

Economic Strategies Employed by the Kingdom of Saudi Arabia during the Covid-19 Period

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Abstract

The suspension of Umrah tourism by the Kingdom of Saudi Arabia in the year 2020 and 2021 following the breakout of Covid-19 pandemic has caused economic problems to business owners that operate their businesses around Umrah activities. Problems such as retrenchment and closure of businesses have been reported due to significant financial risk and loss. Hence, this study is conducted to identify the role of the government i.e., Kingdom of Saudi Arabia to assist the business owners in managing the economic crisis. Specifically, the study attempts to identify the economic strategies employed by the government and the future outlooks that have been set in the future planning of Umrah tourism. A total of 13 government officers have been recruited for a semi-structured interview protocol. Interview responses were analysed following the framework by Persson-Fischer & Liu (2021)'s government crisis management. From the analysis, it has been found that the economic strategies that the Kingdom has employed are providing financial support and making adjustment to the financial policy. On the other hand, future practices will see the Kingdom to continue with the financial support, develop cooperation between agencies, change the nature of tourism and employ digital platforms as a way to reduce cost. The study is important as it has shed lights on the strategies that the Kingdom has employed to assist the business owners and how Umrah tourism will be shaped in the future practice.

Keywords: Covid-19, Economic Strategies, Umrah Tourism, Kingdom of Saudi Arabia

Introduction

The Covid-19 pandemic has brought many negative consequences on the economies globally in addition to severe impact on the people's health (Adam & Alarifi, 2021). Many sectors of businesses have suffered primarily through the loss of income because of the pandemic and the mechanisms that have been adopted to combat the transmission such as the lockdown or suspension of travelling. In the Philippines for instance, the restaurant industry has been identified as one of the worst-affected industry due to reduced sales (Samonte et al., 2022). On the other hand, several sectors such as airlines and hotels in

Malaysia have been reported to suffer greatly due to the suspension of tourism activities (Lee-Peng et al., 2020).

Similarly, in the Kingdom of Saudi Arabia (KSA), many industries especially those that belong to the small and medium enterprises (SMEs) are significantly impacted. The SMEs are affected due to the period of closure of the country's border and movement prevention policies that consequently have caused the operations to be paralyzed and increased the financial risk that has already been weakened (Adam & Alarifi, 2021). The SMEs have generally been experiencing the loss of sales, shortage of workers as well as production inputs (Segal & Gerstel, 2020). These problems that affect the income generation potentially lead to much bigger problems such as failure to meet the financial obligations and termination of workers (Robinson & Kengatharan, 2020).

Another industry that has been observed to suffer in the Kingdom is the hotel industry. In fact, a report by the Darley (2022) has identified the hotel industry which is part of the hospitality industry is the worst affected industry by the Covid. As a background, the hotel industry in the Kingdom is considered to be lucrative due to tone of its tourism industries, i.e., Islamic tourism that is deemed to be sustainable. This is especially true in the region of Makkah al-Mukarramah where the two forms of Islamic tourism which are the Hajj and Umrah are performed and visited by the pilgrims. From the perspective of economy, the Hajj and Umrah is significant to the revenue of the Kingdom. According to the report by Turki (2022), the revenue from the Hajj and Umrah is set to reach the market revenue of \$150 billion and likely to be more than \$350 billion by the year 2032.

However, the Covid-19 that has hit the world definitely impacted the income generations from the Hajj and Umrah tourism. Especially for Umrah that is performed throughout the year (compared to Hajj that is performed in a specific period of the year only), the impact of Covid-19 on the sector is primarily seen in the suspension of the activity itself. In other words, the Kingdom has taken an initiative to suspend the Umrah during the period of Covid-19 in order to reduce the rate of transmission (Alshammari et al., 2021). This suspension is consistent to the recommendations by World Health Organization (WHO) that has discouraged the social gatherings or mass gatherings as one precautionary measure for combatting Covid-19. Hence, the Kingdom has banned the coming of international Umrah pilgrims while the local pilgrims were allowed in a very limited capacity and strict conditions for Hajj only (AlOmran, 2020).

With the reduced number of Hajj pilgrims and almost non-existence Umrah pilgrims, one direct economic impact that can be observed is the loss of income for the Kingdom. This is due to the Kingdom that benefits from resources such as visa. In addition, the business owners that operate their businesses in the area of Hajj and Umrah pilgrimages were also impacted by the absence of pilgrims. Businesses such as restaurants, hotels, transportations or stores that sell souvenirs or other goods were clearly affected economically. For example, Alzahrani and Salleh (2023) reported the economic challenges that the hotel owners in the Holy site of Makkah experienced when the pilgrims were banned from performing the Umrah. The challenges have led them to retrench the hotel staff and seek helps especially financial assistance from the government.

Similarly, travel agencies that operate their business by accommodating to the stays of pilgrims throughout the Umrah period were also greatly affected by Covid-19 and suspension that follows. For instance, Firdinasyah et al (2020) have reported a number of undesirable impacts such as the cancellation of flights, small number of pilgrims to be arranged by travel agencies as well as failure to fly to the Makkah despite having permission earlier. All these

impacts certainly led to the economic loss to be endured by the travel agencies. Considering the financial risks and losses that the travel agencies have experienced, the study recommended for incentives to be provided even with certain conditions in order to help the travel agencies stay in business.

Nonetheless, it is generally has been reported that various sectors that rely their business on the Umrah tourism are to experience economic loss due to suspension that has been imposed by the KSA. Althaqafi (2020) in the news report suggested that the hotel owners in the two holy sites of Makkah and Madinah would suffer losses around 40%. This is agreed by the Chairman of Makkah Chamber of Commerce and Industry that said the hotel industry is in the period of difficult season (i.e., during the Covid-19 time and suspension of Umrah period) especially if the Umrah is suspended for a longer duration. In the case of the hotel industry, it is reported that industry will be affected as a whole since it fully depends on the pilgrims coming for Umrah purposes.

Considering the various economic issues experienced by the business owners, it is not a surprise that many governments around the world introduced many kinds of financial assistances or incentives as a way to help the businesses survive during the period of pandemic. In the context of KSA, the Ministry of Investment through its official website has listed several incentives that the government has introduced to support struggling business. Among the incentives are extending the period of loan repayment, providing loans either direct or indirect loans, postponement of tax payments and enabling funding opportunities to specific target groups.

However, not much information is available on how the government has assisted the business owners that rely their operation on the Umrah tourism such as the hotel owners. The suspension of Umrah tourism has certainly led to economic loss to them due to the absence of pilgrims. As reported by Alzahrani and Salleh (2023), the consequences of financial difficulties experienced by the business owners are evident in the case of the hotel staff being terminated or salary being reduced and closure of business. Many of the incentives are meant for general public or the Saudis while in the hotel industry for instance, many of the employees are non-Saudis. According to statistics by Areej et al (2018), 81% of total jobs in the Saudi hotels and tourism industry are occupied by non-Saudis while the Saudis occupied the remaining 19%. This number shows a high number of non-Saudis to be at risk if the hotel businesses could not survive the Covid-19 pandemic.

In light of this, the present study aims at looking into the financial strategies that have been employed by the KSA to assist the hotel owners in the context of Umrah tourism. The information provided by the government is deemed to be crucial for future planning or readiness for economic crisis. Specifically, this study attempts to answer the following research questions

- a) What are the economic strategies that the Kingdom of Saudi Arabia has employed to assist the business owners in the context of Umrah tourism?
- b) What are the future outlooks for the planning of Umrah tourism in order to minimize the economic loss should crisis take place again?

Methodology

Research Design

This study employed the research design of qualitative framework as its research paradigm. Qualitative research paradigm that aims to explore the experience of individuals or how organization functions (Teherani et al., 2015) is perceived to be suitable in the context

of the present study due to the primary objective that intends to identify the economic strategies employed by the KSA in minimizing the economic loss experienced by the business owners following the suspension of Umrah tourism during the period of Covid-19.

The elements of qualitative research design of this study are evident in several aspects; first, the data collection technique is interview where the targeted participants were put in a semi-structured interview protocol. Second, the data analysis procedure is primarily guided by the practice of thematic analysis where the responses provided by the participants were thematically grouped and later translated into the findings. Another aspect of qualitative research in this study is the presentation of findings that does not employ numerical data but rather excerpts that represent the participants' responses are utilized instead.

Participants

The study aims to identify the government's economic strategies to assist the struggling business owners in the case of Umrah tourism in KSA. Hence, the participants of this study constituted officers that work with various government ministries responsible for the economic planning as well as the management of Hajj and Umrah. The participants were selected through the purposive sampling technique where several criteria were listed and followed. The criteria for inclusion are:

- a) They are serving as the government officers at the Ministry of Hajj and Umrah
- b) They are serving at the Ministry as officer or above the officer grade
- c) They have experience coming out with strategic planning or policy concerning the implementation of Umrah and Hajj
- d) They have experience coming out with strategic planning or policy concerning the implementation of Umrah and Hajj during the pandemic season

Based on the criteria that has been set, the present study was able to include a total of 13 government officers to be interviewed. Table 1 shows the demographic profiles of the participants.

Table 1

Demographic profiles of the government officers

Participants	Position	Unit/Ministry	Years in service
Participant 1	Vice President of the Saudi Commission for Tourism	Ministry of Hajj and Umrah	2 years
Participant 2	Assistant Undersecretary for Umrah Affairs	Ministry of Hajj and Umrah	12 years
Participant 3	General Manager of Services	Ministry of Hajj and Umrah	18 years
Participant 4	General Manager of Companies	Ministry of Tourism	4 years
Participant 5	Undersecretary for Umrah Affairs	Ministry of Hajj and Umrah	6 years
Participant 6	Assistant Director of Supervision Office	Ministry of Tourism	16 years
Participant 7	Umrah Business Development Consultant	Ministry of Tourism	3 years
Participant 8	Chairman of the Saudi Commission for Tourism	Ministry of Hajj and Umrah	6 years

Participant 9	Tourism Authority	Ministry of Hajj and Umrah	5 years
Participant 10	Supervisor of Tawaf Institutions	Ministry of To Tourism	7years
Participant 11	Director of Umrah Companies	Ministry of Hajj and Umrah	10 years
Participant 12	Director of the Supervision Office	Ministry of Hajj and Umrah	8 years
Participant 13	Hajj and Umrah Business Advisor	Ministry of Tourism	4 years

From Table 1, it can be seen that the 13 participants are serving the government at two ministries which are Ministry of Hajj and Umrah and Ministry of Tourism. The officers are also holding a number of government positions such as Director, Business Advisor, Chairman as well as Supervisor. In term of years of experience, all participants have working experience of between 2 and 18 years in service.

Data Collection Procedure

To collect the intended data, semi-structured interview was conducted with all participants. Specifically, each participant was contacted first by the researcher to obtain their permission for interview. Once they agreed, the schedule for interview was arranged. The interview was either conducted through face-to-face interview or online interview if the participant was not comfortable with meeting in person. Upon meeting, the participants were briefed on the research aims and how the research will be conducted. The interview procedures were also explained to them.

Once they agreed, several questions that serve as the study's instrument were asked. The questions were designed as open-ended questions where they allow the participants to respond in their way or non-standardized responses. A total of 14 questions were asked to all participants. The questions were mostly centred on the strategies that have been employed by the Kingdom to address the Covid-19 situation in relation to the planning and organizing of Umrah.

The interview was conducted primarily in Arabic language to allow the participants to express their thoughts easily since Arabic language is the native language of all of the participants. For the purpose of data presentation, the responses were recorded, transcribed and later translated into English language. The transcription was merely orthographic transcription since the analysis will be on the information while the translation from Arabic to English does not employ any specific system since the purpose is only to provide understanding to readers who are not proficient in Arabic language.

Data Analysis Technique

The analysis is performed on the transcription of the recorded interviews with all participants. To analyse the data, thematic analysis was employed in this study. Kieger and Varpo (2020) mentioned that thematic analysis is a method that requires the data to be scanned through with specific themes are established to answer the research questions. Hence, the interview transcripts were subjected to detail analysis. On the other hand, the study employs a specific framework to guide its development of themes. The framework that has been employed is the Persson-Fischer & Liu (2021)'s government crisis management.

According to this framework, the government strategies can be observed in two stages which are during the crisis and after the crisis. During the crisis, the strategies are financial support, function of informal sector, prioritize actions and formulate public policy. On the other hand, the strategies after the crisis are support domestic and regional tourism, restore market confidence, carry out intergovernmental cooperation, redefine community-based tourism and finally, conduct recovery marketing. Figure 1 summarizes the framework that has been utilized by the present study to conduct its analysis.

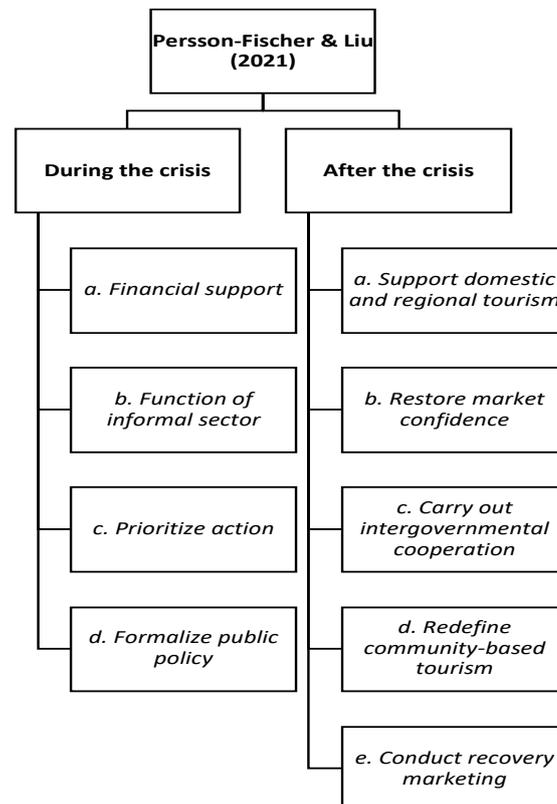


Figure 1: Summary of strategies by Persson-Fischer & Liu (2021).

Research Ethics

The aspects of this study that require the ethical considerations are first the confidentiality of the participants. Hence, participants' details such as name, age and specific departments that they are affiliated to are not disclosed. For this purpose, a generic term such as Participant 1 is used to refer to any of them. In addition, their rights to participate as well as withdraw are clearly communicated to them.

Findings

This section of the paper provides the findings which consequently answer the two research questions mentioned earlier. Analysis of responses followed the conceptual framework proposed by Persson-Fischer & Liu (2021) that has identified the strategies to be either during the crisis or after the crisis. As such, the findings reported in this section will first present the economic strategies that have been taken by the government during the pandemic and the next section that follows will highlight strategies after the pandemic or the future outlooks in the planning of Umrah tourism.

Economic strategies employed by the Kingdom of Saudi Arabia

There are two main economic strategies that have been employed by the government; they are providing financial support to the struggling business owners who primarily are the Umrah operators and formulating public policy.

Financial Support

The most primary support especially during the course of the pandemic is the financial given by the government to the business owners. Participant 3 said in Extract 1:

Extract 1:

The initial strategies presented by the Kingdom to facilitate and support the recovery of the Umrah sector from the negative economic consequences of the Corona pandemic include supporting Umrah companies financially.

Specifically, Participant 3 said that the Umrah companies such as the tourist agencies are supported by the government through financial support since the companies have lost their source of income.

However, the financial support that the government provides is not limited to companies being supported financially. There are other mechanisms that allow the companies to continue operating without experiencing much financial burdens. For example, the companies are exempted from certain payments during the period of pandemic. Participant 1 in Extract 2 said:

Extract 2

Exemption from work permits for 6 months, exemption from municipal licenses for one year and postponing the collection of customs duties for 3 months.

Based on information given in Extract 2, Participant 1 said that the business owners who primarily are the Umrah company owners have been assisted by the government through a number of financial supports such as the exemption from paying certain fees (e.g., work permits and municipal licenses) as well as the collection of custom duties that has been put on hold temporarily. This even without receiving money from the government is deemed as a strategy because the business owners are assisted through less spending needs to be committed.

Similarly, Participant 11 said the Umrah companies are assisted through the labour costs being covered by the government as well as other financial assistance. Extract 3 shows the response.

Extract 3

The Umrah companies are helped by supporting Umrah companies financially bearing the labour costs.

Other financial supports that the government has provided to the Umrah companies are extension of license for certain period (Extract 4), reducing the value of financial guarantee (Extract 5 and Extract 6) and postponement of payments (Extract 7).

Extract 4

Extension of the validity of traffic permits for one year.

Extract 5

Reducing the value of the financial guarantee for effective Umrah companies.

Extract 6

Allowing the reduction of the Umrah companies' capital in the Commercial Register to 500 thousand Riyals.

Extract 7

Postponing the payment of insignificant fines for 6 months.

When the participants are asked on which sector that has received the most financial assistance from the Kingdom, various responses were collected. A number of participants said that the hotel has received the most financial assistance while other participants suggested that the transportation and health sectors received the most as well.

Extract 8

The hotel business is the business that received the largest share of the Kingdom's aid under the Corona pandemic.

In Extract 8, Participant 1 said that the Kingdom has provided the most assistance to the hotel business. This is understandable due to the suspension of Umrah that has put their business on hold when they do not receive any guest.

On the other hand, Participant 2 suggested that the service sector (that includes hotel industry) is the most of all sectors that has been assisted by the government. This is evident in Extract 9.

Extract 9

All sectors received help, but the service sector received the largest aid because it is the most affected sector by the pandemic.

Participant 3 on the other hand suggested that the health sector has received the most assistance. This is due to the nature of the crisis that requires high attention and involvement from the health professionals. Extract 10 shows the response.

Extract 10

The health sector is the sector that received the largest amount of aid from the Kingdom of Saudi Arabia. This is due to the provision of vaccination doses against the Coronavirus to all citizens and residents and the provision of health services that are necessary for the prevention and treatment, of the spread.

From Extract 10, it can be seen that Participant 3 suggested the health sector to receive the largest amount of financial assistance due to the requirement for vaccinations. In other words, the financial assistance is needed for the government to provide vaccine to the people in order to slow down the spread of the Covid-19.

Nonetheless, the Umrah sector that governs various services including health, hotel and transportation is considered to be among the sectors that received priorities for financial aids. According to Participant 4, the Umrah sector received the priorities because it has contributed to the income of the Kingdom significantly. Extract 11 highlights the view.

Extract 11

The Umrah sector is the sector that received the largest share of aid, because it is the second source of income in the Kingdom, as the Kingdom targets 30 million Umrah pilgrims annually.

When being asked on how the business owners can seek assistance from the government, the participants said that the Kingdom has established various mechanisms such as funds that provide the affected business owners with immediate financial assistance. Participant 1 in Extract 12 said:

Extract 12

The Kingdom of Saudi Arabia provided assistance to business owners through the Tourism Development Fund to support small and medium enterprises to accelerate the recovery process. It also provided a guarantee program to facilitate zero-interest loans for business owners affected by the Corona pandemic.

According to Participant 1, the business owners are provided with assistance through the Tourism Development Fund that targets especially those who are in the small and medium enterprises. The aim of the fund is to provide financial assistance that can speed up the recovery process. The Kingdom also initiated and guaranteed a zero-interest loans for the affected business owners to benefit from. According to Participant 3, the Ministry of Finance has identified strategies for them to be assisted with a zero-interest loans.

Extract 13

The Ministry of Finance has studied the financial deficit and how business owners can be helped by paying their debts without interest.

The view is also shared by Participant 6 that said the Kingdom has assisted the business owners through soft-loans. In Extract 14, Participant 6 said:

Extract 14

The Kingdom has provided soft loans to business owners. The procedures were also facilitated and flexible. It also postponed and exempted business owners from some financial dues.

According to Participant 6, the soft loans are made easy for the business owners when they are facilitated to apply and the application is made flexible. One example is when the business owners are exempted to pay for any financial dues until the business is recovered.

Another assistance is provided through the businesses are identified by the government and later were assisted directly when they are given money deposited into their accounts. Participant 2 in Extract 15 said:

Extract 15

Yes, Saudi Arabia has provided assistance to business owners through several programs. These programs include supporting Saudi companies, raising the names of the affected companies, and depositing the support amounts in their bank accounts.

In Extract 15, Participant 2 said that the business owners are assisted when the Kingdom deposited the supported amounts into the bank accounts. This is done after the company's names are identified and raised to the attention of the government.

In addition to the Ministry of Finance, the Kingdom through its Ministry of Commerce as well as banking institutions also provided the financial assistance. Participant 9 in Extract 16 said:

Extract 16

The Ministry of Commerce and Investment has provided facilities and support to business owners.

Similarly, Participant 4 in Extract 17 said:

Extract 17

Banks provided financial support with government guarantees without obtaining interest from loans.

Formulate Public Policy

The second economic response strategy employed by the government that is evident in the participants' responses is the public policy that has been immediately formulated in order to address the economic needs during the pandemic. One of the immediate actions taken by the government is the suspension of Umrah activities and as a result of this decision, the Umrah companies are also asked to suspend their businesses. According to Participant 5 in Extract 18

Extract 18

The government has allowed the Umrah companies to suspend their operations for a year.

In Extract 18, it is informed that the Umrah companies are given the green light by the government to suspend their operation for a period of one year during the pandemic crisis.

In addition to the operation being suspended, the companies can continue to run but with minimal strength. In Extract 19, Participant 5 again said:

Extract 19

Allowing Umrah companies to operate with the minimum number of employees during the suspension period.

Based on information given in Extract 19, the companies are allowed to operate during the suspension period but the number of working employees must be minimal.

In general, the public policy that the government has come out with during the crisis concerns the operation of the companies whereby the companies are either asked to suspend their business or operate with minimal number of employees during the suspension period. This policy is meant to contain the spread of Covid-19.

Future outlooks in the planning of Umrah tourism

After the pandemic, the analysis of findings has yielded four economic strategies evident in the participants' responses. The strategies are continuous support, develop cooperation between companies, changing the nature of religious tourism and finally, upgrading the procedures for Umrah operations.

Continuous Support

One of the continuous strategies that the government has provided is definitely the financial support. This is evident through the initiation of Tourism Development Fund as reported by Participant 1 (Extract 20).

Extract 20

The Kingdom of Saudi Arabia provided assistance to business owners through the Tourism Development Fund to support small and medium enterprises to accelerate the recovery process. It also provided a guarantee program to facilitate zero-interest loans for business owners affected by the Corona pandemic.

In Extract 20, it is shown that the government after the pandemic has come out with the Tourism Development Fund that aims to help the small and medium entrepreneurs for them to recover quickly. In addition, the companies are also assisted through loans that are free from any interest.

Similarly, Participant 2 also said that the companies are assisted with various loans that are free from any interests or zero-interest loans. Extract 21 shows the response.

Extract 21

Providing interest-free subsidized loans by the Government of the Kingdom of Saudi Arabia.

From the response in Extract 21, it is evident that the Umrah companies are indeed provided with assistance through loans by the Kingdom that are free from interest. Other participants also have informed that the financial support that is considered to be the primary support is continued by the government. For instance, Participant 9 in Extract 22 said:

Extract 22

Continuing the application of primary and secondary strategies to reduce the economic effects of the Corona pandemic.

Evident in Extract 22, Participant 9 said that the primary support which is the financial supports is continued to be applied by the government as a way to reduce the economic effects that the business owners experienced as a result of Covid-19.

Develop Cooperation

Another strategy that has been adopted by the government is the establishment of cooperation between companies. The cooperation mainly is to reduce or minimize the operation costs. Participant 2 in Extract 23 said:

Extract 23

Indeed, the Ministry has integrated and harmonized the relevant authorities with other government agencies. It has partnered with government agencies and signed memoranda of understanding with them, such as the Ministry of Foreign Affairs, the Ministry of Tourism, and the Ministry of Interior Affairs. The private sector, such as telecom companies and banks, also did this.

From Extract 23, it is shown that the Ministry (i.e., Ministry of Hajj and Umrah) has attempted to integrate cooperation with other government agencies through the signing of memorandum of understanding (MoU). The cooperation is not only limited to other

government agencies but also with the private sectors such as the telecommunication companies and banks.

Participant 3 said that one of the companies that has been involved in the cooperation is Saudi Airlines. Extract 24 shows the response.

Extract 24

Supporting and motivating the private sector to market Umrah, and there was a partnership, coordination, and understanding with the major companies in the Kingdom, such as Saudi Airlines.

From Extract 24, the support to boost the Umrah activities is done through the partnership that the government has established with the Saudi Airlines. Hence, it is evident that the cooperation has been established among the organizations regardless whether they are government or private organization. Extract 25 by Participant 5 supports this view.

Extract 25

All government and private sectors are cooperating to reduce losses during the pandemic.

Participant 4 in Extract 26 mentioned

Extract 26

An agreement has been concluded with the relevant authorities to improve the services provided to the Merciful's guests, such as Umrah companies and institutions.

In Extract 26, it is further said that agreements have been made between the relevant authorities in order for the services provided to the pilgrims are improved. The authorities mostly are the Umrah companies and other institutions.

Changing the Nature of Tourism

One strategy that this study has newly discovered or not available in the framework proposed by Persson-Fischer & Liu (2021) is when the nature of the tourism is changed. In this context, the Umrah activities that are considered to be specific to religious tourism with its own specific procedures is now treated to be like other regular tourisms. Participant 1 in Extract 27 said:

Extract 27

There is encouragement for Umrah pilgrims to go for regular tourism and for tourists to perform Umrah. This is to promote spending opportunities within the Kingdom; because tourism is considered part of the Umrah pilgrims' tourism.

From the extract, it is shown that there is an effort to encourage the Umrah pilgrims to go for regular tourism or with a tourist visa instead of Umrah visa. Such action plan is considered to be good for overall tourism industry in the Kingdom.

This is supported by Participant 6 that suggested the integration between Umrah tourism and regular tourism is being studied by the relevant authorities. Extract 28 shows the response given by Participant 6.

Extract 28:

There is a current study to integrate the regular tourism sector with Umrah tourism, and it will be implemented soon.

As mentioned by Participant 6, the plan to integrate the regular tourism with Umrah tourism is studied and the plan will be implemented soon by the Kingdom.

Hence, it can be seen that after the pandemic, the nature of Umrah tourism that is limited to the visit to specific areas relevant to the Umrah activities such as Makkah al-Mukarramah and Madinah al-Munawwarah is now changing to regular tourism where the implications include the pilgrims to perform Umrah with a tourist visa and the movement during the Umrah is no longer limited to the two Holy places.

Upgrade the Procedures

Finally, another strategy that is not found in the framework but suggested by the participants concern the procedures for Umrah tourism to be upgraded. According to Participant 2 in Extract 29:

Extract 29

Facilitating procedures for entering the Haram and performing Umrah.

Participant 2 in Extract 29 said that the procedures for the Umrah pilgrims to enter the Haram are continuously facilitated. The procedures are now moving towards digital platform as suggested by Participant 8. In Extract 30, Participant 8 said:

Extract 30

Digital transformations to devote digital innovations to Umrah tourism.

In the response, Participant 8 said that the Umrah tourism is being transformed to digital innovations. This is supported by Participant 10 that said in Extract 31:

Extract 31

Expanding Digital Transformation in Umrah Tourism.

Similarly, Participant 11 said (Extract 32):

Extract 32

Increasing digitized services among the total number of services throughout the Umrah trip.

In Extract 33, Participant 12 said that the move to the digital platforms can ease the pilgrims and this can also remove the function of intermediaries in the process.

Extract 33

Enabling Umrah pilgrims around the world to plan their Umrah tourism program and to directly buy services through electronic platforms, without the need for intermediaries.

Participant 2 in Extract 34 also said

Extract 34

Development of the Nusuk system and the comprehensive transformation towards the digital guest.

It is mentioned that the Kingdom is developing the Nusuk system as an effort to move towards the digital platforms to handle the various procedures concerning the Umrah activities.

In addition to moving towards digital technologies, the changing of procedures also involved the opening of Umrah activities to any nationalities. Participant 9 in Extract 35 said:

Extract 35

Opening Umrah tourism to all countries of the world.

It is shown in the extract that the Umrah is now opened to any nationalities.

From the analysis, it is found that the government’s economic strategies as the ways to respond to the Covid-19 are seen in two phases which are strategies during the pandemic and strategies after the pandemic that can also serve as the future outlooks for the Kingdom to plan the Umrah tourism. Figure 3.2 highlights the overall findings.

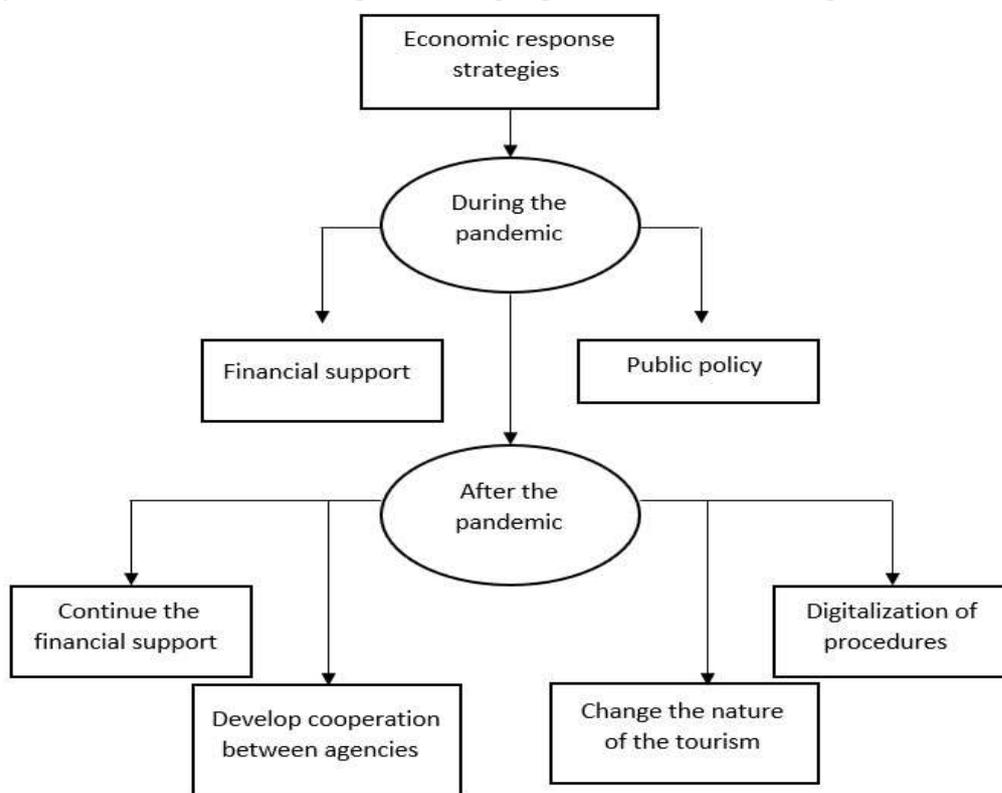


Figure 2: Summary of economic strategies and future outlooks adopted by the Kingdom of Saudi Arabia

Discussion

The Kingdom of Saudi Arabia has taken many initiatives to curb the financial loss experienced by the Kingdom as well as business owners too. Even though the main priority during the pandemic is the health and wellbeing of the people, the effects of Covid-19 on the economy cannot be ignored (Jan et al., 2021). Hence, this has been the focus of the second research objective which is to explore the strategies that have been adopted by the government in managing the economic effects of Covid-19. From the interview with the participants, the strategies are planned at both during the Covid-19 period and after the Covid-19 period.

The study found that during the crisis, the government focused on to providing financial assistance through various schemes and coming out with policies that can help to ease the

economic situation during the phase. After the pandemic, the strategies are to continue the financial assistance, develop cooperation between various agencies, change the nature of Umrah tourism and move to digital platforms for various procedures on Umrah tourism.

It is evident in many studies that during the pandemic as well after the pandemic, the most needed assistance especially by those operating businesses is financial assistance. The strategy of providing financial assistance found in this study is in fact consistent with many studies that have highlighted the need for it to be prioritized. Nihal (2021) reported that the Kingdom has allocated over SAR180 billion to help companies as well as individuals that have lost their incomes because of Covid-19. This is in line with various financial assistance scheme that the Kingdom has planned through the responsible ministries and financial institutions.

Giving out financial assistance seems to be most important strategy during and after the crisis because it can help to accelerate the economic recovery process. The recovery of tourism sector is critical because in the context of Saudi Arabic, the tourism is considered one of the important sectors due to its massive contribution to the Kingdom's gross domestic products (GDP) (Kernshi & Waheed, 2021). With financial assistance being given to the affected business owners, it can ease the recovery process.

In addition to financial assistance, the Kingdom also has initiated various policies to relax the Umrah-related procedures and at the same time, ease the financial burdens the company has to bear. According to Hashim et al (2021), the Kingdom has been following the policies recommended by the WHO on prevention and infection control. This is done accordingly in order for the virus to be contained and the Umrah and Hajj to be conducted gradually. On the other hand, various other procedures such as exemption of payments is produced by the relevant authorities with an aim to ease the financial difficulties experienced by the business owners (Arabian Business, 2021). Specifically, six measures have been endorsed by the Custodian of the Two Holy Mosques which are exemption of annual fees for hotels in Makkah and Madinah, exemption of fees for private sectors operating in the Umrah sectors, exemption of fees for expatriates, free license renewals for hotels, postponement of residency fee for expatriates and the exemption of fees for transportation licenses. These efforts are made to assist the struggling businesses during and after the pandemic.

On the other hand, the Covid-19 has also shaped the processes related to Umrah to be up to date with the move to the digital platforms. During the Covid-19 period, there is an increase in digitalization especially in the education and corporate sectors (De et al., 2020). In the case of Umrah-related procedures, Kawa (2022) has reported that a number of initiatives are observed such as the introduction of digital platform for the motawif and electronic hajj cards will be deployed for the pilgrims. In addition, several mobile applications that utilizes the artificial intelligence will be used to meet various purposes. According to Khan et al. (2021), the use of technology such as Tawakkalna was proven to be successful in the effort by the Kingdom to fight Covid-19. Hence, it is expected that the digitalization of various Umrah procedures will continue to rise along with the advancement of the technology itself.

Finally, the nature of Umrah tourism and its policies has changed after the pandemic. Alam et al. (2021) said that the Covid-19 has made an impact on the policies concerning and religious tourism in Saudi Arabia. However, previous studies have not reported clearly on what kind of changes that the Umrah tourism will experience. This study has reported that in addition to the digitalization, the Umrah tourism will be considered similar to other types of tourism and this decision has the implications on the pilgrims. Specifically, pilgrims will be granted with visa that allows them to travel to many parts in Saudi Arabia for an extended stay. Compared to before, pilgrims are only allowed to remain in both Holy sites Makkah and

Madinah for a specific period. This shows that the nature of Umrah tourism has shifted to be similar to other tourism.

Conclusion and Future Agenda

This study is important as it has shed lights on the economic strategies that have been adopted by the Kingdom in managing the economic crisis and loss experienced by business owners following the suspension of Umrah tourism during the Covid-19 period. This is important as the information can help to shape future practices should similar incident happens again. For future studies, the present study recommends employing various methodological approach to collect data such as survey or focus group discussion and includes other stakeholders in the management of Umrah tourism.

As recommendations, this study suggests future works to expanding the number of participants given the current study only obtained its data from three participants. The participants should also be diversified in the types of businesses. Employing other methodological approach such as document analysis whereby their financial statements to be analysed can also possibly yield new perspective.

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