

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

CHUA GEOK LING

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(NAMA PENYELIA)
DR. JULIAN PAUL SIDIN
Senior Lecturer (Management)
Faculty of Business, Economics & Accountancy
Universiti Malaysia Sabah

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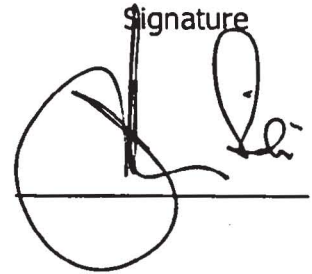
NAME : CHUA GEOK LING
MATRIC NO. : MB1512065T
**TITLE : THE MEDIATING ROLE OF PERCEIVED
TOURISM IMPACTS ON THE
RELATIONSHIP BETWEEN RESIDENTS'
PLACE IMAGE AND SUPPORT FOR
TOURISM DEVELOPMENT IN RANAU,
SABAH**
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1. MAIN SUPERVISOR

DR. JULIAN PAUL SIDIN

Signature

A handwritten signature in black ink, consisting of a large, stylized 'J' and 'P' followed by 'SIDIN', written over a horizontal line.

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CHUA GEOK LING
30 SEPTEMBER 2016

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. The sample used in this study is made up of 235 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 there is mediating effect of perceived tourism impacts (economic, socio-cultural) on residents' place image and support for tourism development in Ranau, Sabah. In contrast, variable namely perceived environmental impacts found non-significant relationship in all proposed hypotheses.

Keywords: Residents' place image, support for tourism development, tourism impacts

ABSTRAK

Peranan Pengantara Persepsi Kesan Pelancongan ke atas Hubungan di antara Imej Tempat Penduduk dan Sokongan terhadap Pembangunan Pelancongan di Ranau, Sabah

Kajian ini bertujuan untuk mengenal pasti peranan pengantara persepsi kesan pelancongan ke atas hubungan di antara imej tempat penduduk dan sokongan terhadap pembangunan pelancongan di kalangan masyarakat di Ranau, Sabah. Sampel yang digunakan dalam kajian ini terdiri daripada 235 penduduk Ranau, Sabah yang mengambil bahagian dalam menjawab soal selidik. Pembolehubah yang terlibat dalam kajian ini ialah sokongan terhadap pembangunan pelancongan sebagai pembolehubah bersandar, imej tempat penduduk sebagai pembolehubah bebas, manakala persepsi kesan pelancongan (ekonomi, alam sekitar dan sosio-budaya) sebagai peranan pengantara. "Partial Least Squares" (PLS) digunakan sebagai alat untuk memproses analisis data dalam kajian ini. Hasil kajian ini menunjukkan bahawa terdapat kesan peranan pengantara persepsi kesan pelancongan (ekonomi, sosio-budaya) ke atas imej tempat penduduk dan sokongan terhadap pembangunan pelancongan di Ranau, Sabah. Sebaliknya, peranan pengantara persepsi kesan pelancongan (alam sekitar) didapati mempunyai hubungan yang tidak signifikan dalam semua hipotesis yang telah dicadangkan.

Kata kunci: Imej tempat penduduk, sokongan terhadap pembangunan pelancongan, kesan pelancongan

TABLE OF CONTENTS

	Page
TITLE	i
DECLARATION	ii
CERTIFICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
ABTRAK	vi
TABLE OF CONTENTS	vii-xiii
LIST OF TABLES	xiv
LIST OF FIGURES	xv
LIST OF APPENDICES	xvi
 CHAPTER 1: INTRODUCTION	
1.0 Introduction	1
1.1 Background of Study	1
1.1.1 Tourism	1-2
1.1.2 Tourism in Malaysia	2-3
1.1.3 Tourism in Sabah	3-4
1.1.4 Tourism in Ranau, Sabah	4
1.1.5 Social Exchange Theory	4-5
1.1.6 Residents' Place Image	5
1.1.7 Residents' Support for Tourism Development	5
1.1.8 Perceived Economic Impacts	6
1.1.9 Perceived Environmental Impacts	6
1.1.10 Perceived Socio-cultural Impacts	6-7
1.2 Research Problem	7-8
1.3 Research Questions	8
1.4 Research Objectives	9
1.5 Scope of the Study	9-10
1.6 Significance of the Study	10
1.6.1 Significance to the Knowledge	10
1.6.2 Significance to the Policy Makers	11

1.6.3 Significance to the Business Owners	11
1.7 Operational Definition of Key Terms	12
1.7.1 Residents' Place Image	12
1.7.2 Residents' Support for Tourism Development	12
1.7.3 Perceived Tourism Impacts	12
a. Perceived Economic Impacts	12
b. Perceived Environmental Impacts	12
c. Perceived Socio-cultural Impacts	12
1.8 Organization of Chapters	13
1.9 Summary	13

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction	14
2.1 Social Exchange Theory	14-15
2.2 Residents' Support for Tourism Development	15-16
2.3 Residents' Place Image	16-18
2.3.1 Residents' Place Image and Support for Tourism Development	18-19
2.4 Residents' Perceived Economic Impacts of Tourism	19-20
2.4.1 Residents' Place Image and Perceived Economic Impacts of Tourism	20-21
2.4.2 Residents' Perceived Economic Impacts of Tourism and Support for Tourism Development	22
2.5 Residents' Perceived Environmental Impacts of Tourism	23
2.5.1 Residents' Place Image and Perceived Environmental Impacts of Tourism	23-24
2.5.2 Residents' Perceived Environmental Impacts of Tourism and Support for Tourism Development	24-25
2.6 Residents' Perceived Socio-Cultural Impacts of Tourism	25-27
2.6.1 Residents' Place Image and Perceived Socio-Cultural Impacts of Tourism	27-28
2.6.2 Residents' Perceived Socio-Cultural Impacts of Tourism and Support for Tourism Development	28
2.7 Summary	29

CHAPTER 3: RESEARCH FRAMEWORK AND METHODOLOGY

3.0	Introduction	30
3.1	Theoretical Framework	30-31
3.2	Research Hypotheses	31
3.2.1	Residents' Place Image and Support for Tourism Development	31-32
3.2.2	Residents' Place Image and Perceived Economic Impacts of Tourism	32-33
3.2.3	Residents' Place Image and Perceived Environmental Impacts of Tourism	33-34
3.2.4	Residents' Place Image and Perceived Socio-cultural Impacts of Tourism	34-35
3.2.5	Residents' Perceived Economic Impacts of Tourism and Support for Tourism Development	35-36
3.2.6	Residents' Perceived Environmental Impacts of Tourism and Support for Tourism Development	36-37
3.2.7	Residents' Perceived Socio-cultural Impacts of Tourism and Support for Tourism Development	37-38
3.2.8	Perceived Economic Impacts of Tourism as a Mediator	38-39
3.2.9	Perceived Environmental Impacts of Tourism as a Mediator	39
3.2.10	Perceived Socio-cultural Impacts of Tourism as a Mediator	40
3.3	Research Design	41
3.4	Target Population and Sampling Frame	41
3.5	Sampling Procedure	41-42
3.6	Sample Size	42-43
3.7	Research Instrument	43-44
3.7.1	Details of Data Collection	44
3.8	Measurement of Support for Tourism Development	44-45
3.9	Measurement of Residents' Place Image	45-46
3.10	Measurement of Perceived Tourism Impacts	46-47
3.11	Data Analysis	47
3.11.1	Convergent Validity	47
3.11.2	Discriminant Validity	48
3.11.3	Cross Loadings	48

CHAPTER 4: DATA ANALYSIS AND RESULT

4.0	Introduction	49
4.1	Profiles of Respondents	49-52
4.2	Measurement Model	53
4.2.1	Internal Consistency	53-54
4.2.2	Indicator Reliability	54-55
4.2.3	Convergent Validity	55
4.2.4	Discriminant Validity	55-57
4.3	Structural Model	58
4.3.1	Coefficient of Determination (R^2)	58
4.3.2	Path Coefficient	58
4.3.3	Hypotheses Testing	58-62
4.4	Mediator Analysis	63-64
4.5	Summary	65

CHAPTER 5: DISCUSSION AND CONCLUSION

5.0	Introduction	66
5.1	Recapitulation of the Study	66-68
5.2	Discussion of Findings	68
5.2.1	Residents' Place Image and Support for Tourism Development	68
5.2.2	Residents' Place Image and Perceived Economic Impacts of Tourism	69
5.2.3	Residents' Place Image and Perceived Environmental Impacts of Tourism	69-70
5.2.4	Residents' Place Image and Perceived Socio-cultural Impacts of Tourism	70
5.2.5	Residents' Perceived Economic Impacts and Support for Tourism Development	70-71
5.2.6	Residents' Perceived Environmental Impacts and Support for Tourism Development	71
5.2.7	Residents' Perceived Socio-cultural Impacts and Support	72

for Tourism Development	
5.2.8 Perceived Economic Impacts of Tourism as a Mediator	72
5.2.9 Perceived Environmental Impacts of Tourism as a Mediator	73
5.2.10 Perceived Socio-cultural Impacts of Tourism as a Mediator	73-74
5.3 Implications of the Study	74
5.3.1 Knowledge Implication	74-75
5.3.2 Policy Makers' Implication	75-76
5.3.3 Business Owners' Implication	76
5.4 Limitations of the Study	77
5.5 Recommendations for Future Study	77-78
5.6 Conclusion	78
REFERENCES	79-86
APPENDICES	87-95

LIST OF TABLES

	Page
Table 3.1: Determining Sample Size of a Known Population	43
Table 3.2: Measurement Items for Support of Tourism Development	45
Table 3.3: Measurement Items for Residents' Place Image	45-46
Table 3.4: Measurement Items for Perceived Tourism Impacts (Economic)	46
Table 3.5: Measurement Items for Perceived Tourism Impacts (Environmental)	46
Table 3.6: Measurement Items for Perceived Tourism Impacts (Socio-cultural)	47
Table 4.1: Gender	49
Table 4.2: Age	50
Table 4.3: Marital Status	50
Table 4.4: Level of Education	51
Table 4.5: Current Occupation	51
Table 4.6: Income	52
Table 4.7: Years Living in Ranau	52
Table 4.8: Results of Reliability- Cronbach's Alpha and Composite Reliability	54
Table 4.9: Average Variance Extracted (AVE) Value	55
Table 4.10: Loadings and Cross Loadings	56
Table 4.11: Discriminant Validity of constructs	57
Table 4.12: Path Coefficient and Hypothesis Testing	61
Table 4.13: Path Coefficient and Hypothesis Testing (Mediation Effect)	64

LIST OF FIGURES

	Page
Figure 3.1: Theoretical Framework Model	31
Figure 4.1: PLS Model Graph (Algorithm)	59
Figure 4.2: PLS Model Graph (Bootstrapping)	60

LIST OF APPENDICES

	Page
APPENDIX A: Research Questionnaire for Respondents	87-93
APPENDIX B: Projected Population for District of Ranau, Sabah, 2016	94
APPENDIX C: Confirmation Letter	95

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter proposed on the research study and provides a brief explanation as well as an overview of this research. This study emphasized on verifying the 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. This chapter explained background of the study and followed by research problem. Research questions and research objectives are explained as well. Scope of the study is discussed in this chapter along with the significance of the study. Lastly, clarification on the operational definition of key terms and organization of chapters are made for this study. The last section consisted of a short summary.

1.1 Background of the Study

Tourism sector is firstly introduced in this chapter followed by the theory of Social Exchange Theory (SET) which acts as the foundation of this study. Independent variable (residents' place image), dependent variable (support for tourism development) and perceived tourism impacts (economic, environmental, and socio-cultural) as mediators are explained as part of the main topic of literature for this study.

1.1.1 Tourism

Contribution by the tourism sector has been significant to the economic development since 1940s, and has been recognized ever since. Sharpley (2002) once stated that government of the developing countries only began to engage in tourism policies in the late 1960s in order to reach diversification and economic

growth. Effectiveness of policies under tourism is indicated through the generated US\$622 of the global gross domestic product and nearly 210 million of job opportunities in 2004 worldwide (World Tourism Organization, 2005).

As global tourism grows, tourism has been used as an agent for economic development. It is because tourism has been recognized as one of the major attributes in economic today with wide range of offered opportunities (Mohd Hafiz Hanafiah, Mohd Fauzi Mohd Harun, & Mohd Raziff Jamaluddin, 2010). Growth of the tourism sector is significant to the economic growth and other related sectors such as hospitality and transportation services. In addition, the ability of tourism sector in generating income, currency exchanges and providing employment opportunities made tourism a symbol of supportive for community, especially during the rapid changing of economics atmosphere (Mohd Hafiz Hanafiah *et al.*, 2010).

1.1.2 Tourism in Malaysia

The exclusive diversity of Malaysia which made Malaysia so significant is illustrated through "Malaysia, Truly Asia." Thus, Malaysia is a well-known tourist destination as the uniqueness of Malaysia is a temptation for the tourists (Tourism Malaysia). The sole place to have the three major races of Asia, which refer to Indian, Chinese and Malay is at Malaysia. Furthermore, there are large numbers of different categories of ethnic living in Malaysia too. Tourists could involve in celebrations of various festivals in order to experience the difference of cultures, beliefs and traditions of tourism in Malaysia.

YAB Dato' Seri Dr. Ahmad Zahid Hamidi as the Deputy Prime Minister of Malaysia gave a speech during the 19th Malaysia Tourism Awards 2014/2015 by stating that the tourism industry in Malaysia has grown significantly, which in terms of economic contribution and tourist arrivals. In 1998, it was just a mere 5.5 million tourist arrivals with contribution of some RM 8.5 billion in tourist receipts. In comparison with the statistics obtained from Tourism Malaysia, in 2015, tourist arrivals to Malaysia was 25.7 million with RM 69.1 billion receipts. The Malaysia Tourism Targets for 2016 is 30.5 million of tourist arrivals with RM 103 billion receipts. Furthermore, in 2020, Malaysia is expecting to achieve 36 million tourist

arrival, generating RM 168 billion in tourist receipts.

Minister of Tourism, Culture and Environment, YB Datuk Seri Panglima Masidi Manjun has made a statement regarding "the Tenth Malaysia Plan (2011-2015) has identified tourism as a key economic area to make Malaysia top 10 in terms of global tourism receipts." Tourism remained an important source of foreign exchange earnings at RM 72 billion in 2014, with an increase of 27.4% compared to RM 56.5 billion in 2010. Meanwhile, tourism in Malaysia has successfully created 2.2 million job opportunities in 2013, which equivalent to 16.8% of total employment.

Tourism Malaysia have received many awards and recognition over the years. In 2015, Malaysia was named as "Asia's Leading Tourist Board at the World Travel Awards (Asia and Australia) 2015." Established in 1993, World Travel Awards has been playing an essential role of recognizing, rewarding and honouring any excellence in the tourism industry, regardless of the sectors. In the industry of travel and tourism, the annual programme is acclaimed as having the most influential power. Apart from that, Tourism Malaysia gained 2nd place for "Asia Best Tourism Board" by Go Asia. Asian countries which own a representation for tourism in any countries that speak German could use Go Asia as a promotional tool. A survey was used as an instrument by Go Asia's German travel advisors for the contest (Tourism Malaysia). Moreover, in 2014, "Most Active Tourism Destination" was awarded to Malaysia at Best Travel Media Award 2014 which held in Beijing, China.

1.1.3 Tourism in Sabah

In Malaysia, the second largest state is Sabah. In other words, Sabah is also known as "The Land below the Wind." In the world, the third largest island is located on the northern-most part of Borneo, which Sabah strategically sets at. Moreover, 72,500 sq. kilometres of area is occupied by Sabah. In addition, "South China Sea in the West, the Sulu Sea in the Northeast and Celebes Sea in the East" have surrounded Sabah too (Official Website of the Sabah State Government).

Tourism is growing rapidly and becoming the third largest and one of the important income generating sector in Sabah. More than 80,000 jobs are supported by tourism in Sabah (Sabah Tourism). Based on the statistics obtained from Tourism Sabah, the gross total of visitors' arrival in 2015 is 3,176,226 with total international tourists of 978,426 and total Malaysian of 2,197,800 people.

A major contribution of Sabah's economy comes from eco-tourism. Sabah has tourism activities that enhanced with nice islands and beaches, rich history, and a whole range of exceptional activities that are adventurous. Besides that, Sabah has a strategic location with good air accessibility. The tourism sector in Sabah is further strengthened with the facilities that offered world-class standard along with efficient services by professionals. In addition, Sabah community also offered good hospitality with their various cultural heritage.

1.1.4 Tourism in Ranau, Sabah

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 mountain in comparison to others in South East Asia.

1.1.5 Social Exchange Theory

Development of theory is essential in order 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. SET is recognized for explaining the respond of residents towards tourism development

(Nunkoo & Ramkissoon, 2011). 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 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.

1.1.6 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 in order to understand the formation of support from residents of Ranau, Sabah in developing tourism. It is because in comparison to having 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).

1.1.7 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, 2015a). 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.

1.1.8 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 (2015b), 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.

1.1.9 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).

1.1.10 Perceived Socio-cultural Impacts

Local sociocultural 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; Andriotis, 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.

1.2 Research Problem

One of the determinant 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). State Reform Party (STAR) Ranau division chief, Jalibin Paidi once criticised that there was only little beneficial impacts on the living of residents from the tourism development in Ranau. "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), 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, 2015a). Therefore, Ranau, Sabah that is still underdeveloped should be made improvement on the facilities and infrastructure in order to gain more participation of residents in tourism. Gaining the participation of residents is essential in earning their support for tourism development. State Tourism, Culture and Environment Minister, YB Datuk Seri Panglima Masidi Manjun once said that it is essential for residents to show good attitudes and support in

ensuring that tourism development in Sabah continues to sustain.

1.3 Research Questions

This study seeks to verify the correlation between place image hold by residents and their support for the development of tourism with perceived impacts of tourism (economic, environmental, and socio-cultural) as the mediating role in Ranau, Sabah.

Therefore, this study seeks to find the answers for the following questions:

- a) Does residents' place image has a significant relationship on their support for tourism development in Ranau, Sabah?
- b) Does residents' place image has a significant relationship on their perceived economic impacts in Ranau, Sabah?
- c) Does residents' place image has a significant relationship on their perceived environmental impacts in Ranau, Sabah?
- d) Does residents' place image has a significant relationship on their perceived socio-cultural impacts in Ranau, Sabah?
- e) Does perceived economic impacts has a significant relationship on support for tourism development in Ranau, Sabah?
- f) Does perceived environmental impacts has a significant relationship on support for tourism development in Ranau, Sabah?
- g) Does perceived socio-cultural impacts has a significant relationship on support for tourism development in Ranau, Sabah?
- h) Does perceived economic impacts has a significant mediating effect on the relationship between residents' place image and their support for tourism development in Ranau, Sabah?
- i) Does perceived environmental impacts has a significant mediating effect on the relationship between residents' place image and their support for tourism development in Ranau, Sabah?
- j) Does perceived socio-cultural impacts has a significant mediating effect on the relationship between residents' place image and their support for tourism development in Ranau, Sabah?

1.4 Research Objectives

This study has research objectives as follow:

- a) To examine the relationship between residents' place image and their support for tourism development in Ranau, Sabah.
- b) To examine the relationship between residents' place image and perceived economic impacts in Ranau, Sabah.
- c) To examine the relationship between residents' place image and perceived environmental impacts in Ranau, Sabah.
- d) To examine the relationship between residents' place image and perceived socio-cultural impacts in Ranau, Sabah.
- e) To examine the relationship between perceived economic impacts and support for tourism development in Ranau, Sabah.
- f) To examine the relationship between perceived environmental impacts and support for tourism development in Ranau, Sabah.
- g) To examine the relationship between perceived socio-cultural impacts and support for tourism development in Ranau, Sabah.
- h) To examine the mediating effect of perceived economic impacts in the relationship between residents' place image and their support for tourism development in Ranau, Sabah.
- i) To examine the mediating effect of perceived socio-cultural impacts in the relationship between residents' place image and their support for tourism development in Ranau, Sabah.
- j) To examine the mediating effect of perceived environmental impacts in the relationship between residents' place image and their support for tourism development in Ranau, Sabah.

1.5 Scope of the Study

This study emphasized on verifying the 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. The target respondents of this study are local residents of Ranau, Sabah, which limited to the age category of 18 years old and above. The minimum of age requirement is to ensure that respondents with 18 years old and above would have better understanding and interpretation of the

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