Identifying economically potential inbound markets for Malaysian tourism industry

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The key objective of this study is to determine and analyze the impacts of inbound tourism on the Malaysian economy using an input-output analysis. With the view of accomplishing the key objective, this study also explores the economic potential of inbound markets for the Malaysian tourism industry. As central to any economic impact analysis, tourism multipliers are estimated from the inverse of Leontief's input-output matrix. The empirical results reveal two interesting observations concerning inbound tourism impacts on Malaysian economy. These are, firstly, tourism sectors that produce larger multipliers do not generate larger total economic impact, and secondly, inbound markets with highest per capita do not yield highest economic impact. Therefore, this study concludes that an economic sector with lower multipliers should not be neglected and that the contribution of inbound tourism market generating lower per capita expenditure should not be ignored when preparing appropriate tourism marketing and public policies for developing economies.

Keywords
economic impacts, inbound markets, inbound tourism, input-output analysis, Malaysia

Introduction
The presence of a combination of several industries and the absence of its inclusion in the system of national accounts of many economies make it difficult to quantify the total economic impact of tourism industry in a simple way. As a diversified industry, tourism industry generates a variety of economic impact for which it has been perceived to be a reliable source for economic development for many developed and developing nations. Developing countries, like Thailand or Malaysia, have relied a great deal on their tourist industries for economic growth (Chon et al., 1993). Since, the non-traditional exports of developing countries have too often failed to prove effective in economic development and so tourism is increasingly seen as something of a saviour (Durbarry, 2004). Its importance is gaining widespread recognition as developing countries view tourism industry as a cushion for their economic development and growth. Previously undiscovered regions of the developing economies of the world continue to be the major player of world tourism growth trend and promote this industry.

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