Surviving Strategy of Hospitality Sector in Pandemic Situation:
Case Hospitality Business in Jakarta

Edvi Gracia Ardani¹*, Anton Harianto²

¹Entrepreneurship Program, Universitas Agung Podomoro, Indonesia
²Hotel Operations Program, Universitas Multimedia Nusantara, Indonesia

*Corresponding Author: edvi.gracia@podomorouniversity.ac.id
DOI: https://doi.org/10.24922/eot.v8i1.71449

Abstract
Crisis in 2020 is the impact of unexpected Covid-19 spreading all around the world in which period all social and economic aspects are forced to slowing down or even temporarily stopped. In almost all countries in the world, only few sectors are allowed to run the business normally. The sectors are mainly business offering basic needs such as grocery stores, certain food and beverage, and medical. The phenomena attack blatantly hospitality sectors and it must be faced by the stakeholders of the industry. In Indonesia, hospitality industry does suffer. The human centric characteristic of the industry requires interactions between people. Human interactions are well explained as the core activities in tourism industry in the old normal while it is to be avoided during the new normal of Covid-19. Business owners and managers fight against the condition which finally pushed them hardly to unfortunate decisions for the human capital of the industry and for many other strategic issues. The crisis is present and brings a huge impact to the hospitality sector that includes hotel and restaurant business. This study is to describe the picture of how this sector in Jakarta area overcomes the pandemic situation and until what extent the management is capable to handle. A qualitative research is conducted with narrative approach, by empathising to the human capital in the sector using grounded theory approach. Challenges are encountered by the hospitality practitioners and each one of them are trying to survive with their own way.

Keywords: hospitality business, surviving pandemic, covid-19, innovation

INTRODUCTION
Business in the tourism sector has experienced a significant development seen in various regions in Indonesia. It has been known as a promising sector to grow in the near future. The growth was discussed in various media and it seemed to be the fastest period for tourism industry. It was reported in marketeers.com (2019), especially the hotel industry was reported to develop more rooms by different hotel chains in the island of Java, Sumatera, and Lombok. This development is enhanced the initiatives of the hotel chains to take advantage of technology that continues to
evolve. One of international hotel chains in Indonesia has claimed that their research resulted a new segmentation of their target market which is tech-savvy tourist that opens a new property portfolio in a modern urban style equipped with interactive social spaces. The phenomena of hospitality business fast growth are not only in hotel sector but also in food and beverage sector with innovative recipes that are offered in the marketplace. In different article, marketeers.com (2019) reported that beverage business such as milk tea and bubble tea has grown very fast with many stores offering almost the same product with different choices since 2014.

The role of human resources dominates the tourism sector. As part of hospitality industry, hotel and restaurant business in Indonesia are well-known with its hospitality and kindness of the staff to the guests or tourists. As experience is nowadays the most expected characteristic of tourism activity, interactions between both tourism practitioners and tourists become the most genuine experience with local people of a tourism destination. This interaction has been discussed by Carlzon in 1987 in his book entitled the Moments of Truth. The term “moment of truth” in hotel industry emphasize on how every meeting between the guest and the service provider bring exclusivity and importance to the guest (Sarpong, 2016).

The growth of the tourism business is promising, meanwhile the pandemic of Covid-19 has never been invited to invade all over the world. This pandemic forced the world citizen to lessen the interactions between them due to its high level of contamination. The government of Indonesia has followed the instructions from World Health Organization to prevent the coming of the virus into the country, but there is no guarantee of it. Indonesia has the same concern in fighting the pandemic not only in health sector but also in economic sector that has been affected by the pandemic. This economic sector surely includes the industry of hospitality in Indonesia which represents 60% of the income in tourism sector with 40% from hotel business and 20% from food and beverage business.

In Indonesia like in other countries all around the world, the government works very hard to identify the dangers of the situation and take the right measures of prevention. Nonetheless, the economic wheels must be running to ensure the life of more than 260 million of people in Indonesia, so does the hotel industry. This situation is not preferred to anyone since measures should be strict and not easy to be handled by tourism industry because of the nature of the industry which is all about people interaction. People are not only encouraged by the government to stay home to avoid further spread of the virus, but regulation about social distancing in a big scale, for not saying confinement, was also issued to prevent the spread of the virus. The problem becomes then public where business owner and management are to having the responsibility to ensure the sustainability of the business. It just seems like trying to mix oil into water. The regulations issued by the government in many ways are not favour of business practitioners due to the importance of the health sector.

The challenges met by the industry players are more in how to run the business in the condition. Many hotel or restaurant owners or managers are struggling to find solutions to keep their business run. Uncertainty is part of entrepreneurship, and the pandemic is a crisis that all entrepreneurs did not expect to happen. As it does not happen regularly like economic one, it seems to be harder to handle. Thus, the objectives of this study are to explore how the hospitality business owners and managers overcome this exceptional situation. The identification of the problems encountered, how they react to solve them, and their stra-
tegy in running the business. The benefit of the study will be to enrich the knowledge of hospitality business strategy especially in facing pandemic crisis. It will contribute insights and knowledge to the business owner and manager about how hospitality business practitioners react to the condition in Indonesia. The scope of the industry that is covered in this study is hotel business and restaurant or food and beverage business that includes different levels of SMEs that exclude the luxury type of business.

LITERATURE REVIEW

Hospitality Industry

Understanding the context of hospitality industry can be describe as to proudly caring about others in the same way as caring about oneself because it is a service industry (Walker and Walker, 2014). The scope of hospitality industry is very closed and linked to the tourism industry. Thus, as in a widen perspective, Alastair Morrison suggests that the scope of hospitality and tourism industry is divided into 5 categories that includes travel, lodging, assembly and event management, restaurants and managed services, and recreation (Walker and Walker, 2014). According to Kotler, Bowen and Makens (2017), hospitality industry is about businesses that offer accommodation, prepared food and beverage service, and/or entertainment.

The lodging or accommodation sector itself has different types and classification of the business. The classification in every country differs as it is regulated by the government, but mostly the hotels are ranked between 1 star to 5 stars. Walker and Walker, (2014) suggests types of accommodation based on American hospitality business practice as the following: city centre hotels, airport hotels, freeway hotels and motels, casino hotels, convention hotels, full service hotels, economy or budget hotels, boutique hotels, extended-stay hotels, condotels and mixed-use hotels, and bed & breakfast inns. The lodging sector is only classified by the regulations as hotel rated 1 to 5 stars in Indonesia.

As a component the hospitality and tourism umbrella, restaurant business accommodates vital biological need of eating that covers also the need of people for socialization and to be entertained (Walker and Walker, 2014). In Indonesia, food and beverage business covers not only the restaurant or what we call rumah makan, but also small business such as food street. The food street vendors in Indonesia has quite big number as it was reported by trusted online news that there are 22 million. Jakarta itself was reported having more than 80.000 food street vendors that data is validated by the local government in 2016.

The Character of Hospitality Industry

The culture in the hospitality industry is focusing on serving and satisfying the guests which are encouraged by the top management then flowing down (Walker and Walker, 2014). Walker and Walker (2014) also suggest that as a 24-hour service industry, hospitality business opens 365 days a year and 7 days a week which constantly strive for outstanding guest satisfaction leading to guest loyalty and of course profit.

According to (McGinley, Mattila and Self, 2020) the human resources in hospitality industry are gritty people who are passionate and diligent that character reduces the intention of their mobility and tends to be loyal in the industry. High competency in serving guests is the key to their character. However, this competency will only help hospitality business owners to be assured on their loyalty if the recruitment is being incorporated by grit in the screening phase (McGinley, Mattila and Self, 2020). According to King and So (2015), hotel staff who has strong knowledge of branding will be able to give the promise of the brand to the
guests. Thus, the essence of service in the industry is in fact determined by the moment of truth as suggested by Carlzon, that is delivered by the staff, while according to King and So (2015), the role of the General Manager is fundamental to ensure the service level that push guests satisfaction.

Cave, Prayag and Ryan (2012) suggest that interaction between guest and host in hotel industry may create emotional relationship. The role of manager and frontline staff is very important to give special attention to the guests. As human being, the needs of socialization will be high especially when they go to a destination where they do not know anyone. As a hotel guests, they expect to learn about the destination through their interactions with hotel employees and enhanced with local people (Cave, Prayag and Ryan, 2012).

**Sustainability of the Business in Hospitality Industry**

Business in general would do anything to be sustainable for a long period of time. Sustainability is the ability to achieve continuing economic prosperity while protecting the natural resources of the planet and providing a high quality of life for its people and future generations. As stated in the Sustainable Development Goals in the 21st Century, economic, social, and environmental aspects play important roles in the sustainability of an organization. Operators of hospitality businesses have generally embraced the concept of sustainable hospitality and are increasingly operationalizing it. (Walker and Walker, 2014). What Kotler, Bowen and Makens (2017) suggested that all managers in hospitality industry must understand marketing, may be translated that marketing is one of the most important thing that support economic aspects for the sustainable business.

An interesting fact suggested by Rantala et al. (2019) that cost savings are one of the main chauffeurs when sustainability and innovation are exploited at the same time. This must be challenging for any business especially in hospitality industry since cost savings are generally related to lessen the quality of services. However, it may be valid for certain conditions.

**Innovation for Sustainability**

Business sustainability and innovation seem to have a very close relationship. Most businesses and managers of different functions and levels are interested in innovation (Tang, 1998). Managers need to understand how innovation is being managed and initiated for business growth purpose. Innovation for sustainability is potential to accelerate the developments in economic, social, and ecological systems (Rantala et al., 2019). Thus, innovation in hospitality industry will help the development of not only the internal stakeholders but also may impact economic, social, and ecological systems surrounding the business entity.

Ragji and Tuff (2012) suggests an Innovation Ambition Matrix to manage a company innovation portfolio. The matrix gives managers an innovation framework for surveying all the initiatives the business which includes Core Innovation, Adjacent Innovation, and Transformational Innovation. Core innovation is about optimizing existing products for existing customers, Adjacent innovation is about expanding from existing business into new to the company business, while Transformational innovation is expected to develop breakthroughs and inventing things for the market that do not yet exist. Transformational innovation might be used for an uncommon phenomena such as pandemic in 2020 that occur all around the world.

**Research Framework**

The interesting part of the hospitality industry in pandemic situation gives many burdens. The situation limits interactions which is the core activity of the industry.
The framework of this research is to get the practices performed by the business owners and managers on how to sustain in a crisis situation and to perceive the participation of innovation in the exit strategy of the business burdens.

METHODS

Pandemic situation can be considered as a force majeure situation whereas people tend to run their business in a situation called normal for everyone. The data collection was a challenge since the communication process is performed online. The research has the objective to obtain interesting information about the strategy from business owners or managers in overcoming the pandemic situation whereas there are issues in regard to the character of tourism industry. Thus, to obtain information by empathizing with the situation, the methodology used is qualitative using grounded theory approach. An interpretive paradigm is being selected as it constructs the patterns that are formed by the informants. Grounded theory then is being used that comprises a systematic, inductive, and comparative approach for conducting inquiry for the purpose of constructing theory (Bryant, 2017).

The data is collected through observation the hospitality businesses that were significantly promoting an innovative idea and enhanced with in-depth interviews with the business owners or managers. The observation is participatory strengthened by interviews performed to informants who are the people in Jakarta. There are 10 informants as theoretical sampling is obtained to hospitality practitioners are taken from various type of business. Ten key informants are chosen from business owners and managers from national hotel chain, independent hotel, small food and beverage business known as street vendors in Great Jakarta area as the sampling is purposive (Denzin and Lincoln, 2018).

The interview processes are based on grounded theory research which is to examine individual and collective actions, as well as define social processes (Denzin and Lincoln, 2018). This strategy, as known by theoretical sampling, allows researchers to shift the iterative process between data collection and analysis to obtaining the data to illuminate this category, fill out its properties, and define its implications (Denzin and Lincoln, 2018). As an inductive approach of data analysis, the research is to build patterns of the key informants in their business decision strategy, while deductive approach helps the result to be completed by further data collection (Creswell and Creswell, 2018).

The role of the researcher is the key instrument who gather and interpret the data whereas the data analysis steps and the methods used for presenting the data, interpreting it, validating it, and indicating the potential outcomes of the study. Researchers’ past experiences shape interpretations that may create favourable or non-favourable conclusions about the participants. The hospitality background experience of the researchers plays also important role in the research to interpret the interview results.

The research was performed from May to July 2020 and the communication with the participants was performed through online video platform.

RESULTS AND DISCUSSION

As retrieved from secondary data in different popular literatures, hospitality industry development has been noticed to grow fast, and the tourism industry seemed to be promising. Pandemic Covid-19 is being officially announced affecting people in Indonesia starting in the beginning of March 2020 that has ruined the paradigm of promising business sector in Indonesia.
Yes, the euphoria of trying to develop tourism and hospitality business such as hotels and restaurants did happen before the pandemic started in 2020 especially in Indonesia. Whereas Indonesian Government has planned acceleration program to develop potential destinations in several provinces, but all the plans have needed to be slowing down due to the pandemic. Since pandemic is the responsibility of the government, precautions about this situation have been regulated. With the respect to the health concern, the hospitality business cannot open as usual because there are strict rules of opening hours and the government has also decided to arrange the delivery of the service through national and regional regulations.

Preliminary Findings

The first phase of the research is to interview 10 people in Jakarta who have the knowledge about hospitality business. The interview was performed to find out on how the hospitality business is being run and in what condition they are being put by the situation. The findings are coded with the following result (Table 1).

Based on findings as displayed in Table 1, there are 10 issues to be considered in looking for solutions which are (1) people stay home. (2) no possible interaction, (3) no trust to others, (4) people do not buy prepared food, (5) no sales, (6) hygiene and cleanliness for people’s health, (7) need to reduce cost, (8) perishability is a problem, (9) need to work for living, and (10) uncertain situation. People are staying home with no possible interaction. The trust to others become difficult since everyone can be carrier of the virus. This distrust led people not to buy prepared food, because of people concern about hygiene and cleanliness that may affect their health. In this situation, the sales are very low even it happens to be zero income. Thus, it becomes a problem in running the operations of the business and the prime cost is mostly to be reduced. In hospitality industry, perishability of the product or service is a problem. There is no turning back time to catch up the sales whereas the staff are still in needs to work and earn their salary normally. This uncertain situation is challenging for the hospitality business owners and managers to overcome the run of the business. The findings from the first interview leads the research to interview hospitality business owners and managers to

The findings from the secondary data, obtained from mass media and government regulations, show that the pandemic situation is controlled by the government. However, as an unexpected and force maajeure event, the government did not have the experience to handle. The situation converts into uncertain for everyone in the country. Jakarta has another issue of government communication that does not help the situation. The central government and local government did not find agreement on how to handle the situation, thus it affects the business in general. Between economic problem and health problem, it is very problematic to control more importantly because most of the population of Jakarta comes from other regions. In this case, people mobility cannot be avoided. However, the instruction to stay home is being followed by most of them, that slows economic turnover in the region.

Stay Home Lifestyle becomes mature and restaurants are adjusting to changing their business model towards online delivery services whereas malls will become less and less popular (Yuswohady, 2020b). Moreover, Yuswohady (2020a) explain his findings that with the prohibition of traveling and leaving the house, hospitality & tourism was reported very affected with occupancy rate that is approaching zero and online food delivery or room cleaning services. Yuswohadi (2020a) also predicted that hospitality industry would enter
Table 1. Preliminary interview about the situation of hospitality business in pandemic situation

<table>
<thead>
<tr>
<th>Participant</th>
<th>People perspective</th>
<th>Coding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>People tend to stay home and do trust no one including Gojek driver (delivery man). We do not know whether consuming prepared food and beverage is safe enough for our family’s health.</td>
<td>People Stay home&lt;br&gt;No trust to others&lt;br&gt;Hygiene and cleanliness for health</td>
</tr>
<tr>
<td>2</td>
<td>It is a stay home period where we spend time with our family, whereas the business still needs to be run for our life as well as our staff’s.</td>
<td>People Stay home&lt;br&gt;People’s life must go on</td>
</tr>
<tr>
<td>3</td>
<td>It seems that the government does not know how to overcome the situation since the regulations keep changing and we have to fit our strategy accordingly.</td>
<td>Uncertain situation</td>
</tr>
<tr>
<td>4</td>
<td>The most significant issue in our business is the cost. We do not have any clue on how the cost can be reduced. Perishability of our product is an issue, and it is just cannot be avoided.</td>
<td>Need to reduce cost&lt;br&gt;Perishability is a problem</td>
</tr>
<tr>
<td>5</td>
<td>Everyone stays home. No one buy prepared food and beverage because of its hygiene and safety issues. We have to throw things away to the garbage which is bad for the business.</td>
<td>People Stay home&lt;br&gt;People do not buy prepared food&lt;br&gt;No interaction possible&lt;br&gt;Social Distancing</td>
</tr>
<tr>
<td>6</td>
<td>We cannot interact with our guest because of the probability of virus spread. Social distancing is very important. It is challenging on how to serve without interaction with our guests.</td>
<td>People stay home&lt;br&gt;People do not buy prepared food&lt;br&gt;Delivery by gojek is not trusted</td>
</tr>
<tr>
<td>7</td>
<td>People are afraid to go out. When they go out, they do not look for food outside. The delivery service by third party is also affected because we never know if the delivery man is healthy or not.</td>
<td>Untrust feeling about cleanliness</td>
</tr>
<tr>
<td>8</td>
<td>No one can guarantee if the hotel changes the bed sheets and other facilities every day. The pillow can be used by anyone, and the spread of the virus may be happening.</td>
<td>Afraid of meeting people&lt;br&gt;Need to work for living</td>
</tr>
<tr>
<td>9</td>
<td>Welcoming guests in our property is a challenge, because even us, we are afraid of meeting people, but if we do not work, we will not get any salary.</td>
<td>No sales&lt;br&gt;Cost problem</td>
</tr>
<tr>
<td>10</td>
<td>We sold 0 portion of our menu since the announcement of social distancing regulations. The daily cost especially the staff becomes burden for us.</td>
<td></td>
</tr>
</tbody>
</table>

Fall category in the Stay Home Economy which is a new trend due to the pandemic.

The preliminary findings would be then reconfirmed by expert interview to check and validate the situation.

**Further Findings**

As the subsequent step of the research, the interview key informant of this phase is business owners and managers. The interview has the aim to find out the strategy that has been decided for their business to overcome the pandemic. It was being noted that the 10 issues found in the preliminary findings would be the used as the base of the questions to the participants in this phase. The findings were interesting since the patterns were almost similar. From 10 key informants, the result of the interviews was recapitulated into findings categorized into food and beverage business and hotel business. The food and beverage business key informants were food street business owners, small restaurant owners, and restaurant managers. The hotel business key informants were hotel general managers.
managers from different stars which are 3 star and 4 star hotels.

The findings of food and beverage sector were interesting. The food street business was jumping into 0 revenue for a few days. The issue of social distancing or part of confinement regulation required people to stay home that does not allow them to buy food from outside. Delivery service from Gojek or Grab could not help neither since there was an apprehension to go out or receive something from outside people's home. Different to this, restaurants tend to better survive with take away and delivery service because people trust them more especially in the hygiene and sanitation. However, closing the outlets was also a problematic to maintain the expected revenue. It happened due to the unpredicted shifting rules from the government. Business owners need to always be aware of those changes because the regulations arranged different rule of opening restaurant the business. It has been an iteration process that for a few weeks, it was prohibited to open then it was allowed again to reopen. During the uncertainty, many wastes were thrown away because there were no sales. The condition could not be avoided. The employee cost and benefits were handled by eliminating daily workers and maximizing the existing resources. Cost of operations was problematic, but some measures were taken to solve the problem. Business owners and managers has fought to find the right innovative business model that works with the behaviour of the stay home lifestyle. In a period, social impact business model was powerful to be implemented since people were sympathy to those who lost jobs. Buying low price with good quality of food to be delivered to those in needs became a trend. Moreover, online promotional material was also the key to inform people in Jakarta who are willing to share with those in needs. The skills needed was to create content for social media promotion. However, this kind of business model has surprisingly given an increment on their monthly result. In addition to that, expanding the network was a must, nonetheless quite challenging, but it is very important the increase the awareness of the business that may lead to becoming loyal.

Unlike food and beverage business, hotel sector has had more opportunity to survive. The perishable character of the business was the pain for the management to determine the strategy. Rooms are the core products in hotels, while food and beverage as well as other services are supporting into the business. Most of hotels have not been able to sell rooms under 30% during the confinement. The phenomenon has affected all hotel business in the region and does not give any chance to get guests' trust due to the quick spread of the virus. The hotel managers have had tendency to wait and watch at the beginning of the pandemic. The challenges besides the room revenue loss, are also events that occupy the meeting rooms. The rooms were managed to be opened in some areas. It means that the hotel only uses rooms located in certain areas for guests. The strategy is to help cost saving especially the energy. Related to food and beverage expenses, the supply depends on suppliers and not doing direct purchase to the traditional market anymore. It helps the hotel to manage its cash flow. Daily worker staff were the first to go and the permanent staff were forced to take unpaid leave for about 10 to 15 days a month. Permanent staff were also required to maximise their working hours. In marketing program, hotels are trying to survive with lowering room rates, selling room vouchers valid for 1 year, and self-quarantine program. For the food and beverage department, hotels try to sell food delivered to the community surrounding, though it does work slowly. To show the hotel existence to the market, maintaining existing clients and looking for new contacts were perfor-
med by the marketing staff expecting post pandemic business. The relationship management are managed carefully because a wrong information spread means bigger effort to get the trust back from their guests or customers.

Based on the further findings from expert interview, the patterns of both hotel and restaurants business seem to be similar. Through this research, the construct of the patterns can be described as Factors to Surviving Crisis in Hospitality Industry. The dimensions found are (1) being alert to the government regulations, (2) keeping essential human capital, (3) creating innovative and attractive program to gain customer trust, and (4) maintaining and developing networks.

![Figure 1. A Framework on Surviving Strategy in Hospitality Sector](image)

CONCLUSION

Pandemic does give challenges in many ways to the hospitality sector. Human interaction as the core activity of the hospitality business does not allow the business to be run normally. Social distancing with a part of confinement allows them to welcome only half capacity of the property. This situation cuts their revenue down from customers and requires a strategic action for the sustainability of the business. The most difficult part in getting the business back on track is to convince guests to stay and consume with trust especially on the hygiene, safety, and cleanliness of the property or outlet. The character of the people in a country will impact on how long the situation will last. In this situation, the cognitive competence of business practitioners and owners is strongly required to show their vigilant character in preventing the spread of the virus.

The surviving crisis theory constructed in this research is recommended to be validated to a widen number of participants in further research to find out...
how hospitality business really survive the pandemic. A quantitative survey is suggested to complete the findings.

REFERENCES


