

Malaysian Tourism Sector: Technical Review on Policies and Regulations

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Abstract: This research paper explains the various developments in the Malaysian tourism sector and states the efforts taken by the then governments to plan, and promote Malaysia as an international preferred destination. This thesis elaborately explains how infrastructure developments and other strategies designed by the government escalated tourism in Malaysia and how the government policies mediated a prime motive to enhance tourism industry in Malaysia. The government's commitment to develop this tourism segment and enhance its quality service and other infra developments is unlimited and consistent. At present, the tourism segment stands second in terms of contributing to Gross Domestic Product of Malaysia, which ranks among the best ten tourist destinations in the world. Such outcome informs that it can be followed by developing nations which has the same multicultural scenario and be a role model to be followed by other nations too.

Keywords: Malaysian Tourism, Tourism Policies.

INTRODUCTION

Tourism was identified to combat the then recession prevailed and support the economic growth in the downtrend time (AissaMosbah, 2014).

Background of Industry

In the global economy, travel and tourism (T&T) played a vital role. As the nations opened their borders to immerse in the global integration wave, the growth and development of the (T&T) segment became a pipeline to supply substantial revenues of foreign exchange in several countries. Apart from this, the nations have witnessed the T&T industry's contribution to their entire socio economic development by its creation of employment ways.

The strategies and policies which are framed to enhance the current local economy by the growth and development of T & T industry enabled direct and also indirect employment. It also facilitated forward and backward integration with the allied other industries.

By more focusing on the domestic tourism industry, it helped the nation's achieving competitiveness in the global economy, important investments in promoting the T & T industry still remains a policy priority globally (Gopalan, 2013).

Economic Transformation Program (ETP) during 2012 published a report which exhibits that constant focus will be made on enhancing domestic infrastructures, via channeling government expenses to improve the quality of tourism related infrastructures to project Malaysia as a hub for global biodiversity by developing eco resorts and dedicated entertainment zones and improving the quality and quantity of hotels to the international standards, to attract business tourism.

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Table 1: Tourism Strategy Development in the last five Malaysia Plans

Malaysian Plan (MPs)	Tourism Strategy Development
MP 6 (1990-1995)	Provide investments into Malaysia, nurturing selected activities, to create more employment connects other economic segments to generate growth in tourism, income and adds value. Contribute required support to make Malaysian destinations internationally and locally
MP 7 (1996-2000)	Diversify services and products to meet requirements of tourists promote new products like; shopping, sports, conventions, and water based activities. ensure effective marketing and promotional activities Encourage private sector participation, investment in innovative projects on tourism increase the local communities involvement and small entrepreneurs improve infrastructures to provide required basic facilities provide communication facilities
MP 8 (2001-2005)	implementation of planning and balanced tourism activities among environmental, economic, social and cultural aspects designing process to conserve environmental and cultural heritage establishing holistic approach in developing tourism (innovation, hospitality, and strength of the private sector, creating and public consciousness and courtesy) display Malaysia all along 'the year carnival destination' focusing more on special products that cater needs such as yachting tourism and cruise ensure safety, well-being of tourists and comfort
MP 9 (2006 - 2010)	ensure the sustainable tourism development support innovative tourism features encourage promotional and marketing activities focus on developing new product such as eco-tourism, agro-tourism, and educational tourism, sports and entertainment tourism, fairs, meetings and exhibitions, and 'Malaysia My Second Home'. encouraging private investors participation
MP 10 (2011 - 2016)	emphasizing the state's tourism development based on the nine core areas of ,eco-tourism ,heritage tourism, sports tourism, coastal and island tourism, home stay tourism, meetings and exhibition tourism, golf tourism, food tourism, shopping and health tourism enhancing the image of various tourism destinations implement major tourism events and big programs and to increase levels comfort level, cleanliness and safety, developing more infrastructures and tourism facilities consistent promotional and marketing of intensive tourism features in key markets in Indo-China, Asia, , and Europe stress on quality training and human resource development to deliver quality services.

Source: Adapted from Prime Minister's Office of Malaysia Website2.1. Malaysian Plans (4th to 10th)

During Fourth Malaysia Plan (1981- 1985) and Fifth Malaysia Plan (1986-1990), more attention was provided to tourism segment with additional funding to develop infrastructure, marketing, promotional activities and product developments. The expenditures under 4 th and 5 th plans was 125.5 million and 132.1 million RM respectively. At the end of the fifth plan period during 1990, it was celebrated as 'Visit Malaysia Year 1990". This contributed Malaysia a great international profile which attracted about 7.4 million foreign tourists with revenues as much of RM 4.5 billion. Under sixth Malaysia Plan (1991- 1995), the government enhanced the allocation for development for tourism to RM 533.9 million. It was spent to provide and increase the physical and social infrastructure, services and facilities that are needed to support the immediate future development and growth of tourism sector. In the ninth Malaysia plan (2006- 2010), the expenditure rose to RM 1.8 billion to upgrade the infrastructure and tourist destinations, and on promotional activities in major markets (EPU website). The Table 1 provides details about the five year plans content's and what strategy utilized to enhance tourist inflow.

GLOBAL TOURISM

The United Nations has chosen 2017 as the 'International Year of Sustainable Tourism for Development'. The UNWTO Secretary General Taleb Rifai in his speech on welcome address of the conference stated that "it is an opportunity to promote tourism's contribution to shape a better future for the people and the planet and make the world a better place to live". Tourism being the world's largest economic segment, creates employment, generates prosperity drives exports, and earns foreign exchange. The International Year contributes an opportunity to platform the marvelous economic, cultural, social, heritage and environmental values that the segment can provide.

The suitable policy decisions and investment decisions are taken with the empirical evidence. The World Travel and Tourism Council (WTTC) provide statistics over past twenty five years, enumerating the economic and employment effect of travel and tourism sectors. In the year 2017, the annual economic report includes 185 nations in 26 regions of the world. It provide the required data based on year 2016 performance and 10 year forecasts on the segment's potentiality.

The revenue earned in the corresponding period is approximately 60.06 billion.

YEAR	ARRIVAL	RECEIPTS	THREATS
2017	25.95 Million	82.2 Billion	
2016	26.76 Million	82.1 Million	
2015	25.95 Million	69.01 Million	
2014	27.44 Million	72.01 Million	AIRLINES ACCIDENTS
2013	25.72 Million	65.4 Million	
2012	25.03 Million	60.6 Billion	
2011	24.71 Million	58.3 Billion	
2010	24.28 Million	56.5 Billion	
2009	23.6 Million	53,367.7 Million	H1N1 & World Economic Crisis
2008	22.0 Million	49,561.2 Million	
2007	20.9 Million	46,070.0 Million	
2006	17.45 Million	36,271.1 Million	
2005	16.4 Million	31,954.1 Million	Tsunami
2004	15.7 Million	29,651.4 Million	Sars& Iraq War
2003	10.5 Million	21,291.1 Million	Bali Bombing
2002	13.2 Million	25,781.1 Million	9/11 Bombing
2001	12.7 Million	24,221.5 Million	
2000	10.2 Million	17,335.4 Million	
1999	7.93 Million	12,321.2 Million	
1998	5.56 Million	8,580.5 Million	

Source: Tourism Malaysia- website

The National Physical Plan identified and stressed the tourism development zones. The strategy focused on satisfaction of the tourists, ensuring quality and safety features, infra development, maintaining and preserving resources of tourism. The plan wished to preserve the cultural traditions in a sustainable manner. The plan prioritized several types operation like urban tourism, rural tourism, coastal tourism, ecotourism, and cultural tourism, international shopping, heritage zones and assets. It developed sustainable tourism for optimal utilization of the resources, to preserve biodiversity and heritage and maintain ecology. This plan has located six ecotourism towns to have the minimal negative impacts on environment (Malaysia, 2010a). This plan emphasized various tourism segment's growth in Malaysia. It also reveals more attention for developing domestic tourism in Malaysia. But the main hindrance is that it does not prioritize the zones based on development of tourism for various segments.

Millions

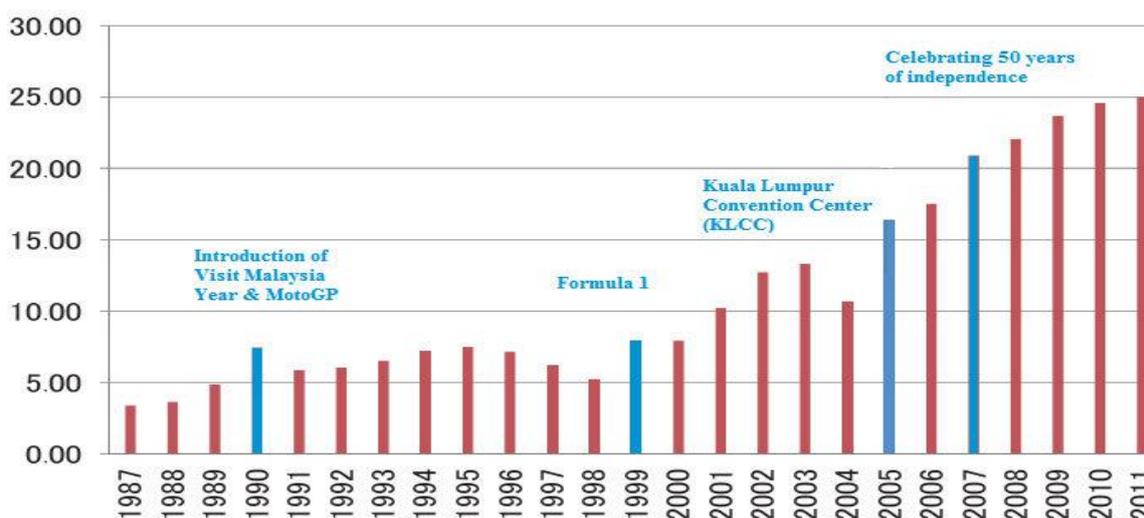


Figure 1: Positive Impact of Tourism Promotional Events Source: Wong 2012

ROLE OF TOURISM DEVELOPMENT

The Economic Transformation Program (ETP) is a productive effect that will change Malaysia into a high revenue nation by 2020. The government has designed this program for an important change in economy like a developed nation. ETP selected 131 entry point projects (ETP), with 60 business opportunities to ensure 92 % private participation. This program will enhance and double the Gross National Income (GNI) per capita from RM 23, 700 in 2009 to RM 48,000 and will generate 3 million new employments by 2020. It had selected 12 National Key Economic Areas (NKEA) and Tourism is one.

The efforts emphasized for innovation of products and services of tourism. The plan highly concerned to achieve sustainable tourism and development. This planning period emphasized ecotourism and protection of Malaysia's natural resources like forests, beaches and islands (Malaysia 2006a). The key initiatives in this planning period were;

1. To attract investment from private sector for the growth of tourism segment. The government cooperated to promote tourism with private participations.
2. To develop quality tourism and its services.
3. To develop the diversification of tourism activities and its products
4. To develop eco-tourism, culture and heritage tourism, agro tourism, home stay program, exhibitions and events.
5. To integrate and develop sustainable tourism.
6. To emphasize the human development and to address the demands of efficient personnel.
7. To make constant research and develop other related projects and programs and implement them to induce tourism further.

This Malaysia 9th plan followed an integrated approach among the related agencies to develop sustainable tourism in Malaysia. It also gave due attention for development of human resources and expand domestic tourism development also. Eco tourism and agro tourism are given more concentration. The main drawback of this 9 th plan was shortcoming of sufficient guidelines for foreign investment in development tourism sector.

TENTH MALAYSIA PLAN

This 11th Malaysia Planning period was between 2011 to 2015. This plan emphasizes to concentrate on exciting and iconic activities in tourism, to proper managing tourism destinations and focus more on promotional activities globally. This plan targets to uplift Malaysia to become one in the top ten countries in tourism receipts. This plan prioritized many promotional strategies for developing tourism in Malaysia. The major initiatives in this 10th plans consists of,

1. To create tourism clusters and to improve existing and new iconic products of tourism. (Malaysia, 2011b)
2. To develop the private sector and allowing them to make investments in tourism segment
3. To improve maintenance of tourist destinations by several approaches
4. To enhance advertising and promotional activities by Tourism Malaysia branches in overseas.
5. To promote different initiatives to contribute unique and exclusive tourism patterns.
6. This 10th year Malaysian Plan focused more on promotion of tourism, and expands them in globally. But the plan does not emphasize for research and educational initiatives in tourism or human resource development for sectors of tourism.

Tourism is recognized as a major potential national key economic area NKEA for Vision 2020 in ETP. Malaysia targets to receive 36 million international tourists and tourist revenue of RM 168 billion in 2020, by various tourism developmental strategies. NKEA has recognized 12 proposals for tourism development to achieve the target. These initiatives are called Entry Point Projects (EPPs), under 5 themes to improve the tourism industry. All the EPP will inspire and stimulate the expected growth.

This has pointed few reasons for such a low yield per tourist in Malaysia because of following factors,

1. Lower average length of stay: The foreign travelers are staying for a shorter period in Malaysia rather than in other countries. This situation causes minimum revenue earnings from this sector.
2. Lower spend per day: In Malaysia, the tourists are spending lower per day, while comparing with other tourism markets. This is one of the main reasons for lower revenues coming from tourism industry.
3. Dependence on arrivals from short-haul markets: Most of foreign tourists in Malaysia are coming from short-haul markets. These tourists spend lower and stay for a short rather than other neighboring countries.

Economic Transformation Program also has selected four important features for the future development of tourism sector in Malaysia. These are;

4. Consumer behavior:
Consumers spend high or low according to their taste and needs. For instance, tourists who select budget airlines for cheaper fares, prefers to stay in five star hotels for brand image and for their safety and comfort. This has to be kept in mind by the airlines and hotel industry and other related segments to attract more tourists.
5. Attract global elite:

The affordable tourists never minds to pay premium price for quality products and for their brands. This scenario creates global elite class. Malaysian tourism segment gives more emphasis to attract such more elite class tourists to generate more revenues.

6. Tourism for leisure period

The present working conditions of the urban people around the globe makes stress with their continued work load and want to relax to get out of stress. They wish to spend their leisure time in holidaying and prefer short term international tours. Tourism oriented nations have offered various packages to catch the attention of them. Malaysia too should make such package tours, advertise them in grand manner to trap them

7. Rise of new market leaders

Brazil, India, China Middle East and Russia are the countries that are recognized as lower contributing nations, in terms of travel and expenditures. But their economic development and increase in population, they are more capable of making tourists to travel to other countries and can afford to spend. Malaysia should utilize this option and tap and encourage new tourists and travelers from these countries and develop their inflow to Malaysia.

The main proposals of these plans are emphasizing more on shopping activities, expending events, sports, and business tourisms, develop more connectivity and accommodation facilities, develop eco tourism spa facilities, and safety features. The plans also give more importance to create Malaysia as biodiversity hub to attract more natural loving tourists from other nations. It also formulates additional guidelines for research, human resource development, and education in tourism sectors and FDI options.

CONCERNS IN TOURISM

Promoting national Tourism is one of the most dynamic resolutions that every government attempts to achieve to gain access of foreign currency and people. Accordingly Malaysia is well considered as a Tourist attractive nation by having 162 nation's citizens stepping in and out regularly on a monthly basis. It provides enormous employment opportunities (Sivalingam, 2007). But the tourism industry felt a heavy setback during 2015 after the tragedy of MH370 plane-missing chaos. And due to unforeseen reasons the footfalls reduced to a great extent, the economy was also badly affected. Various publications and reports were published to identify these unforeseen reasons. This research attempts to identify the reason of downtrends and setback in Malaysian tourism by having government policies as mediating role.

Tourism developed few urban areas while disparity prevailed in undeveloped rural zones. The social injustice was a deep critical concern. Few section of the public gained more against the normal expectancy and a feel of being avoided was experienced among the section of people (Ariffin&Hasim 2009). Concentration on development of infrastructure was a key issue in attracting foreign tourists. Safety to the travelers is again a vital factor, to be given due importance. The foreign tourists should have no threat of danger to his property and life. Misinformation may lead to damage the brand worthiness created so far. The, religious unrest and trouble free smooth travel are the expectations for a traveler and it has to be provided. Proper mechanisms were not done to restore the environmental degradation. More emphasis was needed to for preserving the environments, and to maintain the nation's socio- cultural heritages. Malaysian government framed various policies and formulated many acts to protect the natural resources. These acts did major contribution to develop sustainable tourism in Malaysia (Siti-Nabiha, 2010). The ministry of Culture, Arts and Tourism, formulated Malaysian National Tourism Policy (NTP) during 1992, for developing the Malaysian tourism industry. This tourism policy contained the required guidelines and the methods to develop and streamline the tourism.

Its contribution to economy by revenue earning to the nation's exchequer cannot be under mentioned. In addition it earns foreign exchange, which helps to offset the balance of payments. In developing world, the importance of foreign exchange, one cannot under estimate its importance. Malaysia excels in bringing medical tourists from all over the world and also equally in educational tourism. The benefits accrued of this tourism sector are much more and one cannot deny its significance (Robertson, 2008).

RESEARCH PAPER OBJECTIVES

1. To identify the determining factors that influences Malaysian Tourism Industry.
2. To understand the degree of reliability in Malaysian tourism among the world audience
3. To identify the factors that enables government to build or set up tourist locations
4. To evaluate the marketing efforts of Malaysian government to promote tourism
5. To measure technology costing through government policies for improving Malaysian tourism

Research Paper Questions

1. How to identify the determining factors that influences Malaysian Tourism Industry?

2. How to understand the degree of reliability in Malaysian tourism among the world audience?
3. How to identify the factors that enables government to build or set up tourist locations?
4. How to evaluate the marketing efforts of Malaysian government to promote tourism?
5. What are the forces to evaluate the measure of costing for improving Malaysian tourism?

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