

The Comparison Between Indonesian and Malaysian Tourism Performance, Policies and Sources

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Abstract: Indonesia and Malaysia are the two members of ASEAN and the tourism sector contributes significantly to the economy of these two countries. These two countries have similar culture, language and climate, even though, they are contrast in number of population, wide, ethnic, government system and government policy on tourism. Even though these two countries have similarities but the tourism performance is different. This study will try to investigate the comparison of tourism sector between the two countries including performance, the competitiveness, the policies, the sources of tourism sector and contribution to the economy of both countries. It may be concluded that Malaysia has a better competitiveness compared to Indonesia. Furthermore, the two countries have been trying to prepare the programs and policies which are conducive to the development of tourism sector. They have had a definite program to increase the role of tourism to the economy each. However in implementation, Indonesia hampered by sluggish bureaucracy so that the results could not be maximized. In terms of performance, Malaysian tourism sector is better than the performance of Indonesian tourism sector. Nevertheless in terms of quality, Indonesia has much more appeal than that of Malaysia, Indonesian visitors are more variation, the market diversification is much stronger and there are more places to visit. Moreover in terms of contribution to GDP and the contribution to capital investment, generally, Indonesia is better than Malaysia while in terms of contribution to the employment, Malaysia tend to be better than Indonesia.

Key words: Tourism, Malaysia, Indonesia, economic development, employment

INTRODUCTION

Tourism is currently considered to have a significant role in the national economy Southeast Asia and Asia in general as well as the world economy. In the recent years, there is a shift in the international tourist destination countries from developed countries (among others; France, Spain, USA and Italy) to countries in Asia (China, Hong Kong, Malaysia, Thailand). This shift could be a great opportunity for the development of tourism in Southeast Asia, including Indonesia and Malaysia. David Harcombe said that tourism economic impacts are mainly considered to be beneficial. These are the generation of foreign exchange, the creation of new job and employment opportunities, the stimulation of trade, income and entrepreneurship especially in the service and small business sectors, the provision of new infrastructure which is available for non-tourism uses, increased regional development particularly in isolated areas, greater tax revenues permitting greater government spending or reduced taxes on other activities and the operation of what is called the multiplier effect.

Richardson (2010) and Phu (2014), Southeast Asia as a home to eleven countries (i.e., Brunei, Cambodia,

Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Timor-Leste, Thailand and Vietnam) is rich in natural and cultural resources due to the diversity of climate and ethnology. Southeast Asia is also a well-known destination in the world tourism map. According to Gaffar *et al.* (2011), countries in South East Asia region has a wealth of beautiful nature, interesting art and culture, history and heritage of diversity. Moreover, World Economic Forum (2012) mentioned that the potential for developing the T&T sector is enormous. The Southeast Asia region has many assets to lure the visitor. It boasts some of the world's most spectacular landscapes and attractions, vast ecosystems with stunning wildlife and rich culture and history. It possesses a long tradition of tourism and is strategically located in the heart of Asia, the world's most economically dynamic region. The extraordinary diversity of ASEAN countries while posing some challenges to integration further enhances the attractiveness of the region which offers complementary tourism experiences and appeals to visitors of all types. The T&T sector plays an important role in the overall ASEAN economy. Indonesia and Malaysia are the two members of ASEAN and the tourism sector contributes significantly to the

economy of these two countries. For Malaysia, tourism plays an important role and tourism industry has been identified as a key driver in the service sector. Tourism sector is identified as the largest generating into Malaysian economic growth. Tourism is also main source and the biggest contribution in Malaysian economy. Now a days, tourism industries becoming increasingly vital namely are catalyst in Malaysian economic development and contribute much to income and country's growth. Furthermore, it can become aspiring a foreign centre for tourism. On the other hand in recent years, Indonesia's tourism industry is growing rapidly and has a bright prospect to be developed into one of the major contributors to the state's economy after oil and gas (ILO, 2011). The tourism sector plays an important role in the Indonesian economy, both as a source of Foreign exchange earnings and job creation and business opportunities. Tourism is also one of the largest contributing sector in the national economy through foreign tourists (Adi Lumaksono *et al.*, 2012).

These two countries have similar culture, language and climate even though they are contrast in number of population, wide, ethnic, government system and government policy on tourism. Based on the explanation above even though these two countries have similarities but the tourism performance is different. World Economic Forum (2012), ASEAN member countries were categorized in four groups, Singapore, the highest placed nation in the bloc. Next are Malaysia and Thailand which do well despite some weaknesses. A third group, consisting of Brunei Darussalam, Indonesia and Vietnam demonstrate clear strengths counter balanced by weaknesses. Finally, the Philippines and Cambodia present shortcomings in most dimensions.

So, it is interested to compare the performance, the strength and the weakness of tourism sector in these two countries. This study will try to investigate the comparison of tourism sector between the two countries including performance, the competitiveness, the policies, the sources of tourism sector and contribution to the economy of both countries.

Literature review: A prominent feature of tourism is its potential to create backward and forward linkages that are strong and diverse. Indeed, a study of the tourism sectors in India, Brazil and Indonesia found that linkages (both backward and forward) were particularly strong for the tourism sector relative to linkage strengths for most other sectors, confirming tourism as a sector capable of stimulating broad-based economic activity. On the other hand, UNCTAD mentioned that the tourism value chain can incorporate many sectors in an economy. Furthermore, UNCTAD explained that its promotion

will require the construction and operation of hotels, restaurants and other tourism-related facilities through backwards linkages and the development of basic infrastructure services such as energy, telecommunications and environmental services; agriculture, manufacturing and other support services. It can also create a wide range of forward linkages with sectors supplying services consumed by tourists. These include financial, telecommunications, retail, recreational, cultural, personal, hospitality, security and health services. In addition, countries wishing to strengthen their tourism sector will need to develop other tourism supporting infrastructure such as airports, proper roads, ports, hospitals and banks which are essential for providing access to high-quality services and creating a competitive tourism destination.

With such a broad reach and large impact, the tourism sector will be highly reliable in creating business opportunities, increasing employment opportunities, improving incomes and accelerating equitable distribution of income of people as well as increasing the government tax revenues and levies (Richardson, 2010). Tourism also will increase national income, investment as well as having a large enough role in addressing macroeconomic issues such as inflation, unemployment, balance of payments (ILO, 2011; Pratt and Rivera, 2011). However, the contribution of the tourism sector to economic growth, job creation, domestic capacity-building and poverty reduction depends on the extent to which the tourism sector is integrated into the national economy through backward and forward linkages with other sectors and integration into regional and global value chains, the extent to which revenue generated by tourism including Foreign exchange is used to finance infrastructure development, support local enterprises in particular Small and Medium-sized Enterprises (SMEs) and to develop the skills and institutions needed to create a vibrant local economy, the policies and strategies adopted by governments and whether they encourage increased domestic and foreign investment in tourism, transfer of technology and know-how; promote labour-intensive activities and target regions where the poor live and work national efforts to ensure that tourism activities are carried out sustainably and meet economic, social and environmental objectives.

Tourism attribute is very important in order to reach overall satisfaction of tourists as well as to generate income. Buhalis in Gaffar *et al.* (2011) explain that there are six components of tourism attribute, i.e., attractions, accessibility, amenity, packages available, activities and ancillary services. Furthermore, Elena (2013) wrote that there are four factors influencing tourists to choose a

tourism destination, these are destination image, country brand, country of origin and customer's general behaviour.

MATERIALS AND METHODS

The indicators which are compared between the two countries the tourism sources, the strength, the potentials, the weakness, the regulation, performance and the economic contribution of tourism. Each of these indicators will be describe qualitatively except the performance and the economic impact. For the performance will be compared based on the world ranking, competitiveness level while for the economic contribution indicated by contribution to GDP, contribution to employment, contribution to capital investment, contribution to total exports.

World ranking used is the country rank based on WTTC (2015) and Knoema (2015) while the competitiveness level is based on World Economic Forum (2012). Moreover, the economic impact is determined based on according to WTTC (2015) which is explained as the following.

Contribution to GDP is divided into direct contribution to GDP which is generated by industries that deal directly with tourists, including hotels, travel agents, airlines and other passenger transport services as well as the activities of restaurant and leisure industries that deal directly with tourists. It is equivalent to total internal travel and tourism spending within a country less the purchases made by those industries (including imports), total contribution to GDP is generated directly by the travel and tourism sector plus its indirect and induced impacts including investment activity such as the purchase of new aircraft and construction of new hotels; government 'collective' spending which helps travel & tourism activity in many different ways as it is made on behalf of the 'community at large', domestic purchases of goods and services by the sectors dealing directly with tourists (Phu, 2014).

Contribution to employment is also divided into direct contribution to employment which is the number of direct jobs within travel and tourism, total contribution to employment; the number of jobs generated directly in the Travel and Tourism sector plus the indirect and induced contributions. Contribution to capital investment, includes capital investment spending by all industries directly involved in Travel and Tourism. This also constitutes investment spending by other industries on specific tourism assets such as new visitor accommodation and passenger transport equipment as well as restaurants and leisure facilities for specific tourism use.

Visitor exports spending within the country by international tourists for both business and leisure trips, including spending on transport but excluding international spending on education, this visiting exports is equal to total inbound tourism expenditure.

Domestic travel and tourism spending or total domestic tourism expenditure spending within a country by that country's residents for both business and leisure trips. Multi-use consumer durables are not included since they are not purchased solely for tourism purposes. Business travel and tourism spending is defined as spending on business travel within a country by residents and international visitors. Leisure travel and tourism spending is defined as spending on leisure travel within a country by residents and international visitors.

The strengths, the potentials and the competitiveness:

Indonesia is the largest archipelago in the world that consists of 17,504 islands (including 9634 islands that have not been named and 6,000 uninhabited islands), >746 languages, 1,128 tribes, 350,000 types of vegetation. The total area of the Indonesian archipelago with a land area of 1.9 million km² and 7.9 million km² of water area. The country is the world's second mega biodiversity and is known as the world's largest maritime waters covering an area of 93,000 km², the length of the beach is about 81,000 km² or nearly 25% of the long beach in the world. Indonesia has the largest orchid biodiversity in the world (6,000 species of orchids) of which the largest such as Tiger Orchid (*Grammatophyllum speciosum*) to the smallest, including the rare black orchid and only in Papua. In terms of animal diversity, there are ancient animals that are still alive, Komodo which is the largest lizard and the only one in the world with up to three meters long and can weigh up to 90 kg which is located in Komodo Island, East Nusa Tenggara. The wealth of underwater nature is also not less attractive. Under the sea Wakatobi (Southeast Sulawesi) has 750 of the 850 species of coral species in the world. Even Indonesian is famous for its coral triangle (Insanwisata, 2015). Besides that Indonesia has plenty of islands spread from Sabang to Merauke which is not optimal managed and utilized, especially marine tourism, so that only a few of the marine tourism destination been visited by tourists as Bali, Lombok, Raja Ampat, Mentawai Islands, Wakatobi and Komodo Island (Pikiran Rakyat Online, 2014). Gaffar *et al.* (2011) reported that Indonesia is one of the countries that has a quite similar uniqueness, especially in the climate, topography and cultural attractions. Hence, it can be concluded that as a tropical country that is known to have a high biodiversity, Indonesia has a competitive and comparative advantage in the form of beauty and uniqueness of the natural and cultural which distinguish

this country with others. These natural beauty, historical heritage as well as cultural diversity are the wealth which should be offered to the tourists.

Furthermore, based on World Economic Forum (2012) and Putra (2013), Indonesia's tourism sector has four strengths: natural resources; Indonesia is ranked 6th in terms of natural resource wealth with some recognition of world heritage including the existence of flora and fauna, Cultural richness; although, Indonesia is only ranked 38th in terms of culture with 10 kinds of culture that has been recognized as world heritage, the culture richness is still regarded as one of the advantages of tourism in Indonesia, price competitiveness. In terms of price competitiveness, Indonesia is still considered to be good because it is still ranked 9th. This is caused a part by competitive hotel rates, low ticket taxes and airport charges as well as favourable fuel prices, national prioritization of tourism; in terms of national prioritization of tourism, Indonesia was ranked 19th.

In addition as explained by Kompas Com (2014), PES survey (passenger exit survey) 2013 reported that there are five products of tourism contributing to Indonesian tourism sector: shopping and culinary (80%), religious tourism and heritage (80%), marine tourism (35%), MICE tourism (25%) and sports tourism (5%).

Similar to Indonesia, Malaysia also rely on the climate and natural resources in developing the tourism sector. Based on Aissa Mosbah and Saleh (2014), Malaysia is a South East Asian country which covers an area of about 336,700 km² and consists of West and East Malaysia. Malaysia's greatest strength is its fascinating nature with year round sunshine, cultural diversity and friendly people. Leisure, business-related events and shopping are often the most attracting activities for tourists. Entertainment, beach and island tourism are increasingly becoming some of the major areas where tourists spend much time. Moreover, with the population of 23 million which consists of Malaysia (57%), Chinese (30%), Indians (8%) and indigenous people, Malaysia become an exotic blend of cultures and multi-racial population which practices various religions such as Islam, Buddhism, Taoism, Hinduism and Christianity. All this cultures have influenced each other, creating a truly Malaysian culture. Malaysia is rich with diverse natural attractions which become an asset to the country's tourism industry. The geographic location of Malaysia, surrounded by sea has made its rich with surrounding island's attractions in the form of well-preserved nature, white sandy beach, diverse sea creatures and beautiful corals. On the other hand, the larger part of Malaysian land, especially Sabah and Sarawak is covered with tropical rainforest which holds hundreds of thousands of animal species, many of

which are unique to the region and the world. These include 286 species of mammals, 736 species of birds, 406 species of amphibians and reptiles and >100,000 species of insects (The Encyclopedia of Malaysia, 1998).

Based on World Economic Forum in 2012 in terms of tourism competitiveness, Malaysia has strengths on rich natural resources, cultural resources, excellent price competitiveness with comparatively low fuel prices, low ticket taxes and airport charges, competitive hotel prices and a favourable tax regime. It was also pointed that Malaysia's environment policy is very conducive to the development of the sector which has improved since the last assessment and the country is characterized by a strong affinity for Travel and Tourism more generally. Moreover, according to UKessays (2015), Malaysia also offers a modern airport facilities, easily acquired accommodations and also first class accommodations with a low cost. To add on english is widely spoken in Malaysia as this ease tourist means of communication. Malaysia will be an ideal tourism location for long or short term holidays. Mosbah and Saleh (2014) argued that Malaysian government promotes various types of tourism however, culture and heritage tourism, medical tourism and education tourism are some of the types that significantly increase the tourist interest especially in the last years.

Table 1 shows a detailed comparison of the level of competitiveness of both countries. While the components of competitiveness index for the previous year can be seen on Table 2. Based on the above table and explanation, it can be concluded that the two countries have many similarities and both of them rely on the same resources, namely natural resources, culture and heritage. Nevertheless, Malaysia has a better competitiveness

Table 1: The competitiveness index of Malaysian and Indonesian

Competitiveness index	Indonesia	Malaysia
Overall index		
Regional rank	12.00	8.00
Overall rank 2013	70.00	34.00
Overall rank 2011	74.00	35.00
Score	4.03	4.70
T&T regulatory framework		
Rank	95.00	55.00
Score	4.18	4.82
Business environment and infrastructure		
Rank	84.00	41.00
Score	3.36	4.36
T&T human, cultural and natural resources		
Rank	31.00	17.00
Score	4.56	4.93

World Economic Forum. 2013. The Travel and Tourism competitiveness report 2013 reducing barriers to economic growth and job creation insight report Jennifer Blanke and Thea Chiesa, editors

Table 2: The comparison of the competitiveness of Malaysian and Indonesian Travel and Tourism competitiveness index (scale 1-7)

Assessment factors	Malaysia	Indonesia
Rules and policies	5.1	4.2
Environmental sustainability	4.6	3.9
Safety and security	4.5	4.7
Health and hygiene	4.5	2.6
The priority scale of the travel and tourism sector	4.8	5.7
Airport infrastructure	4.2	3.3
Landline infrastructure	4.6	3.2
Tourism infrastructure	3.6	2.0
IT Infrastructure	3.7	2.5
The competitiveness of rates	5.6	5.6
Human resources	5.2	5.0
The closeness of the travel and tourism	5.4	4.2
Natural resources	4.5	4.7
Cultural resources	3.8	3.5

Viva.co.id 2012 10 Keunggulan Wisata Malaysia dari Indonesia

when compared with Indonesia. Besides health and educational tourism which are mainstay of Malaysia's tourism in which Indonesian tourism does not focus on them, the excellence is apparently related to the tourism promotion which is done by the Malaysian government itself in addition to increasing the country's reputation as an attractive shopping centres in the world, in this case, promotion is a matter of communication and communication is an essential part of marketing. On the contrary, Indonesian tourism is very weak in marketing as reported by Republika Online (2015) that argued one of Indonesian tourism weakness is marketing, the players in tourism have a lot of theory but weak in implementation.

The weakness and the problems of tourism faced by the countries:

Armida S. Alisjahbana claimed that Indonesia's competitiveness in the tourism sector is still low due to supporting regulations, certainty in business and supporting infrastructure are limited, support is limited in terms of human resources, culture and natural resources. Previously, Didik J. Rachbini identified fundamental weakness of Indonesian tourism as: weak at the image level; Indonesia depicted as a country or region that is not safe, bad political and social image which are considered prolonged in uncertainty, the element of promotion and marketing of tourism in Indonesia is weak because it stuck with limited bureaucracy motion, a fundamental weakness in the Indonesian bureaucracy is nothing but a weakness in coordination system, the weakness of the Indonesian tourism is also located in the planning system and the implementation. Likewise, World Economic Forum (2012) pointed out that the weakness points of Indonesian tourism are underdeveloped infrastructure in the country, especially ground transport, tourism infrastructure and ICT infrastructure; together these represent significant investment opportunities in the country, safety and security, particularly the business

costs of crime and potential terrorism, the environmentally sustainable development of the tourism sector, an area of particular concern given the sector's dependence on the quality of the natural environment. The ground transport was ranked 87th, tourism infrastructure was at the position of 113, ICT infrastructure was at 87th position, environmentally sustainable development of the tourism sector was at the position of 125. Moreover, Republika.co.id argued that one of Indonesian tourism weakness is marketing, the players in tourism have a lot of theory but weak in implementation. They said that they are committed on tourism but in fact they have not been committed on this point. One evidence is the budget for tourism sector which is not maximized. On the other hand, Harimawan (2012) reported that Indonesia has relatively comparative disadvantage compared to others, except Singapore and Brunei Darussalam and also called the net-importer country in international tourism. This is reflected in the entering of Indonesia tourism sector to the group D in the past 5 research years.

Meanwhile, UKEssays (2015) mentioned that besides the strength, Malaysia is facing their major weakness which is their low profit margin. Due to the low price of accommodations, Malaysia is facing a slow economic return. Four to five star hotels is being sold at a low profit margin which is below the hotel rates around the world. This affects the services and the quality that is offered. Due to the low return, not many training can be conducted for the hotel staffs and not much refurbishing can be done to the hotel. The hotels rather keep the current situation due to the low profit margin. While, in accordance to World Economic Forum (2012), health and hygiene indicators trail those of many other countries in the region with in particular, a low physician density and few hospital beds available. Furthermore, environmental sustainability remains an area for improvement with high emission levels and several threatened species, although business leaders feel that efforts are being made in this area.

Related to the weakness of Malaysian tourism, Ayob and Masronw (2014) wrote that the image as safety and secure destination was tarnished a few years lately and new unfortunates incident in this year bring more damage to Malaysia image. Healthy issues, terrorism, Lahad Datu intrusion, repeated kidnapping and shooting in Sabah, twin airlines incident, riot and illegal demonstration and false reporting by international media brings new challenging to Malaysia. While, according to the Borneo online, the Minister of Tourism, Culture and Environment mentioned that cleanliness is the most critical issues and constantly need to be addressed as it

Table 3: The problems and the challenges facing by the Indonesian tourism sector

Problems	Challenges
Indonesian tourism cannot compete on a global level	Enhance the readiness of national tourism destination in order to compete in the global market and meet the needs of tourists with due regard to the principles of sustainable tourism development
Investment environment has not been favourable in the tourism sector so hard to increase investment in the sector	Improving the investment environment in tourism sector in order to increase investment in the sector
Current conditions indicate that the number, type and quality of human resources in the tourism sector is still limited	Development of tourism human resources to improve the quality and quantity as well as the professionalism of human resources competency-based tourism and international standards
The availability of ICTs has not been satisfactory to support the online activity of the tourists both for marketing tourism and meeting the needs of visitors to get tourism information	Improving the ability to take advantage of ICT progress for tourism marketing, tourism destination development and strategy development of e-Business and e-marketing to reach a much broader market and indefinitely
Collaboration between the government and the private sector in tourism development is not optimal	Increasing effective collaboration and efficient partnerships between government, privates, and communities
Infrastructure support for tourism development is still very limited	Strengthen national connectivity to support the development of national tourism

is a major problem for the tourism sector in the state. Previously, Aniza *et al.* (2009) reported that the weaknesses of Malaysian tourism, especially health tourism, include the lack of impressive promotional activities and customer service. Malaysia also seems to lack focused provision of medical treatment or branding. Other weaknesses include the inconvenience of obtaining extension of the social visit pass (LBM, 2014).

Government policy on tourism and solution to the problems: In accordance to swa.co.id, tourism sector is very important for the current Indonesian government. The sector was included as one of five priority sectors of the economic development of the government. The five sector are consecutively starting from food, fishery, energy, industry, up to tourism. These sector were chosen due to be considered as the strength and as the main needs (Blanke and Chicsa, 2013; Mazumder *et al.*, 2013).

Based on Kuswara (2013) as the Secretary General of the Ministry of Tourism and Creative Economy, the priority of tourism sector are focused on development of tourism industry, development of tourism destinations, development of marketing and promotion of tourism, development of institutional and human resources tourism. The development of tourism industry can be classified into two aspects; the development of business, industry and tourism investment, the development of tourism standardization. Meanwhile, the development of tourism destinations is divided into three parts; the development of tourism attraction, people empowerment in tourism destination, increasing the National Program for Community Empowerment or PNPM Mandiri (Program Nasional Pemberdayaan Masyarakat Mandiri) in tourism sector. On the other hand, the development marketing and promotion of tourism is grouped into four groups; enhancing the promotion both in and outside the country, development of tourism market information, increasing tourism publication, enhancing meeting, incentives, conferences and exhibition or MICE. Lastly, the development of institutional and human resources tourism can be categorized into three parts; developing

human resources of culture and tourism; research and development for tourism sector development of higher education in tourism.

Furthermore, Kuswara (2013) also mentioned that Indonesian tourism development efforts focused on: cultural and historical tourism; nature tourism and ecotourism; recreational sport travel (diving, surfing, sailing boat, tracking and climbing, golf, cycling, marathon); cruise tours, shopping and culinary travel, health and fitness tourism, convention travel, incentives, exhibitions and events.

Meanwhile, previously Alisjahbana as the Ministry of tourism and creative economy identified the problems faced and the challenges of tourism sector of Indonesia as can be seen on Table 3.

In the meantime, according to Bhuiyan *et al.* (2013), the government in Malaysia has played a crucial role in the adoption and formulation of various laws while providing the appropriate institutional and legal framework to ensure sustainable tourism. Two government bodies are in charge of the development of tourism in Malaysia. Firstly, the Ministry of Culture, Arts and Tourism which is responsible for planning, monitoring and coordinating policy with the government. Secondly, Malaysia Tourism Promotion Board (MTPB or Tourism Malaysia) whose main role is to market and promote tourism aspects and suggest investment opportunities. Furthermore, Aissa Mosbah (2014) based on Prime Minister's Office of Malaysia Website explained the tourism strategy development in the last five Malaysian Plans Malaysian Plans (MPs) as Table 4 and Fig. 1.

It has been shown that the government of both countries consider the importance, the broad reach and large impact of tourism sector. The two countries have been trying to prepare the programs and policies which are conducive to the development of tourism sector. Theoretically, the two countries have had a definite program to increase the role of tourism to the economy each. However in implementation, Indonesia hampered by sluggish bureaucracy so that the results could not be maximized.

Table 4: Malaysian tourism strategy development.

Malaysian Plan Period	Tourism strategy development
MP 6 (1990-1995)	Channel investment into the country and nurture selected activities able to create employment and linkages with other economic sectors and generate tourism growth, income and added value Provide the necessary support to promote Malaysian destination locally and internationally
MP 7 (1996-2000)	Diversify products and services to meet needs of tourists Promote new products namely; sports, shopping, conventions and water based activities Ensure more effective marketing and promotional efforts Encourage investment and especially private sector participation in innovative tourism projects Increase the involvement of local communities and small entrepreneurs improve infrastructures and Provide necessary basic facilities provide communication facilities
MP 8 (2001-2005)	Balance between economic, environmental, cultural and social, when aspects planning and implementing of tourism activities Designing methods to conserve physical environment and cultural heritage Establishment of a holistic approach in tourism development (hospitality, innovation and strength of the private sector, creating courtesy and public consciousness) Display Malaysia as an along-the-year carnival destination More focus on products that cater special needs such as cruise and yachting tourism
MP 9 (2006-2010)	Ensure safety, comfort and well-being of tourists Ensure the development of sustainable tourism Support innovative tourism services Encourage marketing and promotional activities Focus on new developing new product such as agro-tourism, eco-tourism, educational tourism, meetings and exhibitions, sports and recreational tourism and Malaysia My Second Home
MP 10 (2011-2015)	Stressing the state's tourism development based on the nine core areas of heritage tourism, ecotourism, homestay tourism, sports tourism, coastal and island tourism, meetings and exhibition tourism, food tourism, golf tourism and shopping and health tourism Improve the image of tourism destinations Implement major tourist events and large-scale programmes intended to improve levels of comfort, safety, cleanliness More development for tourism facilities and infrastructures Continue marketing and promotion of intensive tourism products in key markets in Asia, Indo-China and Europe Emphasis quality of training and human resource development in order to deliver quality services

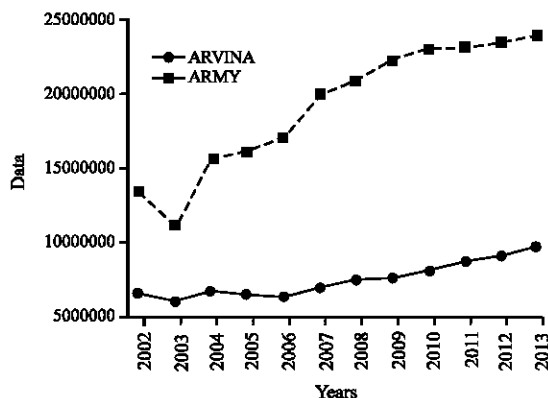


Fig. 1: Time series plot of the amount of visitor arrivals into Indonesia and Malaysia

RESULTS AND DISCUSSION

The performance and the contribution to the economy: One important indicator of the performance of tourism sector is the number of visitor arrivals. In order to compare the performance, the visitor arrival trend to the two countries are shown on the following time series.

Based on the graph, it can be concluded that the trend of tourists coming to Malaysia is sharper than the trend of tourists coming to Indonesia and the difference tends to be bigger. In other words, the trends indicating that the performance of Malaysian tourism sector is better

than the performance of Indonesian tourism sector. Additionally, this circumstances sustained to the year of 2014 as the number of tourists coming to Malaysia were 28 million while visitors travelling to Indonesia were only 10 million. However, argued that in terms of quality such as the length of traveller stay, the average length of time to settle in Indonesia was 7 days while the average for Malaysia was only 3-4 days. If the quality is measured by the amount of money spent by tourist in each visit, for Malaysia is around US\$ 600 per visit while for Indonesia is US\$ 1100 per visit. It can be said that the quality was different because Indonesia has much more appeal than that of Malaysia. Moreover, the Malaysian inbound tourists predominantly come from Singapore and Indonesia while the Indonesian inbound visitors are from Singapore, Malaysia, China, Australia, Japan and some countries in Asia and Europe. So Indonesian visitors are more variation, the market diversification is much stronger and there are more places to visit.

Moreover, that based on data released by the World Travel and Tourism Council's (WTTC) 2014, Indonesia's tourism and travel sector recorded the highest growth of all G20 economies last year. Indonesia's travel and tourism sector grew by 8.4% or US\$ 10.28 billion last year, propelled by the some 8.7 million foreign tourists that visited Indonesia as well the growth of domestic travel and tourism. Both international and domestic expenditures on business travel, leisure and transport rose last year with growth rates of 15 and 7%, respectively. Furthermore, beatmag.com wrote that according to David Scowsill

Table 5: Travel and tourism's contribution to the Indonesian and Malaysian Economy 2014

Indicators	Indonesia		Malaysia		Asia	World
	World rank	Contribution	World rank	Contribution	pacific average	average
Direct contribution to GDP (US\$ billion)	17	27.5	23	18.6	21.7	19.4
Direct contribution to GDP (percentage growth)	26	6.0	37	5.6	5.1	3.7
Direct contribution to GDP (percentage share)	99	3.2	48	5.3	3.0	3.1
Long term growth direct contribution to GDP (2015-2025, percentage growth pa)	43	5.3	101	4.1	4.9	3.9
Total contribution to GDP (US\$ billion)	17	79.8	26	49.2	67.3	58.3
Total contribution to GDP (percentage growth)	12	7.0	39	5.3	5.5	3.7
Total contribution to GDP (percentage share)	94	9.3	50	14.9	9.2	9.8
Long term growth total contribution to GDP (2015-2025, percentage growth pa)	27	5.9	73	4.5	5.0	3.8
Direct contribution to Employment (000 jobs)	5	3325.8	24	724.3	2000.0	827.0
Direct contribution to Employment (percentage growth)	83	2.3	56	3.5	1.8	2.0
Direct contribution to Employment (percentage share)	114	2.9	52	5.3	3.7	3.6
Long term growth direct contribution to employment (2015-2025, percentage growth pa)	131	1.4	52	2.9	2.0	2.0
Total contribution to employment (000 jobs)	4	9813.9	24	1769.9	4673.9	2076.6
Total contribution to employment (percentage growth)	50	3.3	54	3.1	2.8	2.6
Total contribution to employment (percentage share)	104	8.4	56	13.0	8.5	9.4
Long term growth total contribution to employment (2015-2025, percentage growth pa)	105	1.8	36	3.2	2.6	2.3
Capital investment (US\$ billion)	13	14.1	25	5.9	9.5	4.5
Investment (percentage growth)	64	5.7	76	5.3	6.3	4.8
Contribution to capital investment (percentage share)	88	6.2	73	6.8	3.7	4.3
Long term growth contribution to capital investment (2015-2025, percentage growth pa)	11	7.1	21	6.3	5.7	4.6
Visitor exports (US\$ billion)	32	11.2	14	22.6	12.4	7.5
Visitor exports (percentage growth)	47	5.5	40	5.8	3.0	2.8
Visitor exports contribution to total exports (percentage share)	117	5.6	88	8.6	5.2	5.7
Long term growth visitor exports contribution to exports (2015-2025, percentage growth pa)	40	5.5	123	3.5	4.7	4.2

World Travel and Tourism Council. 2015; Travel and Tourism Economic Impact 2015 Indonesia and World Travel and Tourism Council 2015; Travel and Tourism Economic Impact 2015 Malaysia

(President and CEO of the WTTC), the growth of Indonesia's tourism and travel sector is a result of Indonesia's robust economic growth and rising interest in Indonesia as a tourist destination. Then Table 5 will show contribution of the tourism sector to the economy of each country. Based on the Table 5 in terms of total and direct contribution to GDP, Indonesia is better than Malaysia both in dollar unit and in the form of percentage of growth but in the form of share percentage to GDP, Malaysia is higher than Indonesia. However in terms of contribution to the employment almost all categories, Malaysia is better than Indonesia except in the form of number of labours in tourism sector and the growth percentage of total contribution the employment. Based on the comparison of the long term growth contribution to GDP and the long term growth contribution to employment in the future it can be concluded that Indonesia is more prospective in terms of contribution to GDP on the other hand in terms of contribution to employment, Malaysia is more promising.

In terms of the contribution to capital investment, Indonesia is better than Malaysia both in the form of

dollar unit and growth percentage while in the form of share percentage, Malaysia is a little bit better. However, in the long run, the growth percentage of Indonesian tourism contribution to capital investment is bigger than that of Malaysia. Hence, it could be said that Indonesian tourism sector is more promising to contribute toward capital investment in the future. For the contribution toward exports of all indicators, Malaysia is better than Indonesia even though in the long run, the growth of tourism contribution to export of Indonesia is higher than that of Malaysia.

Comparing to Asian Pacific average and World average of all indicators, Indonesia exceeds both the Asian Pacific average and World average except total and direct contribution to employment in the form of share percentage as well as long term growth total and direct contribution to employment. In the meantime, Malaysia exceeds the Asian Pacific average and World average in many indicators except direct and total contribution to the GDP in the form of dollar unit as well as direct and total contribution to employment in the form of the number of labours.

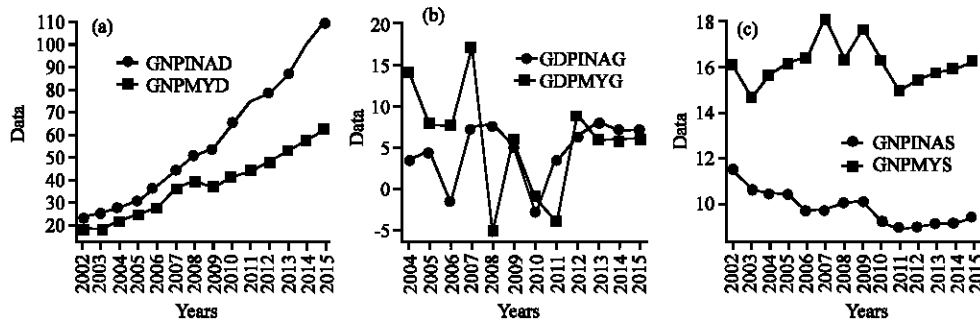


Fig. 2: Time series plot for the total contribution to GDP; a) in dollar unit; b) in the form of percentage of growth and c) in the form of share percentage to GDP

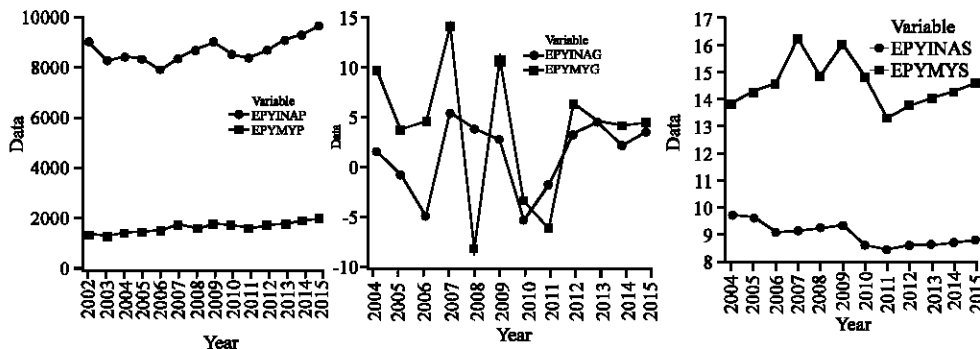


Fig. 3: Time series plot for the total contribution to employment: a) in the form of dollar unit; b) in the form of growth percentage and c) in the form of share percentage to employment

Table 6: Details of the contribution of tourism to the economy of Malaysia and Indonesia

Indicator	Indonesia	Malaysia
Business's vs. Leisure		
Leisure spending	78.7	48.8
Business spending	21.3	51.2
Domestic vs. Foreign		
Foreign visitor spending	23.3	57.7
Domestic spending	76.7	42.3
Breakdown of travel and tourism's Total contribution		
Direct	34.4	37.9
Induced	21.1	16.2
Indirect	44.5	45.9
Supply chain	22.8	36.3
Investment	14.4	8.3
Government collective	7.5	1.3

World Travel and Tourism Council. 2015. Travel and Tourism Economic Impact 2015 Indonesia. www. World Travel and Tourism Council. 2015. Travel and Tourism Economic Impact 2015 Malaysia

Whereas, if the contribution is broken down into leisure and business spending, distinguished between domestic and foreign spending as well as categorized into direct, induced and indirect contribution, the data could be seen on Table 6. Based on Table 6, it can be said that visitors coming to Malaysia is slightly different between the purpose of business and leisure while majority of

travellers coming to Indonesia is for leisure. Likewise, Malaysia gain income slightly higher from foreign visitors comparing to domestic spending while Indonesia tourism sector gain income mostly from domestic rather than foreign spending. Nevertheless for the breakdown of total contribution, both Malaysia and Indonesia have the same pattern, indirect contribution is the biggest one followed by induced and direct contribution. Addition to the above explanation Fig. 2 will show the trend of contribution to GDP for both countries. Based on the Fig. 2, for the contribution in dollar unit, Indonesia is higher which the difference tends to be wider in the form of growth percentage, it seems to be similar in the future and in the form of share percentage, the difference tends to be constant which Malaysia is higher. Furthermore, Fig. 3 will show the trend of tourism contribution to employment for the two countries. In accordance to Fig. 3 for the trend of contribution to employment in the form of dollar unit, Malaysian tourism trend is declivous while Indonesian trend is slightly sharper with higher amount. In the meantime in the form of growth percentage, the two countries will tend to be similar and less fluctuated. While in the form of share contribution to employment, both

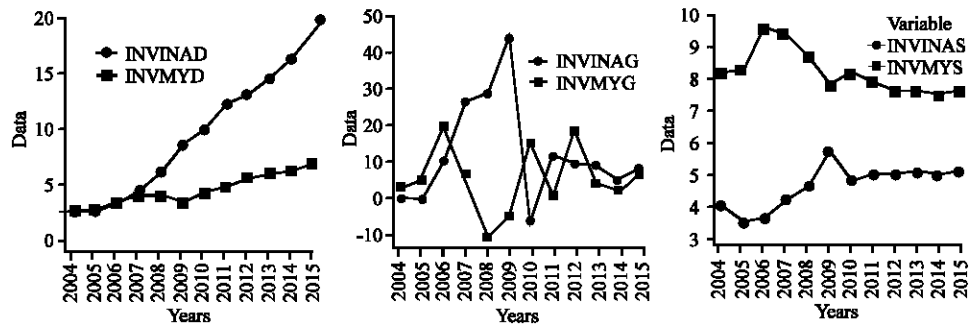


Fig. 4: Time series plot for the total contribution to capital investment: a) in the form of dollar unit; b) in the form of growth percentage and c) in the form of share percentage to investment

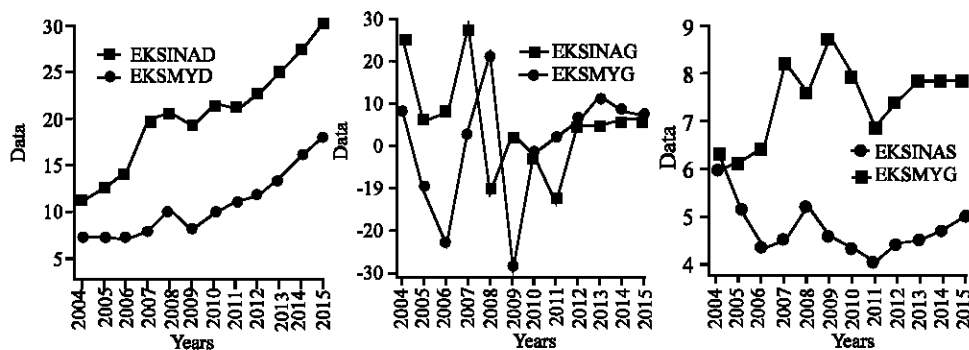


Fig. 5: Time series plot for the total contribution to the total exports; a) in the form of dollar unit; b) in the form of growth percentage and c) in the form of share percentage to the total exports

Indonesia and Malaysian tend to be constant so that the difference is also relatively constant. Based on Fig. 4, it may be concluded that the trend is similar to the contribution to employment. In the form of dollar unit, Indonesia grows rapidly while Malaysia increases slower. In the form of growth percentage, the trend of the two countries are similar on the other hand in the form of share percentage, both Malaysia and Indonesia tend to have constant slope, nonetheless, Malaysia has higher value. Another essential point is the trend of contribution to exports as can be seen on Fig. 5. As it can be seen on Fig. 5 patterns are different among the three graphs of the tourism contribution to the total exports. In the form of dollar unit, the contribution to the total export of Malaysia is always higher even though the trend of the two graphs are similar. Similarly in the form of growth percentage, the contribution to the export growth of Malaysia is also higher but the trend of the two graphs tend to be constant. On the other hand in the form of share percentage, Malaysia was initially higher than Indonesia but later Indonesia became higher than Malaysia.

CONCLUSION

It has been shown that both countries have similar resources and offer similar tourism product. The two

countries rely on wealth of beautiful nature, climate, topography, interesting art and culture, history and heritage of diversity. Besides the similarities, they are contrast in number of population, wide, ethnic, government system and government policy on tourism as well as the tourism performance. Moreover, Malaysia's environment policy is very conducive to the development of the tourism sector especially the adoption and formulation of various laws, providing the appropriate institutional and legal framework to ensure sustainable tourism as well as intensively promoting Malaysia tourism sector. On the other hand, the implementation of Indonesian government program on tourism development is hampered by sluggish bureaucracy so that the results could not be maximized. Other weaknesses of Indonesian tourism are the players in tourism have a lot of theory but weak in implementation, underdeveloped infrastructure, limited in qualified human resources, weak at the image level as well as safety and security problems. In the meanwhile, Malaysia has weaknesses in cleanliness, health and hygiene, environmental sustainability and low profit margin.

Related to the tourism product Indonesian tourism development efforts focused on cultural and historical tourism, nature tourism and ecotourism, recreational sport travel (diving, surfing, sailing boat, tracking and climbing,

golf, cycling, marathon), cruise tours, shopping and culinary travel, health and fitness tourism, convention travel, incentives as well as exhibitions and events. Out of them, five products become the most contributing to tourism sector, i.e., shopping and culinary, religious tourism and heritage, marine tourism, MICE tourism and sports tourism. Meanwhile, Malaysian government promotes various types of tourism, however, culture and heritage tourism, medical tourism and education tourism are significantly increase the tourist interest especially in the last years. The performance of Malaysian tourism sector is better than the performance of Indonesian tourism sector. Nevertheless in terms of quality, Indonesia has much more appeal than that of Malaysia, Indonesian visitors are more variation, the market diversification is much stronger and there are more places to visit. On the other hand, the contribution of tourism sector toward each country's economy varies. For the contribution to GDP, Indonesia is better than Malaysia both in dollar unit and in the form of percentage of growth but in the form of share percentage to GDP, Malaysia is higher than Indonesia. In terms of contribution to the employment out of almost all categories, Malaysia is better than Indonesia, except in the form of number of labours in tourism sector and the growth percentage of total contribution the employment. In terms of the contribution to capital investment, Indonesia is better than Malaysia both in the form of dollar unit and growth percentage while in the form of share percentage, Malaysia is slightly better. In terms of contribution toward exports, of all indicators, Malaysia is better than Indonesia. While in the long term indonesia is more prospective in terms of contribution to GDP on the other hand in terms of contribution to employment, Malaysia is more promising and however, for the growth of tourism contribution to export, Indonesia is higher than Malaysia.

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