



**VALUE CHAIN MODEL FOR MELAKA UNESCO  
WORLD HERITAGE AREA: ASSESSING TOURISTS  
EXPENDITURE AND LOCAL ECONOMIC BENEFIT**

**BY**

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**A thesis submitted in fulfillment of the requirement for the  
degree of Doctor of Philosophy (Built Environment)**

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International Islamic University Malaysia**

**NOVEMBER 2016**

## ABSTRACT

Tourism is one of the major contributors to the economies of various countries in the world. The sector is characterised, among others, by the influx of international tourists that positively drive the countries' gross domestic products (GDPs) upwards. Unfortunately, the sector has also caused significant negative consequences to host destinations, especially in terms of socio-cultural and environmental aspects. Tourism has been identified to be unsustainable as related activities had maximised the usage of depleting resources, created adverse effects to cultural and natural environment while had been the source of profit making exclusivity of certain elite groups. Researchers believe that a new form of tourism should be developed to promote sustainable use of resources, to protect local cultural and heritage values and to maximize the economic advantages of the local communities. The refocus of tourist development objectives from the mass tourism approach to one that is more sustainable needs to be emphasized. Given its original focus of benefiting the local community from tourism activities through tourists' expenditure, value chain model (VCM) has attracted a significant degree of academic attention. However, to date, there has been little discussion and evidence-based comprehensive studies on VCM of local economic benefits with regards to the Malaysian tourism sector. Therefore, this thesis aims at identifying the economic benefits gained by the local community from tourists' expenditure in Melaka UNESCO World Heritage areas and developing a VCM for this specific locality. A Diary Record Survey has been conducted involving three different groups of selected tourists' accommodation based on star ratings namely 5 and 4 star hotels; 3, 2 and 1 star hotels; and budget hotels. A total of 2100 survey diaries have been distributed, but only 1000 booklets were completed, collected and deemed suited for data analysis purposes. The Chi-squared Automatic Interaction Detection (CHAID) has been used to visually and mathematically model linkages of domestic and international tourists' expenditure (TEL) in five tourism sectors – accommodation, food and beverages, transportation, entertainment and shopping. Afterwards, cross tabulation analysis has been used to model the linkages of local economic (LEL) benefits. Finally, VCM was developed based on these two linkages. The model was subsequently validated by eight government officers and 20 tourism operators from five tourism sectors to assess its reliability and legitimacy. The results revealed that accommodation and shopping have contributed more than proportionately towards local economic benefits. The tourists spent the highest proportion of their ringgits on accommodation (RM50 – RM464) which contributed to 97.7% benefits to the local economy, and less for shopping purposes (RM0 – RM26.50) despite being able to contribute 85.6% to the local economic benefits. On the other hand, entertainment, transportation as well as food and beverages have contributed less towards the local economic benefits. The tourists spent lesser ringgits on transportation (RM22.50 and below) and the least on entertainment (RM0 – RM6.25) which contributed to only 9.2% and 0.2% to the local economy respectively. Relatively, the tourists spent more on food and beverages (RM16 – RM147.50) but further disaggregation has seen that these only contributed to about 9.1% (breakfast), 43.2% (lunch) and 37.1% (dinner) to the local economy. The VCM for Melaka UNESCO World Heritage area is slightly different from other global case studies. The study indicated that heritage attraction pulled different types of tourists with different

ways of spending, leading to different degrees of economic impacts to the local community. The VCM is expected to assist the relevant authorities in identifying geographical visitation patterns, respective economic impacts and timely and appropriate decision making.

## خلاصة البحث

تعد السياحة واحدة من أهم العوامل المساهمة في اقتصاد الكثير من دول العالم. ويتميز قطاع السياحة عن غيره بتدفق السياح الدوليين والتي بدورها تؤثر إيجابيا من خلال زيادة إجمالي الخادمت ( الناتج المحلي الإجمالي ). ولسوء الحظ تسبب هذا القطاع في نتائج سلبية على الأماكن المستضافة، وخاصة من النواحي الاجتماعية الثقافية والبيئية. وقد تم تحديد السياحة على أنها غير قابلة للاستمرار حيث أن الأنشطة ذات الصلة ضاعفت استخدام الموارد المستنفدة مما عكس آثار سلبية على البيئة الطبيعية والثقافية في حين كان مصدر الربح حصرا من بعض مجموعات النخبة. ويعتقد الباحثون بأنه يجب القيام بتطوير شكل جديد من أشكال السياحة لتعزيز الاستخدام الدائم للمصادر، لحماية القيم التراثية والثقافية المحلية و لمضاعفة الميزات الاقتصادية للمجتمعات المحلية. تم التأكيد على إعادة تركيز أهداف التنمية السياحية من طريقة السياحة الجماعية إلى نوع أكثر استمرارا و ديمومة. ونظرا للتركيز الأصلي لاستفادة المجتمع المحلي من الأنشطة السياحية من خلال إنفاق السياح، احتذب نموذج سلسلة القيمة درجة مهمة من الاهتمام الأكاديمي. ومع ذلك، حتى يومنا هذا، مازال هناك نقصا في النقاشات والدراسات الشاملة المستندة للأدلة على نموذج سلسلة القيمة للفوائد الاقتصادية المحلية المتعلقة بقطاع السياحة المالىزي. ولذلك تهدف هذه الدراسة للتعرف على الفوائد الاقتصادية التي اكتسبها المجتمع المحلي من النفقات السياحية في مناطق التراث العالمي لليونسكو ملاكا وتهدف أيضا لتطوير نموذج سلسلة القيمة لهذه المنطقة المحددة. وقد تم إجراء مسح بياني لسجل مذكرات تحتوي على 3 مجموعات مختلفة لأماكن مختارة لإقامة السياح بناء على تصنيفات النجوم وتسمى فنادق 4 و 5 نجوم، فنادق نجمة، نجمتين و 3 نجوم وفنادق الميزانية. ولأغراض تحليل البيانات تم توزيع ما مجموعه 2100 مذكرة للمسح ولكن 1000 منها فقط تم إنهاؤه، جمعه واعتماده للتحليل. وقد تم استخدام مربع كاي لكشف التفاعل التلقائي عن الروابط النموذجية بين نفقات السياح المحليين والدوليين نظريا و رياضيا ضمن 5 من القطاعات السياحية - الإقامة، الطعام والشراب، النقل، التسلية والتسوق. وبعد ذلك استخدم تحليل الجداول المتقاطعة لتمثيل روابط الفوائد الاقتصادية المحلية. أخيرا تم تطوير نموذج سلسلة القيمة بناء على هذين النوعين من الروابط. وقد قام 8 من موظفي الحكومة و 20 شركة سياحية من 5 قطاعات سياحية بالتحقق من صحة النموذج وذلك لتقييم موثوقيتها وشرعيتها. وأظهرت النتائج أن الإقامة والتسوق ساهمت بصورة أكثر من متناسبة نحو الفوائد الاقتصادية المحلية. وقد أنفق السياح أعلى نسبة من النقود على الإقامة ( 464-50 رنغت) والتي ساهمت ب 97.7% من الفوائد العائدة على الاقتصاد المحلي، وأنفقوا أقل لأغراض التسوق ( 26.5-0 رنغت ) على الرغم من قدرتها على المساهمة ب 85.6% من الفوائد العائدة على الاقتصاد المحلي. وبالمقابل أسهمت التسلية، النقل كما الطعام والشراب بشكل أقل نحو الفوائد الاقتصادية المحلية. وقد أنفق السياح نقودا أقل على النقل ( 22.5 رنغت وأقل ) والأقل كان على التسلية ( 6.25-0 رنغت ) مما أسهم فقط في نسبة 9.2% و 0.2% للاقتصاد المحلي على الترتيب. نسبيا، أنفق السياح أكثر على الطعام والشراب ( 147.5-16 رنغت)، ولكن إذا نظرنا بمزيد من التفصيل، فقد ساهمت هذه فقط بحوالي 9.1% ( وجبة الإفطار )، 43.2% ( الغداء ) و 37.11% ( العشاء) للاقتصاد المحلي. نموذج سلسلة القيمة لمنطقة التراث العالمي لليونسكو ملاكا هو مختلف قليلا

عن دراسات الحالة العالمية الأخرى. وأشارت الدراسة إلى أن اجتذاب التراث سحب أنواع مختلفة من السياح بطرق مختلفة من الإنفاق, مما أدى إلى درجات مختلفة من التأثيرات الاقتصادية للمجتمع المحلي. من المتوقع من نموذج سلسلة القيمة أن يساعد السلطات المختصة في تحديد أشكال الزيارات الجغرافية, والتأثيرات الاقتصادية منها واتخاذ القرار المناسب في الوقت المناسب

## **APPROVAL PAGE**

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## DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Syakir Amir Bin Ab. Rahman

Signature .....

Date .....

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## ACKNOWLEDGEMENTS

Philosophical Doctorate (PhD) research often appears a solidarity undertaking. However, it is impossible to maintain the degree of focus and dedication required for its completion without help and support of many people. My appreciation cannot be accommodated in this limited space, therefore I would like to thank some specific ones for their dedicated support.

First and foremost, I owe a great appreciation to my parents, Ab. Rahman Bin Maidin and Siti Aminah Binti Idris for their prayers and moral support. Thank you for being a good teacher, brilliant counselor, first-rate server and honest criticizer. May Allah reward you for your trust and love, Abah & Mak!

My sincere gratitude and thanks to Assoc. Prof. Dr. Mariana Mohamed Osman, Assoc. Prof. Dr. Syariah Bachok, and Prof. Dato' Dr. Mansor Ibrahim for their excellent and caring guidance; and continuous support. They have played significant role in my academic life. Their inspirational guidance was a true gift to me and their insights have strengthened my research extensively. They had been invaluable source of knowledge, wisdom and guidance for my research by being available at any time despite their hectic work schedule.

A debt of gratitude and appreciation to International Islamic University Malaysia (IIUM), my employer, which has been supporting me financially since 2012. Next, my heartfelt thanks go to all the public and private organizations in Melaka that were willing to provide data for the research and their staff who have been helpful in dealing with my enquiries.

There are many people who were influential, supportive and inspiring. I really blessed surrounded with all great friends. This research could not have been written without various discussions with them. Many creative ideas, triangulations, directions and guidance were shared by my best friends (Farhat and Kak Saidah), Bara Group (Kak Sha, Arita, Akmam, Kak Masidah), Elite Group (Hazwan and Faiz), Maqosid Group (Kak Zack and Zati), A.p.a.m Group (Shikin, Amri, Memed, Azhar), Talam Group (Mursyid and Kak Iffa), Meroyan Group (Kak Timy, Yaya, Sarah, Kak Mizah). Moreover, to all my friends and colleagues, near and far, wherever they are now, I thank them sincerely for their moral and technical support. I spent the years of study within wonderful friends that provided me with joy and warmth.

Above all the aforementioned, I devote all the grace to almighty Allah for uncountable blessings I have obtained. **ALHAMDULILAH**

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## LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
CHAID	Chi-squared Automatic Interaction Detection
CBT	Community-based Tourism
CBET	Community-based Eco-tourism
CBRT	Community-based Rural Tourism
df	Degree of Freedom
DNH	Department of National Heritage Malaysia
DSM	Department Of Statistics Malaysia
E.g.	( <i>exempligratioa</i> ); For Example
F	Frequency
FIAS	Foreign Investment Advisory Services
Fig./Figs.	Figure/Figures
JPBD	Jabatan Perancang Bandar dan Desa Melaka
LEL	Local Economic Linkage
M	Mean
MBMB	Historic Malacca City Council
MOTAC	Ministry Of Tourism And Culture Malaysia
MSIC	Malaysia Standard Industrial Classification
N	Sample Size
NEP	New Economic Policy
PATA	Pacific Travel Asia Organization
PPT	Pro-Poor Tourism
PS-1	Pilot Study 1
PS-2	Pilot Study 2
RM	Ringgit Malaysia
SME	Small Medium Enterprise
SPSS	Statistical Package for Social Science
TEL	Tourist Expenditure Linkage
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	United Nation World Tourism Organization
WCED	World Commission on Environment and Development
WTTC	World Travel And Tourism Council
WTO	World Tourism Organization
Y	Dependent Variable
X	Independent Variable

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 RESEARCH BACKGROUND**

Tourism is one of the major economic industries in the world (Godfrey and Clarke, 2000; Beal, 2003; Singh, 2003; Telfer and Sharpley, 2008) created by the influx of international tourism that give the positive economic performance to the country's national gross domestic product (Asamoah, 2013; Havi and Enu, 2013). On the other hand, it has caused significant consequences to the host destinations especially in terms of socio-cultural and environmental aspects (Mowforth and Munt, 2003; Wall and Mathieson, 2006; Hickman, 2007). Tourism in the 1980's and 1990's were identified to be unsustainable as they had maximized usage of depleting resources, created adverse effect to cultural and natural environment and tended to maximize the profit of certain groups.

Richards and Hall (2000) and Sharpley (2009) believe that a new form of tourism should be developed to promote sustainable use of resources, protect cultural and heritage values, and maximize economic advantages to the community. The focus of tourism development from the traditional tourism approach of mass tourism to the alternative tourism approach of sustainable tourism, such as agro-tourism, eco-tourism and rural tourism need to be emphasized (Andereck and Vogt, 2000; Fraser and Chosolm, 2000; Kapere, 2001; Yunis, 2001; Porritt, 2007). From all of the tourism types that implement the sustainable concept, Murphy and Murphy (2004), Beeton (2006), Moscardo (2008), Rocharungsat (2008) believe that community-based tourism is the most appropriate form of tourism to improve the opportunities for the local community in the host destination. It encourages the local participation and increases