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An Empirical Study on Residents' Place Image and Perceived Impacts on Support for Tourism Development in Penang, Malaysia

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Abstract

With the growth of global tourism industry, the heritage tourism industry is expanding worldwide. Malaysia having George Town, Penang and Malacca which are listed on 7 July 2008 in UNESCO World Heritage and has been successfully generated high tourist influx. Yet, the local stakeholders are facing continued challenges in the context of tourism development. The present study explores an understanding whether the residents' support on tourism is solely due to economic benefits, socio-cultural benefits, and environmental benefits. The present study is conducted through online survey on 134 respondents who are residents of Penang of age above 21 years old, resides in Penang for at least one year, married, head of the family and individuals who are experienced the most and also extend support for local tourism developments. The significant findings and results show that the residents of Penang capture favorable image destination and perceived the tourism impacts positively supporting tourism developments to the extent of 66.42%. Secondly, perceived economic and socio-cultural impacts show positive and significant impacts and mediate fully the relationship between residents' place image and support for tourism development. Thus, perceived positive impacts on tourism developments provide more recreational areas like hyper malls, gardens and theme parks. However, perceived environmental impacts mediate negatively the relationship between residents' place image and support for tourism development. The respondents have perceived negative impacts from tourism developments because crowded place destroys the natural environment including the architectures, Infrastructures and air pollution due to the gas emitted by transportation used by visitors. Furthermore, the study reveals that evictions of original tenants and environmental pollution due to tourists' influx must be prioritized. In order to maintain the tourist attractions, local tourism authority will draw policies to conserve and preserve the highly valued entities in order to sustain them for the longest period possible. Nonetheless, tourism also known to cause pollutions, traffic congestion, crowding, littering and vandalism whereby residents perceives

these as negative impacts of tourism towards environment. It is suggested that the tourist influx should be segregated by giving a thorough consideration for the capacity of facilities and infrastructure.

Keywords: Heritage Site; Place Image; Tourism Impacts; Economic Impacts; Social Impacts; Environment Impacts

Introduction

Tourism is a set of activity engaged in by persons temporarily away from their usual environment, for a period of less than one year, and a broad range of leisure, business, events, shopping, religious, health and various other reasons, excluding the pursuit of remuneration from within the place visited or long-term change of resident. Tourism has bloomed as one of the largest economic elements of the world market and has become a major industry in the world, since after World War II. There are different categories and varieties of tourism occur recognized by EU-Committee of the Regions, such as ecotourism, cultural tourism, health tourism, religious tourism and heritage tourism. Tourism development causes various economic, socio-cultural and environmental changes on the local community's life, some more beneficial than others (Lee & Brahma-srene, 2013). The participation and support of local residents are essential to ensure the sustainability of the tourism industry at every destination (Gursoy, Chi, & Dyer, 2010). Understanding the residents' perspective can aid tourism development planning in minimizing its potential negative impacts and maximizing its benefits, leading towards community development and greater support from the local community towards local tourism. It is only since the past 40 years that the local community or resident began to receive better attention in tourism development and management, as shown by the increasing number of studies and by research objectives and methods utilized in the research of residents' attitudes (support), behaviour, perceived impacts and more recently place / destination image.

Cultural Traits and Heritage tourism is always the main focus of the tourism industry in Malaysia, particularly in Penang and Malacca which have been awarded as UNESCO Heritage Site for the last 8 years. The tourism industry in Penang has bloomed since the said accreditation and developments of tourist facilities has taken place in fast pace. Due to the tourism development activities, Penang is facing enormous development pressure as experts claimed that the local culture and heritage has been exploited by rising economic demands from the intensively growing tourism industry (Lim, 2011). The Immediate Past-President of Penang Heritage Trust, said that it is no longer enough for the authority to just preserve the heritage buildings, they need to keep the local community intact and protect the cultural diversity (Rananawa, 2000). Omar, Muhibidin, Yussof, Sukiman and Mohamed (2013) also found that if the negative impacts of tourism developments are neglected, the economic potential of George Town's World Heritage Site status will become a threat. The effort of boosting the arrivals or higher-end tourists while conserving the fragile and unique heritage is indeed highly challenging but essential (Jayaraman et al., 2008). In order to gain higher tourist arrivals, many studies have been conducted to understand the perceptions, attitude and behaviour of the tourists (non-resident). Fewer attentions were given to the perceptions of the local residents (Stylidis et al., 2014). Additionally, researchers resent the pre-supposition of tourism issues are almost the same from places around the world (Nunkoo & Ramkissoon, 2011). To address the research gaps

mentioned earlier, this study applied a non-force approach to measure the relationship of residents' place image, their perceived tourism impacts by taking into account the impacts on economic, socio-cultural and environmental (Ap & Crompton, 1998; Jurowski, Uysal & Williams, 1997) and their support for tourism developments. The questions phrased in the non-forced approach have neutral and therefore it allows the respondents (residents) to give positive or negative feedbacks on their perceived tourism impacts. The limited researches that has been conducted to study the relationship of the residents' place (destination) image on their perceived tourism impacts (economy, socio-cultural and environment) and support for tourism development that adopts the Social Exchange Theory (SET) were mainly conducted at developed countries. It has been argued and agreed by scholars that tourism issues are different at places around the world (Nunkoo & Gursoy, 2012). This present study examines the model proposed by Stylidis, Biran, Sit and Szivas (2014) which uses a non-force approach to retrieve the residents' perceived tourism impacts and support for tourism development, in UNESCO Heritage Site of a developing country in nature, Malaysia.

Literature Review

After almost 8 years of being a UNESCO World Heritage Site (WHS), numerous tourism activities have taken place in George Town, Penang. Omar et al. (2013) conducted a study at the center of the city, gathered 196 respondents who are the residents and traders, found that the locals are positive that the title of UNESCO World Heritage Site will improve the conservation and restoration of the heritage architectures and their quality of life. But at the same time, they are concerned that the high volume of tourist activities could also be a threat to the heritage values of the city. The residents were in view that the opportunity given to them to participate in local tourism development is minimal. Chen (2015) elaborated that although sustainable tourism development is no longer a foreign topic to worldwide tourism practitioners as well as researchers, but all of them reckon this highly challenging task brings great advantage towards the growth of the tourism industry. According to Latkova and Vogt (2012), the host communities believe that sustainable tourism development will generate more income for local tourism business and create more job opportunities which will directly induce the growth of the local economy. Wang and Chen (2015) supported that major attention is mostly given to the visitors in terms of tourism development rather than on the individuals who live at the destination. The local communities' demands and concerns were compromised to give way to tourism development. Past studies such as (Choi & Sirakaya, 2005) suggested that to avoid unfavourable consequences, its best to involve the residents in tourism planning, this will also directly increase the support from the residents for tourism development. It was agreed that residents tend to have favourable impression on tourism development if they perceived that their quality of life will be enhanced throughout the process. To gain the support from the locals in tourism development, the place image that the residents hold, and their perceived impacts of tourism developments must be vastly observed (Andereck, Valentine, Knopf & Vogt, 2005).

Residents' Place Image

There are several research areas such as environmental psychology (Lynch, 1960), geography (Bolton, 1992) and product marketing (Elliot, Papadopoulos & Kim, 2011) that have stressed on the importance of local community's place image. The number of studies conducted on influence of

tourist behavior and destination selection is increasing rapidly. Those tourism literatures explored the same factor under the term of 'destination image' (Gallarza et al., 2010; Tasci & Gartner, 2007). The residents' place image is commonly defined as the compilation of the residents' impression, thoughts and beliefs of their own place, individual will gather some of the impressions out of all the information they received about a place and build a place image in their mind (Echtner & Ritchie, 2003). There are also several studies that recognize residents' place image as their perception of specific elements of their place such as scenery and weather (Echtner & Ritchie, 2003; Elliot et al., 2011). Due to resident's place image has a dynamic nature by evolving to the changes on the place, it might be more accurate to use this factor to explore the residents' perceived impacts and changes on the place which were inflicted by tourism development

Residents' Perceived Tourism Impacts

It is commonly agreed that economic dimension is the most prominent factor that is receiving positive attitudes from the host community. Past studies show that this situation occur in almost all tourist destination as tourism creates more employment opportunities and increases foreign currency inflow (Andereck & Nyaupane, 2011; Garcia, Vazquez & Macias, 2015). Tourism involves people from all around the world coming in to a certain destination to see, meet and interact with the locals; tourism provides a platform for exchange in social cultural values among people. Therefore, impacts of tourism on the local sociocultural elements are inevitable. The sociocultural values exchange includes traditions, beliefs and interests. At the same time, residents perceive positive impacts from tourism in terms of the high number of social and cultural activities organized (Garcia et al., 2015). The main element that attract visitors to a destination is non-other than its environment which includes the nature (for ecotourism), beaches and even historical architectures. All these attractions generate high economic values to the local tourism industry (Jayaraman et al., 2010). To maintain these attractions, local tourism authority will draw policies to conserve and preserve the highly valued entities in order to sustain them for the longest period possible. Therefore, tourism developments are perceived to bring positive impacts to the environment. But, at the other side of the coin, tourism is also known to cause pollutions, traffic congestion, littering and vandalism. Residents perceive these as negative impacts of tourism towards environment.

Residents' Support for Tourism Development

Residents' support for tourism can be reflected or measured by evaluating their involvements in tourism related activities such as cultural and art activities, green activities, recreational activities and acceptance of new government policies that are related to tourism such as the new designated lane for cyclist on major roads (Lee & Brahmastre, 2013). Gursoy and Rutherford (2004) stated that the support from the local community determines the success (or failure) of the local tourism industry and it is also the fundamental element to construct a sustainable tourism industry. Nunkoo and Ramkissoon (2011) examine the model of community support towards tourism development in Mauritius concluded that overall resident's satisfaction measured on the perceived benefits and costs from tourism development influences their support for tourism. Tosun (2002) did an in-depth study of local communities' perception of tourism impacts and its influence towards level of support exerted by the locals for tourism development. The said study was performed in a developing country, Turkey. The study found that if the hosts are aware of the negative impacts brought by

tourism development (most of the time the authorities will not expose the hosts to negative impacts) they will not support developments to tourism industry. The residents' support for tourism development can be measured by observing their level of active participation in tourism activities and tourism planning.

Social Exchange Theory

Many tourism literatures agreed that local resident's support is the key for developing a sustainable and successful tourism industry. Social Exchange Theory (SET) is the most commonly used tool to relate residents' support for tourism development. The theory was first introduced by Homans (1958), it explains social exchange in between parties in psychological and social perspectives based on cost-benefits analysis. The theory expanded that humans tend to behave favourably when they assume to receive benefits in return of their favour and in oppose, human tends to behave unfavourable if their action will incur cost. Thus, individuals are more likely to involve in exchange process if they perceive a situation whereby they will be receiving more benefits than the costs incurred on them (Nunkoo & Ramkissoon, 2012a). Past studies such as Lee and Brahmasurene (2013) and Nunkoo and Ramkissoon (2012b) reveal that local community is more likely to evaluate the cost and benefits of tourism development via their perceived impacts. Styliadis et al. (2014) found that if the locals perceived that tourism developments bring more benefits than cost, then people are more likely to give support for tourism development. The study also drawn the triple bottom line (economic, socio-cultural and environment) approach in understating the two-way effect of tourism development. Hence, local residents' support is essential in determining the sustainability of tourism development by studying the impacts of economic, socio-cultural and environmental referring to the concept of Social Exchange Theory.

Influence of Residents' Place Image on their Support for Tourism Development

Local community plays an active role as they have their own images of their place of residence which is comparable to the tourists who visited their place (Gallarza et al., 2002). As highlighted by the other studies which were examining the same factor, the local communities is more sensitive to the changes on their place and also has a better understanding of the place's characteristics (Henkel et al., 2006; Reiser & Crispin, 2009). In addition, the study of destination image is giving more and more attention to the local community's passive role in order to understand their attitudes toward tourism (Gallarza et al., 2002). This is supported by the tourism literatures that often consider the local community as part of the image attributes of a place, such as the friendliness of the locals (Elliot et al., 2011). Referring to Gallarza et al. (2002) it was found that tourists' perception of a certain destination is influenced by the local community's attitude and support for tourism. There are a few other tourism literatures that highlighted the significance of the local community's image of their own place in constructing their perception towards tourism impacts and support for tourism. These studies showed the destination images hold by the tourist (non-resident) are influenced by the local community's place image as the tourist will be received information of the destination from the residents, which means that the residents' place image also directly influencing their support for tourism development. Following from this discussion, it is suggested that:

H1: There is a positive relationship between residents' place image and support for tourism

development.

Influence of Resident's Place Image on their Perceived Tourism Impacts

Realizing the importance of residents' perceived tourism impacts and the need to have a better insight of the pattern image affects local community's support towards tourism development, Nunkoo and Ramkissoo (2011) deeply studies the relationships between the local community's place image, their perceived tourism impacts and support towards tourism development. They have found that the more positive image of the destination that the local community holds, they are more likely to perceive the impacts of tourism favorably. This concept is also widely supported by other research areas such as environmental psychology and urban planning. For example, Devine-Wright and Howes (2010) propose that the image that the local community holds of the place affects their expected impacts from the development projects. Thus, it is highlighted that the local community's place image is indirectly influencing their support for tourism as it shapes their perceived impacts of tourism development. The objective of this study is to deliver an in depth understanding of the contribution of local community' place image in constructing their support towards tourism development and hence proposing a model that integrates the different dimensions of perceived impacts and study the relationships residents' place image and their perceived impacts (economic, socio-cultural and environmental). It was suggested that locals that hold a more (or less) favorable image of their place will evaluate the impacts of tourism development more (or less) positively. In more detailed:

H2: There is a positive relationship between residents' place image and perceived economic impacts of tourism.

H3: There is a positive relationship between residents' place image and perceived socio-cultural impacts of tourism.

H4: There is a positive relationship between residents' place image and perceived environmental impacts of tourism.

Influence of Residents' Perceived Tourism Impacts on their Support for Tourism Support

It was highlighted in Nunkoo and Gursory (2011); residents put the greatest concern in the economic values of tourism development as it affects their income and quality of life. But at the same time, the growth of the local tourism industry may also lead to the increase cost of living in respective destination and the jobs opportunities created may come with low wages (Tosun, 2002). Therefore, the following research hyphotesis is proposed:

H5: There is a positive relationship between residents' perceived economic impacts of tourism and support for the environment.

Tourism developments mainly focus on meeting the demands of tourists and may be oblivious to the sensitivity of the environment (Tosun, 2002). Residents' perceived negative impacts from tourism developments as in destroying the natural environment including the architectures and infrastructures, dirtying the destination and air pollution due to the gas emitted by transportation

used by visitors. There are also perceived positive impacts such as tourism developments provide more recreational areas like gardens and parks (Andereck et al., 2005). Past studies such as Stylidis et al. (2014) found that should the residents perceive the environment impacts of tourism on the destination to be positive, they are likely to give support for tourism development. Thus, the below research hypothesis is proposed:

H6: There is a negative relationship between residents' perceived environmental impacts of tourism and support for tourism development.

Tourism activities often involves individuals from different backgrounds that comes from different part of the world, gathering together to exchange great thoughts and culture (Sinclair-Maragh, Gursoy & Vieregge, 2015). Hence, residents find the positive socio-cultural impacts from tourism developments as improved quality of live such as their social life, beliefs and values. However, several studies also found that there some negative impacts such as psychological tension due to growth of population coupled with poor planning and management which may lead to immoral behaviors (Andereck et al., 2005). Thus, the below research hypothesis is proposed:

H7: There is a positive relationship between residents' perceived socio-cultural impacts of tourism and support for the environment.

H8: Perceived economic impacts mediate the relationship between residents' place image and support for tourism development.

H9: Perceived socio-cultural impacts mediate the relationship between residents' place image and support for tourism development.

H10: Perceived environmental impacts mediate the relationship between residents' place image and support for tourism development.

Conceptualization of the Research Framework

In this study, a research model is proposed to give a better understanding on the influence of local residents' place image in constructing their support towards tourism development (Figure 1). The model is integrated with different dimensions of perceived impacts of residents' place image on economic, socio-cultural, and environmental impacts.

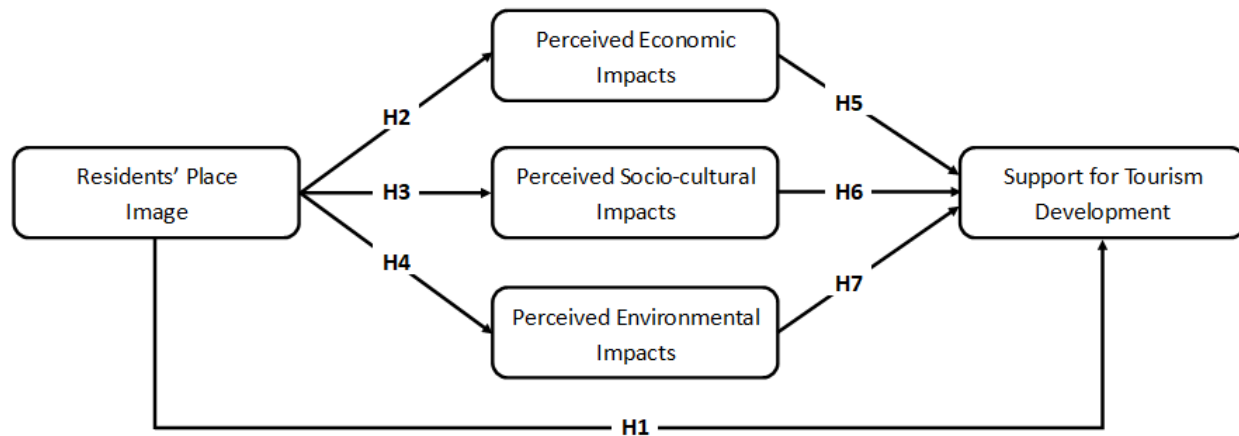


Figure 1: *The evaluation framework for residents' support for tourism development*
Source: *Adapted from Stylidis et al. (2014)*

Research Methodology

The quantitative approach is applied in this study to examine the constructed hypotheses and to achieve the research objectives. The quantitative approach stresses on the objective measurements and using the computational technique to conduct a numerical analysis of the primary data gathered through survey questionnaires or from the secondary data. The quantitative research methods examine and standardize the numerical data gathered from different groups of individuals or certain scenario. Aliaga and Gunderson (1999) define quantitative research approach as a process to explain a certain scenario through collecting numerical data that are examined using mathematically based techniques. Data of this study were collected within the month of January to February 2016 via structured self-administered questionnaire. Sustainable tourism attributes were used as tools to gather the perception of the respondents, which is measured on a 5-point Likert scale. A total of 500 self-administered questionnaires were distributed to reachable Penang island residents through internet with convenience sampling approach. Targeted respondents are the residents of Penang who are above 21 years old and had reside in Penang for at least one year, married, head of family; they are assumed to be the individuals who are affected the most and give most influence on local tourism developments. An online survey was generated by using Google Form, a web-based survey administrator and the web address of the online survey was sent to the targeted respondents through emails.

Questionnaire Development

The questionnaire for this study was constructed by referring to the past studies conducted on the same area. The questionnaire is divided into four sections. Section A gathers the demographic details of the respondents which include gender, age, ethnicity, nationality, and district in Penang where the resident is currently residing, average household monthly income, academic qualification and duration of residency in Penang. Section B captures the residents' image of Penang such as scenery, weather, buildings, heritage / historical sites, job opportunities, cleanliness, friendliness of the locals and public services. The attributes items were derived from literatures of destination image, and place and city image. The attributes were carefully selected to suit Penang, as the

destination. Section C gathered the residents' perceived impacts on the tourism development in Penang by adopting the triple bottom line approach (economic, socio-cultural and environment). Finally, Section D includes the dependent variable, gathers on the level of residents' support for tourism development. There are 5 variables in this study which includes the independent and dependent variables, hence the minimum sample size for this study is suggested to be 50. It was also noted that sample size in between 100-500 serves well as representative sample (Hair, Black, Babin & Anderson, 2010; Sekaran & Bougie, 2016). Besides, according to Willimack, Nichols and Sudman (2002), about half of response rate is expected to be obtained from the questionnaires that were given out. To achieve the objective of the study with more precise results, a total number of 500 questionnaires were distributed and a total of 154 responses has been collected, after disposing about 20 outliers, a total of 134 remaining responses were analyzed. Additionally, this study applies the convenient sampling approach. Upon extracting all the data from the questionnaire that are answered by the respondents, preliminary data analysis was conducted. All the hypotheses proposed in the study were tested by using Statistical Package for Social Sciences (SPSS) software version 24 and Smart Partial Least Squares Version 2.0 by Ringle, Wende and Will (2005) to do computation on descriptive statistics, factor analysis, reliability analysis, measurement model and SEM model analysis.

Findings and Results

All the 134 respondents are residents of Penang, Malaysia, both island and mainland (World Heritage City). The respondents are above 21 years of age, married and the decision maker in the family. Among the respondents, 53.7% were females and 46.3% were males. Most of the respondents were between 21 years to 30 years (44%) and 31 years to 40 years (32.8%), the rest were in the age group of 41 years to 50 years (14.9%) and more than 50 years (8.2%). In terms of ethnicity, majority of the respondents was Chinese (47%) followed by Malays (32.1%) and Indians (17.9%). There was one response received from Non-Malaysian, however the respondent was discarded due to irrelevancy. The district or area of residence in Penang of the respondents are well scattered at South-East (41.8%), North-West (39.6%) and other areas (18.7%). Most of the respondents' monthly household income falls between RM3001-RM4000 (26.9%) and RM4001 – RM5000 (22.4%). Besides, almost half of the respondents hold a bachelor degree (42.5%) and majority of them reside in Penang.

The average score of resident's place image is 3.8 on a 5-point scale which means that the image of the destination, Penang, the residents hold is quite positive. Being a UNESCO Heritage Site, the residents of Penang agree that the state has interesting historical sites with an average of 4.23. None of the attributes for place image is perceived negatively by the residents. As for residents perceived economic impacts, the residents perceived that the tourism industry gives a positive impact to the local economy. The positive economic impacts from tourism developments that is perceived to be most favourable is the revenue (Jayaraman et al., 2011) contributed to the local economy (average 3.93). The residents agree that tourism development will improve the states' infrastructures (average 3.8). In the area of socio-cultural impacts, residents agree that the tourism developments give positive impacts to the cultural and recreational activities held in town (average 3.90). This phenomenon can also be observed recently as more big scale cultural; arts and sports activities being held in town are getting greater response such as the annual George Town Festival

that goes on for the whole month. Besides that, residents also agree that through tourism they are able to meet more people from all around the world and they perceive this positively (average 3.92). From the environment perspective, the residents seem to be neutral for all the attributes except for traffic congestions and crowding. The residents' perceived that tourism development placed an impact on the traffic congestion and crowding in the city (average 3.36 and 3.33 respectively on a 5-point scale). The residents of Penang are very supportive towards the tourism development in the state (average 4.31) and supported the most that the government should provide more fund to develop the local tourism industry (average 4.35).

Table 1: *Descriptive Statistics for the identified constructs (n=134)*

Question Items	Average	Std. Deviation
Residents' Place Image (IMG)	3.80	0.720
IMG1: Penang has an attractive scenery	4.19	0.717
IMG2: Penang has pleasant weather	3.34	0.919
IMG3: Penang has nice architecture / buildings	4.05	0.749
IMG4: Penang has interesting historic sites	4.23	0.735
IMG5: Penang has an effective local government	3.49	0.964
IMG6: Penang has an effective public service (e.g., fire station)	3.50	0.783
Residents' Perceived Economic Impacts (EI)	3.73	0.849
EI1: Impact of tourism on number of jobs	3.87	0.687
EI2: Impact of tourism on standard of living	3.66	0.813
EI3: Impact of tourism on revenue generated in the local economy	3.93	0.728
EI4: Impact of tourism on infrastructure	3.80	0.802
EI5: Impact of tourism on price of land and housing	3.41	1.215
Residents' Perceived Socio-Cultural Impacts (SI)	3.66	0.894
SI1: Impact of tourism on cultural activities / entertainment	3.90	0.821
SI2: Impact of tourism on availability of recreational facilities	3.71	0.883
SI3: Impact of tourism on opportunity to meet people from other cultures	3.92	0.893
SI4: Impact of tourism on community spirit among local residents	3.65	0.861
SI5: Impact of tourism on crime level	3.10	1.010
Residents' Perceived Environment Impacts (NI)	3.18	1.104
NI1: Impact of tourism on environmental pollution	3.03	1.010
NI2: Impact of tourism on noise level	3.01	0.977
NI3: Impact of tourism on size of crowd	3.33	1.142
NI4: Impact of tourism on level of traffic congestion	3.36	1.288
Residents' Support for Tourism Developments (S)	4.27	0.892
S1: Tourism should be further developed in Penang	4.31	0.862
S2: The local government should fund the promotion of tourism in Penang	4.35	0.861
S3: The volume of tourists visiting Penang should increase	4.15	0.954

Convergent Validity

According to Hair, Ringle and Sarstedt (2011), the threshold value for main loading is at least 0.5. In this study, the main loadings for all indicators are above 0.5, which indicates that the constructs are loaded properly with less measurement error. The values of main loading of the variables range from 0.615 to 0.932. Hair et al. (2013) suggested that the value of average variance extracted (AVE) should be higher than 0.5 to be considered significant in addressing the variance of its indicators. In this study, all AVE values surpass the threshold value, ranging from 0.515 to 0.772 indicating that question items measure the constructs appropriately (Hair et al., 2010). The rule of thumb for composite reliability is above 0.7 (Hair et al., 2011). The composite reliability values for all the variables in this study exceed the threshold value as it ranges from 0.864 to 0.929. Therefore, it can be summarized that the measurement model of this study achieved an adequate level of convergent validity.

Table 2: *Main Loadings of Measurement Model (Convergent Validity)*

Latent Variable	Indicators	Main Loading	AVE	CR
Residents' Perceived Economic Impacts	EI1	0.792	0.597	0.880
	EI2	0.759		
	EI3	0.854		
	EI4	0.821		
	EI5	0.615		
Residents' Place Image	IMG1	0.635	0.515	0.864
	IMG2	0.663		
	IMG3	0.778		
	IMG4	0.805		
	IMG5	0.715		
	IMG6	0.696		
Residents' Perceived Environmental Impacts	NI1	0.865	0.766	0.929
	NI2	0.779		
	NI3	0.915		
	NI4	0.932		
Residents' Support for Tourism Developments	S1	0.867	0.772	0.910
	S2	0.867		
	S3	0.901		
Residents' Perceived Social Impacts	SI1	0.809	0.677	0.893
	SI2	0.882		
	SI3	0.805		
	SI4	0.791		

Discriminant Validity

Discriminant validity is performed to examine whether the latent variables are measuring each factor designated to the variable or the level of distinctiveness among each variable (Hair et al.

2013). The result of discriminant validity of this study is presented in Table 6 shown below. The value of each diagonal element is the square root of its AVE, and the values are exceeding the other values in the same row and column respectively.

Table 3: Discriminant Validity

Indicators	EI	IMG	NI	S	SI
EI	0.773				
IMG	0.462	0.718			
NI	0.330	0.255	0.875		
S	0.154	0.149	-0.291	0.878	
SI	0.785	0.481	0.430	0.139	0.823

Table 2 and Table 6 collectively confirm the construct validity of the questionnaire. Consequently, the measurement error of the questionnaire items opined by the respondents is minimized.

Path Diagram

The path diagram of this study is shown in Figure 2. The overall R² value obtained is 0.187, this indicates that 18.7% of the residents’ support for tourism development is explained by a unit of increase in their perceived tourism impacts (economy, socio-cultural, environment). Likewise, among all the perceived tourism impacts, the social impacts mark the highest R² value, 0.231, which shows that 23.1% of the residents’ place image explains on their perceived socio-cultural impacts from tourism. This is followed by residents perceived economic impact with R² value of 0.214 (21.4%) and the environmental has an impact of R² value 0.065 (6.5%).

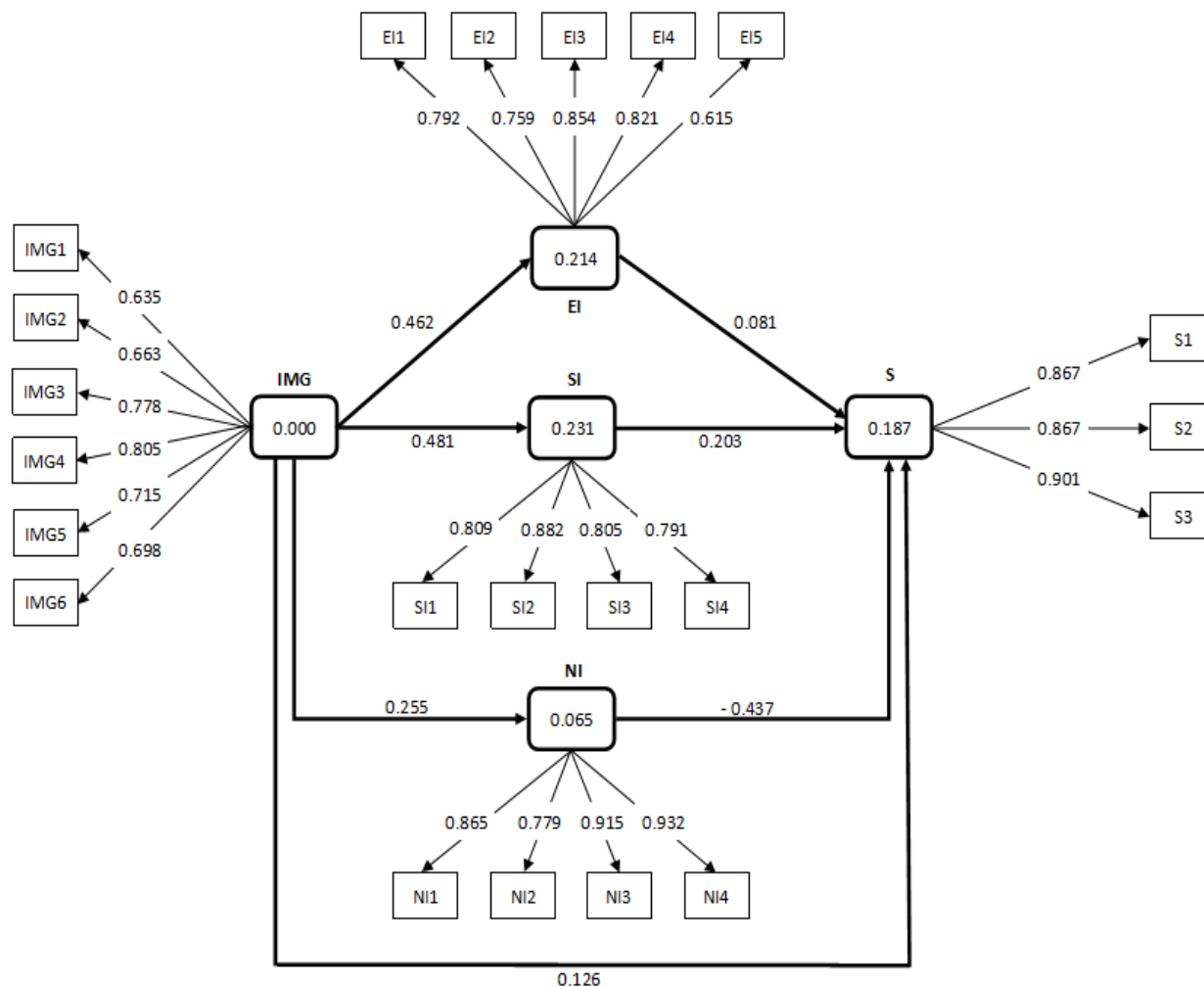


Figure 2: Path Diagram Showing β Values & R^2 Values

Summary of PLS Results for Direct Effects

Past studies such as Andereck and Nyaupane (2011), Gallarza et al. (2001) and Nunkoo and Gursoy (2012) highlighted that the importance of the host's image on the identity of a tourist destination is well acknowledge by the global tourism industry. It was also noted that resident's support towards tourism development at their destination not only affected by their attitudes towards their perceived tourism impacts (economy, socio-cultural, environment) but also by the place image. Nunkoo and Gursoy (2012) found that place image serves as a guide for host's attitude to conserve and preserve the values attached to the image. The above said findings coincide with the result of the present study (H1 is supported). The earlier researches focused on examining the difference in hosts' reaction (attitude) towards tourism impacts at different locations. Tosun (2002) studied the perceived tourism impacts of the residents in Urgup, Turkey and compares it to Nadi and Central Florida. The study found that residents of Urgup give less support for tourism (compared to Nadi and Central Florida) as a result of the less positive perception of tourism impacts. The study further elaborates that this outcome is due to the benefits that are given to the residents from tourism industry is less compared to Nadi and Central Florida, the local government policies also

made a major influence on this situation. Andereck et al. (2005) examines on the difference of perceived impacts on residents who play different role in the local community. The study supported the statement of local community indeed, realized the benefits that they gain from the growth of tourism industry. The study also highlighted a few significant concerns such as traffic issues, public cleanliness, low wages and crime levels which were perceived as negative impacts from tourism developments. According to Gu and Ryan (2008), which was conducted in Hutong, China, the residents gave credits to tourism development for the city is now cleaner and more beautiful. Moreover, the study found that in line with the Social Exchange Theory (SET), there is a strong positive relationship between residents' perceived positive economic impacts and their support towards economy development in the tourism industry. Same pattern of relationship was observed for the socio-cultural and environment attributes. In terms of economic, businesses are getting better due to the high influx of tourists, which creates more and more demand.

As for socio-cultural perspective, cultural and recreational are held more frequently in town, attracting visitors everywhere across the globe. Year 2015 was crowned 'Year of Festivals' in Malaysia (Tourism Malaysia, 2016), with 59 festivals and events held in Penang 2015 which are all marked in the Penang Tourism Calendar of Events 2015 (Penang Monthly, 2015). The above findings strengthen the hypotheses H2, H3 and H4, which are supported positively and significantly (economic, socio-cultural, environment). In some cases, residents of George Town, Penang were forced to move out from the heritage site to give way for tourism development (Penang Monthly, 2015). The heritage city of George Town was developed during the British colonial era, which was about a century ago, being one of the busiest ports at the region, the city had very high population density. Following the pattern of urban planning and development during that era, all the houses were built closely together and are accessible via small alleys. The traffic capacity within the heritage area is very low and increasing the capacity involves demolishing the precious historical architectures, which are the city's main attractions. Besides traffic congestion, the tour busses are also causing air pollutions. Recent years, Penang's Port Swettenham which is located within its heritage site, has more world-class cruises berthing than ever before such as the Quantum of the Seas (4,000 passengers) and Queen Mary 2 (2,000 passengers). On 14 March 2016, 4 cruises berthed at the port unloaded 11,856 passengers and crews within the day (The Star, 2017). As the number of visitors increased day by day, residents at the heritage site are also facing noise pollution, public nuisance and littering issues, it is common for them to find rubbish around the gate of their house (The Star, 2017). Due to these, the results showed that residents perceived that tourism developments are threatening the environment of George Town, Penang and hence it discouraged the support from the locals toward tourism development in the city. It can be observed from the respondents that they perceive tourism accelerates the growth of local economy. From the perception of property owners and business investors who are also the residents of Penang, the growth of tourism increases the value of their property perpetually. Their properties are attracting a lot of foreign investors (The Star, 2017). These articles confirm the cited hypotheses of H5, H6 and H7, which are all supported significantly. Thus, there are seven direct effects in this study and their predictive statistical significance is provided in Figure 3 and Table 7.

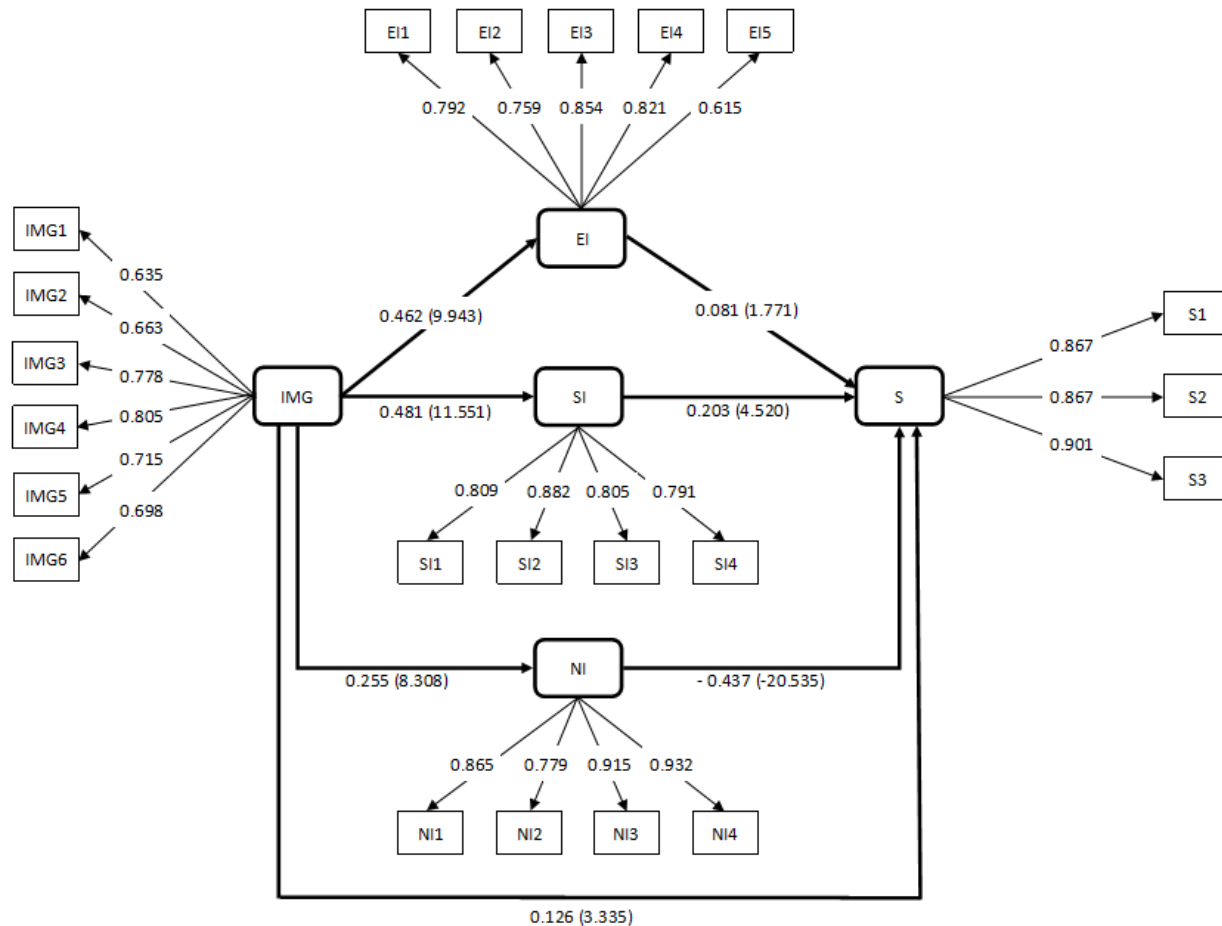


Figure 3: Results of Smart PLS-SEM Model

Table 4: Summary of SMART PLS Results (direct effects)

Hypothesis	Path	Std. Beta	Std. Error	t-Value
H1	IMG → S	0.1256	0.0377	3.335**
H2	IMG → EI	0.4621	0.0465	9.943**
H3	IMG → SI	0.4811	0.0417	11.551**
H4	IMG → NI	0.2553	0.0307	8.308**
H5	EI → S	0.0806	0.0455	1.771*
H6	NI → S	-0.4374	0.0213	-20.535**
H7	SI → S	0.2035	0.045	4.520**

*P < 0.05; **P < 0.01

Summary of PLS Results for Indirect Effects

Andereck et al. (2005) utilized Social Exchange Theory to reinforce the explanation on perceived negative (cost) and positive impacts (benefit) of the host community on tourism development. The study was conducted in an urban area and the findings were consistent with previous studies, whereby despite demographic difference, residents' perceived impacts (economic, socio-cultural, environment), recognized from the identity of the destination, gave affluence influence on their attitude (support) towards tourism developments. The above findings synthesized the proposed hypotheses H8, H9 and H10 which are all supported. Thus, the intervening variables namely the perceived impacts on economic, socio-cultural mediate negatively on the relationship between residents' place image and support for tourism development while perceived impacts on environment mediates negatively. There are a total of three indirect effects identified in this study and are as shown in the table below:

Table 5: *The results of the hypothesis testing for indirect effects*

Hypothesis	Path	Std. Beta	Std. Error	t-value
H8	IMG → EI → S	0.037	0.022	1.691*
H9	IMG → SI → S	0.098	0.026	3.833**
H10	IMG → NI → S	-0.112	0.014	-7.806**

*P < 0.05; **P < 0.01

Conclusions

From the present study, it emerges that 66.42% of the residents in Penang were giving support for tourism development despite some challenges were addressed in the study on environment impact issues. The emerging problems like evictions of original tenants and pollution due to tourist's influx have to be considered seriously and must be given the highest priority in Heritage cities. In order to conserve and preserve each destination's outstanding values, the heritage sites managers are continuously facing the great challenges in the context of tourism development. For modernization, eviction of the original tenants is inevitable, but relocation arrangements are on-going process for those who are directly affected. Keeping the economic benefits aside, the original tenants cannot afford to pay for the refurbishment of the historic buildings whereas foreign investors are eager to invest their money to get the job done. The pre-war buildings in Penang which were mostly built during the colonial era are centuries old and in desperate need for refurbishment for both safety and conservation purpose. Most of the studies on host community's or residents' perceptions have been conducted in major cities in the world leads to less understanding on host perceptions towards tourism industry of UNESCO World Heritage Site and it is in this context, the present study is undertaken.

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