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Effective Crisis Response to COVID-19 in Tourism and Hospitality: The Intersection of Crisis Leadership and Crisis Decision-Making

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Abstract

COVID-19 pandemic has considerably impacted the tourism and hospitality industry, posing significant challenges for the associated stakeholders. Effective crisis response is an essential tool for mitigating the negative impacts of this ongoing crisis. The paper explores the intersection of crisis leadership and crisis decision-making in the context of COVID-19. The study reviews the elements of crisis leadership in tourism and hospitality, and highlights its role in shaping an effective and informed crisis response. The paper provides novel insights and implications for the industry as a guidance for coping with the current and future crises.

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1. Introduction

The ongoing COVID-19 crisis has emerged as one of the greatest challenges for tourism and hospitality industry worldwide [1]. Its negative impact has threatened the viability of hotels by forcing them to adopt extreme measures, such as, operating below occupancy level, cost cutting, and job cuts [2]. On the other hand, the negative impact for the external stakeholders include customer complains [3], impact on hotel booking intentions [4], and impact on consumer confidence [5]. In order to mitigate these negative consequences of a crisis, the hotels must adopt strategies that are convergent and effective. Fulfilling the needs of concerned stakeholders and attaining long-term strategic gains can be best accomplished through the alignment of an organization's internal and external objectives.

A crisis leader's role is to engage in crisis-decisions which are not only efficient, but also aligned on multiple levels. Moreover, most crises require swift and effective response, which is identified as one of the core competencies of crisis leaders in hospitality [6]. In order to carry out an efficient and timely response, the crisis managers need to make informed decisions, supported by evidence-backed data. An organization depends on its crisis leaders for guidance

during crises, especially when they are the victims of the situation, such as COVID-19. However, complexity which ensues a crisis can blur the decision-making capabilities of a crisis leader [7]. This requires the leaders to be adept in decision-making skills under pressure for the crisis response to be effective. The crisis-decision making by the leader sets an organization’s intention to respond to the crisis, which is expressed as a response to a crisis.

COVID-19 phenomenon has attracted many scholars to examine the effective crisis response strategies adopted by hotels and their impact on external stakeholders. However, the crisis response strategies have been dealt as an outcome-oriented phenomenon rather than the process. Crisis leadership plays a crucial role in the selection of crisis response strategies and intention to respond to a crisis. This study therefore aims to examine the role of crisis leadership and crisis-decision making in forming an informed and effective crisis response. We aim to answer the following broad research question:

[RQ1] What is the role of crisis leadership and crisis decision-making in the selection of effective and informed crisis response strategies in hospitality?

We employ Situational Crisis Communication Theory (SCCT) in order to understand the basic elements of a crisis situation and crisis response. SCCT has been widely used in tourism and hospitality studies and has contributed to theory building [8]. Additionally, we also review some recent works which illustrate the importance of the role of crisis leadership and crisis decision-making in tourism and hospitality. The study aims to provide valuable contributions to the fields of tourism and hospitality crisis research by integrating the elements of crisis communication, crisis management, crisis leadership and crisis decision-making.

2. Literature Review

2.1: SCCT and the COVID-19 Crisis in Tourism and Hospitality

Situational Crisis Communication Theory has been widely adopted by tourism and hospitality studies because of its ability to provide practical implications to managers that aids crisis decision-making. The theory suggests that in order to be effective, a crisis response chosen by an organization must match the crisis type an organization is experiencing (See Table 1). An organizational crisis is an unexpected event that violates important expectations of stakeholders and negatively impacts the viability of an organization, including its reputation [9]. SCCT suggests that an effective crisis response strategy employed by organizations can help them to protect and/or restore their reputational capital which may be lost due to a crisis [10].

Table 1: Crisis Response Strategies of Hotels

Primary Crisis Response	Suggested Use	Strategies	Example
Deny	Mild reputational threat (natural disasters, rumours, misinformation)	Denial	The hotel denied existence of any crisis and provided strong evidence to support it.
		Attack the accuser	The hotel confronted the visitors for spreading baseless rumours about a non-existent crisis.
		Scapegoat	The hotel blamed some external factor for being the source of a crisis.
Diminish	Moderate Reputational Threat (Challenges, technical-errors)	Justification	The hotel justified lapses by asserting that the situation is not that worrisome.
		Excuse	The hotel asserted their helplessness in the situation.

Rebuild	Severe Reputational Threat (Organizational misconduct)	Apology Compensation	The hotel fully accepted the responsibility for crisis and apologised for inconvenience. The hotel issued special coupons/refunds to the visitors to compensate for inconvenience.
Secondary Crisis Response	Suggested Use	Strategies	Example
Bolstering	In combination with the primary strategies (reminder for prior favourable reputation, Ingratiation for thanking stakeholders, Victimage for an external crisis)	Reminder Victimage Ingratiation	The hotel reminded the customers of their past achievements in exercising visitor safety. The hotel implored about being victim of the crisis. The hotel thanked visitors for playing an active part in making it a safe space.

Source: Adapted from Coombs (2019)

The recent pandemic has prompted scholars from tourism and hospitality to examine the crisis response strategies adopted by hotels. The empirical studies based on SCCT and COVID-19 adds evidence-based insights on the tourism crisis management practices. For example, the studies provide insights on the communication strategies employed by hotels on social media during pandemic [11];[12];[13], communication strategies employed by hotels and government across various channels [14], types of messages that attract attention during COVID-19 [15]. However, the studies focus on the external aspect of crisis response strategies adopted by the organizations. On the contrary, only limited studies using SCCT have focused on the impact of crisis response strategies on internal stakeholders in the hospitality industry. For example, [16] report the impact of crisis response strategies on the hospitality employees' outcomes.

In light of this disbalance, the study aims to overcome the deficiency which emerges as the lack of focus on the role of internal stakeholders during an organization's crisis response. In particular, a crisis response must be seen as the outcome of the crisis decision making of crisis leaders during an ongoing organizational crisis. The study aims to examine these previously unexplored elements which lead to the selection of an effective crisis response such as crisis leadership and crisis decision-making. We discuss these elements specific to tourism and hospitality domain, in the next sections.

2.2: Crisis Leadership and the COVID-19 Crisis in Tourism and Hospitality

Crisis leadership is one of the pillars of an effective crisis response [6]. Given the nature of the tourism and hospitality industry, its vulnerability to crises is inevitable. Therefore, it is even more important for crisis managers from the hospitality industry to plan and prepare for crises [17]. The role of a crisis leader is to integrate the internal and external elements of crisis management in order to effectively navigate a crisis situation [7]. Despite the significance of the role of a crisis leader, particularly during an unprecedented crisis such as COVID-19, the studies in tourism and hospitality have not focused adequately on the phenomenon.

However, a few recent studies provide novel insights about the crisis leadership phenomenon during the COVID-19 pandemic. For example, [18] suggest the factors that shape effective crisis leadership of hospitality managers. Similarly, [19] suggest a framework to develop effective crisis competencies for hospitality crisis leaders. [20] report crisis leadership competencies essential for an effective crisis management for hospitality leaders. Communication, sensemaking, and decision-making emerge to be the common factors in these studies, which are essential to effective crisis leadership. Additionally, recent empirical studies strengthen the argument about role of crisis leadership in an organization's effective crisis management during COVID-19 pandemic [21];[22].

The above evidence suggests an increasing significance of crisis leadership in crisis management practices, particularly, an effective crisis response during the COVID-19 crisis in tourism and hospitality domain. Crisis response

is one of the outcomes of crisis decision-making, which sets an organization’s intention to respond to a crisis [23]. However, selection of a crisis response strategy must be an evidence-based decision, which in turn depends on the informed crisis decision-making and leadership competency of sensemaking [24]. An organization largely depends on the crisis leader and his/her decision-making skills during crises such as COVID-19, during which an organization is a victim. Additionally, in order to respond effectively to a crisis, a crisis leader must demonstrate impactful decision-making skills. In order to make such decisions, the crisis leader must have the ability to synthesize perspectives that emerge from the pre-crisis signals, subsequently leading to relevant and timely crisis response. The elements of an effective crisis response are discussed in the next section.

2.3 Effective Crisis Response: The Outcome of Crisis Decision-Making and Crisis Leadership

A crisis response strategy encompasses words and actions that minimize the negative impact of a crisis on an organization [10]. Recent studies in tourism and hospitality illustrate the role of an effective crisis response for outcomes such as hotel booking intentions [4], effective handling of customers complaints [3], restoring customer confidence [5], attracting guests [25], and prompting positive consumer emotions [26]. Additionally, a few studies also provide the empirical evidence of relationship between effective crisis responses and achievement of long-term strategic goals for tourism organizations [27]; [28]; [29].

The above review sets the backdrop of the importance of effective crisis response strategies for the tourism and hospitality organizations, particularly in the wake of crises such as COVID-19. Responding to a crisis is the function of the larger crisis management process [30]. An effective crisis response by an organization must be able to achieve the strategic aims set by the crisis leaders of an organization. SCCT provides the elements of sensemaking to the crises leaders by suggesting that a crisis must be identified based on the reputational threat it poses (See Table 1). Additionally, the crisis decision-making must supplement the role of crisis leadership in achieving these strategic goals. The elements of crisis leadership and crisis-decision making in the selection of an effective crisis response must be embedded and contextualized based on the crisis situation an organization is experiencing, since crisis situation plays a central role in the selection of a suitable crisis response [31]. Therefore, the intention to respond to a crisis is set by the interplay of the crisis situation itself, and the sensemaking capabilities of the crisis leadership, along with crisis decision-making capabilities and communicating decisions, which forms the competencies of a crisis leadership. Finally, these elements lead to the selection of a suitable crisis response. Figure 1 illustrates the relationships between these elements leading to an effective crisis response by an organization.

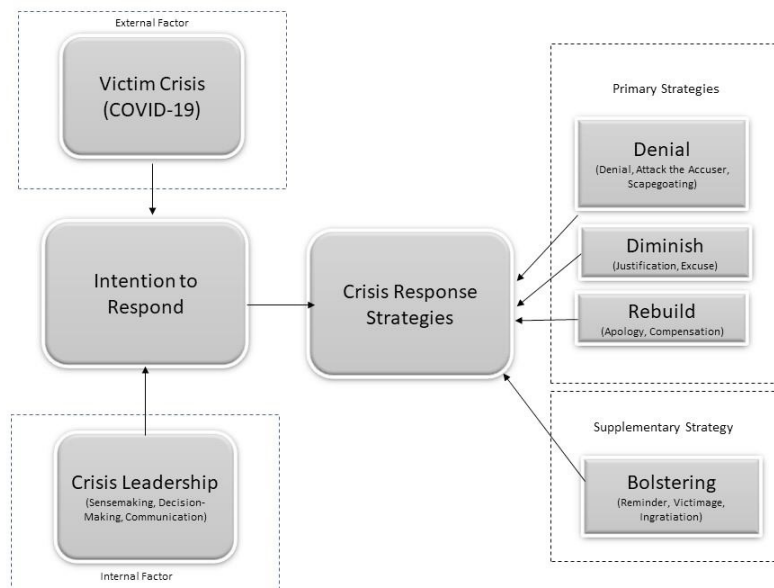


Fig. 1. Proposed Conceptual Framework

Based on the above assumptions, the crisis situation sets the context for crisis managers to display suitable crisis leadership competencies and engage in crisis decision making to respond to each crisis situation. In other words, each crisis requires the crisis managers to adopt to a unique set of crisis leadership and crisis decision-making skills, in order for the crisis response to be effective. In sum, an effective crisis response is therefore an outcome of intersection of crisis leadership and crisis decision-making skills of a crisis manager, adapted for a crisis situation.

3. Discussion

The paper presents insights for crisis leaders in tourism and hospitality, by discussing in depth, the factors that shape an effective crisis response. By discussing the role of crisis situation, crisis leadership, and crisis decision-making, the paper offers the elements of an effective crisis response. The paper thus expands the horizons of the crisis response strategy from merely being a tool which is exclusive for managing external stakeholders, to a part of a larger strategically aligned organizational objective. The alignment of the internal and external strategic objectives has the potential to provide more clarity of goals during turbulent times in a crisis such as COVID-19. However, as [1] mentions in a recent study, the COVID-19 pandemic provides a transformational opportunity for the tourism and hospitality industry for adopting better crisis management practices.

In the light of this, the study aimed to answer the broad research question of the importance of the role of crisis situation, crisis leadership, and crisis decision-making in selection of effective crisis response strategies. The study answered this in three major fronts. Firstly, the study looked at the role of crisis situation and its role in the selection of a suitable crisis response from the perspective of SCCT. Various studies in the tourism and hospitality domain have established the importance of a suitable crisis response strategy for a given crisis situation in order for it to be effective [32]; [33]; [34]. Secondly, based on the said assumption, the study explores the factors other than crisis situation which impact the effectiveness of crisis response. Effective crisis response is the trait of a competent crisis leader [18],[35]. However, even after being a significant factor of effective crisis response, the relationship has been given limited attention. Thirdly, the study offers insights on how crisis managers can combine the elements of crisis leadership and crisis decision-making in a given situation to shape an effective crisis response.

Based on the above insights, the study provides valuable theoretical and practical implications for tourism and hospitality industry. The theoretical implications offer, most importantly, the opportunity to combine theoretical insights from various disciplines such as crisis management, crisis communication, crisis leadership, and crisis decision-making and expand the theoretical testing across disciplines, to generate novel insights. The practical implications have the potential to guide tourism and hospitality managers for the selection of effective crisis response. Moreover, the focus on crisis leadership and crisis decision-making can guide the development of competencies which can help the crisis managers to be better prepared for potential crisis. Finally, the study has the potential to inform all the three phases of crisis management (pre-crisis, crisis event, and post-crisis), and their outcomes (crisis preparedness, crisis response, and crisis learning), by illustrating the selection of effective crisis response as a dynamic process, which is not isolated, rather a part of the larger crisis management process. In sum, the study contributes to the tourism and hospitality crisis research by offering previously unexplored insights with strong theoretical and practical implications.

4. Conclusion

COVID-19 pandemic has had an unprecedented impact on the tourism and hospitality industry, requiring effective crisis response strategies to mitigate its negative effects. The paper has explored the importance of crisis leadership and crisis decision-making in responding to the ongoing crisis in the tourism and hospitality sector. Through a comprehensive review of the literature, the paper has highlighted the key elements of effective crisis leadership and decision-making, and their role in shaping an effective crisis response.

The insights presented in this paper can provide guidance for industry stakeholders in developing and implementing effective crisis management plans. Furthermore, the study has emphasized the need for organizations to remain adaptable to the changing circumstances of the crisis and to maintain effective communication with stakeholders. Overall, this paper contributes to the understanding of effective crisis response in the tourism and hospitality industry, and provides practical recommendations for industry stakeholders to navigate through the current and future crises.

The study, however, has certain limitations. Firstly, the paper has exclusively focused on the insights from the recent COVID-19 pandemic. The future studies may review wider literature which captures more comprehensive studies on crisis management, crisis leadership, and crisis decision-making in tourism and hospitality. Secondly, the study focuses exclusively in tourism and hospitality domain. The future studies may capture the literature from the

wider crisis management literature to incorporate various theoretical frameworks in order to refine or fine tune the elements.

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