

**DETERMINING OF SPILLOVER EFFECT OF TOURISM HOT SPOTS
TOWARDS RURAL AREA: A CASE STUDY IN MASJID TANAH MELAKA**

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SUPERVISOR VALIDATION

I hereby declare that I have read this thesis and in my opinion this project is sufficient in terms of scope and quality for the award of Bachelor of Technology Management (Innovation Technology)

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DECLARATION

“I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.”

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DEDICATION

I would like to dedicate this work to my mother who has given me various support from the aspect of financial and moral. She always encourage me to accomplish the task even it is hard and tough. I am proud to have her as always. Next, I also dedicate to my friends who also support me throughout the whole process of this final year project.

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ABSTRACT

According to deprivation index, Masjid Tanah has low social economy income. To improve the social economy, tourism can be involve and develop. This study aim is to determine the spillover effect of tourism hot spots towards Masjid Tanah. The secondary data is obtained from Tourism Melaka will be insert into excel for the ease of research. Moran, I is used to analysis the data to show the phenomena of spillover of tourists flow by correlation. Hypothesis is made for both local and global Moran, I. The results show that there is the spillover of tourist happened from Melaka tourist hot spots exert to Masjid Tanah. So, the tourism in Masjid Tanah can be expand and innovate to be one of the hotspot in Melaka State. This suggestion of development will grow the social economy at the rural area due to the profits which came from the rural tourism spot.

ABSTRAK

Mengikut indeks kekurangan, Masjid Tanah mempunyai pendapatan ekonomi sosial yang rendah. Untuk meningkatkan ekonomi sosial, sektor pelancongan boleh melibatkan dan membawa pembangunan. Matlamat kajian ini adalah untuk menentukan kesan limpahan hot spot pelancongan ke Masjid Tanah. Data sekunder yang diperolehi dari Pelancongan Melaka akan dimasukkan ke dalam kecemerlangan untuk memudahkan penyelidikan. Moran, I digunakan untuk menganalisis data untuk menunjukkan fenomena limpahan aliran pelancong dengan korelasi. Hipotesis dibuat untuk kedua-dua Moran, tempatan dan global. Hasilnya menunjukkan bahawa terdapat limpahan pelancong yang berlaku dari tempat pelancongan pelancong Melaka ke Masjid Tanah. Jadi, pelancongan di Masjid Tanah dapat berkembang dan berinovasi menjadi salah satu hotspot di Negeri Melaka. Cadangan pembangunan ini akan menumbuhkan ekonomi sosial di kawasan luar bandar berikutan keuntungan yang datang dari kawasan pelancongan luar bandar.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This research study is aim to determine geographic spillovers effect of tourism hot spots towards Masjid Tanah Melaka in order to effect the potential to popularize tourism in Masjid Tanah, Melaka.

This chapter will explain the basic idea of this research. It is a general introduction on what is this research. It is the idea generation step for this research. This chapter include background of study, problem statement, research question, research objective, scope of study, limitation, and significance of study and the structure of whole thesis.

1.2 Background of study

1.2.1 Tourism

What is Tourism? Based on the UNWTO (World Tourism Organization), tourism is the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. Tourism is one of the economic activities. Over the decade, tourism continued expansion and diversification to become one of the largest and fastest-growing economic sectors in the world. An ever-increasing number of destinations worldwide have opened up to, and invested in tourism, turning it into a key driver of socio-economic progress through the creation of jobs and enterprises, export revenues, and infrastructure development.(By & With, 2017)

The growing trend can prove by the statistic. International tourist arrivals have increased from 25 million globally in 1950 to 278 million in 1980, 674 million in 2000, and 1,235 million in 2016.(By and With, 2017) The increase of number of tourist will boast the revenue by the receipts earned. The tourists will visit the place with the expenses and those expenses will count into the receipts earned. Hence, generate the revenue through the process of tourism.

1.2.2 Tourism Malaysia

Based on the report, the tourists arrivals by region in Malaysia had shown the positive trend from the year 00' to 16' (EPU, 2017). It can show that tourism is in a growing trend. In Malaysia, tourism is the 3rd largest sector contributor to Malaysia economy. According to Deputy Minister of Tourism and Culture, Datuk Mas Ermieyati Samsudin, she conclude that all the combined effort of stakeholders in the tourism had contribute of RM73.3 billion to the nation coffers last year and maintain the position among others sector.(Sun daily, 2017)

Malaysia is famous in tourism market which give many type of tourism product to the tourists. Malaysia consist of many type of races and religion which has their own culture, food, arts and others. This allow the tourists get to know each of them when travel to Malaysia. Beside the people part, Malaysia also pass through a lot of history which can provide the good experiences to the history lover. So, tourism in Malaysia is variety in styles which are adventures, life-style, relax, natural and many others.

1.2.3 Tourism Melaka

Melaka famous as a historical site and legends, shopping paradise, haven for cuisine and with ease accessibility. Melaka is one of the UNESCO World Heritage City beside George Town, Penang. Melaka is rich in history. As Tourism Melaka, Melaka is where everything start from. Early in 1200, already start its history story. From one of the famous trade spot till now still famous among the world with its history and also its tourism. From 2000 till now, Melaka keep showing it is one of the world tourists favor destination.

Tourism in Melaka always in a positive trend. Based on the Sun daily (2017), Melaka tourist arrivals increased 12.7% for Jan-April compare to last year same period. Based on the data that provided by Tourism Melaka. The number of arrival and tourist receipt always increase through year to year.

Melaka had provide various type of tourism product which able to attract every type of tourists to visit Melaka. Those tourism product are history tourism, culture tourism, recreation tourism, sport tourism, shopping tourism, convention tourism, health tourism, education tourism, agro-tourism, food tourism, youth tourism, eco-tourism and Melaka my second home. Each of them have their own attraction.

Melaka is a state rich with history. Melaka has been conquered by the Portuguese, the Dutch, the British, and also the Japanese. Each of them had left their history in Melaka and influence the culture in Melaka. The historical spots left by the conqueror becomes the famous tourists spot like Afamosa and others. Others with

historical attraction, Melaka cuisine also influence by those country. Hence, tourists visit Melaka able to test each type of cuisine form Malay, Nyonya, Portuguese, western, Chinese and many others style of cuisine.

Melaka state is easy with accessibility. In history, Melaka is famous with is strategic location and made it's a famous trade port. While in modern world now, Melaka is easy to access. It connected with Plus highway and AMJ Highway. These highway allow tourist travel through by road. Melaka also has airport which allow tourists come through air transports. With those facility, Melaka state is easier to welcome both of domestic and foreign tourists.

1.2.4 Masjid Tanah

Masjid Tanah is selected to be the location which undergo this research. It located in Melaka State. As a location in Melaka State which famous in tourism, Masjid Tanah can be a research target to be further development in their tourism sector in order to improve their social economic level.

Masjid Tanah is a mukim inside Alor Gajah district. According to the official web page of Daerah Office of Alor Gajah stated that, the land use in district majority is used for plantation. (PEJABAT DAERAH & TANAH ALOR GAJAH, 2017). With the help of the plantation, it is the pull factors to attract the tourists. The natural or plantation lover will come to visit due to the nature and plantation at Alor Gajah district.

Due to the capability to integrate farmer income, rural tourism has a leading role in moving agriculture towards multifunctionality. (Randelli, Romei and Tortora, 2014) Masjid Tanah can be promote and develop into rural tourism which made it different with Melaka city. The citizen or villager in Masjid Tanah can generate extra income due to rural tourism.

According to report, beautiful beaches has the highest mean among others pull factor in Melaka. (Fam et al., 2017) While Masjid Tanah has beach and recreation site

for the tourists who love natural. They can go enjoy either at beach or forests. It is one of the pull factor for tourists to visit Masjid Tanah. Masjid Tanah also ease with accessibility. The exit of Plus highway at Simpang Ampat allow people visit Masjid Tanah from others state. AMJ Highway is another connection that allow tourists to visit Masjid Tanah. With the road infrastructure prepared, tourists from Melaka city or others place can multi destination travel to Masjid Tanah. This is the spillover of tourists flow happened.

1.3 Problem Statement

According to report, Masjid Tanah has a lower social economy level compare to other area in Melaka state.(Fam et al., 2010). Social economy inequality happened. In order to solve this serious problem, tourism is one of the sector proposed to develop in Masjid Tanah which embraced by few of potential tourist hot spots and Melaka city. Melaka tourism has attracted a big number of tourist and income every year, but tourism in Melaka mostly centralized in Melaka Tengah. So, Masjid Tanah should develop in tourism sector in order to attract the tourist. But why Masjid Tanah? Because Masjid Tanah got few potential tourist hotspot and it also nearer to Port Dickson which is one of the tourist hotspots.

To increase the social economy level, tourism can generate a lot of income as stated in introduction and background of study. However it is hard to convince a financial support blindly on a development or implementation of tourism sector in Masjid Tanah without study of the potential. The potential can be study based on the spillover of tourist flow. Yet there is no study related with spillover effect of tourism in Masjid Tanah. So the researcher would like to study about the spillover effect of tourist flow to provide a results and study for further reference in future.

1.4 Research Questions

The research questions act as the guidelines for the study. The following are the research questions of this study.

- Where are the potential tourist hotspots around Masjid Tanah, Melaka?
- What are the distance between tourist hotspots with Masjid Tanah town?
- How tourism spillover from neighboring region works?

1.5 Research Objectives

Research objectives are the promise which this research will find out the result and answer the research questions. The following are the research objectives for this study.

- To identify potential tourist hotspot
- To identify the distance between tourist hotspots with Masjid Tanah town
- To analysis the spillover effect from the nearby region's tourism hot spots exert to Masjid Tanah.

1.6 Scope of study

This study focus on the data which related with tourism in Melaka state. This is because this study is a case study on Masjid Tanah which located in Melaka state. Since the sector is set as tourism, so the scope of the data will only obtain regard about tourism.

1.7 Limitation & Key Assumption of the Study

The researcher believes that the secondary data obtain from the Tourism Melaka is reliable and valid. The researcher gained the secondary data with rightful procedure. The way of obtain the reliable data is one of the limitation which researcher needed to face when using secondary data. So the researcher will gain a lot of knowledge and relation in the process of obtain the data.

1.8 Significance of the Study

In this study, the researcher wants to research about the spillover effect which effect the potential to popularize the tourism in Masjid Tanah. The researcher able to learn the knowledge about the spillover effect. The spillover effect need to calculate by different of numerical formula which the researcher are new to it. The researcher also able to learn about using the OSS on doing the research. At the end of this research, the researcher able to know the how to manage and process the secondary data obtained.

1.9 Structure of Thesis

Table 1.0: Structure of Thesis

Chapter	Brief Description
Chapter 1- Introduction	In this chapter, it is mainly discuss the basic concept of the study, introduction/ background of study, problem statement, the research questions and research objectives.
Chapter 2- Literature Review	This chapter is reviewing the theories and past research. The researcher obtain the theories, basic knowledge and method to start the thesis.
Chapter 3- Methodology	This chapter will describe the methods which researcher choose and use to conduct the research.
Chapter 4- Analysis Data	In this chapter, researcher will analysis the data collected by the method which describe in chapter 3. The result of the research will show in this chapter.
Chapter 5- Discussion and Conclusion	This chapter will summarize the overall analysis and come out a conclusion for this study. The researcher will explain the result onto the research question and objective. The researcher will give recommendation for further research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will discuss about the literature review which obtained from journals, articles and books. The researcher will obtain the basic knowledge from the respective sector like this study is tourism sector. The researcher also will obtain the theory or method from the pass study. Hence, the theory or method obtained will apply in the study. The Moran's I theory would apply in this study in order to study the spillover of tourists flow from the correlation. This chapter explain definition of term, tourism lead economic growth, spillover effect and hypothesis would be made by the researcher. Below is the definition of term which related to this study.

2.1.1 Rural tourism (RT)

Rural tourism is a form of tourism that takes place in rural areas and involve exploitation of natural and anthropogenic tourist resources of the rural area, and the conduct of social and economic activities that generate benefits for local communities.(Dorobantu and Nistoreanu, 2012) . It is the aim which this research want to find out whether Masjid Tanah able to implement and develop to it. In this second phase RT is no longer a minor agent of rural economy, landscape and social change but rather it has become a prime mover able to attract the attention of local, regional, national and international policy makers.(Randelli, Romei and Tortora, 2014)

2.2 Tourism Lead Economic Growth

According to few author, tourism has made a huge contribution to the economies around the because of its ability to create incomes, taxes, currency exchange and jobs. (Lee and Brahmasrene, 2013) Lee (2013) showed the result from World Travel and Tourism Council which stated that tourism boost the GDP of European country. This report proved that tourism industry has become the key sector for European country.

Not only at European country, Malaysia government also set tourism as a key sector for invigorating Malaysia's long-term economic growth. Specifically, the 10th Malaysia Plan (2011-2015) has identified the tourism sector as one of the National Key Economic Areas (NKEAs) for transforming Malaysia into a high income nation by 2020.(Tang and Tan, 2015). Tourism is frequently viewed as an important engine for the economic growth and development of countries (Tang and Tan, 2013), helping to increase the economic welfare of local populations. So, tourism is one of the key sector for improve the economy for a certain place include Masjid Tanah.

2.3 Spillover effect

Spillover effect is an economic term which described both positive and negative externalities resulting from economic activities or process impact on any element not directly related with the activity.(Yang and Wong, 2012) As stated by the author above, the effect will happened in this research industry. The researcher would like to study on this effect applied to the tourism industry in Masjid Tanah.

As stated by Yang & Wong, geographic spillover is an unintentional spatial interaction that a region's tourism industries exert on tourist flows to other nearby region. It is a positive spillover effect which imply the region can benefit from the tourism growth in the neighboring region. (Majewska, 2017; Yang & Wong, 2012) The number of tourists can become a variable which show the tourist flow between regions. Hence it studied in this research as a variable. This research would study about this effect and theoretical model would provide.

2.3.1 Correlation

From the first theory of geography as “Everything is related to everything else but near thing are more related than distant thing.” which Tobler(Tobler, 1979) summarized, no region is isolated and every region is always development according to its correlation. The positively correlation with distance will lead to continue exchange in elements, knowledges, products and information. So there will be a relatively significant interaction between areas with close spatial position. (Ma et.al , 2015) So, researcher would like to identify the positively correlation which expect to happen on Masjid Tanah in Melaka state. To test on the correlation, Moran's I is used from past research. (Majewska, 2017; Ma et.al, 2015).

Moran's I is one of the most common measure of spatial interdependence of spatial variables in neighboring region and allow the test of correlation. (Anselin, 1995) Moran's I static is a weighted correlation coefficient used for detection deviations with spatial characteristics in the random distribution of the variable. It allows to determine