

# The Role of the Health-Care Sector in Malaysia's National Economy: An Input-Output Analysis

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## ABSTRACT

Driven by rising non-communicable diseases and demographic changes, Malaysia's growing health-care demand and the unprecedented challenges of the COVID-19 pandemic necessitate a greater focus on the sector. Yet, the economic impact of the sector remains underexplored. In this study, we estimate the economic importance of the health-care sector in the Malaysian economy. Utilizing Malaysia's input-output tables for 2010 and 2015, the study disaggregates health-care into private and public sectors and assesses inter-industry linkages, employment, value-added, and output multipliers. The analysis reveals that an additional MYR 1 million investment in public health contributed MYR 1.4405 million to the national economy in 2010, increasing to MYR 1.4539 million by 2015. Private health investments showed similar trends, with contributions increasing from MYR 0.9558 million to MYR 0.9693 million. The health-care sector demonstrates increasing forward linkages and positive economic effects through value-added and employment multipliers, indicating its potential to significantly contribute to Malaysia's economic growth. These insights underscore the need for policies that support health-care investment, highlighting its pivotal role in economic development.

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