

Challenges and Sustainability of Hotel Industry amidst the Pandemic: “A Survival Quest”

Alex Labial Señara,

D.M., Director for Quality Assurance Management Center,

MJ Shairah Mae A. Tabas,

TLE., Faculty of the Tagoloan Community College, Tagoloan, Misamis Oriental, Philippines, 9000

Abstract: *The challenges and sustainability of hotel industry amidst the pandemic: a survival quest faces problem on economic gain wherein realizing it can be attainable when business and environment resume to normal and people are responsive and if there is a diversification strategy. Government must find ways and facilitate different employment options to answer the need of the growing unemployment rate during this pandemic times. There should be an agreement between the government and people to meet halfway and effective implementation on travel restriction as we faced the test of time during this pandemic. Flexible means of applying the quarantine protocol are needed giving places not severely hit by this pandemic to operate the business in full capacity in making the economy grow. Extending support to hotel business is needed for them to be able to restore their enthusiasm and focus more on strategic activity for economic recovery.*

Keyword: *Challenges and sustainability of hotel industry amidst the pandemic: “a survival quest”*

I. Overview

Hotels are considered to be one of the many major revenue contributors in the country and considered as part of the economic threshold that helps in stabilizing the country's social standing. It was then perceived in the earlier time before the pandemic as an arm in terms of generating revenue. Sadly, in the earlier part of July up to the present, this industry type is becoming worst in terms of performance due to the devastating impact brought about by the pandemic. Without a doubt, these industries are among the many sectors that experience a very unfavorable environment wherein areas such as 1) **Economic gain**, 2) **Retrenchment**, 3) **Travel restrictions**, 4) **quarantine requirements**, 5) **health protocols**, and 6) **government control measures** are contributory to affect their business efforts. The closing of borders, airports, mass gatherings, and other related activities across the universe put a large margin of the workforce at risk. As reported in the first quarter of 2020, the time when the sudden implementation of travel restrictions results in discomfort on the part of the business and the stakeholders. The Philippines as tourist destinations experience a nightmare when the implementation of these measures in full force makes businesses such as hotels cripple down beyond human imagination. It lessens down tourist arrivals due to lockdowns from the national down to the local levels resulting to displace workers that comprise the labor force. The government closes airports way back in March 2020 giving the chance of implementing different levels of quarantine measures that are believed to be the possible solution that prevents the spread of the virus. This clamor is global which means, common to other countries and the same feels the declining revenue comparatively on a year-to-year basis.

Given the travel restrictions and closure of businesses, revenue reduces as much as 50 percent. This is very alarming however, they were still confident that they can recover the test since they expect to normalize the situation by the next couple of months. Their prediction is somewhat an imagination since the devastation of the pandemic continues to prolong to an unpredictable time frame. The government restriction is still evident until this time which makes the hotel business continue to suffer since it has been noted that it is already more than a year now the pandemic spread. Different activity classifications were affected like lifestyle and up to the extent of financial since the most economic activity is banned. Earnings dropped which makes the hotel operators think deeply about finding ways to sustain their operations. The enforcement of different government restrictions resulted in closures of their operations and brings a summative loss to hotel operators.

The strong mandate from the Anti- Agency Task Force (AATF) on COVID-19 was disseminated to all levels. The hierarchy of the implementation of this mandate is inherent from the government agencies such as the Department of Health (DOH) and passes through the different government arms for strict compliance. With this, the continuing difficulty of this business nature continues thereby draining out resources and struggling which eventually waits for a miracle to drop and recovery can happen.

II. Methods

A qualitative method was used in this study and the researcher designed a structured questionnaire for the respondents to answer. The study randomly selected 50 hotels located in Cagayan de Oro City. The respondents of the study are all at the managerial level and include hotel operators/owners. Since the time this study was conducted, government restrictions are still in effect and the Inter-Agency Task Force (IATF) enforced policy, the mode of data gathering lies largely on the online platform. They were given equal opportunity to answer the same question where responses are recorded for further analytical review. Those respondents not available during the conduct of this study were interviewed using the social media platforms like calls by setting an appointment, Google meets, and even Skype whenever is convenient to respondents. Information gathered was carefully tallied and tabulated to ensure its veracity, credibility, and validity. The respondent's observation for twelve (12) months from June 2020 to June 2021 was used to benchmark some competent initiative in sustaining its operation. Reinforced data from other sources like the Department of Trade and Industry (DTI), and the Philippine Chamber of Commerce (PCC) were used as a supplementary sources of information making the study more meaningful. Some important information drawn from selective face-to-face interviews following the mandated safety protocol from the Inter-Agency Task Force (IATF) is carefully observed. The information gathered in this study is limited only to the randomly selected hotels in the city of Cagayan de Oro, Iligan City, and the Province of Misamis Oriental. Thus their executive reports received descriptively were triangulated to the ethnographic notes of the field researchers on the period specified. Since the study deals with the challenges and sustainability of the hotel industry amidst the pandemic: "a survival quest", the element of "truth" on the qualitative data, exchange of ideas, and other methods of generating prepondering shreds of evidence were carefully recorded.

III. Findings and Discussions

The challenges and sustainability of hotel industry amidst the pandemic: a survival quest, among the many considerable factors that contributory to affect the hotel business such as 1) economic gain, 2) retrenchment, 3) travel restrictions, 4) quarantine requirements, 5) health protocols, and 6) government control measures believe to be a factor that affects the desired goal of hotel businesses. Thus, the findings below are:

IV. Economic gain

Every business is established following the set desirable goals as part of the long-term objective of the firm. Meeting investment requirements, compliance with different requisites are in place to ensure having a sound operation. In business, the principle that *"every amount counts"* since the operating cost for a hotel business is somewhat high. Economic benefit can only be acquired through wise use of resources and avoiding or delaying capital cost necessary in the compliance of environmental statutes. In the advent of this pandemic, hotel operators find it difficult to sustain due to some statutory protocol wherein, adherence of the same greatly affects the business nature. This was all started when pandemic strikes and through varying government initiatives, curtailed gradual impact as it seems that the business crippled day-by-day. Due to **(COVID-19)**, travelers are experiencing global disruptions to their plans from flights being canceled. An order was disseminated to ban non-essential travel as a precaution for the potential spread of the virus by the Inter-Agency Task Force (IATF). All these are factors contributory in vain to hotel business alike and if it was prolonged, sudden stoppage of its operation possible to appear. Most of the owners find some remedial action just to sustain their operation. They shifted to a different option called manpower reduction by trimming the number of workers to keep with them; reduction of hours work just to sustain its daily operation. Many operators who were interviewed claim the same sentiments although they understand the situation however, they can't just let go of their business that easily. Government intervention comes along the way by utilizing some hotels as "COVID" facilities by allowing their space to be used as temporary shelter for those individuals subjected to a quarantine status. Through the government initiative, temporarily, operators have gained little breather in terms of earnings that will supplement their daily operating requirements. As of to date, there is no sign of ceasing the pandemic spread thereby expecting that there is no semblance that a country is pandemic free; hence, the fear of losing its business operation is at stake.

Meanwhile, the vaccination rollout is going on in the Philippines as reported by Philippine Daily Inquirer (PDI). The volume and the number of vaccines administered doses under the government's inoculation program summed up to seventeen (17) million marks latest report as of June 15 this year. This presentation showed that the government-administered a total of 7,045,380 doses of Covid-19 vaccines which represented by over 5.1million have so far received their first dose while more than 1.9 million individuals have been fully vaccinated. The turnout of the vaccine although as indicated in the figure that there is a reasonable number got vaccinated, the worry of hotel business owners is the certainty to normalize their operation. Since the claim of these hotel operators is somewhat in dilemma, the government should focus on fast and accurate imposition of this control measure (vaccination) hoping to normalize the business environment. Economic gain can only be attained if business resumes and the environment become energetic and people have the freedom to make their own choice in life. It is suggested that the government will invest much in diversification strategy making the abnormal life to normal.

V. Retrenchment

Keeping people in the organization is an ultimate goal for every industry since people are considered as irreplaceable resources that aid the firm in achieving long-term objectives. The role of these selected people as additional power of every institution is to fill in the gap that management is incapable to do. However, as the pandemic (COVID-19) invaded the environment which is considered unprecedented that brings crisis, forces business owners to let them go for the main reason that they could no longer afford to keep them despite the fact they are needed. Losing them away has a mutual effect; for the firm, cripples down its operation while in the case of the workers, putting their lives at risk. Many hotel owners when interviewed showed some sentiments of worrying considering that hiring and firing entail the same costs. It is considered as the last resort and can only be done when an uncontrollable event occurs and an immediate solution is hard to find.

Displace people affect greatly to the economic stability of a country especially in the aspect of government revenue generation through taxes. As the pandemic continues, it adds a burden to the government since they are forced to assist "aid" or (AYUDA) to augment their daily need for survival. This government initiative is just temporary since this move can dilute savings and derail the budget intended for national development. It also creates stigma to victims of circumstance and worsens the "glocal" (Global and Local) economy. The Philippines registered a total of less than five (5) million Filipinos who have lost their jobs due to the crisis faced by the country. This event is beyond everybody's control however, businessmen alike cannot just allow this to continue since their business stakes are also facing some sort of passing the test of time. Varying degrees of business nature from small to large scale in scope shared the same predicaments as they are dependent on their earnings through a business exchange. Many different adjustments were made to fine-tune and embrace the new norms but the outcome does not suffice its business intent. As reported by Cable News Network (CNN), a total of three thousand (3,000) establishments to include hotels nationwide have permanently closed or cut back the workforce due to the pandemic. With this number of permanent business closures, it could leave behind around ninety thousand (90,000) workers jobless. Added to it, there are one hundred four thousand (104,000) establishments that chose to adopt the flexible work arrangements which affect an estimated number of 2.8 million workers. The presence of this pandemic has led to increasing unemployment in the country as businesses had no choice but to close down their operations. All these untoward and unwanted turn of events greatly affect the universal business enthusiast which contributes a domino effect in every economic activity.

According to Philippine Statistics Authority, reported a roughly estimated total of 7.3 million unemployed adults and an all-time high of 17.7 percent. The increasing number of idle people reduces government spending through assistance programs and dislocates the proper budget intended for other government projects. Nothing other than hardship this pandemic brings; instead, required the government to augment the needy citizens. Not just ordinary labor force are affected; the Overseas Filipino Workers (OFW) who are considered as living heroes (BUHAY NA BAYANI) are not exempted to experience the same. Economically speaking, this pandemic affects the country's financial standing and eventually, increases government borrowings. An interview with the respondent's view on retrenchment reveals that although it is against their will they have no option. They long for having a normal business environment wherein they can do business freely but until this time remains to be seen. And since businessmen are a partner in government efforts in making some contribution to development, it is safe to suggest that if the situation worsens, the government should invest much in finding ways and means to facilitate different employment options to cater to the huge figure of unemployment rate through creating new job opportunity that adheres to the safety protocol set forth by the implementing body. We cannot tolerate this huge unemployment rate since the government cannot sustain its provision to displaced workers.

VI. Travel restrictions

Restrictions are simply disallowing people whose activity is not that essential to go "to and from" in the advent of this pandemic purposely to curtail the belief spread of this virus. Since as reported, there is an increasing number affected by this virus and the only way to control its spread is to limit the movement of people. This is believed to help control the increasing number of cases day by day. This is part of the government intervention imposed by the government, however, affects the hotel industry. Despite this mandate, cases continue to increase thereby, the government strongly implements different quarantine protocols. Almost all aspects of the business were affected in terms of generating income that contributed many headaches to business sectors. This travel restriction discourages much to people going out even if it is essential because of the process. Burden-wise, you will be wasting more time abiding by government measures than your specific purpose. This travel restriction is somewhat an indirect initiative to bar people from going somewhere and it connotes a negative impression to hotel business owners and operators. On the part of the hotel owners, these travel restrictions are good as it is a way of helping the government resolve issues about health but it is a disadvantage to businesses whose main clients are people. In the hotel business, the more people in the environment, the bigger is the chances of getting a customer since its nature is services.

Not only those hotels that belong to a higher category such as four or five-star levels are affected but including lodging houses and even the bed and breakfast (BNB). Due to this pandemic, most industries such as hotels turn upside down considering that the frequency of rooms used is no longer that frequent as compared to the normal. Just recently, there was a new covid-19 variant entering the vicinity of the country however, it is not as active as the COVID-19. This is again another challenge that the hotel business feared that it will continue to experience the restrictions imposed by the government. When an operator was interviewed regarding the situation, the response was so uncertain considering that most of them before the pandemic was able to make some improvement of their hotels part of its continuing development. In short, they incur some sort of financial obligations where proceeds were used for the maintenance and find it difficult in meeting financial obligation deadlines. These travel restrictions do not affect the physical hotel businesses but other institutions like colleges and universities since this business nature continuously needs workers of that specific background. Eventually, there will be no placement for those who carry specialization as a hotel if closures increasingly happening day-day. Government is very concerned about addressing the issue for they perceive the event will happen if there is no immediate solution and intervention will be implemented. Although, the government is not happy with these happenings they focus more on people's welfare and safety.

Added to this are the so-called lockdowns which in turn contribute much to the current difficulties. This intervention can cause a different impact on mitigating virus transmission but this is needed despite the cost incurred for the sake of economic recovery. Lockdown per se defines that it is a suspension of all economic activities and can therefore cause large negative socioeconomic consequences and make the economy unstable. Respondents viewed travel restriction in general as a desperate move for them but it is a must for the government. Conflicting views appear in the conduct of this study and it seems that they need the so-called "win-win" solution to balance the magnitude of crisis faced between the government and the business sectors. Hence both have common worries when it comes to balancing earning against safety, it is recommended that despite restrictions being needed, government and business sectors should come out in the open and discuss matters beneficial to the economy but not sacrificing the safety of all. Meeting halfway and making a decision beneficial to both ways can be a potential remedy in paving the way to business survive amidst the presence of the pandemic.

VII. Quarantine requirements

Varying quarantine levels or classifications are imposed by the government purposely to control the spread of this virus. As experienced, every locality adheres to the Inter-Agency Task Force (IATF) however, changes to a different level adjust attune to the degree of cases a city or a barangay incurred. A certain environment whose status is under the enhanced community quarantine (ECQ) mandated to use face shield aside from face mask and one hundred percent (100%) stay home. The exception to the role for workers classified as an authorized person outside residence (APOR) is the one who works in different offices and industries and one hundred percent (100%) stay at home. The modified enhanced community quarantine (MECQ) has strict compliance to "stay at home" where people are only allowed in accessing essential goods and services. Exceptions are applied to workers in different offices and industries that are permitted to operate. An additional limitation of people's movement is, all twenty-one (21) years old and sixty years old (60) and above including those at high risk for contracting the COVID-19 diseases are required to stay at home. The case of the general community quarantine (GCQ), has the same criteria as MECQ where persons below twenty-one (21) years old and sixty years old (60) or those with a high risk of contracting COVID-19 diseases are required to stay home. The

modified general community quarantine (MGCQ) has also the same limitation of movement where the identified people ban from going out are those twenty years old and sixty (60) years old.

A hotel owner was interviewed to reveal their sentiment on the imposed quarantine requirements. Although both of them are concerned about health it is also a challenge at their end regarding their business. Worried in the since that day-by-day, the operations comes shaky and reduction of customers are often experienced that tantamount to miss the opportunity of earnings. Many of them (Operators) think to make some modification of their business but considering the status seem disadvantageous to them. On the other hand, some institution that is linked to this has the same predicament and experience such as schools of the same field. The required experience needed by the student is somewhat limited due to this pandemic. In general, this quarantine requirement does not only affect the hotel business operators but includes those supplementary arms of this business nature is also affected. As of this time, this pandemic is still evident wherein the government mandate is still in the full force of its implementation which affects the business itself, it is safe to suggest that to give life to this kind of business, those places where the reported cases are low will be allowed to operate their business in full scale while those places that have vulnerable to this pandemic will still be prohibited. This is one way of giving life to businesses alike amidst the challenges faced by the "glocal" (Global and Local) environment.

VIII. Health protocols

Health protocols are government mandates headed by the department of health (DOH) for they believe that its implementation is to protect the public against the pandemic. It is very hard if one is found to have symptoms or a carrier of the said virus since, without exemption as to your standing in the society, you will be subjected to undergo isolation with a required number of days. This is the common predicament of travelers despite their eagerness to travel due to this untoward delay which results in time delay. Despite the effort to find ways to resolve the issues faced by the government, the aimed stability of the situation is not possible and it can be manifested by the increasing number of cases confirmed brought about by the COVID-19 spread. Many hotel owners find themselves hopeless with their business since the recovery state comes to a long journey. They consider also that the only hope to stabilize or bring back their business alive is through the significant change of strong health conditions in the environment. Since the spread and contamination of this virus is face to face, there is a strong blockage to hotel business to operate fully and its potential recovery is tested by time. In an interview with the association of hotel industry in the country, a Republic Act (RA) No 11469 or the Bayanihan To Heal as One Act where the President is authorized to direct the operation of the establishment to carry out the declared national policy of mitigating the transmission of the ACOVID-19 which simply means that the natural normal business operation is still under the permission of the government in terms of its operation. Under this memorandum, the department of tourism (DOT) is directed to issue guidelines for the exercise of the said mandate under the said republic act.

On the other hand, the Inter-Agency Task Force (IATF) for Management of Emerging Infectious Disease under the omnibus guidelines on the implementation of community quarantine in the Philippines defines the new normal as emerging behavior, situations, and minimum public health standards that will institutional in common routine practices remain even after the pandemic. Generally speaking, the health protocol bothers a lot to hotel business as it seems that movement of people is in control during the war between this pandemic, and the only hope to go back to the new normal is if everything becomes normal. The hotel business is at stake at the moment and they are dependent and just wait for the right time until it becomes normal. The Philippine Hotel Owners Association (PHOA) has renewed its call to the government for support for the accommodation sector in the form of tax relief measures, labor assistance, and travel stimulus in a bid to survive and to recover from this challenging test of time. It cannot be denied that hotel owners are the biggest investor in the tourism industry in terms of capital, employment, and revenue generation. The overall industry sector is very much affected due to this imposed health protocol. It can be manifested that since the situation is getting worst and the hotel business has no clear strategic move to recover from their loss, is suggested to the government that one way of extending support to this kind of business, implementation of tax holidays for hotel business as they are the one who is badly hit by this pandemic.

IX. Government control measures

The government-imposed control measures are initiatives beneficial to limit the spread of this virus however, they contribute disadvantages to the hotel business. It prevents people to enjoy and socializing with others since the fear

of being infected is still evident. As government sustains its stand in enforcing the limit of movement of people, little by little cripples the revenue-generating activities of the hotel business. One of the reasons the government is very strict with its policy is disallowing contact with people who are suspected as a carrier. The basic and mandatory statute is strongly in effect such as social distancing with a guest or co-workers; avoidance of shaking someone's hands and all other measures were imposed and adopted hence, the business is becoming unstable day by day. The changing quarantine status also blows the mind of the hotel owners since their prediction to operate normally is always uncertain. In the Philippines, the different status of quarantine refrains travelers to push through their plan due to the fear that they could be caught by surprise by the changing environmental change. The greater tendency when one decides to travel is when the place where he or she goes imposed a policy on fourteen-day quarantine which defeats the purpose of traveling. The travel restrictions resulting in all means of major transportation were grounded, the economy if affected. It's been more than a year now but there is no indication of having some positive signs of becoming normal and therefore, hotels and other businesses alike suffer to a high degree when it comes to earnings.

On the other hand, some places whose cases registered lower in their daily monitored record are given the chance to reopen their business however, their operations are not in full capacity considering that the uncertainty to happen is unpredictable, and worst is, if the requirement changes as it is depending on the transmission report: the higher is the infections rates, increases the degree of the imposed control measures. Some other advanced countries are now having the feeling of being safe from a tremendous record high infections rates due to higher vaccination turn-out. In the Philippines, it summed up to eleven million (11 million) of vaccine administered since the rollout starting last March of 2021. According to Dizon, the country is now averaging 250,000 shots per day, half of the vaccination rate of 500,000 per day. If this is the means of making a country get back to recovery, it is strongly recommended to intensify their vaccination efforts to increase the safety nets and somehow allow businesses to reopen in full capacity and to recover the long been economic downturn of the country.

X. Conclusion/Recommendation

The challenges and sustainability of hotel industry amidst the pandemic: a survival quest faces problem on economic gain wherein realizing it can be attainable when business and environment resume to normal and people are responsive and if there is a diversification strategy. Government must find ways and facilitate different employment options to answer the need of the growing unemployment rate during this pandemic times. There should be an agreement between the government and people to meet halfway and effective implementation on travel restriction as we faced the test of time during this pandemic. Flexible means of applying the quarantine protocol are needed giving places not severely hit by this pandemic to operate a business in full capacity in making the economy grow. Extending support to hotel business is needed for them to be able to restore their enthusiasm and focus more on strategic activity for economic recovery.

References

- [1.] **Impact of COVID-19 on the Philippine Tourism industry**
<https://www.pwc.com/ph/en/publications/tourism-pwc-philippines/tourism-covid-19.html>
- [2.] **The Insider**
<https://www.businessinsider.com/coronavirus-hotel-airbnb-cancellation-change-policies>
- [3.] **The Star**
<https://www.thestar.com.my/aseanplus/aseanplus-news/2021/06/16/philippines-administers-over-7-million-covid-19-vaccine-doses>
- [4.] **The Straight Time**
<https://www.straitstimes.com/singapore/retrenchment-stings-but-stigma-is-less-as-covid-19-impacts-all-sectors>
- [5.] **Inquirer.net**
<https://newsinfo.inquirer.net/1391937/less-than-5-million-filipino-workers-retrenched-due-to-covid-19-pandemic-bello>

- [6.] **DOLE on the pandemic**
https://cnnphilippines.com/business/2020/6/25/3000-establishments-retrench-close-due-to-pandemic.html?fbclid=IwAR3gvJfu_DhvooSx-IVWfO8Ovo1GFKrAs5nzkZHQAxE5egq30S7Ivgd65s
- [7.] **COVID-19: Government interventions and the economy**
<https://voxeu.org/article/government-interventions-covid-19-and-economy>
- [8.] **Updated Quarantine Guidelines for ECO, MECQ, GCO, MGCO in the Philippines**
<https://www.goodnewspilipinas.com/updated-quarantine-guidelines-for-ecq-mecq-gcq-mgcq-in-the-philippines/>
- [9.] **Health and Safety Protocols**
<https://coronavirus.olemiss.edu/health-and-safety-protocols/>
- [10.] **Manila Bulletin**
<https://mb.com.ph/2021/04/19/doh-says-health-protocols-being-implemented-still-appropriate-to-protect-the-public/>
- [11.] **Department of Tourism**
<http://www.tourism.gov.ph/healthandsafetyguidelinesnewnormal.aspx>