

ASSESSING THE INFLUENCE OF HARD AND SOFT INFRASTRUCTURE ON PERCEIVED DESTINATION COMPETITIVENESS: PERSPECTIVE FROM VISITORS IN SARAWAK

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ABSTRACT

Tourism is one of the rapid growing economic sectors in the world. Destination competitiveness became an imperative aspect for every country as it determines the tourism revenue of the country. Infrastructure is one of the determinants of destination competitiveness. There are two kinds of infrastructure namely hard infrastructure and soft infrastructure. The current study investigated the impact of hard infrastructure (transportation, telecommunication, accommodation) and soft infrastructure (government tourism policy, health services, and safety and security) on perceived destination competitiveness from tourists' points of view. The study was conducted based on quantitative research. A PLS-SEM analysis was performed by using WarpPLS. The result indicated that transportation, accommodation, and health services have a significant relationship with perceived destination competitiveness. This study is expected to benefit policymakers and industry players in terms of decision-making. Besides, this study will equip more literature and evidence for scholars to perform further studies in the field.

Keywords: *Transportation, accommodation, telecommunication, government tourism policy, health services, safety and security, Sarawak¹*

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1. INTRODUCTION

Tourism is increasingly dominating the global economy (Irgashevich et al., 2022). Tourists require various goods and services while traveling to other places. Consequently, tourism affects a wide range of stakeholders (Khan et al., 2020). Countries are investing more in the development of destinations due to the tourism sector's strong success in the global economy (Irani et al., 2022). Subsequently, the ever-increasing number of destinations compete in the same market. Destination competitiveness becomes a major concern for policymakers and practitioners due to the intense competition (Rheeders, 2022). One of the crucial aspects that travelers consider before deciding on a destination is the vacation experience. Therefore, a competitive destination pays attention to other supporting industries in addition to its attractions (Gulati, 2022). According to Catudan (2016), peace and order, health services, transportation, and other local government investments can draw direct foreign investment and promote quality tourism. The significance of destination competitiveness in boosting visitor numbers and tourism growth has been discussed in past literature (Murayama et al., 2022).

The development of a destination's competitiveness partly depends on the destination's infrastructure. For a location to stay competitive, infrastructure development and upgrading must be ongoing (Mustafa et al., 2020). Many infrastructures are required when tourists visit a place, including transportation, accommodation, telecommunication, health services, and many more. The appeal of the destination is closely correlated with the extent of infrastructural diversification, both qualitatively and quantitatively (Herman et al., 2020). There are two types of infrastructure: hard and soft infrastructure (Lu & Lu, 2022). The physical infrastructure required to conduct economic activities and maintain a country's functionality are referred to as hard infrastructure (Harris & De Leeuw, 2022). Furthermore, the public institutions required to maintain society are referred to as "soft infrastructure" (Biriş, 2021).

The infrastructure of Malaysia is inconsistent between the West and the East. East Malaysia's Sarawak state is lagged behind West Malaysia in terms of infrastructural development for far too long, according to Sarawak Premier Tan Sri Datuk Patinggi Abang Johari Tun Openg, and this has hampered Sarawak's overall development (Aga, 2019; Dayak Daily, 2020). One of the reasons for Malaysia's declining destination competitiveness ranking is the insufficient and inconsistent infrastructure development among all the states in Malaysia. As a result, from 2017 to 2019, the travel and tourism competitiveness ranking fell to three positions, from No. 26 to No. 29 (Calderwood & Soshkin, 2019; Crotti & Misrahi, 2017). Reduced tourist numbers, poorer community well-being, and a shift in natural capital will result from a lower destination competitiveness ranking, which is a major issue for the nation's economy and community income. The drop in destination competitiveness ranking causes competitive advantage losses. Thus, tourists are attracted by other destinations. As a result, Malaysia's annual visitor arrivals have decreased from 26,76 million in 2014 to 25,83 million in 2019 (Ahmad et al., 2020). This is a huge threat to the domestic tourism industry as lesser tourists lead to lesser tourism income, which directly impacts the overall income of the nation and community. However, there is little research on perceived destination competitiveness is impacted by hard and soft infrastructures in Malaysia, specifically in Sarawak. Therefore, research into hard and soft infrastructure affects perceived destination competitiveness in the context of Sarawak, Malaysia is imperative.

This study's objective is to bridge the knowledge gaps on infrastructure and perceived destination competitiveness. Previous studies such as the research of Chin et al. (2014), Lo et al. (2019), and Thong et al. (2020) are focused on tourism infrastructure as a whole, the current study has broken down the infrastructure into two categories which are hard and soft infrastructure, and further investigation on the elements of each category (transportation, telecommunication, accommodation, government tourism policy, health services, and safety and security) .