



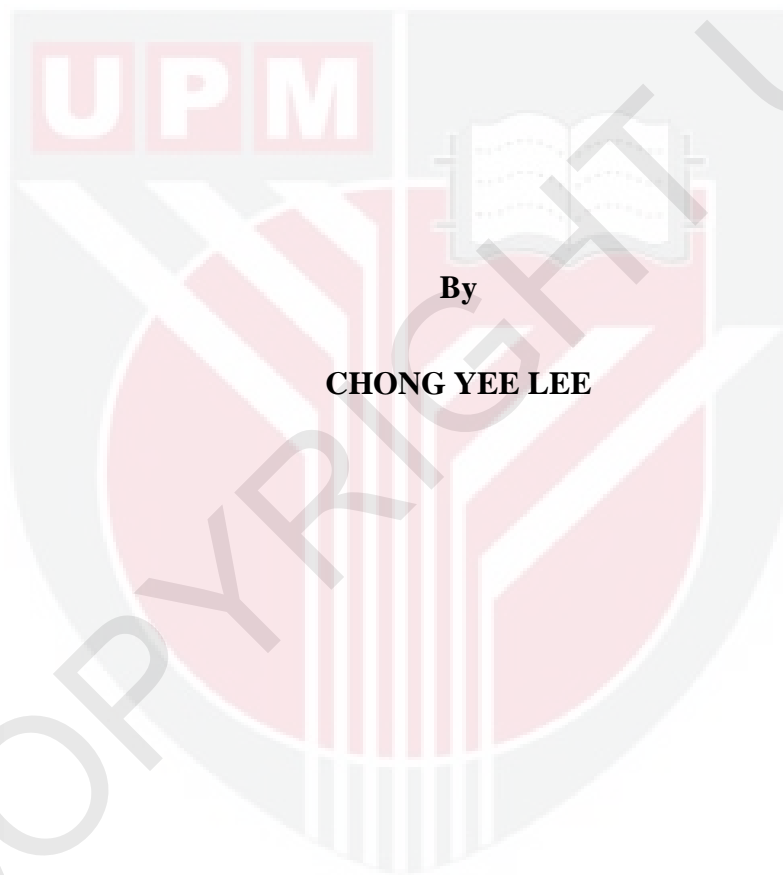
UNIVERSITI PUTRA MALAYSIA

**ECONOMIC IMPACT OF TOURIST EXPENDITURE
ON TOURISM INDUSTRY IN PENANG**

CHONG YEE LEE

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**ECONOMIC IMPACT OF TOURIST EXPENDITURE ON TOURISM
INDUSTRY IN PENANG**



By

CHONG YEE LEE

**Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia,
in Fulfilment of the Requirement for the Degree of Doctor of Philosophy**

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Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfillment
of the requirement for the degree of Doctor of Philosophy

**ECONOMIC IMPACT OF TOURIST EXPENDITURE ON TOURISM
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July 2011

Chairman: Sridar a/l Ramachandran, PhD

Faculty: Economics and Management

Dubbed “The Pearl of the Orient,” Penang is a popular tourism destination in Malaysia since the colonial days. The situation has somewhat changed as it is now losing out to other destinations. The local government is aware of the economic contribution of tourism; the contribution composes of (1) direct effect – revenues generated from tourist expenditure and (2) indirect effect – creation of additional output sales and employment for the local community.

However, assessing the indirect economic benefit of tourism is difficult. The collection of the following data is not a simple task for researchers: the amount of tourist expenditure that is received and then spent by tourism establishments. This thesis aims to estimate the direct and indirect effects of tourist expenditure on the tourism sector in Penang. The thesis’s findings can provide policy implication to the local government and guidance to other tourism interests for the development of

tourism.

Most of the published data are not suitable for the analysis of tourism's economic impact because these data do not segregate the sales of tourism establishments by tourists and local residents. Therefore, two surveys are undertaken: (1) questionnaires are distributed to estimate the tourist respondents' spending that accrues to the host community. (2) On top of the distribution of questionnaires to selected tourism establishments, observation method is employed to cross-check the estimation of tourist count provided by the tourism establishment respondents. Both quantitative and qualitative data are used to construct two different Input-Output (I-O) tables.

I-O model is used to estimate the proportion of sale revenues of each tourism sector – including the accommodation, food, freight, shopping, entertainment, and miscellaneous sectors – that is used for the purchases of primary inputs (such as wages, dividend, profit, imports and taxes) and intermediate inputs. I-O multipliers are computed to measure the indirect effects generated by tourism establishments' spending within the local economy. However, the total estimates of output sales and input purchases for each I-O sector are rarely equal. Jensen and McGaurr (henceforth J-M) have recommended the use of “reliability quotients” for the dual estimates. Sahal Lahiri (henceforth SL) suggests that analysts determine the reliability quotients endogenously so that the time costs can be reduced.

Each quantitative and qualitative I-O table is reconciled by both the J-M and SL

methods. The I-O multiplier values produced by quantitative and qualitative data are quite similar. However, the reconciliation methods produce different multiplier values for the same I-O tourism sector. This is because both techniques are using different formulae.

Some of the research empirical findings fit nicely into well-known literature and can be summarized under three empirical patterns: (1) the more developed a tourism destination is, the more tourism and supplies firms will be established within the region's economy. (2) More tourist expenditure can take place within the region's economy if the local economic structure is diversified. (3) Though seasonality – implying seasonal increase in labour – is much less of a problem in Penang, the domination by many small scale establishments operated by family members also means that not much job opportunities can be created. Consistent with the literature, the low technical coefficient values show that the linkages between tourism sectors are weak because the supply chain practice by tourism service firms is low in nature.

Expanding the tourism industry in Penang will increase the tourist expenditure within the region's economy. Attempts should be made to broaden the area's tourist attractions and to diversify the tourism businesses. As a result, more tourists may come and may also extend their length of stay and therefore spend more money within the local area. To reduce the dependency on imported goods, the shopping establishments need to introduce more locally produced crafts or souvenirs or agricultural products.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

**KESAN EKONOMI DARI PERBELANJAAN PELANCONG KE ATAS
INDUSTRI PELANCONGAN DI PULAU PINANG**

Oleh

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Pulau Pinang dikenali sebagai “Negeri Mutiara Timur”, adalah salah satu destinasi pelancongan yang popular di Malaysia sejak dari zaman penjajahan British. Kini, Pulau Pinang menghadapi persaingan sengit dari destinasi pelancongan yang lain. Kerajaan negeri menyedari sumbangan ekonomi yang dapat dijana dari industri pelancongan. Faedah ekonomi tersebut terdiri daripada (1) kesan secara langsung – pendapatan yang diterima dari perbelanjaan pelancong dan (2) kesan secara tidak langsung – penambahan keluaran output dan perkerjaan kepada penduduk tempatan.

Namun, pengukuran kesan faedah ekonomi secara tidak langsung tidak mudah dilakukan. Adalah sukar bagi pihak penyelidik untuk mengumpul data mengenai jumlah pendapatan yang diterima dari pihak pelancong dan kemudian dibelanjakan oleh syarikat pelancongan untuk pembelian input. Sehubungan itu, tesis ini berhasrat untuk mengukur kesan ekonomi secara langsung dan secara tidak langsung hasil dari

perbelanjaan pelancong keatas sektor perlancongan di Pulau Pinang. Penemuan tesis ini dapat memberikan implikasi kepada pihak berkuasa negeri dan sebagai garis panduan kepada pihak yang berminat membuat perancangan polisi bagi sektor perlancongan di Pulau Pinang.

Kebanyakan data yang telah diterbitkan oleh pihak lain adalah tidak sesuai digunakan untuk menganalisis kesan pertumbuhan ekonomi yang dijana oleh industri perlancongan. Ini adalah kerana data sekunder tidak mengasingkan pendapatan syarikat perlancongan yang diterima dari pelancong dan penduduk tempatan. Oleh sebab itu, dua tinjauan telah dijalankan: (1) borang soal selidik diagihkan untuk menghitung jumlah wang perbelanjaan responden pelancong yang telah diterima oleh masyarakat tempatan (2) disamping pengedaran borang soal selidik, kaedah pemerhatian juga dilakukan bagi menyemak anggaran bilangan pelancong berdasarkan maklumat dari responden syarikat perlancongan. Kedua-dua kuantitatif dan kualitatif data akan digunakan untuk membina dua jadual urus niaga Input-Output (I-O).

Jadual I-O menunjukkan aliran pendapatan yang diterima daripada jualan output yang dihasilkan oleh setiap sektor perlancongan – iaitu, sektor penginapan, makanan, pengangkutan, perdagangan runcit dan borong, hiburan, dan lain-lain perkhidmatan perlancongan – untuk pembelian input primari (seperti gaji, dividen, keuntungan, import, dan cukai) dan input pertengahan dari sektor-sektor perlancongan. Nilai pengganda I-O dikira untuk mengukur kesan ekonomi secara tidak langsung hasil dari perbelanjaan syarikat perlancongan di Pulau Pinang. Namun, jumlah jualan

output sering berbeza dari jumlah pembelian input. Jensen dan McGaurr (J-M) telah mengesyorkan penggunaan satu nilai “hasil bahagi” untuk menyamakan kedua-dua jumlah anggaran. Sahal Lahiri (SL) mencadangkan penganalisis menetapkan nilai “hasil bahagi” tersebut supaya kos masa dapat dikurangkan.

Setiap kuantitatif and kualitatif jadual I-O dikemaskini dengan menggunakan cadangan J-M dan SL. Tesis ini mendapati nilai pengganda I-O yang dihasilkan dari data kuantitatif dan kualitatif adalah tidak jauh berbeza. Namun, kedua-dua kaedah pengemaskini tersebut telah menghasilkan nilai pengganda yang berlainan bagi sektor perlancongan yang sama kerana kaedah-kaedah tersebut menggunakan formula yang berbeza.

Keputusan empirikal penyelidikan ini telah dibandingkan dengan sorotan karya melalui tiga aspek: (1) semakin berkembang maju sesebuah destinasi perlancongan, semakin banyak firma perlancongan dan pembekal akan ditubuhkan di dalam sesebuah kawasan ekonomi, (2) pelancong akan membelanjakan sebahagian besar wang mereka di dalam sesebuah kawasan jika struktur ekonomi di kawasan tersebut dapat dipelbagaikan, dan (3) Pulau Pinang dapat menyediakan perkhidmatan perlancongan sepanjang tahun tetapi kadar pertambahan peluang perkerjaan adalah tidak begitu mengalakkan. Ini kerana kebanyakan firma perlancongan di Pulau Pinang diusahakan secara kecil-kecilan dan dibantu oleh ahli keluarga pemilik. Sejarar dengan sorotan karya, sektor-sektor perlancongan di Pulau Penang tidak mempunyai hubung kait yang kuat kerana pada dasarnya, syarikat perkhidmatan tidak memerlukan rangkaian pembekalan input antara satu sama lain.

Perkembangan industri pelancongan di Pulau Pinang akan meningkatkan jumlah perbelanjaan pelancongan di dalam wilayah tersebut. Kerajaan negeri harus mengorak langkah untuk memperluaskan daya penarik di destinasi pelancongan tempatan dan mempelbagaikan perniagaan pelancongan supaya lebih ramai pelancong akan melawat dan melanjutkan tempoh penginapan, seterusnya membelanjakan lebih banyak wang di kawasan ini. Demi mengurangkan pergantungan ke atas barangan import, pengusaha perdagangan runcit dan borong perlu memperkenalkan barangan buatan tempatan seperti kraftangan dan hasil pertanian.

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I certify that a Thesis Examination Committee has met on 13 July 2011 to conduct the final examination of Chong Yee Lee on her thesis entitled “Economic Impact of Tourist Expenditure on Tourism Industry in Penang” in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The committee recommends that the student be awarded the Doctor of Philosophy.

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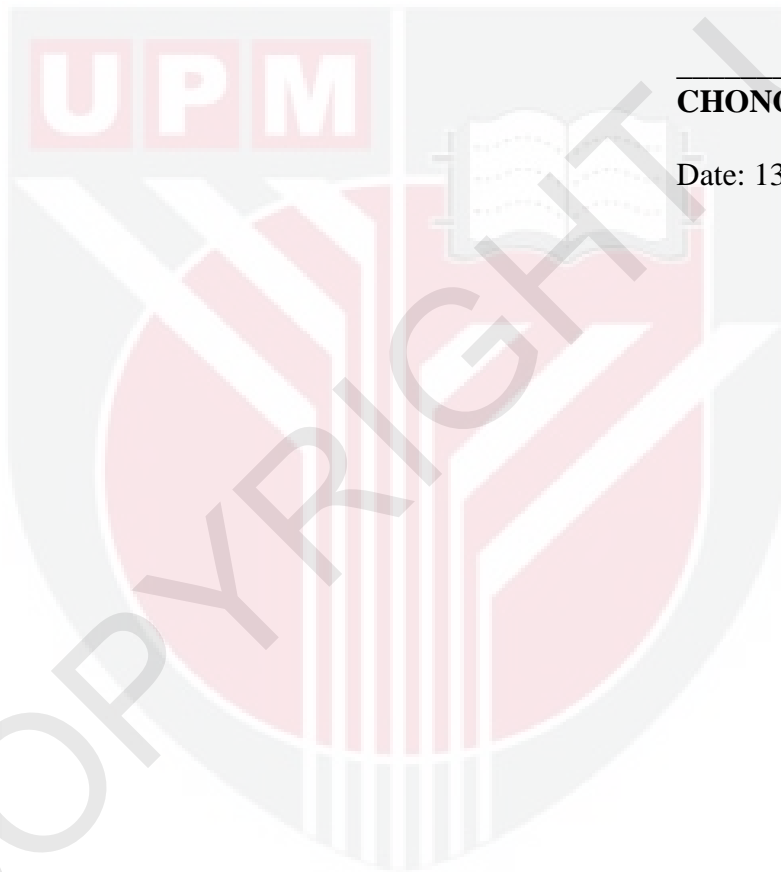
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DECLARATION

I declare that the thesis is my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at Universiti Putra Malaysia or at any other institution.



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Date: 13th July, 2011

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