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## The Strategies for Mitigating the Adverse Impact of Covid-19 in Malaysian Tourism Industry

**Chong, Sok Fong**

Senior Lecturer, City Graduate School, City University, Malaysia

### **Abstract:**

*Tourism is a major contributor to the Malaysian economy in terms of GDP, export earnings and employment. The outbreak of COVID-19 led to travel restrictions of the governments to halt the spread of the virus. COVID-19 pandemic has severely impacted the Malaysian tourism industry in particular the hotels, transportations, travel agencies and food beverages outlets. As of June, 2020, the reported projected losses were RM45bil, with total loss of about RM31bil from the international travel sector and about RM13bil in the domestic segment.*

### **Methodology**

*A mixed method methodology was used for this research. The data collection tools were literature review, personal interviews, and online questionnaire surveys with 135 participants. A five-point Likert scale was adopted to indicate the respondent's degree of agreement or disagreement.*

### **Results**

*COVID-19 brought the entire tourism industry to grinding halt when the Malaysian government-imposed travel bans and border closure to contain the spread of virus. These measures led to job and revenue losses. However, Malaysian Government faces several barriers to mitigate the adverse impact of COVID-19 for Malaysian tourism industry, including lack of the financial support, technological knowledge, expert support and the absence of a competitive and contingency mindset.*

### **Conclusion and Recommendations**

*The findings revealed that domestic tourism and ecotourism are important to mitigate the adverse impact of COVID-19 to Malaysian tourism industry. Successful implementation of domestic tourism and ecotourism required proper Destination Management, marketing and promoting the Malaysian Tourism Brand in appropriate and effective way, enhancing Service Quality, offering the new tourism products and services, and creating Destination loyalty.*

**Keywords:** COVID-19, Malaysian tourism industry, destination competitiveness, destination management theories, competitive strategies, contingency theories, marketing-related theories

## **1. Introduction**

Tourism is a major contributor to the Malaysian economy in terms of GDP, export earnings and employment. It is currently Malaysia's third-biggest foreign income earner behind manufacturing and palm oil, accounted for 40.1% of GDP in 2017 with a value of RM82.6 billion compared to RM76.6 billion in 2016 and 3.4 million people. Malaysia received 13.35 million tourists in the first half of 2019 (Tourism Malaysia, 2019).

Malaysia designated 2020 as the Visit Malaysia Year (VMY2020) and the target is to attract 30 million tourists. However, the outbreak of COVID-19 led to travel restrictions of the Malaysian government to halt the spread of the virus. Significantly, in terms of scale and impact, COVID-19 is far greater than the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003 which led to losses of US\$40bil globally due to the loss of investment and the impact on confidence in 2003.

COVID-19 pandemic has severely impacted the Malaysian tourism industry in particular the hotels, transportations, travel agencies and food beverages outlets. As of February 20, 2020, the reported losses were RM6 billion (Mottain, 2020). As of June 2020, the estimated losses were RM45 billion (Carvalho et al., 2020).

However, as COVID-19 only occurred in January 2020, there is very limited literature, apart from industry and newspaper's reports of the full adverse impact of COVID-19 on the Malaysian tourism industry. Additionally, on the strategies that the Malaysian government and Malaysian tourism agencies should adopt to offset the losses incurred by Malaysian tourism industry. This paper emphasizes the appropriate strategies of Malaysian government to mitigate the adverse impact of COVID-19 on the Malaysian tourism industry.

## **2. Literature Review**

The reviewed literature related to i) the impact of SARS, H1N1 and MERS on the tourism industry, ii) COVID-19 and Malaysian tourism industry and iii) the government measures to mitigate the impact of COVID-19 on Malaysian tourism industry.

### 2.1. *The Impact of SARS, H1N1 and MERS on the Tourism Industry*

Health issues, particularly those related to contagious diseases and international epidemics/ pandemics, significantly impact the tourism industry since they can damage the image of a destination or city and create fear in potential tourists (Baker, 2015). Examples of these are the SARS (Severe Acute Respiratory Syndrome) in 2003, H1N1 in 2009 and MERS (Middle East Respiratory Syndrome) in 2014 which resulted in a sharp drop in tourist arrivals. Sustainability of the tourism industry was threatened by epidemics/ pandemics, which also threaten tourists, tourism destinations, and locals living in tourism areas. In addition, epidemics/ pandemics led to tour cancellations, temporary facility closures, changes in air routes and cruise routes, and loss of access to tourism destinations (Capo et al., 2007; Han & Hyun, 2018; Manning, 2004). The decreases in tourist numbers, employment, and hotel occupancy, increases in tourists who fear to travel to destinations, change plans, and/ or to avoid public places to lessen their risks have devastating effects on sustainable tourism behaviors, supply chain tourism and the economy (Jung et al., 2016).

Tourism plays a major role and the importance to the economy depends on the ability to generate revenues and employment opportunities to the country. However, the tourism industry is very sensitive to the crises or external events, among them recession, terrorism, diseases or natural disaster. The World Travel and Tourism Council reported that approximately 3 million people in the tourism industry lost their jobs following the outbreak of SARS in China, Hong Kong, Singapore and Canada, resulting in losses of US\$30 and US\$50 dollar. China alone suffered a 25% reduction of tourism GDP and a loss of 2.8 million jobs (WTTC, 2020).

Malaysia imposed a week-long travel restriction on travelers from mainland China, Hong Kong, Taiwan, as well as Vietnam, among others, following the outbreak of another coronavirus- Severe Acute Respiratory Syndrome (SARS) in 2003. The travel restriction, which was announced by the government on April 10, 2003, was to stem the spread of SARS. The restriction was lifted a week later but those from China and Vietnam were required to obtain medical certificates saying that they were SARS-free (The Star, 2020). The impact of the 2003 SARS outbreak on Malaysia's tourism industry was significant. According to the Tourism Malaysia figure, the total number of tourists from all countries to Malaysia fell by a fifth (20.5%) in 2003 to 10.57 million compared to 13.31 million in 2002. Throughout 2003, tourist arrivals from China also fell by 37.3% to 422,624 compared to 674,056 in 2002. In 2003, the country's tourism receipts totaled RM21.29bil, a drop of 17.4% compared to the RM25.78bil in 2002. The fall in China tourist arrivals, which started in January 2003, recovered by November. WHO highlighted that the global impact on world tourism of the SARS outbreak is estimated at between \$30 billion and \$50 billion (The Star, 2020).

In 2009, the impact of the Pandemic virus was mild and caused mostly only limited impact in the global context. However, the consequences for the travel and tourism sector were in many countries and subsectors quite significant. In the specific case of Mexico, the Pandemic (H1N1) 2009 caused economic losses in the travel and tourism sector of nearly 3 billion Euros according to the Economic Commission for Latin America (ECLA), equivalent to half of the overall losses for the economy of Mexico. The losses are resulted from: the decline in occupancy rate of hotels; cancellation of series of cultural, business and academic activities, shut down of the economy, cancellation of stop at ports at Mexico of the world's largest cruise lines, including Royal Caribbean (Simpson, 2009). The tourism industry in Malaysia, like the rest of the world, has also been affected by the influenza A (H1N1) outbreak (The Star, 2009). The international aviation association had reported a 10 percent drop in the number of air passengers worldwide. According to WTTC, the estimated losses on world tourism of the H1N1 swine flu epidemic (2009) is estimated at \$55 billion (New Straits Times, 2020).

In 2013, the MERS cases took place in Saudi Arabia and South Korea. The MERS outbreak led to a reduction of 2.1 million non-citizen visitors corresponding with US\$2.6 billion tourism losses in Korea. Estimated total losses in accommodation, food and beverage service, as well as transportation sectors were US\$1007 million. Misrahi highlighted 5 implications of MERS for global and tourism industry, these includes: 1) cancellations of trips of the travellers; 2) loss of revenues and jobs in tourism industry; 3) destinations bounce back after the epidemics/ pandemics; 4) security protocols in place to contain the spread of virus; and 5) limit negative media publicity in instances where the presence of the diseases is exaggerated (Misrahi, 2015).

### 2.2. *COVID-19 and Malaysian Tourism Industry*

The outbreak of Coronavirus COVID-19 presents the tourism sector with a major and evolving challenge it has brought the whole world to a standstill with unparalleled and unforeseen impact in the lives, economies, societies and livelihoods. There are growing risks of a global recession and a massive loss of jobs (UNWTO, 2020a). The tourism sector is currently one of the hardest-hit by the outbreak of COVID-19, with impacts on both travel supply and demand. This represents an added downside risk in the context of a weaker world economy, geopolitical, social and trade tensions, as well as uneven performance among major outbound travel markets (UNWTO, 2020b).

Travel, hospitality, leisure, and some manufacturing firms experienced considerable revenue deteriorations following the outbreak of COVID-19 (Becker et al., 2020). Losses are not only for the tourism-related companies but also for the economy with high unemployment rates, loss of GDP, etc (Tounta, 2020).

The Malaysian Tourism, Arts, and Culture Ministry highlighted that the current estimate of losses faced by the country's main tourism industry players for the period of January 2020 to March 2020 to be RM9 billion. The players in question include the accommodation, transport, shopping, food and beverage sectors as well as the organizers of business events (Bernama, 2020). The accommodation revenue loss reported before MCO was RM75.69 mil and the total revenue loss reported during MCO was RM560.72 mil (Mahalingam, 2020). A total of 170,084 hotel room booking during the period 11 January 2020 until 16 March 2020 had been cancelled, which caused a loss of revenue amounting to RM68,190,264 (Teoh, 2020). 30,000 employees in the hotel sector had lost their jobs and 10,000 were forced to take unpaid leave and another 6,000 suffered pay cuts (The Star, 2020a).

Travel bans, border closures and plummeting demand around the world have caused the airline industry players to put the loss-making carrier at risk of bankruptcy. The three major airlines in Malaysia, namely: AirAsia, Malindo Air and Malaysia Airlines have initiated salary cut range from 10% to 100% and unpaid leave depending on the salary range and position. International Air Transport Association (IATA) highlighted that Malaysia airline industry could face an estimated US\$3.32 billion loss in revenue, affecting some 169,700 jobs following the 39% fall in demand, involving an estimated 25.49 million passengers, as the results from the COVID-19 pandemic (Murugiah, 2020).

Malaysia entered the Recovery MCO (RMCO) phase starting June 10, 2020 and will attempt to revive its tourism industry by focusing on domestic tourism as well as marketing the country as a safe holiday destination. Tourism Malaysia needs to position Malaysia as a safe tourist destination for future visitors, so the tourists will choose to visit Malaysia after the situation has recovered and when the country is open to tourists from outside. According to the Minister of Tourism, Arts and Culture, Datuk Seri Nancy Shukri, a survey conducted by Tourism Malaysia on post-movement control order (PMCO) domestic travel found that 50.9% respondents believed that travelling within the country is safer after MCO. About 84.2% also believed that COVID-19 has changed their attitude towards travelling and 71.3% chose Malaysia as their holiday destination compared to abroad. Among the ministry's recovery plan was to remodel its promotion and marketing activities and embark on a public relations campaign, which would focus on restoring confidence of the people to travel again. The ministry would also prioritize the usage of digital platforms such as social media, blogs and e-marketing. Tourism services and products must adhere to the standards of the National Security Council, particularly on safety and cleanliness. On top of that, to ease the burden of tourism industry players who are affected by the pandemic, the ministry has allowed an exemption on license fees for travel agents and tour guides from March 17 to Dec 31, 2020. Travel agents and tour guides are entitled to a 40% discount on any compound payment before December 31, 2020 (The Star, 2020b).

### *2.3. The Government Measures to Mitigate the Impact of COVID-19 on Malaysian Tourism Industry*

The massive and ongoing outbreaks of COVID-19 in Malaysia have become a serious threat that led to the potential collapse of the financial market, and a new global recession has taken its place (Majid, 2020). The enforcement of the MCO as the measurement to contain the virus by the government put various sectors of the economy in jeopardy. AmBank Group chief economist Anthony Dass highlighted that direct damage caused by the virus obviously seen in the tourism and travel industries, manufacturing, construction, mining, and agriculture, results in many workers being laid off and others being placed on unpaid leave (Murugiah, 2020).

The Prime Minister of Malaysia Tan Seri Muhyiddin Yassin has particularly stated that the nation's tourism industry has been crippled, with an estimated loss of RM3.37 billion in the first 2 months of the year (Dzulkiify, 2020). The forced closure of small businesses, mainly the small and medium-sized enterprises (SMEs) and services, contributing to permanent shutdowns and many losing their jobs, as well as individuals going bankrupt (Cheng, 2020). The impact of COVID-19 on the world economy as a whole has been devastating. According to The Organization for Economic Co-operation and Development (OECD), the COVID-19 pandemic has led to social distress around the world, as well as huge economic disruption (OECD, 2020). The massive spread of the virus has affected the stock markets, and the enforcement of the MCO, lockdown, and travel restrictions have significantly disrupted business activities in various sectors, affecting people's income and causing economic chaos in the country.

Malaysia has taken several measurements to mitigate the negative impact of COVID-19. Three economic stimulus packages worth RM305 billion were announced in 2020 by Malaysian government to mitigate the impacts arising from the COVID-19 Pandemic. The packages were announced in four different periods and they are designed based on four main thrusts: (i) Economic Stimulus Package announced on 27 February 2020 to protect the welfare and well-being of Malaysian citizens by catalyzing citizen-centric economic growth; (ii) PRIHATIN Economic Stimulus Package (ESP2) announced on 27 March 2020, with the purpose to support the business by mitigating the impact of COVID-19; (iii) PRIHATIN SME Economic Stimulus Package (PRIHATIN SME+) announced on 6 April 2020 to strengthen the nation's economy by promoting quality investment through leveraging on public investments and providing incentives to encourage private investment; (iv) Malaysia Short-Term Economic Recovery Plan 2020 (STERP 2020) announced on 5 June 2020 to empower people, to propel businesses and to stimulate the economy.

The first economic stimulus package announced on 27 February 2020 sought to alleviate the pandemic's immediate impact upon the tourism industry, based on three major strategies, namely (1) lessen the effect of COVID-19, (2) people-based economic growth, and (3) encourage quality investments (The Star, 2020). This strategy aimed to stimulate the travel industry, easing cash flow and providing support to affected individuals. Among The approaches by the government was to ease the financial burden of the hospitality industry, giving discounts amounting to 15% off electricity bills for travel companies, airlines, hotels, shopping malls, and exhibition and convention centres, a 6% service tax exemption for hotels from March to August 2020, Human Resource Development Fund (HRDF) levies exemption for hotels and companies engaged in travel, reorganizing of monthly payments of income tax for the vacation industry and rental premises, landing and parking rebates by Malaysia Airport Holdings Berhad (MAHB), and giving RM 600 one-off payments to taxi drivers, tourist bus drivers, tourist guides, and registered trishaw drivers.

The measures announced in PRIHATIN Economic Stimulus Package (ESP2) benefiting the companies to retain employees. The scheme comprises the subsidy payments of RM600 per employee for companies with more than 200 workers, RM800 per employee for companies with 76 to 200 workers, and RM1,200 per employee for companies with up to 75 workers, for the employees earning RM4,000 and below a month. On top of that, special individual tax relief of up to RM1,000 for domestic expenditure was given to encourage domestic tourism. The measures in ESP2 to spur the economy going forward includes: 1) no 8% withholding tax on pre-retirement withdrawal from Private Retirement Scheme (PRS) Sub-Account B of up to RM1,5000 until December 2020; 2) interest income and profits of banking institution derived from

financing facilities covered under the 6 months moratorium shall only be taxed upon receipt after the moratorium period; 3) deferment of monthly tax instalments for a period of 3 months for Small and Medium Enterprises (SME) beginning 1 April 2020; 4) exemption from payment of Human Resources Development Fund levy for all business sectors for a period of 6 months beginning April 2020; and 5) introduction of Employer Consultation Services by the Employees Provident Fund (EPF) on 15 April 2020 for services on restructuring of employers' EPF contribution (Prime Minister Speech, 2020).

Additional Prihatin SME Economic Stimulus Package 2020 (ESP3), valued at RM10 billion, aimed at assisting Small and Medium Enterprises (SMEs) and micro businesses to withstand the impact of COVID-19 to their businesses. The measures announced in ESP3 includes: 1) additional tax deduction equal to the rental discount will be given to landlords of private business premises who given rental discounts to SMEs; 2) special Prihatin Grant of RM3,000 for all eligible micro SMEs; 3) abolition of 2% interest rate for micro Credit Scheme under Bank Simpanan Nasional; 4) enhancement of Wage Subsidy Program to subsidize affected employers between RM600 and RM1,200 per month for each employee earning less than RM4,000 for a period of three months; 5) the Micro Credit Scheme for micro businesses is extended to TEKUN Nasional with a maximum loan limit of RM10,000 per company at no interest; and 6) foreign worker (except domestic workers) levies are reduced by 25% for those who work permits are expiring between 1 April 2020 and 31 December 2020 (Crowe, 2020).

Short-Term Economic Recovery Plan (STERP) valued at RM35 billion was announced on 5 June, 2020 in addition to the three Economic Stimulus Packages announced earlier. The STERP focus on three thrusts: empower people, propel businesses and stimulate the economy. Among the approaches by the government was extending the special tax deduction for costs of renovation and refurbishment, extending the Accelerated Capital Allowance for machinery and equipment including Information and Communication Technology equipment; extending the deferment of monthly tax instalments for businesses in the tourism industry, allocating fund up to RM400 million for agriculture and food players affected by COVID-19, providing up to RM1 billion facility to finance transformation initiatives by SMEs in the tourism sector, allocating of RM250 million to support the arts, culture, entertainment and event industries to adapt to now normal, and providing additional allocation of RM50 million to MIDA to undertake marketing and promotional activities (Penjana, 2020).

### 3. Research Methodology

Mixed method research of approaches was undertaken. The combination of both approaches serves to build on the strength of each approach to counteract the weaknesses of the other (Onwuequzue & Leech, 2004; Zikmund, 2003; Cavana et al., 2001; Sekaran, 2010).

Guided by this, the study adopted a combination of qualitative and quantitative approaches. The data collection tools for the qualitative stage were literature review and personal interviews, involving 12 participants. Three research propositions crafted by the literature were tested using a web survey involving 135 participants.

#### 3.1. Salient Findings

Content analysis was conducted to identify themes and findings from the secondary data collected from the literature review and personal interviews. Descriptive statistics were used to analyze the survey data. The salient findings are outlined and these are related to the impacts of COVID-19 to Malaysian tourism industry, the adequacy of Malaysian government's Stimulus Package to mitigate the impact of COVID-19 on Malaysian tourism industry, and Malaysian government's strategies to meet the targeted tourism arrivals members for 2020.

#### 3.2. The Impacts of COVID-19 to Malaysian Tourism Industry

The literature revealed that the international travel, hospitality, leisure and some manufacturing firms were badly affected by COVID-19 pandemic and experienced considerable revenue deterioration (Becker et al., 2020). The COVID-19 pandemic brought the entire tourism industry to a grinding halt when the travel bans and border closure were imposed by the government to contain the spread of the virus. These measures led to job and revenue losses. Many hotels shuttered, some travel agencies had permanently closed down their operation as their funds dried up (Teoh, 2020; The Star, 2020; The Star, 2020a; Murugiah, 2020).

Hospitality, entertainment and tourism industries have suffered greatly from COVID-19 pandemic and the travel industry is the worst hit sector (Bernama, 2020, June 27). This was born out by the following pertinent highlights:

- Travel agencies face potential liability of around RM500 million from customers seeking compensation, regardless of cancellation and refund policies of various service providers.
- MATTA projected a total of RM150 million in losses during the school holidays due to the COVID-19 Pandemic. Out of total, RM52.5 million worth of potential losses for umrah travel.
- Travel agents also had a potential of RM100 million loss in outbound travel during the two-week May school holidays.
- Airline industry faces an estimated US\$3.32 billion loss in revenue.
- The declining number of arrivals during the lockdown (MCO) due to COVID-19 affected all the business related to cultural, sports and recreational activities, this further affected total revenue of the company.
- The shutdowns of the restaurants and other seating areas also reported in the food and beverage industry in Malaysia during and after the COVID-19.

Based on the response patterns generated from personal interview, it can be concluded that:

- COVID-19 has severely impacted the tourism industry in Malaysia, resulting in the cancellation of tours and substantial decline in tourist numbers to Malaysia, leading to massive job and revenue losses in Malaysian tourism sector. However, COVID-19 pandemic with the enforcement of MCO has given nature a chance to take its much needed 'respite' from the polluted atmosphere. Online retail businesses were significantly growing resulting in the enforcement of MCO in Malaysia since March, 2020.
- Hotels, motels, homestays and chalets have shut for good and the job losses were at 12,000, or 6% of the industry force as at May, 2020. The industry retrenched its employees or maintained their employees with unpaid leave or pay cut. Hotels also turned as quarantine centers and supervised by the Ministry of Health (MOH) and the National Disaster Management Agency (NADMA) to provide accommodation and meals for the Malaysian and Non-Malaysian returning from abroad, after the enforcement of MCO in Malaysia.

### *3.3. The Adequacy of Malaysian Government's Stimulus Packages to Mitigate the Impact of COVID-19 on Malaysian Tourism Industry*

There was not much information in the literature on the government capabilities to mitigate the impact of COVID-19 Pandemic to Malaysian tourism industry and the salient ones are as follow:

- Government has introduced several incentives to boost local tourism. This includes a personal income tax relief of up to RM1,000 on expenditure related to domestic tourism, digital vouchers for domestic tourism up to RM100 per person for domestic flights, rail and hotel accommodations for all Malaysian. (The Star, 2020c).
- Economic Stimulus Packages supported by the government such as Prihatin, Prihatin SME and the National Recovery Plan can be utilized by tourism industry players to ensure the continuation or survivability of the business and to improve products and services in the tourism industry (New Straits Times, 2021).
- The tourism industry players are challenged by recovery of tourism demands. Tourism demands are highly dependable to interstate leisure travel and the opening of the international borders, and these decisions are highly related to the containment of COVID-19 in Malaysia.
- They are also challenged by financial capital limitations which constrains them from keeping pace with technological progress, investing more in R&D and expanding their operations to reap the opportunities during the economic recessions of post COVID-19.

However, there was limited secondary data on whether Malaysia Government's Stimulus Packages had successfully delivered its framework.

Mixed responses to some of the issues from the participants in the personal interviews were generated and this suggested that there were mixed views of the adequacy of Malaysian Government's Stimulus Packages to mitigate the effects of COVID-19 to Malaysian Tourism Industry.

- The government's incentives and assistance are contributing to the tourism industry's viability and competitiveness.
- The government should provide more assistance to the sector which has been adversely affected by the COVID-19 Pandemic if it is to continue to stay afloat. The allocation of the tourism sector announced in the 2021 Budget needs to be reevaluated and better support should be given to those affected.
- Although the Government has an appropriate policy framework, Malaysian tourism industry was slow in e-marketing adoption due to lack of an ICT adoption culture which is a behavioral barrier as well as organizational barriers which include difficulties in changing working procedures, absence of management support and organizational/ industry resistance to change. Since the literature on this issue was dated and more recent information was unavailable, this implies that the effectiveness of the government's Stimulus Packages' delivery framework is doubtful.

### *3.4. The Malaysian Government Has Appropriate Strategies to Meet the Targeted Tourism Arrivals Members for 2020*

The literature review revealed that:

- The government recognized the importance of domestic tourism and ecotourism in the economy to sustain national economic growth during COVID-19 Pandemic (The Star, 2020d).
- Malaysia tourism players are able to mitigate the impact of COVID-19 Pandemic from domestic tourism with the application of e-marketing with its ability to expand market reach, reduce transaction costs and eliminate intermediaries.
- Technology will be more seamlessly integrated into the tourism industry operations. Manual counting of people standing in queues will be replaced by automation and ticket purchasing, reservation and meals ordering will be digitized as the use of mobile phones for ordering becomes the new norm. Fresh and innovative approach to destination marketing based on the new travel patterns is required, with emphasis on digitalization and product and infrastructure development (The Edge Markets, 2021).
- The survival of tourism businesses required continued support from the government. Key roles from government to provide support to tourism industry players include: 1) restoring travelers' confidence; 2) supporting tourism businesses to adapt and services; 3) promoting domestic tourism and supporting safe return of international tourism; 4) providing clear information to travelers and businesses, and limiting uncertainty (to the extent possible); 5) evolving response measures to maintain capacity in the sector and address gaps in supports; and 6) preparing comprehensive tourism recovery plans, to rebuild destinations, encourage innovation and investment, and rethink the tourism sector (OECD, 2020a; OECD, 2020).

The responses from the personal interviews to the issues raised and compares them with the findings of the web survey have concluded that:

- There was general agreement that innovative e-Marketing and Digitalization can be an important marketing channel & practice for Malaysian tourism industry.
- Innovative new business models are required for tour and travel agents to diversify their offerings instead of relying on traditional sightseeing tours and mass tourism.
- Malaysian tourism industry has to overcome several barriers to increase the e-Marketing & Digitalization adoption rate.
- There were mixed views on whether Malaysia government had appropriate strategies to secure the maximum benefits of using e-Marketing and Digitalization as a marketing channel and practice. Flexible policy solutions are needed to enable tourism industry players to survive and sustain alongside the COVID-19 in the short to medium term, it is important to look beyond this and take initiatives to learn from the crisis, which has revealed gaps in government and industry preparedness and response capacity.

#### 4. Conclusion and Recommendations

This paper examined strategies for the Malaysian tourism industry for mitigating the adverse impact of COVID-19 pandemic. The findings revealed that Malaysia's tourism industry was negatively impacted by the COVID-29 pandemic. This resulted in the sharp decline in tourists' arrivals in Malaysia which has been targeted by Malaysia as the major source of tourists to meet its goal of 36 million tourists by 2020. It was therefore necessary for the Malaysian tourism industry to identify the appropriate strategies to mitigate the impact of COVID-19 pandemic.

The research findings highlighted the pivotal role played by the government through policies and programmes to improve the competitiveness of Malaysian tourism industry, with aim to mitigate the adverse impact of COVID-19 pandemic. This included capacity building efforts as they are challenged by poor management skills, lack of access to capital, poor product & service quality, lack of knowledge about market channels and limited capabilities for R&D. Malaysian tourism industry also had to contend with several emerging challenges. These include the intense competition during and after the COVID-19 which resulted in economic recession, technology adoption to benefit from e-Marketing & Digitalization to operate its business more efficiently and effectively. Viewed on this contact, the following suggestions merit elaboration and consideration by the government agencies and tourism industry players: i) reviewing tourism policies to incorporate policy measures that specifically meet the needs, expectations and preferences of local tourists as these are the important considerations for keeping the industry players to survive and sustain during and after the COVID-19; ii) formulate a comprehensive destination management plan in close consultation with the tourism industry with matching regulatory policies and critically review the National Tourism Policy (DPN2030) with more emphasis being given to safety and security issues both at the places and locations favoured by the tourists in Malaysia; iii) marketing and promotion messages and slogans should be aimed at reassuring the tourists that Malaysia is a safe, friendly and competitive destination for them to visit, with the new safe and clean labels for the sector, information apps for visitors and domestic tourism promotion campaigns; iv) selection in recruitment, proper professional training and proper service recovery procedures are essentials to enhance the service quality in tourism sector; v) offering new tourism products and services that appeal to the local and international tourists; and vi) providing training programs for the different service providers on the importance of providing high quality services to avoid service failures as well as effective service recovery procedures to create and regain destination loyalty.

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