



## THE MEDIATING ROLE OF PERCEIVED TOURISM IMPACTS ON THE RELATIONSHIP BETWEEN RESIDENTS' PLACE IMAGE AND SUPPORT FOR TOURISM DEVELOPMENT IN RANAU, SABAH

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### Abstract

This study aimed to investigate mediating effect of perceived tourism impacts on the relationship between residents' place image and support for tourism development in Ranau, Sabah. Social Exchange Theory (SET) has been confirmed as a theory for predicting the support of residents towards tourism development. The sample used in this study are residents located at Ranau, Sabah that took part in answering the questionnaires. The variables involved in this study are support for tourism development as the dependent variable, residents' place image as the independent variable, while perceived tourism impacts (economic, environmental, and socio-cultural) as the mediators. Partial Least Squares (PLS) is used as a tool to process data analysis in this study. The result of this study revealed that all direct relationships hypotheses (H1, H2, H4, H5 and H7) are supported, excluding H3 and H6 found non-significant relationship. Lastly, there is mediating effect of perceived economic and socio-cultural impacts of tourism (H8 and H10) on residents' place image and support for tourism development in Ranau, Sabah, whereas perceived environmental impacts of tourism (H9) showed no mediating effect.

*Keywords:* Residents' place image; support for tourism development; tourism impacts

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### 1. Introduction

A town and a district of Sabah, Ranau is an almost entirely Dusun ethnic community. Ranau is further divided into 14 sub-districts which followed by division of villages. In addition, tourism is one of its major sectors with many tourist destinations located at Ranau such as Mount Kinabalu, Poring Hot Springs, Kinabalu Park, Kundasang War Memorial, Death March Trail, Mesilau and Sabah Tea Garden.

Kinabalu Park is a famous tourist destination in Sabah. It occupied about 754 sq. kilometres which strategically located around Mount Kinabalu. It has the most remarkable plant species and wildlife in the world. UNESCO has declared Kinabalu National Park as a World Heritage Site in 2000. In addition, Mount Kinabalu has been recognized as one of the highest mountains in comparison to others in South East Asia.

One of the determinants of the long-term sustainability of tourism development is its ability in improving the living conditions of residents. However, problem occurred when only minority of residents involve in tourism. It is because Ranau, Sabah is still underdeveloped with lack of facilities and infrastructure that are beneficial to the participation of residents in tourism. Thus, lack of opportunities is given to residents of Ranau, Sabah to involve in tourism (Jaafar, Kayat, Tangit & Yacob, 2013). There were only little beneficial impacts on the living of residents from the tourism development in Ranau. Former State Reform Party (STAR) Ranau division chief, Jalibin Paidi

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once criticized that “There are no programmes for the meaningful participation of local entrepreneurs.” Inability in participating may lead to negative perceptions of residents towards tourism development and decrease of support level.

Previous researchers such as Sharma and Dyer (2009), and Andriotis (2004) stated that support for tourism development involved residents who show positive attitudes and perceptions on the tourism impacts. In contrast, level of support from a resident tends to decrease if the negative perceptions towards tourism increase (Sinclair-Maragh & Gursoy, 2015). Therefore, Ranau, Sabah that is still underdeveloped should be made improvement on the facilities and infrastructure to gain more participation of residents in tourism. Gaining the participation of residents is essential in earning their support for tourism development.

## **2. Literature Review**

Past literature which studied on the support for development of tourism includes analysis of past research related to the factors that affect the support for development of tourism by residents, including the role of place image held by residents and their perceptions on the impacts of tourism, along with the detailed explanation on all the variables which will be applied.

### *2.1. Social Exchange Theory*

Development of theory is essential to explain more detailed on the causes which influence the support of residents on the development of tourism. Social Exchange Theory (SET) is the most common and widely accepted theory. In the context of tourism, Brida, Osti and Faccioli (2011) stated that the evaluation of residents “based on their perceived benefits or costs received in exchange for the supplied services” shaped their attitude towards tourism development. Therefore, residents of Ranau, Sabah will be more likely to perceive positively on the tourism impacts and show greater support for the development of tourism, if they hold the beliefs of tourism development would lead to more positive outcome compared to the negative ones.

### *2.2. Residents' Place Image*

Residents' place is a place for living and working, not just functions as a recreational setting. Place image has been used and tested as a significant variable in influencing the attitude and behaviour of an individual (Stylidis, Biran, Sit & Szivas, 2014). The total beliefs, ideas and feelings of local residents on Ranau, Sabah is taken into consideration for this study. Residents' place image is essential to understand the formation of support from residents of Ranau, Sabah in developing tourism. It is because in comparison to individuals involve psychologically with a place, residents' place image focused more on the place's unique characteristics. There is possibility that

place image is more suitable for capturing the residents' perceived impacts and changes which affected by the tourism industry (Tasci & Gartner, 2007).

### *2.3. Residents' Support for Tourism Development*

In order for tourism development to succeed in long term, the support from residents is significance. In a study supported by Jenkins (1997), a destination tends to remain popular for longer period if the residents are friendly and gives good hospitality while welcome visitors. Therefore, it is essential to identify support from local residents towards the tourism development at Ranau, Sabah. It is because support for tourism development involved residents who show positive attitudes and perceptions on the tourism impacts. In contrast, level of support from a resident tends to decrease if the negative perceptions towards tourism increase (Sinclair-Maragh & Gursoy, 2015). Residents are important stakeholders who directly affected by the tourism development. Thus, if the local residents are not supportive of tourism development at Ranau, Sabah, then it is difficult to achieve the sustainability in development.

### *2.4. Perceived Economic Impacts*

Various studies state that the most highly appreciated value by local population is economic benefits. According to Sinclair-Maragh, Gursoy and Vieregge (2015), tourism has been viewed as an essential tool for economic development among the local economies. Tourism development brings significant advantages whereby job opportunities are created along with other economic benefits (Choi & Sirakaya, 2005). This study works on identifying the perception of local residents on the economic impacts of tourism in Ranau, Sabah. For example, if majority of the respondents agreed on tourism in Ranau, Sabah leads to the increase of standard of living, then it can be concluded that residents in Ranau, Sabah have positive perceptions on the economic impacts that existed with tourism activities.

### *2.5. Perceived Environmental Impacts*

Tourism can be protecting and preserving resources or in other way, damaging and destroying them due to development is often in the settings of attractive yet fragile. Thus, according to Liu and Var (1986), local residents perceived the duality of the environmental impacts of tourism, to be either positive or negative. The more positively residents' perception on the impacts caused by tourism in Ranau, Sabah, the higher possibility that they will show higher level of support in developing the tourism industry. In contrast, residents of Ranau, Sabah will tend to support less in tourism development if they perceive tourism events lead to negative effects such as pollution and

noise level. As the place image of residents shapes the perceived environmental impacts caused by tourism, it has been proved that there is an indirect effect on support as well (Ramkissoon & Nunkoo, 2011; Styliadis et al., 2014).

### *2.6. Perceived Socio-cultural Impacts*

Local socio-cultural characteristics will be affected by tourism, through the social life, habits, beliefs, customs, and values of the residents of a particular place. Enhancing the quality of residents' lives is a gift from the social impacts of tourism development (Garcia, Vazquez & Macias, 2015). Residents' attitudes towards the sociocultural impacts of tourism have been widely studied. Some studies report that residents also tend to perceive some sociocultural aspects negatively (Andereck, Valentine, Knopf & Vogt, 2005), while others maintain that residents see tourism as offering their community diverse benefits (Besculides, Lee & McCormick, 2002; Sirakaya, Teye & Sonmez, 2002). The more positively residents' perception on the impacts caused by tourism in Ranau, Sabah, then there will be higher possibility that they show higher level of support in developing the tourism industry. If residents of Ranau, Sabah perceive that local tourism leads to the increase of opportunity to meet people from other cultures, it reflects that they have positive attitudes and perceptions on the socio-cultural impacts of tourism, thus showing higher level of support in developing the tourism sector in Ranau, Sabah.

## **3. Methodology**

The research framework which was developed through literature review based on residents' place image, support for tourism development, and perceived tourism impacts (economic, environmental, and socio-cultural). This framework highlights the influential role of residents' place image (independent variable). This independent variable influenced by the mediating variable (perceived economic impacts, perceived environmental impacts and perceived socio-cultural impacts) then influences the dependent variable: support for tourism development.

This study constructed the research hypotheses depend on the research objectives and theoretical framework. The findings in the field of residents' place image, support for tourism development and perceived tourism impacts (economic, environmental, and socio-cultural) by Styliadis et al. (2014) have been reviewed to develop the research hypotheses as below:

H1: There is a significant relationship between residents' place image and their support for tourism development in Ranau, Sabah.

H2: There is a significant relationship between residents' place image and their perceived economic impacts of tourism in Ranau, Sabah.

H3: There is a significant relationship between residents' place image and their perceived environmental impacts of tourism in Ranau, Sabah.

H4: There is a significant relationship between residents' place image and their perceived socio-cultural impacts of tourism in Ranau, Sabah.

H5: There is a significant relationship between residents' perceived economic impacts of tourism and their support for tourism development in Ranau, Sabah.

H6: There is a significant relationship between residents’ perceived environmental impacts of tourism and their support for tourism development in Ranau, Sabah.

H7: There is a significant relationship between residents’ perceived socio- cultural impacts of tourism and their support for tourism development in Ranau, Sabah.

H8: Perceived economic impacts of tourism mediates the relationship between residents’ place image and their support for tourism development in Ranau, Sabah.

H9: Perceived environmental impacts of tourism mediates the relationship between residents’ place image and their support for tourism development in Ranau, Sabah.

H10: Perceived socio-cultural impacts of tourism mediates the relationship between residents’ place image and their support for tourism development in Ranau, Sabah.

An exploratory study is used with a cross-sectional questionnaire survey base to examine the hypotheses been proposed earlier. This study carries an objective which is to investigate the correlation between place image held by residents and their support for development of the tourism industry with the act of mediator which inclusive of economic, environmental, and socio-cultural impacts in Ranau, Sabah. According to Hayes (2009), if zero (0) lies within the bootstrapped confidence intervals range, which is between the LL = lower limit and UL = upper limit, then the effect would not be significant, and hypotheses not supported. In contrast, if zero (0) does not occur within the confidence interval of LL and UL, indirect effect is significant, and thus supporting the proposed hypotheses.

Primary data will be acquired through a five-point numerical scale of self-administered questionnaire. The target population of this study are residents (18 years old and above) located at Ranau, Sabah. The sampling method of this study is convenience sampling of non-probability sampling based on the projected total population of residents located at Ranau, Sabah in 2020 from the Department of Statistics Malaysia, Sabah State Office which is 118,092. The minimum required sample size of this study is 196. However, to have a better result, questionnaires were distributed at 250 copies when collecting data.

### 3.1. Measurement of Support for Tourism Development

The measurement of support for tourism development intends to evaluate residents’ overall support for tourism development. The measurement consists of 8 items.

Table 1: Measurement Items for Support of Tourism Development

No.	Support for Tourism Development	Source
1.	Tourism should be further developed in Ranau.	Adopted and modified from Styliadis <i>et al.</i> (2014)
2.	I support tourism and would like to see it become an important part of my community in Ranau.	Adopted and modified from Rasoolimanesh, Jaafar, Kock, & Ramayah (2015)
3.	It is important to develop plans for managing the conservation of historical sites and the growth of tourism in Ranau.	Adopted and modified from Rasoolimanesh <i>et al.</i> (2015)
4.	I will join those activities, which are relevant to the promotion of tourism in Ranau.	Adopted and modified from Rasoolimanesh <i>et al.</i> (2015)
5.	I support new tourism facilities to be added for attracting more tourist arrivals in Ranau.	Adopted and modified from Hanafiah, Jamaluddin & Zulkifly (2013)
6.	The local government should fund the promotion of tourism in Ranau.	Adopted and modified from Styliadis <i>et al.</i> (2014)

7.	The volume of tourists visiting Ranau should be increased.	Adopted and modified from Styliadis <i>et al.</i> (2014)
8.	The future of Ranau as a tourist attraction is sustainable.	Adopted and modified from Hanafiah <i>et al.</i> (2013)

### 3.2. Measurement of Residents' Place Image

The measurement of residents' place image intends to evaluate residents' image of Ranau, Sabah. The measurement consists of 12 items.

Table 2: Measurement Items for Residents' Place Image

No.	Residents' Place Image	Source
1.	Ranau has an attractive scenery.	Adopted and modified from Styliadis <i>et al.</i> (2014)
2.	Ranau has pleasant weather.	Adopted and modified from Styliadis <i>et al.</i> (2014)
3.	Ranau has interesting historic sites.	Adopted and modified from Styliadis <i>et al.</i> (2014)
4.	Ranau has an effective local government.	Adopted and modified from Styliadis <i>et al.</i> (2014)
5.	Ranau has effective public services (e.g. Fire, police, and hospital).	Adopted and modified from Styliadis <i>et al.</i> (2014)
6.	Ranau offers good job opportunities.	Adopted and modified from Styliadis <i>et al.</i> (2014)
7.	Ranau has a good public transportation system.	Adopted and modified from Styliadis <i>et al.</i> (2014)
8.	Ranau has good restaurants.	Adopted and modified from Styliadis <i>et al.</i> (2014)
9.	Ranau has good foods.	Adopted and modified from Styliadis <i>et al.</i> (2014)
10.	Ranau is inhabited by friendly locals.	Adopted and modified from Styliadis <i>et al.</i> (2014)
11.	Ranau is a safe place to live.	Adopted and modified from Styliadis <i>et al.</i> (2014)
12.	Ranau has clean surroundings.	Adopted and modified from Styliadis <i>et al.</i> (2014)

### 3.3. Measurement of Perceived Tourism Impact

The measurement of perceived tourism impacts intends to evaluate residents' perceptions on the tourism impacts (economic, socio-cultural, and environmental). The measurement consists of 15 items.

Table 3: Measurement Items for Perceived Tourism Impacts (Economic)

No.	Perceived Economic Impacts of Tourism	Source
1.	In my opinion, tourism in Ranau has impact on providing more job opportunities.	Adopted and modified from Styliadis <i>et al.</i> (2014)
2.	In my opinion, tourism in Ranau has impact on standard of living.	Adopted and modified from Styliadis <i>et al.</i> (2014)
3.	In my opinion, tourism in Ranau has impact on the revenue generated in the local economy.	Adopted and modified from Styliadis <i>et al.</i> (2014)
4.	In my opinion, tourism in Ranau has impact on the infrastructure.	Adopted and modified from Styliadis <i>et al.</i> (2014)
5.	In my opinion, tourism in Ranau has impact on the price of land and housing.	Adopted and modified from Styliadis <i>et al.</i> (2014)

Table 4: Measurement Items for Perceived Tourism Impacts (Environmental)

No.	Perceived Environmental Impacts of Tourism	Source
1.	In my opinion, tourism in Ranau has impact on environmental pollution.	Adopted and modified from Styliadis <i>et al.</i> (2014)
2.	In my opinion, tourism in Ranau has impact on the noise level.	Adopted and modified from Styliadis <i>et al.</i> (2014)
3.	In my opinion, tourism in Ranau has impact on the size of crowd.	Adopted and modified from Styliadis <i>et al.</i> (2014)
4.	In my opinion, tourism in Ranau has impact on the level of traffic congestion.	Adopted and modified from Styliadis <i>et al.</i> (2014)

Table 5: Measurement Items for Perceived Tourism Impacts (Socio-cultural)

No.	Perceived Socio-cultural Impacts of Tourism	Source
1.	In my opinion, tourism in Ranau has impact on cultural activities/entertainment.	Adopted and modified from Styliadis <i>et al.</i> (2014)
2.	In my opinion, tourism in Ranau has impact on the availability of recreational facilities.	Adopted and modified from Styliadis <i>et al.</i> (2014)
3.	In my opinion, tourism in Ranau has impact on the opportunity to meet people from other cultures.	Adopted and modified from Styliadis <i>et al.</i> (2014)
4.	In my opinion, tourism in Ranau has impact on community spirit among local residents.	Adopted and modified from Styliadis <i>et al.</i> (2014)
5.	In my opinion, tourism in Ranau has impact on the quality of public services (e.g. Fire, police, and hospital).	Adopted and modified from Styliadis <i>et al.</i> (2014)
6.	In my opinion, tourism in Ranau has impact on the level of crime.	Adopted and modified from Styliadis <i>et al.</i> (2014)

#### 4. Findings

Based on the path coefficient value among the two latent variables, evaluation on the validity of research hypotheses and structural model are done. Hair, Hult, Ringle & Sarstedt (2014) recommended that the value has to be more than 0.1 in order to consider a particular influential role within the model. Based on the assessment of the path coefficient on Figure 2, along with the summarized path coefficient and hypothesis testing in Table 7 shows that H1, H2, H4, H5 and H7 proposed hypotheses are supported, meanwhile H3 and H6 are not supported. Based on the analysis, hypotheses that are supported have at least a significance level of 0.05 and they have expected sign directions which are positive value, with path coefficients values ( $\beta$ ) in the range of -0.137 to 0.497.

On the other hand, for testing the mediating effect, based on Table 8, proposed hypotheses of H8 and H10 are supported while H9 is not supported. From the mediator analysis, supported hypotheses have t-value ranging from 2.749 to 3.174.

Table 6: Discriminant Validity of Constructs

	Perceived Economic Impacts	Perceived Environmental Impacts	Perceived Socio-cultural Impacts	Residents' Place Image	Support for Tourism Development
Perceived Economic Impacts	<b>0.714</b>				
Perceived Environmental Impacts	0.329	<b>0.771</b>			
Perceived Socio-cultural Impacts	0.584	0.286	<b>0.715</b>		
Residents' Place Image	0.324	0.071	0.489	<b>0.707</b>	
Support for Tourism Development	0.391	0.147	0.387	0.091	<b>0.729</b>

Note: Diagonals represent the square root of the AVE while the off-diagonals represent the correlations

Figure 1: PLS Model Graph (Algorithm)

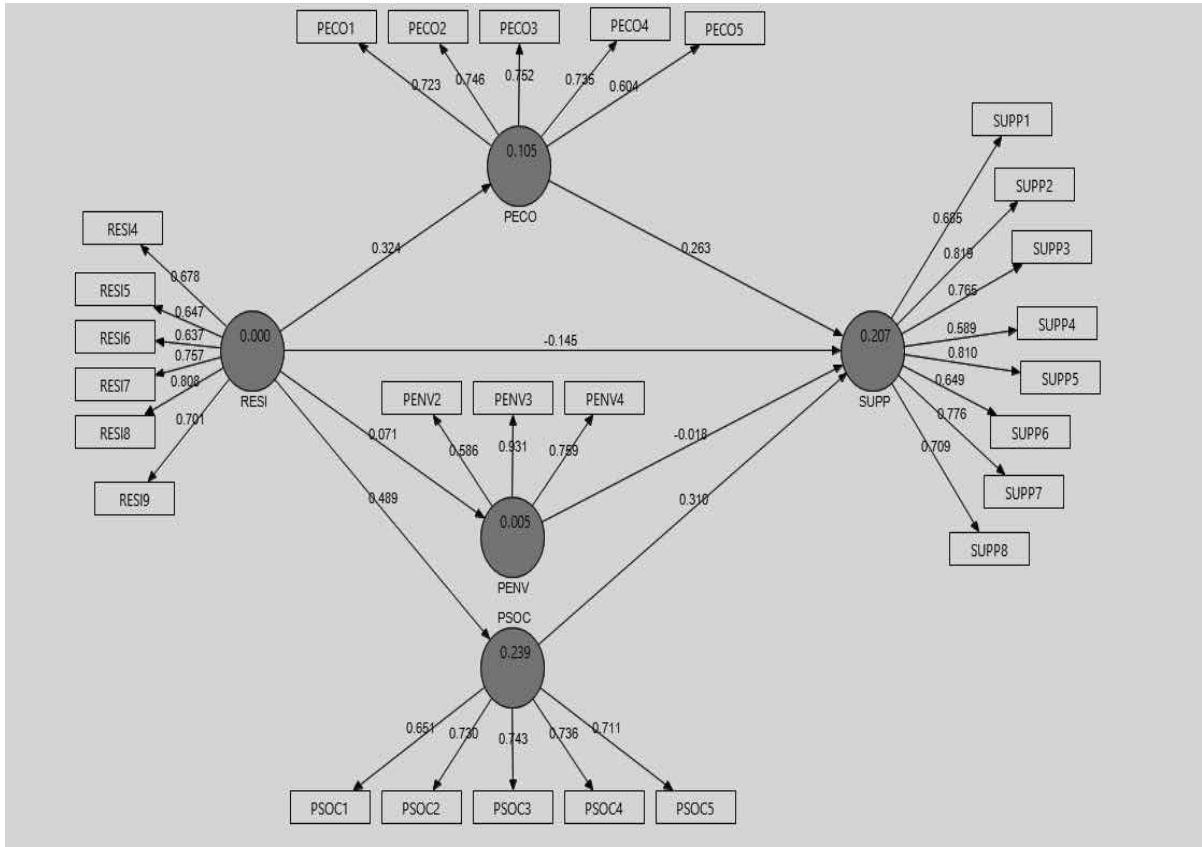


Figure 2: PLS Model Graph (Bootstrapping)



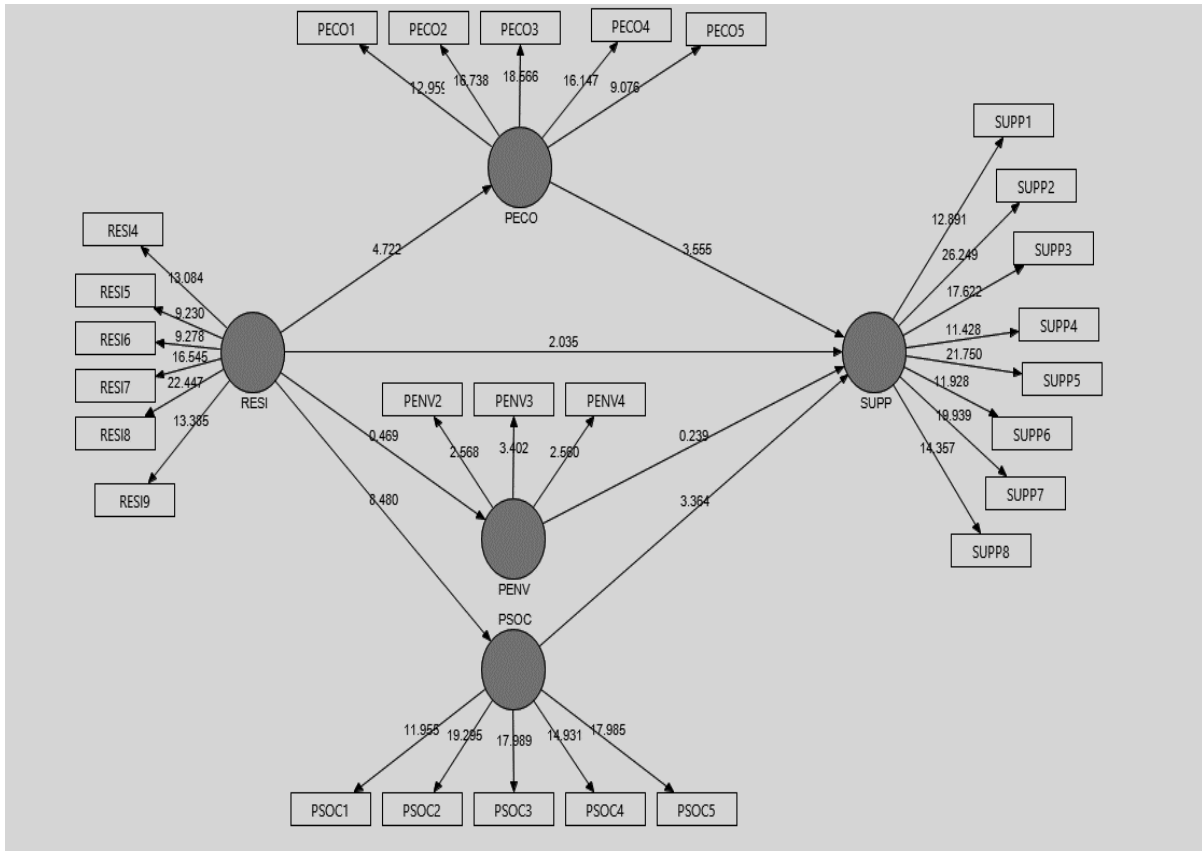


Table 7: Path Coefficient and Hypothesis Testing

Hypothesis	Relationship	Standard Beta ( $\beta$ )	Standard Error	T-value	Decision
H1	Residents' Place Image -> Support for Tourism Development	-0.137	0.071	2.035*	Supported
H2	Residents' Place Image -> Perceived Economic Impacts	0.334	0.069	4.722**	Supported
H3	Residents' Place Image -> Perceived Environmental Impacts	0.063	0.151	0.469	Not Supported
H4	Residents' Place Image -> Perceived Socio-cultural Impacts	0.497	0.058	8.480**	Supported
H5	Perceived Economic Impacts -> Support for Tourism Development	0.263	0.074	3.555**	Supported
H6	Perceived Environmental Impacts -> Support for Tourism Development	-0.009	0.074	0.239	Not Supported
H7	Perceived Socio-cultural Impacts -> Support for Tourism Development	0.319	0.092	3.364**	Supported

Note: t-values > 1.645\* ( $p < 0.05$ ); t-values > 2.33\*\* ( $p < 0.01$ )

Table 8: Path Coefficient and Hypothesis Testing (Mediating Effect)

Hypothesis	Relationship	Path a	Path b	Indirect Effect	Standard Error	T-value	Bootstrapped Confidence Interval		Decision
							95% LL	95% UL	
H8	RESI>PECO>SUPP	0.324	0.263	0.085	0.031	2.749	0.024	0.146	Supported
H9	RESI>PENV>SUPP	0.071	-0.018	-0.001	0.014	-0.091	-0.029	0.026	Not Supported
H10	RESI>PSOC>SUPP	0.489	0.318	0.156	0.049	3.174	0.059	0.252	Supported

*Note: Zero (0) does not occur between LL and UL > Significant indirect effect*

The subject of this study is residents located at Ranau, Sabah. The respondents are individuals aged 18 and above whom are currently living at Ranau, Sabah in order to be qualified as representatives for giving opinions about tourism development in Ranau, Sabah. Questionnaires are distributed by hand. The validation model is established through running the test of reliability, convergent validity, discriminant validity, and internal consistency. SmartPLS software is used for data analysis.

Initially, there are 35 items on the reliability test. However, few items were removed due to not achieving the required Cronbach's alpha coefficient values (above 0.70) and composite reliability values (above 0.70). Perceived economic impacts and perceived environmental impacts each has an item removed from the constructs, PECO6 and PENV1 respectively. Meanwhile, residents' place image has six items removed (RESI1, RESI2, RESI3, RESI10, RESI11 and RESI12). Exclude from the other eight items removed, other items remained after met the satisfactory level of the measurement model's validity. In addition, indicator reliability is tested in order to prove to which extent the results are good referring to the adopted measures and they comply with the theory from the construct. The remaining items have loadings higher than 0.50. Thus, it can be concluded that cross loadings of the items are significant where construct validity is confirmed.

The AVE values for each construct are in the range of 0.500 to 0.595. All AVE values have reached or exceeded the recommended value of 0.50. As suggested by Hair et al. (2014), discriminant validity is done by ensuring the loadings must be more than 0.1 of its cross loadings. This study has all the construct loadings that have fulfilled the criterion. Therefore, overall the measurement model has fulfilled or considered acceptable for the requirements of various test of reliability, convergent validity, discriminant validity, and internal consistency.

Residents' place image has a significant relationship with their support for tourism development (H1). This result is consistent with the previous study done by Hsu, Wolfe and Kang (2004) that positive word-of-mouth is a result from residents that held positive images, which indirectly helped to display their support towards tourism development. Majority of the residents have positive perception on Ranau, Sabah, which functions as a place for both living and working, thus being supportive for its tourism industry.

The findings of this study show that residents' place image has significant relationship with their perceived economic impacts (H2). This result is supported by previous literature of Sharma and Dyer (2009), Andriotis (2004) stated that support shown towards the development of tourism involved communities that show positive attitudes and perceptions on the impacts of tourism. Majority of the respondents agreed on tourism in Ranau, Sabah leads to the increase of standard of living.

Residents' place image does not have significant relationship with their perceived environmental impacts (H3). According to Liu and Var (1986), residents perceived the duality of the environmental effects caused by tourism, which categorized into positive or negative. Majority of the respondents are unaware of the environmental impacts of tourism in Ranau, Sabah. This shown that residents do not have sufficient understanding on the environmental conditions of Ranau, Sabah.

The findings of this study show that residents' place image has significant relationship with their perceived socio-cultural impacts (H4). This result is supported by previous literature whereby the way residents perceived of

their place will affect judgment they made on the impacts caused by development of projects. Majority of the residents agreed on tourism in Ranau, Sabah enhance the socio-cultural benefits.

Meanwhile, residents' perceived economic impacts has significant relationship with their support for tourism development (H5). For example, majority of the residents agreed on tourism in Ranau, Sabah leads to the increase of standard of living.

However, residents' perceived environmental impacts do not have significant relationship with their support for tourism development (H6). There is difference of perception between residents that live at the town and rural villages. It is because residents living at the town perceived more negatively on aspects like level of traffic congestion and noise level compared to those from villages. Therefore, uncertainties that existed on the environmental impacts could not show a significant relationship with support for tourism development.

The findings of this study show that residents' perceived socio-cultural impacts has significant relationship with their support for tourism development (H7). Such positive relationship reflects that residents of Ranau, Sabah has positive attitudes and perceptions on the socio-cultural impacts of tourism, thus showing higher level of support in developing the tourism sector. Majority of the residents agreed on tourism in Ranau, Sabah leads to the increase of opportunity to meet people from other cultures and the community spirit among local residents.

Perceived economic impacts of tourism mediates the relationship between residents' place image and support for tourism development in Ranau, Sabah (H8). The more positively residents' perception on the impacts caused by tourism, the higher possibility that they will show higher level of support in developing the tourism industry (Stylidis *et al.*, 2014). As the place image of residents shapes the perceived economic impacts caused by tourism, it has been proved that there is an indirect effect on support as well (Stylidis *et al.*, 2014).

On the other hand, the findings of this study show that perceived environmental impacts of tourism do not have mediating effect in the relationship between residents' place image and their support for tourism development in Ranau, Sabah (H9). Uncertainties that existed on the environmental impacts such as lack of awareness and difference in residents' perceptions could not determine residents' support for tourism development in Ranau, Sabah.

Lastly, perceived socio-cultural impacts of tourism mediates the relationship between residents' place image and their support for tourism development in Ranau, Sabah (H10). By having positive perceptions on the socio-cultural impacts, thus residents tend to have higher level of support for tourism development as well.

## 5. Conclusions

In conclusion, this study has achieved its aim and managed to answer the research questions and objectives for the relationship between mediating effect of perceived tourism impacts (economic, environmental, and socio-cultural) on the independent variable (residents' place image) and the dependent variable (support for tourism development) in Ranau, Sabah. Social Exchange Theory (SET) has been confirmed as a theory for predicting the support of residents towards tourism development. Majority proposed hypotheses are supported except for variable namely perceived environmental impacts found non-significant relationship in all proposed hypotheses. Lastly, the findings of this study are useful in assisting the practice of tourism development, planning and policy for the Ministry of Tourism and Culture (Sabah) or Sabah Tourism, in order to increase the support from residents towards tourism development in Sabah.

### 5.1. Knowledge Implication

This study gives contribution in terms of exploring place image in the perception of local residents in Ranau, Sabah. The findings from this study gives a deeper understanding of the way residents evaluate the exchange (the various positive and negative impacts) involved in the development of tourism in Ranau, Sabah. Then, how

the evaluation of residents is influenced by their perceived image towards Ranau, Sabah (cognitive input). Lastly, scholars would be able to understand better of the interaction between the perceived “exchange” and image in influencing the support from residents towards the tourism development in Ranau, Sabah (behavioural output). Based on the findings of this study, it is shown that local residents are very supportive towards tourism development in Ranau, Sabah. Thus, this information is useful even for the local residents themselves. For example, residents could volunteer to involve in tourism activities for enhancement of tourism related knowledge or search for relevant job opportunities in tourism sector.

Moreover, this study is useful in terms of increasing the awareness among residents especially on the environmental impacts of tourism in Ranau, Sabah. It is because based on the findings of this study, majority of the respondents do not have sufficient understanding on the environmental conditions of Ranau, Sabah. Therefore, the outcome of this study is significant on enhancing the knowledge of residents in order for them to be better aware of the environmental impacts of tourism in future. Residents could undergo educational programs to be educated on the impacts of tourism. Having better knowledge could possibly help residents to reduce on their negative perception of tourism impacts, and indirectly gaining more of their support for tourism development.

### *5.2. Policy Makers' Implication*

This study helps in the practice of tourism development, planning and policy. It is because in order to encourage more support from residents for the development of tourism, plans on tourism development should at least comply, or improve the image residents have towards their place. Thus, this study is useful for tourism development plan to address the negative features that residents in Ranau, Sabah held of their place, while enhancing the positive ones. For example, in Ranau, Sabah, developers should pay attention to the safety of place as residents have perceived the safety level of the place is low. Government could improve the safety of Ranau, Sabah by adding more security feature such as increasing the frequency of patrol duties by police officers and installing closed-circuit television (CCTV).

Apart from that, local authorities could use the knowledge from this study which is more towards resident-based understanding of perceived impacts to conduct educational programs. The significance of the program is to secure the support from local residents and even for their involvement in some projects of tourism development. Through these programs, residents would be educated on the impacts of tourism. For example, residents of Ranau, Sabah might have limited knowledge on the potential implication of environmental from development of tourism. Additionally, the trust of residents in local authorities could be enhanced through empowering them on the potential impacts of tourism via supplying information during the educational programs. Thus, higher trust level in residents would lead to more support and sustainable tourism development plans.

### *5.3. Business Owners' Implication*

The findings from this study is useful for different entrepreneurial opportunities, for example business owners that are involved in either non-tourism or tourism businesses. Firstly, for tourism businesses such as tourism companies or tour operators, the business owners could use the findings from this study to help them in finding business opportunities. For example, setting up new tourism companies at Ranau, Sabah by business owners that interested to involve in tourism sector. Besides that, existing tourism companies could open new branches at Ranau, Sabah as well to attract more customers for higher source of income. As the findings from this study show that the local residents are supportive for the tourism development at Ranau, Sabah, thus it creates business opportunities for higher profit to be generated by the business owners. More tours could be provided by tourism companies by employing local residents to be tour guides as they are knowledgeable about Ranau, Sabah and support in tourism.

As a result, business owners help in increasing the living standard of local residents and the arrival of tourists at Ranau, Sabah for more tourism development.

On the other hand, the findings of this study is useful for business owners that involve in non-tourism businesses as well. It is because business owners would have better understanding of the perceptions and support of local residents towards tourism in Ranau, Sabah. Since the findings show that the local residents are supportive, business opportunities for non-tourism businesses exist, like the opening of new restaurants and convenience stores in Ranau, Sabah. Although these businesses are not directly related with tourism at the moment, however they do encourage more business opportunities for new business owners to earn more income. At the same time, the local economy market could be expanded and lead to the increase of development of Ranau, Sabah. In the future when tourism development is enhanced at Ranau, Sabah with more arrivals of tourists, the previously non-tourism businesses such as new restaurants and convenience stores would become crucial in maintaining the sustainable tourism development.

#### *5.4. Limitations of the Study*

There are some limitations found in this study. Firstly, this study used quantitative approach only. There are other approaches that used by other studies such as qualitative, case study or mixed methods. Although this study proved that Social Exchange Theory is significant in predicting the support of residents towards tourism development, however variable namely perceived environmental impacts found non-significant relationship in all proposed hypotheses. Therefore, further study is encouraged to improve on the validity of using perceived environmental impacts.

Another limitation is that majority of the respondents are unaware of the environmental impacts of tourism in Ranau, Sabah. This shown that residents do not have sufficient understanding on the environmental conditions of Ranau, Sabah. Besides that, the difference of perception between residents that live at the town and rural villages. It is because residents living at the town perceived more negatively on aspects like level of traffic congestion and noise level. In contrast, residents that are located at rural villages of Ranau, Sabah do not have much negative perceptions on those aspects.

#### *5.5. Recommendations for Future Study*

As this study has contributed some early information to the literature in residents' support for tourism development in Ranau, Sabah, it acts as a helpful starting point for future study. Thus, future studies will be able to further understand and identify precisely additional determinants of the perceived tourism impacts and residents' support for developing tourism sector in Ranau, Sabah, such as direct / indirect involvement with tourism and personal economic gain. This might further explain the support from residents at Ranau, Sabah towards tourism development.

On the other hand, future research should divide the respondents into categories of residents living at town and rural areas. It is because there is difference of perception between residents that live at the town and rural areas. Therefore, it is essential to have different categories of respondents in order to obtain a higher validity of result for future research. Besides that, by dividing the living places of residents into categories, future study would be able

to have better understanding to justify the difference in support for tourism development in Ranau, Sabah by residents of different areas.

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