

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Over the last 10 years, the demand for medical tourism has increased, especially in developing countries. This trend is growing in response to the development of the healthcare industry in countries such as Thailand, Malaysia and Singapore. These countries have successfully led citizens from other countries to come for the treatments that are offered. It could be said that most Indonesian patients come to Malaysia for medical reasons. Health tourists from Indonesia contributed more than \$1.03 billion to Malaysia's economy and this figure continues to grow each year (The ASEAN Post, 2017). According to the Malaysia Healthcare Travel Council (MHTC), this is because patients have begun to realise that while they are receiving treatment at the hospital, they also could spend time travelling (MHTC, 2019).

The demand factors for medical tourism in Asia are low-cost and high-quality services offered similar to developed countries (Connell, 2011). Patients who want to receive non-home treatment are very concerned about the cost of treatment. This is because travelling abroad is not cheap (Lunt et al., 2018). However, hospitals in Southeast Asia take the opportunity to provide high-quality medical services and they have largely targeted patients from more developed countries such as Arab countries, the United States, and Europe. Some Southeast Asian hospitals are well-known and have established a worldwide reputation for providing high-quality facilities that are compatible with advanced economies (The ASEAN Post, 2017).

Nevertheless, the worldwide phenomenon of medical tourism is concentrated in nations like the United Kingdom, the United States, India, and Malaysia (World Tourism Organization, 2016). This is because some of the countries have top surgeons and doctors who are certified and trained in highly developed countries like the United Kingdom and the United States. In

these countries, many medical centres and institutes are accredited by well-known international organisations such as the Joint Commission on Accreditation of Healthcare (JCAHO) and Joint Commission International (JCI). Therefore, patients seeking treatment are no longer worried about the quality of medical procedures they would receive (MyHSRCorp, 2018).

For Muslim tourists, Malaysia has become a destination for medical tourism due to the Islamic practises and procedures applied in the medical industry (Zailani et al., 2016). The country managed to attract 5.3 million Muslim tourists out of a total of 26 million tourist arrivals in 2017. Muhammad Bakhtiar, Deputy Tourism, Arts and Culture Minister said a report by Thomson Reuters and Dinar Standard showed that halal tourism represented 11.6% of global tourism expenditure and was estimated to be worth US\$238 billion (RM984 billion) in 2019 (The Star Online, 2018). The factors influencing the demand by Muslim tourists are the easy access to halal foods and services. For example, all types of halal foods, goods, and services such as hospitality and tourism, travel, pharmaceuticals and health care (Junaidi, 2020). Through these figures and challenging factors, hospitals for medical tourism need to comply with the Shariah or Muslim practices that have contributed to the national economy.

## 1.2 Background of the Study

Medical tourism is defined as a process of travelling outside the country of residence to get medical care treatments (MHTC, 2017). Medical tourism, according to Lunt et al. (2011) is divided into four sections:

- a) **Travellers who are temporarily away abroad:** Travellers or individuals travelling outside of the country experience a sudden accident or contraction of a disease that requires medical treatment.

b) **Long-term residents:** Residents who receive health services sponsored by such sources from home-country governments, private insurance and private donations. This is not considered a medical tourist patient.

c) **Patients who are on the common border:** The countries that share a border and have worked together to provide national medical care for healthcare services from their country providers (Rosenmöller et al., 2006).

d) **Individuals referred to as outpatients:** The hospitals have chosen patients to be sent overseas because there is a lack of specialised equipment for treatment or the patient has to wait for a long time because several patients are in queue to receive the treatment. This treatment is done in both private and public agencies as it is urgently needed by the patient (Leong, 2014). This individual is named as a collective medical tourism patient.

Malaysia is a leading nation in the world of medical tourism and has been making huge progress in the industry for over a decade (MHTC, 2017). The history of medical tourism in Malaysia started after the decolonization of the British in the year 1957 (Nurdeng, 2009). As a result of 60 years of efforts in medical tourism, Malaysia, Singapore, and Thailand has set one of the best records in Asia (Dahlui et al., 2012). However, studies have shown that Malaysia started to promote medical tourism aggressively after the debt crisis that hit Southeast Asia countries in the year 1997, which caused the performance of medical tourism to plummet. Since then, the Malaysian government has started to promote medical tourism started in 1998 to branch out both of its healthcare and tourism sectors (Zailani et al., 2016).

Medical tourism in Malaysia has become a new emerging service industry and it is defined as an activity in which individuals have the intention to get medical treatment, whether by travelling within the native country or abroad (Azmi et al. 2018). A rapidly growing

phenomenon in the health sector is when patients receive treatment outside of their home country. Treatment or service involves elective and complex procedures and could identify specialists such as dental care, cardiac, and cosmetic (Zailani, 2016).

Therefore, the government has identified that the medical tourism industry is a very important sector as it contributes to the country's revenue and is a great way to boost the tourism industry as a regional medical tourism centre. Therefore, the National Committee was set up for the promotion of Medical Tourism in Malaysia that involves members of the committee from the Malaysian Industrial Development Board, Tourism Association, Malaysian Travel Agency, Malaysian Aviation System, Change of Doctor of Primary Medicine Malaysia, and other tertiary hospitals (Ormond et al., 2014).

Malaysia has become a popular medical tourism destination and has attracted many medical tourists to come and visit Malaysia. The number of foreign medical tourists has increased over the years. Advantages like reducing medical costs are one of the attractions that can attract foreign tourists to seek medical attention. Therefore, in line with Malaysia's vision towards high-income status by the year 2020, the Malaysian government has been paying attention to this medical tourism industry as one of the new areas of growth in the services sector (identified in the 10th Malaysia Plan). Although the industry is relatively new in Malaysia compared to countries like Thailand and Singapore, it is a potential source of income for the country that is in a competitive exchange of foreign currencies (Chee, 2007). Besides that, the medical tourism industry could raise revenues from the country's wealth by providing people with job opportunities. The government has provided more incentives to enhance the private equity and medical tourism industry to be powered more by international tourists coming into the country (Lunt, 2011).

Looking at the infrastructure prerequisites for the segments, capabilities and climate of the healthcare industry, it is no surprise that the industry has the benefit of bringing more foreign-exchange earnings to the region. In this regard, Malaysia is actively promoting health care services to potential Muslim medical tourists, especially from neighbouring countries, including Myanmar, Vietnam, Indonesia, Singapore, Brunei, and China, and from the Middle East (UAE, Bahrain, and Saudi Arabia).

According to Lunt (2011), 16 countries are offering preferred medical treatments such as heart surgery, organ transplantation, and plastic surgery. In Malaysia, many medical tourism providers provide various services with adequate facilities. Unfortunately, from the preliminary survey, not many providers have applied compliance with Shariah or are in the process of developing it. Referring to MS 1900:2014, a Shariah-compliant organisation or business should not be involved in prohibited activities in Islam, either a non-halal product or non-permissible to Shariah. According to Shariff et al. (2016), Shariah-compliant hospitals should be operating according to *fiqh ibadah* and *fiqh muamalah*. If a hospital is certified with MS1900:2014, it could be recognised as a factor that could attract tourists from Malaysia or even outside Malaysia to get treatment from the hospital.

### **1.3 The Significance of Medical Tourism Industry in Malaysia**

Malaysia to be placed first as a medical tourism destination due to several factors. Most studies would state that Malaysia has low medical costs and modern infrastructure facilities compared to other countries (Mujani et al., 2012; Abdul Manaf et al., 2015). Abdul Manaf et al. (2015) stated that countries in Asia such as India, Thailand, Singapore, Malaysia, the Philippines, and South Korea have several first-class category hospitals in the world as well as up-to-date technologies and medical experts offering excellent medical services. According to

the Malaysia Healthcare Travel Council (MHTC, 2017), Malaysia stood out as a medical tourist destination compared to other countries, mainly because it was facilitated and monitored by the Ministry of Health.

Table 1.1 indicates the number of medical tourists who travelled to Malaysia for health care treatment. It shows an increase from 2011 to 2018, which revealed that the industry has been experiencing consistent growth, which offered an opportunity for active participation by medical tourism providers in this field.

**Table 1.1** Medical Tourist Arrivals to Malaysia.

| Year | Total Healthcare Travellers | Revenue (RM) |
|------|-----------------------------|--------------|
| 2011 | 643,000                     | 127 million  |
| 2012 | 728,000                     | 146 million  |
| 2013 | 881,000                     | 175 million  |
| 2014 | 882,000                     | 188 million  |
| 2015 | 859,000                     | 221 million  |
| 2016 | 921,000                     | 271 million  |
| 2017 | 1050,000                    | 314 million  |
| 2018 | 1200,000                    | 362 million  |

Source: The ASEAN Post (2019)

In 2017, Malaysia received a total of 25 million international tourists and recorded a 0.1% growth in tourist receipts, thus contributed RM82.2 billion to the country's revenue. Meanwhile, the average length of stay (ALOS) in 2017 for foreign tourists decreased to 5.7 nights from 5.9 nights in 2016. Although tourist arrivals dropped by 3%, in terms of numbers, Malaysia was named as the second most-visited Southeast Asian country after Thailand, which had 25.3 million tourists in 2017 (Tourism Malaysia, 2017).

The East Asian market showed a 6.3% growth, while other markets witnessed a decline, i.e., ASEAN markets dropped by (-3.9%), Europe (-1.7%), Americas (-4.3%), Oceania (-5.4%), Central Asia (-6.4%), Africa (-7%), West Asia (-12.3%) and South Asia (-13.3%). ASEAN or the short-haul market was dominated by a 75.1% share of total tourist

arrivals and brought a total of 19,478,575 tourists to Malaysia. The medium-haul market share was 19.1% with 4,948,123 tourists, while in the long-haul market the share was 5.9% with a total of 1,520,389 tourists.

For 2017, the top 10 countries that sent tourists were Singapore (12,441,713 tourist arrivals), Indonesia (2,796,570), China (2,281,666), Thailand (1,836,522), Brunei Darussalam (1,660,506), India (552,739), South Korea (484,528), Japan (392,777), Philippines (370,559), and the United Kingdom (358,818). Despite the decline in overall arrivals, Tourism Malaysia is optimistic that the country's tourism performance would improve (Tourism Malaysia, 2017).

The growth of the healthcare industry in Malaysia is organic and primarily driven by domestic consumption of healthcare products and services. It is now time to improve and proactively place healthcare as a catalyst for economic development. Based on The ASEAN Post (2019), Malaysia attracted 1.2 million arrivals last year from 643,000 arrivals in 2011 when the MHTC was privatised, due to its affordability and convenient access to world-class healthcare facilities and services. Various measures have been taken by the government to promote Malaysia as a preferred medical tourism destination among potential Muslim medical tourists by providing Shariah treatment and procedures based on Shariah law and practices, halal medicine, along with excellent healthcare services. This has increased the number of non-Muslim medical travellers who come to this country year after year (Associated Private Hospitals of Malaysia, 2015).

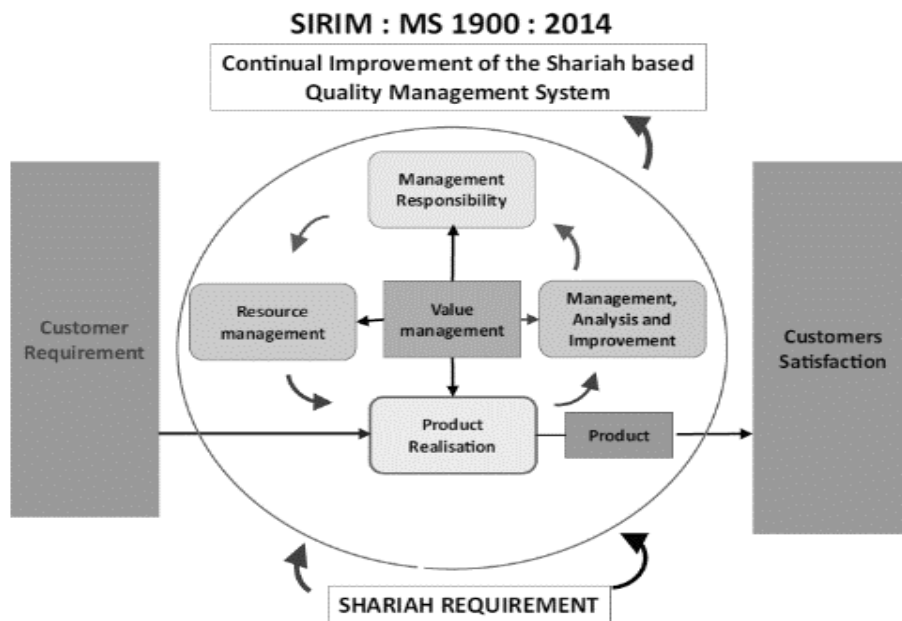
#### **1.4 The Shariah-Compliant Standard MS 1900:2014**

Malaysia is a developed country with a multiracial society with a population of 31.5 million, whereby 68.5% are Muslims and the official religion is Islam (Department of Statistics Malaysia, 2018). Malaysia has been one of the main halal producers in the worldwide market.

In Malaysia, halal products must follow the MS1500:2004 standard which sets forth guidelines in Halal Products and Services (Standard Malaysia, “Guide to Malaysian Standard System,” 2009).

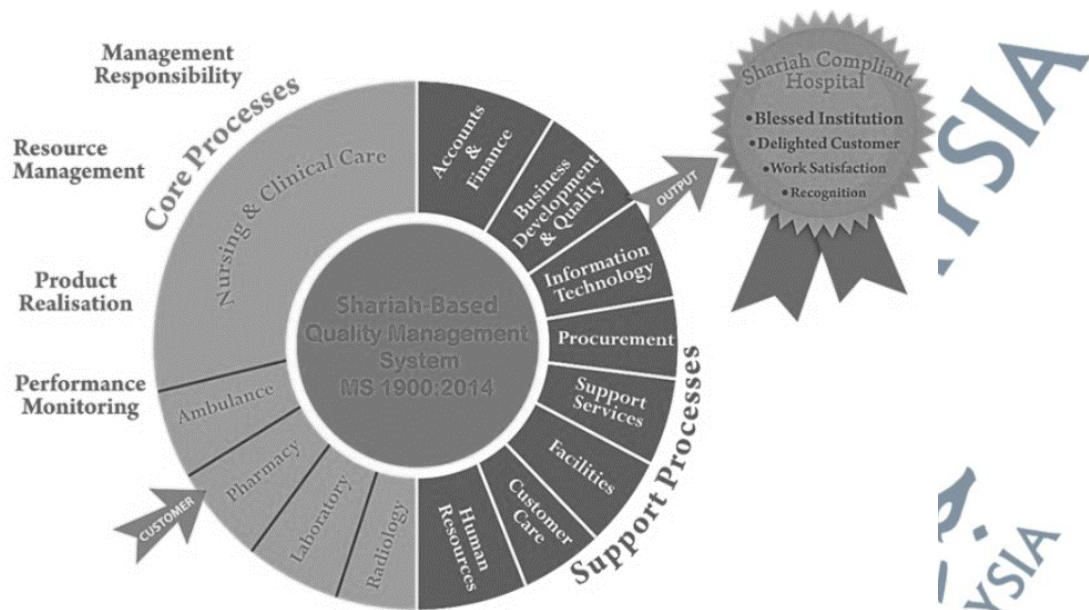
Muslims have begun to see that it is important to observe Shariah in all aspects of their daily lives. The term “Shariah-Compliant Hospital” (SCH) was introduced and has attracted Muslims to opt for Shariah-based healthcare treatment. Hospitals are known as institutions that provide health services in the form of outpatients, inpatients, and emergency services. For SCH, healthcare services are provided under Shariah or Islamic law (Sharif, 2016) where all the Standard Operating Procedures (SOPs) of the hospital management must conform to SIRIM MS 1900:2014. This standard serves as a reference for any hospital to be certified as a Shariah Compliant Hospital in Malaysia. MS1900-based Quality Management is the MS 1900 certification for organizations that need a Shariah-based quality management system. This quality management system has been set based on the standard.

The MS 1900:2014 includes ensuring that the values are unified and universally accepted to achieve Shariah-based quality management processes within the company. Included in this standard is halal aspects of product and service delivery. Among the benefits of practicing Shariah-based Quality Management MS1900 is to ensure that there is a universal value of justice, truth, honesty, timeliness, sincerity, and even more absorption in the quality management of a company. In addition, it stressed ethical standards while in the business process. In addition, the benefits of practicing Shariah-based Quality Management are that an organisation would have an independent assurance that processes are in line with Shariah principles (SIRIM, 2019). Figure 1.1 shows the MS 1900:2014 Shariah-Based Quality Management System standard introduced by SIRIM.



**Figure 1.1** SIRIM: MS 1900:2014 Shariah-Based Quality Management System

The first private hospital in Malaysia to be awarded MS1900: 2014 on May 28, 2015, was An-Nur Specialist Hospital. The pragmatic journey of implementing Shariah-compliant started in 2012. Among the initial preparations were to train staff in understanding the basic principles of the Maqasid Shariah and the compliance requirements of MS1900:2005 which were subsequently upgraded to the new version of MS 1900:2014. In October 2014, an audit was conducted by SIRIM and then a land audit was conducted on November 27 and 28, 2014. Of these, nine non-compliant (NC) areas and 27 minor areas for improvement were identified. The Shariah-compliant framework adopted by An-Nur Specialist Hospital is shown in Figure 1.2.



Source: Shaharom (2016)

**Figure 1.2** Conceptual Framework for Shariah-Compliant Hospital

Based on the Conceptual framework for Shariah-Compliant Hospital, practiced by the An-Nur Specialist Hospital, there are two interrelated processes: (i) Core Process and (ii) Support Process. Both processes are very important to practice because the available output is that the hospital will be getting a lot of demand from patients to receive treatment and recognition.

### 1.5 Muslim-Friendly Hospitality Services MS 2610:2015

Muslim-Friendly Hospitality (MFH) is known as the latest trend in the tourism and hospitality industry, which has gained a lot of attention from industrial players, both domestically and abroad (Nordin et al., 2018) They found that the demand for MFH is due to the increasing number of Muslims who want to fulfil their faith-based needs. The practice of MFH was less stringent than that of Shariah Compliance (SC), which mandated compliance with Islamic teaching in all aspects of services and management.

In Malaysia, MS 2610:2015 was the first standard of Muslim-friendly hospitality services. This standard focuses on tourism, and industrial players to ensure setting up an assurance system and preserve the integrity of products and services provided to Muslim travellers (Department of Standard Malaysia, 2015). The government agency, Islamic Tourism Centre (ITC) plays an important role in promoting the standard for the industry players (Islamic Tourism Centre, 2014). It provides guidelines to Islamic tourism providers such as accommodation premises, tour packages and tour guides.

According to the Islamic Tourism Centre, the MFH was the first standard in Malaysia for the Islamic tourism sector. Led and initiated by the International Institute of Halal Research and Training (INHART), International Islamic University of Malaysia (UIAM), the original submission for developing this standard was made in December 2012 by the Department of Standards Malaysia (DSM). Followed by the appointment of SIRIM to be the standard instrument by DSM and the formation of a draft committee by the Technical Committee.

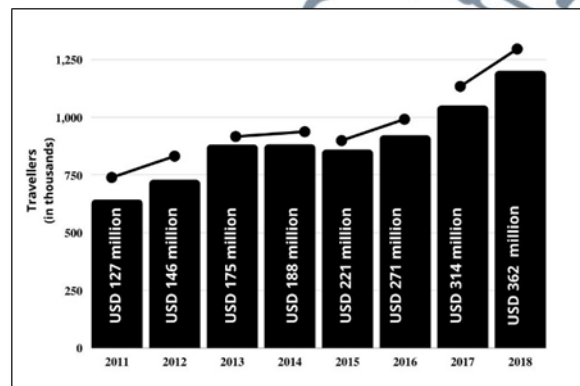
This standard involves the management of tourism facilities, products and services which include lodging premises, as it is necessary to provide proper or halal food or information at the halal restaurant as well as provide a schedule for meals and *iftar* during Ramadan, Muslim-friendly facilities: prayer room, *Qiblah* direction, well-equipped Muslim-friendly bathrooms.

Islamic Tourism Centre (2019) stated that among the advantages of implementing Muslim-Friendly Hospitality Services MS 2610:2015 are (i) universally accepted service standard (ii) faster, easier and better way to be certified (iii) competitive cost of certification (iv) increased customers and revenue (v) impose credibility and support (vi) improve the management and administration by the provider (vii) better reputation and acknowledgement, and (viii) would be recognised worldwide.

Because of its universal nature, the Islamic tourism sector could also be used by non-Muslims and attract more non-Muslim tourists to get closer to Islam and Islamic culture. According to SIRIM QAS International, this standard is offered to travellers, hotel operators, tour guides, cruise operators, and even homestay operators.

## 1.6 Problem Statement

The Asia Pacific region has become a rapidly growing tourism destination in the world. Recently, Malaysia has gained the reputation of becoming one of the preferred medical tourism destinations in Asia. (Okhovat, 2010). Figure 1.3 shows Malaysia's Medical Tourism Market from 2011 until 2018. It shows that the increase of medical tourist arrivals to Malaysia and the revenue generated by those arrivals during that period has surged from US\$127 million to US\$362 million (The ASEAN Post, 2019).



Source: The ASEAN Post

**Figure 1.3** Malaysia's Medical Tourism Market

Malaysia Healthcare Tourism Council (MHTC) is an agency under the Ministry of Finance responsible for promoting Malaysia as the best place of choice to get treatment for medical tourists. According to MHTC's Chief Executive Officer, Sherene Azli, Malaysia is known as a global halal hub (MHTC, 2019). Suhaimi (2018) reported that the Ministry of

Tourism, Malaysia has introduced Malaysia as a halal hub, and this has attracted the tourists to choose Malaysia as a tourism destination, especially from the Middle East.

Currently, only a few medical tourism providers have implemented Shariah practices in their services, facilities and management despite the rising number of Muslim medical tourists travelled to Malaysia. For example, according to Zailani et al. (2016), the Malaysian healthcare system could be loosely divided into two major categories: government and private hospitals. There are only 17 hospitals out of 61 involved in medical tourism that have employed Islamic practices in the hospital.

Malaysian medical tourism providers do not apply the full range of Muslim-friendly treatment, facilities and services at their hospitals (Mohezar et al., 2017). Therefore, the Ministry of Health Malaysia has currently introduced Ibadah-Friendly Hospitals (HMI) adopted in government hospitals. The concept is to promote the integration of Islamic values in the hospital environment which focus on the wellbeing of the patient and client, via inculcating good moral values and practices. There are still limited studies conducted on the fundamental of Muslim-Friendly Hospital services from a Shariah perspective (Muhammad Adib Samsudin et al., 2015).

Based on the Muslim-friendly practices in the medical tourism providers in Malaysia, this study explores the Shariah-compliant practices and the issues faced when medical tourism providers are offering Shariah-compliant practices in their management.

## 1.7 Research Questions

Anchored from the above viewpoints, this research employed qualitative research, designed to deepen the understanding of Shariah-compliant practices in the management of medical tourism providers. The following research questions encapsulated the focus of this study:

- 1) What are the current Shariah-compliant practices among medical tourism providers in Malaysia?
- 2) What are the issues faced by the medical tourism providers when they are offering the Shariah-compliant practice?
- 3) How are the Shariah-compliant practices between government and private medical tourism providers in Malaysia different from one another?

## 1.8 Research Objectives

Based on the above research questions, this study was designed to understand the implementation of Shariah-compliant practices with the established certification standards. The following research objectives encapsulated the focus of this study:

- 1) To explore the Shariah-compliant practices among medical tourism providers in Malaysia.
- 2) To investigate the issues faced by the medical tourism providers when they are offering the Shariah-compliant practice
- 3) To compare Shariah-compliant practices between government and private medical tourism providers in Malaysia.

## 1.9 The Scope and Limitation of Study

The study centers on the various Shariah-compliant practices that would attract medical tourists who are seeking treatments. The potential of this could be offered for further development of selected medical tourism providers in Malaysia, which are Hospital Universiti Sains Malaysia (HUSM) (Kubang Kerian, Kelantan), Hospital Pakar Sultanah Fatimah (Muar, Johor), Al-Islam Specialist Hospital (Kampung Baru, Kuala Lumpur), and Hospital Pusrawi (Kuala Lumpur). This research scrutinises three aspects of Shariah-compliant practices in the hospitals i.e., the treatment given, human resource management, and services and facilities provided. Based on these three aspects, the research questions would be answered in understanding the strategy used in the implementation of Shariah-compliant practices in the selected medical tourism providers. Although the implementation is usually quite standardised between medical hospitals, a preliminary study has shown that each medical hospital is slightly different from one another. As this study employed qualitative research using a semi-structured interview method, refer Appendix 1 for the interview protocol inventory. The four hospitals were selected since not all medical hospitals have implemented Shariah-compliant practices.

## 1.10 Operational Definitions

The operational definitions used in the study are as follows:

**Shariah-compliant practices (SCP):** The concept of Shariah-compliant practices could be defined as the implementation of services for Muslims by fulfilling specific requirements of Shariah. Not only that but it must also be based on Maqasid Shariah.

**Ibadah-friendly hospital (HMI):** HMI refers to hospitals that have adopted a Muslim-friendly environment for patients, especially Muslims. Patients are guided in performing *ibadah* as well as religious practices. Besides that, hospital staff receives training and basic exposure to the fiqh of *ibadah* as well as Islamic values practices.

## **1.11 Structure of the Thesis**

This study attempts to understand the medical tourism providers' Shariah-compliant practices, and the issues faced during the implementation of the Shariah-compliant practice and the different implementations of Shariah-compliant practices among medical tourism providers. In addition, this study explores how Shariah-compliant practices would contribute to the medical hospitals' service management. This thesis is organised into five chapters and each chapter is subdivided into several key sections.

### **Chapter 1: Introduction**

This chapter introduces the background of the research. It includes the research questions, objectives and significance of the study. Basically, this chapter gives an overview to the readers as to what the author researched.

### **Chapter 2: Literature Review**

This chapter reviews the empirical literature related to the study and outlines the concepts, views and theory in the research based on a wide range of past studies. At the end of this chapter, a theoretical framework for the study is proposed. The review of the relevant literature is organised according to three main themes.

### **Chapter 3: Methodology**

This chapter provides and justifies appropriate research design and methodology that served to answer the research questions and objectives. Principally, this study employs a qualitative

research strategy. Therefore, this chapter also explains and describes the method used for data collection and data analysis.

#### **Chapter 4: Case Studies - Government and Private Medical Tourism Providers**

Chapter 4 presents two case studies on private medical hospitals, which would be indicated as the preliminary case, and two government hospitals would be studied to understand why hospitals were aspired to apply the Shariah-compliant practice, how they implemented the process and how well this practice has contributed to the hospital's management. At the end of this chapter, the lessons learned from the case are highlighted.

#### **Chapter 5: Case Synthesis - Cross Case Analysis and Conclusion**

The fifth chapter of this thesis synthesises two groups of cases (2+2) into a cross-case analysis. The cross-case analysis addresses the shared and distinctive obstacles and challenges faced by both certified medical hospitals. Ultimately, this chapter proposes the distinction of standards application and consequences for both certified medical hospitals.

##### **1.11 Conclusion**

In brief, the study aimed to explore Shariah-compliant practices in medical tourism providers in three different management aspects: the treatment provided in the hospital, human resource management practices, and services and facilities provided. It was hoped that the findings on these three items of Shariah-compliant practices among medical tourism providers would be able to provide a clearer picture about this issue and stimulate further research.