November 2023

Research Publication

Covid-19 and the Tourism Sector in Selected ASEAN Countries: Impact, Response and the Road to Recovery – Phase II

COVID-19 AND THE TOURISM SECTOR- COUNTRY REPORT -MALAYSIA

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September 2023

Abstract

The report examines the impact of COVID-19 on Malaysia's tourism sector based on economic, social, mobility and environmental impacts. It discussed short-term responses and strategies to adapt government, tourism businesses and host communities to the true COVID-19 tourism crisis. In addition, the long-term rehabilitation plans and Road to Tourism Recovery in a Post-Pandemic Era are being deliberated. Finally, the report concludes by making policy recommendations.
1. Brief Overview of Country's Tourism Sector

1.1 Direct contribution of tourism (GDP, employment)

Tourism is an important industry for many countries as a tool for economic development and for conserving and preserving natural resources, particularly in Malaysia. Tourism has become one of the main sources of the economy that is the third-largest contributor and provides an important component of Malaysia's gross domestic product (GDP) and critical support for Malaysian employment (Mulok et al., 2017). Malaysia is well known for its towering monuments, UNESCO World Heritage Sites, natural scenery, unique culture, and local cuisine. These remarkable treasures have attracted more than billions of foreign tourists to visit and created significant revenues for Malaysia's economic growth. In 2009, Malaysia ranked for the first time among the top 10 tourism destinations in history, although this was a challenging time because of the H1N1 outbreak. The capacity of the Malaysian tourism industry to withstand the impact of natural disasters could be demonstrated when the number of tourists increased in 2005, despite the tsunami happened in Indonesia in year 2004 (Mosbah, 2014).

The tourism industry contributes to the employment rate of around 3.6 million, or 23.6% of the workforce in 2019 (Figure 1.). The boosting of the tourism industry is beneficial to the local community in providing more job opportunities in tourism-related sectors such as hotels, aviation, food and beverages, tourism agency, etc. With 34.7% and 32.5% respectively, the main sectors of employment in tourism were restaurants and retail trade. Both subsectors generated a total of 67.2% of total tourist employment. But the COVID-19 pandemic is severely impacting the tourism industry in Malaysia since 2020. In year 2020, the employment rate in tourism industry dropped to 23.1%. Moving into the year 2021, countries began to grasp and adapt to a new normal in the business operation and social activities. In parallel with the recovery in economic and social activity, the effort to revive Malaysia's tourism sector has been initiated by domestic tourism activities (Malaysian Bureau of Labour Statistics, 2022).
1.2 International and domestic tourism contribution

The effectiveness of these tourism marketing materials is evidenced by increased annual tourism arrivals and revenues. The tourism sector continued to grow, contributing 15.9% to Malaysia's economy in 2019 a year before the COVID-19 pandemic. According to data from Tourism Malaysia (2022a), inbound tourism revenues reached RM86.1 billion and are up positively from previous years (Figure 2.). With 33.3% of inbound expenditure, country-specific tourism characteristic products (retail) remained the largest contribution, followed by lodging (24.4%) and passenger transportation (18.4%). Singapore, Indonesia, China, Thailand, Brunei, India, South Korea, Japan and the Philippines are the top ten contributors to tourist arrivals over the years.

Whereas, in 2019, domestic tourism performance was bolstered by shopping (42.1%), followed by automotive fuel (16.7%) and food and beverage (15.9%). The purpose of the trip varies among domestic tourists, but the majority of domestic tourists travel for visiting friend and relative purposes. According to the Domestic Tourism Survey 2021 released by the Department of Statistics Malaysia (DOSM), shopping accounted for the bulk of expenditures, with a 50.3% share, followed by food and beverages at 15.1% and motor fuel at 11.1%.
After more than two years of the pandemic, people are now trying to “live with Covid”. Covid-19 is not likely to go away soon but it may stop being so front-and-center. As cases gradually go down, the industry also will slowly be recovering. According to Minister of Tourism, Arts and Culture, Datuk Seri Nancy Shukri, so far in 2022 Malaysia has received 2.3 million tourist arrivals within the last three months. This surpasses the year-end target which shows a positive sign for the future of tourism. As part of the Tourism Recovery Framework (TRF) 2.0, the Malaysian government aims to attract 4.5 million tourists with a tourist receipt of RM 11.1 billion in 2022 (Daily Express, 2022a).

2. Methodology

This study on the Malaysian tourism industry's response to the COVID-19 pandemic relies primarily on the analysis of secondary data sources. Relevant data were collected from official government information, media reports and newsletters, and information from international agencies such as United Nations World Tourism Organisation (UNWTO). There was also extensive referral to the published report on tourism statistics by the Department of Statistics Malaysia as well as unpublished data from Sabah Park were also made available to the authors.

3. Impact of Covid-19 on Country’s Tourism Sector

The pandemic has created critical scenarios of uncertainty, crisis and resiliency. Each scenario has resulted in various negative impacts, critical actions and changes in the economy and industries in different proportions; and a new business environment and normalcy are inevitable changes (e.g., social distancing practices, movement restrictions, consumers behaviour, etc).

3.1 Economic impacts

The 2019 coronavirus disease outbreak (COVID-19), the travel ban and the Movement Control Order (MCO) have seriously compromised key subsectors of the industry. This includes transportation, accommodation, catering, retail, tour operator and entertainment. Absolute restrictions and prohibitions on travel, entry, exit and transit in different countries, as well as narrow social and cultural interactions, have profound implications for the tourism industry (Chan & King, 2020). The tourism industry was caught off guard.
when the COVID-19 pandemic crippled the entire industry around the world. This new coronavirus, which has spread around the world, has brought global economies to their knees and has locked millions of people in Malaysian into mass lockdowns. Gross Value Added of Tourism Industries (GVATI) accounted for 15.9% of Gross Domestic Product (GDP) compared to 15.2% in 2018, amounting to RM 240.5 billion (2018: RM 220.4 billion). In 2019, GVATI grew by 9.1% (2018: 9.3%), as indicated in Figure 4. However, due to the COVID-19 pandemic, in 2020, GVATI totalled RM199.4 billion, contributing 14.1% to GDP (2019: 15.9%), as shown in Figure 4. For the first time since the compilation of TSA in 2005, the GVATI went down by 17.1 per cent.

![Gross Value Added of Tourism Industries from 2015 – 2020](https://via.placeholder.com/150)

**Figure 4. Gross Value Added of Tourism Industries from 2015 – 2020** (Department of Statistic, 2021b)

As Malaysia is gearing up to promote Visit Malaysia Year 2020 (VMY) with tourism revenues estimated at MYR 100 billion and 30 million tourists arriving (NST Business, 2019). But the COVID-19 outbreak has had a devastating effect on tourism revenue and arrivals (Wasiul et al., 2020). The international tourist arrivals had dropped 96.7% to 0.13 million due to the COVID-19 pandemic from the previous year (see Figure 2), and domestic tourist arrivals also declined 49.9% from 131.7 million to 66 million (see Figure 3). The tourism stakeholders (e.g. travel operators, hotels, air carriers, amusement parks, national parks, etc.) are obliged to cease their activities temporarily and some enterprises are permanently closed (Kaur, 2020a). The unemployment rate increased by approximately 4.55% in 2020, reaching its highest level since 1993 (O’Neill, 2021).

According to news ‘The Edge Malaysia’ by Ganesan (2021), The Malaysian Association of Amusement Theme Parks & Family Attractions (MAATFA) estimated lost income between March and December 2020 at MYR2.8 billion (US$640 million). The employment rate of the amusement theme park sector was also affected, with an estimated 2,543 jobs lost, with 420 workers laid off in December 2020 alone. If the COVID-19 pandemic continues, this sector is expected to further reduce its workforce and salaries. A total of 18 MAATFA members have closed permanently since March 2020, including 10 in the fourth quarter of year 2020. MAATFA President Tan Sri Richard Koh said that while the government has authorized the reopening of theme parks since December 2020 at a 50 per cent capacity, this does not make up for the losses.

The Chairman of the Malaysian Association of Hotels (MAH) Mr. Yap Lip Seng stated that 170,085 hotel reservations have been cancelled and hotels are losing approximately MYR 68 million since 11 January 2020 to date of March 16 2020 (Foo et al., 2021; Teoh, 2020). MAH (2020) has indicated that statistics of hotel room cancellations in 2020, Sabah suffered a loss of MYR11,550,605 (US$2,630,518.03) in earnings and was second on the list after Kuala Lumpur with a loss of MYR23,021,301 (US$5,242,837.71) in earnings. MAH (2020)
revealed that nearly 30% of hotels are projected to temporarily close their operation and 15% to shut down totally operations (Sangaran & Selvanayagam, 2021).

The hotel industry is a powerful vector of job opportunities throughout the world (Aharon et al., 2021). Travel restrictions, border closures and quarantine requirements to enter a country make it unlikely that travellers will feel comfortable staying in a hotel (Hotel Tech Report, 2021). Low occupation rates lead to higher unemployment rates (Azman & Kamel, 2021). According to Sangaran and Selvanayagam (2021), hotel workers in Kuala Lumpur have been hardest hit by the epidemic. A total of 542 people, or (3%) of the total labour force, were laid off from a total of 17,826 workers. In the meantime, 3,641 employees (20%) were asked to take a leave of absence without pay, while 2,880 employees (16%) were faced with reduced wages, as can be seen in figure 5. A total of 542 people, or 3% of the total workforce, were laid off from a total of 17,826 workers. Meanwhile, 3,641 employees (20%) were asked to be absent without pay, while 2,880 employees (16%) were faced with salary cuts. The risk and uncertainty created by natural disasters or pandemics make the hotel industry vulnerable to such risks that can lead to long-term closures.

![Kuala Lumpur (Hotel workers N=17,726)](image)

**Figure 5: Hotel workers in Kuala Lumpur (Sangaran & Selvanayagam, 2021)**

### 3.2 Social and mobility impacts

As COVID-19 cases have increased significantly since March 14, 2020, the Malaysian government implemented the Movement Control Order (MCO) from March 18 to May 3, 2020. During the MCO, the government closed schools and non-essential businesses, banned outdoor sports and recreational activities, and imposed restricted travel bans, and a mandatory 14-day quarantine at locations designated by the Ministry of Health for entry into Malaysia (Kaur, 2020b). All foreigners or tourists have been forbidden to enter the country to reduce imported cases (Liao et al., 2020). The Malaysian government has also implemented strict enforcement of roadblocks to curb unauthorized travel and ensure that individuals comply with SOPs (Yong & Sia, 2021). Penalties have been imposed for those who have not complied with the rules - up to
RM1000 fine or and a prison term not exceeding six months (Tanzizi, 2020). Standard Operating Procedures (SOPs) are carried out in Malaysia and must be adhered to:

- Face mask is mandatory.
- Practice physical distancing by avoiding unnecessary travel.
- Wash your hands regularly with soap and water, or with hand sanitizer.
- Prevent close contact.

Due to the travel restrictions and SOPs enforcement, Malaysians aged 18 and above experienced anxiety, and 45% showed signs of depression during the MCO (Azuddin & Zakaria, 2020). The MCO may result in the closure of certain companies or industries, particularly for tourism and hospitality industry. The employers need to continue to bear the fixed costs of the business operations such as rent or workers’ salary, even if revenues are small or non-existent (Yong & Sia, 2021). Employees are worried about the future of the businesses they work for and whether they will lose their jobs. All of these concerns could create a lot of anxiety in people’s minds and even cause panic attacks, especially when the pandemic seems out of control (Yong & Sia, 2021).

Fear of COVID-19 infections, the economic crisis and stigma have delayed the recovery of the tourism industry, especially aviation (Lamb et al., 2021). Given that travel restrictions being imposed, the International Air Transportation Association (IATA) in its July 28, 2020 news release stated that air traffic will not return to pre-COVID levels until 2024 (IATA, 2020). Reduced air connectivity and the slow recovery should have a major impact on Malaysia's economy. Malaysia’s tourism industry is reliant on long-haul tourism destinations in Europe and the Asia-Pacific region (Tay, 2018) making tourism strategies for these destinations an uphill task. Airport closures, flight bans, increased industry impacts, serious job losses are the negative impacts that the aviation industry has experienced during the pandemic. According to the Malaysia Aviation Commission (MAVCOM), as of March 26, 2020, 7.3 million seats have already been cancelled, or 8.6% of the total air capacity of Malaysian carriers by 2020. Responding to low demand for air transportation and restrictions imposed by countries around the world, foreign carriers to and from Malaysia reduced their capacity by 6.7 million (24.5% of the total capacity of foreign carriers) in 2020 (Highlights, 2020). Seat capacity reductions involving major air passenger markets, such as China and South Korea, are expected to significantly reduce passenger traffic growth in Malaysia in 2020. As to China and South Korea has imposed the border closure since January 23, 2020 (BBC News, 2021) and February 4, 2020 (Kang et al., 2020) respectively.

**Box 1: Malaysian Airlines**

*Malindo Air ordered two weeks of unpaid leave and a 50% wage reduction for its employees, in addition to cancelling flights and asking suppliers to postpone payments. Malaysia Airlines Berhad (MAS) allegedly downsized due to the COVID-19 pandemic and asked its 13,000 employees to take “voluntary” unpaid leave, e.g., including employees of Malaysia Aviation Group (MAG) subsidiaries such as MAB Kargo, MAB Engineering, Firefly, and MASwings. Lower customer demand due to fear of flying may increase financial pressures on airlines, resulting in reductions or cancellations of flights. As interline activities are impacted, the result will be a loss of air connectivity across a wide range of locations.*
3.3 Environmental impacts

The implementation of the Movement Control Order (MCO) has had a positive impact on the environment, with fewer motor vehicles and industries shut down, and emissions of harmful air pollutants to the atmosphere have decreased. Examples of movement limits imposed by the Malaysian government include:
- Travel of people and gatherings are not permitted.
- All businesses are required to close, except supermarkets, public markets, assorted stores and convenience stores.
- Non-essential public and private spaces are not permitted to operate.

Compared to the 4,013.2 thousand metric tonnes reported in 2019, the volume of scheduled waste generated in 2020 climbed by 79.0% to 7,185.2 thousand metric tonnes. This contribution comes from power generation and water treatment plants, which are classified as essential services (Salim, 2021). Concerns about the disposal of disinfectants and the spreading of masks and gloves had increased the volume of medical waste. According to Datuk Seri Dr. Mohd Uzir Mahidin, chief statistician, the amount of clinical waste created rose 18.1 per cent from 33,756.99 metres to 39,883.32 metric metres in 2019 (Bernama, 2021a).

Environmental noise was defined as unwanted noise created by anthropogenic processes (for example, industrial or commercial activity), the movement of motor vehicles, and high-volume melodies. Private and public transport usage has fallen dramatically due to the MCO. The operating limits of industrial properties and activities also help to reduce sound pollution in the environment (Rume & Islam, 2020).

The MCO is beneficial for the marine ecosystem, which is regularly affected by natural calamities and anthropogenic interference. Tourism impacts on coral reefs have been substantially reduced by stringent containment measures that have prevented travel between countries or states. This has an overall good impact on coral reefs in the neighbourhood. A number of studies have also demonstrated that the marine ecosystem has improved and that the environment is healthier. Fewer artificial impacts, such as limited water-related activities that pollute water; wave energy from boats and ferries, which erodes coasts and beaches; snorkelling and diving activities that enhance sedimentation; sunblock pollution, and noise pollution; and light pollution in coastal stations which keep turtles from nesting (Jaafar, 2021).

Box 2: River conditions during MCO

Since the MCO started in March in Malaysia, there has been a significant improvement in river conditions, specifically in tributaries from the Klang River to the Gombak River, the Way River and the Kemuning River. It is worth noting that the Malaysian Department of Environment (DOE) reported on April 21, 2020 that 28 per cent of the 29 real-time water testing stations have improved water quality. Concurrently, 44% of the stations had minor variations in water quality. Lastly, no significant changes were observed in the remaining 28% of stations. Prior to MCO, water quality was classified as Category II by February 2020 (Najah et al., 2021).

4.1 Responses of the tourism sector along the value chain

The pandemic has been disruptive across all parts of tourism value chain. Cancelled events, closed accommodations, and shut down attractions has subsequently led to unprecedented domino effect towards the other parts of supply chain such as catering and laundry services. The frame of the global tourism system was shifted within months since the outbreak start in December 2019 from overtourism (Dodds & Butler, 2019; Seraphin et al., 2018) to non-tourism (Gössling et al., 2020). Malaysia was supposed to see a soar in the tourism industry through the Visit Malaysia Year Campaign in 2020. However, the Ministry of Tourism, Arts and Culture (MOTAC) has decided to cancel the ongoing campaign (The New StraitsTimes, 2020) and instead shifted their focused on the promotion of domestic tourism (Chan, 2021).

The Malaysian Association of Tour and Travel Agents on February 26, 2021 made a 37-point recommendation urging the government to support the tourism sector with "real action" as the industry prepares for a stronger and more sustainable return (MATTA, 2021). The priorities for tourism recovery in MATTA’s recommendations include financial assistance and liquidity to protect workers and SME travel agencies, urgent and essential government regulations and policy changes, public-private sector collaboration for an efficient reopening, boosting domestic travel and leveraging on technologies under the new norm.

When the COVID-19 crisis hit, managers and hoteliers used marketing strategies to make sure companies could continue to operate. Price discounts to promote hotel accommodation is the first promotional strategy used by hotels during initial stage of COVID-19 pandemic (Lai & Wong, 2020). However, after reaching the epidemic stage, this strategy would be inefficient to generate sales, so they decided to save marketing expenses to prepare for a pandemic (Lai & Wong, 2020). Hotels also reduce their operating costs by limiting the number of hours of work or hours of work over both periods. In addition to reducing the workforce through unpaid vacation during the pandemic phase, keep operating expenses to a minimum (Lai & Wong, 2020). Two case studies, one medium-sized city with significant tourism infrastructure and one beach resort setting have been highlighted below as to their mitigative responses to minimize the impacts of Covid-19.

Mitigative Responses to COVID-19: Cases of George Town, Penang

People are traveling to George Town for its incredible variety of street food and dynamic cultural attractions. This city was designated by UNESCO in 2008 as a World Heritage Site, the capital of Penang went through a renaissance. However, in 2019, the growing pandemic is holding back not only the flow of tourists but tourism operators as well. Several established hotels, including the 5-star Hotel Equatorial Penang, have shuttered (Ng, 2021). The iconic See Kong Ooi restaurant was 84 years old before becoming a victim of the pandemic (Ng, 2021).
While the Malaysian range of aid programs and initiatives prevented further losses to Penang's tourism operators and maintained the sustainability of the industry as a whole. Other than the federal stimulus packages, the Penang state government through the Penang State Executive Councillor's Office for Tourism and Creative Economy (PETACE) has launched macro and micro initiatives to mitigate the impacts caused by the pandemic.

From the macro context, Penang established the Penang Tourism Economy Recovery Advisory Board (PETERAB), which was responsible for leading socio-economic impact through policy-level recommendations, with the ultimate goal of accelerating tourism recovery, creating employment opportunities and creating economic synergy for revitalizing the tourism industry. This advisory board works in tandem with the Tourism Penang Next Normal Task Force which guides the transition towards the “new norm” to make sure enhanced safety and security of tourists and tourism workers. While within the framework of the micro initiatives, the Penang State Government, has provided direct and concentrated financial assistance to tourism stakeholders.

The immediate responses to the challenges of the COVID-19 Pandemic by the local authority in Penang are shifting the target market from international to domestic markets, focusing on local demands to keep businesses intact. More precisely, the Penang government has changed its policy focus from development-oriented and geared towards achieving rapid upgrade for the industry to economic recovery to ensure sustained and resilient growth in the tourism industry.

During this pandemic, the Penang government has learned the essential lesson that “trust is the new currency”. As a result, the "Responsible Tourism" campaign was launched by the state government to educate all entities on their respective responsibilities to make "Penang" a reliable and secure destination. This campaign works alongside and complements the “COVID-19 Safety Accreditation Programme”, which is an accreditation granted to tourist sites such as hotels, theme parks and shopping centres that meet the strict safety and health guidelines laid down by the authorities (Ng, 2021). These are all pragmatic measures that will strategically endow the tourism stakeholders with increased capacity to defy the new norm and position Penang as a responsible tourism destination.

Mitigative Responses to COVID-19: Cases of Tunku Abdul Rahman Park (Manukan Island), Sabah

Tunku Abdul Rahman National Park (TARP) was gazetted in 1974 as Sabah’s first marine national park. The Park covers an area of 50 square kilometres off shore Kota Kinabalu which comprises 5 islands including Gaya, Manukan, Mamutik, Sulug and Sapi Island. Manukan Island, the most developed of its island, was equipped with several facilities such as chalets, clubhouses, restaurants, swimming pools, game courts as well as scuba diving and snorkeling centres (Yusoh et al., 2021b). As the second-largest island in TARP at about 20 hectares, the island is surrounded by clear sea waters filled with a myriad of marine life and coral reefs that has continue to attract and delight tourists over the years since its opening to the public.

In the wake of the Covid-19 outbreak, Sabah tourism had its worst year ever in 2020. Overall, the number of incoming tourists to Manukan Island has been greatly affected by the pandemic based on the data collected by Sabah Park (Figure 6.). Domestic and international tourists had both dropped significantly in 2020 with -68.5% and -86.6% respectively. As interstate travel was allowed back during the MCO, Sabah Park has opened all its station including Manukan island. However, there was a lower number of tourists recorded during that period. This might be due to the limited number of boats operated as well as capacity limit by park management during that time. The entrance to the island were limited to only 100 people at a time and must be tested negative for Covid-19. The tourists also need to continuously adhere to guidelines outlined by the Health Ministry such as wearing a mask and maintaining physical distance. These measures not only helped to prevent the spread of the virus, but also boost tourist confidence and make them feel safe enough to travel. A
discount of 50% on conservation fees was also charged to encourage more tourists to visit the island (Miwil, 2020). (Position Changed)

![Figure 6. Number of Tourist Arrival to Manukan Island from 2019 to 2021 (Sabah Park, 2022)](image)

Although the number of international tourists has continued to decline by -96.6% in 2021, visitation by local tourists has shown an upward trend with 24.6% growth (Figure 4.). These might have signified that the domestic market has recovered more quickly than the international tourist market as interstate travel eased and relaxation of SOP measures in 2021. The rapid mass roll-out of vaccines in the country might also help to boost people’s confidence to start travelling again (Christoff, 2021; Williams et al., 2022).

### 4.2 Malaysian government policy measures (immediate, short- and medium-term)

With the unpredictable nature of Covid-19, the future outlook for tourism remains highly uncertain as a people-oriented industry. Therefore, it is critical for government to not only control the spread of the virus but also need to ensure economic survival through immediate responses as well as simultaneously constructing medium- and long-term strategies to revive the country’s tourism industry. In response to economic shocks following the Covid-19 outbreak, Malaysia’s government had launched an emergency economic stimulus package worth US$4.8 billion in February 2020. Since then, a series of eight financial aid packages (Figure 7) amounting to RM530 billion had been issued by the government to curb economic fallout. These initiatives mostly targeted micro-, small- and medium-sized enterprises, informal sector and those in the bottom 40 percent of household income nationwide.

Realizing the severe impact of the pandemic on the economy, Malaysia government released the first Emergency Stimulus Package (ESP) of MYR20 billion to mitigate the impact of COVID-19 on date February 27, 2020 (Ministry of Finance, 2020a). The second enhanced stimulus package named Care (PRIHATIN) was announced on March 27, 2020 (Ministry of Finance, 2020b) worth MYR230 billion. Third stimulus package named Care SME+ (PRIHATIN PKS+) released on April 6, 2020, an additional MYR10 billion has been allocated to help Small and Medium Enterprises (SMEs) through PRIHATIN special grants and wage subsidy (Ministry of Finance, 2020d). On June 5, 2020, fourth National Economic Regeneration Plan (Pelan Jana Semula Economic
Negara - PENJANA) stimulus package was introduced with a budget of MYR35 billion (Prime Minister Office of Malaysia, 2020). Another MYR10 billion for fifth We Care (KITA PRIHATIN) stimulus package 2020 on September 23, 2020 (Crowe, 2020; Ministry of Finance, 2020c). The Protection of the Malaysian Economy & People (Perlindungan Ekonomi & Rakyat Malaysia - PERMAI) assistance package was introduced on January 18, 2021 with a budget of RM15 billion. The Strategic Programme to Empower the People and the Economy (PEMERKASA) assistance package was issued after two months of PERMAI on 17 March 2021 worth MYR20 billion (Crowe, 2021). Furthermore, Strategic Programme Empower the People and the Economy (PEMERKASA PLUS) allocated RM40 billion by government on May 31, 2021. The latest stimulus package was National People’s Well-Being and Economic Recovery Package (PEMULIH) which announced by Prime Minister Tan Sri Dato’ Haji Muhyiddin Bin Haji Mohd Yasin on June 28, 2021 (EY Malaysia, 2021; Prime Minister Office of Malaysia, 2021; PWC, 2021).

Figure 7. Stimulus Packages Timeline 2020 to 2021 (REFSA, 2021)

The responses reveal several key initiatives outlined within the stimulus packages announced by the government. These initiatives are essential for the survival of the tourism industry in Malaysia, to ensure the continuity of businesses and retaining the jobs of thousands of employees (Table 1.).
### Table 1. Summary of tourism initiatives outline within stimulus packages

<table>
<thead>
<tr>
<th>INITIATIVES</th>
<th>DESCRIPTION</th>
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| Tax Incentives                                   | • A deferment of monthly tax installments for travel agencies, hotels, airlines, as well as businesses in the tourism industry.  
• Accommodation operators (hotels, inns, lodging houses, service apartments, homestays and any other similar establishments) were given exemption from tourism tax and service tax payment.  
• A special Income tax relief of RM1000 was incurred for expenses on domestic travel.  
  • Limited to the entrance fee for tourist attractions and expenses on accommodation at premises registered with the Ministry of Tourism, Arts and Culture.  
• Source: Ministry of Tourism, Arts and Culture (2021) |
| Restructuring and rescheduling of loan           | • Businesses in the tourism sector were allowed to either reschedule their loan tenure into long-term loans or restructure existing loan into a term loan.  
• Moratorium periods were also introduced which help tourism industry players to make conditional or automatic deferments on their loan repayment.  
  • An estimated RM210 billion worth in value was allocated in the following stimulus packages which are available for both individual borrowers and businesses: PRIHATIN (RM100 billion), PEMERKASA+ (RM30 billion) and PEMULIH (an estimated RM80 billion).  
Sources: KPMG Malaysia (2020); REFSA (2021) |
| HRD Levy Exemption                               | The registered employer under the Human Resource Development Fund (HRDF) was exempt from mandatory HRD levy contribution.  
Source: Ministry of Tourism, Arts and Culture (2020a) |
| Changes in EPF Contribution Rates                | The minimum statutory contribution rate was first reduced from 11% to 7%, which applies to all registered EPF members from early 2020 up to the end of the year. On 1st January 2021, the reduced rate changes to 9% from early 2021 until June 2022.  
Source: EPF (2020) |
Table 1. Summary of tourism initiatives outlined within stimulus packages (*Continued*)

<table>
<thead>
<tr>
<th>INITIATIVES</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>Financial Loan</td>
<td>• An additional fund of RM58 billion was also provided under the PRIHATIN stimulus package to cover several initiatives to help alleviate cash flow problems faced by businesses operation.</td>
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<tr>
<td></td>
<td>▪ Special Relief Facility (SRF)</td>
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<td>▪ All Economic Sectors (AES) Facility</td>
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<td></td>
<td>▪ Micro Credit Scheme</td>
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<td></td>
<td>▪ BizMula-i and BizWanita-i schemes</td>
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<td></td>
<td>▪ Government Guarantee Schemes</td>
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<td></td>
<td>Source: Ministry of Tourism, Arts and Culture (2020a)</td>
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<tr>
<td>Wage Subsidy</td>
<td>Subsidize salary by government help to support up to 500 employees with assistance of RM600 for each employee earning less than RM4,000 per month</td>
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<td></td>
<td>• Source: Ministry of Tourism, Art and Culture (2021)</td>
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<tr>
<td>Skill Training</td>
<td>• The government has allocated a total of RM100 million provision to the HRDF to train and upskill Malaysian workers from affected economic sectors which include travel and tourism businesses.</td>
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<td>• Additional RM50 million allocations were also provided for employees to participate in a subsidized short online course, particularly in digital skills.</td>
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<td>• Government-funded short courses in TVET skills training were conducted by 13 state skills development centres (SSDC) at a total cost of RM20 million.</td>
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<td></td>
<td>• Source: KPMG Malaysia (2020)</td>
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• Under the PEMERKASA package, one-off financial aid of RM3000 has been given for 5335 tourism agencies registered under MOTAC. While homestay operators under the Malaysian Homestay Experience Program received one-off RM600 cash incentives.
• A total of 5877 tour guides (Peninsular Malaysia & Sarawak) have received one-off cash assistance of RM500 under the PERMAI stimulus package which amounting to RM2,938,500. One-off financial incentives of RM500 were also given to taxi drivers, tour bus drivers and e-hailing drivers with an allocation of RM 66 million under the same package.
• Whereas, a one-off payment of RM1000 was given for 1063 tour guides in Sabah with a total allocated cost of RM1,063,000 under Budget Package 2021.

Source: Ministry of Tourism, Arts and Culture (2020a)

Table 1. Summary of tourism initiatives outlined within stimulus packages (Continued)

<table>
<thead>
<tr>
<th>INITIATIVES</th>
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<tr>
<td>Ease of Utility Costs</td>
<td>Hotel operators, travel and tour agencies, shopping malls, convention centres, theme parks and local airline offices were eligible for the discount initiative of 10% on their total monthly electricity consumption.</td>
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</table>

Source: Ministry of Tourism, Art and Culture (2021)

Since the pandemic situation took a turn for the worse in many countries, the continued closure of the international border and movement control orders (MCO) has caused a major fall in tourism-dependant economies. A survey conducted by Tourism Malaysia has found that domestic travel has the potential to kickstart tourism demand (Tourism Malaysia, 2020). Thus, the Ministry of Tourism has been focusing its effort to promote domestic tourism through the ‘Cuti-Cuti Malaysia’ campaign to revitalise the country’s tourism industry. In order to encourage locals to travel and spend domestically, various incentives and promotions in the form of discounts, vouchers and rebates were included in the Tourism Recovery Plan (TRP) under the National Tourism Policy 2020-2030. Throughout the program, a total of 238,908 vouchers have been redeemed by Malaysians (Harun, 2022).

With the aim to further boost the country’s tourism industry in 2022, the Ministry of Tourism, Arts and Culture (MOTAC) had introduced the Tourism Recovery Plan 2022 with the relaunching of the ‘Jom Cuti-Cuti Malaysia’ campaign (Table 2). According to its Minister, Datuk Seri Nancy Shukri, this initiative is a continuation of the Economic Stimulus Package 1.0 (PRE 1.0) under the previous Tourism Industry Recovery Plan (TRP). Various discounts, vouchers and rebates have been distributed under the 2022 recovery plan, involving the transport cluster and tourism association cluster to help to stimulate the travel demand and allow the industry to remain competitive (Tourism Malaysia, 2022b).
<table>
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<th>INITIATIVES</th>
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| Tourism Association Cluster       | • Under the tourism association cluster, Malaysians were eligible to book travel packages at a discounted rate by an e-rebate worth RM100 with every purchase of RM200 and above in the Shopee e-marketplace (Harun, 2022).  
  - The promotion period starts from 29 April to 31 October 2022 for travel until the end of the year.  
  - Estimation of a total RM2,985,000 sales value with the purchases of 14,925 users.  
  - Through the Shopee e-marketplace platform, a discount worth RM100 was also applied for those who book any hotel priced at RM200 and above, while for the budget hotel a discount of RM50 (Budget 2022, 2022a).  
  - The promotion period starts from 1 April to 30 September 2022 for travel until the end of the year. |
Transport Cluster

• Under the land transport cluster, strategic collaboration was also established between Tourism Malaysia with KLIA Express and Keretaapi Tanah Melayu Bhd (KTMB) (Harun, 2022).
  • The promotion period starts from 1 April to 31 December 2022.
  • A total of 24,875 Malaysians can enjoy a discounted one-way ticket worth RM10 by using KLIA Express.
  • With a ticket price of more than RM16, it is estimated that 39,800 users can redeem a RM15 discount for interstate train fares.
• In addition, for the air transport cluster, cooperation was also established with Malaysia Airlines and Firefly Airlines (Malaysia Airlines, 2022).
  • The promotion period starts from 1 July 2022 onwards for immediate travel until 31 December 2022.
  • A travel voucher worth RM100 can be redeemed by Enrich members on any destinations within the country operated by Malaysia Airlines.
  • Whereas, for Firefly Airlines, a RM50 discount can be enjoy by its member to any domestic destination.

5. Long-Term Adaptive Measures For A Sustainable And Resilient Tourism Sector In A Post-Pandemic Era

In response to the outbreak of the COVID-19 pandemic, governments around the world have implemented responses through a range of measures. Most of these consists of immediate crisis response which focus more on securing the communities health and safety as well as providing either fiscal or monetary support, rather than long-term planning. Although short-term financial support is critical to ease the economic shock to households and businesses, it is not sustainable in the long term and presents the risk of prolonging inevitable bankruptcies. Realizing the long-term economic impacts of the pandemic on the country, here are six category strategies that can be implemented to revive the tourism industry (Figure 8.).
5.1 Aligning tourism finance with sustainability

The outbreak of COVID-19 has not only shed new light on the tourism system; its trends, vulnerability and potential, but most importantly it also highlighted the need to transform tourism into a more sustainable and resilient industry. As tourism recovers, it creates an opportunity for the industry to transform itself so that it is more closely aligned with the Sustainable Development Goals (SDGs). Sustainable tourism does not signify a specific type of tourism but rather all forms of tourism can be more sustainable by ensuring communities and the environment thrive (UNEP, 2005). As a means of effectively incorporating sustainability in tourism practices, the governments should seek new revenue sources which can be reinvested into its management after the fiscal impact of the pandemic. The governments can explore the various mechanism for example individual attractions such as entry fees to the national park or specific user rights such as parking fees.

Ensuring visitor satisfaction and safety, while protecting the natural and cultural heritage costs money, which in many instances cannot be recovered from government funding alone. Thus, these revenues provide important funding for park maintenance, while reducing dependency only on government allocations. Voluntary contributions made by visitors or businesses through fundraising events can also complement the mandatory pricing mechanisms (Asian Development Bank, 2021). In Malaysia, conservation fee has been charged to visitors in various tourist attractions including National Park. Due to rising operational costs,
Sabah Parks had announced the possibility of increasing entrance fees to its parks like Kinabalu Park and Sipadan Island Park. The new entry fees were also important for facilities improvement to accommodate the return of international tourists. The last fee revision was 20 years ago (Inus, 2022).

Additionally, various green financing opportunities shall be available to further support the sustainable development of tourism. The government and financiers can provide small loans option with a straightforward application process to make them more accessible to tourism projects by a smaller firm. Greater financing can also be acquired by integrating sustainable tourism projects with other initiatives through co-financing and sharing resources, where tourism stakeholders can deliver sustainable products and services, while counterparts can help fund infrastructure and provide services that enable tourism to deliver on the Sustainable Development Goals (Asian Development Bank, 2021). Some initiatives have been taken in Malaysia through the introduction of Special Tourism Investment Zones (STIZs) which create a pro-investment environment and foster public-private partnerships. To boost the tourism industry among SMEs, the creation of STIZs help to provide Flagship Matching Grants for innovative tourism projects and ease access to the Special Tourism Fund/ Tourism Infrastructure Fund (Ministry of Tourism, Arts and Culture Malaysia, 2020b).

5.2 Improving tourism governance

The outbreak of COVID-19 crisis has demanded a rapid responsive mode of governance from different stakeholders within the tourism industry. Governance plays a crucial role in the tourism industry as it is often cuts across different fields of experience and administrative frontiers. As a cross-cutting industry, it is imperative to build a better understanding of tourism across the national government departments through education and awareness. This will help in the better horizontal coordination of tourism policy as they may fully participate in its planning and development. However, coordination in the development and delivery of tourism policy is required not only horizontally at a national level but also vertically across government, regions, and local destinations collaborations (OECD, 2017).

Active collaboration between countries, sectors, governments and businesses is essential to enhance public-private collaboration. This is important to support better coordination on data sharing, monitoring and evaluation, and investments through tourism framework agreements and projects. Furthermore, countries can take cooperative approaches to reduce competitive pressures, more efficiently allocate scarce resources, and
increase marketing on the uniqueness of tourism destinations (Asian Development Bank, 2021). As mentioned earlier, public-private partnerships were also strengthened through the introduction of STIZs by the Malaysian government. The collaboration may help to reduce the government's role in managing tourism attractions besides sending the right signal to the local and international investors. The government also established a National Tourism Council intending to maintain high-level coordination in the implementation of the National Tourism Policy 2020-2030, which may ensure the continuity of the country's tourism industry (Ministry of Tourism, Arts and Culture Malaysia, 2020b).

Moving forward, the pandemic has also accelerated the digital adaptation of the tourism industry (Pencarelli, 2020). Digital advances have not only altered the way people travel but also how tourism services are delivered. It is no longer an optional strategy but gradually becoming an indispensable practice to remain competitive and respond to growing demands of tourists. It is changing the way of interaction with tourists and generally transforming the whole tourism industry, where, new and more creative ways of tourism services were delivered, effective management of information and data on tourism supply and demand, as well as improve and connect operations along tourism value chains and ecosystem (Thees et al., 2021). As one of the strategies in National Tourism Policy 2020-2030 to transform the tourism industry, Malaysia has undertaken a comprehensive digitalization journey toward smart tourism. Embracing the whole spectrum of digitalization may provide the necessary tools for the industry to be internationally connected, perform rigorous data analytics of tourism futures and shorten the supply chain (Ministry of Tourism, Arts and Culture Malaysia, 2020b).

5.3 Tourism Diversification

The outbreak of the COVID-19 pandemic affecting international travel has been one of the major disruptions in the tourism industry following the closure of many borders, travel restrictions and low travel confidence. The global health crisis has triggered an unprecedented crisis in the tourism market by decreasing demand for international travel, which in turn causes a loss in the country’s tourism revenue. International tourism is essential to the economic growth of a country as it contributes to foreign exchange earnings, creates job opportunities and infrastructure development (Manzoor et al., 2019).

However, despite its many advantages, it is a highly volatile industry and vulnerable in the face of the pandemic (Abbas et al., 2021; Rahman et al., 2021). Diversifying tourism markets is therefore crucial as it
improves the market resilience toward unfavorable events and avoids overdependence solely on a particular tourism market (Yap et al., 2022). Revising the tourism marketing strategies can help to reduce dependence on dominant markets. According to Can and Gozgor (2018), tourism market diversification is defined as a business strategy for a tourist destination to secure sustainable tourism revenue by venturing into new or emerging markets. With the pandemic had severely affected the international tourism market, one of the ways to mitigate the impacts such as shock to the industry is to diversify into a new potential market (Yap et al., 2022). According to UNWTO (2020), domestic travel has the potential to kickstart tourism demand as it shows faster signs of recovery than international travel demand.

In agreement with previous findings by UNWTO, a survey conducted by Tourism Malaysia show that people are more likely to travel domestically within the country (Tourism Malaysia, 2020). Thus, the Ministry of Tourism has been focusing its effort to promote domestic tourism through the ‘Cuti-Cuti Malaysia’ campaign to revitalise the country’s tourism industry. The government also aims to enrich the tourist’s experience and satisfaction by nurturing demand sophistication as the demand is becoming more specialized, customized and corresponds with the tourist’s willingness to pay for distinctive experiences (Bernama, 2021b).

When the pandemic starts to ease and countries gradually reopen their border to welcome the international tourist, the tourism industry should not only focus on attracting tourists from the dominant market (such as Singapore, Indonesia and China) but also need to diversify and broaden up to other possible target tourists (Seyfi and Hall, 2019, 2020). Although these countries contribute largely to overall revenue but by diversifying the market may help in reducing the risk of only targeting to specific group of tourists from a particular region and ensure a steady income for continuous economic growth. To enhance tourism promotions to a wider range of markets, Tourism Malaysia has increased online promotions and upgraded its existing online platform. Tourism Malaysia also establishes strategic partnerships with airlines such as Malaysia Airlines, AirAsia and Jetstar Asia to increase the market share of air travel to the country (Tourism Malaysia, n.d.).

5.4 New forms of tourism workforce training

When crisis occurs such as the outbreak of Covid-19, the economic industry was faced with uncertainty and a chaotic situation where they are forced to rapidly change their operating strategies to mitigate any negative impacts. However, many were ill-prepared to confront the pandemic and this is mainly due to a lack of experience and knowledge. Tourism is one of the industries that have been hit hardest by the COVID-19 crisis. New forms of skills training are crucial in preparing businesses following the impacts of the pandemic. In order to maintain competitive advantage, the tourism businesses need to identify the skills gaps and develop new practices to adapt their business models to new scenarios and opportunities especially in the post-covid world. At the same time, this involves not only the acquisition of new skills but also continuous efforts of re-
skilling to grow a resilient tourism workforce. Collaborative action among tourism industry stakeholders was essential to ensure that the training measures form a knowledgeable crisis management workforce.

As a whole, the modern development of the tourism industry is directly related to digital technologies. Digitalization improves the operational efficiencies of tourism business with the usage of digitized data and information. However, technology is evolving faster than ever regardless of the current market condition. Thus, in this regard, it is important to keep up-to-date and improve the digital competencies of tourism workers. Knowledge of existing technologies in tourism, development of skills and abilities to use them in professional activities at all levels of tourism management is an important component of training for the tourism worker (Morozov & Morozova, 2020). With the aim to expand the use of digital technology in the tourism industry, the Malaysian government has integrated smart tourism content into the education and training of tourism programs, as one of the strategic actions in the National Tourism Policy 2020-2030 (Ministry of Tourism, Arts and Culture Malaysia, 2020b).

In budget 2022 announced by the Government of Malaysia, an integrated online platform of reskilling and upskilling programs was offered to assist Malaysians in finding relevant training courses to enhance their skills and knowledge. Courses in Hotel and Tourism sectors were also available which include ecotourism interpretation, executive programmes in tourism management and nature tourist guide. This program also helps to improve employability for the participants while preparing them for long-term career success (Budget 2022, 2022b). Besides that, Malaysia is also keen to support the career path development of women in tourism. Malaysia was rated as the number 1 destination for Muslim women travellers by MasterCard and CrescentRating in a joined report of ‘The Muslim Women in Travel 2019’. Thus, it is important to have women in the tourism workforce to give insights and perspectives as well as better understand the need of female travellers (Azuar, 2021).

5.5 Tourism-led regeneration

Over the decades, tourism has become one of the most important sectors in the world economy. However, to achieve this they came at a price. Tourism can be a key driver of economic growth but, if not properly managed, it can have a detrimental impact on the environment, culture and society. The outbreak of COVID-19 has further emphasized the vulnerabilities of the industry and the need to rethink tourism for the future. Rather than ‘business as usual’ after the pandemic, regenerative tourism with the concept of ‘build back better’ has increasingly received attention as a way to revive the tourism industry. Regeneration in tourism is often regarded as a sustainable way of travelling and discovering new places (Heslinga, 2022).
Collaboration among all stakeholders was also necessary to create barrier-free tourism, including persons with disabilities, disability organizations, governments, international agencies and tour operators (Michopoulou and Buhalis, 2011). All individuals, regardless of gender, race or physical disability, should have equitable access to travel experiences. (Kotlyarova et al., 2020). Equitable travel is necessary as the next step forward to make tourism more sustainable, although it is difficult to achieve. Stakeholders can also invest in social tourism which offers a sustainable long-term solution by providing an opportunity for underprivileged groups to participate in travel (Asian Development Bank, 2021).

The tourism industry also should encourage participation from businesses of all sizes, including those run by vulnerable or minority groups. Government can incentivize innovation and product development with competitions, incubators, and supportive policies. The public and private sectors should also build networks and local partnerships that include smaller businesses as well as foster community entrepreneurship and innovation through capacity building, training, and funding support (Asian Development Bank, 2021). Besides that, economic inclusion was also highlighted in the National Tourism Policy of Malaysia where the youth, women and people with disabilities were given equal opportunities to work in the tourism industry in line with UNSDGs goals 8 (Ministry of Tourism, Arts and Culture Malaysia, 2021c). The Malaysian government also provided a 20% incentive to employers to encourage job opportunities for the OKU groups and single mothers under the Budget 2021 allocations (Bernama, 2020a).

“By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.”

-United Nation Sustainable Development Goals 8-

5.6 Strategies for sustainable/responsible/indigenous tourism

The pandemic presents an opportunity for tourism reset otherwise, away from any unsustainable practices. It offers a chance to re-evaluate how tourism can do better, in a way that has the consideration for the well-being of the communities and environment. Although the idea of sustainability has been adopted in tourism in the past years, many studies have shown that the pandemic has enhanced the sustainable travel trends. The United Nations Sustainable Development Goals (UNSDGs) provide the appropriate benchmarking for the sustainable growth of Malaysia’s tourism industry that is cognisant of the role of tourism in promoting inclusive development as well as for the industry to promote consumption and practices (Ministry of Tourism, Arts and Culture Malaysia, 2020c).
As the tourism industry aims to be more sustainable in its practices, environmental consideration is an indispensable tool to achieve the objective of sustainability in tourism. Tourism activity has been traditionally related to environmental degradation. For this reason, it is important to raise awareness through education programs so that they are motivated to maintain good environmental quality and adopt more sustainable practices in their day-to-day operations. For examples, energy-efficient hotel building design and usage of renewable energy to reduce carbon footprint. At the same time, the tourism sector may also organize nature-based activities such as guided tours which in turn can instill environmental awareness in tourists. An efficient management system with a monitoring function should also be developed to evaluate the environmental performance of the industry. The result can be used as feedback to facilitate future improvement in nature conservation.

Besides that, the concept of carrying capacity also needs to be applied when practicing sustainable tourism (Yusoh et al., 2021a). Sustainability and carrying capacity of tourism destinations has been widely discussed in recent years due to the constant growth of the tourism demand, although was temporarily halted by the pandemic. To ensure that tourism activities are aligned with the carrying capacity of destinations and communities, it is crucial to understand their socioecological limits. Adequate data, planning, and enforcement are all critical to ensuring that destination resources are managed effectively. Digital technology can help to monitor the tourist flows and support resource management in tourism destinations (Asian Development Bank, 2021).

Integrated policies and strengthening the partnership with the private sector can also help to achieve sustainability in tourism. Introducing incentives such as tax breaks and subsidies for travel businesses that implement sustainability measures (such as improved energy efficiency and waste management) and sustainability certification programs can encourage the inclusion of sustainability agendas in the development of tourism. When travel resumes, implementation of carbon taxes may also help to reduce carbon footprint (Asian Development Bank, 2021).

Generally, the pandemic has changed the way people travel with more seeming to prefer outdoor and nature destinations to avoid crowded tourist spots. With indigenous tourism leading the way, the emerging trend is to engage genuinely with the local communities and experience authentic local culture. This aligned with Malaysia’s National Tourism Policy toward UNSDGs which is to reinforce the role of tourism as a catalyst for rural empowerment (Ministry of Tourism, Arts and Culture Malaysia, 2020c). The introduction of indigenous tourism can also be an
opportunity for indigenous people to share their cultural and ancestral practices.

However, the relationship between tourism and indigenous people provides the ultimate test of sustainable tourism as a concept for tourism management and cultural preservation (Carr et al., 2019). Although the indigenous people were often used as a subject to promote tourism and ‘cultural experiences’, their voice does not seem to be pivotal in the decision-making process in most tourism development plans. Therefore, tourism stakeholder needs to ensure that indigenous people are well informed of any planned tourism activities on their lands, which they authorize themselves and be part of and ensure that these activities are respectful to their cultural values and environment. The intellectual property rights of the people also need to be fully protected against any inappropriate use and exploitation.

Besides that, tourism also encourages entrepreneurship which provides an essential business opportunity among indigenous people. In Malaysia, only 318 Orang Asli were registered as indigenous entrepreneurs with Jabatan Kemajuan Orang Asli (JAKOA) from 2016 to 2020. According to the findings by Cheng and Hong (2021), the reasons for Orang Asli to become entrepreneurs were; to create employment for the community, generate funds for the community, increase tourism demand, pursue personal interests and hobbies, promote and preserve the culture and to improve perceptions towards Orang Asli’s socioeconomic status. In Budget 2021 announced by the government, about 500 people among the local and Orang Asli communities were offered employment opportunities as tour guides at all national parks to revitalise ecotourism activities in the country after badly affected by the pandemic (Bernama, 2020b).
Case Studies: Sabah Strategies To Revive Its Tourism Industry

The impacts of the COVID-19 pandemic on tourism in Sabah have been devastating. Over the years, Sabah has gone through several crisis events which have negatively affected its tourism sectors such as a series of tourist-kidnapping incidents, an earthquake and the Lahad Datu standoff. However, the outbreak of the COVID-19 pandemic have a much more devastating impact than the one ones before. In reference to a survey by the Institute of Development Studies (IDS) Sabah, it is estimated that 26 per cent of the state’s tourism-related workforce have lost their jobs, 34 per cent are on unpaid leave while another 32 per cent have had to take a pay cut to retain their jobs. Absence of visitor during the MCO has left the tourism businesses with zero-income, which cause them to unable to pay their workers as well as cover their operational cost (Chan, 2020a).

In effort to hasten the re-opening of the Sabah’s tourism industry, the Sabah Tourism Board (STB) has been facilitating a fast-track Covid-19 vaccination for the industry workers with the federal Tourism Ministry office. Hotel staff, tour operators, boatmen, rural tourism workers, rafting guides, tour bus drivers, and divers were among those vaccinated tourism workers. According to Datuk Joniston Bangkuai STB chairman, the interstate travel will be enhanced once the tourism workers are vaccinated as well as safely welcome tourists again by complying with strict health protocols and Standard Operating Procedures (SOPs). Introduction of an independent external Green Tourism certification and Covid-19 insurance policy were also included in the state future plan to increase visitor confidence (Sabah Tourism Board, 2021).

Fortunately, in 2022, Malaysia began lifting its entry ban across the country's international border and opened up tourism businesses to relieve its economic burden. According to Datuk Seri Masidi Manjun, at least four years were required to rehabilitate the nation’s tourism industry based on the Economic Action Council (Chan, 2020b). Sabah's tourism industry has started to show signs of recovery as the number of international and domestic tourists entering the state grew between January to April with 408,530 arrivals. With the estimation of 412% growth compared to the same period last year, the domestic tourists recorded 392,968 arrivals and 15,562 international tourist arrivals (Mu, 2022a).

With the improved situation of the Covid-19 pandemic, Sabah has taken several steps to further stimulates the tourism industry. This includes organizing Sabah Travel and Tourism Expo (Sattex 2022) to feature the rural community tourism operators that have been devastated by the pandemic. At the expo, smaller yet unique tourist attractions were highlighted such as rabbit and alpaca farms, to give them more exposure to the public. The government tourism agencies from Malacca, Selangor and Terengganu also participated in the event to cross-promote respective tourism products and stimulate domestic travel (Doksil, 2022).
Malaysian Association Of Tour And Travel Agents (MATA) also has organized its first inaugural Bazaar which initiated as a mini travel fair in comparison to the usual MATTA fair. As tourism is one of Sabah key sectors, MATTA has chosen Sabah as the first state’s to be highlighted in the Bazaar as stated by the MATTA President, Datuk Tan Kok Liang. Sabah travel agents were able to promote and sell tourism products and travel packages, with attractive prizes to be won, including flight tickets to Kota Kinabalu, Tawau, and Sandakan at the two-day Bazaar MATTA. There has been an increasing demand for Sabah and its rural destinations (Lee, 2022).

To support the local tourism players, an allocation of Rm10 million grants has been provided by the Sabah government to assist 507 tourism projects in the state. According to Sabah Tourism Board, each tourism players were eligible for RM20,00 grant support to improve their tourism facilities (Miwil, 2022). Kota Kinabalu Chinese Chamber of Commerce and Industry (KKCCCI) also has hosted a “Tourism Stakeholders Networking Event” which allows tourism players to discuss their current issues and challenges. The output of the discussion was then submitted to the Sabah Tourism Board for follow-up actions to help the recovery of the industry after being severely affected by the pandemic (Mu, 2022b).

Following the reopening of Malaysia’s border in May, many international flights are returning their travel route into the Sabah capital. Several countries have resumed their inbound route entering the state welcoming tourists from Singapore, Brunei, Philippines and South Korea (Mu, 2022b). Before the pandemic, South Korean tourists is known as the second-highest contributor which accounted for 27 per cent (Chan, 2020a) for the international market with over 396,660 arrivals recorded in 2019. The resumption of these inbound flights may indicate recovery in the international market and may help to boost the local economy.

The state government also has been focusing its effort on exploring other regional markets after China its main contributor to the inbound tourism market has restricted travel for its citizen with the implementation of the new ‘zero-Covid’ policy (Daily Express, 2022b). Thus, Sabah had been planning to attract more middle eastern tourists by participating in the 2022 Arabian Travel Market in Dubai and was also invited to Tashkent Internation Tourism Fair in November this year to foster closer ties with Uzbekistan (Mu, 2022c; The Borneo Post Online, 2022).

Besides that, the state is also interested in potentially promoting as a health and wellness tourism destination as proposed by the Sabah Health and Wellness Tourism Council (SHWTC). This will be a great opportunity for Sabah to venture into a new market as the infrastructure and facilities are already available, generating high revenue. In 2018, health and wellness tourism contributes RM7.4 million to Sabah revenue in comparison to RM1.4 billion worth of revenue nationally (Mu, 2022d). At least a total of 30% of high biodiversity forests and 14.8% of coastlines in Sabah to be gazetted as Totally Protected
Areas (TPAs) by 2025. This year, two islands were to be gazetted as marine parks are Mantanani island Park and Darvel Bay Park. Sabah also hopes to add the Long Pasia highland area as the next protected forest park in Sabah (Mu, 2022e).

The Ministry of Tourism, Culture and Environment also received a project proposal from a Singaporean investor regarding the development of a five-star resort and theme park in Sabah. According to Datuk Jafry Ariffin, The theme park resort will create job opportunities and benefit the local economy by attracting more tourists to Sabah. But the state government still needs to study the proposal carefully as the suggested site was within protected reserves (Fong, 2022a). The project attracts strong opposition from an environmental group and voices concern that the areas were gazetted specifically for their natural and heritage values, thus should be safeguarded and preserved at all cost. However, they pointed out that if the government still proceeds with the project, the development must adhere to strict guidelines and be fully assessed by EIA (Fong, 2022b).

CONCLUSION AND POLICY RECOMMENDATIONS

In a nutshell, the outbreak of Covid-19 is the worst pandemic in world history for the last hundred years, which has not only severely disrupted the global economy but also the country and, especially, the tourism industry. These drastic changes in tourism economic trends were due to; the implementation of border closures and travel restrictions by the governments of most countries which have paralyzed both the movements of international and domestic tourists; as well as the reduction in disposable income of many households either by losing a job or salary deduction for a considerable time, which may affect tourist spending capacity. In response to this situation, the Malaysian government has involved itself as never before in the revival of economic activity. The Government has introduced 8 economic stimulus packages, which also include tourism-specific measures as it is one of the industries affected by the pandemic. Some of the initiatives are non-repayment and others in the form of a loan. As of date, the Malaysia vaccination has been one of the fastest vaccine rollouts in Southeast Asia with 97.7% adult population vaccinated.

With tourism as one of the largest industries in Malaysia, the implication of the pandemic has been significant to the Country’s economy. The dormant tourism market has resulted in the GDP, revenue and employment rate to a magnitude never seen before. In the year 2020 and 2021, the total number of international and domestic tourists has been far from those before the pandemic in 2019 as the border was still closed and there has been a series of inter-district and inter-state travel restrictions. However, as the pandemic was brought under control, the Malaysian government has been gradually easing its travel restriction and finally began reopening its border for visitors on April 1, 2022. Malaysia has embarked on its ‘Malaysia, Truly Asia’ global campaign again and is ready to welcome back foreign tourists. There will no longer requirement to be quarantined, undergo an extra covid test, or purchase Covid-19 insurance to enter Malaysia. However, to restore confidence in tourists to travel and boost tourism demand, the government still implemented the health and safety measures of SOPs such as wearing a mask in a closed area to prevent the risk of infection and ensure a safe environment for tourists as well as the employees. Adapting to the ‘new normal’ tourism, the demand for outdoor; fewer people; an emphasis on health and safety in destinations;
authentic cultural experiences; nature and reducing carbon footprint have been increasing since Malaysia tourism officially resume its tourism activities.

There is also the fact that the COVID-19 virus variants are likely to continue circulating for years and Malaysia will have to be prepared for any unpredictable situation. Although the pandemic is no longer an acute emergency, it’s not yet clear whether it will ever end and may continue to be with us for some time. Thus, it is important to rebuild the tourism system to be more sustainable and resilient against future crises. The tourism industry of Malaysia has been stuck in a comfort zone and its vulnerable states have been revealed by the pandemic. Existing tourism products were no longer attractive due to the lack of creativity and innovation, which is a result of overdependence on the government. The absence of service culture also has resulted in low service quality as compared to other ASEAN countries. There were also negative tourist experiences due to poor destination management as well as over-reliance on the traditional market has also highlighted the need for the industry to transform itself to remain competitive.

The term “build back better” is often used to describe the recovery of the tourism industry which means rebuilding tourism so that it is more closely aligned with the Sustainable Development Goals. One of the barriers to achieving sustainable tourism in Malaysia is a lack of finance which can hinder the development of tourism. By considering a public and private partnerships, large investment for developing sustainable tourism can attract private sector participation as the risk is shared. Streamlining procedures for investment project financing and incentives improvement through access credit can also help to enhance private investment. Economic diversification by supporting the growth of innovative micro, small and medium-sized enterprises as well as promoting the domestic and regional tourism where possible, might be able to address the overdependence and lack of innovation in the industry. This will help the tourism industry to be better prepare for future shocks, to address long standing weaknesses, and encourage the digital, low carbon transformations which will be essential to shift to a stronger, fairer and more sustainable models of tourism development. The tourism stakeholders also must take the voices of marginalized groups seriously in tourism development, including those of communities, the informal economy, and small businesses. Establishing clear accountability tourism frameworks and well-designed information policy to demonstrate progress is also essential. Besides that, the need to strengthen the governance structure within the industry is also crucial to support long-term planning, collaboration, and management. Collaborative systems between countries were needed in order to resume travel safely, restore tourist confidence, stimulate demand and accelerate tourism recovery. Multilateral cooperation is and must remain at the center of capitalizing on the lesson we have learned in these two years of the pandemic.

Acknowledgement : The research publication is funded by research project “Covid-19 and the Tourism Sector in Selected ASEAN Countries: Impact, Response and the Road to Recovery”, funded by the Ministry of Foreign Affairs and Trade (MFAT), New Zealand; and registered under TLA 2201-COVID-19 AND THE TOURISM SECTOR IN SELECTED ASEAN COUNTRIES from May -December 2022.

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