

**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 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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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 placed visited (World Tourist Organization). In order 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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