1% by partnerships (figure 9.3[E]). By size of revenue in 1990 81.8% flowed to the PLCs, 9.9% to parnerships and 8.3% to Sole Proprietors (figure 9.3[F]). However, the number of tourist agencies serving incoming tourists are small (8%); all are PLCs sharing the charateristics discussed herein. 92% of the tourist agencies are mainly serving outbound tourism.

As shown in figures 9.4 and 9.5 most of the commercial accommodation (98.1%) and tourist agencies (93.0%) are owned by Malaysians. None of the commercial accommodation are exclusively owned by foreigners, although a small proportion are managed by foreign enterprises (1.3%) and owned by foreign nationals residing permanently in Sabah (0.6%). Of the inbound tourist agencies 1.4% are owned by foreign nationals residing permanently in Sabah and the rest by Malaysians with permanent residence in Sabah.

9.2.3. IMPLICATIONS OF THE INFORMATION COLLECTED BY THE TTS

The structure of tourist enterprises reflects two important aspects: (1) the PLCs dominate other tourist enterprises by the large sizes of their assets and revenues; and (2) the majority of tourist enterprises are owned by Malaysians, mostly permanent residents of Sabah.

FIGURE 9.4: COMMERCIAL ACCOMMODATION BY

BY OWNERSHIP (Source: TTS,1991)

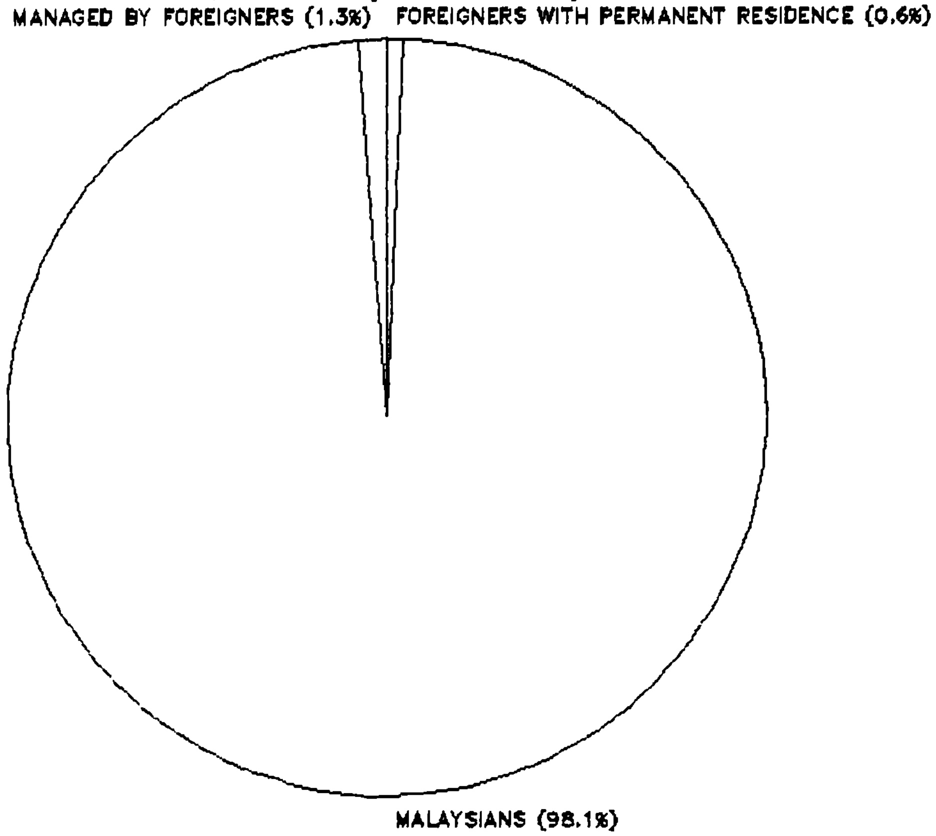
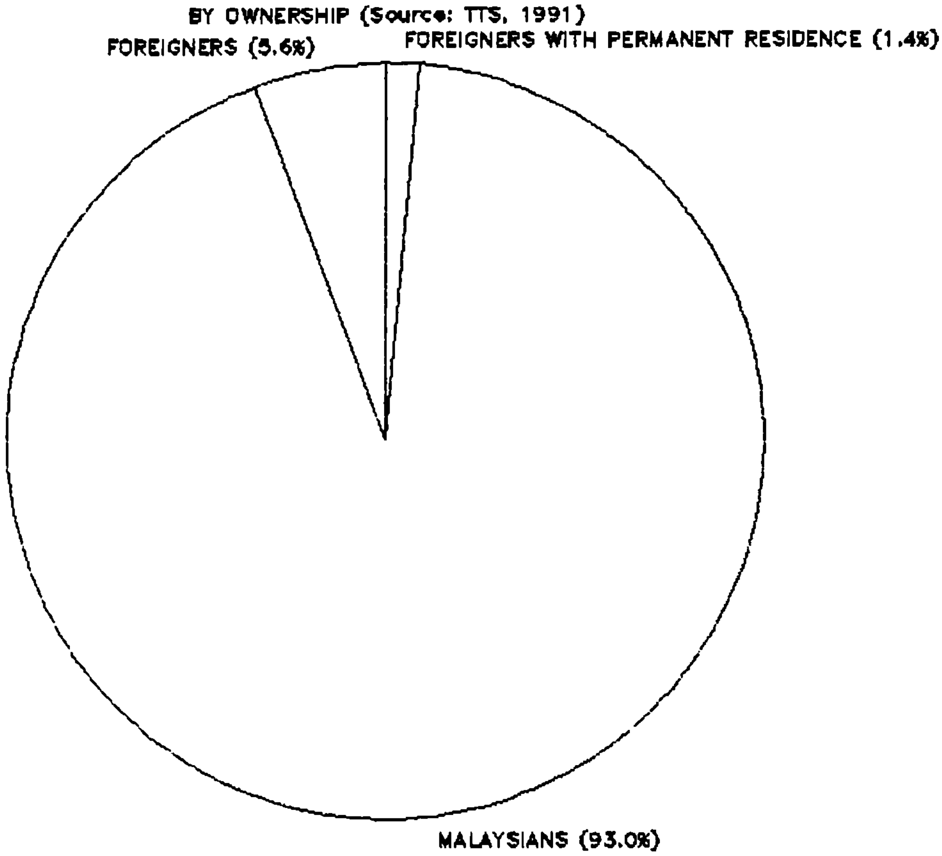


FIGURE 9.5: TOURIST AGENCIES

BY OWNERSHIP (Source: TTS, 1991)



Data on commercial accommodation and tourist agencies collected by the TTS can be compared with wider sets of data collected by the Department of Statistics of Malaysia (Sabah Branch) in 1988. The characterisitics of the TTS survey is consistent with the official sources. This indicates that the data generated by the TTS is a good representation.[65]

9.3. SECONDARY AND FIELD DATA

Other data required for the estimation of visitors' spending includes: (1) total room capacity for the different segment of commercial accommodation (TRC); (2) average occupancy rate (AOR); (3) Average room rate (ARR); (4) Average person per room (APPR); and (5) average length of stay (ALOS).

9.3.1. TOTAL ROOM CAPACITY (TRC)

Table 9.10 summarises the total annual room capacity by location and types of hotels as at December, 1990. Kota Kinabalu has the largest share of hotel room-nights available in Sabah (55%).[66] Tawau and Sandakan, the other major urban centres in Sabah, has respectively 18% and 10.9% of the available room-nights. The other 16.1% are distributed in minor urban and rural areas. All the luxury hotels are in Kota Kinabalu.

TABLE 9.10: TOTAL ANNUAL ROOM CAPACITY BY TYPES AND LOCATION OF HOTELS (1990)

REGION	TOTAL ROOM-NIGHTS AVAILABLE*					
	LUXURY HOTELS		MEDIAN BUDGET HOTELS		ECONOMYHOTELS	
Kota Kinabalu	237,250	21.4	156,144	14.1	216,080	19.5
Sandakan	-		48,545	4.4	71,905	6.5
Tawau	-		108,405	9.8	90,885	8.2
Kinabalu	-		27,010	2.4	-	-
Other Areas	-		61,685	5.6	89,790	8.1
Total:	237,250	21.4	401,789	36.3	468,660	42.3

* Total annual room nights available = total rooms available x 365

Source: Determined from: (1) Hotel list compiled by the Tourist Corporation of Malaysia; (2) Sabah Development Bank (1990).

9.3.2. AVERAGE OCCUPANCY RATE (AOR)[67]

Figure 9.6 showed improving AORs for hotels in Sabah for the years 1987 to 1990. However, table 9.11 shows the difference in AORs by size of hotels. Smaller hotels (<20 - 49 rooms) showed consistently higher AORs averaging over 74.8% in 1987-1990. Although registering declines in 1988 and 1989 it recovered the following year. Despite the steadier trend the AORs of hotels within the category has only improved slightly. AORs for hotels with 100 rooms and over has better improvement records. In 1987 the category's AOR was 50% but in 1990 this has increased to 71% - showing an overall change of 21% or an average annual change of 7%. AORs of hotels with 50-99 rooms improved from 41.7% in 1987 to 57.9% in 1990. Despite an

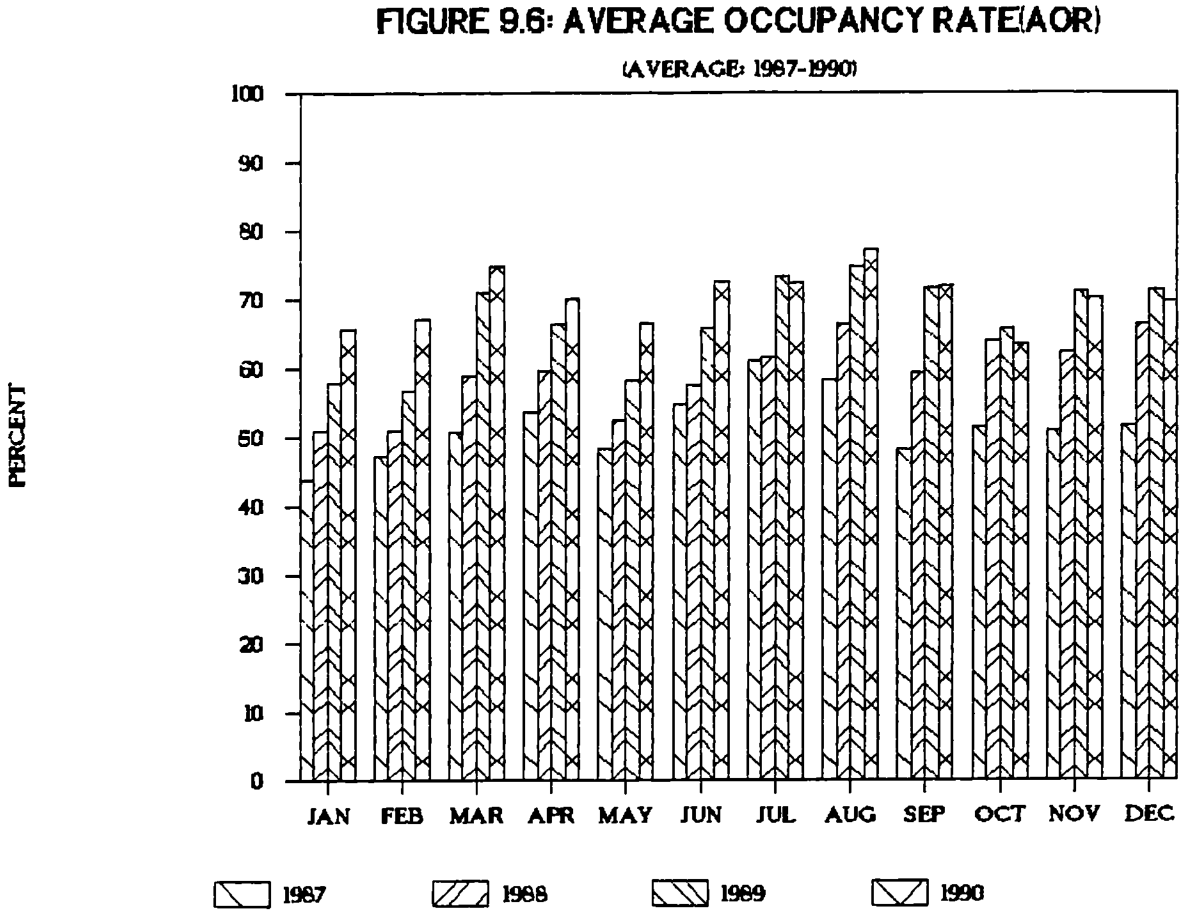


TABLE 9.11: DIFFERENCE OF AVERAGE OCCUPANCY RATES BETWEEN SIZE OF HOTELS (1990)

YEAR	HOTELS WITH < 20 ROOMS		HOTELS WITH 20-49 ROOMS		HOTELS WITH 50-99 ROOMS		HOTELS WITH 100+ ROOMS	
	AOR %	CHANGE %	AOR %	CHANGE %	AOR %	CHANGE %	AOR %	CHANGE %
1987	76.7		70.8		41.7		50.0	
1988	72.5	- 4.2	72.6	1.8	51.1	9.4	59.6	9.6
1989	72.7	0.2	65.9	- 6.7	55.7	4.6	68.6	9.0
1990	77.2	4.5	74.6	8.7	57.9	2.2	71.0	2.4
AVG:	74.8	0.2	71.0	1.3	51.6	5.2	62.3	7.0

AVG denotes average.

Source: Sabah Development Bank, 1990
(Figure 9.6 and Table 9.11).

overall improvement of 16.2% the category has performed worse than the other categories as indicated by its lower average of 51.6% in 1987-1990. Smaller hotels has averaged 74.8% and 62.3% for larger hotels. Inspite of the overall climate of improvement shown by figure 9.6, different hotel sizes has different experiences. Rearranged by region and clients' budget group, the average AORs for the respective hotel segment is presented in table 9.12. AORs arranged in this way give details on regional and hotel grouping that will be useful to the economic analysis later.

TABLE 9.12: AVERAGE OCCUPANCY RATES BY HOTEL SEGMENTS (1990)

REGION	AVERAGE HOTEL OCCUPANCY RATE		
	LUXURY HOTELS	MEDIAN BUDGET HOTELS	ECONOMY HOTELS
Kota Kinabalu	71.3	60.3	77.3
Sandakan	-	57.3	75.0
Tawau	-	56.4	75.2
Kinabalu	-	50.6	88.3
Other Areas	-	44.3	68.4

Source: Sabah Development Bank, 1990; author's calibration with hotels' records.

9.3.3. SEASONALITY OF HOTEL OCCUPANCY

Figures 9.7 show the seasonality[68] patterns of the hotel industry in Sabah. The 1987-1990 monthly average deviated 4.3% around the annual average for the same years. This indicates that seasonality is not a serious problem.

Figures 9.8 to 9.11 shows the seasonality patterns for the various hotel sizes. Hotels with less than 20 rooms and between 20-49 rooms respectively exhibited average monthly deviations (1987-1990) of 3.7% and 3.6% around the corresponding annual averages. The deviations (4.2%) for hotels with 100 rooms and over is typical of the overall hotel pattern. Hotels with 50-99 rooms has higher deviations of 7.6% than the overall average but seasonality is not a big problem.

9.3.4. AVERAGE ROOM RATE (ARR)[69]

The ARRs for different segments of hotels in Sabah is given in table 9.13. ARRs for luxury are 2.6 times more than the average for the median budget hotels and 5.2 times over the average of the economy hotels. The ARRs for the median budget hotels are twice that of the average of the economy hotels. However AARs vary from one region to another and these are shown in table 9.13 by the differences of the regional averages to the state's average. Since the variances are small the ARRs are representative values.

FIG 9.7:SEASONALITY - HOTEL OCCUPANCY

(AVERAGE: 1987-1990)

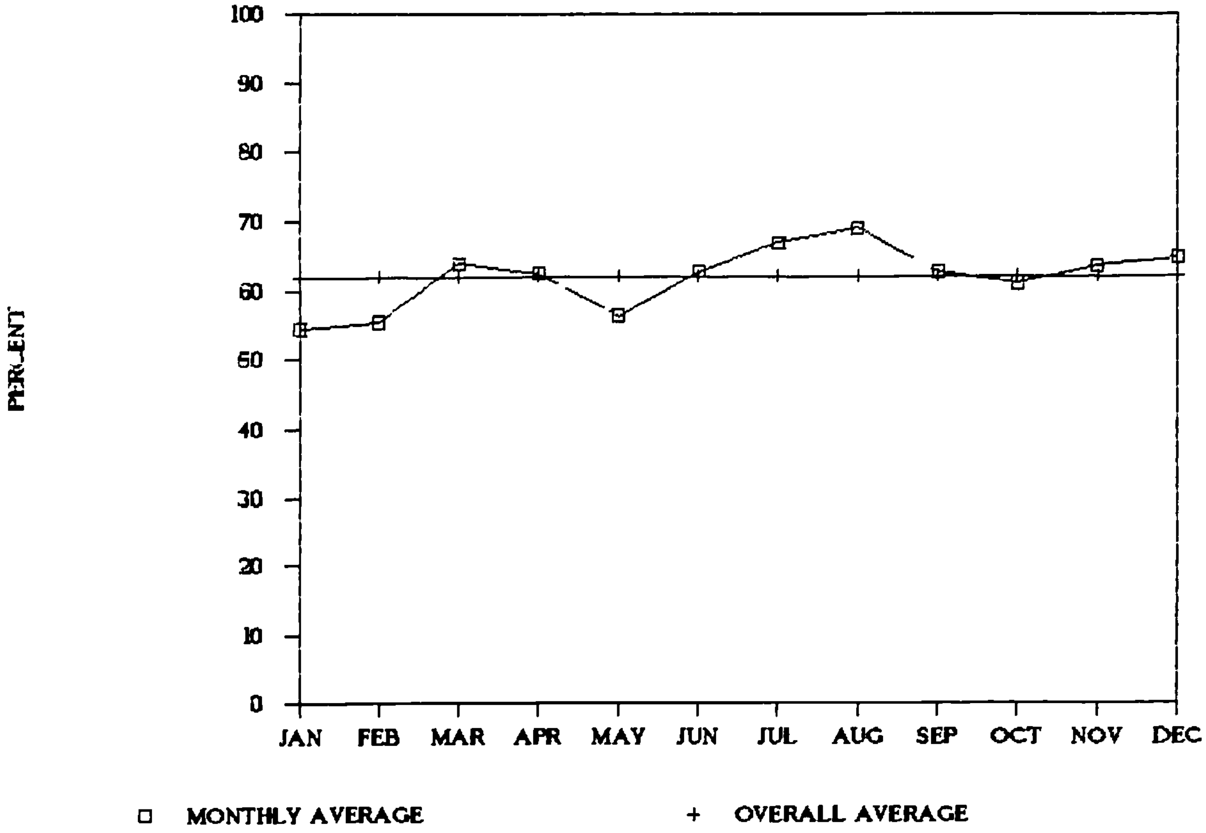


FIG.9.8:SEASONALITY - HOTELS <20 ROOMS

(AVERAGE:1987-1990)

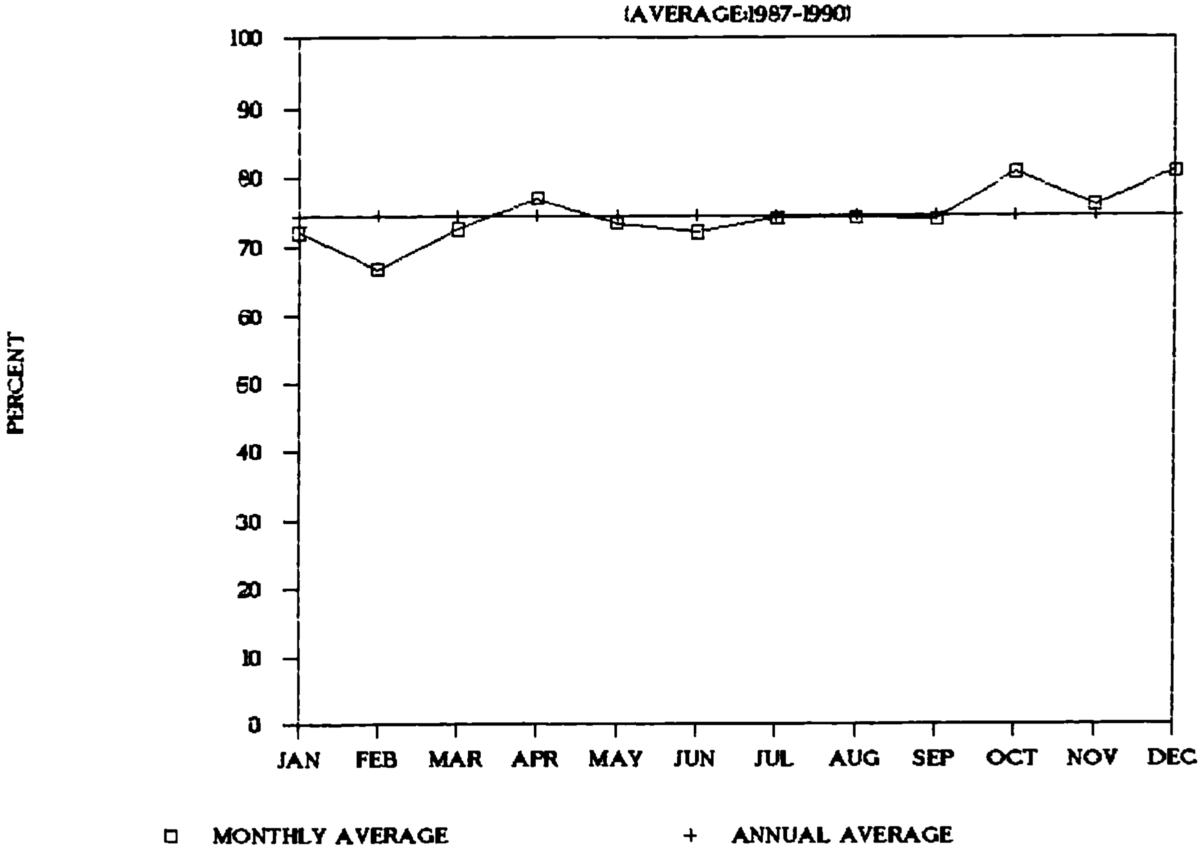


FIG.9.9:SEASONALITY-HOTELS(20-49 ROOMS)

(AVERAGE:1987-1990)

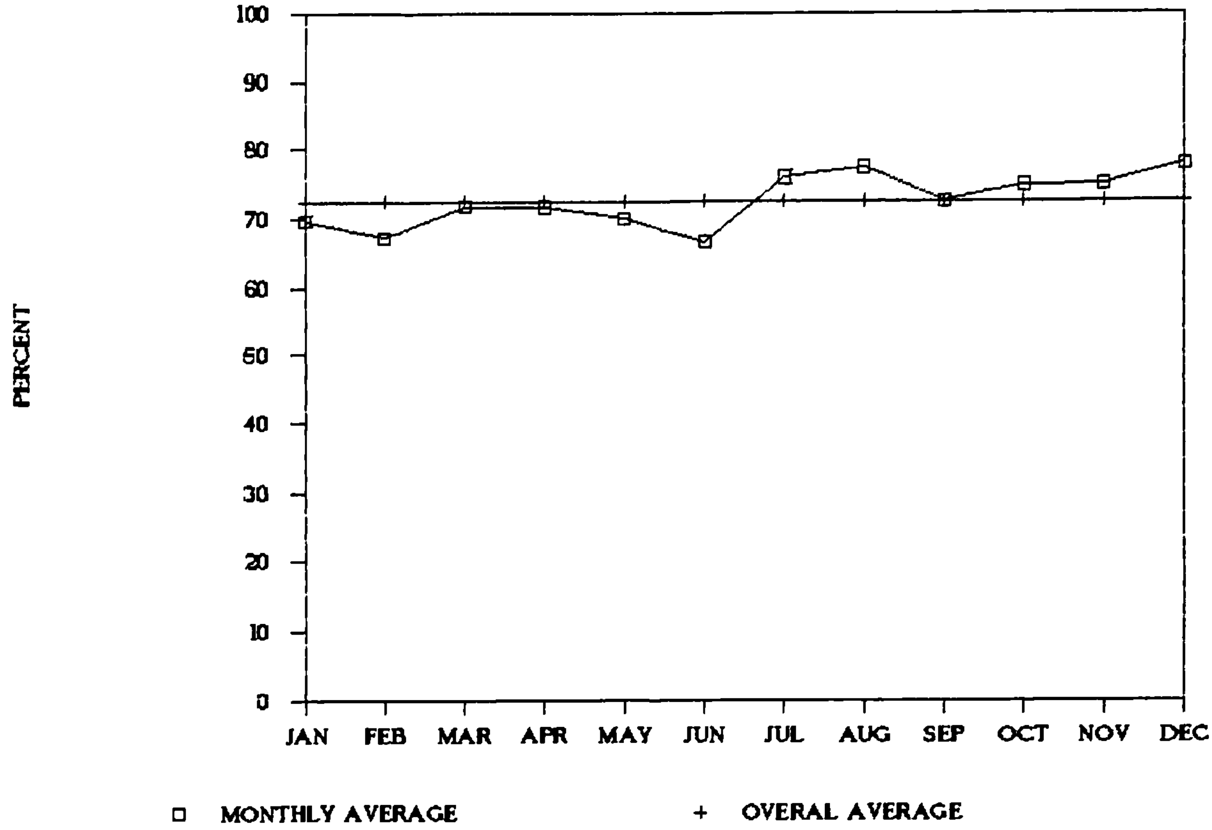


FIG9.10:SEASONALITY-HOTELS (50-99RMS)

(AVERAGE: 1987-1990)

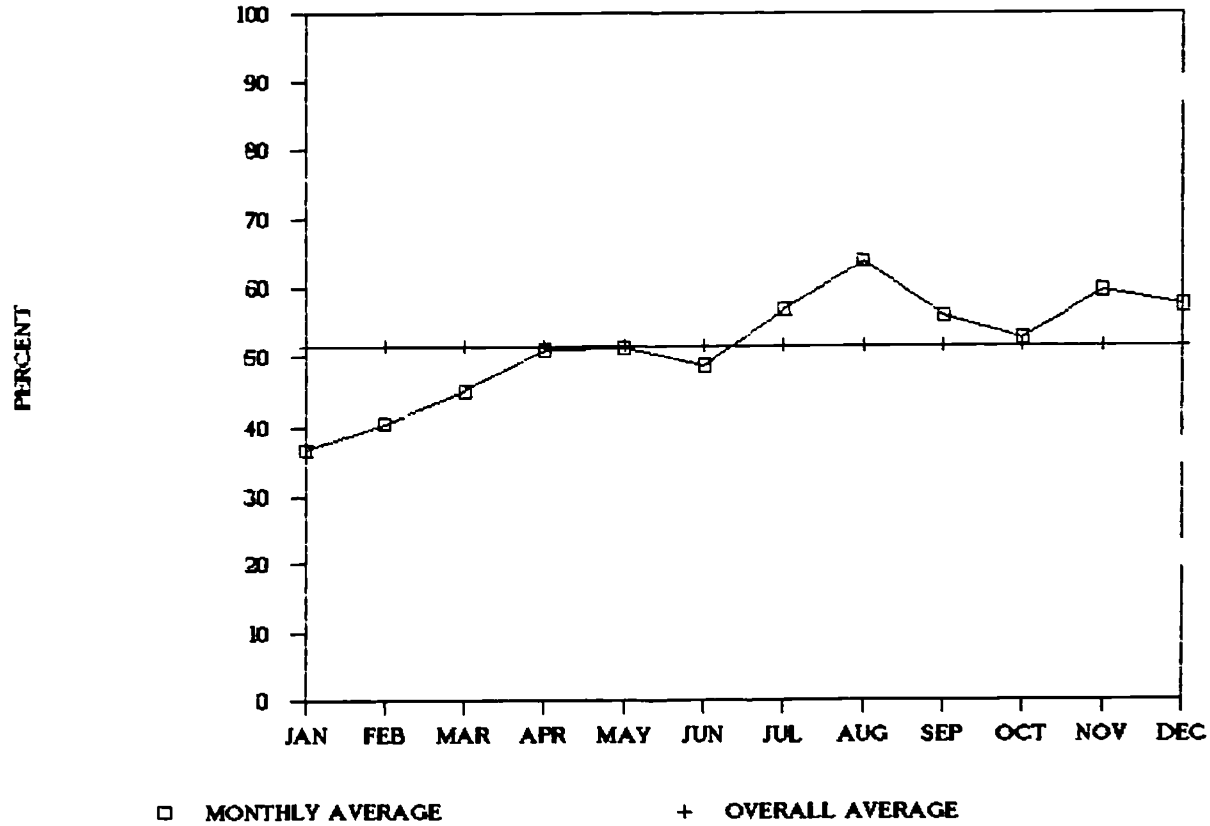


FIG.9.11:SEASONALITY-HOTELS(100+ ROOMS)

(AVERAGE: 1987-1990)

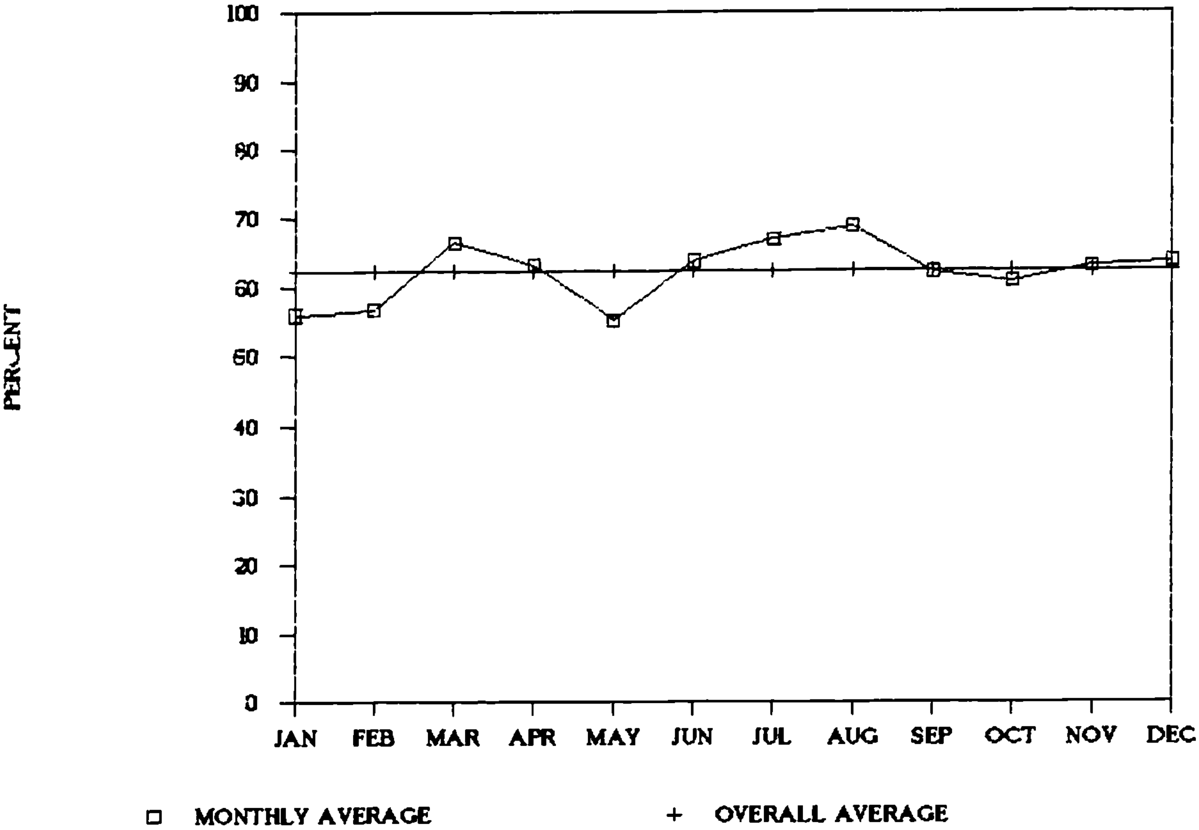


TABLE 9.13: AVERAGE ROOM RATE (ARR) BY HOTEL SEGMENTS, 1990

REGION	AVERAGE HOTEL ROOM RATE				
	LUXURY HOTELS (M$)	MEDIAN BUDGET HOTELS (M$)		ECONOMY HOTELS (M$)	
			x-X*		x-X*
Kota Kinabalu	238.75	96.40	5.82	51.50	5.80
Sandakan	-	87.00	-3.58	62.00	16.30
Tawau	-	87.50	-3.08	35.00	-10.70
Kinabalu	-	102.00	11.42	40.00	-5.70
Other Areas	-	80.00	-10.58	40.00	-5.70

* Difference of regional ARRs from the State's average for hotels in the same category.

Source: Malaysia - Hotel list, 1990.

9.3.5. FIELD DATA

These are records (viz: room capacity, room rates etc.) of the various commercial accommodation. These sources are necessary because secondary data are often not detailed enough for indepth analysis. Field sources provide additional data and are useful for cross-checking purposes. Particularly useful to the analysis is the application of the field data in the estimation of the average length of stay[70] by the various visitors in Sabah.

9.4. MAGNITUDE, DISTRIBUTION AND LENGTH OF STAY OF INTERNATIONAL, DOMESTIC AND LOCAL VISITORS

Before the economic assessment it is necessary to ascertain the magnitudes of visitors in 1990 so this could be related to the volume and flow of money emanating from them. In view of the inavailability of consistent up-to-date statistics on international visitors due to definitional changes, the stoppage of collecting statistics on domestic visitors by the Department of Statistics (Malaysia), and the absence of statistics on local visitors - estimates of the magnitude of international, domestic and local visitors are provided in table 9.14. The calculation of persons staying in commercial accommodation is detailed in table 9.15. Visitors staying in the homes of friends and relatives and day trippers were based on the projection of past trends (for international and domestic visitors) and the

TABLE 9.14: ESTIMATED NUMBER OF PERSONS STAYING AT THE VARIOUS COMMERCIAL ACCOMMODATION, HOMES OF FRIENDS AND RELATIVES AND NON-OVERNIGHT STAYERS (EXCURSIONISTS), 1990.

ACCOMMODATION CATEGORY	INTERNATIONAL* SOURCE	DOMESTIC* SOURCE	LOCAL * SOURCE	TOTAL NUMBER
LUXURY HOTELS	57 500	9 800	400	67 700
MEDIAN BUDGET HOTELS				
Kota Kinabalu	22 400	14 400	39 800	76 600
Sandakan	1 300	2 100	17 500	20 900
Tawau	200	600	45 100	45 900
Other Areas	800	3 300	27 900	32 000
TOTAL:	24 700	20 400	130 300	175 400
ECONOMY HOTELS				
Kota Kinabalu	7 500	18 100	57 700	83 300
Sandakan	200	200	46 300	46 700
Tawau	200	500	55 100	55 800
Other Areas	200	200	59 300	59 700
TOTAL:	8 100	19 000	218 400	245 500
CHALETS / HOSTELS	500	2 400	47 800	50 700
HOMES OF FRIENDS AND RELATIVES	22 300	79 200	281 100	382 600
NOT STAYING OVERNIGHT	3 500	8 300	562 100	573 900
GRAND TOTAL:	116 600	139 100	1 240 100	1 495 700

* International source include persons from overseas; domestic source comprise of persons from other parts of Malaysia and local source are people from Sabah. Persons staying at commercial accommodation and homes of friends and relatives stay at least overnight. Excursionists make return trip and do not stay overnight in Sabah.

Note: Boxed figures indicate segment of visitors that are important because of their large magnitude.

Source: VQS (1991), Visitor Statistics and sources cited in table 9.15; author's estimation.

TABLE 9.15: ESTIMATION OF TOTAL NUMBER OF CLIENTS IN COMMERCIAL ACCOMMODATION

ACCOMMODATION CATEGORY	TOTAL ROOM NIGHTS LET (TRNL)	AVERAGE PERSON PER ROOM (APPR)	NIGHTS SPENT BY CLIENTS NSBC=TRNLxAPPR	AVERAGE LENGTH OF STAY (ALOS)	ESTIMATED NUMBER OF CLIENTS ENOC=NSBC/ALOS *
LUXURY HOTELS	169 159	1.4	236 822	3.5	67 700
MEDIAN BUDGET HOTELS					
Kota Kinabalu	102 124	1.5	153 186	2.0	76 600
Sandakan	27 816	1.5	41 724	2.0	20 800
Tawau	61 140	1.5	91 710	2.0	45 900
Other Areas	34 120	1.5	51 180	1.6	32 000
SUB-TOTAL:					175 300
ECONOMY HOTELS					
Kota Kinabalu	107 036	1.4	149 850	1.8	83 300
Sandakan	51 053	1.4	71 474	1.6	44 700
Tawau	63 801	1.4	89 321	1.6	55 800
Other Areas	68 330	1.4	95 662	1.6	59 800
SUB-TOTAL:					243 600
CHALETS/ HOSTELS **					
All Areas	33 761	3.0	101 283	2.0	50 600
GRAND TOTAL:					537 200

* Figures are rounded.

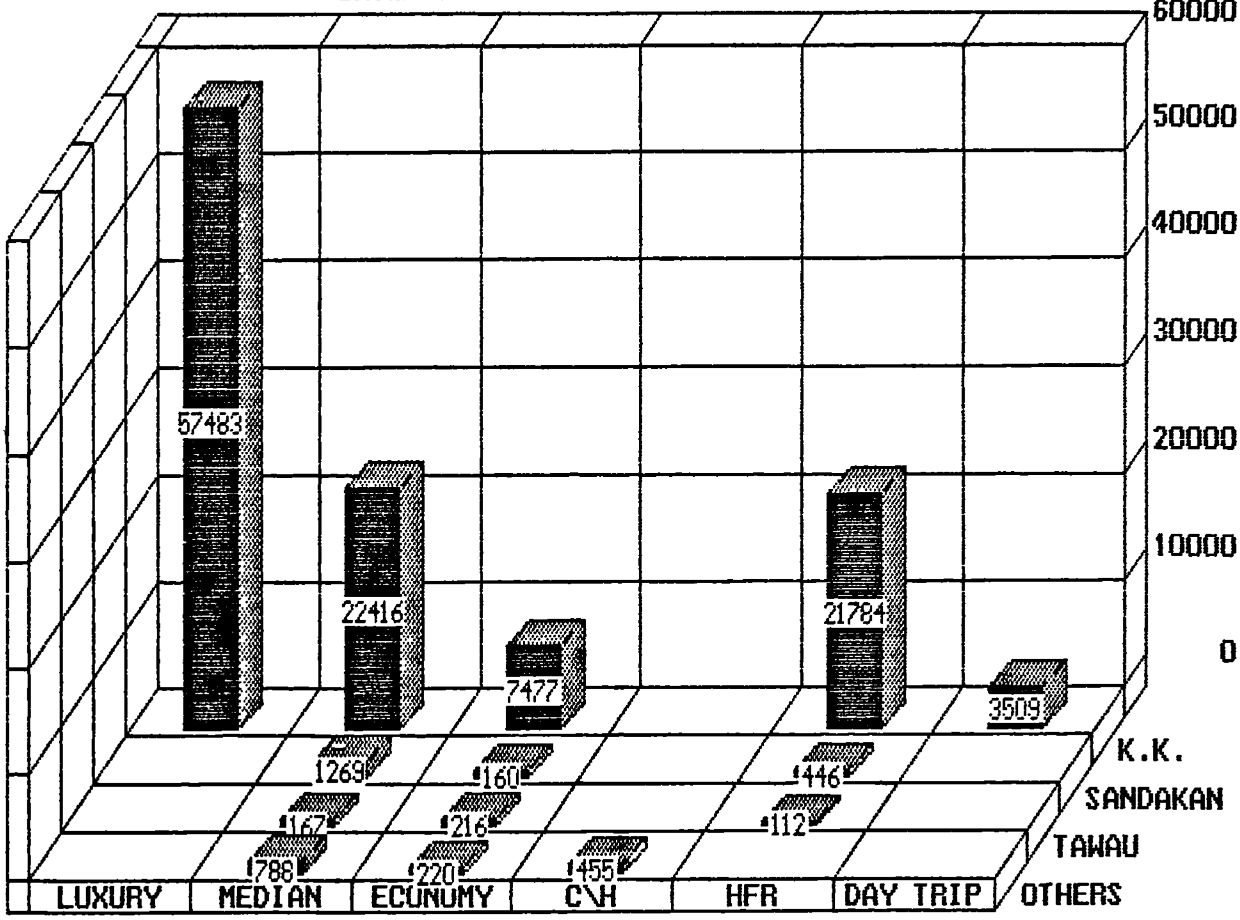
** Include chalets/hostels in main recreational areas.

Source: Sabah Development Bank; Tourist Development Corporation of Malaysia; Records of main hotels, chalets and hostels.

calibration of national trends with the VQS (local visitors).

Figure 9.12 portays the distribution of international visitors by accommodation category and region. Most of them (77.8%) stayed at commercial accommodation. The largest group (49.3%) stayed at luxury hotels in Kota Kinabalu. 21% were accommodated at the median budget hotels, the majority in Kota Kinabalu (19.2%). A very small proportions stayed overnight elesewhere (1.1% in Sandakan, 0.1% in Tawau and 0.7% in other parts of Sabah). Most of the latter stayed at Kundasang to take advantage of the Kinabalu Park and surrounding areas. Similarly the majority (6.4%) of the 6.9% that chose economy hotels were in Kota Kinabalu. 0.1% trickled to Sandakan and 0.2% each to Tawau and other parts (mostly in the countryside) of Sabah. Chalets/hostels are not popular among the international visitors as only 0.4% were accommodated here, mostly at the Kinabalu Park but some went to the Sipadan and Turtle Park Islands. Quite a large number stayed at the homes of friends and relatives (19.2%). Again most were located in Kota Kinabalu (18.7%) and only 0.4% and 0.2% stayed overnight respectively in Sandakan and Tawau. Day trippers to Sabah all spent their time in Kota Kinabalu. This category of visitors originated from neighbouring countries, though some are from distant countries but residing in these countries. Despite few stayed overnight in other parts of Sabah, approximately half of the leisure groups commuted as day trippers to the

FIGURE: 9.12: DISTRIBUTION OF INTERNATIONAL VISITORS BY ACCOMMODATION CATEGORY AND REGION (1990)



LEGEND

LUXURY - Luxury hotels

MEDIAN - Median budget hotels

ECONOMY - Economy hotels

C\H - Chalets \ hostels

HFR - Homes of friends and relatives

DAY TRIP - Day trippers

K.K. - Kota Kinabalu

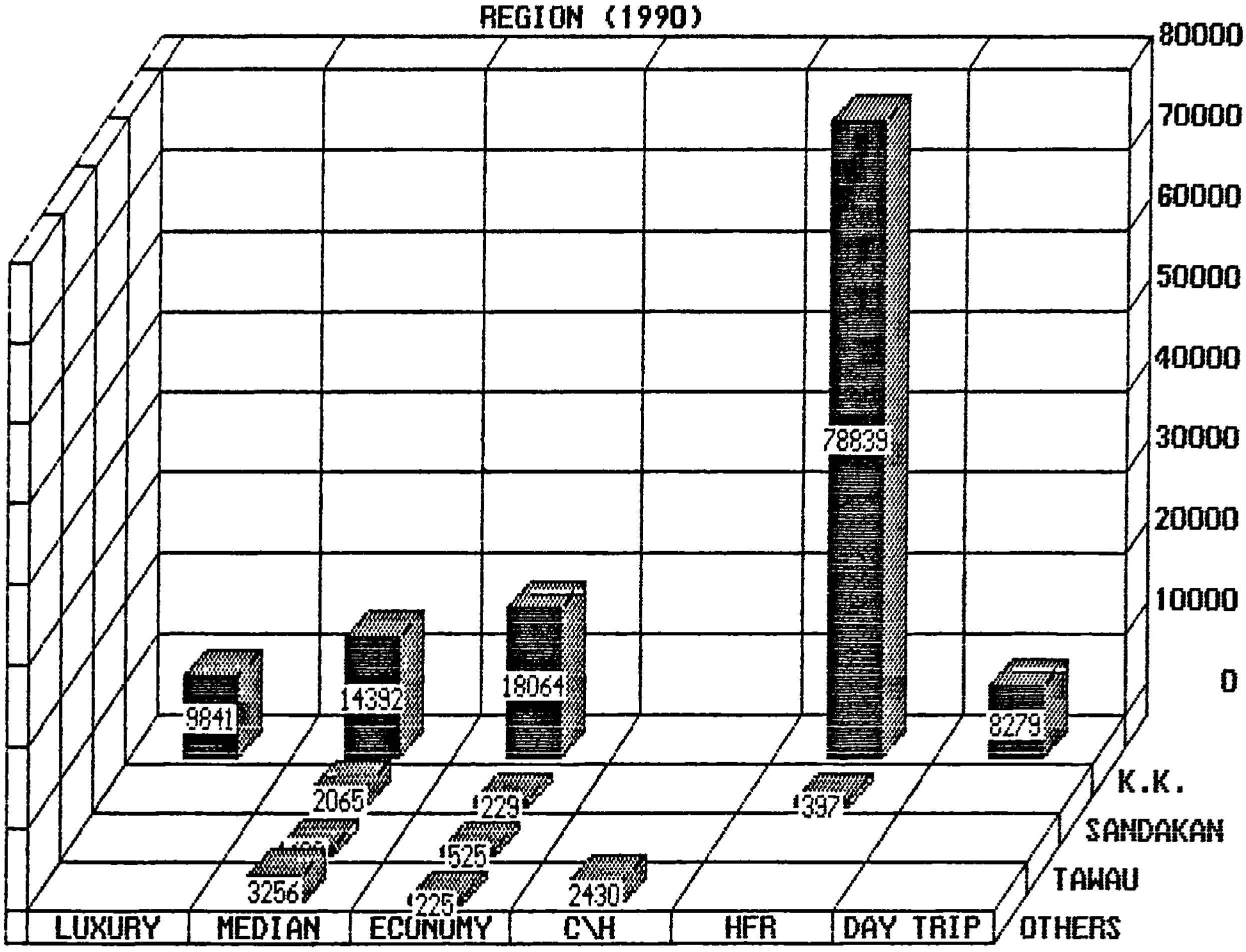
Source: VQS (1991), Department of Statistics.

other areas of Sabah; mostly to the Kinabalu Parks and roughly 2% made return trips to Sandakan and the rural areas of Sabah.

The pattern exhibited by domestic visitors in figure 9.13 is different; the largest number (56.9%) were staying at the homes of friends and relatives. Smaller numbers were accommodated in the commercial hotels (37.2%). Of these 30.4% were in Kota Kinabalu (7.1%, 10.3% and 13% respectively at luxury, median budget and economy hotels). Like the international visitors the numbers that went elsewhere were few. The other 5.9% were day trippers, many were businessmen and officials performing their duties for the day in Sabah.

Distributions of the local visitors shown in figure 9.14 were unlike the patterns established by the international and domestic visitors. The greatest numbers of local visitors (67.9%) were day trippers (45.2%) and accommodated with friends and relatives (22.7%). It is also dissimilar to the pattern exhibited by the domestic visitors as the day trippers were the dominant category instead of visitors staying at the homes of friends and relatives. 33.0% of the locals stayed at commercial accommodation. 17.6% and 10.5% of these were staying respectively at the economy and median budget hotels, more equally distributed between the regions and not concerntrated in Kota Kinabalu. Very few locals stayed at the luxury hotels but more stayed at the median budget and

FIGURE 9.13: DISTRIBUTION OF DOMESTIC VISITORS BY ACCOMMODTION CATEGORY AND REGION (1990)



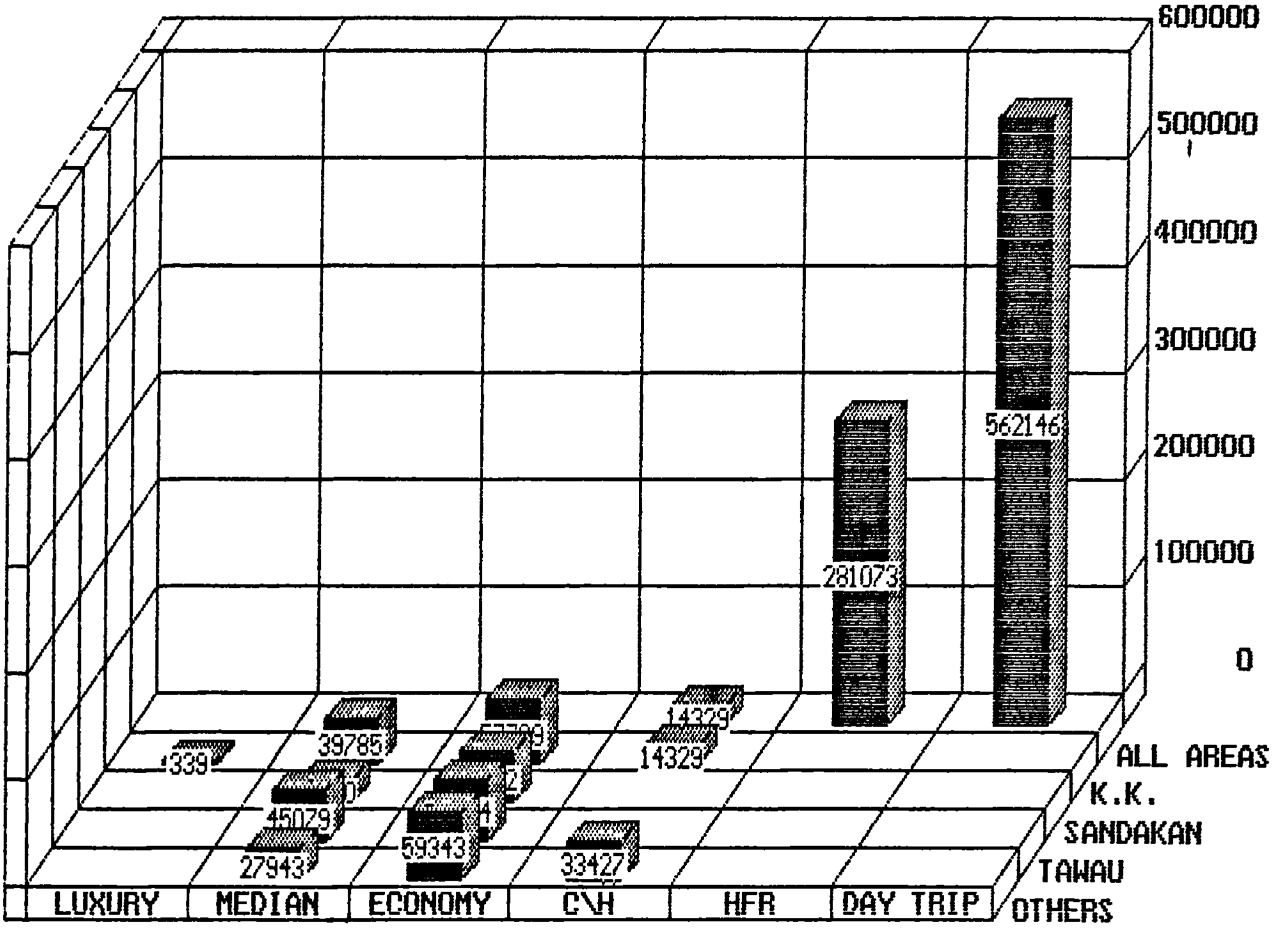
LEGEND

LUXURY	- Luxury hotels
MEDIAN	- Median budget hotels
ECONOMY	- Economy hotels
C\H	- Chalets \ hostels
HFR	- Homes of friends and relatives
DAY TRIP	- Day trippers

K.K. - Kota Kinabalu

Source: VQS (1991), Department of Statistics.

FIGURE 9.14: DISTRIBUTION OF LOCAL VISITORS BY CATEGORY AND REGION (1990)



LEGEND

LUXURY - Luxury hotels

MEDIAN - Median budget hotels

ECONOMY - Economy hotels

C\H - Chalets \ hostels

HFR - Homes of friends and relatives

DAY TRIP - Day trippers

K.K. - Kota Kinabalu

Source: VQS (1991), Department of Statistics.

economy hotels. It is clear that the flow of international and domestic visitors pooled mainly in Kota Kinabalu. Local visitors staying in the commercial accommodation were more regionally widespread. Since the estimates on local visitors staying in the homes of friends and relatives and day trippers were based on national trends it is not possible to establish their regional distribution.

From field data and visitor statistics an estimate of the total annual duration of stay for the various visitors has been calculated in table 9.16. Just under three quarters of the total duration stayed by the international visitors were spent in the commercial accommodation; distinctly favouring the luxury hotels (over a half). Duration spent in the homes of friends/relatives (a quarter) and day trippers (under a percent) constituted the remainder. A major proportion of the nights stayed were concerntrated in Kota Kinabalu (97.9%).

The distribution of total duration stayed by the domestic visitors is different: just over three fifths were spent in the homes of friend and relatives, the total duration stayed in commercial accommodation were only approximately a third of the international visitors and more distributed towards the median budget and economy hotels. However the regional distribution is similar, the duration of stay heavily favouring Kota Kinabalu (95%).

TABLE 9.16: TOTAL ANNUAL VISITOR NIGHTS/DAYS STAY, 1990. *

ACCOMMODATION CATEGORY	INTERNATIONAL VISITORS		DOMESTIC VISITORS		LOCAL VISITORS	
	DURATION OF STAY	% OF CATEGORY	DURATION OF STAY	% OF CATEGORY	DURATION OF STAY	% OF CATEGORY
LUXURY HOTELS	222 639	56.93	13 777	5.40	406	0.02
MEDIAN BUDGET HOTELS	49 056	12.54	36 157	14.14	252 587	10.30
Kota Kinabalu	44 883	11.48	28 799	11.23	79 504	3.83
Sandakan	2 545	0.65	4 131	1.62	35 048	1.69
Tawau	367	0.09	1 192	0.47	90 151	2.47
Other areas	1 261	0.32	2 035	0.82	47 884	2.31
ECONOMY HOTELS	14 411	3.69	34 081	13.33	357 815	17.27
Kota Kinabalu	13 458	3.44	32 515	12.72	103 877	5.01
Sandakan	256	0.07	366	0.14	70 852	3.42
Tawau	345	0.09	840	0.33	88 136	4.26
Other areas	352	0.09	360	0.14	94 950	4.58
CHALETS/HOSTELS	910	0.23	4 860	1.90	95 513	4.61
HOMES OF FRIENDS AND RELATIVES	100 539	25.71	158 472	61.99	562 146	40.68
DAY TRIPPERS	3 509	0.90	8 278	3.24	843 219	27.12
TOTAL:	391 064	100.00	255 625	100.00	2 072 895	100.00

* Notes: (1) For visitors staying in commercial accommodation the total annual nights stayed is obtained by multiplying the total annual room nights let and the average person per room;
(2) For visitors staying at the homes of friends and relatives the total annual nights stayed is derived by multiplying the estimated number of visitors per category and the average nights stayed;
(3) The above calculations are based on nights stayed to avoid over-estimation of receipts from these visitors later; from experience they spent little on the day of departure;
(4) For day trippers the calculation is based on days stayed.

Source: Records of commercial accommodation, Sabah Development Bank, Depart- of Statistics, National data and VQS.

Local visitors showed different patterns again. The proportions of the duration were more equally distributed with 40.7% spent by day trippers, 32.2% by stayers in commercial accommodation and 27.1% by visitors of friends and relatives. Local visitors were also substantial source of clientele to the commercial accommodation (except luxury hotels) and more equally distributed in the various areas of Sabah.

To summarise: (1) the main volume and duration stayed by the international visitors were in commercial accommodation (particularly luxury hotels); visiting friends and relatives is sizeable and focussed on Kota Kinabalu; (2) the greatest proportion of the volume and duration stayed by the domestic visitor were in the homes of friends and relatives (almost three fifths) and in the median budget and economy hotels (just under a quarter) and concerntrated in Kota Kinabalu; (3) day trippers constituted the main proportion for the local visitors but the volume and duration spent in commercial accommodation and the homes of friends and relatives (about a third each) were sizeable. Local visitors were important source of clientele to commercial accommodation in the other parts of Sabah.

9.5. ESTIMATION OF DIRECT TOURISM RECEIPTS

9.5.1. MAGNITUDE AND DISTRIBUTION OF TOTAL RECEIPTS BY COMMERCIAL ACCOMMODATION

Table 9.17 shows receipts of commercial accommodation in Sabah obtained by different methods of estimation. The first method estimated total receipts from field and

TABLE 9.17: ESTIMATED TOTAL RECEIPTS BY COMMERCIAL ACCOMMODATION* (1990)

ACCOMMODATION CATEGORY	ESTIMATE 1# (M$, 000)	ESTIMATE 2## (M$,000)
LUXURY HOTELS	36 369	36 369
MEDIAN BUDGET HOTELS	26 072	26 072
Kota Kinabalu	11 846	11 846
Sandakan	3 477	3 477
Tawau	7 336	7 337
Other Areas	3 412	3 412
ECONOMY HOTELS	14 522	14 523
Kota Kinabalu	5 887	5 888
Sandakan	2 961	2 961
Tawau	2 941	2 941
Other Areas	2 733	2 733
CHALETS/HOSTELS	1 520	1 519
TOTAL:	78 314	78 314

* Excluding receipts from food and beverages bundled within the room rates.
\# Estimate 1 = Total Annual Room-Nights Let x Average Room Rates per commercial accommodation segment.
\## Estimate 2 = Total nights spent by client x Average expenditure by client on accommodation.
Note: Figures are rounded to the nearest thousandth.

Source: Sabah Development Bank (1990); Field data, VQS (1991).

secondary data; involving the multiplication of the total annual room-nights let and average room rates for the various accommodation segments (see table 9.18 for details on caculation). The second estimates apply the total number of nights spent by clients of the various commercial accommodation and their average expenditure on accommodation. The difference of the results of the two methods of estimation is very small. Strong agreement between the results of these estimates suggest that the data is reliable.

The distribution of these receipts by region and category of accommodation is shown in figure 9.15. As expected a substantial proportion of the total accommodation receipts in 1990 (just under three quarters) were received by Kota Kinabalu. The region is the main entry point for international and domestic visitors and the smallness of the country means that it is accessible to the State's natural tourist resources, is better provided with tourist facilities (see chapter 5) and other amenities as a centre for commerce and administration. Nearly half of the total receipts procured by Kota Kinabalu were collected by luxury hotels and lesser proportions to the median budget hotels (about a seventh), economy hotels (8%), and chalets and hostels (under a percent). The share of the other regions and accommodation category were relatively small.

Receipts from the various sources of clientele are shown in figures 9.16 to 9.18. 49.2% of the total receipts were

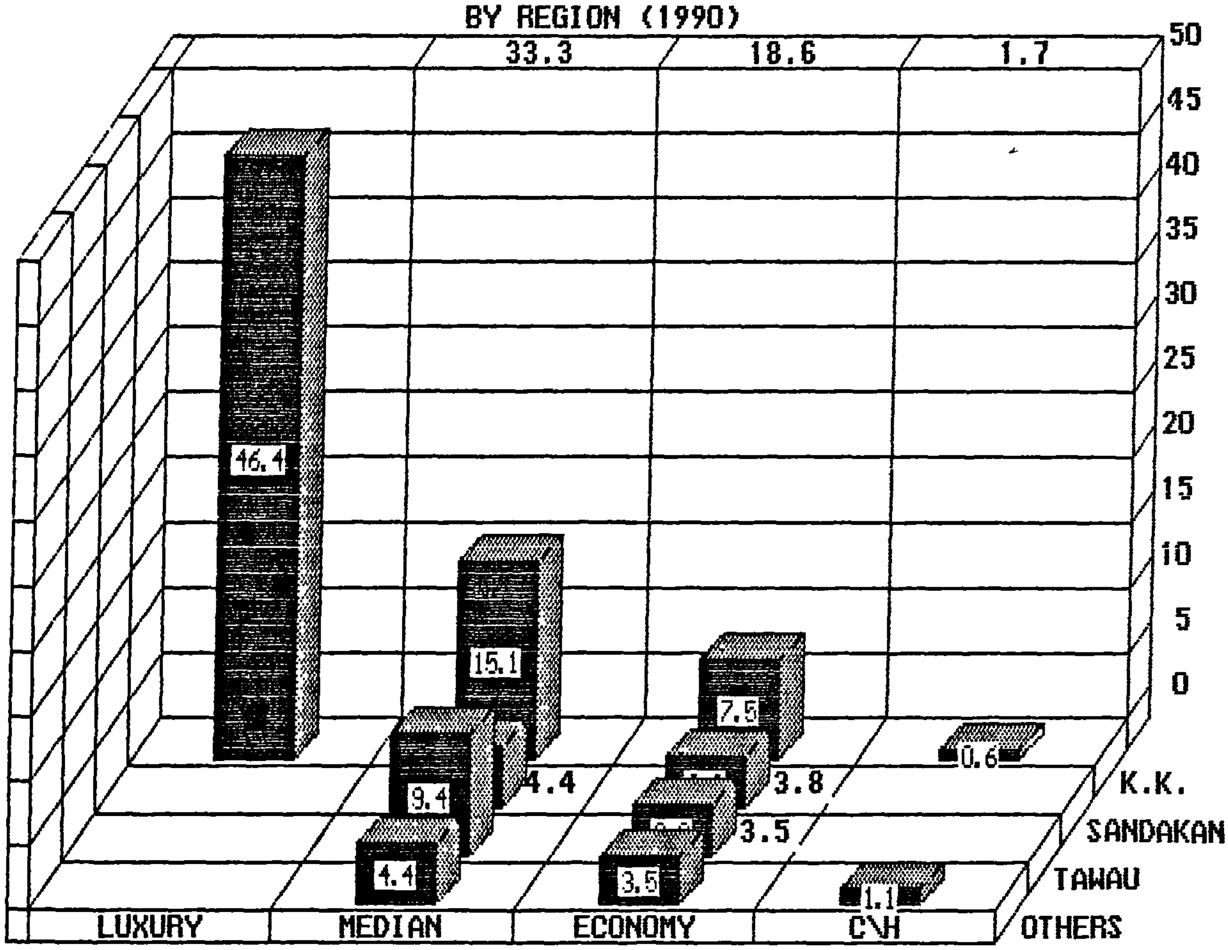
TABLE 9.18 : ESTIMATION OF ANNUAL RECEIPTS FROM COMMERCIAL ACCOMMODATION (1990)

ACCOMMODATION CATEGORY	TOTAL ROOM CAPACITY PER NIGHT (TRC)	TOTAL ANNUAL ROOM CAPACITY TARC=TRCx365	AVERAGE ANNUAL OCCUPANCY RATE (AAOR)	TOTAL ANNUAL ROOM NIGHTS LET TRNL=TARCxAAOR	AVERAGE ROOM RATE (ARR) [$M] #	ESTIMATED ANNUAL RECEIPTS + EAR=TRNLxARR
LUXURY HOTELS	660	237 250	0.71	169 159	215	36 369 000
MEDIAN BUDGET HOTELS						
Kota Kinabalu	464	169 360	0.60	102 124	116	11 846 000
Sandakan	133	48 545	0.57	27 816	125	3 477 000
Tawau	297	108 405	0.56	61 140	120	7 337 000
Other Areas	205	74 825	0.45	34 120	100	3 412 000
SUB-TOTAL:						26 072 000
ECONOMY HOTELS						
Kota Kinabalu	391	142 715	0.75	107 036	55	5 887 000
Sandakan	197	71 905	0.71	51 053	58	2 961 000
Tawau	249	90 885	0.70	63 801	46	2 941 000
Other Areas	246	89 790	0.76	68 330	40	2 733 000
SUB-TOTAL:						14 522 000
CHALETS/ HOSTELS **						
All Areas	246	89 790	0.37	33 761	40	1 350 000
GRAND TOTAL:						78 314 000

\# Discounting costs of food and drinks included as a marketing pakage.
** Include chalets/hostels in main recreational areas.
+ Figures are rounded.

Source: (1) Sabah Development Bank; (2) Malaysian Hotel List; (3) Records of chalets/hostels.

FIGURE 9.15: PERCENTAGE DISTRIBUTION OF COMMERCIAL ACCOMMODATION RECEIPTS BY REGION (1990)



LEGEND

LUXURY - Luxury hotels

MEDIAN - Median budget hotels

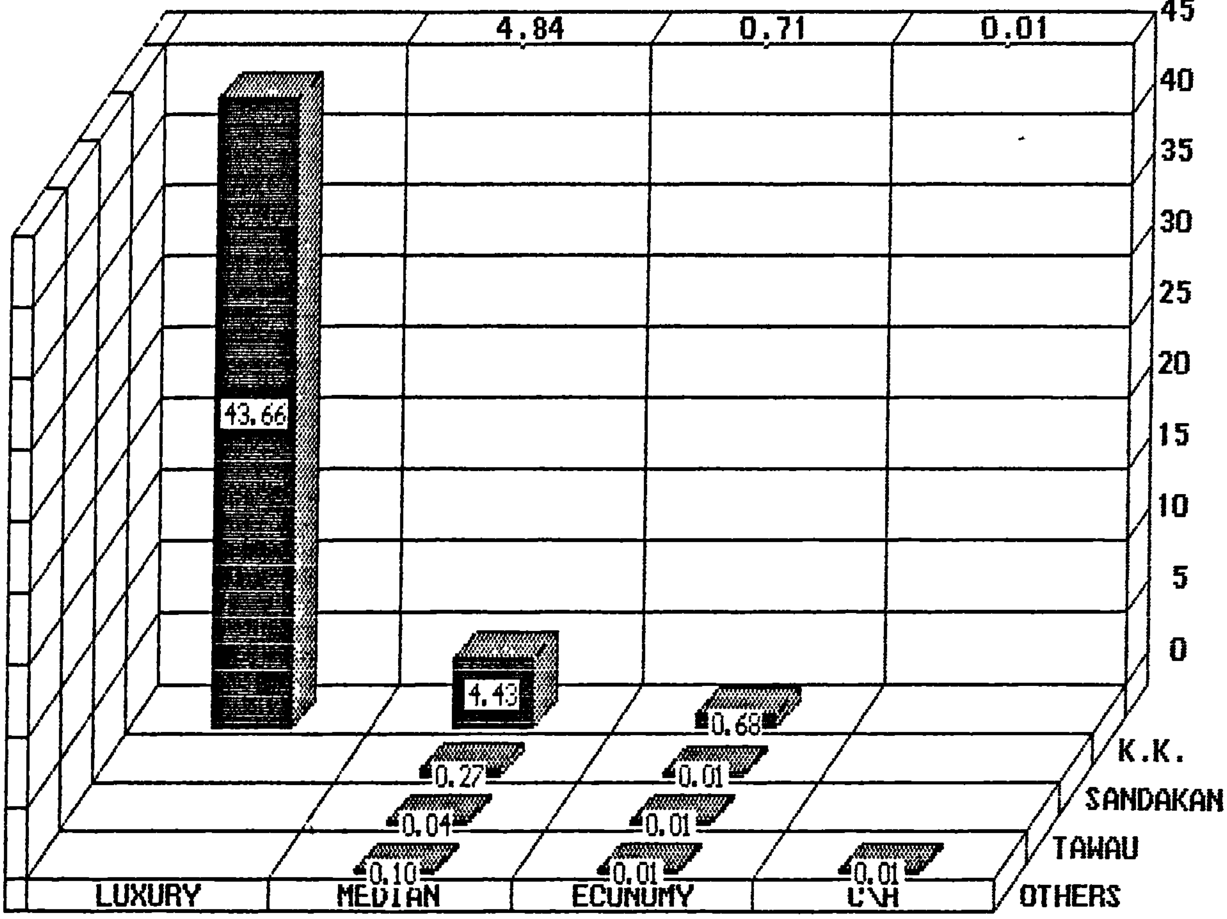
ECONOMY - Economy hotels

C\H - Chalets \ hostels

K.K. - Kota Kinabalu

Source: VQS (1991), Department of Statistics.

FIGURE 9.16: PERCENTAGE DISTRIBUTION OF COMMERCIAL ACCOMMODATION RECEIPTS FROM INTERNATIONAL VISITORS BY REGION (1990)



LEGEND

LUXURY - Luxury hotels

MEDIAN - Median budget hotels

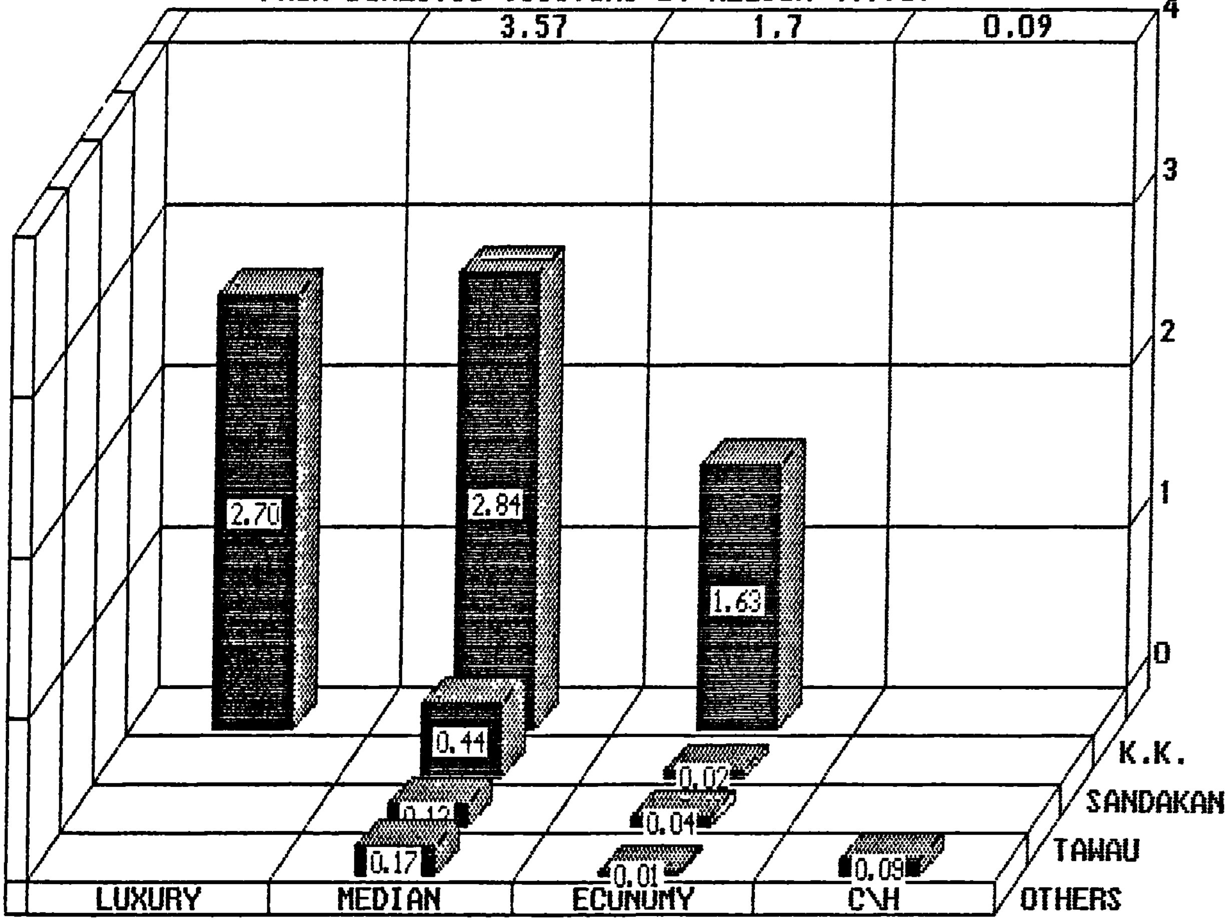
ECONOMY - Economy hotels

C\H - Chalets \ hostels

K.K. - Kota Kinabalu

Source: VQS (1991), Department of Statistics.

FIGURE 9.17: PERCENTAGE DISTRIBUTION OF COMMERCIAL ACCOMMODATION RECEIPTS FROM DOMESTIC VISITORS BY REGION (1990)

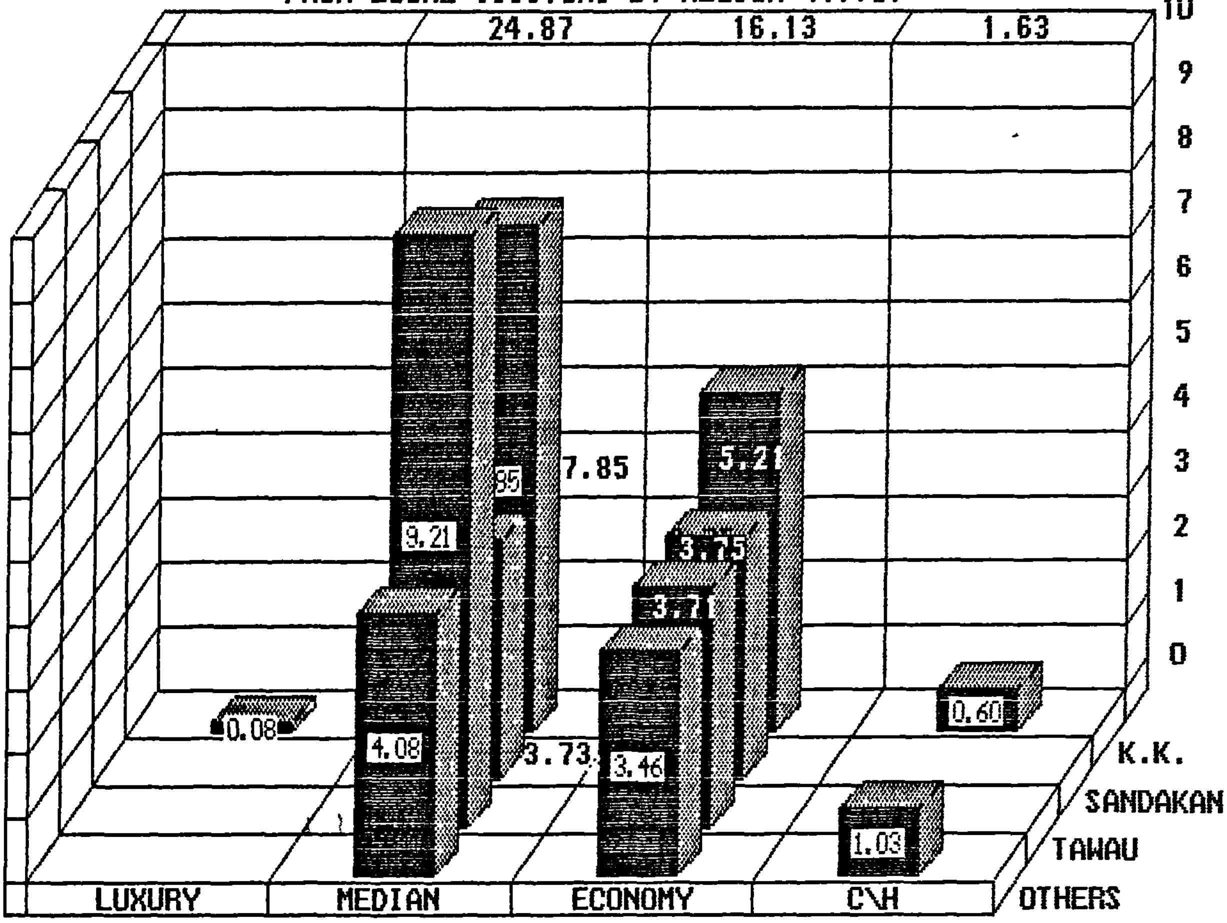


LEGEND

LUXURY	**- Luxury hotels**	**K.K. - Kota Kinabalu**
MEDIAN	**- Median budget hotels**	
ECONOMY	**- Economy hotels**	
C\H	**- Chalets \ hostels**	

Source: VQS (1991), Department of Statistics.

FIGURE 9.18 PERCENTAGE DISTRIBUTION OF COMMERCIAL ACCOMMODATION RECEIPTS FROM LOCAL VISITORS BY REGION (1990)



LEGEND

LUXURY - Luxury hotels

MEDIAN - Median budget hotels

ECONOMY - Economy hotels

C\H - Chalets \ hostels

K.K. - Kota Kinabalu

Source: VQS (1991), Department of Statistics.

collected from international sources, 42.7% from local sources and 8.1% from domestic sources. Almost all of the receipts from international sources ended in Kota Kinabalu. Figure 9.16 illustrates that most of the international receipts retained by Kota Kinabalu flowed to luxury hotels and much smaller proportions to median budget, economy hotels and chalets. Less than a percent trickled to the other regions of Sabah, distributed in various minute proportions.

Inspite more by a ratio of 1.2 in numbers than the international visitors in 1990, receipts from the domestic visitors were only 8.1%. This is because a substantial proportion (62.9%) of the domestic visitors were not staying at commercial accommodation. Comparatively 77.8% of the international visitors were accommodated in the commercial sector. However figure 9.17 shows that the pattern of locational distribution is similar as the major proportion (7.1% of the 9.1%) of the receipts from the domestic clientele were located in Kota Kinabalu (luxury hotels: 2.7%, median budget hotels: 2.8% and economy hotels: 1.6%). Smaller proportions went to Sandakan (0.5%), Tawau (0.2%) and the other areas of Sabah (0.3%).

The 42.7% received from local sources were more equally distributed with 13.7% going to Kota Kinabalu, 12.9% to Tawau, 7.5% to Sandakan and 8.6 to the other areas (see figure 9.18). Unlike the distribution of the international clientele; the locals contributed 24.9% to median budget hotels and 16.1% to economy hotels, distributed more evenly in the regions of Sabah. Much lesser proportions went to the luxury hotels and chalets.

It is clear that the major bulk of these receipts were confined in Kota Kinabalu and little were released to the other regions of Sabah. Apart from this regional pattern the following are important: (1) Most of the receipts from the international and domestic clientele settled in Kota Kinabalu because very few of them stayed overnight in the other regions of Sabah; (2) the main volume of the international receipts were absorbed by the luxury hotels; (3) receipts originating from the domestic source to the commercial accommodation were much smaller because the main proportion of these visitors stayed with friends and relatives and (4) local clientele is an important source of receipts for the median budget and economy hotels especially in the other regions of Sabah.

9.5.2. MAGNITUDE AND DISTRIBUTION OF RECEIPTS FROM INTERNATIONAL VISITORS

Visitors has different spending patterns, as shown in tables 9.19 and 9.20. Multiplying the average daily expenditure for the various spending categories and the total annual nights stayed by the respective category of visitors, the estimated total receipts from international visitors were derived in table 9.21.

TABLE 9.19 : AVERAGE DAILY EXPENDITURE OF INTERNATIONAL VISITORS STAYING AT COMMERCIAL ACCOMMODATION

ACCOMMODATION / SPENDING CATEGORY	LUXURY HOTELS	MEDIAN BUDGET HOTELS				ECONOMY HOTELS				CHALETS/ HOSTELS
		KOTA KINABALU	SANDAKAN	TAWAU	OTHER AREAS	KOTA KINABALU	SANDAKAN	TAWAU	OTHER AREAS	
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
ACCOMMODATION	152.03	77.33	83.33	80.00	66.67	39.29	41.43	32.93	28.57	15.00
FOOD & DRINKS IN HOTELS	40.84	16.56	15.83	20.29	19.37	–	–	–	–	–
FOOD & DRINKS ELSEWHERE	12.45	7.27	10.38	3.50	3.25	10.55	10.52	10.95	10.85	9.95
SIGHTSEEING/ TOURS	16.33	9.97	4.35	–	5.28	–	–	–	–	–
OTHER RECREATION & ENTERTAINMENT	8.71	4.08	3.36	3.65	2.19	1.60	4.74	4.70	–	–
LOCAL AIR TRANSPORT	3.04	1.52	–	–	–	–	–	–	–	–
LOCAL LAND TRANSPORT	1.79	2.86	5.45	4.00	5.00	2.60	7.25	4.00	5.37	12.65
RETAIL PURCHASE	11.34	4.44	2.26	2.10	1.01	2.80	2.30	2.10	1.45	4.80
GIFTS/ SOUVENIRS	2.77	1.46	1.51	0.96	1.17	1.50	1.35	1.25	1.10	1.20
OTHERS*	3.18	1.64	1.86	1.46	0.48	1.25	1.20	1.50	0.85	0.95
TOTAL:	252.48	127.13	128.33	115.96	104.42	59.59	68.79	57.43	48.19	44.55

* Include spending on stamps, telephones, tips and other incidental items.
Source: VQS, 1991.

TABLE 9.20: AVERAGE DAILY EXPENDITURE OF INTERNATIONAL VISITORS - STAYING WITH FRIENDS AND RELATIVES AND DAY TRIPPERS

SPENDING CATEGORY	STAYING WITH FRIENDS & RELATIVES (M$)	%	DAY TRIPPERS (M$)	%
ACCOMMODATION	-		-	-
FOOD AND DRINKS IN HOTELS	0.68	8.7	2.90	8.3
FOOD AND DRINKS ELSWHERE	1.45	18.5	11.82	33.6*
SIGHTSEEING/ TOURS	-	-	-	-
OTHER RECREATION & ENTERTAINMENT	2.36	30.2	-	-
LOCAL AIR TRANSPORT	1.01	12.9	-	-
LOCAL LAND TRANSPORT	0.15	1.9	10.25	29.1*
RETAIL PURCHASE	1.78	22.8	3.30	9.4
GIFTS/ SOUIRVENIRS	0.16	2.1	3.70	10.5
OTHERS	0.23	2.9	3.20	9.1
TOTAL:	7.82	100.0	35.17	100.0

* Day trippers are usually businessmen or people on official duties hence spend more on food and local transport. Visitors staying friends and relatives spend less because most of these items are provided by their hosts.

Source: VQS, 1991.

TABLE 9.21 : ESTIMATED TOTAL RECEIPTS FROM INTERNATIONAL VISITORS*

VISITOR CATEGORY / SPENDING CATEGORY	STAYING AT COMMERCIAL ACCOMMODATION				HOMES OF FRIENDS & RELATIVES	NOT STAYING OVERNIGHT (EXCURSIONISTS)	TOTAL
	LUXURY HOTELS	MEDIAN BUDGET HOTELS	ECONOMY HOTELS	CHALETS/ HOSTELS			
ACCOMMODATION	33 848 000	3 796 000	561 000	14 000	–	–	38 219 000
FOOD & DRINKS IN HOTELS	9 093 000	815 000	–	–	68 000	10 000	9 986 000
FOOD & DRINKS ELSEWHERE	2 772 000	358 000	152 000	9 000	146 000	41 000	3 478 000
SIGHTSEEING/ TOURS	3 636 000	751 000	–	–	–	–	4 387 000
OTHER RECREATION & ENTERTAINMENT	1 939 000	404 000	24 000	–	237 000	–	2 604 000
LOCAL AIR TRANSPORT	677 000	68 000	–	–	25 000	–	770 000
LOCAL LAND TRANSPORT	399 000	102 000	40 000	12 000	15 000	36 000	604 000
RETAIL PURCHASE	2 525 000	207 000	40 000	4 000	179 000	12 000	2 967 000
GIFTS/ SOUVENIRS	617 000	71 000	21 000	1 000	16 000	6 000	732 000
OTHERS	708 000	79 000	18 000	1 000	23 000	8 000	837 000
TOTAL:	56 214 000	6 651 000	856 000	41 000	709 000	113 000	64 584 000

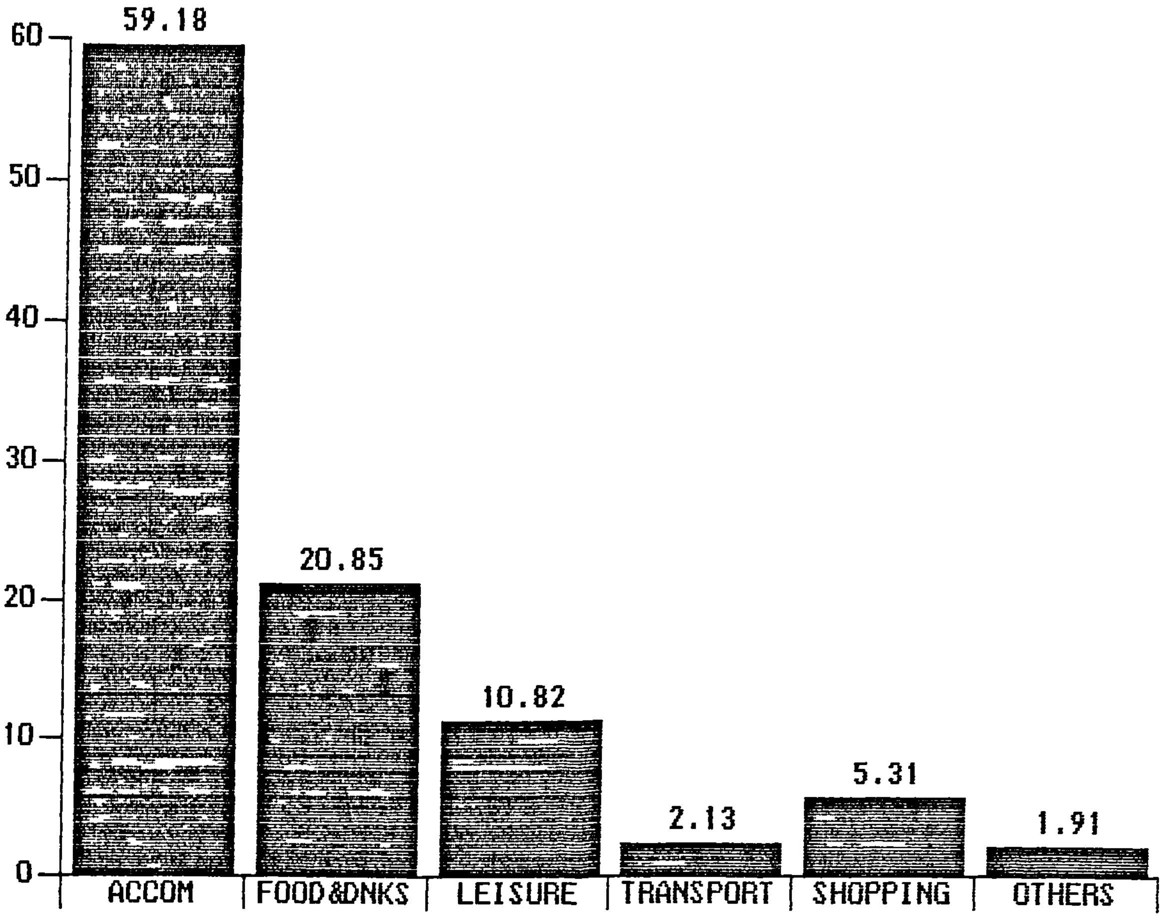
* Total annual visitor nights stayed (per visitor category) x average spending (per item).
** Receipts from visitor spending on stamps, telephone, tips and other incidental items.
Source: VOS, 1991. Note: Figures are rounded to the nearest thousandths.

The distribution in figure 9.19 reveals that most of the spending by international visitors were on accommodation. The second largest receipt item was food and beverages. Leisure came third: two-thirds on sightseeing/tours and the rest on entertainments. Spending on shopping, transport and the other items were relatively lesser dominant. As shown in figure 9.20 receipts were earned predominantly from the clients of luxury hotels. The other category of visitors contributed less to the total international receipts.

Regional distribution shown in figure 9.21 shows that Kota Kinabalu received most of the total receipts from international visitors. Less than a percent flowed to the other areas of Sabah. Similarly the main destination of receipts obtained from the spending of international visitors on the other items was Kota Kinabalu. It is clear that the other areas of Sabah shared little of the total international receipts.

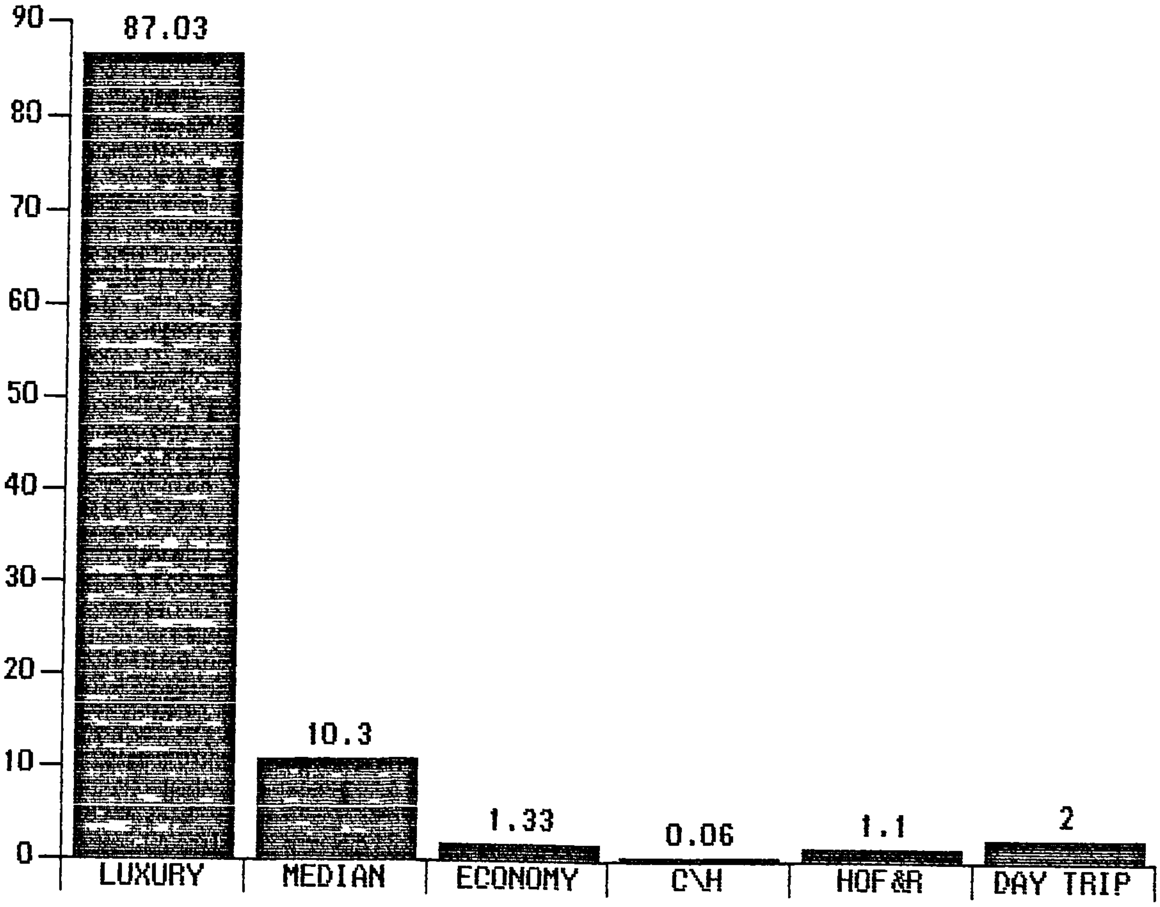
Figure 9.22 redistributed the receipts from the international visitors by country of origin and category of accommodation. Most of it were contributed by nearer tourist generating countries, foremost East Asia (mainly Japan) and South East Asia (particularly Brunei and Singapore). Of the more distant countries, spending from the UK was the most sizeable. The rest have smaller magnitudes. Most of the international receipts (88.3%) were made by visitors staying at the luxury hotels.

FIGURE 9.19: PERCENTAGE DISTRIBUTION OF ESTIMATED RECEIPTS FROM INTERNATIONAL VISITOR BY SPENDING CATEGORY, 1990.



ACCOM - Accommodation

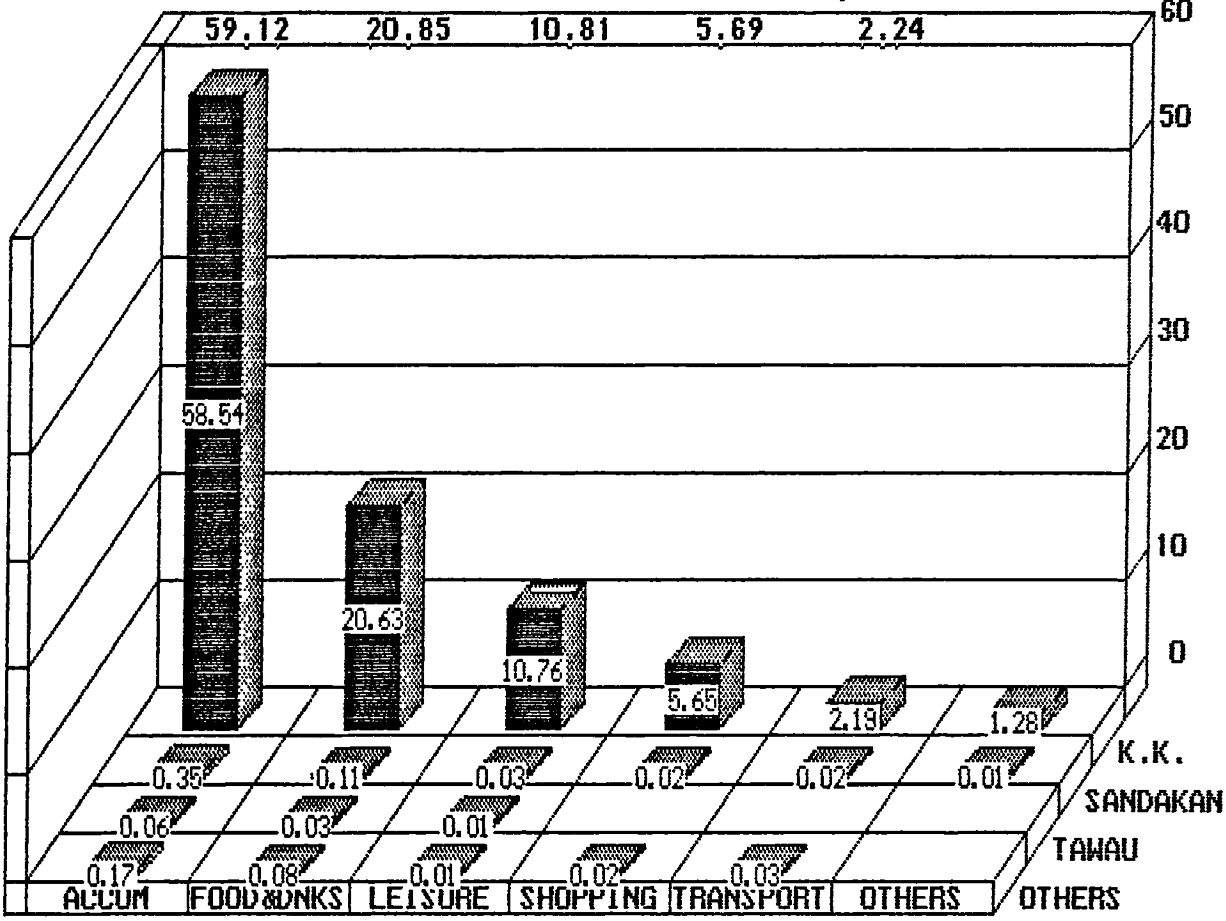
FIGURE 9.20: PERCENTAGE DISTRIBUTION OF ESTIMATED RECEIPTS FROM INTERNATIONAL VISITORS BY ACCOMMODATION CATEGORY, 1990



Source: Ibid.

C\H - Chalets\hostels
HOF&R - Homes of friends & relatives

FIGURE 9.21: PERCENTAGE DISTRIBUTION OF ESTIMATED TOTAL INTERNATIONAL RECEIPTS BY SPENDING CATEGORY & DESTINATION, 1990

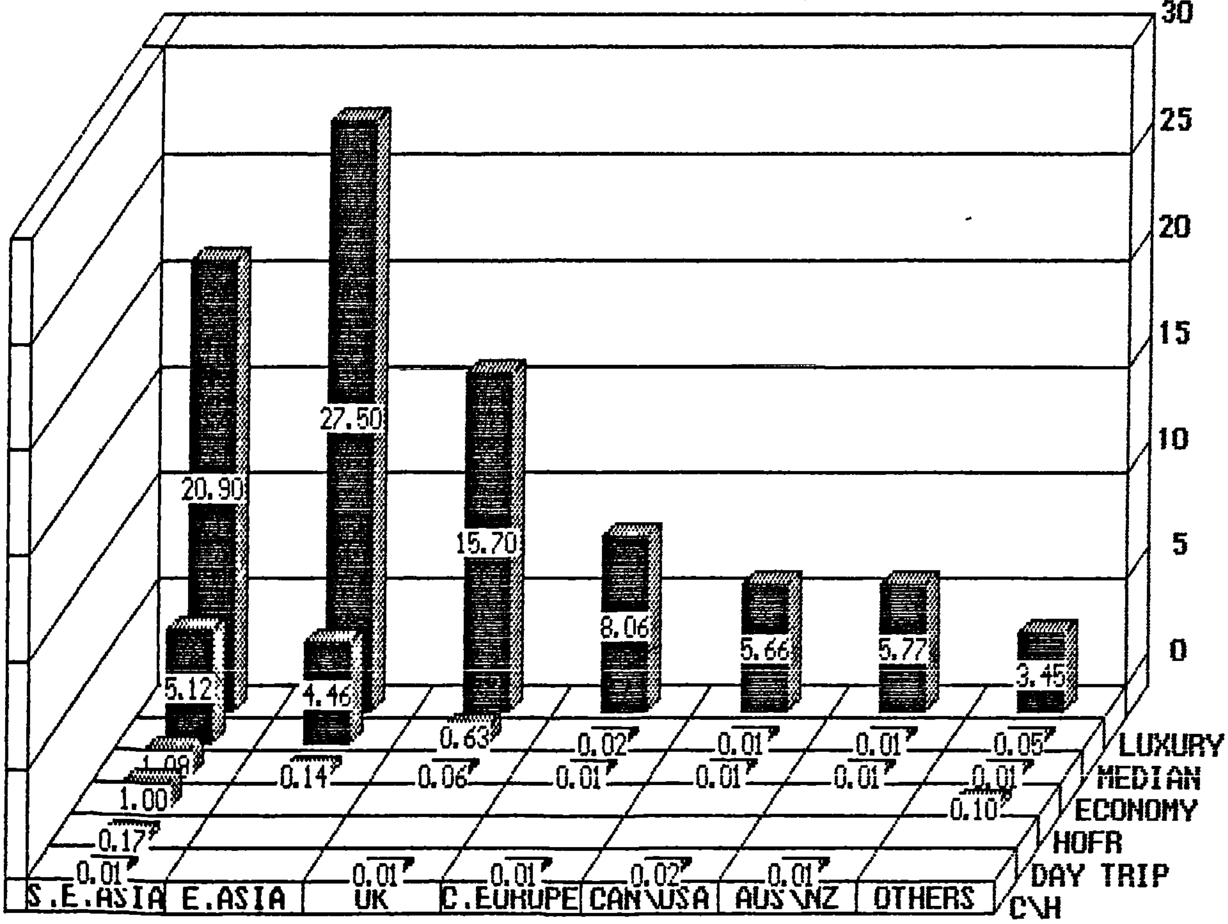


ACCOM - Accommodation

K.K. - Kota Kinabalu

Source: VQS (1991)

FIGURE 9.22: PERCENTAGE DISTRIBUTION OF RECEIPTS FROM INTERNATIONAL VISITORS BY COUNTRY OF ORIGIN (1990)



LEGEND

S.E.ASIA - South East Asia
E.ASIA - East Asia
UK - United Kingdom
C.EUROPE - Continental Europe
CAN\USA - Canada\United States
AUS\NZ - Australia\New Zealand
OTHERS - Other countries

LUXURY - Luxury hotels
MEDIAN - Median budget hotels
ECONOMY - Economy hotels
C\H - Chalets \ hostels
HFR - Homes of friends and relatives
DAY TRIP - Day trippers

Source: VQS (1991), Department of Statistics.

Visitors from Japan, the UK, Germany, USA and Australia were important clients of the luxury hotels. The next sizeable recipients were the median budget hotels (10.3%); derived mainly from South East Asia (5.1%) and East Asia (4.5%). The other sources were small.

9.5.3. MAGNITUDE AND DISTRIBUTION OF RECEIPTS FROM DOMESTIC VISITORS

Table 9.22 and 9.23 expose the different patterns of average daily spending by the domestic visitors. Similarly multiplying the average daily spending for the various items and the respective total duration of stay, the total estimated receipts from the domestic visitors is obtained in table 9.24.

Figure 9.23 reveals that accommodation constituted the largest proportion of the total receipts received from the domestic visitors. Food and drinks ranked second, a third were earned from visitors' consumption in hotels and the rest in other restaurants and eating places. In order of magnitudes: shopping, leisure, others and local transport accounted for much lesser proportions.

Unlike the international receipts which were mainly obtained from the spendings of clients staying in luxury hotels; figure 9.24 shows that the distribution is more equally spread among the hotels and not highly skewed as in the case of the former. Median budget hotels were the

TABLE 9.22 : AVERAGE DAILY EXPENDITURE OF DOMESTIC VISITORS STAYING AT COMMERCIAL ACCOMMODATION

SPENDING CATEGORY / ACCOMMODATION	LUXURY HOTELS #	MEDIAN BUDGET HOTELS #				ECONOMY HOTELS #				CHALETS/ HOSTELS
		KOTA KINABALU	SANDAKAN	TAWAU	OTHER AREAS	KOTA KINABALU	SANDAKAN	TAWAU	OTHER AREAS	
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
ACCOMMODATION	177.74	77.33	83.33	80.00	66.67	39.29	41.43	32.93	28.57	27.09
FOOD & DRINKS IN HOTELS	17.35	9.80	4.99	10.78	18.15	-	-	-	-	1.55
FOOD & DRINKS ELSEWHERE	19.50	12.00	12.60	2.56	3.50	10.55	10.52	10.95	10.85	7.95
SIGHTSEEING/ TOURS	-	-	-	-	4.25	-	-	-	-	-
OTHER RECREATION & ENTERTAINMENT	15.76	9.85	7.05	7.35	2.41	7.25	8.70	7.55	-	-
LOCAL AIR TRANSPORT	-	-	-	-	-	-	-	-	-	-
LOCAL LAND TRANSPORT	6.50	4.79	3.95	2.60	3.90	5.00	7.25	5.00	2.30	2.10
RETAIL PURCHASE	5.80	3.80	1.90	1.15	1.24	3.80	2.30	2.10	2.45	2.15
GIFTS/ SOUVENIRS	2.63	2.50	1.33	1.30	1.85	1.50	1.85	1.25	0.85	0.85
OTHERS *	2.50	2.00	1.20	1.20	1.10	1.25	1.20	1.50	1.30	0.50
TOTAL:	247.78	122.07	116.35	106.94	103.07	68.64	73.25	61.28	46.32	42.19

Average spending for domestic and international visitors are similar in median and economy hotels because the price range is narrow and similar visitors' characteristics. Spending in luxury hotels are different because of discounts given to international bookings. Domestic visitors are mostly walk-in customers. Visitors characteristics are also different.

* Includes spending on stamps, telephone, tips and other incidental items.

Source: VOS, 1991.

TABLE 9.23: AVERAGE DAILY EXPENDITURE OF DOMESTIC VISITORS - STAYING WITH FRIENDS AND RELATIVES AND DAY TRIPPERS.

SPENDING CATEGORY	STAYING WITH FRIENDS & RELATIVES (M$)	%	EXCURSIONISTS (M$)	%
ACCOMMODATION	-		-	-
FOOD AND DRINKS IN HOTELS	0.26	2.5	1.20	4.3
FOOD AND DRINKS ELSWHERE	0.85	8.3	13.80	49.5 *
SIGHTSEEING/ TOURS	-	-	-	-
OTHER RECREATION & ENTERTAINMENT	1.36	13.1	-	-
LOCAL AIR TRANSPORT	4.20	40.5	-	-
LOCAL LAND TRANSPORT	0.20	1.9	6.25	22.4 *
RETAIL PURCHASE	2.95	28.5	3.50	12.6
GIFTS/ SOUIRVENIRS	0.30	2.9	1.35	4.8
OTHERS	0.25	2.3	1.78	6.4
TOTAL:	10.37	100.0	27.88	100.0

* Day trippers are usually businessmen or people on official duties hence spend more on food and local transport. Visitors staying friends and relatives spend less because most of these items are provided by their hosts.

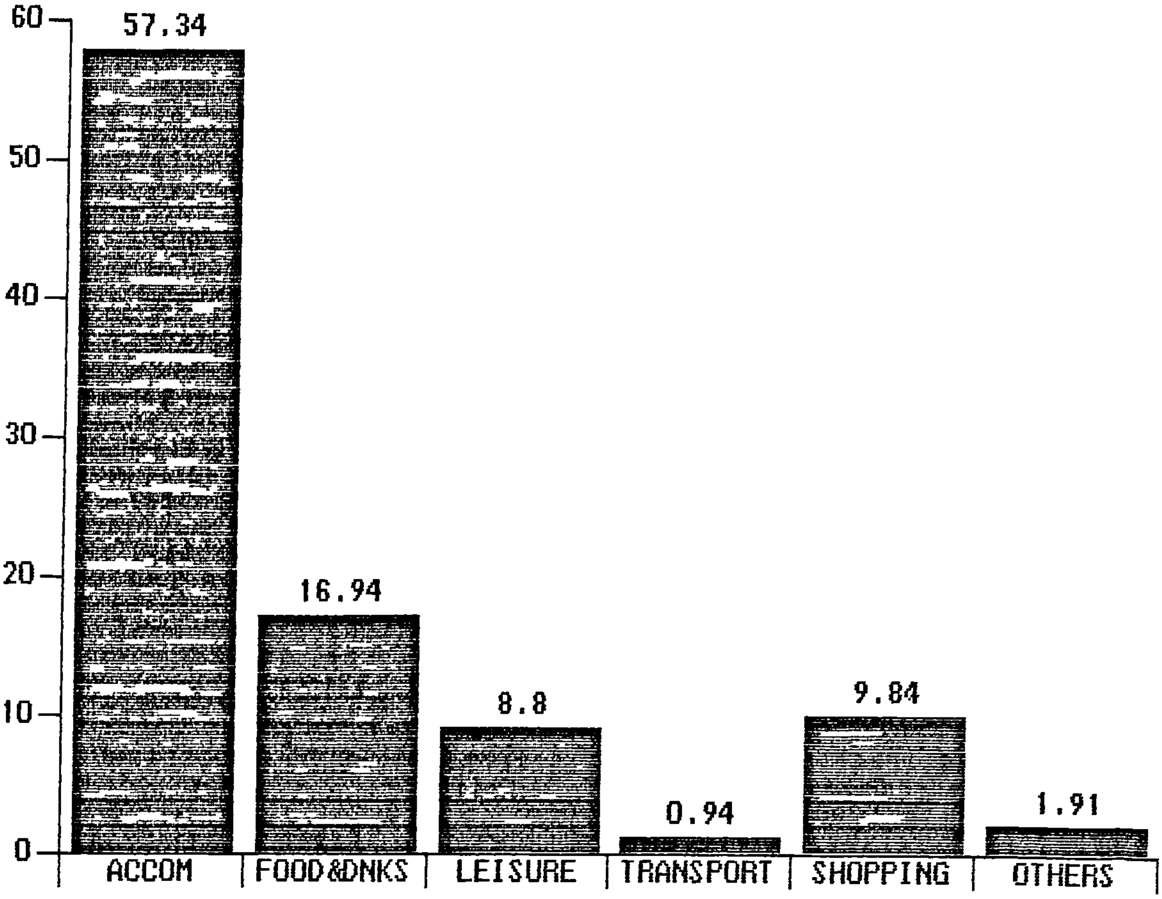
Source: VQS, 1991.

TABLE 9.24: ESTIMATED RECEIPTS FROM DOMESTIC VISITORS *

VISITOR CATEGORY / SPENDING CATEGORY	STAYING AT COMMERCIAL ACCOMMODATION				HOMES OF FRIENDS & RELATIVES	NOT STAYING OVERNIGHT (EXCURSIONISTS)	TOTAL
	LUXURY HOTELS	MEDIAN BUDGET HOTELS	ECONOMY HOTELS	CHALETS/ HOSTELS			
ACCOMMODATION	2 449 000	2 696 000	1 331 000	132 000	–	–	6 608 000
FOOD & DRINKS IN HOTELS	239 000	353 000	–	–	41 000	10 000	643 000
FOOD & DRINKS ELSEWHERE	287 000	408 000	360 000	8 000	135 000	114 000	1 312 000
SIGHTSEEING/ TOURS	–	8 000	–	–	–	–	8 000
OTHER RECREATION & ENTERTAINMENT	217 000	326 000	245 000	–	216 000	–	1 004 000
LOCAL AIR TRANSPORT	–	–	–	–	67 000	–	67 000
LOCAL LAND TRANSPORT	90 000	218 000	170 000	10 000	32 000	52 000	572 000
RETAIL PURCHASE	80 000	179 000	127 000	10 000	467 000	29 000	892 000
GIFTS/ SOUVENIRS	36 000	91 000	51 000	4 000	48 000	11 000	241 000
OTHERS**	34 000	81 000	43 000	7 000	40 000	15 000	220 000
TOTAL:	3 432 000	4 360 000	2 327 000	171 000	1 046 000	231 000	11 567 000

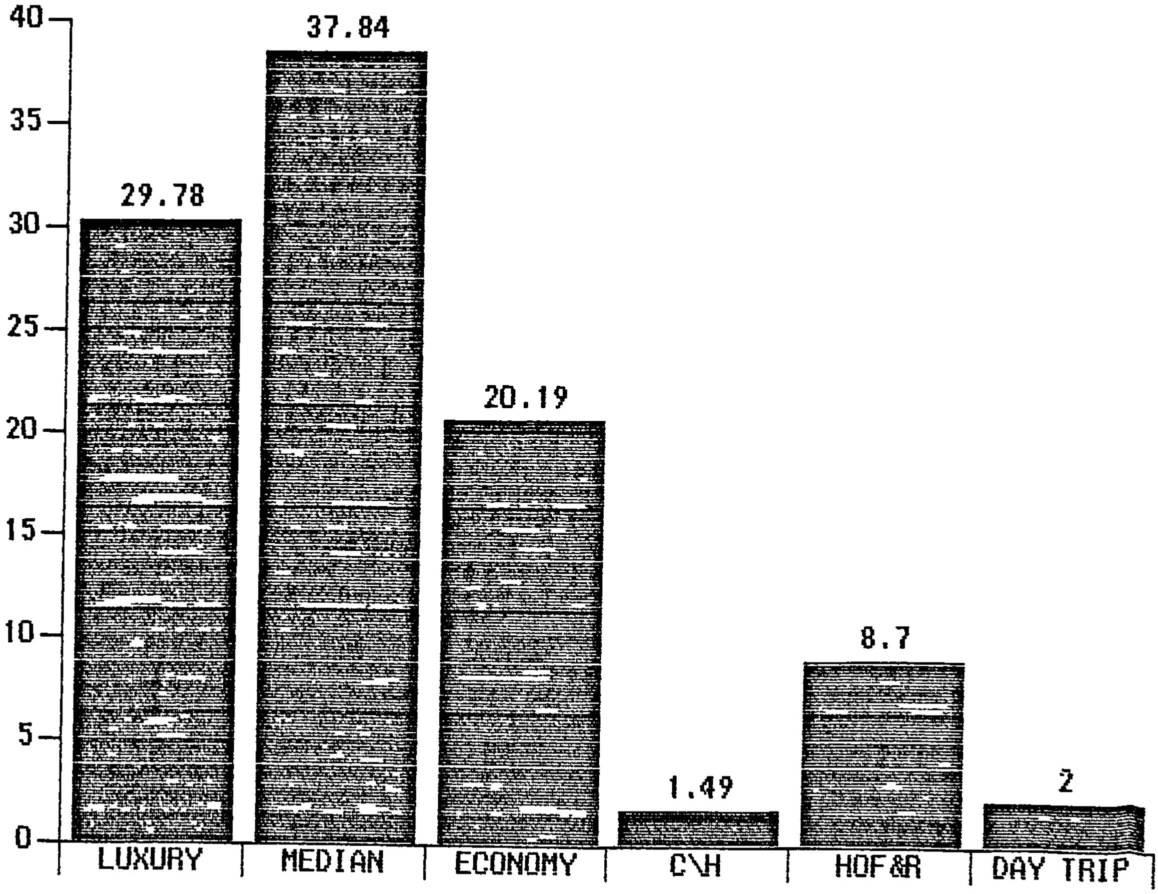
* Total annual visitor nights stayed (per visitor category) x average spending (per item).
** Receipts from visitor spending on stamps, telephone, tips and other incidental items.
Source: UQS, 1991. Note: Figures are rounded to the nearest thousandths.

FIGURE 9.23 PERCENTAGE DISTRIBUTION OF ESTIMATED RECEIPTS FROM DOMESTIC VISITORS BY SPENDING CATEGORY, 1990.



ACCOM - Accommodation

FIGURE 9.24: PERCENTAGE DISTRIBUTION OF ESTIMATED RECEIPTS FROM DOMESTIC VISITORS BY ACCOMMODATION CATEGORY, 1990



C\H - Chalets\hostels

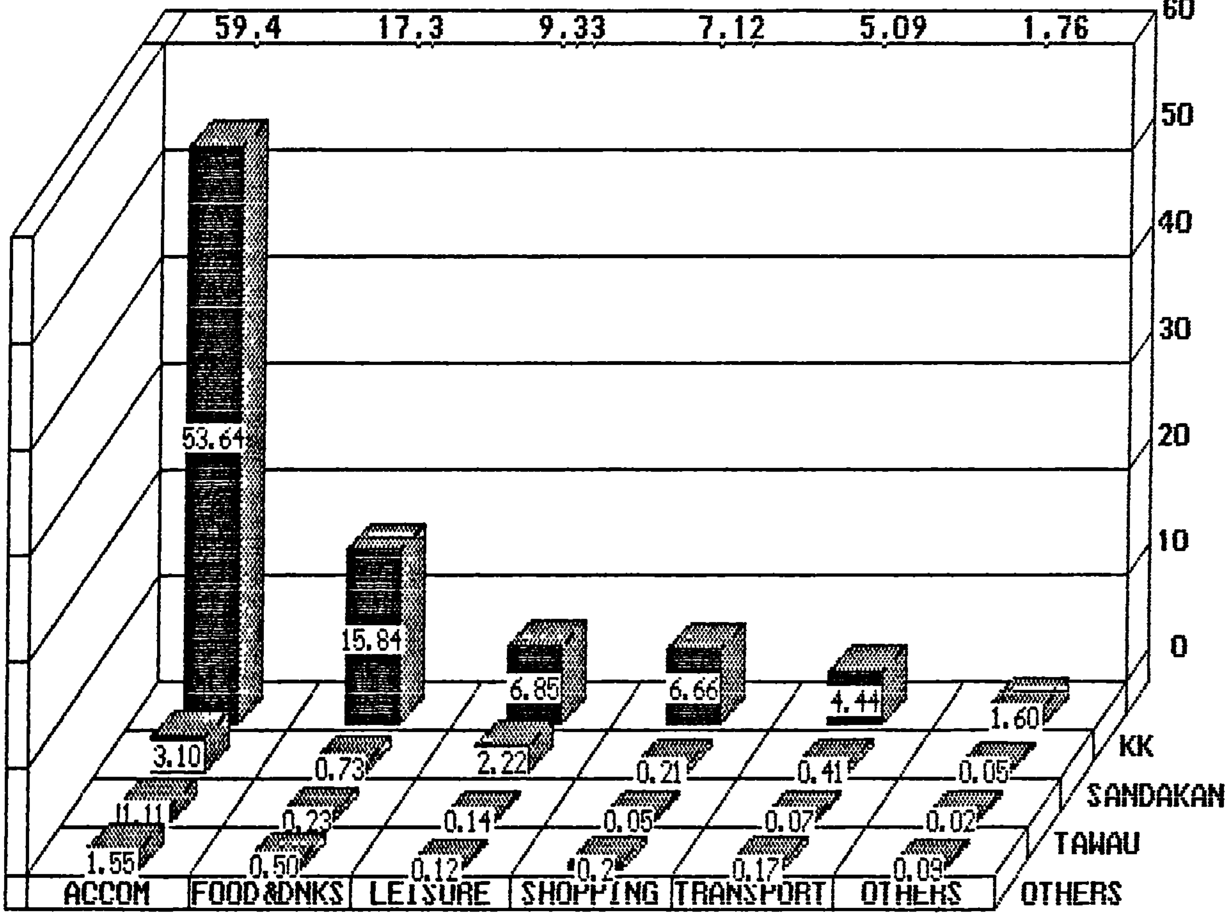
HOF&R - Homes of friends & relatives

Source: Ibid.

top earners. Earnings of the luxury and economy hotels were also prominent. Less receipts came from visitors of friends and relatives, chalets/hostels and day trippers.

The regional distribution of receipts for the domestic case is similar to the international pattern. Figure 9.25 illustrates clearly that the main destination of the domestic receipts in 1990 was Kota Kinabalu (89%). Like the international pattern, most of these were earned by the commercial accommodation (nearly two thirds), of which 90% went to Kota Kinabalu. Unlike the international receipts which were mainly drawn from visitors staying in the luxury hotels, here the spread were relatively even (median budget hotels - 37.8%; luxury hotels - 29.8% and economy hotels: 20.2%). Similar to the international case the clientele of chalets/hostels only contributed a small proportion to the overall receipts (1.5%). Similary most of the earnings from food and drinks (91.6%), leisure (73.4%), shopping (93.5%), transport (87.2%) and other items (90.9%) were absorbed by Kota Kinabalu. Only 10.7% of the total domestic receipts went to other areas, spread thinly between them (figure 9.25). As in the international case the contribution of the other category of visitors were small. All of the 2% originating from day trippers ended up in Kota Kinabalu. Of the 8.7% coming from visitors of friends and relatives, 98% were received by Kota Kinabalu. Although the volume of day trippers and visitors staying with friends and relatives outnumbered those staying in hotels by five-folds, the

FIGURE 9.25: PERCENTAGE DISTRIBUTION OF ESTIMATED TOTAL DOMESTIC RECEIPTS BY SPENDING CATEGORY AND DESTINATION (1990)



ACCOM - Accommodation KK - Kota Kinabalu

Source: Ibid.

latter contributed 77 times more to receipts.

9.5.4. MAGNITUDE AND DISTRIBUTION OF RECEIPTS FROM LOCAL VISITORS

Likewise the various categories of local visitors have different spending patterns, shown in tables 9.25 and 9.26. Similarly from the average daily spending for the various items shown in the respective tables and the annual duration of stay, receipts from the local visitors has been estimated in table 9.27.

Figure 9.26 discloses that like the cases for the other visitors, accommodation was the largest source. However unlike the others, transport came second. This is because the international and domestic visitors usually pay most of their travel costs outside Sabah. Food and drinks which came second in importance in the international and domestic cases, appeared third in the local source of receipts. Dissimilar too to the other cases, little were received from food and drinks consumed in hotels. Only 13% came from that source and the rest were received from other restaurants and dining places. Relative to the others a higher volume was drived from shopping but much lesser on leisure. As in the other cases, receipts from the other items were low.

As indicated in figure 9.27 most of the receipts were taken by the median budget and economy hotels. Luxury

TABLE 9.25 : AVERAGE DAILY EXPENDITURE OF LOCAL VISITORS STAYING AT COMMERCIAL ACCOMMODATION #

ACCOMMODATION / SPENDING CATEGORY	LUXURY HOTELS	MEDIAN BUDGET HOTELS				ECONOMY HOTELS				CHALETS/ HOSTELS
		KOTA KINABALU	SANDAKAN	TAWAU	OTHER AREAS	KOTA KINABALU	SANDAKAN	TAWAU	OTHER AREAS	
	M$	M$	M$	M$	M$	M$	M$	M$	M$	M$
ACCOMMODATION	177.74	77.33	83.33	80.00	66.67	39.29	41.43	32.93	28.57	15.00
FOOD & DRINKS IN HOTELS	15.30	8.46	4.95	5.80	5.25	–	–	–	–	2.60
FOOD & DRINKS ELSEWHERE	9.50	8.27	10.60	10.56	4.20	13.30	13.90	13.05	13.85	11.95
SIGHTSEEING/ TOURS	–	–	–	–	–	–	–	–	–	–
OTHER RECREATION & ENTERTAINMENT	5.80	4.60	2.40	2.45	2.35	3.45	3.50	3.50	–	–
LOCAL AIR TRANSPORT	177.00	114.04	60.20	110.85	–	56.43	43.94	46.38	–	–
LOCAL LAND TRANSPORT	6.50	4.88	3.95	2.60	12.90	2.00	4.25	3.00	2.30	6.10
RETAIL PURCHASE	4.50	2.99	1.90	1.90	1.90	3.80	2.75	2.75	2.70	5.70
GIFTS/ SOUVENIRS	0.90	0.70	0.60	0.60	0.55	0.55	0.50	0.50	0.55	0.50
OTHERS*	1.50	1.20	1.20	1.20	0.60	0.50	0.40	0.40	0.40	0.35
TOTAL:	398.74	187.58	188.08	184.26	104.42	119.32	110.67	102.51	48.37	41.53

Local and domestic visitors have similar spending pattern on accommodation because of similar visitors' characteristics and the narrow price range of commercial accommodation. The smaller spending on chalets/hostels is because of greater room sharing by local visitors.

* Includes spending on stamps, telephone, tips and other incidental items.

Source: VOS, 1991.

TABLE 9.26: AVERAGE DAILY EXPENDITURE OF LOCAL VISITORS - STAYING WITH FRIENDS AND RELATIVES AND DAY TRIPPERS.

SPENDING CATEGORY	STAYING WITH FRIENDS & RELATIVES (M$)	%	EXCURSIONISTS (M$)	%
ACCOMMODATION	-		-	-
FOOD AND DRINKS IN HOTELS	-		0.03	0.1
FOOD AND DRINKS ELSWHERE	1.13	5.7	8.17	29.7
SIGHTSEEING/ TOURS	-	-	-	-
OTHER RECREATION & ENTERTAINMENT	0.66	3.3	-	-
LOCAL AIR TRANSPORT	16.07	81.5	10.33	37.6
LOCAL LAND TRANSPORT	0.52	2.6	3.67	13.4
RETAIL PURCHASE	0.71	3.6	2.96	10.8
GIFTS/ SOUIRVENIRS	0.56	2.8	1.00	3.6
OTHERS	0.09	0.5	1.33	4.8
TOTAL:	19.74	100.0	27.49	100.0

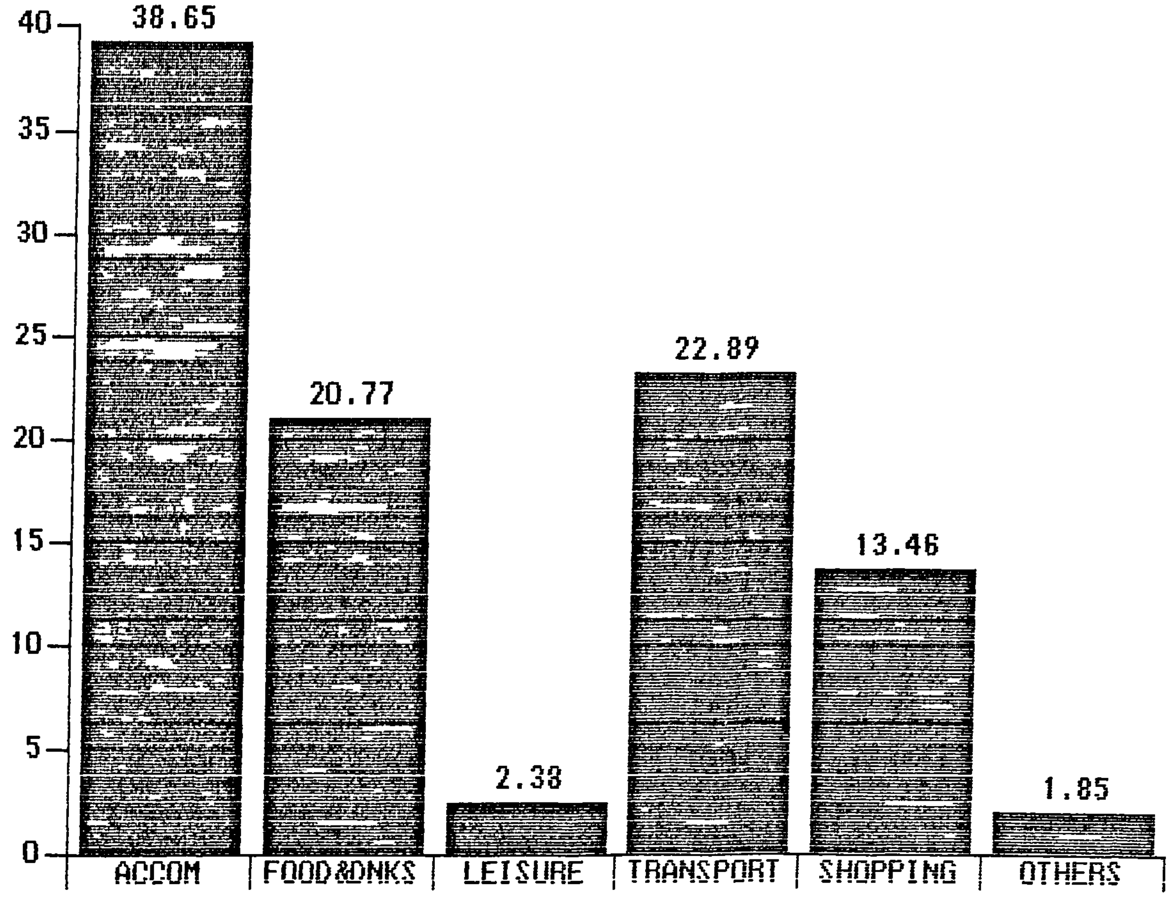
Source: VQS, 1991.

TABLE 9.27 : ESTIMATED TOTAL RECEIPTS FROM LOCAL VISITORS *

VISITOR CATEGORY / SPENDING CATEGORY	STAYING AT COMMERCIAL ACCOMMODATION				HOMES OF FRIENDS & RELATIVES	NOT STAYING OVERNIGHT (EXCURSIONISTS)	TOTAL
	LUXURY HOTELS	MEDIAN BUDGET HOTELS	ECONOMY HOTELS	CHALETS/ HOSTELS			
ACCOMMODATION	72 000	19 473 000	12 632 000	1 433 000	–	–	33 610 000
FOOD & DRINKS IN HOTELS	6 000	2 099 000	–	248 000	–	22 000	2 375 000
FOOD & DRINKS ELSEWHERE	4 000	2 182 000	4 832 000	1 141 000	636 000	6 888 000	15 683 000
SIGHTSEEING/ TOURS	–	–	–	–	–	–	–
OTHER RECREATION & ENTERTAINMENT	2 000	783 000	915 000	–	371 000	–	2 071 000
LOCAL AIR TRANSPORT	72 000	21 170 000	18 010 000	–	9 036 000	8 713 000	57 001 000
LOCAL LAND TRANSPORT	10 000	1 379 000	992 000	583 000	291 000	3 092 000	6 347 000
RETAIL PURCHASE	3 000	567 000	1 781 000	544 000	397 000	2 502 000	5 794 000
GIFTS/ SOUVENIRS	–	157 000	4 552 000	48 000	313 000	843 000	5 913 000
OTHERS **	1 000	231 000	161 000	33 000	53 000	1 124 000	1 603 000
TOTAL:	170 000	48 041 000	43 875 000	4 030 000	11 097 000	23 184 000	130 397 000

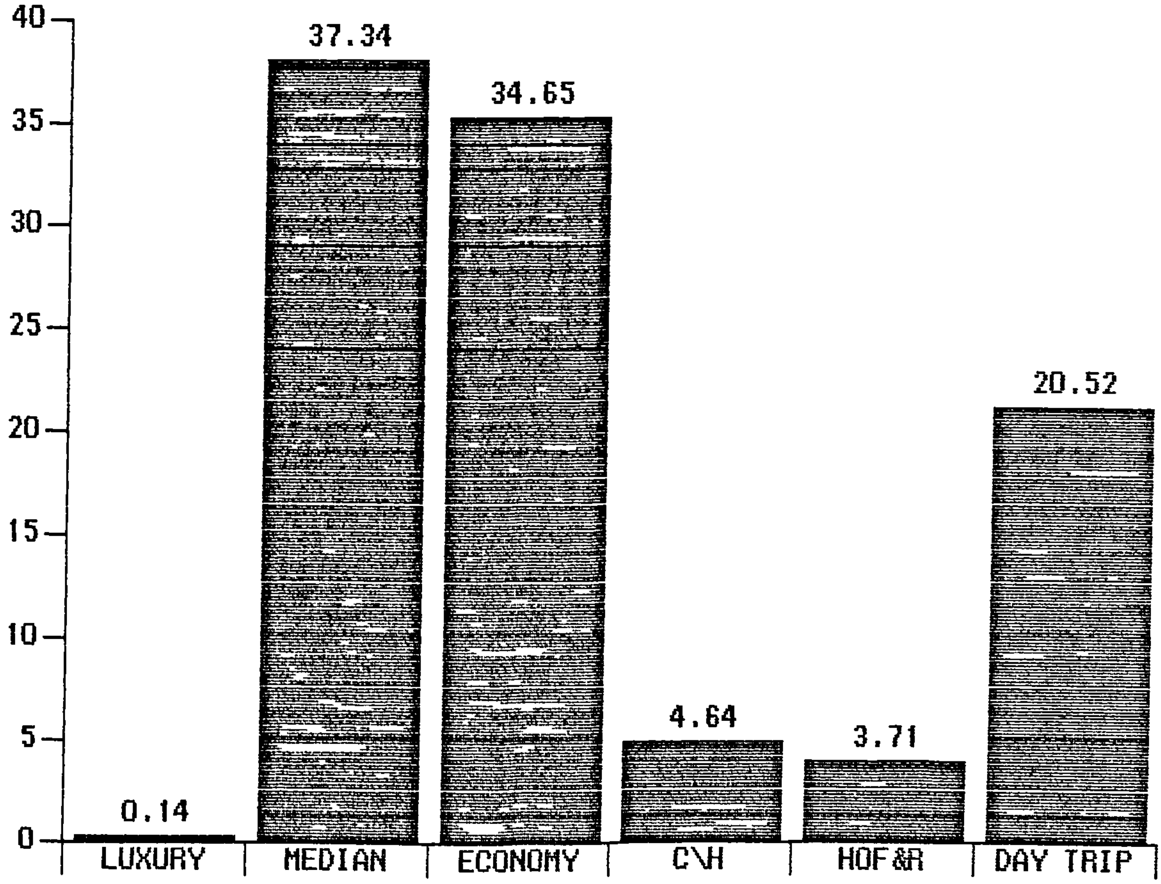
* Total annual visitor nights stayed (per visitor category) x average spending (per item).
* * Receipts from visitor spending on stamps, telephone, tips and other incidental items.
Source: VQS, 1991.
Note: Figures are rounded to the nearest thousandths.

FIGURE 9.26: PERCENTAGE DISTRIBUTION OF ESTIMATED RECEIPTS FROM LOCAL VISITORS BY SPENDING CATEGORY, 1990.



ACCOM - Accommodation

FIGURE 9.27: PERCENTAGE DISTRIBUTION OF ESTIMATED RECEIPTS FROM LOCAL VISITORS BY ACCOMMODATION CATEGORY, 1990.



C\H - Chalets\hostels

Source: Ibid.

HOF&R - Homes of friends & relatives

hotels received little from the local visitors. Day trippers contributed 20.5% to the total local receipts. Like the other cases, clients of chalets/hostels and visitors of friends and relatives were smaller sources but relatively higher in volumes.

9.5.5. GROSS TOURISM RECEIPT - SUMMARY AND SYNTHESIS

Adding the receipts received from the international, domestic and local visitors yielded the total estimated receipt shown in table 9.28. Figure 9.28 shows the distribution of receipts by spending category. Accommodation (nearly half) recorded the largest proportion of the overall receipts. Most of these came from the international (23.4%) and local (20.6%) visitors, only 4.1% originated from the domestic visitors. Receipts from the various category of visitors flowed in different directions; the international sources were predominantly received by the luxury hotels (20.8%), while most of the local (19.7%) and domestic (2.5%) sources flowed to the median budget (13.6%) and economy hotels (8.5%). It is clear that the international clients are important sources of income for the luxury hotels. The other visitors, especially the local clientele are important sources of income for the median budget and economy hotels. Receipts from the domestic visitors are not imposing because a large proportion of them (63%) were either staying with friends and relatives (57%) or were day trippers (6%). Those accommodated in hotels usually stay only overnight.

TABLE 9.28 : TOTAL ESTIMATED RECEIPTS FROM ALL VISITORS *

VISITOR CATEGORY / SPENDING CATEGORY	STAYING AT COMMERCIAL ACCOMMODATION				HOMES OF FRIENDS & RELATIVES	NOT STAYING OVERNIGHT (EXCURSIONISTS)	TOTAL
	LUXURY HOTELS	MEDIAN BUDGET HOTELS	ECONOMY HOTELS	CHALETS/ HOSTELS			
ACCOMMODATION	36 369 000	25 966 000	14 523 000	1 578 000	–	–	78 436 000
FOOD & DRINKS IN HOTELS	9 338 000	3 267 000	–	248 000	110 000	42 000	13 005 000
FOOD & DRINKS ELSEWHERE	3 062 000	2 948 000	5 344 000	1 158 000	916 000	7 044 000	20 472 000
SIGHTSEEING/ TOURS	3 636 000	759 000	–	–	–	–	4 395 000
OTHER RECREATION & ENTERTAINMENT	2 159 000	1 513 000	1 184 000	–	824 000	–	5 680 000
LOCAL AIR TRANSPORT	847 000	21 238 000	18 010 000	–	9 128 000	7 713 000	57 936 000
LOCAL LAND TRANSPORT	498 000	1 699 000	1 202 000	604 000	338 000	3 180 000	7 521 000
RETAIL PURCHASE	2 607 000	952 000	1 948 000	559 000	1 044 000	2 542 000	9 652 000
GIFTS/ SOUVENIRS	653 000	320 000	4 624 000	53 000	376 000	860 000	6 886 000
OTHERS **	743 000	391 000	222 000	42 000	116 000	1 147 000	2 661 000
TOTAL:	59 912 000	59 053 000	47 257 000	4 242 000	12 852 000	23 528 000	206 644 000

* Total annual visitor nights stayed (per visitor category) x average spending (per item).
* * Receipts from visitor spending on stamps, telephone, tips and other incidental items.

Source: VOS, 1991.

Note: Figures are rounded to the nearest thousandth.

Also common for all category of visitors, food and drinks occupy second position (20.5%). Of these 8% came from visitors' consumption in hotels' restaurants and 12.6% in other dining places. Out of those earned by hotels' restaurants - 6.1% came from the international visitors, 1.5% from local sources and 0.4% from domestic sources. Receipts received by other caterers were mostly obtained from local consumption 9.6%, 2.1% and 0.8% each from the international and domestic visitors. It is clear that hotels' restaurants received much of their income from the international visitors; while the patronage from the local visitors is important for other caterers.

Transport (13.4%) ranked third but this is dominated by the contribution of the local visitors (12.2). Receipts on transport from the international and domestic visitors made up 1.2%; in their individual ranking the category occupy last and second last positions. 8.8% of the transport receipts were earned by air transport and 4.6% by land transport. Most of these were provided by local visitors (air: 8.3%, land: 3.9%). Little orginated from the other visitors since most of their air fares were prepaid outside Sabah. Land transport is not important for the international visitors because their land travel cost are packaged with sightseeing and tours. Hence the local visitors were the main contributor to transport receipts.

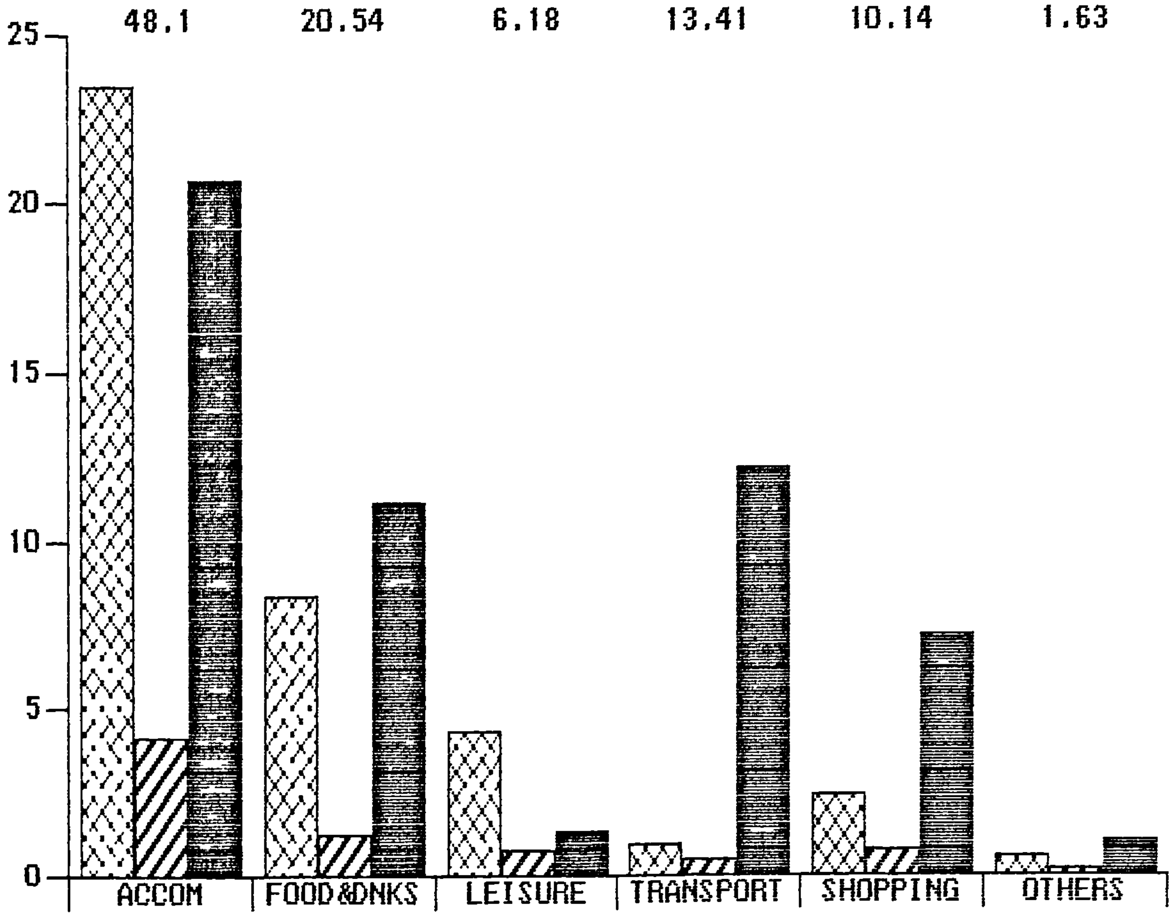
Shopping comes fourth and supplied 10.1% of the receipts.

5.9% of these were received by retailers and 4.2% by gift/sourvenir shops. Because of their weight in numbers most of the receipts came from local visitors (7.2% - retail purchase: 3.6%, gifts/sourvenirs: 3.6%). The international source was 2.3% (retail items: 1.8%, gifts/sourvenirs: 0.5%). 0.7% came from domestic sources (retail items: 0.6%, gifts/sourvenirs: 0.2%). Local visitors again emerged as the main contributor.

Leisure ranked fifth with 6.2%, of which 2.7% came from sighseeing/tours and 3.5% from other entertainment and recreation. The bulk originated from the international source (4.3% - sight seeing/tours: 2.7%, entertainment/recreation: 1.6%). The local (1.3%) and domestic (0.6%) contributed lesser. Receipts from the other spending items were small for all category of visitor and is not important.

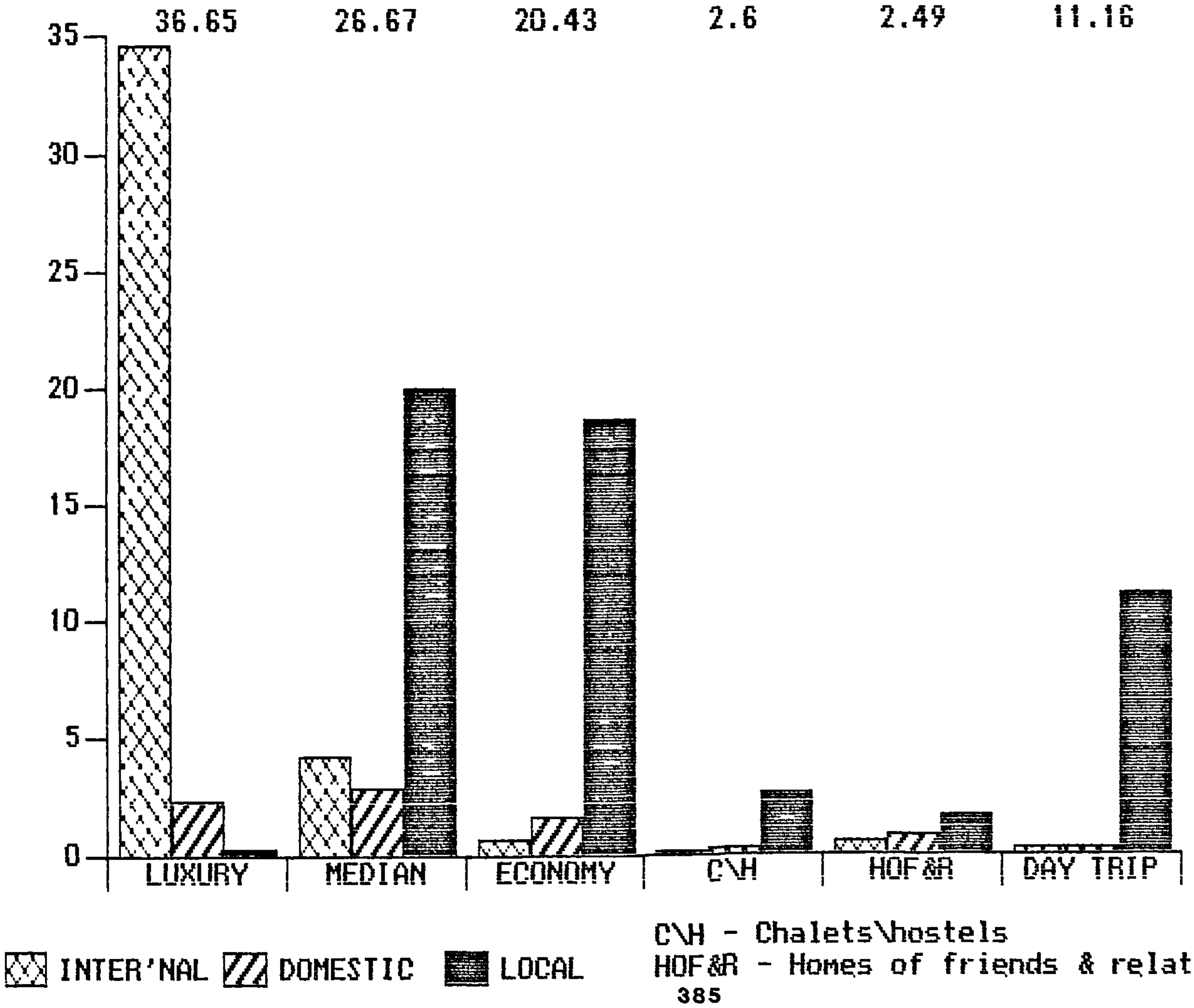
The overall receipts from all spending categories by types of accommodation is depicted in figure 9.29. The major proportion of the receipts went to luxury hotels (36.7%); mostly contributed by the international visitors (34.5%) and little from the domestic (2.1%) and local 0.1%) sources. The median budget (26.7%) and economy (20.4%) hotels together received 47.1%, surpassing that of the luxury hotels. Most of these (38.4%) originated from the local visitors, shared almost equally by the median budget (19.9%) and economy (18.5%) hotels. Smaller proportions stemmed from the international visitors (4.6% - median

FIGURE 9.28: TOTAL ESTIMATED RECEIPTS FROM ALL VISITORS BY SPENDING CATEGORY (1990)



ACCOM - Accommodation

FIGURE 9.29: TOTAL ESTIMATED RECEIPTS FROM ALL VISITORS BY ACCOMMODATION CATEGORY (1990)



C\H - Chalets\hostels

HOF&R - Homes of friends & relatives

budget: 4.1%, economy hotels: 0.5%) and domestic visitors (4.1% - median budget: 2.7%, economy hotels: 1.4%). The contribution of visitors staying in chalets/hostels (2.6%) and homes of friends and relatives (2.5%) were small, mostly from the local visitors (chalets/hostels: 2.5%, friends and relatives: 1.5%). Receipts from day trippers constituted 11.2%, mostly from the local sources (11%); contributing mainly to the incomes of caterers outside the hotels (4.2%) and local transport (4%).

The following salient features emerged: (1) international visitors are crutial source of receipts to the luxury hotels (accommodation and restaurants) and tour operators; (2) local visitors are important source to the median budget and economy hotels, local transport and shopping outlets; (3) receipts from those staying in chalets/hostels and homes of friends and relatives are relatively small and unimportant and (4) receipts from day trippers sprung mostly from the local visitors and flowed mainly to catering services and local transport; (5) the main destination of receipts from the international and domestic visitors was Kota Kinabalu; and (6) the local visitors balanced the regional skewness and are important sources for hotels in other regions.

9.6. TOURIST TRADES - BUSINESS TRANSACTIONS

9.6.1. ESTIMATION OF DIRECT INCOMES RECEIVED BY THE TOURIST TRADES

Receipts from tourism (estimated in the previous section) are monies spent on goods and services by tourists in Sabah and so become the income of local proprietors servicing them. Grouping the receipt items as shown in figure 9.30, the corresponding income of the tourist industry has been reapportioned in table 9.29. The distribution indicates the domination of the accommodation and transport industries relative to the other industries.

Of the total tourism receipts 36.9% (M$76 152 000) flowed in from external sources, 31.3% and 5.6% respectively from international and domestic tourism. This represent about 1% of gross exports value in 1990. Hence relative to the primary sector, tourism contributed less to foreign exchange earnings. Overall the tourism business represents about 2% of the gross domestic product in 1990 (VQS, TTS, 1991; Department of Statistics, Sabah).

9.6.2. MAGNITUDE AND DESTINATIONS OF EXPENDITURE BY THE TOURIST TRADES

From the TTS (see section 9.2) data on expenditure and income of the various tourist sector were obtained and their proportions ascertained. Reapportioning the

FIGURE 9.30: BASIS FOR REGROUPING THE SPENDING ITEMS

SPENDING ITEMS *	becomes	INDUSTRY **
ACCOMMODATION	→	ACCOMMODATION
FOOD AND DRINKS IN HOTELS FOOD AND DRINKS ELSEWHERE	→	CATERING
SIGHSEEING/TOURS OTHER RECREATION AND ENTERTAINMENT	→	LEISURE
RETAIL PURCHASE GIFTS/SOURVENIRS	→	RETAILING
LOCAL AIR TRANSPORT LOCAL LAND TRANSPORT	→	TRANSPORT
OTHERS SPENDING	→	OTHER INDUSTRY

* See table 9.28

** See table 9.29

TABLE 9.29: ESTIMATED RECEIPTS FROM TOURISM BY INDUSTRY (1990)

INDUSTRY	RECEIPTS (M$,000)	PER CENT
ACCOMMODATION INDUSTRY	91 441	44.2
CATERING INDUSTRY	20 473	9.9
LEISURE INDUSTRY	10 075	4.9
RETAILING INDUSTRY	16 539	8.0
TRANSPORT INDUSTRY	65 456	31.7
OTHER INDUSTRIES	2 660	1.3
TOTAL:	206 644	100.0

Source: TTS, VQS (1991)

receipts received by each industry (table 9.29) from these proportions, the expenditure and income for the various tourist industry have been estimated in table 9.30. Extracting information from the TTS the expenditures can further be itemised for each industry (table 9.31). Redistributing the estimated expenditure in table 9.30 by the percentages given in table 9.31 the estimated expenditures for each category is obtained in table 9.32.

The distribution and destination of these expenditure are shown in figure 9.31. Operational and overhead expenditures of the tourist trades were utilised in procuring goods and services to support their activities. The monies were therefore transferred as incomes to the suppliers of those goods and services. 60.8% of the total

TABLE 30 : ESTIMATED EXPENDITURE/INCOME OF THE TOURISM INDUSTRY *

INDUSTRY	OBTAINED FROM TTS	EXPENDITURE (M$,000)	OBTAINED FROM TTS	DIRECT INCOME (M$,000)
				**
ACCOMMODATION INDUSTRY	97.0	88 698	3.0	2 743
CATERING INDUSTRY	80.0	16 378	20.0	4 095
LEISURE INDUSTRY	75.2	7 577	24.8	2 499
RETAILING INDUSTRY	49.1	8 121	50.9	8 418
TRANSPORT INDUSTRY	55.7	36 459	44.3	28 997
OTHER INDUSTRIES	74.9	1 992	25.1	668
TOTAL:	-	159 225	-	47 420

* Expenditures are the payments of goods and services for business operation; incomes are revenue accruing from business activities.

** Wide difference in the percentages show that the accommodation sector in Sabah is spending most of their income and little are retained in terms of profit.

Note: Figures are rounded.

Source: TTS, VQS (1991)

TABLE 9.31: PERCENTAGE DISTRIBUTION OF BUSINESS EXPENDITURE BY CATEGORY *

INDUSTRY	OPERATIONAL EXPENSES	OVER-HEADS	TAX & LEVIES	TOTAL EXPENSES
ACCOMMODATION INDUSTRY	22.21	26.92	6.82	55.95
CATERING INDUSTRY	4.89	3.86	1.47	10.23
LEISURE INDUSTRY	0.72	3.41	0.60	4.73
RETAILING INDUSTRY	2.65	1.71	0.71	5.07
TRANSPORT INDUSTRY	3.88	14.24	4.66	22.78
OTHER SERVICES	0.39	0.77	0.09	1.24
TOTAL OF EXPENDITURE CATEGORY:	34.74	50.91	14.35	100.00

* Data is generalised to maintain confidentiality.

TABLE 9.32: ESTIMATED EXPENDITURE GROUPED BY CATEGORY AND INDUSTRY

INDUSTRY	OPERATIONAL EXPENSES (M$,000)	OVERHEADS (M$,000)	TAX & LEVIES (M$,000)	TOTAL OF INDUSTRY (M$,000)
ACCOMMODATION INDUSTRY	35 364	42 863	10 859	89 086
CATERING INDUSTRY	7 786	6 146	2 341	16 273
LEISURE INDUSTRY	1 146	5 430	955	7 531
RETAILING INDUSTRY	4 219	2 723	1 130	8 072
TRANSPORT INDUSTRY	6 178	22 674	7 420	36 272
OTHER SERVICES	621	1 226	143	1 990
TOTAL EXPENDITURE:	55 314	81 062	22 848	159 224

Source: Tables above - TTS, VQS (1991)

expenditures were transacted in this way. Over half (35.3%) were received by wholesalers (35.1%) and retailers (0.2%). Services constituted 25.5%, mostly described as overhead expenditures earlier. The constituents and magnitude of these transactions are listed in table 9.32. 24.8% were remunerations to employees hence became individuals' income. The remaining 14.3% were received by the public sector in the form of taxes (13.0%), licences (0.9%) and local authority rates (0.5%).

FIGURE 9.31: TOURIST TRADES - DISTRIBUTION AND DESTINATION OF EXPENDITURE

M$ 159 224 000

60.83%

SUPPLIERS OF GOODS AND SERVICES

WHOLESALERS:

- FOOD - 15.49%
- BEVERAGES & TOBACCO - 7.46%
- MANUFACTURED GOODS - 7.75%
- OTHER SUPPLIERS - 4.58%

SERVICES:

- MANAGEMENT CONSULTANTS - 4.59%
- LANDLORDS - 1.55%
- REPAIR & MAINTENANCE SERVICES - 7.16%
- PRINTERS, ADVERTISING AGENTS & ADVERTISERS - 6.10%
- GARAGE SERVICES, MECHANICAL WORKS & FUEL - 4.04%
- BANKERS & INSURERS - 1.58%
- PUBLIC SERVICES - 0.53%

24.82%

REMUNERATION (wages, salaries, bonuses etc. to staff)

14.35%

TAXES & LEVIES

- PUBLIC TAX - 13.01%
- LICENCES - 0.87%
- LOCAL AUTHORITY RATES - 0.47%

Source: TTS (1991)

9.6.3. INDIVIDUALS' INCOME AND UTILISATION - ESTIMATION OF INDUCED IMPACTS

From figure 9.32 it is known that 24.82% (M$ 39 519 000) of the total expenditure (M$ 159 224 000) were remunerated directly to employees of the tourist trades. Using the composition and distribution of average household expenditure (Department of Statistics, Sabah), individuals' financial utilisation and the structure of public tax and levies (Federal circulars, Bank Negara Malaysia) - the distribution and destination of individuals' expenditure is deduced in figure 32. Of the total remuneration 47.8% were utilised for the purchase of household items hence transferred to retailers supplying these goods. The largest proportion of these expenditure were spent on food (31.4%), the rest were for beverage and tobacco (3.4%), clothing and footwear (4.3%) household furniture, furnishings and items (5.15%) and other household goods (3.4%).

Slightly less than spent on consumer goods were payment to services (43.2%). Of the expenditures on services - rent, fuel and power (21.5%) and transport and communication (14.6%) were outstanding in size. The others comprised of medical care and health expenses (1.1%), financial services (3%), and recreation, entertainment, cultural and other services (3.0%). Of the other individuals' expenditures (9%), 5% went to public tax and levies and 4% to pension fund.

FIGURE 9.32: DISTRIBUTION AND DESTINATION OF EXPENDITURE FROM INDIVIDUALS' TOURISM EARNINGS

GROSS REMUNERATION

M$ 39 520 000 *

47.76% RETAILERS

- FOOD - 31.43%
- BEVERAGE & TOBACCO - 3.45%
- CLOTHING & FOOTWEAR - 4.31%
- FURNITURE, FURNISHINGS & HOUSEHOLD ITEMS - 5.15%
- OTHER GOODS & SERVICES - 3.42%

47.24% SERVICES

- RENT, FUEL & POWER - 21.47%
- TRANSPORT & COMMUNICATION - 14.60%
- PENSION FUND - 4.00%
- MEDICAL CARE & HEALTH EXPENSES - 1.13%
- FINANCIAL SERVICES - 3.00%
- RECREATION, ENTERTAINMENT, CULTURAL & OTHER SERVICES - 3.04%

5.00% OTHERS

- TAX & LEVIES - 5.00%

* Rounded to the nearest thousandth. Percentages reflect the typical patterns of business and private consumption in Malaysia; derived from the TTS, official statistics (cited below) and household survey (source: cited below).

Source: TTS, VQS (1991); Department of Statistics, Malaysia/Sabah; Bank Negara Malaysia and Federal Circulars.

9.6.4. REVENUE RECEIVED BY THE PUBLIC SECTOR DIRECTLY FROM TOURISM

From figure 9.31 tax and levies emanating from the tourist trades and individuals can be respectively calculated to amount M$22 983 000 and M$ 1 988 000. Revenue from public services likewise amounted M$ 844 000. However these are only part of the revenue received by the public sector from tourism. Multiplying the estimated number of persons coming to Sabah on international flights in 1990 by the airport charges per head (Department of Civil Aviation), the total annual revenue from this source is estimated to amount M$1 790 000. Similarly revenues accruing to the Sabah Parks was M$1 204 000 in 1990 (State of Sabah Revenue Accounts). The total revenues distributed by sources is summarised in figure 9.33. Of the total revenue (M$28 673 000) the major bulk (79.7%) were derived from tax and levies on the tourist trades. Eleven times smaller were revenues derived from tax and levies on individuals (6.9%). Nearly the same size were revenues collected from airport charges (6.2%). Revenues from parks and recreation made up 4.2%.

9.6.5. EXTERNAL INFLUENCE AND LEAKAGES FROM TOURISM

The international setting underlying the external influence on Sabah's tourism is depicted in figure 9.34. The creation of tour pakages, marketing strategies and marketing tools are undertaken by four mainstream groups.

FIGURE 9.33: DIRECT REVENUE RECEIVED BY THE PUBLIC SECTOR FROM TOURISM

PUBLIC SECTOR'S REVENUE

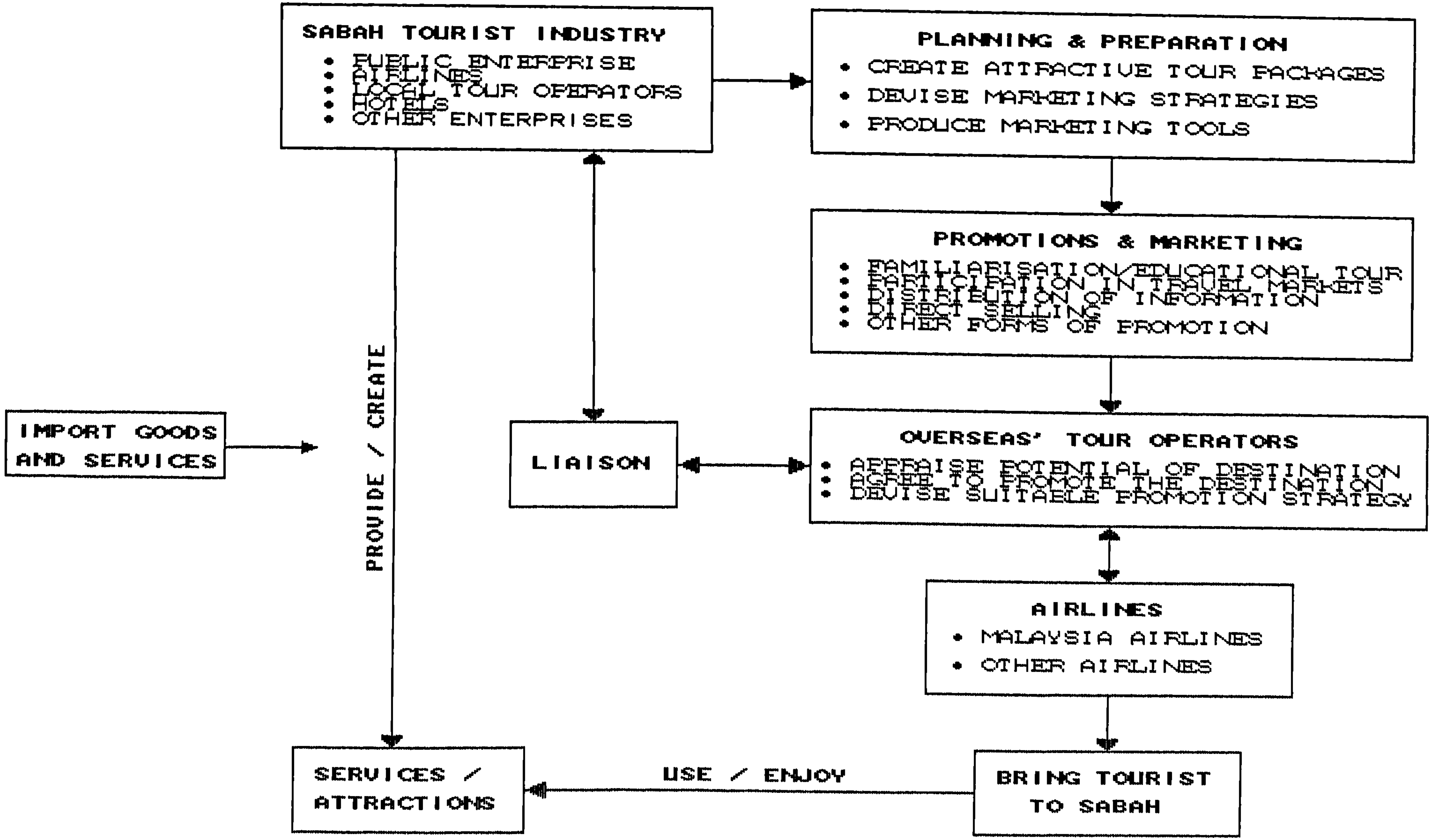
M$ 28 673 000*

TAX AND LEVIES ON TOURIST TRADES	79.69%	M$ 22 849 000
TAX AND LEVIES ON INDIVIDUALS	6.93%	M$ 1 988 000
AIRPORT CHARGES	6.24%	M$ 1 790 000
PARKS AND RECREATION	4.20%	M$ 1 204 000
PUBLIC SERVICES	2.94%	M$ 844 000

* Rounded to the nearest thousandth. Percentage distribution explained in the text.

Source: TTS (1991), TTS, VQS (1991); Department of Civil Aviation, Sabah Parks, Federal Circulars, Federal and State Financial Statements, Bank Negara Reports.

FIGURE 9.34: EXTERNAL-INTERNAL RELATIONS OF THE SABAH TOURIST INDUSTRY



Source: Self drawn from personal observation and experience.

These are the Federal and State Tourism Promotion Corporations, airlines servicing Sabah, local tour operators and hotels.

Expenditures are incurred overseas by the mainstream tourist industry to support their various promotional efforts. However the success of these promotions are constrained by the willingness of overseas' tour operators to promote Sabah as a tourist destination. Sabah is dependent on the ability of overseas tour operators to attract visitors, but not entirely as marketing efforts are also undertaken by the national airline of Malaysia (Malaysia Airlines) and interests of other airlines to sustain their routes to and fro Sabah. The efforts of airlines are important to Sabah *as a major proportion of* tourist arrived by air (chapter 7). Leakages out of the economy from tourism is therefore incurred through external promotion and marketing.

Promotional and marketing efforts have to be supported by internal conditions. To attract tourists expenditures are incurred to create and/or provide attractive tourism facilities and services. In the process some of the goods and services needed by the tourist industry have to be imported from overseas. This is another source of leakages from the local economy.

9.6.6. LEAKAGES FROM THE IMPORTATION OF GOODS AND SERVICES

The volume and percentage distribution of leakages attributable from the importation of goods and services by the tourist trades is presented in table 9.33. Of the total receipts by the tourist trades in 1990 (M$206 644 000) 43.4% leaked out of the economy. The accommodation industry was responsible for the largest proportion of the leakage (47.5%), second came the transport industy with 37.9%. The rest were divided between the catering (6.39%), retailing (4.%), leisure (3.%) and other industries (1.2%).

Table 9.34 itemised the leakages by kind of goods and services imported for the tourism industries. 35.1% of these came from the purchase of imported goods: food (10.3%), beverage and tobacco (9.19%), manufactured goods (13.7%) and spare parts, fuel and lubricant (1.8%). 43.2% were used to pay for services. A great part (24.7%) of the leakage went to federal tax and levies. Next in size were fees paid for the management of luxury hotels (8.2%) by two international groups of hotelier. Printing and advertising sliced 6%, mostly for hotels' and tour operators' brochures and marketing activities. Leakage from remuneration was 4.14%, mostly for the payment of the federal pension fund. Little leaked directly for the payment of expatriate wages and salaries. Payment of rent were responsible for 0.1% of the total leakages. 21.72%

TABLE 9.33: LEAKAGES FROM THE ECONOMY THROUGH THE PROCUREMENT OF GOODS AND SERVICES BY THE TOURIST TRADES

INDUSTRY	LEAKAGE (M$,000)	PERCENT
ACCOMMODATION INDUSTRY	42 629	47.55
CATERING INDUSTRY	5 726	6.39
LEISURE INDUSTRY	2 700	3.01
RETAILING INDUSTRY	3 559	3.97
TRANSPORT INDUSTRY	33 997	37.92
OTHER INDUSTRIES	1 036	1.16
TOTAL:	89 647	100.00

Source: TTS (1991).

TABLE 9.34: LEAKAGES FROM THE ECONOMY BY TYPES OF GOODS AND AND SERVICES UTILISED BY THE TOURIST TRADES

GOODS AND SERVICES	LEAKAGE (M$,000)	PERCENT
FOOD	9 261	10.33
BEVERAGES & TOBACCO	8 242	9.19
MAUFACTURED GOODS	12 329	13.75
EMPLOYEE REMUNERATION	3 707	4.14
MANAGEMENT FEES	7 348	8.20
RENT (BUSINESS PREMISES)	90	0.10
PRINTING & ADVERTISING	5 382	6.00
SPARE PARTS, FUEL & LUBRICANTS	1 646	1.84
TAX & LEVIES	22 169	24.73
TRANSFER OF INCOME	19 473	21.72
TOTAL:	89 647	100.00

Source: TTS; VQS, (1991)

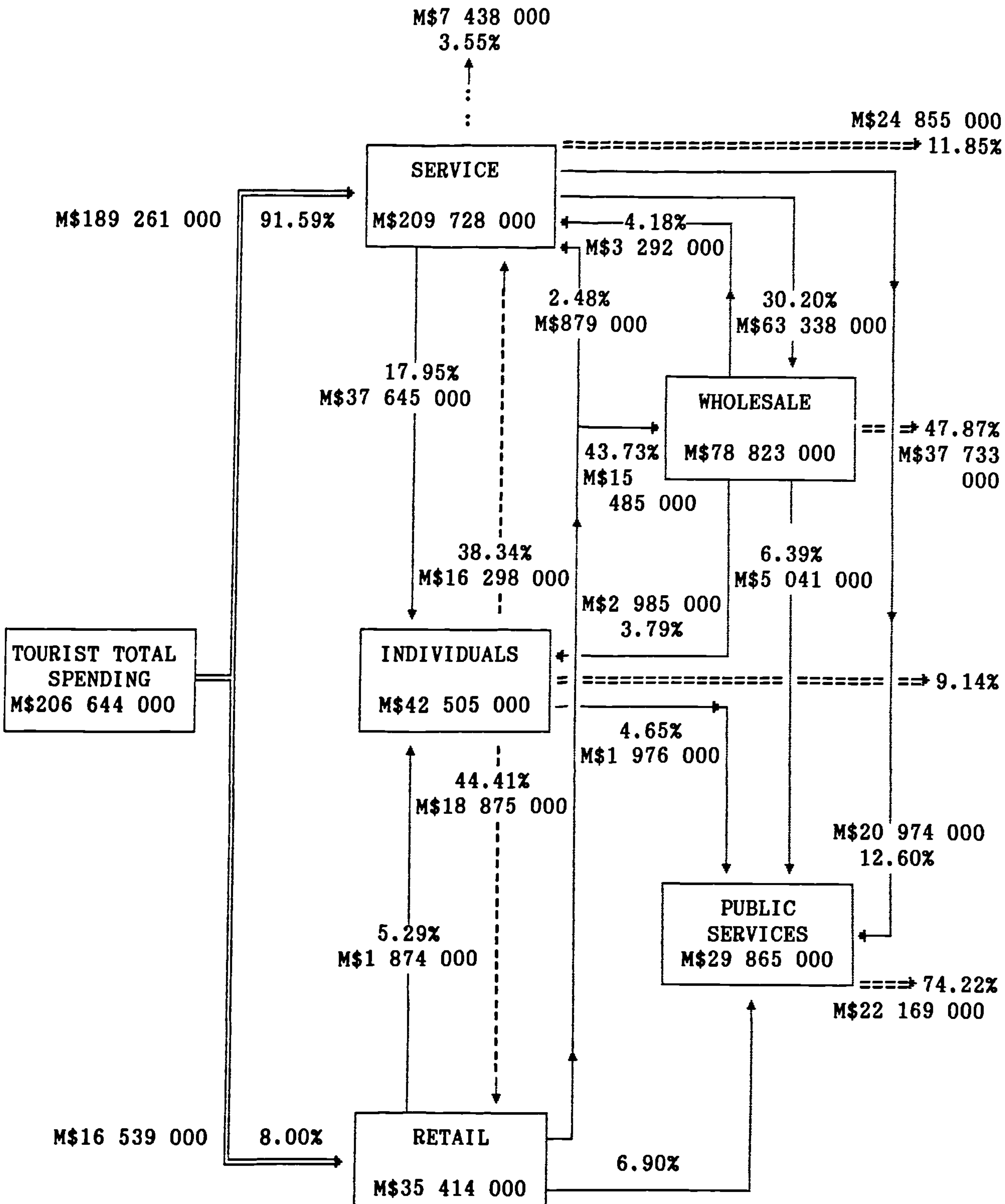
leaked out as transfers of income of branch companies to their headquarters in Kuala Lumpur.

9.6.7. OVERALL TRANSACTIONS OF THE TOURIST TRADES

The separate entities discussed in this section is put into perspective by figure 9.35. It revealed that tourism is a service oriented industry absorbing 91.6% of the direct tourism gross receipts (M$ 206 644 000). By the volume of their expenditure on goods and labour they provided the main momentum for the tourism industry. The largest proportion (30.2%) of their gross income went to the purchases of goods. Most of these goods were purchased from the wholesalers (M$63 338 000) and therefore were transferred to become their income. The service indus ry also contributed the largest volumes (M$37 425 000) to employees' remuneration and public revenue (M$20 974 000); representing respectively 17.9% and 12.6% of their gross receipts. The service sector purchased little from the retailing industry. Of the gross receipts received by the service sector 3.5% (M$7 438 000) leaked out directly of the economy and 11.8% (M$24 855 000) leaked out indirectly through intra-industry transactions.

Retailing was the only other industry that received substantially direct from tourism (M$16 539 218), corresponding to 8% of the gross tourist receipts. The retail sector transmitted 43.73% of their gross receipts

FIGURE 9.35: TOURIST RECEIPTS - DISTRIBUTION, CIRCULATION AND LEAKAGES *



LEGEND & DEFINITION

═══	Direct flow	- Monies transacted from tourists to enterpsises in the first instance.
───	Indirect flow	- Transactions of tourist receipts from recepients to other parties.
-----	Induced flow	- Transactions of tourist receipts after becoming individuals' income.
.....	Direct leakages	- Exit of tourist receipts from the direct flows. **
=====	Indirect leakages	- Exit of tourist receipts from the indirect flows. **

* Figures rounded to the nearest thousandth. ** Leakage from the Sabah economy.
Source: VQS, TTS, secondary data (ibid).

to the wholesale industry as payments for the procurement of goods. Amost equal amounts were remunerated to individuals' (5.29%) and public services, taxes and levies (6.90%). 2.48% were disbursed for services. Although the retail industry does not contribute directly to leakages, nearly half of their gross receipts leaked indirectly through the purchases of imported goods from the wholesalers.

Although the public sector received little directly from tourism, it collected almost 28.9 millions from the tourist related industries through public services, taxes and levies. 74.2% of the public sector's revenues leaked out of the Sabah's economy since a large part of the public taxes and levies were federal in origin.

The wholesale industry is linked to the tourist trades mainly through the provision of goods. The main volume of their business (M$63.3 millions) orginated from the demand of the service industry and (M$15.5 millions) from the retailing industry. Of the M$78.8 millions obtained 47.9% leaked out of the economy through the importation of goods. Eventhough the industry is remotely linked with the tourist trades it is the largest source of leakage.

The tourist trades redistributed their initial receipts to the individuals through remunerations for their labour. The major bulk of the personal incomes (88.6%) flowed from the service industry; the wholesale industry and retail industry provided 7.0% and 4.4% respectively. Individuals' incomes provided the inertia for personal spending on goods and services. Through induced spending 38.3% of the individuals' incomes were reinjected into the service industry, 44.4% into the reatailing industry and 4.6% went to public services, taxes and levies. Of the total remunerations 9.1% leaked out of the economy through the payment of the federal pension fund.

Overall the service industry is the main propellor of the tourist trades since the volume of its initial receipts constituted the major proportion of the recipients' gross income (wholesale, public sector and individuals). It set the motion for sucessive redistribution, manifested by the indirect and induced flows. However these flows are impaired by large leakages.

9.7. ESTIMATION OF DIRECT EMPLOYMENT BY THE TOURIST TRADES

Table 9.35 provides the basis for estimating direct employment for the various industries. The total estimated direct employment is small constituting only 1.6% of total employment in 1990. Table 9.36 presents the scale of receipts to support one job in the various industry. Overall it takes M$36 317 to support one job. Compared respectively to the manufacturing and construction sectors this is 4.2 and 5.7 times more costier to support one job. In fact it is the most

TABLE 9.35: CALCULATION OF DIRECT TOURISM EMPLOYMENT

INDUSTRY	ESTIMATED TOURIST REVENUE M$ (,000)	PAY/ REVENUE RATIO	* ESTIMATED REMUNERATION M$ (,000)	AVERAGE PAY M$	# ESTIMATED NUMBER OF JOBS
ACCOMMODATION INDUSTRY	91 441	0.205	18 745	6 145	3 050
CATERING INDUSTRY	20 473	0.274	5 614	6 843	820
LEISURE INDUSTRY	10 075	0.288	2 905	7 444	390
RETAILING INDUSTRY	16 539	0.113	1 875	6 108	306
TRANSPORT INDUSTRY	65 456	0.148	9 688	9 738	994
OTHER SERVICES	2 660	0.260	692	7 200	96
TOTAL:	206 644	0.192	39 519	6 987	5 656

* Estimated remuneration = estimated revenue x pay/revenue ratio (results do not tally because of roundings).
# Estimated number of jobs = estimated remuneration/average pay.

TABLE 9.36: SCALE OF TOURIST RECEIPTS PER JOB

INDUSTRY	* TOURIST RECEIPTS PER JOB	OVERALL/ SECTOR RATIO
OVERALL	36 317	-
ACCOMMODATION INDUSTRY	29 981	0.8
CATERING INDUSTRY	24 967	0.7
LEISURE INDUSTRY	25 834	0.7
RETAILING INDUSTRY	50 774	1.4
TRANSPORT INDUSTRY	65 066	1.8
OTHER INDUSTRIES	27 217	0.8

* Ratio of estimated tourist receipts (per segment) and estimated number of jobs in that segment.

Source: VQS, TTS, Department of Statistics.

expensive industry to produce a job since it surpassed the average cost for all economic sectors by 3.8 times. Comparatively table 9.36 indicates that within the tourist trades the retailing and transport industries exceeded the overall cost of producing one job in that sector, while all other industries were below it.

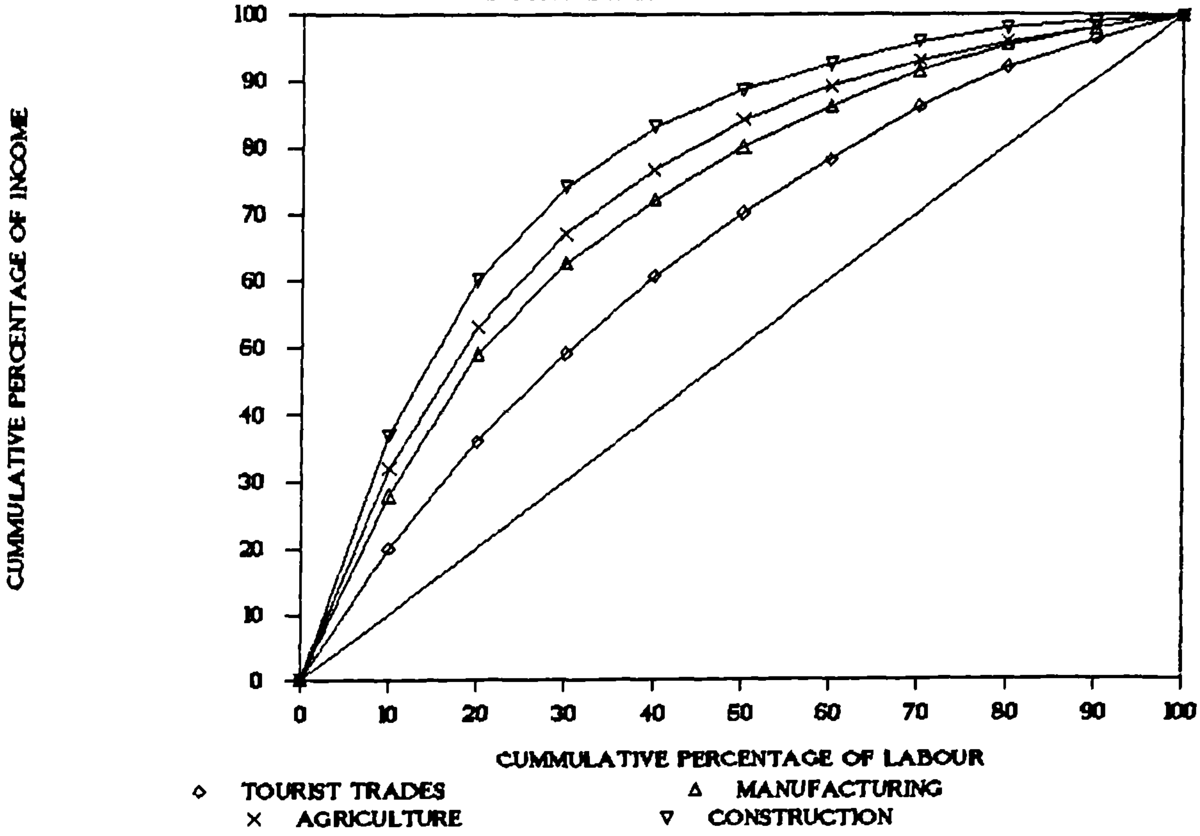
Despite the unfavourable cost structure in generating jobs, figure 9.36 suggests that the remuneration structure for the tourist trades is more equitable compared to the other major industries in Sabah. The narrower gap between high and low income earners within the tourist trades implies that the quality of jobs within the tourist trades are better relative to the other industries. This is reflected by the balance between white collared and blue collared employment displayed in tables 9.37 and 9.38.

Approximated from figure 9.35 the disbursement by the secondary activites to individuals' remuneration represented approximately 7% of the direct flow. Hence the indirect and induced effects on employment were small approximating only 3% of the total direct employment.

The TTS provides information on the origin and sex distribution of employment by category and is summarised in table 9.37. Table 9.38 redistributes the estimated number of employment (see table 9.35) along these percentages. The data illustrates the following important features: (1) most of the employment were full-time

FIGURE 9.36 : LORENZ CURVE

INCOME & LABOUR OF VARIOUS INDUSTRIES



GINI COFFECIENT

Tourist Trades - 0.35

Manufacturing - 0.52

Agriculture - 0.57

Construction - 0.65

Note: Adjustments were made to the income data on manufacturing, agriculture and construction to take account of inflation.

Source: Department of Statistics, Sabah (1990); TTS (1991)

TABLE: 9.37: PERCENTAGE DISTRIBUTION OF EMPLOYMENT BY ORIGIN, SEX AND CATEGORY

CATEGORY OF EMPLOYMENT	TOTAL	MALAYSIAN		NON-MALAYSIAN	
		MALE	FEMALE	MALE	FEMALE
WORKING PROPRIETORS & BUSINESS PARTNERS	5.6	4.3	1.2	-	0.1
MANAGERIAL & PROFESSIONAL	7.8	5.3	2.1	0.2	0.1
OTHER WHITE COLLAR	34.2	17.7	15.5	0.5	0.4
BLUE COLLAR	52.0	26.9	18.0	5.3	1.7
PART-TIME	0.4	0.1	0.3	-	-
TOTAL:	100.0	54.4	37.3	6.0	2.3

FIGURE 9.38: ESTIMATED EMPLOYMENT BY ORIGIN, SEX AND CATEGORY

CATEGORY OF EMPLOYMENT	TOTAL	MALAYSIAN		NON-MALAYSIAN	
		MALE	FEMALE	MALE	FEMALE
WORKING PROPRIETORS & BUSINESS PARTNERS	317	245	71	-	1
MANAGERIAL & PROFESSIONAL	444	302	125	12	5
OTHER WHITE COLLAR	1 944	1 008	886	28	22
BLUE COLLAR	2 957	1 532	1 027	301	97
PART-TIME	26	8	18	-	-
TOTAL:	5 688	3 095	2 127	341	125

Source: Tables 9.37 & 9.38 - Tourist Trade Survey (1991).

(99.6%); (2) except slightly for the managerial and professional category (2:1) the ratio between males and females employment were fairly balanced; (2) a major proportion of the employment were held by Malaysians (91.8) and not dependent on expatriates labour and (3) the indirect and induced effects on employment is extremely small.

9.8. SUMMARY OF THE ECONOMIC ANALYSIS

(1) International and domestic visitors' overnight stays were mainly protracted in Kota Kinabalu, hence the accumulation of tourist receipts in the region. The international visitors were particulary important to the business of luxury hotels. Receipts received by the tourist trades from the domestic visitors were modest since the major proportion of these visitors stayed with friends and relatives. The superiority of Kota Kinabalu in tourist infrastructures, faciltities and amenities partially explains the reason behind these spatial disparities. This regional imbalance is also caused by marketing efforts of the international class hotels. Luxury hotels are more effective at attracting overseas clientele because of their larger promotional budgets and the backing of international networks. After winning their clientele their main interest is to secure the bulk of their spending. So the marketing packages are based around Kota Kinabalu and excursion visits to the distant attractions of Sabah, since the latter can be reached

within a short time.

Local visitors were more regionally widespread and important to the business of the median budget and economy hotels. Their role in spreading the recipts to other hotel sectors and regions is important to balance the skewness.

(2) Although international visitors are very important to the economy of the luxury hotels, overall they contributed about a third of total tourist receipts. The contribution of local tourists is twice as great. Receipts from the domestic visitors were small (5.6%).

(3) Receipts from tourism contributed a small proportion to foreign exchange earnings (about 1% of gross exports' earnings) and gross regional income (2%). However this is expected as tourism is new to Sabah.

(4) Of the gross tourism receipts most flowed directly to services (91.6%). Notwithstanding leakages the high expenditures (77.1%) of the tourist trades demonstrated the potential of tourism as a generator and distributor of income. 42.5% were passed on to other industries and therefore represented the indirect incomes. 19.1% were transferred as remunerations and became individuals' income. Of the gross individuals' income 17.7% were spent on goods and services therby marking the scale of induced spendings. Although direct leakages is small (3.6%), the

large scale of indirect leakages (42.9) weakened the potential of the tourist trades' capacity to generate and circulate the original receipts. A substantial proportion of the indirect leakages emanated from the wholesale industry (18.3%) in providing the demand of the tourist related trades for imported goods. High leakages were also experienced from the public sector (10.7%) and service industry (12.0%). 1.9% were leaked from individuals' payments. The high leakages curtailed the potentials of tourism as a source for economic growth.

(5) Direct employment from tourism is small constituting only 2% of the total employment in 1990. Indirect and induced employment is negligible.

(6) The cost of creating jobs in the tourism sector is the highest compared to the other industries. However the disparity in the income structure is the smallest of the industries, implying that the quality of jobs in the tourism sector is relatively better. The sex and skilled/unskilled ratios does not show any pronounced imbalances in the employment structure.

(7) The internal structure of the tourism industry is not dependent on expatriate resources (assets and labour). Tourist enterprises are mostly owned by Malaysians residing permanently in Sabah.

10. ASSESSMENT OF THE SOCIAL AND ENVIRONMENTAL IMPACTS OF TOURISM

The main objective of this chapter is to assess the social and environmental impacts of tourism. The analysis is based on the evaluation of the interviews of key informants. This presents the range of the impacts discovered from the local communities that are directly affected by tourism activities and other residents who are aware and knowledgeable about tourism.

10.1. ANALYSIS OF THE RESPONSES OF KEY INFORMANTS

This section presents the source of the data and asssess the responses of informants.

10.1.1. DATA SOURCE - INTERVIEW OF KEY INFORMANTS

Information was sought from two groups of key informants. The first group comprised community leaders and, respected and knowledeable residents who have experienced direct contacts or effects of tourism because tour operators bring or individual tourists visit their villages/areas (DAI). By virtue of their direct exposures and experiences of tourist activities they are in good positions to relate their views of the social and environmental changes taking place in their communities/areas on account of tourism. The second group consisted of urban residents who are aware of tourist activities and/or issues (AKI). Because of their knowledge they are likely to present a more accurate picture of the consequences brought by tourism. The respondents have been carefully selected because their esteem and local knowledge would allow a fair and representative views of tourism issues within the local community. Table 10.1 shows the time span of the interviews, the number of useable responses, the category of key informants and their location. The geography of these locations are shown in figure 10.1.

TABLE 10.1: TIME SPAN, NUMBER OF RESPONDENTS AND THEIR LOCATION

MONTH (1991)	INFORMANTS AFFECTED DIRECTLY BY TOURISM (DAI)		INFORMANTS AWARE/ KNOWLEDGEABLE OF TOURIST ISSUES (AKI) #	
	NUMBER	LOCATION *	NUMBER	LOCATION *
MAY	7	Mengkabong/Tuaran	10	Kota Kinabalu
JUNE	10	Kudat/Kota Belud	12	Kota Kinabalu
JULY	11	Kundasang/Ranau	11	Kota Kinabalu
AUGUST	4	Tenom	12	Sandakan
TOTAL:	32		45	

* See figure 10.1 for geographical site.

\# DAI - Rural respondents that are directly affected by tourist activities;
AKI - Urban respondents who are aware and knowledeable about tourism.

Source: Interview of key informants.

FIGURE.10.1: INTERVIEW SITES

Source.Self drawn

Informants were asked to express their opinions on the discernible socio-economic, socio-cultural and environmental effects of tourism in their areas. The responses are presented in the next section.

10.1.2. TOURIST CHARACTERISTICS - TREND, SIZE, FREQUENCY OF VISITS, LENGTH OF STAY AND ACTIVITIES

The DAI were unanimous concerning the increasing trend of tourism. They were of the view that visitors to their areas have increased by about two and threefolds in the last three years.[71] The usual tourists arrive in groups and are brought by tour operators but occasionally individuals or small independent group of visitors venture to the rural areas. The mean size for group tour is 15 but the range vary between 5 and 30. Larger numbers visit nearby areas such as Kota Belud and Mengkabong (average size: 24). Further rural areas received fewer visitors (average size 8). The range of independent traveller is between 1 to 5. The frequencies also vary relative to distant, near communities are visited more often (2 to 4 times monthly). The range of visits to remoter areas is between once a month and once in six months. Nearly all visitors come to these areas for sight-seeing and curiousity of the different cultural settings.

10.1.3. ASSESSMENT OF THE SOCIO-ECONOMIC IMPACTS

Figure 10.2 presents the responses of the informants on the socio-economic subjects. There are marked differences between the two sets of responses. Most of the DAI stated that there were little socio-economic changes manifested within their communities following increases in tourist visits. More of the AKI saw betterment or deterioration in their communities. The main reason for this difference lies in the fact that most of those directly visited by tourists are rural communities. Urban communities, while frequently coming into contact with tourists, are not the subject of cultural tourism. The different geographical and economic settings invoked disparate viewpoints. The views for each of the subject discussed with the informants will be substantiated further.

On the subject of employment and income earning opportunities, the majority of the DAI and just under a half of the AKI expressed that employment and income earning opportunities changed little despite expressing increased number of tourists. More of the AKI returned favourable replies (better off - 40% and much better off - 17%). Only 9% of the DAI recorded favourable responses. None of either group saw unfavourable changes. The main reasons for the various responses are synthesised in table 10.2. The reasons given have been supported by previous chapters, which showed that the scale of tourist developments and spending were greater in urban areas particularly Kota Kinabalu. These occurances contributed direct economic spin-offs to the urban communities in terms of employment and income generations, hence the

FIGURE 10.2 : SOCIO—ECONOMIC CHANGE

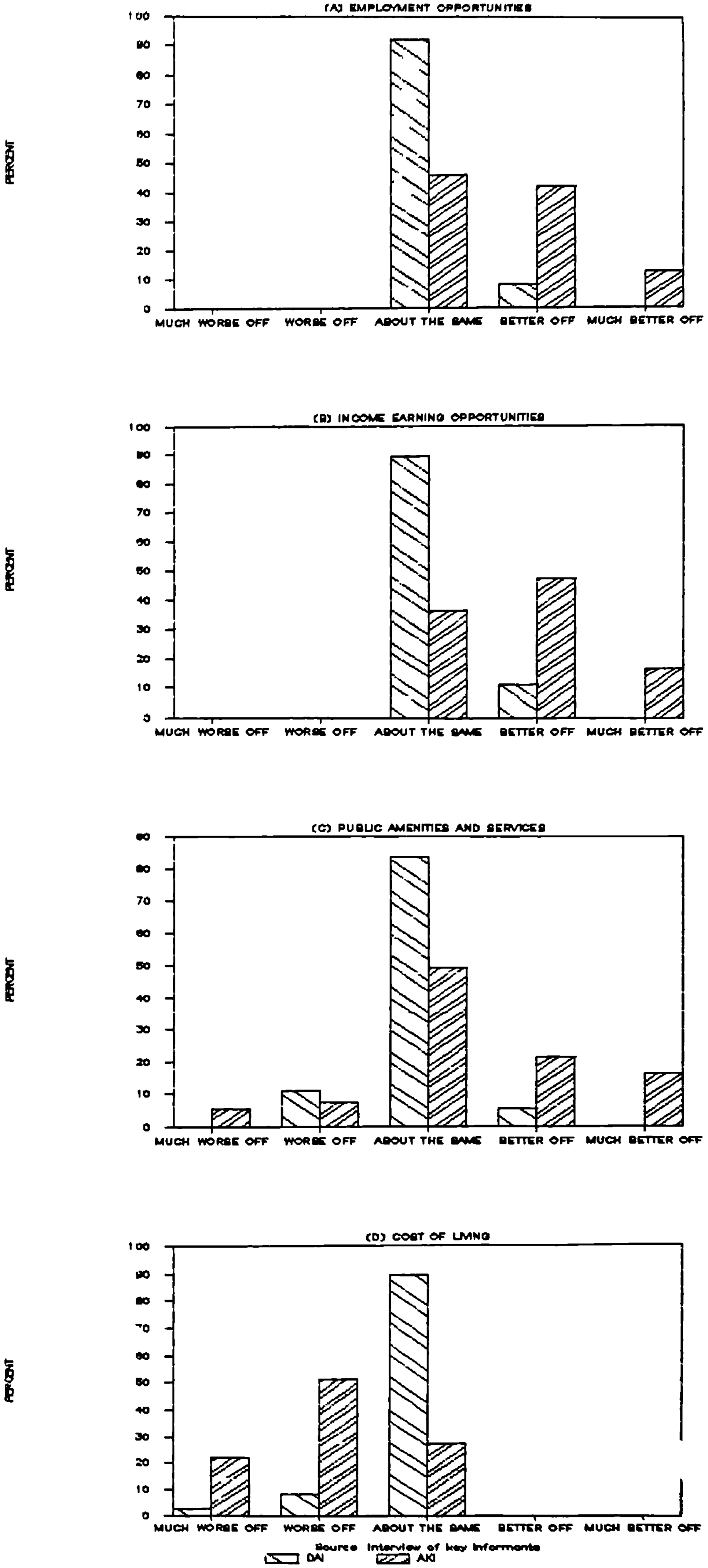


TABLE 10.2: MAIN REASONS GIVEN BY REPONDENTS - EMPLOYMENT AND INCOME EARNING OPPORTUNITIES

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES [DAI] (32)	AWARE/KNOWLEDGEABLE INFORMANTS [AKI] (45) #
ABOUT THE SAME	* Employment & income earning opportunities are narrow, affecting a small number of the local people (29).	* Change in employment is slow and small, affecting a narrow band of the population (20).
	* Little employment is generated locally because there is little local tourism developments (29).	* Income earned goes to few businesses and are spread thinly among the regions and population. (19).
	* Little income are generated locally because tourists spend little in the area (29)	* Economic opportunities are potentials that have not been realised. (19).
	* Livelihood of the community has remained dependent on traditional production and tourism does not change it (27).	
	* Tourism developments in the rural areas are restricted to nature parks and road programmes, contributing little to local employment and incomes (20).	
BETTER OFF	* Businesses buy handicrafts from the local people, giving some forms of income and jobs to a few of the local people (3).	* Some businesses and jobs have been created (18).
	* Traditional dances and crafts are from time to time needed for tourists and tourism programmes, giving some forms of jobs & income to the local people (3).	* Tourist spending gives businesses the money for investment and labour (18).
MUCH BETTER OFF		* Hotels and tours are now beginning to thrive, giving prospects for income and job creation (7).

Figures in brackets represent number of respondents.

Source: Interview of key informants, 1991.

socio-economic changes are stronger. Chapter 5 has shown that the developments in the rural areas were mainly in the State parks and on upgrading roads. According to the views of the DAI these types of developments have contributed little directly to improve the livelihood of the rural people. On the whole the uneven economic developments produce disparate economic opportunities, benefiting the urban regions more. Although tourism brings visitors to the rural areas there is a consensus among the DAI that it does not change the socio-economic circustances of the rural communities.

Figure 10.2(C) shows that most of the DAI (84%) saw little changes in their locality from public amenities and services. The lack of tangible evidence in their immediate locality were recurrent reasons among the DAI who made such responses. Just about 6% saw the improvements or developments nearby but these are mainly catering for the tourists and not benefiting the local communities. Generally there were strong consensus that public amenities and public services were mainly provided in the urban areas, which are too distant to be of service to their communities. On the other hand just under half of the AKI observed little change. They too were of the opinion that most of the public amenities and services for tourism are catered largely for the needs of the tourists and benefiting a small spectrum of the local population. As such they do not see the contribution made to the residents. 11% of the DAI gave unfavourable replies. The corresponding responses from the AKI was 13% (7% - worse off, 6% - much worse off). Land displacement on account of road expansion or building programmes were cited by the DAI as the reasons for their responses. The AKI felt that local residents are "much worse off" because too much public funds are utilised for the improvements and developments of tourist amenities and services. In their views these funds could have been used to meet the more urgent needs of the local residents (viz. Low cost housing, health, education and other social services). Those who felt that local residents are "worse off" stated that more amenities and services were provided for tourists than the ordinary residents. 5% of the DAI gave favourable responses. 38% of the AKI (22% - better off, 16% - much better off) gave similar responses. They were of the opinion that amenities and services provided for the tourists are also used and enjoyed by the local residents. The main reasons associated with the informant views are condensed in table 10.3.

Similarly figure 10.2(D) shows that the majority of the DAI felt that the cost of living has remained "about the same". A fifth of the AKI gave similar replies. Four fifths of the AKI indicated adverse changes in the cost of living. Very few of the DAI shared this unfavourable view. None of either responsed favourably on this subject. Table 10.4 provides a precis of their main reasons. The responses indicated that the cost of living is lesser felt in the rural communities since they are

TABLE 10.3: MAIN REASONS GIVEN BY REPONDENTS - PUBLIC AMENITIES AND SERVICES

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
MUCH WORSE OFF		* Improvements/developments for tourist amenities are taking too much public funds which could be used to improve the needs of the local people (3).
WORSE OFF	* Enlargement/building of roads are displacing the land of local people (3).	* There are more facilities for tourists than the ordinary residents (2).
ABOUT THE SAME	* Cannot see any improvements in public amenities and service nearby. Improvements / developments are far away from the the local communities (27).	* Developments/improvements are not enjoyed by the majority of people but restricted to people who are nearby and the tourists (22).
BETTER OFF	* Improvements to roads, parks and other facilities viz: shades, pathways viewing points/areas are also enjoyed/used by the locals (2).	* Improvements/developments for the tourists are also enjoyed / used by local people (10).
MUCH BETTER OFF		* There are more facilties now that improve the welfare of local people as well (8).

Figures in brackets represent number of respondents.

Source: Interview of key informants, 1991.

TABLE 10.4: MAIN REASONS GIVEN BY REPONDENTS - COST OF LIVING

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
MUCH WORSE OFF	* Consumption goods coming/bought from the urban areas are much more expensive (3).	* Tourist spending causes severe increase in the prices of consumer goods and services (9). * Tourist developments cause steep increase in the prices of land and building materials (9).
WORSE OFF	* ditto (milder) (1).	* ditto (milder) (23).
ABOUT THE SAME	* Local people produce most of their food so cost of living is much the same (28). * The communities buy local products so the price increases are much less (27).	* Tourists consume different goods and services than most locals so their cost of living is less affected (13).

Figures in brackets represent number of respondents.

Source: Survey of key informants, 1991.

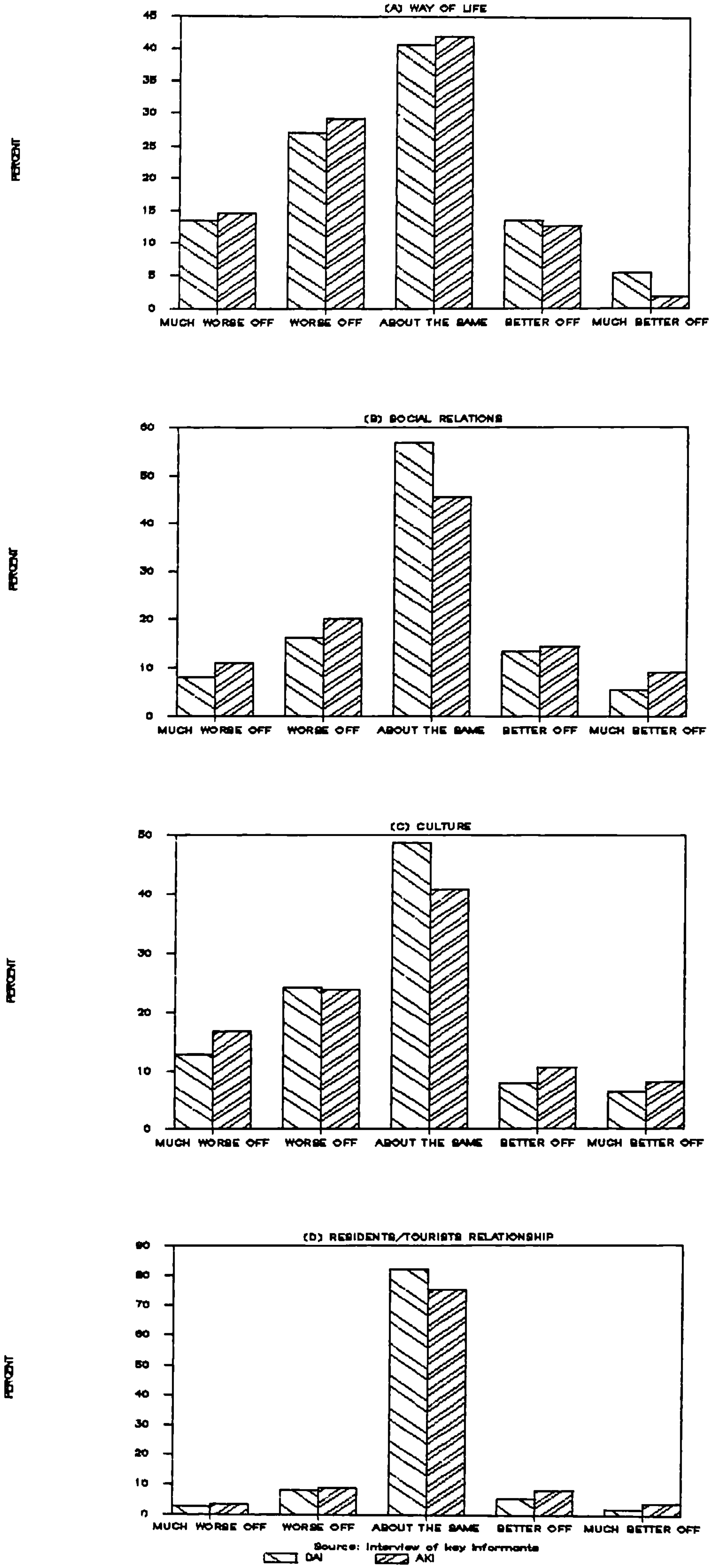
much more self sufficient in the production of food and tend to buy other products that are locally produced. Tourist spending is greater in the urban areas, exerting additional demand on goods and services, hence generating inflationary pressures. Inflationary pressure is also exerted by greater tourist developments, thereby affecting the cost of living and land prices in the urban communities.

10.1.4. ASSESSMENT OF THE SOCIO-CULTURAL IMPACTS

The DAI and AKI responses on the socio-cultural changes experienced from the increase of tourism are shown in figure 10.3. The pattern of responses for the two groups of informants are more or less the same. The main exceptions are that slightly more people think that their way of life and culture are worse off as a result of tourism than better off.

On the subject of "way of life" [figure 3(A)], The DAI stressed strong adherence to traditions and cultures as the main force for their relatively unchanged way of life. Also it is viewed that tourism is not a sudden occurance but a long history of visitor flow has made them accustomed to such contacts; hence the effects on their way of life is not dramatic. On the other hand the AKI exposed three factors. The most important reason was that local people have pride in their way of life and therefore have retained most of it. Tourists were also said to come into contact with only a small proportion of the local population and have little impact on their way of life. It is also believed that the lifestyles of international tourists have little impact on the urban society of Sabah as their life styles are already modern. Unfavourable comments made by the DAI focussed on the disruptions to everday life by the increasing number of tourists and these are said to be stressful for local inhabitants. An unfavourable aspect emphasised by the AKI was the

FIGURE 10.3 : SOCIO—CULTURAL CHANGE



Source: Interview of key informants

exploitation of local communities by tourism. Local communities were said to be treated like museum pieces for the tourists to see and enjoy. These communities benefits little from tourism. Favourable views by the DAI reflected the better rural roads. The AKI on the other hand associated improved standard of living with the generation of incomes and employment from tourism. These views are outlined in table 10.5.

Tourism brings conflicts, affecting the way how family and people associate with each other (social relationships), because of stress or change in the way of life emanating from tourism. The distribution in figure 10.3(B) reveals that 9% of the DAI and 11% of the AKI returned "much worse off" responses. 16% of the former and 20% of the latter gave "worse off" replies. Unfavourable responses revealed that family life may be disturbed by job commitments in the tourism sector (see table 10.6). However the major proportion of the resposes were neutral (57% - DAI, 46% - AKI). According to the DAI tradition and culture has knitted the local communities tightly so tourism has not disrupted social relations. The AKI mentioned the maturity and education of the local residents have maintained stability in social relations. 14% (DAI) and 9% (AKI) gave favourable replies, whereas 5% each returned very favourable replies. As can be seen from table 10.6 the common reasons for the positive impacts on social relations stemmed from the interactions of people and culture in local tourism promotional

TABLE 10.5: MAIN REASONS GIVEN BY REPONDENTS - WAY OF LIFE

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
MUCH WORSE OFF	* Tourists disrupt normal everyday life and local people are finding it much more difficult to cope with the increasing numbers (8).	* Local people are very much exploited (7).
WORSE OFF	* ditto [milder] (4).	* ditto [milder] (13).
ABOUT THE SAME	* Local communities have strong tradition & culture so their way of life have remained the same (13). * Visitor have been coming for a long time and the local communities are accustomed to this, so their way of life is not affected much (12).	* Local people have pride in their way of life so have retained most of it (19). * Tourists come into contact with a small proportion of the local population, so the impact on the way of life is not that great (18). * Most of the urban population are modern making them less different from tourist coming from abroad, so life-style is not much affected (16).
BETTER OFF	* Better rural roads have made life easier (5).	* Increasing tourist investment is creating jobs and incomes, so standard of living is improving (5).
MUCH BETTER OFF	* ditto [stronger feelings] (2).	* ditto [stronger feelings] (1).

Note: Figures in brackets represent the number of respondents.

Source: Survey of key informants, 1991.

TABLE 10.6: MAIN REASONS GIVEN BY REPONDENTS - LOCAL SOCIAL RELATIONS

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI -45) #
MUCH WORSE OFF	* Spouses are too much occupied with handicrafts leaving little time for the family (3).	* Odd hours of work causes severe disruptions to family life (5).
WORSE OFF	* ditto [milder] (5).	* ditto [milder] (1).
ABOUT THE SAME	* Tradition has knitted the local communities tightly so tourism has not affected social relations (18).	* Local people are mature and/or educated, so tourism does not affect the way they relate with each other (21).
BETTER OFF	* Cultural activites for tourism has allowed interactions between communities and encouraged friendships (4).	* There are enthusiastic positive responses from the local people so tourism can be a unifying force (9).
MUCH BETTER OFF	* ditto [stronger] (2).	* Local initiatives to promote tourism has brought people from different cultures together and this has improved social interactions (1).

Figures in brackets represent the number of respondents.

Source: Interview of key informants, 1991.

initiatives. Respondents think that the bringing of people from different backgrounds and culture can promote understanding and is important for the harmony of the plural society of Sabah. The AKI also conceived that enthusiasm for the cause of tourism could promote social unity.

It is shown in figure 3(C) that the majority of the respondents saw little change in their cultural disposition. Both viewed that culture, tradition and customs are still practised in the usual way. There were more unfavourable than favourable responses. The unfavorable comments associated tourism with the loss of significance on culture. Favourable expositions related tourism to the revitalisation of culture and strengthening of cultural/ethnic identities. A summary of the main responses are detailed in table 10.7.

As can be seen in figure 10.3(D), most of the respondents in both groups viewed that the relationship between residents and tourists have remained steady with increasing visits. According to their reasons (table 10.8) residents/tourists relationship have always been good. They attributed courtesy, civil behaviour and pleasant attitudes as the main factors that create this unchanging atmosphere. Few gave unfavourable or favourable responses. Responses indicate that this amiacable relationship can be jeapardised by thoughtless tourist actions and behaviours and/or life styles that

TABLE 10.7: MAIN REASONS GIVEN BY REPONDENTS - CULTURAL DISPOSITION

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
MUCH WORSE OFF	* Cultural/traditional meaning/values are greatly eroded to fufil the needs of tourists (6).	* Tourism has greatly changed cultural values because of the way how it is promoted for tourism (4).
WORSE OFF	* ditto [milder] (5).	* ditto [milder] (9). * Cultures/arts/crafts are being commercialised/ made artificial (8).
ABOUT THE SAME	* Cultural/traditional practices have remained the same (18).	* Cultures/traditions has continued with the the same reverence (25).
BETTER OFF	* Tourism has increased cultural activities/ interests (2). * The local communities feel important because of tourists interest in their cultures (2).	* Tourism has renewed cultural interests (4). * The interest of tourists in local cultures have made the local people prouder of themselves (4).
MUCH BETTER OFF	* ditto [stronger] (1).	* Local cultures/traditions have been dying but tourism has rejuvenated them (3).

Figures in brackets represent the number of respondents.

Source: Survey of key informants, 1991.

TABLE 10.8: MAIN REASONS GIVEN BY REPONDENTS - RESIDENTS/TOURISTS RELATIONSHIP *

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI -32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
MUCH WORSE OFF	* Some local people are angered by the thoughtlessness of some tourists/ tour operators (1).	* Behaviour/life style of some tourists are very offensive to the local people because it is not harmonious with their traditional/cultural/ religious beliefs (2).
WORSE OFF	* Some local people are resentful because of: a) the disruption caused by the tourist on their everyday life; b) they were displaced from their land because of roads expansion / developments; c) they got little socio-economic benefits; d) they see tourism as harmful to local culture/tradition; e) member of their family are spending too much time on handicraft/ cultural works (3).	* Negative aspects such as the exploitation of local residents, lack of socio-economic opportunites and lack of awareness of the tourists on local culture causes the local residents to resent the presence of tourists (4).
ABOUT THE SAME	* Most of the tourists are courteous and are not troublesome (26).	* Usually tourists and residents have pleasant attitudes contributing to harmonious relation-ships (33).
BETTER OFF	* Local residents are happy in the interest shown by the tourists in their culture/way of life (1).	* Tourists / residents contacts are mutually beneficial contributing to goodwill/ understanding/knowledge/ education (4).
MUCH BETTER OFF	* ditto [stronger] (1).	* ditto [stronger] (2).

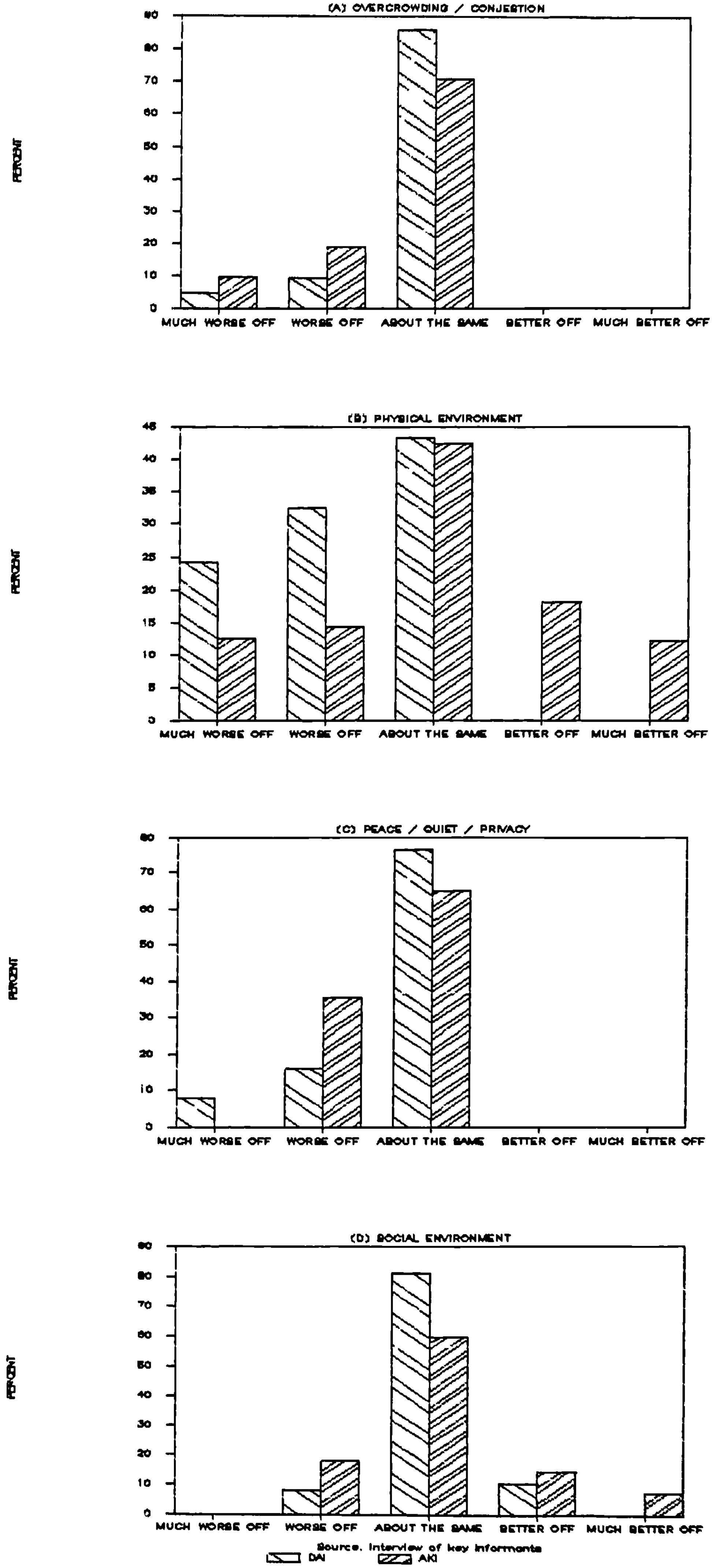
* Residents/Tourists relationship - the way how they interact with one another.
# Figures in brackets represent the number of respondents.
Source: Survey of key informants, 1991.

offends the local people, culture, tradition or religion. Also extenuating circumstances such as those outlined in table 10.8 ("Worse off" reasons) could contribute to the unhappiness of the local residents, causing them to be resentful of the tourists. However some articulated that the interests shown by the tourists in local cultures causes happiness among the local residents. It is also viewed that residents/tourists contacts are mutually beneficial contributing to good will, understanding, education and knowledge; fostering much better relationships.

10.1.5. ASSESSMENT OF THE ENVIRNOMENTAL IMPACTS

Figure 10.4 shows the respondents' views on environmental changes resulting from tourist activities. The distribution in figure 4(A) shows that the majority of the respondents said that overcrowding/congestion has remained about the same. The reasons given by the DAI (table 10.9) revealed that the majority of rural residents did not feel overwhelmed by the present number of tourists. The AKI emphasised that crowding/congestion occur in some popular tourist sites and is not generally a major problem. Few gave unfavourable reasons. The DAI making this respond stated that some rural residents feel overrun by tourists. The AKI on the other hand observed that crowing/congestion occurs in popular tourist areas during weekends and the holidays. None noted any favourable changes.

FIGURE 10.4: ENVIRONMENTAL CHANGE



Source. Interview of key informants

TABLE 10.9: MAIN REASONS GIVEN BY REPONDENTS - OVERCROWDING / CONGESTION

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
MUCH WORSE OFF	* Some local people feel invaded by the increasing number of tourists (2).	* Popular tourist areas such as the Kinabalu Park are crowded during weekends and holidays (4). * Parking spaces are acutely short during weekends and holidays (3).
WORSE OFF	* -ditto- [milder] (3).	* Beaches of the Tenku Abdul Rahman Park are crowded in some areas during the weekends and holidays (9).
ABOUT THE SAME	* The number of tourists at the moment does not make the majority of the local people feel crowded (27).	* Crowding/congestion is only visible in popular tourist areas at peak periods and is not generally a serious problem (32).

Figures in brackets represent the number of respondents.

Source: Interview of key informants, 1991.

Responses on the physical effects, depicted in figure 4(B), are spread wider. More observed unfavourable circumstances, although those observing little change remained dominant. The reasons given by the various respondents are summarised in table 10.10. Negative responses provided by the DAI related enviromental degradations caused by tour vehicles and tourists trampling on grounds near their villages. The

TABLE 10.10: MAIN REASONS GIVEN BY REPONDENTS - PHYSICAL ENVIRONMENT

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS [AKI - 45) #
MUCH WORSE OFF	* Tour vehicle disturbs the ground surrounding the villages. This is especially bad during the wet weather (8).	* Tourist developments disturb the ecosystem of sensitive areas viz: beach, mountain slopes, unspoilt areas and the coral reefs (6).
	* Tour vehicles make the untarmaced roads very muddy during the wet season. Conversely they make it very dusty during the dry season (7).	* Tourist developments cause pollution viz: restaurants near beaches and unspoilt areas (5).
WORSE OFF	* Trampling spoils grass cover in some areas near the village. In areas where vegetation covers are weak, trampling	* There are some cases of foreign smugglers posing as tourists stealing rare flora and fauna (6). * Some thoughtless tourists pluck vegetation from
	* Some tourists throw rubbish (9).	* Tourists leave litter in some areas of recreational sites (4).
ABOUT THE SAME	* There are little observable change in the physical environment of the rural communities arising from tourist activities. This is because tourists are spread thinly in the rural areas (13).	* Physical stress on the environment arising from tourism is minimal so the environment remained roughly the same (20).
BETTER OFF		* The emphasis on tourism has inspired some beautification and building restoration programmes (7).
MUCH BETTER OFF		* Facilities provided has prevented environmental deterioration viz: bins, footpaths, formal recreation areas etc (6).

Figures in brackets represent the number of respondents.
Source: Interview of key informants, 1991.

corresponding responses from the AKI are much wider ranging from the disturbances of the ecosystem and pollution from tourist developments and loss and destruction of flora and fauna by tourists actions. Tourists contribution to litter are reasons appearing in both groups. None of the DAI made any favourable remarks and only very few of the AKI found favourable comments. Those who commented on this subject said that tourism has inspired beautification and building restoration programmes in the urban and recreational areas. This in their opinion has improved the physical environment.

As shown in figure 4(C) most of the respondents viewed that peace/quiet/privacy has remained the same. Few gave unfavourable replies and none can see any positive aspects. The main reasons are given in table 10.11. Those who felt that status quo is maintained attributed the condition to the good behaviour of the tourists. Also few of the AKI said that tourists usually keep to themselves, hence do not affect the peace of local people.

The responses on the subject of social environment is shown in figure 4(D). Most of the DAI felt that status quo was maintained and few have unfavourable or favourable views. The responses of the AKI were more evenly distributed. The main reasons expounded by the various respondents are encapsulated in table 10.12. Those seeing little changes based their judgements on little evidences of occurances. Those seeing adverse effects mentioned

TABLE 10.11: MAIN REASONS GIVEN BY REPONDENTS - PEACE, QUIET AND PRIVACY

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
MUCH WORSE OFF	* Some local people find the tourists very noisy (3). * Some local people feel that tourists visiting their villages affect their privacy very much (2).	
WORSE OFF	* ditto [milder] (5).	* Tourist are inquisitive, affecting the privacy of the local people especially in the rural areas (15).
ABOUT THE SAME	* The tourists are reasonable and do not make excessive noise (24). * The tourists usually behave properly and do not break the peace of local communities (22).	* The tourists usually behave orderly and do not affect the peace and quiet of the local communities (30). * Normally the tourists keep to themselves and does not affect the privacy of the local people (27).

Figures in brackets represent the number of respondents.

Source: Interview of key informants, 1991.

TABLE 10.12: MAIN REASONS GIVEN BY REPONDENTS - SOCIAL ENVIRONMENT

RESPONSE	INFORMANTS FROM AFFECTED COMMUNITIES (DAI - 32) #	AWARE/KNOWLEDGEABLE INFORMANTS (AKI - 45) #
WORSE OFF	* Employment opportunities attract young people to urban areas and get them into legal and social troubles (debt, crimes, drug addiction etc.) (3).	* Tourism encourages foreign prostitutes to come to Sabah under the guise of tourists (8). * Immigrants who cannot find work in Sabah often targets the tourists for pickpocketing (6).
ABOUT THE SAME	* Records do not suggest that tourism has encouraged prostitution, stealing, begging and other social problems in the countryside (26).	* There are little evidence that tourism causes crimes, social vices and other negative social effects (27).
BETTER OFF	* The local people like to impress the visitors so self awareness have inspired some of them to behave better (4).	* Most of the crimes against tourists are committed by immigrants and greater immigration controls have made conditions better (7).
MUCH BETTER OFF		* Increased police surveillance to protect tourists has improved conditions very much (3).

Figures in brackets represent the number of respondents.

Source: Interview of key informants, 1991.

that foreign prostitutes are lured to come to Sabah by tourism and increasing cases of immigrants pickpocketing the tourists because they cannot find employment in Sabah (AKI). Young local people were said to be lured to the urban areas because of employment opportunities in the tourist trades but runs into trouble such as drug addiction, legal and other social problems (DAI). Those who envisaged positive aspects mentioned police surveillance, immigration controls (AKI), and desire to project good images to the tourists as reasons for improving the social conditions (see table 10.12 for details).

10.1.6. PSYCHOLOGICAL DIMENSION - CONCERN ABOUT PROBLEMS GETTING WORSE

While most of the respondents regarded the discernible problems to be mild, there are serious concerns that these problems may get worse in the future. There are also concerns that tourism might breed other problems. The range and magnitude of these anxieties are listed in tables 10.13 and 10.14.

There are concern that tourism may cause several negative socio-economic impacts. These may be categorised into three main groups: the protraction of regional polarisation and social dualism, higher cost of living, and continuation of the displacement of local people from their land. It is envisaged by many of the respondents

TABLE 10.13: EXPRESSED CONCERN FOR DISCERNIBLE NEGATIVE TRENDS

SOCIAL CONCERN	PERCENT *
SOCIO-ECONOMIC IMPACTS	
Regional polarisation/social dualism	61
Higher cost of living	45
Displacement from land	3
SOCIO-CULTURAL IMPACTS	
Erosion in cultural values	39
Exploitation of local people	28
Erosion of local social relations	26
Disruptions in way of life	16
Undermining influences on residents/ tourists relationship	11
SOCIO-ENVIRONMENTAL IMPACTS	
Degradation of the physical environment	36
Congestion/overcrowding	22
Loss of peace/quiet/privacy	15
Crimes/social vices/begging	14

* Of total respondents.

TABLE 10.14: CONCERN/FEAR FOR POTENTIAL NEGATIVE IMPACTS

POTENTIAL NEGATIVE IMPACTS	PERCENT *
Worsening of discernible negative impacts	54
Shift of dependency of local people from traditional farm production to tourism	48
External economic influences/domination	25
Adverse external social influences	18

* Of total respondents.

Source: Interview of key informants (all tables above).

that uneven investment and developments may create prosperous tourist enclaves and neglect other regions. Geographical polarisation is said to promote uneven economic and social opportunities, hence social dualism, a case where a small section of the community receives most socio-economic benefits and the majority are excluded. This scenario contradicts expectations of general prosperity from tourism.

Erosion of cultural values are foremost among the socio-cultural concern. This includes the modifications of the original signficance of cultural dances, festivals and traditional rituals for the specific taste of the tourist, the modifications of local arts and crafts for the souvenir trades and other such caricatures. The second important concern is exploitation of the local people. Tourists interest in cultures of other people is said to be a one-way affair, enjoyment to the visitors but little economic and social benefits to the visited. Third in the order of concern is the undermining of how the local people relate to each other. The reasons cited earlier include the disruptions of family life because of increased commitments or unusual times of employment. Change in the way of life, because of hardships and disruptions caused by the intrusion of tourists, is another area of social concern. Lastly direct tourist antagonism or the sum effects of economic and social frustrations is viewed to undermine residents/tourists relationship.

The respondents are also concerned about the potential problems that tourism may bring. On the top of the list is the anxiety of the worsening of the discernible problems discussed above. The second important concern is the possible shift of dependency of the agragrian population from the traditional agricultural production to tourism. This change would undermine their self suffiency in food production and may be worse off in their new role. The other concern relates to external influences. This could be abnormal economic influences or domination by non-residents, or adverse social effects resulting from acculturation of culture and life styles.

10.2. SUMMARY

From the analysis the following are important:

(1) Overall the socio-economic changes are not great. Employment and income earning opportunities, development of public amenities and services are focussed on the urban areas. There are little tourist developments in the rural areas, except for roads building and improvements of parks. These do not improve the livelihood of the rural commumities. Due to the uneven developments, little socio-economic benefits are realised in the rural areas.

Tourism is also causing higher cost of living in the urban areas. Greater tourists spending exerts additional demand on goods and service, hence generate inflationary pressures. The concerntration of tourist developments in urban areas put pressure on land prices to rise.

There is concern that the following discernable negative socio-economic trends may worsen: (a) regional polarisation and social dualism; (b) higher cost of living and (c) displacement of the local people from land because of the needs for tourism developments.

The following potential problems are also causes for concern: (a) tourism may bring external actors that may dominate the local tourist business and economy and (b) loss of traditional occupation (farming and fishing) to tourism activities, hence curtailing the ability of local people to produce food and feed themselves.

(2) Increases in tourists have not seriously affected the way of life, social relationships, cultural disposition of local residents and the way residents and tourist relate with each other. However there is concern that tourism may bring the following problems in the future: (a) erosion of cultural values; (b) exploitation of the local people; (c) disruptions in the way of life of local people; (d) bring conflicts between family and residents because of the changing socio-cultural setting brought by tourism; (e) produce conflicts between tourists and residents and (f) bring adverse external social influences (acculturation of life-styles).

(3) Likewise the tourism environmental impacts are appearing but not severe. Eventhough there is concern for the worsening of the adverse environmental impacts, which are: (a) degradation of the physical environment because of the effects of scale; (b) congestion; (c) loss of peace, quiet and privacy and (d) crimes, social vices and begging associated with tourism.

11. THE LIMITATIONS AND POTENTIALS OF SABAH'S TOURISM INDUSTRY

This chapter summarises the main strengths and weaknesses of the tourism industry in Sabah. The summary will include: (1) the general features of the Sabah's socio-economic structure that could assist or constrain tourism; (2) the specific strengths and weaknesses of the tourism sector; and (3) policy issues that need to be addressed in planning the promotion and development of tourism.

11.1. GENERAL STRENGTHS TO CONSOLIDATE

The following are the general strengths which Sabah can build on.

11.1.1. PRODUCTIVE POPULATION

Sabah has a young and vibrant population. The vibrancy is characterised by increasing productivity, the younger generation have good basic education and receptive to challenging situations, training, new ideas and innovations (chapter 1). There are growing entrepreneurial skills among the indigenous group but especially notable among the chinese. These entrepreneurial talents provide important bases for the development of the tourism sector.

11.1.2. STABLE ECONOMY

Sabah has a growing economy, despite of the current global economic difficulties. This growth is mainly spurred by the State's natural resources endowment (chapter 1).

The mainstay of Sabah's economy are the export earnings of primary commodities. Hence the economy is not dependent on tourism, but it is one of the avenues for economic diversification (chapter 1). Banks in Malaysia have good liquidity and will be able to finance most of the smaller tourism developments. Enterprises in Sabah have successfully attracted large-scale financing from external sources in the past. Sabah has maintained this good international credit ratings. Therefore there are various ways of financing economic projects.

The Malaysian currency has been relatively stable. Currencies of some countries such as Brunei, Singapore and Japan have appreciated relative to the Malaysian ringgit. The US dollar and Sterling has remained relatively strong. The lower value of the Malaysian ringgit is favourable to attract tourists from countries with stronger currencies. Inflation has remained steady. The cost of living is lower than many developing countries in the Far East and the industrialised countries.

11.1.3. STABLE SOCIAL AND POLITICAL CLIMATE

Economic growth coupled with positive social policy (success in redressing poverty and meeting basic needs) has contributed to stable social and political conditions. Workable mechanisms for the formation and review of public policy, monitoring and feedback processes and effective implementation capabilities have aided the deliveries of political objectives (chapters 1 and 8).

11.1.4. BASIC INFRASTRUCTURE IN PLACE

Basic infrastructure (water supply, electricity, roads, airports, seaports, industrial areas etc.) is being improved. Although much needs to be done to bring the quality up to the standard of the industrialised countries, the basic physical infrastructure is already in place, with adequate capacity to meet future developments. Organisational infrastructures in the public and private sectors are relatively well developed. They are well placed to meet the challenges of the future (chapters 1 and 8).

11.1.5. CONSENSUS ON SOCIAL OBJECTIVES

There is a general consensus on social objectives in Sabah. It relates to the national ideology of attaining national unity and the socio-economic objectives set out by the "New Economic Policy". The latter has two main goals: to eradicate poverty and restructure society. The first aims to improve the economic conditions and the quality of life of the poor of all races by increasing their access to land, capital, training and other public facilities. The second aims to provide indigenous people with opportunities of participating in the widening range of economic activity, so as to achieve a more equitable distribution of wealth. The social objectives are well received by the private sector as well as the local communities (chapters 1 and 8).

11.1.6. HIGH QUALITY OF LIFE

While Sabah shares many of the problems associated with the Third World (poverty, regional and social disparities, unemployment and underemployment, high rates of urbanisation and rural to urban migration), the problems are less severe (chapter 1).

11.2. GENERAL WEAKNESSES TO NEUTRALISE

The general weaknessess which Sabah should attempt to neutralise are as follows.

11.2.1. GEOGRAPHICAL AND SOCIAL ISOLATION

Notwithstanding that Sabah is in the centre of the ASEAN region, the State is far from the main air and sea routes. Trade transactions have to transit in Kuala Lumpur or

Singapore which are slightly over a thousand miles away. Tavellers coming by air to Sabah from North America or Europe have to transfer in Kuala Lumpur, Singapore, Hong Kong or Manila. Hence there are added costs of transportation for goods and people entering Sabah.

The remoteness of Sabah limits accessibility to the major commodity, international money and travel markets. Hence the scope for product developments are narrower than countries with more favourable locations (viz: Peninsular Malaysia, Thailand, Singapore, Hong Kong, South Korea and Taiwan). Sabah products are less competitive because of the added costs of indirect transportation.

11.2.2. PROBLEMS IN THE STRUCTURE OF THE ECONOMY

Sabah has a small population (1.5 millions in 1990). Hence the scale of production and commercial activities is small. The smallness of the population does not provide an economically viable domestic market for large scale economic operations (chapters 1, 6 and 9).

The population is also widely dispersed, hence the costs of providing basic infrastructure (roads, water, electricity, health, education and communication facilities) are high. Poor roads (especially in the rural areas) and related high transportation costs have resulted in high production costs. High input costs have contributed to the high cost of living in Sabah, relative to those in South East Asia.

Consequent of the uneconomic domestic market, Sabah has to look in the development of the export industries. Aversions from risk taking have prevented the local business sector from making the necessary investments. Foreign investors have been discouraged by the high costs of production, in addition to the inability of the incentive mechanisms to attract them. Thess conditions have left Sabah dependent on export commodities for revenue. The depedency has made Sabah vulnerable to external economic factors, particulary low commodity prices during the current recession. Tariff and non-economic barriers imposed by importing countries also inhibit Sabah's exports.

Due to the small manufacturing sector, Sabah is highly dependent on imported commodities to supply domestic consumption. This results in high capital leakages from the economy (chapters 1 and 9).

11.2.3. DEPENDENCY ON GOVERNMENT INITIATIVES AND LEADERSHIP

Most of the large economic enterprises are initiated by the public sector (viz: paper mill, sponge iron mill, methanol production etc.). The private sector is inward looking. It is dependent on government contracts for most of its businesses. New businesses, especially the larger ones, expect large equity participation from the public sector. Their weak financial resources prevent them from entering into partnerships (joint ventures) with foreign enterprises. Local businesses also lack understanding of the international money market, so have failed to capitalise on external sources of funding.

The provision and maintenance of highways, power, health and communication facilities depends on Federal funds because these are the responsibilities of the national Government. Allocations are subject to reviews and cutbacks if the economic climate of the country is depressed. They are also dependent on the relationship between the Federal and State Governments.

11.2.4. UNIFORMITY OF POLICY DOES NOT SUIT SABAH

Public policy in Malaysia give priority to uniformity of application across the regions of Malaysia (chapters 1 and 8). However different problems between Peninsular Malaysia and the Eastern States (Sabah and Sarawak) call for different solutions. Hence the industrialisation and tourism development strategies, while suitable for conditions in Peninsular Malaysia, are less appropriate for Sabah and Sarawak. For example, incentives for industrial and tourist developments are favourable for the larger scale of operations in Peninsular Malaysia but not to the much smaller scale of operations in Sabah and Sarawak. Hence policy is insensitive to the needs of the

Eastern States. Being remote, national policy makers perceive the problems in these states to be similar to that of Peninsular Malaysia (chapter 8).

The insensitivity of economic policy has resulted in uneven developments. The stronger incentives in Peninsular Malaysia have attracted more industries and tourist developments. Diversification strategies (industrialisation and tourist developments) have been difficult to apply in Sabah because the incentive schemes, favouring big business, were not sensitive to isolated regions (chapter 8).

11.3. SPECIFIC STRENGTHS OF THE TOURIST INDUSTRY

There are several specific strengths of the tourism industry in Sabah that could be built upon.

11.3.1. NATURAL BEAUTY AND UNSPLOIT ENVIRONMENT

Sabah's outstanding physical features in a relatively unspoilt environment contributes to natural beauty. The scenic coastal resources include pristine tropical islands and beaches, exceptional coral reef formations and rich marine life. Inland Sabah possess one of the oldest forest inhabited by rich, diverse and rare flora and fauna. The beautiful and interesting natural features and relatively unspoilt environment articulates Sabah's strong tourism potential (chapter 5).

Many of the natural tourist attractions are protected by legislation (chapter 5). Other legislations have been proposed to protect other attractive and fragile environments such as the creation of a marine park in the east coast of Sabah and a conservation park in the south.

While chapter 10 shows that some socio-economic and environmental problems are emerging, the problems are not yet serious.

11.3.2. PEOPLE, RICH CULTURE AND A DIFFERENT WAY OF LIFE

Sabah is a society of mixed ethnic groups, hence a rich variety of culture and ways of life (chapter 5). This social and cultural diversity is attractive to people from distant lands who are interested in unusual cultural settings.

Most tourists find the people of Sabah friendly and hospitable (chapters 5 and 10). The residents of Sabah generally agree that tourists bring few problems (chapter 10). The harmonious tourist/resident relationship is important.

11.3.3. CONDUCIVE INTANGIBLE TOURIST RESOURCES AND PATTERNS

Sabah has a warm climate all year, which is attractive to visitors from cold climates. The general tourists' view of Sabah as a safe, relaxing, interesting and unusual destination are important (chapter 5).

The trend of visitors to Sabah are steadily growing and consistently shows the lack of seasonal patterns (chapters 7 and 9).

11.3.4. TOURIST INFRASTRUCTURE IN PLACE

Tourism infrastructure, especially in Kota Kinabalu (commercial accommodation, museum and other facilities), the Tenku Abdul Rahman Park, the Kinabalu Park, Sepilok *orang utan* sanctuary and the Sipadan island are in place and readily marketable. An array of interesting activities (sporting and cultural) have been created and included in the tourism calendar. Thus there are a variety of tourist attractions catering for different ages and tourist segments (chapter 5).

Tourist organisational infrastructure is also ready. There are strong political and bureaucratic commitments to the promotion and development of tourism. Decision-making and implementation capacities are strong. There exists a consensus on tourism objectives and strategies to achieve them. The private sector has generally enunciated their support and development proposals are coming forward (chapter 8).

Financial and incentives are available to support tourism.

These have legislative bases and organisations to implement them (chapter 8).

The present structure of the tourism industry shows that ownerships of businesses, capital and labour are mainly indigenous. The tourism industry is not dependent on external sources (chapter 9).

The favourable characteristics of the tourism industry are: (1) the predominance feature of full time employment; (2) male and female employment are fairly balanced; (3) the gap between white and blue collar employment is more balanced than in other industries and (4) the structure of remuneration in the tourist trades is more balanced than in other industries (chapter 9).

11.4. SPECIFIC WEAKNESSES OF THE TOURIST INDUSTRY

There are several specific weaknesses of the tourism industry that should be addressed.

11.4.1. DISTANCE FROM THE MAIN TOURIST ROUTES AND LIMITED AIR ACCESSIBILITY

Sabah as a tourist destination is further away from the main tourist routes (chapters 5 and 7). Hong Kong and Manila are closer to the tourist markets of the Far East (Japan, and Taiwan) and North America. Thailand, Peninsular Malaysia and Singapore are nearer to the tourist markets in Europe, South Asia and the Middle East. Indonesia is closer to Australia and New Zealand. All these destinations have more direct air and sea links with other tourist generating regions than Sabah. In terms of nearness to the tourist generating countries, Sabah is disadvantaged compared to the other tourist destinations of South East Asia and the Far East.

Since most of the tourists coming to Sabah arrived by air, air accessibility is important. Sabah is connected by air from Brunei, Hong Kong, Singapore, Kuala Lumpur (Peninsular Malaysia), Manila (the Philippines), Seoul (South Korea) Taiwan and Tokyo (Japan). Other visitors coming from other countries have to transit in these areas. Seating capacities of airlines serving the direct air routes are limited (500,000 per annum), hence constraining the number of visitors Sabah can attract (chapters 5 and 7).

Air fares, particularly from Kuala Lumpur/Singapore are expensive, compared to similar air travelling times in Europe. Thus air fares also restrict visitor numbers since the prices are not attractive for many, particularly from the more distant generating countries.

11.4.2. DIFFICULT INTERNAL ACCESSIBILITY

Many of the natural tourist attractions within Sabah are not easily accessible. Only specialist groups (nature lovers, divers, researchers, adventurters etc.) visit the less accessible areas (chapter 5).

Road building programmes are progressing and have improved road links to some tourist attractions (chapter 5), but overland accessibility remains problematic overall.

11.4.3. UNDERDEVELOPED NATURE OF THE TOURISM INDUSTRY IN SABAH

There are defficiencies in the supply of tourist facilities such as international class accommodation, shopping, cultural and historical tourist facilities and other recreational facilities (chapter 5).

The marketing of existing tourist resources is not well developed yet (chapter 5). Facilities such as the excellent golf courses of Sabah, smaller hotels, other commercial accommodation such as chalets and the activities in the tourism calender are not well promoted in the targetted tourist markets. Bookings to play golf and the smaller hotels cannot be made from overseas. The difficulties posed by the weak linkages between tourist facilities and marketing does not encourage international tour operators to include the facilities in their brochures.

Sabah has relied on Malaysia Airlines to promote tourism events such as the Mount Kinabalu Climbathon. However the participants and international travel operators say that the national airline has not marketed such events effectively. Hence the numbers of international participants have remained small.

11.4.4. BIAS OF FINANCIAL AND INCENTIVE ARRANGEMENTS TO BIG BUSINESS AND LARGE SCALE DEVELOPMENTS

The national financial and incentive supports given to the tourism industry are favouring big businesses, developers and investors. They do not support potential small enterprises and development schemes (chapter 8).

11.4.5. *UNEVEN VISITORS AND SPENDING DISTRIBUTION*

Chapter 9 reveals that the pattern of overnight stays by visitors coming from outside Sabah favours Kota Kinabalu greatly. Even so many of the leisure visitors from this group visit other tourist attractions in other parts of Sabah (mainly the Kinabalu Park and country tours); however these are return day trips. Very few of these visitors stay overnight elsewhere in Sabah. The uneven spatial pattern occurs because: (1) the predominant marketing influences of hotels in Kota Kinabalu; (2) Sabah is small and the main tourists attractions are accessible within a few hours from Kota Kinabalu; and (3) the attraction of tourist facilities in the other regions of Sabah are not strong enough to make them stay longer.

Consequently the spending patterns are also unevenly distributed. Kota Kinabalu receives most. Very small amounts are spent in the rest of Sabah. International visitors contribute much more than domestic visitors (from other parts of Malaysia) because most of them stay in luxury hotels and spend more on leisure activities. The domestic visitors mainly stay with friends and relatives and spend less on all categories of spending.

The overnight stays of the local visitors (from within Sabah) and their spending patterns are much more widely spread. However since priority has been given to attract tourists from outside Sabah (especially international tourists) the contribution of local visitors have been ignored.

11.4.6. HIGH EXPENDITURES AND SMALL PROFITS BY THE TOURIST TRADES

The analysis in chapter 9 generally shows high expediture and small profits of the tourist trades (except air transport). This pattern reflects the immaturity of the tourism industry.

11.4.7. HIGH LEAKAGES FROM TOURISM

Almost half of the estimated total receipts leaked out of the economy. The tourism industry make large payments overseas for the procurement of goods and services (chapter 9).

11.4.8. SMALL EMPLOYMENT SIZE AND HIGH COST OF GENERATING JOBS

Compared to the other industries, the contribution of tourism to employment is smaller. The average cost of generating jobs in tourism is also higher than other industries because of the higher remunerations to staff (chapter 9).

11.4.9. CONCERN OF RESIDENTS ABOUT THE THREAT OF SOCIO-ECONOMIC AND ENVIRONMENTAL PROBLEMS

Chapter 10 reveals that socio-economic, socio-cultural and environmental problems are not yet serious. Local residents, however, are concerned that the emerging problems may worsen with the increase of tourism.

11.5. PROBLEMS THAT ARE DIFFICULT TO OVERCOME

The problems mentioned above differ: (1) some are relatively easy to address because the issues can be influenced by policy and local efforts; (2) some are more difficult because they are not easily controlled by local actions; whereas (3) some problems may be impossible to tackle because they emanate from external sources, uncontrollable intangible factors such as human behaviour or unknown causes. Some of the problems falling within the last two categories are outlined below.

11.5.1. INTERNATIONAL AIR ACCESSIBILITY

Improving air accessibility is difficult because it depends on national transport policy and the policy of the international airlines. It requires the assistance of the federal government to negotiate with other governments and airlines on the issue of landing rights. The process of arranging landing rights depends on inter-governmental agreements and can take many years to complete. Before this could be taken, airlines must be willing to serve the routes. The policy of airlines depends on their vision of profitability and will only serve the route if this expectation could be realised. Even though landing rights have been finalised (such as in the case of QUANTAS), arlines may not immediately take advantage of it. Airlines will begin to service the route as and when they see it fit.

11.5.2. DEPENDENCY ON GOVERNMENT

The dependency of the Sabah's private sector stems from its immaturity. To transform this underdevelopment involves an evolutionary process of enterpreuneral and capital development, which needs more time to achieve results.

11.5.3. POLICY AND DECISIONS NOT MADE WITHIN THE STATE

Sabah, being within the federation of Malaysia, is subject to federal policy and decisions. As discussed previously the uniform application of federal policy throughout Malaysia is seen by the federal authority as indiscriminatory; in reality it is inappropriate to tackle the problems of Sabah as it faces different problems from Peninsular Malaysia (chapters 1 and 8). To convince the federal government on this issue will take great political and professional efforts.

The disbursement of federal funds is usually based on population density. This is not sympathetic to states having small populations, such as Sabah but having more severe socio-economic problems (see chapter 1) than many parts of Malaysia. Because Sabah is under-represented in the national parliament the lack of political power and political interests is the major obstacle. To convince the national government to provide more funding to tackle the more servere socio-economic problems in Sabah will be difficult.

The Sabah's business sector is small (chapters 6 and 9). So the financial and incentive schemes provided for tourism - which are more favourable to big business, large developers and investors - will not be beneficial to Sabah (chapter 8). To convince the federal government on this issue will take great political and professional inputs.

11.5.4. DEPENDENCY ON FOREIGN TRAVEL OPERATORS IN MARKETING

Sabah is dependent on foreign travel operators to market Sabah's tourist facilities (chapters 8 and 9). As yet there are few international tour operators marketing Sabah as a tourist destination. The world is large and most operators are mainly interested in the larger, more established, lucrative tourist markets. Being a new destination Sabah needs more time to create a favourable reputation as a tourist destination. International tour operators may take several years to include Sabah in their itinerary. Many have expressed interests in marketing Sabah but few have actually started to do so. The process of placing Sabah on the tourist map will probably be long and hard.

11.5.5. PROBLEMS WITH BEHAVIOURAL OR PSYCHOLOGICAL DIMENSIONS

Problems having behavioural or psychological dimensions are difficult to control. These include resident-tourist conflicts, acculturation of tourist behaviour and lifestyles, demonstration effects and so on.

11.5.6. EXTERNAL FORCES

Problems emanating from external forces may be difficult to tackle. The flow of visitors to Sabah is dependent on the world political and economic stability (chapters 3 and 7). Other problems caused by external forces are inflation in tourist costs (rise in air fares and tour operators prices). It is not possible for Sabah to control these forces and it will have to acknowledge this limitation.

The success of conservation efforts in some cases depend on international cooperation. Thus efforts by Sabah to conserve rare marine turtles (Turtle Islands Park - see chapter 5) may not be successful if these turtles swim to the Philippines, Indonesia, Mexico or other countries where they are slaughtered. Similarly it is very difficult for Sabah to control the movements of professional international wild-life and plant smugglers, who pose as tourists. This is especially true in the remoter parts of Sabah where security enforcement is difficult.

11.5.7. PROBLEMS CAUSED BY RANDOM FACTORS

Unforeseen random factors disturbing the world's social and economic order such as the oil price rises in the early 1970s and invasion of Kuwait in 1990 have been shown to affect the flow of tourists. Random factors may also occur locally. These random events are not forseeable and are probably not controllable.

11.6. PARAMETERS TO CONSIDER IN DECISION MAKING AND PLANNING

11.6.1. POLICY FRAMEWORKS

Since the begining of the 1970s Sabah has responded to the national policy focus on poverty eradication and social balance in socio-economic opportunities between the indigenous and migrant population. The redistibution of wealth seeks not to deprive the prosperous communities but this should be attained through economic growth. After two decades of implementation, poverty and socio-economic imbalance are still pronounced. Thus the present policy frameworks will remain the priority of policy makers.

11.6.2. DIVERSE SOCIO-CULTURAL VALUES

Sabah is a plural society. There are over 30 ethnic groups, each having their unique cultural identity and social system. Motivation, perception and values differ widely between these groups.

Difference between the rural and urban communities are also great. Their livelihood and socio-economic circumstances are markedly different. Accordingly, their aspirations are different.

For the relative ease and success of implementation, plans and programmes must be sensitive to the different social conditions and aspirations of residents.

11.7. SUMMARY

Summarising the above: (1) table 11.1 recapitulate the general strengths and weaknesses; (2) table 11.2 presents the specific strengths and weaknesses of the tourism industry; (3) table 11.3 features the problems that are difficult or impossible to control and (4) outlines the policy and social parameters that should be acknowledged in decision making and planning.

TABLE 11.1: SUMMARY OF GENERAL STRENGTHS AND WEAKNESSES

FACTOR	STRENGTHS	WEAKNESSES
The People	* Young vibrant and productive population * Growing entrepreneurial skills.	* Share social problems of the Developing and Third World Countries albeit much milder. * Small population limits threshold for viable commercial enterprises.
The Economy	* Growing and stable economy. * Basic infrastructure is in place.	* Economic dependence on a narrow range of primary products (forestry, minerals & agriculture). * Economy is open and vulnerable to international price fluctuations and high economic leakages. * Small population does not provide the threshold for commercial viability. * High cost of infrastructural provisions due to the dispersed population.
The Society	* Consensus on social objectives. * High quality of life. * Stable social and political climate.	* Uniform application of policy is not favourable to Sabah because of the different problems faced by the State. * Geographical and social isolation because of the remote location. * Dependency on Government initiatives and leadership.

TABLE 11.2: SUMMARY OF SPECIFIC STRENGTHS AND WEAKNESSES OF THE TOURISM INDUSTRY IN SABAH

SPECIFIC STRENGTHS		SPECIFIC WEAKNESSES
* Environment:	- natural beauty; - unspoilt landscape; - abundance of natural attractions.	* Limited accessibility. * Undedeveloped nature of the tourist industry.
* Tourist resources:	- People and culture: + hospitable and friendly people; + Diverse and rich culture; + unusual way of life. - Physical tourist infrastructure is in place: + organisational structure; + made made attractions. - Intangible resources: + warm climate; + safe and secure destination; + relaxing, interesting and unusual place etc.	
Visitor trends:	- Steady growth; -Unaffected by seasonality.	
Economic aspects:	- Availability of financial and incentive support. - Mainly featured by local inputs: + ownership of capital and assets; + labour supply. - Favourable composition of labour: + featured by full time employment; + balanced male/female employment; + balanced structure of remuneration.	* Financial & incentive infrastructure mainly support big business and large scale developments. * Uneven regional distribution of: + visitors overnight stay; + visitors' spending. * High expenditure & small profits of the tourist trades. * High leakages from the economy. * Unfavourable employment chracterisitics: + small employment size; + high cost of job generation.

TABLE 11.3: PROBLEMS THAT ARE DIFFICULT/IMPOSSIBLE TO CONTROL

PROBLEMS THAT ARE <u>DIFFICULT TO OVERCOME</u>	PROBLEMS THAT <u>MAY NEVER BE SOLVED</u>
* International air accessibility (geographical isolation).	* External forces: - World's economic and political climate. - Importation of inflation etc.
* Private sector's dependency on government initiatives and leadership.	* Problems caused by random factors.
* Policy and decisions not made by the State.	
* Dependency on international travel operator in marketing.	
* Problems with behavioural/ pyschological dimensions.	

TABLE 11.4: POLICY AND SOCIAL PARAMETERS TO ACKNOWLEDGE IN DECISION-MAKING AND PLANNING

PARAMETERS

Policy framework: - Objectives:
+ Eradication of poverty;
+ Create a balanced society by narrowing economic and social disparities.

Social diversity: - Sensitive issues:
+ Different values inherent in a pluralistic society;
+ Different values of urban and rural communities.

12. CONCLUSIONS AND RECOMMENDATIONS

The final objective of the thesis is to propose development and marketing strategies, directed towards enhancing Sabah's tourism aspirations and minimising the unfavourable impacts of tourism (see table 12.1). Specifically this chapter aims to propose: (1) a general development framework that is particulary relevant to new entrants to the tourism industry (such as Sabah), hence the emphasis is on building a competitive and sustainable tourism industry and (2) spatial development and marketing

TABLE 12.1: SABAH'S TOURISM AIMS AND IMPACTS TO MINIMISE

TOURISM AIMS	IMPACTS TO MINIMISE
1. To generate income and employment;	1. To lessen the imbalances in income and regional tourist development;
2. To promote economic and regional growth;	2. To minimise the economic impacts: leakages, inflation foreign domination etc;
3. To improve foreign exchange earnings;	3. To minimise socio-cultural impacts: erosion in cultural values, exploitation of the local people, disruptions in way of life and social relations of the local people etc;
4. To encourage the participation of the indigenous population in the tourism industry;	
5. To sustain local cultures;	4. To minimise: the degradation of the physical environment congestion/overcrowding, loss of peace/quiet/privacy and crimes/begging/social vices.
6. To promote national integration.	

Source: Compiled from previous chapters (mainly chapters 8, 9 & 10).

recommedations for Sabah. In pursuing these objectives the strengths and weaknesses outlined in chapter 11 will be considered.

It is not the intention of this thesis to propose a recommendation that is entirely new as tourism development and marketing plans are already existing in Sabah.[72] However these strategic documents were prepared in the absent of a tourism impacts study, hence not much forethought has been exercised on the socio-economic and environmental aspects of tourism impacts. There are opportunities here to integrate the strengths of the existing development and marketing plans and to rationalise them in the light of newfound knowledge brought by the study on tourism impacts in this thesis. Also because of narrower analyses the said instruments have limitations. The present proposal aims to rectify the weaknesses inherent in these planning documents.

12.1. MAIN WEAKNESSES OF THE CURRENT DEVELOPMENT AND MARKETING PLANS

The development goal contained within the Sabah Tourism Development Plan (IDS, 1988) aimed to bring the maturity of the Sabah tourism industry in the shortest possible time and to maximise the benefits from tourism. This is to be achieved by providing tourist facilities and associated infrastructure to attract tourists from wealthy countries. Although the said development plan has stated the joint aim of minimising the negative socio-cultural and environmental impacts of tourism, the proposed development strategies have not clearly shown how this aim could be realised. The proposed development strategies are primarily geared to increase substantially the number of international tourists to Sabah: maximising foreign exchange earnings, create subtantial employment and generate economic growth. It is therefore an action oriented development plan and has not paid adequate attention to mitigating the potential negative impacts of tourism.

The Sabah Marketing Plan of the STPC is mainly concerned with attracting tourists from the targetted international tourist markets. Although frequent articulations are made on the focus of selective tourism, the marketing actions of the STPC are in essence geared to attract mass tourism. Stategies addressing the negative impacts of tourism have not been incorporated into the marketing plan.

The aim of the Sabah Development and Marketing Plans to attract at least a million tourists by the year 2000 is unrealistic. Within the limits of current airline seating capacities (discussed in chapters 5 and 7), the maximum number of tourists that can come to Sabah cannot exceed half a million annually. Since the planned tourists target cannot be achieved, the proposed scale of tourist development and marketing activities have been too ambitious. Its vaibility and sustainability is therefore doubtful. The visitor trends given in chapter 7 suggest that the lower target of 500,000 visitors by the year 2000 is achievable by an annual increase of 4%.

In sum, the proposals of the Sabah Development and Marketing Plans are unrealistic because estimates on the number of tourists they hope to achieve are based on the quantitative projections of the tourist trend to Sabah. The constraints of international and domestic (other parts of Malaysia) accessibility have been ignored. This weakness will make the strategies of these plans unrealistic. There is a need to rationalise and revise the said plans.

12.2. ALTERNATIVE SCENARIOS FOR SABAH

Sabah has decided to promote and develop tourism to diversify the economy. Sabah has a choice of two options. Firstly the State can continue with the present action orientated promotional and development approach, based on development and marketing plans which are developed from narrow and unrealistic analysis, and absence of impact studies. The second choice is to revise the current development and marketing strategies based on newer information and the considerations on the effects of various tourism impacts. The danger of the current approach is that tourism promotions and developments are proceeding with little consideration as to what negative impacts it may bring. It is possible for tourist developments to damage the physical tourism environment permanently. There is also the possibility for the currently emerging negative socio-cultural impacts (chapter 10) to become very serious. These would undermine the environmental and social attributes which attract tourists in the first place. The experience of other countries has shown that degradations of these qualities would lessen tourist flows substantially (chapters 2 and 3). If this happens in Sabah it would adversely affect the viability and sustainability of the tourism industry. Sabah can choose to promote and develop tourism using more up to date information and wider consideration of the impact issues. Thus the serious problems mentioned above will be reconsidered and making the tourism strategies more realistic, progressive and forward looking.

12.3. BUILDING THE NECESSARY INFRASTRUCTURE FOR SHAPING SABAH'S COMPETITIVE ADVANTAGE IN TOURISM

It has been argued that nations or regions have succeeded in creating wealth because they have utilised their basic factors of production (land, labour and capital) to develop their comparative advantage in certain economic activities. This theory of comparative advantage has been used to explain how superior factor endowments in parts of Europe and North America has led to their economy becoming relatively stronger. However countries lacking in natural resources such as Japan, Hong Kong, Singapore, South Korea, and Taiwan have also managed to become economically strong. Economic growth in these countries is not adequately explained by conventional development theories (comparative advantage is one of the more popular of these theories). Other factors that assist nations or regions to be more competitive in today's economy have emerged. There are seven important factors that can explain better how certain economies are more successful. These factors are referred herein as the *infrastructure for building the competitive advantages*. These factors are outlined in table 12.2.

These factors are physical or social qualities that can be created by purposeful public and private sectors actions. Hence a country or region can build economic strength by formulating appropriate public policy and private sector initiatives. By developing strategies to enhance Sabah's endowment in these seven areas, the State can build a new and stronger competitive advantage in tourism. This competitive advantage can assist in attracting tourists and higher exogenous incomes, hence attract foreign exchange earnings which can be applied to stimulate economic growth. The economic advantage can be sustained over the long-run by consolidating the positive impacts and minimising the negative impacts of tourism. The latter is particularly important to maintain favourable environmental conditions that would keep on attracting tourists.

TABLE 12.2: THE INFRASTRUCTURAL FACTORS FOR BUILDING COMPETITIVE ADVANTAGES

FACTORS	DEFINITION
(1) Appropriate and accessible technology	The applications of available and appropriate technical/social know-hows to attract tourists, sustain economic viability and avoid the negative impacts.
(2) Strong institutional problem solving capacity	The gamut of private and public institutions (government enterprises, research institutions, universities and colleges, voluntary organisations etc.) that can provide ideas for the enhancement of tourism and solutions to the various social and economic problems posed/caused by tourism.
(3) Marketing	Crucial effective promotional activity that determines the viability and sustained supply of tourist services.
(4) Appropriate physical infrastructure	Amenities and facilities (transport utilities and communication systems) effectively supporting commerce and provide quality of life but specifically support tourism.
(5) Available and flexible land/ capital for investment	The efficient applications of monetary/land resources to support the production of tourism activities. Monetary resources can be transferred from one application to another. Unused/unproductive land can be released for tourism development/use.
(6) Skilled and adaptable workforce/ receptive population	The availability of human resources having the knowledge and capability to produce higher value added products for newly identified niches in world markets. Human capability include their flexibility of adapting to changing circumstances and understanding of the benefits of tourism.
(7) Entrepreneurship	Creative risk taking by individuals or groups to transform a potential profitable idea into reality.

Source: Revised and further developed from IDS (1986).

12.4. STRATEGIES FOR DEVELOPING THE SABAH TOURISM INDUSTRY

Based on the infrastructural entities defined in table 12.2, the strategic framework for developing the tourism infrastructure is further developed and explained in this section. The proposed strategies are within Sabah's economic and organisational capabilities to implement (personal experience).

The time dimension for implementing the tourism strategies that are to be proposed are grouped under three levels:

(1) Short-term: Strategies that take 1 to 2 years to implement;

(2) Medium-term: Strategies that take between 3 to 4 years to implement;

(3) Long-term: Strategies that takes 5 years or longer to be properly developed.

Within the time-frame, strategies will be developed and assigned to the various tourism organisations. This is done to achieve a clear division of responsibility so as to avoid duplication of functions and activities.

12.4.1. FACTOR 1: STRATEGIES TO DEVELOP APPROPRIATE AND ACCESSIBLE TECHNOLOGY

Sabah possess attractive natural and cultural attributes (chapter 5) but the availability of these resources is not sufficient to attract tourists. Tourists need accommodation, recreational and other tourist facilities; but mere facilitation of these infrastructures does not necessarily attract tourists. The need to acquire knowledge to further enhance appropriate local tourist development is paramount. Appropriate development technology is essential to create the right kind of product mix[73] that can attract the desired type of tourists not only in the shorter term but one that can be sustained over the longer term.

Due to present seating capacity of airlines it is unlikely that Sabah can attract more than half a million tourists annually in the near future (chapters 5 and 7). Marketing technology is important: (1) to attract the right kind of tourists to fufil the economic and social aspirations of Sabah and (2) to position Sabah favourably in a competitive business. It is important to link marketing to the development of tourism products so that tourist supply would meet tourist needs. This calls for the applications of appropriate development and marketing technology. The development and marketing technology should be appropriate for the local circumstances.

Knowhow is not only applicable to tourism development and marketing. It is important for decision making, organisational efficacy and indeed the entire gamut of the infrastrucutral entitities listed in table 12.2. This infrastructural entity is therefore the most important. The importance of technology is not only confined to enhance socio-economic benefits but also to avoid/mitigate the negative economic, social and environmental impacts (chapter 3). The sustainability of the tourism industry depends to a considerable extend on the preservation of the environmental and social attributes (especially natural tourist attractions and receptiveness of residents to tourists). Reliable information is necessary for tourism analysis, decision-making and planning. The role of research in facilitating the information technology is important.

Table 12.3 set the strategies to develop appropriate and accessible techology. The Sabah Tourism Promotion Corporation (STPC), being the main tourism coordinating body in Sabah (chapter 8), is well placed to spearhead the essential technological development.

Chapter 8 revealed that the lack of clarity between policy-making and executive functions is undermining organisational efficacy. To facilitate for clear tourism policy and objectives and to harmonise political and professional objectives, it is essential to quickly develop and adopt tourism development and marketing plans

TABLE 12.3: FACTOR 1 - APPROPRIATE AND ACCESSIBLE TECHNOLOGY - STRATEGIES, TIME-FRAME AND IMPLEMENTING AGENCY

IMPLEMENTING AGENCY	SHORT-TERM	MEDIUM-TERM	LONG-TERM
Sabah Tourism Promotion Corporation (STPC)	• Develop / adopt a tourism Marketing Plan	• Update / improve the Developemnt Plan	• Monitor and review the Development Plan
	• Develop / adopt a Tourism Development Plan	• Update / improve the Marketing Plan	• Monitor and review the Marketing Plan
	• Acquire / develop an efficient information techology	• Improve the system and build good data bases	• Modernise the information system for effective decision-making
	• Acquire available knowledge in the business and organisation of tourism	• Study / develop means of applying tourism knowledge to suit local conditions and build effective tourism product mix, marketing mix and delivery system	• Monitor and review the tourism environment and applications
	• Identify main tourism problems for research		
Ministry of Tourism and Envtronmental Development (MOTED)	• Provide funding to support STPC in technology development and encourage innovations/imaginative applications	• Provide longer-term funding for tourism education, training and research	• Monitor and review activities and sustain funding where appropriate
Sabah Tourist Association (STA)	• Provide support to the STPC to build data bases and information technology	• Sustain and improve quality of support where appropriate	• Sustain and imporve quality of support where appropriate
	• Identify main problems of the tourist trade where research could assist	• Indentify new problems	• Identify new problems
	• Identify areas where cooperative and joint efforts could be made to improve product mix, marketing mix and the delivery system	• Implement identified areas for cooperative and joint actions	• Monitor and review activities and sustain where appropriate
	• Organise competitions for the tourist trade to encourage innov[illegible] [illegible] imagi[illegible] produ[illegible]	• Improve and continue activities	• Moniter and review activities and continue productive ones

(short-term). Development and marketing plans exist in Sabah at present but have not been firmly adopted by the Board of Directors (policy-making body) of the STPC and the ministerial level. The present system is prone to ad hoc decision-making. Tourism development and marketing plans need to be firmly adopted and are appropriate instruments to provide clear and accessible tourism policy and objective to the public and private sectors and general community. These policy and planning instruments also provide firm bases for development control, decision-making, implementation and guidance to the community of Sabah.

To prom te planning effectiveness it is essential for the tourist development and marketing plans to be updated and improved (medium-term). Revisions are part of the long-term goal of monitoring and review to ensure that policy and impelmentation plans remain relevant to changing circumstances and do not become obsolete. It is essential that the decision-making and planning processes are flexible so that they are responsive to the changing circumstances caused by the volatile economic and social tourism environment (chapter 2).

Information is a necessary tool for tourism planning (see table 12.4). However before information can become meaningful or useful, data must be processed. The competitive, constantly changing and uncertain tourism environment requires a speedy information processing and

TABLE 12.4: EXAMPLE OF INFORMATION REQUIREMENTS AND ITS IMPORTANCE

INFORMATION		IMPORTANCE
QUANTITATIVE	QUALITATIVE	
Visitor Statistics	Visitor Opinions	Analyse visitor patterns, trends, characteristícs, satisfaction/ disatisfaction etc.
Economic indicators: occupancy rates, room rates, tourist spending, employment etc.	Social and Environmental indicators: tourists and residents views etc.	Assess/Monitor tourism impacts
Market profiles, conditions, etc.	Views of tour operators and tourists on shortcoming & strengths etc.	Market analysis
Wide ranging quantitative information for scanning purposes	Wide ranging qualitative information for scanning purposes	To obtain understanding on the crutial aspects of international and local tourism climate

retrieval system to assist decision-making and planning. In the short-term it is prudent for the STPC to develop an effective information processing technology. The priority for the medium-term should focus on building reliable and efficient data bases. For economic reasons the information system should be based on micro-computers for the short and medium term. In the long-term the STPC should seriously consider to facilitate the development of a time-sharing main-frame computer system. The concept of time-sharing enhances information accessibility. This is an area where the public and private tourism organisations can cooperate by jointly venturing in the development of a sophisticated tourist information technology. This information system is expensive but its power and versatility to aid wide ranging decision-making and strategic planning would be worthwhile.

Research should be spearheaded by the STPC and focussed to acquire wide ranging knowledge in the business and organisation of tourism. In the short-term the main tourism problems (including negative economic, social and environmental impacts) should be identified for research and existing knowledge from local and external sources should be tapped. In the medium-term and long-term relevant research should be carried out. The main focus is to develop ways and means of applying tourism knowledge to suit local conditions and circumstances, build an effective tourism product mix, marketing mix,[74] delivery system and mitigation of the negative impacts of tourism.

The role of the Ministry of Tourism and Environmental Development (MOTED) is to provide short-term, medium-term and long-term funding to support the STPC in technology acquisition and development, facilitate tourism innovations and imaginative applications and tourism education, training and research. An addition of M$500,000 (provided annually) would be required to employ six tourism research specialists and twelve research assistants, provide stationery and equiptment and support field work.

The Sabah Tourist Association (STA) should lead the private tourist organisations in supporting the SPTC to build tourist data bases and information technology. In the short-term the STA should be instrumental in supplying necessary and relevant tourist information (viz: hotel occupancy rates, hotel charging rates, types of facilities available and developing the commercial tourist sector, tourist segments etc.). As leader of the commercial sector (chapter 8) the STA's role is to (i) identify the main problems facing the tourist trades where research could be applied, (ii) identify areas where the private sector can cooperate and make joint efforts to develop business efficacy and product improvements and innovations and (iii) identify areas where the private sector can cooperate and make joint efforts with the public sector towards product and marketing developments and innovations. In the medium-term the identified cooperative and joint efforts are to be implemented. These efforts are to be sustained in the long-term.

12.4.2. FACTOR 2: STRATEGIES TO DEVELOP STRONG INSTITUTIONAL PROBLEM SOLVING CAPACITY

Chapter 8 showed that the institutional infrastructure is in place to support the Sabah tourism industry. This advantage should be consolidated by rationalising the roles and functions with a view to improve working relationships among the relevant public and private tourism institutions. This would neutralise the cumbersome organisational processes discussed in chapter 8.

Effective review and monitoring procedures for policy, development and marketing plans, and implementation should be incorporated into the organisational structure so that the process would be responsive to changing circumstances in the tourism environment. This flexibility and capacity to shift and change is important to avoid prolonged adoption of outdated policy, strategies, plans and be receptive to changing market conditions.

Sabah is a new entrant as well as a late starter in the tourism industry. There will be various problems faced by the State such as those related to tourism development, marketing, manp wer supply, supply of capital etc. Strong instituti nal problem solving capacity is important to meet the serious problems p sed y these issues. This necessary infrastructure can be achieved partly by a quirin ppr priate te hn l gy and making it accessible to ll levels f the tourism organisation (see 12.4.1, als table 12.2).

The quality f the rest of the entities see below is dependent on the institutional problem solving capacity, hence underlying its importance.

The strategies t develop strong institutional problem solving capacity are featured in table 12.5.

Due to the lack of resources Sabah has to rely on national funding for some of its tourist development and marketing. It is important to identify areas where Sabah can cooperate and make joint marketing and development efforts with the federal authorities (short-term). The areas identified in the short-term should be followed in the longer-term by appropriate implementation of the identified activities.

The national tourism policy, mode of funding and marketing and implementing strategies aims at uniformity. Since, Sabah is remote from Peninsular Malaysia the national prescriptions are often not appropriate (chapter 8). The present lobbying for federal assistance is weak. The bargaining system can be strengthened by adopting professional methods of representing the different situation and problems experienced by Sabah, hence requiring unique policy and solutions (short-term). It is essential to marshall reliable information and conduct trustworthy research so that convincing evidence and arguments may be documented supporting Sabah's cases (medium-term). The professional representation and reporting qualities should be improved and sustain in the long-term. The appropriate body to review the lobbying and bargaining system is the MOTED.

The main arm of the MOTED to carry out the professional

TABLE 12.5: FACTOR 2 - STRONG INSTITUTIONAL PROBLEM SOLVING CAPACITY - STRATEGIES, TIME-FRAME AND IMPLEMENTING AGENCY

IMPLEMENTING AGENCY	SHORT-TERM	MEDIUM-TERM	LONG-TERM
Ministry of Tourism and Environmental Development (MOTED)	• Identify areas where relationships with Federal tourism organisations could be strengthened and adopt professionalism in lobbying for federal assistance	• Marshall information and conduct research to enhance professional outputs	• Sustain and improve professional qualities
	• Rationalise the roles of tourist organisations	• Augment specialisation and develop professional code of ethics	• Sustain cooperative and joint efforts to achieve common good
	• Provide adequate funding to the STPC so that it can easily fulfill its role	• Sustain appropriate level of funding	• Sustain appropriate level of funding
Sabah Tourism Promotion Corporation (STPC)	• Augment the role of the STPC as the main Body for the development and promotion of tourism	• Develop and improve analytical skills to carry out the tasks	• Sustain and improve analytical skills to carry out the tasks
	• Bring the integration of all tourism related activities under the aegis of the STPC	• Develop and improve analytical skills to carry out the tasks	• Sustain and improve analytical skills to carry out the tasks
	• Augment the research capacity of the STPC	• Develop and improve analytical skills to carry out the tasks	• Sustain and improve analytical skills to carry out the tasks
	• Provide fund for consultancy services in areas where the inhouse research capability is weak	• Develop and improve skills to select / analyse consultants	• Sustain and improve selection / analytical skills
	• Provide the STPC with adequate and appropriate resources and manpower	• Provide appropriate training and development of staff	• Improve and sustain professional quality
	• Define clearly the policy-making roles of the Board of directors and executive roles of the management	• Improve decision-making / analytical capability	• Improve and sustain decision-making / analytical capability
	• Appoi[illegible] appro[illegible]	• Provide appropriate training and development of directors	• Improve and sustain professional quality

activites is the STPC and adequate funding should be given to fulfil and sustain the role of the organisation. This would require an additional M$ 1.5 million annually.

Strong institutional problem solving capacity can be facilitated by systematic analysis and coordination of the various tourist activities of the State. The main aims are to facilitate for orderly and systematic development and avoid serious duplication and wastage of resources. It is necessary to have a definite body clearly empowered to oversee these important planning and coordinating functions. The STPC is empowered by lesgislation to implement these functions and should be consolidated by: (i) augmenting its role as the main body for development and promotion of tourism in Sabah and (ii) bring the integration of all tourism activities under the aegis of the STPC (short-term). The institutional problem solving capacity of the STPC can be facilitated by augmenting the research capacity. This can be achieved by providing the STPC with appropriate resources and manpower to achieve professional effectiveness and excellence (medium-term). In the longer-term appropriate training and development of staff should be provided to sustain and improve professional outputs. At present these are lacking.

Where the inhouse research capability is inadequate, sufficient funding should be provided so that the appropriate consultancy services can be sought (short-term).

The role of research should be multidimensional - seeking to: (i) find out how tourist development, marketing and organisational structure can be successfully implemented to consolidate the positive advantages and impacts of tourism and (ii) identify the serious negative impacts of tourism and develop techniques to mitigate these.

The present system does not clearly distinguish between the policy-making roles of the STPC's Board of Directors and the executive roles of the management of the STPC. The Board of Directors often encroaches into the executive roles of the management creating confusion and conflict (chapter 8). For organisational efficacy the policy-making roles of the STPC's Board of Directors and executive roles (implementation) of the management should be clearly defined and separated (short-term). The professional quality of the Board of Directors can be augmented by appointing members of professional quality and appropriate expertism (medium-term). The professional quality is at present lacking. Appropriate training and development of members should be provided to sustain and improve the professional outputs (long-term).

12.4.3. FACTOR 3: STRATEGIES TO DEVELOP THE MARKETING INFRASTRUCTURE

Chapter 5 has identified that Sabah has readily saleable tourist facilities, hence it is possible to market them immediately. There are problems of excess capacity in the different segments of commercial accommodation. Marketing efforts have been shown to increase hotel occupancy (chapter 9). Marketing is very important to sustain the flow of tourists to Sabah and their use of commercial accommodation. Since the well being of the tourist industry is dependent on the success of the marketing activities it is rated higher than most of the other entities. It is lower than the first two (see above) because without accessible and appropriate technology and strong institutional problem solving capacity an effective marketing infrastructure cannot be developed. Sabah already has workable marketing know-how which can be implemented immediately. However this needs to be improved further; research (factor 1) can assist here.

Tourists will not come to Sabah simply because tourist facilities exist. Effective marketing, facilitated by the development and application of appropriate strategies, is essential to attract the targetted tourist and market segments.

Marketing should go hand in hand with product development. It is important to identify the types of tourist Sabah wishes to attract and their needs, so that appropriate infrastructure can be developed. This will assist to develop a saleable tourist product.

The tourist marketing infrastructure is in place (chapter

8) and can be consolidated by the strategic framework proposed in table 12.6.

Various forms of assistance are given by the national tourist organisations (chapter 8). The State should take full advantage of these. This can be done by; (i) identifying areas where federal assistance is appropriate and required in marketing Sabah (short-term), (ii) bargain actively for a fair share of the national marketing fund and improvement of international air accessibility (continuous). Sabah's success in these spheres could be enhanced by adopting professionalism in applying for marketing assistance, funds and increase accessibility. Professionalism requires proper and convincing representation of Sabah's case. While quantitative information can be marshalled from available sources for immediate use, it is essential to strengthen the range and quality of the data bases. Research in appropriate wide ranging issues are necessary to convince the national tourist bodies of the merits of Sabah's applications (medium-term to long-term). Research and documentation should be of high quality. The professional qualities and bargaining strategies for better marketing and international accessibility should be sustained and improved (long-term).

The marketing role of the STPC should be augmented. To maximise economic returns and minimise the negative impacts of tourism it is necessary for Sabah to adopt a

TABLE 12.6: FACTOR 3 - MARKETING - STRATEGIES, TIME-FRAME AND IMPLEMENTING AGENCY

IMPLEMENTING AGENCY	SHORT-TERM	MEDIUM-TERM	LONG-TERM
Ministry of Tourism and Environmental Development (MOTED)	• Identify areas where federal assistance are required in marketing	• Marshall information and conduct research to enhance professional outputs	• Sustain and improve professional qualities
	• Adopt professionalism in bargaining for a fair share of the national marketing fund	• Liaise with federal authority to improve air accessibility	• Sustain bargaining for better marketing and international accessibility
Sabah Tourism Promotion Corporattion (STPC)	• Adopt selective marketing apporach and target tourist market segment	• Match marketing with tourist segments and markets characteristics	• Monitor and review tourist segments / markets and revise marketing
	• Develop and position Sabah's image as an exciting and progressive tourist destination	• Use appropriate communication channels in target markets to potray tourist images	• Monitor and review communication channels and sustain those that are productive
	• Produce appropriate marketing tools and apply marketing	• Use appropriate marketing channels in target markets	- ditto -
	• Develop marketing programmes to make Sabah a prominent tourist destination	• Execute international and domestic marketing programmes	• Sustain and improve marketing programmes
	• Identify cooperative and joint efforts with national tourist bodies and private sector in marketing tourism	• Organise and apply cooperative and joint marketing efforts	• Sustain and improve cooperative and joint marketing efforts
Sabah Tourist Association (STA)	• Support selective marketing by apt marketing mix	• Differentiate products and specially market in targetted tourist markets / segments	• Sustain and improve segmentations and marketing mix
	• Supplement the marketing tools of the STPC	• Use appropriate communication and marketing channels	• Sustain and improve marketing / tools and increase market areas / penetration
	• Develop exciting and imaginative tour packages	• Improve and match tour packages with tourist expectations and characteristics	• Continuously improve tour packages applying new ideas/ innovations
	• Establish links with international and domestic tour operators	• Improve / expand marketing relations and consolidate those that are productive	• Sustain, improve and expand marketing relationships
	• Identify areas where the private sector can make cooperative and joint marketing efforts between themselves and the public sector	• Organise and apply cooperative and joint marketing efforts	• Sustain and improve cooperative and joint marketing efforts

selective marketing approach rather than position for mass tourism (short-term). Selective marketing can be facilitated by understanding the characteristics of the tourist and markets segments, and choosing the appropriate ones (medium-term). It is essential to monitor and review the tourist and market segments so that marketing can be responsive to changes in tourist and market charateristics (long-term).

The selective marketing approach can be facilitated by: (i) developing and positioning Sabah's tourist images as an exciting and progressive tourist destination in the selected tourist markets, (ii) the production of appropriate marketing tools (e.g. brochures, posters, videos, films etc.) to attract the targetted tourists from the selected market segments and (iii) develop marketing programmes to be applied in the target tourist markets (short-term). The above marketing strategies are to be implemented by the use of appropriate communication and marketing channels (e.g. tour operators, specialist tourist pakagers, advertisements, mass media etc.) in the targetted tourist markets (medium-term). To facilitate for marketing effectiveness it is essential to monitor and review the communication and marketing channels and sustain and improve those that are productive (long-term).

The STA should take the lead to provide support for the selective marketing approach. The private sector can facilitate support by differentiating their products/services, produce and apply appropriate marketing tools to feature distinctively their respective products/services and apply appropriate marketing mix to attract their targetted tourist segments (short-term). These marketing instruments are to be distributed at the appropriate communication and marketing channels. The communication and marketing channels are developed by establishing links with international and domestic tour packagers and operators. The STA should ensure that the various marketing strategies adopted by the private sector are consistent with the State's marketing strategies (medium-term). Likewise the private sector should monitor and review their respective communication and marketing channels and sustain and improve those that are productive (long-term).

12.4.4. FACTOR 4: STRATEGIES TO DEVELOP APPROPRIATE PHYSICAL INFRASTRUCTURE

Sabah has to attract the right type of tourist to fulfil the various economic and social aspirations. An appropriate and attractive tourist product mix (beach and country resorts, theme parks, sports, specialist attractions: e.g. diving, forest recreation etc.) is required to attract new tourists of the desired quality, make them happy and encourage repeat visits. The new tourist products proposed for development in specific areas are given in section 12.5.

Chapter 5 has discussed the inadequacies of tourist facilities in some of the main tourist areas. Good tourist impressions of Sabah can be created by providing and maintaining adequate tourist facilities in existing and new tourist sites. Favourable tourist mental images of Sabah can create good publicity and assist in promotional activities.

It is also known from chapter 5 that internal accessibility to many tourist areas is difficult. Good tourist impressions can also be generated by good internal accessibility. It is important to improve internal accessibility to the interesting tourist areas (Poring Hot Spring, Gomantong Caves, Turtle Islands Park and Sipadan island) and provide them in potential tourist areas (Sukau, Dannum Valley, other inaccessible areas of the Kinabalu Park).

The growth of tourist coming from outside Sabah is severely restricted by international accessibility (chapters 5 and 7). It is crucial to provide more direct international linkages and to improve the present air capacity.

Sabah already has tourist infrastructure and marketable facilities in place and attractive tourist attributes (chapters 5 and 8) which are advantageous for the promotion of tourism. The attractive tourist environment (natural and intangible attributes) should be consolidated by enhancing it with appropriate and attractive tourist facilities, services and infrastructures. Care should be excercised in the development of the tourist industry so that the attractive qualities of the tourist attributes can be sustained. Chapter 5 has discussed some serious constraints posed by international and internal tourist accessibility and the underdevelopment of the tourist industry in Sabah. The main strategies addressing these weaknesses and aimed at enhancing the tourist industry in Sabah are outlined in table 12.7.

Travel by air is the major mode of transportation facilitating tourist arrivals (chapters 7 and 9). However the maximum seating capacity of airlines serving Sabah only allows half a million passengers per year. This accessibility constrain severely limits the prospects of the tourism industry (chapters 5 and 7). International air accessibility is the responsibility of the federal government. Since the issue is not directly controllable by the State, it will not be easy to increase international air accessibility. However previous lobbying and bargaining efforts have been rewarded with some success. The MOTED should continue to actively liaise with interested airlines to increase and extend charter flights to Sabah.

To support the selective approach to promote tourism, it is neccessary to provide appropriate tourist

TABLE 12.7: FACTOR 4 - APPROPRIATE PHYSICAL INFRASTRUCTURE - STRATEGIES, TIME-FRAME AND IMPLEMENTING AGENCY

IMPLEMENTING AGENCY	SHORT-TERM	MEDIUM-TERM	LONG-TERM
Ministry of Tourism and Environmental Development (MOTED)	• Actively bargain with the national authority to improve international accessibility	• Develop convincing research and evidence supporting Sabah's case	• Sustain lobbying / bargaining efforts and intensify professional inputs
	• Actively liaise with interested airlines to increase chartered flights to Sabah	• Create interests of other airlines to extend chartered flights to Sabah	• Sustain liaison if necessary
Sabah Tourism Promotion Corporation (STPC)	• Establish a tourist information network in main tourist areas	• Expand tourist information network and improve quality of tourist information	• Monitor tourist satisfaction and improve range and quality of tourist information
	• Rationalise the provision of tourist services and facilities in the main tourist sites ◆	• Increase quantity / quality of necessary tourist facilities and services	• Monitor tourist satisfaction and increase quantity / and quality of tourist facilities and services Accordingly
	• Identify appropriate and require new tourist services and facilities ◆	• Provide the identified new tourist services and facilities in the appropriate areas	- ditto -
	• Rationalise internal accessibility and establish development priority ◆	• Improve accessibility to priority tourist areas	• Provide accessibility to potential tourist areas
	• Identify appropriate areas to widen the range of tourist facilities and services ◆	• Develop appropriate attractive and exciting tourist product and services ◆	• Monitor tourist satisfaction and review the tourist facilities and services; upgrade and rejuvernate tourist products
Sabah Tourist Association (STA)	• Widened the range of tourist services and products within the private sector ◆	• Develop new and improve qualities of tourist facilities and services	- ditto -
	• Develop appropriate exciting and imaginative tourist itinerary and activities ◆	• Develop new and improve tourist itinerary and activities	• Monitor tourist satisfaction and review the tourist itinerary and activities; develop new ideas

◆ Consistent with the aims of minimising the adverse economic, social and environmental impacts infrastructure to attract the preferred tourist segments. Sabah has attractive tourist sites that can be immediately promoted but the quantity and quality of tourist facilities are not always adequate (chapter 5). The present tourist sites can be consolidated by reviewing the provision of tourist facilities and services and identifying the main shortfalls in the main tourist attractions (short-term). The main defficiencies of tourist facilities and services should be identified and corrected by providing those facilities and services needed greatly by tourists and improving those that does not meet the tourist expectations (medium-term). The happiness of tourists is important because: (i) favourable word of mouth of tourists provides good informal publicity and (ii) tourist may be encouraged to come back if they have experienced superior tourist facilities and services. Therefore, it is important to monitor tourist satisfaction. This will provide the bases to expand the present range of tourist facilities and services and to improve their qualities.

Many of the tourist attractions in Sabah are difficult to access (chapter 5). There is a need to rationalise internal accessibility and establish priority tourist areas. Accessibility to the most important priorty tourist areas should be provided/improved (medium-term). Access to the other priority and potential areas should be continued in the long-term.

The length of night-stay by tourists in Sabah is short because the range of tourist products and services is narrow, hence the low pattern of tourist spending (chapters 5 and 9). It is therefore important to identify wider range of tourist facilities and tourist development (short-term) that can encourage tourists to stay longer and spend more. Appropriate (matching the needs of the targetted tourists), attractive, interesting and exciting tourist facilities, services and tour packages should be developed (medium-term). Efforts to monitor tourist satisfaction and review the effectivness of the product mix should be continuous. Tourist products with decaying qualities should be refurbished and repaired. Outdated tourist services should be rejuvenated by introducing new innovative and imaginative product mix (long-term).

Sabah is well endowed with resources. To minimise leakages and the importation of inflation through purchases of building materials, local materials should be used to build the tourism industry. Developments such as the *Semporna Ocean Tourist Centre* have shown that it is possible to use local building materials in place of imported ones.

The STA has an important role to lead the private sector to support STPC in the development of an exciting/interesting product mix. The tourist trades can assist by identifying imaginative ways to widen the range of tourist facilities and services (short-term).

Appropriate new and easily implemented tourist facilities and services that can further captivate tourists should be developed; whereas the quality of present ones should be improved (medium-term). Facilities and services that are more difficult to implement should be developed in the longer-term. It is important to monitor tourist satisfaction and review the capability of the tourist product mix to attract tourists. Tourist leisure facilities and services, including tour itineraries should be constantly reviewed. The causes of tourist dissatisfactions should be corrected. Unattractive tourist services should be replaced by new and innovative ideas to renew tourist interests (long-term).

12.4.5. FACTOR 5: STRATEGIES TO MAKE LAND/CAPITAL AVAILABLE/FLEXIBLE

Land is a scarce resources and its attractive qualities may be eroded by unsympathetic land uses. Hence, there is a need to identify attractive land suitable for tourism uses (short-term) and legislate to preserve attractive land for tourism purposes. Appropriate development policy should be developed so that the qualities and attractiveness of the land, especially the natural environment, are sustained (medium-term). The policy to preserve and sustain land for tourism should be continued and effectively enforced (long-term).

Management of land is important for the sustenance of attractive tourist land. It is important to develop appropriate policy for managing the tourist areas of Sabah. The qualities of Sabah's beaches, shorelines, coral reefs, mountains, flora and fauna are important for tourism (chapter 5). The main attractive tourist areas are already reserved as nature parks and should be consolidated by appropriate and effective management of these parks. The organisation (Sabah Parks) responsible for managing the Sabah Parks is in place (chapter 5) and should be consolidated by appropriate, adequate and continuous financing and development of staff. The park management system is sound and should be consolidated by continuous implementation and improvement in management techniques.

However, there is much more work that can be done. Many other potentially attractive areas are left unprotected. Legislation to protect these areas, which have already been identified (chapter 5), should be passed before they are damaged by conflicting land uses. A strong and clear coastal management policy should also be developed to preserve and enhance the attractive beaches and landscapes (medium to long-term). The coastal areas are especially important since these areas are environmentally sensitive and subjected to multiple uses. Policy to lessen conflicting land uses and prevent further environmental damage should be developed. The land managment policy should be monitored, reviewed and continuously improved (long-term). The policy issues should be undertaken by the MOTED.

Agencies to implement tourism policies are in place and should be consolidated. Towards this end the STPC and Sabah Parks should work together with the Department of Town and Regional Planning to develop land use strategies to enhance tourism. Attractive land for tourism and complementary uses should be zoned to minimise further damage to the attractive natural qualities. Attractive and sensitive natural environments should be protected by effective legislations and enhanced by appropriate vehicles for land management viz: nature/marine parks and wild-life sanctuaries. The land based strategies should be incorporated within the structure and local plans to facilitate for effective development control (medium to long term). Land use plans and strategies for tourism should be monitored, reviewed and continuously improved.

The development of tourism requires an adequate pool of investment capital. The present federal funding policy only caters for large businesses and investors (chapter 8). Access to development funds should be also provided to smaller businesses and investors. Unused committed financial resources should be easily diverted to other urgent uses. The success of tourist development depends on available and flexible investment capital.

To attract foreign and local investments the MOTED should provide flexible investment incentives to complement those already provided by the the federal government. The weakness of the investment incentives presently provided by the federal government (chapter 8) is it favouritism towards large and foreign investors. This may be appropriate for Peninsular Malaysia but is difficult to operate in Sabah because of the smallness of the local tourist market. The current structure of the tourist trades show that the small tourist business has prevailed because of the smallness of the market (chapter 9). This situation is not disadvantageous because the domination of local investors have made the present tourist business less dependent on foreign resources and lessened the impacts of external influences and economic domination. The advantages presented by the present tourist structure should be consolidated. More local investors may be attracted to enter the tourist business if cheaper, easy to access and long-term loans are made available. The incentives provided by the federal government are unlikely to be attractive to foreign investors because of the geographical isolation of Sabah. This investment incentive can be strengthened by the provision of basic infrastructure (water, eletricity, telecommunication and suitable/attractive land). However, more should be done besides the provision of tourist infrastructure. Experiences has shown that foreign investors would be reluctant to enter into new, risky tourist businesses in regions umfamiliar to them. The confidence of foreign investors would be more likely be developed if business partnerships (joint ventures) could be arranged with local investors. There is a need to rethink the present priority of attracting foreign investments to build the tourism industry in Sabah. The experiences of other developing and third world countries has shown that the domination of the tourism industry by external interests could produce adverse economic impacts. (chapter 3). An alternative policy to encourage joint business ventures between foreign and local investors would be more attractive to foreign and local investors and has been found to be effective in the industrial sector in the past. It would also make the ownership of tourism enterprises in Sabah more balanced. This would help retain most of the present structural advantages (provide potentials for the development of local resources), prevent the domination of the tourist industry from foreign domination and the adverse economic impacts associated with it (accentuate foreign exchange leakages, vulnerability of the local economy to external decisions - such as the importation of foreign resources even though local resources are available etc.).

The strategies proposed above to make flexible land and capital available to assist the development of tourism are summarised in table 12.8.

12.4.6. FACTOR 6: STRATEGIES TO FACILITATE FOR ADAPTABLE AND SKILLED WORKFORCE/RECEPTIVE POPULATION

An integral and important part is the quality of manpower

TABLE 12.8: FACTOR 5 - AVAILABLE AND FLEXIBLE LAND / CAPITAL - STRATEGIES, TIME-FRAME AND IMPLEMENTING AGENCY

IMPLEMENTING AGENCY	SHORT-TERM	MEDIUM-TERM	LONG-TERM
Ministry of Tourism and Environmental Development (MOTED)	• Identify attractive land suitable for tourism uses	• Preserve land suitable for tourism	• Monitor, review and continuously improve land policy for tourism
	• Develop appropriate policy for managing the coastal region and tourist areas	• Coordinate land planning and management for tourism	• Monitor, review and improve coordinative efforts
	• Provide tourism investment incentives to complement those made available by the federal government	• Sustain incentives and make accessible to large and small investors	• Monitor, review and improve incentives provided for tourism
		• Encourage joint-ventures between foreign and local investors	• Continue to find ways to encourage foreign investments with minimal adverse economic impacts
	• Divert idle funds to assist tourism		
STPC, Sabah Parks Department of Town & Regional Planning	• Develop appropriate land use strategy to manage tourism	• Incorporate land use strategies in the structure and local plans	• Monitor, review and improve strategic and land-use plans for tourism
Sabah Parks/Department of Wildlife	• Continue management of nature parks	• Continue and improve management techniques	• Monitor, review and improve management

available to serve the needs of the tourism industry. Chapter 6 has shown that surplus manpower is available but the quality is basic. It is necessary to develop skilled tourism workforce to meet the various tourist needs and for the effective running of the tourism industry. Sabah has to compete in the world's tourist market. To position Sabah in a very competitive industry means the ability to respond to changing circumstances. The success of the industry depends on its ability to shift and changes from time to time. Hence, it is necessary to develop an adaptable workforce that can meet the challenges of the future.

The development of the tourism industry requires different types and levels of skills to support the activity. At the higher education level (degrees and diplomas), staff will be needed to fill the managerial and professional (planning, marketing, financial management etc) needs of the industry. The creation of appropriate educational facilities (e.g. hotel and tourism schools) to provide managerial and professional staff for the tourist trades will be expensive. The provision of such facilities will not be viable due to the smallness of the industry in Sabah. Under the circumstances the best alternative would be to provide adequate scholarships to developed the higher skilled manpower needed by the tourism industry. There is also a growing number of unemployed graduates; retraining programmes should be made available to allow interested graduates from other academic disciplines to join the tourist trades.

Other skilled workers requiring mid-range education level (fifth or sixth form) such as supervisors, tourist guides, sales, chef, front office staff, supporting clerks etc will be required. Lesser skilled staff such as cleaners, gardeners, waiter(ess) will be also be required. At present training programmes are already available to train tourist guides. This should be continued and improved by appropriate curriculum development. Multi-level inhouse training programmes are essential to develop the other manpower needs of the tourist industry (short-term). Inhouse programmes are more viable since the establishment of an institution to provide the multi-level training will be expensive and impractical since the tourist industry is small. The in-house schemes require candidates to be placed in the present tourist institutions for training e.g. candidates interested in hotel related works would be placed in a hotel environment, candidates interested in handicrafts would be emplaced in the existing public organisation looking after the schemes. The STPC is the appropriate body to coordinate the training schemes, but in cooperation with the STA and other relevant institutions within the public and private sectors.

It has been shown in chapter 3 that tourist-resident conflict has detrimental consequences. Although not yet serious, some residents are concerned by this issue (chapter 10) in Sabah. To promote understanding and minimise tourist-resident conflict and develop a receptive population, the general public should be educated on the role of tourism promotion and development. Social/cultural understanding and interchange of ideas between tourists and residents can be encouraged by improving opportunities for them to meet instead of being segregated.

The policy to encourage the participation of the indigenous population in tourism should be supported by education to make them aware of training, employment and business opportunities. These educational programmes should be continuous.

The strategies to facilitate for adaptable and skilled workforce/receptive population are summarised in table 12.9.

12.4.7. FACTOR 7: STRATEGIES FOR DEVELOPING ENTREPRENEURSHIP

The Sabah tourist industry cannot become a viable diversifying sector in the economy without good abilities to develop latent and novel ideas into profitable reality. Enterpreneurship provides the vehicle for transforming potential visions into practice. It is important to identify, encourage and develop entrepreneural skills by providing appropriate supporting facilities and modernisation. The development of entrepreneurship needs

TABLE 12.9: FACTOR 6 - ADAPTABLE AND SKILLED WORKFORCE / RECEPTIVE POPULATION - STRATEGIES, TIME-FRA , AND IMPLEMENTATING AGENCY

IMPLEMENTING AGENCY	SHORT-TERM	MEDIUM-TERM	LONG-TERM
Chief Minister's Department	• Provide cholarships to develop higher skilled manpower require by the tourist trades	• Match workforce needs with training and education	• Monitor and match scholarships awards with the pressing needs of the tourist trades
	• Provide training programmes for graduates in other discipline wishing to join the tourist trades	• Continue as necessary	
	• Establish multi-level inhouse training programmes to develop the general manpower needs of the tourist trades	• Continue improving training system	• Monitor and improve the effectiveness of the training schemes
	• Educate / inform the public on the role of tourism by: (1) continuous awareness programmes; (2) Include tourism studies in lower and higher education; and (3) provide awareness of training, employment and business opportunities	• Continue and improve awareness schemes	• Continue and improve awareness schemes
	• Provide opportunities for tourists-residents interactions	• Sustain and enchance meeting opportunities	• Monitor tourist-resident relations and take corrective actions
	• Inform tourists on the cultural values and acceptable practices of the country	• Continue and improve education system	• Monitor and improve the effectiveness of the education programmes

the combined efforts of the public and private sectors. The leaderships of the STPC and STA are required. Time frames are not relevant here as concerted development efforts should begin immediately and run continuously.

It is unlikely that Sabah can be successful in attracting international tourists if the products developed are similar to others in the Asia-Pacific region. Sabah's tourism products can be made prominent if different and unique/mystical/interesting tourist attractions can be created. Thus the tourism specialists should be aware of other tourism products in the Asia-Pacific region. This can be achieved by organising study tours to understand the tourism supply system worldwide but especially in the nearer tourist destinations. Research and development should be established to assist the development of enterpreneurship in tourism and can be incorporated within the frameworks to develop appropriate and accessible technology (section 12.4.1) and institutional problem-solving c pacity (section 12.4.2). Education and training is also important and can be provided through the creation of business incubators designed to equip potential entrepreneurs with practical skills and know-how (management and business decision-making, business processes, business start-up processes, application processes etc.). More important the government should be receptive to good ideas from the private sectors and give support by speeding up approval processes (viz: applications for land, licenses etc.).

The public and private sector should continuously cooperate to interchange and develop ideas on how local enterpreneurship could be enhanced. Research by educational institutions and interested bodies or individuals on this issue should be encouraged.

12.5. SPATIAL TOURIST DEVELOPMENT STRATEGY

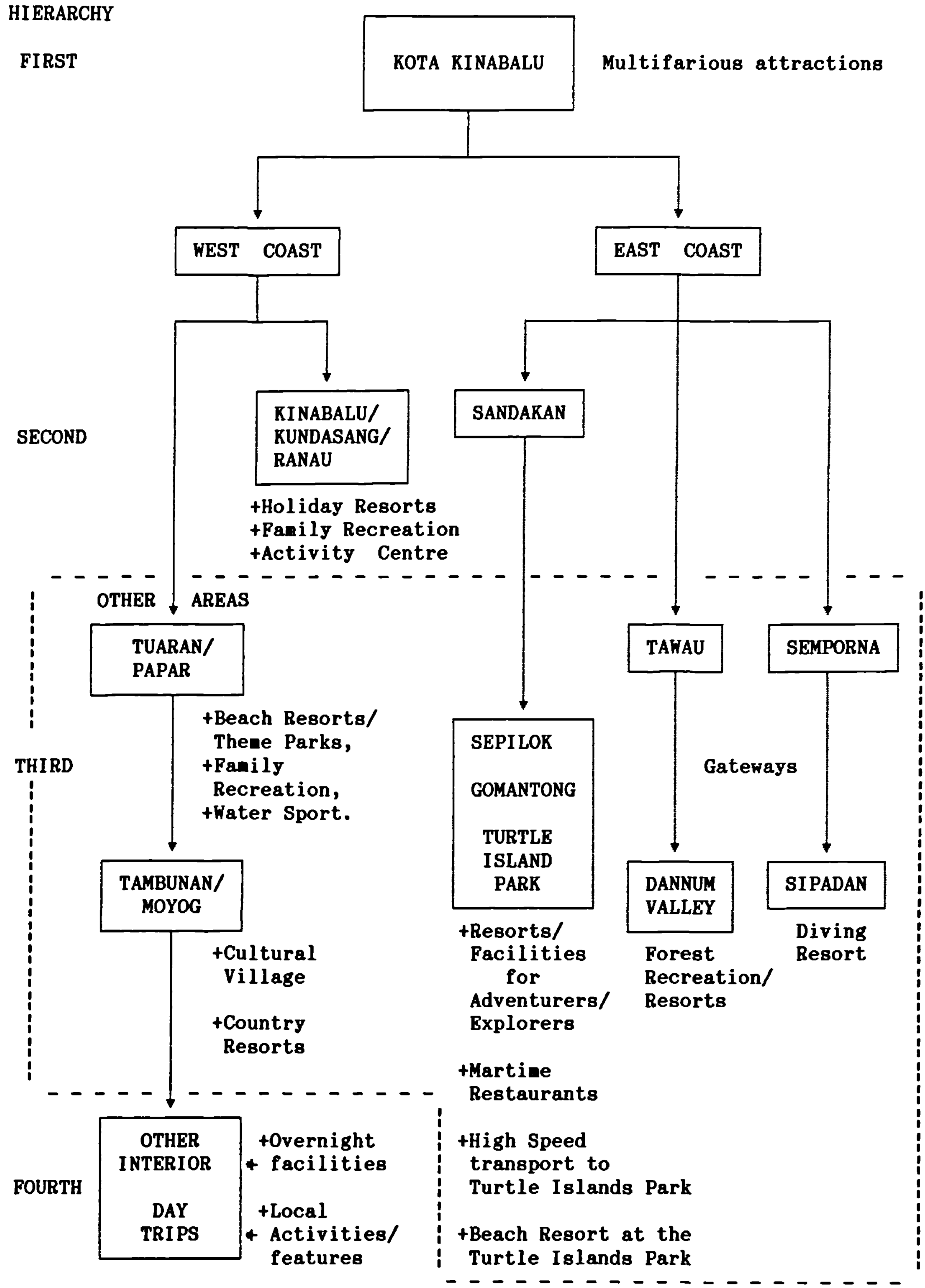
The previous section has proposed broad strategies for the development of the tourism industry. This will be complemented in this section by incorporating spatial strategy for tourism development.

In chapter 9 it is known that the pattern of visitor overnight stay and spending is uneven, favouring Kota Kinabalu. The main reason for the regional concerntration is the combined strategic location of Kota Kinabalu as an international gateway and its superior tourist facilities and public infrastructure. Being a small country most of the tourist areas are conveniently accessible from Kota Kinabalu and return trips are easy (chapter 5). Thus Kota Kinabalu presents an attractive tourist package which is presently capitalised by marketing efforts of major hotels and local tour operators in Kota Kinabalu. The marketing by other hotels in Sandakan and Tawau, Kinabalu and the interior of Sabah are weak, both in terms of intensity of effort and the lack of marketing direction. The latter is caused by attempting to attract the general leisure tourists which is not consistent with what their areas can offer and what Kota Kinabalu can offer better. Hotels in the interior of Sabah are especially disadvantaged by their remote locations and the underdeveloped tourist infrastructure. The combination of these circumstances together places Kota Kinabalu in a more favorable position to attract overnight tourists.

Due to the above circumstances it is unlikely that the other regions will successfully attract overnight visitors simply by quickly providing tourist facilities and supporting infrastructure. The other tourist areas cannot just provide facilities which are already provided in Kota Kinabalu and in which they are less competitive by virtue of their remote locations. Duplication of tourist facilities and stiff competition would not be consistent with the aims of maximising the economic returns from tourism. There is a need to develop a spatial strategy which would consolidate the position of Kota Kinabalu and therefore not endanger the viability/profitability of the tourist facilities in the area, while at the same time aiming to spread tourists and their spending in the longer run. This can be achieved by purposeful spatial development policy aimed at differentiating tourist products between tourist regions, each specialising in developing tourist attractions that they can uniquely provide. The aim of Sabah to bring a more balanced tourist development is difficult to achieve in the short run. The long-term spatial development strategy seeks to create a tourist hierarchy depicted in figure 12.1. Since chapter 9 has revealed the importance of the patronage of the local tourists in the other regions of Sabah, their tourism industry should be build by attracting tourist from within Sabah. However adequate capacity for attracting international tourism should be provided. The clientele mix can assist the viability and sustainability of tourism development in the regions.

In figure 12.1 Kota Kinabalu is the top of the spatial hierarchy. It occupies this position since it possesses an international airport, which brings most of the tourists to Sabah. Although most of the overnight tourists stay in Kota Kinabalu, some tourists are redistributed through the area to the other parts of the west and east coasts of Sabah (chapter 9). The main weakness of the other regions is the lack of facilities that can attract visitors to stay overnight (chapter 5). The distributory role of Kota Kinabalu can become important in the long-term if the right tourist developments take place in the other areas of Sabah. Kota Kinabalu has many natural (Tenku Abdul Rahman Park and Tanjung Aru Beach), man-made (museums, hotels, restaurants and other urban fabrics) and cultural (open air bazaars, festivals and other social attractions) tourist attractions. Kota Kinabalu is also within convenient journey time to the main tourist areas of Sabah (chapter 5). Due to its strategic location Kota Kinabalu is the hub of multi-facteted tourist attractions and therefore

FIGURE 12.1: SPATIAL TOURIST DEVELOPMENT HIERARCHY



NOTE: TOURIST AREA STATED INSIDE BOX;
PROPOSED DEVELOPMENTS STATED OUTSIDE BOX.

KEY
- - - - Envelopes third hierarchy

justify its place in the top tourist hierarchy. The multifarious characteristics of Kota Kinabalu's tourist attractions should be consolidated in the short-term and enhanced in the longer-term.

Chapter 5 reveals that Kota Kinabalu still lacks some important tourist facilities. The tourist attractions of Kota Kinabalu can be enhanced by providing these (table 12.10).

The Kinabalu/Kundasang/Ranau area, and Sandakan are placed second in the hierarchy because of the wider potential strengths of their tourist attractions and easier accessibility. The Kinabalu Park which is unique in physical features, environmental quality (cool mountain air, peace and quiet), flora and fauna represents the strength of the first area. It also present wider range of recreational and social potentials (education, challenge and adventure, nature observation etc.). These advantages can be capitalised by developing resorts and leisure/recreational facilities especially for the family and young people. They are already adequate overnight facilities for hikers, adventurers and general leisure. However, site seeing opportunities should be enhanced by developing a hierarchy of tour routes that show the varied physical features, cultural and social attributes, and economic activities of the place. Such routes are at present provided within the confines of the Kinabalu Parks but this should be expanded to included the locality of

Kundasang and Ranau. Regular transport should be provided for the tourist routes. Proper tourist signs and resting places (for driving tourists and hikers) should be provided at convenient locations. In chapter 5 the Kinabalu Park has seasonal congestion (vehicles and people) problems. This is because the facilities are confined to a small portion of the Park. Since the park is larger than the size of Singapore steps should be taken to open other areas of the park to ease the congestion and minimise the environmental damage caused by human intrusion and use.

Sandakan is attractive especially because of the Sepilok Nature Reserves (renowned for its *orang utan* but rich in other fauna and flora as well), Gomantong caves and the Turtle Islands Park (chapter 5). With an admixture of challenging and rich natural environment Sandakan and its hinterland can be packaged as an exciting destination for adventurers, explorers and nature lovers. Visitors go to the Turtle islands Park to observe marine turtles. The park is endowed with excellent beach. Chalets are already available in the area. Turtle observation is mainly a night time activity. To make visits more interesting the provision of beach recreational facilities (sea sports, games such as volley ball etc.) are apt. High speed transport can improve access to the Turtle Islands Park from Sandakan. Sandakan is also renowned for its variety of sea food. A maritime restaurants can strengthened this reputation.

The other tourist areas are lower in the hierarchy because their attractions are narrower and difficult to access because of their remote locations (chapter 5). In the east coast Tawau and Semporna can be developed respectively as gateways to Dannun Valley and the Sipidan island. Dannum Valley is undeveloped except for some nature trails and wildlife observation points but it has strong potentials to be developed as an interesting forest recreation/resorts. Tawau has rich flora and fauna but this advantage is overshadowed by the Kinabalu Park and the Sepilok Nature Reserve in Sandakan. Enhancement of the Tawau Hill Park for leisure and recreation cannot in itself provide a strong attraction for tourists. However the hinterland of Tawau has attractive archeological sites (Madai, Baturong and Tingkayu) which can be developed for recreation. Dannum Valley, the archeological sites, Tawau Hill Parks and agricultural activities (cocoa, oil palm and coconut) can form an interesting tourist package in the long-term.

The Sipadan island has unique underwater formations, prestine beaches and undisturbed tropical forest rich in flora and fauna (chapter 5). It is already developing as a diving resort and can be enhanced by improving other recreational facilities on the island. Sipadan is poised to attract divers since it has few rivals worldwide. At present it is relatively unknown and has yet to be put on the tourist map.

In the west coast Tuaran and Papar have good beaches (chapter 5) and have the potential to be developed as beach resorts. To create interesting activities the beach resorts can be combined with theme parks (different types for each area), family recreation, water sports and cultural/social entertainments. This is possible because the areas have large tracts of land for development. These beaches can be easily accessed from Kota Kinabalu (chapter 5) and can be made attractive to tourists from outside Sabah. They are also conveniently located to attract local tourists. Due to the potential strengths these places occupies the second tier in the spatial tourist development hierarchy (figure 12.1).

Tambunan/Moyog is nearer to Kota Kinabalu and due to its proximity to the Crocker Range National Park and nearer to Kota Kinabalu it has more potential for tourist development. The possible scale of tourism development, places the area in the third hierarchy. In chapter 10 the pressure created by increasing visitors' intrusion, especially in rural Sabah, can potentially cause tensions between them and the residents. This problem has been shown to be serious in some countries, causing the number of tourists to substantially fall so affecting the economic health of their tourist industries (chapters 2 and 3). To avoid this Sabah should create a cultural village where tourists can observe the crafts and arts, cultural activities and way of life of the local people.

The cultural strengths of the Tambunan/Moyog area provides an excellent location for the cultural village. The area has rustic appeal, a pleasant cool environment (attributes of the high attitude), attractive and varied natural scenery. Accommodation catering for economy and median budget visitors should be provided at the cultural village to allow a first hand living experience in a typical community village. An interesting array of local entertainments such as the *lansaran* (a local trampoline game), blow piping, buffalo races, exhibitions of local dances and folklores etc. should be developed. Local food and beverages should be served to enrich the local experience. Local music should be played. The cultural village should be close to the Crocker Range National Park so that its natural attractions can be parceled with it. Recreational facilities such as nature trails, biological education areas exploration areas, orchid gardens etc. can provid added attractions. In chapter 10 the lack of economic opportunities from tourism is one source for local discontent. In the cultural village the local residents have the opportunity to produce arts, crafts local artefacts for sale to the visitors. Local people from different ethnic origins would also be required to run the various cultural activities. Thus the cultural villages should provide income earning opportunities and employment, especially appropriate for the participation of indigenous people.

Places nearer to Kota Kinabalu having interesting local activities and local characteristics such as the *tamus* (traditional bazaars) in Kota Belud and Tamparuli are interesting places to bring visitors to see for the day but few would want to stay longer because the range of attractions are narrow. Other areas in the interior have several potential tourist attractions but are too far away to attract sizeable local and international tourists, hence the viability of tourism developments is doubtful. Development is only recommended in the very long-term. However cheap overnight facilities should be interspersed throughout the interior to cater for the small but growing number of adventurous tourists to the interior of Sabah (chapter 10). The stopover areas may be located in places such as Tenom and Sepulut and Batu Punggul. The place mentioned above are place in the last hierarchy because of the difficulty of developing sustainable overnight tourist facilities.

The proposed tourist facilities recommended for the respective hierarchy are summarised in table 12.10.

12.6. MARKETING APPROACHES TO SUPPORT THE SPATIAL DEVELOPMENT STRATEGY

The proposed spatial development strategy cannot attract tourist on its own. Marketing is required to support that strategy. Marketing recommendations, aimed at targetting the desirable tourist segments from the appropriate market niches are made in this section. The marketing

TABLE 12.10: TOURIST FACILITIES RECOMMENDED FOR THE VARIOUS TOURISM HIERARCHY

HIERARCHY	TOURIST AREAS	SPECIALISATION
FIRST	KOTA KINABALU	* BUSINESS AND MEETING FACILITIES * FACILITIES FOR FAMILY HOLIDAY * BEACH RECREATION & RESORTS * WATER AND LAND SPORTS * LUXURY TOURIST ACCOMMODATION * SOCIAL AND CULTURAL RECREATION * SHOPPING/RESTAURANTS/HANDICRAFTS * CLEARLY MARKED SITE-SEEING AND LEISURE ROUTES
SECOND	KINABALU/ KUNDASANG/ RANAU	* MOUNTAIN / FOREST / COUNTRYSIDE RESORTS, RECREATION AND SPORTS * FAMILY AND LEISURE FACILITIES * CLEAR TOURIST SIGNS AND RESTING PLACES * HIERARCHY OF SIGHTSEEING ROUTES * REGULAR TRANSPORT SERVICES * OPEN MORE RECREATIONAL AREAS IN THE KINABALU PARKS
	SANDAKAN	FACILITIES TO SUPPORT THE AREA STRENGTHS IN FLORA, FAUNA AND SEA FOOD * BEACH RECREATION AT TURTLE ISLANDS PARK * RESORTS/FACILITIES OFFERING CHALLENGE, ADVENTURE AND EXPLORATION * MARATIME RESTAURANT * HIGH SPEED SEA TRANSPORT TO IMPROVE ACCESS TO THE TURTLE ISLANDS PARK
THIRD	SEMPORNA	GATEWAY TO THE DIVING RESORT AT THE SIPADAN ISLAND
	TAWAU	* GATEWAY FOR THE DEVELOPMENT OF DANNUM VALLEY AS A FOREST RESORT/RECREATION * DEVELOP ARCHEOLOGICAL SITES * PROVIDE RECREATIONAL FACILITIES AT THE TAWAU HILL PARK * INCLUDE LOCAL FEATURES TO PACKAGED TOURS
	TUARAN/ PAPAR	BEACH RESORT/THEME PARK AT PANTAI DALIT AND PANTAI MANIS
	TAMBUNAN/ MOYOG	* CULTURAL VILLAGE * PROVIDE RECREATIONAL FACILITIES AT THE CROCKER RANGE NATIONAL PARK

recommendation will cover: (1) choosing an effective tourist image of Sabah and (2) targetting the appropriate tourist and market segments.

12.6.1. CHOOSING AN EFFECTIVE TOURIST IMAGE FOR SABAH

Sabah has chosen to portray the images of Borneo to reflect an exciting adventurous and exotic destination but Borneo is better known to many people in Europe and America. However the image chosen is not consistent with the general views of many tourists and tourist trade specialists from overseas. The majority of international tourists do not come to Sabah because of the image of Borneo but from personal knowledge, favourable publicity and marketing approaches chosen by the international tour packagers. The general views of people from the developed and developing countries such as Europe, North America, Japan, South Korea and Taiwan (collected from travel, study tours and work experiences) strongly expresses the negative images conjured up by Borneo. Borneo, although better known than Sabah protrays Third World images - undeveloped, poverty stricken, wild and untamable, no man's land, uninviting etc. - where only the daring tourists would go. The tourist image chosen by Sabah is not well chosen and should be revised.

Recreational and leisure tourists form the mainstay of the tourism industry worldwide. This is also true for Sabah. Sabah has many recreational and social opportunities. The tourist trades in Sabah should find a theme that would potray Sabah as an exciting destination with abundant leisure, recreational and social opportunities. The tourism marketing tools/media (brochures, phamplets, posters, videos etc.) attempt to present all the information in one single media but with the main adventurous/cultural tag associated with Borneo. The mass of information and images not consistent with leisure opportunities confuses many potential tourists. It is not efficacious to target all segments of tourism that Sabah aims to attract in one medium. Instead Sabah should produce separate marketing tools, each dedicated to different tourist segments and disseminated in the appropriate communication or marketing channels. Marketing tools tailored for the leisure and specialist tourist segment should be produced, each presenting an image best suited to attract the desired kind of tourist.

12.6.2. TARGETTING THE APPROPRIATE TOURIST AND MARKET SEGMENTS

By the characteristics of Sabah's tourism resources (chapter 5), trends of incoming tourists (chapter 7) and the pattern shown by the survey conducted for this study (chapter 9) - the State can attract the tourist segments, listed in order of importance below.

(1) Leisure/ Holiday: Family, Group Tours, Individuals

(3) Specialist Tourists: Adventurers, Cultural Tourists, Nature Lovers, Divers

(2) Incentives and Meetings

Sabah can attract international tourists from countries with the following characteristics (chapters 2, 5 and 7).

* High population and high urbanisation
* Affluent societies with relatively high purchasing power
* Strong economy and currency
* Consistent high leisure and business trips abroad
* Countries where Sabah has strong business and social links
* Countries with direct and convenient air access to Sabah

The countries fufilling many of these characteristics are shown in table 12.11. In the short-haul Brunei and Singapore have direct air access to Sabah, with journey times of 40 minutes and 2 hours respectively. They have relatively stronger and stable economies than the other countries of South East Asia (chapter 1). Their residents have consistent higher trends of going abroad for holiday and business than the rest of South East Asia (except Malaysia).

Some of the medium-haul countries have direct air access to Sabah (Hong Kong, Japan, South Korea, Taiwan). The others can make convenient connections. The number of tourists from these regions to South East Asia are increasing (WTO, country statistics). From experience they are receptive to marketing. Japan leads the group by the size of trips abroad (about 10 million annually) and spending (third in the world in 1990) (WTO).

In the long-haul Germany has 18% of the EC's (European Community) population, the U.K. - 16%, and France - 15%. These countries have a larger share of the ECs population and high urbanisation (80-90%). The USA has 249 million people in 1989 of which 75% are in urban areas (Demographic Year Book, 1990). Despite increasing unemployment, their economies and currencies are still stronger than the rest of the world's, reflecting the relative affluence of their societies and consistent higher incidence of trips abroad. Roughly 6-8% of their holiday trips favour the Far East. In 1990 the USA had the highest spending tourists in the world. Germany and the UK respectively occupied second and fourth (WTO).

TABLE 12.11: TOURIST MARKET TARGETS FOR SABAH

REGION	COUNTRY	TOURIST SEGMENT AND CHARACTERISTICS
South East Asia (short-haul)[1]	Brunei } Singapore }	Leisure: Sight-Seeing, Family, Holiday, Adventure, Meetings.
Other Asia/ Pacific (medium-haul)[2]	Australia	Leisure (beach), Adventure, Culture, Sight-seeing, Incentives & Meetings Nature Lovers, Family Holiday.
	Hong Kong } Japan } South Korea} Taiwan }	Leisure, Meetings (Japan: Diving, Shopping) Leisure: Plenty to see and do Meetings, Family Holiday
Europe/North America (long-haul)[3]	Germany } U.K. } U.S.A. }	Leisure (beach), Diving, Sight-seeing, Adventure, Culture, Nature Lovers, Family Holiday, Incentives and Meetings

Note: (1) under 1 hour to 4 hours flight time;
(2) 5 to 9 hours flight time;
(3) 10 hours and over flight time.

12.6.3. MARKETING THE TOURIST REGIONS OF SABAH

The tourist markets and segments that Sabah can attract are shown in figure 12.1. Having multifarious tourist attractions Kota Kinabalu can attract all the tourist segments particularly the leisure, family and incentives and meeting groups.

The types of tourist that the other tourist regions can attract are shown in table 12.12.

12.7: CHALLENGES FOR SABAH

To be a successful tourist destinations the main challenges for Sabah are as follows:

(1) In chapter 9 the occupancy rates of all types of commercial accommodation showed excess room capacities. The chapter also reveals that the luxury hotels mainly draw their clients from the international tourists. Most local and domestic tourists cannot afford to stay in luxury hotels. However they are important to the median and economy hotels. Some international tourists also patronise them. The tasks for Sabah are: (a) to increase the flow of international tourists so that the viability of the luxury hotels can be sustained, but international marketing of cheaper accommodation should not be ignored as this is weak at present; (b) chapters 5 and 7 have shown that international tourism is constrained by air

TABLE 12.12: TOURIST SEGMENT TARGETS FOR THE VARIOUS TOURIST REGIONS

REGIONS	MARKET SEGMENT	TOURIST SEGMENT
Kota Kinabalu	All markets segments	All tourist segment
Kinabalu/ Kundasang/ Ranau	Locals	Sight-seeing, Adventure, Family Holiday
	Brunei, Singapore	Sight-seeing, Adventure, Family Holiday
	Australia	Adventure, Culture, Sight-seeing, Nature Lovers Incentives and meetings
	UK } USA } Germany }	Adventure, Culture, Sight-seeing, Nature Lovers
Sandakan	Locals	Sight-seeing, Adventure, Nature lovers, Group Leisure
	Australia, UK, USA Germany, Japan	Sight-seeing, Nature-Lovers, Adventure
Tuaran/ Papar	Singapore, Australia UK, USA, Germany, Japan, Hong Kong, Taiwan, South Korea	Leisure, Family Holoday
Semporna/ Sipadan	USA, Japan, Australia, UK, Germany, Singapore	Diving
Tambunan/ Moyog	Locals, Germany, Australia, UK, USA	Culture, Sight-seeing, Family Holiday
Tawau/ Dannum Valley	Locals, Germany, Japan, USA, UK	Adventure, Nature Lovers, Sight-seeing

accessibility. Hence over the longer term the growth of tourism depends on Sabah's ability to increase international accessibility and (c) local and domestic tourism, which have so far been largely ignored, should be promoted to sustain the viability of the cheaper forms of accommodation;

(2) The sustenance of tourist flow and business viability depends on several factors discussed in chapters 2 and 3. Sabah must be able to do the following: (a) develop attractive product mix/tourism infrastructure that will bring new and repeat tourists, (b) develop effective marketing, (c) build an efficient and competitive tourism industry, (d) prevent local tourist cost and inflation from inhibiting the tourists, (e) maintain a stable economy, social and political environment, (f) preserve the congenial relations between residents and tourists and safety of tourists. (g) preserve Sabah's attractive tourism attributes and (h) prevent the tourist areas from getting too overcrowded/congested;

(3) The desire to promote tourism for economic and social betterment may backfire because of the various negative economic and social impacts discussed in chapter 3. The failure to realise the income and employment expectations of the local population can be harmful, causing social discontent which might grow into tourist-resident conflict. For example, the displacement of local labour by expatriate labour, loss of traditional employment (agriculture and fishery) because of displacement of the local people from their land due to tourism development,

the domination of the local economy by foreign enterprise, changes in the structures of local societies etc. have caused misunderstanding and led residents to blame the tourists for their hardships. Tourism development and activities have also destroyed the environment crucial to attract tourists, hence tourist numbers and spending cannot be sustained. Chapters 9 and 10 have shown that the economic, social and environmental effects in Sabah resulting from tourism are not yet serious. The challenge for Sabah is to prescribe measures to avoid the main problems mentioned in chapter 3 and prevent the problems found in chapters 9 and 10 from becoming serious. It is necessary to arrest these problems to defend the sustainability of tourism;

(4) Be able to correct the regional tourism imbalances highlighted in chapter 9. This is important to bring tourism developments to the less developed regions and to prevent local communities in these areas from feeling left out; and

(5) Can respond effectively to changing market conditions.

In summary, the challenge for Sabah is to develop a competitive and sustainable tourist industry. The strategy that can promote this is contained within the recommendations of this chapter. The main targets are summarised above.

NOTES

[1] Brunei did not join the Federation of Malaysia and Singapore left it soon after the nation's formation.

[2] Poverty is interpreted in Malaysia as the level of a household income that cannot support the basic and minimum necessities of human needs which includes nutrition, housing, clothing, education and general hygiene. The poverty line is established at M$272 per month in 1976. The level is adjusted from time to time to accommodate inflation. Currently the minimum monthly income stands at M$550.

[3] Rate of urbanisation is commonly measured by the change in the percentage of the population living in the urban areas. There is no standard definition of an urban area and therefore varies from country to country.

[4] The International Labour Organisation caculates the rate of unemployment as the ratio between jobless people seeking work (currently on the national registrars) and the labour force.

[5] ASEAN stands for the Association of South East Asian Nations, a regional organisation established on the 8th of August, 1967 to promote social, economic and political cooperation between the members. Initially the group comprise of Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei Darussalam joined on the 7th January, 1984. The basic aim of ASEAN is to establish a zone of economic, social and political stability. Among the major aim is to promote economic growth.

[6] Vibrancy of the population refers to the sum effect of: a young population structûre, good basic education, willingness to be trained or take up working opportunities, productiveness, attitudes and ethos that contribute to a progressive economic environment.

[7] The ambit of the State's Constitution and legislations are specifically relevant to Sabah and Sarawak. Agreements during the formation of Malaysia has given these States autonomies and power to enact legislations within bounds of the Federal and State Constitutions. The other States of the Federation has no such priviledges and hence planning activities are delimited by the Federal Constitution, muslim laws and local authorities bye-laws.

[8] Travel for official purposes include administration of territory, liaison with vassals, diplomatic relations and collection of taxes.

[9] Historian such as Wolters (1982) has documented that the Mediterranean was known to be the terminus for Asian products. Trade linkages between the East and West were

evidenced by major trading routes such as the famous Silk Route between China and the Mediterranean. The supplies of these routes were fed by other routes in South and South East Asia.

[10] An international tourist is a temporary visitor to a country other that person's usual place of residence, whose stay is at least 24 hours or overnight. The purpose of visit includes leisure (recreation, health, religious activities, sports, family, holiday) missions, education or business, meetings or official duties. This excludes visitors part-taking employment remunerated from within the receiving country. An international tourist exchanges foreign currencies into local currency and so contributes to foreign exchange earnings.

[11] Tourism statistics are compiled by regional or international organisations from national sources. PATA is concerned with the collation of statistics from their members which comprise countries from the Pacific Rim. Statistics from this sources are fairly reliable but is not appropriate for this study as excursionists (day-trippers) are included.

Statistics compiled from the OECD includes tourism data from countries within the EC. As these statistics are collected from the member countries in content these are basically the same as the WTO's Statistics.

The WTO is an international organisation comprising of 103 government members, 4 associated territories and 156 affiliate members in 1990. It is associated with, but independent of, the United Nations. It collates national tourism statistics and is the only comphrensive source available. Although criticisms have been made concerning the reliability of its statistics there are no better international statistics available. The main defficiency associated with its volume and value statistics is one of undernumeration.

[12] Short-haul is a terminology used in the tourism field to denote travel to nearby tourist destinations.

[13] Long-haul is a terminology used in the tourism field to denote travel to far away tourist destinations.

[14] Frequently tourist facilities in the lesser developed countries are underestimated simply because these are located in the non-industrialised world and the mental biasness of western analysts of heavily associating tourist facilities with the built enviromnent. From experience some lesser developed countries especially around the Pacific Rim have better tourist accommodation as it is targetted to the luxury tourist market and often meets American standards. They also has better natural environment. Most tourist accommodation in Europe are below the American standards because of their age and are predominantly targetted for

economy or budget travellers. However it is true that the lesser developed regions are still developing their tourism resources and when compared to destinations in Western Europe and North America these regions are defficient in tourist resorts viz: theme parks and leisure parks. It is fallacious to relate such underdevelopment to standards of tourist facilities.

[15] Value for money refers to consumers' perception that their spending have been worthwhile.

[16] Industrialised countries in this thesis refer to countries whose Gross National Products are mainly contributed by the manufacturing sectors. These include the USA and Canada, Western Europe, Japan, Australia and New Zealand.

[17] For the purpose of this thesis developing countries are those whose manufacturing sectors are growing and contributing to at least 25% of their Gross National Products.

The third world include countries whose economies are mainly dependent on their primary sectors.

[18] see note 5.

[19] Inbound tourism is the terminology used in the tourist trades to denote the entry of international visitors into a country. Inbound tourism contribute to foreign exchange earnings.

[20] Explained in chapter 2.

[21] Outbound tourism is the terminology used in the tourist trades to denote the residents of a country going abroad for tourism purposes. They are regarded as international tourists (for definition see note 10) in the country visited. An outbound tourist exchanges local currency for foreign currency to pay for his expenditure in the country visited. This represent foreign exchange leakages, hence eroding the balance of payment.

[22] Tourist receipts and expenditures have been explained in chapter 2.

[23] Pschological research reveals that individual perceptions on an object may be distorted if the viewer does not see the whole object. In research it is plausible that researchers taking a partial view on issues may not see the right things in perspective.

[24] The Visitor Questionnaire Survey was conducted by interviews. Several interviewers were recruited to assist in the survey.

[25] In total the researcher has spent over two years researching into recreational and tourism issues and five

years as a practitioner in the Sabah Tourism Promotional Corporation. Over his life time he has travelled widely in South East Asia, Southern Asia, Australasia and the Pacific Islands and many parts of the continents of Europe and North America - performing marketing and liaison duties, and as a tourist.

[26] Aknowledging its merrits research depending solely on expert opnions and values is nevertheless pretentious that real issues could be discovered in this manner. This treatise supplements this method with grass-roots information extracted by means of direct interviews, discussions and questionnaire techniques from people that are direclty involved or affected by the issues in question. Where possible responses are checked by field studies.

[27] Tourists are visitors entering a destination from another country (international tourists) or from one region to another region within the same country (domestic tourists), whose stay at least overnight or 24 hours in the area visited. This is a widely accepted definition in the tourism field.

[28] Hotels in Sabah may be divided into luxury, median budget range and economy hotels. See also chapter 7.

[29] The other main types of commercial accommodation in Sabah are chalets and hostels.

[30] Questionnaires for the Tourist Trade Survey were filled by participating organisations. Clarifications on unclear responses were sought by interviews.

[31] The social coherence of South East Asian village comminities is also discussed in Bulmer M. and Warnick D.P. [ed] (1983) *Social Research in Developing Countries* John Wiley & Sons.

[32] The survey on key informants were conducted personally.

[33] Through the pursuance of work and research interests, the author recorded discussions with tourists (60) and personnel from the tourist trades (65 international tour promoters, 12 domestic tour operators, 6 travel experts and 22 tourism specialists). The discussions sought to extricate information of their travel experiences and their cognition of local tourism resources. Field observation and surveys were also carried out. Additionally the author's own travel experiences and familiarity with the local tourist attractions added insights into the analysis.

[34) Opinions of key personel from the Department of Civil Aviation.

[35] Based on opinions of key personel from the Sabah

Ports Authority, local tour operators and personel knowledge.

[36] Opinions of key and relevant personel of the Sabah Ports Authority.

[37] Only hotels that has registered with the Sabah Hotel Association (SHA) were listed, hence hotel numbers were undernumerated. However those hotels that were not members of the SHA were mainly small.

[38] Only restaurants that have the basic qualities to cater for tourists adequately were included.

[39] Hari Raya is an occasion for obseverances in the islamic religion. The celebrations aassociated with this event is noted for its variety of cakes and delicateessens.

[40] Harvest festivals are celebrations following the harvesting of rice and are usually accompanied by merriments, traditional rituals, dances and games. The occasion is also noted for the variety of costumes, apparels and food and beverages of the various participating tribes of Sabah.

[41] As the inventory is not comprhensive the varieties of local cuisines are much wider.

[42] Tamus or periodic markets originated from rural fairs where people congregate basically for commercial purposes but a great deal of socialisation and recreation usually accompany these activities. Nowadays these gatherings serve as a meeting place for sellers and buyers of local produces; however much of th social purposes are retained. These gatherings are usually organised either monthly, weekly or biweekly hence these came to be known as periodic markets.

[43] A village built on stilts over the sea by a migrant fishing community who came to settle in Sabah centuries ago. The way of life of the people here have remained unchange since they first arrived in Sabah.

[44] These are traditional type of communial housing designed to accommodate the tribal groups. Usually 20 to 40 people belonging to the same tribe live in a single long house. The cultures and way of life of these people are unique and are reflected by their handicrafts and utensils and skills in hunting.

[45] Up to 10th August, 1982 and 1st August 1984 statistical records on domestic and international visitor arrivals respectively are accurate. After these dates the corresponding visitor arrivals are affected by definitional changes. In the analysis adjusted data (which appeared to be realistic) made by a team of consultants (PDM, Malaysia) are used.

[46] Based on the researcher's discussion with tourists that came to Sabah between 1986 to 1989. See also note 30.

[47] As defined by the World Tourism Organisation, a visitor is a person visiting a country other than his usual place of residence for reason other than partaking an occupation remunerated from within the country visited. Visitors include the following: (i) Tourists: defined as temporary visitors staying at least 24 hours or overnight in the country visited, whose purpose of visit could be categorise as leisure (viz: recreation, health, sport, holiday, study or religion), business, family, mission and meeting; (ii) excursionists: defined as temporary visitors who does not stay overnight or staying at least 24 hours in the country visited. These include cruise travellers but exclude those on transit.

These definitions are endorsed by the United Nations Statistics Commission and are now widely applied in the tourism field.

[48] Domestic visitors include Malaysian citizens and permanent residents from other States of Malaysia but exclude local (within Sabah) visitors.

[49] International visitors are those originating from outside Malaysia. The definition in note 44 is used in this thesis.

[50] The researcher's discussion with the international travel trades, while on study tours between 1985-1989, confirmed the accessibility problem.

[51] Leisure trips include holiday, recreation, visiting friends and relatives, sport, health, family purposes etc.

Business trips include transactions (including meetings) associated with trading, commercial and industrial activities.

Official trips include transactions associated with public offices including meetings.

Education include trips for the purpose of furthering one's knowledge and education and normally associated with schools, universities and colleges.

Transit is a temporary stopover at an intermediary point by passengers of a carieer but eventually progressing to the destination that is intended.

[52] Based on discussions with personel of the Department of Statistics, Sabah.

[53] Through work experience: discussion with personnel

of the tourist trade (public and private sectors) and personal observations, the researcher has gained indepth understanding of the tourism processes in Malaysia.

[54] Interactions between the private and public sectors in Malaysia is reflective of the *Malaysia Incorporated Policy*. Under this policy it is envisaged that the respective sectors has its role to play in the economic and social development of Malaysia and so cohesion between themh is necessary for policy development and efficacious implementation.

[55] In the States of Sabah and Sarawak there are separate State Ministries looking after tourism. In Sabah tourism promotion and development is undertaken by the Sabah Tourism Promotion Corporation (see section 6.2.2. for discussions of tourism organisation in Sabah). It is not within the scope of this treatise to discuss tourism organisation in the State of Sarawak.

[56] Views of key personel from the MOTC, TDCM, NEC, MOTED, STPC and relevant organisations within the private sector as exposed by discussions and interviews with the researcher during his role as a practitioner between 1985 to 1990.

[57] Marketing mix is a concept used in the marketing field to denote the applications of a variety of strategies to attract the consumers.

[58] Views noted from personnel of the public and private sectors representing tourism. Data were captured by noting formal expressions during two national tourism seminar proceedings (1986, 1987) as well as notes from informal discussion. As most of the important personnel were present during these seminars and discussions with most important tourism personel were made it is anticipated that the views were representative of the the time.

[59] Views that have been continously echoing from international tour operators (from Australia, West Germany, U.K., U.S.A., and Japan) who have come into contact with the researcher between 1985 to 1989.

[60] Views from the majority of international tour operators that have formal contacts with the researcher from 1985 to 1989.

[61] Development mix is a concept used to denote the applications of a variety of attractions to pull tourists.

[62] Rights of airlines to land at airports are not automatic but is subject to the aviation policies of the relevant countries and agreements between the relevant parties. The agreement process is complex requiring great efforts and time.

[63] Malaysia is sanwiched between Thailand and Singapore; tourism destinations and air routes which are relatively better established and lucrative to international airlines. Malaysia has difficulty in convincing airlines to develop direct flights to Malaysia because of the risks involved in supporting a newer destination in addition to the fact that passengers can be brought to Malaysia via the neighbouring countries of Thailand and Singapore.

[64] International standards for hotels are usually linked to the quality of American hotels.

[65] Since the data complied by the Department of Statistics is massive it is not within the scope of this thesis to exhibit. However, at 0.05 level of confidence, there seem to be no significance differences between the means of the TTS and official statistics.

[66] Room capacity denote the maximum number of rooms that can be let in hotels, hostels, chalets etc. It is common practice for hoteliers to measure room capacity per night, since rooms are usually let overnight. Hence room-night is a terminology used by hotelier for the number of rooms that can be let per night. The summation of all room-nights and multiplied by the number of nights in a year yield the total annual room capacity. Room-night averages can be caculated for the overall accommodation sector or segments of it and of great value to analysts.

[67] Occupancy rates are percentages of room-nights (see note 63) let, usually measured monthly or yearly. Averages can be caculated for accommodation segments and usually used by hoteliers to measure their performance.

[68] Seasonality is the tendency for visitors to concerntrate in particular month(s) of the year.

[69] Room rates refer to prices charged to clients for rooms in the commercial accommodation (hotels, motels, hostels, chalets etc.). Averages be caculated and usually of great value to analysts.

[70] Length of stay refers to the number of nights that tourists stay at their destination. Averages can be caulated over time, usually monthly or annually, and useful to tourism analyst for estimating purposes.

In this thesis "duration of stay" means the same as length of stay. Whereas length of stay is usually used to measure overnight stays; the duration of stay includes shorter periods, such as excursion trips.

[71] Respondents in locations nearer to Kota Kinabalu (Menkabong/Tuaran, Kota Belud) and in popular tourist areas (Kinabalu) were generally of the view that tourists

have increased more than stated by respondents in further locations.

[72] The first generation Tourism Master Plan for Sabah appeared in 1980. Despite rapid implementation of the recommendation, especially in hotels building; the Plan was left in abeyance after 1984 because the economy was good and the priority for tourism was weak. The IDS (1986) correctly pointed out that the major fault of the 1980 Master Plan was its failure to link marketing and development. Between 1985-1987 the Malaysian's economy weakened and tourism became the priority for divesifying the country's economy. Sabah responded to the national tourism priority and the second Tourism development Plan was produced by the IDS in 1988. The STPC also produced Tourism Marketing Plans. These Plans have several faults pointed in this thesis, hence a review is essential.

[73] Product mix is a marketing terminology, denoting a mixed range of facilities, aimed at attracting a wider ranger of clientele.

[74] Marketing mix - see note 54.

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VISITOR QUESTIONNAIRE SURVEY

INTRODUCTION: Hello my name is __________. We are researching on tourism and would appreciate if you could answer some questions. It will take about 25 minutes. Information that you provide will be used for research purpose only and strictly confidential.

PROFILE

(1) PLEASE PROVIDE SOME DETAILS ABOUT YOURSELF:

CIRCLE

AGE GROUP:

1 UNDER 20
2 20 - 29
3 30 - 39
4 40 - 49
5 50 - 59
6 60 & OVER

SEX:

1 MALE
2 FEMALE

MARITAL STATUS:

1 SINGLE
2 MARRIED
3 SEPARATED / DIVORCED

OCCUPATION:

1 MANAGERIAL & PROFESSIONAL
2 OTHER WHITE COLLAR / NON-MANUAL
3 BLUE COLLAR / MANUAL
4 STUDENT
5 RETIRED
6 HOUSE-WIFE / NONE / UNEMPLOYED

(2) WHERE DO YOU COME FROM?

1 CONTINENTAL EUROPE
2 UNITED KINGDOM
3 OTHER EUROPEAN
4 CANADA & USA
5 AUSTRALIA & NEW ZEALAND
6 THE CARIBBEAN/ WEST INDIES
7 SOUTH AMERICA
8 MIDDLE EAST
9 AFRICA
10 OTHER NON-ASIAN
11 JAPAN
12 HONG KONG
13 TAIWAN
14 SOUTH KOREA
15 BRUNEI
16 SINGAPORE
17 INDONESIA
18 PHILIPPINES
19 THAILAND
20 P. MALAYSIA
22 SARAWAK
22 OTHER ASIAN
23 KOTA KINABALU
24 ELSEWHERE IN SABAH

(3) ARE YOU TRAVELLING:

1 ALONE
2 WITH YOUR FAMILY (How many?_________)
3 IN GROUP PAKAGED TOUR
4 WITH BUSINESS INCENTIVE GROUP TRAVEL
5 OTHER FORM OF GROUP TRAVEL
6 OTHER (Please specify?_____________)

VISITOR QUESTIONNAIRE SURVEY

(4) WHAT WAS YOUR MAIN REASON FOR COMING TO SABAH/VISIT? (locals)

1 LEISURE
2 BUSINESS
3 OFFICIAL (GOVERNMENT PURPOSES)
4 EDUCATION
5 OTHER (Please specify?______________)

(5) HOW LONG HAVE YOU STAYED IN SABAH/THE AREA? ____________days. (locals)

EPENDITURE

(6) WHAT TYPE OF ACCOMMODATION WERE/ARE YOU STAYING IN:

AT KOTA KINABALU? (Prompt / ask interviewee)

CIRCLE	Name of hotel	NIGHTS STAYED	ROOM RATES PER NIGHT
1	HOTEL (__________________)	[______________]	[_______________]
2	HOSTEL	[______________]	[_______________]
3	CHALET	[______________]	[_______________]
4	OTHER LODGING TYPES	[______________]	[_______________]
5	STAYING WITH FRIENDS AND RELATIVES		
6	NOT STAYING OVERNIGHT		
7			

(7) OTHER AREAS OF SABAH? [A] ___________________
(Ask interviewee on places visited) [B] ___________________

(Prompt / ask interviewee)

	Name of hotel	NIGHTS STAYED A	NIGHTS STAYED B	ROOM RATES PER NIGHT A	ROOM RATES PER NIGHT B
1	HOTEL (__________________)	[______]	[______]	[______]	[______]
2	HOSTEL	[______]	[______]	[______]	[______]
3	CHALET	[______]	[______]	[______]	[______]
4	OTHER LODGING TYPES	[______]	[______]	[______]	[______]
5	STAYING WITH FRIENDS AND RELATIVES				
6	NOT STAYING OVERNIGHT				

(8) ARE MEALS INCLUDED?

1 NO
2 YES (Please specify approximate cost of meal?)

	KOTA KINABALU	OTHER AREAS OF SABAH A	OTHER AREAS OF SABAH B
BREAKFAST	____________	____________	____________
LUNCH	____________	____________	____________
DINNER	____________	____________	____________

VISITOR QUESTIONNAIRE SURVEY

(9) DOES THE EXPENDITURE ON ACCOMMODATION INCLUDE:

(a) YOUR FAMILY? (HOW MANY?_________)

(b) OTHER GROUP MEMBERS YOU WERE/ARE TRAVELLING WITH? (HOW MANY?_________)

QUESTION 6		QUESTION 7	
YES	NO	YES	NO

(tick in the appropriate boxes)

(10) IN THE LAST 24 HOURS HOW MUCH DID YOU SPEND ON TRANSPORTATION?

	KOTA KINABALU	OTHER AREAS OF SABAH	
		____________	____________
	EXPENDITURE	EXPENDITURE	EXPENDITURE
TOURIST COACH	[_________]	[_________]	[_________]
BUS	[_________]	[_________]	[_________]
TAXI	[_________]	[_________]	[_________]
CAR HIRE	[_________]	[_________]	[_________]
OTHER (Please specify: (a)___________	[_________]	[_________]	[_________]
(b)___________	[_________]	[_________]	[_________]
(c)___________)	[_________]	[_________]	[_________]
TOTAL:	==========	==========	==========

(11) DOES THE EXPENDITURE ON TRANSPORTATION INCLUDE:

(a) YOUR FAMILY? (HOW MANY?_________)

(b) OTHER GROUP MEMBERS YOU WERE/ARE TRAVELLING WITH? (HOW MANY?_________)

YES	NO

(tick in the appropriate boxes)

(12) HOW MUCH DID YOU SPEND ON THE FOLLOWING ITEMS IN THE LAST 24 HOURS?
(Prompt interviewee on items)

ITEM	KOTA KINABALU		SANDAKAN		KINABALU		OTHER			
	H	E	H	E	H	E	H	E	H	E
CAFE/ RESTAURANT /FOOD SHOP										
BAR/PUB										
SIGHTEEING/ TOUR										
OTHER LEISURE/ ENTERTAINMENT										
SOURVENIR/ GIFT SHOPS										
RETAIL SHOPS										
OTHER SPENDING Please specify: (a)										
(b)										

(H: In Hotels; E: Elsewhere)

(13) DOES THESE EXPENDITURES INCLUDE:

(a) YOUR FAMILY? YES [ ] NO [ ]

(b) OTHER GROUP MEMBERS YOU ARE TRAVELLING WITH? YES [ ] NO [ ]

(14) IS THE PATTERN OF SPENDING TYPICAL OF OTHER DAYS DURING YOUR STAY?

CIRCLE
1 YES
2 NO (Please explain the main difference from other days i.e. items which were significantly more or less ______________________________ ______________________________)

OPINION

(15) HOW DID YOU COME TO KNOW OF SABAH?

CIRCLE
1 THROUGH ADVERTISEMENTS & PUBLICATIONS
2 THROUGH TRAVEL AGENTS
3 THROUGH FRIENDS
4 THROUGH PERSONAL KNOWLEDGE/INTEREST/INITIATIVES
5 OTHER (Please specify: ______________ ______________ ______________ ______________)

6 COMBINATION OF 1 2 3 4 5 (Circle the combination)

VISITOR QUESTIONNAIRE SURVEY

(16) HOW DO YOU RATE YOUR STAY IN SABAH?

		CIRCLE
IS IT:	VERY MUCH BETTER THAN YOU EXPECTED	1
	BETTER THAN YOU EXPECTED	2
	ABOUT WHAT YOU EXPECTED	3
	WORSE THAN YOU EXPECTED	4
	VERY MUCH WORSE THAN YOU EXPECTED	5

(17) IN YOUR OPINION WHAT ARE THE MAJOR ADVANTAGES OF SABAH AS A TOURIST DESTINATION?

(18) WHAT ARE THE MAJOR DRAWBACKS?

(19) HOW COULD THINGS BE IMPROVED?

(20) HOW MANY TIMES HAVE YOU BEEN TO SABAH BEFORE?

	CIRCLE
NEVER	1
ONCE	2
TWICE	3
THREE OR MORE TIMES	4

(21) DO YOU INTEND TO VISIT SABAH AGAIN?

YES	1
NO	2
NOT SURE	3

(THANK YOU VERY MUCH FOR YOUR HELP)

TOURIST TRADE SURVEY

GENERAL INFORMATION

(1) PLEASE INDICATE THE TYPE OF ACTIVITY YOUR ESTABLISHMENT IS ENGAGED IN?

Please tick:
[ ] HOTEL
[ ] TOUR OPERATOR
[ ] RESTAURANT
[ ] COFFEE SHOP
[ ] BAR / PUB / NIGHT CLUB
[ ] LEISURE / ENTERTAINMENT
[ ] HANDICRAFT / GIFT SHOP
[ ] CONSUMER SHOP (RETAILER)
[ ] OTHER (Please specify:________________________)

(2) HOW IS YOUR BUSINESS / ENTERPRISE REGISTERED?

Please tick:
[ ] SOLE PROPRIETORSHIP
[ ] PARTNERSHIP
[ ] PRIVATE LIMITED COMPANY
[ ] PUBLIC COMPANY
[ ] PUBLIC ENTERPRISE

(3) WHERE IS IT REGISTERED?

Please tick:
[ ] SABAH
[ ] PENINSULAR MALAYSIA
[ ] SARAWAK
[ ] OTHER (Please specify:________________________)

(4) WHO HAS MARJORITY HOLDING / OWNERSHIP OF THIS ENTERPRISE?

Please tick:
[ ] SABAH RESIDENT
[ ] OTHER MALAYSIAN
[ ] FOREIGN NATIONALS LIVING IN MALAYSIA
[ ] FOREIGN NATIONALS LIVING ABROAD

(5) WHO MANAGES THIS ORGANISATION?

Please tick:
[ ] MALAYSIAN
[ ] INTERNATIONAL CHAIN
[ ] OTHER EXPATRIATE

(6) WHEN WAS YOUR ORGANISATION ESTABLISHED? 19_____

(7) WHAT WAS THE ORGANISATION'S GROSS REVENUE IN THE LAST FINANCIAL YEAR?
M$________________

(8) WHAT PROPORTION WAS DERIVED FROM:
DOMESTIC TOURISM? M$____________
INTERNATIONAL TOURISM? M$____________
OTHER SOURCES? M$____________

TOURIST TRADE SURVEY

EMPLOYMENT DETAILS

(9) PLEASE GIVE DETAILS OF THE CURRENT NUMBER OF EMPLOYEES IN YOUR ESTABLISHMENT ACCORDING TO THE FOLLOWING GATEGORY?
(Fill where appropriate)

FT = FULL-TIME
PT = PART-TIME

CATEGORY OF WORKER	NUMBER EMPLOYED							
	MALAYSIAN				NON-MALAYSIAN			
	MALE		FEMALE		MALE		FEMALE	
	FT	PT	FT	PT	FT	PT	FT	PT
WORKING PROPRIETORS & BUSINESS PARTNERS								
MANAGERIAL & PROFESSIONAL STAFF								
TECHNICAL & SUPER-VISORY STAFF e.g. chefs, nurses, electricians etc.								
CLERICAL & RELATED STAFF								
NON-MANUAL BLUE COLLARED WORKERS e.g. drivers, watchmen, attendants etc.								
MANUAL WORKERS e.g. garderners, kitchen hands, carpenters, labourers etc.								

(10) IF THERE ARE WORKING MEMBERS OF THE FAMILY, OTHER RELATIVES OR FRIEND THAT ARE NOT IN RECEIPT OF REGULAR SALARIES OR WAGES PLEASE STATE HOW MANY?

MEMBER	HOW MANY?
FAMILY MEMBERS	________
OTHER RELATIVES	________
FRIENDS	________

TOURIST TRADE SURVEY

DETAILS OF EMPLOYEES REMUNERATION

(11) PLEASE GIVE DETAILS OF THE GROSS ANNUAL SALARIES AND WAGES EARNED BY THE FOLLOWING GATEGORY OF EMPLOYEES IN YOUR ESTABLISHMENT?

(Fill where appropriate)

FT = FULL-TIME
PT = PART-TIME

CATEGORY OF WORKER	GROSS ANNUAL SALARIES AND WAGES PAID							
	MALAYSIAN				NON-MALAYSIAN			
	MALE		FEMALE		MALE		FEMALE	
	FT	PT	FT	PT	FT	PT	FT	PT
WORKING PROPRIETORS & BUSINESS PARTNERS								
MANAGERIAL & PROFESSIONAL STAFF								
TECHNICAL & SUPER-VISORY STAFF e.g. chefs, nurses, electricians etc.								
CLERICAL & RELATED STAFF								
NON-MANUAL BLUE COLLARED WORKERS e.g. drivers, watchmen, attendants etc.								
MANUAL WORKERS e g. garderners, kitchen hands, carpenters, labourers etc.								

TOURIST TRADE SURVEY

BUSINESS EXPENDITURE

(12) BASED ON YOUR LATEST ACCOUNTS OR TAX RETURNS, PLEASE GIVE DETAILS OF YOUR ANNUAL BUSINESS EXPENDITURES ON THE FOLLOWING ITEMS AS RELEVANT TO YOUR ESTABLISHMENT?

ITEM	EXPENDITURE	PERCENTAGE OF EXPENDITURE ON IMPORTED ITEMS	
CONSUMER GOODS		DIRECTLY	INDIRECTLY
FOOD			
BEVERAGES			
CIGARETTES & TOBACCO			
OTHER CONSUMER ITEMS Please specify: ______			
______			
______			
RECURRENT EXPENDITURES & OVERHEADS			
MOTOR VEHICLE MAINTENANCE & PETROL EXPENSES			
PRINTING, STATIONARY & ADVERTISING			
REPAIR, MAINTENANCE & REPLACEMENT			
RENT OF PREMISES			
INSURANCE			
INTEREST & LOAN REPAYMENTS			
MANAGEMENT/CONSULTANCY FEES			
OTHERS Please specify: ______			
______			
______			

TOURIST TRADE SURVEY

EXPECTATION & OPINION OF THE TOURISM INDUSTRY

(13) (a) HAS YOUR BUSINESS/ACTIVITY EXPANDED IN THE LAST 5 YEARS?

Please tick

[ ] YES
[ ] NO

(b) IF SO PLEASE PROVIDE THE FOLLOWING INFORMATION:

REASON FOR EXPANSION:______________________________

VALUE OF CAPITAL INVESTMENT: M$______________________________

(c) ADDITION TO STAFF:
(In the last 5 years)

	FULL-TIME	PART-TIME
MALE	________	________
FEMALE	________	________

(14) DO YOU ANTICIPATE THE SCALE OF TOURISM TO CHANGE?

SHORT-TERM (In the next 3 years) Please tick		LONG-TERM (Over 3 years) Please tick
[ ]	HIGH GROWTH RATES (7 & over % per annum)	[ ]
[ ]	MODERATE GROWTH RATE (4-6 % per annum)	[ ]
[ ]	LOW GROWTH RATE (1-3 % per annum)	[ ]
[ ]	NO CHANGE	[ ]
[ ]	DECLINE	[ ]

TOURIST TRADE SURVEY

(15) HOW WOULD YOU EXPECT YOUR BUSINESS/ACTIVITY TO CHANGE IN THE NEAR FUTURE?

(Tick in the appropriate boxes)

	HIGHER	NO CHANGE	LOWER
PROFIT			
INVESTMENT			
FULL-TIME EMPLOYMENT			
PART-TIME EMPLOYMENT			

(16) IN YOUR OPINION WHAT ARE THE MAIN PROBLEMS FACING THE LOCAL TOURISM INDUSTRY?

(17) WHAT DO YOU THINK SHOULD BE DONE TO IMPROVE THE TOURISM INDUSTRY?

(THANK YOU VERY MUCH FOR YOUR HELP)

INTERVIEWS WITH COMMUNITY REPRESENATIVES AND KNOWLEDGEABLE INFORMANTS

INTRODUCTION: I AM CONDUCTING RESEARCH IN TOURISM AND WOULD BE GRATEFUL IF YOU COULD PARTICIPATE IN OUR SURVEY. YOUR ANSWER WILL BE CONFIDENTIAL.

(1) GENERAL QUESTIONS TO COMMUNITY REPRESENTATIVES

(1.1) HOW OFTEN DO TOURISTS COME TO YOUR AREA / VILLAGE?

(1.2) HOW DO THE TOURISTS COME?

(1.3) WHAT IS THE AVERAGE NUMBER OF TOURISTS PER VISIT?

(1.4) HOW LONG DO THEY NORMALLY STAY?

(1.5) WHAT DO THEY VISIT AND DO?

(2) GENERAL QUESTIONS TO KNOWLEDGEABLE INFORMANTS?

(2.1) CAN YOU TELL ME HOW YOUR PRESENT EMPLOYMENT OR PERSONAL INTERESTS IS RELATED TO TOURISM?

(2.2) ARE YOU AWARE OF ANY CURRENT TOURISM DEVELOPMENTS / ACTIVITIES THAT ARE GIVING ADVERSE ECONOMIC, SOCIAL OR ENVIRONMENTAL IMPACTS?

(2.3) HAVE YOU ANY KNOWLEDGE OF ANY FUTURE TOURISM PROJECTS THAT MAY HAVE ADVERSE ECONOMIC, SOCIAL OR ENVIRONMENTAL IMPACTS?

INTERVIEWS WITH COMMUNITY REPRESENTATIVES AND KNOWLEDGEABLE INFORMANTS

(3) IN YOUR VIEW, HOW HAS TOURISM AFFECTED THE FOLLOWING IN YOUR COMMUNITY/* SABAH?** (* To community representative ** To knowledgeable informants)

(3.1) SOCIO-ECONOMIC ASPECTS

(A) EMPLOYMENT OPPORTUNITIES   DISCUSS?   FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(B) INCOME EARNING OPPORTUNITIES?   DISCUSS?   FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(C) PUBLIC AMENITIES AND SERVICES   DISCUSS?   FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(D) COST OF LIVING   DISCUSS?   FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

INTERVIEWS WITH COMMUNITY REPRESENTATIVES AND KNOWLEDGEABLE INFORMANTS

(3.2) SOCIO-CULTURAL ASPECTS

(A) WAY OF LIFE	DISCUSS?	FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(B) THE WAY HOW FAMILY/PEOPLE RELATE TO EACH OTHER?	DISCUSS?	FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(C) CULTURE	DISCUSS?	FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(D) THE RELATIONSHIPS BETWEEN LOCAL RESIDENTS AND TOURISTS?	DISCUSS?	FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

INTERVIEWS WITH COMMUNITY REPRESENTATIVES AND KNOWLEDGEABLE INFORMANTS

(3.3) ENVIRONMENTAL ASPECTS

(A) OVERCROWDING/CONGESTION? DISCUSS? FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(B) SURROUNDING PHYSICAL ENVIRONMENT? DISCUSS? FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(C) PEACE/QUIET/PRIVACY? DISCUSS? FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

(D) SOCIAL ENVIRONMENT (E.G. CRIMES, PROSTITUTION, BEGGING ETC.)? DISCUSS? FOLLOW UP QUESTIONS

- ☐ Much better off
- ☐ Better off
- ☐ About the same
- ☐ Worse off
- ☐ Much worse off

INTERVIEWS WITH COMMUNITY REPRESENTATIVES AND KNOWLEDGEABLE INFORMANTS

CHECKLIST OF FOLLOW UP QUESTIONS

SOCIO-ECONOMIC ASPECTS

1. TYPES OF JOBS CREATED
2. TYPES OF AMENITIES PROVIDED FOR TOURISM
3. OTHER SOCIO-ECONOMIC BENEFITS FROM TOURISM
4. OTHER SOCIO-ECONOMIC PROBLEMS

SOCIO-CULTURAL ASPECTS

WAY OF LIFE

1. DOES TOURISM: DISRUPT THE WAY OF LIFE OF LOCAL PEOPLE?
   BRING HARDSHIP TO THE LOCAL PEOPLE?
   CHANGE PEOPLE'S WAY OF LIFE?
   OFFEND LOCAL TRADITION, CULTURAL BELIEFS OR RELIGION?

   IN WHAT WAYS?
   HOW SERIOUS?

SOCIAL RELATIONS

1. FAMILY RELATIONSHIPS
2. RELATIONSHIPS WITH OTHER PEOPLE

WHAT ARE THE REASONS FOR THE CHANGING SOCIAL RELATIONSHIPS?

HOW SERIOUS IS/ARE THE PROBLEM(S)?

CULTURE / RESIDENTS-TOURISTS RELATIONSHIP

1. WHAT IS/ARE THE CAUSE(S) FOR THE CHANGES?
2. HOW SERIOUS IS/ARE THE PROBLEM(S)?

ENVIRONMENT ASPECTS

OVERCROWDING / CONGESTION?

1. WHAT IS/ARE THE CAUSE(S)?
2. HOW SERIOUS IS/ARE THE PROBLEM(S)?

PHYSICAL ENVIRONMENT

1. DOES TOURISM BRING: LITTER?
   VANDALISM?
   DESTRUCTION OF THE SURROUNDING AREA?
   POLLUTION?
   OTHER ADVERSE ENVIRONMENT EFFECTS?

   HOW IS IT BROUGHT BY TOURISM?

   HOW SERIOUS IS/ARE THE PROBLEM?

PEACE/QUIET/PRIVACY?

1. WHAT IS/ARE THE CAUSE(S)?
2. HOW SERIOUS IS/ARE THE PROBLEM(S)?

SOCIAL ENVIRONMENT

1. HOW IS THE PROBLEM ASSOCIATED WITH TOURISM?
2. HOW SERIOUS IS/ARE THE PROBLEM(S)?