Recovery Strategies of Tourism Businesses in COVID-19 Pandemic in Indonesia
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Abstract.
This paper explores compatible recovery strategies executed by the tourism business owners to survive their businesses due to the undeniable stagnation of the Covid-19 pandemic in Indonesia. The present study utilizes semi-structured online interviews to explore participants’ activities, experiences, and strategies to maintain the tourism business during the COVID-19 pandemic. We garnered all data concerning the practical field experiences of participants by distributing google forms and collected further information from communication via telephone and WhatsApp chats. The research results showcased three strategies for the tourism business survival: improving hygiene and health standards, intensifying promotion, and operational cost control. Practically, this research will benefit tourism businesses to be more resilient in uncertain conditions in the future. The current study also contributes to the authority to resolve relevant policies incorporated with economic recovery related to the crisis due to the pandemic.


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1. Introduction

The world was shocked by a biomicroscopic creature being so-called the SARS-CoV-2 that caused the coronavirus disease (Covid-19) in the early 2020. “The coronavirus epidemic confronts us with something previously thought to be impossible: the world as we knew it has stopped turning, whole countries are in a lockdown, many of us are confined to our homes facing an uncertain future in which, even if most of us survive, the economic mega-crisis is likely” (Žižek, 2020). Moreover, it is nearly complete devastation to human living. A wider-ranging domino effect of the covid-19 crisis was also for the tourism sector as it led to socio-cultural and geo-strategic mistrusts, namely Chinese hatred utterances and racism. It was because China was the origin area of spreading the deadly virus (Jamal & Budke, 2020). Higgins-Desbiolles (2020) reported that the COVID-19 pandemic had
massively led to global crisis. Many countries shut down their international borders, airplanes and other forms of transportation grounded, tourists forced to return home, and people in many parts of the world locked down and confined to their homes.

In such an extreme case of the COVID-19 today, the World Travel and Tourism Council also reported that approximately 50 million travel and tourism jobs worldwide got lost revenues (Faus, 2020). The travel and tourism industry reported that yearly earnings, over $2.1 trillion, were lost in this pandemic because many governments ordered hundreds of thousands of small to medium-sized enterprises worldwide to close (Faus, 2020). Thirty to forty percent never be recovered, with similar effects falling off throughout supply chains, aircraft parked, hotels shuttered.

We also partially noted in Indonesia that the ups and downs rhythm of human interactions for survival, particularly for tiny small restaurants owners, rental cars owners, lodgings, and tourist sites workers, drastically downfall around March 2020 up to the present. The unexpected deceleration of tourism activities due to the COVID-19 in Indonesia for about nine months was also very difficult, including tourism businesses quickly getting normal. World Tourism Organization (UNWTO) (2021) reported that in April 2020 there were 156 countries that had obliged various forms of travel restrictions.

Many businesses, particularly in the tourism sector, have been shutting down, and many workers are laid off across the continents, including Indonesia. However, some fought for sustaining the businesses during the pandemics. As the research is ongoing, the psycho-social situation in managing tourism businesses in all parts of Indonesia is in a particular state of anxiety and expectation. Not a few tourism business people are stuck due to uncertain situations; some are waiting, and some are fighting against survivability. This paper seeks to identify more detailed responses from the persons concerned with tourism businesses, such as restaurants and culinary services, hotel & lodging, travel agencies, and the tourist sites & attractions organizers. Some previous Indonesian researchers on tourism have investigated, but they are scantily reported to scholarly journals or other outstanding media. To fill the research gap, this paper searches for direct and well-ordered strategies from the participants involved in tourism businesses in Indonesia. This research offers new insight into crisis handling and will give guidance for encountering future pandemic catastrophes affecting tourism enterprises.

2. Literature Review

2.1. Tourism Industry and Disasters

Disasters have always made the economy slump, including in tourism. Barro, Ursúa, & Weng (2020) reported that in 1918-1920 the flu epidemic affected 48 countries with a total death toll of 40 million people with a decline in the gross domestic product (GDP) of 6 percent in the affected countries. Huan, Beaman, & Shelby (2004) reported that the earthquake in Taiwan destroyed infrastructure and tourist attractions with material losses and left trauma to the community. Meanwhile, Kuo, Chen, Tseng, Ju, & Huang (2008) said that Avian Flu and severe acute respiratory syndrome (hereafter SARS) had reduced the number of tourist arrivals in Asian countries. Tourism demand was significantly reduced by about 403 arrivals for an additional person probably infected by SARS. Bowen, Fidgeon, & Page (2014) showcased that terrorism, as one of the disasters, has become a significant concern within the tourism industry because 44% of the tourists under the study considered it very likely to happen in tourism areas.

The most recent disaster, the COVID-19, has invited many researchers to measure its impact on tourism. Correa-Martínez et al. (2020) reported that the spread of the coronavirus outbreak at the ski sport site in Austria has made the ski season finally terminated. The effect of global travel restrictions and stay-at-home behavior on tourism and the projected global change is primarily noted by Gössling, Scott, & Hall (2020). Niewiadomski (2020) also stressed his research on the de-
globalization and post-COVID-19 tourism industry while predominantly assessing the industry’s sustainability. In some other areas, the researchers explored the regional pandemic impact on the tourism sector. For instance, Centeno & Marquez (2020) investigated the shortfall of tourism activities in the Philippines; Nepal (2020) observed and reported that coronavirus effects in Nepal tourism sectors have made all the tourism business to reset and to discover a new strategy to sustain.

2.2. Tourism Business Recovery

Higgins-Desbiolles (2020) contended that “the COVID-19 is widely recognized as a challenge or even a game-changer for travel and tourism”. This pandemic has forced tourism business owners to fight to maintain their business continuity. Due to the devastating impact of the pandemic toward the survival of tourism businesses, the policy maker should set supporting programs to assist the business owners. Scarlett (2021) suggested that after the pandemic, policymakers should prepare for the economic impact of tourism and related activities.

Yeh (2021) argued that government plays a most important role in the fight against the COVID-19 on many levels, such as the recovery of the economy including tourism industry. Because there are many local governments, it is significant to have open communication to build rapport and a good working relationship.

In the context of Indonesia, tourism business actors have made many innovations to maintain their existence. CHSE (Clean, Health, Safety & Environment) certification is one of the programs of The Ministry of Tourism and Creative Economy to increase tourism in Indonesia. The Ministry of Tourism and Creative Economy defines CHSE Certification as the process of granting certificates to tourism businesses, other related businesses/facilities, community environments, and tourist destinations. In addition to hoping for government assistance, these entrepreneurs in the tourism sector have carried out various exciting strategies to be researched and reported to the public. The study results will become the consideration for the policymakers to make breakthroughs in post-pandemic economic recovery.

3. Research Methods

A comprehensive series of interviews via google forms, telephone calls and WhatsApp chats are carried out to explore the experiences of the participants who have tourism businesses like hotel, travel and the tourist sites. We explained to the prospective participants about the purpose of the study and asked participants’ consent to participate in this research interview. To comply with research ethics, participants were asked whether they were willing to be involved in the research orally, and they were willing to fill out the available form. The researcher explains the research objectives, research methods and possible risks that may be experienced (Hammersley & Traianou 2012). The participants involved expressed their willingness to take part in a series of interviews to share their business experiences related to the focus of this research, so that this information can be used as data on participants’ enterprises. To protect participants’ privacy and maintain research ethics, the researcher did not mention the full names of participants and the name of the business (Widodo, 2014).

We distributed Google forms to four WhatsApp group members, consisting 430 personnel, and also sent to 70 personal chats from October to December 2020. Of the 500 prospective participants, 27 participants who had businesses in the tourism sector and were willing to become research participants were recruited. These participants are also ready to be interviewed further via WhatsApp messages or by telephone. The following table presents the demographic pieces of information of the recruited participants. From the types of businesses owned by the participants in table 1, we can see that there are six hotel and lodging entrepreneurs, 13 culinary businesses, six travel and car rentals, and two other supporting businesses. Unfortunately, none of the tourist site managers can involve as participants.
Questions posed to participants included:
1. Demographic data of the participants;
2. Cell phone numbers for those willing to be interviewed further;
3. Types of business;
4. How did the COVID-19 pandemic affect the businesses profit? increase (in %) decrease (in %);
5. The strategies used to maintain and to recover their business during the pandemic;
6. What they hope from the authority (government) for tourism business recovery.

There are answer choices for the recovery strategies so that participants may choose the answers that best describe the action as the response to the crisis. There are also open questions that participants can fill in to explain their actual experiences in preserving their businesses from the pandemic crisis. We transcribed all the data we garnered from google forms, telephone interviews, and WhatsApp chats. We then analyzed the collected data using content analysis to look for emerging themes (Creswell, W. John & Creswell, 2018), concerning tourism businesses' strategies during the pandemic crisis.

### 4. Results and Analysis

After the data was obtained and processed on a participant basis, the general results showed that due to the COVID-19 outbreak on businesses in the tourism services sector, such as restaurants, travel agents, hotel room sales, and their followers, there was a drastic decline. The average reduction in their daily, weekly, and monthly earnings is unpredictable. From the beginning of the pandemic to the time we collected the data and information, the participants said that their business income abruptly decreased on average 75 percent. In addition, the uncertainty of when this pandemic will end and the government policy is increasingly unpredictable, and product sales strategies cannot be made more visible. For participants who do business in the culinary field (restaurants, small and medium-sized stalls), starting from March-June 2020, their average income sharply decline reaches 65 percent.
Meanwhile, participants who own a transportation business (private car rental agents, travel agents, and online motorcycle taxi businesses) experienced a steep decline in consumer users by an average of 85 percent. The reason that often occurs from prospective consumers is the travel prohibition or restrictions from the government, which requires the use of an adverse Covid-19 test letter. Even a short distance trip between cities requires medical tests, which are generally burdensome for prospective travelers. There were only two participants from Bali who took part in this study and they suffered a 75% decrease in turnover during the COVID-19 pandemic due to the infrequent number of tourists coming to Bali. Art and fashion entrepreneurs from other regions did not participate in this research.

Participants who have a lodging business also suffered a considerable loss due to the decline of the occupancy rate. The occupancy rate decreased reached 85 percent at the end of 2020 when the study was carried out, compared to the conditions before the pandemic. This finding is in line with Harchandani & Shome (2021) who reported that “in months of January-March 2020 recorded a steep fall in the occupancy rate by almost 96 percent in Italy, 68 percent in China, 67 percent in the UK, 48 percent in Singapore, and 59 percent in the US”. Participants explained that the drastic decline in the room occupancy rate was caused mainly by government regulations that limited official cross-regional meetings, family activities in wedding celebrations (wedding parties), and tour packages to and from tourist destinations.

The google form answers collected from participants and follow-up interviews conducted by researchers show that business people in the tourism sectors recorded the severe negative impact of the COVID-19 pandemic. The result aligns with Riadil (2020) who reported that 96.2 percent of tourism sector workers felt the pandemic’s dire impact on their jobs. This destructive impact urges business owners to set strategies to survive in uncertain business conditions during the pandemic. The present research found three strategies that help the business owners preserve their business: improving hygiene and health standards, intensifying promotion, and operational cost control.

### 4.1. Improving Hygiene and Health Standards

The implementation of health protocols is a strategy mainly carried out by the business owners in the tourism sector. The government’s promotion of physical distancing, the use of masks, temperature

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**Table 2. Research Results**

<table>
<thead>
<tr>
<th>Business Types</th>
<th>Location</th>
<th>Income Decreasing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Café &amp; Restaurants</td>
<td>East Java</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>Central Java</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>West Java</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Bali</td>
<td>65%</td>
</tr>
<tr>
<td>Lodging house</td>
<td>East Java</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Central Java</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>West Java</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Bali</td>
<td>85%</td>
</tr>
<tr>
<td>Travel &amp; Car Rentals</td>
<td>East Java</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Central Java</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>West Java</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Bali</td>
<td>75%</td>
</tr>
<tr>
<td>Art and fashion</td>
<td>East Java</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Central Java</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>West Java</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Bali</td>
<td>85%</td>
</tr>
</tbody>
</table>

*Source: Authors (2021)*
checks, and the use of hand sanitizers is strongly supported by tourism service business owners. One of the research participants, Dedy (pseudonym), said that the enactment of health protocols gives more comfort for the customers, especially in hotels, restaurants, and cafes. The restaurant owners set tables and chairs at a safe distance, enabling customers to have a safe physical space. To improve hygiene and health standard, the management provides hand soap and hand sanitizers on the spot to ease the customers to sterilize their hands frequently. Fajri (2021) suggested that implementing health protocol in a hotel gives more safety for hotel customers to come again. This insertion aligns with Jiang & Wen (2020) in the study on the effects of COVID-19 on hotel marketing and management. They highlighted that “effective strategies are necessitated to boost travellers’ confidence and to help businesses recover in a timely manner after this public health crisis”. Nepal (2020, p. 3) argued that “hygiene, sanitation, access to quality health services, and trustworthy health and safety information are going to be critical for adventure tourists, particularly for those who are on extended travel”.

Cafe and restaurant owners in the present research also implement health protocols to attract customers to feel safe to come again (figure 4). Reduction of occupancy rate becomes a new trend in restaurant management. The management reduces the number of guests at a time and arranges chairs and tables safely to avoid crowds. Supri (pseudonym), one of the participants, said that his restaurant currently only holds 50 customers. He reduces 50 percent of the carrying capacity of the restaurant for safety reasons. Some cafe owners implement drive-through services to prevent the spread of the COVID-19. This effort aligns with Assaf & Scuderi (2020) who suggested that ‘facilities may limit access by stipulating that gathering be restricted to fixed numbers of guests’.

Kenny & Dutt (2021) contended that improving hygiene and health standards is one of the strategies used by hotels in Dubai to survive, which aims to overcome specific crises. This strategy is part of the strategic response to the pandemic, which is expected to support the hotel business to recover. This research showcased that the improvement of hygiene and health standards in tourism businesses can help them maintain their survival.

The challenge encountered by entrepreneurs during the pandemic is the increase in production costs because they have to add health protocol facilities (soap, hand sanitizer and so on), but they cannot increase the selling price because of the weakening purchasing power of the people. What can be done by employers is to reduce production costs by reducing the working hours of employees so that it has an impact on reducing employee salaries.

4.2. Intensifying Promotion

The COVID-19 pandemic is the point when tourism businesses should not do the business as usual because this time is the opportunity to reset (Nepal, 2020) or take a transformative opportunity (Higgins-Desbiolles, 2020). The pandemic era is a tough time for the industries to prove their agility. From 27 tourism entrepreneurs, seven tourism business persons decided to wait and see what happens next without promotion. The other 20 tourism business owners show the agility to survive during the pandemic. Promotion is the strategy that they chose to adopt. They utilized social media like WhatsApp groups, Instagram, Twitter, and Facebook to inform the safe products they offer. Some offer vouchers and discounts and show the health protocols to ensure secure premises for customers to come and enjoy the services.

Travel agencies and car rentals are tourism businesses that are also most affected by the COVID-19 pandemic due to government policies regarding the imposition of restrictions on community activities, including prohibitions on crowds and tightening travel requirements. The strategy taken by this business is to promote travel by providing special discounts. Bayu (pseudonym), one of the research participants, said that the travel management offers discounts for all trips and provides accessible and low-cost rapid test facilities. He further elaborated that his team has to work hard promoting their products (such as a small group safe travel) and giving value to preserve their business from bankruptcy. Figure 1 and Figure 2 Showcased their promotion for safe travelling provided by a
travel agent participating in the current study. From figure 2, the Instagram followers are able to see the safety of small group travelling.

Figure 1. (a) Promotion in Instagram; (b) A small group safe travel promotion

Source: Participant’s document (2020)

Promotions carried out by cafes and restaurants through mass media have inadvertently opened up opportunities for culinary business people to switch to online business models. Food orders from the community in the mass media provide new hope for developing this food business. Cafes and restaurants also offer some promotional prices for the products they offer. Vivin (pseudonym) believes that a small profit with increasing demands can make her culinary business survive during this pandemic. She currently often obtains food orders through WhatsApp, and online food delivery providers such as GoFood provided by the Gojek application and GrabFood provided by Grab Holding Inc. The online orders have supported her business to survive. For areas that have not been reached by The Gojek services, food entrepreneurs provide home delivery services to answer the fear of buyers coming to the restaurant (figure 3).
4.3. Operational Cost Control

All the tourism businesses managed by the research participants experienced a weakening in sales, as mentioned above. In this uncertain business condition, the management has to set strategies to reduce operational costs. Some investigated tourism business owners attempt to change employees’ status from permanent employees to outsourcing employees to save the budget for employees’ salaries. Some make a policy of reducing working hours, and that means plummeting employee wages. This research aligns with Riadil (2020) who reported that ‘most Indonesian tourism employees are not stable in receiving wages or salaries.’

As a precaution against the collapse of the tourism business, some hotels, inns, and travel agents under study chose to offer discount packages for the customers to deal with falling market demand during the pandemic. The also decided on laying off their employees to save their operational costs. The strategy of reducing the number of employees has been reported by Gössling, Scott, and Hall (2020, p.8) that:

‘By 26 March 2020, 90% of member businesses had temporarily laid off staff, with 78% of businesses reducing at least three quarters of the workforce. Hotels and gastronomy, as well as attractions reported the largest decline in their staff numbers, while car rental and camping sites were less exposed’.

In the current study, we found six tourism businesses (22.22%) decided to reduce their employees’ monthly salaries because they had to reduce operational hours. The present study found that six participants (22.22%) decided to lay off some employees for cost-efficiency. This cost efficiency is essential to maintain the ability of the business to run. An owner of a travel business understudy decided to close the company because the market demand could not cover the operational cost. Seven culinary businesses (25.92%) opened half day because the government enacted physical distancing and PSBB (Pembatasan Sosial Berskala Besar).

As the application of operational cost control, a business owner may enact a strategy of offering economic packages to buyers. A restaurant in East Java carried out a method by providing low-cost packages for class reunions. Supri (a pseudonym) said, “Kami menyediakan paket hemat dengan propaganda ‘Reuni setenggal kelas, setenggal juta mbaten telat’” [We provide economical packages for school reunions with the slogan “one class reunion, one million is more than enough”]. In this offer, the restaurant owner tries to keep the selling price of food as low as possible so that a group of friends can afford
Along with the strategy, the restaurant owner also enacted health protocols and hygiene standards. These low-price packages can make this restaurant maintain its sales turnover in this pandemic era. The following figures showcase the agility of the restaurant owner in supporting the sales by offering affordable food prices and promoting the hygiene principles.

**Figure 5.** E-brochure for promotion,

*Source: Participant’s document (2020)*

### 4.4. The Government’s Outreach

In this era of the COVID-19 pandemic, the business world expects for government’s assistance in various forms. When the interviews for this research were conducted, the government had provided assistance to Micro, Small and Medium Enterprises (MSMEs) in the form of masks, hand sanitizer, direct financial assistance, tax deferrals, tax break, and tax abolition. As stated by the participants that the tourism enterprises also look forward to receiving the Government’s technical guidance and workshops for cleanliness, health and safety for tourism businesses.

The research showcased that the Government has provided assistance for MSMEs in the tourism sector affected by the COVID-19 pandemic, but it needs to expand the outreach. The research participants said that the Government provides various types of assistance, such as medical masks, hand sanitizers, financial aid, and tax exemptions. This research found that 12% of participants of this study have received financial assistance from the Government, 8% have been granted tax breaks, only 8% have got free medical masks, and the other 72% have not received any assistance from the Government.

The findings of this study are quite different from the findings of Riadil (2020) that showcased 65.4% of his research participants said that the government had done an excellent job of handling the tourism business in the tourism sector. Meanwhile, in our research, 72% of participants have not received government assistance. This difference may occur because some of the participants in the previous study might have received aid from the government, but they did not mention what kind of assistance the government has given to them. In contrast, 72% of the participants in this study had not accessed assistance from the government. These findings suggested that the government should extend the outreach for solutions given to the businesses affected by the pandemic.

In addition, 10 participants (37%) from this study proposed the government’s assistance in the form of training and technical guidance on cleanliness, health, and safety to meet tourist safety standards. The training will equip the tourism business owners with the knowledge of improving hygiene in tourism services. Hopefully, improving hygiene in tourism services will grow tourists’ confidence in traveling, hotel staying, and culinary purchasing. In the meantime, when we conducted the interview, the government had not provided technical training for MSMEs in the tourism sector.
5. Conclusion

In Indonesia, the tourism businesses are the most severely affected by the COVID-19 catastrophe. Business owners might enact many other strategies, but the three mentioned survival strategies are what we found in our online interview research - the application of health protocols, intensification of promotion, and the operational cost control. These limited findings might be because of the small number of participants that we recruited during the study. In the future, we suggest more comprehensive research on the effect of the pandemic on Indonesian tourism businesses so the result would be more applicable for Indonesian tourism business development, especially after the pandemic.

The economic recovery of the tourism businesses needs government intervention, especially for the micro, small and medium enterprises (MSMEs). MSMEs in the tourism sector is the sector experiencing the most severe stagnation due to the pandemic. The government's policy of closing tourist sites is one of the causes of the decline in the tourism business, especially in the hospitality sector, travel service bureaus, and the culinary industry. As suggested by Harchandani & Shome (2021), that “with limited financial resources and access to capital, these businesses are unable to cope up with shocks like the current one. MSMEs are less flexible in nature and highly interdependent which means, a crisis in one area has ripple effects on all the others”.

The assistance needed by tourism service entrepreneurs is not limited to providing incentive funds, hand sanitizers, masks, tax deferrals, tax reductions, and tax write-offs, but also rescheduling bank loan payments and reducing loan interest. The most essential and valuable assistance in the long term is a technical guidance workshop on hygiene and safety in tourism that will increase market confidence in the future Indonesian tourism.

This research has several limitations because the data was taken in mid-2020 when the government was handling the problems of the COVID-19, so the government had not evenly distributed the technical and financial aid to all affected businesses. Once travel bans are lifted across Indonesia and around the world, it will be interesting to look back at the impact of those changes. Further, the number of participants in this study is also limited to participants from several regions in Indonesia. Future research is recommended to recruit more participants from the various areas in Indonesia so that the study results can capture the changing conditions of the tourism businesses in Indonesia after the pandemic.

Disclosure Statement

No potential conflict of interest was reported by the authors.

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