

THE POSITIONING OF MALAYSIAN TOURISM INDUSTRY: CHALLENGES AND OPPORTUNITIES

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INTRODUCTION

In the 20th century, tourism has emerged as one of the largest and fastest growing industries in the global economy. The trend was buoyed by such factors as greater disposable income, more leisure time, early retirement and improvement in infrastructure and changes in consumer spending preferences. For many countries, tourism expenditure has become an important source of business activity: income, employment and foreign exchange. According to WTO estimates, 1.01 billion people will travel by year 2010, an increase of 4.01 percent from 702 million in the year 2000 (WTO, 1995).

In Malaysia, tourism is one of the country's largest foreign exchange earners. For instance, in 1996 the tourism industry has generated RM 11.2 billion in tourism receipt and become the second largest contributor of foreign exchange earnings for the country.

Tourism, defined as the travel of a person beyond his residence, dated back to the old days when business trips predominated. Since then, tourism has grown by leaps and bounds to become the second largest item in world trade today. Such tremendous growth is actually assisted by developments in the progressing modern world towards the end of the 19th century. As a result of industrialization in the Western economies, urbanization produced a rapid expansion of middle class activities such as professional services, government and banking. These developments generated a literate and relatively wealthy elite groups and thus created the market for travel. The desire to travel was hastened by the development of modern transportation (for example, the development of steamships and later air transportation). Thus it was then possible to travel at speed and comfort. Following this, the emergence of modern resort hotel further added momentum to the growth of tourism. During the post-war year, governments especially in the European world began to recognize the importance of tourism as a way to economic betterment. This recognition spurred off an era of promotional activities. All these promotional activities have served to enhance the rapid growth of tourism.

Development of international tourism in Malaysia showed a slight difference when compared at regional and international levels. Growth of international tourism in Peninsular Malaysia dates back at least to the days of the Malacca Sultanate. At that time tourism was mainly concentrated in major gateways or trading centers as compared to the present. Today, tourism is no longer concentrated in these gateways but in a more dispersed manner.

No efforts were actually made to enhance such growth until the late 1950's. By then the Malaysian Government was inspired by the development of tourism as an economic activity by surrounding countries. She took positive steps towards the promotion of tourism. However, it was not until the 1972 PATA (Pacific Area of Travel Association) Conference that foreign tourism in Peninsular Malaysia gained the impetus and status benefiting its potential. This conference may have said to be the launching pad for Malaysia's [push into big -time tourism at the national and international levels. Since then Malaysia has not looked back and her tourist industry has continued to grow with strength.

It is the intention of this paper to review what had been done in her attempt to promote the tourism industry in Malaysian political and social realm of the country. In addition it also looks into the government policies and actions to ensure the growth of the tourism industry of the country in the future.

PAST AND PRESENT GOVERNMENT POLICIES

The emphasis of both past and present government policies in the area of tourism lies in the development of tourism as a major income earner of Malaysia. Nevertheless, there are few distinct periods may be seen in the development of tourism in Malaysia.

Pre-independence Period

During this period foreign tourism existed in Malaysia mainly for trading, commercial and official motives. The bulk of foreign visitors to Peninsular Malaysia consisted mainly of traders from South China, India, Britain, Portugal, Netherlands, Indonesia and Singapore. As their purpose of visit was primarily related to business and commercial transactions, tourism policies were not formulated specially to encourage their inflow. Moreover, there is little evidence of the extent and volume of foreign travel for that period. What is known is that prior to 1959, a Pan-Malaysia (Singapore and Malaya), Director of tourism was responsible for matters concerning tourism. The principal reason lies in the concentration of efforts aimed at the development of rubber and tin. As a result the development of the two sectors of the economy were received relatively little attention from the government. In fact, the government did not recognize tourism as an industry by itself in pre-independent Malaya.

The Period Between 1957 To 1970

Following the Independence of Malaya in 1957, the Malayan government abolished the Post of Pan-Malaysian director of Tourism. Instead the Tourism Department was formed in 1959, under the Ministry of Commerce and Industry to take charge of the industry. However, during the early part of the period, it was

apparent that the government had still little involvement in the field, as few concrete policies in the field of tourism were witnessed. This may be partly attributed to few factors:

a. The development of communication system in this country was relatively slow. As international tourism involves travel of people abroad, a good system of communication is vital for tourism to thrive. Only in the late 50's and early 60s, the Asiatic region witnessed the introduction of modern means of transportation. For the Pacific region, for example it was the introduction of jet plane in this period which eventually led to the steady lowering of the real air travel rates for tourists and hence the integration of the region into a field for mass tourism. However, this was not true in the Western world where the development of International Mass tourism had already taken place earlier, that is, between the First World War and the Second World War with the introduction of motorcar and aircraft. In the period after the Second World War, increase wealth was generated in the developed countries, giving rise to a society with the increasing capacity to consume and the desire to travel for pleasure. Only then was mass tourism internationally encouraged with governments of this part of the world taking an interest in the development of tourism as an industry.

b. The Malaysian economy particularly in the early 1960's was well supported by the two big income earners- the rubber and tin industries. In 1962, for instance, they earned about RM\$1298 million and RM\$291.0 million foreign exchange respectively, as compared to only RM\$ 9.43 million for tourism.

As a result, tourism did not receive much attention. In the Five Year Development Plans, prior to 1965 for instance, tourism was not planned as an industry separately. When more and more tourists were visiting Malaysia from abroad, the government had decided to allocate 12 million or 0.05 percent for the total public expenditure for its development. It may be said that only in the later part of the 1960's was the government encouraged to change its apparently apathetic attitude towards the development of tourism as an industry. Publicity and promotional activities were then hastened both in overseas and in domestic markets.

The most important development policy in tourism by the Malaysian Government during this period was to embark on overseas promotions. These activities comprised mainly of advertising in the major tourist markets of Malaysia, exhibition and fairs, information and technical assistance and hospitality programmes. In order to benefit from regional and international co-operation in the development of tourism, the government took an important step by becoming a member of the World Tourism Organization in 1961.

Later in 1967, The Malaysian Government became an active member of the Pacific Area Travel Association (PATA) and participated in the research and marketing activities within the organization. In addition to its effort in promoting the tourism industry, the government has given incentives to investors in this field. Incentives such as pioneer status and tax exemption for the hotel industry was given in selected areas.

One significant effort done during this time period was the formulation of Master Plan in 1969 in which fifteen areas in different parts of Peninsular Malaysia, Sabah and Sarawak were studied and evaluated for their tourism potential. Major criteria used in such evaluation included the accessibility of such areas from major visitor gate ways or centers of population, mobility within the geographical area, the natural beauty of the area and existing historic and cultural attraction.

The Period Of 1970 To 1990

The increasing rate of tourist's arrival in the 60's has convinced the government to continue its efforts in promoting the tourism industry. The government had taken an aggressive approach in its tourism policy. The Malaysian government has set up the Department of Tourism in 1972, who initially in charge in the promotional and developmental aspects of the tourist industry. In the past, development efforts were concentrated in gateway cities such as Kuala Lumpur, Pulau Pinang and Johor Bharu. Development in more remote areas were not initiated as these areas are lacked of infrastructure facilities, which are basic to visitor's accessibility. Therefore, the government, in its Third Malaysian Plan (1976-1980) and onwards, had allocated a huge amount for the development of tourist projects in the more remote states.

During this time period also, a Second Master Plan was completed which served the same basic purposes as the first one, except it has drafted up more areas to be developed into potential tourist attraction.

Several studies were undertaken in attempt to form the basis for harmonious and systematic development of tourism infrastructure and superstructure. This was not only catering the demand for tourism but also in line with environmental, as well as socio-economic consideration.

Thus it is hope that with these master plan in hand, the TDC, on behalf of the government to perform as the national organization, will be able to carry out its function efficiently, either in physical development and marketing aspects of tourism in Malaysia.

1990 - Onwards

The development of the tourism industry during the 80's was slower despite the national strategy of expansion and diversification. The economic downturn in the early years of the period could have some implication to the tourism industry. The year 1991 saw a series of political and economic up healed measuring the world scenario. The outbreak of the Gulf War, which led to higher fuel process and increased cost of air travel coupled with economic slowdown worldwide, resulted in overall decline in travel, from which Malaysia and neighboring Asean countries were not spared.

However, after the year 1994 the buoyant global economy is anticipated to continue and to be conducive in growth of world tourism and national tourism. The

substantial increase in tourist arrival and travel receipts during the early 90's was largely the result of promotional and marketing activities undertaken since 1985, and it is expected to increase in the future particularly with the aggressive Visit Malaysia Year 1990 and 1994 campaigns.

However, overview of the 1996- 1998 shows a weak performance by the industry, resulted particularly from the economic turmoil caused by persistent currency crisis that overwhelmed the whole East Asia. The events started off with the tense relationship between Kuala Lumpur and Singapore. The economic crisis was felt as early as July soon after the Thai baht was floated. At the same time, hazes began to envelope and blanket the country and much of the Asean region. The year came to an end after seeing countless efforts by Malaysian government to recover from its economic problem.

In general, the 1990's policy objectives were formulated to make sure to enhance the image of Malaysia as a highly diversified and competitive tourist destination (Seven Malaysian Plan,1996).

MALAYSIA'S TOURIST OVERVIEW

In 1990, tourist arrivals to Malaysia numbered 7.5 million generating a gross revenue of RM4.5 billion. Since then the numbers have grown, gradually rising to 12.5 millions tourist in 2000. The main bulk of foreign tourist to Peninsular Malaysia amongst the Asean countries comes from Singapore. Singapore was the biggest contributor for the tourist arrival in 1996-1997, totaling of more than 3 millions per year. As refer to table 2, Singapore led other markets by capturing 56.2 percent of the market share, followed by Thailand, Japan, Indonesia, Taiwan and Brunei. The table shows that the tourist arrivals have increased steadily by two folds in 1990 from 3.1million in 1980 to 7.4 million. In 1997, the total arrivals declined as compared to 1996. The drop in arrivals from Singapore weakened the achievement of the cumulative total arrival figure to Malaysia. Tourist arrivals into Malaysia are expected to grow by 10.7 percent annually to reach 12.5 percent by the year 2005. By then tourism receipts are expected to increase to RM 14.3 billion, thus helping to improve the services account of the balance payment. To support the growth of tourism industry, an allocation of RM 1.0 billion will be provided for the expansion of physical and social infrastructure.

The first five year plans (1990-95) were to expand and diversify the tourism base to reduce its dependence on a narrow range of activates and markets. The overall strategy was to mobilize and channel investments to selected regions and activities having tourism potential leading to increase employment, incomes, value added and linkages with other sectors of the economy.

However, the planning of 1995-2000 tourism strategies were to attract higher-spending and longer staying tourists. Efforts to attract higher-spending and longer-staying tourist, as well as return visits by them was intensified as the tourism sector is expected to feature prominently in the country's effort to gain more foreign

Table 1: Selected Tourism Indicators, 1985 -2000

Indicator	1985	1990	1995	2000	2005
No. of tourist arrival(mil)	3.1	7.4	7.5	10.2	14.3
Asean	79.0	73.8	72.9	66.6	63.5
Singapore	-	64.0	60.5	54.3	-
Thailand	-	7.3	7.2	6.7	-
Indonesia	-	1.6	3.0	3.8	-
Philliphine	-	0.7	0.6	0.5	-
Brunei	-	0.2	1.6	1.3	-
Japan	3.9	6.8	5.8	8.4	5.2
Australia	2.6	2.0	2.0	2.0	2.7
United Kingdom	2.4	2.6	2.3	2.2	2.5
USA	1.4	2.0	1.3	1.2	2.1
Others	10.7	12.8	16.7	19.6	12.3
Total Annual Travel Receipts(mil)	1543	4500	9200	17335	29499
Average Length of Stay	4.5	4.5	4.8	4.8	5.8
Total Annual Investment	731.2	581.1	746.3	696.9	1009
Number of Hotel	851	989	1253	1492	1541
Hotel Room	35720	45032	94744	134503	140503
Direct Hotel Employment	25170	39960	68941	78671	79603
Occupancy Rate of Hotel	50.1	72.9	65.5	55.0	60.0

Source: Sixth , Seventh and Eighth Malaysian Plan

exchange. Other strategies to improve the tourism industry will be geared towards increasing the number of visitors to the country.

The policy trust for the next five years plan (2000-2005) is to achieve rapid tourism growth on a sustainable basis. It reflects the government effort to develop and implement a more competitive and sustainable tourism activities which take account of a wide range of factors, including the need for better integration with other aspects of the economy, including policies for industry development, meeting public infrastructure needs and investment and enhanced community awareness of the impact of tourism on cultural heritage and the natural environment.

FUTURE OUTLOOK OF THE INDUSTRY: ITS SIGNIFICANCE AND ITS CHALLENGES

The tourism industry today has grown so large that it now ranks as one of the biggest global industries in the world. In Malaysia, it represent the second highest foreign exchange earner and is expected to grow more if there is concerted effort, commitment and willingness on the part of those concerned with the industry. While it is acknowledge that the current economic downturn has adversely affected the general well being of the nation as a whole, but it could also be a blessing in disguise for the tourism industry. Future performance of the industry will depend much on the ability of the economy of the country and the region to recover from the economic problem. Section precede will discuss some of the challenges facing by our tourism industry presumably in an environment which are unlikely to produce many tourist as people are over-acted by the economic difficulties.

Whether the economy is experiencing rapid growth or a slowdown, one thing is certain; people will continue to need rest, recreation, leisure and relaxation, much of which is why people travel. If overseas travel cost is exorbitant, than travel within the country will be the alternative. With the current state of the East Asian economies including Malaysia, there are abundant opportunities to focus and encourage the growth of the industry. The economic problem calls for innovative marketing efforts to be undertaken to sustain business in the long run. Promotions in specially targeted markets should be intensified via strategic alliances forged to jointly exploit tourist opportunities. Thus, smart partnership between the government and the private sectors has to be mooted to increase the government commitment in the development and promotion of tourism. In this respect, the public sector can be expected to provide legislation and regulation, infrastructures, investment, incentives, development controls, manpower's training, public awareness, destination marketing and promotion. While the private sectors and entrepreneurs would provide tourist accommodations, food and beverage facilities, man-made attractions, transportation, packaged tours, entertainment, recreational facilities and so on. The underline emphasis here should be place in enhancing the quality of visitor's experience.

The economic problem will increase the competition among tourists or visitors to have more options to choose from, as more destinations have broadened their

offers. There will be abundant opportunities especially for local industry by virtue of higher costs of going overseas and more attractive 'value for money' travel offers for the foreign tourists. Through the marketing of Malaysia's natural, cultural and historical heritage, new product development will aim primarily at promoting the country as a 'shopping' destination. Shopping is always considered as an integral part of tourism and probably one of the most important tourist activities. Almost every visitor to the country does some shopping during his or her visits. We must recognize the fact that every visitor to the country is a potential customer of retail outlets and we then should provide the facilities that make it happen.

Measures have been taken to further improve and facilitate access into and within the country. With the KLIA fully operated recently, it will place Kuala Lumpur as the air transport hub of the region. In addition, since the surface transportation infrastructures being built and continuously upgrade, the Linkedua, connecting Gelang Patah in Johor and Tuas in Singapore, will facilitate tourists inflow from Singapore. Johore Bahru's success in attracting Singaporeans in such large numbers to shop for goods that are not dutiable is an example of what can be achieved on a much wider scale. The expressway will further improve accessibility to tourist attraction in Malaysia.

The tourism industry in Malaysia will also significantly influence by information technology largely due to the amount of information that needs to be process. Improvement in communication technology will set to revolutionize the tourism industry in many ways, such in marketing and management of the tourism system. The convergence use of computer and communication technologies as well as multimedia technologies has given rise to a new working and living environment with tele-working, tele-commerce, telemedicine and teleconferencing. As in tourism sectors, the whole tourism system is becoming increasingly dependent on IT in the production and delivery of tourism products and services. Therefore, IT infrastructures have to be expanded and a number of IT related programmes and projects implemented to accelerate a wider use in the various sectors of the economy and tourism related activity. With the development of Putrajaya it will spearhead the establishment of the 15-to 40 km Multimedia Super Corridor stretching form the Kuala Lumpur City Center to the Kuala Lumpur International Airport in Sepang. This will enable Malaysia to sustain its competitiveness in the emerging digital age as well as attract new investment in IT related activities and services.

In general, the tourism industry is expected to face challenges in the future as a result of the economic turmoil that has engulf the country since 1997. Outbound traffics are expected to shrink further if the country is not able to recover in the future. Although arrivals of tourist into Malaysia are forecasted to be stable, it is expected to see the drop of arrival percentage to a more reasonable level. We need to step up with an aggressive, coordinated and comprehensive tourism promotion strategy. Hence, there is an urgent need to focus on the marketing and promotional activities at increasing the visibility of Malaysia as an attractive destination. Private sectors are expected to take the lead in provision of tourism products and services,

while the government will continue to provide various infrastructures and promote Malaysian attractive destination.

CONCLUSION

The government's policy, over the 1950's, 1960's, and 1970's was seen more geared towards developing tourism into a big scale industry. The rapid development of tourism in Malaysia has caused the government to revise its developmental and promotional activities constantly. The changing government policies have revealed that the government has recognized the importance of tourism as an important income earner and a mean to diversify its economy. Obviously, there will continue to be plenty of opportunities as well as plenty of challenges. The opportunities are manifested in the multi-billion dollar tourist spending revenue. The challenges are manifested in the changing policies and the intensifying competition between the Asean and Asean markets.

In brief, the managing of tourism industry is a demanding task. The industry must be competitive while remaining sensitive to the values of the local cultures and the fragility of the economy surrounds it. To be successful, a genuine understanding of the factors affecting tourism needs to be achieved.

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