

Terengganu's Tourism Industry: An analysis of its competitiveness from 1996 to 2020

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ABSTRACT

This study investigates the effectiveness of the Terengganu plan by focusing on economic growth in Terengganu from 1996 to 2020, with a particular focus on tourist arrivals, receipts, workforce development, and contributions to gross domestic product (GDP). This study is limited to 2020 because each time frame of the plan spans five years. The current plan is not yet complete, which is why this study is limited to the year 2020. The introduction highlights the significance of the tourism sector as a key driver of Terengganu's economy, with a strong emphasis on nature-based and cultural heritage tourism offerings. A qualitative content analysis methodology is employed, using secondary data from government reports from the Terengganu Economic Planning Unit and the Terengganu Town and Country Planning Department. This method enables a thorough examination of how promotion strategies have shaped the tourism landscape. The results reveal that tourism has significantly contributed to economic growth through increased tourist arrivals, higher revenue generation, and job creation. Successful initiatives, such as the "Visit Terengganu" promotional campaign, are recognized as contributing factors. The research concludes that while tourism policies have been effective in fostering growth, further improvements are needed to ensure sustainable development and maintain the competitiveness of Terengganu's tourism industry in the long term.

Keywords: *Terengganu, Tourism, Promotion Strategy*

1.0 INTRODUCTION

Tourism is widely regarded as an impetus for developing economic growth, poverty eradication, and advancing food security. Recognizing its significance, the World Tourism Organization (UNWTO) (2020) proposes tourism as a key sector for sustaining national development by effectively generating net benefits for impoverished populations. The dependency on the industry can be shown from the total share of employment in 2019 which contributed 330 million jobs worldwide with \$8.9 trillion to the global gross domestic product (GDP) each year (Neufeld,2020). The tourism potential of any territory consists of tangible (natural attraction, cultural heritage and man-made resources attractions, facilities) and blue elements (services and activities around a specific centre of interest) which represent the core of the destination marketing mix and create an overall visitor experience including emotional aspects for the potential customers' (UN Tourism,2024). A destination's unique and distinctive characteristics will form a place's identity, which, in turn, encourages tourist visitation. In comparison to other states in Malaysia, Terengganu is well endowed with unrivalled natural beauty (islands and beaches), cultural heritage and distinctive traditional architectural design. This blend of unspoiled nature and distinctive heritage offers a unique experience thus positioning Terengganu as an immersive tourism destination. Due to this remarkable tourism product, the state government has strategically prioritized the development and promotion of its tourism sector since 1986 until the present. This long-standing commitment reflects Terengganu's recognition of tourism as a vital contributor to economic growth and community development. To sustain a destination, tourism planning is essential since it can lead to community development. A well-coordinated plan will ensure the host community receives its benefits in terms of economic and socio-cultural. Planning helps to put policies, regulations and laws in place that will ensure their continued maintenance and existence. By applying the plan to a destination, the quality of the destination can be created according to tourist needs and preferences thus enhancing tourist satisfaction. This can increase the competitiveness of the destination in comparison to the competitors. An unplanned destination often leads to social and environmental problems and such a destination hardly attracts tourists (Wariboko, 2016). As mentioned by Scheyvens (2002), lack of effective planning and implementation, "is the main impediment to tourism development" (p. 171).

This study aims to examine the efficacy of Terengganu's product and promotional planning strategies towards tourist arrivals, revenue generation, manpower development and gross domestic product (GDP) from 1996 to 2020. Longitudinal data for these 24 years is particularly suitable for the detection, examination and monitoring of patterns of change over time. As stated by Marušić, Sever, & Čorak (2017), since tourism demand is affected by various social, cultural, political, economic, technological and environmental trends thus it can impact the size and the characteristics of tourism demand, heavily influence tourism destination management and, specifically, tourism product development that must meet tourists' needs and expectations. The absence of comprehensive research specifically addressing Terengganu's tourism sector between 1996 and 2020 presents a limitation to understanding the long-term impacts of tourism on its economy.

2.0 LITERATURE REVIEW

The tourism industry in Terengganu flourished during the Fifth Malaysia Plan (1986-1990), with the oil and gas industry serving as its primary economic driver. The state development philosophy of Wawasan SIHAT, which emphasizes two main pillars: impartial wealth distribution among the public and district, and the creation of an informed, dignified, and responsible community for its creators, leads to a life balance and well-being both now and in the future. This philosophy shaped the Terengganu tourism policy. The foundation of the state's tourism policies was grounded on three essential characteristics, which are: to increase the tourism sector as the main component of the industrial and services sectors in expanding the quality of life and Gross Domestic Product (GDP); to enhance the job opportunity and manpower in the tourism and services sectors, as well as develop the tourism facilities and products; to concentrate on low-budget tourists (Terengganu Economic Planning Unit, 1996-2010).

2.1 The Review of Terengganu Policy and Planning

One of the pioneers of Terengganu policy and planning is the Physical Development of Islands and Marine Parks. The objectives of guidelines for the physical development of islands and marine parks are to assist the state government, local authority and developers in improving the islands based on the island planning

conditions, as well as enhancing their quality environment, living things and biodiversity. The guideline categorizes islands into four categories: development islands, tourism destination islands, marine park islands, and uninhabited islands. First, the island development plan should be based on environmental, habitat, and ecosystem protection. It also should consider not exceeding the maximum number of visitors to ensure that it does not harm the island's ecosystem and environment. Besides, it needs to provide sufficient facilities and infrastructure (Terengganu Town and Country Planning Department, 2016).

The East Coast Economic Region (ECER) was established to increase the income and economy of Kelantan, Terengganu, Pahang, and the district of Mersing in Johor. Tourism is one of the economic clusters that drove the economy in this region. The development of ECER is guided by the ECER Master Plan 2008. It identifies projects and programs to reduce regional socio-economic disparities, eradicate poverty, and sustainably improve income and wealth distribution. The nature of ECER has made tourism important in developing the region's economy (East Coast Economic Region, 2019). Next, the Terengganu Economic Transformation Program (TETP) was introduced to bring new opportunities, rapid development, and wealth generation to Terengganu with the support of the private sector and the federal government. Tourism is one of the five key economic sectors, or Terengganu Key Economic Areas (TKEAs), best suited to deliver the targets of the entry point project (EPPs). Under the tourism TKEA, the total number of tourists visiting Terengganu and the GDP impact by 2020 are projected to be RM1.29 billion and 7.29 million, respectively. The Terengganu Tourism and Environment Authority (TKEA) aims to develop a sustainable tourism industry that meets international standards by enhancing infrastructure, preserving the environment, and developing land value. Furthermore, this initiative aims to enhance income opportunities, diminish socioeconomic disparities, and enhance the quality of life, ecosystem, and tourism investment (Terengganu Transformation Unit, 2017).

Moreover, the Terengganu tourism master plan 2018-2025 has been created to strengthen the importance of tourism towards economics and quality of life in Terengganu. PEMANDU Associates, appointed by the State Government through the Terengganu Economic Transformation Unit (UTENT), has been entrusted with the development of the Tourism Master Plan 2018-2025. This plan also highlighted several repeated important themes in the tourism industry in Terengganu, including enhancing the services, facilities, promotion, marketing and foreign investment and developing community-based tourism and local entrepreneurship. This plan also emphasized the efficiency of related parties in promoting tourism development in Terengganu. The main objective of this plan was to increase the number of tourism arrivals in Terengganu and simultaneously increase its economic value. The implementation of this plan was hindered by several gaps and constraints, including a lack of maintenance, access, facilities, and infrastructure, community-based tourism, marketing and advertising, a digital presence, and unclear functions and governance structures. Tourism necessitates extensive stakeholder engagement and good governance across government departments, agencies, and local institutions to ensure sustainable growth in economic, social, and environmental aspects. Therefore, the restructuring of tourism organizations will strengthen the capacity of governments, departments, agencies, and local institutions to improve the industry.

Besides, the Terengganu tourism structure plan was provided by the Terengganu Town and Country Planning Department. The plan aimed to plan the goals, strategies, and programs of tourism in Terengganu, with the ultimate goal of achieving the region's main objective within the next 15 years. This objective included producing high-quality infrastructure, tourism products, promoting and marketing them, and enhancing tourism activities while preserving the region's heritage. The objectives of tourism in Negeri Terengganu included boosting the region's GDP and tourist arrivals, preserving existing products, developing new ones, and establishing connections between coastal areas, islands, and inlands. Meanwhile, the strategies were conducted by introducing Terengganu as the "Tourism Hub" of the East Coast by creating a mix of products based on the strength of the Terengganu product, such as promotion continuously and marketing inside and outside the country. Besides, the strategies were to encourage product development, distinguish the main, supplementary and support products, and promote the development of agro- and recreational tourism products as a supplementary product that serves as a value-added activity for locals to reduce poverty in line with the concept of 'Pro-Poor Tourism' and old products revitalization. The programs, including the flagship project and the implementation phase of tourism development projects by Terengganu districts, will be implemented. Here it concludes that the Terengganu plan for the tourism industry is designed to achieve economic growth while preserving environmental and sociocultural

integrity. It emphasizes sustainable tourism practices, community engagement, and the protection of marine biodiversity and state parks.

3.0 METHODOLOGY

The study employed a qualitative research method known as content analysis to examine government reports (24 Terengganu Data Base, 1 Direction of Development in Terengganu, 2 Terengganu Economic Report, 1 Terengganu Development Phase 2, Direction of Development in Terengganu; 2009-2013, 1 Kuala Terengganu District Development Plan, 5 Kuala Terengganu Structure Plan, 1 Terengganu Structure Plan 2050 (Kajian Semula), 1 Negeri Terengganu Development Plan 2004-2008, 1 Terengganu's economic Transformation Programme: The way forward) from Terengganu Economic Planning Unit (UPEN) and Terengganu Town and Country Planning Department. Content analysis is a systematic and objective technique used to identify patterns and themes within textual data, such as reports, speeches, and other forms of written communication (Kuckartz, & Rädiker, 2023; Riffe et. al., 2023). This method allows researchers to quantify and analyze the presence, meanings, and relationships of certain words, themes, or concepts within the text. By applying content analysis, the study aimed to uncover the underlying messages, intentions, and trends in the ministry's report (Ministry of Economy, Ministry of Rural and Reginal Development, Ministry of Tourism, Arts and Culture).

To conduct the content analysis, the researchers followed a structured process. First, they selected the report from UPEN and Terengganu Town and Country Planning Department as the source of data and defined the units and categories of analysis, such as specific words, phrases, or themes (Kuckartz & Radiker, 2023). Next, they developed a coding scheme to categorize and record relevant data. The researchers then coded the text according to the established rules, which involved identifying and counting the occurrences of the predetermined concepts. Finally, they analysed the results to identify patterns and draw conclusions about the minister's report. This qualitative approach enabled the researchers to gain a deeper understanding of the report's content and its potential implications.

4.0 RESULTS AND DISCUSSIONS

4.1 Tourism Product

Findings reveal that the Terengganu tourism product is primarily focused on nature and islands due to its strategic location on the East Coast of Peninsular Malaysia, where a sufficient number of beaches, forests, rivers, and islands can be found. Despite acknowledging the importance of local culture as a product, the state, as noted by the Terengganu Town and Country Planning Department in 1995, does not prioritise it as much due to its focus on main products that are less costly to develop. Based on Table 3, the Terengganu government is clustering each tourism product with a zoning system area to ensure consistency in infrastructure, promotion investment, and product development. The government has included these partitioning requirements in its planning to enhance the area's image and balance the number of tourist arrivals in each zone (Terengganu Town and Country Planning Department, 1995). Instead of such a strategy (the first phase of the Terengganu Development Strategy (1990–1995)), the number of tourist arrivals was not yet sufficient; thus, the second phase of the Terengganu Development Strategy (1996–2010) was introduced. The second phase (1996–2010) involved refining the first-phase strategy to maximise the number of tourists in each zone. Furthermore, a comparison between these two phases revealed that Terengganu state has specifically itemised its tourism products (refer to Table 4) to maximise its tourism potential. In order to strengthen tourism products, a classification into five categories is needed, including (1) ecotourism, (2) aqua tourism, (3) recreation tourism, (4) local and cultural history tourism, and (5) nature. Similar to the first phase, local and cultural historical tourism focuses more on tangible products like mosques, museums, and Chinese villages, among others (Terengganu Town and Country Planning Department, 1999).

The third phase lacks documented evidence, and from 2009 to 2013, product categories such as edu-tourism, sport tourism, health tourism, and homestay showed significant growth. The tourism policy aims to enhance the quality of life in the community. In terms of well-being, homestay was identified as the most effective product category for generating income for the community. The theme of "tourism community" was highlighted as the main selling point, where the community fully participates in the tourism development process of their destination (Terengganu Economic Planning Unit, 2009). The 11th plan

(2016-2020) involved a two-pronged strategy to expand cultural tourism, focusing on both tangible and intangible cultural heritage, to stimulate local economic development and promote national unity. The product category for culture was also redefined, where tangible cultural heritage includes cultural objects, culture sites and culture under water, whereas intangible cultural heritage includes language, craft, performing arts, customs and culture.

Table 1: Chronology of tourism products based on the Malaysia Plan

Malaysia Plan	Year	Main product & product category
6 th -9 th	1991-2010	Nature, Island and local and cultural history
7 th -9 th	1996-2010	Nature and adventure (Nature, local and cultural history, islands, coastline and deepening)
7 th -11 th	1997-2020	Nature and culture (Ecotourism, Aquatourism, recreation tourism, local and culture history tourism)
7 th	1999/2000	Nature and adventure Ecotourism, agro tourism, adventure tourism and sport tourism
8 th -9 th	2004-2008	Nature, tradition and heritage (Ecotourism, agro tourism and art heritage)
9 th -11 th	2006-2020	Nature, culture and heritage "Culture Village"
9 th	2007/2008	Nature, tradition and heritage
9 th -10 th	2009-2013	Nature, culture and art (Ecotourism, edutourism, agrotourism, agrotourism, culture tourism, histo- tourism, sport tourism, health ourism, homestay)
9 th -11 th	2010-2020	Historical and cultural heritage, beaches and islands
11 th and above	2019-2050	Nature, heritage, culture and art (beaches, islands and marine, ecotourism, agro tourism and rural tourism, sports, recreation and events and urban tourism)

Source: Terengganu Town and Country Planning Department (1995; 1996-2010; 1999; 2004; 2006 & 2019) and Terengganu Economic Planning Unit, 2004;2009; 2007/2008 & 1999/2000).

Table 2: Resources based on tourism product

Tourism product	Resources
Nature	Island Beaches Forest and waterfall River
Culture	Handcraft Culture heritage History Tangible culture

Source: Terengganu Town and Country Planning Department (1994)

Therefore, tourism products based on nature, heritage, and culture have always been emphasized since 1996. It is because these products were one of the main attractions of tourists coming to Terengganu and, at the same time, would improve the economic development of Terengganu.

4.2 Promotion Strategy

There are various promotions of tourism implemented to enhance the tourism sector in Terengganu. In conjunction with Visit Malaysia, Terengganu organized its own Visit Terengganu in 1997, 2008, 2013 and 2017. The Visit Terengganu 1997 concentrated on natural beauty, culture, and peaceful environment has successfully drawn in approximately 1.8 million tourists (State Economic Planning, 1997) and contributed to the state economy of around RM445.8 million (State Economic Planning, 1999/2000). With the theme ‘Terengganu: Beautiful and Tranquil’, Terengganu state recognized the importance of preserving the historical places, increasing the restoration of a place that is a natural beauty attraction, maintaining the cleanliness, beautifying the strategic local area, providing comfortable and sufficient accommodation facilities, and encouraging the local cultural and artistic development conceptualized as 3H—heritage, history, and handicraft (Secretariat of Negeri Terengganu, 1999). ‘Terengganu... Di mana Alam Semula jadi Memayungi Warisan’ is a slogan of Visit Terengganu 2008, which is based on nature, tradition and heritage attractions. These efforts were carried out over a long period to increase tourist arrivals, create a

positive image of state tourism, generate job opportunities, increase the foreign money exchange, and upgrade facilities and infrastructure. The year 2008 is a turning point in the product branding scenario and tourist destination. The success of Visit Terengganu 2008, which increased tourist arrivals to 3.1 million from January to October 2008, led to the continuation of Visit Terengganu. The success of Visit Terengganu 2008 convinced the tourism, culture, arts, and heritage sections to further strengthen tourism strategies as one of the key industries that generate overall state development (State Economic Planning, 2008). The success of Terengganu's tourism products, particularly its natural attractions, has expanded the range of offerings by emphasizing eco-tourism sites, marine biodiversity, and historical landmarks. The success of the promotion strategy was reflected in an increase in tourist arrivals by 19.6 per cent in 2013. The disappearance of Malaysia Airlines (MH370 and MH17) in 2014 has had a great impact on international tourist arrivals as tourist arrivals from 10 top countries to Malaysia constituting 87% of the total arrivals showed a drop of 13.88% on average. By adopting a well-chosen theme that emphasizes its islands, beaches, and cultural festivals, Terengganu successfully boosted domestic tourism replacing the reduction of international tourists.

Table 3: Promotion and Theme Terengganu

Promotion	Theme
Visit Terengganu 1997	Terengganu: Beautiful and Tranquil"
Visit Terengganu 2008	Terengganu... Di mana Alam Semulajadi Memayungi Warisan Beautiful State, Beautiful Culture"
Visit Terengganu 2013	<i>There's More To Terengganu Than What You Know"</i>
Visit Beautiful Terengganu 2017	

Source: Terengganu Economic Planning Unit (1997); Terengganu Economic Planning Unit, (2007/2008)

As a result of the promotion strategy, Terengganu achieved its objectives of increasing job opportunities, GDP and reducing poverty.

4.3 Tourism Sector Contribution to Terengganu

4.3.1 Tourist arrivals, tourist receipts and manpower in Terengganu

Tourism has become the most important economic contributor in the world, yet vulnerable to unpredictable disasters such as natural, financial and health. The statistics and growth of tourist arrivals, receipts, and manpower in Terengganu from 1996 to 2020 have been illustrated in Table 4.0. In 1996–1997, tourist arrivals and manpower increased around 43.8% to 50.5% and 7.2%–17.6%, respectively. Following this, there was an increase until 1997, which coincided with the success of Visit Malaysia 1997 (Unit Perancang Ekonomi Negeri Terengganu, 1998). However, in 1998, there was a decline due to haze and a prolonged drought problem, also known as the El Nino phenomenon, which struck the country around the end of 1997 (Unit Perancang Ekonomi Negeri Terengganu, 1999/2000). The year 2003 saw a slight decline (-1.4%) due to a health scare from 2001 to 2003, as reported by Hussin and Buchmann (2018). However, it managed to rise again until 2008, due to the success of Visit Terengganu 2008. From 2009 to 2010, there was a consecutive decrease of a relatively high percentage of tourist arrival (-6.3 to -14.8) due to the H1N1 influenza virus pandemic and global crises, as reported by Hussin & Buchmann in 2018. Malaysia's government had restricted tourist travel and applied a countrywide lockdown to reduce the spreading of the disease as in July 2009 there were already 627 cases in Malaysia (Sam & Abu Bakar, 2009). Due to this crisis, the unemployment rate for 2010 showed a dramatic decrease to -66% from 7.7% in 2009. This confirmed a study by Yi et al. (2020) and Arumugam and Abd Majid (2023) where when tourism arrival increases, the unemployment issue will decrease while a decline in tourism arrivals tends to exacerbate unemployment issues in Malaysia.

The disappearance of Malaysia Airlines Flight 370 from Kuala Lumpur to Beijing on March 8, 2014 and the crash of Malaysia Airlines Flight 317 which was shot down on its way across Europe (The Star, 2015) have significantly affected international arrivals, especially from China and other Europe country. Malaysia, which was ranked the 9th most-visited country in the world in 2010, slid to 12th in 2016 (Fan, Pu et al., 2019). To increase tourists' trust in Malaysia as a destination, Tourism Malaysia has focused on improving crisis management strategies and issuing timely travel advisories. Tourism Malaysia also has reduced its promotional efforts in China and redirected its focus to India and other international markets,

which led to significant growth in tourist arrivals from India (up 21 Z) and South Korea (up 43 percent), as well as from the United Kingdom, United States, Australia, and Germany. The bulk of visitors continued to come from mass-market sources, specifically Singapore, Indonesia, and Thailand, which together comprised about two-thirds of total arrivals (TODAY, 2015). Even though, Malaysia had implemented several strategies to increase the international tourist arrival, yet from Terengganu perspective, the arrival of international tourists decreases to 754,470 in 2014 compared to 807,426 in 2013. The increase of domestic tourist arrival helps to increase employment in Terengganu by 40300 on 2014 compared to 2013 which is 39400.

A tropical depression was detected in the South China Sea on 26 October 2017. The typhoon trajectory of the Joint Typhoon Warning Centre (JTWC) shows this tropical depression moves across southern Thailand, resulting in Kelantan and northern Terengganu receiving continuous rain. Flood incidents during the period from 2016 to March 2017 have resulted in a total of 95,929 flood victims being evacuated on a record basis. Kelantan records the highest number of flood victims with a total of 40,263 people, followed by Terengganu with a total of 28,638 displaced persons (Department of Irrigation and Drainage Malaysia, 2017). Even though a continuous natural disaster occurs within these 2 years yet, the total of tourist arrival is not affected as it increases slightly by 0.5% in 2017. This indicated that not all disasters cause similar impact. Some disasters such as floods and storms usually have smaller and shorter-term impacts (Rosselló et al., 2020).

The outbreak of COVID-19 in late December 2020 has caused an unprecedented disruption to tourism, with a massive fall in international demand amid widespread lockdowns and travel restrictions put in place by countries to contain the spread of the virus (UN Tourism, 2024b). This resulted in huge economic and social impacts, placing over 100 million direct tourism jobs at risk, especially in micro, small and medium-sized enterprises (MSMEs) which represent 80% of the sector and employ a high share of women and young people. The impact of COVID-19 can be shown by the decrease in tourist arrival in 2020 where tourist arrival in Terengganu dropped by -39.3% and employment -by 7.9%.

Based on the above analysis, it can be concluded that natural disasters and unexpected events have the potential to affect tourism flows considerably. The responsibility of devising strategic plans to boost tourist arrivals largely rests on Terengganu's effective tourism planning and development initiatives. Table 3 indicates an average increase in tourist arrivals to Terengganu from year to year.

Table 4: Tourist arrivals, tourist receipts and manpower in Terengganu year 1996 to 2020

Year	Arrivals			% growth	Receipts		Manpower	
	Domestic	Foreign	Total		(RM Million)	% growth	Frequency (Million)	% growth
1996	1,065,327	166,951	1,232,278	43.8	NA	NA	50,477	7.2
1997	1,626,392	227,646	1,854,038	50.5	NA	NA	59,366	17.6
1998	981,263	112,714	1,093,977	-41.0	277.1	NA	62,258	4.9
1999	1,002,324	146,713	1,149,037	5.0	298.9	7.9	60,551	-2.7
2000	1,170,552	159,993	1,330,545	15.8	343.4	14.9	50,909	-15.9
2001	1,248,607	142,041	1,390,648	4.5	543.5	58.3	54,951	7.9
2002	1,276,671	125,148	1,401,819	0.8	543.5	0.0	62,305	13.4
2003	1,284,761	97,743	1,382,504	-1.4	522.7	-3.8	64,823	4.0
2004	1,418,141	162,826	1,580,967	14.4	926.9	77.3	78,630	21.3
2005	1,624,726	197,952	1,822,678	15.3	1281.0	38.2	88,778	12.9
2006	2,061,486	238,893	2,300,379	26.2	2301.8	79.7	80,666	-9.1
2007	2,572,299	295,084	2,867,383	24.6	2149.0	-6.6	84,327	4.5
2008	3,147,873	380,281	3,528,154	23.0	2672.9	24.4	79,602	-5.6
2009	2,963,250	341,526	3,304,776	-6.3	2583.0	-3.4	85,696	7.7
2010	2,528,000	287,149	2,815,149	-14.8	2488.0	-3.7	29,000	-66.0
2011	2,587,735	578,476	3,166,211	12.5	2869.0	15.3	32,000	10.3
2012	2,768,876	607,399	3,376,275	6.6	3336.0	16.3	33,300	4.1

2013	3,229,704	807,426	4,037,130	19.6	4360.0	30.7	39,400	18.3
2014	3,763,311	754,470	4,517,781	11.9	4520.0	3.7	40,300	2.3
2015	3,881,863	849,831	4,731,694	4.7	4640.0	2.7	41,100	2.0
2016	3,900,735	975,183	4,875,918	3.0	4730.0	1.9	51,400	25.1
2017	3,919,602	979,900	4,899,502	0.5	4650.0	-1.7	46,900	-8.8
2018	3,871,536	927,883	4,799,419	-2.0	4580.0	-1.5	55,500	18
2019	4,251,584	1,018,816	5,270,400	9.8	5080.0	10.9	60,800	9.5
2020	3,200,000	NA	3200,000	-39.3	3350.0	-34	56,000	-7.9

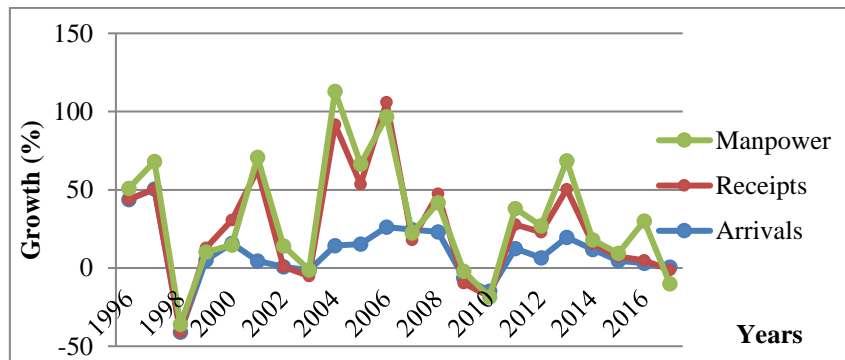


Figure 3: Tourist arrivals, tourist receipts and manpower in Terengganu year 1996 to 2017

4.3.2 Gross domestic product (GDP) based on accommodation services

Gross domestic product (GDP) of wholesale and retail, restaurants, and hotels shows an increment in the years 1993–2020, except for 1995 and 1998. By 1996, the GDP of wholesale and retail, restaurants, and hotels had decreased by 31.7%, and it experienced a slight increase in 1998. The GDP of wholesale and retail, restaurants, and hotels experienced significant increases in 1996 and 2010, with increases ranging from 95% to 110% compared to the previous year. As for the years 2011 to 2019, the % growth for Terengganu's GDP also showed a positive trend. This indicates that the wholesale and retail, restaurant, and hotel sectors have significantly contributed to the increase in GDP in Negeri Terengganu.

Table 4: GDP in Terengganu year 1996 to 2020

SECTOR	Year	GDP	
		Frequency (Million)	% growth
Wholesale and retail, restaurant & hotel	1996	216.5	-31.7
	1997	240.2	10.9
	1998	224.6	-6.5
	1999	288.6	28.5
	2000	325.8	12.9
	2001	369.7	13.5
	2002	396.0	7.1
	2003	429.3	8.4
	2004	700.0	63.1
	2005	814.5	16.4
	2006	979.5	20.3
	2007	1032.9	5.5
	2008	1088.6	5.4
	2009	1137.8	4.5
	2010	2220.0	95.1
	2011	2306.0	3.9

2012	2427.0	5.2
2013	2587.0	6.6
2014	2803.0	8.3
2015	2968.0	5.9
2016	3145.0	6.0
2017	3354.0	6.6
2018	4172.0	24
2019	4447.0	6.6
2020	NA	NA

Source: Economics Planning Unit Terengganu (2017) (2020)

5.0 CONCLUSION

Tourism in Terengganu, Malaysia, plays a crucial role in the state's economic development, especially following the significant investments and infrastructure improvements initiated by the government and private sectors. The East Coast Economic Region Development Council (ECERDC) has identified tourism as a key driver for socio-economic growth, complementing other sectors like agriculture. Recent infrastructure projects, such as the upgrading of jetties on popular islands like Pulau Perhentian and Pulau Redang, aim to enhance accessibility and attract more visitors. Additionally, the introduction of iconic attractions like the KTCC Drawbridge has successfully drawn local and international tourists, contributing to a vibrant tourism landscape that supports job creation and entrepreneurial opportunities for the local population.

The performance of tourism in Terengganu is not only measured by visitor numbers but also by its impact on local communities and the environment. Studies indicate a high level of local participation in tourism-related businesses, which has helped improve the socio-economic status of residents. However, sustainable practices are essential to mitigate the potential negative impacts of increased tourist activities. The state aims to balance economic growth with environmental preservation through policies that promote responsible tourism development. This strategic focus on sustainability ensures that Terengganu can maintain its rich cultural heritage and natural resources while continuing to thrive as a leading tourist destination in Malaysia.

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