

**THE ECONOMIC IMPACT OF TOURISM IN MALAYSIA: AN  
INPUT OUTPUT ANALYSIS**

**By**

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**MASTER OF ECONOMIC  
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## **ABSTRACT**

Tourism industry is the second biggest contribution to Malaysia's economic growth. This study aims is to measure the economic impact of tourism to the Malaysian economy through the use of input output analysis. Using input output table 2005 which published by Department Of Statistic Malaysia, the tourism sector was disaggregate from the rest of the economy. The economic multiplier and inter sectoral linkages of 21 sector from Malaysian Input Output Table 2005 were analyzed using Microsoft Excel Software. The multiplier results showed tourism contributes significantly to the economy in term of generating output and household income. Inter sectoral linkages analysis showed tourism is a key sector in creating demand and stimulating production within the sector as well as other sector of the economy.

## **ABSTRAK**

Industri pelancongan adalah penyumbang kedua terbesar kepada pertumbuhan ekonomi Malaysia. Kajian ini adalah bertujuan untuk mengukur kesan industri pelancongan terhadap ekonomi Malaysia melalui penggunaan analisis input output. Dengan menggunakan jadual input output 2005 yang telah dikeluarkan oleh Jabatan Statistik Negara, sektor pelancongan telah dipisahkan dari seluruh sektor ekonomi. Pengganda ekonomi dan hubungan antara sektor daripada 21 sektor daripada Jadual Input Output Malaysia 2005 telah dianalisis menggunakan Perisian Microsoft Excel. Keputusan pengganda menunjukkan pelancongan menyumbang dengan ketara kepada ekonomi dalam menjana pengeluaran negara, pendapatan penduduk dan pekerjaan. Analisis hubungan antara sektor menunjukkan pelancongan merupakan sektor utama dalam mewujudkan permintaan dan merangsang pengeluaran dalam sektor serta sektor ekonomi yang lain.

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## TABLE OF CONTENT

### CERTIFICATION OF THESIS WORK

### PERMISSION TO USE

### ABSTRACT

### ABSTRAK

### ACKNOWLEDGEMENT

### TABLE OF CONTENTS

### LIST OF TABLE

### LIST OF FIGURES

<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Tourism In Malaysia	3
1.2.1 Visitors Arrivals, Gross Receipts and Tourism Development Effort	3
1.2.2 Hotel, Restaurant and Travel Agent in Malaysia	8
1.2.3 Number of Tourist Destination Site in Malaysia	10
1.3 Problem of Statement	12
1.4 Objective of Study	14

1.5 Scope and Limitation of Study	15
1.6 Significant of Study	16
1.7 Outline of Study	17
<b>CHAPTER 2: LITERATURE REVIEW</b>	<b>18</b>
2.1 Introduction	18
2.2 Economic Impact of Tourism	19
2.3 Empirical Evidence of Economic Impact Analysis of Tourism	20
2.4 Basic Structure of Input Output Model	24
2.5 Tourism Economic Multiplier	28
2.5.1 Output Multiplier	28
2.5.2 Income Multiplier	29
2.6 Total Economic Impact analysis of the tourism sector.	29
2.7 Tourism Inter Sectoral Linkage Analysis	30
<b>CHAPTER 3: METHODOLOGY</b>	<b>32</b>
3.1 Introduction	32
3.2 Data Source	33
3.3 Data Analysis Method	33
3.4 Estimate of Tourism Economic Multiplier	36
3.4.1 Output Multiplier	37
3.4.2 Income Multiplier	37
3.5 Total Economic Impact Of Tourism Sector	38

3.5.1. Direct Effect	38
3.5.2. Indirect Effect	38
3.5.3. Induced Effect	38
3.6 Inter Sectoral Analysis of Malaysian Tourism Sector	39
<b>CHAPTER 4: RESULT AND DISCUSSION</b>	<b>41</b>
4.1 Introduction	41
4.2 Macroeconomic Indicator of Malaysian Economy	42
4.2.1 Gross Value Added of Malaysian Economy	44
4.2.2 Sector Gross Domestic Product (GDP) of Malaysia	45
4.2.3 Intermediate Input of Malaysian Economy	46
4.3 Multiplier Effect of Seven Primary Tourism Sector in Malaysia	48
4.3.1 Output Multiplier	48
4.3.2 Income Multiplier	49
4.4 Tourism Inter Sectoral Linkage in Malaysia	50
<b>CHAPTER 5: CONCLUSION AND RECOMMENDATION</b>	<b>53</b>
5.1 Introduction	53
5.2 Summary of Finding	53
5.2.1 Research Objective One: Economic Impact, Economic Multiplier	53
5.2.2 Research Objective Two: Tourism Inter Sectoral Linkages in Malaysia	55
5.3 Research Implication	55

5.3.1	Public Sector: Government of Malaysia	56
5.3.2	Private Sector, Local Community, Donors and Regional Organization	56
5.3.3	Academician and Researcher	57
5.4	Recommendation	58
5.5	Conclusion	59
<b>REFERENCES</b>		<b>61</b>

## **LIST OF TABLES**

Table 1.1: Tourist Arrivals and Receipt to Malaysia	5
Table 1.2: Top Ten Tourist Arrival 2010	6
Table 1.3: Top Ten Tourist Receipt 2010	7
Table 1.4: Component of Tourist Expenditure 2010	8
Table 1.5: Hotel and Room Supply 2010/2011	9
Table 1.6: Average Occupancy Rate (AOR) of Hotel by Locally 2010/2011	10
Table 1.7: Employment in the Related Tourism Industries	13
Table 4.1: Value Added and Contribution, 2005	44
Table 4.2: Value and Contribution of Domestic Output, 2005	45
Table 4.3: Intermediate Input, 2005	47
Table 4.4: Output Multipliers	49
Table 4.5: Income Multipliers	50
Table 4.6: Economic Linkages of Malaysia Industry and Tourism Industry	51

## **LIST OF FIGURES**

Figure 2.1: Basic Structure of the Input Output Table	26
Figure 3.1: Overview of the Research Methods and Procedures	35
Figure 4.1: The flow of Goods and Services According to the Input Output Table	43

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

Tourism comprises the activities of person travelling and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purpose not related to the exercise of an activity remunerated from within the place visited (World Tourist Organization). In other words, it refers to the temporary, short movement of people outside their residential and working places to some destination and their activities during the stay. In the recent years, tourism has become a popular global leisure and is one of the largest and dynamically developing sectors of external economic activities in a country.

Malaysia is a beautiful country in Southeast Asia, extending from approximately 1° N to 6° 45' N latitude and 99° 36' E to 104° 24'E longitude consisting of thirteen states and three Federal Territories, with a total land mass of 329,845 square kilometres (127,354 sq mi). The country is divided into two parts, Peninsular Malaysia and Malaysia

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