Socio-Economic Impacts On Local Community In Pangkor Island

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Since 1990s, the impact of tourism development has grown tremendously especially in the spectra of islands and marine parks tourism. Despite the fact that most of the Malaysian islands already have their individual ecotourism natural attractions, more islands have been progressively developed as a tourist attractions spot. The scenario has given an economic advantage to the local community where many society members have shifted their profession from fishing to ecotourism-related activities. However, inappropriate tourism development and growth can lead to adverse environmental and socio-economic impacts on the islands, including exposing the local community to certain foreign behaviours that may opposed to the island culture or traditional community values. Pangkor Island is one of the renowned islands in Malaysia, located in the Perak state and just off the coast of North West Malaysia. Another name for Pangkor Island long ago was Dinding, which means 'screen' or 'partition'. There are five main attractions of Pangkor Island that are coastal areas, island resorts, historical sites, forest areas and cultural activities. Based on Life Cycle Theory, Pangkor Island is currently facing declination stage where it used to experience booming tourism period in the past 20 years. The impact of previous development on the local community socio-economic provides a significant research area to be explored. Interviews have been conducted with several notable people in Pasir Bogak and Teluk Nipah to assess the socio-economic impact on the local community in Pangkor Island.

Key word: tourism development, tourism area life-cycle model, socio-economic impact, local community

Introduction

Tourism is targeted to be one of the fastest growing industries (UNWTO, 2006) and forecasted to grow at above 4 percent per year during the next ten years to account 9.4 percent of Gross Domestic Product (GDP) worldwide (WTTC, 2010). This aim delineates an increasing number of new tourism destinations and heavy investment in tourism sector for the industry to be a key driver for socio-economic progress. Nowadays, tourism development is one of the largest and dynamically developing sectors of external economic activities (Mirbabayev and Shagazatova, 2006).

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Principally, tourism evolves from the movements made by humans, in this case, entails tourists. The International Dictionary of Tourism (1953) defines tourist as a man with a desire for travelling out of its original area; in parallel with the definition given by WTO (2008) that support tourism as a social phenomenon, culture and economy that involves the movement of people into a country or region outside the usual environment for personal or business purposes. Furthermore, Institute of Tourism in Britain (1976) adds few details by advocating tourism with the movement from areas where they live and work that comprising activities during their stay in the destination area and including movements for all purposes, as well as day-visits or excursions.

In general, every industry in this universe will bring side effects to the human kind whether good or bad. Relatively, Jackson (2008) claims that tourism can bring both positive and negative impacts to local community. In this paper, economic and social impacts will be the main focus to be disclosed. Quite a number of scholars have examined the consequences of tourism development with their own perspectives and approaches. From the positive viewpoint, Kreag (2001) contends that tourism carries great effects on local residents by providing employment opportunities, creating new businesses, developing modern infrastructure as well as enhancing standard of living. Moreover, in terms of social values, Din (1997) believes that tourism enriches local culture through contact with outsiders and revitalise local traditions with new paradigm dimensions.

Despite of that, other researchers prefer to highlight on the negative impact of tourism towards the local manners. Several authors (Bunce, 2008; MacDonald and Jolliffe, 2003) opine that inappropriate tourism development can lead to adverse environmental and social impacts on islands which exposing locals to behaviour that may conflict with the island culture or traditional community values. Consistently, Kreag (2001) states that tourism development causes prices increment especially in terms of goods, land, housing, standard of living and other infrastructure costs that somehow related to economic matters. Thus, Saveriades (2000) raise the issue of carrying capacity where each destination can only bears specific level of acceptance of tourist arrivals in order to avoid socio-cultural deterioration or a decline in the quality of the experience gained by visitors.

By and large, island tourism is getting popular in Malaysia. It attracts many foreign and local tourists. From the website of Tourism Malaysia, statistics had shown that Malaysia accumulated 23.6 million international tourists in 2009 whilst according to the World Travel and Tourism Council (WTTC) tourism in 2005 turned out to be the second largest industry; accounted for 3.8 percent of global Gross Domestic Product - GDP (Rosli and Azhar, 2007). Essentially, the islands of Malaysia continue to be developed into tourist spots with the mission to attract a continuous number of arrivals (Mohamed et al., 2006) so that the Vision 2020 for Malaysia to become fully-developed nation will be easily realised and fulfilled.

Pangkor Island is an island located in the Perak state and just off the coast of North West Malaysia. From the Website of Pangkor Island, the island is about 200 km South of Penang and 70 South-West of Perak capitals Ipoh. The local residents believed that the island was sheltered by the spirits, so they called Pangkor Island the Spirit Island. Another name for Pangkor Island in the old days was Dinding, which means 'screen' or 'partition'. The island is relatively small with total surface area of about 8 square kilometres (sq km) and a population of about 30,000 consisting mainly of fisher folks.
In actual fact, tourism in Malaysia has been as a double-edged sword (Hitchner et al., 2009; Russell, 2003) because it gives lucrative returns to the national income. Also, it contributes to economic growth and enhances socio-economic of local community. From the views of island tourism, the role of government in implementing extensive campaigns to promote Malaysian tourism has subsequently contributed towards the enhancement of local community by encouraging them to be directly involved with ecotourism-related activities which could provide greater economic benefits (Liew, 2002). Hence, this paper presents the results of the study conducted towards island community on the impact of tourism development under the capacity of social and economic aspects. The objective of this research is to underscore the significant impact of tourism sector on the socio-economic issues of Pangkor Island.

**Literature Review**

*Tourism Area Life Cycle (TALC) Model*

Ironically, tourism is an important indicator for economic development; creating employment opportunities in a large number of countries (De Kadt, 1979). According to Godfrey and Clarke (2000), tourism development is an ongoing process and might be illustrated through the application of the life cycle model to tourist destinations (Stansfield, 2006). The tourism area life cycle (TALC) model has become one of the most cited and frequently used models in the tourism literature. The model underlines and emphasises the crucial importance of management and control to overcome and avoid potential difficulties (Butler, 1980). Several models have been developed since the early 1960s that describe the evolution of tourism through a life-cycle process (Christaller, 1963). The changes in tourism destination can also be influenced by other elements including the environment such as geographic, economic, political and social variables. The model incorporates six-stages and was developed by Butler in 1980 as shown in the following figure:

![Figure 1: Hypothetical evolution of a tourist area (Butler, 1980)](image)

*Exploration Stage:* No specific facilities provided which lead to high degree contacts between the locals and visitors with very little social and economic impact.

*Involvement Stage:* At this time, increasing visitors induces some locals to offer facilities primarily or exclusively for them. Contact with locals is still high and social adjustment will be made to accommodate the changing of economic conditions.
**Development Stage:** Outside investment is attracted to the destination as a well-defined tourism market emerges. Accessibility is enhanced, advertising becomes more intensive and extensive, and local facilities are displaced by more elaborate and up-to-date ones. This result in a decline of local’s participation control.

**Consolidation Stage:** The major portion of the local economy is tied to tourism and dominated by major chains and franchises. Visitation levels continue to increase but at declining rates. Marketing and advertising efforts are further widened to extend the tourism season and attract more distant visitors.

**Stagnation Stage:** Capacity levels for many relevant factors are reached or exceeded resulting in economic, social and environmental problems. A peak number of possible visitations are achieved forcing facility managers to rely on repeat visitations and conventions for business.

The last stages are divided into two parts where decline comes as first part after stagnation stage. **Decline** shows that tourists are drawn away by newer destinations; those remaining are mostly weekend or day visitors. Tourism facilities become replaced by non-tourism establishments as the area disengages from the industry. This results in even less attraction for visitors and remaining facilities become less viable. Local involvement probably increases again as the price of facilities drops along with the market decline. The destination either becomes a tourism slum or finds itself devoid of tourism activity altogether. The second part after stagnation stage is **rejuvenation** which is a dramatic change in the resource base is established. Either a new set of artificial attractions is created or a previously unexploited natural resource is utilized.

**Island Communities and the Impacts of Tourism Development**

Local community is the basic element of modern tourism development (Aref, Gill and Aref, 2010) that play an important role in providing accommodation, food, information, transport, facilities and services for tourists (Godfrey and Clarke, 2000). The word community is derived from the Latin word 'communitas'. Mitchell (1968, p. 32) defines community as follows:

"*People who occupied a geographical area; people who were together engaged in economic and political activities and who essentially constituted a self-governing social unit with some common values and experiencing feelings a belonging to one another. Examples are as a city, town, a village or parish...*"

The definition pinpoints that the concept of community is endowed with demographic, geographic, economic and political dimensions which leads the community to rule itself as an autonomous social unit (Rahman, 2010). This autonomous social unit is strengthened by common values and experienced feeling of belongings. Historically, local community had started to involve themselves in tourism activities since immemorial time (McIntosh, Goeldner and Ritchie, 1995) although their involvement in serious and thorough in all aspects of tourism development began about two decades ago (Brohman, 1996). In addition to that, local community participation in tourism has been regarded as a positive force for change and catalyst towards the development (Claiborne, 2010). Notwithstanding to the community involvement, Kreag (2001) argues that tourism can provide either positive
or negative impacts which differ among communities. Thus, it is vividly shown that tourism impacts on local community encompass economic, social, cultural, ecological, environmental and political forces (Singh et. al, 2003).

Social Impacts on Local Island Communities

Undeniably, tourism development affects the local community under the social outlook. As most of local people are absorbed into various sub-sectors in the tourism industry, the social impacts are conspicuously vital to be observed in order to learn tourists' behaviour and lifestyle. According to Butler (1980), there are a variety of positive social impacts on destination community that may include improvements in social services, transportation and recreation facilities, cross-cultural communication as well as improvement in the quality of life. Based on a study by Nillahut (2010), other positive impacts might be changes in values and customs, cultural exchanges, greater tolerance of social differences that will consequently strengthening mutual understanding between local community and tourists.

However, on the negative side, Nillahut (2010) views four facets of impacts regarding:
1. Value system and manners (affect the identity of indigenous which is changes due to tourism occur in community structure, family relationship, morality and ceremonies);
2. Cultural clashes (differences in religious groups and cultural ethnicity, value and lifestyle, levels of prosperity and language and these cause conflict);
3. Physical influences (the problems come from using natural resource such as water, environmental degradation, energy and increasing infrastructure costs for the local community); and
4. Ethical problems (increase in drinking, alcoholism, gambling and creating underage drinking as well as increased of crime, drugs, prostitution and sex trade is disturb well-being of community).

Economic Impacts on Local Island Communities

The economic impact of tourism is the most generally studied realm of tourism under the span of community (Mason, 2003) whereby research on this area is easier to assess due to limited boundary. The most immediate and direct benefit of tourism development is the creation of jobs and the opportunity for people to increase their income and standard of living in their society. Few scholars (e.g. Brunt and Courtney, 1999; Gursoy and Rutherford, 2004) concur that local residents may welcome some of the changes caused by tourism such as employment and businesses opportunities, income improvement and other related investments. Nevertheless, tourism also brings negative economic impacts for destinations; for instance, the increment of prices in real estate property, goods and services (Tatoglu et. al. 2000; Marzuki, 2009; Brida et. al., 2011).

Undoubtedly, tourism contributes significantly to the local community from the economic angle. For example, Cooper et al. (1998) advocate that tourists spend their money for a variety of services and goods during their travel at the destinations such as transportation, accommodation, food and beverages, entertainment, souvenirs and travel packages. In addition to opportunity costs incurred, these incomes will entirely benefit the host residents either directly or indirectly. Apart from that, the development of tourism can benefit livelihood of local community based on the
improvement of tourism-linked service sectors, i.e., transportations and communications, water supply, energy and health services (Jashveer et al., 2011).

Methodology

This study uses the qualitative method to explore how the local community cope and perceive the economic and social impacts towards the swift development in Pulau Pangkor since 1990s. In-depth semi-structured interviews were used to identify impacts which affect residences’ opinions and perceptions on the existing tourism industry as well as their expectations and anxieties of increasing tourism development. This paper describes the results of research focusing on the socio-economic impact of tourism development on the island communities. In this study, local community in Pangkor Island were interviewed to obtain their views on the positive and negative impact on economic and social aspects. The respondents are the Headman of Pulau Pangkor, a businessman, a business woman and a taxi driver.

This research focuses on Pangkor Island as a case study since this island has been referred to be declining in popularity due to its close proximity with the mainland and over exposure to the constant pressure of tourists of all kinds. This study focused on two main attraction areas in Pangkor Island, which are Pasir Bogak and Teluk Nipah. The selection of these two locations is owing to their rapid development and these places have become a principal place of tourist activities in Pangkor Island. Amongst the questions posed to the respondents during the interviews are as follows:

1. How is the development of tourism in Pangkor Island nowadays?
2. How about the economic and social conditions before the island was developed?
3. What are the perceived economic and social impacts towards the island population after such development?
4. What are the initiatives taken by local authority and government to improve standard of living of local community in Pangkor Island?

Analysis

Apparently, the results from in-depth interviews produced two main themes indicating that respondents are depending on the tourism to support their lives. Based on the findings, local community emphasized more on positive impacts on the economy, while social geared towards negative impacts. Prior to that, there is a need to further elucidate on the growth of tourism development in Pangkor Island in order to get vivid comparison from the beginning stage until current phase.

The Tourism Development in Pangkor Island

The Pangkor Island is a small island with a total land area of about 8 sq km and inhabited by 30,000 islanders. Pangkor Island has been heavily promoted as a low-key tourist destination by the Malaysian government, but fisheries and fish products remain the major industries. Pangkor is endowed with historical heritage. Back in the 17th century, the Dutch built a fort in an effort to control the Perak tin trade. In 1874, it was the location of a historic treaty between a contender to the Perak throne and the British government (The Pangkor Treaty), which began the British colonial domination of the Malay Peninsular.
Nowadays, the entire Pangkor is accessible by taxi. It is famous for its fine beaches and a mix of low budget to 5-star accommodations. Teluk Nipah, Coral Bay and Pasir Bogak are some of the most attractive beaches available on the island. Pangkor Laut, a smaller island of Pangkor, is equipped with a world class resort, owned and managed by the Berjaya Group. Tourist arrivals are also subject to seasonality. The peak period coincides with the school and public holidays and festive seasons. Nevertheless, the island is not much affected by the monsoon; hence it is quite safe for tourists to visit the island at any times of the year.

However, tourism development in Pangkor is less progressive rather than other islands in Malaysia. At Pangkor, only ten percent area was developed from the whole area of Pangkor Island (including the Pangkor Laut). Besides that, as mentioned by Mohamed et al. (2006), Pangkor Island recently, has been declining in popularity due to its close proximity with the mainland and over exposure to the constant pressure of tourists of all kinds.

Tourism development has affected the development of the economy, especially Pangkor Island community. In the early development of Pangkor Island around 1980's, there are 70 percent of the community involved in the fisheries sector. After the development of Pangkor Island, the communities in the study area are economically depending upon fisheries activities. According to the headman of Pangkor Island, there were 20-30 percent of the local populations involved in the fisheries sector (both deep-sea fishing and traditional one). They are concentrated in the Teluk Gedung Village, Sungai Pinang Kecil Village and Teluk Dalam Village. However, since it experienced rapid development in 1990's, the economy of local community is augmented scrupulously and provides a wider job opportunity. Apart from fishing, the community of Pangkor Island also works as taxi drivers and small business operators. According to the taxi driver, most of taxi drivers are Malays against Chinese with actual ratio of 60:40. Based on the in-depth interview, the result shows that among spots for tourist attraction in Pangkor include Teluk Nipah, Pasir Bogak and Pangkor Laut. These are the main visited areas due to the provision of food, accommodation and convenient infrastructure to meet tourist facilities.

**Economic Impact of Tourism Development**

Among the positive impacts on the economy of the community is expressed through their explanation that tourism creates many job opportunities and increases their income. As commented by the headman of Pangkor Island:

“Within 15 years, Pangkor Island has developed substantially based on tourism sector. Initially, 80 percent of communities at Pangkor Island are fishermen...but when the tourism took place, hotels were developed and subsequently generate employment opportunities for local community. Now, most of them are involved in the field of hospitality, small businesses, as well as public and private sector. Small-scaled businesses like souvenir shops, clothing and marine-products operators grow like mushrooms after the rain”.

Further interview with local community reveals that:

“This job (taxi driver) is our main source of income. Apart from making a living, we have sent our children to university from this source of earnings too”.

“Income during school holidays can reach until RM 200.00...so, the expenses can cover the tyre or other maintenance costs”.
“These two years, the government seems to take an action with the development of new building that comprises stalls and shop-lots for existing retailers”.
“All activities here are depending much on tourism, whereby 70 percent of the activities are controlled by Malays”.

(Taxi driver, Teluk Nipah)

Tourism development also spurs the entrepreneurial ability of local community in Pangkor Island as mentioned by our next respondent:

“Here, in Pangkor Island, the Malay community is getting advanced and 'open-minded'...where we have starting small businesses to capture the fast-paced development. Previously, around 6 people are doing businesses, but now the situation has changed because of tourism development. Currently, we have about 30 local operators in the fields of tourism and hospitality”.

“Most of local women make cakes and cookies to be sent to the hotels nearby”.

(Clothing shop operator, Teluk Nipah)

The respondents acknowledged the contribution of tourism sector as their income sources; nonetheless some of them admitted the negative impacts of tourism development experienced by the local community of Pangkor Island. Their explanations are described as follows:

“Comparatively, cost of living becomes higher due to the substantial prices increment of goods as Pangkor Island was promoted widely and globally”.
“The total of fishermen is deteriorating because Chinese 'towkays' prefer to hire foreign workers...so; local fishermen had to move on by themselves. Owing to that situation also, some of the fishermen are currently jobless, because they lack skills in other fields whereby other hindrances like capital problems made them stop from being a fishermen. In fact, we (taxi drivers) are also affected...we have to compete with illegal and non-licensed operators that charged lower than us. Actually, this scenario impedes our daily revenues”.

(Taxi driver, Teluk Nipah)

“The main employment sector in Pangkor Island comes from fishing industrial-based...basically it consists of traditional and deep-sea fishing activities. Most of Chinese 'towkays' recruit foreigners from Thailand and Myanmar. When such condition occurred, local fishermen try to find other jobs. At the same time, in these 2 or 3 years, there was an unlicensed transport activity which involves car rental, but the activity is under-controlled. They are pros and cons of this activity, by which in term of economic support, it can increase the income of the people (especially the owner of car rental company)...it can also bring back tourists to Pangkor”.

(Headman of Pangkor Island)

“The cost of living is high. We (local community) spent RM 500.00 for 2 weeks. Goods nowadays are very expensive and needs around RM 1000.00 per month. Here (Pangkor Island) is a seasonal business, most profits in December whilst other months accounted lesser returns”.

(Clothing shop operator, Teluk Nipah)
Universally, for the majority of tourism enterprises, seasonality is a fact of life as well as a key factor affecting their performance (Baum and Hagen, 1999; Butler, 2001; Lundtorp et al., 1999).

**Social Impact of Tourism Development**

According to the interview with the headman of Pangkor Island, the main social impact that can be seen is drug abuse especially in the fishing village. The problem involves those who are working in the fisheries sector as a sole marine activity in the island. To aggravate the situation, the social problems have certainly increased the number of sea and road accidents as well. Apart from that, there were students or adolescents who involve in crimes such as vandalism, truancy, glue sniffing and theft.

In this area, truancy issues are caused by the influence of peer-pressure. In reality, a lot of local teenagers work at night to earn side income. A number of part-time jobs are available particularly in restaurants, hotels and chalets, souvenir shops and others. Students' thinking is confined with their poor mentality, i.e., no goals in life to be pursued which lead them to become less-initiative in order to achieve success and compete with others. Above and beyond, as a result of economic problems and narrow thinking, the local community is hampered to send their children for additional classes or tuitions. With these circumstances, concerted plans by the government will be difficult to be achieved in Pangkor Island. The explanations below support the negative social impacts rendered:

“Social issues are common in all areas. The criminals are less, but theft cases still exist in this area. In terms of social freedom, the lives of these youngsters are less exposure rather than teenagers at mainland (e.g. Lumut). Truly, they are not similar; they were grown up without specific goals for the future”.

(Taxi driver, Teluk Nipah)

There are two possibilities of explaining this situation that might conceivably exacerbate the conditions.

“Their presence (tourists) interfere the moral value of local teenagers with their bad habits and manners”.

(Clothing shop operator, Teluk Nipah)

“Most parents work as fishermen, so their attention on children development is lessen...in the meantime, such issues emerged when foreign cultures brought by international visitors seem to permeate into local cultures and lives...on the other side, Malay people pay less concern on their children’s education; perhaps because of dogmatic thinking or maybe they have financial problems to further onwards”.

(Headman of Pangkor Island)

**Initiative Taken by the Government**

Due to the problems and issues faced by most fishermen in Pangkor Island, the government through Manjung District Office has outlined a number of actions to be taken in order to diminish and stabilize the economic and social aftermaths of local community. To improve their living standards, the government has been providing assistance to the Malay fishermen to buy new boats and engines. Furthermore, a fund of provision has been granted to small and medium entrepreneurs in order to
encourage the small business activities though the location remains as the main obstacles.

“So far, 69 people have received assistance from the Ministry of Rural Development. In collaboration with AgroBank, government will also provide for boats to support the traditional fishermen. Some traditional fishing boatmen will be identified to lead the boat and find members per boat”.

“Unforgettably, for new traders who want to venture into business, they will be given RM1000.00 as a supporting finance to start a business”.

"Besides that, hospital will be built in this island to fulfil the needs of tourists who convene many beneficial activities such as camping and seminar. The construction of this hospital shows the effort of government to attract local and foreign tourists into Pangkor Island. The crucial aim of government is to make Pangkor Island as tourist attractions as well as improving the economic and social performance of local community".  
(Headman of Pangkor Island) 

Discussion & Conclusion

Brohman (1996) advocates tourism as an industry that can bring changes and development in an area. The result from in-depth interview shows that tourism development creates a variety of positive and negative impacts towards the development of local community. While it receives mix perceptions from the residents for both economic and social side, Jurowski et al. (1997) found that the perception of tourism impacts is a result of assessing benefits and costs whereas evaluation is influenced by residents’ values.

Among the positive impacts of tourism development to local community are the creations of job opportunities based on nature-island tourism as well as the establishment of entrepreneurship discourse. The development is indirect effect to generate income in particular to the local population (chiefly for new and younger generation). Tourism development opens more prospects to local community to explore and learn apart from depending on fishing activities only. This is because the scope of work as fishermen has economic tides of seasonality and competition from foreign fishermen, despite the fact that other sectors of tourism are steadily growing.

Yet, although tourism has brought huge benefits, it also engenders negative impacts to local community. This kind of consequences is depending on the extent to which an area is developed. The negative impacts due to tourism development are more focusing on social problems that involve local community especially teenagers. Even if tourist arrivals are seen to enjoy the nature and get knowledge and experience of community cultures, but they can indeed contaminate and spoil the residents' traditional culture. Teenagers are easily influenced because they have not been able to think on the pros and cons of this 'new' culture whereas some of the values are totally different to our culture as eastern community.

Generally, tourism is considered as a potential industry in providing employment opportunities to local residents and promoting entrepreneurship among local communities (Walkins and Allen, 1998). In a nutshell, local community has to accept the positive and negative impacts of tourism development. To that extent, Din (1997) and Lele (1991) argue that the process of development must embody local participation if it should succeed, even in the short run. Nonetheless, McIntyre et al. (1993) expound that local community must organize themselves at all levels to play a
more effective role in development and interact with government and role-players. Thus, local communities should play proactive role to ensure positive benefits from tourism (Kepe, 2004).

Therefore, as a conclusion, local community should determine the level of tourism development and proposed the acceptable level of carrying capacity needs for the island. It is also significant to preserve the Malay culture as majority of the population are Malays. The initiative has to come from local community as they are the one who will feel the impact of the development. Eventually, government should think the ways to alleviate the burden of locals in order to leverage the development of tourism in Pangkor Island for them to lead a prosper and harmony lives.

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