

THE IMPACT OF COVID-19 PANDEMIC ON THE MANAGEMENT OF UMRAH PACKAGE OPERATIONS IN MALAYSIA

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Abstract

Umrah package operations in Malaysia have recorded a significant increase every year. Before leaving for Umrah, Muslims need to make various preparations including travel, operations, and worship. So far, the management of umrah operations must adhere to the MPPU requirements. Nevertheless, this management manual still fails to produce quality management standards in monitoring the entire operation of umrah packages in Malaysia. Some problems such as the misuse of operating licenses, taking excessive profits, and handling of unregistered packages still occur. However, the 2019 Coronavirus pandemic (Covid-19) global outbreak has resulted in many countries implementing travel restrictions and movement controls. In Malaysia, the business sector is one of the sectors directly affected by the movement control order (MCO). In summary, using the qualitative and quantitative methods, the findings of the study found that covid-19 had a significant impact on umrah operators. Therefore, it is hoped that improvement in the assistance provided can ensure the continuity of their business.

Keywords: covid-19, Umrah Package, qualitative, quantitative, Malaysia

INTRODUCTION

In Malaysia, for more efficient management, the Umrah Service Management Manual (*Manual Pengurusan Perkhidmatan Umrah*, MPPU) has been prepared as a guideline for the management of umrah services. This manual will assist private travel agencies in organizing umrah services for Malaysian pilgrims. In addition, the preparation of this manual also aims to provide an explanation to the reader about the orderly and systematic process in the administration and management of umrah. The publication of this manual is also a step by the Department of Wakaf, Zakat, and Hajj (JAWHAR) to ensure that the umrah management process is performed professionally

and provide the best service for Muslims. Thus, this study will look at the management of umrah packages implemented in Malaysia, covering the management and operation of companies as well as packages and facilities offered to Umrah pilgrims.

Umrah package operations in Malaysia have recorded a significant increase every year. Before leaving for Umrah, Muslims need to make various preparations including travel, operations, and worship. So far, the maintenance of umrah operations must follow the MPPU requirements. However, this management manual still fails to produce quality management standards in monitoring the entire operation of umrah packages in Malaysia. There are still some problems such as the misuse of operating licenses, taking excessive profits, and handling of unregistered packages.

However, the 2019 Coronavirus pandemic (Covid-19) global outbreak has resulted in many countries implementing travel restrictions and movement controls. In Malaysia, the business sector is one of the sectors directly affected by the movement control order (MCO). The Malaysian government has announced three phases of MCO for 42 days, starting from 18 March 2020 until 28 April 2020 Prime Minister's Special Message, 2020 to reduce the spread of novel coronavirus or Covid-19 outbreak. Among the rules set are the closure of government and private premises, except for sectors involved with essential national services such as health and security, telecommunications, retail, finance, and transportation.

This immediately caused an explosion of economic crises and recessions around the world [1] [2]. In addressing this issue, many warnings have been issued by world economists concerning the deteriorating global economic and financial structure. This is because, in most Southeast Asian countries such as Indonesia, Malaysia, Thailand, the Philippines, and Singapore, the government has imposed emergency and quarantine orders to prevent the spread of Covid-19 [3]. Due to that, this study aims to identify the effect of covid-19 on the management of umrah package operations in Malaysia.

Literature Review

The 2019 Coronavirus pandemic (Covid-19) global outbreak has resulted in many countries implementing travel restrictions and movement controls. In Malaysia, the business sector is one of the sectors directly affected by the movement control order (MCO). The Malaysian government has announced three phases of MCO for 42 days, starting from 18 March 2020 until 28 April 2020 Prime Minister's Special Message, to reduce the spread of novel coronavirus or Covid-19 outbreaks. Among the rules set are the closure of government and private premises, except for sectors involved with essential national services such as health and security, telecommunications, retail, finance, and transportation [4].

Covid-19 is an infectious disease caused by a newly discovered virus. Most patients infected with the Covid-19 virus will experience a symptom of breathing difficulty that requires special treatment if they have severe respiratory problems. The effect is more serious on patients who are elderly and have other health problems such as heart disease, diabetes, chronic respiratory [5]. According to the latest statistics from WHO 2020, as of 14 June 2020, an estimated 7.7 million people have been diagnosed with Covid-19, and up to 427,630 people have died worldwide because of it.

This automatically caused an explosion of economic crises and recessions around the world [1, 2]. In addressing this issue, many world economists have issued warnings concerning the deteriorating global economic and financial structure. This is because, in most Southeast Asian countries such as Indonesia, Malaysia, Thailand, the Philippines, and Singapore, the government has imposed emergency and quarantine orders to prevent the spread of Covid-19 [3].

This situation not only contributes to psychological effects such as depression, anxiety, and stress, but also affects closure of economic activities were business

activities cannot be carried out, social distance is preferred, lack of relationship between sellers and customers, and disruption to product delivery [6] This situation tends to result in a reduction in the workforce in all sectors of the economy and causes most people to lose their jobs [7].

In Malaysia, the small business sector is one of the sectors most directly affected due to movement control orders [8]. This inhibits the income earned by small traders, especially in rural areas. The economic impact of the Covid-19 pandemic on the private sector, industry, and employment has also had a major impact on the country. According to [9], this impact occurs particularly in the Small and Medium Industry (SMI) because it is estimated that they constitute 98.5 percent of the enterprises in the total industry. This situation, in turn, affects the survival of a business.

Entrepreneurs need to emphasise their business survival or continuity to assess the level of success of their business. By looking at some critical elements as a basis of evaluation, they can determine whether their business is successful or otherwise. It is fairly difficult to measure business success because it can be seen from many different angles [10].

Based on various angles and interests, several important things will be considered to evaluate the business survival of youth entrepreneurs in Malaysia, namely business ownership, increase in income, and increase in revenue and products of their business.

There have been several reports in the major media on the impact of the Covid-19 and MCO crises on economic sectors, especially the agricultural sector. Farmers, for example, are cut off from daily income as a result of affected distribution chains due to the closure of support sector operations, unemployment of workers, and declining cash reserves ([11]. Some entrepreneurs are beginning to take alternative approaches in business operations to sustain their income.

Among their initiatives include shifting to online sales through social media and mobile applications such as Facebook and Whatsapp, running private delivery (private runner), as well as saving operating costs through downsizing the business scale [12]. However, for micro-farmer or smallholder entrepreneurs in rural areas, the constraints of existing infrastructure support limit their business operations throughout the MCO. To continue their business, they need to focus on distribution chain support [13].

Methodology

This study uses the purposive sampling method. This method is specially selected to obtain responses from companies or travel agencies that offer hajj and umrah packages in Malaysia. Face-to-face interviews were conducted. The number of samples required is small i.e., between five to 25 people [14]. [15] suggested that in qualitative research, mostly sample size relies on the idea of 'saturation. Further, they recognized that most research initiatives in which the purpose is to understand shared perceptions and experiences among a homogeneous group, six to twelve interviews are sufficient. Therefore, this study interviewed 12 owners of companies or travel agencies that offer Hajj and Umrah packages in Malaysia. Below is a list of the 12 companies interviewed:

Table 1

List of informants

| No. | Name of Company | State |
|-----|---------------------------------------|-----------------|
| 1 | Fadlim Travel & Tours Sdn Bhd | Kedah |
| 2 | Dasree Travel & Tours Sdn Bhd | Kedah |
| 3 | Widad Tours & Travel Sdn. Bhd | Kedah |
| 4 | Al-Muneer Travel | Pahang |
| 5 | Ibrahim Holidays Travel Sdn Bhd | Terengganu |
| 6 | Amani Travel | Negeri Sembilan |
| 7 | Mahabaten Travel and Tours Sdn Bhd | Selangor |
| 8 | Titim Travel Sdn Bhd | Melaka |
| 9 | Salju Travel Sdn Bhd | Johor |
| 10 | TRA Holidays Sdn Bhd | Pulau Pinang |
| 11 | Syarikat Pelancongan Yaskin Sdn Bhd | Kelantan |
| 12 | Ajaq Global Travel and Tours Sdn Bhd. | Perak |

For the quantitative approach, there are 602 companies with a business license to operate foreign tourism for umrah and pilgrimage listed under the Ministry of Tourism, Arts and Culture Malaysia [16]. Thus, based on [17], the required sample size is 234 companies. The sample distribution is shown in Table I.

Table 2

Sample Distribution

| State | Total Agency | Sample |
|---------------------------|--------------|------------|
| Johor | 54 | 21 |
| Kedah | 53 | 21 |
| Kelantan | 50 | 19 |
| Melaka | 29 | 11 |
| Negeri Sembilan | 26 | 10 |
| Pahang | 34 | 13 |
| Perak | 42 | 16 |
| Perlis | 4 | 2 |
| Pulau Pinang | 20 | 8 |
| Sabah ¹ | 20 | 8 |
| Sarawak | 22 | 9 |
| Selangor | 149 | 58 |
| Terengganu | 34 | 13 |
| Kuala Lumpur ² | 65 | 25 |
| Total | 602 | 234 |

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

Note: ¹ including Labuan; ² including Putrajaya

Findings and Discussion

Issues or constraints are common in running a business. In short, the main issues facing umrah management companies are the Pilgrims and Covid-19 pandemic.

Hajah Khairani (Manager, Mahabaten Travel and Tours Sdn Bhd) and Hj Abdul Jabbar (CEO, Ajaq Global Travel and Tours Sdn Bhd) think that the main factor influencing the smooth running of the umrah is the Pilgrims themselves.

"In any umrah operations, the main problem comes from the Pilgrims themselves. Some do not follow the instructions of mutawwif... This is the main problem... recalcitrance of the Pilgrims".

Amir (Manager, Al-Muneer Travel) and representatives from Fadlim Travel & Tours Sdn Bhd, Dasree Travel & Tours Sdn Bhd, TRA Holidays Sdn Bhd, and Titim Travel Sdn Bhd stressed that if MPPU is used and practiced by umrah organizing companies, it can indirectly reduce the problem.

"Overall, there is no problem in implementing the company's operations and umrah packages based on the Umrah Service Management Manual (MPPU). The issue now is Covid-19, where the business had to temporarily cease operation".

However, Covid-19 proved to have a major impact on business. Wan Muhammad Meor Azman (Amani Travels Sdn Bhd), Muhammad Salim (Salju Travel & Tours Sdn Bhd), and representatives from Dasree Travel & Tours Sdn Bhd and Widad Tours & Travel Sdn Bhd stated that they had to reduce costs to ensure business continuity.

"... for us, Alhamdulillah, there are no problems in the operation of the company and umrah package. The company is still running, it's just that we must reduce employees or staff and mutawwif. Despite having to cease operations for tourism and umrah, the company is still able to cover its costs".

"I have opened a consultant company before this, but when Covid hit, I have to close".

"... before this, there was no problem, but now with Covid, we are affected".

"... we are badly affected because there is no income. Our income is not only non-existent but also negative because we have to pay rent as well as employee salaries".

The same opinion was also shared by representatives from TRA Holidays Sdn Bhd, Titim Travel Sdn Bhd, Fadlim Travel & Tours Sdn Bhd, and Daurah Travel & Tour.

"... there is no problem if there is a checklist, and we follow the MPPU. From the document management stage until the Pilgrims return home. The only issue now is that the operation had to be stopped due to Covid-19".

Overall, Hj Wan Hassan (Manager, Yaskin Travel Company Sdn Bhd), Hj Abdul Jabbar (CEO, Ajaq Global Travel and Tours Sdn Bhd), and representatives from Widad Tours & Travel Sdn Bhd, Titim Travel Sdn Bhd, and Amani Travel believed that the management and operation of umrah do not pose a big problem to the company.

"... thanks to savings and the intention to help fellow Muslims to perform umrah, Alhamdulillah, the company can still survive despite having to face the Covid-19 pandemic. In short, in terms of company operations and umrah packages, there is no problem... Everything is running smoothly... Alhamdulillah".

Overall, this pandemic had a major impact on the companies' operations. The companies were found to have ceased their operations. The companies could not even run their business using the online method. This is because the main thrust of this business is the movement of individuals from one place to another. As a result, sales performance during the MCO period was among the worst.

The situation worsened when the help received was unable to help their companies. This opinion was expressed by Muhammad Salim (Salju Travel & Tours Sdn Bhd). His opinion was found to be in line with the findings of the questionnaire related to the effectiveness of the assistance provided. Table II shows the effectiveness of the assistance that has been channelled to the umrah operators.

"... Financial constraints are becoming more serious. Although I have other work, it cannot cover the cost or losses due to this Covid. The government is more concerned about the basic needs of the people and this tourism industry is not getting any attention because it is not essential. If it gets worse, maybe I will close".

Table 2

Effectiveness of Government Assistance

| Effectiveness | Frequency | Percentage (%) |
|----------------|-----------|----------------|
| Very unhelpful | 146 | 68.5 |
| Not helpful | 23 | 10.8 |
| Not sure | 44 | 20.7 |

Company and umrah operations went smoothly for all the companies interviewed. Their only constraint is the pandemic issue. These findings are in line with studies conducted by [18], [1, 19], [20], [21], [22], [23], and [24].

In conclusion, with the MPPU as the main guidelines, there are no problems related to the companies and Umrah operations. What is apparent, however, is the impact of the Covid-19 pandemic on business survival. So, the proposal for this study is more focused on how companies, especially small ones, continue their business. Therefore, the four phases in emergency management, namely mitigation, preparedness, response, and recovery, as shown in Figure 1, must be applied to ensure business continuity.

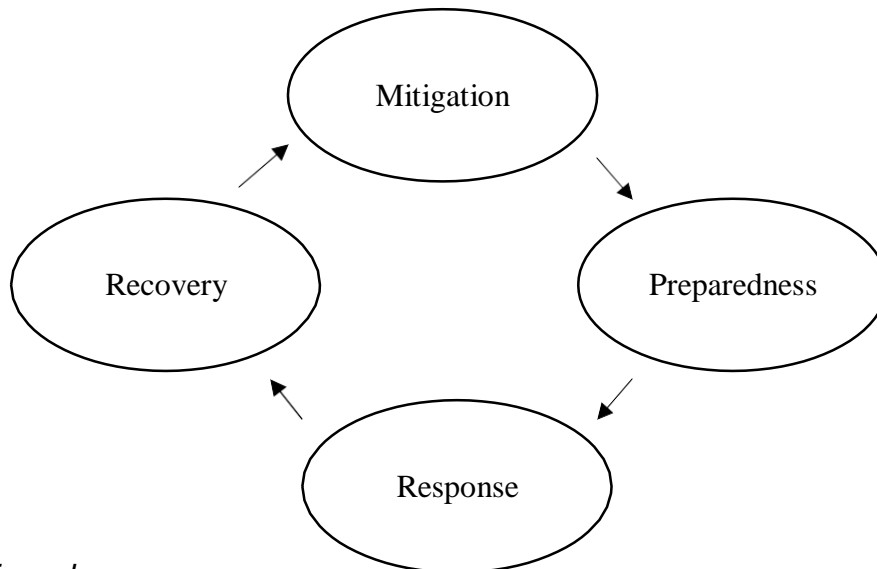


Figure 1
 Four Phases of Emergency Management
 Source: *Federal Emergency Management Agency (2020)*

As a recommendation to deal with this Covid-19 crisis or any pandemic outbreak that may occur in the future, [25] proposes that all organisations, including government departments, local authorities, and business entities, develop or improve existing BCPs according to international standard Business Continuity Management System (BCMS) -ISO22301 as well as carry out various initial preparations to reduce the risk and impact of any disruption to the continuity of organizational delivery.

Conclusion

Since Covid-19 hit the world, most countries have suffered adverse economic effects. The Covid-19 crisis, which was followed by the closure of borders and countries, has shocked economies and labour markets around the world by influencing the demand and supply factors of production [26].

As a result, the Covid-19 pandemic had adversely affected all aspects of life of the people, either directly or indirectly, starting from the moment they fall ill, followed by

social restrictions by the government, which eventually disrupt economic activities and affect household and business income [27].

According to a statement by the President of the Sabah Tunas Entrepreneurs Association, Azizul Julirin, business activities could not operate as usual due to limited operating hours and the absence of employees during the MCO period. This situation is made worse in tourism-related businesses, such as travel companies, that are unable to fully operate due to emergencies and the closure of national borders [24]

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