**Measures taken by the hoteliers to overcome the Covid-19 impact**

Noor Azimin Zainol*
Nurhazani Mohd Shariff
Langkawi International Research Centre for Tourism & Hospitality, School of Tourism, Hospitality & Event Management, Universiti Utara Malaysia (UUM)
azimin@uum.edu.my
hazani@uum.edu.my

Eshaby Mustafa
School of Tourism, Hospitality & Event Management, Universiti Utara Malaysia (UUM)
eshaby@uum.edu.my

**Proposed citation:**

**Abstract**
The hotel industry which supports the tourism industry, plays a crucial part in Malaysia’s economic development. Unfortunately, the outbreak of COVID-19 had brought huge losses towards the tourism industry, both locally and globally in terms of cancellation of all related activities concerning travel and tours, including accommodation. Many researchers have attempted to highlight the effects of COVID-19 pandemic on various sectors, however limited studies have been conducted to address how the hospitality industry mitigate this situation to recover and revive the hospitality industry. Recent reported figures lack of empirical and academic underpinning. This paper aims to fill the gap. It is thus imperative to examine the measures being done by hoteliers in order to overcome this unprecedented scenario. Therefore, this study’s aim is to highlight the measures taken by the hoteliers to overcome the ongoing COVID-19 impact in terms of staff employment, working terms and hotels’ loss of revenue. A qualitative research was deemed applicable to be conducted to investigate this scenario. The data collection was founded based on the Grounded Theory approach and feedback was collected through semi-structured interviews among 15 staffs from the Food and Beverage, Accounts and Front Office departments which were selected using purposive sampling from five different hotels in Penang. The findings showed that all informants have come to the agreement that the measures taken by their hotels to overcome the COVID-19 impacts in terms of staff employment and working terms was to lower down the hotel operation cost. This was done by reducing the number of employees and also reducing staffs’ salaries. Apart from that, other measures taken by the hotel management to overcome the pandemic’s impact include increasing room sales, venturing into other services, and extending bookings for events. The findings of this study have some practical implication towards fellow hoteliers as they could adopt similar strategies in their respective hotels in coping with impacts of COVID-19.
1 Introduction

1.1 Background of the Study

Tourism has been the third largest contributor to the Malaysian Gross Domestic Product (GDP), after the manufacturing industry and the commodities industry. It was in 2018, that this sector contributed nearly 5.9 percent of the total GDP of Malaysia (Statista, 2020). In the recent years, not only has the tourism industry within Southeast Asia experienced significant levels of growth; but Malaysia has also invested a lot to be able to capitalize on this trend. However, at the end of December 2019, news of an infectious disease had brought uproar around the world. The newly discovered disease, known as COVID-19; was believed to have started in China, which then spread fiercely throughout the other countries in the world, and this is believed to be due to the mobility of tourists travelling inbound and outbound.

COVID-19 had brought huge losses towards the tourism and hospitality industry, both locally and globally. Yang, Li, Lau and Zhu (2021) mentioned that COVID-19 took its toll on hotels with an unenviable task of maneuvering to secure their survival. As per shown by Figure 1, in terms of tourism growth levels, it was seen that fewer number of tourists were forecasted to travel for year 2020 due to COVID-19 threat, despite a steady growth in international tourism for the past 10 years (Malik, 2020). Similar situation was encountered in year 2003 when the world was faced with the Severe Acute Respiratory Syndrome (SARS) outbreak. Nevertheless, the industry bounced back quickly within a year or so as SARS only affected a small number of countries, as compared to COVID-19 which has now been declared as a world pandemic. Thus, a deeper nose dive is expected in international tourism with a longer period for recovery following this current pandemic.

![Coronavirus impact on tourism industry](image)

Figure 1: Tourism growth levels 2001 to 2020 (Malik, 2020)

The Malaysian hotel industry has been forced to lay off employees, with many more being given unpaid leaves as well as many being given pay cuts as the Malaysian hotel
sector buckles in the aftermath impacts of this COVID-19 pandemic. The Malaysian Associations of Hotel (MAH) has projected revenue losses worth nearly RM560.72 million during the first Movement Control Order (MCO) in 2020, with the hotel occupancy rates fell to a very dismal 11%. It was also recorded that data on impacts of COVID-19 towards the hotel industry in Malaysia has shown that as per March 20th 2020, from a sample size of over 56,000 hotel industry-based employees, nearly 2,050 people had been laid off, 10,000 had been asked to take unlimited unpaid leaves and a further 5,000 received salary cuts (Mahalingam, 2020).

According to MAH, the impact of the COVID-19 outbreak has resulted in the cancellation of over 157,000 hotel room bookings which brings to the equivalent loss of RM66 million in terms of revenue as of Feb 17, 2020. In another note by MAH, at least 120 hotels have ceased operation either temporarily or permanently due to this pandemic, with RM11.3 billion worth of losses being suffered by the hospitality industry and mounting. Clearly, this pandemic has brought a lot of impacts towards the hospitality industry. It is timely that necessary measures be forwarded to counter the impacts of this pandemic to prevent more losses and hence regain survival of the hotel industry. Therefore, the study is focused on identifying the actions taken by hotel operators in Malaysia to survive the direct impacts of COVID-19 towards the industry by exploring the measures being implemented by hoteliers to mitigate the pandemic’s effects.

1.2 Problem Statement

Many researchers have attempted to highlight the effects of COVID-19 pandemic on various sectors (Bonaccorsi et al., 2020; Ashraf, 2020; Baker et al., 2020), however limited empirical studies have been conducted to address how the tourism and hospitality industry mitigate this situation to recover and revive the industry. This is also supported by Yacoub and ElHajjar (2020), who conducted a study to address the managerial reactions of the hotel industry during the COVID-19 pandemic and the potential strategic approaches that hotels might adopt in the future. Although there were quite a number of recorded figures and measures done by hoteliers being addressed in printed medias especially newspapers recently, however these figures lack of empirical and academic underpinning. Thus, this paper aims to fill the gap in research that maps a way forward as a guide to recover and revive the hospitality industry.

Tourism industry is one of the biggest contributors towards Malaysian economy, with the hotel sector being an important chain of the industry. This is because the industry supports the tourism industry by providing accommodation for travelers. Unfortunately, the outbreak of COVID-19 had undermined the tourism industry and indirectly towards the hotel industry. According to the report by The Star Malaysia, Malaysia recorded a massive drop of 83.4% in tourist arrivals in 2020. The country recorded a total of 4,332,722 international tourist arrivals last year, a marked decrease from the 26,100,784 tourist arrivals recorded in 2019. This is due to the closure of Malaysian borders since March 18, 2020 due to the spread of the COVID-19 pandemic.
In conjunction to this, tourist receipts also plunged by 85.3% from RM86.14 billion in 2019 to RM12.69 billion in 2020.

Year 2020 which was supposed to be a big year for Malaysian tourism due to the launching of the most awaited Visit Malaysia 2020 campaign, has been the worst year ever for the industry. The anticipated campaign was withdrawn, with movement restrictions were imposed in Malaysia, both inbound and outbound. Initially, the hotels and airlines were expecting around 30 million domestic and international tourists with an estimated revenue of USD$21.5 billion, however, COVID-19 had halted people travelling worldwide. Sadly, this has not only resulted in postponement of major events involving mass gatherings and tour activities in connection to Visit Malaysia 2020 campaign, but also caused the worst crisis that Malaysian hotel industry has ever faced.

Although some hotels were still occupied as quarantine centers during the MCO period, a majority of the hotels had experienced tremendous decline in guest occupancy rates, resulting in massive loss of revenue. Thousands of staff were either given unpaid leave, subjected to salary cuts or even get laid off as the hotel industry is considered as a non-essential service segment, and was not allowed to operate during the MCO period. Many hotels including renowned ones had no better choice than closing their doors due to sudden loss of business during the peak of the pandemic, including the long-standing five star hotels, The Royal Chulan and Istana Hotel in Kuala Lumpur. As previously stated by MAH, the hospitality industry lost RM11.3 billion since the pandemic, with at least 120 hotels have either temporarily or permanently ceased their operations due to this pandemic.

Accommodation industry plays a crucial part in Malaysia’s economic development. Thus, it is critical to know and understand the strategies taken by these hoteliers to survive during this pandemic as the information gathered would be useful as strategies to be adopted or improvised for other players in the industry who are still struggling to overcome the challenges of COVID-19 towards their business operations. The collected measures could assist in other hotels to construct their action plans for their business survival.

In addition, a study to explore the measures taken by these hotels in order to fight the impact of COVID-19 pandemic is worth conducting as data collected would inform the authorities on the appropriate support that could be provided to assist post-COVID recovery of the hotel industry in Malaysia. As human resources is a critical element in hotel operations as they represent the highest cost percentage in terms of operational cost, it is imperative to examine measures that can be taken to reduce this cost. Therefore, the aim of this study was to identify the measures taken by hoteliers to mitigate the impact of COVID-19 in terms of staff employment and working terms, in addition to reducing hotels’ loss of revenue by utilizing the Grounded Theory approach.
2 Methodology

This study is exploratory in nature as not many research has been done regarding this issue, especially concerning the staff employment, working terms and hotels’ loss of revenue. Thus, this study seeks to enquire the richness of informants’ responses regarding the measures taken by hoteliers’ to mitigate the impact of COVID-19 towards the hotel industry. Therefore, qualitative method was being applied to seek the abundance of informants’ responses regarding the purpose of the study. The data collection was founded based on the Grounded Theory approach, a methodology initially introduced by Glaser and Strauss (1969). Grounded theory purports that the collected data based on informants’ feedback will be utilized to create theories, and according to Strauss and Corbin (1998), relevant aspects could be discovered under specific social fields when utilizing this theory. Consequently, they purported that when adequately employed, the methodology fulfills all the requirements of rigorous scientific research.

Although Grounded Theory does not necessarily produce a formal theory every time it is applied, it has aided in constructing conceptual analyses of a particular experience. Thus, in utilizing this theory, feedback from the informants was collected through semi-structured interviews and there were 15 hotel staffs who participated in this study, which were selected using purposive sampling from five different hotels in Penang. Cresswell, Klassen, Plano Clark and Smith (2011) also stated purposive sampling involves identifying and selecting individuals or groups of individuals that are especially knowledgeable or experienced with a phenomenon of interests. This is according to Galvin (2015) who purported that a minimum number of 14 informants would be sufficient for estimating the number of interviews needed to find any themes, assuming a random sample.

These 15 staff has an equal number of staff from each department (Food and Beverage, Front Office and Accounts departments). Out of this, eight were male staff (53%), while seven were female staff (46.7%). From the eight male staffs, 50% were working in the Food and Beverage department, whereas from the seven female staffs, only 14% were attached to Food and Beverage department. The remaining 50% of male staff were attached to Accounts and Front Office departments, with 25% staff in each department. From the remaining 86% female staff, 43% staff were working in the Accounts department and 43% staff were from the Front Office department. There were 47% of Malay informants, followed by an equal percentage (26.7%) of Chinese and Indians informants, respectively.

The informants were attached to five hotels with different star ratings, with Hotel A=1 star, Hotel B=2 stars, Hotel C= 3 stars, Hotel D= 4 stars and Hotel E = 5 stars. All the five hotels were located around Penang island which is a hub for hotels in the northern region of Malaysia. Hotel A, C and D are located near Tanjung Bungah/ Batu Feringgi while Hotel B and E are located near Georgetown. It is to note that the hotels have been labelled anonymously for this study due to confidentiality issue. The data collection
process took approximately six working days, with an average of three participant interviews conducted daily.

The information gathered through the data collection process was then analyzed thematically in accordance to the research aims. The first step in analyzing qualitative data includes transcribing the responses of the 15 informants from their respective interview scripts. The verbatim transcripts were read several times to uncover similar key words or recurring terms. Such phrases/sentences from the verbatim transcripts were extracted and coded accordingly. During the coding process, the codes were constantly compared and refined until the themes emerged from the data. Following this, tables and figures were used to present the emerged themes from the data. Excerpts of responses with emphasis on key terms of the research were also used to support the emerged themes wherever necessary.

3 Findings

As mentioned, the objective of the study was to highlight the measures taken by the hoteliers’ to mitigate the impact of COVID-19. 15 informants were interviewed during the data collection process. The questions posed were channeled towards getting feedback based on two conditions – in terms of staff employment and working terms, while the other issue explored was regarding the steps taken by the hotel management in order to reduce hotels’ loss of revenue.

For the steps taken by the hotel management to cope with the impacts of COVID-19 pandemic in relation to staff employment and working terms, all 15 informants gave the same response which is themed as “lowering the cost of operation”, and the emerged theme is graphically represented below (Figure 2).

![Figure 2: Consensus theme in terms of staff employment and working terms](image)

Based on the responses of informants, two sub-theme strategies were found to be practiced by the hotels under the theme “Lowering the cost of operation”. The first strategy to lower the hotel operation cost was to reduce the number of employees working in the hotel, while the other strategy was to decrease their salaries. Based on these sub-categories and further information collected by the interviews, it was seen
that approximately 67% informants mentioned that their respective hotels lowered their operation cost by reducing the number of employees by stopping the hiring of part-time staffs and implementing staggered or flexible working schedule in their daily operation.

This could be supported by the following quotes:

“...our management implemented staggered working hours to reduce the number of employees at a time in the hotel...” (Informant 2)

“...my management stopped taking in part time workers ...” (Informant 9)

“...we followed staggered working timetable, meaning, each of us go for leave and come back to work at different times, so that there will be minimum number of employees at the hotel...” (Informant 12)

On the other hand, in terms of decreasing staffs’ salaries, around 33% informants mentioned about unpaid leaves and salary cuts as other ways to cut the hotel operation costs, as per observed in the following excerpts:

“...many employees were sent for unpaid leave for cost cutting...” (Informant 4)

“...unpaid leave was the only choice. They wanted to retain their staff at the lowest cost possible...” (Informant 5)

“...until now we are still working with partial salary and no allowance. ...” (Informant 6)

Further, data was analyzed regarding the second condition which examined on what are the steps taken by the hotel management to mitigate the impacts of COVID-19 pandemic, in terms of hotel’s loss of revenue. Following this question and careful iteration of the interview transcripts, three themes emerged based on the informants’ feedback. The emerged themes for responses obtained were listed in Table 1 to signify the frequency the themes were mentioned by the informants, while the themes were also graphically represented in Figure 3.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase room sales</td>
<td>I1, I2, I4, I5, I6, I7, I10, I14, I15</td>
</tr>
<tr>
<td>Venture into other services</td>
<td>I3, I8, I11, I13</td>
</tr>
<tr>
<td>Extend bookings for events</td>
<td>I9, I12</td>
</tr>
</tbody>
</table>
Based on Table 1, there were three themes which emerged for steps taken by the hotel management to cope with the impacts of COVID-19 pandemic, in terms of loss of revenue. The themes were termed as ‘Increase room sales’, ‘Venture into other services’, and ‘Extend bookings for events’.

It was found that there were 60% informants stated their answers under the first theme, “Increase room sales’. The informants mentioned about how the hotel used several strategies to increase room sales and hotel occupancy. According to Informant 1, Informant 6, Informant 10 and Informant 4, rooms were sold at a lower price, whereas Informant 7 mentioned about offering rooms with complimentary items to encourage guests to stay longer at the hotel, in a bid to increase room sales as measure to counter during this pandemic. These feedback was supported by the following excerpts:

“…room rates were reduced to encourage people to come and stay at the hotel…” (Informant 1)

“…We promote such rooms at lower-than-normal price to attract guests…” (Informant 6)

“…we offered more discounts if guest stays longer…” (Informant 14)

“… we had ‘pay now stay later’ promotions, whereby guests can buy the rooms much earlier than actual day of check-in at discounted price…” (Informant 10)

“…rooms are sold with complementary items such as fruits, soft drinks and local delicacies for tea/supper…” (Informant 7)

For the second theme, ‘Venture into other services’, 27% informants stated that the hotel focused on other products especially food delivery as an alternative to generate revenue. According to Informant 8 and Informant 13, the demand for food delivery services by their Food and Beverage helped the hotels to sustain their businesses during the pandemic.
“...we focus on food delivery services as it gained high demand, especially from those working from home. ...” (Informant 8)

“...the hotel’s F&B was making money through take-away and delivery orders. That helped the hotel to survive the worst time...” (Informant 13)

For the third theme, “Extend bookings for events’, 13% informants stated that the hotel allowed clients to extend the bookings which were made earlier for event halls to customers’ preference new dates without additional payments in order not to lose potential revenue. These can be seen by these excerpts:

“...instead of cancelling the bookings, we encouraged clients to extend the booking of halls and conference rooms to infinite dates ...” (Informant 9)

“...our hotel offered clients the facilities to extend bookings they made for events without additional charges...” (Informant 12)

4 Discussion

The Grounded Theory approach which acts as the underpinning theory for this study has provided the necessary conceptual underpinnings in terms of some practical measures which could be replicated by other hoteliers in the case of any pandemic. Overall, based on the informants’ feedback during the interview sessions, they were aware and knowledgeable about COVID-19 and they were also able to highlight the steps taken by the hotel industry in mitigating the impacts of COVID-19 towards the employment of staff and working terms, and also how to reduce the loss of hotel revenue.

In terms of staff employment and working terms, the hotels adopted the strategy of reducing the number of employees, which in turn reflected on their respective salaries to be reduced. This was conducted as an approach towards lowering the operation cost of the hotels. In regards to this, the hotels stopped hiring part-time staff, offered unpaid leave and imposed pay cuts on their existing staff. By taking these measures, the hotels may reduce the cost incurred for salaries of their employees. Besides, the hotels also opted for the implementation of staggered working hours. Staggered working hours helped to reduce the number of staff working in the hotel at a time. This may help hotels to reduce the payment of allowances and wages to their staff. On top of that, with less staff around, social distancing could be practiced more effectively among the staff to adhere with the government’s social distancing policy thus reduce the incidence of COVID-19 infectiousness.

In terms of avoiding the potential loss of revenue, the measures taken by these hotels to fight the impacts of COVID-19 include increasing the room sales, venturing into other services and extension of bookings for events. Several strategies were used to increase room sales at the hotels. In this context, one of the most commonly used strategies was selling the rooms at a lower price. Offering rooms especially premium standard rooms and suites at cheaper prices in advance may help to attract more
potential guests once the travel restrictions are lifted. According to a study by Rodríguez-Antón and Alonso-Almeida (2020) on post-COVID recovery of hotel industry in Spain, redirection of hotel marketing and sales programmes and promotional packages are deemed to be the most essential step towards revenue generation. There were discounts given for longer stays at the hotels as well. Some hotels even offered complementary items such as breakfast or other in-house dining offers. These promotions were deemed necessary because there had been a price war among hotels in selling their rooms. As such, hotels that are more creative and innovative, will be able to offer the most competitive prices for their rooms thus may secure more sales and generate higher revenue.

The hotels also diversified their businesses into other value-added services as an alternative to generate revenue. This includes food delivery service. Now, with many governments prohibiting Food and Beverage outlets from opening for dine-in guests, the food delivery business has been gaining popularity. As the Food and Beverage sections of the hotels were also closed for dine-in due to MCO, the food and beverages were sold to public using food delivery and take-away services. These measures have ensured that the hotels were still able to generate some revenue through their Food and Beverage department by leveraging extra capacity in the kitchen to prepare meals that are ordered and delivered through online food delivery platforms. Yang, Li, Lau and Zhu (2021) purported that one of the contingency measures of China’s five-star hotels is to salvage revenues during COVID-19 pandemic is by entering online-to-offline (O2O) food delivery platforms.

There were also instances whereby a few hotels have also opened up their Food and Beverage operation outside of their hotel premises, whilst also offering stall-like prices to increase the volume of sales. This was in agreement to Hu et al., (2020) who stated that hoteliers need to consider alternative revenue streams from the various hotel operations when the usual business from room sales was badly hit by COVID-19. Hotels must take on the challenge to develop diversified products from its existing resources such as food delivery service, laundry services and limousine services to generate income. Apart from that, hotels may also consider selling its range of products such as bathrobes, beddings, towels, toiletries and electronic products on e-commerce platforms.

Besides, some hotels also offered an extension for all bookings made for events at their hotels without any additional charges. This helped the hotels to secure the potential revenue which would otherwise be lost if the guests cancel their bookings due to having new dates of the events. By doing this, the hotels may also potentially generate more revenue from the banquet services which usually cater for the events. Similar strategy had been reported by Solomon (2020) and Ranasinghe et al., (2020) in business recovery of hotels in Ethiopia and Sri Lanka, respectively due to COVID-19. According to these authors, flexibility is one of the primary marketing ‘tools’ as it will help to attract potential business. This includes allowing guests to move a booking to a new date in compensation for emergency cancellations and offering flexi-rates for event venues. By offering flexibility to the guests, hotels can enhance their confidence to make
bookings for accommodation, as many of them may be worried about penalties they have to pay in the case of cancellation.

In regards to this, hoteliers may look into the adoption of appropriate marketing models in order to increase sales and revenue. For instance, Aburumman (2020) have proposed Kotler’s extended marketing mix model as a framework of choice for hoteliers to optimize their performance in the post-COVID market. Thorough demand and profitability analyses on the 5Ps of this model (product, price, people, promotion and place) are expected to highlight the business recovery opportunities in the different market segments. A study on the hotel managers’ perceptions and strategies to recover from the COVID-19 pandemic by Herédia-Colaço and Rodrigues (2021) also suggested hoteliers’ to develop marketing initiatives such as rendering long-term vouchers to increase sales. This measures may provide some basis for theoretical contribution for this kind of study, especially concerning the unique nature of the hospitality industry.

5 Implications of the Research

COVID-19 crisis is seen as making unprecedented effect on hotels around the world. Thus, adequate groundwork by researchers should be done to strengthen the theory and knowledge in this area to help in building the resiliency of hotels and achieve effective post-COVID recovery. In this regard, the undertaken research has practical implications towards the hotel industry in terms of strategies to overcome the challenges faced due to COVID-19 pandemic. The findings of this study especially on how the different hotels coped with impacts of COVID-19 from the aspect of staff employment and working terms, in addition to mitigating the loss of revenue that might be caused by the pandemic could be a good source of reference for industry players.

It has become critically important now for the hoteliers to look into ways to maintain the operation of its facilities at the most economically feasible scale despite the plummeting demand for accommodation. This is to ensure continuity of business, apart from generating considerable amount of revenue to sustain its facilities, employees and potential influx of guests. Thus, the management of hotels which are equally affected by COVID-19 may consider and adopt similar measures implemented by their counterpart hotels as part of their efforts to withstand the current challenges.

For instance, strategies such as offering unpaid leave, pay cuts, reshuffling of staff work schedule and implementation of staggered working hours may provide a better solution for employee management during the pandemic instead of retrenchment, as this would help the hotels to retain its talents and manpower until the situation improves in future. On the other hand, alternative services offered by the affected hotels such as food delivery or even renting their parking lots may also be adopted by other hoteliers in order to diversify their ways of generating income as room sales takes a nosedive (Solomon, 2020). This would help the hotels to survive financially during the pandemic.
The findings of this study also have practical implication towards the authorities and ministries responsible for the operations and sustainability of hotel industry during the strike of COVID-19. The information gathered through this study may inform the relevant authorities and ministries on challenges faced by the hoteliers which urgently need their interventions, both for short and long-term sustainability.

6 Conclusion

As a conclusion, the responses gained from the informants on the measures taken by their respective hotels were seen as timely in mitigating the impacts of COVID-19. They had expressed their concern regarding the pandemic and how it affects their job security, especially in terms of their working terms, staff employment and potential loss of hotel revenue. A loss of hotel revenue will therefore affect their job security in the medium and long term. The survival of hotels depends heavily on the demand for their services and products. It is so unfortunate that the pandemic had resulted in significantly lower revenue to these hotels from their usual businesses.

Although there had been financial incentives provided by the government for short-termed survival of all affected hotels, yet it is insufficient for long-term recovery of the industry. Further, there is high ambiguity on recovery of the industry among the staff and they highlighted their expectations on government’s intervention to boost tourism activity. On overall, the findings managed to adequately answer the research aims of the undertaken study and provide useful insights on measure undertaken by hoteliers to mitigate COVID-19 impact which supported the existing literature gap. Hence, it has become critical to conduct researches similar to the undertaken study in order to identify and highlight the strategies that will help the hotel industry to sustain their businesses, specifically in more focused areas of hotel operations. Thus, this will aid in conveying some innovative ideas as alternative strategies in redesigning Malaysia’s tourism landscape amidst this challenging situation.

7 References


Galvin, R. (2015). How many interviews are enough? Do qualitative interviews in building energy consumption research produce reliable knowledge?. *Journal of Building Engineering, 1, 2-12.*


