

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter aims to present the general overview of the dissertation. It starts with the background of the study, the outcome of the disaster, then discussions on the problem statement faced by private organizations or any agencies, the aim and objectives of this dissertation and a brief on the scope of the study.

1.2 Background of the Study

The following situations have happened and some are happening to the world. This has attracted the attention of the world, especially stakeholders such as World Health Organization (WHO), ministries and the central government. These situations have been simplified through Table 1 as below:

Table 1.1: List of Disaster Types

Event	Date	Location	Sources
Terrorist attacks	11 September 2001	World Trade Centre, United States (US)	(Britannica, 2001)
	7 th July 2005	London bombing, England	(Ray, 2005)
	26 November 2008	Mumbai, India	(Research, 2008)
	2 nd December 2019	London Bridge, England	(News, 2019)
Flood / Rainfall	4 th January 2021	Johor, Pahang, Kelantan, Selangor and Perak, Malaysia	(Rajoo, 2021)
	28 February 2022	Kelantan and Trengganu, Malaysia	(Davies, 2022)

	6-7 th March 2022	Kuala Lumpur, Selangor, Negeri Sembilan and Melaka, Malaysia	(European Commission's Directorate-General for European Civil Protection & Humanitarian Aid Operations (ECHO), 2022)
Pandemic / Disease	March 1918	Spanish Flu, US and Italy	(Gavrilova & Gavrilov, 2020)
	February 2003	Severe Acute Respiratory Syndrome (SARS), China, Hong Kong, Singapore, Canada and Vietnam.	1) (WHO, 2003) 2) (Government et al., 2003)
	2004	Avian Flu, Asia, Africa, Europe and the Middle East.	1) (Prevention, 2018) 2) (Nur Adibah Mohidem et al., 2017)
	June 2009	Pandemic Influenza A (H1N1), Mexico, Malaysia and 213 countries.	1) (Sapian M, Sahhir K, Rosnah I, Ardi A1, Rohida T & Zana Z, 2010) 2) (Al-Kubaisy, 2012) 3) (I-c Sam, 2009)
	2012	Middle East respiratory syndrome coronavirus (Mer-CoV), Kingdom of Saudi Arabia, Algeria, Austria, Bahrain, China, Egypt, France, Germany, Greece, Islamic Republic of Iran, Italy, Jordan, Kuwait, Lebanon, Malaysia, US and others.	1) (WHO, 2019) 2) (WHO, 2018) 3) (MOH, 2014)
	End of 2019	COVID-19 begins in Wuhan, China and is now become globally.	1) (Razak & Kamarudin, 2020) 2) (Will, 2020) 3) (MOH, 2022a)

Technical Glitch	22 August 2019	KLIA Baggage Handling System (BHS), Malaysia	1) (Lim, 2019) 2) (Klia2.info, 2019)
	27 July 2020	Bursa Malaysia Server	(Azhar, 2020)

These events or information have been taken from various sources and have been summarized under one table, for easy reference or cross-checking. Starting from the year 2001 until the current year, there are so many “events”. These events are more accurately said to be unpleasant events. All these events have a risk and required solutions.

Table 1.1 explains that these unpleasant events or disasters need to be handled carefully and must find solutions plan to overcome these problems. For example, on 11 September 2001 or 9/11, terrorist attacks on World Trade Centre (WTC). It begins after American Airlines, flight 11 has been hijacked and hit the WTC. Among organizations inside WTC is a Dow Jones, American Express, Merrill Lynch and NASDAQ. NASDAQ is the second-largest stock exchange in the world. More than 3,700 public companies are listed for trade on the NASDAQ and collective market capitalization of above \$19 trillion (Kat Tretina, 2021). Incredibly, Dow Jones with 800 staff, managed to survive and no loss of services or data was reported during that disaster situation. This is due to Dow Jones having a comprehensive backup plan. Nevertheless, NASDAQ managed to resume its operations a few days after the attacks (Bakar et al., 2015). NASDAQ also has a comprehensive backup plan.

The floods that occurred in Malaysia on 6-7th March 2022, caused many houses have been flooded which is happening rapidly. As a result, a lot of property has been damaged to them and there are also lives lost due to floods. Over 1290 people have been evacuated and transferred to the shade at the Temporary Settlement Center (PPS). There

are 14 PPS centres across the state in Negeri Sembilan, Selangor, Kuala Lumpur and Melaka. Meanwhile, in Selangor, 1200 people have been removed after hitting the flood such as Sepang, Kuala Langat, Hulu Langat and Gombak (European Commission's Directorate-General for European Civil Protection & Humanitarian Aid Operations (ECHO), 2022).

Meanwhile, on 4 January 2021, a total of 23776 victims have been displaced according to the International Federation of Red Cross and Red Crescent Societies (IFRC) (Rajoo, 2021). IFRC added, that according to the National Disaster Management Administration (NADMA), there are an estimated 6241 families affected by the floods. To provide moral assistance to flood victims, a total of 303 evacuation centres had been opened. However, the Malaysian Red Crescent Society (MRCS) has been cooperations with IFRC to handle this mission. MRCS managed to distribute the hygiene kits to the victims in Johor and Pahang. Meanwhile, IFRC will be managed with psychosocial support services and water plus sanitation (Rajoo, 2021). According to the Statistics Department, the nationwide floods caused RM6.1 billion in losses (Star, 2022).

The current pandemic in this world now is COVID-19. The world has experienced an unprecedented health emergency since the first months of 2020, by the global diffusion of COVID-19. COVID-19 was declared a pandemic on 11 March 2020 by WHO. Not long after that, WHO reported 1.5 million confirmed deaths affecting 220 territories, areas or countries and about 62 million confirmed cases on 30 November 2020 (Margherita & Heikkilä, 2021a). It began in Wuhan (Hubei Province), China. On 31st December 2019, this disease was reported to the WHO. Then on 23rd January 2020, the Central Government of China imposed the Wuhan Lockdown. This action was taken after this coronavirus hits other major cities in China and other countries as well such

as Japan, Thailand, South Korea, Hong Kong and the United States (US) (Will, 2020). Severe acute coronavirus 2 respiratory syndromes (SARS-CoV-2) were caused by the coronavirus disease 2019 (COVID-19) (Sharma et al., 2021). The symptoms of this disease are variable. However, it frequently consists of loss of smell and taste, weakness, trouble breathing and cough.

25 January 2020 was a nightmare for the Malaysian people. These were the first three cases of COVID-19 when three Chinese nationals tested positive for this virus. They entered our country via Singapore. The three of them were aged 65 years and two grandchildren aged 2 and 11, according to the Health Minister, Dr Dzulkefly Ahmad (Kanyakumari, 2020). They were quarantined at the hotel in Johor Bahru. Later on, they were moved to the hospital Sungai Buloh for monitoring. The outbreak of this virus was very fast. The first wave of virus outbreaks happened between 25 January and 15 February 2020 with the number of cases at 22 (Yusof, 2021).

Malaysia also imposed a Total Lockdown or first Movement Control Order (MCO) on 18 March 2020. This action was to curb the outbreak of COVID-19. However, the implementation of MCO globally had given a significant impact. Reported an impact on 94% of enterprises among Fortune 1000 companies when the lockdown is the major challenge faced in the initial days of COVID-19. A global survey of 10,000 small businesses reported that 96% were respectively by the corollary of the catastrophe, to the same degree obstacle in the continuity of business and logistical operations (Hussain et al., 2021).

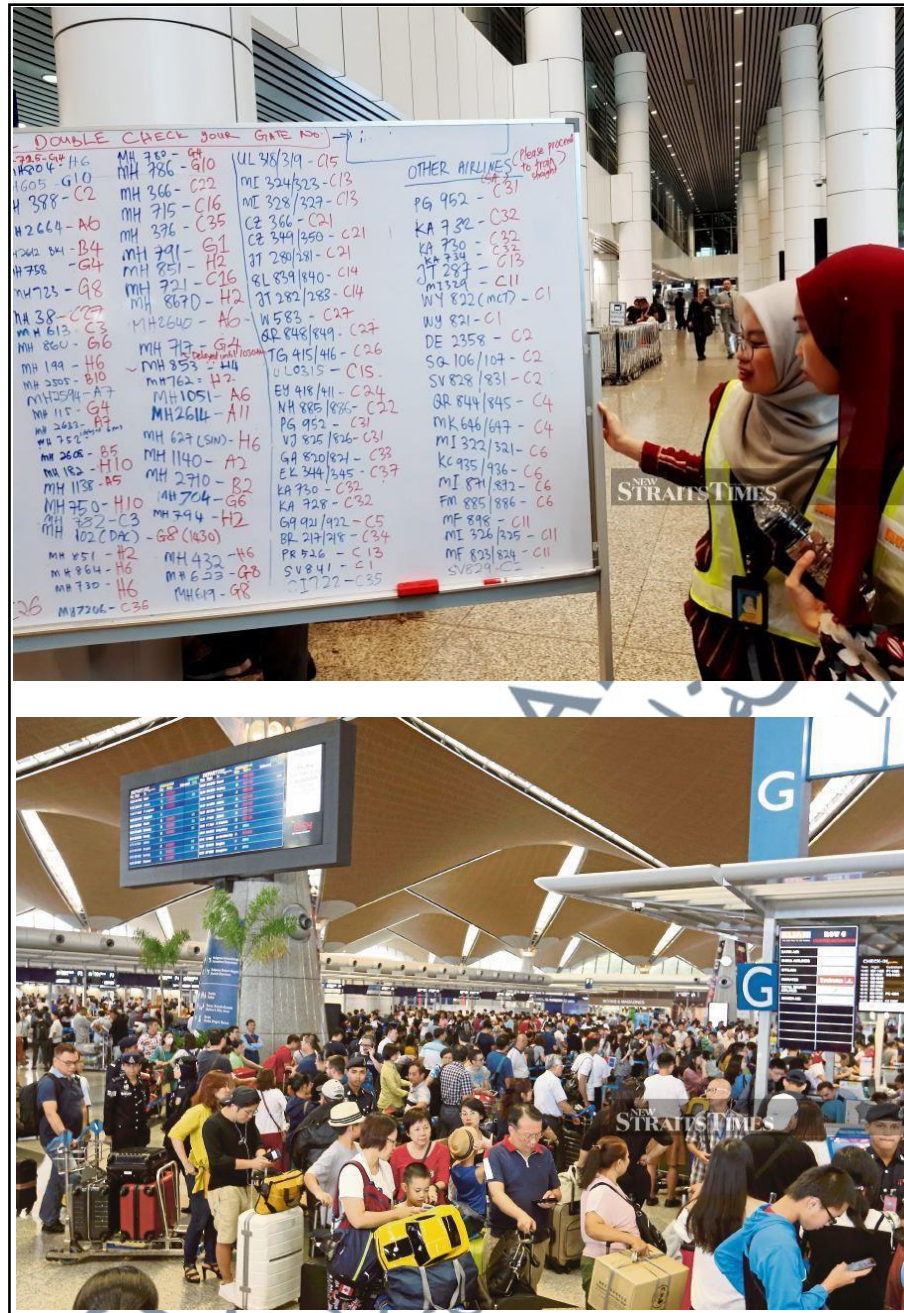
The Government of Malaysia had introduced a couple of stimulus economy packages to overcome the impact of the MCO and pandemic. The announcement was made by the Prime Minister of Malaysia at that time, Tan Sri Muhyiddin Mohd Yassin.

This is part of the government's efforts to find alternative ways to stimulate and revive

the country's economy. Almost all industries were affected after the declaration of MCO such as tourism, education, construction, mining, aviation, furniture and others. Only essential services are exempted such as Takaful operators, banks, hospitals and others.

A technical glitch was happened at the Kuala Lumpur International Airport (KLIA), specifically Total Airport Management System (TAMS). It was triggered on 22 August 2019. Since Wednesday night, a system was a failure and resulting in at least 20 flights out of the KLIA. Flights bound for Jakarta, Indonesia; London, the UK; Sydney and Melbourne, Australia, Hong Kong; Narita, Japan; and Jakarta, Indonesia; were affected according to the report (Lim, 2019).

Due to frustrations on this disruption handling of the technical glitch by Malaysia Airports Holdings Bhd (MAHB), it led some passengers to vent their comments on social media. Several airport systems such as check-in counters, baggage handling, flight information display and Wi-Fi connection, were also affected. Since KLIA was opened in June 1998, this is the first major complaint of a technical outage (Lim, 2019). However, MAHB finally successfully ended this technical glitch on 25 August 2019. The root cause for this glitch is the age of the network system. The 21-year-old Core Network Switches (CNS) system has never been upgraded since its start of operations in 1998 (Annuar, 2019). It takes 4 days to rectify this crisis.



Source: Ahmad Fairuz Othman (2019)

Figure 1.1: Chaos at KLIA due to a technical glitch

In conclusion, all the problems mentioned above have the same thing in common, which is that it requires a backup plan or contingency plan. This is important enough because disasters can come suddenly and unexpectedly. Some are predictable and some are over unexpected. Having a comprehensive contingency plan is highly recommended and best. As a result, a company can resume operations at an immediate rate. This is

what happened to the Dow Jones and NASDAQ. Therefore, the practice of using or implementing Business Continuity Management (BCM) among organizations is seen as very necessary, appropriate and important, especially at a time when the world is facing a pandemic. The importance of BCM to the organization will be explained in detail in Chapter 2, Literature Review later.

1.3 Problem Statement

Naturally in business disruptions, intangible effects on the corporate reputation and customers' confidence, other than in terms of tangible financial losses. Because of that, to ensure that in the event of an unforeseen disruption, critical business functions will be back to normal as effectively and as soon as possible and a critical plan must be established (Bakar et al., 2017). Therefore, in short, it can be considered that BCM is a part of business strategy besides, a tool for a risk management plan.

Natural disasters such as floods, landslides and haze, usually affects by Malaysia. A total of 39 disasters have been reported between 1968 to 2004 (Kim & Amran, 2018). Besides, this data should be an eye-opener for all parties, especially those involved in the business. This is because it affects their business and life as well. Meanwhile, a study by Saed Hijjawi & Al-Shawabkeh, (2017), stated that insurance companies in Jordan, have proven that there is a significant impact of strategic agility on BCM. With the competitive global markets, added by rapid changes in technology, increasing innovation and diverse consumer needs, these significant changes become critical in the business environment (Saed Hijjawi & Al-Shawabkeh, 2017).

Because of that, the company or organization which had comprehensive BCM in place was able to demonstrate high resiliency and services recovered within a few hours or a day after the disaster. In the meantime, NASDAQ, an American stock exchange

organization, also possessed the BCM program in place and managed to resume its operations a few days after the disaster (Bakar et al., 2015). The above scenarios give the impression that international companies are highlighting the usage of BCM in their organizations.

All the scenarios above were related to natural disasters such as pandemics, floods and rainfalls. All these disasters have a period to end soon. For example, floods will end in maybe 3 days or for a long time maybe one week. The same goes for tsunami, haze and typhoons. Once finished, the business will run as usual. But what about if the interruptions have no signal that they will be over or no clear-cut answer to be ending ? Such as a disease pandemic outbreak like COVID-19. The airlines and airport operator organizations such as AirAsia (AK) and Malaysia Airport Berhad (MAB) will be totally affected by COVID-19 disease. When there is no clear signal on the ending of this disease, they must have a contingency plan in order to survive their operations or business. Both of these companies are parked under aviation, transport and supporting the tourism industry. They also generate national income indirectly. Therefore, these organizations must be aware of the danger of this disease without an effective contingency plan. Thus, this study will focus on the implementation of BCM in these two organizations during the COVID-19 pandemic.

The world has experienced several disease outbreaks such as Severe Acute Respiratory Syndrome (SARS), H1N1 flu (swine flu) and the Middle East Respiratory Syndrome Coronavirus (MERS-CoV). All these diseases have an ending time, so far. In the discipline of BCM, the business will run as usual when the interruption is over. Did BCM capable enough to run its plan during a long time of interruptions, which is an unpredictable situation ? Even the authority body does not have a clear clue about

this situation. Thus, what will be the impact of this plan when attached as strategic planning to an organization ?

The new pandemic disease has not been tested under the BCM program. This new pandemic has affected all over the world including all types of economies and demographics. including Malaysia. Thus, this research will examine the extent of the BCM program's role in assisting organizations while dealing with the pandemic outbreak, especially in the aviation industry.

1.4 Research Aim

This research aim is to test and validate if it is appropriate to use the BCM framework in tackling the spread of pandemic diseases, which no one knows will end.

1.5 Research Objective

The objectives of these studies are:

- I. To examine the concept of Business Continuity Management.
- II. To study the challenge between BCM programs with the pandemic threat.
- III. To validate the implementation of the BCM program towards the uncertain pandemic situation.

1.6 Research Question

This research wishes to seek answers to the research problems and the following research questions are formulated as below:

- 1) How does the usage of the BCM program during the pandemic in terms of business planning ?
- 2) What is the big challenge when running the BCM program during a pandemic ?

- 3) When implementing a BCM program during a pandemic, how does it impact on the finance, sustainability and effectiveness of operations ?
- 4) Why does the implementation of the BCM program during the uncertain pandemic be relevant ?

1.7 Scope of the Study

The limitation of this research will cover only two organizations (either the public or private sector). These organizations have not obtained recognition for ISO 22301 but have practised BCM for at least 3 years, each with at least 30 staff. The study examined the inputs and outputs of the BCM activities. However, due to the pandemic COVID-19, the movement status of this research can be approximated as below:

- The information on BCM is limited due to confidential business trade.
- The morale of interviewees can be down due to workload and limited staff, after retrenchment during a pandemic.

1.8 Significance of Study

The results of this study have significant impact on how the essential findings of the BCM program deals with or handle the pandemic outbreaks in the organization. As part of risk management tools, the impact factor on the implementation of the BCM program will be valued. The findings also can contribute to the BCM body of knowledge by filling gaps and enhancing the literature.