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State intervention and tourism business resilience: Exploring firm-level crisis responses

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A R T I C L E I N F O

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A B S T R A C T

Business resilience and government intervention are critical in navigating crises. Guided by resilience theory and concepts of state intervention in global crises, this article examines firm-level strategies to the Covid-19 pandemic. The qualitative findings decipher adaptive resilience and business survival strategies concerning cashflow management, human resource management, management of current liabilities, asset management, and alternative business avenues. Government intervention included financial assistance, wage subsidy, loan moratorium, and other stimulus measures. Findings reveal mixed responses, highlighting the need for tailored and effective government intervention. The study extends resilience theory by integrating state intervention as an external driver of adaptive resilience, thereby providing a holistic understanding of resilience in crises. Practical implications provide policy-makers with insights on more effective crisis response strategies.

1. Introduction

The state plays an important role in tourism planning and development, market positioning, and management of tourist destinations (Bramwell, 2012); and in times of crisis, in mitigation and revival strategies (Juergensen, Guimón, & Narula, 2020; Sciortino, 2023). When crises cause an economic standstill, the role of the state arguably grows. The unprecedented circumstances induced by the Covid-19 pandemic accentuate the need to study the role of the state in stimulating business recovery. While tourism studies examine macro-crisis recovery (Aidoo, Agyapong, Acquaah, & Akomea, 2021; Turner, 2023), there is limited research on firm-level business survival during a crisis. This is because most tourism studies examine the role of the state from a governance standpoint, with political, institutional, or stakeholder focus on the impact of state agencies (Adedoyin, Seetaram, Disegna, & Filis, 2023). To close the gap in the firm-level analysis of business resilience and the influence of state intervention on tourism business survival, two research questions are posed, (1) What were the forms of adaptive resilience that critically influenced pandemic tourism business survival? and (2) To what extent did state intervention influence pandemic business resilience? Positioned in Malaysia, we explore how the traits of adaptive resilience, such as agility, creativity, improvisation, and innovation, manifested in tourism businesses during this global crisis. Consequently, we adopt the theoretical vantage point that state intervention impacts adaptive resilience, which in turn influences business survival during a crisis.

Resilience is broadly defined as a business's capability to adapt to various socio-political and economic shifts, as elaborated in tourism contexts by Cheer and Lew (2017) as well as Dahles and Susilowati (2015). Adaptive resilience goes a step further and is the ability to respond to crisis or disruption swiftly and strategically, finding solutions by modifying existing processes or exploring new solutions. Speed, agility, improvisation, creativity, and innovation are adaptive resilience traits (Gereffi, Pananond, & Pedersen, 2020; McCarthy, Collard, & Johnson, 2017). As the third component of the Grit Theory's triarchic model, adaptive resilience complements Duckworth, Peterson, Matthews, and Kelly (2007) original dual traits of grit: consistency of interest and perseverance of effort.

Much has been written about the macro impact of Covid-19 stimulus measures on the national economies (Munawar, Khan, Ullah, Kouzani, & Mahmud, 2021). There are also localised case studies on business responses towards the pandemic challenges (Aidoo et al., 2021; Rogerson,

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Lekgau, Mashapa, & Rogerson, 2021; Sarkar & Clegg, 2021). Nevertheless, limited studies examine how state intervention and adaptive resilience intertwine decisively in aiding firm-level business survival during a global crisis. There is limited literature on the effectiveness of government mitigation strategies on business recovery. This gap is due to rapid developments during the pandemic, where assessing state intervention impact was premature. With the World Health Organisation (WHO) declaration that the global emergency of Covid-19 was over (WHO, 2023), firm-level analysis is more appropriate with relative business stability.

We focus on tourism businesses that have overcome the pandemic financial distress, and analyse their strategies for business survival. By delving into the thick, rich panoply of the adaptive mindset, we examine business decision-making which sometimes indicates the permeability of personal values on organisational processes. The respondents' business strategies are then juxtaposed with the state intervention measures between 2020 and 2022. Business stakeholders' perception of state intervention's nature and extent was also examined.

This research extends the understanding of the adaptive resilience of tourism businesses during a global crisis. Via 33 semi-structured interviews, we examine business resilience against a backdrop of external state intervention and permutations of leadership and entrepreneurial traits. Practical contributions include insights into crisis response strategies as directly experienced by tourism industry stakeholders. Furthermore, the study imparts lessons derived from the state's role in nurturing a favourable business environment for the tourism industry, alongside an evaluation of successful and unsuccessful intervention measures. Theoretical contributions to adaptive resilience are discussed in the concluding section.

2. Theoretical background

2.1. Adaptive resilience

The concept of 'resilience' first emerged in the ecological arena, where Holling (1973) called for the investigation of systems in terms of the ability to function while absorbing changes and stresses. Resilience research expanded to psychology, management and other fields while the concept evolved to complement vulnerability research and advance the study of adaptive capacity (Becken, 2013). In management, organisational resilience is measured through planned resilience and adaptive resilience. Planned resilience refers to an organisation's existing structures and processes that enable it to avoid or minimise negative impacts; whereas adaptive resilience pertains to the ability to respond to emergent challenges (Whitman, Kachali, Roger, Vargo, & Seville, 2013). Adaptive resilience emphasizes the evolution and transformation of the business in response to disturbances, ensuring a more robust response to future challenges (McCarthy et al., 2017). Adaptability concerns the ability to re-evaluate decisions or modify behaviours in response to new contextual factors. It underscores the importance of fluidity and creative pragmatism in changing environments. Moreover, it encompasses elements from Grit theory, especially 'consistency of interest' and 'perseverance of effort' (Duckworth et al., 2007). These are two critical non-cognitive traits that positively correlate with long-term success and are associated with transformational leadership behaviour (Caza & Posner, 2021). In the context of businesses and their recovery, Grit refers to the determination of entrepreneurs or employees at the individual level, while adaptive resilience is more based on the strategies, behaviours, and structures the firm puts in place to deal with changes and challenges.

Accordingly, adaptive resilience is recognized as a significant concept explaining the transformation of systems, including organisational policies, processes, and culture in response to challenges (Barasa, Mbau, & Gilson, 2018; Turner, 2023; Wei, Chen, & Rose, 2019). For instance, Ntounis, Parker, Skinner, Steadman, and Warnaby (2022) study on England's tourism and hospitality industry applied different dimensions of resilience in the analysis of pandemic shock.

A resilient organisation has the ability to face crises and adversity by innovating and exploring solutions beyond the organisation's planned strategies (McCarthy et al., 2017). "It implies the ability of an organisation or a system to plan, absorb, sustain, and adapt to shocks and disruptions" (Gereffi et al., 2020, p.47). Adaptive resilience is not merely about the ability to 'bounce back' from a crisis and the resumption of previous performance levels. It highlights the development of new capabilities, methods, markets, or social capital to support post-crisis growth.

In short, adaptive resilience emphasizes the ease, speed, and malleability of an organisation's response to unpredictable conditions outside of its control (Nilakant, Walker, Van Heugten, Baird, & De Vries, 2014). Improvisation, flexibility, anticipation, and making necessary changes in response to disturbances are indicative of adaptability. An agile organisation could respond spontaneously to unexpected situations through innovative modifications of existing processes and resources. Mannucci et al. (2020, p. 614) describe improvisation as the 'convergence of planning and execution' that enables organisations to overcome challenges with new, creative solutions. By contrast, planned resilience results from crisis planning, such that an organisation is prepared to respond should the crisis materialise (Barasa et al., 2018).

Strong leadership and organisational culture enhance adaptive resilience. Good leaders are more willing to acknowledge their limitations, admit mistakes, and evince a higher level of teachability (Owens & Hekman, 2012). Such constructive engagement between leaders and employees also enhances innovation. Leaders who demonstrate reciprocal benevolent behaviour (Smith, 1976) are more likely to develop or maintain social networks.

Additionally, adaptive resilience is influenced by internal resources, empowered employees, effective delegation, preparedness and planning, information management, governance processes, social networks, and collateral pathways or alternative routes to attain a desired outcome (Barasa et al., 2018; Chowdhury, Prayag, Orchiston, & Spector, 2019).

2.2. Crises and adaptive resilience

Studying the resilience of tourism businesses is crucial for enhancing understanding of crisis management and recovery strategies in the industry (Trupp, Salman, Stephenson, Chan, & Gan, 2024). The study of resilience in crisis response is increasingly important due to the business uncertainties triggered by financial crises and geo-political tension (Perles-Ribes, Sevilla-Jimenez, & Moreno-Izquierdo, 2016), natural disasters (Chowdhury et al., 2019), and global health challenges (Aidoo et al., 2021). A crisis at the scale of Covid-19 undermines organisational planned resilience (if any). Hence business survival depends greatly on adaptive resilience. The immediacy of a crisis requires swift, decisive action and the pivoting of organisational direction. In such circumstances, adaptive resilience is a key ingredient in crisis response. Beyond the mobilisation of existing resources and processes to counter adversity, adaptive resilience is an evolutionary process that enhances an organisation's growth and innovation (Aidoo et al., 2021).

Resilience studies are predominantly macro which focus on complex systems such as nations and industries. For instance, Wei et al. (2019) multi-regional analysis of business resilience in the face of a seaport disruption seeks to identify the categories of impact and systemic factors. Turner (2023) study of the resilience of healthcare services in Columbia was approached from the angle of national stakeholders. Gereffi et al. (2020) broad sweep of the global value chains for medical supplies positions resilience in terms of operational efficiency, appropriate governance and national security. However, the lack of primary data in such studies means that the analysis is conjectural.

Similarly, most tourism resilience studies pertain to the industry's capacity to face disasters and crises. A notable example is Chowdhury et al. (2019) that examines the post-earthquake tourism recovery in Christchurch, New Zealand, in terms of relational social capital and adaptive resilience to analyse relationships between stakeholders. Buultjens, Ratnayake, and Gnanapala (2017) discuss Sri Lanka's post-war and post-tsunami responses in terms of tourism resilience, while Becken (2013) highlights the need for a resilience framework for tourist destinations, particularly to address climatic change (Fang, Trupp, Hess, & Ma, 2022).

Arguably, a firm-level study is necessary to delve into the business decisions and leadership journey of adaptive resilience. As Covid-19 has redrawn the tourism servicescapes and changed expectations, adaptability is even more crucial for stakeholders (Hudson, 2020; Movono & Scheyvens, 2022). There are more studies emphasising the vulnerability of tourist destinations to the pandemic (Isaac & Abuaita, 2021) and the effects of the crisis (Jamal & Budke, 2020; Munawar et al., 2021), compared to research analysing business responses. Studies on the effectiveness of Covid-19 state intervention are still lacking, as reliance on premature recovery-related data would have been inappropriate (Gossling & Schweiggart, 2022). A notable exception is Aidoo et al. (2021) study on the strategic responses of SMEs to Covid-19 in Ghana. Retrenchment and strategic renewal were examined as contributors to adaptive resilience. However, the forms that the 'strategic renewal' strategies take were not identified. Moreover, the influence of state intervention on adaptive resilience and business survival was not explored.

Rogerson et al. (2021) study examining business responses by South African tourism players highlighted the importance of adaptability in overcoming the pandemic challenges. In furtherance of this objective, we developed the intersectionality of adaptive resilience and state intervention to provide an in-depth analysis of the relationship between the leader/manager's non-cognitive traits, the external role of the state, and the business journey of crisis response.

3. Global crises and tourism

3.1. State intervention

The tourism industry has weathered many global crises, from the energy crisis of the 1970s, the 1981–1982 recession, the 2007–2008 economic crisis, and various global health crises, notably Severe Acute Respiratory Syndrome (SARS), Ebola, and Middle East Respiratory Syndrome (MERS) (Perles-Ribes et al., 2016). However, the Covid-19 pandemic surpassed these crises in magnitude and duration. Arguably, business survival was no longer solely the outcome of organisational robustness. With (international) tourism at a standstill, state intervention was necessary to sustain the industry. This is because institutions (including state agents) significantly impact the tourism sector. In particular, regulative factors such as laws and policies affect the business performance of tourism stakeholders. The mismatch between regulatory framework and its implementation create institutional conflicts that impact tourism development (Falaster, Zanin, & Guerrazzi, 2017). The tourism sector's resilience is also influenced by governance structure and processes (Buultjens et al., 2017). A crisis like Covid-19 called for multi-level governance. Hence, state intervention means the collaborative actions of government at all levels – municipal, state and federal. State intervention during this period meant addressing crisis priorities. Foremost was the reallocation of public funding to health care and sustaining vulnerable populations and small businesses. With the shift from pandemic to endemic, governments introduced investment recovery packages to stimulate the economy (Organization for Economic Cooperation and Development (OECD), 2020).

Worldwide, governments have intervened to varying degrees while nations with more expansive tourism industries implemented bolder economic stimulus measures (Khalid, Okafor, & Burzynska, 2021). Among the strategies adopted, common measures include furlough or wage subsidy, loan moratorium, government loan guarantee, financial assistance, tax cuts, and other stimulus packages (Juergensen et al., 2020; Kuckertz, 2021). Apart from addressing immediate challenges, some stimulus measures seek to position the tourism industry for future competitiveness. The Organization for Economic Cooperation and Development (OECD) (2020) study on the management of the Covid-19 crisis shows that, among other things, some investment recovery plans prioritize digitalization and the transition to a carbon-neutral economy. The implications for the tourism sector are that, postCovid-19, technology adoption and environmental sustainability are important concerns.

3.2. Malaysia's Covid-19 crisis response

Malaysia's tourism industry took a severe hit from Covid-19. In 2020, inbound tourist arrival fell by 83.4% (from 26.1 million in 2019) while tourism receipts were merely RM12.68 billion, a drastic fall from 2019's tourism receipt of RM86.14 billion (Malaysia Tourism Promotion Board, 2023). Between the first Movement Control Order (MCO) on 18 March 2020 and the lifting of the international travel ban on 1 May 2022, the country had undergone four major phases of MCOs and several conditional movement controls (Ministry of Foreign Affairs, 2022). To cushion the financial impact of the MCO, the government allocated an initial stimulus plan of RM 20 billion, followed by a broader SMEs-focused PRIHATIN Rakyat Economic Stimulus Package (PRIHATIN) of RM 230 billion in March 2020. The wage subsidy scheme and business interruption loan scheme were implemented under this budget (Loong & Wan, 2022). By June 2021, the government had implemented nine stimulus packages worth MYR530 billion, as shown in Table 1 below.

The stimulus measures include loan guarantees, two phases of loan moratoriums, wage subsidy, approval for Employee Provident Fund (EPF) withdrawals, and cash handouts. Note the disparity between the size of the stimulus package and the fiscal injection in Table 1. The government's direct funding was only RM82.9 million. Loan moratoriums, loan guarantees, and self-financing by the Malaysian people through EPF withdrawals were the estimated economic impact sans fiscal injection (The Edge, 2022). There were also non-fiscal measures that eased financial pressure, for instance, the permission to revise profit estimates for 2020 taxation and the deferment of monthly income tax instalments (Lim, Phua, Teh, & Lok, 2021). Furthermore, the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (Covid-

Table 1
Summary of Malaysia's Covid-19 stimulus packages.

Date	Stimulus Package	Total size (RM billion)	Fiscal Injection (RM Billion)
27/2/20	Economic Stimulus Package 2020	20	–
27/3/20	PRIHATIN (Economic Stimulus Package Prihatin Rakyat)	230	25
6/4/20	PRIHATIN SME+(Additional PRIHATIN SME Economic Stimulus Package	10	10
5/6/20	PENJANA (Short-Term Economic Recovery Plan)	35	10
23/9/20	KITA PRIHATIN (PRIHATIN Supplementary Initiative Package)	10	10
18/1/21	PERMAI	15	1.9
17/3/21	PEMERKASA	20	11
31/5/21	PEMERKASA PLUS	40	5
28/6/21	PEMULIH	150	10
	TOTAL	**530**	**82.9**

Alt text: This table has 4 columns. The first column shows the respective dates of the Covid-19 stimulus packages. The second column states the nature of the stimulus packages. The third column states the amount of the stimulus packages, whereas the fourth column indicates the amount which constitutes fiscal injection.
(Source: Malaysia Ministry of Finance data adapted from Loong & Wan, 2022).

19) Act 2020 (Covid Act 2020) was enacted to provide legal protection for the non-fulfilment of contractual obligations (e.g., rent payment) from 18 March 2020 to 23 October 2020.

Many of these stimulus measures apply to tourism and hospitality businesses (Table 2). Studies conducted by The Malaysian Association of Tour & Travel Agents (MATTA) showed that 68% of Malaysian travel companies had applied for various government aid while 51% relied on wage subsidies to sustain their employees (MATTA, 2020). In terms of tourism specifically, Malaysia's Budget 2022 assured the continuity of PENJANA, operationalised through various incentives (Malaysia Ministry of Finance, 2021).

On 15 November 2021, Malaysia launched the Langkawi International Travel Bubble (LITB) to test the country's tourism ecosystem (Ministry of Tourism and Culture, Malaysia (MOTAC), 2022), which was extended until the opening of international borders on 1 May 2022. Unfortunately, the Covid-19 pandemic coincided with political instability whereby three different Prime Ministers shaped Malaysia's crisis response (between February 2020 to November 2022). The government was criticised for populist household aid measures of insignificant sum, political self-interest in the partial lifting of travel restrictions to facilitate a state election, populist tactics of relaxing travel restriction for religious festivities, piecemeal reactive approach towards stimulus packages, and the inefficiencies in disbursement (Loong & Wan, 2022).

3.3. Conceptual framework

The conceptual framework in Fig. 1 sets out the interplay between the impact of a crisis, state intervention, firm adaptive resilience, innovation, and business survival. The focus is on the firm, as opposed to the individual 'grittiness' of the entrepreneur/manager, which would entail a different psychological study premised on the Grit Theory (Caza & Posner, 2021; Datu & Fincham, 2022). Crisis leads to business disruption, impacting demand and/or supply such that almost all aspects of an organisation are affected, from production/service, marketing, and finance to human resources. Firm-level adaptive resilience, positioned in the centre of Fig. 1, signifies the driver of crisis response vital to business survival. In this regard, adaptive resilience could mean streamlining existing operations to cope with altered conditions. On the other hand, adaptive resilience in the face of a crisis could lead to innovative solutions, which not only helps business survival but opens the door to new opportunities. We posit that state intervention influences firm-level adaptive resilience, and as highlighted above, state intervention could be budgetary or regulatory. Hence, state intervention can shape the adaptive strategies of tourism businesses, either by providing financial support or by implementing regulatory measures such as new laws or policies that impact their operational flexibility and innovation capabilities. The dynamic interaction between state intervention and firm-level adaptive resilience highlights the intricate ways in which external forces influence internal crisis responses.

Crisis, state intervention, and business survival are anchored on the same base because state intervention influences the severity of a crisis and the business climate, which also impacts firm resilience. Hence, directly or indirectly, state intervention affects businesses. However, instead of applying a macro perspective that explores state intervention's impact on the overall business landscape, this research concentrated on the interconnectedness between state intervention and firms' adaptive resilience.

Table 2
Malaysia's main stimulus measures for tourism.

Tourism stimulus measures	Source of financing
1. Loan moratoriums (businesses)	PRIHATIN, PEMULIH
2. Loan guarantee	PRIHATIN, PEMULIH
3. Wage subsidy	PRIHATIN, PRIHATIN PKS+, PENJANA, KITA PRIHATIN, PERMAI, PEMERKASA, PEMERKASA+, PEMULIH
4. Deferral of employer's contribution to the Employees Provident Fund (EPF)	PRIHATIN
5. Electricity discount up to 15% (hotels, travel agencies, airline premises shopping malls, conventions and exhibition centres)	PRIHATIN, PEMERKASA, PEMULIH
6. Cash assistance to SMEs (RM1,000 to RM3,000 each time, not exceeding RM10,000 in total.)	PENJANA
7. Matching grants for the repair of licensed budget hotels and registered home stays	PENJANA
8. Matching grants for the creative, events and exhibition industries	PENJANA
9. Incentive funds to promote domestic tourism (Digital vouchers of up to RM100 per person for domestic lights, rail travel and hotel accommodation)	PENJANA
10. Special individual income tax relief for domestic tourism expenses of up to RM1,000	PENJANA
11. Grants for digitalization/ transformation initiatives by SMEs	PENJANA

Alt text: This table has two columns. The first column states the stimulus measures specific to the tourism industry, while the second column matches the stimulus measures to the source of financing.
(Source: Malaysia Ministry of Finance data adapted from Loong & Wan, 2022).

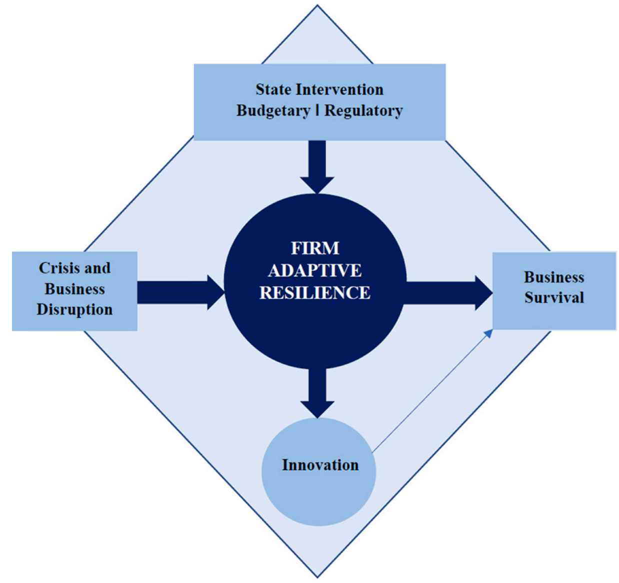

Fig. 1. Conceptual framework.
Alt text: A diamond-shaped base with a circle in the centre depicting 'Firm Adaptive Resilience', and 4 arrows linking this circle to four rectangles – two on the right and left, while two more above and below, respectively. The rectangle on the left states 'Crisis and Business Disruption', to signify that crisis and business disruption could be responded with adaptive resilience. The rectangle above the Firm Adaptive Resilience circle states 'State Intervention' which could be 'Budgetary or Regulatory'. This is to explain that state intervention could influence the extent of adaptive resilience. The rectangle below the Adaptive Resilience circle states 'Innovation', because adaptive resilience could give rise to innovative solutions. The rectangle on the right states 'Business Survival', which is the outcome where adaptive resilience overcome business disruption caused by a crisis. An arrow links 'Innovation' to 'Business Survival' to signify that innovation influences business survival.
Source: Authors' compilation

4. Methodology

This qualitative study was guided by an interpretivist paradigm, positing that an individual's beliefs and motivations influence their experience and interpretation of events (Creswell & Creswell, 2017). In this context, the respondents' business background and their roles in travel associations are vital to the interpretive process. We apply interpretivism because a granular analysis of government intervention requires nuanced deciphering of business decisions. This means gaining deeper insights – through qualitative interviews – from the respondents' lived experiences as entrepreneurs, owners and managers of tourism businesses.

Ethics approval was obtained for the project. Deductive reasoning contributed to the preparation of the interview guide, in that we analysed secondary data pertaining to Malaysia's Covid-19 responses from news reports, announcements, and statistics from the Ministry of Health, the Ministry of Tourism and Culture, the Ministry of Finance, the Ministry of Human Resource, the Ministry of Investment, Trade and Industry, special announcements by the Prime Minister, federal budgetary highlights and reports by international agencies. This process facilitated the identification of vital issues that surrounded the government's handling of Covid-19. The semi-structured interview included four main clusters: (1) Covid-19 challenges and the firm's responses; (2) lessons learnt from the crisis; (3) direct or indirect benefits from government intervention; and (4) post-Covid-19 business preparedness.

We commenced the interview process in May 2022, after Malaysia opened its international border on 1 May 2022 (Ministry of Foreign Affairs, 2022). This minimises premature recovery-related data from inconstant business behaviours and sharp fluctuations of movement controls (Gossling & Schweiggart, 2022). We conducted individual interviews with 33 respondents who were closely involved in the tourism sector. Table 3 sets out their business segment, the size of their operations and their roles. The Category column in Table 3 differentiates the respondents' services in terms of 'budget', 'mid-range', or 'luxury' – these categories correspond closely to the size of their operations (the criteria and rationale are stated in the note to Table 3). Overall, 19 respondents were SMEs while 13 respondents were involved in large businesses. Such categorization was not applicable to one respondent (R6), who worked with Malaysia's tourism agency. Purposive sampling was applied whereby the main characteristic of a potential respondent was their participation in the tourism sector as business owner, manager or regulator. This was supplemented by snowball sampling, where respondents connected us with other potential respondents.

Apart from one respondent, all interviews were conducted online (as social distancing was recommended at the time). At least two researchers were present during an interview session – this encouraged conversational fluidity and enhanced the study's trustworthiness. English was the medium of communication, except for two respondents, whose responses were translated from Bahasa Malaysia to English by the first author and triangulated by the second author. We were mindful of the semantic uniqueness of the language and preserved some words/phrases where they could not be satisfactorily translated. Additionally, we applied investigator triangulation, whereby we mediated our perspectives and interview approaches to minimise bias (Creswell &

Table 3
Respondents' background.

Respondent	Business Segment	Category*	Business Size**	Respondent's Role	Business Status (as at 1 May 2022)
R1	Homestay	Budget	SME	Founder	Operational
R2	Island tourism operator	Budget	SME	Founder	Operational
R3	Travel agency	Mid-range	SME	Founder	Closure
R4	Ecotourism tour company and social enterprise	Mid-range	SME	Founder	Operational
R5	Travel agency	Mid-range to luxury	Large	Founder	Operational
R6	Tourism government agency	Not Applicable	Not Applicable	Senior director	Not Applicable
R7	Travel agency	Mid-range	SME	Founder	Operational
R8	Tour guide	Mid-range	SME	Sole proprietor	Closure
R9	Travel agency	Mid-range to luxury	Large	Founder	Operational
R10	Travel agency	Mid-range to luxury	SME	Founder	Closure
R11	Travel lifestyle online intermediary	All categories	Large	Country director	Operational
R12	Travel agency, hotel	Mid-range	SME	Founder	Operational
R13	Homestay and budget accommodation	Budget to mid-range	SME	Manager	Operational
R14	Travel agency	All categories	Large	Founder	Operational
R15	Event management agency	Major events, corporate events, conferences	Large	Founder	Operational
R16	Travel agency	All categories	Large	Founder	Operational
R17	Hotel	Mid-range	SME	Senior revenue manager	Operational
R18	Adventure airline	Mid-range	Large	Senior manager	Operational
R19	Hotel	Mid-range	Large	Senior manager	Operational
R20	Tourism transportation provider	All categories	SME	Sole proprietor	Closure
R21	Hotel	Mid-range	Large	General manager	Operational
R22	Event management company	Major events, corporate events, conferences	SME	Founder	Operational
R23	Event management company	Major events, corporate events, conferences	SME	Founder	Operational
R24	Travel agency	All categories	Large	Founder	Operational
R25	Business accommodation	Budget to mid-range	SME	Founder	Operational
R26	Ecotourism tour company	Mid-range to luxury	SME	Founder	Operational
R27	Travel agency	Mid-range to luxury	SME	Founder	Operational
R28	Travel agency	Budget to mid-range	SME	Founder	Operational
R29	Hotel	Luxury	Large	General manager	Operational
R30	Sports event management company (founder)	Major events, hallmark events	SME	Founder	Operational
R31	Hotel (general manager)	Luxury	Large	General manager	Operational
R32	Hotel (general manager)	Luxury	Large	General manager	Operational
R33	Restaurant and club operator	Mid-range to luxury	SME	Founder	Operational

Notes: * Luxury services are predominantly offered by large businesses where service quality is highly dependent on capital investment (e.g. five-star hotels). SMEs provide luxury services as well, where capital investment is not a decisive requirement (e.g. niche travel services).
The classification of business size follows the criteria of SME Corp Malaysia (www.smecorp.gov.my**). A small service sector business has sales turnover from RM300,000 to less than RM3 million or employees ranging from five to less than 30 people. A medium service sector business has sales turnover from RM3 million to not exceeding RM20 million or employees from 30 to not exceeding 75 people. A large service sector business has sales turnover or employees exceeding this threshold.
Alt text: This table has six columns. The first column abbreviates the respondents. The second column states the business segment. The third column states the category of the services offered (e.g. budget, mid-range or luxury). The fourth column indicates the business size. The fifth column states the respondents' roles. The sixth column states their business status as at 1 May 2022, i.e. whether the relevant businesses are going-concern or have closed down.

Creswell, 2017). Data saturation was reached by October 2022, whereupon we focused on data analysis.

Thematic analysis was applied, combining Strauss and Corbin (1998) coding and memoing technique with Braun and Clarke (2006) six-stage framework of analysis. This technique proceeds on the premise that texts unveil experience; hence, thematic analysis supports the interpretation of thoughts, behaviours, and experiences (Kiger & Varpio, 2020). Data analysis commenced with transcription as we familiarised ourselves with the data (stage 1). Open coding occurred as we analysed free-flowing texts to identify and reflect on recurrent or relevant keywords and phrases (stage 2). In a further step, we collated the codes into nine themes (stage 3). Data collection was conducted alongside data analysis.

Upon the completion of data collection, the themes were reviewed and revised as part of the axial coding process. In some cases, several themes were consolidated into a major theme, while some were relegated to sub-themes (stage 4). We further refined the themes for succinctness and prepared an Excel template of main themes and sub-themes to facilitate selective coding, especially in grouping the data according to the relevant domains and drawing connections between the themes and sub-themes (stage 5). In short, the distillation of main themes and sub-themes was conventional, without qualitative data analysis software. This paper represents an outcome of our analysis (stage 6), which will be discussed further in the next section. Table 4 sets out the themes in relation to the Research Questions.

5. Findings and discussion

5.1. Forms of adaptive resilience and business survival

5.1.1. Cashflow management

To conserve cashflow, many respondents reviewed their organisational structures for cost-saving and streamlined their processes to operate on a leaner model. They increased technology adoption and closed communication gaps between the employees (R7, R11, R14, R22). Adaptiveness also improved the respondents' everyday resilience – the shift to online communication, work-from-home and an overall increase in tech-savviness improved their preparedness for other disruptions, such as acute weather shocks, including periodic floods.

Asset disposal was a means to improve cashflow and lower recurring expenses. R16's travel company disposed some tourist vehicles, while R23's company sold excess events-related equipment. Many respondents had personal savings which were injected into their companies as shareholder loans, as also highlighted by R9:

> *Yea, our own savings. I took a personal loan too. […] So, my savings was enough to sustain for one year.*

Additionally, small-scale family-run businesses swiftly conserve resources through the family members' agreement to forego salaries. R4, who manages an ecotourism travel company cum social enterprise, intensified efforts to secure funding and support from donors, improving the company's business survival during the pandemic:

> *The other thing that we got as well is that we're a social enterprise. We have our tax exemption, so we can accept things like donations, CSR money. So we got other sources of revenue, other than tourism.*

Planned resilience significantly improved adaptability (Barasa et al., 2018). R15 evaluated first-hand information from clients to accurately assess the likely impact of Covid-19. She procured overdrafts to shore up the company's cashflow during a prolonged lockdown – which proved prescient when Malaysia declared the first MCO.

5.1.2. Human resource management

To address constant wage bills and limited employee productivity, the respondents re-strategized their human resource practices several times. Their caveat was that termination due to an economic downturn was unavoidable. Under these circumstances, the traits of agility, creativity, and benevolent behaviour characterised the respondents' dealing with their employees. The respondents prioritised their full-time employees; hence, they discontinued the services of contract workers and interns first. To maintain the full-time workforce for as long as possible, the respondents recommended pay-cuts and non-pay leave, which were lawful, provided that employees accede voluntarily. As the situation worsened, the percentage of pay-cuts increased. To gain support for the initiative, they took pay-cuts as well, and several respondents received no salaries during this period. R26 explained:

> *So full-time staff, of course we had to cut them down their salary and work-time and so on. […] And so we had to let go staff, we had to release staff and we had to downgrade some staff salary.*

Additionally, where business activities were ongoing albeit on a reduced scale (e.g. virtual events, virtual tours), profit-sharing arrangements were implemented (R4, R11). Some respondents also encouraged their employees to explore side-income (R4, R9, R16), although, given the economic conditions at the time, options were limited aside from gig work.

Managing employee productivity during this period was another challenge. Even with a reduced workforce, assigning meaningful work to employees requires ingenuity. Some companies embarked on refurbishment projects for this purpose (R12, R21, and R32). They also adjusted their rostering practices, whereby all remaining employees worked fewer shifts and fewer hours (R31). As some tasks, such as housekeeping and laundry operations, became almost redundant, employees were reassigned to different tasks. This broadened the employees' areas of competence and enhanced their multi-tasking capacities, which enabled the respondents to redesign job descriptions post-pandemic.

R7 explained that his company did not plan to have a workforce of 180 employees as before. Instead, the processes would be streamlined as Covid-19 had taught them to multi-task and work smart.

5.1.3. The management of current liabilities

Most but not all respondents benefited from the loan moratorium. Some respondents continued to face the creditors' demands for debt repayment. Adaptability means exploring debt renegotiations to improve the management of current liabilities. In this regard, the likelihood of success depended on the respondents' ability to convince the creditor of future business continuity. Planned resilience significantly enhanced a respondent's chances in debt renegotiation. This is because a strong, well-managed company is more likely to secure the confidence of the creditor. Past benevolence and business fair-dealing garners goodwill (Smith, 1976). R16, who has been in the travel industry for 30 years obtained favourable debt repayment terms and shared:

> *Oh we did explain to them and they are all okay. You see, sometimes they become your business associate and then they become friends. So they understood. It's also the image of the company, they know who they are dealing with, then they'll come back. It's like that in any business, not just travel business.*

Furthermore, R4 had the trust of many partners through his company's work in environmental protection, while R33 record of business successes lent him good credit standing.

5.1.4. Asset management

Asset maintenance problems beset all except a few low-asset events management firms. Adaptive resilience meant exploring ways to operate their assets at optimal capacity, channelling them to alternative use, or, in the last resort, pursuing selective asset disposal. For instance, amidst near-zero occupancy, the process for managing hotel air-conditioning was reviewed. R12, R21 and R32 devised schedules to operate the central air-conditioning chiller system for short periods daily, to prevent breakdown, room dampness and rodent nesting. R21 further stated such challenges:

Everything needs to keep on running, especially the chillers. […]So these kinds of heavy machinery, you know, we can't let it shut down […]. So we'll run it for a couple of hours, then we'll switch it off, and turn it back again, or we'll run it for 10 h and switch it off for 12 h and turn it back on.

For travel companies, idle vehicles were at risk of battery and engine failure. The respondents devised a schedule to start the vehicles on a daily basis. According to R20, some travel companies used tourist vehicles to transport workers in essential services. R27's company negotiated with the postal service and mobilised his tourist vehicles for parcel delivery. R16 authorized the sale of some vehicles to reduce loss from asset deterioration:

We have a total of about 25 coaches, vans and cars. We sold three vehicles […]. One of my personal cars, I sold. […] we get some cash flow to help us a bit.

5.1.5. The exploration of alternative business avenues

The findings unveiled the adaptive trait of acknowledging mistakes. R4, R7, R16 and R27 admitted that their firms' narrow focus on limited markets increased their business susceptibility. There was limited diversification beyond the travel industry. Learning from mistakes, they seized the opportunities to review their business activities. Adaptive resilience was demonstrated in learning new skills, applying technology, and modifying the use of their facilities to meet changing business environments. Agility was evident in how some respondents capitalised on regulatory changes, such as the facilitation of travels through quarantine facilities.

Some respondents in the events management field pivoted to providing online events, meeting facilitation, and training (R15 and R22). Many respondents guided their firms to venture into food delivery services (R21, R23, R27, R32, and R33). R21 explained:

Normally, you know, rooms would contribute about 80% of the hotel revenue. Okay, so it really depends. Some hotels would be anywhere from 80% to 65%. So when we shifted towards F&B at the very beginning, obviously F&B became 90%.

Hotels that were opportunely located near oil and gas locales offered attractive short-term rentals to take advantage of increased demand consequent of travel restrictions. Some hotels offered attractive packages for workers in essential services (R5, R21, and R25). They also capitalised on work-from-home fatigue; some hotels sold rooms for work-based day use. R21's hotel operated as a quarantine hotel and hence minimised losses. As mentioned above, R27's travel company diverted its tourist vehicles to parcel delivery. Many respondents took advantage of the LITB to sell tour packages.

5.2. State intervention and adaptive resilience

5.2.1. State financial assistance

The respondents considered state financial assistance (see Table 2 row 6) to be inadequate. The ad hoc payments of RM3,000 per tranche (not exceeding RM10,000 in total) were disproportionately insignificant compared to the pandemic period of almost three years. R4 shared:

There was RM3,000, we've gotten 2 lots of RM3,000. That is welcomed, of course. But a few thousand Ringgit doesn't go that far. So it would have been good if it was more substantial. (R4).

Similar issues were also identified in a study conducted by Por (2023), who documented small businesses' experiences with social protection during Covid-19 in Malaysia. Other respondents in our study would prefer another form of crisis assistance as suggested by R29:

I wouldn't welcome this kind of cash assistance because cash assistance wouldn't help me to solve my operation. I would rather they give me some greenlights in terms of taxation, subsidy, all these kinds of things. Not give me cash. Give me cash RM3,000, let's say I have 100 employees – RM3,000, what am I going to use for it?

Furthermore, government intervention in the tourism field was deemed belated. R29 expressed frustration with the government's seemingly ‘wait and see’ approach to stimulus measures. Similarly, the electricity rebates for hotels and tourism-related premises (see Table 2 row 5) were considered inadequate, compared to the losses they incurred (R21 and R32). Hence, the respondents put minimal expectations on state financial assistance during this period.

5.2.2. Wage subsidy

Eighteen (18) respondents benefitted from the government's wage subsidy scheme (see Table 2 row 3). Viewed as a partial reprieve, wage subsidy lowered their operating expenses and pay-cut urgency, and provided the much-needed financial buffer to implement organisational changes. However, the wage subsidy scheme was implemented in a stop-and-start manner, dictated by the lifting and reinstatement of MCO. Hence, many respondents could not rely on this assistance in their planning.

There were, however, opposing views towards wage subsidy, as also reflected in the following two quotes from our respondents.

So the first six months when we went into lockdown and I realised the subsidy, it was really useful. It helped because I have predominantly a young team, so they were all earning below the RM2500 salary mark, basic. (R4).

At the end of the day, it didn't help. […] And because we catered to specialists in the field, we are talking to people who were getting 7 grand a month, total 10 grand a month. It wouldn't have helped. (R29).

Some respondents encountered bureaucratic hurdles, citing tedious documentation, slow response to inquiries, and the lack of guidance. Consequently, they abandoned their attempt to seek wage subsidy for their employees. This explained why only 18 of the 28 respondents (in business) obtained wage subsidy assistance. Some respondents also complained about the quantum of wage subsidy. According to R18 and R23, the monthly wage subsidy only benefitted hotels and tourism businesses with low-wage rank-and-file workers. This assistance did not help events management firms with highly skilled employees. The wage subsidy scheme also reduced managerial flexibility - an employer that benefited from the scheme was barred from retrenching workers or instituting pay cuts. Moreover, while the scheme provided temporary relief, the tourism sector had not recovered from complete lockdown to conditional movement control. This was because state borders and international borders were still closed. Overall, the wage subsidy scheme's influence on adaptive resilience was important but not decisive.

5.2.3. Loan moratorium, loan guarantee, and statutory protection

There was a mixed response towards the impact of state intervention on the management of current liabilities. To begin with the loan moratorium (see Table 2 row 1), many respondents benefitted from delayed loan repayments. However, travel companies with borrowings for the purchase of their tourist vehicles did not fully enjoy this benefit. This was due to the regulatory divide between banks and leasing companies, whereby the Bank Negara Malaysia (BNM), Malaysia's central monetary authority, has jurisdiction over commercial banks, but the Ministry of Housing and Local Government regulates leasing companies. Since BNM instituted the loan moratorium, it did not extend to leasing companies. R14 and R16 explained that Malaysian banks invariably refuse to finance the purchase of tourist vehicles, classifying the tourism industry as high risk. R4 expressed the frustration from a tourism business perspective:

Banks are profit-oriented. They measure success with very different criteria, and they're not sensitive at all to the challenges that tourism stakeholders are facing, and this goes, not just for travel agencies, even *hotels. And some of these hotels are well established hotels. And you know, you get ridiculous things like: Hey, we need you to show that you're earning some kind of income during this period. Excuse me, which planet do you live on? So it's ridiculous to us.*

Consequently, travel companies had no choice but to approach leasing companies for financing (at a higher interest rate). Intensive lobbying by travel companies eventually led to the extension of loan moratorium to the leasing of tourist vehicles (in the second half of 2021). By this point, financial hardship had caused the forced sale of some tourist vehicles. Hence, cashflow resilience was more important than loan moratorium in preventing the disposal of their remaining tourist vehicles. This was aided by the adaptive re-deployment of tourist vehicles to earn income.

The loan guarantee scheme (see Table 2, row 2) was not accessible, due to unrealistic preconditions and poor implementation. Hence, business survival hinged on the respondents' ability to minimise expenses, rather than the availability of crisis aid. The loan guarantee scheme to tourism businesses was initiated pursuant to the PENJANA stimulus package, overseen by BNM but implemented via commercial banks. A loan application would be assessed by a commercial bank. If an application were successful, BNM would guarantee 80% of the loan sum while the commercial bank took on 20% of the risk. Notwithstanding the low-risk exposure, commercial banks required an applicant to provide financial statements demonstrating three consecutive years of profitability. According to R25, such a requirement was impossible, seeing that the tourism industry came to a standstill in 2020. Hence, the commercial banks' insistence on this condition effectively defeated BNM's objective.

The respondents also considered Malaysia's statutory protection to be ineffective. This was because the Covid Act 2020 only came into effect on 23 October 2020, past the critical period when the first MCO was announced. R33 commented that if the Covid Act 2020 had come into effect sooner, the protection against Covid-19-induced breach of contractual obligations might have lowered the number of business closures. Overall, debt negotiation depended more on the respondents' leadership skills than the formalistic legal protection against breach of contractual obligations.

5.2.4. Matching grants

Most respondents found the government's matching grants for the repair/refurbishment of budget hotels (see Table 2 row 7) to be of limited assistance. R31 highlighted the restrictive conditions tied to this support mechanism:

Being a businessman, they say there is no such thing as a free ride […] there must be something going on with these things. And then, we found out […] my finding is whatever grant you're gonna get with the matching grant, you have to hire their contractors.

To qualify for a matching grant, there must be available funds for a project. Hence, cash-strapped hotels that could not initiate any repair/refurbishment do not qualify for such assistance (R13, R25 and R31). Regarding grants for digitalisation and transformation (see Table 2 row 11), none of the respondents benefitted from such funding. In the climate of uncertainty, they were hesitant about allocating capital expenditure for digitalisation with no guarantee of successful government funding. Instead, they explored low cost innovative solutions. The respondents innovated by using existing software creatively and sourcing free platforms. Hence, such practices as work from home, cloud storage, and sharepoint collaboration took place without government assistance (R11, R15, R22, and R23).

5.2.5. Other stimulus measures

Most respondents considered the government's management of travel restrictions to be lack-lustre. R25 pointed to the imposition and easing of lockdowns that were purportedly influenced by political factors and festivities, which prevented the government from keeping infection level under control. This view was echoed by Loong and Wan (2022). Upon the relaxation of movement restrictions, the SOPs for the entertainment sector was out of sync with commercial reality, such that recovery was delayed in food and beverage, bars and entertainment sector (R33).

The matching grants for the creative, events and exhibition industry (see Table 2 row 8) were of limited relevance. Since the lack of tourist volume and Covid-19 uncertainties (before the borders reopened) discouraged event planning, this intervention measure did little to boost the respondents' adaptability in revenue generation.

Many respondents considered the e-voucher promotion of domestic tourism spending through e-commerce platforms (see Table 2 row 9) to be positive. However, they expressed scepticism about the effectiveness, in view of the low quantum of RM100 per consumer, as indicated by R27:

Of course the travel agent vouchers, especially SHOPEE, it has done a fantastic job. Within 1–2 h, it was sold out, the vouchers. […] But the amount was not so much, basically less than RM300,000. So RM300,000, each voucher valued at RM100. So they were snapped up.

Though the measure was commendable, the sum might be too small to galvanise tourism recovery. Similarly, the RM1,000 tax relief for domestic tourism booking (see Table 2 row 10) was deemed inadequate. Reliance on domestic tourism was insufficient – without inbound tourism, the industry could not recover.

The LITB was an important stimulus. Although the visible impact was localised in Langkawi island, many respondents benefitted from the sale of tour packages and the facilitation of entry by foreign tourists. Ultimately, the greatest stimulus was the opening of international borders on 1 May 2022. R26's statement sums up the sentiment as follows:

All I need the government to do is to open the borders, I will sell my own packages, I will run my own packages.

In short, the stimulus measures that greatly influenced the respondents' adaptive resilience was the travel bubble, followed by the lifting of travel ban. The matching grants were of limited assistance, while the quantum of domestic tourism spending stimulus (through e-vouchers and tax relief) was considered too low. Table 4 sets out additional responses according to the themes and sub-themes.

6. Conclusion

Research question 1 addressed the forms of adaptive resilience that critically influence pandemic tourism business survival. First, the respondents' swift action in revamping their organisational processes to preserve resources via cashflow management was fundamental to their survival. This finding is consistent with the identification of speed and agility as adaptive resilience traits (Nilakant et al., 2014). The respondents also benefitted from planned resilience, where there were personal savings that they could draw from.

Second, adaptive resilience was manifested in the respondents' handling of human resource matters, which included pay-cuts and non-pay leave on a tiered basis, with termination as a last resort. Allowing their employees to take up side hustle enabled them to keep key staff while lowering wage bill. Adaptive resilience was also present in the rapid adoption of online communication to stay connected with employees who work remotely. These measures reflect entrepreneurial ingenuity in overcoming crisis shock (McCarthy et al., 2017).

Third, the respondents showed the adaptive trait of agility in managing current liabilities, especially in debt renegotiation. Goodwill and integrity, viewed as an aspect of planned resilience, increased the respondents' persuasiveness in debt renegotiations.

Fourth, the respondents explored creative solutions to safeguard their assets from deterioration and achieved a balance between asset preservation and operational cost. Further, they explored solutions

Table 4
Additional extracts of the respondents' comments.

Research Questions	Main Themes	Extracts of the Respondents' Comments
What were the forms of adaptive resilience that critically influenced pandemic tourism business survival?	Cashflow management	R16: Tourism businesses are SME business in Malaysia. … So most companies have some sort of savings, some sort of reserves. So we used those financial supports, we have our own, plus some support from some loan and things. R27: For me, on my part, we try to lower the cost as much as possible. Of course the costs are mostly the overhead, the fleets, the staffing and also the rental.
	Human resource management	R16: First six months we kept the entire staff force. … Again I said, every three months, things will change … So the salary was paid for six months – at 70%, the market rate was 70%. And then wage subsidy came in. So with the wage subsidy, we could also top up. R21: We had to keep everybody motivated. So in a non-quarantine hotel, what we did was, we had something called 'OD' – which is 'Other Duties'. So we did a lot of painting, a lot of in-house refurbishment of the property. To keep everybody busy and motivated.
	Management of current liabilities	R22: So I think the biggest thing we learned is to adapt and then work together with other suppliers. R11: It was. Good thing for us was that networking was still very important for us. One thing that people tend to forget is that no business means everything stops right? But the networking was very important, so we collaborated with Tourism Malaysia as soon as we heard about the travel bubble.
	Asset management	R5: Pandemic was a good time for us to spend a little bit of money to do maintenance, to make sure the rooms is a bit taken care of. Even today, we are re-investing into our rooms again to make sure that people want to come back and stay with us. And they have a very good, fresh look. And when the borders were opening, the team was ready. R27: And we had to sell off quite a few fleets of cars and vans. And in terms of profitability, there was no way for profitability, we just wanted to maintain, and also to lay low.
	Alternative business avenues	R21: We changed the strategy a little bit, where we went out and gave out tenancy agreements to corporate companies because they could not work in their offices, because the office towers were closed and all that. But hotels were able to operate, so they could easily come to the hotels. But again, they can't stay because there were no leisure stays. So what we did was, we converted rooms into offices. So the second year we actually saw a profit for that particular hotel. The profits exceeded the losses of 2020 and we actually had a surplus of profit. R4: Initially, there's obviously down-sizing … we focused on trying to find money from grants. … So we basically changed our business model. Tourism was gone. We didn't bother thinking about doing that. We went into grants, CSR … we went into plastic recycling and stuff as well. So we changed our business model that way. So we were very lucky we had people who wanna donate to us. But also, suppliers were okay to let us, like, owe them money.
To what extent did state intervention influence pandemic business resilience?	State financial assistance	R14: In short, while it is appreciated by some quarters, in many cases it doesn't really solve the issue at all, right. Because the sum given is not really enough to either pay for, you know, for staff, which is the main thing. It's probably just enough to help with some of the incidental sum, right. So while again it's appreciated, it's not going to be an initiative that's going to really, really help in the long run. R27: Again yes, it's a good intention to give a token to the industry players. But the players, they were not saying that this is … they appreciate the money, but a lot of things can be done to make sure that these industry players are sustainable. For example, the rental.
	Wage subsidy	R6: I can share with you my communication with many of the industry players, like hotels and all that – they definitely benefit from this government policy. I think they get something like subsidized wages, RM600 per month for 6 months period, if I am not mistaken. … To pay your employees during the pandemic, and you have zero income. I think that policy

(*continued on next page*)

Table 4 (*continued*)

Research Questions	Main Themes	Extracts of the Respondents' Comments
		has helped a lot of those players, you know, be they travel agents, hotels, small hotels and all that. So ya, I think it is a very good policy. But of course if you compare to overseas, for example in the UK, Australia, they said the government is giving much higher subsidy … which I don't think our government has the ability to do that … R3: The wage subsidy, if I am not wrong, they were giving about RM600 … but if you accept the wage subsidy, you cannot terminate your staff for the next six months, and you have to continue paying their salary, EPF and SOCSO. So you do the calculation. Let's say your staff's salary was RM2,000, the government gives you RM600, you still have to fork out RM1,400. Plus the employer's portion of EPF and SOCSO, it will still come back to about RM1,800 or RM1,700. And income was zero, how to sustain? It's still insufficient, that's why we decided not to.
	Loan moratorium, loan guarantee and statutory protection	R10: You see, the banks. I mean, on paper is one thing. The reality on the ground is quite different. The banks, first of all, I must say the government put out all this is just, you know, just putting out. Just like giving you a "flyer", but there's no actual thing on the ground. The bank, just receive that "flyer", you can say. But they're not promoting it, right? And to apply for this, is not as simple as what they say. … So it's not as simple and half the time I don't think they qualify for that. Plus the other element that you actually don't see, you know, which they actually ask you. R7: So when you asked for a loan from the bank, you need to submit your audited accounts, right? So can you imagine how our accounts look like in 2020? With zero income, so definitely the loan was not approved. And even in 2019 actually, for the inbound players, things were going down. We were not having a good year for inbound in 2019, so even then the accounts were not so nice. So come 2020, it was worse. How to get the loan? R33: Our industry is actually extremely resilient. We don't need a handout, we don't need rebates or anything like that. Actually, what we really need them to do is to give us clarity on the Covid Act.
	Other stimulus measures	R9: Just from that Langkawi bubble. For that one year, Langkawi bubble happened in September, right? So that 3 quarters that nothing was happening, she made it back from that Langkawi travel bubble. So, can you imagine the tourist really waiting for us to open at that time? They were willing to go through all that hassle of PCR whatever, go through that Langkawi 7 days, you know, in quarantine. But quarantine in an island, wow, hello, I would do this. R25: Yes. These are good measures. But the issue is, when the hoteliers do not have trust with the government, whatever the Government do, they don't support fully. Why I say this? You see, the SHOPEE [initiative] … we got so many members, but only 230–240 members joined the Program. Very sad, right? R14: In fact, we're actively encouraging our members to use it [the matching grant], you know. And even the Association itself is currently tapping into that, and this is one of the better programs they have been implemented, so as far as that's concerned, we have no issues with that at all. Of course, we're asking that the scope of some of these programs be expanded, especially on the digital side, right, and also for the fund to possibly be continued, you know, into next year. And now this is one of those initiatives that will actually help business.

beyond the tourism sector, e.g., deploying tourist vehicles for other commercial uses. Regarding human capital, initiating refurbishment projects was an effective way to prevent idleness and maintain staff morale.

Fifth, adaptive resilience was evident in the respondents' ability to continue in business and explore alternatives. Event management companies showed innovation in staging virtual events. Different business models included day use for working remotely, special rates for essential service workers, quarantine hotels, food delivery service and virtual tours. Searching for opportunities beyond their sectors, and stepping out of their business comfort zone, indicate the development of new capabilities and market (Gereffi et al., 2020).

Research Question 2 *asked to what extent did state intervention influence pandemic business resilience?* The findings indicate that Malaysia's tourism stimulus measures vary in their effectiveness. The LITB was unanimously endorsed as a positive measure. There were also qualified praises for the wage subsidy. To the respondents who benefitted from the loan moratorium, it was a lifeline that gave them much-needed relief from debt servicing. This facilitates the channelling of dwindling resources to the exploration of business solutions. At the very least, the loan moratorium bought them more time to strategize and innovate. However, not all state intervention measures could be said to enhance the respondents' adaptive resilience in addressing the challenges of Covid-19. The following weaknesses in the intervention measures were identified: low quantum of financial aid, regulatory obstacles, red tape, unrealistic preconditions, and late implementation.

The government's financial assistance of RM3,000 per tranche (with a cap of RM10,000) barely scratched the surface of the respondents' financial burden. Hence, this quantum did not noticeably impact their adaptive resilience. Similarly, some respondents considered the wage subsidy as inadequate. The scheme assisted in retaining rank-and-file staff only and the five iterations of wage subsidy schemes (with discontinuances when travel restrictions were relaxed) were not conducive to human resource planning. Quantum also hampered the effectiveness of the domestic tourism stimulus measures. Many respondents were sceptical of the multiplier effect of RM100 e-voucher per person for purchasing an accommodation or tour package. The government's tax relief of RM1,000 per person for domestic tourism spending was commendable, but, at a firm level, the flow of benefit was not apparent.

As regards the loan moratorium, the regulatory divide between banks and leasing companies meant that travel companies with tourist vehicles did not enjoy the full benefit of the loan moratorium (until much later). Regulatory obstacles were also observable in the tourism loan guarantee scheme. The regulatory divide between BNM (the

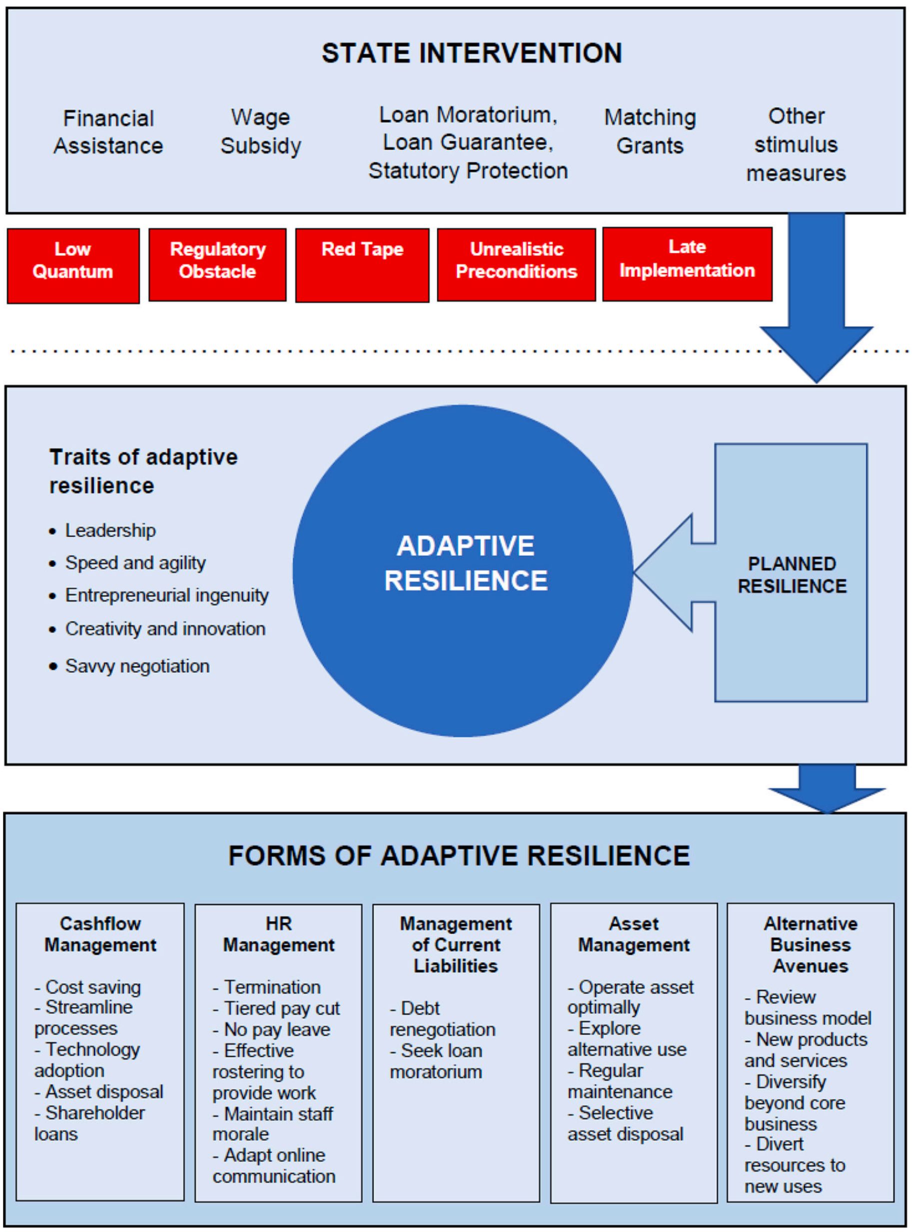

Fig. 2. Summary of the findings.
Alt text: This figure has three major rectangles, arranged vertically. The first rectangle represents ‘State Intervention’. An arrow connects it to the second rectangle which signifies ‘Adaptive Resilience’. However, as the findings unveiled various weaknesses that diluted the impact of state intervention on tourism business resilience, a dotted line cuts across the connecting arrow in order to signify reduced impact. In the Adaptive Resilience rectangle, planned resilience is depicted as an influencing factor. This second rectangle is linked to the third rectangle that lists the various forms of adaptive resilience demonstrated by the respondents of this study.
Source: Authors' compilation

guarantor) and the banks (the implementor) resulted in the imposition of over-stringent criteria by the latter that hardly any tourism business could fulfil. Their business survival depended on careful cashflow management and innovative diversification.

Red tape was a common complaint – the voluminous paperwork, the fine-print attached, the lack of clarity and the slow response to inquiries frustrated many respondents' attempts to seek government aid. Even where the applications were successful (e.g. wage subsidy), the slow approval process diminished the effectiveness because, in the Covid-19 environment, time was of the essence. Hence, state intervention was perceived as providential when they materialised. The respondents did not place strong reliance on government assistance.

The respondents also highlighted the unrealistic preconditions that barred their eligibility. The prohibitive criterion of three consecutive years of profitability for the tourism loan guarantee resulted in low eligibility. Similarly, there was low eligibility for the matching grants for budget hotel repair/refurbishment, and matching grants for the creative, events, and exhibition industries. With cashflow constraints, most respondents were unable to allocate capital to fulfil the precondition of the matching grants, hence, their ineligibility.

Late implementation was evident as regards the Covid Act 2020. At the most critical stage, most respondents had to renegotiate with creditors without the protection of this statute. Business survival was, therefore, a testament to their business savvy rather than regulatory protection.

In sum, the findings reflect the conceptual framework (Fig. 1), whereby adaptive resilience significantly influenced business survival. Adaptive resilience was a catalyst for innovation, which in turns improved the odds of business survival. State intervention influenced the respondents' adaptive resilience, but only moderately. The above-mentioned weaknesses in Malaysia's tourism stimulus measures arguably mirror the shortcomings in the country's overall Covid-19 response (Loong & Wan, 2022). Business survival during the pandemic largely depended on leadership, speed and agility, entrepreneurial ingenuity, creativity and innovation and savvy negotiation. These adaptive traits were significantly enhanced where there was planned resilience. Hence, entities with strong reserves and access to shareholders' loans were more likely to survive the challenging period. Fig. 2 provides a graphical summary of the main findings.

7. Implications

7.1. Theoretical implications

This study contributes to theory by unveiling the forms of adaptive resilience that manifest at the firm-level during a global crisis. First, this approach is a departure from macro studies on crisis response (Chowdhury et al., 2019; Turner, 2023; Wei et al., 2019), which typically focus on government intervention's larger economic and societal outcomes. Conversely, our research adopts a firm-level perspective, emphasising the experiences of businesses within the tourism industry, including their perceptions of state intervention and their adaptive resilience strategies. This research perspective thus extends existing macro-level research by capturing the subjective experiences of tourism businesses. Our findings also support the importance of Grit via the consistency of interest and perseverance of effort in motivating the exploration of adaptive strategies (Duckworth et al., 2007).

Second, the intersection between state intervention and adaptive resilience examines the role of the state as an external influence on adaptive resilience, whereas existing studies analyse personal traits or organisational characteristics as influencing factors (Caza & Posner, 2021; McCarthy et al., 2017). By bridging the divide between non-cognitive traits and external influences, the study contributes to the debate on the effectiveness of state intervention for businesses in crisis contexts (Gereffi et al., 2020). The different experiences and perspectives of our interviewed businesses provide a nuanced, in-depth, firm-level and grass root account of the impacts of state intervention, which can help refine theoretical models of government crisis response strategies. More specifically, the findings facilitate a review of the assumptions applied in aid threshold, eligibility criteria, fiscal injection versus non-fiscal measures, as well as the projections of outcomes and multiplier effect central to the design of a crisis response model.

7.2. Practical implications

First, the findings provide a landscape of effective strategies in times of a global crisis. It contributes to post-disaster learning and the shoring of knowledge to enhance disaster preparedness, which is an aspect that tourism players had not internalised sufficiently, despite past crises such as SARS and MERS (Jamal & Budke, 2020). Second, by focusing on the manifested adaptive resilience, the article sheds light on critical business strategies that contribute to continuity and growth. Creating a favourable business environment for these strategies should be a priority of state planners. Third, the findings highlight innovation at the organisational and operational level. These examples are valuable gauges to tourism planners on the strength of the industry and the pace of adaptability. Fourth, the analysis of the manifested adaptive resilience involves the identification of hit-and-miss among the intervention measures. The findings are vital to tourism planners because there are pre-emptive values from lessons of mistakes and successes. In the long run, the findings assist state planners in formulating effective policies.

Finally, we suggest how Malaysia's intervention measures can be improved should a similar crisis occur. To begin with, a larger budget will be required to combat the scourge of a pandemic. It should be noted that Malaysia's fiscal intervention was comparatively lower than the non-fiscal intervention (see Table 2). This budgetary constraint was reflected in the quantum of aid and its effectiveness. Regulatory hurdles – flagged during the pandemic – should be addressed now, seeing that Parliamentary processes are protracted. The distinction between commercial banks and leasing companies proved decisive where loan moratorium was concerned. The non-applicability of loan moratorium to financing tourist vehicles was a regulatory mishap that should not be repeated. Political instability during the pandemic arguably worsened red tape. Many of the delays, U-turns and indecisiveness were due to the changes in leadership. Consultation with industry stakeholders is certainly necessary. Arguably, had there been timely consultation with tourism stakeholders prior to the roll-out of the tourism stimulus measures, the unrealistic preconditions attached to the matching grants for budget hotel repairs and innovation would have been highlighted. Ultimately, the government must act with speed and urgency.

7.3. Limitations

The temporality of this study is at once its distinctiveness and its limitation. The findings are not fully generalisable to other countries as regulatory frameworks and intervention measures vary between states and the types of crises. Prioritizing businesses that remain operational means that less emphasis is given to enterprises that ceased operation due to Covid-19, although four of the respondents fit this profile (see Table 3). The focus on tourism businesses precluded a cross-industry analysis of the effectiveness of state intervention. Further, the period of analysis is defined (March 2020 – October 2022), whereas business survival, recovery, and growth post-Covid-19 is a continuum that this study does not capture. The corollary is that a longitudinal study can be conducted to evaluate the long-term impact of state intervention on the performance of the respondents' firms.

CRediT authorship contribution statement

Joo-Ee Gan: Writing – review & editing, Writing – original draft, Visualization, Validation, Resources, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization.

Joann P.S. Lim: Writing – review & editing, Validation, Resources, Project administration, Methodology, Investigation, Formal analysis, Data curation. **Alexander Trupp:** Writing – review & editing, Validation, Resources, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Wai Ching Poon:** Writing – review & editing, Methodology, Investigation, Formal analysis, Data curation, Conceptualization.

Declaration of competing interest

None.

Appendix A. Supplementary data

Supplementary data to this article can be found online at https://doi.org/10.1016/j.annale.2024.100142.

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