

Chapter 2

The Effects of the COVID-19 Pandemic on the Hospitality Industry: Strategies for Enhancing Resilience and Recovery

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ABSTRACT

As the hospitality industry is one of the industries most drastically affected by the COVID-19 pandemic, it is essential that managers of this industry develop effective strategies to reduce the damage of the pandemic and be better prepared for possible future crises. In this respect, this chapter discusses the effects of the COVID-19 pandemic on the hospitality industry and highlights preventive measures, employee support, service innovations, and CSR activities as the key strategic areas for enhancing resilience and recovery of hospitality firms during and even after the COVID-19 pandemic. This chapter also underlines the significance of adopting a holistic stakeholder approach that discusses the effects of the pandemic and proposed strategies from the perspective of multiple stakeholders, as the COVID-19 pandemic has affected them all.

INTRODUCTION

The novel coronavirus (COVID-19) has radically changed the lives of all. Since the COVID-19 outbreak, approximately 227 million confirmed cases had been reported globally, together with almost five million deaths (World Health Organization, 2021). Lately, with the increase in the number of vaccinated people, there has been a slight loosening in the measures taken. However, it is still expected that nothing will be back to normal that easily even when the pandemic is finally over (Zwanka & Buff, 2021). Thus, firms should find ways to cope with this unprecedented crisis and develop strategies for survival accordingly.

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The Effects of the COVID-19 Pandemic on the Hospitality Industry

It is true that all industries have been somehow affected by this pandemic, and this effect has been quite negative for most. However, for some industries, this effect has indeed been very drastic. In this respect, the hospitality industry is one of these severely affected industries as the very DNA of hospitality is struck hard at its core by the pandemic (Rivera, 2020). Accordingly, the crisis derived from COVID-19 has created a real challenge, resulting in a recession or bankruptcy for firms within this industry (Marco-Lajara et al., 2021). The fear of COVID-19 among customers, accompanied by the new rules and restrictions of social life that include the curfews, lockdowns and social distancing, has had a detrimental effect on these firms that include but are not limited to restaurants and hotels (Bove & Benoit, 2020; Sung et al., 2021). As a result, both academicians and practitioners have started seriously considering the effects of the COVID-19 pandemic and suggesting possible strategies to deal with its effects.

The extensive review of the extant literature on COVID-19 reveals that numerous studies have been conducted across various businesses within the hospitality industry (e.g., Davahli et al., 2020). In most of these studies, the pandemic's effects have been examined by employing a single-level unit of analysis, mostly either employees or customers (e.g., Bajrami et al., 2021; Yost & Cheng, 2021). However, for a better understanding, studies that discuss the effects of the COVID-19 pandemic on multiple stakeholders from a holistic perspective are highly needed as multiple stakeholders have been seriously affected since the outbreak of the pandemic. In addition, due to the crisis environment created by the COVID-19 pandemic that calls for immediate action for recovery, several studies have been conducted simultaneously in a limited period. As a result, rather than building on one another, the findings of these studies have stayed somewhat fragmented. Thus, studies that provide a synthesizing framework from the perspective of multiple stakeholders are highly needed. Based on this need, this chapter opens with a brief discussion on how the hospitality industry and the various stakeholders within, namely business owners, shareholders, employees and customers, are affected by the COVID-19 pandemic. Then the chapter discusses the strategies developed by hospitality firms for coping with the adverse effects of the pandemic, with a specific focus on restaurants and hotels. In this context, the chapter first deliberates on the preventive measures taken to create a safe and hygienic service environment for all. These measures and their effects primarily on customers' and employees' attitudes and behavioral intentions are widely discussed in the recent literature on COVID-19 (e.g., Hu et al., 2021; Wei et al., 2021). However, these measures alone might not be sufficient for recovering from the effects of the pandemic, at least in the short run. Since there is always the risk of facing similar crises, hospitality firms need to learn how to manage these situations by developing more permanent solutions and enhance their resilience in this respect. To this end, this chapter highlights how, along with these preventive measures, employee support, service innovations and corporate social responsibility (CSR) activities might play a critical role in reducing the adverse effects that the pandemic has created and thus, enhance the resilience and recovery of hospitality firms. In this context, the chapter also underlines the significance of adopting a holistic stakeholders approach that discusses the effects of the pandemic and proposed strategies from the perspective of multiple stakeholders, as the COVID-19 pandemic has affected all stakeholders of the hospitality industry.

THE COVID-19 PANDEMIC AND ITS EFFECTS ON THE HOSPITALITY INDUSTRY

The COVID-19 pandemic has hit the hospitality industry hard in many aspects, but especially in economic terms (Smart et al., 2021). The revenues of hospitality firms have generally decreased drastically since

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