ANALYSIS OF DEMAND FOR ECOTOURISM TOWARDS ECONOMIC GROWTH IN SABAH; EVIDENCE FROM INTERNATIONAL TOURIST ARRIVAL DATA

MOHAMMAD NASHRIQ BIN NORING
2009393873

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (BUSINESS ECONOMICS)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KOTA KINABALU, SABAH

MAC 2012

ABSTRACT

Sabah aim to be the leading of ecotourism sector in Malaysia because of the variety of natural resources especially from forest and marine life and it is becoming one of source of income for Sabah trough ecotourism sector. However, despite the successful of the ecotourism sector towards economic growth as reported by the Economic Planning Unit (EPU) of Sabah, there is a problem exist where there still too many natural resource in Sabah that has a potential to be the ecotourism sector that can contribute towards economic growth, which is still do not exposed by Sabah tourism department to visitors especially foreign visitors. As a result, recently demand for ecotourism is decrease. Due to this problem, a study on ecotourism demand is necessary and need to be done in order to predict the future demand for ecotourism towards economic growth. This study also will find out the most accurate technique that is useful to predict the future demand for ecotourism. The evidence from International tourist arrival data set will be used and divided by monthly, and it will be measure by using Univariate Modeling technique such Naïve models, Moving Average, and Exponential Smoothing models.

ACKNOWLEDGEMENT

I would like to extend my appreciation to all those who have made this research a success in one way to another. To mention a few, I would like to express my thanks to the Sabah Tourism Board and Economic Planning Unit of Sabah for allowing me to use their data and information as an examples and illustration in this study. I also would like to thank my advisor for giving me some advises and idea until the completion of this study. I am also grateful to all the lecturers and all my friends in the Faculty of Business Administration (Business Economic), (UiTM Sabah), who benefited me with suggestions and support to the completion of my study.

However, I am also like other people that would never been perfect, I may share of weakness which could have been transformed into various shortcomings as found in this study. I alone will take full responsibilities whether intentionally or unintentionally created a problem to another party during the completion of this study. Last but not least, I also want to thanks to my family, for giving me full support and strength, and having to endure the suffering of losing my attentions during the completion of this study.

TABLE OF CONTENT

USE OF STUDY i
PREFACE ii
ABSTRACT iii
DECLARATION OF ORIGINAL WORK iv
LETTER OF SUBMISSION v
ACKNOWLEDGMENT vi
LIST OF TABLE ix
LIST OF FIGURE x
LIST OF ABBREVIATIONS xi

CHAPTER 1: INTRODUCTION

1.0 Background of the study 1
1.1 Tourism Sector 2
1.2 Problem Statement 3
1.3 Objective of the study 3
1.4 Limitation of the study 3
1.5 Significance of the study 4
1.6 Organization of the study 5

CHAPTER 2: LITERATURE REVIEW AND THEORY

2.0 Introduction 7
2.1 Sabah Tourism Sector 8
2.2 Literature Review
2.2.1 Overview of Ecotourism 10
2.2.2 Overview of Tourism Demand 12
2.2.3 International Tourist Arrival 14
2.2.4 Analysis of Forecasting Technique 14
2.3 Conclusion of chapter 16

CHAPTER 3: DATA AND METHODOLOGY

3.0 Introduction 17
3.1 Data 17
3.2 Analysis of Data 19
3.3 Methodology 21
3.3.1 Naïve Model
3.3.1.1 Naïve Forecast 21
3.3.1.2 Naïve with Trend 21
3.3.1.3 Naïve Growth 22
3.3.2 Averaging Method 23
3.3.3 Exponential Smoothing
3.3.3.1 Single Exponential Smoothing 25
3.3.3.2 Double Exponential Smoothing 26
3.3.3.3 Holt-Winters with No Seasonal Exponential Smoothing 27

3.4 Statistical Software 28
3.5 Conclusion 28

CHAPTER 4: RESULT AND FINDING

4.0 Introduction 29
4.1 Result
4.1.1 Unit Root Test (Augmented-Dickey Fuller) 29
4.1.2 Sample forecasting for the number of international tourist arrival 30
4.1.3 Models Comparison 40
4.2 Future Prediction for Tourist Arrival from International to Sabah 42
4.3 Findings 43
4.4 Conclusion of chapter 43

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.0 Introduction 44
5.1 Conclusion 44
5.2 Recommendation 45

REFERENCES 46

APPENDICES 53