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## COVID-19's implication on Malaysia's hospitality & tourism industries - (1½ Years forward)

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### Abstract

Outbreak of the Novel Coronavirus (COVID-19) has caused a worldwide panic owing to its deadly nature, in addition to the discovery of other 'Variant of Concern' (VOC) viruses, such as the Alpha (UK), Beta (South Africa), Gamma (Brazil) and lately, Delta (India) (Ministry of Health, Malaysia & World Health Organization, 24 June 2021). The Malaysian Government has instituted to date (July 2021) three sessions of Movement Control Orders (MCO) since March 2020, to prevent the disease from spreading further. The Government's tourism campaign, that is Visit Malaysia 2020, had to be cancelled last year and it has caused a substantial loss of RM (Ringgit Malaysia) 6.53 billion in 2020 and another RM 5 billion, as of May 2021.

Explanatory research method is used to study the impacts by implying secondary data from newspapers, journal articles and web resources. The major findings of the study have revealed some serious negative impacts on the concerned sectors. The implication of this extended study has revealed some immediate assistance programs, which were proposed by the Malaysian Association of Hotels (MAH) and the Malaysian Association of Tour and Travel Agents (MATTA) for the benefit of both the accommodation and tourism stakeholders, to the Malaysian Government early this year. This explanatory study could be used to assist the government in adopting precautions and the best policy should this pandemic prolong its presence into the near future.

**Keywords:** COVID-19, Air Asia, Malaysian association of hotels (MAH), Malaysian hospitality and tourism industry, Severe acute respiratory syndrome (SARS), Social distancing, World health organization (WHO), Delta virus, Standard operations procedures (SOP), Variant of concern (VOC)

### 1. Introduction

#### 1.1 The background of the study

The main objective of this study is to examine the impacts caused by the Novel Coronavirus (COVID-19) on Malaysia's Hospitality and Tourism Industry which is a substantial contributor to her Gross Domestic Product (GDP). The sector's GDP contribution was RM86.14 million in 2019. The study has produced many negative impacts on this sector which resulted in substantial revenue losses arising from the fear of contracting the disease while travelling.

The study has also revealed some gaps on whether Malaysians are willing to embark on vacations again, both domestic and international, during post Covid-19, despite some Ministry of Tourism's hashtags advising the locals to stay home which would enable them to save some monies for holidays when the MCO ends. The increase in COVID cases is based on the negative local business sentiments and serious unemployment situations caused by the pandemic. The purpose of this research is to note the dire consequences of the pandemic for a one-year period on the leisure industry following the author's initial research on this topic in July 2020.

By enforcing the MCO, the pandemic curve would be flattened in the future. The hypotheses are, would the MCO be able to flatten the curve completely and would it be able to stop the recurrence of the pandemic. The pandemic has hit the Southeast Asian economy harder than the 1997 Asian Financial Crisis, which was caused by currency devaluations. Some countries in this region, including Malaysia, are struggling to meet the needs of newly unemployed workers, who have been retrenched due to business disruptions during the Movement Control Order (MCO), Enhanced Movement Control Order (EMCO) and Targeted Movement Control Order (TMCO) from March 2020 to July 2021. The hospitality industry has suffered a total loss of RM6.30 billion and the livelihoods of 3.6 million hospitality staffs are at stake (SL Yap, *et al.* 2021).

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## 2. Literature review

### 2.1 What is coronavirus?

It is a pneumonia outbreak of an unknown etiology (the cause of a disease) that took place in Wuhan, China in December 2019. It then began to spread widely throughout China, with the infected people developing an acute respiratory distress syndrome or failure which could lead to death (Nijuan *et al.* 2013). The Chinese Center for Disease Control and Prevention (CCDC) identified a coronavirus gene called 2019-nCov, officially known as Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) (Gorbalenya *et al.* 2020), which is responsible for the disease and officially known as Coronavirus Disease 2019 or COVID-19.

The World Health Organization (WHO) declared it a global pandemic in March 2020. As of 21 July 2021, it has affected 192.31 million people worldwide and 4.13 million deaths. However, the total global vaccinated population is 2.065 billion people, as of this date ([www.covidvisualizer.com](http://www.covidvisualizer.com))

The virus causes infections in the respiratory and gastrointestinal tracts. An infected person will display fever, dry cough, tiredness and breathing difficulty, which are the disease's symptoms. The person will also display a mild flu symptom. However, further investigation revealed that it was imported from elsewhere and began to spread in the market (Yu *et al.* 2020). The virus strain has not been previously identified in human beings and currently, there is no vaccine to eliminate it completely.

The virus was thought to have emerged from a wild animal wholesale market in Wuhan. Early studies also indicated that there is a possibility of animal-to-animal transmission (HTH) through saliva droplets or direct contact (Li *et al.* 2020). There is even a possibility that the disease could be transmitted by asymptomatic carriers <sup>[1]</sup>, inhaling droplets (which carry the virus) in the air or touching an infected person.

As of June 2021, the World Health Organization (WHO) has confirmed the emergence of other Variants of Concern (VOC), such as the Alpha (UK), Beta (South Africa), Gamma (Brazil) and lately, Delta (India). Avoiding crowded places such as shopping malls, parties and events, are some of the preventive measures taken to prevent the spread of the disease. Wearing facial masks by a symptomatic <sup>[2]</sup> carrier could provide a barrier in the transmission of the disease on an asymptomatic person (World Health Organization, 24 June 2021)

### 2.2 Research framework (Explanatory research)

The explanatory research framework is used with the main aim of establishing casual relationships between two variables, the dependent and independent variables. The main emphasis is to study a situation or a problem in order to explain the relationships between the variables. As an example, the COVID-19 pandemic or fear had caused many travel agencies from China and other countries affected by this disease to cancel their hotel bookings and tours in Malaysia since early 2020. The disease or fear is the independent variable, and the exodus hotel rooms, and tour cancellations are the dependent variables. From this explanation, the authors can further define that:

i) A variable is dependent- that is, it changes in response

to changes in other variables.

ii) A variable is independent- that is, it causes changes in dependent variables.

The authors have divided the dependent variables into five (5) sets, in which the COVID-19 'fear' or pandemic remains is as the independent variable. This is based after analyzing news articles and journals both printed and from the websites. The five (5) sets of dependent variables are:

- i) Passenger volume (Air traffic).
- ii) The Airlines Industry.
- iii) Tour Operators.
- iv) The Accommodation Industry.
- v) The Food and Beverage Industry.

Below is a figure (Fig 1) which explains the casual relationships between the above-mentioned variables in the research framework.

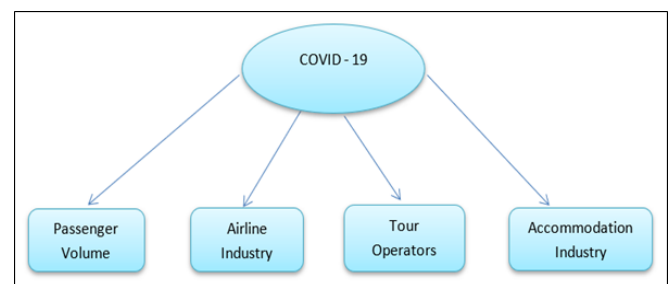


Fig 1: A chart denoting the variables causal relationship.

#### 2.2.1 Passenger volume (Air traffic)

As the fear escalates from human to human (HTH) due to the transmission of the disease, the Malaysian Government decided to bar foreign visitors from COVID-19 afflicted countries such as the United States, United Kingdom, Indonesia, Bangladesh, South Korea, Iran, and Turkey, to name just a few. The Philippines have banned travelers coming from Malaysia and Thailand, in a bid to prevent the spread of the contagious Delta variant of the coronavirus (Reuters *et al.* 2021)

The pandemic has caused tourists and passenger arrivals from Europe which were infected seriously by the disease, including from the United Kingdom (Alpha VOC) and the United States (Epsilon and Iota VOCs) to decline. Malacca, or Melaka, the Historical City of Malaysia, experienced a total absence of tourists during Chinese Lunar New Year holidays when the pandemic was at its peak in Wuhan (Nation, the Star, and June 2020).

In addition, Malaysian airports recorded 43.0 million passenger movements in 2020, a reduction of 69.6% from 2019. International and domestic passenger movements registered 14.8 million and 28.1 million passenger movements respectively. Passenger movements in Malaysia saw a decline of 75.5% in 2019 with 25.8 million passenger movements. International and domestic sector recorded 9.5million and 16.3 million passenger movements, a decline of 82.2% and 68.7% respectively. The Reciprocal Green Lane (RGL) arrangement between Malaysia and Singapore allowing essential travels between the two countries beginning 17 August 2020 has registered 20% to 35% month-on-month passenger growth from September to December 2020. Traffic performance during the year was strongly impacted by COVID-19 and because of the border

<sup>1</sup> An infected person showing no signs of a disease.

<sup>2</sup> An infected person showing signs of a disease.

and travel movements control order enforced thereafter as a measure to contain the spread of the pandemic (MAHB, Dec 2020) (See Table 1 below) <sup>[3]</sup>.

**Table 1:** Comparisons of Passenger Traffic Movement (000) in KLIA and MAHB Airports.

	December 2020 (000)	December 2019 (000)	YOY (%)
KLIA	114	2,903	-96.1%
International	66	2,330	-97.2%
Asian	16	881	-98.2%
Non-Asian	52	2,334	-97.8%
Domestic	48	573	-91.6%
MAHB Airports	755	4,054	-81.4%
International	2	806	-49.1
Asian	391	263	-32.8
Non-Asian	319	99	-69.1

*Source:* Research and Planning, MAHB, 2020.

Passenger movements for the network of MAHB (Malaysia Airports Holdings Berhad) airports declined by 69.6% from the performance in 2019 as Malaysia recorded 25.8million passenger movements only in 2020. The year 2020 was an unprecedented year with much uncertainty brought by COVID-19, first detected in Wuhan in January 2020. This is in stark contrast when the Tourism Ministry registered 1.55 million China arrivals (1H19) in early February 2020, when the Chinese Government ordered all Chinese travel agencies to suspend international tours in containing the spread of the virus (MAHB, 2021) <sup>[10]</sup>.

The several phases of Movement Control Order (MCO) in Malaysia and closure of international borders in Malaysia from mid-March had grounded almost all flights. Repatriation, charter, and cargo flights continued to operate during the restriction period. The first interstate travel restrictions and border closure in Malaysia had caused passenger movements to decline by 85.3% from March to May. The second restriction in movements due to the spike in COVID-19 cases saw passenger movements decline again by 81.2% for October and November 2020 after a slight increase in traffic during the relaxed travel period (June-September 2020).

The recent fourth wave of COVID-19 infections is expected to further affect the aviation sector owing to continued restrictions on domestic air travel as well as the longer-than-expected closing of national borders (Wong, Daniel *et al.* 2021). In the first quarter of 2021, the Malaysian Aviation Commission revised downwards its 2021 passenger traffic forecast and expects a decrease of between 22.9% and 29.1% year on year, instead of an earlier forecast of 94.2% to 100.3% y-o-y growth (MAHB, 2021) <sup>[10]</sup>.

### 2.2.2 Airline industry

The impact of the COVID-19 has even forced Malaysia's national and budget airlines (Malaysian Airlines and Air Asia) to plead for government financial support <sup>[3]</sup>. Air Asia, on the other hand, is seeking government loans to cover her operations costs which could only last for another five (5) months (April-August 2020). It spent up to RM527 million (USD \$122 million) monthly to keep her flying (this includes fuel hedge losses, fixed operations, and financing costs). Air Asia's senior management staff will take a 10%

pay cut, to save the airline from falling into the red <sup>[4]</sup>.

Malaysian Airlines will embark on the same measure as Air Asia on her senior management staff, including the cancellation of allowances. The worst scenario will be Malindo Air, another local budget carrier, who has forewarned her staff to brace for 50% pay cuts in months to come, in addition to 15 days work reduction per month.

These predicaments, that is flight cancellations (dependent variables), are considered as direct results or impacts amid the Covid-19 fears (independent variable) spreading further due to border controls being enforced. Malaysian Airlines has removed 71% of her flights capacity through the cancellation of more than 1600 flights, up to April 2020) <sup>[5]</sup>. The national flag carrier, which had at the onset of the Covid-19 pandemic in March 2020, warned that it was at risk of shutting down, recently pulled off an impressive RM (Ringgit Malaysia) 15.6 billion debt restructuring exercise in 4½ months. It comes at a time when many other airlines are still in talks with their lessors and creditors about a restructuring plan. Malaysia Airline's (MAS) Long Term Business Plan (LTBP), which was implemented in 2019 with the aim of seeing MAS achieving its financial break-even by 2022, was upended by the COVID-19 pandemic.

Air Asia was not spared by the pandemic as it suffered a net loss of RM2.66 billion (1Q & 2Q, 2020). Revenue also plunged 68% to RM2.87 billion from RM9.09 billion in 2019. The virus outbreak has also forced Japan's Air Asia to shut down its business as demand for flights dropped towards the end of 2020 (Kyodo News, 2020) <sup>[9]</sup>. Its long-haul sister company, Air Asia X airline has temporarily grounded its entire fleet of A330 aircrafts (24) as at end March 2020 to contain its operation costs and the adverse effects of the pandemic.

On the bright side of the pandemic, it has compelled Air Asia to utilize its 'downtime' in flying to further improve and develop her digital transformation initiatives. This includes introducing Air Asia apps (an online travel agency), Biz Pay (virtual banking) and Teleport (its e-commerce logistic venture), which will create another revenue source for the airline in lieu of the suspension and limitation of flights caused by the pandemic. On top of that, Air Asia will be launching its own digital payment called Scan2Fly and biometric facial recognition called FACES. "We're launching many contactless technologies to make flying more seamless and hygienic ahead of resumption of flying soon including our version of a digital passport called Scan2Fly where guests can upload required medical documentation and have it verified in real time online, before heading to the airport. FACES, our biometric facial recognition will be launching soon from KLIA2 (Kuala Lumpur International Airport 2) and rolled out across all key destinations in the future". (Fernandes T *et al.* May 2021) <sup>[14]</sup>.

### 2.2.3 Tour operators

Tourists' arrivals to Malaysia fell by 83.4% in 2020. Tourism receipts also plunged by 85.3% from RM86.14 billion in 2019 to RM12.69 billion in 2020. To date, the tourism and related economic activities have suffered tremendous losses of over RM100 billion in total (Tan, *et al.*

<sup>3</sup> Malaysia said to explore debt measures, Mergers and Acquisitions, to bail out airlines," Starbiz, pp1., (26 March 2020).

<sup>4</sup> Malaysia said to explore debt measures, Mergers and Acquisitions, to bail out airlines," Starbiz, pp1., (26 March 2020).

<sup>5</sup> Malaysia said to explore debt measures, Mergers and Acquisitions, to bail out airlines," Starbiz, pp1., (26 March 2020).

2021).

Tour and travel agents have been battling with collapsing revenue and liquidity problems since the start of the pandemic and the Government’s efforts have not made any significant impact on this segment of the industry. Tour and travel agents are essential to Malaysia’s economy as most of these businesses contribute significantly to inbound traffic into Malaysia in both business and leisure travelers. Local tour operators received 3,000 tour group cancellations early 2020 because of the pandemic fears of travelling. This figure rose upwards when the Chinese Government issued a travelling ban on her citizens since the beginning of the Chinese Lunar New Year when the pandemic was its peak. Consequently, it led to a massive hotel room’s cancellation from the Chinese tour groups, according to a source from the Malaysian Association of Hotel (MAH, June 2021).

The COVID-19 pandemic has also exposed countless of scammers who victimized Haj Pilgrims. The Malaysian Association of Tour and Travel Agents (MATTA) advised Muslim Pilgrims who wish to perform their Hajj and Umrah Pilgrimage in Mecca not to deal with individuals and travel agencies that are unregistered with the Ministry of Tourism, Arts and Culture (MOTAC). There were reports of ‘faked’ and ‘unlicensed’ individuals and tour agencies who fraudulently offered such pilgrimage to the pilgrims. MATTA advised Muslim pilgrims to deal with travel agencies registered with MOTAC and possessing the Umrah license.

The Saudi Arabian Government has stipulated that all future pilgrims must have completed two doses of vaccinations that is recognized by the government, which are Pfizer, AstraZeneca, Johnson, and Johnson and Moderna. The Saudi Government has yet to approve the Sinovac vaccines, which has received the World Health Organization (WHO) recognition. Most travel agencies handling the Haj Pilgrimage, have experienced a 98% drop in their income due to the continuous lockdown (MATTA, July 2021) <sup>[9]</sup>.

Tourism has and will play an important part towards the national Gross National Product (GDP) and it’s the third largest contributor to the country’s coffer in previous years. (See Table 2 below). “While the hotel industry is expecting more hotels to close or wind up due to the second and third phase of the MCO and continuous closure of borders, more travel agents especially those owning tourism vehicles (tour coaches, vans and limousines) are very likely to face the same fate as those hoteliers.” (Liang *et al.* 2021). Tourism agencies have urged the Government to approve the conversion of their vehicles into other categories to allow these vehicles to be utilized for other purposes.

**Table 2:** Tourism revenue and GDP (2015-2020).

Years	Revenue (RM) Billion	Gross Domestic Product (GDP) %
2015	166	14.1
2016	182	14.5
2017	201	14.6
2018	220	15.2
2019	240	15.9
2020	(-) 100	Unavailable

**2.2.4 Accommodation industry**

While Malaysia’s hotel average occupancy rate is geared to grow to 32% in 2020, the sector could see up to 15% of hotels closing their business permanently due to the pandemic’s impact. The Malaysian Association of Hotels

(MAH) foresaw those 48 hotels would close permanently, while 114 hotels intend to shut down temporarily in 2020. Of the hotels that will close temporarily, 27% will close until the MCO is lifted, 15% are undecided and 2% are planning to either sell off their properties or renovate. MAH is projecting a total revenue loss of RM6.36 billion (USD\$1.46 billion) for the same year.

Fast forward a year later in June 2021 (since March 2020 when the first MCO came into force), a total of 120 hotels have closed for business. About 70% of hotels are still in business with some operating as quarantine centers and the rest are dependent on guests from the medical and O&G industries. “Even the occupancy rate does not exceed 20%” (Yap *et al.* 2021). Over 20 hotels were forced to close in the first half of 2021 owing to financial losses.

In the previous year (2020), most hotels suffered losses of RM6.53 billion and in 2021, revenue losses were RM5 billion (May 2021). Accumulated losses of hospitality and tourism is 80% of its income since March 2020, despite domestic tourism resuming from June to September 2020. For every two weeks of MCO, hotels stand to lose about RM300 million. Between January to December 2020, the Average Occupancy Rate (AOR) was 32.43% and the Average Daily Rate (ADR) was RM196.24. The ADR for 2021 is expected to remain at the range of between RM180.00 and RM190.00, which on average represents a drop of between 20% and 30% compared with pre-pandemic levels (Malaysian Hotel Association, 2021). Mid-to-upper luxury hotels had indicated a drop of at least 50% in average rates, having lost all international markets, typically of higher spending power (Yap *et al.* 2021).

Some 63.13% of hospitality staffs have been put on unpaid leave with the current third phase of MCO since March 2021 (Yap *et al.* 2021). Based on a recent survey by MAH, about 44.6% of hotels had decided to trim their staff salaries and 14.06% have retrenched their workforce. Hotels have been forced to implement several costs cutting measures to survive in the pandemic. About 73.75% of hotels have opted to re-assign their staffs on other duties while 21-25% have maintained their status quo (Yap *et al.* 2021).

**2.1.5 Tourism campaign**

In view of the Covid-19 fear, the Tourism Ministry had to cancel the on-going Visit Malaysia Year 2020 Campaign. It will impact the government’s target of achieving 30 million tourists’ arrivals if the campaign was held. As the MCO has been enforced since the middle of March 2020, all tourism activities which require permits from the Ministry’s licensing division will remain frozen (Rahim *et al.* 2020).

**3. Research problems**

While reading the various available resources on the research topic, there are several gaps pertaining to the aspects of medical science and economics posed by the pandemic.

**3.1.1 How effective are the COVID-19 drugs which are currently being tested on COVID-19 patients, including Ivermectin?**

Malaysia has been selected by the World Health Organization (WHO) in the “solidarity” trial, an international effort to test several COVID-19 drugs. The Malaysian Health Ministry has identified nine (9) public hospitals and five (5) groups of patients for this trial. The

drugs for the treatment are Remdesivir, Lopinavir/Ritonavir, Interferon Beta, Chloroquine and Hydroxychloroquine.

Although there are non-Food and Drug Administration (FDA) approved drugs to treat COVID-19, a few promising novel drugs, (Remdesivir) and re-purposed pharmacological <sup>[6]</sup> agents (Hydroxychloroquine and Azithromycin), have displayed results of inhibiting the growth SARS-Cov-2 in vitro which is the virus name for COVID-19 (Giudicessi, Noseworthy *et al.* 2020) <sup>[7]</sup>.

Hydroxychloroquine and Chloroquine are anti-malarial drugs and possess an anti-viral property called '*in vitro*'. The anti-viral agent will attack the virus by interfacing its attachment to protein cells thereby preventing its replication in the body. They act on the early entry and post-entry stages of the disease. These two (2) drugs are still pending clinical trials and with early mixed results of their effectiveness. Hydroxychloroquine is still undergoing clinical trials in Minnesota, United States by the Mayo Foundation for Medical Education and Research. In the meantime, the conventional way of preventing Covid-19 is by washing hands with soap and adopting physical distancing (Giudicessi, 2020) <sup>[7]</sup>. There is currently no vaccine to treat COVID-19 (Pei *et al.* 2005).

Remdesivir underwent clinical trials in China when a patient in the United States responded well to it. But the drug was taken off when the eighteenth (18th) patient displayed side effects to the drug. As such the results of the test were inconclusive although it has the potential benefit if it is administered in its early stage (Qiong C (2020)) <sup>[11]</sup>.

The gap as revealed in the above literature indicates that two (2) drugs (Hydroxychloroquine and Chloroquine) exhibited their effectiveness in treating COVID-19 patients and does not conclusively lead to the development of a new drug to eliminate the disease? Researchers are still carrying out "empirical" research by using these drugs to treat Covid-19 patients (Qiong C (2020)) <sup>[11]</sup>.

The Food and Drug Administration (FDA) has not approved Ivermectin for use in treating or preventing Covid-19 in human. It is used to treat or prevent parasites in animals such as heartworm disease and certain internal and external parasites. It is important to note that the 'animal' medicine or drugs is different from the ones for humans and is only safe when used on animals (FDA, 2021) <sup>[16]</sup>. For one thing, 'animal' drugs are often highly concentrated because they are administered on large animals such as horses and cows, which can weigh a lot more than humans do - a ton or more. Such high doses can be highly toxic in humans.

However, Ivermectin can only be used to treat head lice and skin conditions like Rosacea, which is a common skin condition that causes redness and visible blood vessel on a human's face. The FDA has approved its use to treat humans with intestinal strongyloidiasis, a parasite round worm which attacks the human intestines, causing pain on the abdominal, diarrhea, hives, or weight loss (Qiong C (2020)) <sup>[11]</sup>.

### 3.1.2 What assurances are there that Malaysia's tourism sectors will stabilize post COVID-19?

Firstly, will the Government support the tourism stakeholders in reviving back their business operations post COVID-19 through bailout package? This information is

unavailable at present and it is difficult to see how the Government with a narrow fiscal space could afford to do so (Kravchenko, 2020) <sup>[8]</sup>. The Government has recently announced various financial packages to individuals and business entities with the aim of helping the nation through this period of MCO.

Is there any clear indication that the number of travelers would increase? The questions that need to be asked are:

- i) How long will the pandemic last?
- ii) What is the severity of social distancing restrictions?
- iii) What are the magnitude and effectiveness of government stimulus packages? (Kravchenko A, 2020) <sup>[8]</sup>.
- iv) Will Malaysia continue to impose border restrictions and closures to international visitors to ward off imported cases?

If the world slowly reverts to normality, it is obvious that overseas travelling restrictions will be in force for a while to avoid a spike in the disease (Kravchenko A, 2020) <sup>[8]</sup>. The affected countries may continue with such restriction orders and instead encourage domestic tourism as a substitute.

Secondly, even if the MCO periods are lifted; will the locals have the financial capability to continue travelling post Covid-19? The Malaysian Employers Federation (MEF) estimated that unemployment could hit around two (2) million (13%) people this year (2020), higher than Malaysia's Central Bank (Bank Negara Malaysia) projected figure of 629,000 people (4%) Royce T (2020) <sup>[13]</sup>.

The MEF sources stated that there are 500,000 people who are currently unemployed, not discounting the fact that could be another 500,000 new entrants in the labor market (Bardan, 2020). Small and Medium Scales Industries (SME) president revealed that most employers have frozen hiring and a majority of SMEs' has initiated retrenched exercise (Michael K, 2020). No employers were hiring at the moment; however, they are considering undertaking retrenchment exercises (Bardan S, 2020).

Alternatively, among other measures to preserve employments were to freeze headcounts, institute unpaid leaves, forced annual leaves, reduction of working days and hours, and reduction in the collective agreement for unionized companies. The Malaysian Government also launched the Wage Subsidy Programme (or 'Bantuan Prihatin') amounting to RM7.9 billion (USD\$1.79 billion) to assist employers in retaining their workforce during the crisis in early 2020. A year later in June 2021, the Government injected a further RM3.8 billion (USD\$896,495 million) into the program as another round of MCO was enforced in early

June 2021. <sup>[7]</sup> Unfortunately, the Federation of Malaysian Manufacturers (FMM) revealed in its survey that 74% employers commented that the subsidy was inadequate to retain their staffs for the next six (6) to eight (8) months without enforcing any pay cuts and retrenchments. Another 78.7% companies surveyed would have to retrench their 30% of their workforce to stay afloat (Thian Lai, 2020).

A year forward, the current unemployment rate for April 2021 has dropped to 4.6%, which was the lowest rate since October 2020 (Department of Statistics Malaysia, DOSM,

<sup>6</sup> Relating to the branch of medicine concerned with the uses, effects, and modes of action of drugs.

<sup>7</sup> Nadirah H. Rodzi (2021), "Malaysia unveils additional \$48b aid package as Covid-19 lockdown is extended", the Straits Times, 29 July 2021.

2021). According to the Chief Statistician of DOSM, the number of unemployed persons as of April, 2021, was 742,700 persons as compared to 753,200, which was recorded in March 2021.

In conclusion, could the locals afford to spend as they did before the pandemic for their vacations, given the discouraging unemployment figures? Firstly, the gap reflects on the ambiguity of locals who may have financial difficulties to spend for holidays to revive our domestic tourism post Covid-19. Secondly, will there be any public bailout funds to the tourism providers in assisting their business revivals? These two (2) gaps require further research, and it depends whether they would be tested to close for an answer to be found for the gaps. The turning point is when a quick solution is found to end the pandemic to determine the speed of recovery of this sector.

### **3.1.3 How should the Hotel industry operate and survive post COVID-19 in embracing the new norm?**

The COVID-19 pandemic and the impending global recession because of it, have caused uncertainties to the hotel business. Today, most Malaysian hotels are empty except for in-house long-term guests, stranded tourists (who were stranded prior to the MCO) and those which have been designated as quarantine centers for the locals returning from abroad.

Drastic measures must be adopted for hotels to survive. Revenue maximization is not the priority, but cost-cutting measures are probably the only available options for survival (Hanley C, 2020). This is indeed a wake-up call for many hoteliers, and they must adopt changes the way they operate to move forward post COVID-19.

Pay-cuts and retrenchments are unavoidable and a lean structure, the keys pillars for each department in the hotel (for examples, the Rooms Division and Food and Beverage Department) must be identified and preserved. One such pillar is staff development, by providing opportunity to pursue further academic qualification. It is a way to earn employee loyalty and a retention strategy for the hotels (Mahalingam E., 2020) <sup>[8-10]</sup>.

Malaysian hotel general managers (GM) are popular in demand abroad as they are multilingual and versatile. There are hundreds of them working overseas on expatriate packages and do not intend to come back to Malaysia as local hotels do not pay them well. On the contrary, local hotels are willing to pay higher remunerations to foreign general managers than Malaysians. Local hotels should review and consider offering our local GMs' competitive remuneration plus a gross percentage of the hotels gross operating profits.

Malaysian hotels generally have a staffing ration of 0.8 to 1.5 or even 3 to 3.5 in premium hotels. These numbers are rather high compared with hotels in developed countries and it means that staff productivity is low. Multi-tasking is the only way to improve staff s productivity and optimize staff ratios to guests. Smaller hotels, for example, can operate with the GM and to department heads - the head of front of house (FOH) and the back of house head (BOH). The FOH can take care of all guest touch points such as the front office, housekeeping, food and beverage, security, and marketing while the BOH will oversee non-guest contact areas such finance and other administrative functions of the hotel. They could even opt to work from home. Working hours should be revised from the normal eight (8) hours per

shift to four (4) hours as it would be more appealing and creates a larger pool of workforce, as many prefer more predictable and stable working hours (P Aruna., 2020) <sup>[11-12]</sup>. It must be acknowledged that the hotel business will never be the same again post COVID-19. Mass gatherings such as seminars, conventions, in-house dining, party events will be prohibited for the next six (6) to twelve (12) months. To embrace these changes, the gaps have posed another set of ambiguities which have yet to be tested out for their ultimate results.

## **4. Research questions**

There are three (3) research questions in relation to my research topic:

- i) What are the impacts and consequences posed by COVID-19 on the Malaysian Hospitality and Tourism Industry?
- ii) To what extent or extents COVID-19 has affected the industry in discussion?
- iii) Are there any significant effects of Ivermectin in treating COVID-19 patients?

## **5. Research objectives**

Research questions could be used as a base to write out a set of research objectives. Objectives are more generally acceptable to the research community as evidence of the researcher's clear sense of purpose and direction. Research objectives are likely to lead to greater specificity than research or investigative questions. The objectives of my research are listed down in a straightforward manner:

- i) To examine the impacts and consequences of COVID-19 on the local hospitality and tourism industry one year later since Malaysia imposed its first MCO or Lockdown on 18 March 2020.
- ii) To determine the extent COVID-19 has affected the hospitality and tourism industry in terms of revenue and operations.
- iii) To uncover whether the much-acclaimed drug Ivermectin is effective in eliminating COVID-19.

## **6. Research methodology**

### **6.1.1 Quantitative research**

Due to the MCO, it was impossible to obtain data using the qualitative approach. The quantitative (secondary) approach included in sourcing for data, from commercial information sources such as news articles, journals (medical and health), on-line journals and related information from the websites. The data in the literature review contain selected and summarized information by writers and researchers (Kervin, 1999).

## **7. Hypothesis**

A hypothesis is used in an experiment to define the relationship between two variables and to find an answer to a question. The hypotheses to this research topic are:

- i) By introducing the MCO, the pandemic curve will be fully flattened to zero. A hypothesis to this statement is will this control order be able to flatten the pandemic to 'ground zero'. Has it been proven that the pandemic will not recur in future?
- ii) European plane maker Airbus Industries said a full recovery in global air travel to pre-pandemic levels is not expected until 2023, while the International Air Transport Association (IATA) sees global passenger

- traffic returning to pre-COVID 19 levels only in 2024. Thus, it remains to be seen if MAB (Malaysia Airports Berhad) can pull through these trying times.
- iii) By introducing the stimulus financial packages by the Government (examples, Wage Subsidy Program, Employees Provident Fund monthly withdrawal of up to RM1, 000.00 (i-Citra), Inland Revenue Department Wage Subsidy Program (Bantuan Prihatin), and special payouts to the bottom and middle-income groups), employees will be able to meet their monthly household expenses until the MCO is ended. The hypotheses are will these programs be able to provide adequate financial support irrespective of the family size during this period.
  - iv) By basing on the findings of genomic (human genes) investigation and the presence of some bats and live animals in the Wuhan Market, COVID-19 'may have' originated from bats or bat droppings associated with contaminated materials in the market or surrounding region (CC Lai *et al.* 2020) <sup>[2]</sup>. This statement is a hypothesis since there is no clear evidence to prove this theory on the link.
  - v) By calling for the United States Government for a "transparent investigation" into two laboratories in the United States at Fort Derrick the US Army Medical Research Institute of Infectious Disease from China's United Nation's Permanent Representative, answers as to the origins of the COVID-19 virus could be uncovered.
  - vi) The special one-off assistance payment of RM3,000.00 under the strategic Program to Empower the People and the Economy (PEMERKASA) package, will help to revive the local tourism sector in recovering from the pandemic. With the 'ups and downs' of daily reported COVID cases, can the revival of tourism take place after all.

## 8. Significance of the study

### 8.1.1 Findings

- i) Malaysia is currently under the four-phase National Recovery Plan (NRP) (Chin C., 2021) <sup>[7]</sup>. Inter-state travel, domestic tourism and social activities can only resume in Phase Four, when 60% of the population has been vaccinated against the disease.
- ii) COVID-19 will hit South-east Asia harder than the 1997 financial crisis. South-east Asia's existing welfare provisions, including Malaysia, will struggle to meet the needs of newly unemployed workers in the informal sector (example the construction industry). Many of these workers have become unemployed because of disruptions to businesses caused by the imposed lockdowns.
- iii) Despite the various phases of the MCO and other lockdown measures, the MAH pointed out that reported Covid-19 cases in the country have been erratic. "The tell-tale signs are clear- the lockdowns and MCO are not succeeding in the curbing the spread of the pandemic" (KL Tan, *et al.* 2021)
- iv) The Star (2021), 'Envoy calls for transparent probe over virus leaks from US labs,' Star World,' 28 August 2021.
- v) Social distancing has been implemented globally and is a measure to prevent the spreading of the disease from one individual to another. It is a new terminology which

- means avoiding the crowd (Singh J, 2020). In Europe and Australia, the term 'lockdown' means people confining to their homes and not permitted to venture out into the streets. It has caused much social problems such as domestic violence within the homes, loneliness, anxiety, depression, and mental disorders- a negative impact on the society.
- vi) To revive the local economy post COVID-19, the business and non-business sectors need to adopt new working practices. For companies that are heavily dependent on labor, they need to reduce their dependence and focus more on automation and the use of technology. The aim is to reduce human contact within the business premise in containing the pandemic.
  - vii) The Government would also extend the Human Resources Development Fund levy exemption to businesses affected under the tourism and retail sectors until June 2021.
  - viii) Tour and travel agents have been battling with collapsing revenue and liquidity problems since the start of the pandemic and the Government's efforts have not made any significant impact on this segment of the industry. Tour and travel agents are essential to Malaysia's economy as most of these businesses contribute significantly to inbound traffic into Malaysia in both business and leisure travelers.
  - ix) The Delta Virus is deadlier and more transmissible. "The virus is known to infect people through bodily fluid or airborne particles in confined spaces. These particles may linger in the air up to 16 hours, exposing human to infection." (Osman *et al.*, 2021).
  - x) The government has agreed to offer a one-off special assistance of RM3,000.00 for over 5,000 tourism agencies registered with MOTAC (Ministry of Tourism, Arts and Culture). This one-off grant falls under the government's Strategic Program to Empower People and Economy (PEMERKASA) package in March 2021.
  - xi) The Government extended a 10% of electrical tariffs till June 30, 2021, to tourism agencies, hotel operators, theme parks, convention centers, shopping malls and local airlines offices. It is done to assist these operators' business cash flow and to reduce their operation costs.
  - xii) The exemption of tourism and service taxes will be extended for accommodations provided by hotel operators until 31 December 2021, with tax incentives extended to tour companies, until the year of 2022 assessment.

## 10. Conclusion

The primary objective of this research is to examine the impacts and consequences of COVID-19 on the local hospitality and tourism industry. Due to the MCO enforcement, my research methodology is based on secondary (quantitative) research which requires an in-depth study in future through a mixed-research mode in order to close the gaps and find the answers to the hypotheses. There could be some unanswerable questions with the regard to the topic of my research which I am looking forward to provide the closest answers to it.

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