

## HANDLING OF UMRAH PACKAGES IN KEDAH: AN EARLY REVIEW

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### Abstract

Umrah package operations recorded a significant increase every year in Malaysia. Kedah is a state that has many travel companies offering umrah package handling. Its operations include travelling, operations, and the religious activities. However, there are some problems involving the misuse of operating licenses, taking excessive profits, and operating unregistered packages. Based on this situation, two questions arise. First, how is the management of handling umrah packages in Kedah? Second, what are the problems faced by travel companies in Kedah in handling umrah packages. This article has two objectives. First, to explore the management of umrah package handling in Kedah. Second, to identify the problems faced by travel companies in Kedah in handling umrah packages. This study aims to answer both questions through interviews with three largest umrah company owners in Kedah, namely Az Zuha Group Travel & Tours Sdn. Bhd, Daurah Travel and Tour Sdn Bhd, Al-Nile Travel and Tour Sdn Bhd. The findings of the study reveal that travel companies operating umrah packages in Kedah have followed the procedures set by the Department of Wakaf, Zakat and Hajj (JAWHAR). The findings of the study also found that there are some big problems in managing umrah packages, namely competition between travel companies, maintaining mutawwif, obtaining umrah visas and covid-19 pandemic.

**Keywords:** Handling; Package; Umrah; Kedah; Survey.

### Introduction

Umrah package operations record a significant increase every year in Malaysia. Kedah is a state that has many travel companies offering various umrah package handling services. Among the companies are Az Zuha Group Travel & Tours Sdn. Bhd, Daurah Travel and Tour Sdn Bhd, Al-Nile Travel and Tour Sdn Bhd and many more. The business is mushrooming due to high demand and travel companies are unable to fulfil the high demand. Companies that offer this umrah package are trying to compete with each other by using various approaches and strategies to attract the interest of the community such as giving free gifts, appointing mutawwifs who are among famous asatizahs and so on. Nevertheless, some travel companies that offer umrah packages still unable to compete with other travel agencies due to constraints

such as high competition. This article examines the management aspects of companies offering umrah packages in Kedah in general and the problems encountered by the travel company in handling the umrah package.

## Research Problem

To date, there are 69 umrah package companies registered in Malaysia. The operation of these registered companies must be in accordance with the MPPU guidelines provided by JAWHAR which has been mandated by the government.

Nevertheless, there are many issues and problems involving the operation of the company and the umrah package that have been reported. Among them, a report from Astro Awani dated January 9, 2018 mentioned that 10 umrah package agents were accused of abusing, cheating, profiteering, and conducting vague package operations. Meanwhile, an umrah package agency was allegedly charged for deceiving 15 prospective pilgrims, causing them to be stranded at the Kuala Lumpur International Airport (KLIA), and was found not registered with the Ministry of Tourism and Culture [8].

Apart from that, there is also a syndicate offering cheap umrah packages which is actually a scam by using the statement "servant of Allah offers umrah package" by only paying RM3,000 and the rest is sponsored by individuals calling themselves 'Servants of God'. [8]

Another report reveals a total of 35 individuals lost RM1.6 million after being cheated by a travel agency based in Shah Alam, Selangor, using the VIP Hajj Package on Furada visa. All the victims who were supposed to leave for the Holy Land last August were reported stranded due to visa problems and flight issues. It was also reported that the agency involved was found not to have a pilgrimage manager license and an umrah license. [8]

In addition, about 200 pilgrims scheduled to depart to perform umrah, were stranded at KLIA after their flight was delayed due to a landing permit by a special charter airline to bring the delegation was not obtained. [9]

A total of 250 umrah pilgrims in the country were reported stranded at a hotel in Mecca for about a week after having technical problems with the airline, Mega Maldives Air. The pilgrims, who were mostly from Johor, left to perform umrah on 11 December and were supposed to board a flight back to Malaysia on 23 December [9]. Based on these issues, some key factors that lead to the problems are formulated. Firstly, the confusion in the process of registration as an umrah organizing agency,

secondly, the unclear contract between the umrah organizing agency and the Embassy of Saudi Arabia, and thirdly there are weaknesses in management which include the issuance of invalid visas as well as middlemen problems in management.

### **Literature Review - Handling of Umrah Packages**

Based on the research, studies related to umrah can be divided into five main discussions. First, the studies that examine the umrah packages offered. Among the elements discussed are solutions to problems related to travel packages including umrah packages. Siti Aisyah Samudin and Zalina Zakaria [20] examined the existing law as a guideline in formulating a tourism scheme and to control and protect society. This is because the existing legal provisions are sufficient to prosecute non-transparent parties while protecting the rights of the contracting parties. In addition, a study that examines the effectiveness of umrah packages to the quality of umrah as conducted by Oktora and Achyar [15], While Kamal, Zawawi, & Abdullah [5] consider travel agency companies that offer umrah packages as an entrepreneurial medium among the community.

Second, studies that examine web-based and online umrah management information systems. Among them are studies by [21]. All these studies discuss specific web-based applications in managing umrah packages.

Third, studies that examine the management and operation of companies that offer umrah packages. One of them is a study conducted by Ab Rahman who examined the management and operation of al-Quds Travel Shd. Bhd, using a participatory observation approach, subsequently found problems related to the operation of the company. Among them, internet online disruptions and lack of management skills among employees. In addition and studied the implementation of umrah packages offered by Lembaga Tabung Haji Malaysia and its comparison with Elmona Travel & Tours Sdn Bhd.

Fourth, studies that examine the concept of umrah in various angles. Among them is a study by Mapjabil, Razak, Marzuki, and Zainol [10]. This study concludes that the concept of Islamic tourism involves the journey of an individual out of the residence for a certain period for religious or spiritual purposes. So umrah can also be discussed as a concept of tourism in Islam. Next, the study of Rahman and Lina Munirah & Hairul Nizam [7] examine the potential and challenges in developing Islamic tourism in Malaysia and the researchers discussed on the umrah package as one of the elements of tourism in Islam. Among the strategies that can promote Islamic tourism in Malaysia, especially the umrah package is the ability to converse in Arabic [8]. While the study of Zainal & Siti Hasnah [21] on the other hand examines the concept of umrah

as a practice of sunnah when performed repeatedly and compared to the practice of alms, which is also a practice of sunnah.

Fifth, there are also studies that examine the mutawwifs who are directly involved in handling the pilgrims performing umrah. In fact, this group is increasing with the availability of umrah packages throughout the year. Zainal & Siti Hasnah [20] found several factors that motivate mutawwifs to involve in handling umrah pilgrims. These factors include intrinsic factors such as the hereafter, self-satisfaction, values and spiritual strength, and extrinsic factors which include high rewards, compensation and the trust and commitment from society. Even recently there have been studies that show the move towards the Industrial Revolution 4.0 where mutawwifs are created in digital form. Among the studies are Khan and Shambour, bin Sahrir, Yahaya, Ismail, Zubir, and Ahmaddan Sahrir, Yahaya, Zubir, and Ismail.

## **Methodology**

This study uses qualitative method namely content analysis of literature and interviews with three umrah company owners in Kedah namely Daurah Travel Company, az-Zuha Travel Company and al-Nile Travel Company to achieve the objectives of the study.

Content analysis was implemented to analyse the data obtained for this study. The content analysis approach was used to systematically examine and explain the meaning of the content from the document studied as well as the findings from the interviews [13].

Interviews with three owners of the company involved were also conducted. According to Patton [16], there are three types of interview techniques namely formal interview, informal interview, and open interview. Similarly, Fontana and Frey [2], Merriem [12] stated that there are three types of interviews, namely structured interviews, semi-structured interviews, and unstructured interviews.

In this study, the researchers used a semi-structured interview. This is because according to Merriem [12] the semi-structured interview is flexible, thus this situation allows the respondent to describe what he thinks during the interview. Moreover, the use of structured interviews aims to gather accurate information such as sociodemographic information, age, income, marital status, level of education and so on.

## Research Results and Discussion

From the results of the interviews with the three owners of umrah companies, it was revealed that in the early stages of setting up the company, they were required to apply for a company establishment license with the Companies Commission of Malaysia (SSM) and the setting up of a Sdn Bhd company was managed by the company secretary. The establishment of the company required at least two shareholders who are also the people in the company. The company secretary will manage the whole registration processes from the initial stage of the registration of the company establishment until its completion by placing the paid-up capital into the company account of at least Ringgit Malaysia 50 thousand which will be used in the business operations of the company. Once the establishment of the company is completed, the business operations can be started and all forms of operation must follow the guidelines set by JAWHAR, or otherwise, their licence could be terminated anytime.

### Problems Faced by The Tourism Companies in Kedah

#### *Competition Between Travel Companies*

Based on the interview with the owner of Az-Zuha Travel company, several problems faced, including high competition between Travel companies. This results customers to compare package prices offered between travel companies. However, according to the first informant, the competition is normal in the business world which demands entrepreneurs to be more creative and innovative in facing such competition.

According to Nor Aini [14], such entrepreneurs are considered as those who are willing to bear the risk and the foremost. To solve this, packages provided should be scrutinized so that they are offered with the lowest price as possible yet make a little difference compared to other companies' packages. This is in line with [17], [1] who said that the two main strategies to strengthen competitiveness are low cost and productivity differences. In addition, the way to deal with the competition is:  
First: Confidence in Allah as a source of sustenance. Second: How we serve customers.

Third: Free gifts will be given if registered as an umrah pilgrim.

According to the second and third informants, the competition between travel companies is the main reason for the company's ups and downs. In facing this situation, the use of the latest applications should be adapted to promote umrah packages in line with current demands such as the use of whatsapp, telegram, facebook and so on. Furthermore, using this approach, the impact is greater as the

scope is borderless.

According to Kim Ling Geraldine Chan et al. [4], Internet-based businesses are gaining popularity as a means of wealth creation and property acquisition in various aspects of the world today. In addition, Seo et al. [19] stated that new factors such as skills, workplace management, ICT and knowledge are becoming very important in the modern economic world to continue to compete.

### *Mutawwif problem*

According to the first, second and third informants, the common problem faced by his company is to maintain the mutawwifs. Usually, umrah companies will appoint mutawwifs among celebrity speakers because they are liked by many and can therefore influence customers. But the risk is that the mutawwifs might not stay for long with one company. This is because there are other umrah companies who are always trying to get them to work with them by offering bigger rewards.

In these days, it is undeniable that the celebrities can influence the customers, in any field including the mutawwif factor. According to Kaplan and Haenlein [6], an influential individual is someone who has a high social status on social media. They also play an important role in shaping consumer decisions when buying something [3]. In addition, they are also able to influence consumers to be influenced in purchasing decisions, especially through social media [9].

### *Problems getting an umrah visa*

The Ministry of Hajj of Saudi Arabia has introduced the rule that in order to obtain an Umrah Visa, one must go through a Muasasah who is appointed by the Saudi Arabia government. This means that the Travel Agency (TA) in Malaysia must sign an agreement to be under the auspices of the Muasasah of the (TA)'s choice. Most importantly the (TA) must provide a Bank Guarantee of one hundred thousand to sign this agreement. For companies that cannot afford to make this deal, they must go through a larger travel company.

However, some big companies are dishonest and do not present the visa to the small company as promised at the last minute. If this situation occurs at the last minute, then the process of umrah must be postponed. This impacts the name and image of the umrah company that operates the umrah package thus brings bad impression on the company to the community, whereas this is the fault of the company that acts as the middleman to get the umrah visa.



### *Covid-19 pandemic outbreak problem*

Based on the interviews with the first, second and third informants, they stated that the most massive impact on the company, especially in 2020, is the impact from the covid-19 pandemic. During this period, the holy land of Mecca was temporarily closed for umrah and hajj activities. Thus, most umrah companies were unable to operate as they were not able to pay for the high costs including shop rent, employee salaries, utilities and so on.

According to the third informant, some of their staff are already looking for other jobs such as marketing officers, hawkers and so on. This critical situation has also been acknowledged by the Vice President of the Umrah and Hajj Unit, Association of Tourism and Travel Agents (MATTA) Malaysia, Mohd Azri Abd Razak. According to the Malaysian Institute of Economic Research (MIER), it is estimated that 2.4 million Malaysians are likely to lose their jobs due to the COVID-19 pandemic.

According to the Daily News Report [8] 79 percent of job losses occur in five states, namely Selangor, Kuala Lumpur, Johor, Kedah and Penang. According to Mohamed Farid Noh [11], the state of Johor alone has recorded a total of 15,597 employees experienced salary reduction and had been terminated from their jobs during the period of the Movement Control Order (PKP). This has resulted in an increase in unemployment, especially in the services sectors such as food and beverage, agriculture, as well as the construction sector [18].

Among those who are severely affected are private sector employees because they do not have a fixed source of income other than earning a salary from their employers while their employers had to stop their business operations causing workers to be terminated, for instance, the Four Points Sandakan Hotel in Sandakan, Sabah which had to be closed due to the economic downturn and lack of services demand in the sector which resulted in the cessation of operations of the company and all its employees.

It is clear that the impact of COVID-19 has caused various important sectors of the country to close down, resulting in the country's economic downturn and causing Malaysians to lose their jobs and become unemployed for a relatively long period of time.

## Conclusion

Overall, the umrah package operation recorded a significant increase every year in Malaysia, including in the state of Kedah. However, there are some issues that arise due to several main factors, such as the competition between travel companies, mutawwif problems and the impact from the covid-19 pandemic epidemic. Although these factors place a huge impact among the players of the umrah industry, especially in Kedah, but it could be overcome by the domestic tourism.

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