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## **Effects of the Covid-19 Pandemic on Economic Sectors in Rural Malaysia**

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***Abstract:** The main goal of this paper is to review recent studies on how Covid-19 has affected business activities in Malaysia, especially in the tourism sector, as well as other industries. Covid-19 has significantly impacted the social, economic, and political aspects of many countries, affecting countless lives. In Malaysia, the tourism industry has been hit hard, despite the government's efforts to manage the situation. Many existing studies mainly focus on the broader national impacts of the pandemic, leaving a gap in understanding its effects on smaller communities and organizations. This paper suggests that more research should explore these local and organizational effects, using both quantitative and qualitative methods. Additionally, looking at the accounting perspective could help better understand the impacts of Covid-19 at these levels in future studies.*

***Key words:** Accounting, Organization, Covid-19, Malaysia, Research, Tourism.*

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### **INTRODUCTION**

This paper focuses on reviews of new research about how Covid-19 has affected business activities in Malaysia, especially in the tourism sector and other industries. Many studies show that the impact of Covid-19 on people's lives and economic activities around the world is clear and significant. It is argued that this pandemic will have serious negative effects on Malaysia's overall economy and the well-being of its people. The main sources of economic damage in Malaysia are twofold: first, the effects of Covid-19 from other countries, and second, the local challenges caused by new movement control measures. This paper looks at the existing research to highlight the key concerns about how Covid-19 has impacted Malaysian businesses. Finally, the paper suggests possible areas for future research in management, accounting, and related fields at both the individual and organizational levels to better understand Covid-19's effects on Malaysian businesses and industries (Zopiatis & Constanti, 2021).

## BACKGROUND OF THE STUDY

Covid-19 (COVID-19), also known as SARS-CoV-2, is a significant global concern. It is a newly identified strain of coronavirus that causes respiratory illnesses in humans (Afrin & Takrim, 2020). It is widely believed to have originated in Wuhan, China. The rapid spread of the virus has had a profound impact worldwide, particularly on the tourism and hospitality industries. Unexpected travel restrictions and border closures—such as the Movement Control Order (MCO) in Malaysia from March to September 2020, and again from December 2020 to January 2021—have resulted in millions of job losses across various sectors. According to the World Travel and Tourism Council (2020), approximately 100 million jobs were lost, with over 197 million additional jobs at risk, alongside an estimated loss of \$5.5 trillion in travel and tourism GDP for the year due to prolonged travel restrictions and the MCO imposed by various countries. It is evident that the impact of COVID-19 is likely to be long-lasting. The widespread virus has significantly hindered ongoing development and has initiated unintended setbacks in the tourism and hospitality industries (Azar et al., 2020). In Malaysia, the severe effects of Covid-19 on the workforce can be seen in the sharp rise in the unemployment rate shortly after the virus began affecting the country. For instance, the unemployment rate reached 4.8% in November 2020, which marked an increase of 2.2% compared to the rate recorded in October 2020 (Azar et al., 2020).

**Table 1:** Unemployment Rate in Malaysia (October –November 2020)



Source: The Department of Statistic of Malaysia

## METHODOLOGY

The main objective of this paper is to provide a critical review of the published literature related to the Covid-19 pandemic. Specifically, it aims to highlight the key findings and issues discussed in the reviewed papers from the perspectives of business and accounting (Mgmt et al., 2021). A comprehensive review of recent selected literature from academic journals, supplemented by relevant online news articles and platforms, was conducted to extract and analyze the latest insights. This approach enables a better understanding of current concerns and outlines some essential strategies to respond to the pandemic in the post-crisis period (Tsui & Chen, 2020).

## THE SABAH EXPERIENCE

Based on the review of the literature written up to January 2021, the author finds that most of the published articles were focused on the impact of the Covid-19 on the tourism especially the hospitality and aviation industries. This is not surprising due the fact that tourism is one of the major industries in Malaysia that contributes a large portion on Malaysian GDP, and at the same time is the industry on which many people and business attached to. Basically, the survival of many lives in Malaysia is largely depending on the tourism industry. Other related articles of paper highlighting the impact of Covid-19 on this industry includes among others (Christou, 2020).

## COVID-19 AND HOSPITALITY, TOURISM AND AVIATION INDUSTRY

The paper by, introduced a short outline of the COVID-19 pandemic, examines the effects on Malaysia's travel industry and the monetary improvement bundle. set that Covid-19 will fundamentally affect the Tourism business in Malaysia because of reality that the vast majority of the sightseers that visit Malaysia are initially from Singapore and China. The trusted that because of truth that the two nations have additionally been seriously impacted, subsequently the quantity of travellers that expected to visit Malaysia will essentially go down. likewise trusted that, Covid19 will too fundamentally influence the other the travel industry related industry or exercises, for example, (Martin, 2020) the neighbourliness and transportation industry particularly the avionics business of Malaysia. For instance, obviously featured that a sum of 170,084 lodging appointments during the period 11 January 2020 until 16 March 2020 had been dropped, which caused a deficiency of income adding up to RM68,190,364. The misfortune was straightforwardly inferable from the episode of COVID-19 (Botvinik-nezer et al., 2020).

This is shown in the Table 2 below:

Ranking	State	Room cancellations	Losses due to room cancellations (RM)
1	Kuala Lumpur	55,050	23,021,301
2	Sabah	32,392	11,550,605
3	Pulau Pinang	17,753	8,908,000
4	Selangor	22,929	7,212,048
5	Negeri Sembilan	13,534	6,690,500
6	Johor	18,455	5,636,470
7	Kedah	3239	3,291,500
8	Perak	2403	1,022,289
9	Melaka	4074	690,499
10	Pahang	180	144,628
11	Sarawak	76	22,525
Total		170,085	68,190,364

Source: Malaysian Hotel Association - 2020

Another related paper on the impact of Covid-19 on the tourism and aviation industries is by. As compared to the paper by, the paper by focused on the impact on Covid-19 on the employees attached to these industries. According to this study which was based on the review of related papers and articles to build the conceptual understanding, the pandemic has indeed significantly affected the hotel industry's employees especially through the salary cut, forced to have unpaid leave, and even laid off at the worse. The view of this study is in line with which argued that Covid- 19 has significantly badly affected the hotel and aviation industry both in industries' financial losses and employees' salary cut,

unpaid leave and lay off despite the fact that the government of Malaysia is relentlessly doing its part to mitigate the Covid-19 negative impacts (Collins & Hitt, 2020).

Table 3: Covid-19 and Employees of Hotel Industry

State	Total Employees	Pay cut	% of employees	Unpaid leave	% of employees	Lay off	% of employees
Johor	3,215	108	3	202	6	72	2
Kedah	692	0	0	80	12	0	0
Langkawi	4,314	340	8	902	21	92	2
Kelantan	560	76	14	157	28	0	0
Kuala Lumpur	17,826	2,880	16	3,641	20	542	3
Melaka	1,872	65	3	191	10	85	5
Negeri Sembilan	1,452	0	0	179	12	130	9
Pahang	1,464	0	0	150	10	231	16
Penang	5,549	240	4	430	8	84	2
Perak	1,654	91	6	595	36	245	15
Sabah	4,934	893	18	1,075	22	177	4
Sarawak	3,488	175	5	258	7	92	3
Selangor	7,981	134	2	1812	23	238	3
Terengganu	1,298	52	4	101	8	53	4
<b>Total</b>	<b>56,299</b>	<b>5,054</b>	<b>9</b>	<b>9,773</b>	<b>17</b>	<b>2,041</b>	<b>4</b>

Source: [www.thestar.com.my](http://www.thestar.com.my), (2020)

The paper by, and were centered around the maintainability issue of the travel industry in Malaysia in react the adverse consequence on the business by Covid-19. in explicit recommending to the public authority of Malaysia particularly the Malaysian Ministry of Tourism, Arts and Culture (MOTAC) to approach a redo way to deal with its customary method of taking care of this industry by zeroing in on the appropriateness component of the business. This incorporates their idea to guarantee that MOTAC ought to be inventive by upgrading the travel industry results of the country including the consideration of the rich biodiversity of the country (Maslowski, 2021). It is additionally proposed by that MOTAC and the connected organizations should improve and plan their showcasing and advancement exercises because of the way that Covid-19 effect requires the business to separate and further works on its conventional method of advertising and advancing the business. On top of that additionally recommending that the conveyance and nature of administration in this industry to be additionally overhauled. They trusted that those HR in the business to be given more openness by sending them to related preparing to redesign their ability and information in dealing with the vacationers. Last however not the least, asked the public authority particularly MOTAC to be more straightforward in observing and dealing with the business by fortifying its corporate administration due the way that MOTAC and every one of its organizations are yet to be more successful and productive in doing their jobs and obligations (Notice, 2021). In line with on their suggestion to strengthen the Malaysian tourism industry by further improving the capacity of domestic tourism, also suggested that Malaysia should focus on helping the small branch of the industry which is the homestay business. believed that homestay business is the most vulnerable part of the tourism industry than can easily be impacted and eventually will collapse if the government does not take preventive measure to handle it. Therefore, they suggested that more comprehensive measures like urging the graduate students to voluntarily assist the local homestay entrepreneurs to boost their business.

believed that the graduate students have the capacity to be actively and voluntarily involved in the capacity building of the homestay local entrepreneurs but at the same time needed to be backed up by the Malaysian government to ensure its implementation success. Using the review on published related article, comments and view on Covid-19 in Malaysia, believed in the recovery plan for the tourism businesses in the post-COVID-19 age, the industry needs to focus on designing a well-planned and sustainable business plan based on the collective global consciousness to save the companies, the industry and ultimately to provide job availability. The suggested the following resurgence mitigation plans to ensure the sustainability of the Malaysian tourism industry:

1. Historically, tourism has shown considerable resilience in the aftermath of a disaster and crisis regionally and internationally. It was possible often due to integrated intervention from regional, local, and national governments assisting the business through a series of stimulus packages and incentives such as tax breaks and wage subsidiaries (Soley-bori, 2020).
2. To further develop the tourism and hospitality industry in a more sustainable and equitable manner. In doing so, it is pivotal to ensure that the tourism destination communities are bequeathed not only with net positive economic benefits but also balance in myriad ecological and social harmony by maintaining gender empowerment and marine ecosystem regeneration (Soley-bori, 2020).
3. Therefore, tourism destinations, businesses, and sub-sectors would have to adopt themselves to the new customized measures. Malaysian government should consider to prepare a recovery plan anticipating ahead of the next one to two years of contingency plan focusing on mostly two aspects: capacity building and digitization of the tourism industry. The former is to put stress on retraining the tourism human capital resources related to hygiene, safety, storytelling, and service quality. The latter is to focus on to transform the integrated spectrum of the whole tourism industry through leveraging information technology for embracing "Smart Tourism". In addition, similarly to the initial government response to the SARS epidemic in 2003, which is to encourage the industry player to explore the untapped international markets and promote domestic tourism extensively in the post-pandemic period (Baddoo et al., 2021).
4. To reimagine and restart the tourism industry by avoiding exploitative Western neoliberal capitalistic models that disregard places, people, and the natural environment towards a holistic model that has more positive social and environmental impacts. Compared to the traditional neoliberal capitalism model which mainly focuses on profit maximization, the 'newer' tourism model must consider human health, environmental and local community's wellbeing. The essence of this model is to keep our priorities away from only the mere economic growth rather than towards a superior social connection and meaningful human flourishing tourism environment (Ma et al., 2020).
5. Prioritizing social media and other digital platforms (e.g.blogs) as a source of inspiration could expedite the resurgence process of the tourism industry in the post-pandemic era in an effective manner. For instance, there are some videos that could be used by the local authorities and government agencies to show how local initiatives and efforts could be a source of encouragement for the others to be equipped for the challenging time ahead in the post-pandemic tourism industry (Al-Dheleai & Tasir, 2020).
6. In the post-pandemic period, the biggest challenge will be for the tourism and hospitality industry to restore the trust of international and domestic tourists. Therefore, introducing a "clean and safe destination" could be one of the ways to regain visitors' trust with the aim to award certification to the tourism operators (i.e., hotels and home stays) that comply with the standard operating

procedures (SOPs) by the relevant authorities. Restaurants and hotels also need to rapidly acknowledge themselves into global, national, and local certification programs or campaigns on COVID-19 compliance related to safety, health, and hygiene procedures (Al-Dheleai & Tasir, 2020).

7. Finally, in the resilient of the fair and more equitable tourism industry, tourism educators, scholars and students should be critical to understanding the prime causes of this pandemic. They should publicly engage themselves to establish a critical pedagogy to reform and transform the industry rather than maintaining the current trajectory (Goldberg, 2021).

## **COVID-19 AND OTHER GENERAL BUSINESS**

Limited scope Entrepreneurs (SSEs) in Peninsular Malaysia, which is in line study on the SSEs at the worldwide level. This review utilized the quantitative technique approach where the assortment of information basically dependent on the polls that were disseminated through online to the 75 respondents. The fundamental destinations of the review are to explore the degree of the reformulation of the SSEs' business systems during the development control request (MCO) of Covid-19 Pandemic in Peninsular Malaysia specifically, and to propose the important specialists of how-to additional help these Small-scale Entrepreneurs concerning this present Pandemic's effect on them. The discoveries of this review uncovered that most of the SSEs has reformulated their business techniques particularly by using the internet-based ability to proceed with their deals and other business exercises. This concentrate likewise exhibited that greater part of these SSEs has or/and will intend to change their current business system either by presenting new items, using the benefits of developments on their current item, and in particular to ceaselessly utilize the internet-based business procedure even after the Covid-19 Pandemic is done influencing their business exercises later on. To put it plainly, the concentrate by shows that the 'market choppiness' or market vulnerability and mayhem which set off by unforeseen occasion such Covid-19 will advance and convince the SSEs specifically, and the bigger market players overall to adjust their business technique and react as needs be either through item separation, developments and changes in their business structure (Bouhazzama & Mssassi, 2021).

## **RECOMMENDATION FOR FUTURE RESEARCH**

In view of the survey of the distributed scholarly and non-scholastic papers which were predominantly identified with the Covid-19 pandemic and its effects on the social and financial exercises inside Malaysia setting, it very well may be presumed that larger part of them were cantered around the effects on schooling, wellbeing and business exercises, and specifically on the travel industry and friendliness industry, which incorporates the transportation and avionics enterprises. Strategically talking, it is additionally tracked down that greater part of these explored papers depended on the optional information which makes more towards calculated examination in nature. One huger finding that can be featured through this audit paper is that the vast majority of the distributed paper zeroed in on the effects at the large scale and public levels. In this manner, less is known about the Covid-19 effects on the social and monetary exercises at the lower miniature level, for instance the cultural and authoritative level particularly on the field identified with initiative, hierarchical design, the board, hierarchical frameworks, HR, monetary administration and bookkeeping, among others (Bouhazzama & Mssassi, 2021).

With respect to the chance of the effects of Covid-19 in the bookkeeping research field, the potential exploration themes could be coordinated to check out the examination of the effects on the monetary bookkeeping, detailing, the executives bookkeeping, tax assessment and evaluating. In the event that bookkeeping is to be considered to be a specialized secluded article, the focal point of future

exploration with respects the effects of Covid-19 can be coordinated to the inquiries like; how much the effects of Covid-19 towards the adjustment of bookkeeping, revealing, evaluating and the board bookkeeping framework and practices. In any case, if the bookkeeping is considered a framework and practices that made out of social and processual components which subject to its context oriented settings then the focal point of things to come exploration can be coordinated to the inquiry like; what the Covid-19 mean for authoritative bookkeeping frameworks and practice; how the adjustment of hierarchical bookkeeping frameworks and practices arise as a reaction to Covid-19; what are the jobs of bookkeeping during the time spent hierarchical change concerning Covid-19, and numerous others. On the hypothetical viewpoint, the subjective examination can be utilized utilizing the contextual investigation approach with the direction of the hypotheses like Laughlin's Organizational Change idea, Habermas' Societal Development hypothesis, or the New Institutional hypothesis, among others (Yallop & Seraphin, 2020). Clearly, the exploration coordinated to the association, bookkeeping and Covid-19 for this situation should be possible either through the quantitative, subjective or the mix of the two techniques. This is some way or another will much rely upon the ontological and epistemological positions of the specialist. One thing without a doubt at this present status is that there is substantially more yet to be known on the effects of Covid-19 on association and bookkeeping, as featured and proposed for additional examination in this paper (Garcia et al., 2021).

## CONCLUSION

The point of this paper is to feature the new exploration identified with the effects of Covid-19 on the Malaysian financial exercises. In light of the audit of distributed scholastic and non-scholarly articles, enhanced by survey on other related internet based proficient perspectives, online journals and so forth, the writer tracked down that the greater part of these distributed papers were engaged at the full scale and public level with the travel industry and neighbourliness businesses become the fundamental references (Azar et al., 2020). In addition, the vast majority of the papers depended on auxiliary information and reasonable in nature, as this paper is. Believing that there is something else to be known about the effects of Covid-19 at the miniature level particularly at the hierarchical and cultural levels, this paper recommends that future examination ought to be engaged and aimed at the association and bookkeeping fields. As shown by past significant examination, association and bookkeeping will be impacted by its environmental elements and in this way as Covid-19 is without a doubt can be viewed as an outside unsettling influence' or strain hence the more future exploration on association and bookkeeping will improve our insight on the effects of Covid-19 in these specifics fields of studies (Zopiatis & Constanti, 2021).

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