

Impact of Covid-19 on Hotel Industry: A System Approach

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Abstract: When nature is at its discourse, seldom can a habitat and its species protect themselves from its hazardous consequences. This can be evidently justified by the recent pronouncement of PHEIC (Public Health Emergency of International Concern) by the WHO in December 2019 ^[1] symbolizing the potential threats of novel corona virus and its ability to impact lives all across the globe. Unambiguously, if lives are obstructed, the economies of countries around the world also tend to become lopsided thereby causing a state of alarm ^[2]. Consequently, India is also not sheltered from the calamitous impact of COVID- 19. Being a developing country, it has become extremely problematic to tackle this massive healthcare emergency coupled with low permeability, uneven systems of commercial sectors and logistical unfeasibility to implicate a successful mass quarantine ^[3] leading to a disturbed impact on all commercial sectors of the society through an ever decreasing GDP rate encompassing various restrictions imposed by the government on hospitality, tourism and aviation ^[1] including the hotel industry. This paper primarily focuses on the impact of the novel coronavirus epidemic on Indian hotels through analysis of three primary factors encompassing tourism, consumer satisfaction and employee satisfaction and its possible aftermath through investigation of the factors linked to this industry and crucially affecting its functioning with the aid of a system approach.

Keywords — COVID-19, consumer, employee, hotel industry, system dynamics.

I. INTRODUCTION

Hotels are complex organizations that are synchronized by the aid of investors, bricks and mortar and aim at creating value for customers ^[4]. The hospitality industry is bound to the society till such an extent that even the tiniest transformation in these factors inculcates major metamorphoses in its cyclic functioning. There are many such determinants that call for in-depth study so that efficacious steps can be taken to ensure proper operations during the time of pandemics. The researcher has investigated those factors that are an inseparable part of the hotel industry and how COVID-19 has impacted its operative activities in positive or negative ways. Due to an unprecedented scope and duration of this novel disease, the hotel industry is in extreme crises ^[5]. As per the report issued by a leading hotel website ^[6], occupancy in hotels after the international health emergency has reduced from an enormous margin of 45 percentage points from the year 2019 imposing the toughest times in front of the Indian hospitality sector and revoking from this loss might also take a great deal of time, efficient use of resources and local societal aid.

For preliminary investigation of the various elements of the hotel industry that have been adversely affected by COVID-19, the researcher categorized three distinct factors that can be regarded as the most vital foundational elements of smooth functioning of hotels. In order to profoundly analyze these factors, system approach was the most appropriate option as it not only looks at a problem but presents a complete picture so that conceptual and methodical ^[7] scrutiny might aid in minimizing disastrous impacts of a crisis. It provides relationship patterns existing between the factors and sub-factors associated with them.

Tourism

As suggested by a recent study ^[8], there is a negative relationship between any epidemic and tendency of people to opt for tourism and staying at hotels thus encouraging social distancing in order to ensure complete safety for themselves as well as their loved ones ^[9] thereby making tourism the foremost factor affected due to the spread of coronavirus.. However, the travel restrictions imposed by governments of those countries which are regarded as epicenters of virus spread also contribute in lack of

prospective tourism as well ^[10].

Within an adequate market environment, tourism promotes successful running of hotels ensuring mass occupancy as well as event reservations. But the tendency of such a large scale crisis to potentially increase in size as well as frequency due to hypermobility, promotes haphazardness as time passes ^[11]. As initiated by some eminent researchers ^[12], tourism industry is not less than a backbone for effective functioning of any hotel or resort and thus, pandemics create hurdles in their operations due to the unsteady pace of the market environment which otherwise promotes it by providing expansion opportunities and access to resources. Such disruption in the environment can be associated with difficulties financial accountability of stakeholders and investors towards the government ^[13] and prospective guests alike. This is basically due to the worst case consequences of almost zero returns and gigantic toil of handling fixed costs. Moreover, as per some analysts, ^[14] financial crisis in a country contributes to a disturbed monetary soundness in the hotel industry. As tourism and relaxation is becoming a necessity, unwanted economic crisis affects the common man's pocket and disrupts the hotel industry ^[15]. Resultantly, it has been stated that scrutiny and analysis of the economic impacts of lack of tourism in a country might aid in minimizing its after effects on the service sector ^[16]. Therefore, analysts ^[17] have also specified the vital investigation of the relationship between tourism and crisis management especially during pandemics as this might aid hoteliers to channelize their limited resources of man and material accordingly.

Customer Satisfaction

Most of the prospective guests or travellers desirous of hotel stay, be it international or regional, are desirous of stress free experiences at all times and even aim for a host of complementary advantages associated with their stay. Hence, when restrictions are imposed for their prearranged stopovers ^[18] especially when their leisure time as well as health, are at risk, the mammoth task of reassurance and credibility comes on maintaining their satisfaction levels. Thereby customer satisfaction is one of the most tested factors in these times. Often, consumers tend to shun travelling or going to public places as they find it risky due to the probability of getting infected ^[19]. In a similar context, some ^[20] have investigated evolutionary motives of buying behavior among consumers, evading physical or mental harm being one of them. As a result, an analyst ^[21] has concentrated upon the tendency of passengers to indulge in cancellations especially during such uncertainties and those conditions which modify cancellation policies which often link to similar cancellations of event bookings and other room acquisitions fixated with demands for refunds as consumer spending on accommodation in hotels is associated with the prevalent conditions of a working

economy ^[22]. Additionally, price issues among consumers have been static in the field of customer satisfaction but when a global emergency takes over, these concerns become ^[23] resulting in an adverse aggregate demand shock in the hotel industry ^[24].

As validated further, restrictions imposed by the government critically hinder the liberated functioning of an organization and create an impact on its image ^[25]. Although, government mitigation becomes obligatory ^[26] to rescue from grave losses and lopsided reputation of such businesses and thus aiding in tackling the situation by providing required equipment and thorough scanning of the hotel premises ^[27]. This in turn uplifts the reputation of the hotel and its tendency to value the safety of its staff and guests at the top notch. With tasks to perform at such a large scale, hotel industry tends to transform into not less than a rapid action force in itself and provoking the currently staying guests to do the same, through immediate quarantine and safe distancing for ensuring prevention of mass spread ^[28] thus inviting exhaustive work load on both ends.

Employee Satisfaction

Further intensifying the impact of COVID-19 on employees of the hotel industry, such critical situations test the patience of employees as well hence the researcher has also scrutinized employee satisfaction by digging into those aspects of an employee's work life that are pressurized the most ^[29] and the extent to which his job is able to provide him marginal satisfaction. Intensifying this, if his relationship with superiors or subordinates is strained, his satisfaction levels tend to reduce considerably ^[30]. On top of this, as per an article ^[31], Indian hotel industry is bound to face incredible losses amounting to no less than 1.5 billion dollars owing to cancellations of weddings, conferences and hotel room bookings thereby hindering sources of income, recovery rate being considerably low thus prompting towards job insecurities. It is noteworthy to say that due to contractual restrictions and opportunistic behavior, revenue earning in hotels is not predictable in such adverse circumstances ^[32] thereby contributing to a dearth in profitable revenue earning and growth even in days of high demands of leisure time or opting for corporate or social gatherings leading to a termination of such activities. Moreover, in the extreme and stiff competitive turf of the hotel industry, revenue management ^[33] is bound to be challenging specifically due to inadequacy even in peak times on which most of the inns and local resorts depend for revenue generation thereby targeting operational efficiency of the hotel industry. Though it should not be forgone that challenging customers in recent times, effectiveness of operations in hotels has enhanced ^[34] which has been tested recently amidst the spread of coronavirus. During such bad times, one thing that managers ought to perform is boosting efficiency which can be done by ensuring propensity of

employees^[35] as they too are shaken from the unknown.

Additionally, chunk of the hotels with massive amount of luxurious facilities rely on high occupancy rates and events and such pandemics cause extensive damage and it might become difficult for hoteliers to sustain both lavish and subtle properties without incurring losses^[36] thereby cost control being the only way out. In a similar fashion, it has been presented that working conditions of employees determine their loyalty towards an industry^[37] and in such a risky situation which involves dire consequences, working conditions need to be superior enough so that an employee can be reinstated effectively involving apt sanitization and all measures of remaining contact less while on duty. However, employee turnover is impacted and it is not apt to believe that only superior working conditions can hold employees in the hotel, these health emergencies also affect their performance and make their retention^[38] an issue of concern.

II. OBJECTIVES

For appropriate investigation, an analysis is dependent on pre-set objectives that define the structural framework of the focal purpose of a precise study. They direct the pathway for effective scrutiny conducted by a researcher^[39]. The present research paper investigates those factors associated with the hotel industry that are affected unfavorably due to COVID-19 and as a result of which; the hotel industry is altogether adversely misbalanced. The objective of this study is to determine the factors affected by COVID-19 and its impact on hotel industry. These factors are scrutinized to be the most impactful on the functioning of the hotel industry during the global health emergency of COVID-19. This study is restricted to Agra city, the sample units being managers of five star and three star hotels of Agra.

III. SCOPE OF STUDY

For an effective exploration, the researcher found at to select a sample so that systematic analysis can be conducted^[40]. There are many sampling techniques associated with qualitative researches however the researcher has opted for judgmental and convenience sampling. During these tough times, the functioning of both five star and three star hotels was hampered the most due to their large scale fixed costs and nerve-wrecking liabilities resultant of disruptive bookings and cancelations. So, it was found apt to select these hotels as these could provide a vivid information regarding their operations which could not be obtained from other sources by being an indispensable part^[41] of the hotel industry. For filling up self-structured questionnaires that would aid in determination of prominently impacted factors, convenience sampling was undertaken as it aims at those respondents that happen to be available and willingly contributing their time and energy for such investigations^[42]. Here, 100 such managers of five star and three star

hotels positioned in the city of Agra, were approached as they have a detailed inkling of the prevailing situation and its causative elements.

IV. IMPROVEMENT IN PERFORMANCE ANALYSIS

As per the system module, three primary factors that determine the functioning of hotel industry and are impacted by the initiation of corona virus on a global scale. These factors comprised of tourism, customer satisfaction and employee satisfaction. Tourism has been the most impacted and that too severely due to restrictions imposed by several governments on travelling, thus arising economic crisis within a country not foregoing fluctuations in the market environment. Furthermore, if the market is disrupted, light is shed upon financial accountability of respective hotels. Customer satisfaction too is found to possess a direct link with the prevailing market conditions which in turn define pricing policies of hotels. Ultimately, pricing schemes depend on the extent of regulations imposed by the government which impact the overall image of the hotel, thus contributing in degrading or uplifting customer satisfaction levels.

When it comes to employee satisfaction, it turned out to be adversely affected due to work load which in turn connects with the economic crisis currently prevailing. Moreover, constant lack of revenue also affected the operational efficiency of the hotels as well as led to cost control thereby ensuring a circular loop. For controlling expenditures, working conditions were not found to be appropriate as per the need of the hour which in turn impacted the turnover of employees in a negative manner. Eventually, this employee turnover was found to be linked to the prevailing market conditions which are extremely intense and cut-throat.

V. RESEARCH METHODOLOGY

This section elucidates the methodology of research opted for the determination of factors of the hotel industry impacted by COVID-19, based on system approach^[43]. Three prominent factors were brought into limelight encompassing tourism, customer satisfaction and employee satisfaction not foregoing associated sub-factors linked to each of them. As the sample size is 100 managers of five star and three star hotels of Agra, the data was primarily collected through self-structured questionnaires that were requested to be filled by 100 hotel managers so that a vivid idea of their perceptions in recent times can be taken and further interpreted qualitatively.

The figure given below gives a critical picture of the havoc caused by COVID-19 on the hotel industry. As depicted, tourism, customer satisfaction and employee satisfaction are the most severely affected ones. As

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