

Using social exchange theory to predict residents' perspective on factors influencing tourism development in Pokhara

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Abstract: Tourism development involves sustainably creating and managing destinations, products, and services that balance economic, social, and environmental factors while meeting visitor and local community expectations. The purpose of this study is to understand the local people's perception of tourism development in Pokhara, Nepal. An explanatory research design is used to show the cause-and-effect relationship between variables. The research was conducted using Social Exchange Theory (SET). The data was examined using both descriptive and inferential statistics. The sample size was determined to be 403 using non-probability sampling. Structured questionnaire was designed to collect the data using KOBO toolbox. Furthermore, Structure Equation Model (SEM) was as the analytical approach to process the data. Results reveal a noteworthy relationship between independent variables (such as cultural impact, social impact, environmental impact and economic impact) and dependent variable (support for tourism development). The major challenges in tourism development have been identified, including deficient infrastructure, suboptimal tourism strategies and implementation, and inadequate government oversight. Effective mitigation of these challenges necessitates the implementation of appropriate infrastructure and development initiatives, proficient governmental management, and a concerted effort to augment the quantity and quality of hotels and accommodations. The significance of cultural, social, environmental and economic impact cannot be under or overstated in the context of tourism development. Addressing major challenges, the study suggests focused efforts in enhancing infrastructure and development, adopting effective management practices, and augmenting the quantity and quality of hotels and accommodations.

Keywords: tourism development; local people perception; social exchange theory; SEM; Pokhara

1. Introduction

The global tourism industry emerged as a substantial economic force, making a substantial contribution of \$8.8 trillion to the worldwide economy in 2021, constituting 10.3% of the global GDP. Concurrently, this industry played a crucial role in supporting 330 million jobs, signifying 10% of the total global employment [1–3]. Tourism is already a large and growing business in both developing and developed countries such as South Africa, Ethiopia, Nigeria, India, Bangladesh, Maldives, Sri Lanka, Nepal, Italy, Thailand, Malaysia, and other first world [4–6].

The history of tourism as long as the human civilization. During the 14th century, the concept of “hospitality” was in use long before it was formally labeled as “tourism”. The advancement of automobiles and the rising popularity of railway

journeys held significant significance in the evolution of tourism [7], as noted by Westcott in 2019. Wealthy young individuals were encouraged to embark on a “grand tour” across Europe, a practice extending from ancient Rome through the 17th century. The impact and consequences of tourism exhibited notable disparities between industrialized and developing nations. Industrialized nations predominantly dominated tourist arrivals and generated revenue from tourism activities. In the year 2010, the European Union recorded over a billion vacations, with more than 800 million of these occurring within its own borders, as highlighted by Inkson and Minnaert [8].

In Nepal, the tourism sector holds a notable position despite its relatively smaller scale. As of 2019, this industry made a considerable contribution of approximately \$2.2 billion to the nation’s Gross Domestic Product (GDP), representing 6.7% of the total GDP. Moreover, it played a vital role in generating over one million direct and indirect employment opportunities, accounting for 6.7% of the total employment in the country. Tourism in Nepal had a relatively late start, becoming accessible to foreigners after 1950 [9]. India stands out as the most significant source of tourists, contributing one-third of the total influx [10]. For cultural experiences, Kathmandu attracts visitors, while Pokhara entices trekkers with its Annapurna circuit and adventure seekers with its proximity to the Everest region. Western tourists are particularly drawn to Nepal for walking and mountain tourism. Pokhara, with its stunning landscapes featuring three of the world’s highest mountains, the Seti River Canyon, and the captivating Davis Falls, serves as a vital hub for climbers and trekkers [11], offering the vivid reflection of Fishtail Mountain in Phewa Lake as one of its most alluring sights.

Recognized for its numerous social and economic benefits, tourism plays a crucial role in promoting national integration and international understanding, enhancing infrastructure, creating employment opportunities, and bolstering foreign exchange earnings [12–14]. To further boost the tourism sector, the Nepalese government and tourism department launched the “Visit Nepal Year 2020” campaign, aiming to establish a compelling brand image for Nepal as a travel and vacation destination, fostering tourism industry growth, and supporting local tourism. However, the onset of the COVID-19 pandemic thwarted the campaign’s objectives [15]. This study analyzes local people’s perception on tourism development in Pokhara, identifies challenges, and proposes solutions. Its findings can benefit government entities (federal, provincial, and local), local businesses, professionals, and researchers.

This study adopts the Social Exchange Theory to elucidate the local populace’s perceptions towards tourism developments. The study supports all major factors (i.e., cultural impact, social impact, environmental impact and economic impact) have significant impact on tourism development. Deficient infrastructure, suboptimal tourism strategies and implementation, and inadequate government oversight are identified as the major challenges. The major suggestions for tourism development are focused efforts in enhancing infrastructure and development, adopting effective management practices, and augmenting the quantity and quality of hotels and accommodations.

2. Research methods

2.1. Conceptual framework

For this research, various theories have been discussed, such as the theory of planned behavior [16], stakeholder theory [17], theory of travel behavior [18], social exchange theory [19], gaze theory [20]. The theory of planned behavior is a psychological theory that connects behavioral intention and behavior. This theory suggest three core components shape an individual's behavioral intentions: attitudes, subjective norm and perceived behavior control [16]. Stakeholder theory is an organizational management and business ethics theory that takes into account a variety of stakeholders touched by businesses, including employees, suppliers, local communities, creditors, and others. It covers topics including corporate social responsibility, market economics, and social contract theory, as well as morals and values in management [21]. The “tourist gaze” theory was coined by sociologist John Urry [22], who investigated the idea of tourism from a sociological standpoint in terms of perception, investigating the ideological and cultural processes that lead to a distinct view to reality. According to him, the ‘gaze’ is the most essential tourist activity inside the tourist experience, in other words, tourism can be defined by the process of gazing [20].

Looking at all those theories, the Social Exchange Theory (SET) is considered to have made the most important theoretical contribution to studies on residents' perceptions of tourism. The different elements involved in the social exchange process between residents of a destination and the tourism industry. It analyzes the core constructs of the SET and in particular, focuses on power and trust between the actors in the exchange process. The core concepts in a single study to investigate their influence on residents' perceptions of tourism and their support for development [24].

After reviewing various theories and conceptual frameworks from different the literature, this study adopts the Social Exchange Theory to elucidate the local populace's perceptions towards tourism developments. **Figure 1** displays the research model of the study.

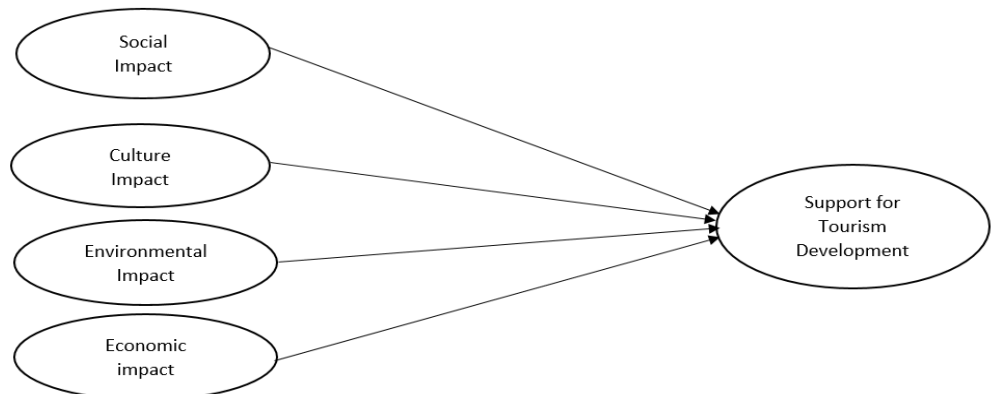


Figure 1. Conceptual framework.

Source: Adopted and modified from Papastathopoulos et al. [23].

2.2. Hypotheses formulation

2.2.1. Social impact and tourism development

The social impacts of tourism are often associated with changes in the daily social lives of residents due to tourism development and tourism activities that can change the routines, habits, and behaviors of residents [25]. Tourism has significant social and cultural impacts, affecting value systems, morals, individual behavior, family relationships, collective lifestyles, creative expressions, traditional ceremonies, and community organization [1]. However, there is growing opposition to tourism developments that harm both the social and natural environment. The double-edged sword of tourism can divide communities, increase overcrowding, noise, litter, and crime. Tourism can commodify a destination's culture and negatively impact residents, leading to intolerance and crime. However, it also develops a sense of place, community pride, and quality of life, which is crucial for maintaining a healthy civil society [26]. Tourism can increase economic wellbeing and preserve cultural heritage, but it can also disperse the community [25].

H1: There is a significant relationship between social impact and support for tourism development.

2.2.2. Cultural impact and tourism development

The cultural impacts of tourism can be tangible, such as changes to local customs, arts, crafts, or buildings and infrastructure [27–29], or intangible, such as changes to residents' beliefs [30]. Regarding the environmental impacts of tourism, residents are often subject to changes to the local environment due to tourism development activities such as the deterioration of natural resources, increased litter and waste, and traffic congestion [31,32]. Tourism has significant sociocultural impacts on destination communities, causing changes in value systems, behavior patterns, community structures, lifestyles, and the quality of life of local residents [33]. Positive sociocultural impacts include improvements in social services, transportation and recreation facilities, and cross-cultural communication. This leads to an improvement in local residents' quality of life, employment opportunities, and upgrading existing facilities. Negative sociocultural impacts include the loss of cultural identity, respect for local heritage, and the preservation of traditional arts and crafts. Tourism also contributes to the renaissance of traditional art forms in host societies [31].

H2: There is a significant relationship between culture impact and support for tourism development.

2.2.3. Environmental impact and tourism development

Environmental impacts of tourism, residents are often subject to changes to the local environment due to tourism development activities such as the deterioration of natural resources, increased litter and waste, and traffic congestion [34].

The environment aspect in tourism, as defined by Ghulam Rabbany et al. [35], includes the physical environment, wildlife, infrastructures, and natural resources of the destination area. Environmental factors play a crucial role in shaping the positive perception of tourism among local inhabitants, who are concerned about potential damage to the environment [34]. Tourism firms and their activities can contribute to

environmental issues through processes such as modernization, urbanization, land misuse, technological advancement, and the rapid growth of visitor actions. The COVID-19 pandemic has severely impacted the tourism industry, which was thriving until 2019 [26]. Yong [36] predicts a decline in tourism development due to human development progress and the neglect of environmental preservation in the pursuit of economic growth by developing countries [37].

H3: There is significant relationship between environmental impact and support for tourism development.

2.2.4. Economic impact and tourism development

Economic impacts of tourism, which include both benefits and costs that are realized by residents due to tourism development, can influence residents' support for tourism development [38,39]. The economic impacts of tourism include creating more employment opportunities and attracting more investment and business opportunities for the local market [40–42]. The economic impact of tourism is extensively studied, recognizing its role in economic progress and development [43]. Tourism serves as a crucial economic instrument, stimulating income, infrastructure development, employment generation, and public revenue in tourism-based communities and countries [44]. It has been observed to effectively reduce poverty by creating opportunities for selling local products and providing employment, with residents who rely on tourism prioritizing its development due to its economic significance [45]. The involvement of local residents is essential in maximizing the macroeconomic benefits of the tourism industry [46]. Travelers' expenditures have both direct and indirect effects on local economies, leading to increased earnings, improved living standards, and new job opportunities [47]. The lodging and foodservice industries play a significant role in providing employment, and educational institutions in the tourism sector are responsible for training a qualified workforce to meet industry demands [48]. While tourism development can reduce vulnerable employment and improve the socioeconomic conditions of the local community by generating income and employment opportunities [49], its growth should be balanced with environmental considerations to avoid the negative impacts of mass tourism [50]. Notably, a study conducted in Bangladesh found that tourism had a high economic impact, benefiting local landowners and businesspeople, but also resulting in increased expenses for the local community [51].

H4: There is significant relationship between Economic impact and support for tourism development.

2.3. Variables and definition

The variables required are chosen based on the study purpose. List of variables is explained in more detailed in **Table 1** which were adopted and modified from Papastathopoulos et al. [23].

Table 1. Variable and definition.

Construct	Observed variable	Notation	Description
Social Impact	Tourism Enhances Image	SI1	Increase in number of tourists improves the positive image
	Enhanced tourism experience	SI2	Tourism improves the quality of service in restaurants, shops, and hotels
	Benefits tourism.	SI3	Tourism increases the number of recreational opportunities.
	Tourism enhances satisfaction.	SI4	Tourism makes the residents more satisfied with their living.
Cultural Impact	Tourism cultural impact.	CI1	I believe tourism can have an impact on the cultural traditions and behaviors of the residents in community.
	Positive Tourism Influence	CI2	Tourism has a positive impact on cultural identity in the city.
	Enhanced Cultural Exchange	CI3	Tourism has increased cultural exchange in the Pokhara between residents and tourists
	Cultural heritage respect.	CI4	Tourism has generated greater respect for cultural heritage in Pokhara.
Economic Impact	Tourism boosts job market.	EI1	Tourism has created more employment opportunities.
	Tourism vital for local economy.	EI2	Tourism is one of the most important industries supporting the local economy.
	Tourism diversifies economy.	EI3	Tourism is a good strategy for economy diversification in the city.
	Tourism drives investment.	EI4	Tourism attracts more investment and project development
	Tourism boosts real estate.	EI5	Real estate prices in the community have increased because of tourism.
Environmental Impact	Tourism causes traffic congestion.	EN1	Tourism has led to an increase in traffic congestion in the local people
	Tourism harms environment.	EN2	Tourism has destroyed the natural environment because of construction of hotels and others tourism facilities.
	Tourism fuels urban pollution.	EN3	Tourism has led to an increased in urban pollution
	Ecotourism's detrimental impact.	EN4	Tourism has degraded the ecological environment of the community in many ways
Support for tourism Development.	Tourism Enriches Pokhara	STD1	I think that Pokhara should remain a tourist destination
	Tourism Boosts Pokhara	STD2	Pokhara should support the promotion of tourism in the country
	Economic Diversification: Tourism	STD3	I believe tourism should be encouraged as a strategy for economic diversification for Pokhara
	Positive Tourism Impact	STD4	I believe that the overall impact of tourism in the Pokhara is positive

2.4. Study area and population

Pokhara, situated in Nepal's Gandaki province, is the country's second-largest city. Surrounded by the majestic Annapurna Range, Pokhara is a favored destination for tourists and trekkers. Pokhara is located at a latitude of 28.237987 and a longitude of 83.995588. The city has an altitude of approximately 895 meters (2936 feet) above sea level and is situated in the central part of the country [1]. The city offers a diverse geography, ranging from 780 meters in the south to 1350 meters in the north. Pokhara boasts both the bustling Lakeside area, known for its boating and charming shops, and the historical Old Pokhara with temples and local markets. Additionally, it offers adventure activities such as trekking, paragliding, and river rafting opportunities on Seti Gandaki and its tributaries.

2.5. Sampling technique and sample size determination

The study uses convenient sampling. A well-known formula, $n = z^2 pq / l^2$ [52] used to collect required samples where n = sample size required for study, standard tabulated value for 5% level of significance (z) = 1.96, p = prevalence or proportion of an event 50% = 0.50 [42]. Hence, $q = 1 - p = 0.5$, allowable error that can be tolerated (l) = 5%.

2.6. Research instrument, data collection and data analysis

The total of 404 samples were collected using structured questionnaire. And questionnaire was pretested among 15 respondents before collecting the final data. A final questionnaire was approved from IRC board of Quest International College, in order to complete the process of validation of tools. The survey was completed by the respondents using Kobo Tool Box. Both descriptive and inferential analysis were used during data analysis using MS-Excel and SmartPLS 4.0. Socio-demographic variables, challenges and possible measures of tourism development were analyzed in descriptive analysis. Inferential analysis was used to extrapolate results from a sample to a larger population. It helps drawing conclusions with approximation uncertainties [53]. Partial Least Square Structural Equation Modeling (PLS SEM) was used for the purpose.

3. Results

3.1. Socio demographic characteristics

The descriptive analysis section is divided into four sections: socio-demographic traits, local people's perception, challenges, and managerial solutions to difficulties. Tables, graphs, and charts are used to present the data that has been examined.

Local people's general information such as age, gender, education level, marital status, family types and occupation are included under the socio demographic characteristics. Primary data of 404 participants is collected with the help of a questionnaire survey, which is discussed in this chapter.

Table 2 shows the socio-demographic variables. A total of 403 respondents taken in the survey where 220 (54.46%) were male and rest 183 (45.3%) were female ones. Similarly, respondent between the ages of (15–25) are (32.43%), (25–35) age group are (31.93%), (35–45) age group are (23.02%), (45–55) age group are (9.9), and 55 and above age group are (1.93%). Age group (15–25) are more involved. Further, most of the respondents have the master's (26.98%), whereas bachelor level, Higher secondary, secondary and primary are (35.15%), (22.03%), (5.45%), (0.5%) respectively which indicates that most of the respondents are from master's level education background. Likewise, there are different professional response in the survey where majority of respondents are from students (26.73%) rest of the respondent are from self-employee (22.52%), government employee (16.83%), private sector (10.64%), banker (10.15%), housewife (7.67%), unemployment (2.97%), and others (2.23%). indicates student were asked more question regarding tourism development. Here the survey finds that, most of the

respondents are unmarried (58.42%) and rest are married (41.34%). Likewise they are belong from joint family (27.97%), from nuclear family (70.79%) and extended family (0.99%). In terms of their earnings (per month) about, (15.1%) have monthly income between (21,000–50,000), (16.09%) have monthly income between 51,000–10,000, (25.25%) have monthly income between (100,000–200,000), (18.56%) have monthly income between (200,000–300,000). (3.22%) have monthly income of 300,000 and above and (21.53%) have income below 20,000.

Table 2. Socio-Demographic variables.

Title	Category	Number	Percentage (%)
Gender	Male	220	54.46%
	Female	183	45.30%
Age	15–25	131	32.43%
	25–35	129	31.93%
	35–45	93	23.02%
	45–55	40	9.90%
	55 and above	8	1.93%
marital status	Married	167	41.34%
	Single	236	58.42%
Educational Level	Primary	2	0.50%
	Secondary	22	5.45%
	Higher secondary	89	22.03%
	Bachelors	142	35.15%
	Master	109	26.98%
Employment Status	Master and above	39	9.65%
	Students	108	26.73%
	Unemployment	12	2.97%
	Self-employed	91	22.52%
	Housewife	31	7.67%
	Government employee	68	16.83%
	Banker	41	10.15%
	Private sector	43	10.64%
Monthly Income	Others	9	2.23%
	below 20,000	87	21.53%
	21,000–50,000	61	15.10%
	51,000–100,000	65	16.09%
	100,000–200,000	102	25.25%
	200,000–300,000	75	18.56%
	300,000 and above	13	3.22%
	Joint	113	27.97%
Family status	Nuclear	286	70.79%
	Extended	4	0.99%

Source: Survey data (2023).

3.2. Challenges on tourism development

Out of 404 respondent 89.6% people see the challenges in tourism development where 10.4% people believe that there are no challenges (see **Figure 2**).

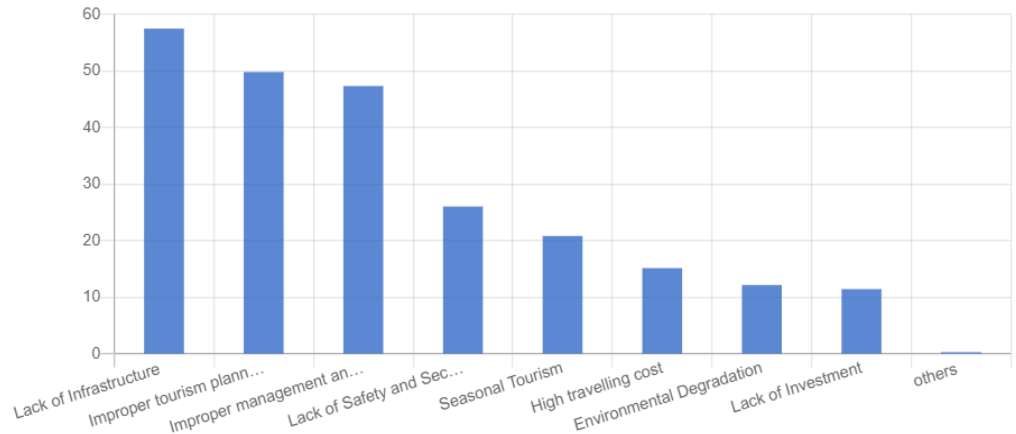


Figure 2. Challenges related to tourism development.

Source: Survey data (2023).

Figure 2 shows the key issues and challenges the tourist industry is currently facing based on their frequency and proportion of occurrence. The results show that the lack of infrastructure, which accounts for 57.43% of the total and occurs by 232 respondents, is the biggest issue. This demonstrates how a country's or region's inadequate infrastructure—such as its roads, airports, and lodging—poses a significant barrier to the development of tourism in that country or region. The second most commonly mentioned issue, improper tourist planning and execution, was mentioned by 201 respondents in total and accounted for 49.75% of all reports. This demonstrates that inefficient strategy and subpar tourist project execution are to blame for the industry's issues. There are 191 respondents of inefficient government management and operation. The tourism sector faces a number of significant obstacles. The top three problems that need immediate attention are the absence of infrastructure, inefficient tourism strategy and implementation, and ineffective government management. Managing seasonal variations, resolving high travel expenses, limiting environmental degradation, and stimulating investment are other issues that must be addressed for the tourism industry to expand and flourish sustainably. Governments and stakeholders may collaborate to develop a more strong and successful tourism economy by tackling these issues.

3.3. Managerial solutions for tourism development

Focusing on appropriate infrastructure and development, efficient government management, expanding the number and caliber of hotels, offering hospitality training, addressing security and safety concerns, promoting environmental sustainability, lowering travel costs, and putting in place efficient promotion and marketing strategies can all be beneficial to the tourism industry. Stakeholders may improve visitor experiences and destination allure by addressing these variables, which will also help the tourism industry develop and succeed. The information given shows the percentage distribution of answers to a certain query or statement.

With 353 instances, or 87.38% of the total, the response “Yes” has the highest frequency, according to the findings (see **Figure 3**). The response “No” has a lesser frequency, with 41 occurrences, or 10.15% of the total, on the others’ hand.

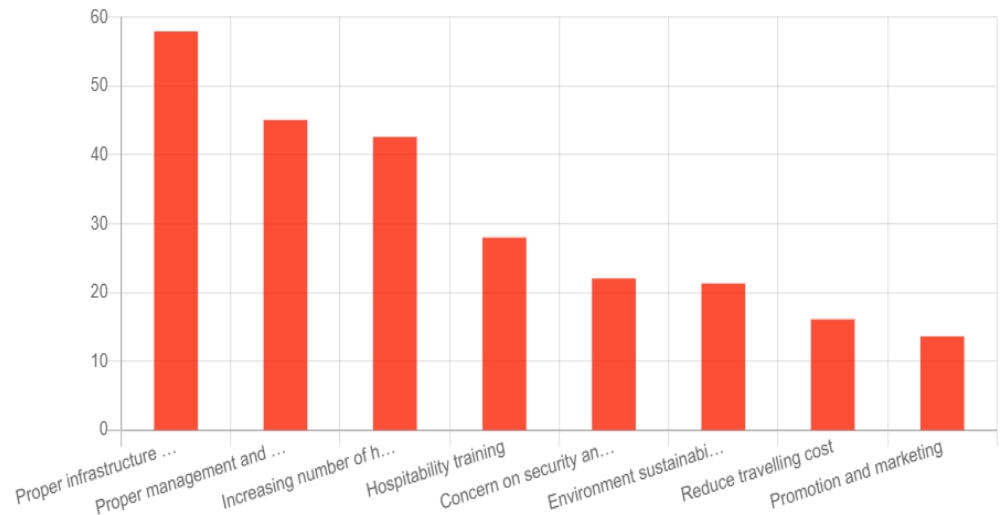


Figure 3. Managerial solution for challenges about tourism development.

Source: Survey Data (2023).

Figure 3 lists a number of variables that have an impact on the tourist sector, with infrastructure and development accounting for the majority of occurrences (234), or 57.92%, of the total. For the sector to expand and remain sustainable, effective governance and management procedures are essential. Additionally, 172 instances, or 42.57% of the total, of higher-quality hotels also contribute significantly to the growth of tourism. Additionally, there are concerns about environmental sustainability, decreasing travel expenses, security and safety, hospitality training, and marketing and promotion. These elements help to guarantee high-quality services, visitor security, environmental protection, and successful destination marketing.

3.4. Inferential analysis

Different tests were executed for the validity and reliability of the data and instruments. Initially, common method bias (CMB) with VIF was checked for collinearity where acceptable range of VIF values are set by different scholars i.e., <5 (Kock, 15) and <10. In the study, VIF values of each construct was less than 5 (i.e., ci (1.137), ei (1.791), en (1.129), si (2.221) and ss (2.629).

3.4.1. Measurement model

Before path analysis, measurement model assessment was performed to check the internal consistency and reliability. The measurement model investigates the relationship between latent variables and their measures, as well as how measured variables come together to represent the theory. Two conditions in terms of validity must be met in order to assess measuring instruments and analyze construct validity: convergent validity and discriminant validity [54]. For testing internal consistent reliability, we used Cronbach’s alpha and composite reliability measures (see **Table 3**). Barbera et al. [55] suggest that the acceptable criteria for Cronbach’s alpha is

equals or greater than 0.70. Similarly, Composite Reliability scores were also used which should be between 0.7–0.9. Nevertheless, values of 0.95 and above are considered problematic since they imply that the elements are redundant [56].

Table 3. Loading, Alpha, CR and AVE for the constructs.

Construct	Items	Outer loading	Cronbach's Alpha	CR	AVE
CI	ci2	0.868	0.873	0.902	0.72
	ci3	0.892			
	ci4	0.823			
	ci5	0.809			
EI	ei3	0.871	0.91	0.912	0.788
	ei4	0.909			
	ei5	0.878			
	ei6	0.894			
EN	en1	0.609	0.787	0.782	0.616
	en3	0.77			
	en4	0.893			
	en5	0.839			
SI	si1	0.912	0.936	0.94	0.801
	si2	0.937			
	si3	0.937			
	si4	0.908			
SS	ss1	0.77	0.866	0.92	0.659
	ss2	0.634			
	ss3	0.588			
	ss4	0.921			
	ss5	0.928			
		0.914			

Source: Survey data (2023)

Reputation and CL = Customer loyalty.

We evaluated the loadings, average extracted variance (AVE), and composite reliability (CR) for the measurement model. Loading values should be 0.5, AVE values should be 0.5, and CR values should be >0.7. **Table 3** demonstrates that all of the AVEs and CRs are greater than 0.5 and that the loadings are likewise acceptable.

Discriminant validity:

Utilizing the HTMT ratio, the Fornell and Larker criterion and cross-loading, discriminant validity was tested (see **Tables 4** and **5**).

The conditions were satisfied by comparing each average variance extracted (AVE) value's square root to the correlation coefficients for each construct in the pertinent rows and columns.

Table 4. Discriminant validity (HTMT).

	ci	ei	en	si	Ss
ci					
ei	0.115				
en	0.214	0.229			
si	0.094	0.722	0.196		
ss	0.276	0.741	0.417	0.772	

Source: Survey data (2023).
Fornell-Larcker (FNL) Criterion.

Table 5. Fornell-Larcker (FNL) criterion.

	ci	ei	en	si	ss
ci	0.849				
ei	0.108	0.888			
en	0.169	0.218	0.785		
si	0.009	0.668	0.185	0.895	
ss	0.205	0.695	0.319	0.736	0.812

Source: Survey data (2023).

Table 6. Cross loadings.

	ci	ei	en	si	ss
ci2	0.868	0.141	0.151	0.039	0.203
ci3	0.892	0.076	0.149	−0.002	0.19
ci4	0.823	0.109	0.126	0.056	0.172
ci5	0.809	−0.01	0.157	−0.129	0.093
ei3	0.117	0.871	0.194	0.561	0.608
ei4	0.079	0.909	0.201	0.654	0.654
ei5	0.098	0.878	0.2	0.575	0.621
ei6	0.092	0.894	0.176	0.577	0.583
en1	0.007	0.332	0.609	0.288	0.284
en3	0.156	0.075	0.77	0.079	0.186
en4	0.141	0.07	0.893	0.07	0.203
en5	0.231	0.131	0.839	0.089	0.275
si1	0.021	0.621	0.155	0.912	0.685
si2	−0.032	0.63	0.191	0.937	0.691
si3	−0.049	0.58	0.159	0.937	0.66
si4	−0.014	0.631	0.171	0.908	0.655
si5	0.128	0.519	0.151	0.77	0.598
ss1	0.33	0.292	0.388	0.346	0.634
ss2	0.358	0.297	0.392	0.266	0.588
ss3	0.117	0.686	0.224	0.709	0.921
ss4	0.094	0.689	0.223	0.751	0.928
ss5	0.116	0.692	0.219	0.732	0.914

Source: Survey data (2023).
Goodness of fit.

This finding suggests that each indication is a reliable and distinctive measure of its corresponding latent idea, and it also validates the accuracy of the measurement model applied in this study (see **Table 6**).

The SRMR is 0.098, which is less than 0.1 [57], proves that model is fit for further analysis.

3.4.2. Structural model and hypothesis testing

The structural model in PLS-SEM is used to estimate path coefficients, and assess hypotheses about the relationships between the latent variables [58]. According to the findings shown in **Figure 4**, the variable in the model has an R² value of 0.5, indicating that a good model fit is guaranteed [59]. To test a hypothesis, PLS-SEM examines path coefficients using the bootstrapping approach, calculates standard error, *t*-values, *p*-values, and confidence intervals [60]. The coefficient is considered statistically significant at a certain error probability when the empirical *t*-value exceeds the critical value. Additionally, in a 0.05 significance level *p*-value test of a hypothesis, if the *p* value is less than 0.05, the hypothesis is accepted; otherwise, it is rejected [61]. Like this, we do a confidence interval test; if the value zero does not lie between the upper and lower limits, the hypothesis is accepted. According to earlier studies, even though the *p* value is negligible, the hypothesis is still accepted if zero is not between the upper and lower limits of the confidence interval [59].

Bootstrapping:

The importance of direct pathways was measured and standard errors were estimated using the Bootstrap resampling method [62]. The number of bootstrap samples ought to be substantial. 10,000 bootstrap samples are frequently advised [63,64].

To see the relationship between exogenous latent constructs and endogenous latent construct, multiple regression is utilized where paths of respective construct to outcome variable is examined.

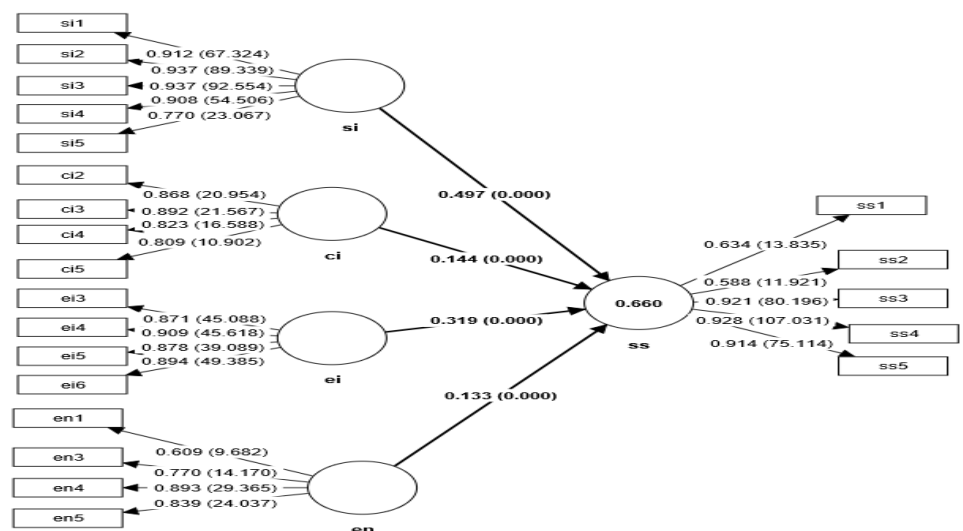


Figure 4. Structural model.

Source: Survey data (2023).

The structural model created in SmartPLS 4.0's is shown in **Figure 4**, along with its path coefficient and R^2 value. According to Hair et al. [59], R^2 can be used to assess a model's predictive relevance. It specifically advises evaluating the accuracy of the model's predictions by looking at the average R^2 of support for tourism development is 0.660 which indicates that 66.0% of variance in support for tourism development is explained by social impact, cultural impact, environmental impact and cultural impact.

A hypothesis, which is a suggested explanation for a phenomenon or a set of observations, is a crucial component of the scientific method. It is a claim that makes an inference about a potential connection between two or more variables that can be verified by scientific research. For hypothesis testing, bootstrapping was carried out in SmartPLS 4.0 where Streukens and Leroi-Werelds [65] suggest drawing at least 10,000 subsamples. For the evaluation of hypotheses that are stated in this study t -value, p -value, and confidence interval was checked Using SmartPLS 4.0, look for the t -value; if it is greater than 1.96, the relationship is significant; if it is less than 1.96, the relationship is not significant [66]. The t -value gives an indication for the significance of the path coefficients [40]. By looking for p -value the decision criteria are that, if the p -value is less than 0.050 or <0.050 then the relationship is significant, if it is more than 0.050 or >0.050 then the relationship is not significant [66]. If the value zero does not fall within the 95% confidence interval, a path coefficient is significant at the 5% level and the confidence intervals should typically be constructed using the percentile approach [67].

Table 7. Hypothesis testing.

Hypothesis	Path	Beta	T-Value	P-Value	Confidence interval		Decision
					LL	UL	
H1	ci \rightarrow ss	0.144	4.111	0	0.075	0.211	Accepted
H2	ei \rightarrow ss	0.319	5.631	0	0.207	0.429	Accepted
H3	en \rightarrow ss	0.133	3.793	0	0.065	0.202	Accepted
H4	si \rightarrow ss	0.497	9.598	0	0.393	0.597	Accepted

Source: Field study (2023).

Table 7 exhibits that t -value is greater than 1.96, p -value is less than 0.005 and β -coefficient lies within the confidence interval of 95% for all hypotheses which conclude that there is significant relationship between variables of all hypotheses. Hence, all of the stated hypotheses are supported.

4. Discussion

This study aims to local people's perception towards tourism in Pokhara Valley. Support for tourism development is analyzed using a variety of criteria. Four factors support for tourism are cultural impact, economic impact, environmental impact, social impact [68]. Various theories and models have been reviewed to finalize conceptual model. Data analysis methods included descriptive analysis, and inferential analysis based on various latent constructs. KOBOToolbox, Microsoft Excel and SMART PLS 4.0 were used for data collection, descriptive analysis and

inferential analysis respectively. All Hypotheses (i.e., H1, H2, H3 and H4 are accepted as their p -values are less than 0.05.

The first hypothesis (H1) claims that cultural impact has a significant relationship between support for tourism development. With p -value of 0.000 and a beta coefficient of 0.144, the study revealed this hypothesis was supported. Similar to the study conducted by Devkota et al. [9] found that cultural impact support for tourism development. Tourism has significant sociocultural impacts on destination communities, causing changes in value systems, behavior patterns, community structures, lifestyles, and the quality of life of local residents. Positive sociocultural impacts include improvements in social services, transportation and recreation facilities, and cross-cultural communication. This leads to an improvement in residents' quality of life, employment opportunities, and upgrading existing facilities.

The second hypothesis (H2) claims that economic impact has a significant relationship between support for tourism development. With p -value of 0.000 and a beta coefficient of 0.931, the study discovered this hypothesis was supported. The economic impacts of tourism include creating more employment opportunities and attracting more investment and business opportunities for the local market [40].

The third hypothesis (H3) claimed that environmental impact had a significant relationship between support for tourism development. With a p value of 0.000 and beta coefficient of 0.133. The study revealed this hypothesis was also supported. Similar to the study conducted by Kharel et al. [42], environmental impacts of tourism, residents are often subject to changes to the local environment due to tourism development activities such as the deterioration of natural resources, increased litter and waste, and traffic congestion.

The fourth hypothesis (H4) claimed that social impacts had significant relationship between supports for tourism development. With p value of 0.000 and beta coefficient of 0.497, the study discovered this hypothetical was supported. Similar to the study conducted by Rasoolimanesh et al. [31], Tourism has significant social and cultural impacts, affecting value systems, morals, individual behavior, family relationships, collective lifestyles, creative expressions, traditional ceremonies, and community organization.

The results show that there are various influencing elements that have an impact on tourism development in Pokhara. Additionally, it provides information that local people perception is positive which helps tourism development. As the study is based on the principle of social exchange theory and results of hypotheses testing also confirms SET is a appropriate theory for the investigation.

5. Conclusion

This study examines local people's perception towards tourism development in Pokhara Valley and analyzes support for tourism based on cultural, economic, environmental, and social impacts. Data analysis involved descriptive and inferential methods using Microsoft Excel for descriptive analysis, PLS-SMART 4.0 for inferential analysis, and KOBOToolbox for data collection. The study found significant relationships between the support for tourism development and the factors influencing such as, cultural impact, economic impact, environmental impact, and

social impact. These findings align with previous studies that highlight the positive sociocultural, economic, and environmental impacts of tourism. The results confirm that local residents perceive tourism positively, contributing to improved quality of life, employment opportunities, and community development. The study's findings support the social exchange theory, indicating the relevance of this theory in understanding the relationship between local people's perceptions and tourism development in Pokhara.

The tourism sector is confronted with several significant challenges, with the top three issues identified as the lack of infrastructure, inefficient tourism strategy and implementation, and ineffective government management. Other concerns include managing seasonal variations, high travel expenses, environmental degradation, and stimulating investment. Stakeholders should address variables such as infrastructure, effective governance, higher-quality hotels, environmental sustainability, cost reduction, safety measures, hospitality training, and marketing strategies to enhance visitor experiences and the success of the tourism industry.

From the study, three major conclusions are drawn. Firstly, socio-demographic analysis was carried out taking variables such as age, gender, education, income level etc. A total of 404 respondents were taken in the survey among them 54.46% were male and rest 45.3% were female. Secondly, the relationships between the exogenous and endogenous latent constructs were examined using different hypotheses. As the main objective of this study is to analyze local people's perception for tourism development in Pokhara, four major hypotheses were tested and all were statistically significant and supported. According to the study, tourism has a substantial sociocultural impact on the neighborhood communities, altering their value systems, societal norms, social structures, way of life, and general standard of living. These effects encompass enhancements to social services, travel, leisure amenities, and intercultural communication. The beneficial sociocultural effects ultimately improve the quality of life for the locals, generate job opportunities, and modernize existing facilities. Economic impact plays crucial role in tourism development Economic benefits of tourism include greater employment prospects, an increase in investments, and business chances in the local market. Environmental effect and support for tourism development are significantly connected. Tourism-related activities frequently alter the local ecology, leading to degraded natural resources, more trash and litter, and clogged roads. The local population may suffer detrimental effects from these environmental effects. There is a impactful connection between social effect and support for tourism growth. Significant social and cultural effects of tourism include changes in value systems, morals, individual behavior, family dynamics, communal lifestyles, artistic expression, traditional rituals, and local government. Lastly, the major challenges and their remedial measures in tourism development were analyzed. The major challenges in tourism development are the absence of infrastructure, inefficient tourism strategy and implementation, and ineffective government management. The challenges can be minimized by proper infrastructure and development, proper management and role of government, increasing number of hotels and quality.

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