

THE IMPACT OF THE COVID-19 PANDEMIC ON HOTEL MANAGEMENT

Dorota LORENC

University of Bielsko-Biała; dlorenc@ath.bielsko.pl, ORCID: 0000-0003-4502-1035

Purpose: The purpose of this paper is to present the impact of COVID-19 pandemic on hotel management.

Design/methodology/approach: The research methods used in this paper is the single case study supplemented by the author's observations and experience. The author uses also the analysis of tourism reports and statistics.

Findings: Due to the pandemic, hotel managers had to meet more and more requirements without receiving the substantial help in operations.

Research limitations/implications: This research can be developed by conducting more qualitative research and to prepare the full list of good and bad practices in hotel management while the pandemic.

Practical implications: This research can be the starting point for hotel managers to prepare the good practice catalogue on how to work in a crisis situation.

Originality/value: The paper shows few aspects of hotel management during the pandemic. It is addressed to the business practitioners as well as to the scholars in order to develop the knowledge about the phenomenon.

Keywords: COVID-19, hotel management, tourism.

Category of the paper: Research paper.

1. Introduction

In accordance to UNWTO, tourism is a social, economic and cultural phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes (UNWTO, 2010). The tourism industry is a very complex area made up of a number of sectors. Tourism by itself is an economic sector which offers a real contribution to the economic growth of a region, to the labor market and to the cultural development. Tourism and travel is the major contributor to the service industry worldwide (Abbas et al., 2021). It provides job creation opportunities as well as the generation of incomes at international, national, regional and local levels (Zanei, 2013). It is also a very

sensitive area to random and economic factors. As one of the activities most exposed to the global risks, which may be affected by all kinds of events (Cró, Martins, 2017), tourism became one of the industries most negatively affected by the COVID-19 pandemic.

COVID-19 is a lethal disease manifested by respiratory complexities and pneumonia, caused by the SARS-CoV-2 virus. It appeared in Wuhan (China), where the epidemic was announced on November 19, 2019. Due to the spread of the disease around the world, World Health Organization (WHO) declared it a pandemic on March 11, 2020 (WHO, 2020). The appearance of pandemic has resulted in financial losses and lead to the health and economic crises everywhere in the world (Anderson et al., 2020). The COVID-19 pandemic put the whole world in the face of crisis and the need for skillful crisis management.

It was a detrimental situation to the safety of individuals, social groups and organizations. The global international tourist arrivals decreased by 70% in 2020 and 2021 compared to 2019, and decreased by 43% in 2022 compared to 2019. In Poland, the decrease of international tourist arrivals was 60% in 2020, 54% in 2021 and 31% in 2022, compared to 2019 (UNWTO, 2022). The occupancy rate of hotel rooms in Poland decreased in 2020 from 53,7% to 28,3%. In 2021 it achieved the level of 34,5% (Emmerson Evaluation, 2022). Forced closures of tourist activities and restrictions on the mobility of citizens have had a huge impact on enterprises from each industry. Cancelled bookings, cancelled flights, vacant hotels have caused economic losses and cuts in employment. Due to this situation, the entrepreneurs often had to reorganize their companies, introduce new rules of operations and change the style of management, in order to survive. The author of this paper, presents the impact of COVID-19 pandemic on hotel management by analyzing changes and challenges in tourism industry caused by pandemic. The subject of the work is a part of the management and quality sciences.

2. Methods

The main research method used in the paper is the single case study, which allows to examine real economic phenomena. The techniques and research tools used are the observations, participating observations, documentation of the specified organization, press and internet sources as well as available databases. The selection of the case is deliberate and is dictated by access to information.

The purpose of this paper is to present the impact of COVID-19 pandemic on hotel management. To achieve this goal, the main research question has been raised: How the COVID-19 pandemic affected the hotel management? The subject of the research was the four-star hotel, which at the period of pandemic was the franchisee of French hotels chain. The hotel is located in south of Poland, among the forests and mountains. The closest city center is about 13 km away. Before the pandemic, hotel employed around 50 employees on the basis

of an employment contracts and around 50 on the basis of civil law contracts. In the hotel there are almost 80 rooms what gives nearly 200 accommodation places. Before the pandemic, there were also few cottages which were able to give the extra 60 accommodation places. In the hotel there is a possibility to organise weddings, conferences and other big events up to 300 participants. There is one restaurant a la carte, buffet restaurant, swimming pool, sauna, gym and the spa facilities. The structure of guests was divided into organized group guests and individual guests with a majority of leisure guests over the business ones.

The phenomenon of COVID-19 pandemic's impact on hotel management is revealing and there is no precise theory or research yet relating to it. That is why, the usage of qualitative method of research seems to be justified. The research problem is of an exploratory and descriptive nature (Grzegorzczuk, 2015; Yin, 2003a, 2003b). This study can be treated as a pilot study which gives a basis for further studies of a wider scope.

3. Results

As a franchisee, the hotel had to meet a lot of chain's expectations, not only during the pandemic but throughout its operation. The franchisor, from the beginning of cooperation has dedicated a supervisor, whose task was to ensure that the hotel complies with the rules and requirements of the franchisor. The hotel had access to a special intranet in which the management was able to find all the chain's procedures, standards, guides and tips, trainings and webinars connected to the operations. When the pandemic became a fact, the franchisor has also developed the principles of operating in the new reality.

Decline in demand for hotel services is the first and most noticeable effect of the outbreak of pandemic, which in fact, caused many subsequent negative effects. Due to the government decisions hotels were closed and opened alternately and when opened, then just for specific groups or for a specific number of guests. The events or parties were limited to specified number of people. A lot of companies decided to implement their own restrictions and forbid all the group activities connected to travel and accommodation. Many events, group and individual reservations were canceled at that time. People were not able to plan the holidays and book the hotels in advance. The international flights, rail and bus transfers were limited or banned so the income of tourists was nearly impossible. There has been a decline in number of customers and decline in consumer spending. All those factors had a bad influence on the financial condition of hotel facilities. Going further, bad financial condition of hoteliers could mean lack or serious delays in payments to employees, contractors or suppliers.

Canceled events and reservations due to the force majeure were connected to the need of return the paid deposits to the clients. Having regard the financial difficulties caused by the lack of revenues, it was other challenge for hotel management. Initially, the managers offered

vouchers equal to the value of the deposit paid. Then they offered the possibility of crediting the deposit towards the next booking. And finally, when the client did not agree to any of the proposed solutions, the managers had to prepare a list of returns, and submit it for implementation. Apart from the deadlines for refunds, unfortunately there was a risk that the returns would not be made on time.

The employment reduction can be indicated as one of the worst results of pandemic in hotel management. Lack of occupancy due to restrictions in movement, bans on staying in hotels and finally guests' fears for their health and life caused the situation of vacant hotels in which the employee had nothing to do. Firstly, employees used their holidays leaves, secondly they were sent to unpaid leaves, but after that some decisions had to be made. Employees whose contracts were about to expire did not have them renewed. Those who stayed, despite the fact of doing own job were transferred to other duties, most often cleaning, gardening and organizational work. What is more, not only once, to reduce the costs to minimum, the wages were lowered to the minimum level. People working on the basis of civil law contracts did not get the tasks, due to what they did not have possibility to earn anything. A lot of employees have changed the jobs and industries in which they worked to be less sensitive to external factors. Now it is a huge problem for hoteliers because of the lack of experienced, well trained and organized staff.

Protective equipment and procedures imposed by the government and by the hotels chain are also noteworthy. There was a need to use the face masks or helmets by employees and need to separate the front employee from the guest with a glass or plexiglass. The hand disinfectants were to be placed in a generally accessible places as well as the posters informing about the need to cover the mouth and disinfect hands. The hoteliers did not have any legal tools to require guests to follow the safety rules. There were guests who did not want to obey the restrictions, and they were a real problem to the hotel managers and other guests. The only thing the hotelier could do was to refuse to allow such guests to stay at the hotel and thus risk losing potential income. Moreover, in protective procedure there was a rule that the occupied rooms should not be cleaned unless the guests request service. There was also the advice to remove all coffee sets and stationery from rooms. The hotel supervisor on behalf of the chain, was in charge to check if the procedures are respected, what he did via webcam. All the trainings and meeting were online.

Diversification of the suppliers took place in the hotel in the time of pandemic. The local, smaller suppliers turned out to be more accessible and due to the stagnation in the economy, they were able to meet the demand of the hotel which did not work on 100%. The quality of their products is often better than the quality of products of big wholesalers. They are also more flexible in deliveries.

When the pandemic has been lifted, the hotel managers tried to re-hire the workers who departed during the pandemic. Some of them came back to work and some not. The employees who knew the place, the rules, the know-how were the invaluable help in restoring work

standards and coming back to the hotel reality before the pandemic. Hotel managers hired also more well qualified employees who strengthened the management staff.

4. Discussion

Hotel management is the activity of business and a study which focuses on the operational hotel aspects as well as on the wide range of affiliated topics. The main task of hotels allowing them to achieve the competitive advantage is to provide services that satisfy customers and increase their loyalty (Wszendybył-Skulska, 2011). Services provided by the hotels consist of short-term rental of accommodation with additional benefits available and offered by the service provider. Hotel services may therefore consist of many partial benefits – primarily of ensuring living needs as the basic services (providing accommodation), but also meeting other specific needs of guests – additional services offered by hotel (SPA, massages) (Kubicki, 1998).

The hotel management should always be aimed at the organization's goals achieving. It should be based on the awareness of constant social, technology and global changes. Changing the role of the client and his expectations (Danilewicz, 2020) were probably the biggest challenges for all managers. Suddenly, COVID-19 pandemic put the hoteliers in the new reality, with need of the crisis management competences. Crisis is a situation which seriously disrupts the functioning of the economy, region or enterprise (Jaremen, Nawrocka, 2012). It may also means the series of unfavorable changes (Nogalski, Marcinkiewicz, 2004). The crisis management can be viewed from both perspectives: intervention – management on an ongoing basis, or prevention – risk reduction (Lows, Prideaux, Chon, 2007). Both perspectives should be used at the same time in the hotel management while crisis situation with the connection of: coordination, cooperation, communication and commitment.

It is worth to say, that each hotel which is the part of the chain needs to meet double requirements - conditions of the law of the country in which it works as well as the conditions of the chain to which it belongs. This often means many more requirements and more restrictive conditions to be met for the hoteliers and greater protection and sense of security for customers. According to the conducted research, neither the government of the country, nor the hotels chain helped significantly in the crisis situation. Hotels chains has prepared the standards and procedures, which were supposed to be checked. They have made a lot of presentations, webinars, check lists but nobody came and said if the hotel follows it right or not. The government restrictions were not checked at all by any official. The real inspectors were guests, who read and heard all the requirements, and felt empowered to hold hoteliers accountable for preparing to fight the pandemic. A lot of times guests threatened hoteliers with reporting shortcomings to relevant services. In fact, hotel owners, hotel managers were left alone with the guidelines and requirements, afraid of the control resulting from the complaint.

Hotel is an organization which works in real time, with limited possibilities to predict all possible event scenarios. Huge experience of managers, knowledge of the industry, of guests' needs and fears as well as managerial competences and team work skills may bring the enterprise closer to surviving crisis situation. The most important link in the hotel are the employees, who create the workplace, but what is more important they create the place for stay for guests – clients. Hotel managers should pay special attention to their competences, and do not lose good employees. What is more, being a part of the hotels chain does not always mean better care, help or support in crisis situations.

5. Summary

The impact of COVID-19 pandemic on hotel management was strong and significant. Alternating, temporary opening and closing hotels for specific groups during the pandemic had a drastic impact on the decline in occupancy and in further perspective, the lack of revenues. The hoteliers had to work in the extraordinary conditions, in the atmosphere of the uncertainty, weakened in the number and quality of employees without transparent rules and tools which may be helpful. Most of the procedures and behaviors have been developed by each team in accordance to specific of hotel. Most of them focused on the optimization of operations. Hoteliers faced with a revenue shortage with a vision of refunds to be made, have developed some practices that have allowed them to minimize their expenses to some extent. Hotel management, from the beginning of pandemic became more and more difficult. Maybe, the experiences of last time should be the beginning of looking for the solutions that automate work more and will allow to less contact with the guests. All these solutions should be the contribution to the internal process of crisis management, and if there is a lack of it in the company, this should be the good starting point to implement it. Management and quality sciences are strongly related to business practice, therefore the conducted research shows some possibilities of practical implications. The description of the activities, resulting from conducted case study may be used as a guide for practical conduct by other enterprises. It can also be a starting point for developing better and better solutions and safeguards in the event of the return of pandemic or in the event of subsequent unforeseen situations related to health and life protection. The described case study may be the basis for making managerial decisions in conditions similar to those presented (Grzegorzczak, 2015).

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