

## TABLE OF CONTENTS

ACKNOWLEDGEMENT		i
ABSTRACT		ii
TABLE OF CONTENTS		iii
LIST OF TABLES		v
LIST OF FIGURES		vi
LIST OF APPENDICES		vii
<b>CHAPTER 1</b>	<b>INTRODUCTION</b>	
	1.1 Overview	1
	1.2 Concepts and Definitions of Tourist and Tourism	3
	1.3 Tourism Growth and Economic Effects	7
	1.4 Tourism Development in Malaysia	11
	1.5 Need for Empirical Work on the Tourism Industry in Malaysia	21
	1.6 Organization of Study	22
<b>CHAPTER 2</b>	<b>LITERATURE REVIEW</b>	
	2.1 Introduction	23
	2.2 Relationship between Trade and Economic Growth	23
	2.3 Causality between Trade and Economic Growth	28
	2.4 Related Empirical Evidences	30
	2.5 Analyses on Tourism-Economic Growth Relationship	37
	2.6 Conclusion	42
<b>CHAPTER 3</b>	<b>THEORETICAL FRAMEWORK</b>	
	3.1 Introduction	43
	3.2 The Open-Economy Harrod-Domar Model	43

	3.3	The Two-Gap Model of Chenery and Associates	46
	3.4	Conclusion	49
<b>CHAPTER 4</b>		<b>DATA AND METHODOLOGY</b>	
	4.1	Introduction	50
	4.2	Data Description	51
	4.3	Model Specification	53
	4.4	Cointegration Technique	54
		4.4.1 Unit Root Tests	55
		4.4.2 Johansen Technique and Error Correction Model	57
	4.5	Granger Causality Approach	60
	4.6	Conclusion	63
<b>CHAPTER 5</b>		<b>RESULTS AND ANALYSIS</b>	
	5.1	Introduction	64
	5.2	Data Description	64
	5.3	Unit Root Test Results	66
	5.4	Cointegration Test Results	67
	5.5	Estimation of Error Correction Model	70
	5.6	Granger-Causality Test Results	72
	5.7	Conclusion	74
<b>CHAPTER 6</b>		<b>CONCLUDING REMARKS</b>	
	6.1	Main Findings	77
	6.2	Limitations of the Study	78
	6.3	Conclusion	79
<b>REFERENCES</b>			

## LIST OF TABLES

TABLE 1.1	Profile of World International Tourism	1
TABLE 1.2	Tourist Arrivals and Receipts in Malaysia, 1998-2002	2
TABLE 1.3	Tourist Arrivals by Country (Selected Years)	15
TABLE 1.4	Development Allocations and Expenditure for Tourism in Malaysia, 1971-2005	18
TABLE 1.5	Major Export Earners for Malaysia, 1990-2002	20
TABLE 2.1	Summary of Cointegration and Causality Studies Relating to the Exports-Economic Growth Relationship	33
TABLE 5.1	The Augmented Dickey-Fuller and Phillips-Perron Unit Root Test Results	67
TABLE 5.2	Trace Test Statistics for the Johansen Cointegration Test	68
TABLE 5.3	The Vector Error Correction Model	71
TABLE 5.4	The Granger-Causality Test Results	73

## **LIST OF FIGURES**

FIGURE 1.1	Classifications of Travellers	5
FIGURE 1.2	Forms of Tourism	7
FIGURE 1.3	Tourist Arrivals and Receipts in Malaysia, 1972-2002	13
FIGURE 5.1	Gross Domestic Product (GDP) Series, 1988-2002	64
FIGURE 5.2	Tourism Receipts (TOUR) Series, 1988-2002	65
FIGURE 5.3	Real Effective Exchange Rate (REER) Series, 1988-2002	65
FIGURE 5.4	Key Findings of the Granger Causality Tests	74
FIGURE 5.5	Sustainable Tourism and Sustainable Development	76

## LIST OF APPENDICES

APPENDIX I	Flow Chart on Cointegration and Causality Test Procedures	80
APPENDIX II	Profile of Tourism in Malaysia, 1974-2002	81