

**Tourism businesses towards recovery from COVID-19 pandemic:
The essential contribution of labor productivity**

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Abstract: After severely impacted by the worldwide COVID-19 pandemic, tourism businesses are encountering enormous difficulties in preserving operations before hoping for the recovery improvements. New normal stage in global economy is expected to return at the beginning of 2022 and tourism business, therefore, should accelerates the strategies for the upcoming period. Generally, labor productivity can be a suggested recovery concentration for the service and enhancing this indicator would be beneficial to companies. This report is focusing on the labor productivity factor in the period of COVID-19 pandemic and in the research scope of Vietnamese companies. The methodology should be deep interviewing with company managers and labors in tourism sector. Major findings can be further utilized into designing a major framework for enhancing the efficiency in business together with providing better procedures for recovering tourism.

Keywords: Labor productivity, Tourism business, Business recovery, the COVID-19 pandemic

1. Introduction

COVID-19, represented by the discontinued businesses in many economic areas, has been remarkably influencing global tourism since it first emerged by December 2019. Statistically, there was a 22% decline in international visiting tourists (compared to 2019) and the threat of a 60 percent to 80 percent drop in tourist numbers throughout 2020 (compared to 2019) (World Tourism Organization 2021). The tourism industry employs a large number of people or can be described as a labor-intensive sector. Consequently, millions of employments may be at danger if the sector experiences a significant downturn, which may threaten to undo the gains achieved toward achieving sustainable development objectives (Sharma et al.2021). However, the reality indicated negative situation. With a huge loss of almost 4.5 trillion dollars and 62 million jobs lost last year, this unparalleled worldwide health catastrophe has sparked the most severe economic recession in history, putting the global travel and tourism industry in grave risk (World Travel and Tourism Council2021). Just because of that, tourism and hospitality businesses must strengthen their own resilience to manage, survive, and rebuild the sector as a whole if the worst happens. In contrast, little study has been done on organizational resilience in the tourism or healthcare sectors due to the newly-emergence of COVID-19 pandemic. As a result of many webinars examining the impact of Covid-19 on the tourism industry, many tourism scholars have studied in depth how an organization may build resilience to cope with crises. Depending on the answers, companies may have to change their operations, marketing, financial, and human resource management strategies to cope with unexpected issues.

Human resource management has shown its strategic role, which sees workers as assets that contribute to the organization's long-term competitive advantages (Kaushal and Srivastava, 2020; González-Torres et al., 2020). Because of the significance of human capital in building organizational resilience in times of disaster (Bhaskara and Filimonau2021), how to use human resource management techniques to improve resilience capability should be highly improvised. The labor force has been considered as organizational valuable capital (Lepak and Snell, 2002; Luthans et al., 2006; Lapointe and Coulter, 2020). However, due to the discontinued businesses in COVID-19 period, companies need to laying off workers, reducing the number of labors or providing pay-cut policies. This means the working force has been negatively impacted by COVID-19. On the other hand, the business procedures should be highly improvised to maintain productions or operations during the context of fewer workers. And the problem of labor productivity, in this situation, should be another priority of organizations (Ranasinghe et al. 2020).

This report is focusing on the labor productivity factor in the period of COVID-19 pandemic and in the research scope of Vietnamese companies. The methodology should be deep interviewing with company managers and labors in tourism sector. Their perception about how labor productivity can be positively or negatively affecting the operations in time of COVID-19 should be recorded and utilized in designing a major framework for enhancing the efficiency in business together with providing better procedures for recovering tourism.

2. Literature review

2.1. Tourism organizational resilience

A firm's capacity to successfully absorb, create situation-specific solutions, and eventually participate in transformational activities to capitalize on disruptive shocks that may jeopardize an organization's existence was described as organizational resilience. (Duchek 2019). More specifically, organizational resilience has been defined as an organization's capacity to deal with unexpected change and adapt to previously unseen risks to the business environment in the industry's initial research (Barasa et al. 2017). Based on resources, the long-terms sustainable growth was established on financial, human, network, and other core principles. Resources include human capital (Andersson et al., 2019). Resilience to disruption has been defined as the ability of an organization to innovate and develop while waiting for perceived normalcy to return. Consequently, corporate strategies are predicated on keeping costs low while innovating via operational adjustments (Dahles and Susilowati2015). The strategy-based method was utilized to look at organizational resilience from this different angle, and it revealed that "three strategies – survival, adaptation, and innovation – existed side by side (Dervitsiotis2011). Furthermore, organizational resilience described as a "dynamic state reflecting the ability of a hotel, along with its stakeholders (staff, guests, the local community) to evaluate, innovate, adapt, and overcome potential disturbances" may also be studied using a capital-based approach (Duchek 2019). Incorporated framework shows the overall picture of the service sector organizational resiliency, with six different kinds of capital: economic and social (Damanpour and Gopalakrishnan1999). Moreover, the three key types of capital creating organizational resilience are people, processes, and collaboration (Antunes2011).

Conclusively, in time of COVID-19 pandemic, the study for tourism organizational resilience should be largely dependent on the importance of human resource managers.

2.2. Human resource management

The operational capabilities of Human resource management to handle crises and its interventions to promote collective and individual organizational performance may assist the organization during a crisis, which aids crisis responses (Farndale et al. 2019; Gigauri2020).

Rather than sustaining the whole system throughout the crisis, preliminary findings indicate the predominance of cost-cutting measures such as layoffs and payroll cuts as well as a freeze on new employee recruiting and training (Shen and D'Netto 2012; Tancredi 2013; Schermuly et al.2015; Vardarlier 2016). Instead of focusing only on cutting costs, companies are looking for additional ways to strengthen their capabilities (Teague and Roche2014), such as the high-commitment model in human resource practices (Vardarlier 2016), which emphasizes the significance of improving employee morale and dedication (Shen and D'Netto2012). There are two elements to human resource crisis management, namely technical and behavioral, according to Teague and Roche (2014). Employee engagement and commitment may be facilitated via technical human resource management methods, which reduce costs and headcount. Among the cost-cutting measures include lowering wages, bonuses, and benefits, as well as limiting the usage of contract workers, reducing training costs, and encouraging employees to take paid or unpaid absences. Laid-off workers have lower morale and are less committed, which results in a violation of the psychological contract between the workers and the companies (Wooten and James 2008). Developing social capital may also help strengthen an organization's resilience. When it comes to workers' emotional commitment, according to Parzefall and Kuppelwieser (2012), social capital has a significant impact since it aids in the alleviation of mental health issues that arise during times of crisis and helps employees and organizations remain strong during these times. The interaction of workers in training, learning, job stability, and working together also accumulates social capital-enhancing behaviors (Birasnav et al.2019).

Alternatively, managers would want to strengthen their organization's resilience capability by creating a dispersed power and accountability that stresses the engagement and participation of employees in decision-making and accepting responsibility inside the company. In the aspect of labor force, labor productivity should be highly essential, especially during pandemic time.

2.3. Tourism labor productivity

The national economy's engine of power supports the development machine is labor productivity (Fedulova et al. 2019). Increasing labor productivity results in a greater number of goods and services from the same number of inputs when the input component does not follow an upward trend for an extended period. Nation-states must thus prioritize increasing worker productivity.

A country's strategic goal of increasing labor productivity may be seen as improving labor productivity within the business environment, especially in the service sector. This is due to the fact that service businesses are labor heavy (Huang et al. 2020), or to put it another way, the labor component has a significant impact on the company's performance. The modern environment mandates rivalry among businesses, which in turn inspires them to pursue new ideas. Successful productive businesses are built on the principles of cutting costs, using new technologies, and pursuing efficiency (Arbelo-Perez et al. 2017). In the situation of efficiency or productivity, the ratio of inputs to outputs refers to how well a company makes use of its resources (Zuo and Li 2018). concerns regarding the effectiveness of human resource management inside a company in order to increase labor productivity, the business must be well-versed in management techniques that have an effect on labor productivity, or, to put it another way, labor productivity should be a part of human resource management considerations (Ghodrati et al. 2018).

Improving worker efficiency in service companies begins with effective human resource management (Arbelo-Perez et al. 2017; Zuo and Li 2018). Because of this, the company's strategic aim should be to find the best human resource management strategy before focusing on increasing labor productivity.

3. Methodology

Research method

In this study, the qualitative method is carried out to achieve research objectives. The method with an in-depth interview is widely used and recommended to study phenomena in rich contexts where there are always many variables to consider compared to the number of observations made. This method can be utilized to collect, synthesize, and analyze information from respondent's opinions and behaviours towards a specific topic. The in-depth interview questions are developed from related journals and academic documents in tourism sector and labor productivity. Indeed, three important keywords that should be used to find secondary studies are "tourism industry", "labor productivity" and "COVID-19 pandemic recovery". After exploring practical situation and explaining how tourism sector is recovered basing on labor productivity after the epidemic time through prior researches and in-depth interviews, several findings for the context of Vietnam can be proposed.

Research sample

To find out the current situation of labor productivity among tourism enterprises in Vietnam, 20 interviewees including managers and leaders in Vietnamese prestigious tourism enterprises are selected to ask for their opinions and behaviours towards this objectives. Particularly, these tourism companies should belong to both public and private sector to ensure data validity and reliability. In this research, the information of interviewee is confidential. Therefore, the author used pseudonyms such as A, B, C,... to describe, and sometimes the description of particular incidents may be vague to avoid identification. In addition, due to the COVID-19 pandemic, in-depth interview was conducted via online channels.

Data analyses

The collected data from in-depth interview will be extracted and codified respectively. Moreover, researcher analyses interview data to identify concepts and develop categories about labor productivity and tourism recovery, which are emerged from interview content. Importantly, this should be conducted basing on key principles for labor productivity after generalizing and incorporating them into an overall background. As such, the information synthesis process can make objective assessments and comments as a basis for proposing solutions to recover

tourism sector after the COVID-19 pandemic. These findings will contribute a better overview of the tourism recovery in Vietnam with the support of labor productivity.

4. Results and discussions

Interviewee information

In general, 20 respondents taking part in this survey are balanced in age and gender. To be specific, over half of respondents are male, which accounts for 63.7% of total. In term of age, 57.9 % of respondents belongs to group of 20 – 30 years old, 33.29% of them are from 30 – 40 years old, while only 8.81% of them are 40 – 50 years old. Besides, most of them (14/20 interviewees) work in hospitality enterprises in big cities like Hanoi or Ho Chi Minh city, while only 6 of them work in labor productivity sector. However, all of them have expertise about research topic to ensure the data validity and reliability. Finally, all of respondents reveal the negative impact of COVID-19 pandemic on labour productivity in tourism enterprises in Vietnam recently.

Research findings and discussion

Table 1: An overall of respondent’s opinions about factors impacting on tourism labour productivity after the COVID-19 pandemic

Respondent’s working sector	External factors	Internal factors
People work in hospitality enterprises	Government policies, technology support, epidemic situation	Human resources management, financial capacity, labour skills
People work in labour productivity (IV1, IV2, IV9, IV11, IV15, IV16)	Technological innovation, labour classification, social context, economic situation	Training process, human resource management, funding capacity, company strategy

According to the interview results, there are several striking findings can be inferred from. It can be highly recommended that labor productivity issues should be improvised and appreciated in the process of recovery after COVID-19 pandemic.

Firstly, it is the mutual ideas of all the 20 participants that COVID-19 widespread has more towards the bad effects than good one. The companies should struggle to survive in the pandemic. In the meantime, the most impacted company witnessed a downward movement of 40% in revenue despite the significant efforts to reduce the risk. 10% was the least decline. Because tourism is a regular service rather than an essential profession during the context of COVID-19, the businesses must shut down operations under the social distancing policies in Vietnam. From the beginning of 2020 to the half-end of 2021, there have been 4 times of isolations which shut down more than 70.000 enterprises (mostly Small and medium sized) (Ministry of International Trade 2021). The worldwide economy is being impacted by COVID-19, which has changed the supply chain. Cross-border travel is governed by rules that differ from nation to country (Karim et al. 2020). Many instances are found to be positive when tested while traveling, particularly while visiting other countries. Professionals in the tourism industry today confront several challenges in maintaining high levels of service quality.

Secondly, when being asked about the sources of maintaining operations and beginning recovery phase from COVID-19 pandemic, the majority of participants identify the importance of improving labor productivity. Specifically, 16/20 interviewees ticked the score from 3-5 for this procedure, accounting for 80% with 6 “Extremely agree”; 7 “Agree” and 3 “Neutral opinion”. This result should be in-line with international scholars. Bhuiyan et al. (2020) indicated that lockdown circumstances throughout the globe will have an impact on labor productivity and result in decreased tourist outputs. On the sustainable development process, labor productivity which represents the effectiveness of managing human resources should be highly improvised. More particularly, discontinued operations lead to a noticeable shock to labor productivity (Ranasinghe et al. 2020). The supply chain disruptions make it harder to provide enough inputs and services, which may lead to a decrease in production levels. Due to the hidden profit, companies have increased labor reduction measures and decreased monthly

compensation (Karim et al.2020). Least developed nations' main sources of foreign cash, such as remittances and export revenue, have declined dramatically. Conclusively, labor productivity must be the highest priority in implementation of recovery methods for tourism business.

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Thirdly, another remarkable finding is that managers or employees from tourism companies consider the external factors to have stronger effect on labor productivity than the internal factors. External factors can be described as unmanaged influencer by the firms and these sources come from the outside (Li et al. 2017). In this article, the lists are provided with: (1) Macro-economic policies; (2) Technology and innovation; (3) Labor diversifications; (4) Socio-economic conditions. Besides, the internal factors should be included: (1) Human resource management; (2) Capital funding capacity and (3) Training procedures. Increased global and regional value chains from networked manufacturing drive economic globalization trends that urge nations to join forces with one another and the global economy. As a result, nations are becoming more interdependent, and the global economy is more interconnected than it has ever been (Tomcikova et al. 2021). Besides, subsidized tourist consumption and financial assistance from other sectors will be critical as recovery measures for the tourism industry during the epidemic. In other words, tourism companies should be dependent to the environmental market to decide the recovery plan.

Last but not least, among the chosen determinants of labor productivity in tourism business, only “Labor diversifications” is not considered as a major influencing factor. The remaining factors achieved higher percentage of agreement in the participants. The results are presented as follows:

Table 2: Interview results about the importance of labor productivity determinants

Determinants	Extremely disagree	Disagree	Neutral	Agree	Extremely agree	Decision
External factors						
Macro-economic policies	1	4	3	7	5	Chosen
Technology and innovation	2	2	3	10	3	Chosen
Labor diversifications	6	7	3	4	0	Omitted
Socio-economic conditions	0	0	0	9	11	Chosen
Internal factors						
HR management	0	0	5	11	4	Chosen
Capital funding capacity	0	5	1	8	6	Chosen
Training procedures	1	1	5	7	6	Chosen

(Source: Author’s results)

From the results, it can be inferred that “Socio-economic conditions” can be the most important external factors. Accomplishment in tourism should not be judged just on the number of foreign visitors and the income generated, but should also be considered in relation to tourism's role in local and national economies, as well as its contribution to grassroots economic growth (Akama and Kieti 2007; Vijay anand 2012). In the aspect of internal factors, “Human resource management” seems to be the most influencing one. As a result of the significant changes brought about by COVID-19, businesses must respond and adapt while still managing human resources responsibly. All of these alterations need the identification and implementation of new methods for recruiting and growth by companies. Employees in organizations impacted by global pandemic impacts must learn a wide range of skills to keep up with new technology and job tasks (Tomcikova et al. 2021). According to the above expressions, there suggested a further research models for determinants of labor productivity in tourism business:

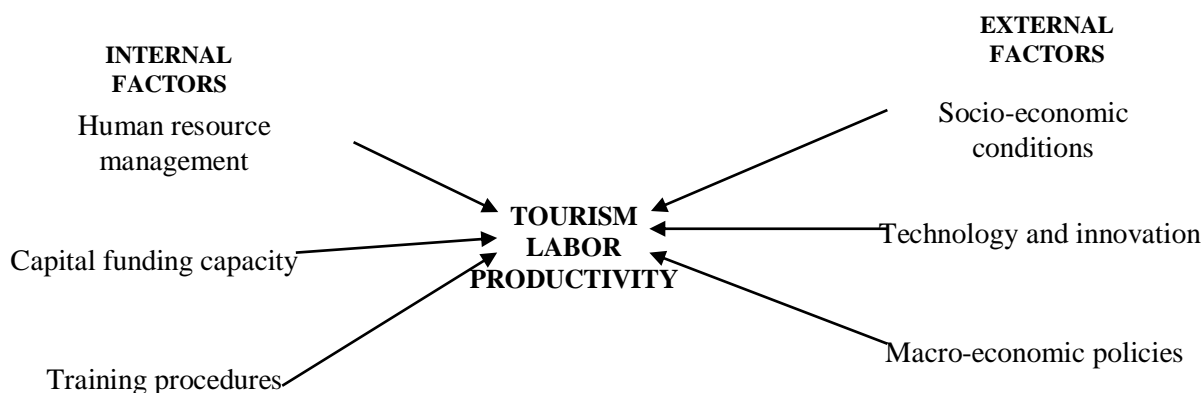


Figure 1: Expected research models for future studies

5. Conclusions

Tourism businesses have been heavily impacted by the worldwide covid-19 outbreak that occurred at the end of 2019. Consequently, researchers and practitioners increasingly concerned with the notion of strengthening organizational resilience in order to respond effectively survive and recover from crises. Labor productivity can be a suggested recovery concentration for the tourism service. Beside identifying the importance of improving the effectiveness of human allocation in companies, factors affecting the selection of labor productivity should be highly improvised and advanced. Conclusively, in terms of external factors: (1) Macro-economic policies; (2) Technology and innovation; (3) Socio-economic conditions are mentioned and the internal one contains: (1) Human resource management; (2) Capital funding capacity and (3) Training procedures.

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