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The Implication, Current View and Approach in Facing Covid-19 Pandemic among Resort Entrepreneurs in Pangkor: A pilot study

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Abstract

The business resort owner is one of the groups hugely impacted by the Covid-19 pandemic. This article aims to determine the pandemic's implications for business resort owners and whether they have taken any new strategies or changes for the survival of their business. A total of seven business resort owners in Pulau Pangkor have been interviewed via focus group discussion as a pilot study. The paper also aims to discover their current view and approach to facing the pandemic to ensure their survival in business.

Keywords: Covid-19, business resort owner, business, strategy

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1.0 Introduction

The Covid-19 outbreak hugely affected all stakeholders, especially the small and medium enterprises of resort business owners. It has caused a significant impact on the tourism industry, specifically the resort business owner, whose top management has to take several steps to mitigate and reduce the impact of the Covid-19 pandemic (Kenny & Dutt, 2022). Indeed, the pandemic has jeopardised the country's economic activities due to many factors, as the tourism sector is the main contributor to economic growth (Sneader & Singhal, 2020). During the pandemic, the hotel industry has not been able to operate properly due to the travel restriction and social distancing imposed by the government. As a result, the outbreak has seriously affected the hotel industry's revenue, as reported by the American Hotel and Lodging Association, with the expected losses being nearly \$83.7 (\$51.2) billion in room revenue in 2020 compared to 2019.

The unprecedented situation had caused a long-term effect on most of the resort owners to recover from this pandemic. In 2020, 62 million jobs were lost, representing a drop of 18.5%. Job loss is the consequence for people working in the tourism industry during the pandemic because the organisations were not able to pay the workers. Some organisations offered retirement schemes, reduced working hours and cut wages. These are some strategies and measures most organisations take to sustain their business operation. Preventive measure was also taken by many countries like Singapore, Korea and China. The hotel industry has shown a sharp decline in revenues as the worst-case scenario concerning Covid-19. Vacant rooms and cancellation of bookings were the impacts of the hotel industry during Covid-19, as most people feared travelling (Aharon et al., 2021).

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Since March 2020, the tourism industry in Malaysia has been jeopardised by the health crisis and has suffered huge losses. The Malaysian economy was affected due to travel ban, movement control order and others. In 2020, the Malaysian government faced a downfall of almost RM 3.37 billion. Karim et al. (2020) reported that the Gross Domestic Product (GDP) was affected almost from 0.8 to 1.2%, approximately RM 10.8 billion to RM 17.3 billion. Malaysia has never faced such a challenging situation as the economy staggered for almost six months. Many countries suffered from the Covid-19 outbreak, namely Indonesia, China and others. A study by Kenny and Dutt (2022) showed that the management of the tourism industry experienced a dilemma to attract customers, low demand and identify the best strategy to recover during the pandemic. Karim et al. (2020) mentioned that the virus was found to have a negative relationship with the tourism industry. For instance, the Nipah virus hugely affected Kerala, India, as it has jeopardised the country's tourism sector and Gross Domestic Product (GDP).

Hence, this study focuses on the perspective of the hotel industry during the Covid-19 pandemic in Pangkor. A pilot study was conducted, while the strategy was taken to sustain the business operation. This study aims to identify the hotel owners' ways of surviving during the pandemic and to find out the strategies they used during the pandemics. The study employed a qualitative approach in collecting data via focus group discussion among the owners of the hotel industry of Pulau Pangkor. This paper proceeds as follows: Section 2 reviews the literature on the impact of the tourism industry during the Covid-19 pandemic. Section 3 describes the research method. Section 4 presents the findings of the study, and the final section concludes with suggestions for policymakers, industry and future research.

2.0 Literature Review

The tourism industry was the most affected sector during the pandemic due to the restriction on movement imposed by the government. Behsudi (2020) mentioned that the tourism sector was among those harmed the most during the pandemic as it is the main contributor to economic growth. Hence, the tourism sector has shown a sharp decline during the pandemic. Tourism-dependent countries will likely feel the negative impacts of the crisis for much longer than other economies. Since March 2020, 55 hotels have shut down their business due to the pandemic, as the organisations could not sustain their operations (Bernama, 2021). In addition, the experts mentioned that the economic activity would slow down, starting from March 2020 onwards, without a specific ending date (Omar et al., 2020). Since March 2020, the Covid-19 outbreak has seriously affected the whole world, especially Malaysia as a country that is moving towards a developing nation status. The unprecedented situation has affected the economic activities, hence the main reason for the economic downturn. Small-medium enterprises are the business entities that have been hugely affected by the health crisis. The small-medium enterprises are the most vulnerable group during the outbreak as they are exposed to higher risk than larger businesses (Grondys et al., 2021).

The tourism industry covers hotels, motels, lodging services, homestays, guest rooms, food and beverages services, cruise services, and railway services. Zubir and Shamsudin (2021) stated that the tourism industry significantly contributes to the Gross Domestic Product (GDP) and boosts the economic growth in Malaysia. In 1999, Malaysia emphasised the slogan of "Malaysia, Truly Asia" to promote the tourism sector in Asia. The result shows that Malaysia's tourism sector successfully attracts almost 7.4 million tourists to Malaysia (Zubir & Shamsudin, 2021). Being with flora and fauna, diversifications, multi-ethnicities and others have created the uniqueness of Malaysia. The tourism industry successfully boosts economic growth and makes Malaysia a well-known country worldwide. The positive impact of the strategic planning made by the government has promoted the tourism industry in Malaysia. Besides, the tourism industry in Malaysia has created opportunities and employment for people to increase their income.

Malaysia Association of Hotels (2020) has also proven that 170,085 room nights, valued at RM68 million, was the total amount of booking cancellations due to the Covid-19 pandemic. It has affected the revenue of the tourism sector, as most organisations have taken preventive measures such as reduction and layoff as ways to sustain businesses. Moreover, the industry has offered unpaid leave and pay cuts (Karim et al., 2020). Huge losses have been incurred by most organisations during the pandemic, being the key challenges to sustaining their business operations. Due to the Covid-19 pandemic, the tourism industry and small-medium enterprises have their strategy to sustain their business, while the whole world has turned digital. Hotel owners were faced with a huge cost of maintenance and other facilities, which has been the main reason for the hotel industry's shutdown. Previously, small-medium enterprises played a significant role in economic development and boosted the economy.

3.0 Methodology

This study aims to get a deeper insight into the impacts of the Covid-19 Movement Control Order (MCO) on the hotel industry. This study has been conducted at Pulau Pangkor since it is one of Malaysia's popular tourist attractions. A pilot study was also conducted to get the initial idea of the seriousness of the problems to business owners. Most resort owners are between the age of 41 to 50 years old, Malays and have more than five years of experience in the business. Table 1 shows the demographic profile of the respondents.

Table 1: Demographic Profile

Respondent	Age	Race	Business Experience
INF-1	23-30	Malay	1-4 years

INF-2	23-30	Malay	1-4 years
INF-3	41-50	Malay	More than five years
INF-4	61 and above	Malay	More than five years
INF-5	51-60	Malay	More than five years
INF-6	41-50	Malay	More than five years
INF-7	41-50	Malay	More than five years

The interview session took around 60 minutes, and it was audio recorded with the informant's permission. The respondents had to fill in the form and permission form before the interview session was conducted. The responses were transcribed and reported accordingly. The table below shows the interview questions. A set of questions has been prepared, as shown in Table 2.

Table 2: Interview Question

Entrepreneur and Covid-19	EC1	Is the existence of your business resort threatened by the COVID-19 pandemic? If yes, what has been affected?
	EC2	Did you have to lay off staff due to the Covid-19 pandemic? If yes, please state the number of employees who have been laid off.
	EC3	Do you have a major problem in business due to the Covid-19 pandemic? If yes, state the problem and how you solved it?
	EC4	Have you started changing your plans or developed alternative plans? If yes, what is your latest plan?
	EC5	Do you expand your business to other types of business? If yes, can it help you to earn a living?
Current View and Approach	CV1	(a) Do you get/apply for government/NGO assistance when facing a crisis? Training? Financial assistance? A loan? Please share the help you have received. (b) Please share the help you have received. If yes, which one? We want to see the extent of their awareness of the assistance available at the Perak state level and the Malaysian government. (c) If no/unable to get help, why? (d) In the future, do you want to apply for Government assistance? Or an NGO? Or any other body?
	CV2	(a) Is the government / NGO assistance you have received sufficient in the face of a crisis? (b) Is there any other form of assistance that is needed? Can you give an example?
	CV3	What self-strength that you possess during the crisis? Please share your successful strategy on how you have used your self-strength.
	CV4	What are the shortcomings in your preparation for the crisis? Please share your strategy for overcoming these shortcomings and problems. Otherwise, what are you not able to do?
	CV5	How do you see the current state of your business at present? In the future? Need guidance?

4.0 Findings and Discussion

The findings were divided into two. Firstly, they encompassed the interpretation of the effect of Covid-19 on business. Secondly, they covered the current view and approach to facing the crisis.

Table 3: Interview Transcription

Scope	Question	Interview's transcription
Entrepreneur and Covid-19	EC1	'We channel our employees to other departments for them to learn new skills such as painting and maintenance as all of my staff involved, and the salary been paid accordingly without any problem.' INF-7
	EC2	'I didn't make any layoff or retrenchment to our staff, but we reduced the salary rate.' INF-3 'Some of them quit their job, and some of them are doing part-time. They move to a city and do other jobs.' INF-7
	EC3	'Incur a huge cost on maintenance, water and electricity and bank loan. We have to pay a lot, yet it is grateful because we don't have a huge number of employees INF-3
	EC4	'...online selling and planting a vegetable....' INF-3

	EC5	'...we have a rest as we have been very busy previously before the Covid-19 hit the whole world.' INF-6
		'We focus on maintenance during the Covid-19.' INF-3, INF-5
Current View and Approach	CV1	'There is government assistance provided to make sure the organisations serve the employee well-being.' INF-6
	CV2	'Government assistance is insufficient as we have to cover a huge cost on maintenance and staff salary.' INF-3
	CV3	'...passion and hardworking....' INF-7
		'...self-reflection...' INF-6
	CV4	'Money and cash are significant during this tough time.' INF-4, INF-6
'Previously, before the pandemic, we have a good record on our cash flow, yet during the pandemic, all of our saving money had to use to continue to survive our business operation.' INF-3		
CV5	'We need to have a reserve fund of at least 70% - 78% as we cannot use the money.' INF-7	
	'We have to reduce cost as the way to save money.' INF-6	

4.1 Entrepreneur and Covid-19

This first part focuses on the impact of Covid-19 on entrepreneurs. For EC1, most informants mentioned that business resorts were hugely affected during the Covid-19 pandemic (INF-3, INF-6, INF-7). One of the reasons for not being able to operate was the travel restriction, and the level of awareness of Covid-19 among tourists was very high. For EC2, the business resort did not lay off its employees. They reduced wages among the employees (INF-3). For EC3, the major problem in business due to the Covid-19 pandemic was the huge cost of maintenance and financial loan (INF-3, INF-4, INF-5, INF-6, INF-7). The business resort incurred a huge cost on maintenance and finance as the business resort still had to pay the water and electricity bills utilised during the Movement Control Order. Next, the financial loan is another major problem as the business resort owner still has to continue paying the loan made by the organisation.

For EC5, most of the informants mentioned that they expanded the business to other types, namely online sales of food and beverages as well as wiring (INF2, INF-3, INF-4, INF-5, INF-6). Besides, one of the informants mentioned a unique answer because the informants had a different perspective from the other informants. The informants mentioned that the staff had to be channelled to another department to polish their skills and abilities (INF-7). The informants mentioned that the staff had to do a different task from/her comfort zone as the task given was in a different field. In addition, the informants created a holiday package during the travel restriction (INF-7). This package was positively responded to and increased the revenue during the pandemic. The holiday package was introduced, although the customers could not travel due to the MCO. The purpose of the effort was to increase revenue and serve as a long-term survival for the resort.

4.2 Current View and Approach

This part focuses on the respondent's current view and approach to coping with the Covid-19 pandemic. For CV1, the informants mentioned that they received government assistance such as financial aid (INF-3, INF-6). The financial assistance provided by the government is significant to serve the employees' well-being, especially during the Covid-19 pandemic. In addition, there are non-governmental organisations that still help entrepreneurs with food aid. For CV2, the informants mentioned that the government assistance was insufficient to face the crisis as the health crisis had jeopardised the whole organisation to generate revenue (INF-3, INF-6, INF-7). The financial assistance provided by the government was needed to cover the maintenance cost and employee's salary. For CV3, the informants mentioned that the elements of self-strength needed during the crisis included passion, self-reflection, hard work and teamwork (INF-3, INF-5, INF-6, INF-7). The self-value characteristics are necessary as people experienced tough situations during the pandemic due to loss of income and revenue, being laid off, retrenched and downsized. The organisation needs to have a strategy to face the situation to sustain the business operation, especially business resort. For CV4, most informants mentioned that monetary was the shortcoming during the crisis (INF-3, INF-4, INF-5, INF-6, INF-7). Monetary assistance is vital compared to other government assistance as the business owner had to pay bills, maintenance, salary, and others during the crisis. For CV5, the current business strategy needed by business resort owners, as mentioned by the informants, include fund reservation for the future (INF-7). The reserved fund allocated is crucial, especially during a crisis. Moreover, the informant mentioned that the business resort should reduce costs to avoid loans (INF-6).

5.0 Conclusion and Recommendations

The purpose of this study is to assess the implication, current view and approach of the Covid-19 pandemic in business resorts in Pulau Pangkor. The business resort entrepreneurs faced challenges such as a lack of funds and government assistance. However, there are strategies that have been applied to generate revenue, such as creating business holiday packages. As this study is only focused on a small group of business resort entrepreneurs of Pulau Pangkor, it was the pilot study conducted. There was no attempt to generalise the findings to a broader population. Future research should focus on in-depth analysis with a broader population involving different states in Malaysia. The researchers believe different places have unique ways to tackle the Covid-19 pandemic. Business resort entrepreneurs must be prepared with solid finance, emergency savings funds and strong business knowledge to sustain the operation. These business resort entrepreneurs are encouraged to deepen their knowledge of specific strategies that are flexible enough to integrate during times of crisis. Government and policymakers need to play a significant role to tackle the crisis as most of the business resorts collapsed due to the Covid-19 outbreak. The Malaysian government needs to design a comprehensive management strategy to ensure that the strategy successfully boosts the Malaysian economy as currently, the economic sector is moving ahead gradually.

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