
Impact of Covid-19 on Tourism and Hospitality Industry of Malaysia

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Introduction

The tourism and hospitality industry as service sectors majorly contribute to boosting economies of several countries with beautiful tourism destinations and provide employment opportunities decreasing the unemployment ratio. The tourism industry involves business tours and holiday tours which may be domestic or international. The hospitality industry requires transportation services (like air travel services, railway services, cruise/ship services, public transport services), food and beverages services (F& B), lodging services (like hotels, motels, guest houses, guest rooms, homestays, hostels) and entertainment or destination spots (like cinemas, shopping malls, beaches, museums, amusement and themes park, restaurants, forests, rural tourism spots, etc.). So, the tourism and hospitality industry significantly contributes to increasing Gross Domestic Product (GDP) and boosting any country's economy. It involves many service sectors. Malaysia is one of those countries where the tourism and hospitality industry contributes majorly to increasing GDP growth.

Impact of Covid-19

Malaysia is a Southern-East, multi-cultural and multi-ethnic country consisting of thirteen states and three federal territories. As Malaysia is a multi-cultural and multi-ethnic country, many minorities live here, including Bumiputras, Chinese and Indians. Due to the bulk of natural resources found here and the significant contribution of the tourism and hospitality industry, science, technology, IT, commerce and medical tourism service sectors, Malaysia increased its GDP by 6.5%. Per annum after independence. Malaysia is a well-known beautiful country which is famous for its beautiful tourist destinations that include beaches, landscapes, islands, hill stations, mountains, world heritage visiting sites, national parks, nature reserves and rural tourism, which attract tourist to come and visit Malaysia, hence resulting in increased tourism and beneficial for tourism and hospitality industry. In 1999, Malaysia made a marketing slogan worldwide for expanding tourism. That was "Malaysia, Truly Asia" and proved to be a successful marketing strategy. It attracted almost 7.4 million tourists to Malaysia. As the primary contributor to the increasing economy, tourism becomes the third-largest source of foreign exchange income for Malaysia.

The tourism and hospitality industry is one of the significant economies boosting sector due to which Malaysia has to earn incredible growth in the tourism sector worldwide because tourism can generate income through tourists so rapidly, which includes travelling cost, lodging services cost, hotel staying cost, food costs and tourist's destination costs. As the tourism and hospitality industry is so huge, there are more opportunities for career growth on a professional

level. Also, it creates opportunities for foreign exchange income (Waisul Karim, 2020). Tourists spend an enjoyable time travelling in Malaysia. They are provided with several facilities like medical tourism, health insurance facilities, educational facilities, a range of tourist spots, cultural acknowledgement, and heritage information. Malaysia is also becoming famous for one more type of tourism is Halal Tourism. Previously, halal tourism was not that much famous. It is still becoming popular worldwide because of awareness and the Malaysian Halal tourism sector (Waisul Karim, 2020).

The average stay of tourists in Malaysia has been recorded as one night to 6 nights that raise the revenue to RM 41.69 Billion, resulting from 13.35 million foreign tourists' arrival, leading to the 6.8% increment of receipts tourists in 2019 (Waisul Karim, 2020). In Malaysia, a significant quantity of tourists come from the nearest countries like in 2019 range of tourist from:

- Thailand was 990,565 tourists.
- Indonesia was 1,857,864 tourists.
- Brunei was 627,112 tourists.
- China was 1,558,782 tourists.
- Singapore was 5,381,566 tourists.
- India was 354,486 tourists.
- The Philippines was 210,974 tourists.
- Japan was 196,561 tourists.
- Vietnam was 200,314 tourists.

This information shows the tourists arrival in 2019, which contributes to the revenue of RM 41.69 Billion for the tenure of January to June. Data of 2019, when compared to data of 2018, it showed a rise of 6.8% in which Singapore tourists arrival counting was most consisting of RM 6.17 Billion. However, compared to 2018, counting of Singapore tourists was decreased by 4.3% but still got the highest position compared to other countries. After Singapore, Indonesia contribution comes on the second, consisting of RM 2.83 Billion. China's tourists maintain their position on third as their contribution consists of RM 3.7 Billion. Thailand tourists can not make their position in the top three places. Still, Thailand also plays a significant role in making tourists' arrival the most (Lee-Peng Foo, 2020).

The tourism and hospitality industry was at its peak until 2019. Still, unexpectedly, a pandemic of SARS-CoV-2 (Severe Acute Respiratory Syndrome Corona Virus 2) emerged in Wuhan (China) and spread around the city so hastily and then into the world (Kejal Hasmuk, 2020). World Health Organization officially announced the pandemic as COVID-19 Pandemic (Corona Virus Disease 2019) caused by novel SARS-CoV-2 (Huang C, 2020). Many countries suffered due to this pandemic, especially China, Italy, Germany, the USA, Spain, India, Japan, Russia, Mexico, France, and Britain. The pandemic was spread in China initially, so China was impacted very hardly and badly (Maria Nicola, 2020). When this virus has emerged in Wuhan, it was emerged with very few cases and only around China.

After that, the virus travelled around the world through the travelling and movement of people during vacations and Chinese New Year, which results in the spread of the virus around the globe and when this virus got out of control throughout the world and as it was spreading through the contact of people, so China announces the lockdown at first (Zhu N, 2020). This lockdown impacted all of China's industries, resulting in the declining of the economy. A of the industry owners suffered a downfall (Stefan Gossling, 2020).

Due to the rapid increase of pandemic, most countries announced lockdown, and travelling was also restricted. The tourism and hospitality industry has suffered a significant negative impact directly from the economy's downfall (Richard Baldwin, 2020). A total of 11,049 people were tested by the government (Kejal Hasmuk, 2020). After one year, the covid-19 pandemic is still ongoing. It indirectly drives a fall in the tourism and hospitality industry of Malaysia (Waisul Karim, 2020).

Closure of airlines, hotels, entertainment spots, tourism spots, homestays and transport, a large drop in tourists due to which hotel industry owners cannot survive in the market and the workers and labour are also suffering, leading to the increase of unemployment rate not in Malaysia but all over the world because most of the companies, organizations and corporations are down-sizing and firing the employees and also sending them on un-paid leaves for an unknown period. Many jobs were also dropped because of the region of falling revenues (Lee-Peng Foo, 2020).

Due to this pandemic, Malaysia's government impose Movement Control Order (MCO) on the 18th of March 2020 to curb the panic situation for a long time, resulting in a massive impact on Malaysia's economy and hospitality industry. The first case of the Covid-19 virus was reported on the 24th of January 2020. Still, the Malaysian government managed the spread of covid-19. Ty started testing and screening activities for covid-19 from the 4th of May 2020, free of cost and funded by the government (Kejal Hasmuk, 2020).

In 2020, the Malaysian government faced a downfall of almost RM 3.37 Billion (Waisul Karim, 2020). All the tour packages for 2020 were terminated by the government, which left the hotels, tourism and airlines with a considerable impact. The GDP was affected almost from 0.8 to 1.2%, approximately RM 10.8 Billion to RM 17.3 Billion (Waisul Karim, 2020). The Ministry of Tourism terminated the campaign of Visiting Malaysia 2020, which leaves a significant impact on the government's target, which was to get success in the arrival of almost 30 million tourists. The tourists who were already present in Malaysia but under MCO were allowed only to order food from online food ordering services while being in the room. It was the duty of room service to deliver that food to the tourists in the room. Malaysian government took tremendous measures to cope up with the panic situation of the pandemic. They also provided vouchers of US \$22 per head after the government's announcement to support the US \$113 Million (Lee-Peng Foo, 2020).

The impact of Covid-19 on the tourism industry is so devastating, which make a profound and severe downfall of the tourism and hospitality industry. The major tourism, as stated before, is due to Singapore and China. Both countries also suffered due to this pandemic. So many patients were tested positive for covid-19, increasing the daily count of covid-19 cases. They cannot afford to travel to Malaysia. Even Malaysia can also not afford to boost Malaysia's residents' risk as this virus spread through contact with people. Due to this panic situation, almost all of the tours get a cancellation from both sides, thus decreasing Malaysia's tourist count. So far, four MCO phases were announced by the Prime Minister and the authorities to reduce this virus's curb. Many different policies have been implicated in every industry at every stage, resulting in more contraction of the tourism and hospitality industry as all the tourist spots and restaurants were ordered to be closed. The entry and movement of tourists were also restricted.

The impact of Covid-19 on the aviation or airline industry is the worst as there was a complete ban on travelling and all the airlines closed for a very long time. Any particular airline industry suffers this devastating impact. It includes all of the airlines' industry worldwide, including Malaysian airlines or the aviation industry. The aviation industry is even at risk of bankruptcy. There are travel bans and low to no demands of passengers who want to travel.

Three significant airlines of Malaysia are Air Asia, Malindo Air and Malaysian Airlines. All of these three are in their worst situation. They don't even have enough capital to sustain in the industry. Therefore they have planned to cut cost by decreasing their salaries from 10 to 100%. They have even arranged for forced retirements from the service and sending their employees on unpaid leaves for an unknown period.

A significant quantity of tourists and foreigners arrived from Singapore, China, and Indonesia. A considerable number of people travel to these three countries. Still, it was the gravest scenario for the airlines when China restricted travel and banned foreigner travelling into the country, which was for an unknown period. Even, the Republic of China Ministry didn't loosen the travelling rules for foreigners and foreign airlines, they have still only allowed only one travelling flight with foreigners to China and that too in a week, and they are not allowed to have more than 75% of passengers in the flight and airlines staff and passengers should follow all the SOPs (Lee-Peng Foo, 2020).

Apart from China, all these three airlines responded very rapidly and accordingly, whenever any change of policies occur in any country. These three airlines are now in their gravest period, demanding situations as people are still unwilling to travel. Governments are not relaxing their travelling policies. These airlines and the aviation industry have faced a massive downfall and suffering from the drastic impact on the revenue and even profit with a greater bankruptcy risk. Less than 50 flights are operating on a whole day because of the restrictions. They have even asked the government to support the airlines and aviation industry in this critical situation of the current ongoing pandemic of covid-19 (Lee-Peng Foo, 2020). The government should consider them for significant help, provide them with funds, and relax taxation for the industries.

The impact of Covid-19 on the hotel industry is so big. Their contribution to boosting the economy suddenly fall, resulting in a decrease in GDP. As tourist's tours were cancelled, that created a massive impact on the hotel's industry as all the tourists cancelled their bookings of hotel rooms. From January to March before the lockdown period, the tourists withdrew 170,084 rooms booking, resulting in a significant fall of revenue of RM 68,190,364 because of the increased cases of covid-19 (Waisul Karim, 2020). Kuala Lumpur is the hub of hotels and famous for tourism and suffered a significant revenue loss of RM 23,021,301 by cancelling rooms of 55,050 rooms. Following data from the Malaysian Association of Hotel elaborating the severity of hotel room cancellation in every state of Malaysia:

- RM 23,021,301 loss from 55050 cancellations of rooms in Kuala Lumpur.
- RM 11,550,605 loss from 32,392 cancellation of rooms in Sabah.
- RM 8,908,000 loss from 17,753 cancellations of rooms in Pulau Pinang.
- RM 7,212,048 loss from 22,929 cancellation of rooms in Selangor.
- RM 6,690,500 loss from 13,534 cancellation of rooms in Negeri Sembilan.
- RM 5,636,470 loss from 18,455 cancellations of rooms in Johor.
- RM 3,291,500 loss from 3239 cancellations of rooms in Kedah.
- RM 1,022,289 loss from 2403 cancellation of rooms in Perak.
- RM 690,499 loss from 4074 cancellations of rooms in Melaka.
- RM 144,628 loss from 180 cancellations of rooms in Pahang.
- RM 22,529 loss from 76 cancellations of rooms in Sarawak.

Total revenue loss of all states is about RM 68,190,364, resulting from the hotel room cancellation of about 170,085 hotel rooms. This impact is due to the covid-19 pandemic, which results in an MCO. It will not be going to normalize or recover so rapidly even after the lifting of MCO completely. Employees of the hotel industry also in an unhealthy situation as many of the hotel downsizing their company, cutting their salaries or sending their employees on unpaid leaves for an unknown period. The following data is from the Malaysian Association of the hotel, defining the impact on workers of the hotel industry in every region:

State	Salary Reduced	Unpaid Leave	Laid Off
Kuala Lumpur	2880	3641	542
Sabah	893	1075	177
Penang	240	430	84
Selangor	134	1812	238
Negeri Sembilan	0	179	130
Johor	108	202	72
Kedah	0	80	0
Perak	91	595	245
Melaka	65	191	85
Pahang	0	150	231
Sarawak	175	258	92

For instance, this data shows that in Kuala Lumpur total workers size is 17,826, 16% of employees suffered from reducing salaries, 20% of employees suffered from sending them on unpaid leaves by the hotel, and 3% of employees suffered from losing their jobs.

Star Malaysia reported in one of their report on the hotel industry that around total of about 56,299 employees of the hotel industry suffered from the impact of this pandemic from which 9% suffered from reducing of salaries by the hotel, 17% of employees suffered from sending them on unpaid leaves by the hotel for an unknown period, and 2041 of hotel staff suffered from laying off by the hotel. Shariah Compliant Hotels is one of the current trends in Malaysia. Its also getting popularity among Muslim tourists from the world, mainly from the Middle East countries, because of the better customer services and the facilities provided by Shariah-Compliant Hotels (Waisul Karim, 2020). This covid-19 pandemic also impacted these hotels due to the banning and travelling restrictions in Muslim countries. According to the Malaysia Association of Hotels, Malaysia has lost almost the revenue of RM 560.72 Million from the hotel industry due to this pandemic and the Movement Control Order imposed throughout Malaysia to reduce this disease's curb.

Meanwhile, in this critical situation of the country, the Malaysian government provided the economic relief package to give some relief to the owners and stakeholders who have suffered a significant loss in the business and their business impacted by this covid-19 lockdown situation. They have predominantly focused on the tourism and hospitality industry because of its major downfall, consisting of the airline, hotel, lodging services, food and beverages, restaurant and entertainment industries. This economic relief package consists of relief from the banks' ongoing loans, rescheduling the payment timings of loans, taxes, giving instalments to banks, tax incentives, etc. This will help them increase their revenues and profits free from all the current responsibilities. The government has initiated the wage-subsidy program for the employees whom the companies have laid off to provide every laid-off employee with RM 600 every month.

They can avail themselves till three months. The complete applications which the Malaysian government has approved for this program are 128,000. According to the reduction of their daily income, Malaysian governments also provided the front liners with the payment of RM 500 and RM 600. The Malaysian government also announced that Social Security Organization (SOCSO) would also offer unemployed employees having less than RM 4000 monthly salaries with Employee Insurance System (EIS) after the claim from the unemployed workers (Lee-Peng Foo, 2020). The Malaysian government also encourages Malaysian residents to travel domestically, increasing and promoting domestic tourism to compensate for international tourism losses. They utilize different strategical tactics, promotional strategies, and marketing strategies to overcome the situation and increase domestic tourism.

Conclusion

To overcome the tourism and hospitality industry's downfall, the Malaysian government should support all those whom this covid-19 pandemic has badly impacted. They should provide ease to earn through the business. They should give more relaxation plans for a minimum of 2 years to survive in the current situation and sustain their businesses. After this period, when they start to grow gradually, the government can tighten the policies very slowly and return to the previous guidelines. Otherwise, these industries would not survive for a very long time if the situation remains the same. With the government's support and their hard work, they can tackle the crisis of the current status of Covid-19 as the impact of this crisis is so devastating. It will take time for every business and every industry to come on the track to success. They also should tighten the SOPs for safety and recommend travellers to travel with full security and hygienic measures whenever the situation becomes under control.

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