

The Effects of COVID-19 on the Development and Well-being of the Maldives Guest House Community

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ABSTRACT

The effects of COVID-19 on the tourism industry are widely discussed in international literature, but research on its impact on small businesses, such as guest houses, remains limited. This study examines the effects of the pandemic on the development and well-being of the guest house community in the Maldives. It focuses on those affected by the temporary restrictive measures on the business. The qualitative study involves interviews with 10 Maldivian guest house owners conducted via Zoom and Google Meet. The data are analysed using content analysis, and common themes and patterns are identified from the participants' verbatim interview transcripts. The practical implications, limitations, and future research recommendations are discussed, including

examining guest house tourism resilience. The findings reveal that most guest house managers were unprepared for a pandemic of this magnitude, and government assistance for guest house recovery was insufficient. This study provides valuable insights to decision-makers and policymakers, aiding in understanding the pandemic's impact on guest houses, formulating community recovery strategies, and preparing for potential natural or man-made disasters.

ARTICLE INFO

Article history:

Received: 8 March 2024

Accepted: 19 November 2024

Published: 27 February 2025

DOI: <https://doi.org/10.47836/pjssh.33.S1.08>

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Keywords: COVID-19 pandemic, guest house community, Maldives, resilience, well-being

INTRODUCTION

A severe acute respiratory syndrome coronavirus two infections (SARS-CoV-2) outbreak in December 2019 in Wuhan, Hubei Province, China (Zu et al., 2020) brought the world to a standstill. On 11 February 2020, the World Health Organisation (WHO) (2020) Director General announced the official name of COVID-19. As of 3 August 2020, the virus had spread to 213 countries, infected 18,370,333 people and caused 695,074 deaths, while 11,564,472 people recovered (Worldometer, 2020).

Maldives tourism has been known for the “one island, one resort” concept since 1972, and guest houses have been permitted on inhabited islands after the 2009 law amendment (Ahmed, 2018). This change opened the destination to middle- and low-income travellers, allowing locals to provide affordable accommodation (Chia & Muiz, 2020). Starting with the first guest house in K.Maafushi, the Maldives now has 530 guest houses, representing 65% of the accommodation sector (Ministry of Tourism, 2020). This shift has created substantial economic opportunities for island communities, making guest house tourism a crucial income source.

Guest houses in the Maldives are relatively small and have bed capacities of 3–24 rooms (Ministry of Tourism, 2020). As each guest house has a low bed capacity, the manager and owner usually are the same person. Sometimes, the guest house is the owner or manager’s home registered and operated as a guest house. The Maldivian Ministry of Tourism (2020) stated, “Tourist

guest house refers to an establishment, other than a tourist hotel, that has been developed, in compliance with standards determined by the Ministry of Tourism, to provide board and lodging or [only] lodging for tourists for a payment decided at a certain rate per day of stay.”

The Maldives confirmed its first COVID-19 case on 12 March 2020 and declared a 30-day public health emergency (WHO, 2020). Travel restrictions and guest house shutdowns followed, especially in the Greater Malé Region (Ministry of Economic Development, 2020). While the lockdown was eased on 29 May 2020, guest houses remained closed, and travel was suspended (COVID-19 Response, 2020a). Guest houses reopened on 1 July 2020 for locals or residents on specific islands, with international tourists allowed from August, and inter-atoll and international flights resuming on 15 July 2020 (COVID-19 Response, 2020b). These measures significantly impacted the country.

The COVID-19 outbreak halted the income generated by guest houses, which raised concerns for many guest house operators burdened with bills without an income source or government relief (Avas, 2020). Concerns were also raised due to the lack of government information on resuming guest house operations. Before COVID-19, infrastructure, competition, policies, and regulations were considered challenges for guest house development (Chia & Muiz, 2020). Hence, the pandemic intensified these challenges, and the guest house sector competed with the resort sector. The effect of COVID-19 halted the income

generation of the guest house community due to a lack of government support and the challenges of reopening the operations due to limited guidance.

Various academicians have studied the effects of COVID-19 on guest houses (Kiryakova-Dineva & Bozhkova, 2021; Schmid et al., 2022; Sucheran, 2021), but there is an absence of studies addressing how Maldivian guest houses were affected by the Global pandemic which highlights the need for this specific research. This study examines the pandemic's effects on the Maldivian guest house community business operations, disaster preparedness, and the perspectives of owners/managers on government actions. Looking at this community as one of the key drivers for local economies and well-being highlights the need for better crisis management. Furthermore, the findings would assist policymakers in drafting guidelines, allocating finances, and making prompt decisions in similar future events to manage the crisis.

LITERATURE REVIEW

Negative Effects of COVID-19 on Tourism

Domestic and international travel restrictions due to COVID-19 caused immense global losses to the tourism sector. The global tourism industry recorded a loss of 67 million international tourists by the first quarter of 2020, which reached approximately USD 80 billion in receipts (UNWTO, 2020a). The UNWTO (2020b) estimated that the potential effects of COVID-19 would result in a total loss of 850 million to 1.1 billion

tourists globally in 2020. Worldwide, 100% of destinations implemented travel restrictions, and 97 destinations, including the Maldives, totally or partially closed their borders to tourists.

The International Labour Organisation (ILO) (2020a) reported that COVID-19 affected the hospitality and transport industries globally. Multiple hotels and resorts ceased operation as they were not receiving tourists. The tourism industry was one of the most job-secure industries globally but was most substantially affected by COVID-19. Lockdowns, mass unemployment, shutdowns, and bankruptcies significantly damaged the industry (Paul, 2020).

Pawlicz (2010) stated that decreased tourism demand would decrease occupancy and the number of employees required, which would affect the community's livelihood (cited in Napierała et al., 2020). The COVID-19 travel restrictions significantly affected livelihoods globally as most people are directly and indirectly connected to the tourism industry. The UNWTO (2020a) predicted the loss of 100–120 million direct tourism-related jobs.

Maldivian guest houses are situated on small, isolated islands and are crucial for local income as tourists spend money in local shops, cafés and restaurants, creating a beneficial multiplier effect (Travel Trade Maldives, 2019). On 17 March 2020, all city hotels and guest houses in the Maldives ceased operations, leading to the cancellation of 125,827 tourist bookings (Rehan, 2020). This shutdown severely impacted guest house revenue, especially

for SMEs reliant on commercial loans or leased land (Maldives Insider, 2020). Since tourism constitutes 40% of the Maldivian economy, 80% of exports, and 50% of revenues, tourism significantly impacts the entire archipelago (Hadad-Zervos, 2022).

A study on the effects of COVID-19 in the Maldives resort sector revealed that approximately 22,000 local employees' job statuses were affected. Either the post was declared redundant; the employees were given no-pay leave or salary cuts were enforced (Ministry of Economic Development, 2020). This approach affected many locals' livelihoods. Many families of the resort employees living in the capital, Malé, had to move back to their islands as they could not afford their expenses. Many foreign workers working in Maldivian resorts also returned to their countries (Ministry of Economic Development, 2020).

Several destinations gradually opened their borders following the lockdowns (Kucheran, 2020; Kumar et al., 2023), which included European destinations (UNWTO, 2020c) and the Maldives (Cripps, 2020). Wen et al. (2020) discussed the negative effects of the pandemic on tourism and destination demands. The implication of departure, on-arrival policies, and the number of cases affiliated with each destination resulted in much hesitation regarding travel. These hesitations meant domestic tourism would recover more rapidly than international tourism (Napierała et al., 2020). Nonetheless, this might not be favourable for the Maldivian guest house sector, as it focuses on international rather than domestic tourists (Chang et al., 2024).

Positive Effects of COVID-19 on Tourism

Tourism-related workers rarely have family time, especially during the holidays, as it is the busiest time of the year. Nevertheless, the travel restrictions and lockdown implemented on all tourism-related establishments resulted in abundant time to spend with family members, catch up with friends, renovate, redesign, or plan for the lifting of lockdown and travel restrictions. Ministry of Economic Development (2020) data for research on resort-sector employees indicated the positive effects of the lockdowns regarding having more time to spend with family, especially during Ramadan, which was previously a busy time for the hospitality and tourism sector. The UNWTO (2020d) COVID-19 impact assessment stated that the lockdowns could be an opportunity to re-think business models and designs, digitalise hotel procedures, and prepare for the new normal. The tourism and hospitality industry survived through structural changes and innovative service and product transformation to diversify its business portfolio (Balasubramanian & Hanafiah, 2022).

COVID-19 and Travel Restrictions

Border closures and travel restrictions were the first governmental measures imposed as COVID-19 spread. By 31 March 2020, 142 countries had imposed border closures, while 78 countries imposed partial closures (Connor, 2020). These restrictive measures slowed the disease spread and gave policymakers much-needed time to draft policies in preparation for reopening

borders. On 28 May 2020, the UNWTO (2020d) released a global guideline to reopen tourism that emphasised safe, seamless travel and restoring confidence as priorities. New Zealand was one of the first countries to eliminate COVID-19 transmission. On 8 June 2020, New Zealand Prime Minister Jacinda Ardern announced that there were no active COVID-19 cases in the country and that all containment measures except border control would be lifted (Menon, 2020). By 15 June 2020, 22% of all destinations eased on travel restrictions, a 3% increase since 18 May 2020 (UNWTO, 2020d). A Sabre Corporation survey of Asia-Pacific countries revealed that 11% of travellers would travel immediately once travel restrictions were lifted, while 20% planned to travel within 1–3 months, and 14% were willing to travel within 4–6 months, with millennials being the first to travel (Ong, 2020).

Policy Responses

On 31 March 2020, the WHO (2020) released a comprehensive guideline for the accommodation sector that could be adapted to local contexts. The American Hotel and Lodging Association (AHLA) (2020) released a “stay safe” guide, while The Hotel Association of Canada and the AHLA released a joint health safety protocol that highlighted new rules for cleaning, such as frequent disinfection of shared touch surfaces and cleaning rooms once per stay to minimise contact (Thibedeau, 2020). On 26 March 2020, the European Parliament approved measures to support tourism businesses and workers, including

assistance packages, tax moratoriums, and wage subsidies (European Parliament, 2020a). Additionally, the European Council proposed lifting travel restrictions for 15 countries based on COVID-19 trends, which were reviewed bi-weekly (Januzi, 2020).

Considering the COVID-19 crisis, many Asia-Pacific countries also devised measures to mitigate the situation (Donbak et al., 2022; ILO, 2020a). Australia allocated AUD 1 billion in funds to support tourism, agriculture, and education and waived fees to the Great Barrier Reef marine park and other national parks (ILO, 2020b). Indonesia supported ten tourism destinations with financial aid and tax subsidies. Malaysia offered MYR 1,000 tax relief for tourist attractions. Thailand provided 1,000 THB via an app for tour packages with a one-night stay requirement. These measures, financial assistance, and marketing efforts were vital, especially at the beginning of the pandemic, to recover from the effects of the pandemic. Furthermore, monitoring and ensuring proper implementation of the strategies were essential to ensure that resources were directed towards the areas in greatest need, such as assisting small businesses—guest houses in communities depend on these businesses for their livelihood.

Disaster Preparedness

The hotel industry is globally interlinked and consumer-driven, which exposes it to various business interruptions (Poulaki et al., 2022; Segal et al., 2015). Various academicians and media commentators highlighted that the magnitude of COVID-19 upset the

global tourism industry with a force similar to the Great Depression or World War I and II (Bisby, 2020; Hall et al., 2012; Higgins-Desbiolles, 2020; Hollingsworth, 2020) (cited in Carr, 2020). These interruptions were particularly destructive to island destinations (Bhaskara et al., 2020) as the size and isolated nature of the islands were a setback to the post-disaster recovery of tourism demand and supply (Hall, 2012; Kumar et al., 2024).

While individual governments or global communities cannot entirely prevent deadly infectious viruses, disaster preparedness can be strengthened (World Bank Group, 2020). Bhaskara et al. (2020) highlighted the importance of collaboration. They emphasised having an element of “tangibility”, such as shared, pooled resources that could be used in recovery, better-integrated frameworks, knowledge-sharing, and exchanging good practices as readiness. Furthermore, the International Monetary Fund (IMF) emphasises the importance of infrastructure, health systems, disease surveillance, and international collaborations to monitor epidemic outbreaks and increase response preparedness (European Parliament, 2020b).

Smart technology has been important in the travel industry by making travel more convenient and accessible, facilitating the travel experience. Changing consumer behaviours in digital business means that it is important for hospitality service providers to create unique experiences to remain competitive and proactive (Balasubramanian & Konar, 2022).

MATERIAL AND METHODS

This exploratory qualitative study, which involved guest houses in the Maldives islands and was approved by the MNU ethics committee, examined the effects of the COVID-19 pandemic on the development and well-being of the Maldivian guest house community and investigated the effects of the pandemic on guest house owners or operators, their teams, and families.

The guest houses were selected for data collection based on the most recent guest house list published by the Maldives Ministry of Tourism. Participants across the Maldives were selected using stratified random sampling (Taherdoost, 2016) to ensure a diverse representation of guest house owners from different regions. Those near the capital may have different effects compared to other parts of the Maldives. The saturation point was determined by gathering data until no additional new information could be obtained from the participants to ensure the robustness and completeness of the data.

Pilot testing was conducted through two interviews before the data collection, where the interview questions required no changes. The 20 Atolls of the Maldives were divided into North, Mid-North, Kaafu (Capital), Mid-South, and South areas. The guest houses were distributed in table form to the five areas, and a number was assigned for each guest house. Two guest houses per area were selected using the Google random number generator. Once the consent forms had been collected from the participants through email, 45-minute

to 1-hour interviews were conducted via Zoom or Google Meet due to COVID-19. The main interview questions focused on the effects, preparedness, and way forward from the pandemic. The interviews were conducted in the Maldivian language, Dhivehi, and then translated and transcribed manually. Transcription errors were prevented by having the second researcher review each transcription. Subsequently, the transcriptions were coded to identify themes.

RESULTS

Table 1 presents the respondents' demographic details. All participants were male, in management positions, and between 24 and 45 years old. The participants' education level varied from a Grade 7 dropout to a bachelor's degree, and they had 2–20 years of work experience in the hospitality industry.

Table 1
Participants' demographic data

Participant	Demographics					
	Age (years)	Gender	Qualification	Years in the industry	Location	Designation
1	45	M	Bachelor of Arts	20	Hulhumalé	Managing director
2	44	M	Hotel school	15	Addu City	Managing director
3	36	M	Bachelor's degree	3	A.DH.Dhanghethi	Managing director
4	24	M	Bachelor's degree in Tourism Management	5	L. Gan	Managing director
5	35	M	O-Level	15	V.Keyodhoo	General manager
6	32	M	Bachelor's Degree (incomplete)	2	M.Maduvvari	Owner or manager
7	44	M	Grade 7	7	Aa. Ukulhas	Manager
8	29	M	A-Level	3	K.Gulhi	Owner
9	38	M	Secondary school	15	N. Fohdhoo	Managing director
10	34	M	MBA	4	Kulhudhuffushi	Operations manager

Table 2
Work structures of the guest houses

GUEST HOUSE DETAILS										
Participant	No. of Years Running GH	No. of Rooms	Meal Plan Offered	Restaurant in GH	Restaurant Outsourced	No. of Cancellations Due to COVID	Post COVID: Earliest Booking Date	Occupancy Post COVID	Target Market	Other Services Provided at GH
1	4	14	Offer all MP	Yes	Yes	A lot	Not yet	-	Chinese	Laundry and all other
2	7	8	Offer all MP	Yes	Yes	All bookings	Nov-Dec 2020	5%	Divers	All services
3	2	13	Offer all MP	Yes	No	56 bookings (152 pax)	Nov-Dec 2020	40%	Divers and Russian	Water sports (OS)
4	6	13	Offer all MP	Yes	No	120 bookings	Nov 2020	0%	Russian	Spa, excursions, and laundry
5	6	9	Offer all MP	Yes	No	50 bookings	Nov 2020	20 bookings	German & European	All services are available
6	2	4	Offer all MP	Yes	No	6 bookings	Not yet	0%	No specific market, though mostly Europeans	Excursions
7	3	3	Offer all MP	Yes	No	All bookings	Oct 2020	2 bookings	No specific market	Excursions
8	2	5	FB	No	-	All bookings	Not yet	-	No specific market	Excursions
9	3	9	Offer all MP	Yes	No	100% cancelled	Dec 2020	10-20%	Europe, Russia, and Italy	Excursions
10	6	17	Offer all MP	Yes	No	More than 70% cancelled	Not yet	Not yet	Italian	Excursions

Table 2 details the guest houses managed by the participants. The guest houses operated for 2–7 years and had 3–17 rooms. Most guest houses were constructed on the owners' housing plots, where the owners built the lot up to 2–3 stories and leased or rented out rooms. Thus, many of the guest houses had very few rooms.

Nine guest houses had in-house restaurants. Two guest houses outsourced their restaurants, and the guest house management operated the rest. All guest houses offered all types of meal plans. All bookings were cancelled due to the border closures. While the guest houses were required to cease operations temporarily, a few guest house managers kept the restaurant open for locals, which helped generate an income. At the time of the interview, the participants stated that they believed they could confirm bookings by November or December 2020. The target market included Chinese, Russians, Germans, and Italians (more towards the European market) and was diverse. Only two participants stated that they did not target specific markets. Most guest houses provided more than bed

and breakfast services, such as laundry or excursions.

Impact on Guest House Operations

While the borders were closed due to the COVID-19 pandemic, half of the participants stated that they continued operations without completely shutting down. Few participants stated that they received local tourists for medical purposes. Before the pandemic, locals travelled to hospitals in Malé. Nonetheless, the lockdown and travel restrictions meant that locals had to find alternatives, which resulted in local medical tourism.

“A new form of travelling is getting popular, which is medical tourism; other than Malé City, healthcare facilities are quite good here, and this island is quite accessible, so we have been getting many people across the nation if you go to Malé right now you are under lockdown so many people are coming to here, Right now we have like 500 people in this island seeking medical service and for other purposes. Even in

Table 3
A summary of the guest house operations

	OPERATING				NOT OPERATING	
	Domestic Tourism	Medical Convert Business	Local Tourism	Renovating	Not Operating	Quarantine Center
	1	1	1	1	1	1
	1				1	1
					1	
TOTAL	2	1	1	1	3	2
%	20	10	10	10	30	20

my guest house, 50%–60% occupancy is locals from across the country. I have a couple from the Northern part of the country, too” (Participant #2).

Another participant stated that he chose to use the opportunity to halt guest house operations and shift the operation focus. Another used the lockdown for significant renovations. Some participants repurposed their guest houses as quarantine facilities for returning locals, with one charging a small fee to cover expenses. Despite the local tourism opportunities, a few participants stated that they ceased operations until the borders reopened. A summary of the guest house operations is provided in Table 3.

Disaster Preparedness: Managing the Crisis

The participants’ level of preparedness was clarified using the following questions: What were their actions immediately after the COVID-19 lockdown, and what did they plan to do during and after the lockdown? Most participants stated that they stopped all reservations, cancelled their bookings, and put the business on standby.

“We started to cancel all the reservations; our workforce is from the island, so we did not want to take any risk. Some people even have kids, there is the possibility that our workers might carry it to their home, so we did not want to take the risk. So, we cancelled all the reservations; per the booking policy, we cannot cancel bookings for seven days. So other than those bookings,

we cancelled all bookings” (Participant #8).

The respondents stated they would target the Asian and European markets and group travellers post-pandemic. Nonetheless, some participants mentioned that they would continue targeting the same market. For example, Participant #4 stated, “We can manage occupancy from the European market; every year, we have 80% repeat customers, so we do not plan to target a different market since we can maintain occupancy from the European market.”

Most participants stated they had prepared a standard operating procedure (SOP), while one said he would follow Ministry of Tourism guidelines. Another participant mentioned developing an SOP for when the borders reopened.

Workforce and Salary Deduction

A few participants’ immediate actions in the workforce due to the pandemic were to send employees on no-pay leave. Some of these employees moved back to their islands and voluntarily quit their jobs. While some participants dismissed their employees, they assured them they would be rehired once the situation improved. Two participants mentioned terminating team members, although one assured the employee they would be rehired once the situation improved.

“Since I was unable to pay them salary, I had to let go of the staff temporarily. I gave them a two-month salary, and now they are temporarily on leave” (Participant #2).

Most employees agreed to be paid some remuneration. Nevertheless, the disbursement period varied, with some owners paying one month in full while others paying for up to three months. Salaries were then deducted by 50% and remained the same even at the time of the interview.

“We did inform all staff that we will try to give three months full salary; after three months, most of the staff are on a half salary basis; we informed the staff that since a date has not been set to re-open we do not want to let go of any staff, we will be unfortunate to see our staff go if we had to let go of the staff, we will do it only if we have to close down the entire guest house operations” (Participant #9).

A few participants confirmed requesting government financial assistance to pay employees, while the rest were paid the salaries out of their savings. The participants who requested financial assistance mentioned that the figures received from the government were insufficient for payroll and that their team members' salaries were unpaid. One participant who transferred all employees to the guest house restaurant operations stated that he faced no negative implications for the workforce. Only one participant hired a worker during the pandemic, as he used the opportunity to renovate his guest house.

All participants were eager to restore the team to the initial payroll once the travel restrictions were lifted, as they believed their team members were their greatest asset.

Nonetheless, most participants mentioned that they would only be able to bring back the team depending on bookings, which were unpredictable at the time of the interview.

Financial Negative Impact

The pandemic led to the temporary closure of all Maldivian guest houses, which halted the operators' income source. More than half of the participants stated that they had been injecting money into the operations since March 2020. While some participants had paid expenses out of their savings, others requested financial assistance (loans) to pay rent, salary, and other expenses. However, these were barely sufficient to cover staff salaries. Thus, the participants stated that they had pending payments (utility bills and rent) even at the time of the interview. The participants stated that taking out the loans put them into debt, which exerted tremendous mental strain.

“We had a four-year plan to recover the investment; the first year, we made many mistakes operational-wise, so we had a huge minus figure, so I involved myself in the operations and I was able to bring in a good cash flow in February, unfortunately starting from March we have been bleeding and bleeding, we have only been paying staff salary, electricity bills are pending, rent is on halt, we are in a huge debt” (Participant #3).

Only a few participants earned income from guest house operations during the lockdown period. These participants used

their guest houses to cater to front-line staff, quarantine purposes, and domestic tourists travelling for medical purposes.

“The normal operation is at a stop, but since health workers, front-line staff were here, we were able to pay salary and rent” (Participant #1).

All participants agreed that the income received from these few transactions was neither profitable nor sufficient to pay for expenses. Most participants agreed that closing the guest house resulted in no income for the household, and thus, personal expenses had to be reduced to the bare necessities. These participants stated that their personal lives were not affected, and they were conducting business or having government jobs.

Positive Effects on Operations

All participants agreed that the pandemic did not positively affect their business. One participant stated that the lockdown enabled him to conduct much-needed renovations, and another appreciated the ease of financial transactions and logistics.

“I don’t see any positive impact, I was managing my business very well, so I didn’t see any area in which I needed to improve, had there was any waste of money or overspending maybe that could be a lesson the pandemic would have taught, so this disaster has not mainly made me re-think anything. I had to pay out salary for staff, rent, and all which did bring in anxiety” (Participant #2).

“We have become quite familiar with online transactions while purchasing items for wholesale or retail, so now the effort that we have to put into bringing things here is less. Previously, we had to put much effort into searching for the items and bringing them here, so the process is now simpler. Even when the pandemic is over, I believe this process will remain” (Participant #8).

A few participants agreed that the lockdown gave them quality time to spend with their families, although excessive spare time was also an issue. While some participants focused on religious practice and exercise, others agreed that the pandemic was stressful.

Government Policy Actions

Several participants mentioned requesting and receiving government financial aid, while others did not request it. Opinions on the government’s pandemic response were mixed, with suggestions for reopening borders sooner, increasing SME marketing, and implementing more feasible guidelines. Concerns included the impracticality of quarantine facilities for small businesses.

“If guests are travelling inter-island, they must quarantine for 14 days, which is impractical for guest house operations and disrupts the island community. Guest houses rely on strong community ties, and guests enjoy the welcoming atmosphere. If guests feel unwelcome, local tourism suffers. It’s crucial that rules do not conflict

with community life. Participants also worried about the island's ability to implement government guidelines and handle potential outbreaks" (Participant #6).

"Honestly speaking, our health facilities are inferior, cannot even make a lab test here, and we have to send to nearby islands for that as well, so if someone gets sick here, we do not have a way to consult the doctor, in that case, we cannot reopen the guest house right now as per the HPA guideline. So I am not at all happy with the guidelines by the HPA, and it is going incur more losses for me since I will have to cancel all the bookings that are already made; guests will lose trust in me, but if even if we have to lockdown the entire island we are not going to do, because we will for sure prioritise the well-being of the community than our own business" (Participant #9).

One participant highlighted that while the government could not do everything for the guest houses, he was concerned that some actions regarding guest house operations were politically motivated.

DISCUSSION

The border closures due to the COVID-19 pandemic severely affected the Maldives tourism industry. Guest houses were the most affected as they were SMEs. Most guest houses paused operations and lost bookings immediately. Nonetheless, a

few guest houses quickly diverted their operations, with some converting their guest houses into quarantine facilities and charging a small fee. Contrastingly, other operators welcomed guests travelling for medical purposes within the Atoll. This approach demonstrated the potential for developing medical tourism within the islands, which could pave the way for a more resilient business model to reduce external shocks' effects. Table 4 provides a summary of actions taken by guesthouses to boost occupancy during and after lockdown.

Encouraging domestic tourism could have helped balance the adverse financial effects of the pandemic. People started travelling domestically as many countries relaxed their regulations on people's movement within the country (WHO, 2020). Nevertheless, most guest houses did not take action for recovery mainly due to uncertainty and were unsure when people could start travelling or what the quarantine measures would be (Israeli & Reichel, 2003; Koliopoulos & Valeri, 2022; Kubickova et al., 2019). Moreover, restaurants could have been used to prevent the financial burden of accumulated expenses and suspended income. While most guest house operators stated they had in-house restaurants, only a few kept the restaurant operational and open to locals.

The pandemic significantly affected the tourism industry globally. A systematic review by Davahli et al. (2020) reported that 17 papers discussed the effects of COVID-19 on the tourism industry, such as the effects on revenue, job losses, access to loans, and

even hostile behaviour towards foreign workers, which agreed with the results of this study. The 10 participants' actions regarding their workforce varied. Some participants immediately terminated employee contracts or levied half-pay and no-pay leave. These measures resulted in the employees seeking other employment or eventually quitting. The participants clearly took the time to communicate and release employees with a shared understanding (Rodríguez-Antón & Alonso-Almeida, 2020). The participants also communicated their interest in their employees returning to operations and that they would re-hire employees as soon as bookings began increasing. Thus, the guest house management and foreign workers had no hostile relationship. The foreign workers or employees were supportive, understanding, and willing to work with salary cuts.

Although the participants did not take action for recovery due to uncertainty, most invested time marketing their guest houses to their targeted markets (Chemli et al., 2022; UNDP, 2020). One participant stated that he spent much time during the lockdown educating and creating awareness among his team and the local community of what was expected and the required safety measures after the lockdown. He felt locals would be distressed and reluctant to welcome tourists amidst the pandemic. Another participant built his relationship with travel agents and tour operators as he believed that this was extremely important to increase bookings once the pandemic or

restrictions were lifted. Table 5 provides a summary of actions taken by guesthouses for recovery.

The border closure closed the only source of income for most guest houses (International Air Transport Association, 2020; World Bank Group, 2020). Hence, the guest house operators had to use their savings, cut living expenses, and take loans to cover daily and monthly expenses, such as rent. Their financial obligations and excess time also led to stress and anxiety. Nonetheless, a few participants mentioned that staying home provided much-needed family time and self-care.

The government played a substantial role in virus containment, from providing financial assistance to implementing the necessary protocols to resume guest house operations. Contacts were traced quite easily in the case of a virus outbreak. Thus, the government could have encouraged domestic tourism, like many other countries (New Zealand), to help balance the adverse financial effects. Moreover, encouraging new forms of tourism by investing in health care or higher education on the island is essential as it would divert domestic tourists to the islands rather than towards the capital, where most of these services are heavily invested. While the Maldives is famous for its beaches and turquoise blue water, the tourism sector can offer much more that would pave the way for a more sustainable business model that minimises the effects of external shocks in the future.

Table 4

Actions taken by guesthouses to boost occupancy during and after lockdown

	Actions taken to boost occupancy during and after lockdown	
	Number	Percentage
Not relevant, as they shut down	1	10
Marketing	6	60
PR activities	1	10
Enhance links with travel agents and tour operators	1	10
No action taken	1	10

Table 5

Actions taken by guesthouses for recovery

	What are the actions taken for recovery?	
	Number	Percentage
Not relevant, shut down business	1	10
Follow HPA guidelines	1	10
Release the accommodation block to reduce expenses	1	10
Advertising through marketing	2	20
Maintenance and following guidelines	2	20
No action taken	3	30

CONCLUSION

The COVID-19 pandemic severely affected the Maldives tourism industry, specifically the guest house sector owned and operated primarily by SMEs. The border closures and movement restrictions led to financial struggles for many guest house operators, resulted in business shutdowns, and affected the owners' well-being—nevertheless, some operators adapted by converting their guest houses into quarantine centres or welcoming medical travellers. One of the limitations to highlight is the data collection carried out online during the lockdown, which makes it difficult to observe the participant's emotions and to extend deeper conversations.

The results revealed the potential for medical tourism within the islands, the vulnerability of the guest house tourism sector, and the fact that this sector needs government support more than the resort sector, which is owned and operated by large business enterprises. The results revealed the importance of diversification, such as medical tourism, to create a more sustainable guest house business model. Furthermore, guest house owners should focus on the neglected domestic market. They should use their restaurants or dive centres to alleviate the financial burden on the business in a potential crisis. Theoretically, this study highlights the preparedness of the guest house community

to manage the disaster in future due to the geographical factor of the Maldives as well as their economic dependency on tourism. The findings also highlight the importance of new policymaking during any crisis as a recovery business strategy,

Limitations and Recommendations

The data were collected during the lockdown when movement restrictions were imposed, and all the interviews were conducted online. This setting made it challenging to grasp the participants' emotions during the interview. Additionally, studies on the effects of COVID-19 on guest houses in island countries are limited. Despite the numerous challenges, the government acted swiftly to contain the virus. The Maldives resumed guest house tourism with strict safety measures, and a record number of tourists visited the country since then, which indicated a promising recovery for the tourism industry. The vaccine roll-out was expected to increase numbers, but the recovery duration remains uncertain. Further research is necessary to understand the recovery and resilience of the guest house community and enhance preparedness for possible events.

ACKNOWLEDGEMENT

This study was conducted by a financial grant provided by the Maldives National University. We would like to acknowledge the generous financial assistance and support provided by the University. Furthermore, the researchers would like to express their sincere appreciation to the participants of the study for their time and contribution.

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