

Pushing Tourism to The Forefront

Being a key component of the services sector, the thrust of achieving rapid tourism growth on a sustainable basis can offer the Malaysian economy numerous benefits

Tourism is one of the fastest growing sectors in the global economy. A potent growth catalyst that can create high multiplier effects, tourism helps develop strong linkages in the economy and assists in the spin-off of other industries. From the macro perspective, it assists in reducing the deficit in the services account of the balance of payments through the dual objectives of increasing foreign tourists inflow, and concurrently, boosting domestic tourism in reducing foreign exchange outflows incurred as a result of leisure travel by Malaysians.

The tourism industry is currently Malaysia's third most important industry in terms of foreign exchange earnings after the manufacturing and palm oil sectors. Its contribution to GDP growth is about 7.2 per cent, suggesting that the industry is still in its infancy and, hence, offers much scope and good potential for further and future growth. According to the latest Malaysia Retail Industry Report 2007, Malaysians and tourists spent nearly RM67.1 billion in 2007, a 12.8 per cent growth from 2006, and the fastest growth in 16 years. Tourists accounted for 10 to 12 per cent of sales during Visit Malaysia Year 2007. The largest number of tourist arrivals is from the ASEAN countries, followed by Japan, China and Australia. Markets of growing importance include India, and the Middle East countries.

Being a key component of the services sector, the thrust of achieving rapid tourism growth on a sustainable basis can offer the Malaysian economy numerous benefits, particularly now that fuel prices have soared, taking a heavy toll on the costs of living the world over. But does Malaysia have what it takes to push its tourism sector to the forefront? Attractions are certainly one of the attributes of the tourism industry for a nation with a potpourri of influences and heritage. But

the tourism base needs to be expanded and diversified so as to create a distinct and unique image of the country's natural and cultural resources. It should strive to establish an appealing Malaysian identity.

Tourism resources alone are not enough for a successful tourism industry. While it serves as a crucial factor for development in the tourism industry, it also hinges inextricably on the quality of the training and education given to the people who are responsible for the delivery of these services. After all, they are the frontliners and unofficial “ambassadors” for the country who are in direct contact with the tourists who come here. As tourism is a people-intensive industry, education and training should be put in the forefront of tourism development. This would mean that more effort could be expended to promote tourism-related careers, stimulating interest in the industry as a source of employment, not only within the industry but other related service industries, particularly food and beverages, accommodation, transport, entertainment, shopping and other small- and medium-sized industries.

For the development of the tourism sector to reach its full potential, funds allocated should be managed and used for appropriate programmes. Major programmes such as preservation and conservation of national historical sites and other tourism-related infrastructure must be properly planned and implemented. Coupled with the bearish sentiments currently prevailing and expected in the near term, aggressive and innovative marketing efforts are necessary to further promote this industry so as to reap the full benefits and potential of this sector, besides giving it a competitive edge against its competitors like Thailand, Hong Kong and Singapore.

Being a highly competitive industry, the relevant agencies such as the Tourism Development Corporation should also monitor and enhance its products or services vis-a-vis those available elsewhere in the region. Emphasis should be given to the development of competitive tourism products or services in order to enhance foreign exchange earnings and savings. It is imperative that the needs of the tourism industry are matched to that of other economic sectors, particularly

the services industries, agricultural production, handicrafts/souvenir products and fisheries, so that they can develop simultaneously, mitigating any negative impact that may arise.

The cost of information is another important issue affecting tourism in the country. Tourism is a very information- and knowledge-intensive industry and the search costs pertaining to it is very substantial, especially if emerging markets are to be developed. Experience has shown that promotions have to be continuously conducted over a period of time before tangible results can be realised. Thanks to modern information technology, this could be easily undertaken jointly by the various relevant agencies instead of each going on its own. Collaboration could also be jointly undertaken between Malaysia and other ASEAN countries in the sharing of market research, promotional, media and information supply costs. Besides being cost efficient, Malaysia can certainly take advantage of the intra-regional tourism flows, and fully exploit this multi-billion ringgit industry.

The writer is research fellow with the Malaysian Institute of Economic Research (MIER)