

CHSE

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CHSE certification, PPKM policy, and hotel performance in Indonesia

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ABSTRACT: COVID-19 created the new normal which is concerned of *Cleanliness, Health, Safety, & Environment Sustainable (CHSE)*. In Indonesia, the government applied the restrictions on community activities (PPKM). This study aimed to describe the hotel adoption of cleanliness, health, safety, & environment sustainable (CHSE) during COVID-19, and the impact of PPKM Policy on hotels occupancy and sales, Gross Operating Profit (GOP), and cash flow in various category of hotels. The method was quantitative descriptive, and it was collected by convenience sampling. Sample are General Managers who are the members of Indonesian Hotel General Manager Association (IHGMA). The study found that most of the hotels have CHSE certification. They agree that CHSE certification is very important, because it correlates to hotel competitive advantages. PPKM policy contributes negative effects on occupancy and sales, GOP, and the cash flow. Negotiate to financial support institutions is essential.

Keywords: CHSE Certification, PPKM Policy, Hotel Performance.

1 INTRODUCTION

In early 2020, the world was shaken by the outbreak of the corona virus (Corona Virus Disease) from China. This virus has caused global panic and has even killed millions of people in almost all countries in the world include in Indonesia. This global disaster impacts various activities, such as economic activity. Globally, there are at least 50 million workers in the tourism sector affected. Human tourism workers in Indonesia are among the most vulnerable during this global pandemic. From 13 million people before the pandemic, now there are 6.5 million people left. In 2019, the Ministry of Tourism and Creative Economy has compiled a protocol called the CHSE Protocol to improve tourists' confidence and national tourism. Prior to the COVID-19 pandemic, Indonesia's competitiveness according to the 2019 WEC in the aspects of cleanliness, security, and health and the environment in the tourism sector was lower than other countries where the Safety pillar was ranked 80, the health and hygiene pillar ranked 102 and the environmental sustainability pillar is ranked 135th in the world. Thus, the COVID-19 pandemic will open a change in tourism trends in the world. Where the issue of health and hygiene as well as safety and security and sustainability will be the main considerations for tourists.

Since COVID-19 caused complex problems in all aspects of life, both nationally and internationally in various circles (Bartik et al., 2020a) (Chetty et al., 2020) (Fu, 2020) (Pappas, 2021), it also affects tourism industry include accommodation industries (Marco-Lajara et al., 2021). Especially, the characteristics of lodging sector is perishable Khan et al. (2021). Recently, most people are starting to stay in the hotel that have implemented hygiene and health protocols (Mensah & Boakye, 2021). Hotels must adhere health and safety protocol to meet the customer's

needs (Kumar, 2021) (Ngoc Su et al., 2021). In China and Korea, travel demands improve after the countries apply travel restriction (Next Guests, 2020). Vietnam can improve business by social distancing program (Ismail, 2020). Pavlatos et al. (2021) found that hoteliers respond differently based on the characteristics of their hotels. This study aims to describe: (1) the adoption of Cleanliness, Health, Safety, & Environment Sustainable (CHSE) by hotels during COVID-19 pandemic; and (2) the impact of PPKM Policy as a respond on COVID-19 pandemic in hotel performance in term of hotels occupancy and sales, and cash flow in various category of hotels.

2 LITERATURE REVIEW

2.1 Cleanliness, health, safety, & environmental sustainability (CHSE)

Sanitation is widely agreed as predictors of people productivity and quality of life but to maintain it needs cost (Jha, 2003). (Park & Lehto, 2024) proposed three safety measure regarding hygiene and sanitation in hotels. They are cleanliness and hygiene, physical distancing, and staff and guest requirement. Park & Lehto (2021) found that guests prioritize hygiene and sanitation instead of the price. The consumers prefer hotels who disinfect their hotels regularly, uses electrostatic sprayers, and ultraviolet disinfection. The guests also expect less of physical contacts when they make registration in the hotel. However, many guests have not been trust to hygiene and sanitation practices in hotels during COVID-19 pandemic (Naumov et al., 2021). This a challenge for hoteliers.

Owners or managers of businesses and tourism destinations that pass the audit and assessment will get a CHSE Certificate from the Certification Institute, and then will be given the Indonesian CARE (I Do Care). "For this initial stage, CHSE certification will be prioritized for hotel, restaurant and restaurant businesses, tourist lodges or homestays, and some tourism business. National Government facilitates hotels to have the certification. The level of hotel cleanliness is something that must be considered, considering that during this pandemic, cleanliness is a major concern for all sectors. Guests will choose the hotel starting from the cleanliness of the area and its facilities. With maintained cleanliness, it will have a good impact on guest ratings of the hotel. With the CHSE certification, it is hoped that the hotel industry will be better in handling Hygiene and Sanitation.

The CHSE protocol is a government policy as a guide for entrepreneurs and/or managers, local tour guides, and employees of tourist attractions for in adapting new habits in the form of guidelines for any businesses. It is an operational guide of the Decree of the Minister of Health Number HK.01.07/Menkes/382/2020. concerning Health Protocols for Communities in Places and Facilities s General for the Prevention and Control of Corona Virus Disease 2019 (COVID-19). This guide is intended for entrepreneurs and/or managers, employees, and local tour guides in meeting the needs of visitors for clean, and healthy procedures. This guide can also be a reference for Provincial Governments, Regency/City Governments, Village/Kelurahan Governments, including Traditional Villages, business and professional associations related to tourist attractions, and Tourism Drive Groups/Tourism Awareness Groups to conduct socialization, tutorials/education, simulations, trials, assistance, guidance, monitoring and evaluation in the application of cleanliness, health, safety, and environmental sustainability. in order to increase the confidence of the parties as well as the reputation of businesses and tourism destinations. businesses and professions related to tourist attractions, tourism village managers, Tourism Driving Groups/Tourism Awareness Groups, and academics. Introducing health and safety protocols is for minimize the impact of COVID-19 pandemic (Mensah & Boakye, 2021). The implementation of CHSE aims: (1) increase awareness of the Indonesian people and the world towards cleanliness, health, safety, and environmental sustainability; (2) to fit the consumers

needs of cleanliness, health, and safety; (3) to drive tourism businesses to prepare themselves regarding cleanliness, health, and safety.

2.2 Community activities restriction (PPKM)

The government has issued PPKM for the first time effective on January 11-January 25, 2021 covering the DKI Jakarta area and 23 regencies/cities in six provinces that have a high risk of COVID-19, previously, there are other terms introduced by the government at the beginning of the pandemic, namely PSBB and Micro PPKM, these rules came into effect on April 17, 2020, then the government imposed a new term to suppress the spread of COVID-19 in high-risk areas with the name PPKM.

Public policy is interpreted in various ways by experts, Thomas R. Dye suggests that public policy is whatever the government does and does not do (Dye, 2005). The understanding of public policy is expressed by Carl Friedrich (Winarno, 2008) who argues that public policy is a direction of action initiated or proposed by a person, group or government in a certain environment that can provide obstacles and opportunities in the proposed policy to provide a solution to realize a certain goal. Public policy based on the understanding of the experts above is a decision in response to a public problem in the form of measurable activities so that it can achieve the goals that have been set at the beginning. Public policy is a series of processes that are connected and bound to one another.

In general, the public policy process consists of the process of public policy formulation or called formulation, the process of implementing public policies or called implementation and the process of public policy assessment or evaluation. These three processes are a series that will determine whether the policy can be implemented properly as intended or vice versa. The implementation of public policies in the context of dealing with COVID-19 can be in the form of various policy instruments aimed at tackling both directly and indirectly the spread of COVID-19. The implementation of direct COVID-19 controls policies, such as the implementation of the health protocol policy, namely wearing masks, maintaining distance, and avoiding crowds.

2.3 COVID-19 and how to deal with.

COVID-19 pandemic impact people in term of health and economic aspect has severe consequences on human health and the global economy (OECD, 2020c) include tourism and hospitality (Song et al., 2021). COVID-19 had been influencing human life for several years (Kumar, 2021). It reflects the decreased of customers demand. In line with the global response to COVID-19 in hotel businesses must apply the procedure as follow (OECD, 2020a): (1) hotels as essential businesses are allowed for offline work with health and safety protocol; (2) meals are served to the room; (3) the wedding reception only serves maximum thirty pax; and (4) employees and guests must wear a mask. In Indonesia, the Ministry of Tourism and Creative Economy (2020) proposed CHSE as hotels standards to deal with COVID-19.

3 METHOD

The research method is descriptive quantitative. The unit of analysis is hotels in Indonesia that are members of the Indonesian Hotel General Manager Association (IHGMA). Primary data was collected by distributing online questionnaires. The questions and answer choices on the questionnaire are based on the author's best practice. The statements submitted include: CHSE certification, the impact of PPKM on hotel business performance, especially related to hotel occupancy and GOP. Furthermore, the collected data is processed using descriptive tests. The study collect secondary data is obtained from various sources such as books, journals, laws and regulations. The research data was obtained in August 2021.

4 RESULTS

The total participants in the research are 165 hotels in Indonesia with various levels. The profile of the hotel participants is described in table 1.

Table 1 Hotel Participants

Descriptions	Details	Percent (of hotel)
General		
Hotel management	Local chain.	38.8
	International chain.	19.4
Hotel classification	Independent hotel.	41.8
	5-Star Hotel.	9.7
	4-Star Hotel.	46.1
	3-Star Hotel.	32.7
	2-Star Hotel.	7.9
	Non-Star Hotel.	3.6
CHSE		
CHSE certified	The hotels have CHSE certification.	93.9
	The hotels haven't had CHSE certification yet.	6.1
The importance of CHSE certified	Less important.	3.0
	Important.	30.3
	Very important.	66.7
CHSE certified and hotel competitive advantages	Yes, CHSE certified relates to hotel competitive advantage.	87.3
	No, CHSE certified doesn't relate to hotel competitive advantage.	12.7
PPKM		
PPKM hotel condition in Q1-2021	The 1st level	7.9
	The 2nd level	10.3
	The 3rd level	27.9
	The 4th level	53.9
PPKM hotel condition in Q2-2021	The 1st level	3.6
	The 2nd level	4.2
	The 3rd level	17.0
	The 4th level	75.2
I think pandemic impact on hotel business is completed in:	Q4-2021	11.5
	Q1-2022	28.5
	Q2-2022	24.8
	Q3-2022	30.3
	Never completed	4.8

Note: Q1 = the 1st quarterly (Jan-March); Q2 = the 2nd quarterly (April-June); Q3 = the 3rd quarterly (July-Sep); Q4 = the 4th quarterly (Oct-Dec).

The study involved hotels in Lampung, DKI Jakarta, Banten, West Java, Central Java, DI Yogyakarta, East Java, Bali, West Nusa Tenggara, East Nusa Tenggara, North Sumatera, South Kalimantan, East Kalimantan, North Kalimantan, North Sulawesi, South Sulawesi, West Sumatera, South East Sulawesi, North Maluku, Papua, Riau, Riau Islands, and South Sumatera.

Table 2 describes the hotel performance after implementing PPKM policy. The data describes (1) the hotel business condition in the 4th level of PPKM; (2) PPKM policy in the hotel area since January up to June 2021; (3) hotel occupancy in Q1-2021, comparing to Q1-2019; (4) hotel occupancy in Q2-2021, comparing to Q2-2019; (5) hotel gross operating.

Table 2 Hotel Performance after Implementing PPKM Policy

Descriptions	Details	Percent(of hotel)
The percentage of hotels that their occupancy and sales in the 4 th level of PPKM:	Decrease	95.8
	Normal	3.6
	Increase	.6
PPKM policy in the hotel area since January up to June 2021:	Level 4 in Q1-2021	9.1
	Level 4 in Q2-2021	33.3
	Level 4 in Q1 and Q2-2021	35.8
	Below level 4 in Q1-2021	11.5
	Below level 4 in Q2-2021	10.3
Hotel occupancy in Q1-2021, comparing to Q1-2019 decrease:	10 %	59.4
	11 %-20 %	7.3
	21 %-30 %	10.9
	31 %-40 %	22.4
Hotel occupancy in Q2-2021, comparing to Q2-2019 decrease:	10 %	7.3
	11 % - 20 %	6.1
	21 % - 30 %	9.7
	31 % - 40 %	17.6
	more than 40 %	59.4
Hotel GOP (Gross Operating Profit) hotel in Q2-2021, comparing to Q1-2019 decrease:	10 %	7.9
	11 % - 20 %	13.9
	21 % - 30 %	16.4
	31 % - 40 %	17.6
	more than 40 %	44.2
Hotel GOP (Gross Operating Profit) in Q-2/2021, comparing Q-2/2019 decrease:	10 %	6.7
	11 % - 20 %	10.9
	21 % - 30 %	13.9
	31 % - 40 %	20.0
	more than 40 %	48.5
The most difficult cash flow management at the end of the 1 st semester 2021:	Negotiate to vendor for AP hotel payment	5.5
	Negotiate to bank for postponing credit payment	3.6
	Negotiate to client/booker to pay in advance	4.2
	Negotiate to local government for hotel tax discount	10.3
	All solutions above	76.4
Bank facilities for credit restructuring	Decrease bank credit interest.	4.9
	Reduce credit principal	33.3
	Reduce credit interest	3.0
	All solutions above	58.8

Note: Q1 = the 1st quarterly (Jan-March); Q2 = the 2nd quarterly (April-June).

profit (GOP) in Q2-2021, comparing to Q1-2019; (6) hotel gross operating profit (GOP) in Q2-2021, comparing to Q2-2019. The research also found that hotel management got some problems on managing cash flow at the end of the 1st semester 2021 and restructuring credit of the bank.

5 DISCUSSION

Since most of the hotel participants are independent hotels (41. %) and their classification are 4-star hotel (46.1 %) most of them have had CHSE certification (93.9 %). Furthermore, they think that CHSE certified is very important (93.9 %) to achieve hotel competitive advantages. This is related to Mensah & Boakye (2021) argumentation because tourists travel and visit several tourist

destinations that have implemented hygiene and health protocols. The policy of CHSE certification can increase tourist confidence and national tourism. To reduce COVID-19 negative impact, the hotel adopts a safety practice in the business plans (Jha, 2003) (Naumov et al., 2021)(Park & Lehto, 2021).

The research also identified that in January up to March 2021(Q1-2021) most of the hotels are in the 4th level of PPKM policy (53.9 %). The number of hotels that have the 4th level of PPKM increase up to 75.2 % in April up to June 2021 (Q2-2021). It implies that the situation is getting worse in term of COVID-19 pandemic. This situation led to the hotels' manager prediction that COVID-19 pandemic at least might be ended in July-August 2022 (Q3-2022). Some of them think that the pandemic effect will influence hotel business longer and even never completed at all (Kumar, 2021), and caused complex problems in all aspects of life, both nationally and internationally in various circles (Fu, 2020)) and so does the business (Chetty et al., 2020).

The study found that PPKM policy that is taken to respond COVID-19 pandemic influence hotels performance in term of hotels occupancy and sales essentially in the 4th level of PPKM implementation. Almost all hotels (95.8 %) confirm that hotels occupancy and sales decrease at that time. However, most of the hotels (78.2 %) that participate in the research are in the 4th level area in January-March 2021 (Q1-2021) and April-June 2021 (Q2-2021). However, if it's compared to the situation in Q1-2019, most of those hotels (59.4 %) occupancy decrease 10 % in Q1-2021 while others (40.6 %) decrease around 11 % up to 40 %. But then the situation getting worse if we compare hotel occupancy in Q2-2019 and Q2-2021. In Q2-2021, 59.4 % hotels occupancy and sales decrease more than 40 % comparing to those in Q2-2019. Furthermore, if we compare to Q1-2019, 44.2 % hotels suffer of GOP (Gross Operating Profit) decrease more than 40 % in Q2-2021. It escalates in Q2-2021, if it's compared to Q2-2019, approximately 48.5 % hotels GOD decrease more than 40 %. COVID-19 influences hotels business significantly (Marco-Lajara et al., 2021) (Mensah & Boakye, 2021). The adoption of PPKM policy cause the travel restrictions.

After implementing PPKM policy during COVID-19 pandemic, most of the hotel managers (76.4 %) confirm that there are cash flow problem up to the 1st semester (January-June) 2021, however Khan et al. (2021) argued that the accommodation sector will show high resilience, if we compare to other sectors. Around 58.8 % hotel managers state that for maintaining their cash flow, they negotiate to the bank for credit restructuring such as ask for decreasing bank credit interest, reducing credit principal, and credit interest as well.

As such, the study also provides insights on how hotel businesses can maintain sustainable performance and contribute to economic growth during PPKM policy adoption within the COVID-19 pandemic. However, despite the several new insights and contributions provides by this paper to hospitality research, it has some limitations that can help inform future hospitality research. First, the data collection process in this research occurred quantitative descriptive approach in term of CHSE, PPKM policy and its impact to occupancy and sales, and a limit information on how hotel managers deal with the cash flow stability. Since the dynamic capabilities influence hotel performance, which is mediated by innovation capability. The future research may consider studying the to identify the innovative strategy choices of each hotel category (star hotels, chain hotels, and local hotels. Second, although data collected in this research came from General Managers of various hotels, it was not possible to interview customers to analyze their satisfaction on non-financial performance of the hotels. Finally, qualitative research is the most suggested to enrich the data of how hotel management increasing hotel business performance.

6 CONCLUSION AND IMPLICATION

Since COVID-19 pandemic terrors people health (Kumar, 2021) hospitality industry such as hotels have to adapt to unpredictable crisis consequences (Jaaron et al., 2021). Financial aspect is reviewed as one of requirements for adopting the resilience on COVID-19 situation (Huang &

Farboudi Jahromi, 2021), in this term hotels performance such as maintaining the rate of occupancy and sales are essential because it's related with the revenue for the hotels. Recently, guests sensitive on hygiene and sanitation which is proven by CHSE certification. Most of the hotels have CHSE certification (93.9 %). Furthermore, 66.7 % think that CHSE certification is very important, and 87.3 % respondents agree that CHSE certification correlates to hotel competitive advantage. The government policy of PPKM adoption contributes negative effects on hotels such as hotel occupancy and sales, GOP, and the cash flow. One of the strategies to maintain the cash flow, The management negotiate the bank for credit restructuring.

Considering our findings, the hotels are facing severe challenge, however, there is a need to apply health & safety procedures in hotel operational due to achieve sustainability. For survival sustainable hotel business activities, the general managers in hotels should identify indicators that influence hotels occupancy and sales.

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