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**CRISIS MANAGEMENT WITHIN THE HOTEL  
INDUSTRY – A STAKEHOLDER  
RELATIONSHIP MANAGEMENT APPROACH**

Doctoral thesis

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## ANNOTATION

This doctoral thesis focuses on crisis management processes within the hotel industry – an industry which still seems reluctant in implementing profound and structured crisis management concepts. Responses to crisis situations are mostly intuitive and ad-hoc. Then again, rates of worldwide environmental, social, technological and other crises are perceived to be constantly increasing - if nothing else due to almost instant broadcasting by media and internet. In times of high competition in almost all destinations, categories and conceptions no opportunity of convincing guests as well as all other stakeholders of a trustworthy management shall be missed in order to gain competitive advantage. Each corporate crisis affects several or all stakeholder groups of the organisation – to a varying extent. Stakeholders might either affect or be affected by the hotel organisation and the respective crisis management processes. Taking the manifold opportunities for co-operation of a hotel organisation and its respective stakeholder groups into consideration, an integrated crisis management model for the hotel industry is evolved based both on theoretical foundations and empirical findings from the analysis of expert interviews as well as stakeholder surveys. The model neutralizes the deficits and discrepancies revealed between general crisis management literature and status quo respectively specific prerequisites for the hotel industry.

**Keywords:** hotel industry, hotel organisation, crisis management, stakeholder management, stakeholder relationship management

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## **List of Abbreviations**

<b>CA</b>	crisis awareness
<b>CM</b>	crisis management
<b>CP</b>	crisis preparedness
<b>CRM</b>	customer relationship management
<b>CSR</b>	corporate social responsibility
<b>DMC</b>	destination management company
<b>DMO</b>	destination management organization
<b>F&amp;B</b>	food and beverage
<b>FO</b>	front office
<b>HR</b>	human resources
<b>HSK</b>	housekeeping
<b>GM</b>	general manager
<b>ROI</b>	return on investment
<b>SME</b>	micro, small, and medium-sized enterprises
<b>SH</b>	stakeholder
<b>SHM</b>	stakeholder management
<b>SRM</b>	stakeholder relationship management

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# INTRODUCTION

## Actuality of Topic

Crises are an inevitable element of corporate life. According to Mitroff et al. “it is not a question of if or whether an organisation will experience a crisis; it is only a matter of what type of crisis will occur, what form it will take, an how and when it will happen.”<sup>1</sup> Structured crisis management may however reduce the impact, duration and cost of these crises.

The hotel industry being part of the vast tourism industry is “particularly prone to external shocks beyond the control of its managers”<sup>2</sup>. Extreme and sudden decline in demand is one of the probable impacts of these external shocks. Several authors have outlined that despite possible severe negative impacts by crises and disasters, proactive planning still appears to be minimal within the hotel industry. However, with rising turbulence in the global environment, strategic thinking in hotel management becomes increasingly important. Hotel management research needs to consider advanced strategic approaches in order to successfully address challenges and opportunities. These strategic approaches ground on a generally accepted crisis management circle divided into the fundamental phases reduction, readiness, response and recovery – supplemented by industry-specifics and essential empirical findings which enrich the basic circle, e.g. a learning phase.

In management research, the cognition that no sustainable management without considering internal and external stakeholders and their respective needs and demands is possible, gained general acceptance. However the hotel industry still seems reluctant in implementing profound concepts in general and considering crisis management in particular.

The fundamental conception of this doctoral thesis is to consider a strategic approach to crisis management within the traditional and business-driven hotel industry with a focus on stakeholder relationship management. The model evolved is based on in-depth literature review and supplemented by an extensive empirical analysis of both pre-requisites and status quo as well as of perceptions and demands. Hence the crisis management model and its elements focus on stakeholder relationship reliability and cooperation, business continuity, lower crisis impact, faster crisis resolution and an increase in customer retention. Therefore the research and development of a structured model within this doctoral thesis goes far beyond generally applied crisis management tools such as e.g. having a basic crisis management manual on file. Crisis

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<sup>1</sup> Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 5.

<sup>2</sup> Evans, N., Elphick, S., “Models of Crisis management: An Evaluation of Their Value for Strategic Planning in the International Travel Industry,” *International Journal of Tourism Research*, 7 (2005), 135–150, p. 135.

management as interpreted within this doctoral thesis must not be understood as an necessary evil in overcoming crises but as a chance to reconsider operational processes, establish and enhance stakeholder relationships and if nothing else to enrich marketing activities.

### **Novelty**

The novelty of this research is based on the following arguments:

- 1) evolution of the integrated crisis management model for the hotel industry – theory-creating based on in-depth state-of-the-art literature review as well as on empirical data analysis and practically adaptable to individual hotel organisations’ specifics without profound academic knowledge,
- 2) derivation of an industry-specific crisis classification scheme for the hotel industry – contemporary crisis typology founding on 8 source-based crisis types,
- 3) compilation of the “underlying forms set for the individualisation of the integrated crisis management model for the hotel industry” – a tool developed in order to support the adaption of the basic model to an individual hotel organisation,
- 4) development of the “expert interview content certification scheme” - in order to analyse and evaluate the status quo of applied crisis management tools within the hotel industry.

Besides the scientific novelty of creating theory in the field of crisis management in combination with stakeholder relationship management within the hotel industry, the practical novelty may be seen in the evolution of a general model adaptable by non-scientific hotel management staff to their specifications.

### **Purpose**

Handling crises is an inevitable element of operational hotel management. The objective of this doctoral thesis is the development of a crisis management model for the hotel industry which lowers crisis susceptibility and crisis impact on the one hand and strengthens stakeholder relationship management on the other hand. Practically, the model evolved will serve as a general foundation which might be adapted to the individual specification of a hotel organisation without great effort and in-depth knowledge.

### **Tasks**

In order to accomplish this objective, the following research tasks were stated:

- determination of the existing theoretical background by state-of-the-art literature review of “crisis management” and “stakeholder relationship management” in general and in relation to the hotel industry,
- identification of the hotel industry specifics,
- development of a contemporary hotel-specific crisis typology,
- conduct of semi-structured expert interviews of hotel managers and managers of related industries in order to determine the status quo of applied crisis management,
- conduct of semi-structured questionnaire surveys of 3 stakeholder groups (internal hotel stakeholders, hotel guests as well as destination management organisations (DMOs) – representing three major stakeholder groups in general and even more in crisis situations in particular) *ceteris paribus* in order to determine stakeholder perceptions and demands,
- quantitative and qualitative data analysis with subsequent data interpretation,
- development of an integrated crisis management model for the hotel industry based on the premises.

### **Research Object**

Privately-owned hotels and chain hotel organisations

### **Research Subject**

Corporate crisis management and its impact on stakeholder relationship management

### **Main Hypothesis and Theses for Defence**

The model to be evolved shall fulfil two major premises:

1. lower crisis susceptibility and crisis impact,
2. strengthen stakeholder relationship management.

Based on these premises, the main hypothesis and hypothesis-based propositions listed below were developed for defence:

**H0:** Crisis management as generally applied within the hotel industry at present is insufficient.

**P1:** Stakeholder perceptions and demands towards crisis management within the hotel industry are homogenous.

**P2:** The application of the reduction phase may avoid crisis-induced impact.

**P3:** The application of the readiness phase may avoid or reduce crisis-induced impact.

**P4:** The application of the response phase may reduce crisis-induced impact.

**P5:** The application of the recovery phase may overcome crisis-induced impact faster and more fluently.

**P6:** The application of the learning phase may avoid or reduce further crisis-induced impact.

**P7:** The application of the integrated crisis management model for the hotel industry may generate stakeholder trust.

### **Used Methods**

From a theoretical perspective, state-of-the-art scientific literature concerning the following topics was reviewed and evaluated: corporate crisis management, stakeholder management, corporate social responsibility, hotel management specifics, tourism and destination management as a determining environment for the hotel industry. Books as well as international scientific journal articles and additional articles such as reports, newspaper articles and working papers were reviewed. The following main contributors to theoretical foundations within the essential management theories for the doctoral thesis topic were identified: Ashcroft, Linda; Bourne, Linda; Carroll, Archie B.; Coombs, Timothy W.; Donaldson, Thomas; Enz, Cathy; Faulkner, Bill; Fink, Steven; Freeman, R. Edward; Glaesser, Dirk; Harrison, Jeffrey S.; Mitroff, Ian I.; Pearson, Christine, M.; Phillips, Robert; Ritchie, Brent.

Based on this in-depth literature review and a subsequent empirical analysis of pre-requisites, status quo, perceptions, and demands as well as experience reports, this doctoral thesis is following an exploratory approach: On the basis of lessons learned from literature review and empirical analysis – an industry-specific integrated crisis management model for the hotel industry is developed. This reverse approach of sampling and evaluating empirical data first and creating a model subsequently is selected due to an insufficient existing theoretical background. Therefore, in this case theory may not be applied to a new topic area and tested for this topic area, but theory has to be created resting upon on empirical research.

On the foundation of the pragmatic worldview, a mixed methods approach is applied. This indicates that both qualitative and quantitative data was collected and respectively analysed. In this context, qualitative and quantitative data was collected simultaneously through the applied research methods. These research methods were semi-structured expert interview and semi-structured questionnaire. “Semi-structured” indicates both open- and closed-ended questions. In order to determine the status quo of crisis management within the hotel industry, semi-structured expert interviews (within the hotel industry as well as in related industries) were conducted in Germany, Austria and Italy. In this context, an expert is defined by the existence of at least one of the following criteria:

- professional education and qualification related to crisis management,

- position within the organisation,
- long-time active crisis management experience.

All expert interviews were conducted either per mail, phone or personally. An introduction of the research topic was followed by structured and open question and finalized by enquiring personal and company key data.

Simultaneously (in order to achieve comparable data from different points of view), three essential stakeholder groups were surveyed *ceteris paribus*. Internal stakeholders as well as hotel guests represent the two fundamental stakeholder groups without whom hotel business would be non-existent. Destination Management Organisations (DMOs) represent a further major stakeholder group as they are marketing partner and regional crisis coordinator on the one hand and contact point to media, government, local community, suppliers, distribution partners, etc. on the other hand. The semi-structured questionnaire used consisted of an introduction to the research topic, structured questions based on comparable questions applying a 5-point-likert-scale as well as of multiple choice questions and an enquiry of personal and company key data.

All empirical data were analyzed by content analysis and statistical evaluation – preferably via SPSS. Wherever applicable, quantitative analysis of both quantitative and qualitative data was realized. The Shapiro-Wilk-Test of all metric-scale-questions of the survey results for all three stakeholder groups revealed that no normal distribution can be assumed. Therefore – where applicable - non-parametric tests were be applied. Hereinafter an overview of the evaluation methods applied:

- **content analysis** – catchwords in the answers to open questions of expert interviews and questionnaires are evaluated and summarized,
- **expert interview content certification scheme** in order to evaluate the status quo of applied crisis management tools based on expert interviews,
- **descriptive statistics** via SPSS – fundamental data analysis of the data retrieved from the individual questions within expert interviews and questionnaires,
- **weighted rankings** – qualitative data retrieved from expert interviews and questionnaires is quantitatively analyzed,
- **cross tab and correlation analysis** via SPSS – investigation on the influence of stakeholder characteristics on the answers to decisive questions,
- **Kruskall-Wallis-test** via SPSS– a non-parametrical test to analyze the homogeneity of stakeholder groups surveyed.

### **Approbation of Results of Research (Publications, Conferences)**

The progress and research results concerning the theme of this doctoral thesis were published through the following publications:

- 1) Zech, Nicola, "Stakeholder Relationship Management in the Context of Crisis Management" in *New Challenges of Economic and Business Development - 2013 International Scientific Conference*, May 9-11, 2013, Riga, Latvia, 2013, ISBN 978-9984-45-715-4, pp. 681–692, available from [http://www.evf.lu.lv/fileadmin/user\\_upload/lu\\_portal/projekti/evf/konferences/konference\\_2013/report/8Session/Zech.pdf](http://www.evf.lu.lv/fileadmin/user_upload/lu_portal/projekti/evf/konferences/konference_2013/report/8Session/Zech.pdf),
- 2) Zech, Nicola, "Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo" in *Journal of Economics and Management Research*, 3rd ed., Riga, 2014, ISSN 2255-9000, pp. 135–151, available from [http://www.lu.lv/fileadmin/user\\_upload/lu\\_portal/apgads/PDF/Journal-E\\_MR\\_3\\_.pdf](http://www.lu.lv/fileadmin/user_upload/lu_portal/apgads/PDF/Journal-E_MR_3_.pdf),
- 3) Zech, Nicola, "The Role of Stakeholder Relationship Management – Crisis Management Processes within the Hotel Industry in a Tourism Context" in "Expert Journal of Business and Management, 3 (1), Sibiu, 2015, ISSN 2344-6781, pp. 27-37, available from [http://business.expertjournals.com/wp-content/uploads/EJBM\\_304\\_ zech 2 7-37.pdf](http://business.expertjournals.com/wp-content/uploads/EJBM_304_ zech 2 7-37.pdf) and retrievable from EconPapers <http://econpapers.repec.org/scripts/search.pl?ft=&adv=true&wp=on&art=on&bkchp=on&soft=on&pl=&auth=on&sort=rank&lgc=AND&aus=zec&kw=&jel=&nep=&ni=&nit=ep date>,
- 4) Zech, Nicola, "Stakeholder Perceptions and Demands versus Status Quo of Crisis Management within the Hotel Industry – Empirical Findings" in *Global Business Trends: Contemporary Readings*, 2015 edition, edited by Sam Fullerton and David Moore, published by the Academy of Business Administration, 2015, ISBN 1-887676-07-4, pp. 20-32,
- 5) Zech, Nicola, "The Integrated Crisis Management Model for the Hotel Industry: Lowering Crisis Susceptibility and Strengthening Stakeholder Relationship Management" in "Expert Journal of Business and Management, 4 (1), Sibiu, 2016, ISSN 2344-6781, pp. 28-38, available from [http://business.expertjournals.com/wp-content/uploads/EJBM\\_404zech28-37.pdf](http://business.expertjournals.com/wp-content/uploads/EJBM_404zech28-37.pdf) and retrievable from EconPapers <http://econpapers.repec.org/scripts/search.pl?ft=The+Integrated+Crisis+Management+Model+for+the+Hotel+Industry%3A+Lowering+Crisis+Susceptibility+and+Strengthening+Stakeholder+Relationship+Management>.

The author has reported the progress and research results in the following international scientific conferences:

- 1) December 2-4, 2011, Fulda (Germany), international scientific conference organised and hosted by the University of Applied Sciences Fachhochschule Fulda/Germany, Faculty of Business: “Global Business Management Research Conference 2011 - Recent Developments in Business Management Research” – Presentation Title: “The Impact of professional Risk and Crisis Management on Stakeholder Management in the Hospitality Industry”,
- 2) August 03-05 2012, Kufstein (Austria), international scientific conference organised and hosted by the University of Applied Sciences Fachhochschule Kufstein/Austria: “2012 International Business and Economics Conference – Innovative Approaches of Management Research for Regional and Global Business Development” – Presentation Title: “Situational Leadership in Crisis Situations within the Hospitality Industry”,
- 3) May 9-11, 2013, Riga (Latvia), international scientific conference organised and hosted by the University of Latvia, Faculty of Economics and Management: “New Challenges of Economic and Business Development 2013” – Presentation Title: “Stakeholder Relationship Management in the Context of Crisis Management”,
- 4) November 29-30, 2013, Kufstein (Austria), international scientific conference organised and hosted by the University of Applied Sciences Fachhochschule Kufstein/Austria: “2013 International Business and Economics Conference Current Approaches of Modern Management and Strategy Research” – Presentation Title: “Crisis Management within the Hotel Industry – Empirical Analysis of Prerequisites and the Status Quo” – Best Presenter Award,
- 5) February 5, 2014, Riga (Latvia), scientific conference organised and hosted by the University of Latvia, Faculty of Economics and Management: “University of Latvia 72nd Conference – Impact of globalization to national economies and business” – Presentation Title: “Crisis Management within the Hotel Industry – Empirical Analysis of Stakeholder Perceptions and Demands on Stakeholder Relationship Management”,
- 6) May 15-16, 2014, Lisbon (Portugal), international conference organised and hosted by the Universidade Lusíada Lisbon/Portugal: “Advances in Tourism Economics 2014” – Presentation Title: “The Role of Stakeholder Relationship Management – Crisis Management Processes within the Hotel Industry in a Tourism Context”,
- 7) August 6-10, 2014, Florence (Italy), international scientific conference organised by the Academy of Business Administration ABA held in Florence/Italy: “Academy of Business Administration ABA 2014 International Conference” – Presentation Title: “Stakeholder

Perceptions and Demands versus Status Quo of Crisis Management within the Hotel Industry – Empirical Findings and Evolution of an Integrated Crisis Management Model for the Hotel Industry”,

- 8) November 27-28, 2014, Munich (Germany), national scientific colloquium of doctoral students organised by the German Association of Tourism Science hosted by the Ludwig-Maximilian-University in Munich/Germany – Presentation Title: “Crisis Management within the Hotel Industry – a Stakeholder Relationship Management Approach”.

### **Other activities**

The author participated in the following international scientific conference and industry-specific trade shows:

- November 12-14, 2014, Ithaca (USA), international scientific conference organised by the Cornell University School of Hotel Administration held in Ithaca/USA: “Cornell Hospitality Research Summit – The Future of Service Innovation: A Conference on the New Science of People, Organizations, Data and Technology”,
- March 06-10, 2013, Berlin (Germany), “ITB” (world’s leading tourism and hospitality trade fair),
- November 19-21, 2013, Barcelona (Spain), “EIBTM” (leading event and business travel trade fair),
- March 05-09, 2014, Berlin (Germany), “ITB” (world’s leading tourism and hospitality trade fair).

### **Content of Doctoral Thesis**

The research starts in chapter 1 with the theoretical foundations of crisis management and stakeholder relationship management in a general context retrieved from an in-depth state-of-the-art literature review. Corporate crisis definitions are introduced and carefully considered, a corporate crisis classification scheme is devised and the essentials of the crisis management process including crisis communication, the crisis management plan and crisis management training are presented. Hereinafter, stakeholder management as a tool for managing the corporate environment is discussed. Typical stakeholder groups and their respective stakes are presented, the stakeholder relationship management approach is introduced and corporate social responsibility in this context is considered. The intense theoretical research revealed a gap in the literature considering the interaction of crisis and stakeholder management within the hotel industry.



In chapter 2 hotel management and its characteristics is elucidated. The industries' specifics as well as influencing factors such as the service industry, the tourism industry, destination management and micro, small and medium-sized enterprises (abbr. SME) as a common enterprise model are introduced. On this basis, crisis management and stakeholder management specifics within the hotel industry are discussed. Finally, the premises for the need of an integrated crisis management model for the hotel industry are determined.

Chapter 3 is dedicated to research design, empirical data collection and analysis as well as the illustration of the research results. The process of research and the methodology applied are introduced and research limitations explained. Consequently, the results of the empirical data analysis are reviewed concerning their service as a foundation for the model development.

In chapter 4, the integrated crisis management model for the hotel industry is evolved and introduced in detail. In a next step, the underlying hypotheses are confirmed respectively disconfirmed. Subsequently, conclusions and suggestions for hotel managers as well as recommendations for future research given.

In order to facilitate the orientation within this doctoral thesis's progress, a graphical doctoral thesis structure will be displayed at the respective beginning of the following chapters marking the current progress color-coded.

### **Limitations**

In the course of the configuration of this empirical research, some limitations either arouse or were set in order to specify the underlying conditions:

- limitation to “hotel industry” instead of investigating the “hospitality industry” – e.g. cruise ships, private accommodation, camping or catering organisations would make an in-depth application to special circumstances necessary as both their crisis susceptibility and operational initial situation vary significantly,
- “hotel industry” as interpreted within this doctoral thesis represents traditional and business-driven organisations focusing on accommodation services,
- survey of three stakeholder groups (internal hotel stakeholders represented by hotel management students in a dual university programme, hotel guests, DMOs) *ceteris paribus* due to the fact that they are the operationally decisive ones in crisis situations,
- research conducted “ex-post facto” – research relies on incidents from the past as crisis situations might not be examined “live” or within a laboratory experiment,
- not taking regional or national laws, insurance rule or rules set by business partners (e.g. tour operators) into consideration – these greatly varying aspects would have to

be added in process of adapting the general model to the specifics of an applying hotel organisation.,

- pure operational view, no financial factors valuated – a reflection of financial factors has to be seen as distinctive to a considerable extent in its consideration from the reflection of operational factors.

Additional factors such as individuality of hotel organisations, external influence factors on stakeholder satisfaction, unpredictable crises and arousing crisis factors, restricted number of experts interviewed and stakeholders surveyed might set further limits to the present research.

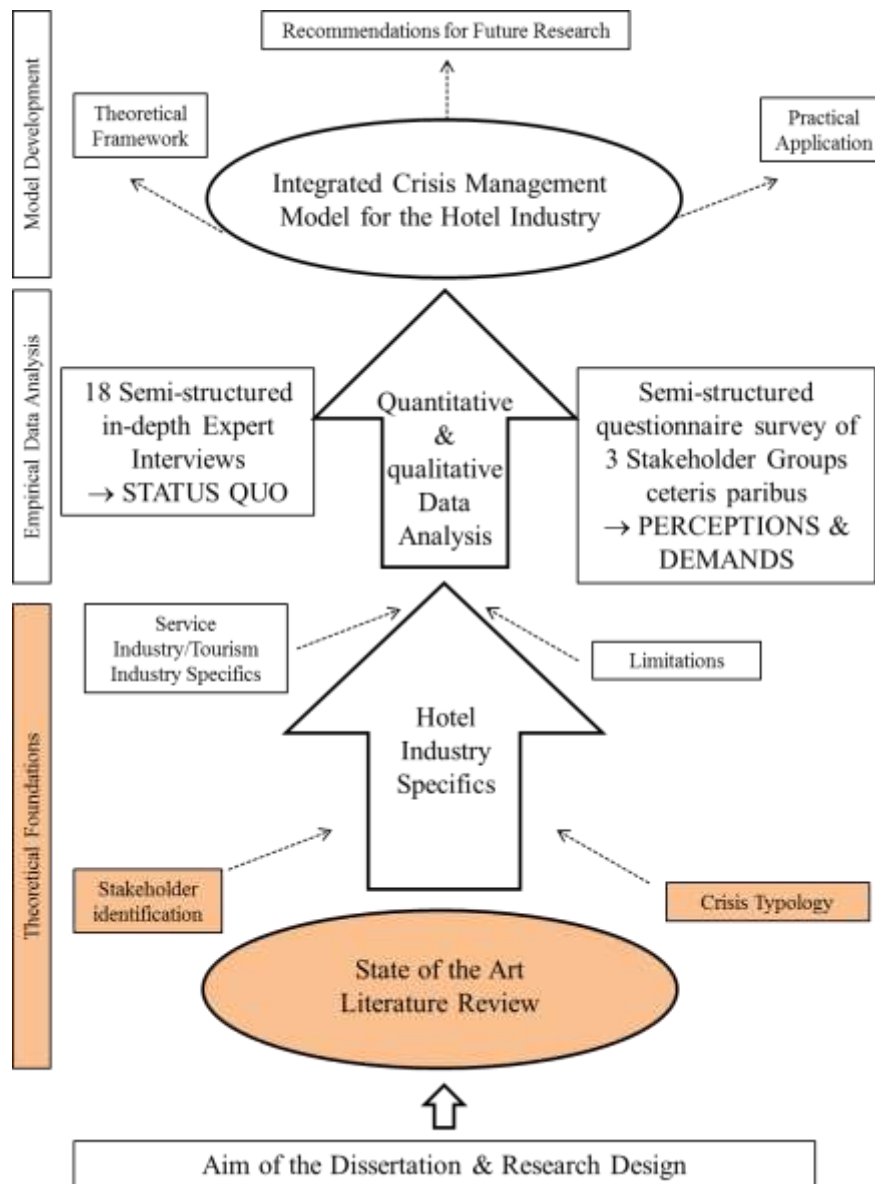
# **1. THEORETICAL FOUNDATIONS OF CRISIS MANAGEMENT AND STAKEHOLDER RELATIONSHIP MANAGEMENT**

## **1.1 The Fundamentals of Corporate Crisis Management**

### **1.1.1 A Corporate Crisis Definition**

Chapter 1 of this doctoral thesis introduces – based on step I “determination of the aim of the dissertation and research design” as presented in the introduction - theoretical foundations for the subsequent empirical analysis as well as the model development. On the basis of an in-depth literature review, different approaches towards crisis management and stakeholder management are confronted. Founding on a corporate crisis definition – as introduced in this sub-chapter - a crisis typology suitable for the research topic and in the following, a procedure for stakeholder identification is evolved. This chapter is finalized by the literature analysis of approaches considering both elements – crisis management and stakeholder management – combined.

The coloured elements in fig. 1.1. represent step II of the development process of this doctoral thesis – “theoretical foundations” investigating state-of-the-art-literature, stakeholder identification as well as crisis typology are introduced and discussed in this present chapter. Step I (“determination of the aim of the dissertation & research design”) was elucidated within the introduction.



Source: prepared by author

Fig. 1.1. Doctoral Thesis Structure – Step II

According to Pearson and Mitroff, an organisational crisis – which is in the focus of this doctoral thesis - is composed of five dimensions:

- high magnitude,
- requires immediate reaction,
- element of surprise,
- need for taking action,
- outside the organisation’s (complete) control.<sup>3</sup>

<sup>3</sup> cf. Pearson, C. M., Mitroff, I. I., “From Crisis Prone to Crisis Prepared: A Framework for Crisis management,” *Academy of Management Executive*, 7 (1993), 48–60, p. 49.

More precisely, Elliott et al. state that organisational crises share a number of features:

- crises involve a wide range of stakeholders,
- time pressure requires an urgent response,
- a crisis usually results from a surprise to the organisation,
- high degree of ambiguity in which cause and effects are unclear,
- a crisis creates a significant threat to an organisation's strategic goals.<sup>4</sup>

The first feature mentioned may be seen as a fundamental hint towards the importance of the consideration of stakeholder demands as well as active stakeholder involvement in crisis situations. Both listings give evidence to the necessity of structured crisis management processes in order to possibly reduce duration and impact of crisis situations. Furthermore, Pearson and Mitroff add an additional aspect explicitly which other authors include only implicitly: "an incident or event must pose a threat to the organisation's reputation and viability to be considered a crisis"<sup>5</sup> – another evidence for the importance of crisis management to an organisation.

In this context, the conventional three stages of organisational crises are:

1. crisis of management,
2. operational crisis,
3. crisis of legitimation.<sup>6</sup>

These above mentioned stages in most cases occur over time while the interactions between the elements are not strictly linear and often become complicated and ill-defined over time.<sup>7</sup> For this specific research topic it seems more appropriate not to rely on a strict distinction of crisis phases but on a crisis classification resp. typology as introduced by the following sub-chapter. Phases usually are determined by the fundamental typology.

Additional terms which are commonly used in the combination with crisis management are risk, uncertainty and disaster. All three of them are not explicit subject of this doctoral thesis but will be introduced nevertheless in order to avoid confusion with the term crisis: risk is commonly used in connection with crisis. In this context, risk is characterised as "the product

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<sup>4</sup> cf. Elliott, D., Harris, K., Baron, S., "Crisis management and Services Marketing," *Journal of Services Marketing*, 19 (2005), 336–345, pp. 336-337.

<sup>5</sup> Pearson, C. M., Mitroff, I. I., "From Crisis Prone to Crisis Prepared: A Framework for Crisis management," *Academy of Management Executive*, 7 (1993), 48–60, p. 49.

<sup>6</sup> cf. Smith, D., Sipika, C., "Back from the Brink - Post-Crisis management," *Long Range Planning*, 26 (1993), 28–38, p. 31.

<sup>7</sup> cf. Smith, D., "Business (not) as Usual: Crisis management, Service Recovery and the Vulnerability of Organisations," *Journal of Services Marketing*, 19 (2005), 309–320, p. 312.

of damage and probability of occurrence”<sup>8</sup>. Furthermore, risk factors represent an anticipating step towards a crisis. I.e. if risk factors are dealt with immediately, they might be eliminated and crises prevented or at least its magnitude constrained. Regarding the present research topic, risk aspects and the contemplation of risk factors are mostly included in the aspect of crisis prevention within the crisis management process. In contrast to risk, where probabilities can mostly be assigned from objective, physical data, uncertainty is considered unanalysable.<sup>9</sup> This categorization finds on Frank H. Knight’s classical 1921 book “*Risk, Uncertainty and Profit*”. Random variables for contemporary economic problems inherit characteristics of both, risk and uncertainty.<sup>10</sup> Scientist and practitioners tend to deal uncertainty differently: While scientists tend to reduce uncertainty by focusing on quality and volume of information provided, practitioners tend to either acknowledge or suppress uncertainty accompanied by focusing on actions to take and learning in networks.<sup>11</sup> Both approaches will be considered accordingly throughout this doctoral thesis. The term disaster is generally used to define a major negative event that has the potential to affect a company or industry.<sup>12</sup> Whereas the root cause of crises might be to some extent self-inflicted, Faulkner refers to a disaster as situations where an enterprise (or a collection of enterprises) “is confronted with sudden unpredictable catastrophic changes over which it has little or no control”<sup>13</sup>. In the subsequent development of a corporate crisis classification and typology, disasters are categorized as severe crises.

### 1.1.2 An Industry-specific Crisis Classification and Typology

First of all, each organisation should answer the following question for itself: “What would you consider to be a crisis for your organisation?”<sup>14</sup> The answer needs to be well-thought-out, detailed, and honest. All executives might be asked to write down examples of

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<sup>8</sup> Glaesser, D., *Crisis management in the Tourism industry, Annals of Tourism Research*, 2nd edn (Oxford: Butterworth-Heinemann, 2006), p. 38.

<sup>9</sup> cf. Black, J., Hashimzade, N., Myles, G., “Uncertainty,” *Oxford Dictionary of Economics*, 2012.

<sup>10</sup> cf. Taylor, C. R., “The Role of Risk versus the Role of Uncertainty in Economic Systems,” *Agricultural Systems*, 75 (2003), 251–264, pp. 251-252.

<sup>11</sup> cf. Doyle, E. et al., “Uncertainty and Decision Making: Volcanic Crisis Scenarios,” *International Journal of Disaster Risk Reduction*, 10 (2014), 75–101, pp. 75-79; Moynihan, D. P., “Learning under Uncertainty: Networks in Crisis management,” *Public Administration Review*, 68 (2008), 350–365, pp 354-356.

<sup>12</sup> cf. Hystad, P. W., Keller, P. C., “Towards a Destination Tourism Disaster Management Framework: Long-Term Lessons from a Forest Fire Disaster,” *Tourism Management*, 29 (2008), 151-162, p. 152.

<sup>13</sup> Faulkner, B., “Towards a Framework for Tourism Disaster Management,” *Tourism Management*, 22 (2001), 135–147, p. 136.

<sup>14</sup> Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. 39.

what they believe would constitute a crisis for their organisation.<sup>15</sup> Ideally, as many executives and employees as possible are integrated in the brainstorming, because the more input is gathered the more realistic the picture drawn. In the early stage of risk identification, potential magnitude, cost and probability are not considered in detail.<sup>16</sup> Risk sources are listed without sorting first and are evaluated in a next step. Most importantly, organisations must not rely nor concentrate solely on crises which have occurred before. However they may analyse patterns and interconnections in past crises.<sup>17</sup> Another promising approach towards the identification of industry or even business specific risk factors is the development of a list considering “the ten worst things that could happen”. Executives are asked independently to prepare their ranking including rough response possibilities for each scenario. Later on, these rankings are combined and balanced in order to get a final version.<sup>18</sup>

The literature provides helpful basic schemes for the categorization of crises which organisations in a next step might adapt to their specific industry and business unit. One commonly used scheme grounds on the parameters “threat level” and “time pressure” as displayed in fig. 1.2. The levels revealed represent a basis for crisis management tools applied in the next step. In this context, levels 0 to 4 mark rising magnitudes of possible crisis impacts. These anticipated magnitudes are the basis for the application of crisis preparation and crisis response tools. Selection and extent of applied crisis management tools are commonly adjusted to expected impact magnitude.

Threat Level	Time pressure	Intense		Minimal	
	Degree of Control Response Options	Low	High	Low	High
Low	Many	Level 2	Level 1	Level 1	Level 0
	Few	Level 3	Level 2	Level 2	Level 1
High	Many	Level 3	Level 2	Level 2	Level 1
	Few	Level 4	Level 3	Level 3	Level 2

Source: prepared by author based on Burnett<sup>19</sup>

Fig. 1.2. Crisis Classification Matrix

<sup>15</sup> cf. Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 111.

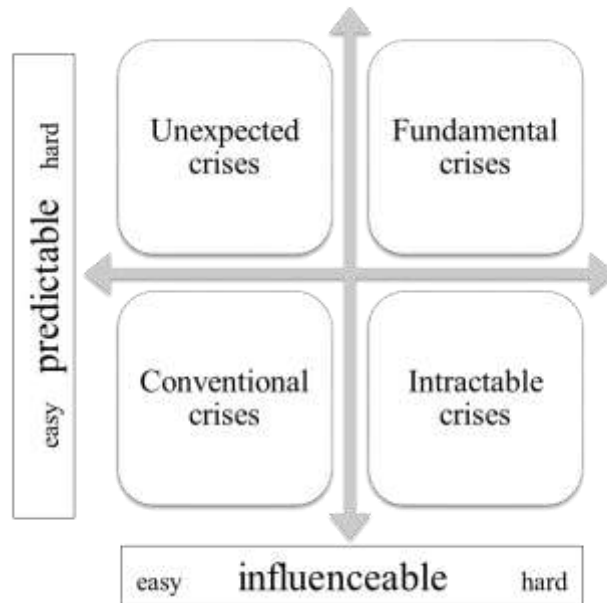
<sup>16</sup> cf. Luecke, R., *Crisis management - Master the Skills to Prevent Disasters* (Boston, MA: Harvard Business Press, 2004), p. 12.

<sup>17</sup> cf. Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), pp. 24 ff.

<sup>18</sup> cf. Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. 39.

<sup>19</sup> Burnett, J. J., “A Strategic Approach to Managing Crises,” *Public Relations Review*, 24 (1998), 475–488, p. 483.

In a competing approach, Gundel categorizes crises in accordance with the parameters “predictability” and “ability to influence” as revealed in fig. 1.3.



Source: prepared by author based on Gundel<sup>20</sup>

Fig. 1.3. Crisis Matrix

The results of this crisis matrix are four quarters which may serve as a classification tool for crisis situations. Again, applied crisis management tools and resources will then be adjusted to the respective quarter. The more crises are influenceable and predictable the better their impact may be lowered. But only if the respective crisis management tools are in place – and organisations take therefore advantage of this influenceability and predictability.

Still, these crisis categorizations seem to be far too superficial to be able to serve as a model foundation. The consideration of a more precise crisis classification will be helpful for the evolvement of a customized crisis typology suitable for the current research approach. As early as in 1980, Arbel and Bargur set up the following criteria of crises classification, which look upon different levels of categorization and are still valid and plausible until today:

1. “classification of crises by factors of origin,
  - 1.1. economic crisis
    - 1.1.1. supply-related (e.g. higher energy cost)
    - 1.1.2. demand-related (e.g. severe recession in the main country of origin)

<sup>20</sup> Gundel, S., “Towards a New Typology of Crises,” *Journal of Contingencies and Crisis management*, 13 (2005), 106–115, p. 112.



- 1.2. risk-reluctant crises (e.g. terrorist activity)
- 1.3. image-damage crisis (e.g. political enmity between country of origin and country of Destination)
- 1.4. other (e.g. natural disasters)
2. characterization of crises by their effects
  - 2.1. decline in revenue (by detailed sub-Industry groups and regions)
  - 2.2. increase in costs (by detailed sub-Industry groups and regions)
  - 2.3. effect on net foreign exchange income or other relevant factors as defined in the objective function)
3. characterization by expected duration and intensity
  - 3.1. intensity of crisis (mild, medium, heavy)
  - 3.2. duration of crisis (short, medium, long)<sup>21</sup>

Taking these crisis classification approaches introduced into consideration, it becomes evident that they are supportive but too abstract to be able to serve as a concrete basis for the establishment of a structured crisis management process. In order to establish scenario-based trainings and communication concepts, concrete crisis sources have to be identifiable. Various authors have already set frameworks for a crisis typology.<sup>22</sup> E.g. Mitroff defined criminal attack, economic attack, loss of proprietary information, industrial disasters, natural disasters, breaks in equipment and plants, legal, reputational perception, human resources, health and regulatory as differentiable crisis sources. Henderson differentiated into economic, political, socio-cultural, environmental, technological and commercial. But – so far – no source-based crisis typology was tailor-made for the hotel industry and its specifications. Subordinated to the service industry, almost all crisis scenarios evoke effects on numerous stakeholders and may hardly be solved without any public attraction. The pre-set frameworks have been adapted for these conditions. Taking all these aspects as a basis, the following hypernyms for a contemporary source-based categorization in the hotel industry have been defined as displayed in table 1.1.:

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<sup>21</sup> Arbel, A., Bargur, J., “A Planning Model for Crisis management in the Tourism Sector,” *European Journal of Operational Research*, 5 (1980), 77–85, p. 80.

<sup>22</sup> cf. Mitroff, I. I., *Managing Crises Before They Happen - What Every Executive and Manager Needs to Know About Crisis management*; Glaesser, *Crisis management in the Tourism industry*; Henderson, J. C., “Responding to Natural Disasters: Managing a Hotel in the Aftermath of the Indian Ocean Tsunami,” *Tourism and Hotel Research* 6, no. 1 (2005): 89–96; Coombs, W.T., “Impact of Past Crises on Current Crisis communication,” *Journal of Business Communication* 41, no. 3 (2004): 265–289; Richardson, B., “Crisis management and Management Strategy - Time to ‘Loop the Loop’?,” *Disaster Prevention and Management* 13, no. 3 (1994): 59–80; Mitroff, I. I., Pearson, C. M., and Harrington, L. K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes*; Luecke, *Crisis management - Master the Skills to Prevent Disasters*.

Table 1.1.

**Crisis Typology**

<b>Crisis Type</b>	<b>Major Impact Level</b>
Economic crisis	macro
Environmental crisis	macro/micro
Health crisis	macro/micro
Informational/Reputational crisis	micro
Structural crisis	macro/micro
Political crisis	macro
Sociocultural crisis	macro/micro
Technological crisis	macro/micro

Source: prepared by author based on Mitroff; Glaesser; Henderson; Coombs; Richardson; Mitroff, Pearson, and Harrington; Luecke<sup>23</sup>

Following this source-based approach, only by determining the specific crisis type, causes and impacts may be treated immediately and effectively. However, a crisis may fall into one or more categories at the same time. The introduced crisis typology will serve as an underlying scheme for the subsequent theoretical and empirical analysis. Wherever applicable, the crisis types may further be splitted into micro (organisational perspective) and macro (perspective including various environmental aspects) parameters.

### **1.1.3 The Essentials of the Crisis Management Process**

“When planning for a crisis, it is instructive to recall  
that Noah started building the Ark before it started to rain.”

Norman Augustine

This citation reflects the fundamental and anticipating step of contemplating possible crisis situations and their impact on the organisation and related persons and processes before

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<sup>23</sup> cf. Mitroff, I. I., *Managing Crises Before They Happen - What Every Executive and Manager Needs to Know About Crisis management*; Glaesser, *Crisis management in the Tourism industry*; Henderson, J. C., “Responding to Natural Disasters: Managing a Hotel in the Aftermath of the Indian Ocean Tsunami,” *Tourism and Hotel Research* 6, no. 1 (2005): 89–96; Coombs, W.T., “Impact of Past Crises on Current Crisis communication,” *Journal of Business Communication* 41, no. 3 (2004): 265–289; Richardson, B., “Crisis management and Management Strategy - Time to ‘Loop the Loop’?,” *Disaster Prevention and Management* 13, no. 3 (1994): 59–80; Mitroff, I. I., Pearson, C. M., and Harrington, L. K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes*; Luecke, *Crisis management - Master the Skills to Prevent Disasters*.

concrete crisis situations occur. Realising this step distinguishes strategically operating from hoping organisations. As environments do not only influence organisations, but organisations influence environments as well, application of modern strategic management is inevitable.<sup>24</sup> According to Ian Mitroff's words in the preface of his book "Managing Crises before they happen – What every executive and Manager needs to know about Crisis Management", again, the application of strategic management principles are fundamental in professional Crisis management: "...if CM [crisis management] is anything, it is systematic. In other words, crises do not happen merely because a single part of a complex system fails. Rather, they occur because a significant amount of the overall system fails. Thus, CM is inherently the process of seeing and dealing with larger, whole systems."<sup>25</sup>

Unlike former consideration when external challenges seemed being the major ones, nowadays more and more the survival of the business system itself is at stake.<sup>26</sup> Management should be moved towards the goal of crisis prevention rather than focusing on crisis response. Crisis management in this context includes: changing the culture, communications, and configuration of the organisation.<sup>27</sup> According to Spillan & Hough, crisis management is "the function that works to minimize the impact of a crisis and helps an organisation gain control of the situation. It also operates to take advantage of any benefits that a crisis may present"<sup>28</sup>. This refers to the before mentioned view to also consider positive aspects a crisis situation may involve. From an operational perspective how to handle such crisis situations, Richardson describes crisis management as still being in its infancy – for not having produced an overarching schema yet.<sup>29</sup> This seems even more stunning as already in 1986, Steven Fink published the first book on the topic of crisis management: *Crisis management: Planning for the Inevitable*. Although in recent years a vast array of crisis management books have been published, this one remains a more than useful classic. In a later publication, Fink advises: "You and your managers should understand that anytime you're not in a crisis, you are instead in a pre-crisis, or prodromal, mode."<sup>30</sup> This indicates that the crisis management process never stops

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<sup>24</sup> cf. Richardson, B., "Crisis management and Management Strategy - Time to 'Loop the Loop'?", *Disaster Prevention and Management* 13, no. 3 (1994): 59–80, p. 73.

<sup>25</sup> Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. xii.

<sup>26</sup> cf. Bryan, L., Farrell, D., "Leading through Uncertainty," *McKinsey Quarterly*, 2009, 24–34, p. 24.

<sup>27</sup> cf. Smith, D., Sipika, C., "Back from the Brink - Post-Crisis management," *Long Range Planning*, 26 (1993), 28–38, p. 29.

<sup>28</sup> Spillan, J., Hough, M., "Crisis Planning in Small Businesses: Importance, Impetus and Indifference," *European Management Journal*, 21 (2003), 398–407, p. 401.

<sup>29</sup> cf. Richardson, B., "Crisis management and Management Strategy - Time to 'Loop the Loop'?", *Disaster Prevention and Management* 13, no. 3 (1994): 59–80, p. 62.

<sup>30</sup> Fink, S., *Crisis management - Planning for the Inevitable*, 2nd edn (Lincoln: backinprint.com, 2002), p. 7.

and is not a once-only procedure but a perpetual one. And – even more decisive - professional crisis management will only be sustainable if it is profoundly embedded into an organisation’s existing systematic programs and is supported by all managers, departments and business units.<sup>31</sup>. Nowadays, a number of renowned journals discuss contemporary crisis management approaches: *Journal of Contingencies and Crisis management*, *International Journal of Emergencies and Disasters* and *Disaster Prevention and Management*.

“While not all crises can be foreseen, let alone prevented, all of them can be managed far more effectively if we understand and practice the best of what is humanly possible.”<sup>32</sup> Ian Mitroff’s statement gives a further clear indication on why the implementation of a systematic management process instead of pure ad-hoc-reaction is essential. Thus a crisis’ duration respectively damage can be limited. In his landmark book, Fink compared the crisis management process to a disease by defining consecutive phases:

- “prodromal crisis stage,
- acute crisis stage,
- chronic crisis stage,
- crisis resolution stage.”<sup>33</sup>

Later on, Coombs defined 3 phases of crisis management, consolidating Fink’s acute and chronic crisis stages rounding them up by adding the corresponding measures applicable per crisis management phase:

Table 1.2.

**Measures applicable within Crisis Management Phases**

<b>Crisis Management Phase</b>	<b>Measures applicable</b>
pre-crisis	preventive measures signal detection, prevention preparation
crisis	crisis management plan recognition of the trigger event and response
post-crisis	post-crisis evaluations actions after operations have returned to normal

Source: prepared by author based on Coombs<sup>34</sup>

<sup>31</sup> Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 117.

<sup>32</sup> cf. Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. 5.

<sup>33</sup> Fink, S., *Crisis management - Planning for the Inevitable*, 2nd edn (Lincoln: backinprint.com, 2002), p. 20.

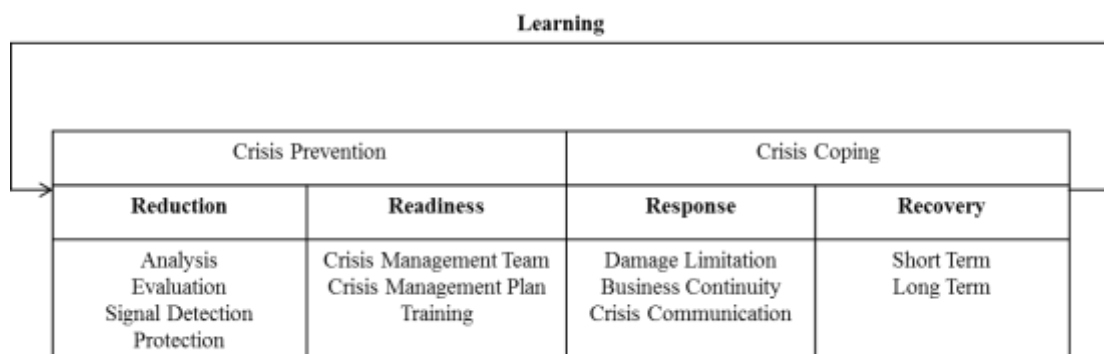
<sup>34</sup> cf. Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 22.

Table 1.2 lists basic measures applicable per respective crisis management phase which will be further refined and supplemented based on hotel industry specifications in the course of the model development.

Mitroff et al. on the other hand emphasize the anticipating and subsequent crisis stages by listing the core elements of crisis management:

1. “signal detection,
2. preparation/prevention,
3. training,
4. business resumption,
5. learning.”<sup>35</sup>

Considering the essentials of these approaches as well as the 7 crisis management phases set up by Glaesser<sup>36</sup>, a basis for the subsequent model development within this doctoral thesis is defined. One essential aspect which is not displayed in Glaesser’s illustration is the active feedback after the recovery of a crisis to the early stages of crisis management (analysis, evaluation, protection, and training). Obviously this is substantial for ensuring on-going learning processes and constant improvement – and is therefore added to the following illustration. Fig. 1.4. introduces the strategic crisis management process evolved which represents the foundation for the following steps of research of this doctoral thesis – implying that as well the empirical research as the subsequent model development are founded on this exemplary fundamental crisis management process and adapted to the hotel industry specifics:



Source: prepared by author based on Glaesser<sup>37</sup>

**Fig. 1.4. Exemplary Fundamental Crisis Management Process**

<sup>35</sup> Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 76.

<sup>36</sup> cf. Glaesser, D., *Crisis management in the Tourism industry*, Annals of Tourism Research, 2nd edn (Oxford: Butterworth-Heinemann, 2006), p. 22.

<sup>37</sup> cf. Glaesser, D., *Crisis management in the Tourism industry*, Annals of Tourism Research, 2nd edn (Oxford: Butterworth-Heinemann, 2006), p. 22.

Reviewing the outlined phases of crisis management it becomes obvious that a vital step is reduction – more specific signal detection. This indicates that the business environment has to be scanned constantly and signal detection must be animated and rewarded. Information and alerts from employees and customers, technical monitoring or external inspectors should all be considered at the same seriousness. The first step in case of revelation of any possible crisis situation (to be) is to consider whether the source (internal or external) which brings the crisis situation to the organisation's attention is powerful and/or credible.<sup>38</sup> In a next step, proactive and reactive response modes are balanced. The earlier signals of creeping crises are detected, the bigger the chance to neutralize them before growing and getting more expensive.<sup>39</sup>

Further on, a basic crisis management team has to be determined. The crisis management team identifies and develops crisis management strategies under the coordination and control of their team leader.<sup>40</sup> They need to work under the condition of time pressure as well as under the consciousness of the current situation being of high importance to the company. Considering the current research subject a crisis management team representing the following departments seems generally advisable – a more concrete team composition will be empirically ascertained:

- finance,
- operations,
- security,
- public relations / marketing,
- human resources.

The crisis management team might not always be the same, different types of crises might require different team members.<sup>41</sup> Therefore the training must not be too specific or team member oriented. Furthermore, a clear reporting sequence has to be created so that people know what to do or whom to contact in the event of a crisis. Brainstorming and considering each and every possible alternative is vital even under enormous time pressure and emergency demands, but might lead to an “analysis paralysis”<sup>42</sup> - an obstructing fear of moving ahead. Literature commonly holds the opinion that in a crisis situation, when a group faces a complex task with little or no time for dialogue and discussion the “directing” style seems to be the most appropriate leadership style. This implies a high-directive and low-supportive leader

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<sup>38</sup> cf. Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 29.

<sup>39</sup> cf. Luecke, R., *Crisis management - Master the Skills to Prevent Disasters* (Boston, MA: Harvard Business Press, 2004), p. 33.

<sup>40</sup> cf. Ritchie, B. W., “Chaos, Crises and Disasters: A Strategic Approach to Crisis management in the Tourism industry,” *Tourism Management*, 25 (2004), 669–683, p. 677.

<sup>41</sup> cf. Fink, S., *Crisis management - Planning for the Inevitable*, 2nd edn (Lincoln: backinprint.com, 2002), p. 57.

<sup>42</sup> Fink, S., *Crisis management - Planning for the Inevitable*, 2nd edn (Lincoln: backinprint.com, 2002), p. 84.

behaviour.<sup>43</sup> Dutton assumes that “the more an issue is perceived to be a crisis, the greater the centralization of authority by top level decision-makers in task related to the issue”<sup>44</sup>. Nevertheless, this leadership behaviour seems only appropriate for acute crisis situations and needs to be adapted for the longer term. A shift towards the problem solving mode which is characterized by a high-directive and high-supportive leadership style – “coaching” is recommendable.<sup>45</sup>

While taking control wherever possible during a crisis situation - inevitably, after every crisis or near crisis, a post-incident audit should be conducted for reviewing what the organisation did well and learning what it needs to improve before facing the next crisis.<sup>46</sup> But, before analysing a crisis, its causes and its response management, the crisis management team leader should set a final closure to the crisis, signalling a return to normalcy.<sup>47</sup> At least once a year, a general crisis audit should be conducted in order to create continual crisis awareness. Basic questions for conducting a post-incident audit were posed by Luecke as listed below. For the subsequent development of a crisis management model for the hotel industry in the course of this doctoral thesis these questions will be supplemented by additional target-aimed aspects: “Given what we knew at the time, could the crisis have been avoided? How? What were the early warning signals of crisis? Could we have recognized the signs earlier? How? Which warning signals were ignored? Which were heeded? At what point did we realize that we faced a crisis? To what extent were we prepared with contingency plans or a crisis team? Did we have a solid plan, or did we rely on improvisation? Did we have the right people on the team? If not, who should have been included? What was the nature of our communications to different audiences? How effective were those communications? How effective was our public spokesperson? Was our leadership highly visible? Were our responses timely and adequate for the situation? What did we do right? What could we have done better? Which were our biggest mistakes? Knowing what we know now, how can we prevent the same type of crisis from occurring again? And the ultimate question: If we could replay this entire event, what would we do differently?”<sup>48</sup>

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<sup>43</sup> cf. Blanchard, K., “Situational Leadership,” *Leadership Excellence*, 25 (2008), p. 19.

<sup>44</sup> Dutton, J. E., “The Processing of Crisis and Non-Crisis Strategic Issues,” *Journal of Management Studies*, 23 (1986), 501–517, p. 508.

<sup>45</sup> cf. Hersey, P., Blanchard, K., Johnson, D. E., *Management of Organisational Behavior - Leading Human Resources*, 9th edn (London: Prentice-Hall, 2008), pp. 271 f.

<sup>46</sup> cf. Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 59.

<sup>47</sup> cf. Luecke, R., *Crisis management - Master the Skills to Prevent Disasters* (Boston, MA: Harvard Business Press, 2004), p. 117.

<sup>48</sup> Luecke, R., *Crisis management - Master the Skills to Prevent Disasters* (Boston, MA: Harvard Business Press, 2004), pp. 114-115.

It might be of importance to pose the right questions throughout an audit-process on the one hand; but the choice of response type on the other hand is at least of equal importance. Responses to the answers of the above listed questions can be categorized as follows:

- “single loop learned response” – seeks to reorient activity to successfully maintain or develop things, more or less in keeping with traditional objectives and traditional roles
- “double loop learned response” – based on the challenging of existing beliefs about what society and management is and should do.<sup>49</sup>

Single-loop strategies are certainly necessary in the short to medium term, but double-loop strategies which challenge traditional beliefs about the nature and objectives of strategic management should be applied supplementally.<sup>50</sup> The application of structured crisis management procedures will only be promising if fundamental changes within the respective hotel management are supported. Traditional objectives and roles might be thrown over. But, it always has to be kept in mind: the crisis management process determines in the end “whether the media and the public perceive the organisation favourably as a hero or a victim or unfavourably as a villain. The mismanagement of a crisis is one of the surest ways in which to earn the label villain.”<sup>51</sup>

#### **1.1.4 Development and Implementation of a Crisis Management Plan**

In his book “*Crisis management – planning for the inevitable*”, Fink emphasizes the importance of having a crisis management plan by stating: “Every business, large or small, public or private should have a crisis management plan. Every division of every company, industrial or service business, should also have a crisis management plan. There are no exceptions, merely differences in degree.”<sup>52</sup> In a next step, he underlines the importance of having a contingency plan – a comprehensive crisis management plan. In practice, most companies are not well prepared for crises. Even worse, Mitroff et al. consider most crisis management plans resp. crisis manuals – if they exist at all - being useless.<sup>53</sup> Common reasons

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<sup>49</sup> cf. Richardson, B., “Crisis management and Management Strategy - Time to ‘Loop the Loop’?,” *Disaster Prevention and Management* 1 3, no. 3 (1994): 59–80, pp. 59 ff.

<sup>50</sup> cf. *ibid.*, p. 78.

<sup>51</sup> Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 19.

<sup>52</sup> cf. Fink, S., *Crisis management - Planning for the Inevitable*, 2nd edn (Lincoln: backinprint.com, 2002), pp. 54-56.

<sup>53</sup> cf. Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) pp. v ff.



are that they are either not systematic, do not cover relevant aspects, are not detailed and honest enough or are purely reactive – commonly induced by a lack of knowledge.

A major argument used by companies for not having a crisis management plan in place is that the cost for fixing a crisis is mostly less than what might have been spent in preparing a crisis management plan. In fact, the effectiveness of the investment in preparing and training on a crisis management plan is hardly measurable. A justification for investment in crisis preparation is provided by the significant costs to organisations in terms of financial losses, fatalities and missed market opportunities.<sup>54</sup> As a rule, the production of a customized anticipating crisis management plan pays off since in time of crisis by counteracting time as well as psychological pressure. Regardless of the industry and (industry-specific) crisis types, some basic questions – compiled by Fink - have to be asked when assembling the crisis management plan: “Who is responsible for notifying the employees? Who is the backup? Who is responsible for notifying the media? Who is the backup? Which local, state, or federal government agencies may need to be notified, and who will do so? Your switchboard operators are your first line of defence (or offense). What will they tell reporters or the public at large when they call? Who is responsible for briefing them? And do they need to be bilingual? Do the switchboard operators know whom to contact within the company if they start to get many calls of a certain type, such as rumours about your product? Does your company have plans for a rumour-control hotline? Again, do hotline operators need to be bilingual?”<sup>55</sup>

By framing a contingency plan, decisions are made before a crisis occurs; i.e. under the parameter of having the time to consider and test all options without the stress and emotions of a current crisis situation. Decision alternatives may be displayed in logical flow charts.<sup>56</sup> Steps for developing an effective contingency plan as well in general as with respect of the present research are:

1. “organize a planning team,
2. assess the scope of the problem,
3. develop a plan,
4. test the plan,
5. keep the plan up-to-date.”<sup>57</sup>

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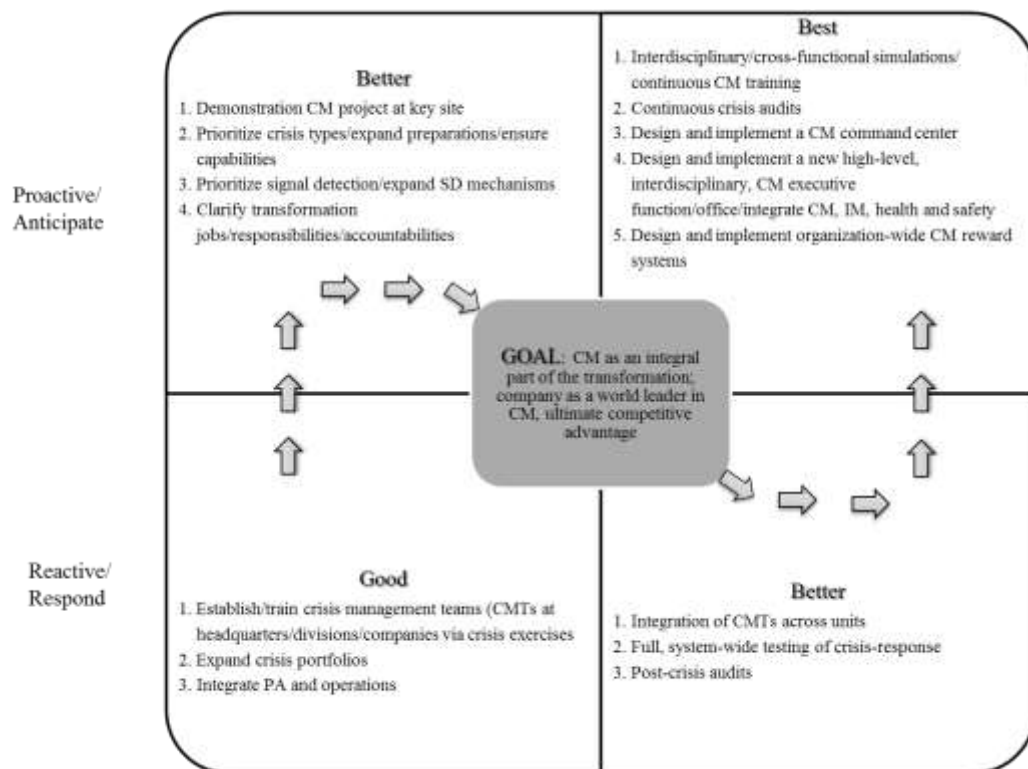
<sup>54</sup> cf. Pearson, C. M., Clair, J. A., “Reframing Crisis management,” *Academy of Management Review*, 23 (1998), 59–76, p. 61; Elliott, D., Harris, K., Baron, S., “Crisis management and Services Marketing,” *Journal of Services Marketing*, 19 (2005), 336–345, p. 337.

<sup>55</sup> Fink, S., *Crisis management - Planning for the Inevitable*, 2nd edn (Lincoln: backinprint.com, 2002), pp. 60-61.

<sup>56</sup> cf. Arbel, A., Bargur, J., “A Planning Model for Crisis management in the Tourism Sector,” *European Journal of Operational Research*, 5 (1980), 77–85, pp. 82 f.

<sup>57</sup> Luecke, R., *Crisis management - Master the Skills to Prevent Disasters* (Boston, MA: Harvard Business Press, 2004), p. 37.

Following these steps, within the process of testing the contingency plan as prepared according to the guidelines introduced, it seems advisable to prepare a detailed crisis portfolio / scenario for each crisis type defined in table 1.1. Best case, worst case scenarios are usefully implemented. Crisis management training shall include general training, table-top exercises, workshops and real time and live simulations including flexible elements with the aim to test the organisation, communications and the teamwork of those concerned and the ability of individual actions.<sup>58</sup> More in detail, effective crisis management preparation and training should include the following issues: set-up of crisis manuals and crisis checklists, installation of emergency phone lines, dedicating spokespersons and determining messaging and – most important – training procedures for an increased crisis management awareness.<sup>59</sup>



Source: prepared by author based on Mitroff<sup>60</sup>

Fig. 1.5. The Development of an Integrated CM Program

<sup>58</sup> cf. Evans, N., Elphick, S., “Models of Crisis management: An Evaluation of Their Value for Strategic Planning in the International Travel Industry,” *International Journal of Tourism Research*, 7 (2005), 135–150, pp. 143 ff.

<sup>59</sup> cf. Ashcroft, L. S., “Crisis management - Public Relations,” *Journal of Managerial Psychology*, 12 (1997), 325–332, pp. 329 ff.

<sup>60</sup> Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. 143.

Fig. 1.5. summarizes the contemplated core elements of the development of an integrated CM program, considering the crisis management process and phases, contingency planning and training. Especially the “best” quarter elements will influence the subsequent model development.

### 1.1.5 The Role of Crisis Communication

A wide range of companies sees the media either as a cause of crises or their principal point of contact. Whereas some aspects of these statements may be true, crisis communication has far more functions and scope of influence in each crisis management stage. Certainly, the management of information technologies (e.g. e-mail, television, news media) is crucial. Facing the speed of media coverage these days, it is unlikely that there will be a time delay between a crisis occurring and the resulting media coverage. This implies the significance of immediate crisis communication. Because - if immediate information is not available, this leaves room for speculative stories.<sup>61</sup> Applying “no comment” in crisis communication could imply that the organisation is guilty or hiding something, therefore spokespersons would be wise avoiding this phrase.<sup>62</sup> Furthermore, in most cases it seems advantageous to tell the truth at a time of crisis.<sup>63</sup> How and what an organisation communicates during a crisis has a significant effect on the outcomes of the crisis – this includes the number of injuries and the amount of reputational damage sustained by the organisation.<sup>64</sup> Mitroff et al. are equally right to state: “Realize that there are no secrets in the modern world. Realize that taking the initiative by telling the truth allows you to control who reveals the truth, in what circumstances, and when it is revealed.”<sup>65</sup> Nevertheless, the various perspectives of the recommendable extent of shared information have to be balanced: Whereas “lawyers typically want to say as little as possible during a crisis in order to avoid or minimize legal liability[;] marketing, public affairs, and public relations executives, on the other hand, want to share information more broadly as a means of retaining or recovering consumer confidence and hence safeguarding their business”<sup>66</sup>. Therefore,

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<sup>61</sup> cf. Ashcroft, L. S., “Crisis management - Public Relations,” *Journal of Managerial Psychology*, 12 (1997), 325–332, p. 328.

<sup>62</sup> cf. Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 28.

<sup>63</sup> cf. Ashcroft, L. S., “Crisis management - Public Relations,” *Journal of Managerial Psychology*, 12 (1997), 325–332, p. 325.

<sup>64</sup> cf. Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 20.

<sup>65</sup> Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. 79.

<sup>66</sup> Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 13.

balancing crisis communication and disseminating information in all crisis stages plays an essential role. While denial is never a promising attitude, evading responsibility or reducing offensiveness might represent two feasible communication options – especially in the sense of image restoration.<sup>67</sup> Referring to the underlying research topic of this doctoral thesis, two basic types of crisis communication can be identified:

- crisis knowledge management (mainly within the organisation),
- stakeholder reaction management (mainly externally oriented).

Furthermore, knowledge as a vital source of crisis management strategies can be divided into two sections:

- “explicit knowledge, which can be codified and physically stored in databases,
- tacit knowledge, which consists of the mental models and experience of individuals (in the form of specific experience, expertise, knowledge, and intuition), and which is closely associated with the individual who possesses it.”<sup>68</sup>

Ideally, a company speaks during a crisis with one voice. Nevertheless, this must not be confused with having just one trained and well-informed spokesperson during a crisis. In fact, different spokespersons may be needed to cover various areas of expertise, or a crisis may last several days or longer making it impossible for one person being the sole voice for the organisation. Furthermore, the person may vary upon the crisis type or media. However, all spokespersons must be kept on the same information level to help insure consistency.<sup>69</sup> In the majority of organisations, “public relations” is the department responsible for crisis communication. Their main fields of action in this context are training spokespersons, developing guidelines and policies as well as determining general processes for dealing with the media.<sup>70</sup> As a result of extra staffing, double shifts and additional volunteers, the number of staff using the communication system during times of crisis is often significantly higher than in non-crisis-situations.<sup>71</sup>

A communication plan contains a variety of important information and guidelines how to communicate in crisis situations. The issues range from simple emergency lists to

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<sup>67</sup> cf. Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 32.

<sup>68</sup> Racherla, P., Hu, C., “A Framework for Knowledge-Based Crisis management in the Hospitality and Tourism industry,” *Cornell Hospitality Quarterly*, 50 (2009), 561–577, p. 565.

<sup>69</sup> cf. Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 29.

<sup>70</sup> cf. Burnett, J. J., “A Strategic Approach to Managing Crises,” *Public Relations Review*, 24 (1998), 475–488, p. 476.

<sup>71</sup> cf. Quarantelli, E. L., “Disaster Crisis management: A Summary of Research Findings,” *Journal of Management Studies*, 25 (1988), 373–385, p. 380.

communication trees designating the flow of messages.<sup>72</sup> In addition, concrete communication tactics might be formulated. For example, a fundamental advice for the dealing with reporters is: In case of treating reporters with respect in good times, they are more likely to portray a company fairly in bad times. In a press conference, answering awkward queries, the training in using certain exemplary phrases might help. Each organisation needs to build up its own exemplary and basic phrases tailored according to its specific requisites.<sup>73</sup>

## **1.2 Stakeholder Management as a Tool for Managing the Corporate Environment**

### **1.2.1 The Fundamentals of the Stakeholder Management Approach**

Pfeffer and Salancik claimed as early as in 1978 that “organisations survive to the extent that they are effective. Their effectiveness derives from the management of demands, particularly the demands of interest groups upon which the organisations depend for resources and support.”<sup>74</sup> A modern stakeholder management approach may be interpreted as obtaining “optimal benefits for all identified stakeholder groups, without giving priority to one stakeholder’s interests over another. Under this philosophy, the entire purpose of the firm becomes the co-ordination of stakeholder interests.”<sup>75</sup> Kotler seems absolutely right claiming that companies can no longer operate as self-contained, fully capable units without dedicated partners, but they are increasingly dependent on their employees, their suppliers, their distributors and dealers, and their advertising company.<sup>76</sup> Whereas in the traditional perspective a company is seen as an economic entity, the stakeholder view sees it as a network of relationships among the firm and its stakeholders. In consequence, the stakeholder view does not attribute competitive advantage solely to best adapting to the company’s environment by taking advantage of strengths and opportunities and overcoming weaknesses and threats, but to a high degree to superior linkages to stakeholders leading to trust, goodwill, reduced uncertainty, improved business dealing, and ultimately higher firm performance.<sup>77</sup> While a

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<sup>72</sup> cf. Luecke, R., *Crisis management - Master the Skills to Prevent Disasters* (Boston, MA: Harvard Business Press, 2004), p. 41.

<sup>73</sup> cf. Fink, S., *Crisis management - Planning for the Inevitable*, 2nd edn (Lincoln: backinprint.com, 2002), p. 15.

<sup>74</sup> Freeman, R. E., *Strategic management - a Stakeholder Approach* (Cambridge: Cambridge University Press, 1984), p. 42.

<sup>75</sup> Sautter, E. T., Leisen, B., “Managing Stakeholders a Tourism Planning Model,” *Annals of Tourism Research*, 26 (1999), 312–328, p. 314.

<sup>76</sup> cf. Freeman, R. E. et al., *Stakeholder Theory - the State of the Art* (Cambridge: Cambridge University Press, 2010), p. 153.

<sup>77</sup> cf. Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), pp. 36 ff.

majority of managers still thinks first about what the organisation wants and needs to generate profit, true stakeholder engagement implies understanding of what stakeholders value and view as important.<sup>78</sup>

Classically, literature on stakeholder theory considers two branches: a strategic and a moral branch.<sup>79</sup> As in recent times a shift of marketing from consumer orientation to stakeholder orientation becomes apparent in most industries, this aspect will also be included in the subsequent reflection of stakeholder management.<sup>80</sup> In summary, stakeholder management goes well beyond the descriptive observation that organisations have stakeholders, but – the author fully agrees with the statement - “it views the corporation as an organisational entity through which numerous and diverse participants accomplish multiple, and not always entirely congruent, purposes”<sup>81</sup>.

From an organisational perspective, the stakeholder environment is divided into three regions (see fig. 1.6.). The influence of the organisation rises from the outside to the inside within the graphic – implicating that the internal stakeholders within “the organisation” are controllable to a certain extent. The operating environment may be influenced by establishing inter-organisational relationships, e.g. joint ventures, networks, consortia, strategic alliances and trade associations.<sup>82</sup> As managers generally do not have the time (and other resources either) to pursue inter-organisational relationships with all external stakeholders, they need to concentrate on these stakeholder that are strategically important.<sup>83</sup> In common, the organisation as well as the operating environment is reflected in a basic organisation’s stakeholder map. As opposed to this, the broad environment is generally not reflected.

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<sup>78</sup> cf. McEuen, M. B., “The Game Has Changed: A New Paradigm for Stakeholder Engagement,” *Cornell Hotel Perspectives* no. May (2011), p. 13.

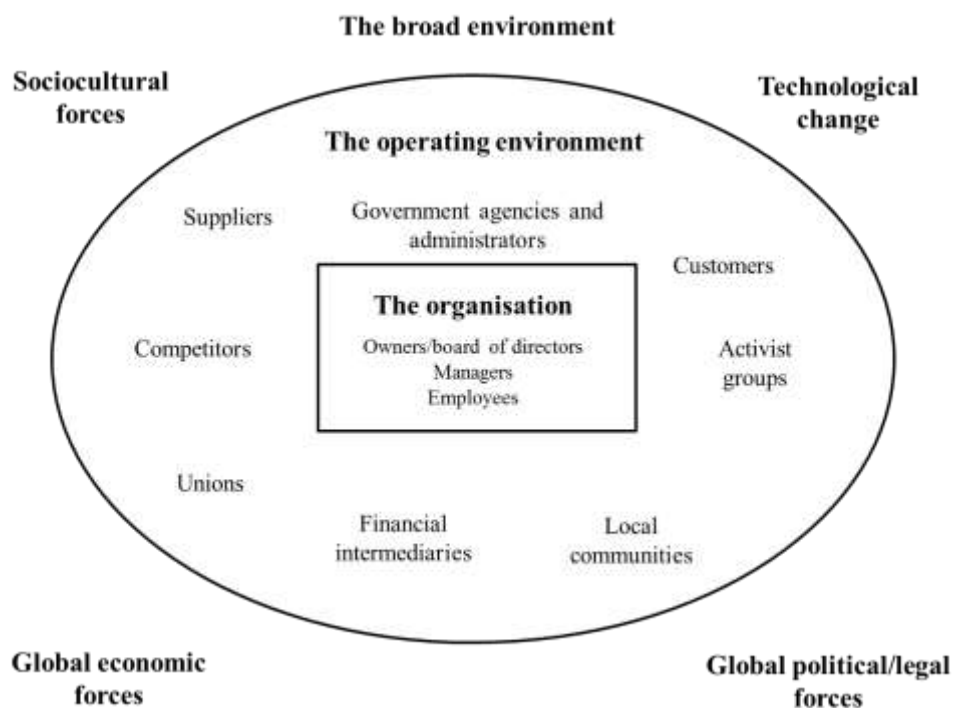
<sup>79</sup> cf. Buysse, K., Verbeke, A., “Proactive Environmental Strategies: A Stakeholder management Perspective,” *Strategic management Journal*, 24 (2003), 453–570, p. 458.

<sup>80</sup> cf. Payne, A., Ballantyne, D., Christopher, M., “A Stakeholder Approach to Relationship Marketing Strategy - The Development and Use of the ‘Six Markets’ Model,” *European Journal of Marketing*, 39 (2005), 855–871, p. 857.

<sup>81</sup> Donaldson, T., Preston, L. E., “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications,” *Academy of Management Review*, 20 (1995), 65–91, p. 70.

<sup>82</sup> cf. Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 77.

<sup>83</sup> Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 262.

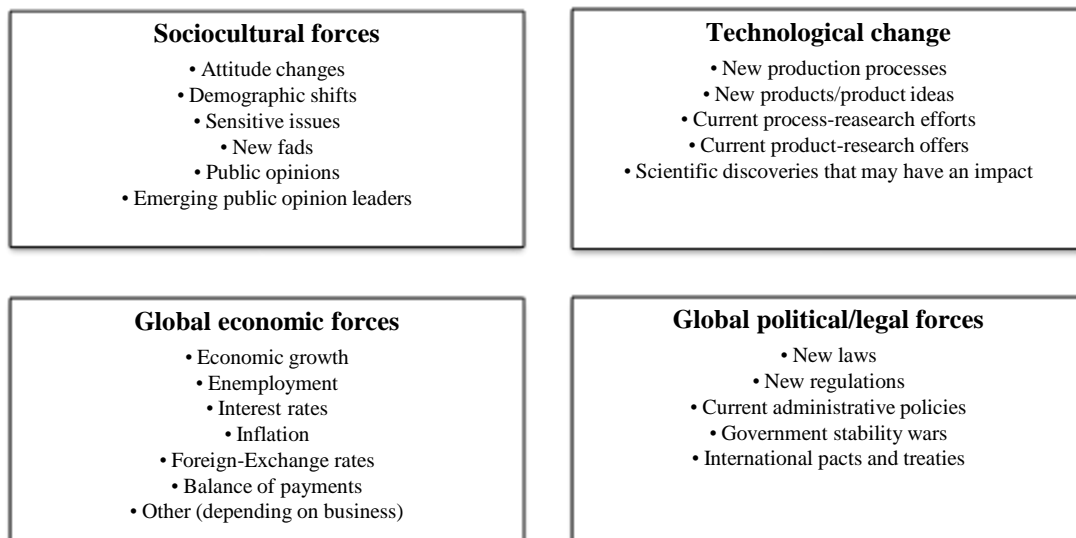


Source: prepared by author based on Freeman et al.<sup>84</sup>

Fig. 1.6. **The Organisation, its primary Stakeholders and the Broad Environment**

In detail, the broad environment is characterized by the following forces – as displayed in fig. 1.7.: sociocultural forces, technological change, global economic forces and global political/legal forces. For crisis situations within the hotel industry all of these forces might be challenging or even threatening and therefore have to be considered to a varying degree. Over the course of this doctoral thesis, various crisis situations arising from this broad environment and its cited forces will be investigated. Further on, ways how to include both the operating and the broad environment into a stabilizing process for the environments and the organisation itself will be introduced.

<sup>84</sup> cf. Freeman, R. E. et al., *Stakeholder Theory - the State of the Art* (Cambridge: Cambridge University Press, 2010), p. 105.



Source: prepared by author based on Enz.<sup>85</sup>

Fig. 1.7. Assessment of the Broad Environment

Much of the stakeholder research reviewed has been conducted at the organisational level with an emphasis on the stakeholder theory's organisational implications, but stakeholder theory can also be seen from a managerial point of view as it portrays managers as individuals balancing stakeholders' interests.<sup>86</sup> This is opposed to the extremely popular shareholder concept. In the shareholder model firms have one single objective: all decisions have to be taken with the objective of the company's long-run market value. Especially for the service industry which is in the centre of this research, the author favours the stakeholder approach. If nothing else, customers have to be prioritized same-level as shareholders. Fig. 1.8. opposes the fundamental aspects of both shareholder and stakeholder management. Taking the characteristics of the stakeholder management approach as displayed into consideration it becomes obvious why – especially with respect to crisis situations – not only shareholders but all stakeholders have to be regarded:

<sup>85</sup> cf. Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 55.

<sup>86</sup> cf. Reynolds, S. J., Schultz, F. C., Hekman, D. R., "Stakeholder Theory and Managerial Decision-Making: Constraints and Implications of Balancing Stakeholder Interests," *Journal of Business Ethics*, 64 (2006), 285–301, p. 285.



		Shareholder management	Stakeholder management
Key idea		Managers should maximize the wealth of shareholders	Managers should satisfy the interests of all (legitimate) stakeholders
Representation of firms	Nature of firms	Nexus of contracts or relationships between groups with conflicting objectives	
	Importance of management	Managers are key actors because they have residual control rights	
	Role of management	Managers are viewed as "hired" agents of shareholders and are in charge of day-to-day management in an incomplete contract framework. Managers can destroy shareholder value.	Managers are viewed as referees between groups with conflicting objectives. Managers can increase the aggregate value of the firm.
	Behavioural assumptions	Self-interested and opportunistic agents.	The assumption of self-interested and opportunistic agents is overly simplistic. Agents can be organization-centred and altruist.
Optimal governance system		Control should be concentrated in the hands of shareholders	Control should be divided between the different (legitimate) stakeholders
Good governance practices		Control mechanisms limiting managerial discretion Incentive mechanisms aligning managers' objectives with those of shareholders	The ones that increase the democratic representation of non-controlling stakeholders

Source: prepared by author based on Vilanova.<sup>87</sup>

Fig. 1.8. A Comparison between Shareholder and Stakeholder Management

In general, marketing literature emphasizes customer orientation. Maignan et al. present a marketing concept which considers other important stakeholder groups as well. Providing both social and economic processes including a network of relationships supplying all Stakeholders with skills and knowledge is fundamental for their logic of marketing.<sup>88</sup> marketing in context of stakeholder approach was defined by the American Marketing Association as follows: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."<sup>89</sup> A shift from customer orientation to stakeholder orientation (i.e. balanced perspective on stakeholder interests) becomes obvious. Marketing supports constructing a cognitive image of the organisation by the perception and interpretation of

<sup>87</sup> cf. Vilanova, L., "Neither Shareholder nor Stakeholder management: What Happens When Firms Are Run for Their Short-Term Salient Stakeholder?," *European Management Journal*, 25 (2007), 146–162, p. 149.

<sup>88</sup> cf. Maignan, I., Ferrell, O. C., Ferrell, L., "A Stakeholder Model for Implementing Social Responsibility in Marketing," *European Journal of Marketing*, 39 (2005), 956–977, p. 957.

<sup>89</sup> American Marketing Association, 'Definition of "Marketing"'

<<http://www.marketingpower.com/AboutAMA/Pages/DefinitionofMarketing.aspx>>.[accessed 10 October 2012]

presented organisational images. An identification with the organisation may be achieved by a perceived overlapping between stakeholders' self-identity and their construction of a cognitive image of an organisation.<sup>90</sup> Especially for emotional hotel products this conception seems to be an inevitable marketing tool. Furthermore it may be of essential importance for the integration of the stakeholder aspect into a crisis management model for the hotel industry.

The stakeholder theory is frequently being criticized as – in the critics' opinion – it tries to combine too many differing interests. At worst, this is assumed leading to a restraint in effective management; great planning efforts would be necessary for ensuring balanced values; and a lack of acceptance in management could arise. Freeman's initial work is nowadays periodically criticized as e.g. by Key's objections:

- “inadequate explanation of process,
- incomplete linkage of internal and external variables,
- insufficient attention to the system within which business operates and the levels of analysis within the system, and
- inadequate environmental assessment.”<sup>91</sup>

Key continues her critique by stating that so far “no specific theory logic has been identified which explains the relationships between stakeholders and the firm”<sup>92</sup>. However, Freeman's recent publication “Stakeholder Theory – the State of the Art”, published in 2010 represents a further development of the theory and confutes a large part of the critique expressed. In conclusion, the fact that nowadays almost all leading organisations have a stakeholder relationship concept in place – no matter to which degree and if implicitly or explicitly - demonstrate its fundamental right to exist. However, as for all theories this one will without exception develop over time.

### **1.2.2 Managing Stakeholder Relationships by identifying Stakeholder Groups and their respective Stakes**

Even before questioning if stakeholders are managed right, it should be questioned if the right stakeholders are managed. In 1963, the term “stakeholder” was introduced in an internal memorandum of the Stanford Research Institute (now SRI International, Inc.).<sup>93</sup> In 1984, R.

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<sup>90</sup> cf. Scott, S. G., Lane, V. R., “A Stakeholder Approach to Organisational Identity,” *Academy of Management Review*, 25 (2000), 43–62, p. 48.

<sup>91</sup> Key, S., “Toward a New Theory of The Firm: A Critique of Stakeholder ‘Theory,’” *Management Decision*, 37 (1999), 317–328, p. 321.

<sup>92</sup> *ibid.*, p. 326.

<sup>93</sup> cf. Freeman, R. E., *Strategic management - a Stakeholder Approach* (Cambridge: Cambridge University Press, 1984), p. 31.

Edward Freeman published his landmark book “*Strategic management: A Stakeholder Approach*” and defined a stakeholder as follows:

“A stakeholder in an organisation is (by definition) any group or individual who can affect or is affected by the achievement of the organisation’s objectives.”<sup>94</sup>

“Stakeholders include employees, customers, suppliers, stockholders, banks, environmentalist, government and other groups who can help or hurt the corporation.”<sup>95</sup>

An essential distinction should be drawn between influencers and stakeholders: while some actors might be both, others might be stakeholders but no influencers or vice versa.<sup>96</sup> Organisations need to understand how far their stakeholders will go to achieve, promote, or protect their stake. A stake – by definition – may be:

- “an interest,
- right (legal or moral),
- ownership,
- contribution in the form of knowledge or support.”<sup>97</sup>

In general, legitimate stakeholders are identified a contract existing between them and the firm.<sup>98</sup> Stakeholder power implies a situation where the stakeholder can get the organisation to do something which it would not otherwise have done. Means of influence by stakeholders may be incentives, penalties, advice, etc. to varying degrees.<sup>99</sup> Even more precisely, stakeholder influence can be rated by three elements:

- power: the ability to exercise one’s will over others,
- legitimacy: socially accepted and expected structures that help define whose concerns or claims really count,
- urgency: the dynamics of the time-sensitive nature of Stakeholder interactions.<sup>100</sup>

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<sup>94</sup> Freeman, R. E., *Strategic management - a Stakeholder Approach* (Cambridge: Cambridge University Press, 1984), p. 46.

<sup>95</sup> *ibid.*, p. vi.

<sup>96</sup> cf. Donaldson, T., Preston, L. E., “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications,” *Academy of Management Review*, 20 (1995), 65–91, p. 86.

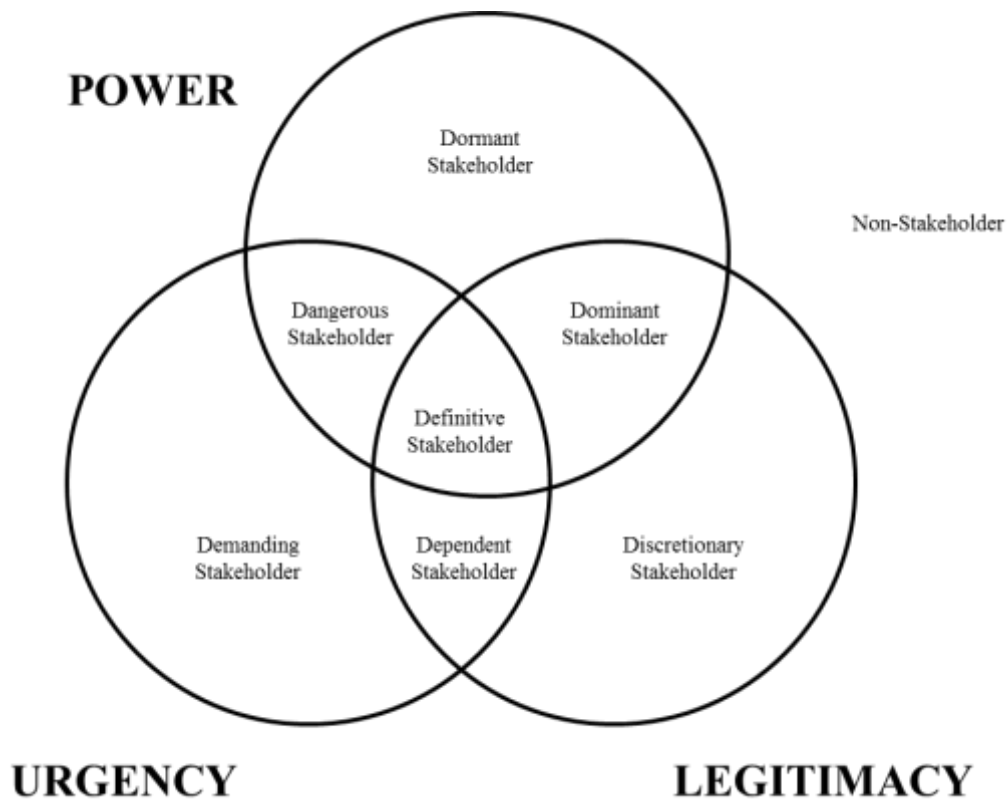
<sup>97</sup> Bourne, L., *Stakeholder relationship management - A Maturity Model for Organisational Implementation* (Farnham: Gower Publishing Limited, 2009), p. 30.

<sup>98</sup> cf. Donaldson, T., Preston, L. E., “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications,” *Academy of Management Review*, 20 (1995), 65–91, p. 85.

<sup>99</sup> Céspedes-Lorente, J., de Burgos-Jiménez, J., Álvarez-Gil, M. J., “Stakeholder’s Environmental Influence. An Empirical analysis in the Spanish Hotel industry,” *Scandinavian Journal of Management*, 19 (2003), 333–358, pp. 336 ff.

<sup>100</sup> cf. Maignan, I., Ferrell, O. C., Ferrell, L., “A Stakeholder Model for Implementing Social Responsibility in Marketing,” *European Journal of Marketing*, 39 (2005), 956–977, p. 959.

Fig. 1.9. displays a stakeholder typology on the basis of these three elements:



Source: prepared by author based on Mitchell et al.<sup>101</sup>

Fig. 1.9. Classification of Stakeholder Relationships

According to the figure, “definite stakeholders” have to be seen as the central ones as they inherit all three elements – power, urgency, and legitimacy. But, based on specific crisis situations, magnitude and compilation of the elements might change. Even non-stakeholders might become stakeholders characterized by one or more elements in crisis situations. A possible rating tool of power and influence (derived from legitimacy and urgency) of individual stakeholder groups is displayed in the stakeholder matrix in appendix no. 6.

Stakeholders might be even differentiated into the more detailed normative and derivatively legitimate groups:

- “*Normative stakeholders* are those stakeholders to whom the organisation has a moral obligation, an obligation of stakeholder fairness, over and above that due other social actors simply by virtue of their human being.

<sup>101</sup> cf. Mitchell, R. K., Agle, B. R., Wood, D. J., “Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts,” *Academy of Management Review*, 22 (1997), 853–886, p. 874.

- *Derivatively legitimate stakeholders* are those groups whose actions and claims must be accounted for by managers due to their potential effects upon the normative stakeholders. The legitimacy of the derivative stakeholders is based solely on obligations owed to others and does not result from any obligation due the derivative stakeholders themselves.<sup>102</sup>

Managers often underestimate the complexity of stakeholder identification and solely consider the most obvious ones such as customers, owners/stockholders or government agencies and administration.<sup>103</sup> This may possibly result in short-term salient stakeholder management. Managing an organisation based on a short-term salient stakeholder (who possesses all three attributes: legitimacy, power, urgency) orientation predominantly does not lead to sustainable corporate success.<sup>104</sup> Stakeholder management must not be static as a stakeholder's significance may change over time or depending on the related topic. This is one decisive aspect within the specific research topic of this doctoral thesis. According to Bourne, stakeholders have to be re-identified, re-prioritized and re-engaged on a regular basis – a once-only event will not be sufficient. Reasons for the continuous efforts on stakeholder relationships may be granted on the following reasons:

Stakeholder may:

- be re-assigned;
- leave the organisation;
- assume different levels of relative importance to the activity;
- experience fluctuations in their power, interest or influence.<sup>105</sup>

Key attribute of stakeholder management is simultaneous attention to the legitimate interests of all appropriate stakeholders in the establishment of organisational structures as well as in case-by-case decision making.<sup>106</sup> In the progress of the current research, the author underlines importance as well procedures of prioritizing key stakeholders in crucial situations.

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<sup>102</sup> Phillips, R., *Stakeholder Theory and Organisational Ethics* (San Francisco: Berrett-Koehler Publishers, 2003), pp. 124-126.

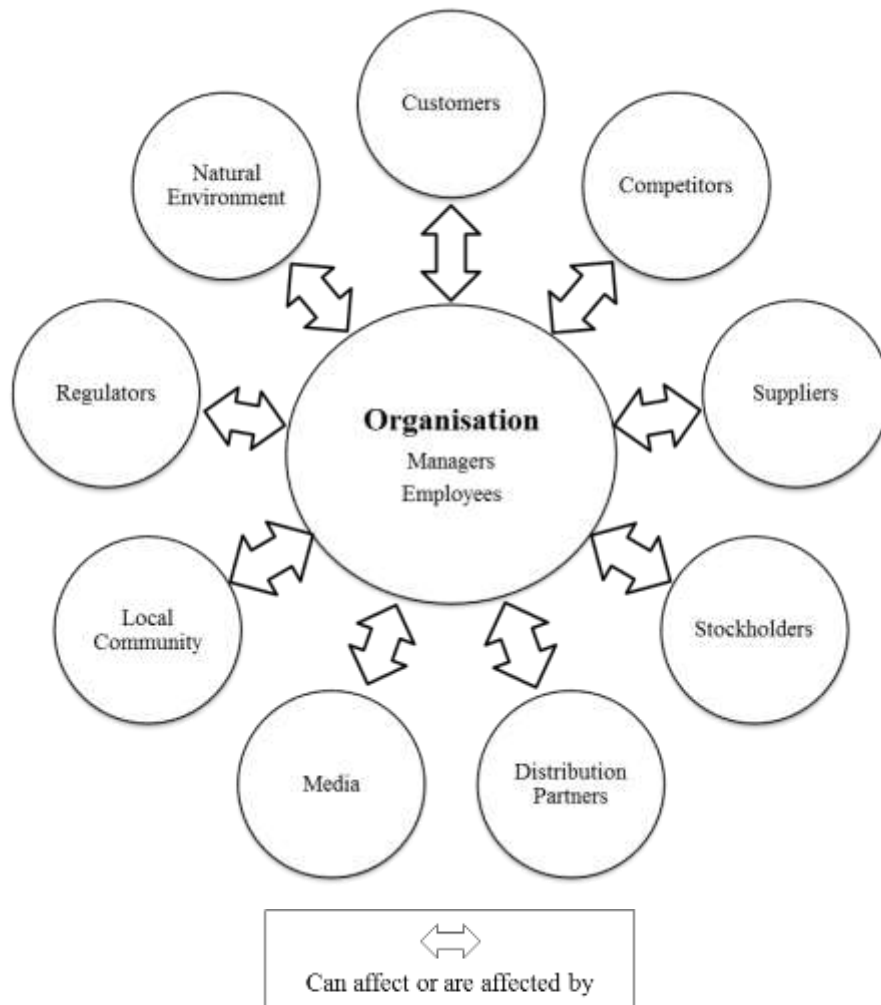
<sup>103</sup> cf. Sautter, E. T., Leisen, B., "Managing Stakeholders a Tourism Planning Model," *Annals of Tourism Research*, 26 (1999), 312–328, p. 315.

<sup>104</sup> cf. Vilanova, L., "Neither Shareholder nor Stakeholder management: What Happens When Firms Are Run for Their Short-Term Salient Stakeholder?," *European Management Journal*, 25 (2007), 146–162, p. 147.

<sup>105</sup> cf. Bourne, L., *Stakeholder relationship management - A Maturity Model for Organisational Implementation* (Farnham: Gower Publishing Limited, 2009), p. 116.

<sup>106</sup> cf. Donaldson, T., Preston, L. E., "The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications," *Academy of Management Review*, 20 (1995), 65–91, p. 67; Frooman, J., "Stakeholder Influence Strategies," *Academy of Management Review*, 24 (1999), 191–205, p. 193.

Fundamentally in stakeholder management, each organisation has to define its respective stakeholders and their perceived stakes.<sup>107</sup> A stakeholder map, adapted for the organisation from the example of a traditional stakeholder map shown in fig. 1.10. has to be drawn.



Source: prepared by author based on Phillips<sup>108</sup>

Fig. 1.10. Traditional Stakeholder Map

Based on the propositions of Wolfe and Putler, the identification of stakeholder roles (e.g. employees, communities, customers) – commonly displayed in a stakeholder map comparable with fig. 1.10 - is followed by the determination of their respective salience (i.e. being powerful and having legitimate and urgent claims) as well as by the assessment of priorities of individuals within the salient stakeholder groups. In a next step, priority-based clusters (i.e. placing individuals into groups with relatively homogenous priorities) are developed.<sup>109</sup> This may even

<sup>107</sup> cf. Freeman, R. E., *Strategic management - a Stakeholder Approach* (Cambridge: Cambridge University Press, 1984), p. 53.

<sup>108</sup> cf. Phillips, R., *Stakeholder Theory and Organisational Ethics* (San Francisco: Berrett-Koehler Publishers, 2003), p. 126.

<sup>109</sup> cf. Wolfe, R. A., Putler, D. S., "How Tight Are the Ties That Bind Stakeholder groups," *Organisation Science*, 13 (2002), 64–80, p. 77.

lead to the result that for crucial corporate situations – such as e.g. crisis situations – the classical stakeholder map is broken up and a fundamental revision and re-prioritization of stakeholder relationships is recommendable. A respective underlying stakeholder matrix serves as a foundation for the subsequently evolved integrated crisis management model for the hotel industry.

One fact which is frequently overseen by organisations – but is essential for this current research - is that stakeholders and the respective stakeholder relations may enrich a company both by their knowledge and ideas as well as from a financial point of view.<sup>110</sup> McEuen offers a veritable summary of the mostly untapped potential: “There is massive untapped potential in every stakeholder that a business touches. Consider what could happen if business leaders shifted their paradigm to think of their businesses as vehicles for unleashing the potential of people – whether these people are their employees, channel partners, or customers.”<sup>111</sup> This reference states a major conviction of the author – the value of using untapped potential of stakeholder relationships. At best this untapped potential evolves into a level of mutuality. Mature stakeholder relationships are characterised by mutual benefits on the one hand and trustfulness on the other hand. Essential condition for building and maintaining promising stakeholder relationships is target communication. Key strategies in achieving an appropriate level of stakeholder communication means that stakeholders receive the information they require in a form they prefer. Effective means of communication may be:

- progress reports,
- risk and issue action plans,
- financial reports,
- meetings,
- emails,
- formal letters,
- face-to-face discussions.<sup>112</sup>

If an organisation is truly considering interests of all stakeholder groups instead of the (economically) most important ones, it usually implements a (Corporate Social Responsibility) CSR program as introduced in the following chapter. In large organisations, CSR might be issue

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<sup>110</sup> cf. Céspedes-Lorente, J., de Burgos-Jiménez, J., Álvarez-Gil, M. J., “Stakeholder’s Environmental Influence. An Empirical analysis in the Spanish Hotel industry,” *Scandinavian Journal of Management*, 19 (2003), 333–358, p. 354.

<sup>111</sup> McEuen, M. B., “The Game Has Changed: A New Paradigm for Stakeholder Engagement,” *Cornell Hotel Perspectives* no. May (2011), p. 16.

<sup>112</sup> cf. Bourne, L., *Stakeholder relationship management - A Maturity Model for Organisational Implementation* (Farnham: Gower Publishing Limited, 2009), p. 110 ff.

and life cycle specific. Therefore individual business units preferably define their own CSR strategies.<sup>113</sup>

### **1.2.3 Corporate Social Responsibility in the Context of Stakeholder Relationship Management**

A universal definition of Corporate Social Responsibility (CSR) applied to Business Administration does still not exist. The European Commission defined CSR in 2001 as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”<sup>114</sup>. In 2011, the European Commission revised the definition as “the responsibility of enterprises for their impacts on society. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.”<sup>115</sup>

The above listed definition elements show that CSR is closely linked to stakeholder management and therefore needs to be included into any systematic stakeholder approach. According to Buysse and Verbeke, this special field emphasizes the moral stakeholder approach in contrast to the strategic stakeholder approach which accentuates the management of stakeholder interests.<sup>116</sup> This implies that the voluntary assessment of CSR aspects enriches the classical stakeholder approach. The voluntariness is one of the key elements in CSR. Especially for SMEs, the CSR process is likely to remain informal and intuitive.

Related to stakeholder management, CSR creates a positive organisational reputation among stakeholders at best. The assessment of an organisation’s success or failure has changed

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<sup>113</sup> cf. Maignan, I., Ferrell, O. C., Ferrell, L., “A Stakeholder Model for Implementing Social Responsibility in Marketing,” *European Journal of Marketing*, 39 (2005), 956–977, p. 958.

<sup>114</sup> European Commission, *A Renewed EU Strategy 2011-14 for Corporate Social Responsibility* (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2011), p. 3.

<sup>115</sup> European Commission, *A Renewed EU Strategy 2011-14 for Corporate Social Responsibility* (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2011), p. 6.

<sup>116</sup> cf. Buysse, K., Verbeke, A., “Proactive Environmental Strategies: A Stakeholder management Perspective,” *Strategic management Journal*, 24 (2003), 453–570, p. 458.



within the last decades: In an observer's perception shareholder value is not the only business driver any more, but socially beneficial behaviours such as sustainability and corporate social responsibility are now more and more expected to be included into corporate management.<sup>117</sup> In other words, "CSR is defined as the responsibility of an organisation towards stakeholders (individual or groups) who may be overlooked or unfairly treated in the shareholder value model of organisational management"<sup>118</sup>. Apart from that, a strategic approach to CSR can bring benefits in terms of risk management, cost savings, access to capital, customer relationships, human resource management, and innovative capacity.<sup>119</sup> Competitive advantage can be expanded. Thereby, organisational values may be communicated to employees and other stakeholders by implementing a code of ethics.<sup>120</sup> Subsequently, a so-called ethical dilemma exists whenever the values of different stakeholders of an organisation are in conflict.<sup>121</sup> E.g. managers "experience pressure from shareholders to maximize the value of the firm at the same time that stakeholders such as governments, employees, clients, local communities, and ecologists demand that they strive for environmental protection"<sup>122</sup>.

Carroll even took the next step creating a framework of "moral management of organisational stakeholders" by developing a pyramid of CSR which considers four kinds of social responsibilities. Fig. 1.11 however shows that economic responsibilities build up the foundation of CSR. This implies that at any time organisations have to consider if they can respond to social issues and continue being economically viable.<sup>123</sup>

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<sup>117</sup> cf. Bourne, L., *Stakeholder relationship management - A Maturity Model for Organisational Implementation* (Farnham: Gower Publishing Limited, 2009), p. 4.

<sup>118</sup> *ibid.*, p. 37.

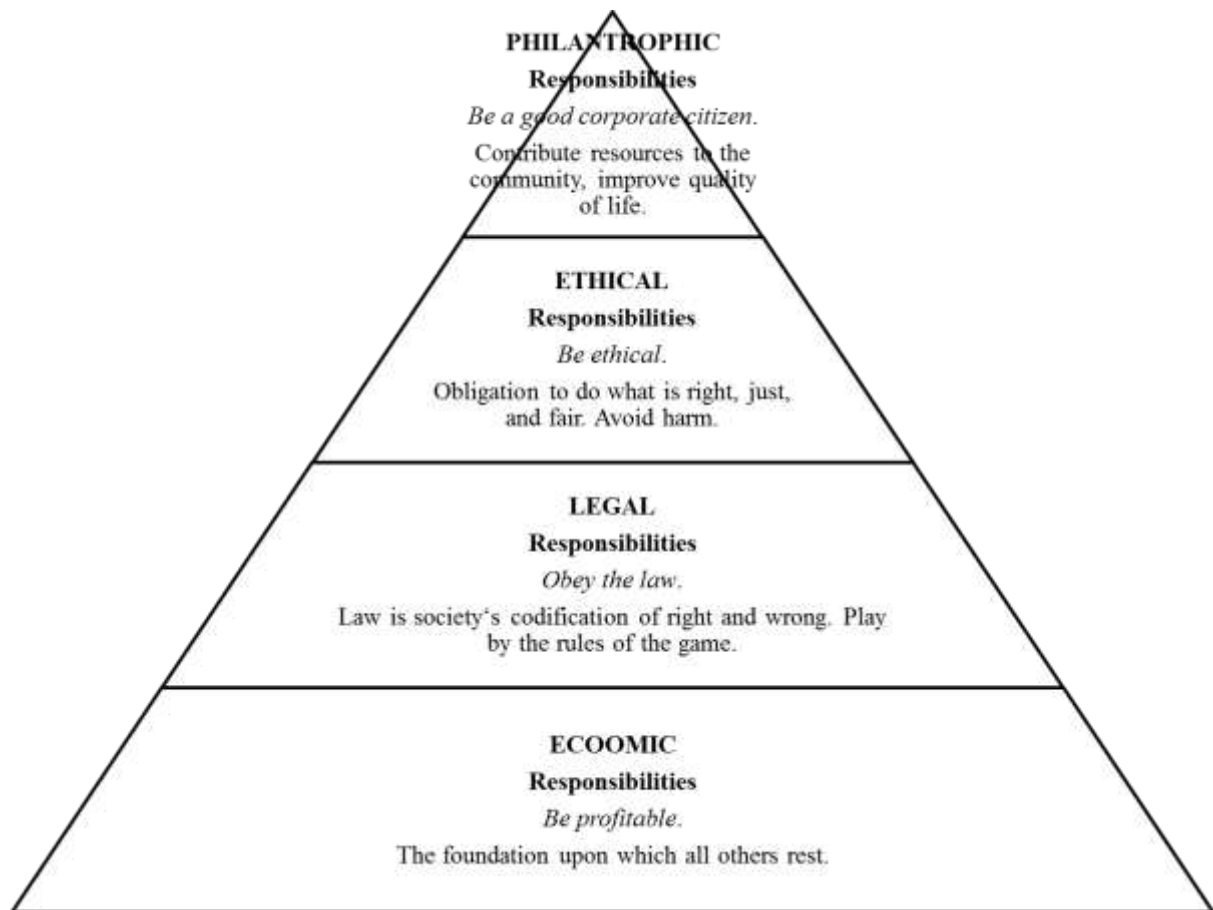
<sup>119</sup> cf. European Commission, *A Renewed EU Strategy 2011-14 for Corporate Social Responsibility* (Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2011), p. 3.

<sup>120</sup> cf. Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 646.

<sup>121</sup> cf. *ibid.*, p. 105.

<sup>122</sup> Céspedes-Lorente, J., de Burgos-Jiménez, J., Álvarez-Gil, M. J., "Stakeholder's Environmental Influence. An Empirical analysis in the Spanish Hotel industry," *Scandinavian Journal of Management*, 19 (2003), 333–358, p. 334.

<sup>123</sup> cf. Hillman, A. J., Keim, G. D., "Shareholder Value, Stakeholder management, and Social Issues: What's the Bottom Line?," *Strategic management Journal*, 22 (2001), 125–139, p. 125.



Source: prepared by author based on Carroll<sup>124</sup>

Fig. 1.11. The CSR Pyramid

In the author's opinion, founding stakeholder relationship management on a holistic CSR basis – related and adapted to the organisations' specifications - seems more than promising. By doing so, all decisive business aspects are covered and balanced.

### 1.3 Current Approaches of Corporate Crisis Management considering the Stakeholder Relationship Management Approach – a Synopsis

Enz defines strategic management as follows: “A process through which organisations analyse and learn from their internal and external environments, establish strategic direction, create strategies that are intended to move the organisation in that direction, and implement

<sup>124</sup> cf. Carroll, a. B., “The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organisational Stakeholders,” *Business Horizons*, 34 (1991), 39–48, p. 42.

those strategies, all in an effort to satisfy key stakeholders.”<sup>125</sup> This implies that strategic management is a continuous process and must be done year-round, not just during regular planning meetings.<sup>126</sup> Even more, corporate management which is characterized by an unstable environment – as for the hotel industry and by reasons which will be discussed in detail within Chapter 2 – needs to be strategic. Analysing, learning and creating strategies taking both internal and external environments into consideration will be key elements of the model developed. But, in addition to the effort of satisfying key stakeholders, the opposite direction of taking advantage of the stakeholders’ input and assistance will be investigated as well.

There is hardly any crisis situation imaginable which would not affect any stakeholder. On the contrary, typically multiple stakeholder groups are affected and involved - to a varying extent. In crisis situations, the number of stakeholders might increase or at least their stakes intensify. Even an additional stakeholder group might arise: victims. They may have been customers prior to the crisis; however, being harmed, they have become victims.<sup>127</sup> Consequently, from the stakeholder perspective, a crisis can be defined as an unpredictable event which threatens their expectancies and can seriously impact an organisation’s performance and generate negative outcomes. Even more, a crisis can threaten an organisations’ social legitimacy (the consistency between organisational and Stakeholder values) as it violates stakeholder expectations of how an organisation should operate. Whereas an effective crisis management might result in a stronger organisation, “management by crises” would take a heavy toll on stakeholders. Provoking (physical, financial or psychological) harm to stakeholders is considered the most negative outcome in this context. The stakeholder reception is essential for defining a crisis situation. In this regard, crisis management aims to prevent or lessen the negative outcomes and thereby protect the stakeholders. The effectiveness of crisis management is frequently rated by stakeholders upon highly visible crisis responses.<sup>128</sup>

Two major determinants of stakeholders’ reactions to company crises are identified as being the crisis cause and the company’s crisis communication.<sup>129</sup> In the context of crisis communication, “one always needs to bear in mind that there are multiple courts in which one is being tried. First, there is the court of law. Second, there is the court of public opinion. Third,

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<sup>125</sup> Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 654.

<sup>126</sup> cf. Freeman, R. E., *Strategic management - a Stakeholder Approach* (Cambridge: Cambridge University Press, 1984), p. 85.

<sup>127</sup> cf. Stephens, K. K., Malone, p. C., Bailey, C. M., “Communicating with Stakeholders during a Crisis,” *Journal of Business Communication*, 42 (2005), 390–419, p. 395.

<sup>128</sup> cf. Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 20.

<sup>129</sup> cf. McDonald, L. M., Sparks, B., Glendon, a. I., “Stakeholder Reactions to Company Crisis communication and Causes,” *Public Relations Review*, 36 (2010), 263–271, p. 264.

there is the stock market and other societal institutions.”<sup>130</sup> This reference states clear implication of an interrelation of crisis management and stakeholder relationship management. Hereinafter a literature review considering this interrelation is summarized.

It does not appear being easy to balance all stakeholder needs and claims in a crisis situation. Therefore a strategic approach towards a stakeholder relationship management under these conditions seems advisable. Alpaslan et al. suggest “that developing trusting and cooperative relationships with stakeholders enable the organisation and its stakeholders to prepare and respond to crises more efficiently, effectively, and ethically than adhering to contracts or the principle of shareholder value maximization.”<sup>131</sup> Pearson and Clair more precisely define an organisational crisis as a low-probability, high-impact event which could threaten the viability of an organisation and its organisational stakeholders.<sup>132</sup> Both statements have in common that especially in times of crises it seems not sufficient to consider shareholder interests. Depending on the nature of the crisis type one or more additional stakeholders may be seriously affected and need specific attention. The salience (i.e. the degree to which managers give priority to competing stakeholder claims’) of affected stakeholders may change dramatically during a crisis. Even if impossible for all imaginable crisis situations, managers should nevertheless simulate potential alterations of individual stakeholder saliences.<sup>133</sup>

A crucial question in an organisational approach to uncertainty in the environment is asked by Harrington and Ottenbacher: “What (external) strategic relationships are formed to minimize the effects of an uncertain world?”<sup>134</sup> Key terms and topics which are cited in this context are among others:

- strategic relationships and risk,
- strategic alliances and networks,
- partnership portfolios,
- external relationships,
- contingency theory,
- environmental scanning.

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<sup>130</sup> Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. 90.

<sup>131</sup> Alpaslan, C. M., Green, S. E., Mitroff, I. I., “Corporate Governance in the Context of Crises: Towards a Stakeholder Theory of Crisis management,” *Journal of Contingencies and Crisis management*, 17 (2009), 38–49, p. 39.

<sup>132</sup> cf. Pearson, C. M., Clair, J.A., “Reframing Crisis management,” *Academy of Management Review*, 23 (1998), 59–76, p. 60.

<sup>133</sup> cf. Alpaslan, C. M., Green, S. E., Mitroff, I. I., “Corporate Governance in the Context of Crises: Towards a Stakeholder Theory of Crisis management,” *Journal of Contingencies and Crisis management*, 17 (2009), 38–49, pp. 41 ff.

<sup>134</sup> Harrington, R. J., Ottenbacher, M. C., “Strategic management - An Analysis of Its Representation and Focus in Recent Hospitality Research,” *International Journal of Contemporary Hospitality management*, 23 (2011), 439–462, p. 446.

In crisis situations targeted crisis communication towards the respective stakeholder groups is essential. Responses may vary upon pressure and inquiries.<sup>135</sup> But - in addition - organisations should not only use one-way-communication. The knowledge of its team may be amplified by that of as many stakeholders as possible - the sum is usually better than the individual results. Information stakeholders may have available should be used and signals sent out by stakeholders should be made use of. Probably more time and resource investment becomes necessary if stakeholders included in crisis management process but companies on the other hand are likely to reduce impact of crises on various levels.<sup>136</sup> If applied in a professional way, crisis management will for example act as a supporting tool in the sense of increasing customer satisfaction.

A pre-crisis audit should preferably include interviews with (internal and external) stakeholders to determine whether an organisation is considered crisis prepared or crisis prone. Whereas most organisations only execute interviews with internal stakeholders, it seems vital to include external stakeholders as well as their perspective is often different from internal ones. Therefore information that otherwise goes unnoticed might be revealed.<sup>137</sup>

Crisis communication from the perspective of a stakeholder should start with pre-crisis messages which give them some information about a potential crisis. This might help building up resistance to a negative reaction and negative media coverage of the crisis.<sup>138</sup> All communication needs to be targeted at all stakeholders and not just the media.<sup>139</sup> The contingency plan - introduced in chapter 1.1.4 – should include a detailed communication plan which specifies who inside and outside the organisation should receive when and which information by which media channel. In this context, effective internal communication stabilises employee morale and helps preventing rumours, effective external communication - besides again helping to prevent rumours – demonstrates the management's awareness of the problem.<sup>140</sup> A promising approach for the research conducted was developed by Coombs et al. - the *situational crisis communication theory (SCCT)* - starting from 1995. Its core is crisis

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<sup>135</sup> cf. Stephens, K. K., Malone, p. C., Bailey, C. M., "Communicating with Stakeholders during a Crisis," *Journal of Business Communication*, 42 (2005), 390–419, p. 393.

<sup>136</sup> cf. Alpaslan, C. M., Green, S. E., Mitroff, I. I., "Corporate Governance in the Context of Crises: Towards a Stakeholder Theory of Crisis management," *Journal of Contingencies and Crisis management*, 17 (2009), 38–49, pp. 44 ff; Pearson, C. M., Clair, J.A., "Reframing Crisis management," *Academy of Management Review*, 23 (1998), 59–76, p. 71.

<sup>137</sup> cf. Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 70.

<sup>138</sup> cf. Coombs, W. T., "Parameters for Crisis communication," in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, pp. 25 f.

<sup>139</sup> cf. Ashcroft, L. S., "Crisis management - Public Relations," *Journal of Managerial Psychology*, 12 (1997), 325–332, p. 331.

<sup>140</sup> cf. Luecke, R., *Crisis management - Master the Skills to Prevent Disasters* (Boston, MA: Harvard Business Press, 2004), pp. 41 f.

responsibility and it is audience oriented as it seeks to illuminate how people perceive crises, their reactions to crisis response strategies, and audience reactions to the organisation in crisis. It is based on the simple premise that stakeholders will make attributions about crisis responsibility, and those attributions will affect how stakeholders interact with the organisation in crisis.<sup>141</sup> In this context, “Crisis responsibility [is] the degree, to which stakeholders attribute responsibility for a crisis to an organisation.”<sup>142</sup> Common crisis response strategies in the SCCT are:

1. “denial: management claims there is no crisis.
2. scapegoat: management blames some outside entity for the crisis.
3. attack the accuser: management confronts the group or person claiming something is wrong.
4. excuse: management attempts to minimize crisis responsibility by claiming lack of control over the event or lack of intent to do harm.
5. justification: management attempts to minimize the perceived damage caused by the crisis.
6. ingratiation: management praises other stakeholders and/or reminds people of past good works by the organisation.
7. concern: management expresses concern for victims.
8. compassion: management offers money or other gifts to victims.
9. regret: management indicates they feel badly about the crisis.
10. apology: management accepts full responsibility for the crisis and asks stakeholders for forgiveness.”<sup>143</sup>

The application of the appropriate and most promising crisis response strategy - if nothing else - depends on the crisis type. SCCT differentiates three crisis types: “victim” (low crisis responsibility/threat), “accident” (minimal crisis responsibility/threat), “intentional” (strong crisis responsibility/threat) and two intensifying factors: crisis history and prior reputation.<sup>144</sup> In continuation of the SCCT crisis response strategies, SCCT offers detailed recommendations which will be adapted to the current research topic in the model development.

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<sup>141</sup> cf. Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, pp. 38 ff.

<sup>142</sup> Coombs, W. T., “Impact of Past Crises on Current Crisis communication,” *Journal of Business Communication*, 41 (2004), 265–289, p. 268.

<sup>143</sup> Coombs, W. T., “Parameters for Crisis communication,” in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 36.

<sup>144</sup> *ibid.*, p. 39.

Performing post-crisis communication, stakeholders must be updated on the business continuity efforts as the organisation returns to normal operations. In addition, if stakeholders requested information during a crisis and were promised that information later, the organisation must deliver on that promise in order to keep the stakeholders' trust.<sup>145</sup> Stakeholders need to be informed about what they can do in order to protect themselves physically and what the company is doing to protect them from a crisis. Whereas people often only see how crisis management benefits organisations, it must seek to protect and aid stakeholders placed at risk by crises or potential crises in order to be effective and benefit organisations.<sup>146</sup> As a matter of fact, disregarding stakeholders' safety may even evoke a second crisis for not caring about its stakeholders.<sup>147</sup>

Mitroff summarized essential recommendations for crisis management considering the stakeholder approach in general which are more than true for the current research topic:

1. "Never, never assume that the outside world (persons outside of your immediate work group or family) will see a situation exactly as you do.
2. List as many assumptions as possible about as many stakeholders as you can think of. Be aware that the stakeholders you overlook, and especially the unwarranted assumptions that you are making about them, can come back to haunt you later.
3. Never, never solve the wrong problems precisely! In other words, always ask yourself, "Are we solving the wrong problem?"<sup>148</sup>

Displayed in more detailed way in fig. 1.12, this refers to an ideal crisis management manual integrating the stakeholder relationship management approach. Besides the standardly exposed crisis management process elements such as signal detection, crisis preparation, crisis training and crisis recovery, stakeholder relationships and their management plays a decisive role. The crisis types introduced in chapter 1.1.2 have been added to the basis manual as a foundation for the further model development.

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<sup>145</sup> cf. Coombs, W. T., "Parameters for Crisis communication," in *The Handbook of Crisis communication*, ed. by W. Timothy Coombs and Sherry J. Holladay (Blackwell Publishing Limited, 2010), pp. 17–53, p. 45.

<sup>146</sup> cf. *ibid.*, p. 23.

<sup>147</sup> cf. *ibid.*, p. 29

<sup>148</sup> Mitroff, I. I., *Managing Crises before They Happen - What Every Executive and Manager Needs to Know about Crisis management* (New York: AMACON, 2000), p. 124.

Scenarios	Criteria	Signals	Containment	Recovery	Post-Crisis	Stakeholders
For each crisis family, at least one type of crisis that can occur and its root causes, i.e. how, when, and why  Likely versus worst-case scenarios, i.e. worst possible time, circumstances, causes, and most unfavorable publicity	Criteria/hurdles that must be surmounted to trigger a crisis response, (e.g. activation of the Crisis Management Team)	Early warning signals that a crisis is likely to occur, i.e., events which are very near to the criteria	Physically isolate?  Encase?  Neutralize? Disperse? Treat?  Physically remove?  Transport? Reduce? Convert?	Prioritization of key customers  Prioritization of key faculties manufacturing sites  Backups for manufacturing information distribution  Triage criteria	No-fault audit  Review critique of key assumptions  Causes?  Key lessons learned vs. not learned ?  Additional CMT Training?	Prioritization of key stakeholders and their role in crisis plans/capabilities  Contacts? Availability? Location? Part of CMT? Internal vs. external?
Crisis Types		Audits	Meetings	Training	Miscellaneous	
1. Economic crises 2. Environmental crises 3. Health crises 4. Information/Reputational crises 5. Physical crises 6. Political crises 7. Social cultural crises 8. Technological crises		Schedule of precrisis audits  Scope of precrisis audits	CMT  Designer, operator, maintenance, personnel  Simulations Conflict Mgmt. facilitator	CMT  Designer, operator, maintenance, personnel  Simulations Conflict Mgmt. facilitator		

Source: prepared by author based on Mitroff et al.<sup>149</sup>

Fig. 1.12. **Ideal CM Manual**

Applying the ideal CM manual as displayed in fig. 1.12, key questions regarding stakeholders in crisis management have to be posed:

- (1) “Which stakeholders affect crisis management?”
- (2) Which stakeholders are affected by crisis management?”
- (3) How can the stakeholders be systematically analysed and anticipated for any crisis?”<sup>150</sup>

It has to be considered that all stakeholder relations are two-way processes with stakeholders possibly influencing crisis policy either explicitly or implicitly. Nevertheless, this aspect has largely been ignored to day.<sup>151</sup> In this context however, two conditions are of major importance:

- stakeholder awareness and claims may vary in the course of a crisis,
- crisis impact and duration may be dependent on stakeholders’ actions.

All crisis management actions considering the stakeholder relationship approach have to start with the internal stakeholders (managers and employees). According to Rousaki and

<sup>149</sup> Mitroff, I. I., Pearson, C. M., Harrington, L.K., *The Essential Guide to Managing Corporate Crises - a Step-by-step Handbook for Surviving Major Catastrophes* (New York: Oxford University Press, 1996) p. 191.

<sup>150</sup> Pearson, C. M., Mitroff, I. I., “From Crisis Prone to Crisis Prepared: A Framework for Crisis management,” *Academy of Management Executive*, 7 (1993), 48–60, p. 50.

<sup>151</sup> cf. Ritchie, B. W., *Crisis and Disaster Management for Tourism* (Bristol: Channel View Publications, 2009), p. 146 f.



Alcott, the first facet of crisis readiness is the internal functionality of the organisation.<sup>152</sup> This implies, that stakeholder-related crisis management does not imply transferring own duties to others. But in order to set up a promising network, all participating entities have to do their homework first. Pearson and Clair found out that generally organisations building alliances, achieving coordination, and sharing accurate information with its stakeholders may be able to benefit from early detection of warning signals, minimal downtime, effective containment of damage, and positive effects on corporate reputation.<sup>153</sup>

The “top down”-approach has proved to be successful in many occasions. But – this is only true for organisations in which the senior executives take crisis management and its consequences to the organisation, its environment and stakeholders serious. Considering crisis readiness by the existence of a crisis management manual as the ultimate evidence might not be enough in this context.<sup>154</sup> Instead, real in-depth preparation, e.g. by making decisions before a crisis, enables quicker and more organized responses<sup>155</sup> A crisis management manual will always represent only one facet of crisis management readiness. Additional exemplary facets are regular scenario-based trainings, pre-definition of a crisis management team, a crisis communication plan including determination of a spokesperson as well as the incorporation of lessons learned from previous crises. The complete external communication should be coordinated and conducted by one designated spokesperson by a simultaneous ban on speaking for all other persons involved. According to Ritchie, poor communication strategies can make a crisis even worse. Especially, if the response takes too long (and the media have deadlines to work to and are looking for quick sources of information) someone else will answer – maybe not in the way and with the details the organisation itself would have preferred.<sup>156</sup> A key success factor in crisis communication is targeting stakeholders with different – appropriate – messages regarding content, extent and channel.<sup>157</sup> The application of all concluded crisis management

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<sup>152</sup> cf. Rousaki, B. and Alcott, P., “Exploring the Crisis Readiness Perceptions of Hotel managers in the UK,” *Tourism and Hotel Research*, 7 (2006), 27–38, p. 28.

<sup>153</sup> cf. Pearson, C. M., Clair, J.A., “Reframing Crisis management,” *Academy of Management Review*, 23 (1998), 59–76, pp. 71 f.

<sup>154</sup> cf. Rousaki, B. and Alcott, P., “Exploring the Crisis Readiness Perceptions of Hotel managers in the UK,” *Tourism and Hotel Research*, 7 (2006), 27–38, p. 31; Arbel, A., Bargur, J., “A Planning Model for Crisis management in the Tourism Sector,” *European Journal of Operational Research*, 5 (1980), 77–85, p. 83.

<sup>155</sup> cf. Hystad, P. W., Keller, P. C., “Towards a Destination Tourism Disaster Management Framework: Long-Term Lessons from a Forest Fire Disaster,” *Tourism Management*, 29 (2008), 151-162, p. 152.

Disaster,” *Tourism Management*, 29 (2008), 151-162, p. 152

<sup>156</sup> cf. Ritchie, B. W., “Chaos, Crises and Disasters: A Strategic Approach to Crisis management in the Tourism industry,” *Tourism Management*, 25 (2004), 669–683, p. 676.

<sup>157</sup> cf. Stephens, K. K., Malone, p. C., Bailey, C. M., “Communicating with Stakeholders during a Crisis,” *Journal of Business Communication*, 42 (2005), 390–419, p. 413.

procedures has to be assessed regularly regarding their effectiveness over the lifecycle of a crisis situations – perhaps even on a daily basis.<sup>158</sup>

### **Summary of Theoretical Findings**

Literature review reveals that both – corporate crisis management and stakeholder management – are surely promising managerial concepts but only if conducted strategically. This implies profound preparatory work, time and workforce dedication, regular training, control and enhancement and last but not least fierce support by the organisations’ leaders. E.g. corporate crises might only be overcome with as little impact as possible by considering various imaginable source-based scenarios even before the occurrence of the concrete crisis situation. The various crisis management phases and the respective crisis management tools have to be considered carefully. From the stakeholder relationship management point of view, a tailor-made stakeholder map corresponding to the organisations’ specifics has to be drawn and the stakeholders’ power, influence and urgency evaluated.

There are basic hints in the literature which prove a logical and promising combination of the two discussed theories on the one hand. On the other hand, a research gap, especially for the specific research subject of this doctoral thesis, becomes obvious. The following chapters will contribute to closing this research gap among others by conducting empirical studies and evolving an integrated crisis management model neutralizing the existing research deficits.

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<sup>158</sup> cf. Ritchie, B. W., “Chaos, Crises and Disasters: A Strategic Approach to Crisis management in the Tourism industry,” *Tourism Management*, 25 (2004), 669–683, p. 675.

## **2. PREREQUISITES AND STATUS QUO OF APPLIED CRISIS MANAGEMENT WITHIN THE HOTEL MANAGEMENT**

### **2.1 The Characteristics of contemporary Hotel Management**

#### **2.1.1 Hotel Industry Specifics**

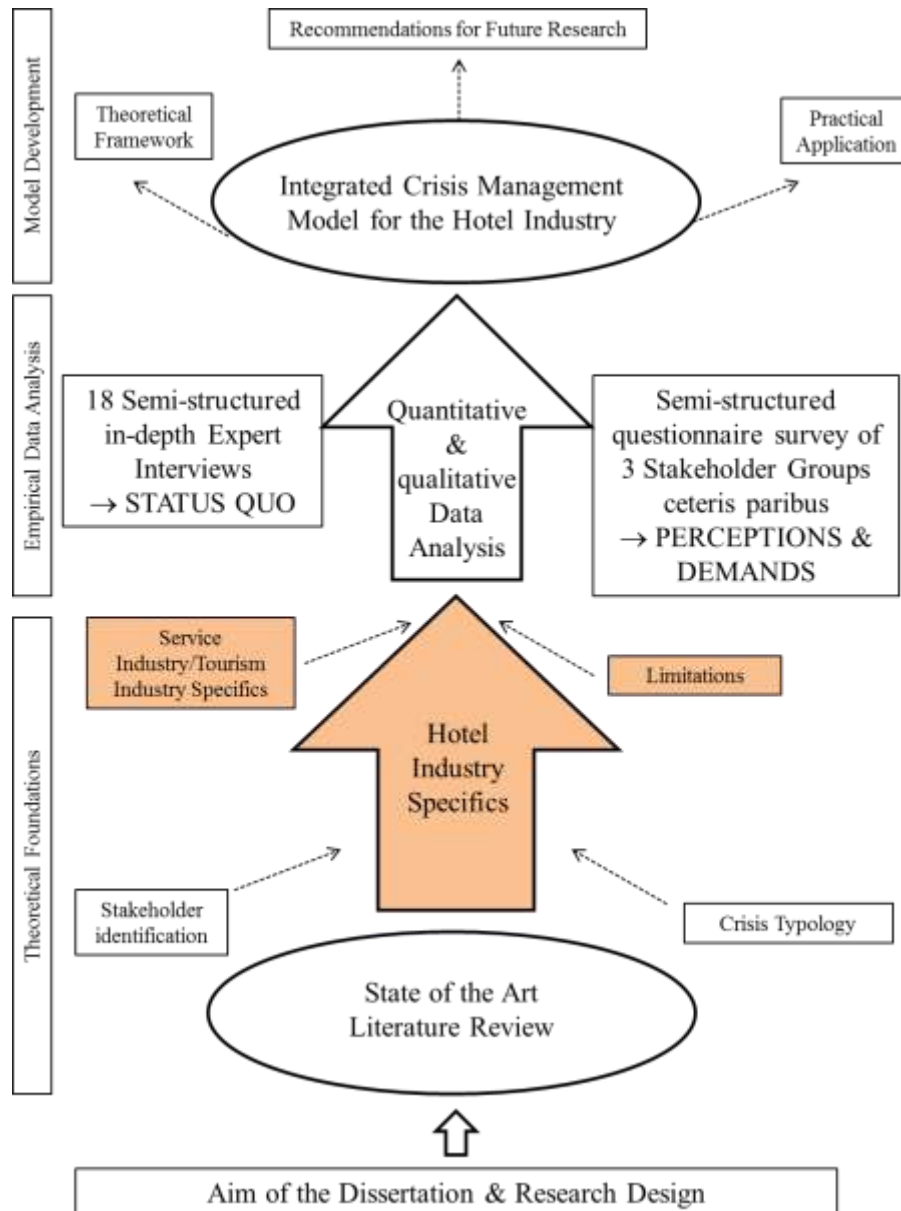
Chapter 2 emphasizes three major aspects: First of all, the hotel industry with its specifics and model-determining characteristics is introduced. In a next step, theoretical foundations of corporate crisis management and stakeholder relationship management – as discussed in chapter 1 - are applied to the hotel industry. And finally, the need for an integrated crisis management model for the hotel industry is displayed by determining essential premises. Based on the definition of “industry” as “a group of organisations that compete directly with one another to win customers or sales in the marketplace”<sup>159</sup>, the hospitality industry is defined as “a group of businesses that welcome travellers and guests by providing accommodation, food and/or beverages”<sup>160</sup>. Most prominent representatives are hotels, motels, resorts, inns and related businesses. Commonly, these organisations are bundled under the expression “hotel industry”. Further hospitality industry branches such as private accommodations, camping, cruise ships, leisure businesses and attractions will not be considered in this context. Two major operational conceptions – chain vs. privately-owned hotels – with regional focus areas exist. For example, while the American hotel industry is dominated by chain hotels, for the European hotel industry a majority of privately-owned hotels can be noted.

The coloured elements within fig. 2.1. mark the structure of chapter 2 as described above – outlining the progression within this doctoral thesis:

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<sup>159</sup> Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 650.

<sup>160</sup> *ibid.*, p. 650.



Source: prepared by author

Fig. 2.1. Doctoral Thesis Structure – Step III

The privately-owned hotel sector is characterized by consisting predominantly of SMEs (micro, small, and medium-sized enterprises).<sup>161</sup> The European Commission defines SME as organisations with less than 250 employees and max. € 50 million annual turnover or max. € 43 million annual balance sheet total<sup>162</sup> – as introduced in fig. 2.2.

<sup>161</sup> cf. Hwang, L. J., Lockwood, A., “Understanding the Challenges of Implementing Best Practices in Hospitality and Tourism SMEs,” *Benchmarking: An International Journal*, 13 (2006), 337–354, pp. 337-338.

<sup>162</sup> European Commission, *The New SME Definition - User Guide and Model Declaration*, Enterprise and Industry Publications, 2005, p. 5.

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	or	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	or	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	or	≤ €10 million (in 1996 €3 million)
Micro	< 10	≤ €2 million (previously not defined)	or	≤ €2 million (previously not defined)

Source: European Commission<sup>163</sup>

Fig. 2.2. SME Definition

For instance, the UK hotel and restaurant sector counts approx. 98.3 per cent businesses which have less than 50 employees.<sup>164</sup> Owed to recurrent shortage of labour, lack of skilled labour and limited resources, hotel organisations often rely on “hard” financial information as opposed to holistic competitive benchmarking when forming performance measurement strategies.<sup>165</sup> E.g. hotels compare room rates of perceived competitors without considering who their competitors really are in terms of geographical and services scope. Great part of small business owners do not see how and why they should build up partnerships with stakeholders or join organisations and networks. In addition they may pay less attention to international customers and suppliers.<sup>166</sup> Generally spoken, at the most active involvement of the owner decides on strategic success or failure of the SME. Vice versa, “membership of a hotel chain may alter the competitive strengths of an organisation, in that such membership may provide the affiliates with resources of knowledge, reputation and market power”<sup>167</sup>.

<sup>163</sup> European Commission, *The New SME Definition - User Guide and Model Declaration*, Enterprise and Industry Publications, 2005, p. 14.

<sup>164</sup> cf. Hwang, L. J., Lockwood, A., “Understanding the Challenges of Implementing Best Practices in Hospitality and Tourism SMEs,” *Benchmarking: An International Journal*, 13 (2006), 337–354, pp. 337-338.

<sup>165</sup> cf. *ibid.*, p. 346.

<sup>166</sup> cf. Buysse, K., Verbeke, A., “Proactive Environmental Strategies: A Stakeholder management Perspective,” *Strategic management Journal*, 24 (2003), 453–570, p. 463.

<sup>167</sup> Céspedes-Lorente, J., de Burgos-Jiménez, J., Álvarez-Gil, M. J., “Stakeholder’s Environmental Influence. An Empirical analysis in the Spanish Hotel industry,” *Scandinavian Journal of Management*, 19 (2003), 333–358, p. 345.

Hotel management is generally characterized by the following features:

- intangibility of the products offered,
- impossibility of storage of the products - production at the time of consumption,
- high allocation cost,
- high labour cost and fluctuation,
- determining seasonality – common business fluctuation last-minute,
- vulnerability to crises.

This last feature “vulnerability to crises” will be the basic feature for the subsequent research. However, all other feature may not be left unobserved as they all influence hotel operation in an unstable environment to a varying extent. Also, the fact of the hotel industry being part of the service industry gives another hint for the necessity of a structured crisis management: “Organisations within the service sector are faced with a wide array of potential crisis issues and this is due to both the nature of the service sector itself and the extent of interactions between elements of the industry.”<sup>168</sup> Taking all the features into consideration, it becomes obvious that professional hotel management needs adaption to generally accepted managerial concepts. These adaptations will be discussed in detail. Furthermore, leadership approaches need to be adjusted to the characteristics. Whereas numerous definitions and broad scientific research can be listed for “leadership” in general and managers consider leadership skills being important, there exist only a few research studies on “hotel leadership” in specific.<sup>169</sup> This obvious lack of leadership research in the hotel industry appears even more severe in the context of being a part of the service industry. On the one hand, the product sold is a very emotional one including subjective perception of the hotel guest which is mainly based on genuine hotel by the staff. On the other hand, employees are performing a mostly hard (manual) work with flexible working hours for comparatively low money.<sup>170</sup> In addition, the hotel industry is constantly facing short-term challenges such as booking amendments, staff alterations or internal and external crises. Therefore excellent leadership skills appear being fundamental for offering excellent hotel services and creating a satisfying and motivating working environment.

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<sup>168</sup> cf. Smith, D., “Business (not) as Usual: Crisis management, Service Recovery and the Vulnerability of Organisations,” *Journal of Services Marketing*, 19 (2005), 309–320, p. 310.

<sup>169</sup> cf. Chell, E., Carmouche, R., Pittaway, L.A., “The Way Forward: Leadership Research in the Hospitality Industry,” *International Journal of Hospitality management*, 17 (1998), 407–426, p. 423.

<sup>170</sup> cf. Nebel III, E. C., Stearns, G. K., “Leadership in the Hospitality Industry,” *Cornell Hotel and Restaurant Administration Quarterly*, 18 (1977), 69–79, p. 69.

Another decisive characteristic of the hotel industry is the predominant structure of small- and medium-sized firms as introduced. This indicates that the ability of hotel leaders to maintain direct contact with the staff. Further on, their talent in developing relationships influences the direction and growth of a company.<sup>171</sup>

Brownell describes a change from the focus on the leader's characteristics and competencies ("a leader is born, not made") to a broader view that "considers both the dynamics created between the leader and his or her followers as well as the context and features of the particular environment"<sup>172</sup>. This might be an indication for the situational approach in general. The general concepts based on situational leadership II model have been used by the following hotel companies including Fairmont Hotels & Resorts, Hilton Hotels Corporation, Hyatt Corporation, Marriott International and The Ritz Carlton Company.<sup>173</sup>

### **2.1.2 The Tourism Industry in general and DMOs in specific as a determining environment**

Henderson summarizes very clearly the reason for the vulnerability of the tourism industry to crises: "It has a complex structure and sells experiential products which are the collective work of several suppliers, leading to possible problems of fragmentation and control. Relationships of mutual dependence among components also mean that a crisis for one may spread to another."<sup>174</sup>

The tourism market is currently undergoing a fundamental change: standardized products are being replaced by a broad range of individualized products inspired by market dynamics, change in values and breaks in trends. This leads even to an increase of vulnerability.<sup>175</sup> Therefore no standardized crisis management procedure can be established – individualized procedures based on specific crisis situations have to be developed. Apart from population growth, increased urbanization and global economic pressures as reasons for our environment apparently having become increasingly turbulent and crisis prone, Faulkner brings more powerful technology and associated computer failures into play.

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<sup>171</sup> cf. Legohérel, P. et al., "Personality Characteristics, Attitude Toward Risk, and Decisional Orientation of the Small Business Entrepreneur: A Study of Hospitality Managers," *Journal of Hospitality Tourism Research*, 28 (2004), 109–120, p. 111.

<sup>172</sup> Brownell, J., "Leadership in the Service of Hospitality," *Cornell Hospitality Quarterly*, 51 (2010), 363–378, p. 365.

<sup>173</sup> cf. Blanchard, K., *Leading at a Higher Level - Blanchard on Leading and Creating High Performing Organisations*, updated ed (New Jersey: FT Press, 2010), Intro.

<sup>174</sup> Henderson, J. C., *Tourism Crises - Causes, Consequences & Management* (Oxford: Butterworth-Heinemann, 2007), p. 8.

<sup>175</sup> cf. Kreilkamp, E., "Strategische Frühaufklärung Im Rahmen Des Krisenmanagements Im Tourismusmarkt," in *Risiko und Gefahr im Tourismus - Erfolgreicher Umgang mit Krisen und Strukturbrüchen*, ed. by Harald Pechlaner and Dirk Glaesser (Berlin: Erich Schmidt Verlag, 2005), pp. 29–60, p. 30.

The tourism industry itself “consists of all the commercial and non-commercial enterprises and agencies which make tourism possible, encourage it and deal with the consequences. (...) Core industry sectors are tourism administration and development, passenger transportation, hotel, attractions, tour operation and retail travel.”<sup>176</sup> This implies that the “hotel and tourism industry is a fragmented, complex mix of mix of stakeholders. [Furthermore,] in times of crises, only a cooperative and concerted effort by these entities will help mitigate the adverse effects.”<sup>177</sup>

Tourism as an industry sector differentiates notably from other industries due to its lack of homogeneity and standardization. Numerous producers (of goods and services) representing a variety of company sizes as well as management maturity levels are involved in the production service. Consumers tend to see the final product and its features undifferentiated. This indicates that the individual services provided have to be seen as complementary. For managing crisis situations, tourism’s unique characteristics play a decisive role:

- intangibility – products cannot be tested or touched prior to purchase,
- perishability – inventory cannot be carried or stored away for later use,
- volatility – depending on a wide range of external factors.<sup>178</sup>

Notably the aspect of volatility respectively the dependence on external factors (e.g. electrical; Communication and other critical infrastructure failures) makes the tourism industry extremely vulnerable to crises and disasters.<sup>179</sup> All of these unique characteristics apply particularly to the hotel product.

Core attributes of tourism are tourists: An individual to be considered a tourist has to be on travel including at least one overnight stay. In general, tourists are classified based on their motivations or purpose of visit:

- leisure travellers - sightseeing or visiting friends and relatives,
- business travellers,
- other travellers – students or people traveling for medical reasons.<sup>180</sup>

All of these tourist classifications have one aspect in common: They are persons away from home, confiding in tourism companies – specifically hotels – and with limited information, communication and action alternatives in crisis situations. Generally, crisis

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<sup>176</sup> Henderson, J. C., *Tourism Crises - Causes, Consequences & Management* (Oxford: Butterworth-Heinemann, 2007), p. 7.

<sup>177</sup> Racherla, P., Hu, C., “A Framework for Knowledge-Based Crisis management in the Hospitality and Tourism industry,” *Cornell Hospitality Quarterly*, 50 (2009), 561–577, p. 562.

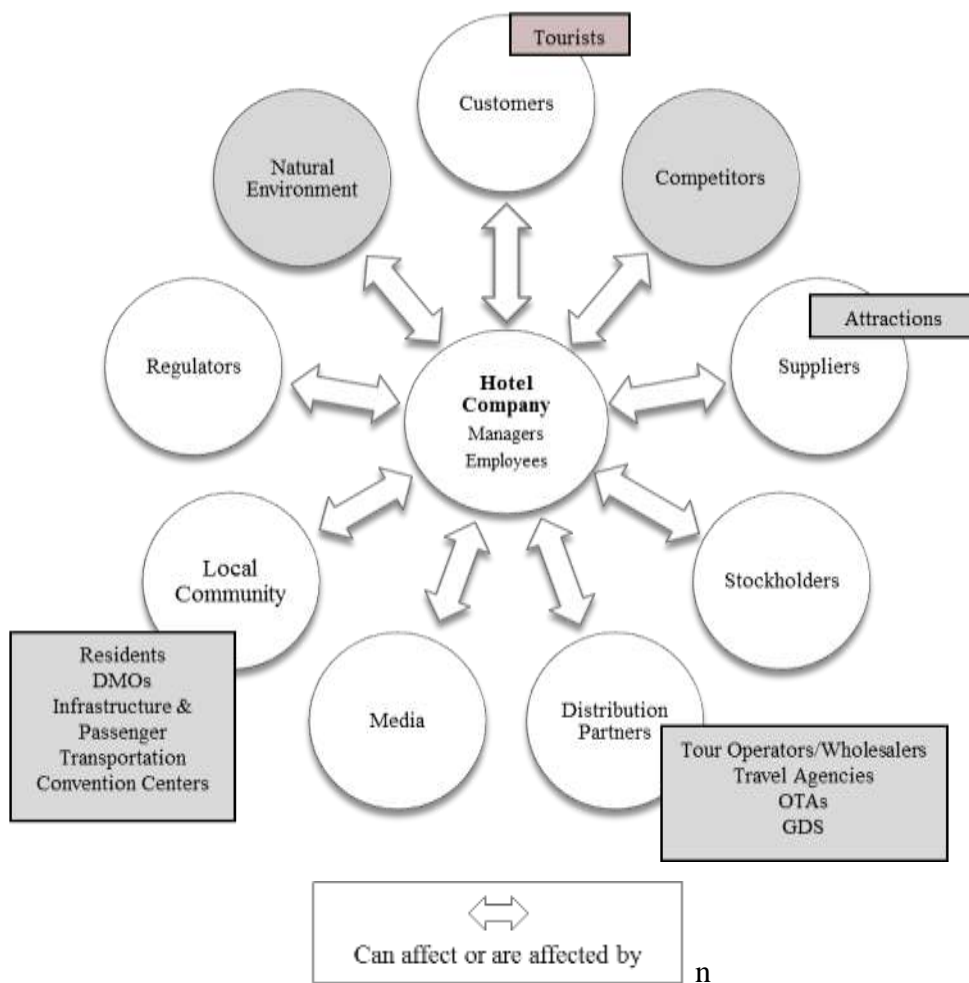
<sup>178</sup> cf. Ritchie, B. W., *Crisis and Disaster Management for Tourism* (Bristol: Channel View Publications, 2009), p. 12.

<sup>179</sup> cf. Ritchie, B. W., “Chaos, Crises and Disasters: A Strategic Approach to Crisis management in the Tourism industry,” *Tourism Management*, 25 (2004), 669–683, p. 669.

<sup>180</sup> cf. Ritchie, B. W., *Crisis and Disaster Management for Tourism* (Bristol: Channel View Publications, 2009), p. 9.



management focuses on the needs and demands of permanent residents, “but in an increasingly mobile and service-oriented society, the requirements of visitors and the tourism industry should be incorporated into the process. Because they may be relatively unfamiliar with an area and its local emergency plans, tourists are often at greater risk than are local residents.”<sup>181</sup> Fig. 2.3. outlines the most common more or less tightened stakeholder relationships of hotel companies within the tourism context by shaded highlighting – centering tourists:



Source: prepared by author based on Phillips<sup>182</sup>

Fig. 2.3. **Hotel Company Stakeholder Map focusing the Tourism Context**

Especially within the tourism context, the component of external pressure plays an essential role: External pressure is intensified not just by persons directly affected but also by tour operators, incoming agencies, airlines, embassies and not least the media. If nothing else, this external pressure reduces the time to reach a consensus of opinions or to hold a debate.

<sup>181</sup> cf. Murphy, P. E., Bayley, R., “Tourism and Disaster Planning,” *Geographical Review*, 79 (1989), 36–46, p. 38.

<sup>182</sup> cf. Phillips, R., *Stakeholder Theory and Organisational Ethics* (San Francisco: Berrett-Koehler Publishers, 2003), p. 126.

There exist only few very good practical examples of professional, structured, and planned co-operations between tourism industry stakeholders worth mentioning. These exemplary co-operations are mainly located in especially vulnerable geographical areas where the necessity of crisis preparedness as well as fast crisis response seems even more obvious:

1. PATA = Pacific Asia Travel Association; [www.pata.org](http://www.pata.org); establishment of a “Rapid Recovery Taskforce” (PRRT),
2. NEMO = National Emergency Management Organisation of Saint Lucia; [www.nemo.gov.lc](http://www.nemo.gov.lc); Publication of “The Saint Lucia Hotel Industry Crisis Management Plan”<sup>183</sup> and establishment of the “Hotel Industry Crisis Management Committee” (CMT).

The Checklists of both organisations mention “stakeholders” explicitly taking their needs and demands into consideration on the one hand and involving them actively into the crisis management process on the other hand.

DMOs represent a major stakeholder group within the tourism context of hotel organisations. Considering a destination and the associated destination management organisation (DMO – synonym: Destination Management Company/DMC), no upper or lower limits of the respective geographical limits exist. It is more linked to the market segmentation as well as the consumer’s perception. Therefore, the considered geographical area can even be component of more than one destination. E.g. a beach resort may be administered as a destination itself and be part of the country or continental destination at the same time.<sup>184</sup> A DMO is mostly referred to as a convention and visitor bureau in metropolitan areas which coordinates efforts to attract tourists (business and leisure) to their geographic area (destination). Numerous DMOs are predominantly financed by public funds thought of as an investment in accordance with an estimated ROI (= return on investment).<sup>185</sup>

While DMOs predominantly do not have formal, contractual, or official relationships with hotels, they still consider them being their most important stakeholders.<sup>186</sup> Harrison stresses in his article “strategic analysis for the hotel industry” that “powerful stakeholders are attractive candidates for partnerships”<sup>187</sup> as these partnerships may reduce uncertainty or even

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<sup>183</sup> cf. *The Saint Lucia Hospitality Industry Crisis management plan*, 2007.

<sup>184</sup> cf. Glaesser, D., *Crisis management in the Tourism industry*, Annals of Tourism Research, 2nd edn (Oxford: Butterworth-Heinemann, 2006), p. 58.

<sup>185</sup> cf. Sheehan, L. R., Ritchie, B. W., “Destination Stakeholders - Exploring Identity and Saliency,” *Annals of Tourism Research*, 32 (2005), 711–734, p. 716.

<sup>186</sup> cf. Sheehan, L. R., Ritchie, B. W., “Destination Stakeholders - Exploring Identity and Saliency,” *Annals of Tourism Research*, 32 (2005), 711–734, p. 728.

<sup>187</sup> Harrison, J. S., Bosse, D. A., Phillips, R., “Managing for Stakeholders, Stakeholder Utility Functions, and Competitive Advantage,” *Strategic management Journal*, 31 (2010), 58–74, p. 144.

stabilize an organisation. In this sense, “power” has to be divided into economic and political power. This implies a regular review of stakeholders’ power and influence – especially for crisis situations.<sup>188</sup> At best, DMOs are coordinating tourism crisis response and recovery. They take the “coordinating role between Industry associations, industry stakeholders and the central government”<sup>189</sup>. In this context, major industry stakeholders are represented by local hotels and their respective employees and guests one the one hand. On the other hand, hotels usually play an important role in housing and feeding people affected by a crisis as well as emergency workers.<sup>190</sup> Sheehan and Ritchie analysed the stakeholder relationship of DMOs and hotels closely. They found out that hotels and hotel associations are a DMOs most important stakeholder group. But in contrast, less than half of the 91 DMOs (from U.S., Canada and abroad) surveyed via a self-administered questionnaire reported of formal, contractual, or official relationships with them. A reason for still considering them as most import may be seen in the hotel’s attraction of high-yield events to the destination.<sup>191</sup>

## **2.2 Crisis Management Specifics within the Hotel Industry**

### **2.2.1 The Assurance of Business Continuity in Crisis Situations**

Crisis management is predicted to be among the top 3 challenges for the tourism industry in the future. Not only the tourism industry’s vulnerability has to be considered but also the industry’s position as early warning indicator for other industries.<sup>192</sup> In addition, tourists nowadays seem to be exposed to even greater levels of risk due to an increased level of global tourism activity as well as the attractiveness of high-risk exotic destinations.<sup>193</sup>

Hotels – however – are still not aware enough of the imminent risk of severe crisis situations. Expert interviews as well as surveys of selected stakeholder groups revealed that the

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<sup>188</sup> cf. Harrison, J. S., Bosse, D. A., Phillips, R., “Managing for Stakeholders, Stakeholder Utility Functions, and Competitive Advantage,” *Strategic management Journal*, 31 (2010), 58–74, p. 145.

<sup>189</sup> Ritchie, B. W., *Crisis and Disaster Management for Tourism* (Bristol: Channel View Publications, 2009), p. 149.

<sup>190</sup> cf. *ibid.*, p. 152.

<sup>191</sup> cf. Sheehan, L. R., Ritchie, B. W., “Destination Stakeholders - Exploring Identity and Saliency,” *Annals of Tourism Research*, 32 (2005), 711–734, p. 728.

<sup>192</sup> cf. Glaesser, D., *Crisis management in the Tourism industry*, Annals of Tourism Research, 2nd edn (Oxford: Butterworth-Heinemann, 2006), p. 26.

<sup>193</sup> cf. Faulkner, B., “Towards a Framework for Tourism Disaster Management,” *Tourism Management*, 22 (2001), 135–147, p. 136; Murphy, P. E., Bayley, R., “Tourism and Disaster Planning,” *Geographical Review*, 79 (1989), 36–46, p. 36.

crisis awareness and preparedness of hotel companies are perceived to be below average. In most cases, a crisis was linked to fire or an economic crisis. Other crisis categories were rarely considered. In addition, crisis detection is realized much more professionally by tour operators. For that reason a majority of the hotel companies relies on the early warning systems of tour operators and their associated partners (e.g. A3M).<sup>194</sup>

In reality, the hotel industry is facing a great variety of natural and man-made crises. As being part of the tourism industry, it is – among others - especially vulnerable to electrical, communication and other critical infrastructure failures.<sup>195</sup> The hotel industry cannot hide itself anymore from the fact that anticipating professional crisis management needs to be integrated into general managerial principles. Only by doing so, business continuity at the highest level possible can be assured. Although this is not reflected in the majority of managerial statements, all hotel companies should be aware of the possibility they might be facing a crisis at one moment or another – regardless of size and success of the operation.<sup>196</sup> Hereinafter, a variety of hotel specific crisis types and their evaluation is introduced. Generally, the perception of the quantity of crises is intensified. There is no profound scientific evidence for increasing number of crises in general, but there is in fact e.g. scientific evidence of rising numbers of great natural catastrophes.<sup>197</sup> In this context, the UN News Centre published in July 2013 an article titled “New UN report cites ‘unprecedented climate extremes’ over past decade”. According to this article, “between 2001 and 2010 more national temperature records were broken during that period than in any other decade”<sup>198</sup>. A map proving evidence of this statement is displayed below – illustrating that great parts of the globe bear at least a medium risk of climate change vulnerability. An additional geographical overview of loss events worldwide is displayed in appendix no. 1.

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<sup>194</sup> cf. Zech, N., “Crisis management within the Hotel industry - Empirical analysis of Prerequisites and the Status Quo,” in *International Business and Economics Conference - Current Approaches of Modern Management and Strategy Research*, 2013.

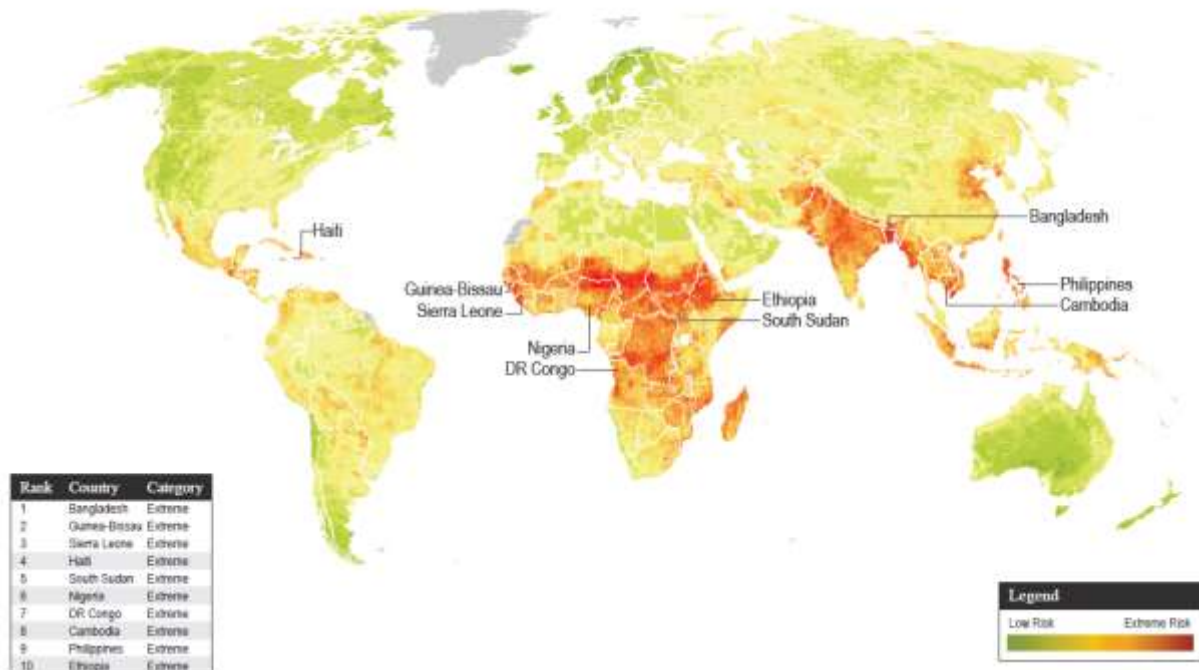
<sup>195</sup> cf. Ritchie, B. W., “Chaos, Crises and Disasters: A Strategic Approach to Crisis management in the Tourism industry,” *Tourism Management*, 25 (2004), 669–683, p. 669.

<sup>196</sup> cf. Barton, L., “Crisis management: Preparing for and Managing Disasters,” *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1995), 59–65, p. 61.

<sup>197</sup> cf. Faulkner, B., “Towards a Framework for Tourism Disaster Management,” *Tourism Management*, 22 (2001), 135–147, pp. 135 f.

<sup>198</sup> UN NEWS Centre, “New UN Report Cites ‘Unprecedented Climate Extremes’ over Past Decade”

<<http://www.un.org/apps/news/printnews.asp?nid=45330>> [accessed 4 July 2013].



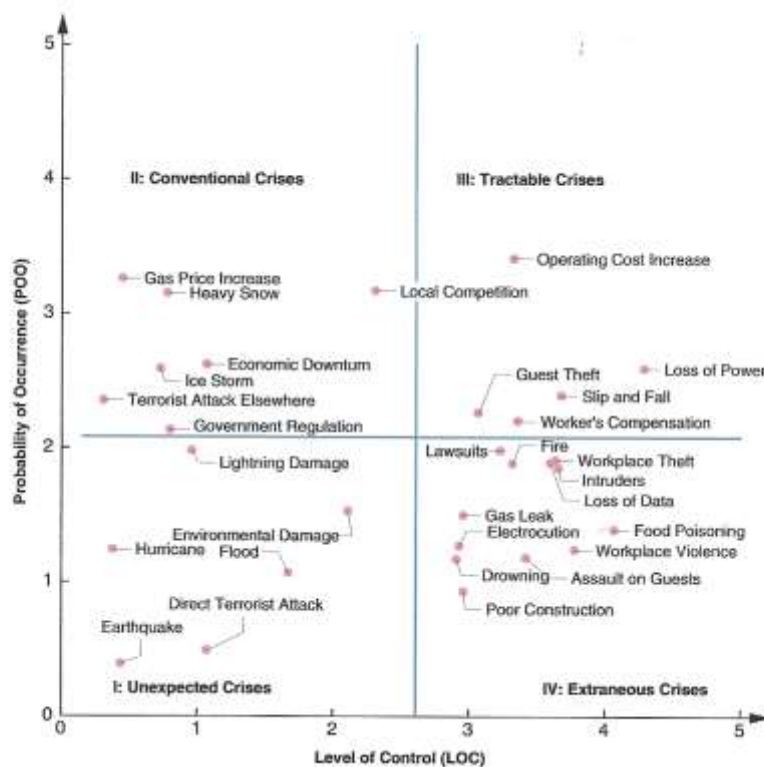
Source: [http://reliefweb.int/sites/reliefweb.int/files/resources/Climate\\_Change\\_Vulnerability\\_Index\\_%202014\\_Map\\_0.pdf](http://reliefweb.int/sites/reliefweb.int/files/resources/Climate_Change_Vulnerability_Index_%202014_Map_0.pdf)

Fig. 2.4. Climate Change Vulnerability Index 2014

According to Barton, possible hotel crisis reasons - including climate change induced reasons – are “fire, flood, hurricane, blizzard, tidal wave, earthquake; on-site gang violence; industrial accident at the hotel construction site; leak of gas, chemical, or other toxic substance; murder, rape, other violent crime against guests or employees; e.coli or other bacterial infection caused by improper sanitation procedures; embezzlement of company funds by employee, auditor, or other party; publicized charge of sexual harassment against a property manager or executive; arrest of employee for drug-dealing or other illegal on-site activity; sabotage of computer or proprietary data; major robbery, either of guests or management and terrorist or war-related activity, including bombing and sniper fire.”<sup>199</sup>

Continuative, fig. 2.5. displays an overview and categorization of possible hotel industry crises on the basis of a rating of “probability of occurrence” and “level of control”:

<sup>199</sup> Barton, L., “Crisis management: Preparing for and Managing Disasters,” *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1995), 59–65, p. 61.



Source: Racherla, P., Hu, C., "A Framework for Knowledge-Based Crisis management in the Hospitality and Tourism industry," *Cornell Hospitality Quarterly*, 50 (2009), 561–577, p. 570.

Fig. 2.5. Crisis Typology as perceived by Hotel Managers

While in this figure crisis are categorized into unexpected, conventional, tractable, and extraneous crises, the source-based crisis typology developed by the author (see table 1.1) seems to be better adaptable for the model to develop. Because only by dividing crisis types by sources specific trainings, communication and response strategies as well as targeted stakeholder prioritization and cooperation strategies may be developed. Almost any of the crisis types displayed in the above figure may vary in its level of control either generally or over the duration of the crisis situation. In summary, the crisis typology as displayed seems too superficial to serve as a model basis.

In a consequent next step, crisis experience rated by 155 key state and national tourism organisation leaders is summarized and assigned to the underlying crisis typology of this doctoral thesis. Table 2.1 transfers the crises experienced by the sample – “Yes %” indicating the percentage of answers confirming having experienced the given crisis situation – to the scenario-based crisis typology:

Table 2.1.

**Crisis Experience assigned to underlying Crisis Typology**

<b>Crisis Experience</b>	<b>Yes %</b>	<b>Crisis Typology</b>
Weather	74.7	Environmental Crisis
Natural Disasters	65.0	Environmental Crisis
Crime	40.5	Sociocultural Crisis
Equipment Failure	23.6	Technological Crisis
Physical (Accidents)	22.1	Health Crisis
Financial	13.6	Economic Crisis
Health	10.9	Health Crisis
Cultural Barriers	11.2	Sociocultural Crisis
Food Safety	9.0	Health Crisis
Terrorism	7.7	Sociocultural Crisis
Disease	5.1	Health Crisis
Political	1.3	Political Crisis

Source: prepared by author based on Pennington-Grey et al.<sup>200</sup>

This assignment to the underlying scenario-based crisis typology reveals that by far the most crisis experience in this data evaluation had been realized in the context of environmental crises followed by sociocultural crises and health crises. Again, the classification of crisis situations purely by level of control and probability of occurrence seems insufficient as these aspects might vary significantly over the course of a crisis situation and based on additional aspects (e.g. location, crisis experience, trainings realised).

Taking into consideration that most hotel organisations are micro, small or medium-sized businesses (i.e. they usually have fewer than 250 employees), who generally pay less attention to crisis planning than larger corporations, time pressure obviously is a major restraint towards their successful crisis handling.<sup>201</sup> They usually do not have a predetermined crisis management team. One reason among others that managers generally give in order to justify the lack of professional crisis management is: The costs of fixing the crisis is considered being less than what might have been spent in crisis management preparations.<sup>202</sup> However, applied crisis management may at best even save money and give advantages for the organisation: “In a number of cases, hotels and resorts have been able to reduce their liability insurance premiums by developing a crisis plan that the insurer found both responsive and visionary.”<sup>203</sup> The

<sup>200</sup> Pennington-Gray, L., B. Thapa, K. Kaplanidou, I. Cahyanto, and E. McLaughlin, “Crisis Planning and Preparedness in the United States Tourism industry,” *Cornell Hospitality Quarterly*, 52 (2011), 312–320, p. 315.

<sup>201</sup> cf. Spillan, J., Hough, M., “Crisis Planning in Small Businesses: Importance, Impetus and Indifference,” *European Management Journal*, 21 (2003), 398–407, p. 401, pp.398 ff .

<sup>202</sup> cf. Pearson, C. M., Clair, J.A., “Reframing Crisis management,” *Academy of Management Review*, 23 (1998), 59–76, p. 61.

<sup>203</sup> Barton, L., “Crisis management: Preparing for and Managing Disasters,” *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1995), 59–65, p. 63.

insurance company might also share important insights on what comparable properties had included in their crisis plan, without compromising any confidential data.<sup>204</sup>

According to Rousaki and Alcott, “research supports that the size of the organisation is a variable that is likely to influence crisis readiness”<sup>205</sup>. E.g. still more mid-sized and large hotel categories work closely with DMOs.<sup>206</sup> Obviously, as the majority of hotel companies are SME (small and medium sized enterprises), they lack financial, knowledge and staffing background necessary for establishing professional crisis management procedures. They could compensate this lack by bonding with cooperation partners. However, one of the main reasons for hotels conducting active crisis management is crisis experience. “An organisation which has experienced a crisis is more likely to invest in the development of a plan.”<sup>207</sup> Transferring this aspect to the stakeholder approach this implies that the chance that at least one or several members have already experienced a crisis and the associated willingness of the network as a whole to embed active crisis management is comparatively high.

Crucially for hotel management - besides professional corporate communication and assurance of economic survival - might be customer care and evacuation.<sup>208</sup> Obviously this circumstance demands even more structured and fast crisis coping. This circumstance builds the basis for the necessity of a structured crisis management process. Barton offers a clearly structured procedure: “Crisis management for the hotel industry begins and ends with planning. To contain disaster effectively and return a tourism-related organisation to some degree of normality, management should work before an incident to anticipate a worst-case scenario that could seriously damage the organisation’s reputation, financial condition, market share, and brand value. The process typically begins when a task force is appointed. This group should be charged with the mission of developing a crisis plan within no more than six weeks. The task force should outline the most serious crises that could strike the organisation. Such a study should take into account such obvious criteria as size, locale and geographic peculiarities, and the demographic profile of guests. It should also examine area crime statistics available from

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<sup>204</sup> cf. Barton, L., “Crisis management: Preparing for and Managing Disasters,” *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1995), 59–65, p. 63.

<sup>205</sup> Rousaki, B. and Alcott, P., “Exploring the Crisis Readiness Perceptions of Hotel managers in the UK,” *Tourism and Hotel Research*, 7 (2006), 27–38, p. 31.

<sup>206</sup> cf. Yu, L., Stafford, G., Armoo, A. K., “A Study of Crisis management Strategies of Hotel managers in the Washington, D.C. Metro Area,” in *Tourism Crises: Management Responses and Theoretical Insight*, ed. by E Laws and B Prideaux (The Haworth Hospitality Press, 2005), pp. 91–105, p. 104.

<sup>207</sup> Pennington-Gray, L., B. Thapa, K. Kaplanidou, I. Cahyanto, and E. McLaughlin, “Crisis Planning and Preparedness in the United States Tourism industry,” *Cornell Hospitality Quarterly*, 52 (2011), 312–320, p. 314.

<sup>208</sup> cf. Born, B., “Mit Dem Krisendruck Umgehen,” in *Risiko und Gefahr im Tourismus - Erfolgreicher Umgang mit Krisen und Strukturbrüchen*, ed. by Harald Pechlaner and Dirk Glaesser (Berlin: Erich Schmidt Verlag, 2005), pp. 91–100, pp. 93f.



the Federal Bureau of Investigation (FBI) and pertinent data regarding the activities of nearby industries, especially the nature of any chemicals or production techniques that could cause harm to life and property. Finally, the report should include information regarding area medical, police and fire facilities. This task force report, typically 15-20 pages, is then shared with senior management as the foundation for the development of a crisis plan. This strategic document is ideally developed in cooperation with a diversified team appointed by senior management. Internal participants can include the company's CEO, operations manager, director(s) of public relations and marketing, safety director, and risk manager; external participants can include a crisis-manager consultant and representatives of the company's liability insurance carrier, the chamber of commerce, the local fire and police departments, and a local hospital."<sup>209</sup>

Admittedly, this procedure may serve as an ideal sample solution which not each hotel organisation may be able to realize. But anyway, at least core strategic steps may be inherited and adjusted to the organisations' specifics. Yu et al. propose 3 aspects which shall be considered by hotels while developing a crisis management plan:

1. "a rich understanding of how specific crises affecting the tourist industry and other organisations have been responded to and recovered from;
2. a state of mindfulness about conditions that may lead to future crises deeply and pervasively throughout its membership;
3. a carefully defined crisis response and recovery which is networked with the larger community crisis management plan."<sup>210</sup>

Realistic "Training programs should offer an agenda that includes decision making, communication and coordination of resources with the appropriate stock exchange (if the organisation is publicly traded), state tourism office and local convention authority, investigative and security consultants, trauma counsellors, and crisis consultants. In many training programs, an incident is described, followed by a mock news conference in which managers must come to the microphone and answer questions from a panel of editors and reporters who assist with the simulation. After each manager responds to questions, the editors and reporters typically critique the performance of each manager on credibility and substance.

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<sup>209</sup> Barton, L., "Crisis management: Preparing for and Managing Disasters," *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1995), 59–65, p. 63.

<sup>210</sup> Yu, L., Stafford, G., Armoo, A. K., "A Study of Crisis management Strategies of Hotel managers in the Washington, D.C. Metro Area," in *Tourism Crises: Management Responses and Theoretical Insight*, ed. by E Laws and B Prideaux (The Haworth Hospitality Press, 2005), pp. 91–105, p. 104.

In almost all cases, the training program and mock news conference is videotaped for later review by participants and those who may later join the management team.”<sup>211</sup>

A preventive crisis management plan considering given categorized crisis types situations as well as corresponding job maturities might save time in the acute phase. Results of the critique meeting help refining the preventive crisis plan and allow developing training modules in order to increase job maturity. An additional aspect regarding human resources management is that as a result of extra staffing, double shifts and additional volunteers, the number of staff using the communication system during times of crisis is often significantly higher than in non-risk-situations.<sup>212</sup> Durocher summed up best-practices for a rapid crisis recovery such as e.g. processing information quickly, making action communications, taking immediate steps, distributing hotline information and press releases, being consistent as well as updating reservations.<sup>213</sup> These best practices imply once again the importance of a structured pre crisis management work which allows professional and prompt reaction in a crisis situation instead of ad-hoc actions.

It has to be considered that all stakeholder relations are two-way processes with stakeholders possibly influencing crisis policy either explicitly or implicitly. Nevertheless, this aspect has largely been ignored to day.<sup>214</sup> In this context however, two conditions are of major importance:

- stakeholder awareness and claims may vary in the course of a crisis,
- crisis impact and duration may be dependent on stakeholders actions.

All crisis management actions considering the stakeholder relationship approach have to start with the internal stakeholders (Managers and Employees). According to Rousaki and Alcott, the first facet of crisis readiness is “the internal functionality of the organisation”<sup>215</sup>. This implies, that stakeholder-related crisis management does not imply transferring own duties to others. But in order to set up a promising network, all participating entities have to do their homework first.

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<sup>211</sup> Barton, L., “Crisis management: Preparing for and Managing Disasters,” *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1995), 59–65, pp. 63-64.

<sup>212</sup> cf. Quarantelli, E L, “Disaster Crisis management: A Summary of Research Findings,” *Journal of Management Studies*, 25 (1988), 373–385, p. 380.

<sup>213</sup> cf. Durocher, J., “Recovery Marketing: What to Do after a Natural Disaster,” *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1994), 66–70, pp. 69-70.

<sup>214</sup> cf. Ritchie, B. W., *Crisis and Disaster Management for Tourism* (Bristol: Channel View Publications, 2009), pp. 146 f; Zech, N., “Stakeholder management in the Hospitality Industry - an Empirical Survey of the Status Quo,” *Journal of Economics and Management Research*, 3 (2014), 135–151, pp. 136 ff.

<sup>215</sup> Rousaki, B. and Alcott, P., “Exploring the Crisis Readiness Peceptions of Hotel managers in the UK,” *Tourism and Hotel Research*, 7 (2006), 27–38, p. 28.

In a crisis situation the above mentioned multiple tourism industry entities are forced to coordinate “within organisations, between stakeholders, both within the tourism industry and between the tourism industry and external stakeholders, such as emergency services personnel”<sup>216</sup>.

## 2.2.2 The Role of Leadership in Crisis Situations

Leadership in crisis situations within the hotel industry plays an important role in coping with unexpected situations and limited decision time as well as limited reaction time. Therefore, resource allocation in the event of a crisis includes both financial and human resources.<sup>217</sup> A first step may be establishing a “computerized inventory of [crisis management] resources (e.g. employee skills)”<sup>218</sup>. Active involvement of team members in the crisis management process can be seen as a factor of success based on the following general statement: “The outcomes of an effective team generally exceed the sum of the isolated individual contributions of its members.”<sup>219</sup> According to Nunamaker Jr & Chen and Quist, crisis planning at any level benefits from a group decision support environment, where decision makers learn from each other as a result.<sup>220</sup> On the other hand, Dutton assumed that “the more an issue is perceived to be a crisis, the greater the centralization of authority by top level decision-makers in tasks related to the issue”<sup>221</sup>. This reflects a quite realistic hotel management approach: The more severe a crisis situation the less the team is involved in the crisis management process. General managers might exclusively include some of the division managers in their brain storming. For international hotel chains, not even general managers might be included – the final decisions and action plans are signed by area managers and distributed and communicated without further consultation.

In the following, the situational leadership approach within crisis management in the hotel industry will be discussed. Fiedler defined already in 1967 the leadership process as a function of the leader, the follower and other situational variables:

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<sup>216</sup> Ritchie, B. W., *Crisis and Disaster Management for Tourism* (Bristol: Channel View Publications, 2009), p. 145;

<sup>217</sup> cf. Pennington-Gray, L., B. Thapa, K. Kaplanidou, I. Cahyanto, and E. McLaughlin, “Crisis Planning and Preparedness in the United States Tourism industry,” *Cornell Hospitality Quarterly*, 52 (2011), 312–320, p. 314.

<sup>218</sup> Pearson, C. M., Mitroff, I. I., “From Crisis Prone to Crisis Prepared: A Framework for Crisis management,” *Academy of Management Executive*, 7 (1993), 48–60, p. 58.

<sup>219</sup> cf. Pearson, C. M., Clair, J.A., “Reframing Crisis management,” *Academy of Management Review*, 23 (1998), 59–76, p. 71.

<sup>220</sup> Nunamaker Jr, J. F., Weber, E. S., Chen M., “Organisational Crisis management Systems: Planning for Intelligent Action,” *Journal of Management Information Systems*, 5 (1989), 7–32, p. 17; Quist, Allen H, “A Credible Leader for Turbulent Times : Examining the Qualities Necessary for Leading into the Future,” *Journal of Strategic Leadership*, 2 (2001), 1–12, p. 5.

<sup>221</sup> Dutton, J. E, “The Processing of Crisis and Non-Crisis Strategic Issues,” *Journal of Management Studies*, 23 (1986), 501–517, p. 508.

$$L = f(l, f, s)$$

Source: Fiedler<sup>222</sup>

Fig. 2.6. Leadership Process as a Function of the Leader, the Follower and other Situational Variables

The formula of fig. 2.6. reveals that leadership may not only be influenced and guided by the leader. But the characteristics of the follower as well as other situational variables – which may be beyond the leader's control – have to be taken into consideration. These other situational factors may include subordinate job maturity and motivation, decision-making-time, the organization's size, structure and culture, industry, technology and the individual's past experience, personality and personal history. As a consequence, according to this approach, not one most promising leadership style exists but the leadership style has to be adapted to the listed variables. Furthermore, it has to be readapted continuously over time.

The approach was further refined in the next decades by Hersey and Blanchard. Nowadays, the situational leadership paradigm is “the most dominant paradigm in leadership research”<sup>223</sup>. It focuses leadership in organisations (as opposed to leadership of organisations) and assumes that effective leadership depends on the individual level of maturity of employees.<sup>224</sup> Maturity in regard to crisis situations can be gained through crisis preparedness planning and emergency preparedness trainings.<sup>225</sup> The following fig. 2.7. displays how the situational leadership model could be adapted to a precise crisis situation within the hotel industry. While the underlying model of Chell et al. identifies the key variables which are considered to influence the leadership process in a hospitality context, the coloured marks represent adaptations and specifics of crisis situations within the hotel industry based on previously introduced aspects. The consideration of these elements can be seen as a basic step towards the evolution of a leadership approach for crisis situations within the hotel industry.

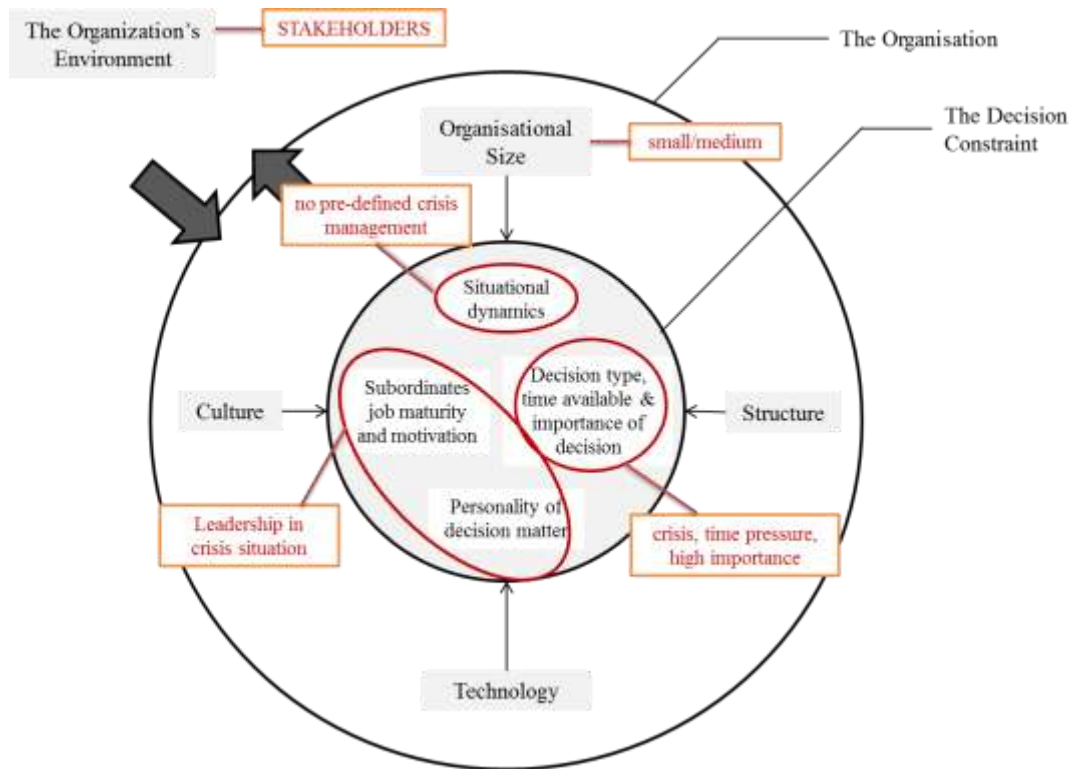
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<sup>222</sup> cf. Fiedler, F. F., *A Theory of Leadership Effectiveness* (New York: McGraw-Hill, 1967), pp. 247 ff..

<sup>223</sup> Chell, E., Carmouche, R., Pittaway, L. A., “The Way Forward: Leadership Research in the Hospitality Industry,” *International Journal of Hospitality Management*, 17 (1998), 407–426, p. 421.

<sup>224</sup> cf. Chell, E., Carmouche, R., Pittaway, L. A., “The Way Forward: Leadership Research in the Hospitality Industry,” *International Journal of Hospitality management*, 17 (1998), 407–426, pp. 421 f.

<sup>225</sup> cf. Pennington-Gray, L., B. Thapa, K. Kaplanidou, I. Cahyanto, and E. McLaughlin, “Crisis Planning and Preparedness in the United States Tourism industry,” *Cornell Hospitality Quarterly*, 52 (2011), 312–320, p. 317.



Source: prepared by author based on Chell et al.<sup>226</sup>

Fig. 2.7: Situational Leadership Model applied to Crisis Management in the Hotel Industry

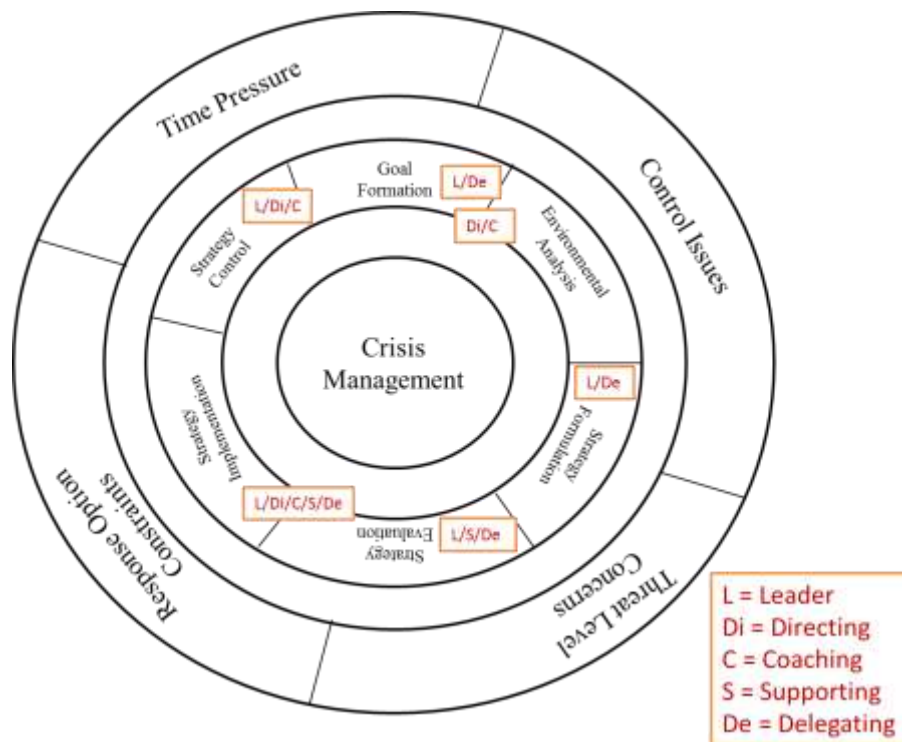
What seems to be the more effective and promising leadership approach to crisis management within the hotel industry: the (widespread) autocratic or the situational involving all group members? In the author's opinion, the advantage of added value by group brainstorming and differentiated input outweighs saving time by relying on an individual's strategic findings. This means, that the whole team (management and workers) needs to be included in the crisis management strategy process. In a next step a possible appliance of the situational leadership model based on the job maturity theory will be illustrated. Due to reaction time limitations, crisis response management will not be able to include all group members [at the same time and in the same context] in a consensus driven decision-making process.<sup>227</sup> According to Bryan and Farrell, "experience shows that streamlining an organisation to define roles and the way those who hold them collaborate can greatly improve its effectiveness and decision making"<sup>228</sup>. According to Blanchard, Zigarmi and Zigarmi, employees can "function independently, without supervision, on some tasks but need lots of direction and support on

<sup>226</sup> cf. Chell, E., Carmouche, R., Pittaway, L. A., "The Way Forward: Leadership Research in the Hospitality Industry," *International Journal of Hospitality Management*, 17 (1998), 407–426, p. 423.

<sup>227</sup> cf. Ritchie, B. W., "Chaos, Crises and Disasters: A Strategic Approach to Crisis management in the Tourism industry," *Tourism Management*, 25 (2004), 669–683, p. 677.

<sup>228</sup> Bryan, L, Farrell, D., "Leading through Uncertainty," *McKinsey Quarterly*, 2009, 24–34, p. 33.

other tasks. Thus, [a leader] must always assess development level with a specific goal or task in mind. You cannot determine a person’s competence or commitment in general, only his or her development level to accomplish a certain goal.”<sup>229</sup> Applied to fig. 2.8., this means that all roles with exception of the leader can change based on the specific crisis type and situation. E.g. one employee is a technological genius and is therefore able to give crucial input and support in case of technical or communication failure. Supporting or delegating style would be the right approach. On the other hand, the same employee might benefit of a directing style in case of theft or foodborne infection. Leadership style as well as allocated task would vary.



Source: prepared by author based on Burnett<sup>230</sup>

Fig. 2.8: Task Allocation for Crisis Situations within the Hotel Industry

As a final conclusion, the application of the situational leadership model in crisis situations within the hotel industry is advisable with the following premises in mind:

- a leader must be identified (Area Manager, General Manager or Division Manager),
- the corresponding group has to be identified,

<sup>229</sup> Blanchard, K., Zigarmi, P., Zigarmi, D., *Leadership and the One Minute Manager*, New York William Morrow and Company Inc (London: HarperCollins, 2011), p. 70.

<sup>230</sup> Burnett, J. J., “A Strategic Approach to Managing Crises,” *Public Relations Review*, 24 (1998), 475–488, p. 481.

- the job maturity of each group member regarding the specific Crisis situation has to be identified,
- tasks have to be allocated based on figure 2.8.,
- a critique meeting with all group members has to be held after completing crisis management.

A conclusive advice for leaders in the crisis prone hotel industry could be: A credible leader will not protect his staff from turbulence but rather prepare them for and lead them through the turbulence. Based on that these “members of an organisation will be able to accept and embrace turbulence as part of their life experience, making them better equipped to address the challenges born out of turbulence”<sup>231</sup>.

## **2.3 Stakeholder Management Specifics within the Hotel Industry**

### **2.3.1 Prerequisites for Stakeholder Relationship Management supporting Crisis Management Processes within the Hotel Industry**

A saying that applies not only to private but also to business life says: “You can choose your friends, but not your family.” In business life the ”family” (the stakeholders) can often not be chosen deliberately either. Therefore it is important to find a professional framework which allows constant and promising work on these relationships. Whereas stakeholder relationship management has become a key discipline in business administration in various industries, it is still treated as an orphan in great parts of the hotel industry.

However, being part of the service industry the hotel industry is naturally embedded in a stakeholder environment. Besides internal stakeholders such as employees and managers who “produce” the hotel services, external stakeholders are unconditionally vital for a hotel company’s success. Crucial sample hotel industry external stakeholder groups are customer/guest, competitors, suppliers, stockholders, distribution partners, media, local community regulators and natural environment. All crucial stakeholder groups are graphically outlined in a hotel company stakeholder map in fig. 2.3.

Further evidence for the importance of the application of the stakeholder theory to organisational theory is given by Reynolds et al.: “Considering and satisfying a stakeholder group is instrumentally valuable for the organisation because it garners legitimacy and trust

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<sup>231</sup> Quist, Allen H, “A Credible Leader for Turbulent Times : Examining the Qualities Necessary for Leading into the Future,” *Journal of Strategic Leadership*, 2 (2001), 1–12, p. 8.

from that group and thereby improves the likelihood that the organisation will achieve its goals.”<sup>232</sup> Scott and Lane enhance this statement by claiming that stakeholders are constructing a cognitive image of the organisation by perceiving and interpreting organisational images. Hence they are identifying with the organisation when they perceive an overlap between their self-identity and the cognitive image they are constructing of an organisation.<sup>233</sup>

Pearson and Clair found out that generally organisations building alliances, achieving coordination, and sharing accurate information with its stakeholders may be able to benefit from early detection of warning signals, minimal downtime, effective containment of damage, and positive effects on corporate reputation.<sup>234</sup>

Table 2.2. introduces characteristics of the relevant stakeholders groups as displayed in the hotel organisation stakeholder map. The overview of the variety of characteristics may be seen as one indicator for the necessity of a subsequent tactics matrix for managing stakeholders. According to their characteristics as well as on individual organisational aspects stakeholders have to be classified, prioritised and evaluated regarding their influence, power and cooperation. This means that instead of conducting “the” stakeholder relationship management the relationship to and with each individual stakeholder group has to be tailor-made if nothing else due to their diverse characteristics.

Table 2.2.

**Hotel Organisation Stakeholder Characteristics**

<b>Hotel Organisation Stakeholder Group</b>	<b>Characteristics</b>
Managers	<ul style="list-style-type: none"> <li>• management trainings for an increase in stakeholder awareness</li> <li>• international hotel corporations tend to launch their own management training schools</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• cultural value and labour law distinctions within multinational corporations</li> <li>• rising struggle for well-educated employees - rising competition for talent among hotel companies and with other industries</li> <li>• as employees represent one of the most important assets of the hotel industry it is inevitably important to realise a working atmosphere where everybody feels comfortable</li> <li>• understand the changing nature of employee needs and expectations</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• includes customers themselves as well as sales intermediaries</li> <li>• Customers are increasingly included in internal processes or partnerships - "treat customers as partners"</li> </ul>

<sup>232</sup> Reynolds, S. J., Schultz, F. C., Hekman, D. R., “Stakeholder Theory and Managerial Decision-Making: Constraints and Implications of Balancing Stakeholder Interests,” *Journal of Business Ethics*, 64 (2006), 285–301, p. 293.

<sup>233</sup> cf. Scott, S. G., Lane, V. R., “A Stakeholder Approach to Organisational Identity,” *Academy of Management Review*, 25 (2000), 43–62, p. 48.

<sup>234</sup> cf. Pearson, C. M., Clair, J.A., “Reframing Crisis management,” *Academy of Management Review*, 23 (1998), 59–76, pp. 71f.



	<ul style="list-style-type: none"> <li>• customer relationship management (CRM) techniques are essential</li> <li>• tracking frequent guests' preferences supports meeting their needs more effectively</li> <li>• business is subject to sudden and unforeseen changes in demand</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>• may be other hotels, time-share, restaurants or other hotel companies within the same complex, region or marketplace; or it may be another hotel company at the other side of the world offering similar services.; therefore a competitor analysis has to be conducted by each individual hotel in order to determine their specific competitive set; this may even differ for various target groups</li> <li>• competitors may join forces by forming alliances for technological advancement, new product development, entering new or foreign markets and pursuing a wide variety of other opportunities</li> <li>• because of the geographic dispersion of individual properties, competitor cooperation among the hotel industry results easier and more effective as in other industries</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• isolated geographical locations may restrict choice of suppliers and frequency of supply</li> <li>• long-term contracts with benefits for both parties - limited number of suppliers</li> <li>• efficient supply-chain-management can increase corporate performance</li> <li>• Suppliers can provide knowledge, technical assistance and joint problem solving</li> <li>• outsourcing is a common hotel strategic management tool</li> </ul>
Stockholders	<ul style="list-style-type: none"> <li>• shareholder value still predominant in many companies</li> <li>• difficulty caused by cultural, managerial and tax distinctions within multinational corporations</li> </ul>
The Media	<ul style="list-style-type: none"> <li>• the Media influences relationship and reputation of a hotel organisation with society at large.</li> <li>• it is rather difficult to pursue an inclusion or partnering strategy in the case of the Media. organizations usually employ public-relations experts who release an appropriate amount of information that will place the company in a favorable light</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• the hotel industry can profoundly affect communities and their citizens, not just as an employer but also in altering the physical surroundings and the economics of a location, it is important to involve communities maybe even before development begins</li> <li>• community activities are good for employee morale and company image. In addition, financial and operating objectives may be achieved while satisfying a need in the local community</li> <li>• hotel corporations frequently donate food and beverage, sponsor special events or even compensate employees for the time they spend volunteering</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• foreign government systems are often difficult to understand and to manage - a foreign partner who understands the system may help</li> <li>• frequently the hotel industry and tourism ministries/governmental destination management share common goals - forming alliances may be prosperous for both parties</li> </ul>
Natural Environment	<ul style="list-style-type: none"> <li>• activist groups are organizations formed with the purpose of advancing a specific cause (e.g. Greenpeace Int.)</li> </ul>

	<ul style="list-style-type: none"> <li>• they are often seen in an adversarial role relative to other organizational stakeholders</li> <li>• in order to achieve a win-win-situation for both parties, organisations should generally operate in a manner consistent with the values of society and invite activist group members to participate in strategic planning processes either as advisors or group members</li> </ul>
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Source: prepared by author based on Enz, Harrison & St. John, Harrison, Hwang and Lockwood<sup>235</sup>

Supporting this approach, table 2.3. offers a more detailed option to plan the tactics for the decisive hotel management related stakeholder relationships in the different steps throughout the crisis management circle. First of all, stakeholder groups are generally classified regarding their relationship and cooperation level. In a next step, their prioritization in crisis situation is evaluated – in some cases this prioritization might vary either from their general classification or based on the concrete crisis situation considered. The evaluation of the stakeholder groups’ economic and political power as well as of their influence lead to the determination of partnering and communicating tactics.

Table 2.3.

**Tactics Matrix for Managing Tourism-Industry Stakeholders in Crisis Situations within the Hotel Industry**

Stakeholder Groups	Classification	Prioritization in Crisis Situation	Economic/ Political Power	Influence	Partnering Tactics	Communication Tactics
Employees						
Managers						
Customers						
Competitors						
Suppliers						
Stockholders						
Distribution Partners						
Media						
Local Community						
Regulators						
Natural Environment						

Source: prepared by author<sup>236</sup>

<sup>235</sup> cf. Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010); Harrison, J. S., St. John, C. H., “Managing and Partnering with External Stakeholders,” *The Academy of Management Executive*, 10 (1996), 46–60; Harrison, J. S., “Strategic Analysis for the Hospitality Industry,” *Cornell Hotel and Restaurant Administration Quarterly*, 44 (2003), 139–152; Hwang, L. J., Lockwood, A., “Understanding the Challenges of Implementing Best Practices in Hospitality and Tourism SMEs,” *Benchmarking: An International Journal*, 13 (2006), 337–354.

<sup>236</sup> cf. Bourne, L., *Stakeholder relationship management - A Maturity Model for Organisational Implementation* (Farnham: Gower Publishing Limited, 2009); Harrison, J. S., St. John, C. H., “Managing and Partnering with External Stakeholders,” *The Academy of Management Executive*, 10 (1996), 46–60; and own empirical findings.

It seems advisable that hotel companies – after identifying all relevant stakeholders – prepare and fill-in this matrix for each (macro-level) hotel crisis scenario. Stakeholder classification as well as prioritization or power and influence may differ significantly based on the respective crisis scenario. Some tactics might already be established as a crisis reduction or readiness tools, others might support the response or recovery phases.

### 2.3.2 Applied Stakeholder Management within the Hotel Industry

Stakeholder theory “views the corporation as an organisational entity through which numerous and diverse participants accomplish multiple, and not always entirely congruent, purposes. Integrating stakeholder concerns into hotel organisations may help to generate new points of view and lead to innovation.”<sup>237</sup> In other words: stakeholder theory goes well beyond the descriptive observation that “organisations have stakeholders.”<sup>238</sup> Hilton Hotels considers a guarantor of success in “understanding the essential drivers of value [of individual stakeholders and stakeholder groups] and how to deliver against them consistently”<sup>239</sup>. Consequently, it defines stakeholder management as follows: “Value creation is not just another program du jour. Instead, it requires a change in the corporate culture.”<sup>240</sup> McEuen reveals her strong conviction as follows: “To engage stakeholders in a manner that is meaningful and motivating requires an understanding of what they value and view as important.”<sup>241</sup> In this context, she also uses the term “true engagement”. In the establishment of organisational structures, stakeholder management accordingly requires simultaneous attention to the legitimate interests of all appropriate stakeholders.<sup>242</sup> While organisations that are attuned to their stakeholders and devote resources to manage them seem to be rewarded financially and socially for this behaviour<sup>243</sup>, “strategic management is a continuous process, and even though discrete points in time must be chosen for the purpose of making a decision, it must be done year-round, not

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<sup>237</sup> cf. Rueda-Manzanares, A., J. Aragón-Correa, J. A., Sharma, S., “The Influence of Stakeholders on the Environmental Strategy of Service Firms: The Moderating Effects of Complexity, Uncertainty and Munificence,” *British Journal of Management*, 19 (2008), 185–203, p. 189

<sup>238</sup> Donaldson, T., Preston, L. E., “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications,” *Academy of Management Review*, 20 (1995), 65–91, p. 70.

<sup>239</sup> Huckestein, D., Duhoff, R., “Hilton Hotels - A Comprehensive Approach to Delivering Value for All Stakeholders,” *Cornell Hotel and Restaurant Administration Quarterly*, 40 (1999), 28–38, p. 28.

<sup>240</sup> *ibid.*, p. 38.

<sup>241</sup> McEuen, M. B., “The Game Has Changed: A New Paradigm for Stakeholder Engagement,” *Cornell Hotel Perspectives* no. May (2011), p. 13.

<sup>242</sup> cf. Donaldson, T., Preston, L. E., “The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications,” *Academy of Management Review*, 20 (1995), 65–91, p. 67.

<sup>243</sup> cf. Key, S., “Toward a New Theory of The Firm: A Critique of Stakeholder ‘Theory,’” *Management Decision*, 37 (1999), 317–328, p. 325.

just during the yearly planning meetings”<sup>244</sup>. A trend towards intensified strategic alliances, joint ventures and subcontracting arrangements with stakeholders is notable.<sup>245</sup> “stakeholders that have high economic or political power are likely candidates for an alliance, because such a partnership can reduce uncertainty in the external environment or enhance a firm’s ability to be a high performer.”<sup>246</sup>

Fundamentally, literature review revealed that only few hotel management approaches are considering the stakeholder theory. In order to gain a deeper insight into applied stakeholder management within the hotel industry, the author conducted the first structured market analysis on applied stakeholder management within the hotel industry. The study was published titled “stakeholder management in the hospitality industry – an empirical survey of the status quo” in the “Journal of Economics and Management Research, Volume 3”<sup>247</sup>. Essential excerpts of the study are introduced hereinafter. The study used content analysis as a technique to identify and describe patterns in web sites as well as in annual reports. According to Collis and Hussey a content analysis is “a method by which selected items of qualitative data are systematically converted to numerical data for analysis”<sup>248</sup>. Web sites and annual reports of the top ten international hotel groups<sup>249</sup> have been analysed.

Table 2.4.

**Largest Hotel Groups in the World**

Ranking	Hotel group		Number of Hotels	Number of Hotel rooms
1	IHG	UK	4,480	658,348
2	Hilton Worldwide	USA	3,843	633,238
3	Marriott International	USA	3,537	617,837
4	Wyndham Hotel Group	USA	7,205	613,126
5	Accor	FRA	4,426	531,714
6	Choice Hotels	USA	6,203	502,460
7	Starwood Hotels and Resorts	USA	1,077	315,346
8	Best Western	USA	4,078	311,598
9	Home Inns (+ Motel 168)	CHI	1,426	176,562
10	Carlson Rezidor Hotel Group	USA	1,077	165,802

Source: prepared by author based on Breakingtravelnews (2012) - <http://www.breakingtravelnews.com/focus/article/major-players-largest-hotel-groups-in-the-world/> - 09 Oct 2012

<sup>244</sup> Freeman, R. E., *Strategic management - a Stakeholder Approach* (Cambridge: Cambridge University Press, 1984), p. 85.

<sup>245</sup> cf. Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 11.

<sup>246</sup> Harrison, J. S., “Strategic Analysis for the Hospitality Industry,” *Cornell Hotel and Restaurant Administration Quarterly*, 44 (2003), 139–152, p. 148.

<sup>247</sup> cf. McDonald, L. M., Sparks, B., Glendon, a. I., “Stakeholder Reactions to Company Crisis communication and Causes,” *Public Relations Review*, 36 (2010), 263–271, p. 264.

<sup>248</sup> Collis, J., Hussey, R., *Business Research - a Practical Guide for Undergraduate & Postgraduate Students*, 3rd edn (Palgrave Macmillan, 2009), p. 165.

<sup>249</sup> Breakingtravelnews, ‘Largest Hotel Groups in the World’, 2012 <<http://www.breakingtravelnews.com/focus/article/major-players-largest-hotel-groups-in-the-world/>>.

Based on the listing of the largest hotel organisations in the World as displayed in table 2.4., a matrix of the research findings is presented in table 2.5.

Key terms that were identified in the corresponding areas are marked with an X in the respective category.

Table 2.5.

**Stakeholder Management Matrix**

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
IHG	www.ihgplc.com	X	X		X	X	X
Hilton Worldwide	www.hiltonworldwide.com			X	X		
Marriott International	www.marriott.com			X	X		
Wyndham Hotel Group	www.wyndhamworldwide.com			X	X		
Accor	www.accor.com			X			
Choice Hotels	www.choiceHotels.com			X	X		
Starwood Hotels and Resorts	www.starwoodHotels.com			X			
Best Western	www.bestwestern.com			X			
Home Inns (+ Motel 168)	http://phx.corporate-ir.net						
Carlson Rezidor Hotel Group	www.carlsonrezidor.com	X	X		X	X	X

Source: prepared by author<sup>250</sup>

A = "Stakeholder" is mentioned explicitly on webpage

B = Stakeholders are defined and listed

C = Stakeholder management is mentioned indirectly on webpage (either some or all Stakeholders)

D = CSR (or related terms) is mentioned explicitly on webpage

E = annual report cites "Stakeholder"

F = annual report cites "CSR" (or related terms)

It becomes obvious that each of the top international hotel organisations considers the Stakeholder approach important – to varying extents. Whereas 80 % of them mention their respective stakeholders or stakeholder management only indirectly, there are just 2 hotel groups (representing 20 %) which mention their stakeholder management explicitly including listing the stakeholders in particular. CSR and CSR Management is mentioned and defined by far more

<sup>250</sup> Zech, N., "Stakeholder management in the Hospitality Industry - an Empirical Survey of the Status Quo," Journal of Economics and Management Research, 3 (2014), 135–151, p. 147. Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, 'Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo.' Zech, "Stakeholder Management in the Hospitality Industry - an Empirical Survey of the Status Quo."

often (60 %). Another term which is used frequently in this context is “sustainability”. Obviously many hotel organisations do not clearly distinguish between the meaning of stakeholder management, CSR and sustainability. In addition in some cases stakeholder management is used in the sense of a sub item of CSR, in other cases in the sense of equated terms. Alerting is the fact that none of the researched companies is publishing a specific stakeholder report and only 2 of them are dedicating one or several chapters to stakeholder management in their annual reports. Of all companies observed, IHG provided the only and exemplary detailed information on their stakeholder management. Besides a clearly structured online presence they are publishing an annual CSR report outlining their stakeholder management in detail. Similar to IHG, the Carlson Rezidor Hotel Group conducts stakeholder management and publishes a responsible business report considering its stakeholder management. The only international hotel organisation not included in the research list which was found operating alike is Shangri-La. Even if Hilton Hotels considers a guarantor of success in “understanding the essential drivers of value [of individual stakeholders and stakeholder groups] and how to deliver against them consistently”<sup>251</sup>; they are not mentioning their stakeholder management explicitly neither in their online presence nor in their annual report. However they are publishing a CSR-driven “Hilton in the Community Foundation Annual Report”. IHG, Hilton and Choice Hotels are showing their Stakeholder management indirectly by having installed vendor programs.<sup>252</sup> The annual reports of Marriott, Starwood and Home Inns are purely shareholder-driven. Three examples of ways of communicating stakeholder management are displayed in appendix no. 2. They illustrate the different practical approaches of hotel organisations addressing their stakeholders via operational communication. Whereas Marriott Int. addresses its stakeholders indirectly but by citing the respective Stakeholder group Names as well as specific topics intended to create benefits for them, InterContinental and Shangri-La address their stakeholder relations directly but without listing the stakeholder group names or topics. Summarising the study conducted, applied stakeholder management within the hotel industry shows a clear need of improvement.

Especially for SMEs who are representing the majority of hotel organisations it seems most important to develop strong customer relationships. A Scottish hotel manager described this “customer focus” as follows: “Everything we do is because of our customer. We don’t do anything because we think it looks nice. It’s done because that is what the customer is going to

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<sup>251</sup> Huckestein, D., Duhoff, R., “Hilton Hotels - A Comprehensive Approach to Delivering Value for All Stakeholders,” *Cornell Hotel and Restaurant Administration Quarterly*, 40 (1999), 28–38, p. 28.

<sup>252</sup> cf. Enz, C. A., *Hospitality Strategic management - Concepts and Cases*, 2nd ed. (Hoboken, New Jersey: John Wiley & Sons, 2010), p. 271.

want.”<sup>253</sup> Many of these and related processes are intuitive and informal in SMEs; e.g. feedback communication during check-out procedure, word-of-mouth communication, open-door-policy. In addition, most hotels conduct measures such as sending hotel or brunch vouchers to frequent stayers or small presents to secretaries of business partners and to neighbours without even classifying these measures as stakeholder management.

The hotel industry is facing fierce competition in almost all sectors. Therefore it seems out of reason that currently stakeholder management is – in the majority of hotel organisations – not professionally embedded in the company’s organisational structure. As revealed by the study presented, only a small percentage of hotel companies are nowadays publishing stakeholder reports, an instrument widely spread among other industries. Stakeholder communication and relationship management is mostly done by pure intuition without proper planning. Reasons for the lack of professional stakeholder theory implementation may be seen in still poor academic education of hotel managers, insufficient time management and budgeting. Another obstacle in establishing long term stakeholder relationships and regular stakeholder communication is the usually high fluctuation rate.

In summary the status quo and key success factors of stakeholder management in the hotel industry are:

- In the context of being a service company professional stakeholder management may grant a solid competitor advantage for hotel organisations.
- Internationally operating hotel organisations are mostly performing stakeholder management but in most cases they do not offensively announce their engagement.
- A first step in professionalizing their stakeholder management should be the drawing and evaluation of a detailed stakeholder map followed by a stakeholder communication plan considering means of communication, frequency, content, style, etc.
- Consequently regular and professional stakeholder reporting considering the GRI (Global Reporting Initiative) principles should be established.
- Also SME hotel organisations should be drawing and evaluating a stakeholder map. In addition, they should conceptualize at least some of their already existing intuitive actions.

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<sup>253</sup> Hwang, L. J., Lockwood, A., “Understanding the Challenges of Implementing Best Practices in Hospitality and Tourism SMEs,” *Benchmarking: An International Journal*, 13 (2006), 337–354, p. 431.

- Stakeholder management should be considered for all of its approaches: organisational, marketing and relationship approach.<sup>254</sup>

The aim of the study was to display the status quo of stakeholder management in the hotel industry. The research – based on literature review and web content analysis – certainly has some limitations. First, fact that web site content is content is constantly changing. Therefore the results represent a snapshot of web content in October 2012. Second, the findings for the top ten international hotel organisations can definitely not be generalized for the hotel industry. Third, the stakeholder management quoted on the web pages does probably not represent all stakeholder management activities performed by the hotel organisations. A more in-depth study considering a larger sample as well as more detailed information – conducted by questionnaires and interviews – seems advisable. This relatively uninvestigated field of research is a promising one for the highly competitive hotel industry.

## **2.4 Determination of Premises underpinning the Need of an Integrated Crisis Management Model for the Hotel Industry**

“Crisis marketing begins in the immediate moments after disaster strikes. It starts with the receptionist who answers panicked questions from the friends and loved ones of possible victims, and continues through facility clean-up, subsequent press announcements, arrangements with families, and advertising campaigns.”<sup>255</sup> Laurence Barton applies crisis marketing in the sense of crisis response, emphasizing measures concerning crisis communication and business continuity. In the author’s opinion, this proposition is not substantial. Crisis marketing (closely linked to crisis management) starts much earlier – before a crisis arouses – includes business continuity, crisis communication and numerous other measures in the acute crisis situation and leads (shortly or even a long time after the crisis situation) to a single- or double-loop learning process. Unfortunately, most hotels in reality still act as described in this statement. But – reacting spontaneously at the moment of a crisis means losing the opportunity to act strategically on the one hand and losing the opportunity to implement a crisis marketing strategy on the other hand. Consequently, long-term business

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<sup>254</sup> cf. Zech, N., “Stakeholder management in the Hospitality Industry - an Empirical Survey of the Status Quo,” *Journal of Economics and Management Research*, 3 (2014), 135–151, p. 149.

<sup>255</sup> Barton, L., “Crisis management: Preparing for and Managing Disasters,” *Cornell Hotel and Restaurant Administration Quarterly*, 35 (1995), 59–65, p. 65.



continuity and stakeholder relationships are not in the focus of corporate crisis management any more. A closer insight in the applied and suggested processes seems advisable.

The theoretical foundations investigated by an in-depth state-of-the-art literature review as well as by a summary of hotel industry specifics, made a research gap for the present research subject obvious. Furthermore, the need of a crisis management model tailor-made for the hotel industry becomes apparent. The apparent field with insufficient theoretical background justifies the framework of an explorative study. By the application of this procedure, efficient crisis management at high probability is achieved.

Table 2.6. summarizes authors' statements regarding further research implications given in their respective research papers – sorted by main further research implication fields:

Table 2.6.

**Further Research Implications in the Literature**

<b>Main further research implication field</b>	<b>Author(s)</b>	<b>Implementation into present research</b>
Empirical examination of corporate crisis management	Pearson, C. and Clair, J. Pennington-Gray, L. et.al	In-depth empirical analysis of pre-requisites, status quo and model alternatives
Exploration of tactical matters – preferably by cooperation of academics and practitioners	Barton, L. Faulkner, B. Henderson, J. Pearson, C. and Mitroff, I. Ritchie, B. Rousaki, B. and Alcott, P. Quarantelli, E.	Conduct of expert interviews and stakeholder surveys based on theoretical findings
Collaboration with stakeholders with respect to crisis management – network dependency	Hwang, L. and Lockwood, A. Hystad, P. and Keller, P. Smith, D.	Incorporation of stakeholders' perception and demands into the model

Source: prepared by author

### **Summary of Prerequisites and Status Quo**

The hints given as well by the literature as by the fact of the hotel industry being part of the service industry on the one hand and the tourism industry on the other hand lead to the justification of adding the stakeholder relationship aspect to the model. As not all stakeholders and their respective perceptions and demands can be analysed by an empirical data analysis, the three decisive stakeholder groups (internal hotel stakeholders, hotel guests and DMOs) will be analysed *ceteris paribus*. Furthermore, it became obvious that while the application of both management approaches - corporate crisis management and stakeholder relationship management – is more than justifiable due to the industry specifics the majority of organisations seem to apply them more intuitively than strategically if they apply them at all. For

stakeholder relationship management many of them apply the approach without naming it explicitly. One reason for this non-professional application of both approaches may be found in the fact that the typical hotel organisation is attributed to SMEs. In SMEs limited resources such as time and workforce have to be allocated to daily operational processes instead of strategical planning. These facts may be seen as a clear indication for the need of a general model which can be applied to the individual hotel organisation without great effort and profound academic knowledge.

### **3. RESEARCH DESIGN, EMPIRICAL DATA ANALYSIS AND RESEARCH RESULTS TOWARDS THE MODEL DEVELOPMENT**

#### **3.1 Epistemological Foundations and Limitations of the applied Research Design**

This doctoral thesis is following an exploratory approach: A general crisis management model is – based on the status quo and premises revealed by empirical analysis – adapted to an industry-specific integrated crisis management model for the hotel industry. This reverse approach is selected due to an insufficient existing theoretical background. The research design applied for this doctoral thesis is dedicated to the pragmatic worldview. Instead of focusing on methods, pragmatic researchers “emphasize on the research problem and use all approaches available”<sup>256</sup>. As in many other cases this worldview leads here to a mixed methods approach as applied in the next steps. Generally, pragmatism is not committed to one system of philosophy or reality, instead researchers may draw their assumptions deliberately from both quantitative and qualitative data collection and analysis. This indicates that researchers are free to apply methods, techniques and procedures of research which best meet their needs and purposes.<sup>257</sup> According to Collis and Hussey, “pragmatists suggest that by ignoring the epistemological debate about reality and the nature of knowledge, the weaknesses of one paradigm can be offset with the strengths of the other”<sup>258</sup>. Conclusively, according to Creswell, the decisive characteristics of the pragmatic worldview are:

- “consequences of actions,
- problem-centered,
- pluralistic,
- real-world practice oriented.”<sup>259</sup>

Based on these decisive characteristics, this worldview represents the most adequate approach for this research subject.

Fig. 3.1. emphasizes by coloured highlighting the empirical data analysis which outlines the consequent next step towards the model development:

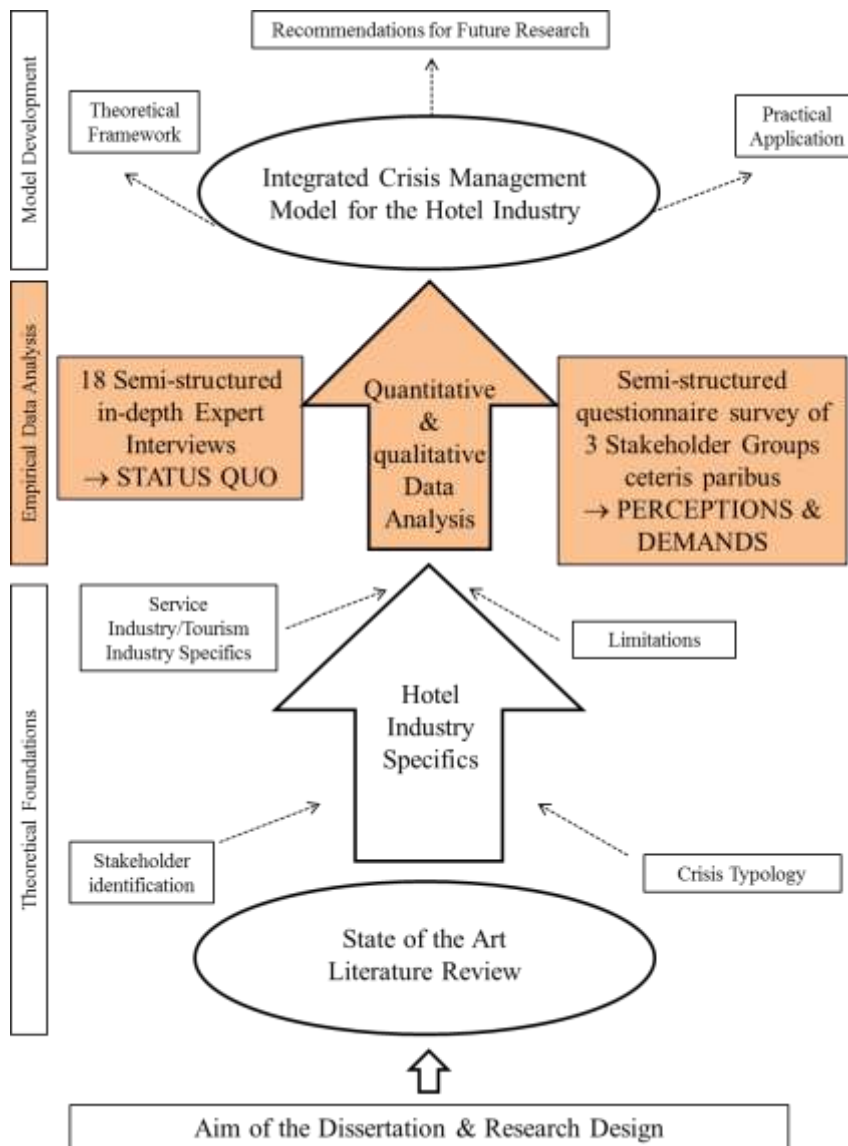
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<sup>256</sup> Creswell, J. W., *Research Design - Qualitative, Quantitative and Mixedmethods approaches*, 3rd ed. (Los Angeles: SAGE Publications, 2009), p. 10.

<sup>257</sup> cf. *ibid.*, pp. 10 f.

<sup>258</sup> Collis, J., Hussey, R., *Business Research - a Practical Guide for Undergraduate & Postgraduate Students*, 3rd edn (Palgrave Macmillan, 2009), p. 66.

<sup>259</sup> Creswell, J. W., *Research Design - Qualitative, Quantitative and Mixedmethods approaches*, 3rd ed. (Los Angeles: SAGE Publications, 2009), p. 6.



Source: prepared by author

Fig. 3.1. Doctoral Thesis Structure – Step IV

In the course of the configuration of this empirical research, some research limitations either arose or were set in order to specify the underlying conditions:

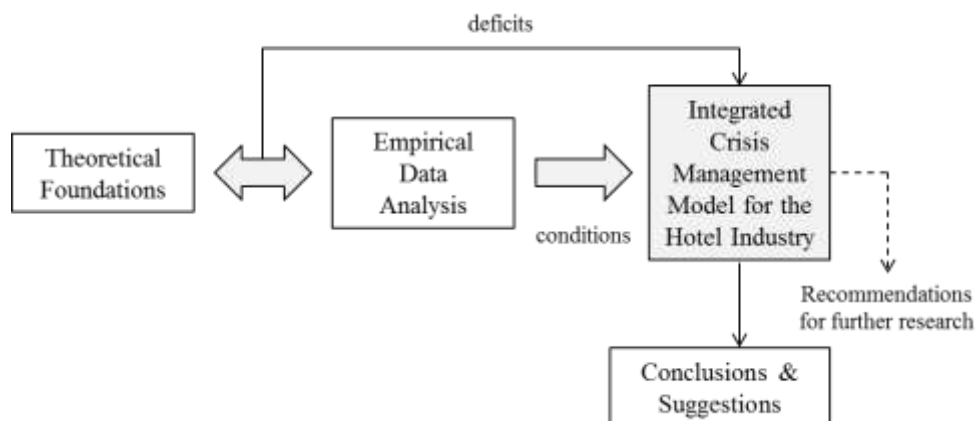
- limitation to “hotel industry” instead of investigating the “hospitality industry” – e.g. cruise ships, private accommodation, camping or catering organisations would make an in-depth application to special circumstances necessary as both their crisis susceptibility and operational initial situation vary significantly,
- survey of three stakeholder groups (internal hotel stakeholders represented by hotel management students in a dual university programme, hotel guests, DMOs) ceteris paribus due to the fact that they are the operationally decisive ones in crisis situations,
- research conducted “ex-post facto” – research relies on incidents from the past as crisis situations might not be examined “live” or within a laboratory experiment,

- not taking regional or national laws, insurance rule or rules set by business partners (e.g. tour operators) into consideration – these greatly varying aspects would have to be added in process of adapting the general model to the specifics of an applying hotel organisation.,
- pure operational view, no financial factors valued – a reflection of financial factors has to be seen as distinctive to a considerable extent in its consideration from the reflection of operational factors.

Additional factors such as individuality of hotel organisations, external influence factors on stakeholder satisfaction, unpredictable crises and arousing crisis factors, restricted number of experts interviewed and stakeholders surveyed might set additional limits to the present research.

### 3.2 The Process of the Empirical Data Collection and Application of Empirical Analysis Methods

The subsequent empirical data analysis will reveal further facts of reality which will consequently unveil deficits of the theoretical foundation. The integrated crisis management model for the hotel industry will then in a next step neutralize these apparent deficits and discrepancies, considering the given conditions at the same moment. Finally, conclusions and suggestions derived from the model are introduced and recommendations for further research are indicated. Fig. 3.2. displays the indicated procedure graphically:



Source: prepared by author

Fig. 3.2. Classification of the Empirical Data Analysis within the Research Design

Harrington and Ottenbacher proposed in their Book “Strategic Management - An Analysis of its Representation and Focus in Recent Hotel Research“ that “Future research in [strategic hotel management] should move beyond tactical or marketing perspectives and provide more in the form of theory development. Further, research should assess the most important uncertainties facing hotel organisations and any implications for strategy practice. Questions in the strategy and uncertainty area might include:

- How are strategic relationships between hotel and non-hotel firms used to minimize uncertainty?
- Can strategic relationships with governments or state-owned enterprises be formed to minimize negative effects for hotel organisations?
- Should these take the form of strategic alliances, globally distributed R&D units, multi-partner deals, industry networks or partnership portfolios?”<sup>260</sup>

The present doctoral thesis does not consider exactly these questions but they definitely have some influence on the as well as on the formulation of the main hypothesis and hypothesis-based propositions as outlined in the introduction.

On the foundation of the pragmatic worldview, a mixed methods approach is applied. This indicates that both qualitative and quantitative data was collected and respectively analysed. In this context, qualitative and quantitative data was collected simultaneously through the applied research methods. These research methods were semi-structured expert interview and semi-structured questionnaire. “Semi-structured” indicates both open- and closed-ended questions. Extensive expert interviews are considered the best research method in order to gain as much insight into the research subject as possible. Within a semi-structured expert interview, in addition to the questions prepared the interviewer is able to add additional questions in order to obtain more detailed information about a particular answer or to explore additional issues that arise from a particular answer.<sup>261</sup> For this present research this interview strategy seems most applicable as a standardized fill-in-questionnaire would not be suitable in order to take the individual specifics and tools applied throughout the organisations interviewed into account in detail. Questionnaire stakeholder surveys were applied supplementally in order to reach a higher number of participants and therefore gain a broad insight into stakeholder perceptions and demands. A range of questions is identical for ensuring comparability.

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<sup>260</sup> Harrington, R. J., Ottenbacher, M. C., “Strategic management - An Analysis of Its Representation and Focus in Recent Hospitality Research,” *International Journal of Contemporary Hospitality management*, 23 (2011), 439–462, p. 452.

<sup>261</sup> cf. Collis, J., Hussey, R., *Business Research - a Practical Guide for Undergraduate & Postgraduate Students*, 3rd edn (Palgrave Macmillan, 2009), p. 195.

While the quantitative dichotomy is dominant in management studies, the addition of the qualitative aspect might possibly reduce over-reliance on statistical data and provide valuable “insights through subjective interpretations of experiences that provide plausible answers in relation to social phenomena”<sup>262</sup>. In other words, the “goal of mixed methods research is not to replace either of these [qualitative and quantitative] approaches but rather to draw from the strengths and minimize the weaknesses of both”<sup>263</sup>. Throughout the last decade the mixed methods approach has been included more and more into the discussion about research paradigms. An increasing number of authors recognize it as a third paradigm along with qualitative and quantitative research. It may be seen as an advancement of the existing paradigms – a synthesis which includes ideas from qualitative and quantitative research.<sup>264</sup> Johnson, Onwuegbuzie and Turner took a closer look on the variety of definitions regarding mixed methods research coming up with a summarizing and general definition:

“Mixed methods research is the type of research in which a researcher or a team of researchers combines elements of qualitative and quantitative research approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the broad purposes of breadth and depth of understanding and corroboration.”<sup>265</sup>

Derived from this definition, the mixed methods approach seems the most appropriate for this present empirical research – revealing the status quo of applied crisis management within the hotel industry and perceptions and demands of stakeholder groups as well as setting the prerequisites for the development of an integrated crisis management model for the hotel industry.

The validity of the present research is ensured by the research methods applied, the conception of the open and closed questions and the selection of research participants. The reliability is due to the research design naturally restricted but is intended being ensured by the numbers and the diversification of research participants.

In order to determine the status quo of crisis management within the hotel industry, 18 semi-structured expert interviews were conducted in Germany, Austria and Italy within the time frame June to November 2013. An expert is defined by the existence of at least one of the following criteria:

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<sup>262</sup> Jogulu, U. D., Pansiri, J., “MixedMethods: A Research Design for Management Doctoral Dissertations,” *Management Research Review* 34, no. 6 (2011): 687–701, p. 689.

<sup>263</sup> Johnson, R. B., Onwuegbuzie, A. J., “MixedMethods Research: A Research Paradigm Whose Time Has Come,” *Educational Researcher* 33, no. 7 (2004): 14–26, pp. 14 f.

<sup>264</sup> cf. Johnson, P. B., Onwuegbuzie, A. J., Turner, L. A., “Toward a Definition of MixedMethods Research,” *Journal of MixedMethods Research* 1, no. 2 (April 01, 2007): 112–133, pp. 112 ff.

<sup>265</sup> *ibid.*, p. 123.

- professional education and qualification related to crisis management,
- position within the organisation,
- long-time active crisis management experience.

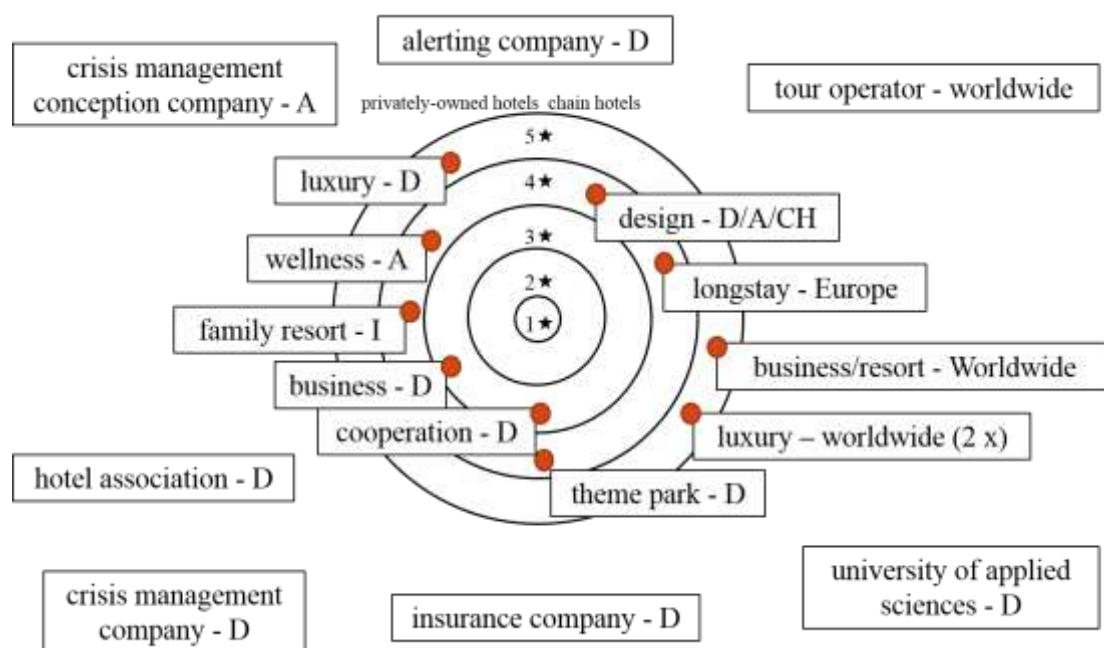
All expert interviews were conducted either per mail, phone or personally. An introduction of the research topic was followed by structured and open questions and finalized by enquiring personal and company key data. As the literature did not offer sample questions or questionnaires on the investigated topic, all questions were self-conceptualized. As a guide towards the formulation of the questions the underlying issues for assembling a crisis management plan – compiled by Fink and introduced in chapter 1.1.3 - represent a foundation which has to be supplemented by more in-depth research-related questions (identified by the author based on the confrontation of general literature review and industry specifics): Which members of the crisis management team are present? Who could replace the missing team members? Which stakeholders are most affected by the crisis situation? How can these affections be reduced? Which stakeholders might be of assistance in the crisis situation? How can business continuity be ensured? Which crisis communication tools prepared are appropriate for this specific crisis situation? Which steps have to be followed for applying this respective crisis communication tool? The experience of which scenario-based training might be helpful in this situation?

Analogous, the basic issues for conducting a post-incident audit by Luecke - introduced in chapter 1.1.3 – served and were supplemented by the following aspects (also identified by the author based on the confrontation of general literature review and industry specifics): How do we rate our crisis awareness? In general and with reference to the crisis occurred? How do we rate our crisis preparedness? In general and with reference to the crisis occurred? Did we ensure business continuity? Was or crisis communication geared to the respective target groups? Which stakeholder groups were most affected by the crisis? How could these affections have been reduced? Which stakeholders were might have been of assistance in reducing crisis impact? How could we integrate respective stakeholders into the different crisis management phases? Do we have to re-prioritize our stakeholders? Did our crisis management efforts contribute to strengthen stakeholder relationships? Which (scenario-based) crisis trainings helped or would have helped reducing crisis impact? Would the underlying standards of a safety certificate have helped in overcoming the crisis faster and with less impact? Does our crisis evaluation matrix have to be amended based on the latest crisis experience? Is an internal post-incident audit sufficient or would we better consult an external auditor?

The aim was to reveal the status quo of applied elements (as described in previous chapters) of crisis management and stakeholder relationship management within the hotel



industry on the one hand and the experience, comments, recommendations, perceptions etc. on the other hand. Crisis awareness (thinking about crisis existence and consequences – as opposed to denial; inclusion of crisis management into general management to whatever extent) and crisis preparedness (protection and reaction; application of crisis management tools) were central aspects of evaluation. Very precise questions on all tools and elements applied were formulated in order to get a clear picture of reality. An expert interview guideline is illustrated in appendix no. 4. Fig. 3.3. displays the range of experts (status determined by qualification, position and experience in the respective field) interviewed inside and outside the hotel industry:



Source: prepared by author

Fig. 3.3. Expert Interviews Matrix

The expert interview matrix in fig. 3.3 outlines all experts interviewed. The vertical line divides the hotels into 4 privately-owned hotels, 4 chain hotels, 1 hotel cooperation and 1 theme park hotel. The range of interviews was rounded up by 7 experts of surrounding industries. Within the display “D” stands for Germany, “A” for Austria and “I” for Italy. The list of experts interviewed including experts’ positions and qualifications as well as interview date and type is illustrated in appendix no. 5.

In a parallel step, three essential stakeholder groups were surveyed ceteris paribus within the time frame October 2013 to January 2014. This stakeholder survey represents an excerpt of expert interview questions and serves as a comparison of perceptions and demands from a

different point of view – experts representing persons involved in the conceptional crisis management process, stakeholders representing persons mostly only involved in the operational crisis management process. Internal hotel stakeholders (represented by hotel management students in a dual university programme) as well as hotel guests represent the two fundamental stakeholder groups without whom hotel business would be non-existent. Destination Management Organisations (DMOs) represent a further major stakeholder group as they are marketing partner and regional crisis coordinator on the one hand and contact point to media, government, local community, suppliers, distribution partners, etc. on the other hand.

The semi-structured questionnaire applied consisted of an introduction to the research topic, structured questions based on comparable questions applying a 5-point-likert-scale as well as of multiple choice questions and an enquiry of personal and company key data. Questions 1 to 8 and 10 were identical or comparable (both to the respective other stakeholder groups and for the experts) in order to achieve comparability of the answers. Question 9 as well as the personal and company key data were slightly adapted to the specific conditions of the stakeholder groups. Alike the expert interview guideline, the questions were self-conceptualized and custom-made for the research topic of this doctoral thesis. An open question with reference to the stakeholders' experience was followed by a rating of perceived crisis awareness and crisis preparedness. As these perceptions are not quantifiable at first hand, the stakeholders had to rate from what they were able to know and evaluate from their respective view. The perception of the hotel conception handling crisis situations better was inquired in order to be able to adapt the model to the respective hotel conception if necessary. In the following, promising crisis management tools and crisis communication means were inquired. Questions 7-9 referred to the stakeholder relationship management aspect, scanning how stakeholder relationship management might take advantage and serve crisis management at the same time. The questionnaire ended with another open question asking for best practices within the hotel or other industries. Personal characteristics such as for example age, origin or travel experience were inquired in order to be able to investigate on coherences of characteristics and answers. The questionnaire was set up and applied via Survey Monkey, a wide-spread internet-based survey-tool. Sample questionnaires are illustrated in appendix no. 3. The following numbers of questionnaires filled in were obtained:

- 81 hotel management students in a dual university programme (census of all students of a University of Cooperative Education who complete their practical part in a hotel – they may be rated as internal stakeholders as they have the status of regular hotel employees as opposed to trainees or apprentices by contract; as most of them have passed an apprenticeship before attending University of Cooperative Education their

industry-belonging is at least comparable to regular hotel employees; in addition, due to their scientific background their perceptions may be thought of even more precise; they combine theoretical knowledge and practical experience);

- 70 hotel guests (random sample of travellers at the Munich main train station who affirmed staying at a hotel during their journey; main train station was chosen as location for conducting the survey in order to get a sample which is not influenced by the hotel choice (category/conception – chain or privately-owned/target group – business or leisure traveller); a total of 750 travellers were approached = 9 % conversion rate);
- 84 DMOs (random sample of international DMOs exhibiting at the world's largest Event Travel Fair "EIBTM" located in Barcelona/Spain on an annual basis; a total of 439 DMOs were represented at the trade fair = 19 % conversion rate).

Due to the fact that for all stakeholder groups surveyed no sample-size based on a closed population can be determined, the scientifically acknowledged small-sample-size approach is applied.

All empirical data were analysed by content analysis and statistical evaluation – preferably via SPSS. Wherever applicable, quantitative analysis of both quantitative and qualitative data was realized.

The Shapiro-Wilk-Test of all metric-scale-questions of the survey results for all three stakeholder groups revealed that no normal distribution can be assumed. Therefore – where applicable - non-parametric tests were applied. A printout of the application of the Shapiro-Wilk-Test to one exemplary survey-question is displayed in appendix no. 9.

Hereinafter an overview of the evaluation methods applied:

- **content analysis** – catchwords in the answers to open questions of expert interviews and questionnaires are evaluated and summarized,
- **expert interview content certification scheme** in order to evaluate the status quo of applied crisis management tools based on expert interviews,
- **descriptive statistics** via SPSS – fundamental data analysis of the data retrieved from the individual questions within expert interviews and questionnaires,
- **weighted rankings** – qualitative data retrieved from expert interviews and questionnaires is quantitatively analyzed,
- **cross tab and correlation analysis** via SPSS – investigation on the influence of stakeholder characteristics on the answers to decisive questions,

- **Kruskall-Wallis-test** via SPSS– a non-parametrical test to analyze the homogeneity of stakeholder groups surveyed.

### 3.3 Results of the Empirical Data Analysis serving as a Foundation for the Model Development

#### 3.3.1 Content Analysis

First of all, the qualitative analysis of the expert interviews and stakeholder surveys is introduced. All records were scanned by content analysis for described crisis experience, other industries perceived in a vanguard role regarding crisis management implementation as well as catchwords and general recommendations towards the development of an integrated crisis management model for the hotel industry. Complete listings of responses and comments of experts and stakeholders with reference to “crisis experience”, “vanguard role of other industries” as well as “catchwords and general recommendations towards the development of an integrated crisis management model for the hotel industry” are displayed in appendix no. 7 and no. 8. The respective extracted “top 3 responses and comments” of tables 3.1. and 3.2. will serve as a foundation for the final model development.

Table 3.1.

**Content Analysis of Expert Interviews and Stakeholder Surveys regarding Crisis Experience and Vanguard Roles of other Industries**

<b>Topic</b>	<b>Favourite Responses and Comments Experts</b>	<b>Favourite Responses and Comments Stakeholders</b>
<b>Crisis Experience</b>	fire and water damage electric failure accidents and medical emergencies	computer system failure; environmental crisis; electric failure
<b>Other Industries or Organisations in- and outside the Hotel Industry perceived in a Vanguard Role regarding Crisis Management Implementation</b>	airline industry tour Operators cruise companies	airline industry; tour operators; cruise companies

*Source: author's analysis of empirical expert interview and stakeholder survey data*

Table 3.1. indicates that “computer system failure” and “electric failure” – closely linked to each other – are overall the most experienced crisis situations by both experts and stakeholders. “Environmental crisis” as well as “structural crisis” represent additional crisis situations more

than frequently experienced by experts and stakeholders surveyed. These are all crisis situations whose impact might have reduced by strategic training and preparation. The fact that the airline industry, tour operators as well as cruise companies are perceived in a vanguard role regarding crisis management implementation is a clear plea for the active involvement of stakeholders. All three industries are characterized by putting strong emphasis on their stakeholder relations.

Table 3.2.

**Content Analysis of Expert Interviews regarding Catchwords and General Recommendations towards the Development of an Integrated Crisis Management Model for the Hotel Industry**

Topic	Top 3 Responses and Comments
<b>Catchwords and General Recommendations towards the Development of an Integrated Crisis Management Model for the Hotel Industry</b>	1. external audits; 2. in general hotels only apply CM processes after having experienced a crisis situation; 3. CM manual containing information on CM prevention, CM trainings, CM communication procedures and CM team with contact details

*Source: author's analysis of empirical expert interview data*

The persons surveyed are convinced that generally hotels only apply crisis management processes after having experienced a crisis situation themselves. Establishing a structured crisis management system consisting of inventing a crisis manual seems promising. But – above all – these efforts will in the end only be successful if they are audited by external consultants (= crisis management experts) who reveal weak points of the crisis management processes applied.

### 3.3.2 Expert Interview

The “perceived impact level” as well as “perceived probability level” as illustrated in fig. 3.4. refer to question No. 8 (“*How would you rate the susceptibility of following crisis categories for your organisation regarding their probability and impact?*”) of the expert interview guideline (see appendix no. 4) and are scaled as follows: in this context - both probability and impact are not actually measured (as standardly done within the range from 0 to 1) but are rated upon the interviewee’s perception – the basic scaling of the perception levels for this and other survey questions is illustrated in table 3.3.

Table 3.3.

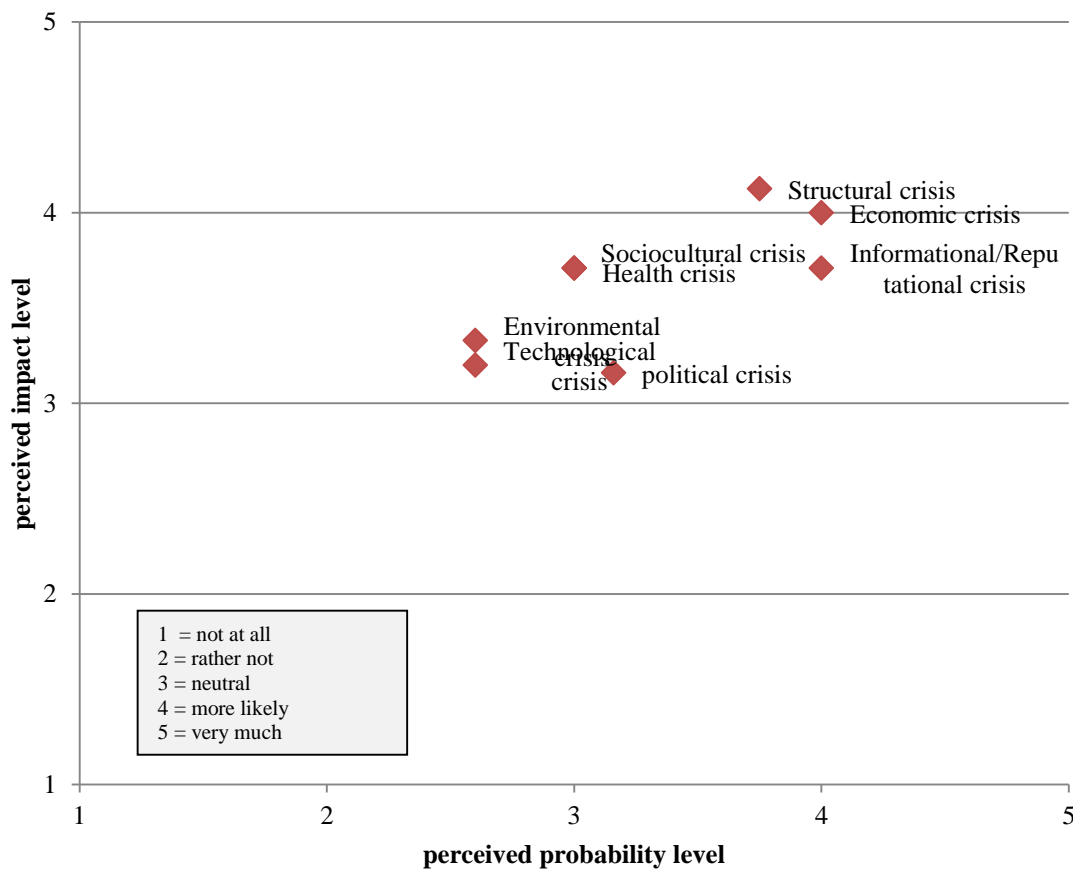
**Scaling of Perception Levels**

Perception Level	Scaling
<b>1</b>	not at all
<b>2</b>	rather not
<b>3</b>	neutral

<b>4</b>	more likely
<b>5</b>	very much

Source: prepared by author

As a result of the evaluation of fig. 3.4, structural crises (e.g. fire, building damage, electricity failure, infrastructural failure, etc.), economic crises and informational/reputational crises are rated as major threats to hotel organisations. The graphics illustrates another interesting result: None of the defined crisis types is rated as “not probable at all” or “rather not probable” on the one hand neither are they rated as “no impact at all” or “rather no impact” on the other hand. This is a clear indication that crises and their impact within the hotel industry are generally inevitable. Therefore, the need of a structured crisis management process can’t be denied.



Source: author’s analysis of empirical expert interview data

Fig. 3.4. Experts’ Perception of Probability and Impact Levels of Crisis Types

As a matter of fact, the results represented in fig. 3.4. (referring to generally perceived probability and impact levels) do not correlate with the results of table 3.1 (referring to actually experienced crisis situations). While economic and informational/reputational crises are rated

as crisis types with the highest generally perceived probability level, personal experience indicates the highest probability level for technological and environmental crises. One possible explanation for this phenomenon might be the fact that the personal experience of technological and environmental crises and their respective effects make a lasting impression on the victim's memory. E.g informational/reputational crisis situations not necessarily affect all stakeholders and are therefore not necessarily noticed as a crisis situation by them while they surely might have a severe impact on the hotel organisation's performance.

Further answers to the questions in the course of the expert interviews were mainly analysed via content analysis. For this purpose, the "expert interview content certification scheme" in order to evaluate the status quo of applied crisis management tools was evolved. By the application of this certification scheme, qualitative data of the expert interviews retrieved by content analysis becomes quantifiable and therefore comparable. The status quo of applied crisis management tools is rated on a 3-level-scale: 0 points representing "not at all", 1 point representing "intermediate", and 2 points representing "to a great extent". Table 3.4. summarizes the results:

Table 3.4.

**Status Quo of Applied Crisis Management Tools evaluated by Expert Interview Content Certification Scheme**

Hotel conception	Hotel	Category	systematic Threat Analysis	Crisis Management Manual	Crisis Management Team	regular extensive Crisis Trainings	systematic Crisis Communication	systematic Crisis Learning Process	Stakeholder involvement	Total
privately-owned	Business	3★	2	2	1	0	0	0	0	5
	Family-Resort	4★	0	0	0	1	1	0	0	2
	Wellness	4★	2	1	1	1	0	0	1	6
	Theme Park	4★	2	2	2	2	2	2	0	12
	Luxury	5★	2	0	0	1	0	0	1	4
chain	Design	3-4★	0	0	1	0	0	0	0	1
	Longstay	4★	1	2	2	2	2	2	2	13
	Cooperation	3-4★	0	0	1	0	0	0	0	1
	Business/Resort	5★	2	2	2	2	2	2	0	12
	Luxury	5★	2	2	2	2	2	2	2	14
Total private owned			8	5	4	5	3	2	2	29
Total chain			5	6	8	6	6	6	4	41
Total total			13	11	12	11	9	8	6	70

Source: author's analysis of empirical expert interview data

In order to generalize the results, the ratings achieved are summed up per hotel organisation in rows in a first step. In a next step, the total ratings per applied crisis management tool are displayed in columns – divided into privately-owned and chain hotels as well as in general.

In summary, while chain hotels generally apply more crisis management tools resp. apply them to a greater extent, there is a broad range within the particular hotel conception. Generally, the more stars a hotel has the more or more intense crisis management tools are applied. The

major group of overall applied crisis management tools are “systematic threat analysis” and “crisis management team” followed by “crisis management manual” and “regular extensive crisis trainings”. Nevertheless, the results reveal that not even these tools are applied on a solid “to a great extent”-level. The tools “systematic crisis communication”, “systematic crisis learning process” and “stakeholder involvement” are in definite need of improvement as – on average – they are applied on an intermediate level.

### 3.3.3 Stakeholder Surveys

In the following, the statistical evaluation of the quantitative survey data – supported by IBM SPSS Statistics Version 21 - is represented and finally summarized. All respective SPSS printouts of tables and graphs are displayed in appendix no. 10.

First of all, comparative descriptive statistics for all stakeholder groups – and experts where applicable - are introduced. Analogous to the expert interviews analysis, all results are rated upon the perception of the stakeholders surveyed. Perception levels are based on a 5-point-Likert-scale indicating perception level 1 = not at all up to perception level 5 = very much as displayed in table 3.3. Table 3.5 outlines the results on the survey questions “How would you generally rate the crisis awareness within the hotel industry?” as well as on “How would you generally rate the crisis preparedness within the hotel industry?”:

Table 3.5.

**Perceived Crisis Awareness and Preparedness**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Average rating of all stakeholder groups surveyed</b>	<b>Experts</b>
Perceived Crisis Awareness - Median	3.00	3.00	3.00	3.00	3.00
Perceived Crisis Awareness – Range	3.00	3.00	4.00	4.00	3.00
Range Min./Max.	1.00/4.00	2.00/5.00	1.00/5.00	1.00/5.00	2.00/5.00
Perceived Crisis Preparedness – Median	3.00	3.00	3.00	3.00	2.50
Perceived Crisis Preparedness – Range	4.00	4.00	4.00	4.00	4.00
Range Min./Max.	1.00/5.00	1.00/5.00	1.00/5.00	1.00/5.00	1.00/5.00

Source: author’s analysis of empirical expert interview and stakeholder survey data



The results of table 3.5. reveal comparable numbers stakeholder groups and experts surveyed. While a rating of 1 indicated a perceived non-existing crisis preparedness, a rating of 5 indicated perceived crisis preparedness as being of major importance to the hotel organisations. The results determined indicate a “neutral” perception of crisis awareness of both - stakeholder groups surveyed and experts interviewed. The median for both – stakeholder groups and experts – is centred at level 3 “neutral” and the respective ranges cover almost the complete min/max-range. The results are even a little bit lower for both groups with respect to perceived crisis preparedness. The median is located at 3 “neutral” for all stakeholder groups but at 2 “rather not” for experts. The respective ranges cover the complete min/max range for all groups. This implicates that while the perceived crisis awareness of hotel organisations is rated as being subject to of improvement, the perceived crisis preparedness is rated even worse. A correlation to the results of table 3.2 is notable: hotels might be aware of crisis situations possibly occurring but they are only willing to prepare for those crisis situations if they have already experienced one. The fact that the internal stakeholders’ perception of crisis awareness and crisis preparedness are even lower than the other groups’ results (with reference to a min/max-range of 1-4 for internal stakeholders regarding perceived crisis awareness) might be an indicator for either indeed poor crisis management efforts or poor information respectively lack of an image campaign regarding crisis management efforts.

Analysing the answers to the survey question “In your opinion, which hotel conception may handle crisis situation better?” table 3.6. displays the percentage basis of the respective hotel conception perceived handling crisis situations better.

Table 3.6.

**Hotel Conception perceived handling Crisis Situations better**

	<b>Internal Stakeholders n = 81</b>	<b>Guest n = 70</b>	<b>DMO n = 84</b>	<b>Cumulated rating of all stakeholder groups surveyed n = 235</b>	<b>Experts n = 18</b>
Privately-owned Hotels	29.6 %	30.0 %	22.6 %	28.4 %	0 %
Chain Hotels	70.4 %	70.0 %	72.6 %	70.8 %	72.2 %

Source: author’s analysis of empirical stakeholder survey data

For each stakeholder group surveyed as well as for the cumulated stakeholder groups it may be stated that chain hotels are notably perceived handling crisis situations better. While even no expert at all rates privately-owned hotel conception perceived handling crisis situations better, the percentage of experts being indecisive is remarkable. Appendix no. 10 lists the respective SPSS printouts. This result partly reflects the results of table 3.4. – the status quo of applied

crisis management tools – stating that YES, chain hotels do actually apply a wider range of crisis management tools but NO, the gap in-between the conceptions is not as grave as perceived by the groups surveyed and interviewed. This discrepancy between perception and actually applied crisis management would be subject to further investigation.

In a last step of descriptive statistics, the results of question 9 “Do you think that the active involvement of Stakeholders (customer, employees, stockholders, DMOs, etc.) might help reducing the impact of crises?” – are displayed sorted by stakeholder group resp. as an average rating for all stakeholder groups surveyed. Alike table 3.5., a 5-point-Likert-scale was applied – “1” indicating “not at all” and “5” indicating “absolutely”:

Table 3.7.

**Active Stakeholder Engagement in Crisis Phases**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Average rating of all stakeholder groups surveyed</b>
Possibility to reduce impact of crises by active stakeholder engagement - pre-crisis - Median	4.00	4.00	4.00	4.00
Possibility to reduce impact of crises by active stakeholder engagement - pre-crisis – Range	3.00	4.00	4.00	4.00
Range Min./Max.	2.00/5.00	1.00/5.00	1.00/5.00	1.00/5.00
Possibility to reduce impact of crises by active stakeholder engagement - acute crisis - Median	4.00	4.00	4.00	4.00
Possibility to reduce impact of crises by active stakeholder engagement - acute crisis – Range	4.00	3.00	4.00	4.00
Range Min./Max.	1.00/5.00	2.00/5.00	1.00/5.00	1.00/5.00
Possibility to reduce impact of crises by active stakeholder engagement - post-crisis - Median	4.00	4.00	4.00	4.00
Possibility to reduce impact of crises by active stakeholder engagement - post-crisis – Range	4.00	4.00	4.00	4.00
Range Min./Max.	1.00/5.00	1.00/5.00	1.00/5.00	1.00/5.00

Source: author’s analysis of empirical stakeholder survey data

Table 3.7. illustrates that all stakeholder groups surveyed tend to confirm the general possibility to reduce the impact of crises by active stakeholder engagement in the pre-, acute as well as the post-crisis phase. All medians are located at 4 “more likely” while the ranges cover the complete min/mas-range or a 2-5-range respectively.

For questions 5 to 8 the method of weighted rankings was applied. By the application of this method, qualitative survey data may be turned quantifiable. Based on the concept of weighted index numbers<sup>266</sup>, the numbers of the answer per question with the highest response is set 1. The numbers of the other selection options are considered proportionally. The result ranked 1 therefore represents the preferred answer. The smaller the weighted ranking of the other answers the less accepted it had been by the group surveyed. The results of the weighted ranking are displayed in tables 3.8. through 3.11. For question 5 “Which of the following Crisis Management Tools do you consider most effective for a Hotel?” crisis management trainings were overall rated as most effective crisis management tool for hotel companies; followed by the implementation of a contingency plan. Interestingly – as displayed in table 3.8. – extensive scenarios are rated quite effective by guests but not by internal stakeholders and DMOs who would realize these scenarios if applied. Reasons for this perception would be subject to further investigation.

Table 3.8.

**Most effective Crisis Management Tools**

		Internal Stakeholders	Guests	DMOs	Average rating of all Stakeholder Groups surveyed
<b>Question 5</b>	Extensive Scenarios	0,6	0,9	0,5	0,6
<b>CM Tools</b>	CM Trainings	1	1	1	1
	Contingency Plan	0,8	1	0,9	0,9
	Communication Plan	0,4	0,4	0,6	0,5

Source: author’s analysis of empirical stakeholder survey data

Regarding question 6 “Which of the following means of crisis communication do you consider most effective?” social media and Twitter is (still) not playing an important role. Personal crisis communication via phone/hotline and e-mail is perceived most effective crisis communication means as outlined in table 3.9. DMOs are the only stakeholder group which considers social media quite effective. This might be an indicator that this stakeholder group is more used to applying this communication tool in this context. Rapidly changing communication tools might change the results of these weighted rankings in the (near) future.

<sup>266</sup> cf. Collis, J., Hussey, R., *Business Research - a Practical Guide for Undergraduate & Postgraduate Students*, 3rd edn (Palgrave Macmillan, 2009), pp. 282f.

Table 3.9.

**Most effective Means of Crisis Communication**

		Internal Stakeholders	Guests	DMOs	Average rating of all Stakeholder Groups surveyed
<b>Question 6</b>	Homepage	0,5	0,9	0,6	0,7
<b>Crisis Comm.</b>	Intranet	0,7	0,3	0,6	0,5
	E-Mail	1	0,9	0,8	0,9
	Twitter	0	0	0,1	0
	Social Media	0,2	0,3	0,9	0,5
	Mailing	0,3	0,3	0,4	0,3
	Phone/Hotline	1	1	1	1

Source: author's analysis of empirical stakeholder survey data

In reply to question 7 “Which behaviour would you associate with trust in a hotel company?”, the answers of the stakeholders are not in unison. Table 3.10. reveals that while internal stakeholders as well as guests associate guest satisfaction and – at a remove – long-term business relationships with trust in a hotel company, DMOs associate long-term business relationships followed by guest satisfaction with trust in a hotel company. This evaluation seems to reflect the different kind of business relationships the respective stakeholder groups have with a hotel organisation.

Table 3.10.

**Behaviour associated with Trust in a Hotel Company**

		Internal Stakeholders	Guests	DMOs	Average rating of all Stakeholder Groups surveyed
<b>Question 7</b>	Preferred Bookings	0,2	0,1	0,1	0,1
<b>trust-related</b>	Lower rate sensitivity	0	0,1	0,2	0,1
<b>behavior</b>	Guest satisfaction	1	1	0,9	1
	longterm Business Relationship	0,6	0,5	1	0,7

Source: author's analysis of empirical stakeholder survey data

The answers to question 8 “The application of which Crisis Management Tool might increase your trust in a Hotel company?” are in accordance: all stakeholder groups surveyed consider a safety certificate the most effective crisis management tool for increasing trust in a hotel company. This reflects the results displayed in table 3.2. citing external audits as number one of general recommendations towards the development of an integrated crisis management model for the hotel industry. The fact, that the introduction of the crisis management team in the in-room-directory is rated on the second ranking correlates with the answers to question 6. Apparently, the personal aspect in crisis management and in crisis communication may not be

underestimated. Stakeholders trust might be increased if the team handling crisis situations is known by name.

Table 3.11.

**Crisis Management Tools able to increase Trust in a Hotel Company**

		Internal Stakeholders	Guests	DMOs	Average rating of all Stakeholder Groups surveyed
<b>Question 8</b>	none	0,1	0	0,2	0,1
<b>Tools able to increase trust</b>	Alerting Company	0,6	0,5	0,5	0,6
	CM Plan on the internet	0,4	0,3	0,4	0,4
	CM Plan on the annual Report	0,3	0,1	0,3	0,2
	CM Trainings	0,8	0,3	0,5	0,5
	CM Team in-room-Directory	0,9	0,5	0,9	0,7
	Safety Certificate	1	1	1	1

Source: author's analysis of empirical stakeholder survey data

For a better overview, table 3.12. summarizes the empirical findings based on tables 3.5. through 3.11. The marked and highlighted results will serve as foundation for the evolution of an integrated crisis management model for the hotel industry – green marks implicating high acceptance, red marks implicating need of improvement. In detail, the model needs to take special account of the following empirical findings: the perceived crisis awareness and especially perceived crisis preparedness of hotel organisations are neutral to subject to improvement. Chain hotels are perceived handling crisis situations better. Even if this fact does not comply completely with reality, the advantages of crisis management within hotel chains and its communication needs to be considered. As crisis trainings are considered most effective crisis management tool by all groups surveyed, this tool has to play a central role (in the crisis readiness phase). Experts have to change their opinion on most effective crisis communication means: all external stakeholder groups prefer personal communication via phone/hotline, only internal stakeholders rate e-mail as effective as personal communication via phone/hotline. As one major aim of the development of an integrated crisis management for the hotel industry is the increase of stakeholder trust, an emphasis on guest satisfaction and the establishment of long-term business relationships has to be set. The industry-overarching development of a “safety certificate” seems essential as this toll was considered most effective in increasing trust throughout all stakeholder groups. Active stakeholder engagement was rated helpful in reducing crisis impact in all crisis stages. This might e.g. be realized by common crisis-audits with a stakeholder circle sharing experiences from different points of view.

Table 3.12.

### Summary Descriptive Statistics and Weighted Rankings

Topic	scale	Method	Internal Stakeholders	Guests	DMOs	Common Ratings of all Stakeholder Groups surveyed	Experts
Perceived Crisis Awareness	ordinal	median	neutral	neutral	neutral	neutral	neutral
Perceived Crisis Preparedness	ordinal	median	neutral	neutral	neutral	neutral	neutral/ rather not
Hotel conception handling crisis situations better	nominal	ranking	chain hotels	chain hotels	chain hotels	chain hotels	chain hotels
Most effective Crisis Management Tool	nominal	weighted ranking	CM Trainings	CM Trainings Contingency Plan	CM Trainings	CM Trainings	CM Trainings
Most effective Crisis Communication Mean	nominal	weighted ranking	Phone/ Hotline E-Mail	Phone/ Hotline	Phone/ Hotline	Phone/ Hotline	E-Mail/ Mailing
Behaviour most associated with trust	nominal	weighted ranking	Guest satisfaction	Guest satisfaction	longterm business relationship	Guest satisfaction	./.
Crisis Management Tool most effective in increasing trust	nominal	weighted ranking	Safety certificate	Safety certificate	Safety certificate	Safety certificate	./.
Possibility to reduce impact of crises by active Stakeholder engagement - Pre-crisis	ordinal	median	more likely	more likely	more likely	more likely	./.
Possibility to reduce impact of crises by active Stakeholder engagement - Acute crisis	ordinal	median	more likely	more likely	more likely	more likely	./.
possibility to reduce impact of crises by active Stakeholder engagement - Post-crisis	ordinal	median	more likely	more likely	more likely	more likely	./.

Source: author's analysis of empirical stakeholder survey data

### 3.3.4 Cross Tab and Correlation Analysis

In a next step, possible correlations and relationships of answers within the stakeholder groups are examined. Each stakeholder group has the following distinctive features:

- internal stakeholders: department and gender,
- hotel guests: number of hotel nights per year (p.a.),
- DMOs: region.

The relationships are analysed and interpreted based on a cross tab analysis. The correlations are analysed by Spearman's rho due to the non-normal distribution revealed by the Shapiro-Wilk-Test. The respective SPSS printouts are displayed in appendix no. 10.

The subsequent tables 3.13. and 3.14. illustrate the summaries of the resp. cross tab analysis of hotel conception perceived handling crisis situations better by gender of internal stakeholders and analysis of perceived crisis awareness and preparedness in relationship to the

internal stakeholders' department. While the column headed "internal stakeholders total" reflects the answers of all internal stakeholders surveyed on the question "In your opinion, which hotel conception may handle crisis situations better?" – see table 3.6 – the columns headed "female" and "male" outline the percentage distribution related to gender of the stakeholders surveyed:

Table 3.13.

**Hotel Conception perceived handling Crisis Situations better in relationship to Gender of Internal Stakeholders**

	<b>Internal Stakeholders Total</b>	<b>Female</b>	<b>Male</b>
Privately-owned Hotels	29.6 %	27.4 %	36.8 %
Chain Hotels	70.4 %	72.6 %	63.2 %

Source: author's analysis of empirical stakeholder survey data

According to table 3.13 it becomes evident, that no significant relationship between the variables "gender" and "hotel conception" exists. Both female and male internal stakeholders rated the chain hotel conception as the one perceived as handling crisis situations better with non-significant differences within the percentage distribution: All three columns show a distribution in hotel conceptions perceived handling crisis situations better at close to two third against one third in favour of chain hotels.

Table 3.14. displays the investigation of another relationship between perceived crisis awareness and preparedness and internal stakeholders' characteristics. The results are subject to interpretation if the perception varies depending on respective department of an internal stakeholder:

Table 3.14.

**Perceived Crisis Awareness and Preparedness in relationship to Internal Stakeholders' Departments**

	<b>Gen. Admin.</b>	<b>F&amp;B</b>	<b>FO</b>	<b>Sales &amp; Mark.</b>	<b>HSK</b>	<b>HR</b>	<b>Acct.</b>
Perceived Crisis Awareness	3,07	3,10	2,70	2,75	3,00	2,50	2,84
Perceived Crisis Preparedness	2,60	2,94	2,60	2,25	2,50	2,00	1,67

Source: author's analysis of empirical stakeholder survey data

The variable "department" shows a slightly higher impact on the variables crisis awareness and crisis preparedness than gender. As a tendency, as well for crisis awareness as for crisis preparedness, the departments "food and beverage" followed by "general

administration” and “housekeeping” show the highest rates. The low rate of perceived crisis preparedness within the Accounting department (1,67) might be interpreted in a way that this department has to handle the cost of crises occurred and might be convinced of lowering this cost by realizing a more advanced crisis preparedness. More precise reasons for and implications of these results would be subject to further and more detailed investigations. Maybe the results would then be able to support specific internal training and communication plans to eliminate these departmental perception differences.

Based on table 3.15., for the stakeholder group “hotel guests” it becomes evident, that no significant correlation between the variables “crisis awareness” / “crisis preparedness” and “number of hotel nights p.a.” exists. At a total number of stakeholders surveyed  $N = 69 / 70$ , the Spearman’s rho correlation coefficient of 0.172 respectively 0.168 is too low to proof a significant correlation. This implies that no matter how many nights a guest spends in hotels p.a., the perception of general crisis awareness and crisis preparedness does not vary significantly.

Table 3.15.

**Correlation between perceived Crisis Awareness/Crisis Preparedness and Guests’ Number of Hotel Nights p.a.**

	<b>Crisis awareness.</b>	<b>Crisis preparedness</b>	<b>Number of Hotel nights p.a.</b>
Crisis Awareness – Spearman’s rho Correlation Coefficient	1.000	.601**	.172
Sig. (2-tailed)		.000	.156
N	70	69	70
Crisis Preparedness – Spearman’s rho Correlation Coefficient	.601	1.000	.168
Sig. (2-tailed)	.000		.169
N	69	69	69
Number of Hotel nights p.a. – Spearman’s rho Correlation Coefficient	.172	.168	1.000
Sig. (2-tailed)	.156	.169	
N	70	69	70

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: author’s analysis of empirical stakeholder survey data

Table 3.16. illustrates the summary of the cross tab analysis of “perceived crisis awareness and preparedness” in relationship to the DMOs’ region. Comparable to the investigation of perceived crisis awareness and preparedness in relationship to the internal stakeholders’ crucial



characteristics gender and department, the significance of the DMOs' characteristic region is analysed:

Table 3.16.

**Perceived Crisis Awareness and Preparedness in relationship to DMOs' Regions**

	<b>Europe</b>	<b>America</b>	<b>Asia/ Australia</b>	<b>Africa</b>
Perceived Crisis awareness	3,02	3,14	3,46	3,80
Perceived Crisis preparedness	2,83	2,71	3,27	3,60

*Source: author's analysis of empirical stakeholder survey data*

For the stakeholder group "DMOs" it becomes evident, that the perception of crisis awareness and crisis preparedness within the hotel industry in general is slightly higher in Africa (3,80/3,60) and Asia/Australia (3,46/3,27) than in Europe (3,02/2,83) and America (3,14/2,71). Reasons for and implications of this difference may be subject to further in-depth investigation. With a range of 0,78 for perceived crisis awareness and 0,77 for perceived crisis preparedness the respective ranges are less than 1 out of 5 points within the 5-point-Likert-scale. Therefore, the range of perception seems not significant enough to be an indicator for a general adaption of the integrated crisis management model for the hotel industry to the respective regions.

As a conclusion of not recording substantial correlations and relationships of any characteristics of the stakeholders and their perception of crisis awareness and preparedness, the subject itself is of a perceived same-level importance to all of them. An all-embracing model may be developed as there are no significant differences in attitudes referring to gender, department, stay frequency or region.

### **3.3.5 Kruskal-Wallis-Test**

Following the underlying idea, the means of the individual stakeholder groups' answers are compared in order to analyse the homogeneity of the groups' survey results. As the Shapiro-Wilk-Test revealed a non-normal distribution a non-parametric test is applied. The overview of the test results is displayed in table 3.17., the underlying SPSS table is displayed in the appendix.

**Homogeneity of Stakeholder Groups' Survey Results**

	<b>Crisis Awareness</b>	<b>Crisis Preparedness</b>	<b>Hotel Conception</b>	<b>Pre-crisis Stakeholder engagement</b>	<b>Acute crisis Stakeholder engagement</b>	<b>Post-crisis Stakeholder engagement</b>
Chi-Square	6.7885	6.206	.286	3.918	4.310	3.357
df	2	2	2	2	2	2
Asymp. Sig.	.034	.045	.967	.141	.118	.197

*Source: author's analysis of empirical stakeholder survey data*

The Kruskal-Wallis-Test of three independent samples with ordinal variables reveals a two-part result: While the results of the asymptotic significance of the variables "crisis awareness" (.034) and "crisis preparedness" (.045) is lower than .05 and therefore indicate a non-homogeneity of the stakeholder groups, the variables "hotel conception" (.967) as well as "pre-crisis" (.141), "acute crisis" (.118) and "post crisis" (.197) indicate a homogeneity of the stakeholder groups. Due to the dissimilarity of questions types resp. perspectives investigated no final indication regarding the homogeneity of the stakeholder groups can be stated.

### **Summary of Empirical Findings**

The empirical findings reveal that the majority of hotel organisations invent a structured crisis management process only after having experienced a crisis situation. Therefore, the additional value for hotels inventing the model needs to be higher than the perceived cost and effort. Furthermore, the crisis awareness and crisis preparedness as generally rated by the stakeholder groups and experts surveyed may be subject to improvement. However, the results for internal stakeholders are the worst. This might either imply inadequate crisis management processes in place or the need of an image campaign which brings the crisis management process in place to light.

Chain hotels are perceived handling crisis situations better throughout expert and all stakeholder groups. Therefore, especially privat-owned hotels need to take advantage of a structured crisis management in place and by this take advantage of standards. E.g. regular crisis management trainings are suggested throughout experts and all stakeholder groups as most effective crisis management Tool. They should be conducted based on a fixed scheme and maybe even communicated to external stakeholders.

Crisis communication is rated as an essential part within a strategic crisis management process. However, communication means and messages need to be adapted to the specific demands of the respective stakeholder groups. The results reveal as well that a discrepancy in the perception

of experts towards preferred crisis communication means and the actually preferred means exist.

Trust – either defined as enhanced guest and employee satisfaction or long-term business relationship may be achieved by inventing and applying a safety certificate. This certificate has to ensure applied crisis management standards on the one hand and may be used as a marketing tool on the other hand.

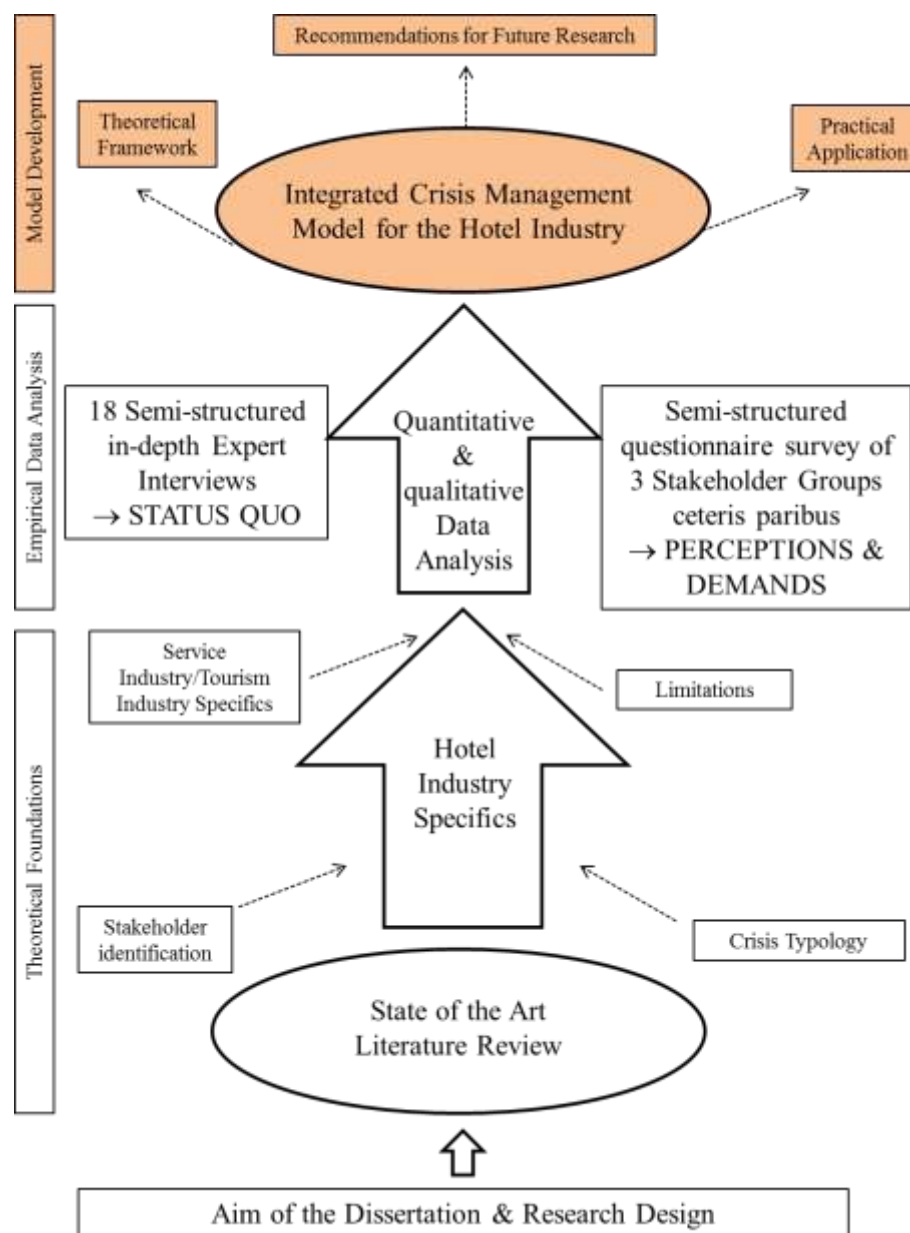
All stakeholder groups are convinced that active stakeholder engagement might possibly reduce crisis impact – the conviction is especially high for the post-crisis (= learning) stage. In particular, internal stakeholders need to be actively involved.

The calculated cross tabs and correlations reveal that for all stakeholder groups, personal traits have no significant influence on the answers.

## 4. MODEL DEVELOPMENT AND SUPPORT OF UNDERLYING HYPOTHESES AND PROPOSITIONS

### 4.1 Development and Introduction of an Integrated Crisis Management Model for the Hotel Industry

Chapter 4 – as graphically illustrated in fig. 4.1. – rounds up this doctoral thesis by developing and explaining the integrated crisis management model for the hotel industry:



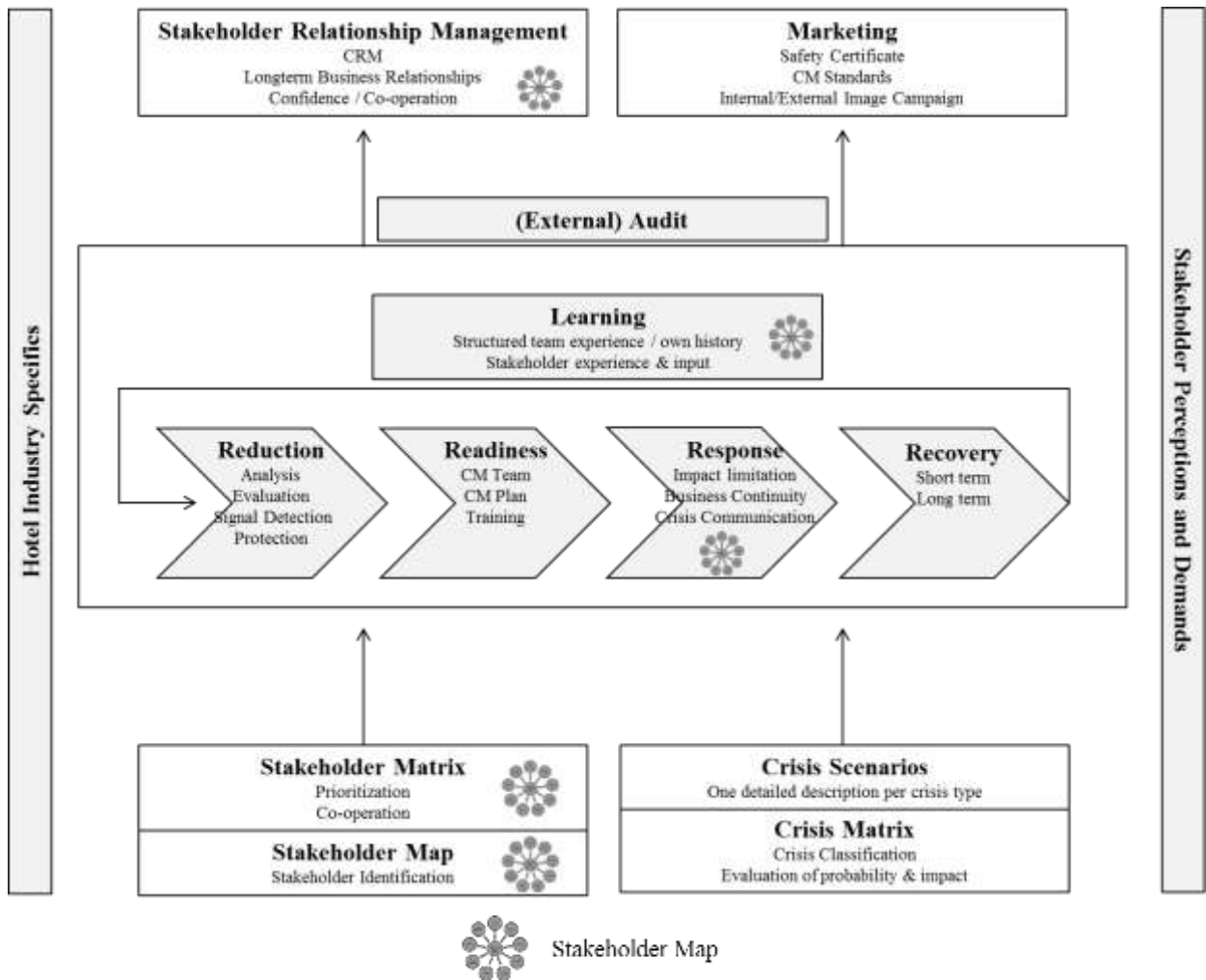
Source: prepared by author

Fig. 4.1. Doctoral Thesis Structure – Step V

The findings evolved by literature review and empirical analysis lay the foundations of a tailor-made structured crisis management model for the hotel industry. Besides the smooth resolution of crises and reduction of crisis impacts, the model has two major objectives as revealed by the content analysis of the qualitative research parts:

- development of a crisis management model which serves as a tool to enhance guest and employee satisfaction,
- development of a crisis management model which serves as a tool to enhance long-term business relationships with other external stakeholders.

In this context, a theoretical framework is complemented by practical applications. The model hereby neutralizes the deficits and discrepancies revealed between general crisis management literature and status quo respectively specific prerequisites for the hotel industry.



Source: prepared by author based on theoretical foundations and empirical findings

Fig. 4.2. Integrated Crisis Management Model for the Hotel Industry

Subsequently, the integrated crisis management model for the hotel industry is displayed (fig. 4.2) at first. After the detailed introduction of the model, general findings and suggestions are listed, the hypotheses compiled are tested and recommendations for future research in this field are given. As before mentioned the model is founded on a number of essential lessons learned from both theoretical and empirical analysis which are summarized in the following.

The individual modules of the model are now in a bottom-up-order introduced and explained.

### **Stakeholder Map**

Basically, the hotel organisations' stakeholder groups have to be identified and displayed in a tailor-made stakeholder map.

### **Stakeholder Matrix**

The identified prime stakeholder groups are sorted in the stakeholder matrix form including parameters such as general classification, prioritization in crisis situations and partnering resp. communication tactics.

### **Crisis Matrix**

Fundamental for the development of a crisis matrix is the review of the 8 crisis types set up by the author. Each crisis has to be valued (e.g. on a scale of 1 to 10) regarding the two aspects "perceived probability" and "perceived impact impact". In a next step, the results of this evaluation are summarized in an expressive diagram.

### **Crisis Scenarios**

The elaboration of a detailed scenario per crisis type represents the resumption of the crisis matrix. Table 4.1. shows an exemplary form for setting up a crisis management scenario per crisis type. For either all 8 pre-defined crisis types or the ones applicable to a respective hotel company, a crisis management scenario has to be elaborated. All subjects of the left column (perceived probability and impact, history, tools applied etc.) have to be considered carefully and preferably within the crisis management team – maybe even including external stakeholders where advisable. Considering facts and impacts of different crisis management scenarios well in advance of a concrete crisis situation allows stress-free consideration of all facts on the one hand and having a guideline ready in acute crisis situations on the other hand.

## Crisis Management Scenario

<b>Crisis Type: XX</b>	<b>Descriptions and Tasks</b>
micro / macro	
Perceived Probability (0-1)	
Perceived Impact (0-1)	
Detailed description of Crisis Type incl. 1-2 examples	
Signal Detection	
History / Experience	
Probable Timeline	
Processes and Actions	
Tools applied	
CM Team + responsibilities	
Alert Plan (phone, mail, pager)	
Communication internal / external	
Training (methods, regularity, participants)	
Expected challenges	
How to ensure Business continuity	
Worst Case Scenario	
Possible Stakeholder Co-operation	

Source: prepared by author

An more extensive underlying forms set for the individualisation of the integrated crisis management model for the hotel industry summarizing the configuration of the modules “stakeholder map”, “stakeholder matrix”, “crisis matrix” and “crisis scenarios” is enclosed in the appendix.

### **Crisis Reduction**

This phase is characterized by the analysis and evaluation of possible crisis situations. The data is retrieved from organisational or personal crisis experience as well as from general resp. specified (industry, region or organisation type) published information. On this basis, ways how to detect signals of the assessed crisis situations are developed. Employee awareness and sensibility as well as the co-operation with professional alerting companies or regular media review – depending on the crisis situation – are essential for crisis reduction. Only early awareness combined with quick reaction according to the elementary analysis and evaluation may choke off crisis situation before creating any damage. A general protection plan helps also to prevent buildings, operations and people from damage. Potential risks are investigated and eliminated as far as ever possible.

### **Crisis Readiness**

For all crisis situations which can't be avoided or solved before causing damage, crisis readiness is the key to decreasing impact. First, a crisis management team is composed. As there are several constellations thinkable, a management brainstorming seems advisable. There might be different team setups for different crisis scenarios recommendable. Whereas in some hotel organisations the owner or general manager as a crisis management team leader is acceptable, in other hotel organisations it seems better to build a team excluding the owner or general manager. On the one hand, he might be too subjective and finance-oriented as he has to suffer the consequences. On the other hand, it might be recommendable to have a further person on the list who is not involved in the crisis management process from the beginning. He might enter the scene in case the crisis situation escalates or a fresh and respected team member needs to join the team at a moment when all other team members are already exhausted. The crisis management team should meet on a regular basis (e.g. every 6 months) in order to review the responsibilities and latest developments.

A crisis management plan (or contingency plan) summarizes all necessary information on crisis situations, actions to take, persons to contact and in charge as well as detailed checklist for various crisis scenarios. The crisis management plan might either be copied and distributed to all departments (e.g. as a red folder) or distributed as tailor-made versions to all departments. For hotel chains, it seems recommendable to establish one basic crisis management plan which is adapted and specified for each individual hotel according to its respective specifics. The crisis management plan shall be updated regularly (e.g. once per year and after having overcome a crisis situation – see crisis learning). Attached to the crisis management is a training plan. This training plan comprises of training manuals (scenario-based trainings, theoretical trainings, workshops, table-top exercises,...), date lists and participant lists. Employees can be motivated to join the trainings by issuing training certificates which represent a direct added-value for them. Training might – depending on the subject – be realized in co-operation with one or several stakeholder groups, e.g. a joint scenario-training with the local fire department.

### **Crisis Response**

The crisis response phase has three goals and tasks in its focus: impact limitation, business continuity and crisis communication. In this phase, the hotel organisation is situated in an acute crisis situation. Therefore, the crisis situation can't be averted any more, only the damages for the organisation and its stakeholders might be limited. Impact limitation might be realized by quick response (e.g. structured evacuation) and no time lost by internal discussions (e.g. a pre-set crisis management team can start its actions right away). Business continuity is also ensured



by pre-set structures such as a crisis management team leader, a crisis management plan or the regular print-out (e.g. every 2 hours) of so-called contingency-reports which list all essential current information (e.g. listed guests in-house or expected, open balances, etc.). Business continuity is both the basis for the reduction of financial losses and the proof of professional crisis response to guests and other stakeholders. This aspect might even increase an organisation's image and reputation.

Success factors for crisis communication are the determination of one spokesperson (together with a communication restraint for all others), a designated communication style, tailor-made messages depending on internal or external stakeholder groups and the dedication of the right communication means to the respective stakeholder groups.

### **Crisis Recovery**

In this phase, returning to normal business as fast as possible is the overall goal. Generally, this phase is divided into two sections: short-term and long-term recovery. Short-term recovery may be seen as the continuation of "business continuity" in the crisis response phase. Light damages are eliminated. Subsequent to an officially (e.g. by the crisis team leader) announced final point of the crisis situation, normal day-to-day business restarts. Long-term recovery includes the resolution of substantial damages (e.g. building re-storage) on the one hand and a possible turning point in management on the other hand. From this turning point, either the learning phase might start or a starting point for entrepreneurial action – an initiative for rethinking the own business – might be set.

### **Crisis Learning**

The crisis learning phase rounds up the crisis management circle by establishing a connection from the crisis recovery phase to the crisis reduction phase. Team experiences after a crisis situation have to be written down and analysed in a structured way. It might be supplemented by individuals' own experiences with this crisis type (e.g. in former organisations) or stakeholders input regarding this crisis type. Results of this strategic learning process are revisions of crisis scenario forms and all four crisis management phases (e.g. revision of crisis management plan or crisis management training).

### **Hotel Industry Specifics**

The hotel industry specifics represent one part of the frame of this crisis management model. This implies that renowned general crisis management approaches are applied taking

the specific conditions of the hotel industry into consideration. Crucial specifics are e.g. the belonging to the service industry or the dominance of SME businesses.

### **Stakeholder Perceptions and Demands**

The stakeholder perceptions and demands represent the other part of the frame of this crisis management model. They have been investigated thoroughly within the empirical research of this doctoral thesis. These specific perceptions and demands have a considerable influence on the actual configuration of the crisis management process of a hotel organisation. And – they might even change in the course of the process: e.g. the stakeholder group “hotel guests” might convert into “victims” and change its perceptions and demands dramatically.

### **(External) Audit**

The empirical research – especially among experts – has revealed that a regular audit of the procedures set up seems advisable. Furthermore, the success of such an audit seems even more promising if it is executed by external experts. They ensure the consideration of renowned (industry) standards and uncover all weak points of the crisis management circle set up without sheltering somebody from blame. The presence of an external auditor stresses also the importance of the subject to the hotel management and motivates employees to actively take part in this process.

### **Stakeholder Relationship Management**

This module of the integrated crisis management model for the hotel industry is an essential one as it treats one of the major determinants: Enhancing stakeholder relationships through the establishment of a crisis management model. As learned from the empirical research – depending on the respective stakeholder group – both guest satisfaction, representing one aspect of customer relationship management (CRM) and long-term business relationship are aspects of stakeholder trust. By the establishment of a climate of confidence, long-term and valuable co-operations of the hotel organisation and one or several stakeholder groups might realize.

### **Marketing**

An additional aspect revealed by the empirical research is the benefit of the integrated crisis management model for the hotel industry considering marketing. The unisonous answer to the question the application of which crisis management tool might increase the stakeholders’ trust into the hotel organisation was “safety certificate”. The establishment of such a certificate

does not only ensure the adherence to standards but may also serve as a marketing operation. Above all, guests and business partners as e.g. tour operators or DMOs increasingly explicitly or implicitly demand the application of uniform crisis management standards. In order to ensure neutrality an independent either private institution or hotel association should initiate and check these standards – preferably on an internationally accepted basis. Hotel organisations would pay a fee (comparable to the existing system of hotel classifications or quality certifications) including checks, audit, regular re-audits and a visible certification logo. The cost for this process would be refinanced by customer and business partner loyalty.

The structured outline of crisis management standards (e.g. regarding the implementation of the crisis management circle phases) enables especially privately-owned hotels to close the perceived gap towards chain hotels in the aspect of applied crisis management. The marketing aspect might also contain an internal (and maybe external) image campaign regarding applied crisis management. The empirical research has revealed that in many cases the perception of applied crisis management is in need of improvement. For sure, often the perception is worse than the reality. A specified image campaign might resolve this discrepancy and attract as a result potential employees, guests and other stakeholders.

Within the display of the integrated crisis management model for the hotel industry in fig. 4.2., the icon representing the stakeholder map symbolizes a promising opportunity of co-operation with one or several stakeholder groups.

After having introduced and explained the single modules, hereinafter a number of summarizing major advices how to apply the integrated crisis management model for the hotel industry are given:

- The application of the model has to be understood as a continuous process instead of the accomplishment of a once-only task.
- Crisis management efforts have to be implemented into the organisational culture of the hotel organisation.
- The department heads have to take a vanguard role in implementing the individual modules of the model.
- Crisis management has to be considered a management tool instead of a necessary evil.

## 4.2 Support and Rejection of the Hypothesis and Propositions

Subsequent to having evolved and introduced the integrated crisis management model for the hotel industry, the underlying theses developed for defence are tested and supported resp. rejected according to the results of the exploratory research.

**H0: Crisis management as generally applied within the hotel industry at present is insufficient.**

### **Supported**

Basically, literature review revealed a general research gap regarding this topic on the one hand and led to precise further research implications on the other hand – see table 2.6. These results indicate clearly a need or an advanced, structured and practically applicable crisis management model for the hotel industry.

The following empirical analysis of conducted expert interviews and stakeholder Surveys revealed by several indicators that crisis management as generally applied within the hotel industry at present is insufficient:

- As well stakeholder groups surveyed as experts interviewed rated general perceived crisis preparedness within the hotel industry as neutral to subject to improvement. This substantiates that crisis management as applied within the hotel industry at present is insufficient.
- The conduct of management trainings followed by the existence of a detailed crisis management/contingency plan were rated the two most effective crisis management tools for a hotel organisation throughout all stakeholder groups surveyed – see table 3.8. Both crisis management tools may only be successfully implemented by taking advantage of an advanced and structured crisis management model. These ratings contradict generally applied ad-hoc decisions.
- All stakeholder groups surveyed rated the “perceived possibility to reduce impact if crises by active stakeholder engagement” as “more likely” and might therefore be seen as convinced of active stakeholder engagement helping to reduce crisis impact in all three crisis stages (pre-crisis, acute crisis, post-crisis). Fig. 3.4. illustrates the experts’ ratings considering perceived probability and impact level of the designated crisis types. Obviously no crisis type was on average considered being “not at all” or “rather not” regarding both probability and impact level. This high importance associated to crises is another clear indicator for the need of an advanced and structured crisis management model - which may lower probability and impact more efficiently than ad-hoc decisions.

In summary, these findings give clear evidence to the need of the creation of the integrated crisis management model for the hotel industry.

**P1: Stakeholder perceptions and demands towards crisis management within the hotel industry are homogenous.**

**Partly tentatively supported**

The homogeneity of stakeholder perceptions and demands towards crisis management was first tested within the respective stakeholder groups via cross tab and correlation analysis. This analysis revealed that the pre-described stakeholder characteristics such as gender, department, number of hotel nights p.a. and region show slight but no significant relationships respectively correlations or relationships with the answer to the questions regarding perceived crisis awareness and crisis preparedness or hotel conception. However, the results indicate a reasonable homogeneity within the respective stakeholder groups. Personal traits have no significant influence on the answers of the survey questions.

In a second step, weighted rankings were applied to the nominal question types. Significant deviations were only recorded for the question regarding “behaviour most associated with trust”. All other questions revealed comparable top rankings.

Furthermore, the homogeneity was also tested by applying the Kruskal-Wallis-Test. This non-parametric test focused the homogeneity of the three independent samples - the three stakeholder groups surveyed. Here, the results were two-folded: While the means of the variables “perceived crisis awareness” and “perceived crisis preparedness” indicate a light non-homogeneity of the stakeholder groups, the variables “hotel conception” as well as “pre-crisis”/”acute crisis”/”post-crisis” indicate a homogeneity of the stakeholder groups.

As a bottom line, stakeholder perceptions and demands towards crisis management within the hotel industry may be rated as predominantly homogenous.

**P2: The application of the reduction phase may avoid crisis-induced impact.**

**Tentatively supported**

The empirical research revealed throughout experts and stakeholder groups surveyed that the perception of crisis awareness is generally rated neutral with a median of 3.00 for all categories as outlined in table 4.2:

Table 4.2.

**Summary Empirical Analysis of perceived Crisis Awareness**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Average rating of all stakeholder groups surveyed</b>	<b>Experts</b>
Perceived Crisis Awareness - Median	3.00	3.00	3.00	3.00	3.00

Source: author's analysis of empirical stakeholder survey data

Furthermore, the analysis of the expert interviews revealed that almost no hotel organisation makes use of any structured method in order to analyse and evaluate potential crisis situations or to detect early signals. The integrated crisis management model for the hotel industry was built up on these premises. In order to emphasize on the reduction aspect, protection was added as an additional task. Applied as set up, the reduction phase may avoid crisis-induced impact.

**P3: The application of the readiness phase may avoid or reduce crisis-induced impact.**

**Tentatively supported**

The empirical research revealed throughout experts and stakeholder groups surveyed that the perception of crisis preparedness is subject to improvement – with medians within the range of 2.50 and 3.00 in table 4.3. The results are even worse than for crisis awareness. While the perceived crisis preparation is generally rated as neutral by all stakeholder groups, experts rate perceived crisis preparation as neutral to subject to improvement. It might be assumed that this result is owed to at least a certain extent of actual lack of crisis preparedness of hotel organisations.

Table 4.3.

**Summary Empirical analysis of Perceived Crisis Preparedness**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Average rating of all stakeholder groups surveyed</b>	<b>Experts</b>
Perceived Crisis Preparedness – Median	3.00	3.00	3.00	3.00	2.50

Source: author's analysis of empirical stakeholder survey data

In addition, throughout experts and all stakeholder groups, crisis management trainings were rated most effective crisis management tool as displayed in table 4.4.:

Table 4.4.

**Summary Empirical Analysis of most effective Crisis Management Tools**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Common rating of all Stakeholder groups surveyed</b>	<b>Experts</b>
Most effective Crisis Management Tool	CM Trainings	CM Trainings Contingency plan	CM Trainings	CM Trainings	CM Trainings

*Source: author's analysis of empirical stakeholder survey data*

Therefore, crisis management training was set up as a basis for the readiness phase of the model. It was supplemented by the additional tasks setting up a crisis management team and crisis management plan which enable an even faster reaction in acute crisis situations. Applied as set up, the readiness phase may avoid or reduce crisis-induced impact.

**P4: The application of the response phase may reduce crisis-induced impact.**

**Tentatively supported**

The integrated crisis management model for the hotel industry is set up on the premise that the underlying success factor of crisis communication is tailor-made messaging and application of communication means. This premise founds on the empirical research which revealed (as displayed in table 4.5.) that the perception of the most effective crisis communication means is inconsistent. While experts rate e-mail and mailings as most effective means of crisis communication, all internal and external stakeholders surveyed prefer to rely on direct and personal communication via phone or hotline:

Table 4.5.

**Summary Empirical Analysis of most effective Crisis Communication Means**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Common rating of all Stakeholder groups surveyed</b>	<b>Experts</b>
Most effective Crisis Communication Means	Phone/Hotline E-Mail	Phone/Hotline	Phone/Hotline	Phone/Hotline	E-Mail / Mailing

*Source: author's analysis of empirical stakeholder survey data*

The response phase within the basic crisis management circle was supplemented by two hotel industry specific aspects: Impact limitation and business continuity. While impact limitation prevents stakeholders – guests above all – from experiencing harming crisis situations, business continuity is an active tool to reduce a crisis impact by restoring normal business as fast as possible. Applied as set up, the response phase may reduce crisis-induced impact.

**P5: The application of the recovery phase may overcome crisis-induced impact faster and more fluently.**

**Tentatively supported**

The recovery phase implies on the one hand a resumption of business continuity. On the other hand – if the crisis impact does not allow straight business continuity – it implies setting an officially announced final point to the crisis situation at the applicable stage. By doing so, three aspects are enabled:

- normal business is able to restart,
- the announcement of the final point to the crisis situation brings along a stop of lamenting and struggling with the crisis source or impact,
- entrepreneurial action is enabled by the start of rethinking the business.

Applied as set up, the recovery phase may overcome crisis-induced impact faster and more fluently.

**P6: The application of the learning phase may avoid or reduce further crisis-induced impact.**

**Tentatively supported**

The empirical research revealed that all stakeholder groups are convinced of possible impact reduction of crisis by active stakeholder engagement for all crisis phases. They all generally rated the possibility to reduce impact of crises by active stakeholder engagement as more likely (median 4.00) throughout all crisis phases as outlined in table 4.6:



Table 4.6.

**Summary Empirical Analysis of active Stakeholder Engagement in Crisis Phases**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Average rating of all stakeholder groups surveyed</b>
Possibility to reduce impact of crises by active stakeholder engagement - pre-crisis - Median	4.00	4.00	4.00	4.00
Possibility to reduce impact of crises by active stakeholder engagement - acute crisis - Median	4.00	4.00	4.00	4.00
Possibility to reduce impact of crises by active stakeholder engagement - post-crisis - Median	4.00	4.00	4.00	4.00

*Source: author's analysis of empirical stakeholder survey data*

In addition to the input and experience of external stakeholders, both team and personal experience (e.g. from former employments) play an essential role in a promising learning process. The integrated crisis management model for the hotel industry is conceptualized in order to summarize personal, team and stakeholder input either on a regular basis or after having experienced a crisis situation. The results of this summary are meant to be included in updated reduction, readiness, response and recovery conceptions for a continued improvement. Applied as set up, the learning phase may avoid or reduce further crisis-induced impact.

**P7: The application of the integrated crisis management model for the hotel industry may generate Stakeholder trust.**

**Tentatively supported**

As displayed in table 4.7. behaviour most associated with trust is differently defined by the respective stakeholder groups. For the stakeholders of the inner circle trust is associated with guest satisfaction while it is associated with long-term business for the external circle. Therefore both aspects are included in the integrated crisis management model for the hotel industry.

**Summary Empirical Analysis of possible Trust Generation**

	<b>Internal Stakeholders</b>	<b>Guest</b>	<b>DMO</b>	<b>Common rating of all Stakeholder groups surveyed</b>
Behaviour most associated with trust	Guest satisfaction	Guest satisfaction	Long-term business relationship	Guest satisfaction
Crisis Management Tool most effective in increasing trust	Safety certificate	Safety certificate	Safety certificate	Safety certificate

*Source: author's analysis of empirical stakeholder survey data*

Rated the appropriate crisis management tool to increase trust is throughout all stakeholder groups surveyed "safety certificate". This safety certificate was implemented into the model categorised as a marketing tool. Therefore, applied as set up, the integrated crisis management model for the hotel industry is able to generate stakeholder trust.

## CONCLUSIONS AND SUGGESTIONS

Both – literature review and empirical research – confirmed that crisis management within the hotel industry taking account of the stakeholder relationship management approach lacks scientific research. However, the potential knowledge acquisition is promising as a variety of aspects seems indispensable in modern hotel management.

In the following, first conclusions retrieved from the literature review and empirical research are summarized. In a next step, suggestions are derived and listed.

### **Conclusions**

- 1) Still both – crisis management and stakeholder relationship management – are under-represented in the hotel management literature. There exist only few sources which consider a combination of both theories.
- 2) Also, a lack of practical application of both theories is notable within the hotel industry. Crisis management as well as stakeholder relationship management is applied - if applied at all – intuitively instead of accomplishing structured processes.
- 3) Most hotels are only willing to invest in the planning and implementation of a structured crisis management process after having experienced a crisis situation. Still, the cost of implementing a structured crisis management process is considered higher than the potential financial impact of a crisis situation.
- 4) The majority of internal stakeholders and hotel guests surveyed have already experienced crisis situations themselves. This is another hint towards the importance of establishing a structured crisis management.
- 5) The attribution of the hotel industry to the tourism industry in a first step and the service industry in a second step emphasizes the importance of having a structured crisis management process in place. The industries are especially crisis prone due to a great variety of potential crisis situations.
- 6) Modern media coverage does not allow any preparation time with respect to crisis communication any more. Unprofessional crisis communication might even enhance the crisis impact or add a reputational crisis. Furthermore, crisis communication regarding communication means and content need to be adapted for internal and external addressees or respective stakeholder groups. Generally, personal communication is preferred by all stakeholder groups surveyed.
- 7) Chain hotels are generally perceived to handle crisis situations better. The empirical research revealed that this is true to a certain extent. Nevertheless, some chain hotels

do even have less crisis management tools in place than the average privat-owned hotel. On the other hand, some privately-owned hotels have by far more crisis management tools in place than the average chain hotel. This finding pleads for industry-wide standards which ensure safety and security for employees, guests and all other stakeholders no matter if collaborating with a privately-owned or a chain hotel. Also, neither the size nor the classification of a hotel seems to have a significant influence on the operational crisis management applied. This implies being an additional indicator for the evolution of a generalised model which does not exclude specific hotel conceptions in the first place.

- 8) Besides these general conclusions, the analysis of empirical data revealed clear support of the main hypothesis of this doctoral thesis: *“Crisis management as generally applied within the hotel industry at present is insufficient.”* Generally, the perceived crisis awareness and crisis preparedness are in need of improvement. If a structured crisis management process is in place, a sensitive (focus honest interest instead of pure marketing; possible division into internal and external stakeholders) image campaign might enhance the perception. The conduct of management trainings followed by the existence of a detailed crisis management/contingency plan were rated the two most effective crisis management tools. These ratings contradict generally applied ad-hoc decisions. In addition, all stakeholder groups surveyed were convinced of active stakeholder engagement helping to reduce crisis impact in all crisis stages. At the same time, no crisis type was on average considered being “not at all” or “rather not” regarding both probability and impact level – another clear indicator for the need of an advanced and structured crisis management model which may lower probability and impact more efficiently than ad-hoc decisions.
- 9) The stakeholder groups’ characteristics do not correlate with the survey answers. This statement expresses the partly tentative support of the first hypothesis-based proposition which assumes homogeneity of stakeholder perceptions and demands towards crisis management within the hotel. Personal traits seem to have no significant influence on the answers of the survey questions. A light non-homogeneity was only indicated for the variables “perceived crisis awareness” and “perceived crisis preparedness” through the application of the Kruskal-Wallis-Test.
- 10) By emphasizing crisis awareness (analysis, evaluation, signal detection, protection) the second hypothesis-based proposition *“The application of the “reduction” phase may avoid crisis-induced impact”* is tentatively supported.

- 11) Crisis management trainings are perceived by experts and all stakeholder groups surveyed as most effective crisis management tool. Trainings need to be conducted on a regular basis, training methods need to be applied according to the training subject or scenario and participants might be additionally motivated by issuing participation certificates. Together with setting up a crisis management team and a crisis management plan, the third hypothesis-based proposition *“The application of the readiness phase may avoid or reduce crisis induced impact”* is tentatively supported.
- 12) As the integrated crisis management model for the hotel industry is based on the premises of effective crisis communication and business continuity, the fourth hypothesis-based proposition *“The application of the response phase may reduce crisis-induced impact”* is also tentatively supported.
- 13) Both – by ensuring business continuity and setting an officially announced final point to the crisis situation, crisis-induced impact may be overcome faster and more fluently. Therefore the fifth hypothesis-based proposition is tentatively supported.
- 14) The crisis learning process is essential for updating and progressing the crisis management process and therefore has to be structured. Empirical research revealed that all stakeholder groups are convinced of possible impact reduction of crises by active stakeholder engagement – especially for the post-crisis (= learning) phase. This tentatively supports the sixth hypothesis-based proposition *“The application of the learning phase may avoid or reduce further crisis-induced impact”*.
- 15) The behaviour which is most associated trust in hotel organisations is two-minded: While internal stakeholders and hotel guests ranked “guest satisfaction” highest, the DMOs’ ranking “long-term business” points out to a different relationship quality. A safety certificate – which so far does not exist – is considered the most effective crisis management tool in increasing trust throughout all stakeholder groups surveyed. This possible safety certificate would also support the approach to standardize crisis management processes in order to enhance the perception of the handling of crisis situations by privately-owned hotels. By emphasizing the marketing aspect in general and the launch of a safety certificate in specific, the last hypothesis-based proposition *“The application of the integrated crisis management model for the hotel industry may generate trust”* is tentatively supported.
- 16) Essential for establishing a structured crisis management process are two preparatory work steps: First, identifying and prioritizing the organisation’s stakeholder groups and second, evaluating the introduced crisis types for the own organisation

considering probability and impact, supplemented by the elaboration of one detailed crisis scenario per crisis type. Conclusively, the active involvement of internal stakeholders into brainstorming and making use of their broad variety of crisis experience seems a promising first step in establishing a structured crisis management process. In a second step, additional stakeholder groups may successfully be included. Their experiences in diverse fields may enrich the crisis learning phase.

### **Suggestions for Hotel Managers**

- 1) Hotel organisations should conceptually prepare more crisis situations apart from the generally associated crisis situations “fire” and “economic crisis”.
- 2) The hotel organisation’s general management must not see the stakeholder relationship management approach to crisis management as a once only tactic but has to implement it as a paradigm shift.
- 3) The hotel organisation needs to identify all crucial stakeholders and draw a stakeholder map focusing on the tourism context. Both formal and informal agreements have to be considered. Networks and co-operations have to be established before and tightened in a crisis situation. It is too late to establish them in a crisis situation.
- 4) The crisis management team of hotel organisations should conduct a pre-crisis audit including interviews with both internal and external stakeholders in order to determine the crisis preparedness of an organisation.
- 5) The crisis management team of hotel organisations should apply the “underlying forms set for the individualisation of the integrated crisis management model for the hotel industry” as a foundation for setting up a structured crisis management process.
- 6) The crisis management team of hotel organisations needs to update the crisis management plans resp. contingency plans regularly, at least at the moment of changing contact information such as mobile numbers of department heads or doctors nearby or in the course of a post-crisis learning phase.
- 7) It seems advisable that the crisis management team of hotel organisations prepares a detailed crisis scenario by for each crisis type defined for testing the crisis management plan. Best case and worst case scenarios should be implemented.
- 8) “Training” should include general training, table-top exercises, workshops and real time and live simulations including flexible elements with the aim to test the organisation, communications and the teamwork of those concerned and the ability

- of individual actions. Trainings within hotel organisations need to be set up and executed under the supervision of the crisis management team of hotel organisations.
- 9) The crisis management team of hotel organisations should implement crisis management audits and training into business activity plans and reiterate them on a regular basis. External audits may be even more promising due to their neutrality. These external audits may be conducted by specialized crisis management consultants in order of the crisis management team of hotel organisations.
  - 10) The learning process of the a hotel organisation's own crisis history has to be extended by the learnings of the stakeholders' crisis histories and documented by in corresponding updated versions of the hotel organisation's crisis management plan.
  - 11) "Safety or security management" might be a better term than "crisis management" for hotel organisations to use in external communication in order not to enhance fear and bad assumptions.<sup>267</sup>

### **Recommendations for Future Research**

- 1) The set-up of scenario-based interviews in order to test model is recommended. The model can't be tested in reality as no crisis situation may be evoked artificially nor can a naturally evoked crisis situation be handled both ways applying and non-applying the model at the same time. But, by conducting scenario-based interviews a crisis situation may be simulated applying the model and afterwards be evaluated by one or several experts.
- 2) One specific limitation which seems advisable to be neutralized in a potential future research is the limitation to "hotel industry". It seems promising to widen the research to the "hospitality industry" as by doing so a multiple focus might be reached.
- 3) At this moment, the model is purely operationally focused. In a possible next step the financial aspect may be added. By doing so, the managerial relevance of applying the model might even be enhanced.
- 4) The development of a professional and standardized safety certificate focusing crisis management processes within the hotel industry seems promising as this represents the most encouraging crisis management tool in order to increase stakeholder trust in a hotel organisation on the one hand and ensures standardized processes (e.g. able

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<sup>267</sup> cf. Zech, N., "Stakeholder relationship management in the Context of Crisis management," in *New Challenges of Economic and Business Development - 2013 International Scientific Conferece*, 2013, pp. 681–692, pp. 689 f.

to minimize the perceived disadvantage in perceived crisis handling of privately-owned hotels towards chain hotels) on the other hand.



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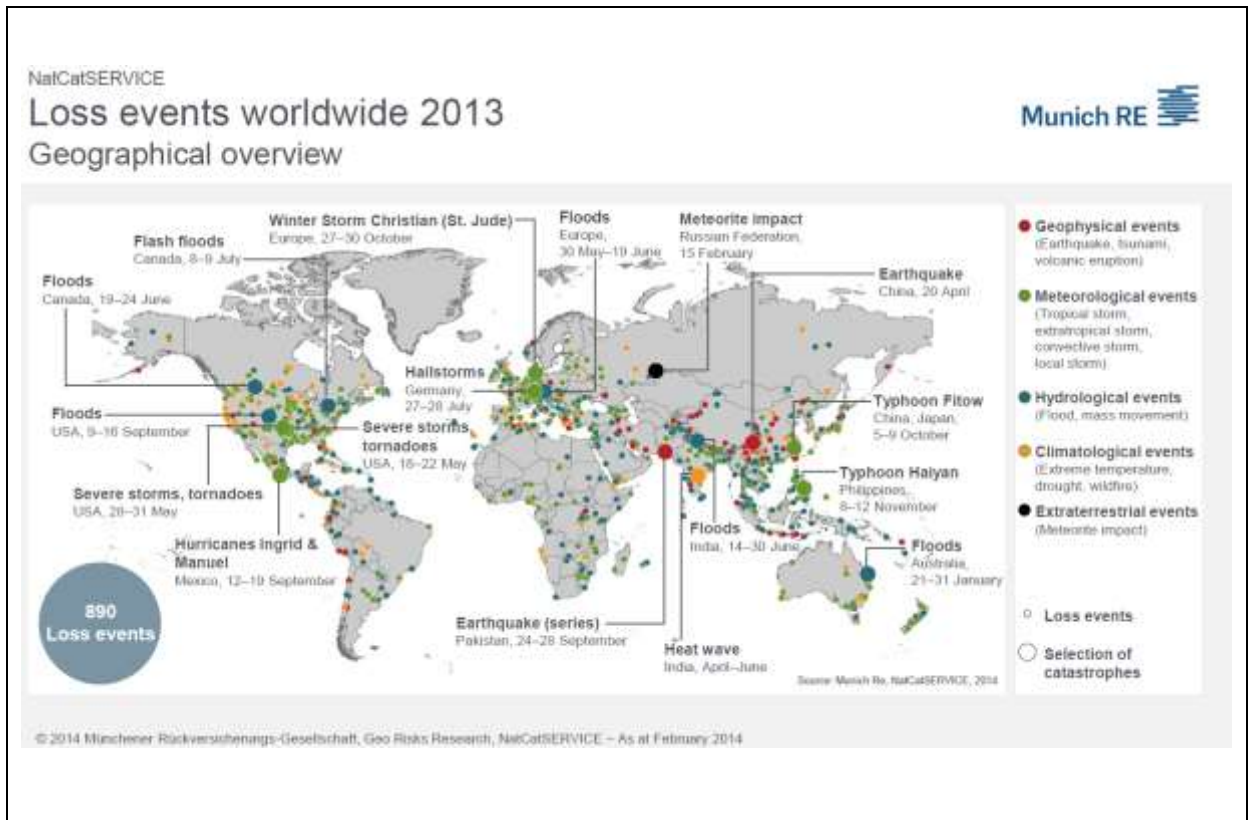
And last but not least a very special thank goes to my husband Richard and my children Laurenz and Valentina who supported me with their love and understanding at all times.



## **APPENDIX**

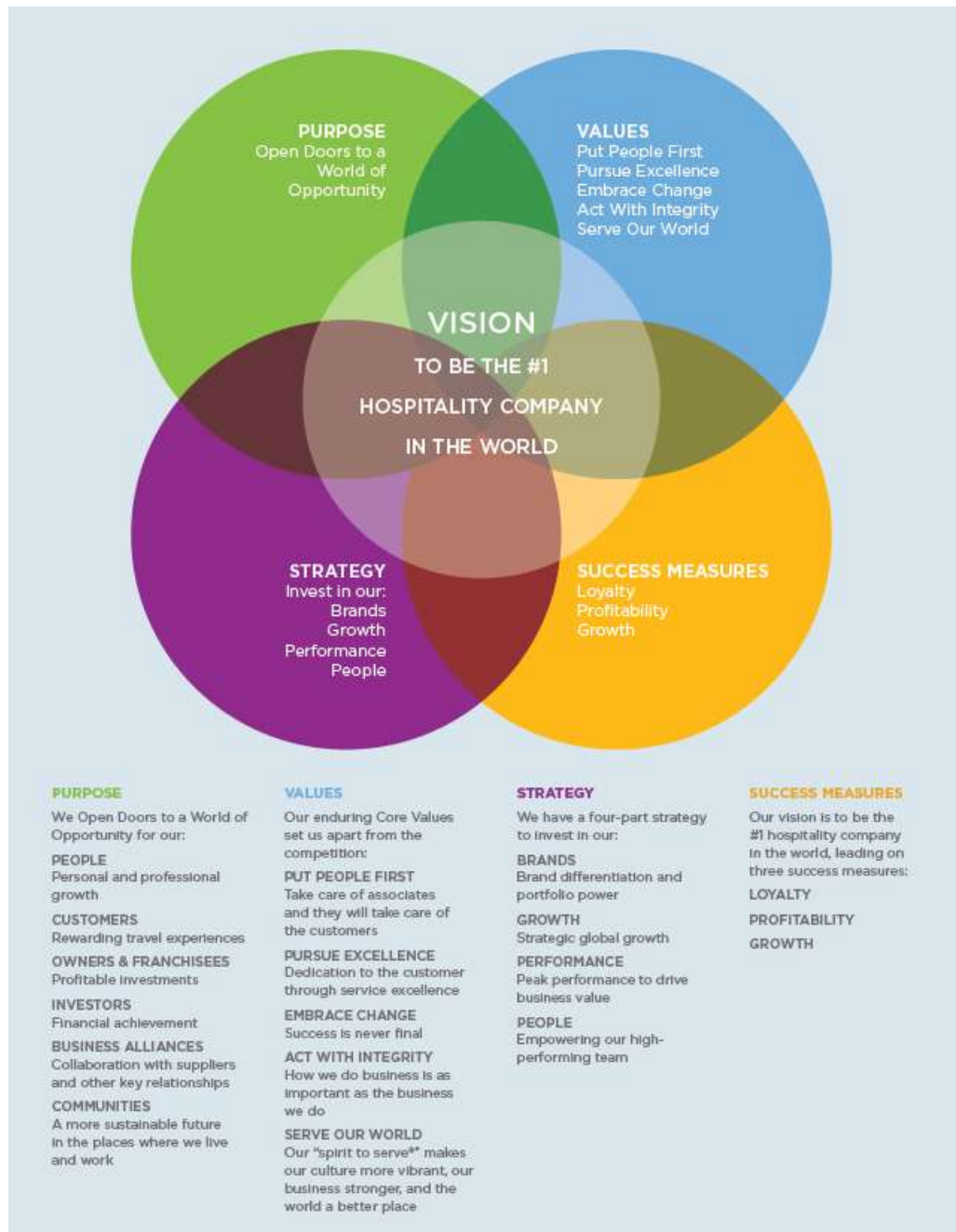
1. Loss Events worldwide 2013 – Geographical Overview
2. Examples of Ways of Communicating Stakeholder Management
3. Sample Questionnaires
4. Questions/Guideline Expert Interviews
5. List of Experts
6. Underlying Forms Set for the Individualisation of the integrated crisis management model for the hotel industry
7. Content Analysis of Expert Interviews and Stakeholder Surveys regarding Crisis Experience and Vanguard Roles of other Industries
8. Content Analysis of Expert Interviews regarding Catchwords and Recommendations towards the Development of an integrated crisis management model for the hotel industry
9. Printout of the application of the Shapiro-Wilk-Test to one exemplary survey-question
10. SPSS Tables and Graphics

# 1. Loss Events worldwide 2013 – Geographical Overview

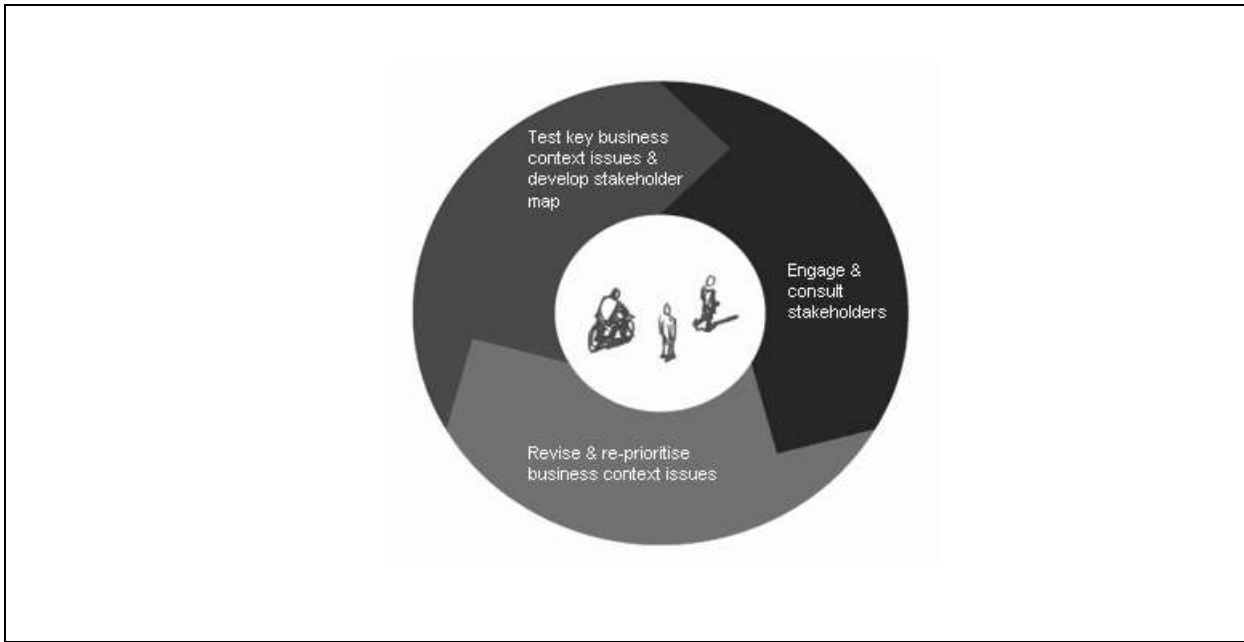


Source: [http://www.munichre.com/site/corporate/get/documents\\_E1759499385/mr/assetpool.shared/Documents/5\\_Touch/Natural%20Hazards/NatCatService/Annual%20Statistics/2013/MunichRe-Natcatservice-Naturaldisasters2013-worldmap.pdf](http://www.munichre.com/site/corporate/get/documents_E1759499385/mr/assetpool.shared/Documents/5_Touch/Natural%20Hazards/NatCatService/Annual%20Statistics/2013/MunichRe-Natcatservice-Naturaldisasters2013-worldmap.pdf)

## 2. Examples of Ways of communicating Stakeholder Management






Source: *Marriott International, Inc. 2011 Annual Report*, 2011, p. 2.



Source: *InterContinental Hotels Group 2011 Corporate Responsibility Report*, 2011, p. 21.

# our CSR focus areas

Environment	Supply Chain	Stakeholder Relations	Employees	Health and Safety
<p><b>37</b> hotels are ISO 14001 certified</p>	<p><b>100%</b> of the top 100 group contracted vendors responded positively to the Suppliers' Code of Conduct Survey</p>	<p><b>77%</b> of hotels support education programme through "Embrace"</p>	<p><b>91%</b> of Shangri-La colleagues responded favourably to the company's CSR activities</p>	<p><b>4 hotels</b> first to be certified in OHSAS 18001 in their countries</p> <ul style="list-style-type: none"> <li>Shangri-La Hotel, Kuala Lumpur (2006)</li> <li>Shangri-La Hotel, Singapore (2009)</li> <li>Shangri-La Hotel, Qingdao (2010)</li> <li>Shangri-La's Mactan Resort and Spa, Cebu (2010)</li> </ul>
<p><b>6.79%</b> of CO<sub>2</sub> emissions per guest night reduced from 2009 to 2010</p>	<p><b>86%</b> of hotels have implemented low-temperature laundry and green housekeeping</p>		 <p>Learning from one another in Shang Care</p>	
<p><b>20%</b> Energy Consumption Reduction target by 2015</p>	 <p>Shangri-La uses Johnson'sDiversey products, which are Green Seal certified</p>	<p><b>3,370</b> is the approximate number of children helped through "Embrace" projects in 2010</p>	<p><b>2%</b> of every hotel's permanent headcount are people with disabilities (PwD)</p>	<p>Shangri-La Hotel, Qingdao receives first OHSAS Certification in Mainland China</p>

Source: *Shangri-La Asia Limited 2010 Sustainability Report*, 2010, p. 13.

### 3. Sample Questionnaires

## QUESTIONNAIRE HOTEL EMPLOYEE

“Crisis Management within the Hotel Industry  
– a Stakeholder Relationship Management Approach”

Hotel concept  chain  private-owned  
 Category \* \*\* \*\*\* \*\*\*\*\*\*\*\*\*  
 Department \_\_\_\_\_  
 Gender  female  male  
 Age \_\_\_\_\_

Crisis categories
Economic crisis
Environmental crisis (e.g. flood, hurricane, avalanche, ...)
Health crisis (e.g. pandemic, epidemic, norovirus, ...)
Informational/Reputational crisis (e.g. image, holidaycheck, ...)
Structural crisis (e.g. fire, building damage, electricity failure, infrastructural failure, ...)
Political crisis
Sociocultural crisis (e.g. strike, violence, robbery, terrorism, ...)
Technological crisis (e.g. failure of soft-/hardware, ...)

**1. Have you ever experienced a crisis situation in a hotel? How was it solved and how would you evaluate the resolution?**

- No  
 Yes: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**2. How would you generally rate the Crisis awareness within the Hotel Industry?**

- 1                      2                      3                      4                      5
- 1 = not at all to 5 = very important

**3. How would you generally rate the Crisis preparedness within the Hotel Industry?**

- 1                      2                      3                      4                      5
- 1 = not at all to 5 = very important

**4. In your opinion, which Hotel conceptions may handle crisis situations better?**

- private-owned hotels       chain hotels

**5. Which of the following Crisis Management tools do you consider most effective for a Hotel?**

- Extensive scenarios per crisis category including training and documentation  
 Regular general crisis trainings  
 Detailed Crisis Management/Contingency Plan  
 Detailed Crisis Communication Plan  
 Other: \_\_\_\_\_

**6. Which of the following means of Crisis Communication do you consider most effective?**

- Homepage
- Intranet
- E-Mail
- Twitter
- Social Media
- Mailing
- Phone
- Other: \_\_\_\_\_

**7. Which behaviour would you associate with “trust” in a Hotel company?**

- Preferred bookings
- Lower rate sensitivity
- Guest satisfaction
- Long-term business relationship
- Other: \_\_\_\_\_

**8. The application of which Crisis Management Tools might increase your trust in a Hotel company?**

- None
- Cooperation with an alerting company
- Publication of a Crisis Management Plan on the internet
- Publication of a Crisis Management Plan in the annual report/Stakeholder report
- Mailing on Crisis Management Trainings
- Publication of Crisis Management Team participants in the hotel in-room directory
- Safety Certificate
- Other: \_\_\_\_\_

**9. Do you think that the active involvement of Stakeholders (customers, employees, stockholders, Destination Management organizations, etc.) might help reducing the impact of crises?**

	1	2	3	4	5
Pre-crisis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Acute crisis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Post-crisis/learning process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 = not at all to 5 = very important

**10. Do you have any best practices regarding Crisis Management (involving Stakeholders) in mind – Hotel industry or other industries?**

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Thank you very much for dedicating your time to this survey!  
Nicola Zech

## QUESTIONNAIRE INTERNAL STAKEHOLDERS

“Crisis Management within the Hotel Industry  
– a Stakeholder Relationship Management Approach”

Hotel concept  chain  private-owned  
 Category  \*  \*\*  \*\*\*  \*\*\*\*  \*\*\*\*\*  
 Department \_\_\_\_\_  
 Gender  female  male  
 Age \_\_\_\_\_

Crisis categories
Economic crisis
Environmental crisis (e.g. flood, hurricane, avalanche, ...)
Health crisis (e.g. pandemic, epidemic, norovirus, ...)
Informational/Reputational crisis (e.g. image, holidaycheck, ...)
Structural crisis (e.g. fire, building damage, electricity failure, infrastructural failure, ...)
Political crisis
Sociocultural crisis (e.g. strike, violence, robbery, terrorism, ...)
Technological crisis (e.g. failure of soft-/hardware, ...)

1. Have you ever experienced a crisis situation in a hotel? How was it solved and how would you evaluate the resolution?

- No  
 Yes: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

2. How would you generally rate the Crisis awareness within the Hotel Industry?

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

3. How would you generally rate the Crisis preparedness within the Hotel Industry?

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

4. In your opinion, which Hotel conceptions may handle crisis situations better?

- private-owned hotels       chain hotels

5. Which of the following Crisis Management tools do you consider most effective for a Hotel?

- Extensive scenarios per crisis category including training and documentation  
 Regular general crisis trainings  
 Detailed Crisis Management/Contingency Plan  
 Detailed Crisis Communication Plan  
 Other: \_\_\_\_\_



**6. Which of the following means of Crisis Communication would you prefer?**

- Homepage
- Intranet
- E-Mail
- Twitter
- Social Media
- Mailing
- Phone/Hotline
- Other: \_\_\_\_\_

**7. Which behaviour would you associate with "trust" in a Hotel Organization?**

- Preferred bookings
- Lower rate sensitivity
- Guest satisfaction
- Long-term business relationship
- Other: \_\_\_\_\_

**8. The application of which Crisis Management Tools might increase your trust in a Hotel Organization?**

- None
- Cooperation with an alerting company
- Publication of a Crisis Management Plan on the internet
- Publication of a Crisis Management Plan in the annual report/Stakeholder report
- Publication of conducted Crisis Management Trainings (e.g. via Mailings)
- Introduction of Crisis Management Team participants in the hotel in-room directory
- Safety certificate
- Other: \_\_\_\_\_

**9. Do you think that the active involvement of Stakeholders (customers, employees, stockholders, Destination Management organizations, etc.) might help reducing the impact of crises?**

	1	2	3	4	5
Pre-crisis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Acute crisis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Post-crisis/learning process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 = not at all to 5 = very important

**10. Do you have any best practices regarding Crisis Management (involving Stakeholders) in mind – Hotel or other industries?**

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Thank you very much for dedicating your time to this survey!  
Nicola Zech



# QUESTIONNAIRE

## DMO

“Crisis Management within the Hotel Industry  
– a Stakeholder Relationship Management Approach”

Position \_\_\_\_\_  
Gender  female  male  
Age \_\_\_\_\_  
Region \_\_\_\_\_

Crisis categories
Economic crisis
Environmental crisis (e.g. flood, hurricane, avalanche, ...)
Health crisis (e.g. pandemic, epidemic, norovirus, ...)
Informational/Reputational crisis (e.g. image, holidaycheck, ...)
Structural crisis (e.g. fire, building damage, electricity failure, infrastructural failure, ...)
Political crisis
Sociocultural crisis (e.g. strike, violence, robbery, terrorism, ...)
Technological crisis (e.g. failure of soft-/hardware, ...)

1. Have you ever experienced a crisis situation in or with a hotel? How was it solved and how would you evaluate the resolution?

- No  
 Yes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. How would you generally rate the Crisis awareness within the Hotel Industry?

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

3. How would you generally rate the Crisis preparedness within the Hotel Industry?

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

4. In your opinion, which Hotel conceptions may handle crisis situations better?

- private-owned hotels                       chain hotels

5. Which of the following Crisis Management tools do you consider most effective for a Hotel Organization?

- Extensive scenarios per crisis category including training and documentation  
 Regular general crisis trainings  
 Detailed Crisis Management/Contingency Plan  
 Detailed Crisis Communication Plan  
 Other: \_\_\_\_\_

**6. Which of the following means of Crisis Communication do you consider most effective?**

- Homepage
- Intranet
- E-Mail
- Twitter
- Social Media
- Mailing
- Phone
- Other: \_\_\_\_\_

**7. Which behaviour would you associate with “trust” in a Hotel company?**

- Preferred bookings
- Lower rate sensitivity
- Guest satisfaction
- Long-term business relationship
- Other: \_\_\_\_\_

**8. The application of which Crisis Management Tools might increase your trust in a Hotel company?**

- None
- Cooperation with an alerting company
- Publication of a Crisis Management Plan on the internet
- Publication of a Crisis Management Plan in the annual report/Stakeholder report
- Mailing on Crisis Management Trainings
- Publication of Crisis Management Team participants in the hotel in-room directory
- Safety Certificate
- Other: \_\_\_\_\_

**9. Do you think that the active involvement of DMCs might help reducing the impact of crises?**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Pre-crisis</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Acute crisis</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Post-crisis/learning process</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 = not at all to 5 = very important

**10. Do you have any best practices regarding Crisis Management in mind – Hotel or other industries?**

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Thank you very much for dedicating your time to this survey!  
Nicola Zech

## 4. Questions/Guidelines Expert Interviews

### EXPERT INTERVIEW

#### HOTEL COMPANY

“Crisis Management within the Hotel Industry  
– a Stakeholder Relationship Management Approach”

Dear survey participant!

I am currently working on my doctoral dissertation on the subject of “Crisis Management within the Hotel Industry - a Stakeholder Relationship Management Approach”. As Crisis Management within the Hotel Industry has scarcely been analysed in a structured way so far, this survey - combined with further surveys and interviews - serves to ascertain the Status Quo on the one hand and scope for design on the other hand. On this basis, a model for professional crisis handling considering Stakeholders (e.g. guests, employees, suppliers, shareholders, etc.) will be developed during my further studies. Practically applied, this model will create added value for the industry as well as a higher level of security.

I am delighted at your participation in this survey. For questions or further comments please do not hesitate to contact me via [nicola.zech@zech-hotelmarketing.de](mailto:nicola.zech@zech-hotelmarketing.de).

Yours sincerely, Nicola Zech

CRISIS in this context consists of an undesired, extraordinary, often unexpected and timely limited process with ambivalent development possibilities. In the worst-case scenario a crisis threatens the organizations's survival. Examples for crises within the Hotel Industry are fire, natural catastrophes, epidemics, theft, strike, electricity failure, Image damage, etc.

Date \_\_\_\_\_

Name \_\_\_\_\_

Position \_\_\_\_\_

Expert qualification \_\_\_\_\_

Hotel concept  chain  private-owned

Category \* \*\* \*\*\* \*\*\*\* \*\*\*\*\*

#### SECTION A - CRISIS MANAGEMENT

1. How would you generally rate the Crisis awareness within the Hotel Industry?

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

**2. How would you generally rate the Crisis preparedness within the Hotel Industry?**

- 1                      2                      3                      4                      5

1 = not at all to 5 = very important

**3. Which organizations or industries would you see in a vanguard role regarding Crisis Management?**

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**4. How would you generally rate the influence of the hotel conception (chain or private-owned) on the establishment of systematic Crisis Management?**

- 1                      2                      3                      4                      5

1 = not at all to 5 = very important

**5. How would you describe the general crisis history of your organization?**

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**6. Which of the following Crisis Management Tools does your organization apply?**

- Fundamental assessment of risks (question 7)
- Regular and systematic crisis revelation (question 9)
- Crisis prevention (question 10)
- Crisis Management Team (questions 11-13)
- Regular Crisis (Scenario) Training (questions 14-16)
- Detailed Crisis Management Plan/Manual (questions 17-20)
- Crisis Communication Management (questions 21-22)
- Structured after-crisis learning process (questions 23-24)
- Other: \_\_\_\_\_

7. How would you rate the susceptibility of following crisis categories for your organization regarding their probability and impact?

Crisis category	Probability					Impact				
	1	2	3	4	5	1	2	3	4	5
Economic crisis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental crisis (e.g. flood, hurricane, avalanche, ...)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Health crisis (e.g. pandemia, epidemic, norovirus,...)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Informational/Reputational crisis (e.g. image, holidaycheck, ...)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structural crisis (e.g. fire, building damage, electricity failure, infrastructural failure, ...)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Political crisis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sociocultural crisis (e.g. strike, violence, robbery, terrorism, ...)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technological crisis (e.g. failure of soft-/hardware, ...)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 = not at all to 5 = very important

8. How important would you rate the influence of the geographical location for probability and impact of crises?

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

9. Which of the following means does your organization apply to reveal crisis situations? Which ones would you generally consider most effective?

	Applied	Most effective
No means	<input type="checkbox"/>	<input type="checkbox"/>
Newspaper, internet news service	<input type="checkbox"/>	<input type="checkbox"/>
Alerting companies (e.g. A3M, Fact24)	<input type="checkbox"/>	<input type="checkbox"/>
Employee awareness	<input type="checkbox"/>	<input type="checkbox"/>
Stakeholder awareness	<input type="checkbox"/>	<input type="checkbox"/>
Hotel Association	<input type="checkbox"/>	<input type="checkbox"/>
Hotel Chain Management/Tour Operator Mgmt	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____		

10. Which means and methods does your organization apply to prevent crises? Which ones would you rate most effective

Applied \_\_\_\_\_

\_\_\_\_\_

Most effective \_\_\_\_\_

\_\_\_\_\_

11. Who is your Crisis Management Team leader (position/department)?

\_\_\_\_\_

**12. Who belongs to your Crisis Management Team (which positions/departments)?**

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**13. How often does the Crisis Management Team meet?**

- Never
- Once per year
- Twice per year
- Once per quarter
- Once per month
- Other: \_\_\_\_\_

**14. Which Crisis (scenario) Trainings do you conduct and in which regularity?**

Training/Method	Participants	Regularity

**15. How important would you rate the Crisis (scenario) Trainings?**

- 1                      2                      3                      4                      5

1 = not at all to 5 = very important

**16. Has a Crisis (scenario) Training ever helped you in mastering and overcoming a crisis?**

No

Yes – example: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**17. How often is your Crisis Management Plan/Manual updated?**

Never

Once per year

Twice per year

Once per quarter

Once per month

Other: \_\_\_\_\_

**18. Which are the main chapters of your Crisis Management Plan/Manual?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**19. Who is responsible for the Crisis Management Plan/Manual (position/department)?**

\_\_\_\_\_

**20. How important would you rate the Crisis Management Plan/Manual?**

1

2

3

4

5

1 = not at all to 5 = very important

**21. Who is your Crisis Communication Spokesperson (position/department)?**

\_\_\_\_\_

**22. Which of the following means of Crisis Communication does your organization apply? Which ones would you generally consider most effective?**

	Applied	Most effective
Homepage	<input type="checkbox"/>	<input type="checkbox"/>
Intranet	<input type="checkbox"/>	<input type="checkbox"/>
E-Mail	<input type="checkbox"/>	<input type="checkbox"/>
Twitter	<input type="checkbox"/>	<input type="checkbox"/>
Social Media	<input type="checkbox"/>	<input type="checkbox"/>
Mailing	<input type="checkbox"/>	<input type="checkbox"/>
Phone	<input type="checkbox"/>	<input type="checkbox"/>
Other:		

\_\_\_\_\_

**23. How is your Crisis learning process structured?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**24. How important would you rate the Crisis learning process?**

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

**25. Which would you consider major reasons for not having a systematic and professional Crisis Management Process and its related tools in place?**

- Cost
- Time
- Workforce
- Background knowledge
- Undervaluation
- Other: \_\_\_\_\_



**SECTION B - STAKEHOLDER RELATIONSHIP MANAGEMENT**

STAKEHOLDER: A person, group or organization that has interest or concern in an organization. Stakeholders can affect or be affected by the organization's actions, objectives and policies. Some examples of key stakeholders are creditors, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions, and the community from which the business draws its resources.

**26. How would you rate the following Stakeholder groups for your organization regarding their influence and importance in general?**

Stakeholder	Influence					Importance				
	1	2	3	4	5	1	2	3	4	5
Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stockholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DMCs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 = not at all to 5 = very important

**27. How would you rate the following Stakeholder groups for your organization regarding their influence and importance in crisis situations?**

Stakeholder	Influence					Importance				
	1	2	3	4	5	1	2	3	4	5
Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stockholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distribution partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DMCs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Others: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1 = not at all to 5 = very important

**28. Which of the following Stakeholder Relationship Management Tools does your organization apply?**

- Regular information via E-Mail, Fax, letter
- In-house events (e.g. brunch, summer party, Christmas event,...)
- Regular face-to-face-meetings with prime Stakeholders
- Annual Stakeholder Report
- Other: \_\_\_\_\_

**29. Which position/department is responsible for Stakeholder Relationship Management in your organization?**

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**30. How does your organization try to balance different Stakeholder interests, if there are any?**

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**31. In your opinion, which Stakeholders might be of use (in the sense of cooperations) for your organization in crisis situations? Why and how? If possible, please cite a practical example.**

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**32. Do you personally think that open communication of Crisis Management Systems in combination with professional Crisis Communication may increase Stakeholder trust?**

No, because\_\_\_\_\_

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Yes, because\_\_\_\_\_

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**33. Do you personally think that the involvement of Stakeholders in crisis situations might increase the probability of a lower crisis impact?**

No, because \_\_\_\_\_

\_\_\_\_\_

Yes, because \_\_\_\_\_

\_\_\_\_\_

**34. How would you generally rate the Stakeholder Relationship Management efforts within the Hotel Industry?**

1                      2                      3                      4                      5  
                                                                                       

1 = not at all to 5 = very important

**35. Which organizations or industries would you see in a vanguard role regarding Stakeholder Relationship Management?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**36. How do you or would you measure Stakeholder trust and commitment?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PERSONAL SUGGESTIONS AND COMMENTS TOWARDS THE “INTEGRATED  
CRISIS MANAGEMENT MODEL”**

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Thank you very much for dedicating your time to this Expert Interview!

**Nicola Zech**

It seems necessary to emphasize that these questions served as a guideline for the conducted expert interviews. Some experts only answered to a selection of questions or summarized their experiences on the one hand and suggestions towards an integrated crisis

management model for the hotel industry on the other hand in own words. Depending on the expert interviewed (e.g. tour operator or insurance company), the questions resp. the guideline were adapted to the experts background.

## **5. List of Experts**

Organisation	Expert's Position	Expert Def. *	Expert Def. **	Expert Def. ***	Date of Expert Int.	Int. Type
D/A/CH - 4* Design - Hotel Chain	CEO		X		17.10.13	personal
Europe – 4* Longstay - Hotel Chain	Director of Sales & Marketing Europe		X		07.11.13	Mail
Worldwide – 5* Business/Resort – Hotel Chain	Chief Engineer	X	X	X	09.10.13	personal
Worldwide – 5* Luxury – Hotel Chain	Duty Manager	X	X	X	02.11.13	personal
Worldwide – 5* Luxury – Hotel Chain	Heart of House Manager	X	X	X	01.11.13	Mail
D - 4 * Theme Park – Small Hotel Chain	General Manager		X	X	03.11.13	Phone
D – 3* Hotel Cooperation	Quality Manager		X		18.10.13	Mail
D – 3* Business Hotel – privately-owned	Owner		X		10.11.13	Mail
I – 4* Family Resort – privately-owned	Owner		X	X	30.10.13	personal
A – 4 * Wellness Hotel – privately-owned	Marketing Manager		X		16.10.13	Mail
D – 5* Luxury Hotel privately-owned	General Manager		X	X	19.10.13	personal
A - Crisis management Conception Company	Owner	X	X	X	08.08.13	Phone
D – Alerting Company	Technical Support	X		X	13.06.13	Phone
Worldwide – Tour operator	Yield & Safety Manager	X	X	X	16.08.13	personal
D – University of Applied Sciences	Professor of Hospitality management	X	X	X	06.08.13	Phone
D – Insurance Company	Risk Manager	X	X	X	05.11.13	personal
D – Crisis management Company	CEO	X	X	X	16.04.14	personal
D – Hotel Association	Referent		X		28.06.13	Mail

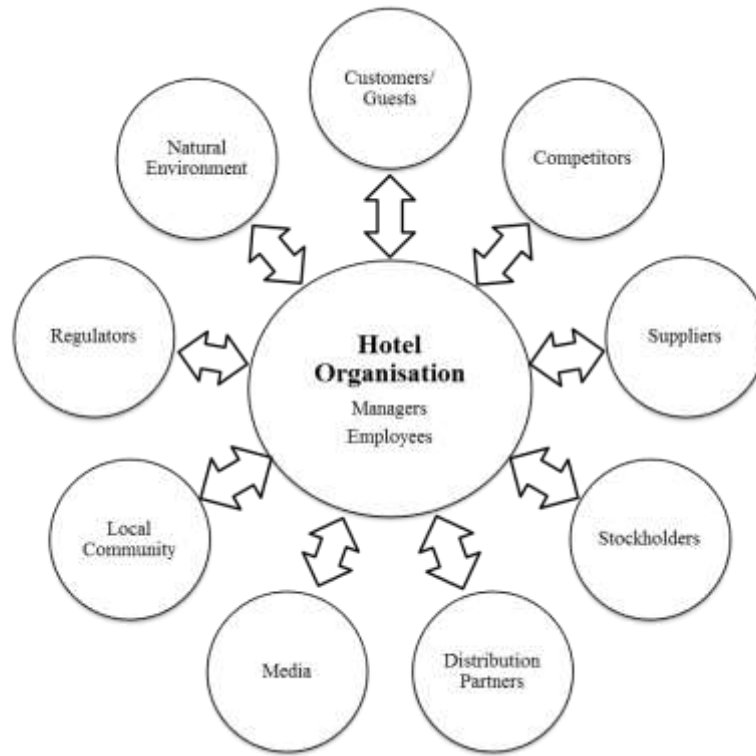
\* = by professional education and qualification

\*\* = by position within the organisation

\*\*\* = by long-time active crisis management experience

**6. Underlying Forms Set for the Individualisation of the integrated crisis management model for the hotel industry:**

**1. Stakeholder Map (Example)**

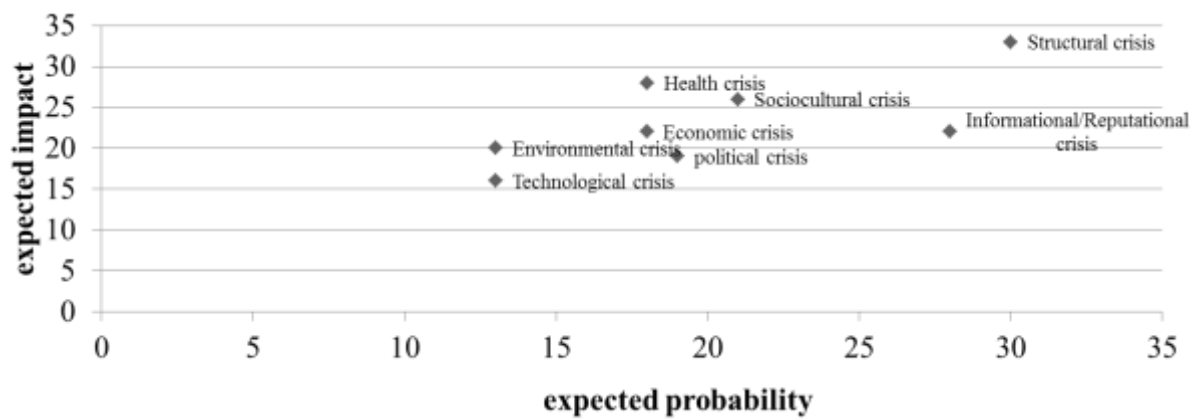


**2. Stakeholder Matrix**

Stakeholder Groups	Classification	Prioritization in Crisis situation	Economic/ Political Power	Influence	Partnering Tactics	Communication Tactics
Employees						
Managers						
Customers						
Competitors						
Suppliers						
Stockholders						
Distribution Partners						
Media						
Local Community						
Regulators						
Natural Environment						

### 3. Crisis Matrix (Example)

<b>Economic crisis</b>	macro
<b>Environmental crisis</b>	macro/micro
<b>Health crisis</b>	macro/micro
<b>Informational/Reputational crisis</b>	micro
<b>Structural crisis</b>	macro/micro
<b>Political crisis</b>	macro
<b>Sociocultural crisis</b>	macro/micro
<b>Technological crisis</b>	macro/micro





#### 4. Crisis Scenarios

<u>Crisis Type:</u>	<u>Descriptions and Tasks</u>
micro / macro	
Probability (1-10)	
Impact (1-10)	
Detailed description of Crisis Type incl. 1-2 examples	
Signal Detection	
History / Experience	
Probable Timeline	
Processes and Actions	
Tools applied	
CM Team + responsibilities	
Alert Plan (phone, mail, pager)	
Communication internal / external	
Training (methods, regularity, participants)	
Expected challenges	
How to ensure Business continuity	
Worst Case Scenario	
Possible Stakeholder Co-operation	

**7. Content Analysis of Expert Interviews and Stakeholder Surveys regarding Crisis Experience and Vanguard Roles of other Industries**

<b>Topic</b>	<b>Experts Responses and Comments</b>	<b>Stakeholders Responses and Comments</b>
<b>Crisis Experience</b>	fire with subsequent hotel closure and loss of guest and reservation data; Recession; Bomb Threats, Water Damage, Image Crisis caused by Member Hotels; Medical Emergencies (e.g. Heart Attacks); Electricity Failure, Hail; Accidents; Flood;	Medical Emergency 2x; Computer System Failure 12x; Electric Failure 10x; Theft 9x; Fire Alarm 4x; Image Crisis 3x; Water Damage; Environmental Crisis 11x; Fire 4x; Overbooking 2x; Terror 2x; Strike
<b>Other Industries or Organisations in- and outside the Hotel industry perceived in a vanguard role regarding Crisis management implementation</b>	Lufthansa; Marriott Beirut; Incoming Agencies; Airlines; German Cruise Operators; Hospitals; Tour operators	Lufthansa; Airline Industry; Tour operators 2x; Hotels of Europa Park Rust (Germany); Marriott; Schools, Hospitals; Automotive Industry; Amazon; Cruise Companies 2x

Source: author's construction

**8. Content Analysis of Expert Interviews regarding Catchwords and General Recommendations towards the Development of an integrated crisis management model for the hotel industry**

Topic	Experts Responses and Comments	Top 3 Responses and Comments
<p><b>Catchwords and General Recommendations towards the Development of an integrated crisis management model for the hotel industry</b></p>	<p>structured and focused press releases by the Headquarter; "Whitelist" of safe Hotels worldwide for Business Travellers; CM efforts almost not quantifiable; Business continuity as a basic requirement; co-operation with local authorities (Police, fire department, medical assistance, regulators,...) is essential; "Delivering Stakeholder Value" is basic value; External audits and Scenario-Trainings are most promising; Safety Awareness Training for all employees; Mystery Guests; Panic Buttons; automated SMS/voice info to Department Heads' Mobiles; annual audit by external consultancy; General Crisis management Standards by Headquarters - individual realization by Hotels; annual Analysis and External Audit ensures up-to-dateness and completeness of Crisis management; CM should be constructed in 3 columns: 1. Crisis Prevention (analysis of possible Scenarios, establishing of early warning systems, Crisis Trainings, Communication Manual, Name Crisis management team), 2. Overcoming Crises (Evaluation of degree of Crisis Level, Information of Employees, Crisis Team ensures procedures according to Crisis Manual, Crisis communication Networking), 3. After-Crisis Resolution (implementing new findings in Crisis Manual, update Crisis Manual with new contact details); Fire Alarm is linked with Department Heads' Smartphones, Insurance Companies ask for Safety Standards for Policy issue; Local Authorities place building standards; Camera Records are kept for one week - records can only be watched by entering 2 codes (GM and Employee committee); 3 Basic Elements inevitable: 1. Crisis Manual, 2. Crisis Audits, Threat Analysis; Most Hotels still apply structured CM processes only after having experienced a Crisis; Tour operator more and more ask Hotels to fill in a Safety Checklist; Media Monitoring suggested for Signal Detection; Crisis communication should strictly be restricted to Crisis situations - no Advertising!; DMOs are generally not of real help as they have almost no communication with hotels and prefer to show "nice aspects"; Hotel industry in general lacks awareness that CM is of high importance; dedication of time and money is reasonable; Routine in Crisis situations reduces stress; "Plan B" helps overcoming Crises faster and with lower impact; Systematic Crisis management and Trainings only for Fire Safety; SRM important regarding local Fire Department; Own Risk Analysis; mention CM efforts in Customer Mailing; some Employees should have profound Medical Knowledge; Application of a publication Hotel Safety Manual only interesting for small Hotels - Chains develop their own System; Hotels are only interested in CM Manuals after having experienced a Crisis; Fire is worst crisis; Insurance Company interested in Hotels having CM Plans; small and/or private Hotels mostly without structured CM due to focus on daily Business and time lack; Hospitals are better prepared despite having similar Management Tasks; Insurance Company offers a Call Center; difficulties in developing a CM Plan for Hotel Associations as differences in number of</p>	<p>1. External Audits; 2. in general Hotels only apply CM processes after having experienced a Crisis situation; 3. CM Manual containing information on CM Prevention, CM Trainings, CM Communication procedures and CM Team with contact details</p>

	rooms, conception and location are too big; Investment in Employee Training and Improvement of Managerial Processes instead of CM; Awareness of necessity - but still higher priority projects; FO Employees are most confronted with Crises - should decide and act by themselves and their intuition; only Hotels with more than 500 beds might be interested in investments regarding CM; Hotel organisations may subscribe to an Alerting Company in order to receive a SMS minutes after detecting a Crisis Signal in the designated region; so far no individual Hotel has subscribed to the Alerting Company interviewed - but Tour operators and related Organisations; No designated CM Experts in German Hospitality Association - co-operation with external Partner Organisations;	
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Source: author's construction

## 9. Printout of the application of the Shapiro-Wilk-Test to one exemplary survey-question

### Shapiro-Wilk Test Calculator

Either enter comma separated numbers below (must be three or more samples), or press choose file button to enter a single column CSV file (note: if you clear the textarea after loading a file, please reload page to be able to load the same file again.):

;2,2,2,3,4

Clear

Durchsuchen...

When you press calculate, the comma separated numbers entered above are sorted in ascending order of magnitude. A histogram of the data will be plotted as well.

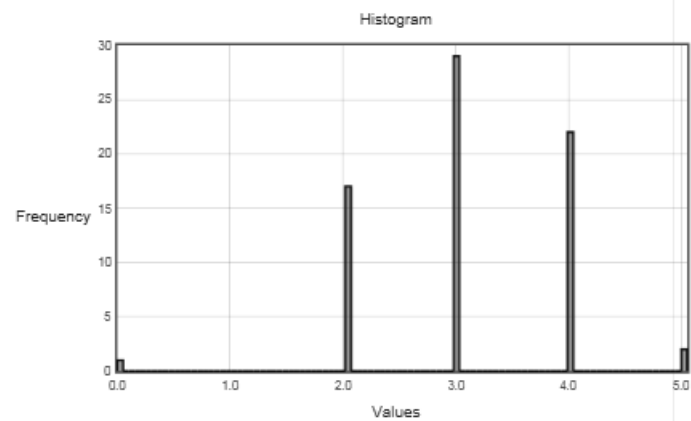
Calculate Shapiro-Wilk Statistic W

Result:

Mean:	3.085
Standard Deviation:	0.890
Variance:	0.793
Kurtosis:	0.505
Calculated Shapiro-Wilk statistic W:	0.869743
Calculated Shapiro-Wilk p-value:	0.000003
Critical value of W (5% significance level):	0.947

Clear Result

Reject Null Hypothesis as calculated W is less than the critical value of W.



## 10. SPSS Tables and Graphics

### **Descriptive Statistics – Experts – Perceived Crisis Awareness and Crisis Preparedness; Hotel Conception handling crisis situations better**

**Statistics**

		Crisis_Awareness	Crisis_preparedness
N	Valid	11	12
	Missing	7	6
Mean		3.0000	2.6667
Median		3.0000	2.5000
Std. Deviation		1.09545	1.07309
Range		3.00	4.00
Minimum		2.00	1.00
Maximum		5.00	5.00

**Crisis\_Awareness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	in need of improvement	5	27.8	45.5	45.5
	neutral	2	11.1	18.2	63.6
	good	3	16.7	27.3	90.9
	excellent	1	5.6	9.1	100.0
	Total	11	61.1	100.0	
Missing	System	7	38.9		
Total		18	100.0		

**Crisis\_preparedness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	1	5.6	8.3	8.3
	in need of improvement	5	27.8	41.7	50.0
	neutral	4	22.2	33.3	83.3
	good	1	5.6	8.3	91.7
	excellent	1	5.6	8.3	100.0
	Total	12	66.7	100.0	
Missing	System	6	33.3		
Total		18	100.0		

**Hotel\_Conception**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	chain hotels	13	72.2	100.0	100.0
Missing	System	5	27.8		
Total		18	100.0		

**Descriptive Statistics – Internal Stakeholders – Perceived Crisis Awareness and Crisis Preparedness; Hotel Conception handling crisis situations better**

**Statistics**

		Crisis_Awareness	Crisis_Preparedness
N	Valid	81	80
	Missing	0	1
Mean		2.8395	2.6125
Median		3.0000	3.0000
Std. Deviation		.73241	.75463
Range		3.00	4.00
Minimum		1.00	1.00
Maximum		4.00	5.00

**Crisis\_Awareness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	1	1.2	1.2	1.2
	in need of improvement	26	32.1	32.1	33.3
	neutral	39	48.1	48.1	81.5
	good	15	18.5	18.5	100.0
	Total	81	100.0	100.0	

**Crisis\_Preparedness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	2	2.5	2.5	2.5
	in need of improvement	37	45.7	46.3	48.8
	neutral	32	39.5	40.0	88.8
	good	8	9.9	10.0	98.8
	excellent	1	1.2	1.3	100.0
	Total	80	98.8	100.0	
Missing	System	1	1.2		
Total		81	100.0		

**Hotel\_conception**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	private-owned hotels	24	29.6	29.6	29.6
	chain hotels	57	70.4	70.4	100.0
	Total	81	100.0	100.0	

**Descriptive Statistics – Hotel Guests – Perceived Crisis Awareness and Crisis Preparedness; Hotel Conception handling crisis situations better**

**Statistics**

		Crisis_Awareness	Crisis_Preparedness
N	Valid	70	69
	Missing	0	1
	Mean	3.1286	2.9275
	Median	3.0000	3.0000
	Std. Deviation	.81510	.94431
	Range	3.00	4.00
	Minimum	2.00	1.00
	Maximum	5.00	5.00

**Crisis\_Awareness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	in need of improvement	17	24.3	24.3	24.3
	neutral	29	41.4	41.4	65.7
	good	22	31.4	31.4	97.1
	excellent	2	2.9	2.9	100.0
	Total	70	100.0	100.0	

**Crisis\_Preparedness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	1	1.4	1.4	1.4
	in need of improvement	28	40.0	40.6	42.0
	neutral	17	24.3	24.6	66.7
	good	21	30.0	30.4	97.1
	excellent	2	2.9	2.9	100.0
	Total	69	98.6	100.0	
Missing	System	1	1.4		
Total		70	100.0		

**Hotel\_conception**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	private-owned hotels	21	30.0	30.0	30.0
	chain hotels	49	70.0	70.0	100.0
	Total	70	100.0	100.0	



**Descriptive Statistics – DMOs – Perceived Crisis Awareness and Crisis Preparedness;  
Hotel Conception handling crisis situations better**

**Statistics**

		Crisis_Awareness	Crisis_Preparedness
N	Valid	84	83
	Missing	0	1
Mean		3.1667	2.9398
Median		3.0000	3.0000
Std. Deviation		.99194	.90189
Range		4.00	4.00
Minimum		1.00	1.00
Maximum		5.00	5.00

**Crisis\_Awareness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	2	2.4	2.4	2.4
	in need of improvement	25	29.8	29.8	32.1
	neutral	18	21.4	21.4	53.6
	good	35	41.7	41.7	95.2
	excellent	4	4.8	4.8	100.0
	Total	84	100.0	100.0	

**Crisis\_Preparedness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	1	1.2	1.2	1.2
	in need of improvement	32	38.1	38.6	39.8
	neutral	22	26.2	26.5	66.3
	good	27	32.1	32.5	98.8
	excellent	1	1.2	1.2	100.0
	Total	83	98.8	100.0	
Missing	System	1	1.2		
	Total	84	100.0		

**Hotel\_conception**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	private-owned hotels	19	22.6	23.8	23.8
	chain hotels	61	72.6	76.3	100.0
	Total	80	95.2	100.0	
Missing	System	4	4.8		
	Total	84	100.0		

**Descriptive Statistics – Average Ratings of all Stakeholder groups surveyed – Perceived Crisis Awareness and Crisis Preparedness; Hotel Conception handling crisis situations better**

**Statistics**

		Crisis_Awareness	Crisis_Preparedness
N	Valid	235	232
	Missing	0	3
Mean		3.0426	2.8233
Median		3.0000	3.0000
Std. Deviation		.86621	.87721
Range		4.00	4.00
Minimum		1.00	1.00
Maximum		5.00	5.00

**Crisis\_Awareness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	3	1.3	1.3	1.3
	in need of improvement	68	28.9	28.9	30.2
	neutral	86	36.6	36.6	66.8
	good	72	30.6	30.6	97.4
	excellent	6	2.6	2.6	100.0
Total		235	100.0	100.0	

**Crisis\_Preparedness**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	4	1.7	1.7	1.7
	in need of improvement	97	41.3	41.8	43.5
	neutral	71	30.2	30.6	74.1
	good	56	23.8	24.1	98.3
	excellent	4	1.7	1.7	100.0
Total		232	98.7	100.0	
Missing	System	3	1.3		
Total		235	100.0		

**Hotel\_conception**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	private-owned hotels	67	28.4	28.6	28.6
	chain hotels	167	70.8	71.4	100.0
Total		234	99.2	100.0	
Missing	System	2	.8		
Total		236	100.0		

**Descriptive Statistics – Internal Stakeholders – Possible Crisis Impact Reduction by active involvement of Stakeholders**

**Statistics**

		pre-crisis	acute crisis	post-crisis/learning process
N	Valid	79	79	78
	Missing	2	2	3
Mean		3.8861	3.8354	4.1154
Median		4.0000	4.0000	4.0000
Std. Deviation		.96060	1.10280	1.00622
Range		3.00	4.00	4.00
Minimum		2.00	1.00	1.00
Maximum		5.00	5.00	5.00

**pre-crisis**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	rather not	8	9.9	10.1	10.1
	neutral	17	21.0	21.5	31.6
	more likely	30	37.0	38.0	69.6
	absolutely	24	29.6	30.4	100.0
	Total	79	97.5	100.0	
Missing	System	2	2.5		
Total		81	100.0		

**acute crisis**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	3	3.7	3.8	3.8
	rather not	8	9.9	10.1	13.9
	neutral	13	16.0	16.5	30.4
	more likely	30	37.0	38.0	68.4
	absolutely	25	30.9	31.6	100.0
	Total	79	97.5	100.0	
Missing	System	2	2.5		
Total		81	100.0		

**post-crisis/learning process**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	2	2.5	2.6	2.6
	rather not	4	4.9	5.1	7.7
	neutral	11	13.6	14.1	21.8
	more likely	27	33.3	34.6	56.4
	absolutely	34	42.0	43.6	100.0
	Total	78	96.3	100.0	
Missing	System	3	3.7		
Total		81	100.0		

## Descriptive Statistics – Hotel Guests – Possible Crisis Impact Reduction by active involvement of Stakeholders

### Statistics

		pre-crisis	acute crisis	post-crisis/learning process
N	Valid	70	68	68
	Missing	0	2	2
Mean		3.5000	3.6912	3.7206
Median		4.0000	4.0000	4.0000
Std. Deviation		1.28255	.96595	1.26781
Range		4.00	3.00	4.00
Minimum		1.00	2.00	1.00
Maximum		5.00	5.00	5.00

### pre-crisis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	8	11.4	11.4	11.4
	rather not	9	12.9	12.9	24.3
	neutral	8	11.4	11.4	35.7
	more likely	30	42.9	42.9	78.6
	absolutely	15	21.4	21.4	100.0
Total		70	100.0	100.0	

### acute crisis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	rather not	9	12.9	13.2	13.2
	neutral	18	25.7	26.5	39.7
	more likely	26	37.1	38.2	77.9
	absolutely	15	21.4	22.1	100.0
Total		68	97.1	100.0	
Missing	System	2	2.9		
Total		70	100.0		

### post-crisis/learning process

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	5	7.1	7.4	7.4
	rather not	9	12.9	13.2	20.6
	neutral	9	12.9	13.2	33.8
	more likely	22	31.4	32.4	66.2
	absolutely	23	32.9	33.8	100.0
Total		68	97.1	100.0	
Missing	System	2	2.9		
Total		70	100.0		

## Descriptive Statistics – DMOs – Possible Crisis Impact Reduction by active involvement of Stakeholders

**Statistics**

		pre-crisis	acute crisis	post-crisis/learning process
N	Valid	83	82	80
	Missing	1	2	4
Mean		3.5663	3.9878	3.9875
Median		4.0000	4.0000	4.0000
Std. Deviation		1.07287	1.02432	1.02493
Range		4.00	4.00	4.00
Minimum		1.00	1.00	1.00
Maximum		5.00	5.00	5.00

**pre-crisis**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	2	2.4	2.4	2.4
	rather not	15	17.9	18.1	20.5
	neutral	16	19.0	19.3	39.8
	more likely	34	40.5	41.0	80.7
	absolutely	16	19.0	19.3	100.0
	Total	83	98.8	100.0	
Missing	System	1	1.2		
Total		84	100.0		

**acute crisis**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	2	2.4	2.4	2.4
	rather not	6	7.1	7.3	9.8
	neutral	13	15.5	15.9	25.6
	more likely	31	36.9	37.8	63.4
	absolutely	30	35.7	36.6	100.0
	Total	82	97.6	100.0	
Missing	System	2	2.4		
Total		84	100.0		

**post-crisis/learning process**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	2	2.4	2.5	2.5
	rather not	7	8.3	8.8	11.3
	neutral	9	10.7	11.3	22.5
	more likely	34	40.5	42.5	65.0
	absolutely	28	33.3	35.0	100.0
	Total	80	95.2	100.0	
Missing	System	4	4.8		
Total		84	100.0		

**Descriptive Statistics – Average Ratings of all Stakeholder groups surveyed – Possible Crisis Impact Reduction by active involvement of Stakeholders**

**Statistics**

		pre-crisis	acute crisis	post-crisis/learning process
N	Valid	232	229	226
	Missing	3	6	9
Mean		3.6552	3.8472	3.9513
Median		4.0000	4.0000	4.0000
Std. Deviation		1.11350	1.03799	1.10446
Range		4.00	4.00	4.00
Minimum		1.00	1.00	1.00
Maximum		5.00	5.00	5.00

**pre-crisis**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	10	4.3	4.3	4.3
	rather not	32	13.6	13.8	18.1
	neutral	41	17.4	17.7	35.8
	more likely	94	40.0	40.5	76.3
	absolutely	55	23.4	23.7	100.0
	Total	232	98.7	100.0	
Missing	System	3	1.3		
Total		235	100.0		

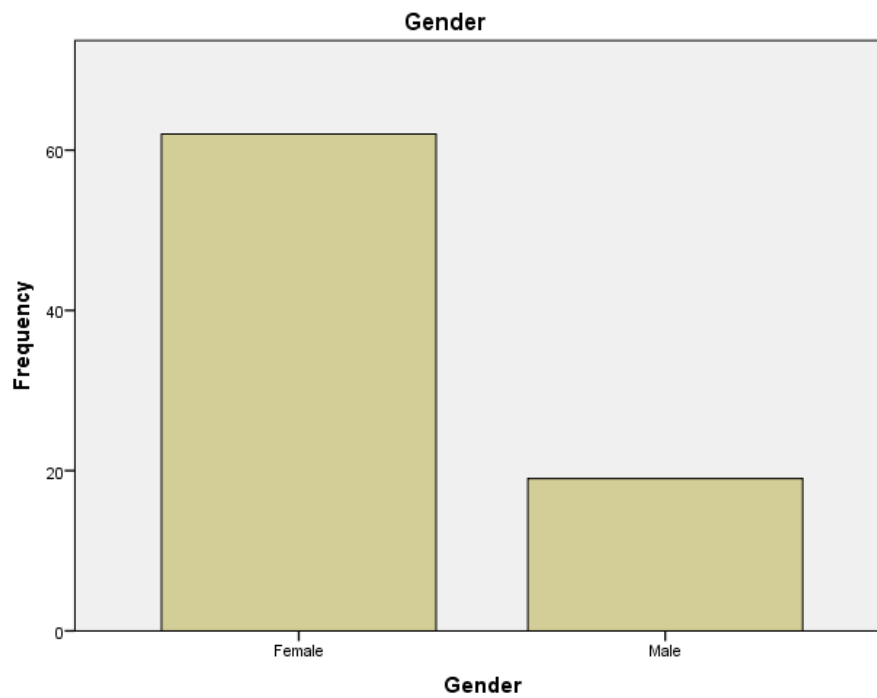
**acute crisis**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	5	2.1	2.2	2.2
	rather not	23	9.8	10.0	12.2
	neutral	44	18.7	19.2	31.4
	more likely	87	37.0	38.0	69.4
	absolutely	70	29.8	30.6	100.0
	Total	229	97.4	100.0	
Missing	System	6	2.6		
Total		235	100.0		

**post-crisis/learning process**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not at all	9	3.8	4.0	4.0
	rather not	20	8.5	8.8	12.8
	neutral	29	12.3	12.8	25.7
	more likely	83	35.3	36.7	62.4
	absolutely	85	36.2	37.6	100.0
	Total	226	96.2	100.0	
Missing	System	9	3.8		
Total		235	100.0		

## Cross Tab Analysis – Internal Stakeholders



### Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Hotel_conception * Gender	81	100.0%	0	0.0%	81	100.0%

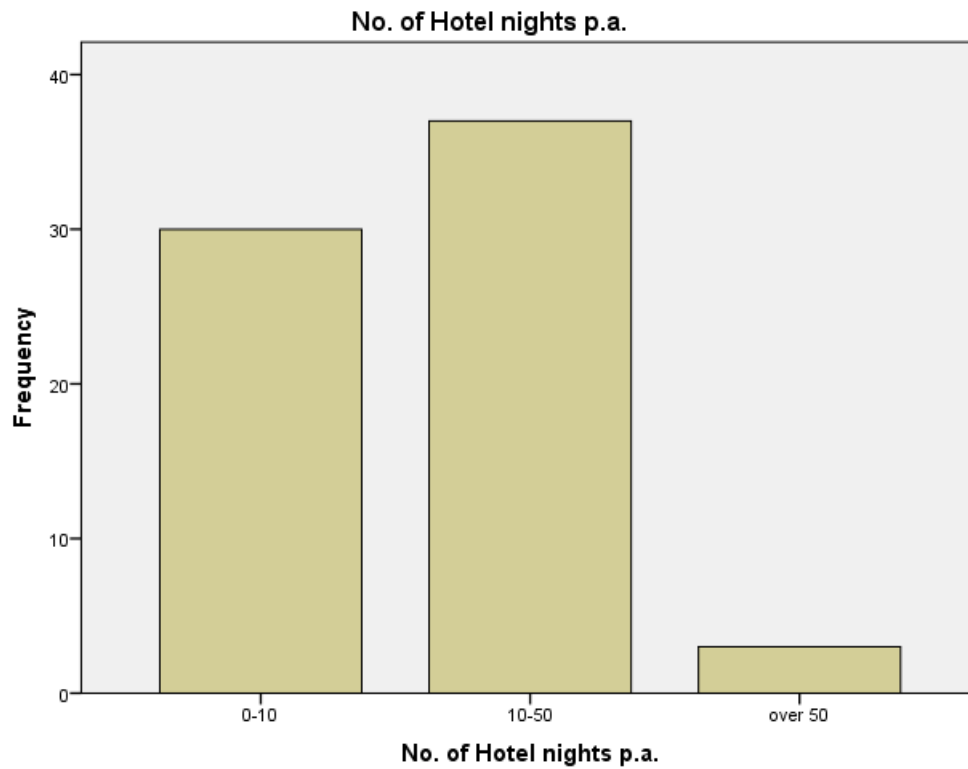
### Hotel\_conception \* Gender Crosstabulation

			Gender		Total
			Female	Male	
Hotel_conception	private-owned hotels	Count	17	7	24
		% within Gender	27.4%	36.8%	29.6%
	chain hotels	Count	45	12	57
		% within Gender	72.6%	63.2%	70.4%
Total		Count	62	19	81
		% within Gender	100.0%	100.0%	100.0%





## Correlation Analysis – Hotel Guests

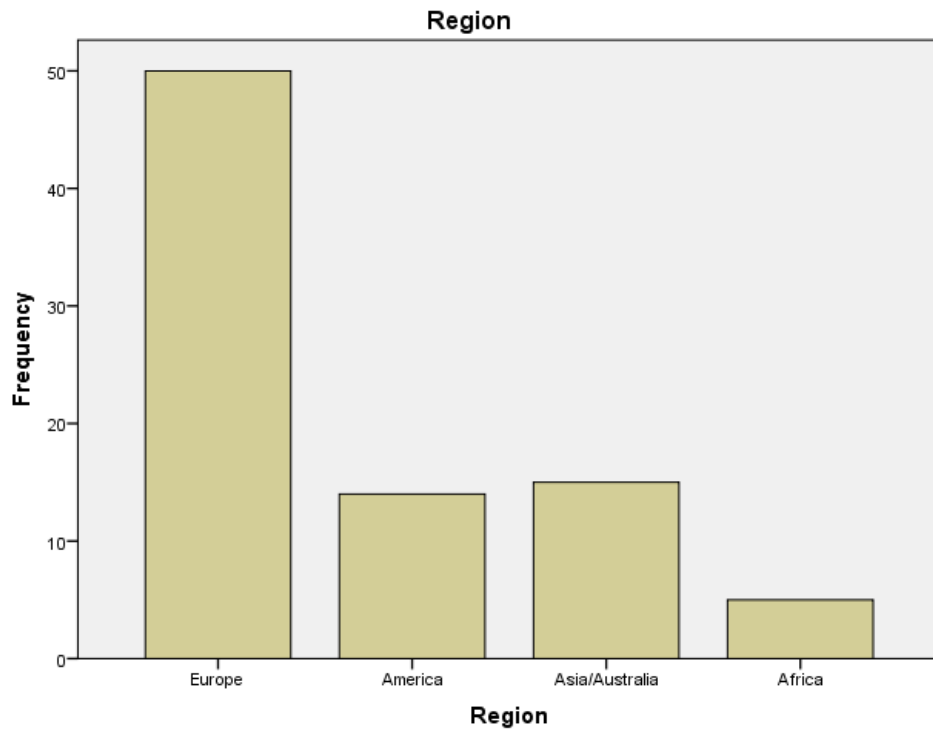


### Correlations

			Crisis_Awareness	Crisis_Preparedness	No. of Hotel nights p.a.
Spearman's rho	Crisis_Awareness	Correlation Coefficient	1.000	.601**	.172
		Sig. (2-tailed)	.	.000	.156
		N	70	69	70
	Crisis_Preparedness	Correlation Coefficient	.601**	1.000	.168
		Sig. (2-tailed)	.000	.	.169
		N	69	69	69
	No. of Hotel nights p.a.	Correlation Coefficient	.172	.168	1.000
		Sig. (2-tailed)	.156	.169	.
		N	70	69	70

\*\* . Correlation is significant at the 0.01 level (2-tailed).

## Cross Tab Analysis – DMOs



### Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Crisis_Awareness * Region	84	100.0%	0	0.0%	84	100.0%
Crisis_Preparedness * Region	83	98.8%	1	1.2%	84	100.0%

### Crisis\_Awareness \* Region Crosstabulation

			Region				Total
			Europe	America	Asia/Australia	Africa	
Crisis_Awareness	not at all	Count	2	0	0	0	2
		% within Region	4.0%	0.0%	0.0%	0.0%	2.4%
	in need of improvement	Count	14	6	4	1	25
		% within Region	28.0%	42.9%	26.7%	20.0%	29.8%
	neutral	Count	15	1	2	0	18
		% within Region	30.0%	7.1%	13.3%	0.0%	21.4%
	good	Count	19	6	7	3	35
		% within Region	38.0%	42.9%	46.7%	60.0%	41.7%
	excellent	Count	0	1	2	1	4
		% within Region	0.0%	7.1%	13.3%	20.0%	4.8%
Total		Count	50	14	15	5	84
		% within Region	100.0%	100.0%	100.0%	100.0%	100.0%

**Crisis\_Preparedness \* Region Crosstabulation**

			Region				Total
			Europe	America	Asia/Australia	Africa	
Crisis_Preparedness	not at all	Count	0	1	0	0	1
		% within Region	0.0%	7.1%	0.0%	0.0%	1.2%
	in need of improvement	Count	19	7	5	1	32
		% within Region	38.8%	50.0%	33.3%	20.0%	38.6%
	neutral	Count	19	1	2	0	22
		% within Region	38.8%	7.1%	13.3%	0.0%	26.5%
	good	Count	11	5	7	4	27
		% within Region	22.4%	35.7%	46.7%	80.0%	32.5%
	excellent	Count	0	0	1	0	1
		% within Region	0.0%	0.0%	6.7%	0.0%	1.2%
Total	Count	49	14	15	5	83	
	% within Region	100.0%	100.0%	100.0%	100.0%	100.0%	

## Kruskall-Wallis-Test

### Ranks

	SH_Group	N	Mean Rank
Crisis_Awareness	Employee	81	103.02
	DMC	84	127.44
	Guest	70	124.00
	Total	235	
Crisis_Preparedness	Employee	80	102.31
	DMC	83	124.78
	Guest	69	123.00
	Total	232	
Hotel_conception	Employee	81	116.33
	DMC	83	119.99
	Guest	70	115.90
	Total	234	
pre-crisis	Employee	79	128.08
	DMC	83	110.04
	Guest	70	111.09
	Total	232	
acute crisis	Employee	79	115.75
	DMC	82	124.34
	Guest	68	102.88
	Total	229	
post-crisis/learning process	Employee	78	122.15
	DMC	80	113.68
	Guest	68	103.36
	Total	226	

### Test Statistics<sup>a,b</sup>

	Crisis_Awareness	Crisis_Preparedness	Hotel_conception	pre-crisis	acute crisis	post-crisis/learning process
Chi-Square	6.788	6.206	.286	3.918	4.310	3.357
df	2	2	2	2	2	2
Asymp. Sig.	.034	.045	.867	.141	.116	.187

a. Kruskal Wallis Test

b. Grouping Variable: SH\_Group