Highlighting Compensation Policies in Hospitality Industries during the COVID-19 Pandemic

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ABSTRACT

This article investigates how compensation to hospitality industries has been conducted during the COVID-19 pandemic. Using documentary study, the writers made use of Google scholar and the Garuda portal database to collect data. Some primary keywords were employed to search relevant published articles such as compensation in a hotel during the COVID-19 pandemic. This study finds that hotel owners modified policies by giving only 50\% of their salary. Meanwhile, the government covers another 50\% of financial support to help the employees. Applying for compensation with support, promotion, and money will motivate employees to work. For the consumers, hotels lowered the price of the rooms. In addition, hotels also paid very careful attention to sanity issues and hotel service quality. It turns out that these adapted compensation policies have resulted in positive impacts on employees and consumers.

Keywords: Compensation, Hotel, COVID-19, Hospitality Industries

Introduction

Health is one important factor for every human. The emergence of COVID-19 affected people's health (Hao et al., 2020). The COVID-19 pandemic impacts the tourism sector, especially the hospitality sector. Many hotels have experienced losses caused by COVID-19 (Le & Phi, 2021). This problem caused tourist visits to the hotel to decrease
drastically compared to previous years (Salem et al., 2021; Le & Phi, 2021). There is anxiety about the spread of COVID-19; as a result, tourists are reluctant to visit the hotel during the pandemic (Kim et al., 2021).

The crisis of the COVID-19 pandemic provides a significant long-term impact on the hotel operational process (Filimonau et al., 2020). Quintana et al. (2021) reported that the COVID-19 outbreak caused a high rate of mortality cases, reaching 437,000 dead people. In 2020, Organization World Health (WHO) said that COVID-19 significantly impacted the business world. (Bonfanti et al., 2021). The COVID-19 pandemic influenced the desire of employees to work. Employee willingness and employee capability are two things affecting their attendance to work during the COVID-19 pandemic (Stergio & Farmaki, 2021). The government made employees work from home (WFH) (Chi et al., 2021). The presence of COVID-19 impacted the existing hotel operations (Kim & Han, 2022).

The COVID-19 pandemic changed nearly all hotels’ plans and compelled hotel managers to adopt new policies in various sectors (Wang et al., 2021). In 2020, the tourist industry was the most affected sector in the economy (Torell et al., 2021; Demir et al., 2021). The pandemic impacted the hotel's operational processes as well as its financial stability of the hotel (Milovanović, 2021). Keeping cash reserved is one method to make hotels operate (Carter et al., 2022).

In the case of Indonesian and Chinese hospitality, the COVID-19 pandemic resulted in the closure of many hotels, thousands of employees being dismissed, and making the hotel a house sick (Rahma & Arvianti, 2020). Meanwhile, in the case of Greece, hospitality more many used help from the government and marketing strategies to resolve the crisis (Pavlatos et al., 2020). The number of employment problems during a pandemic proves that applying compensation policies for employees is a difficult issue for hotels. Deteriorating hotel financial conditions have forced the management of five-star hotels in the city of Jakarta to fire around 59.9% of their employees in 2020 (Soehardi & Untari, 2020). To reduce financial pressure during the pandemic, the Taiwan government provided compensation in the form of additional funds (Teng et al., 2021).

**Literature Review**

Compensation can be interpreted as an interaction in the form of rewards given to employees over a period, particularly in the form of wages or other facilities (Siswadhi et al., 2022). Compensation provided to an employee is critical to keep employees committed to doing their work (Koljaan & Rahadi, 2021).

With existing gift compensation, employees will work at maximum because they hope their needs can be fulfilled (Wondal et al., 2019). In increasing satisfaction work, motivation, and achievement work employees, gift compensation to employees is the most effective way (Wondal et al., 2019). Compensation is the results received by employees on the effort that has been given to an organization that can shape service or goods (Mauluddin & Irawati, 2021). Compensation covers all forms of fees that the organizations have paid to employees based on their achievements and service (Kartiwaty et al., 2021).

Two types of possible compensation provided by the organization to the employee that is financial and non-financial compensation (Hastuti, 2022). Financial compensation is
given to the employee in the form of money. In contrast, non-financial is given to an employee in the form of facilities, vehicles, promotions positions, and others (Hastuti, 2022).

Compensation studies in hospitality industries during the pandemic are an interesting topic to investigate. However, the writers have found that those previous studies have provided inconsistency findings. Thus, this paper is aimed to fill in the gap by focusing on how related parties, such as the hotel owners, governments, etc., contribute to the compensation policies. This paper ends with insightful findings and implications for hospitality stakeholders to consider.

Methods

This study has employed a qualitative approach. Using library research, the writers collected data from reputable journals with the same theme: compensation in hospitality industries during COVID-19. The device software used for collection journals is Google scholar, accessed at https://scholar.google.com/, and the second software is the Garuda portal, accessed at https://garuda.kemdikbud.go.id/.

Study this using journal reputable or journals not yet reputation found on Google Scholar and the GARUDA portal. To select the published articles as the data, the writers set some selection criteria such as published in reputable journals and issued from 2018-2022. Using these criteria, the writers ended up with thirty-five relevant articles. Out of 35 articles, one article (3%) in 2019, nine articles (26%) in 2020, nineteen articles (54%) in 2021, and six articles (17%) by 2022.

Results and Discussions

In the face crisis of the COVID-19 pandemic, the hotel industry worldwide is experiencing a difficult situation, specifically in the Thing economy. However, applying for compensation in the hotel is not impossible in a problematic situation. This post wants to dig more into what the hotel industry makes compensation applications in some countries facing the COVID-19 pandemic. Table 1 below will spell out journals nationally used researchers for discussing application compensation to industry hospitality post-pandemic.

<table>
<thead>
<tr>
<th>Writer</th>
<th>Places</th>
<th>Journal Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masatip el al. (2020)</td>
<td>Inna Parapat Hotel in North Sumatra, Indonesia</td>
<td>Journal Academy Medan Tourism Vol. 8, No. 2</td>
</tr>
<tr>
<td>(Mequanint, 2020)</td>
<td>The hospitality industry in Ethiopia</td>
<td>Agricultural Research &amp; Technology Journal Vol. 25, No. 1</td>
</tr>
<tr>
<td>Ranasinghe et al. (2020)</td>
<td>The hospitality industry in Sri Lanka</td>
<td>SSRN Electronic Journal</td>
</tr>
<tr>
<td>Pohan et al. (2020)</td>
<td>Rocky Plaza Hotel in</td>
<td>Journal of Tourism and Business</td>
</tr>
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</table>
After conducting a search article past device soft Google Scholar with keywords "compensation in a hotel while Covid 19 pandemic". The researcher gathered at least nine articles researching the phenomenon of application compensation during the hotel post-COVID-19 pandemic in four years last. In table 1 above, there are 10 articles consisting of 7 international articles and 3 national articles.

**Compensation is given to employees to produce income to promote innovation and creativity**

During the pandemic, hotels were concerned with their employee’s welfare by giving compensation, such as financial support and facilities. Masatip et al. (2020) found the most appropriate strategy for hotels to face the COVID-19 pandemic. Using a descriptive qualitative study, they found that compensation could be given to all source power men in a hotel by utilizing facilities owned by the hotel to produce income to promote innovation and creativity. Hotel owners were aware of their employees’ difficulties although they also could not avoid their hotel income shortage.

**Modify hotel policies as a form of compensation to consumers**

Mequanint (2020) studied the impact of the COVID-19 Pandemic on Hospitality (Tourism & Hotel Sector) and Mitigation Mechanisms in Ethiopia review” research Mequanint (2020) aims to identify the impact of COVID-19 on the global economy and tourism in Ethiopia. Study Mequanint (2020) is a type of qualitative research with to do Interview as a technical data collection. An informant key in the study by Mequanint (2020) is the number of individuals significant in the Ethiopian tourism field sector. In the study by Mequanint (2020), data obtained from the interview will be analyzed to produce findings. Namely, the deployment of COVID-19 disease hurt sector tourism, modifying hotel policies as compensation to promote hotels like enforcement rate flexible for all services and ensuring fixed hotel cleanliness awake. Activating hotel promotions is a way to invite visitors to come.

**Giving compensation to consumers with lower rate price room for solution recovery**
Ranasinghe et al. (2020) studied the influence of the COVID-19 pandemic on sector tourism, specifically industry hospitality and Meetings, Incentives, Conferences, and Exhibitions (MICE) in Sri Lanka. Research Ranasinghe et al. (2020) aim to know the impact of COVID-19 on the Sri Lanka tourism sector and to give solution recovery for sector business in Sri Lanka. According to Ranasinghe et al. (2020), the impact of COVID-19 on Sri Lanka is debilitating sector country hotels. As for the solution recovery for perpetrator effort sector hospitality, it is to give compensation to consumers with lower rate price room. It becomes lower with offer various type hotel facilities. At the same time, the hotel implementation compensation was given government for owner business level macro nor micro in form subtraction tax in period time specific.

*Provide financial compensation to employees in the form of giving 50% of the salary*

Pohan et al. (2020) studied employee management at Rocky Plaza Hotel Padang moment the COVID-19 pandemic. This study aims to see the level of discipline and the relationship between the work and compensation applied by the hotel in the face of the COVID-19 pandemic. Using descriptive qualitative, they collected data from five hotel employees. Pohan et al. (2020) generated findings that compensation applied by the hotel to employees shaped improved financial support by giving 50% salary to employees during the COVID-19 pandemic. This policy was conducted because hotel revenue during the pandemic decreased. The compensation provided by hotel owners applies to all positions at Rocky Plaza Hotel.

*Provide quality, fast and precise service to increase customer satisfaction*

Yang et al. (2021) do research entitled “To survive or to thrive? China’s Luxury Hotel Restaurants Entering O2O Food Delivery Platforms Amid the COVID-19 Crisis”. The study aims to analyze consumers' impressions using online-to-offline (O2O) food platforms at five-star hotels in China. The study also analyzes factors that can influence performance service restaurants five stars in China during when COVID-19 pandemic. Data were collected in May 2020 via the mobile Meituan delivery food with the largest market share in China. From 4 cities big in China, collected as many as 19 hotels with amount review consumers as many as 754. Research results this state that; (1) quality service with fast and precise take effect the satisfaction of consumers; (2) several forms of compensation must be given to consumers if they feel not satisfied with the services provided by employees; (3) Compensation by practical could increase satisfaction customers and can push happening positive reciprocal behavior among employees and consumers.

*Receive social protection in the form of financial compensation from the government*

Vithayaporn et al. (2021) study a testing time for tourism and hospitality in Thailand during the COVID-19 pandemic. The destination of the study is to study the impact of COVID-19 on sector tourism, aviation, and hospitality in Thailand. Study this use method
literature review. Secondary data was obtained from 50 articles to explain the phenomenon. The result of the study are; (1) the COVID-19 pandemic makes sector Thailand's tourism is becoming weak because lonely travelers from other countries coming; (2) existence cutting wages and leaving employees who do not pay made many business hotels in Thailand are closed. Various problems in the tourist sector make the Thai government enforce a social protection policy on workers by giving financial compensation of as much as 50% of their salary. Also, give compensation of 15,000 THB to Thai workers who become a member of the returning Overseas Workers Fund from another country because of the impact of COVID-19.

Compensation in the form of praise, promotion, and money can motivate employees

Caravan and Bourbon (2021) conducted a study of the Work-life balance between hotel employees in Cagayan de Oro City during the COVID-19 pandemic. The fundamental phenomenon in this study is the problem of balance between life and work during the COVID-19 pandemic, which makes industrial management develop hotel life policies. This study aimed to assess the relationship between employees' personal environment, work environment, and demographic policies. Variables that include the employee's environment include family support, dependents, and self-management. Variables that include the work environment are workload, colleague support, and financial assistance (compensation). Variables with demographic policies are gender, age, civil status, and years of service. The data collection technique in this study was a questionnaire and used descriptive statistics. This research shows that; (1) the employee will receive his salary on time as a form of compensation for the work that the employee has done; (2) rewards in the form of incentives from hotel management such as praise, promotion, and money can motivate employees in certain activities; (3) compensation given to employees somewhat can motivate employees to work because they feel valued.

Compensation can affect employee's intention to stay in the hospitality industry during the COVID-19 pandemic

Ferdian et al. (2022) analyze the influence of compensation on faith live in industry hospitality. During attachment-mediated COVID-19 pandemic work. The type of study is a quantitative study, using 201 graduates from Padang State University hotel management working in the industry hospitality. The sample study is as many as 145 respondents of the total population data analysis techniques using Partial Least Square Structural Equation Modeling (PLS-SEM). Indicator compensation in a study is suitability work. Fulfillment needs employee, salary is given appropriate time and guarantee other. The findings in the study, namely; (1) compensation work influences alums' intention to stay and bond work in industry hospitality During the COVID-19 pandemic; (2) the existence of attachment profession could increase the connection between compensation work and faith stay in industry hospitality.

Most hotels in South Africa do not compensate their employees due to the effects of the COVID-19 pandemic
Sucheran (2021) researched the preliminary economic impacts of the COVID-19 pandemic on the Hotel Sector in South Africa. This study focuses on the economic impacts on the hospitality sector in South Africa due to the COVID-19 pandemic. The collected data were obtained from companies’ accommodation in South Africa, particularly companies engaged in hospitality. They have involved 3000 companies and 482 companies. 62 of them included hotels. They found that; (1) Sector hospitality in South Africa has had terrible conditions post the COVID-19 pandemic hit; (2) several hotels experienced the risk of bankruptcy and closure by fixed; (3) hotel closures caused much unemployment in South Africa and it kept increasing; (4) About 55.8% of hotels in South Africa took a policy by reducing employee wages; (5) about 62.9% of hotels laid off its employees; (6) about 16.2% of hotels in South Africa have been giving compensation employees by avoiding lowering wages.

*Operational cost control strategy policies can help maintain hotel financial stability*

Puspita et al. (2021) have identified current hotel management strategies during the COVID-19 pandemic. This study was conducted at the Westin Resort Nusa Dua, a 5 -star hotel in Nusa Dua, Bali. They have found that there are three hotel strategies in facing the pandemic, namely; (1) control strategy cost in control hotel finance; (2) Differentiation makes the product unique that could not be imitated; (3) focus on product needs of consumers. Compensation implemented by hotel management for an employee is to avoid wage reduction by carrying out a number of strategies, such as controlling hotel operation costs.

Based on the previous study, role compensation in hotels dealing with the COVID-19 pandemic can be applied in many ways. Masatip et al. (2020) apply compensation for employees utilizing facilities owned by the hotel to get income that can help restore hotel finance. Meaning (2020) and Ranasinghe et al. (2020) modified hotel policies to compensate consumers, like giving more cheap rates and guaranteeing hotel cleanliness for consumers. Hotel compensation can be given government through subtraction tax in specific periods certain (Ranasinghe et al. 2020). Giving compensation to an employee during the COVID-19 pandemic in the form of finance as much as 50% of wages is a result of research by Pohan et al. (2020) and Vithayaporn et al. (2021).

Yang et al. (2021) find that application compensation could increase customer satisfaction and encourage reciprocal behavior among employees and consumers. Meanwhile, Vithayaporn et al. (2021) and Ranasinghe et al. (2020) state that government has a vital role in applying for compensation through policies in helping to restore difficult financial conditions due to the COVID-19 pandemic.

Caravan & Bourbon (2021) mention that compensation could be in the form of providing gifts, such as promotions, and money. They were believed to motivate employees to work. Ferdinand et al. (2022) mention that compensation in the form of a suitable job,
guaranteed salary, and fulfillment needs could influence bond work employees in field hospitality. The studies by Sucheran (2021) and Puspita et al. (2021) show that compensation could be applied during the COVID-19 pandemic by avoiding low wages for employees. The business owners did not dismiss their employees.

**Conclusion and Suggestion**

Based on the findings, we learn that the implementation of compensation for each hotel in some countries is different. Almost all the previous studies state that the hospitality industry has experienced economic challenges due to the COVID-19 pandemic. Several hotels have their ways to apply compensation financial as well as non-financial to face the COVID-19 pandemic, including; (1) giving facilities owned by the hotel to an employee for net income; (2) increasing hotel promotion by modifying hotel policies to become more flexible; (3) giving compensation financial to an employee with pay 50% salary; (4) giving the best service to the consumer to get a positive impression from consumers; (5) implementing compensation in the form of job suitability and salary guarantees can increase work motivation; (6) avoiding lowering wages employee to save cost operational; (7) applying for compensation in the form of financial supports, promotions, and rewards so that employees have the motivation to work.

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**Reference**


