THE IMPLICATION OF MOVEMENT CONTROL ORDER (MCO) TOWARD THE SMALL-SCALE FOOD AND BEVERAGE ACTIVITIES IN JOHOR, MALAYSIA

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Abstract

The implementation of a movement control order (MCO) in Malaysia due to the COVID-19 pandemic has widely affected the majority of small-scale economic activities, including the food and beverage (F&B) sector. This paper aims to analyse the impact of MCO implementation on small-scale F&B activities in Majlis Bandaraya Iskandar Puteri (MBIP), Johor, Malaysia. Descriptive and inferential analyses were employed to analyse the impact of MCO implementation via a questionnaire sampling of 60 small-scale F&B operators across the case study. The research found that the movement restrictions had a massive influence on the economy of most of the businesses, particularly on their income generations. The MCO also obstructed a smooth economic recovery of any business, including the small-scale F&B activities, despite the various initiatives being addressed to minimise the economic impact of pandemic and sustain the business activities and income generations. Hence, a planning approach should be taken to manage the chain impact of a health crisis, such as movement restrictions, in reducing the economic impacts of small-scale F&B activities.

Keywords: Food and Beverage Sector; Small-Scale Business; COVID-19; Movement Control Order
INTRODUCTION
The COVID-19 pandemic has had a significant influence on the entire world. The Malaysian government made an emergency attempt to enforce the Movement Control Order (MCO) in response to the COVID-19 outbreak. The country’s first MCO beginning on March 18, 2020, was viewed as a harsh measure against COVID-19 cases (Shah et al., 2020; Hamid et al., 2021). The role of MCO in preventing the spread of COVID-19 was crucial in protecting the health and safety of the community. While the MCO was expected to reduce the spread of the COVID-19 virus significantly, it has impacted the entire social and economic population (Aziz et al., 2020). Malaysia’s complete implementation of COVID-19 to combat the new wave undoubtedly affected the country’s economic recovery. At the same time, the government had to invest money to assist businesses and citizens in restoring the economy through eight economic assistance and stimulus packages worth RM662.5 billion (MEDC, 2021). Inflation in the national economy also impeded overall economic growth, indicating a difficult situation for the government in maintaining desirable economic growth (Abdul Latip et al., 2021).

The MCO’s implementation was ultimately impacted by the short notice announcement, mainly affecting commercial industries such as small and medium businesses (SMEs). Several SMEs, including food and beverage (F&B), encountered financial difficulties and were forced to lay off workers (Omar et al., 2020; Rashid & Hassan, 2020). Such unprecedented circumstances led to the SMEs beginning to lose their primary source of income. According to DOSM (2020), during the MCO period, sales from the retail sector, particularly SMEs in Johor, decreased by around 50% in 2020. During the MCO period, the F&B activities saw a nearly 90 per cent drop in sales value (DOSM, 2020). Given such predicament, the current research examines the impact of MCO implementation on small-scale F&B activities in Majlis Bandaraya Iskandar Puteri (MBIP), Johor, as this local authority is one of the most significant numbers of registered small-scale F&B activities in Johor and its proximity location advantages to Singapore.

BACKGROUND OF COVID-19 AND MOVEMENT CONTROL ORDER (MCO)
COVID-19 was labelled a worldwide health issue by the World Health Organization (WHO) on March 11, 2020, after spreading rapidly to other countries (Cucinotta & Vanelli, 2020). After first being spotted in Wuhan, China, at the end of 2019, the COVID-19 epidemic shocked the entire world. According to a data released by the Ministry of Health Malaysia (2021), there were 1.73
million positive cases and 16,382 deaths between January 25, 2020 to August 30, 2021.

The impact of the epidemic on the rest of the world was unanticipated. In addressing this issue, Fabiel et al. (2020) noted that international economists had offered numerous warnings about the worsening global economic and financial structure. Most Southeast Asian countries, including Indonesia, Malaysia, Thailand, the Philippines, and Singapore, issued emergency and quarantine orders to prevent the spread of COVID-19 (Fauzi & Paiman, 2021; Chong et al., 2021). Most countries made difficult decisions to shut down vast portions of their economies in all areas, whether urban or rural, thus significantly influencing society (Khor et al., 2020). Malaysia’s political, economic, social, health, and educational systems were also impacted by the pandemic (Aziz, 2020; Shakeel et al., 2020). Many countries imposed travel restrictions and movement limitations due to the outbreak.

The COVID-19 pandemic, which was spreading and infecting Malaysian, prompted the government to declare MCO as a precautionary measure to prevent the virus from spreading further (Aziz, 2020). The MCO, which went into effect on March 18, 2020, was phased in until the end of the Rehabilitation Movement Control Order (RMCO) on December 31, 2020. The COVID-19 pandemic’s polemics have had huge ramifications on every level, including political, economic, social, and adverse societal reactions. Due to the MCO order, Malaysians were ordered to stay home and not undertake any daily duties outside. As a result, some issues caused poverty-related problems such as increased homelessness, increased crime rate, and disorders in mental health (Thinagar et al., 2021).

IMPACT OF COVID19 AND MOVEMENT CONTROL ORDER (MCO) ON SMALL-SCALE ECONOMIC ACTIVITIES

Due to the effect and employees’ health concerns, nearly half of the businesses had temporarily closed worldwide. Small businesses in the United States showed a heavy decline during February 2020. There were 15 million active businesses, which dropped to 11 million during the initial period of the pandemic (Kalogiannidis, 2020). China’s SMEs also faced a crisis of having little to no cash flow to cover salaries, rent, and loans (Lu et al., 2020). In Malaysia, the impact of the MCO was on the economic sector and the social aspects of the population as many economic industries had to close for the government to prevent COVID-19 from spreading further. Most businesses, corporate organisations, and government institutions shut down their activities and services immediately.

Many businesses, notably small-medium enterprises (SME), were unable to cover expenses, including employee salaries, due to the MCO, forcing...
them to lay off their personnel. People’s daily lifestyles have altered compared to prior lives; they faced insecure employment/work, which affected income and expenditure, education, health, security, welfare, religious activities, and social relations (Rashid et al., 2019a; 2019b). The MCO implementation affected approximately 33.8 million individuals in Malaysia, with 76.6 per cent of the population living in urban areas and 23.4 per cent in rural areas. This MCO was a contagion prevention method to break the COVID-19 chain, which was crucial for infected patients with unknown connections (Norashikin et al., 2021).

Despite specific economic sectors being exempted from MCO implementation, nothing changed. The industry must comply with Majlis Keselamatan Negara’s (MKN) SOP rigidly and in agreement. The most significant issue they encountered in closing their business was the lack of consumer presence owing to SOP and MCO compliance. Additionally, travel restrictions and border closures also significantly impacted the tourism industry and other economic sectors such as hospitality, food production, and transportation (Foo et al., 2020; Karim et al., 2020; Fabei et al., 2020). About 3,000 enterprises in the food and beverage services sector, including SMEs, in Johor Bahru (with 21,879 people), were in a precarious situation in terms of maintaining their employment and revenues (DOSM, 2020).

The preference for a new norm, such as social distancing, has affected the interaction between seller and customer and disrupted the prior product distribution chain (Aziz et al., 2020). Approximately 80% of Johor’s workforce was decreased during the MCO as most part-time employees were forced to resign and full-time staff faced compensation reductions or unpaid leave (DOSM, 2020). This crisis diminished the workforce in all economic sectors, resulting in the loss of most jobs (Karabarg, 2020). Small and medium enterprises (SMEs) were among the most affected sectors in Malaysia due to MCO implementation when most of them could not continue their operations due to the pandemic (Hasanat et al., 2020; Hasbullah & Ab Rahman, 2020). Sales declines increasingly led them to financial difficulties, and their business costs continued to rise during the MCO implementation. The situation was even worse for hawkers and small shopkeepers who were relying on the tourism industry which depends entirely on visitor arrivals (Karim et al., 2020; Rashid & Hassan, 2020). The food and beverage industry was significantly affected, especially the small-scale activities. Most of them ran their conventional businesses and complained about the plummeted sales revenue due to fierce competition from online businesses. This situation was much worse when the small-scale F&B activities faced a capital shortfall to restart their business after not being allowed to operate since the MCO. Nevertheless, the businesses moved slowly with competition from online businesses, which grew in number during the MCO. The precaution
of the COVID-19 pandemic among the customers also significantly reduced the number of customers to their premises.

SMEs, particularly small-scale F&B activities, must adapt to the new digital business norm. Significant improvements have occurred in digital adaptation among SMEs after the COVID-19 pandemic and the MCO. Approximately 10 to 20 per cent of SMEs have used digital technology entirely in their business; however, this figure is expected to rise to 40 per cent after MCO ends (Abdul Aziz, 2020; Lundin, 2020). Nevertheless, consumer habits will likely change after the end of MCO implementation. It is expected that they will favour businesses as a new way of business interactions. With this new norm, the only way for SMEs to sustain themselves is by venturing into the online platform, thus reducing operating costs to increase company productivity.

PLANNING POLICIES AND DECISIONS ON SMALL-SCALE ECONOMIC ACTIVITIES
Planning policies and decisions also play an important role in helping SMEs’ growth. Determining the location of SMEs can determine higher profits (Brown et al., 2019). During the MCO, the travel radius was limited, so it was imperative to place SMEs within every 10 km travel radius to facilitate buyers in an emergency such as COVID-19 and restriction of movement, particularly in rural areas with limited access to purchase essential goods. The local authority should also assist the dealer in managing the rent, business lots, hawker licenses, and stalls, which must be paid even if the shop had to be closed (Farique & Fauzi, 2021). The digitization policy in business dealings is also a technology that can help hawkers continue to do business even during a pandemic (Kumar & Ayedee, 2021). Town planners can highlight the digitization of businesses, such as using digital wallets for payments and online business, in the national planning policy to help the community’s economy and significantly improve small businesses.

METHODOLOGY
MBIP is one of the most significant numbers of registered small-scale F&B activities in Johor, which has proximity location advantages to Singapore. The primary data were obtained from a field study using a questionnaire survey. The survey aimed to understand the current scenario of small-scale F&B activities and obtain necessary information regarding the impact of the MCO on their economic activities. The study area selection was Majlis Bandaraya Iskandar Puteri (MBIP).
The respondents were selected among small-scale F&B activities that conduct business activities around the MBIP administration area, such as Taman Universiti and Taman Ungku Tun Aminah. Both areas were the largest registered small-scale F&B activities under the MBIP’s business licensing (Figure 1). The total number of respondents was 60 small-scale F&B operators who registered their operating licenses under MBIP, comprising 32 operators (53 per cent) in Taman Ungku Tun Aminah and 28 operators (47 per cent) in Taman Universiti. The respondents were selected via clustered sampling.

The data analysis method employed was a combination of descriptive and inferential analyses. A descriptive analysis, such as a cross-tabulation analysis through percentage and mean, was used for the analysis of small-scale F&B activities and the level of impact due to MCO implementation. The inferential analysis used in this study was analysis of variance (ANOVA) using the F-test, which was employed to evaluate the significance of the MCO’s impacts on the vulnerability of the small-scale F&B activities.
DISCUSSION OF ANALYSIS AND FINDINGS

Table 1 explains several conclusions related to the vulnerability of small-scale F&B activities due to the MCO implementation. Overall, most of the respondents (91.7 per cent) agreed that their businesses were affected by the implementation of the MCO. The majority of small-scale F&B activities were involved in food and beverage activities (46.7%), where 85.7 per cent of them were affected by the MCO implementation. This is because most of their current businesses (such as catering and restaurants) were run on a small-scale approach to reduce operating costs. Most have been in the business for 5 to 10 years. However, the implementation of MCO impeded their business from fully operating on a large scale hence their experiencing a drastic decline in business revenue.

Table 1: Small-Scale F&B Activities’ Vulnerability due to MCO Implementation

<table>
<thead>
<tr>
<th>F&amp;B Activities</th>
<th>Food</th>
<th>Beverage</th>
<th>Food and Beverage</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Not Affected</td>
<td>0.0</td>
<td>0.0</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Not Affected</td>
<td>1.7</td>
<td>0.0</td>
<td>5.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Less Affected</td>
<td>8.3</td>
<td>1.7</td>
<td>0.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Affected</td>
<td>16.7</td>
<td>5.0</td>
<td>5.0</td>
<td>26.7</td>
</tr>
<tr>
<td>Strongly Affected</td>
<td>10.0</td>
<td>10.0</td>
<td>35.0</td>
<td>55.0</td>
</tr>
<tr>
<td>Total (%)</td>
<td>36.7</td>
<td>16.7</td>
<td>46.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Mean</td>
<td>0.79</td>
<td>0.90</td>
<td>0.89</td>
<td>0.85</td>
</tr>
</tbody>
</table>

ANOVA (F-test) | 0.018* | 0.002* | 0.010* | 0.013* |

*Significant value at 0.05

In terms of the impact of MCO implementation, the small-scale F&B activities suffered severe losses, and their businesses were forced to shut down. They had to pay rent for business lots, hawker licenses, and stalls from local authorities despite not operating. They also suffered huge losses where the existing stock supply of raw materials was not utilised due to the business closure. Table 2 highlights the impact of MCO implementation on the activities of small-scale F&B activities, particularly on the effects on their businesses. Most of the respondents negatively perceived the aspect of raw material stock supply due to restrictions of movement. Most of the respondents agreed that the MCO implementation has negatively impacted raw material supply, indicating that the businesses expected the price to increase and the shortages of raw material supply.
Table 2: Level of Impact on Small-Scale F&B Activities Vulnerability

<table>
<thead>
<tr>
<th>Impact</th>
<th>Strongly Not Agree</th>
<th>Not Agree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
<th>ANOVA (F-test)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Aspect</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Losses Suffered by Hawkers</td>
<td>3.3</td>
<td>5.0</td>
<td>20.0</td>
<td>60.0</td>
<td>11.7</td>
<td>0.74</td>
<td>0.008*</td>
</tr>
<tr>
<td>Business is Forced to Shut Down</td>
<td>1.7</td>
<td>6.7</td>
<td>33.3</td>
<td>50.0</td>
<td>8.3</td>
<td>0.71</td>
<td>0.019*</td>
</tr>
<tr>
<td>The burden of Business Rental</td>
<td>1.7</td>
<td>6.7</td>
<td>21.7</td>
<td>60.0</td>
<td>10.0</td>
<td>0.74</td>
<td>0.008*</td>
</tr>
<tr>
<td><strong>Raw Material Supply Aspect</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increasing Raw Material Prices</td>
<td>3.3</td>
<td>1.7</td>
<td>26.7</td>
<td>36.7</td>
<td>31.7</td>
<td>0.78</td>
<td>0.001*</td>
</tr>
<tr>
<td>Lack of Raw Material Stocks in the Market</td>
<td>3.3</td>
<td>8.3</td>
<td>23.3</td>
<td>38.3</td>
<td>23.3</td>
<td>0.72</td>
<td>0.015*</td>
</tr>
<tr>
<td>Waste of Raw Materials Due to Business Closure</td>
<td>1.7</td>
<td>20.0</td>
<td>10.0</td>
<td>36.7</td>
<td>31.7</td>
<td>0.75</td>
<td>0.005*</td>
</tr>
<tr>
<td><strong>Income Aspect</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss of Source of Income</td>
<td>3.3</td>
<td>5.0</td>
<td>11.7</td>
<td>40.0</td>
<td>40.0</td>
<td>0.82</td>
<td>0.000*</td>
</tr>
<tr>
<td>Reduction in Sales Revenue</td>
<td>3.3</td>
<td>3.3</td>
<td>21.7</td>
<td>46.7</td>
<td>25.0</td>
<td>0.77</td>
<td>0.001*</td>
</tr>
<tr>
<td>Retrenchment</td>
<td>1.7</td>
<td>1.7</td>
<td>50.0</td>
<td>20.0</td>
<td>25.0</td>
<td>0.72</td>
<td>0.015*</td>
</tr>
</tbody>
</table>

*Significant value at 0.05

The findings (Table 2) highlight that small-scale F&B activities experience a drastic loss of sources of income, demand for products/services, and sales revenue. Also, MCO’s SOP was strict yet kept changing throughout the time. At one time, only selected businesses were allowed to operate. To some extent, food and beverage industries, such as restaurants, could not survive due to limited time of operation and restrictions on people's movement within a radius of 10 km within the district itself. Such restraint had greatly affected the income generations of small-scale F&B activities. Moreover, most small-scale F&B activities are uncertain about laying off their employees during the MCO. Most of them had a misconception of the SOP of MCO implementation, which constantly changed over time and in different
The majority of small-scale F&B activities are self-sustained and run by family members who support the business operations.

CONCLUSION
This study concludes that the majority of small-scale F&B activities agreed with the implementation of MCO to address COVID-19 in the interest of all parties. However, the restrictions have adversely affected their activities, particularly their income generation and business operation aspects. Despite most of them initially not agreeing with the MCO, they must adapt for their business’s survival. Given such a predicament, this study focused on the small-scale F&B activities to provide insights into the various challenges they faced during the MCO implementation. As the findings suggest, most were significantly affected in sustaining their businesses and securing raw materials and income.

The way forward for small-scale F&B activities to recover the fastest from the economic impact is their agility and resilience to adopt different strategies to survive in business, such as digital adaptation, minimising business operation, and new marketing strategies. They realized the importance of digital adaptation in their business activities. The government can also implement the digital adaptation and location of SMEs on resilient strategies in policies of economics to help SMEs progress during the pandemic. During the MCO implementation period, most business activities can still be conducted online, even though some obtained huge demand beyond expectations due to the impact of digital adaptation in their businesses. With the initiative and role of all levels of government, particularly the local authority, the reopening of more sectors and phase changes for the National Recovery Plan (PPN), as well as the relaxation of travel restrictions, are expected to support the country’s economic growth trajectory. Such measures will boost business activities and production, especially in the small-scale F&B activities that have begun operating. This, in turn, will positively impact small-scale F&B activities by increasing their income and creating new employment opportunities.

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