

Restructuring Hospital Management in Labuan Bajo as A Strategy to Remedy the Impact of Covid-19 Pandemic

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Abstract: The purpose of the study is to determine the methods used by hotels in dealing with the crisis caused by the Covid 19 pandemic and assess their impacts. This is descriptive qualitative research focused on describing the strategies implemented by these hotels and the data obtained were analyzed through 1) description or orientation, 2) reduction, and 3) selection stages. The process involves comprehensively understanding the focus set and analyzing the direction of the problem. Moreover, the result which was in the form of a theme obtained from the data was constructed into knowledge, hypotheses, and even new theories. It is important to note that the Labuan Bajo hotel deserted due to COVID-19 was used as a case study in providing innovation or new ways of managing hospitality to ensure the survival of the business. This is necessary because active incomes are only obtained through guest visits and tourists' patronage but are ineffective due to restrictions made by the government on tourism activities. It was eventually recommended that hotels in Labuan Bajo need to continue meeting operational needs during the pandemic. Furthermore, the Hospitality Management Restructuring strategy implemented to deal with the Covid 19 crisis was considered quite successful by hoteliers in Labuan Bajo because it positively impacted the sustainability of the hotel business during the pandemic.

Keywords: Restructuring, Crisis Management, Strategy, Pandemic.

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Introduction

The development of the hospitality industry in Labuan Bajo is increasingly visible with the emergence of new hotels, both star and non-star. This is associated with the designation of Labuan Bajo as a super-premium destination on August 2, 2019 by Joko Widodo, the president of the Republic of Indonesia, which influenced domestic and foreign tourist visits. However, the community experienced a decline in this development in 2020 due to the sudden emergence of the Covid 19 outbreak (Bere, 2020). The data from the Central Statistics Agency (BPS, 2020) showed that, first, the number of foreign tourist visits to Indonesia decreased by 87.44 percent in April 2020 compared to April 2019 and by 66.02 percent compared to March 2020. Second, the cumulative number of foreign tourist visits from January–April 2020 reached 2.77 million trips which is a decrease of 45.01 percent compared to the figure for the same period in 2019 which was recorded to be 5.03 million visits. Third, the Room Occupancy Rate (TPK) for star classification hotels in Indonesia in April 2020 reached an average of 12.67 percent or decreased by 41.23 points compared to the 53.90 percent recorded in April 2019 and also reduced by 19.57% when compared to March 2020. Fourth, the average length of stay of foreign and Indonesian guests at star classification hotels in April 2020 was found to be 1.93 days which is an increase of 0.10 points compared to April 2019. The consistent decline was also evident in the tourism area of Labuan Bajo since March 2020. These data showed the development of the hotel industry in the town is not matched by the number of tourists that visited in 2020. Tourism destinations in every corner of the globe at some point in their history have experienced different disasters but only a few have properly developed disaster management plans to cope with such eventualities (Bill Faulkner, 2001).

The *new normal* era was initiated on June 1 2020 and stakeholders in the hotel and tourism industry hoped to increase their income compared to the period the pandemic started. This forced companies, including hotels, to change their management strategies (Alonso-Almeida, 2020). The hotels in Labuan Bajo were reported to have implemented several methods to survive the crisis such as laying-off most employees for an undetermined period, dividing work schedules based on 15 working days, and others. This study was, therefore, conducted to determine the most effective method to be applied in the hospitality tourism sector of the West *Manggarai* Regency and to serve as a reference for the future policies to be made by the government concerning tourism. The purpose is divided into two parts which include the general and specific objectives. The general aim is to open new and more effective strategies for tourism actors to deal with crises during pandemics while the specific objectives are stated as follows: (1) Describe the strategies implemented by the hotels in Labuan Bajo during the COVID-19 pandemic. (2) Describe the most effective strategy to maintain the hotel's existence during the COVID-19 pandemic.

Methodology

This study was conducted using a qualitative method which is defined by Moleong (2014) as a scientific approach designed to understand a phenomenon in a natural social context by prioritizing deep communication and interaction. This means the author is the instrument operating as the direct data collector in a natural environment without any settings. There is also the need for informants, and they are required to maintain a very close relationship with the author to obtain accurate and reliable data. Therefore, data were collected in this study through observation of the activities of some hotels in Labuan Bajo, interviews, document studies such as reviewing central and local government policies during the Covid 19 pandemic, journal publications, and mass media, and focused discussions. The sources of information were hoteliers in Labuan Bajo and the interviews were conducted only on those at the departmental or General Manager (GM) level for 20-40 minutes after which a transcript was produced from the recordings. Moreover, coding was applied to avoid mistakes in processing the data. It is important to note that the data were analyzed through different stages which include 1) description or orientation which focuses on describing the things seen, heard, and felt through a cursory record of the information obtained, 2) reduction which involves reducing all the data obtained in the first stage to focus on specific problems, and 3) selection which is the stage to describe the focus set comprehensively and analyze the direction of the problem to produce a theme needed to form knowledge, hypotheses, and even new theories.

The study was conducted in line with the guidelines proposed by Moleong (2014) which focuses on the experience of the researchers. Moreover, the informants used were determined based on their proximity to the area and the ability to provide accurate information related to the tourists and this led to the selection of 2 Village Heads, Community Leaders, 2 Tourism managers, 1 guide, 2 tourists, and 3 community members living, thereby, making the number of informants interviewed to be 10.

Data collection procedures in qualitative research include observations or interviews, determination of primary and secondary data, and document studies (Cresswell, 2007) while the analysis technique used in this study was based on the experience of the authors, thereby, leading to the adoption of the interactive model analysis by Miles and Huberman (1992) in Moleong (2014). This method was used to ensure the data are presented in a more meaningful and easy-to-understand way and it is in three stages of data reduction, presentation, and verification followed by conclusions.

Results and Discussions

Results

Restructuring Hospitality Management in Labuan Bajo

The COVID-19 pandemic had a significant impact on human life due to several restrictions implemented to avoid the spread of the virus. The effect was also observed in the

Hospitality and Tourism industry hotels and tourist sites in Labuan Bajo, East Nusa Tenggara, Indonesia, a world tourist destination, reported to be "Suffering Death" due to the pandemic. The unavailability of guests makes it difficult for the business entities to survive and this means there was a need to restructure their management practices during the period. This is important because the potential impacts of disastrous events on hospitality and tourism intensified in both magnitude and frequency due to an increase in the hypermobility of tourism and the interconnectedness of the global economy (Crowley, 2010). The progressively-disaster-proneness of the world requires that the hospitality industry develop a framework to manage disasters (Fei Hao, Qu Xiao, 2020) and to serve as a driving force for the tourism sector to participate in the economic development of a region. Covid-19 and the restriction of human activities during the period is one of the global disasters requiring the activeness as well as the physical and economic survival of every human being. The Labuan Bajo hotels were deserted due to COVID-19 and this means there is a need for an innovative or new management approach to ensure their survival. This is necessary because their active incomes are only generated through guest visits and tourist activities which were restricted during the pandemic.

Crisis management was defined as "a continuous and comprehensive integrated effort by an organization to effectively understand, manage, and prevent a crisis through certain planning steps and training activities" (Santana, 2004). Therefore, restructuring crisis management was needed in Labuan Bajo hotels to ensure continuous operations during the pandemic. Some of the policies implemented during the period include the reduction of working hours for employees, laid-off workers, and operational costs reduction. Huang et al. (2020) (Huang A. & Makridis C.& Baker M., 2020) also examined the effect of COVID-19 government policies on the US hospitality labor market and found that closing policies were associated with a 20% - 30% reduction in non-salary workers in the hospitality industry. Moreover, the daily number of confirmed cases was also discovered to have a negative impact on the labors in the hospitality sector and the tourism economy was also heavily hit due to the measures introduced to contain the spread of the virus. Revised scenarios indicated that the potential shock had the ability to cause between a 60-80% decline in the international tourism economy in 2020. This led to the implementation of immediate measures to support the tourism sector as well as certain recovery plans such as the considerations to lift travel restrictions, restoration of travelers' confidence, and rethinking the tourism sector for the future (OECD, 2020).

Restaurants and hotel businesses continued to reduce certain activities which led to the reduction of employees and productivity during the pandemic and subsequently a significant decline in the profitability of the travel and leisure industry. Some of the restructuring strategies implemented by the hotel management in Labuan Bajo include:

1. Human Resources
 - a. Staff worked and got paid for only 15 working days while some *daily workers* were laid off.
 - b. 50% of hotel employees were laid off and the salary was adjusted to the number of working days, 15, in coming days, 15 days off.
 - c. Some hotels were temporarily closed down for 9 months ranging from July 2020 to April 2021.
 - d. A shift system of 2 working weeks-2 weeks off implemented in some hotels.

Covid 19 is perceived as the reason to start understanding the best methods for the tourism sector to manage crises caused by diseases (Fernando, 2020). This is necessary due to the fact that evolution of the disease and its impact on the economy, especially the tourism sector, is not known with certainty, thereby, making it difficult for policymakers to formulate appropriate policies to overcome the problems. Most hotels in Labuan Bajo decided to retain their staff despite the absence of guests because they need to maintain and clean each room even though no one is occupying them. Some others believed the situation would be successfully tamed and the employees would be recalled when the tourism sector including the hotels started working again.

2. Operational Field
 - a. Reduced the use of electricity, water, and other resources within the hotel.
 - b. Downsized employees (at home) or hired employees with 50% electricity and water used as needed

- c. Implemented cost reduction strategy by saving energy
- d. Used equipment only when needed
- e. Turned on the lights in certain areas
- f. Turned off the chiller or freezer at night.
- g. Substituted chemicals often used with other alternative substances such as coenzymes to clean equipment and hotel areas
- h. Minimized paper usage
- i. Saved power usage, water, Wi-Fi, garden lights, and others
- j. Reduced the stock of food in the kitchen and adjusted it to their needs.
- k. Some hotel employees (purchasing were retained to conduct maintenance and paid according to the number of working days
- l. Reduced hotel operational costs such as power and water
- m. Saved operational expenses by not using power when it is not needed.

Discussions

Management Strategy applied to Reduce the Impact of the Covid 19 Pandemic

An appropriate management strategy was required in the hospital industry, especially the Labuan Bajo hotels, to deal with the crisis caused by the pandemic. This is necessary considering the limited income reported to be threatening the hoteliers (Mckercher, 2004). Most hotels adopted a cost-reduction strategy by closing some floors, reducing operating hours of food and beverage facilities, asking employees to take non-paid leave, and stopping all overtime payments (Chen, MH, Jang, SC (Shawn), & Kim, 2007). Some other methods observed to have been applied include the following:

1. Food promos such as pizza delivery and new menus.
2. Promotion of room packages at affordable prices
3. Collaboration with Traveloka.com for a stay package including food and laundry with a 20% discount
4. Promotions to the government at affordable prices as indicated by blusting rooms and packages.
5. Promotion of the hotel products through social media such as Twitter, IG, and Facebook by the management and staff.

These were all applied to convince the consumers and increase their sense of confidence in the ability of the hotels to provide adequate protection (Valle, 2020). These decisions were made based on some influencing factors such as the impact of the pandemic, the emergence of recovery, as well as the temporality of the destinations.

It was discovered that the hotels in Labuan Bajo were able to cope with the COVID-19 pandemic using this strategy despite the obstacle experienced during its implementation such as the need for deeper socialization before it was introduced to both staff and customers. In an effort to anticipate this problem, every hotel staff having direct contact with consumers was trained on the provision of right and satisfactory services without offending consumers.

Conclusions

This study showed that the Restructuring Hospitality Management applied by hoteliers in Labuan Bajo as a strategy to deal with the Covid 19 crisis was quite successful due to its positive impact on the sustainability of hotel business during the pandemic. Therefore, there is a need to design and adapt to certain restructuring efforts in the tourism industry, especially during crises, to avoid bankruptcy. This can be in the form of operational savings or management shake-up without reducing the operational and service standards.

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