

Corona Virus Pandemic and its Negative Impacts on Hotel's performance on Khartoum 2019-2020

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Abstract

This study examines and traces Corona Virus Covid-19 pandemic, and its influencing on hotels performance in Khartoum State, occupancy rate, labour force and service quality were tested **variables**. The specific **objectives** of the study were: to determinate the influences of Covid-19 pandemic on hotels performance, targeting labour force and service quality in Khartoum state, second to draw necessary policy implications for the development of hotels industry in Sudan duration crisis occurrence, finally to add literature gap existing on the subject in Sudan. Researcher has adopted analytic **descriptive approach**, **Case study** was conducted in this study, covered five star (3Hotels) and four star hotels (one Hotel) in Khartoum State, different methods of **data collection** were used, these were: contact methods (telephone-E-mail), documentary review, and observation. **Study question** assumed, that: has Covid-19 Pandemic affected hotels establishments in Khartoum? **Study Result:** has found that, employees and service quality are a part. Study has **recommended** more crises strategies should be implemented by managers to alleviate and deal with loss and damage in future.

Keywords: Covid-19, Pandemic, Hotels, Hotel Organization, Hotels Performance.

المستخلص

تناولت هذه الدراسة اثر جائحة كورونا كوفيد-١٩ على الاداء الفندقى فى ولاية الخرطوم فى الفترة ٢٠١٨-٢٠١٩ م ، م ، كانت معدلات الاشغال والعاملين وجودة الخدمة متغيرات للدراسة هدفت الدراسة الى قياس وتحديد الاثر على الاداء فى ولاية الخرطوم ، اما اهمية الدراسة كان التركيز على تحديد آثار الجائحة على جودة الخدمة ونسبة الاشغال والعاملين بالفنادق، شملت الدراسة عدد من فنادق ولاية الخرطوم ضمت : ٣ فنادق من درجات الخمس نجوم(السلام ، كورينثيا، كورال) ، وفندقين واحد ٤ نجوم (فندق البحرين وفندق ريجنسى)، استخدم الباحث المنهج الوصفى لبعض متغيرات الدراسة ، اضافة الى المنهج الاحصائى التحليلى لتحليل بعض التقديرات الرقمية الاحصائية المتعلقة بالدراسة ،والمنهج الاستقرائى من اجل تحليل واقع الحالة

إبان فترة الجائحة، إضافة المنهج التاريخي لسرد تاريخ الفنادق في السودان، اعتمد الباحث في جمع المعلومات والمصادر على البحوث والتقارير ومقالات إضافة إلى المصادر الثانوية من ملاحظات ومن خلال المقابلات والاتصال ببعض العاملين بالفنادق، وتوصلت الدراسة إلى النتائج التالية: أ- أثار الجائحة على القطاع الاقتصادي في الدولة بصورة كبيرة وإلى انعكس بدوره على قطاع الأعمال، ب- شهد القطاع السياحي والفندقى بالبلاد تدهور نتيجة الإغلاق التام وتقييد حرة الناس ج- ارتفاع تكلفة التشغيل في هذا الوضع الاستثنائي نتيجة تدنى نسبة اشغال الغرف أو انعدامها، د- إتخاذ العديد من إدارات بعض الفنادق بعض الإجراءات تجاه العاملين من أجل تقليل التكلفة مثل: إعطاء إجازات غير مدفوعة الأجر، الاستغناء عن العمالة الموقته. وعليه أوصت الدراسة بالتالي: يجب على إدارات الفنادق العمل على دراسة وتبني سياسيات تعمل على استيعاب وتعزيز الممارسة الإدارية عند الإزمات، إضافة إلى تدريب العاملين على كيفية اتباع الإجراءات الصحية وإجراءات السلامة في حالات الأوبئة والجائحات عند التعامل مع الضيوف وفق الأسس الصحية السليمة، كما يجب على الإدارات مراعاة ظروف العاملين وأسراهم عند الاستغناء عن خدماتهم لئلا يظرف كان خاصة عند حدوث الإزمات.

الكلمات المفتاحية: جائحة كورونا، كوفيد 19، الفنادق، الكفاءة

Introduction

Due to holistic Effects that had left after outbreak of Covid-19 widespread in the world, many parts of the world, has been economically and socially effected tourism sector, has witnessed sever deteriorating as a result of global lockdown, no more movement allowed between countries borders, whether by air, land or sea, medical precautions and procedures were established, to prevent and protect people but, in spite recovery has been started, but still the global medical state in not under control yet, in some areas and countries, more crises is still lasting face business. Large numbers of effected workforce labour, airlines, insurance companies has increased accordingly, some experts have announced that pandemic Corona virus has crippled 70% of Tourism activities round the world, airlines recorded about \$58 trillion loss and around 50 million job opportunity has lost. In Sudan Tourism and hotels sectors has witnessed serious deterioration accordingly,

alongside with the sever current political and economic crises has taken place has recently worsened situation to the sector, pandemic had led to international and national lockdown, Hotels usually depend on high occupancy to recover total operating expenses, especially fixed costs such as Employee's compensation Taxes, etc. Hotels rooms being vacant for long period will lead to great collapse in total revenue and profits, that would decreases rate of investment portion, moreover effects will dominate to influence labour force stability, and compensation, furthermore accumulated cost will threatened the existence of the hotel to survive accordingly as result of Covid-19 pandemic spreading..

Literature review:

According to, (Chou,H.Y.,2007)ⁱ,Covod-19,the previous SARS outbreak was characterised y rapid spread, which led to travel advisory issued by World Health Organization (WTO). While (Vikrant.K.& Sidhrath.S.,2020)ⁱⁱ,both explained the impact of current Corona Virus outbreak till date has long surpassed those that were observed during SARS epidemic in 2002-2003. According to (Mahalingham.E.,2020)ⁱⁱⁱ, Star Malaysian newspaper report , about 56,299 workers and employees in hotel establishments in Malaysia ,about 204 of staff laid off, 9737 asked to unpaid leaf, and 5054 got pay cuts, while(kongoly,march,2021)^{iv} ,handed the negative impact and relationship between epidemic disaster and tourism sector in 2014-2015, when Ebola virus outbreak in some African countries had negative impact on tourism and hospitality industry, particularly in Sierralion .(Zeng.B,Carter., et al,2005)^v explained in 2003 outbreak of SARS Virus created negative impact in tourism in China. In the Star news paper has briefed the total number of employees in Malaysia.

1.Hotels in sudan:

1-2. Hotel Organization

1-2 -1. Concept of Hotel . (Hotel) or (Inn) (Sudhir.a. 2009) ^{vi}: as place where traveller can receive food and shelter, provided he/she is in a position to pay for it and is in a fit condition to be received. There for, a hotel must provide food and beverage and lodging to travellers, on payment and has, in turn, the right to refuse admission if the traveller is drunk, disorderly unkempt or is in a position to pay for the services. By this definition, a hotel must provide rooms and meals against payment.. One thing is certain that the rights of admission are reserved and many hotels display that sign prominently at their doorways or reception. A hotel can refuse a guest accommodation if he/she is not in a fit or unable to pay for the services. With this tradition, hotels are considered as places where visitors and guests always dressed their best. The guest has to also show financial credibility. Earlier Inns and hotels insisted on advance payment before guests are allocated the room. A after the credit card has made the issue of financial credibility easier. Hotels do not accept personal cheque as creditable instrument of payment. Hotels worldwide also have a credit limit as per a house policy, once these limits are reached , it is mandatory for the guest to Clear a limit reached, if the guest continues to stay. A hotel in other world has full right to expel a guest for valid reasons of doubt. Hotel provided services characteristics, as lodging Industry Characteristics here are some several characteristics that is all good property share (David .K.& Jack. D.2007)^{vii} :-Emphasis on Safety Cleanliness, Inseparability of Manufacture and Sales, Perish ability, Repetitiveness and Labour intensive.

1.2.2. Hotels in Sudan.

The hotels foundation history in Sudan ,is back to Egyptian –Turkish Colony era (1821-1889) up to present , this establishments had witnessed

different, changes in different periods, the country, Political and Economical uncertainty were playing great role in shaping , Hotels business and performance levels in the coming part of this we will describe and handle the historical background of Hotels establishments in Sudan and Khartoum State specifically.

1-2-3. History of hotels in Sudan.

The development and growth of hotels in Sudan , flourishing, was consistently, alongside with development and growth of tourism and travel industry in the country . Lodging establishments foundation dated back to Turco- Egyptians rule (1821-1885).The first appearance of this types of lodging, in Saukin- Western Sudan, during this period , when unknown called (Tre,ya,zis) foreigner investor build small hotel in the town, and people had to call hotel (Laa kon,daat al Khawaja) which is meaning in Turkish language ,(the hotel of the white man) ,after Egyptian conquest of Sudan and during sixty years of Turco-Egyptian administration of the country.

The 1889 marked the beginning of an epoch in which the Sudan governed by Anglo-Egyptian condominium, until regained independence in 1956. Duration this period , (1899-1956), new birth of hotel establishments had came into a live in the country, when new conquers Anglo-Egyptian, built some small hotels and other types of lodging called Rest Houses, in major country towns such as Khartoum, The country Capital , Wadi Halfa , Kosti , Port Sudan and Juba Hotel.

Some Sudanese experts argued that, the foundation of hotels in Sudan had come late with the comparison of appearance of the hotels in the other world, such as: Greek 4th century B.C, U.S.A. in 1634, Paris 1312 and London 1774 (V.Parakash.K.2009)^{viii}. The Sudanese experts justification for late appearance of hotels in Sudan is that, regarding to the Sudanese core values, had been derived from their religions and noble

spiritual beliefs, and dominant of Sufi traditions had played affective role in formulating their own customers and tradition later, one of these dominants and holding core beliefs by Sudanese community , was that , it was would not allowed to strangers , visitors and guests, when they visited some place, whether in rural or urban areas in the country, there are many types of temporary special lodgings had been established especially by Sudanese communities in rural areas and urban areas welcome their guests, such as (EL- Diwan)*ix, Elomddah house*x ,Beit Elnather*xi.

1-2-4. History of hotels in Khartoum.

In Khartoum Private sector investor , afterwards like , Acropol Hotel in 1978 , followed by San James hotel , Stephanotis hotel , Blue Nile Hotel and Steven Hotel in AL-Gamhoria Street , besides other 19 hotels were owned and managed by private sector. **Through** partnership, the Sudan Government had, for first time, in 1970 signed paternership contracts with Kuwaiti foreigners investors , in foundation of Khartoum Hilton international, after they had official permission from Hilton International Company for Hotels to use the Brand name, they jointly run successfully, the hotel, since **1970 up to 2008**. it was very successful experience to both parts of contract , but lastly the hotel franchisor Hilton International has withdrawn licence from franchisee, Hilton Khartoum, after economic sanctions had been imposed on American companies working abroad by American authorities ,for political reasons, besides-the other Khartoum Meridian 5 star Hotel which is founded on **1976** - is another example of successful partnership type, between private sector (Sudanese Investor (Mr.Khalil Osman), Arabic Gulf Company and Meridian international Chains-but, Meridian had also faced the same fate, like Hilton Khartoum, the existing of these 5 star luxurious hotels had added value and new experience to hotels in the country for the first

time , in service quality such as: convenient, comfortable facilities ,skilful professional delivery process, this experience had formed the first old batch of skilful and professional Sudanese, who afterwards, specialized in hotels management and operations, and then first catering school in Sudan was founded in 1974,and then followed by another Catering School in Grand hotel in 1982.Hilton International Hotel, Khartoum Meridian Hotel both they had left an impressive experience, to Sudanese community, and both hotels had been earned, good profits ,according to hotels experts ^(xii), specifically when alcoholic beverage selling was not prohibited, and in**1983** the announcement of Islamic sharia laws in Sudan , followed by formal presidential prohibition of production of wines, selling and consumption of wines products, in the whole country, had seriously affected the hotel business performance, and Tourism sector ,because the significant source of demand to both, tourism and hotels sectors, to the country, were foreigners who are the most liquor consumers. Hotels , growth in Khartoum State in period, **1970-2017** **Table(1-2) below**, duration this period, a about 23 hotels had been established, only 3 hotels administrated by the government, these hotels, were **Friendship Palace Hotel, Grande hotel and Green village Hotel**, afterward, Government had disposed these hotel to foreign investors in 1992 on long-term leasing period to foreign companies the leasing period expanded to 25 years often, as result of poorly performance performed by unqualified Sudanese managers and Local Staff, such as **Grand holiday villa Hotel**. (T he previous- **Sudan Grand Hotel**) and **Sudan hotel** as examples. During this period 2012-2013, hotels and restaurants sectors in Sudan, witnessed, remarkable growth, due to, availability of convenient investment environment which had created attractive opportunities to local and foreign investors, after Sudanese economic recovery. Sudan’s real economics oil average around 9% during 2006, putting among the

fasts growing economics in Africa (World Bank 2000), and generated about one fifth of non- Khartoum such as: **Dong Hotel** , **Soluxe Hotel** and **grocery**, **Great Wall** and **Khartoum Plaza** Hotel which leased by Chinese investor, but afterward this hotel closed up after poor performance due to high rate of Environmental volatility, this was another example demonstrated, the failure of country to maintain foreign investment opportunities. While ,Grand holiday Villa hotel, leased by Malaysian investors to serve Malaysian community living in Sudan.

Table (1-2) Shows growth of hotels in Khartoum between (1970-2017).

Years	Number of the hotels	Names of Hotels
1970-1974	3	Hilton-G. holiday villa-Friendship Palace
1975-1979	5	Meridien Acropol-Falcon- Sali-Khartoum Plaza.
1980-1984	4	Green Village-Sahara El-Husein-Elsevier
1985-1989	-	-
1990-1994	2	Shahrazad -El-faisal
1995-1999	4	Khartoum Plaza-Central-Bader-Africa
2000-2017	5	Enam-Dama-Kyzar-Mony-Herra
total	23	

Source: Ministry of Tourism, Wide Life & Antiquate(2019)

and the other segment for those who worked in oil field sector, Sudan Hotel founded on 1912 was leased by Chinese National Petroleum oil

company (CNPC) for the same purpose. The estimated number of classified **Hotels** in Sudan is **45** with total number of rooms **1267** and **23107** beds, and **hostels** numbers in Sudan is about **87** hostels **737** rooms' and **3159** beds. While the total numbers of **hotels** in **Khartoum State** is about **40** hotels, with total number of rooms **2198** and **3117** beds, representing about **50%** of total accommodation capacity in Sudan accommodation establishments and hostels which is estimated at **44** hostels and **700** rooms with **1778** beds in Hotels. Effectiveness of (**Room Occupancy Rate**), revenues and profits, has been squeezed by high costs and expenses rates, some of these hotels had not been able to perform its objectives towards owners, customers and even staff compensations and other fringes. Percentage of hotel total revenue from change in total tourism receipts which in turn, expected to decline as long as Covid-19 effects dominating throughout the world.

2. Impacts of Covid-19 Virus on Hotels Performance:-

Hotels establishments in Sudan generally, and in Khartoum State specifically have been witnessed great changes in performance, during the pandemic of Covid-19 spread period. Some have seriously effected, other had medium effects, while the rest had run its activities as normal as it was since the country had been classified as moderate pandemic spread area. .

2.1. Covid-19 Negatives Impacts of Covid-19 on Sudan..

Covid-19 was announced as pandemic by World Organization Health (WHO), on 11 March 2020 (WHO, 2020). The Sudan government did not

taken health precautions procedures seriously at first time; when the pandemic had emerged, but after while, quick spread of pandemic throughout the world, government acted and quickly responded to international warning to avoid creeping movement of pandemic, then this has led to gradually closing of borders and nationwide lockdown for the first time .All business and activities had effected seriously, including tourism & Hotels Activities.

2.2. Hotels Performance:

Hotels performance usually the financial and non financial measures are reliable criteria's to hotel managers to use , some of these financial indicators used by Hotels include Hotel Occupancy Rates, profit/income , operating margin rate of investment (ROI) , price , revenue Per Available room (Rev PAR) , and costs but there are some problems in using financial measures in Hotels and they are(^{xiii}):-

1- Cannot be used to predict future performance. 2-Only partially reflect effect of the past and current activities. 3-Fianacial measures do not capture the relevant performance issues necessary for today business environment.4-The(Rev PAR) alone can be used as basis of performance comparison among hotels because hotels in high –price areas tend to have much higher Rev PAR than hotels in lower priced areas.

2-3. Negative impacts of Covid-19 Pandemic on Hotel Performance.

The hotel's managers and owners are argued that, the hotel revenues hardly covering the hotel expenses and operating costs, because of excessive Governmental taxes and fees. Rooms are the main resource, of hotel revenue; ADR (a verge daily rates) is the major indicator shows the total hotel's occupancy, when occupancy rate is high, hotel will gain high revenues and profits, and the opposite, when a hotel

Occupancy rate is low; the hotel revenues produced, would become lower and likewise the profit. All this in turn has led to managers to apply numbers of actions against their employees such as: lay out of decrease the number of employees or paid cuts and others had gone to unpaid leave as shows in table (2-3).

Table(2-3) numbers of total employees effected due to Covid-19 Panemic period in some 5 tar and 4 star hotels in Khartoum(2019-2020)

Hotel Name	Category +Total Rooms	Total Employees (2019-2020)		Pay cut	Unpaid Leave	Lay Of
		Sudanese	Foreigners			
Rotana	5 Star (283Rooms)	342	40	none	none	3
Coral	5 Star (282 Room)	180	Nil	3	13	5
Cornithia	5 Star (260Room)	203	19	10	9	10
Regency	4 Star (108 Room)	105	Nil	5	3	8
Bahrain	4 Star (50 Room)	35	2	3	4	2

Source: Data collected from Different hotels

Hotels running expenses, and operating costs are increasing, due to increase of the whole country inflation rates, to the highest levels to the degree, some hotels owners were failed to earn financial benefits, and

soon they bust and left business such as: recent close of Regency hotel. Hence the dominant image about hotels business revenues and expected financial benefits, including the deserved compensations, and facilities to their employees, and local staff is still disputed issue, between employees and the employer, over fringe benefits or working conditions to deal with. The high complexity business environment duration Covid-19, in the country, the hotels managers, has adopted some flexible tactics, concerning staff recruitments to reduce expenses: such as: 1/Recruiting of part-time employees, to avoid overstaffing, in the high seasons times, because they thought, hiring full time person would obviously be an expensive solution.2/avoiding expansion and growth, in the hotel structure, so many of hotel posts were omitted, or tasks of personnel responsibilities and authorities were joined.3/ some employees suspended, afterward terminated by general manager, due to their high salaries, fringes and benefits they got, while their work performance is poor.

Conclusion

- Breakout of Covid-19 Pandemic spread throughout country since 2019 has left serious economic and social effects on business field as whole.
- Tourism and hospitality sectors witnessed deterioration in performance as result of restricted movement of people and prevention rules and procedures,
- High operation costs and expenses, besides the exceptional condition of room occupancy as usual times of the year.
- Hotels managers to adopt different strategies in the time of Pandemic, towards their employees compensation: such as : donate unpaid leave for unlimited time, or apply cutting pay

policy for some employees ,while other laid of job with or without compensation. .

Recommendation:

- 1- Hotels managers should understand best policies to be implemented on hotels activities and operations, in time of uncontrolled incidents.
- 2- Managers should encourage customers and employees taking precautions to keep themselves safe.
- 3- Manager's hotels and owners must implement urgent social compensation policy to their employees, on times of sudden unexpected crises, in order to alleviate economic effects.

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