The Effect of the Arab Spring Revolution on the Malaysian Hospitality Industry

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Abstract

The current paper investigates the effects of the Arab revolution crisis on the Malaysian hotel and tourism industry. This crisis started in Tunis after decades of bureaucratic spontaneous protests and demonstrations which later spread to Egypt, Yemen, Bahrain, Libya and Syria. There was a wave of inversions experienced in the last two years shifting the balance of power in the Middle East and North Africa. This research aims to mark one of the first attempts to investigate the effect of this crisis on the hotel and tourism sector in Malaysia. It will then discuss its effects on the tourist arrivals from the Middle East to Malaysia and analyze the occupancy rate during the Arab spring revolution. The results of this study explain that, during the crisis, statistics show that international arrivals to Malaysia from the Middle East and the world is on the increase. This is especially true of the countries currently in a revolution with regard to their country’s insecurity and their search for alternative safe destinations.

Keywords: Arab revolution, crisis, hotel, tourism, Malaysia

1. Introduction

A crisis is an unforeseen incident which creates instability and confusion and is a threat to the criterion of a society (Coyne, 2011). “It seems to sum up a mix of a self-correction mechanisms that brought the global output back to its original logistic growth pattern” (Devezas, 2010, p. 739). Many scholars have done a considerable number of studies that have focused on the crisis from their specific viewpoint (Hall 2010). Allen et al. (2012) studied the structure of financial systems and financial crises. It was suggested that governments should emphasize on a balanced financial system structure to help the country recover from a financial crisis. This originated in the United States, seen as a mortgage problem, and has expanded to Asia affecting the economy and the financial situation (Hong et al., 2010). The result is a monetary decline between expenses obligations and vast sums of national capital (O’Brien, 2012).

Arnold (2012); Goh et al., (2005) explained that the accumulation effect of the international political economy was due to the powers in the financial sector. Anwar and Cooray (2012) clarified that a quality of governance can insure the financial development. Amara (2012) focused on the cumulative roles of economics, politics, and the military, all of them will affect the chances of building up security forces. While many studies have investigated the effects of various crises on the tourism and hospitality sector such as, the Bali bombing, September 11 events, Iraq war, SARS (Bor, 2007; Eugenio-Martin et al., 2005; Kim et al., 2005; Law, 2005; Mendoza, 2010; Prideaux et al., 2008; Sperling & Biermann, 2009; Wen et al., 2005). Some researchers have studied the Arab spring revolution from several points of view. Benmamoun et al. (2012) explored the mechanisms which shaped the political and social structures.

The tourism and hospitality sectors are most liable and vulnerable industries to crises (Henderson, 2007; Korstanje & Tarlow, 2012; Ritchie, 2009), and were affected by many financial, economic, and political crises. Substantial attention has been cast on the role of such crisis events and typologies on the tourism sector (Blake & Sinclair, 2003; Hall 2010; Laws & Prideaux, 2005). Many scholars have concentrated on the crisis affecting the hospitality and tourism sectors and the impacts on these sectors in recent years (Cohen & Neal, 2010; Hall 2010; Lean & Smyth, 2009; Lim, 2000). In frequent studies have been done to study the Arab revolution crisis
attempted to investigate compared to other kind of crises (Hall, 2001; Faulkner, 2001; Anderson, 2006; Prideaux, 1999; Prideaux et al., 2003; Tan et al., 2002; Ghaderi et al., 2012; De Sausmarez, 2004, 2007).

The literature on the Arab spring revolution crises in the hospitality and tourism industry has had few significant developments in the past two years 2011-2012. Reviewing the literature suggests that no or limited studies have explored the effects of Arab Revolution Crisis on the tourism and hospitality businesses, Although few studies were investigated the political circumstances in the region (Becheur, 2011; Benmamoun et al., 2012; Cook & Stathis, 2012; Johnstone & Mazo, 2011; Spindel, 2011; Springborg, 2011; Toolan, 2012, p.iv; Tyner & Rice, 2012).

The purpose of this study is to investigate if the Malaysian hospitality and tourism sectors were affected by the Arab spring revolution due to tourist arrivals from the Middle East. And the fluctuation of tourist arrivals from the Middle East region. First, this paper presents a brief review of the literature regarding the Arab spring revolution. Second, study statistics are outlined followed by the findings of the study. The next section of this study will conduct an extensive review about the Arab spring revolution crisis.

2. Literature Review

2.1 Arab Spring Revolution

Although the Arab Nations have long been some of the least free; most tend to be war prone and economically underdeveloped regions. However, they have not congested the slow creep of globalization, democracy, modernity and dignity (Wiarda, 2012). Increased education and new technology such as the internet, have made Arab societies increasingly aware of the many plaguing economic and political deficiencies in their countries (Boukhars, 2011; Helfont & Helfont, 2012). The beginning of the Arab spring revolution dates back to December 2010 in the city of Sidi Bouzid, Tunisia (Grinin & Korotayev, 2012). The initial incident was during the police seizure of a vegetable cart owned by Mohammed Bouazizi (Aleya-Sghaier, 2012; Hannoum, 2012). A local street vendor self-immolated in front of a Tunisian police headquarters. Media coverage of this incident sparked daily protests in Sidi Bouzid which speedily increased in the capital of Tunis. The objection in Tunis ultimately led Tunisian President Zain al-Abidin Ben Ali to resign from office (Kamrava, 2012). The Tunisian revolt was the first modern Arab revolution to succeed in removing a long serving autocrat that would move towards to defining “Arab Spring” (Schraeder, 2012; Toolan, 2012, p.iv).

From Tunisia, revolutionary enthusiasm extended to Egypt after the decline in wages, increased job uncertainty, towering inequality and the strangling of union activity (Abou-El-Fadl, 2012; Saikal, 2011), a thousand Egyptian protesters camped in “Tahrir Square” in the central of Cairo. They insisted that changes are needed in a government that had failed to deal with a deteriorating economic situation. Eventually, these uprisings forced Hosni Mubarak to withdraw from power. While restricted violence took place early in the uprising, the Egyptian military did not interfere on behalf of the government, tacitly allowing the protests to crop up. Much of the success in overthrowing Hosni Mubarak flowed from the protesters who refused to leave Tahrir Square combined with the Egyptian military’s passive approval of the protests (Toolan, 2012, p.iv).

A new era was flourishing after a free and fair election but the fear from the fiasco of the revolution in Egypt feared to cause long term consequences affecting the economy and the hospitality industry (The Observer, 2012). Based on the success in Egypt, an uprising soon occurred in Yemen and Bahrain. Unlike in Egypt, on the other hand, protesters in those countries were met with a strong military response. Bahrain’s inward military support appeared in the form of troops from Saudi Arabia to repress the uprisings. Saudi Arabia supported Bahrain to avoid demonstrations from crossing into Saudi Arabia. (Michael-Matsas, 2011; Toolan, 2012, p.iv; Tyner & Rice, 2012).

The most aggressive uprising, however, occurred in Libya. Revolutionary groups in the city of Misrata eastern Libya, started an armed struggle against the Gaddafi system. Over the course of nine months, rebel groups backed by NATO air power fought to the Libyan capital. The longest and the most dissimilar revolution thus far has occurred in Syria. The Syrian uprising has not shaped the quick decision that occurred in Egypt (Becheur, 2011; Spindel, 2011; Toolan, 2012, p.iv).

2.2 Middle East and North Africa (MENA)

The instability in the Middle East and North Africa will take a decade until stability and full security is achieved. The population explosion mentioned in the figure 1, shows that within the next twenty years the population in the Middle East will have increased around 70% with the majority of growth in the Arab nations (Cordesman, 2011).
The increased Per Capita Income for the Arab countries oil production recorded to be the highest. World ranking producers are Qatar ($38,281), Kuwait ($21,416), UAE ($13,508), Saudi Arabia ($7,685), and Libya ($6,837). See table 1 (Cordesman, 2011). Our focus should remain on the facts from the MENA region to attract more tourists to visit Malaysia.

Table 1. Per Capita Income for Arab countries oil producers

<table>
<thead>
<tr>
<th>Country</th>
<th>World Ranking</th>
<th>Limits to Oil Wealth (S Per Capita in 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>1</td>
<td>$38,281</td>
</tr>
<tr>
<td>Kuwait</td>
<td>10</td>
<td>$21,416</td>
</tr>
<tr>
<td>UAE</td>
<td>9</td>
<td>$13,508</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>55</td>
<td>$7,685</td>
</tr>
<tr>
<td>Libya</td>
<td>52</td>
<td>$6,837</td>
</tr>
<tr>
<td>Iraq</td>
<td>159</td>
<td>$1,686</td>
</tr>
<tr>
<td>Algeria</td>
<td>127</td>
<td>$1,540</td>
</tr>
</tbody>
</table>


2.3 Tourism and Hospitality Industry in Malaysia

According to the UNWTO (2012) Malaysia has become one of the top 10 leading tourism destination in arrivals and rates in the top 15 in international receipts. Malaysia’s tourism is considered as an essential contributor to its economy (Chon et al., 1997). It is expected that by 2020 the tourism industry will generate RM103.6 billion in GNI with an arrival increasing to 36 million. Malaysia has a strong starting position to boost itself as a key tourism destination. This industry has grown rapidly from 12% - 14% annually, and has a sturdy international competitive position which can be used to enhance the sector involvement in the local economy. The International visitor arrivals to Malaysia have but it has yield low income increased in actual arrivals but has a low yield of tourists. For example in 2009, Malaysia received 24 million arrivals; Where 78% came from neighboring short-haul countries such as Singapore, Vietnam, the Philippines, and Indonesia. 15% of arrivals came from medium-haul markets such as India, China, UAE, Saudi Arabia, Japan, and Australia, whereas, 7% came from long-haul markets like the United Kingdom, France, Germany, and Russia (UNWTO, 2012).

2.4 Tourist Arrivals to Malaysia during the Arab Spring Revolution (2011-2012)

The tourism and hospitality industry has been an important commerce in Malaysia for several years (Ghaderi et al., 2012; Khalifah & Tahir, 1997; Musa, 2000). During the Arab revolution in the Middle East, Malaysia was still able to attract 11,632,483 tourist arrivals for the first six months of 2012. This was a registered growth of 2.4% compared to the 11,362,862 arrivals for the same period in 2011. Respectively, the total tourist revenue from January to June 2012 increased by 4.0% generating RM 26.8 billion to the country’s revenue compared to RM 25.7 billion in 2011 (Tourism Malaysia, 2012b). Table 2 shows the international arrivals from the Arab countries to Malaysia.
Table 2. International arrivals from Arab countries to Malaysia

<table>
<thead>
<tr>
<th>Country of Nationality</th>
<th>January - June 2011</th>
<th>January - June 2012</th>
<th>Growth%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>31,900</td>
<td>54,761</td>
<td>71.7</td>
</tr>
<tr>
<td>Oman</td>
<td>10,904</td>
<td>14,522</td>
<td>33.2</td>
</tr>
<tr>
<td>Kuwait</td>
<td>9,224</td>
<td>10,826</td>
<td>17.4</td>
</tr>
<tr>
<td>UAE</td>
<td>9,488</td>
<td>8,128</td>
<td>(14.3)</td>
</tr>
<tr>
<td>Iraq</td>
<td>5,134</td>
<td>8,029</td>
<td>56.4</td>
</tr>
<tr>
<td>Yemen</td>
<td>5,679</td>
<td>7,839</td>
<td>38.0</td>
</tr>
<tr>
<td>Egypt</td>
<td>6,153</td>
<td>7,642</td>
<td>24.2</td>
</tr>
<tr>
<td>Grand Total</td>
<td>78,482</td>
<td>111,747</td>
<td>70.2</td>
</tr>
</tbody>
</table>

Source: Tourism Malaysia, 2012b.

An Arab market with a notably remarkable growth is Saudi Arabia with a growth rate of (71.7%). The increase in arrivals was due to the Arab Saudi new immigration rule which now requires all outgoing tourists to own individual passports. Prior to this ruling, children travelled on their parent’s passports. Two periods of long holidays – January to March and June to July – (Arab Season) also contributed to the increase in Saudi Arabian travelers. Other Arab countries have shown a high growth rate: Oman (33.2%), Kuwait (17.4%), Iraq (56.4%), Yemen (38.0%), and Egypt (42.2%) (Tourism Malaysia, 2012c).

The second table includes an average occupancy rate by locality 2010/2011 for international tourist arrivals with a specific locational focus on Malaysia. Kuala Lumpur is ranked the highest occupancy rate at (68.6%) for 2011, compared to (66.9%) in 2010 with a variance of (1.7%). Whereas, Putrajaya has decreased (-1.8%) to (65.8%) in 2011 from (67.5%) in 2010 during the Arab spring revolution (Tourism Malaysia, 2012a). Table 3 shows the Average Occupancy Rate (AOR) of hotels by locality for 2010/2011.

Table 3. The average occupancy rate (AOR) of hotels by locality 2010/2011

<table>
<thead>
<tr>
<th>Locality</th>
<th>2010</th>
<th>2011</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kuala Lumpur F.T.</td>
<td>66.9</td>
<td>68.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Putrajaya F.T.</td>
<td>67.5</td>
<td>65.8</td>
<td>-1.8</td>
</tr>
<tr>
<td>Selangor</td>
<td>62.7</td>
<td>66.2</td>
<td>3.4</td>
</tr>
<tr>
<td>Perak</td>
<td>47.5</td>
<td>47.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>Penang</td>
<td>60.2</td>
<td>63.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Kedah</td>
<td>49.6</td>
<td>51.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Perlis</td>
<td>40.9</td>
<td>37.1</td>
<td>-3.8</td>
</tr>
<tr>
<td>Kelantan</td>
<td>51.8</td>
<td>39.0</td>
<td>-12.8</td>
</tr>
<tr>
<td>Terengganu</td>
<td>42.8</td>
<td>42.5</td>
<td>-0.3</td>
</tr>
<tr>
<td>Pahang</td>
<td>76.6</td>
<td>79.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Johor</td>
<td>54.5</td>
<td>52.0</td>
<td>-2.4</td>
</tr>
<tr>
<td>Melaka</td>
<td>59.1</td>
<td>60.8</td>
<td>1.7</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>37.0</td>
<td>40.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Sabah</td>
<td>56.2</td>
<td>58.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Labuan F.T.</td>
<td>75.3</td>
<td>65.6</td>
<td>-9.7</td>
</tr>
<tr>
<td>Sarawak</td>
<td>54.4</td>
<td>53.3</td>
<td>-1.1</td>
</tr>
<tr>
<td>Malaysia</td>
<td>59.3</td>
<td>60.6</td>
<td>1.3</td>
</tr>
</tbody>
</table>


3. Findings and Discussions

In this sense, Malaysia has offered bounds of attractions to satisfy tourist needs, wants, and expectations, with a good reputation as a safe country. Malaysia is also, qualified with local and international human resources working with an abundance of classified hotels. This aids to be a fertile ground for Malaysia to stay at the top for tourism attractions and the ability to compete other neighboring destinations in Southeast Asia (NKEA, 2010). Malaysia is also able to attract tourists from the Middle East and from around the world who have been forced to change their tourist destinations due to the Arab spring revolution. These findings fall in line with (Hanafiah & Harun, 2010).
It is important to focus on the Islamic parties who led the Arab countries after the revolution (Bagherpour, 2012; Soguk, 2011). From these solid facts and real statistics, Malaysia could benefit much from the crisis. First, tourists will start to search about for safe attractive destinations with competitive services. Second, the population inflation in the Middle East countries could generate a current and future tourism to Malaysia. Third, the increase of wealth per capita will bring elite big spenders which will enhance the hotel and tourism receipts (NKEA, 2010).

Finally, religious tourism could be used (Zamani-Farahani & Musa, 2012) to reveal Malaysia as an Islamic country with regard to Islamic culture (Henderson, 2003) as an attraction for Islamic nations from the Middle East. Malaysia is also considered desirable for its traditional enrichment and food. Therefore, tourism and hospitality stakeholders should take action to attract more tourists from these countries to come to Malaysia.

4. Conclusion

This study tried to investigate the effects of the Arab spring revolution on the Malaysian hotel and tourism industry. The revolution started at the end of 2010 and during 2011-2012. The study results showed that the crisis in the Middle-East created opportunities for Malaysia to attract more tourists from the aforementioned region. Malaysia is said to be a fantastic and favor tourist destination for Arab people to visit. The reason could be due to its Islamic culture and visa facilitation which enables Arab to come and stay in Malaysia. With regard to current literature, the review in this study has found a small number of researchers who have previously focused on the effects of the Arab revolution on the hotel and tourism industry in Malaysia. This is deemed part of the overall analysis. An in depth look into the statistics of tourist arrivals from Arab and other countries, with previous crises situation to Malaysia is also considered. Finally, the findings showed that Malaysia’s tourism was positively affected by the increased number of international and Arab tourist arrivals throughout the Arab spring revolution. The reason was found to be that the international and Arab tourists began searching for new and safe countries. As this paper is only conceptual, future studies may incorporate empirical data that will be collected from Arab tourists and selected hotels in Malaysia.

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