

ASSESSMENT 1 SPECIFICATION

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Lecturer:	Lisa Knight	Internal Verifier:	Gareth Hughes
Assignment Title:	Report/Audit	Word count (or equivalent):	2,500 words
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Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 40%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		
Module Learning Outcomes (from module syllabus)			
Upon the successful completion of this assessment, the student should be able to demonstrate the ability to:			
Critically analyse an organisation's current and future external and internal environments			

EXECUTIVE SUMMARY

COVID-19 has indeed affected many people especially on their work, living and financials. During this pandemic, many restrictions had been imposed by the government in order to stop the mass spreading of the viruses as well as to stop overflowing hospital cases. Hospitality industry is also affected in this situation that we are facing until today. During this time, each and different country applies different types of restrictions towards the industry. Many have gone bankrupt or are shutting down as the customers are not allowed to stay at hotels. In this report, the framework that will be used to analyse the situation of the hospitality industry are PESTEL, SWOT, McKinsey's 7S Framework and Porter's 5 Forces.

Introduction

It has been requested by the company to perform an audit on the hospitality industry that has been affected on the COVID-19. Back in December 2019, it was declared by the World Health Organisation (WHO) that a cluster of pneumonia cases was detected in China in one of the Hubei provinces which is Wuhan. They also announced that a novel case of coronavirus has been obtained by the samples from the pneumonia cases where the virus genetic had caused the outbreak (Krishnan et al.,2020). The virus is known today as COVID-19 which is referred to as SARS-CoV-2. Covid has affected the hospitality industry in many ways especially on their operational, mitigation and financial. This pandemic has affected economic output down to 90% in April 2020 compared to February 2020 (Foloey,2022). This was during the early stage of the pandemic. All businesses, regardless of size, are experiencing substantial problems, particularly those in hospitality industries, which face the actual possibility of large revenue drops, foreclosures, and loss of jobs in certain fields. Small and medium-sized businesses have an especially tough time maintaining operations. This as well affected OYO Hotel (Netherlands,2020).

OYO hotel as well has been affected throughout the pandemic. OYO was known as a platform to help small businesses hospitality owners which has now spread worldwide by building their own image for hotels. OYO stands for 'On Your Own' where they offer budget friendly rooms for their customers (Dogra,2020). When OYO first launched, its goal was to address the issue of uniformity in India's hotel and vacation experiences. Free internet, breakfast, flatscreen TVs, pristine white bed linen and thread count, premium amenities, and bathroom quality are among the 30 criteria used by OYO to evaluate hotels (Holm et al.,2013).

MAIN FINDINGS

PESTEL

PESTEL analysis is an acronym that is known as Political, Economic, Social, Technological, Environment and Legal. It is used in order to identify the macro environment factors that have been faced by an organisation (Trish,2016). PESTEL analysis is to conduct a full situational analysis for an organisation and should be repeated every six months in order to identify any changes and achieve the desired goals in the company. When conducting such an analysis, it is vital that the components affecting the organisation not only be identified, but also analysed for their potential influence (Kristen,2020). The information gathered may then be used to fill in the gaps in a SWOT analysis' opportunities and threats.

Social factors are one the critical issues that affect OYO business during the present pandemic situation. Anywhere people go, travel or stay, they become health conscious and practise new norms to avoid being exposed or infected with the virus. There might be no guarantee that OYO business and customers can continue unharmed during the crisis but the measures which are already taken by the OYO management to ensure safety comes first can definitely assist keep the employees and the customers away from infection (Darn,2020). By ensuring that all of its employees understand how the virus spreads, the organisation can reduce the risk of its employees from catching the virus, and thereby minimise the risk. By placing messaging posters such as keeping social distance, wearing face masks, getting full vaccination, practising hand hygiene, placing enough hand sanitizers at OYO Hotels do encourage hygiene among the employees and the customers (Shastri,2019). Since OYO hotels are operating in multiple states globally, the organisation must have their own pandemic response plans and clear human resource policy which might vary according to their locations and local rules and regulations. Although many countries have lifted travel ban and ease people's movement, the pandemic is

definitely unpredictable with the new emergence of covid-19 variant (Shan,2019). It might not affect the business and its employees right away but the organisation like OYO Hotels needs to identify their key resources such as key personnel, related customers, supplies and materials required so that contingency plans for each category can be created. The organisation needs to have back-up staff if any of their employees are infected with the virus. In case any of its locations need temporary closure, for instance, customers must be prioritised and notified. For OYO Hotels, their top priority must be the health and safety of their employees and customers to ensure their business sustainability (Satterwhite,2020).

Next, the legal factor that needs to be considered with OYO Hotel is the protocols of COVID-19 during the lockdown. Especially in Malaysia, the government has imposed a strict rule where all kinds of hotels are not allowed to operate in order to control the spread of the virus and from having a mass gathering (Musa,2022). However, there has been an issue that has been raised considering the fact that the government had implied the restrictions. Some of OYO hotels did not follow the order and had caused a big scene where they allowed teenagers and young people to do parties at the places. Government had to stop their operations and sue them in order to make a lesson to any other hotels (Rawat,2020). On the good side, they also gave certain OYO Hotels to operate in order to give those who are stranded in Malaysia a place for them to stay while waiting for the travel restrictions to lift up again.

SWOT

In order to run a successful business, SWOT analysis is a way to analyse the process that a company operates in as effectively as possible. SWOT analysis stands for Strength, Weakness, Opportunity and Threats. SWOT analysis may also reveal parts of the firm that are restricting, as well as rivals that may abuse the company if it is not protected (Schooley,2019). A SWOT analysis is a tool for taking a critical, truthful, information look at an organisation's, initiative's, or industry's strengths and weaknesses. The organisation must maintain the accuracy of the study by eliminating preconceived notions or grey zones and rather than focus on real-world scenarios (Daniel,2022). For example, an organisation may be completely aware of certain strengths, but until those strengths are recorded with weaknesses and threats, it is possible that the company may not recognise how inaccurate those strengths are (Courage,2022).

In OYO, the impact of COVID-19 had been showing their strength in terms of their workers as well as their customers. During the first phase of the pandemic, the travel restrictions had been enforced and had caused a squeeze in their revenue causing a huge amount of hotel closures. Most of the workers that work in OYO Hotel have been put on furlough (Panigrahi,2019). OYO Hotel really valued their employees, where they believed that their members had helped them a lot in their businesses and they felt indebted for their contribution. They had offered their workers who had been affected by the furlough by giving them the full support of consulting, the flexibility of their workers to seek for new jobs in the beginning of the year as well as a one month tax free salary as a severance package (Guruprasad,2019).

In the terms of helping the community, they started a fund internally and externally in order to contribute and support the fight against this pandemic. In Southeast Asia, OYO has established a \$200,000 designated fund to assist clients whose lives, families, and companies have been affected by the epidemic (Rawat,2021). Ritesh Agarwal, the owner, has announced that he will

pay a percentage of his income to this fund.OYO is extending reductions to doctors from hospitals within a five-kilometre area of its associated hotels to help medical and health COVID-19 frontliners in Mindanao. OYO Hotel is also working together with BPOs and other firms to provide housing for their employees, as well as stranded foreign visitors (Birru,2022).

Porter's 5 forces

Porter's Five Factors is a strategy for determining an industry's vulnerabilities and advantages by identifying and analysing five competitive forces that define every business. A five-forces analysis is widely used to define company approach by identifying an industry's structure (Isabelle,2020). Porter's model may be used to evaluate the amount of competitiveness within an industry and improve a strategic and long success in any sector of the economy. It is really crucial not to mix up these five forces with some more temporary elements like business rates of growth, government interference, and technology advancements. The latter, according to Porter, are momentary elements, but the Five Forces are permanent components of an industry's structure (Zinina,2020).

The key issues in Porter's 5 Forces for OYO Hotel in response to the present global pandemic crisis is the competition of the existing competitors in the hospitality industry. With limited numbers of travellers travelling during the pandemic with many hotel choices available globally that offer attractive discounts and stay packages, OYO Hotel sales will be affected in many ways (Goral,2021). Easy access to internet booking with deposit flexibility and variety of rooms to choose from within the same budget such as free Wifi, breakfast inclusive, bigger rooms, can create significant impact to the OYO business if not tackled properly when operating during a crisis. Since OYO is doing business in a franchise model, just like Airbnb, it involves partnership with either hotels or individual owners, offers franchise and sells rooms to their customers with competitive and attractive prices (Dimitrios,2020). OYO, through its app-based service, allows the customers to book budget rooms within a few seconds. This method is now very common in the hospitality industry and many on-line booking platforms offer the same services. Since OYO does not own business, it can offer standardised budget hotel services carrying OYO's branding with focus more on customer's experience instead of

room's prices and availability such as backpack travellers, leisure travellers, family and business travellers. Unlike its competitor, Airbnb, that connects its customers with local hosts, OYO is fully responsible for services at hotels listed in its platform and can give better experience for clients that don't like to deal with fussy landlords. Through its own self-serve website and apps, the OYO customers could interact with accommodation staff at the time of check-in and provide room services contactless 24/7. This contactless and convenience apps based website can create a sense of safety and hygiene when operating during a pandemic and provide opportunity for the organisation to keep improving the services based on customers recommendation.

McKinsey's 7s framework

The McKinsey 7S Model is a tool that evaluates a company's 7 organisational designs. Its purpose is to portray how a company's performance may be accomplished through the interplay of seven main elements which is the Structure, Strategy, Skill, System, Shared Values, Style, and Staff (Demir,2019). The interconnection of the factors described by "Soft Ss" and "Hard Ss" is the emphasis of the McKinsey 7s Model, suggesting that altering one aspect has a cascade effect when maintaining an effective balance. The importance of the influence of changes in founding values on the other parts is shown by placing "Shared Values" as the "centre".

One of the key findings in response to the present global pandemic situation for the OYO Hotel chain is the strategy issue. New recovery measures need to be incorporated in order to adapt to the new normal as well as new plan for its business continuity (Gupta,2020). Customer requirements such as contactless and hygiene issues as well as local government new regulations after lockdown imposed and re-opening of countries' borders such as wearing face mask in public, vaccination certificate or covid-19 rapid test prior to entry needs to be incorporated in the organisation's new strategy. The task for safety, audit and housekeeping departments for the organisation needs to be broadened, up-graded and strengthened so that the customers feels secured, satisfied and the hygiene standards are met as well as government new requirements and ruling for post covid-19 business operations are complied to avoid any penalty or summons (Prasyundran,2020). Since the hygiene items such as sanitizers, fogging, face mask, face shield, hand gloves as well as covid-19 rapid tests are easily available with reasonable costs now in market, the OYO hotel management will need to consider making minimal financial adjustments and support to set aside budget for these resources and requirements. The pandemic has also affected the strategy of the organisation in a way that the OYO Hotel would need to shift its strategy from solely cost-focus advantage to both cost-focus

and differentiation-focus advantage in order to ensure its business sustenance in the long-run. As travel uncertainty throughout the world might remain for some time with reduction in non-essential travels, more individuals and corporates tend to look for budget stay and yet sanitised and safe. OYO Hotels, being a hospitality industry that offers affordable and flexible stay, will need to consider shifting from cost-focus of budget stay to include safe and hygiene stay in its business strategy.

RECOMMENDATIONS

It is important for OYO Hotel to improve in order to be one of the top international hotels in the market. Firstly, they need to always be prepared with the latest protocol that is going on around the world. In order to prepare for that, the marketing team has to go through and reconsider again on their business in every aspect that could help them to succeed. This is to make sure they are able to contribute again for their partners as well as to the community. It is to ensure their goal is being able to reach back which is providing a space that is comfortable and clean with a very affordable price.

Next, the marketing teams should focus more on bringing OYO's to success by combining the model in designing, services, expertises in technological as well as the operational capabilities in towns and owners of real estates such as in Malaysia. It would help them to get a higher rate of investment return, be able to open an opportunity in financing as well as being able to serve a great quality in customer services.

Other than that, OYO Hotel has to again maintain their operations in making sure their revenue is increasing back since their business performance has been uncontrollable during the pandemic. They should have taken suggestions as well as extended an upfront payment to assure their benchmark of revenue is not in financial crisis.

CONCLUSIONS

In conclusion, COVI-19 has affected the hospitality industry with many kinds of challenges. As a business company, they should make tough and risky decisions in order to save their company. It is important to always deliver an above market performance to their customers. Providing their customers and partners initiatives would help them alot and could remain a loyalty towards OYO Hotel. Treating the customers and workers with respect and transparency could help the company to emerge stronger and help them to continue their businesses above the promises.

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