

**ECONOMIC IMPACT OF TOURISM IN THE COASTAL AREAS OF
KELANTAN**

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ECONOMIC IMPACT OF TOURISM IN THE COASTAL REGIONS OF KELANTAN STATE

ABSTRACT

Records have shown that visitors or tourists to Kelantan would not miss to visit the coastal areas. Activities related to travel, hospitality is seen to have taken place in these areas, and local communities have depended on these activities as a source of income.

With some hypothesis testing, there is a significant relationship between tourist spending and the tourists' income level as well as on their length of stay. The tests are consistent with the assumption that the higher the income of the tourist, the higher is their spending. The tests also proved that the length of stay also affects the tourist spending. A stay that is more than a day but not exceeding seven days would make the tourists spend more. The tourists engaged in some activities such as visiting beaches, eating, shopping and visiting towns but found that they spend most in shopping, accommodation, and eating. This expenditure is an important aspect of the study whereby it creates an income to the local community. Although the income give an economic impact to the community, but it does not stay long enough in the community to spur further development. This is so because local supplier is not the major supplier for most of the tourists' products, causing the income to leak from the community only after three rounds of community spending. This however, results in a weak multiplier effect that is about 30% of the income received in every round of spending.

Data on tourist spending pattern form guidelines for further development and improvement of tourist facilities. Tourists claim that they require more recreational facilities, food or eating facilities, handicraft and accommodation. These facilities and outlets are not many or may not be available but what we fail to understand is that these facilities are the sources of strong tourist income to the community. This is so because such facilities and outlets are easily available and supplied by local supplier and therefore this can create a greater tourist income and a stronger multiplier effect. The local authorities should explore new tourist development projects that would optimize the utilization of local resources, so that money spend by tourist

CHAPTER 1 : PROBLEM DEFINITION

Tourism is one of the largest and fastest growing industries, accounting to 5.5% of the global Gross National Product and 6% of the employment (Glasson, Godfrey, and Goodey, 1999). Tourism usually promoted by a country for its ability to spread economic development and reduce inequalities in income distribution by providing employment to people in a particular geographic area (Pearce, 1988); (Coccosis and Parpairis,1995); (Wahab and Pigram,1977). This is so in the case of Third World, where the governments also encourage tourism investment because it will contribute to economic development of their countries (Hall, 1995). In fact, the United Nations' intergovernmental meeting on Tourism Development under the Economic and Social Commission for Asia and Pacific, Unit of Transport and Tourism, held in Bangkok Dec 1996, which Malaysia is a member, was asked to undertake studies on the economic impact of tourism and continuously updating its usefulness. Governments therefore view tourism as a catalyst for national and regional development, bringing employment, exchange earnings, balance of payments advantages and important infrastructure developments benefiting both locals and visitors (Glasson et al., 1999).

Malaysia is no exception to the development of tourism. Malaysia through its Tourism Promotion Board or Tourism Malaysia, promotes Malaysia as an outstanding, enchanting tourist destination. Its aim is to increase the number of foreign tourists to Malaysia, extend the average length of their stay and, in doing so, increases Malaysia's tourism revenue, besides aspiring to develop domestic tourism. This has been the mission of Tourism Malaysia, that is, to market Malaysia as a destination of excellence and to make the tourism industry a major contributor to the socio-economic development of the nation.

On this note, we embarked on this research with the hope that the findings would contribute to the government's effort in boosting the tourism industry. This study concentrates on the economic impact of tourism in a chosen area, that is, Kelantan. Kelantan was chosen as the subject of the study mainly because there has never been any such study on these areas although Kelantan is quite a famous destination amongst domestic as well as foreign tourists. Kelantan's rich cultural heritage and beautiful beaches are among other reasons for tourists'