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Adaptation Strategies for the post recovery of Medium-Sized Hotel Businesses from the COVID-19 Pandemic in Koh Samui Island, Thailand

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Abstract: This study aims to investigate the adaptation strategies and factors related to business recovery among medium-sized hotel entrepreneurs in Koh Samui District, Surat Thani Province during the COVID-19 pandemic. The research surveyed 150 participants, and data analysis was performed using statistical techniques such as frequency, percentage, mean, standard deviation, t-test, F-test, One-Way ANOVA, and Chi-Square test. The study found that the majority of hotel entrepreneurs operate independently, with a primary customer base of foreign tourists, and promote their businesses through online advertising. The impact of the pandemic on revenue, occupancy rate, and employment was severe, with a decrease of 81-100%. During the recovery period, hotel business owners recognized the need for adjustment, with operations being the highest priority, followed by marketing, finance, human resources, and customer aspects. Furthermore, hotel type, star rating, and marketing strategies had varying impacts on the adjustments made during the recovery period. The study concludes that the severity of the pandemic's impact is related to the adaptation strategies of medium-sized hotel business owners during the recovery period. Therefore, the findings of this study can provide a guideline for hotel entrepreneurs to manage their businesses effectively during future pandemics.

Keywords: Adaptation, Hotel Business Owners, COVID-19, Thailand

1. Introduction

The tourism and hotel industry are a crucial sector in the Thai economy, contributing about 6.1% of the country's GDP, with a value of 1.03 trillion baht (Krungsri Research, 2021). However, the COVID-19 pandemic has brought an unprecedented crisis to the industry, as governments around the world implemented lockdown measures, travel restrictions, and airport closures. This led to a significant decline in the global tourism industry, with a 22.7% decrease in international tourists in the first quarter of 2020 compared to the same period in 2019. The hotel and airline industries have been severely impacted by this situation (Economics Tourism and Sports Division, 2020).

Among the businesses that have been directly affected by the lockdown measures, the hotel industry has suffered greatly, as tourists have cancelled their travels and hotel reservations, leading to a loss of revenue and a severe decline in overall business. Some hotel owners, who could not bear the expenses and debts, had to stop their operations. Five provinces, including Bangkok, Phuket, Chonburi, Surat Thani, and Krabi, have suffered the highest revenue loss (Government Savings Bank Research, 2020).

Koh Samui District, Surat Thani Province, has expanded its hotel business to accommodate both Thai and foreign tourists, but it has been severely affected by the COVID-19 pandemic. The province has implemented various measures to limit travel between provinces, cancel public events, close various types of businesses that pose a risk of infection, and promote work from home to maintain social distancing. These measures have had an impact on the tourism industry, resulting in a severe economic downturn for Koh Samui, with the hotel business being the main affected sector. In 2020, the number of guests decreased by 69.9% compared to 2019, with occupancy rates dropping by 48.2% (Surat Thani Statistical Office, 2021).

Given the situation above, this study aims to investigate "the Adaptation of Medium-Sized Hotel Business Entrepreneurs in Koh Samui District, Surat Thani Province during Coronavirus Disease 2019 (COVID-19) pandemic



recovery." The study aims to examine the adaptation, changes in strategies, and various management practices of medium-sized hotel businesses, which have been heavily impacted by the COVID-19 pandemic. This research will be beneficial to hotel business operators in preparing themselves to find suitable adaptation strategies for their organizations in the future. The objective of the research is the study of adaptation and factors related to the adaptation during the recovery period of medium-sized hotel business owners in Koh Samui district, Surat Thani province, from the situation of the COVID-19 pandemic.

2. Literature Review

2.1 Crisis Management in Hotel Business

Stock Exchange of Thailand. (2019). Business Management in Crisis due to the COVID-19 Pandemic Situation, as a Guideline for responding and planning continuous Operations, Comprising 4 Key Strategies.

1. Emergency Response: Company operations to respond promptly to the COVID-19 situation, including predicting and evaluating impacts on various aspects of the business such as internal operations, supply chain, and financial status. Developing related measures, such as business continuity plan (BCP), providing guidelines for employee health and well-being, preparing work-from-home equipment for employees, etc.

2. Crisis Management: The Company has designated a dedicated team or directly responsible individuals to ensure efficient operations and decision making. Due to the announcement of emergency decrees and social distancing measures, the company may not be able to conduct business as usual in all aspects (Aurora Garrido-Moreno, et.al., 2021) The company may face obstacles in various areas such as product manufacturing and delivery, sales, and financial status. The company has communicated its crisis management strategies for COVID-19 to both internal and external stakeholders to instill confidence in the company's operations.

3. Impact Mitigation: Mitigating the Impact and take care of those affected by the COVID-19 Pandemic. This crisis has affected those related to the company, including employees and their families, customers, partners, shareholders, as well as communities and society as a whole. The company has taken measures to mitigate the impact and care for those affected, in order to build long-term trust and maintain good relationships with these various groups. This is also a demonstration of the company's role as a good corporate.

4. Business Recovery: Planning for business recovery after the COVID-19 situation. The company is taking steps to bring the business back to normal quickly. The company may assess the recovery time and parts of the business affected. The company will review goals and create new plans that align with the situation (Santiago-Omar Caballero-Morales, 2021). At the same time, the company needs to understand and analyze the "New Normal" of the industry. Additionally, the company should develop a long-term plan to maintain its competitive edge.

2.2 Adaptation for Survival

Satirapipatkul, P. (2021) and Hoang, T.G, et.al. (2021) have classified survival business adaptation strategies during the COVID-19 pandemic into 4 aspects as follows:

1. Financial strategy: Business must decrease sale product price below its cost to maintain business's liquidity, maintain financial discipline, and plan for emergency reserve capital. Cost management should be prioritized to increase profitability and establish partnerships with financial institutions.
2. Marketing Strategies: Pricing strategy, increasing sales channels, organizing online marketing activities, determining market share and target groups to stimulate purchasing decisions, maintaining existing customer base, contributing to acquiring new customers, utilizing customer relationship management strategies, and leveraging strengths to gain a competitive advantage.
3. The human resource management strategy: Creating incentives and motivation for employees to develop job quality, training employees to enhance their skills, knowledge, and continuously evolving, managing compensation to appropriately motivate employees to stay with the organization.
4. Operations Strategy: Adapting to changes in work processes to reduce delays and costs, while ensuring workflow efficiency. Improving data flow and internal management efficiency. Maintaining good



relationships with the government and aligning with their policies, which can influence consumer behavior and decisions, to ensure business continuity (Doan, T., Aquino, R., & Qi, H.,2023).

2.3 Conceptual Framework

In a research study on "Adaptation of Medium-Sized Hotel Business Entrepreneurs in Koh Samui Island during Coronavirus Disease 2019 (COVID-19) pandemic recovery". The researchers have defined a conceptual framework to be applied in the study as follows (Figure.1).

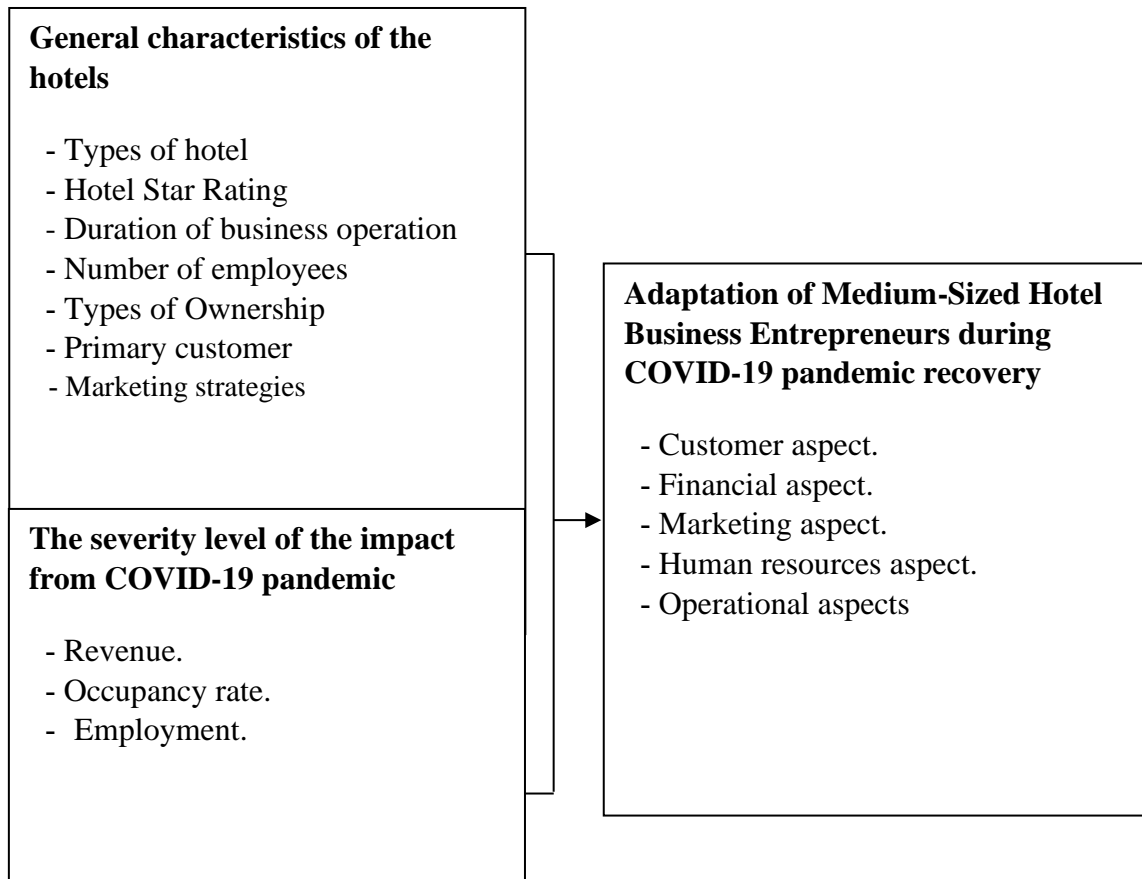


Figure 1. Conceptual framework

3. Research Methodology

This research is a quantitative study that utilizes a questionnaire as a data collection tool. The questionnaire is comprised of four sections: general characteristics of the hotel, the severity level of the impact from the COVID-19 pandemic, the adaptation of medium-sized hotel business entrepreneurs during the recovery period from COVID-19, and other recommendations.

The population used in this study consisted of 296 medium-sized hotels in Koh Samui district, Surat Thani province. The sample size was calculated using Cohen's G*Power program with a medium effect size of 0.30, a margin of error of 0.05, a power of test of 0.80, and a degree of freedom (d.f.) of 4, resulting in a sample size of 133. To account for potential errors from incomplete survey responses, the researcher added an additional 17 samples as a reserve, resulting in a total sample size of 150 participants.

Data collected from the questionnaire was analyzed using SPSS statistical software. Descriptive statistics are used for analyzing frequency, percentage, mean and standard deviation. Inferential statistics were used for t-test and F-test analysis. Furthermore, the Chi-Square test was used to examine the relationship between two variables.

3.1 Findings and Analysis

- 1) Presenting the numbers and percentages of sample groups classified by the general characteristics of



hotel businesses and the analysis of the differences in the general characteristics of hotel businesses affecting the adjustment of medium-sized hotel business entrepreneurs in Koh Samui District, Surat Thani Province during the recovery period from the COVID-19 pandemic.

Table 1. The Results of the Study on General Characteristics of the Sample Group

General characteristics of the hotels	amount	%	Mean	S.D.	t	F
1. Types of hotel						
Hotels	50	33.3	3.84	0.438		4.165 (0.007)*
Villa	10	6.7	4.00	0.466		
Bungalow	9	6	3.27	0.683		
Resorts	81	54	3.81	0.506		
General characteristics of the hotels						
2. Hotel Star Rating						
Five star	41	27.3	3.07	0.592		5.219 (0.001)*
Four star	50	33.3	3.65	0.805		
Three star	43	28.7	3.79	0.429		
Two star	9	6	3.82	0.477		
One star	7	4.7	3.95	0.436		
3. Duration of business operation						
Less than 1 year.	3	2	3.77	0.267		0.006 (0.999)
From 1 year to 5 years.	13	8.7	3.79	0.429		
From 5 year to 10 years.	19	12.7	3.80	0.555		
Over 10 years.	115	76.7	3.80	0.519		
4. Number of employees						
Below 50 people.	76	50.7	3.69	0.561		2.608 (0.054)
50 - 100 people.	40	26.7	3.95	0.405		
101 - 150 people.	10	6.7	3.96	0.347		
More 150 people.	24	16	3.83	0.492		
5. Types of Ownership						
Independent hotels	104	69.3	3.77	0.529		1.267 (0.285)
Chain hotels	43	28.7	3.90	0.386		
Management contract	3	2	3.58	1.201		
6. Primary customer						
Thai tourists	21	8.1	3.79	0.53	-0.079 (0.937)	
Foreign tourists	144	55.6	3.81	0.50	1.189 (0.236)	
Thai business	23	8.9	3.80	0.55	0.005 (0.996)	
Foreign business	71	27.4	3.79	0.50	-0.288 (0.774)	
7. Marketing strategies						
Personal Selling	82	16.6	3.82	0.53	0.455 (0.650)	
Online Advertising	134	27.1	3.83	0.48	2.258 (0.025)*	
Sales Promotion	105	21.2	3.88	0.44	2.737 (0.008)*	
Direct Marketing	110	22.2	3.82	0.51	0.867 (0.387)	
Public Relation	64	12.9	3.95	0.47	3.203 (0.002)*	

From Table 1, the results of the study on general characteristics of the sample group of 150 hotel businesses showed that most hotels are resort type with 4-star hotels that have been founded for at least 10 years, employing less than 50 employees. These businesses are mainly independently managed hotels with their primary customer being foreign tourists. The most of hotel businesses promote their services through online advertising.

Regarding types of hotel and star ratings of hotels, it was found that there was difference in the adaptation of medium-sized hotel business entrepreneurs during the recovery period from the COVID-19 pandemic, with a significant level of 0.05.

Regarding duration of business operation, number of employees, types of ownership, and primary customer, found that there was no difference in the adaptation of medium-sized hotel business entrepreneurs during the recovery period from the COVID-19 pandemic, with a significant level of 0.05.

Regarding Marketing promotion strategies, the online advertising, sales promotion, and public relations, it was found that there was difference in the adaptation of medium-sized hotel business entrepreneurs during the recovery period from the COVID-19 pandemic. However, the personal selling and direct marketing does not difference the adaptation of mid-sized hotel business entrepreneurs during the recovery period from the COVID-19 pandemic, with a significant level of 0.05.

- 2) the number and percentage of the sample groups classified by the severity level of the impact from the COVID-19 pandemic and the analysis of the correlation between the severity level of the impact and the adjustment of medium-sized hotel business entrepreneurs in Koh Samui district, Surat Thani province during the recovery period from the COVID-19 pandemic.

Table 2. The Study On The Severity Levels Of The Impact From The COVID-19 Pandemic

The severity level of the impact from the spread of COVID-19	amount	%	Mean	S.D.	Chi-Square	Sig.
1. The impact of reduced revenue.						
1 – 20 percent.	4	2.7	3.98	0.398	33.430	0.001*
21 – 40 percent.	5	3.3	3.70	0.859		
41 – 60 percent.	28	18.7	3.45	0.590		
61 – 80 percent.	45	30	3.88	0.396		
81 – 100 percent.	68	45.3	3.89	0.464		
2. The impact on occupancy rate has decreased.						
1 – 20 percent.	4	2.7	3.98	0.398	31.155	0.002*
21 – 40 percent.	8	5.3	3.46	0.780		
41 – 60 percent.	23	15.3	3.47	0.582		
61 – 80 percent.	40	26.7	3.87	0.405		
81 – 100 percent.	75	50	3.89	0.458		
3. The impact on employment has decreased.						
1 – 20 percent.	5	3.3	3.85	0.489	29.088	0.004*
21 – 40 percent.	5	3.3	3.82	0.823		
41 – 60 percent.	25	16.7	3.46	0.540		
61 – 80 percent.	33	22	3.85	0.492		
81 – 100 percent.	82	54.7	3.88	0.454		

From Table 2, the study on the severity levels of the impact from the COVID-19 pandemic found that among 150 samples, most hotel business entrepreneurs experienced severe impacts on their revenue, occupancy rates, and employment, with a decrease of 81-100 percent.

The impact on revenue, it was found that the severity level of the impact on revenue is correlated with the adaptation of medium-sized hotel business entrepreneurs during the recovery period from the spread of COVID-19, with a significant level of 0.05.

The impact on occupancy rate, it was found that the severity of the impact on occupancy rates is correlated with the adaptation of medium-sized hotel business entrepreneurs during the recovery period from the spread of COVID-19, with a significant level of 0.05.

The impact on employment, it was found the severity of the impact on employment is correlated with the adaptation of medium-sized hotel business entrepreneurs during the recovery period from the spread of COVID-19, with a significant level of 0.05.

4. Discussion and Conclusion

After conducting research, it was found that the duration of business operation, number of employees, type of ownership, and primary customers of medium-sized hotel businesses did not significantly affect their ability to adapt during the recovery period from the COVID-19 pandemic. However, factors such as hotel type, star rating, and marketing promotion strategies had a significant impact on the ability of medium-sized hotel business operators to adapt during the recovery phase from the impact of the COVID-19 pandemic.

After examining the impact of the COVID-19 pandemic on medium-sized hotel entrepreneurs in the Koh Samui District of Surat Thani Province, it was discovered that most hotels experienced an 81-100% decrease in revenue, occupancy rates, and employment rates. The COVID-19 pandemic has had a significant impact on the hotel industry, requiring adjustments to various aspects of the business to ensure its continuity. This finding is consistent with Eid [Alotaibi and Asharul Khan's \(2022\)](#) research on the impact of COVID-19 on the hospitality industry and the need for technological innovation to respond to future pandemics. Their study found that the impact of COVID-19 on the hotel industry resulted in a reduced hotel occupancy rate, decreased revenue, and a reduction in wages, as well as mass layoffs. These are severe consequences for the service industry caused by the outbreak of COVID-19. As a result of these impacts, the hotel industry must implement preventive measures and various management strategies to reduce the spread of COVID-19's impact and enable businesses to continue in the present and future.

Based on a study conducted on the business recovery adaptation of medium-sized hotel entrepreneurs in Koh Samui District, Surat Thani Province in response to the COVID-19 pandemic, it was found that the majority of the entrepreneurs had made changes to their operations due to the impact of the pandemic on the hotel industry. To address the challenges during the recovery period, these businesses have implemented various strategies, including arranging management meetings to review revenues and expenses, developing budget plans, and reducing unnecessary costs to avoid excessive expenses. Moreover, they have adjusted their businesses to be more prepared to meet the changing consumer behavior in the "New Normal" form, such as by adjusting payment methods to electronic payment, e-banking, or mobile banking systems to reduce physical contact and upgrading their service standards to meet SHA standards. The next step for them is to adjust their marketing strategy to generate revenue through alternative channels to replace the main source of income that has been lost. This includes adjusting and increasing distribution channels for popular online travel agents such as Agoda, Traveloka, and Booking, promoting marketing by strategic pricing, increasing online marketing through social media, creating packages with partners, creating sales strategies, and creating differentiation strategies from competitors to attract customers. Due to the impact of the COVID-19 pandemic, the hotel industry has experienced a decrease in revenue ([Promnil, Niramol, and Maythawin Polnyotee, 2023](#)). Therefore, financial adjustments have been made to prepare for emergencies by setting aside reserve funds, reducing costs to increase profitability, or increasing partnerships with financial institutions to improve business operations. The COVID-19 crisis has led to short-term and long-term adjustments in human resources, where technology is used to replace some workers in service delivery to avoid physical contact between customers and employees and increase efficiency in work processes, such as online meetings. The hotel industry needs to control costs and manage staff appropriately to fit the situation, such as reducing staff, delaying hiring, and downsizing the organization. Since the hotel business in Koh Samui district, Surat Thani province, relies mainly on foreign tourists, adjustments in customer aspects are lower than other aspects. Making adjustments in each aspect is one of the ways that can help business owners continue to operate in the future. This finding is consistent with the research conducted by [Ajharn, D. and Pooripakdee, A. \(2021\)](#) who studied the crisis response strategies of hotel businesses in Bangkok under the COVID-19 pandemic. They found that crisis management can be divided into four phases, including the initial phase, emergency phase, crisis phase, and recovery phase. During the recovery phase, hotel business strategies must adapt to new ways of conducting business by designing innovative services to enhance



safety and health standards to create trust from their guests. This includes the development of new products or services that differentiate, as well as incorporating up-to-date technology to support online meetings, conferences, and catering in response to future needs.

5. Recommendations

- 1) According to a study on business recovery adaptation among medium-sized hotel entrepreneurs, it was found that customer satisfaction levels were lower than other aspects. Therefore, entrepreneurs should prioritize the needs of their customers and create business plans accordingly, taking into account the appropriate timing for their business. Additionally, they should make changes to their services, such as redesigning or adjusting hotel rooms to suit the current situation and meet the changing behaviors of customers.
- 2) The study found a correlation between the severity of the impact of the COVID-19 pandemic and the adaptability of medium-sized hotel entrepreneurs. The pandemic had a significant impact on these entrepreneurs, as tourist reservations were cancelled, resulting in a loss of income for their businesses. To address this, hotels must implement various strategies, including seeking support from the government. Policies should be put in place to revive the tourism industry in all sectors and help hotel entrepreneurs increase liquidity and continue operating their businesses.

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Author Contribution Statement

Amornrat Chuaysatit- Conceptualization, Methodology, Study design, Software and Formal analysis, Writing – original draft, Funding acquisition; Jintanee Ru-zhe- Conceptualization, Methodology, Study design, Validation, Formal analysis, Data curation, Writing – original draft, Supervision; Somnuk Aujirapongpan-Conceptualization, Methodology, Study design Investigation, Writing – review and editing, Visualization, Supervision, Project administration. All the authors read and approved the final version of the manuscript.

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