



Covid-19 impacts and strategic recovery measures of the hotel industry in Helsinki

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Abstract

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<p>The World Health Organization announced the covid-19 epidemic as a global pandemic in March 2020. This unforeseen outbreak of the pandemic has had a dramatic effect on the hotel industries all over the world as countries have implemented various restrictions regarding traveling and social distancing to control the spreading of the virus. Hotels have had to adapt their operations and services in accordance with the different stages of the pandemic.</p> <p>This research is conducted two years after the outbreak of the pandemic. The aim of this research is to produce guidelines for hotels in Helsinki so they can recover from negative impacts of the pandemic crisis as quickly as possible. This is done by finding out what the hotels have done to minimize the negative impacts of the pandemic crisis during its different stages as well as what they are doing in terms of crisis recovery. Since the outbreak, various research has been done regarding how the pandemic has impacted travel and hospitality industries around the world. This thesis provides a local perspective in the form of a case study that combines theory regarding crisis management and recent research that present strategies for crisis recovery in hotels with an empirical study consisting of five qualitative interviews with hotel managers in Helsinki.</p> <p>The research findings show that the hotels in Helsinki did not have time or enough knowledge to prepare for the pandemic crisis. The loss of especially foreign customers resulted in big revenue losses for the hotels. Changes in customer target groups, campaigning and inventing new attractive hotel packages that attract domestic customers have been a few ways of compensating for the revenue losses. Applying for compensation from the government has also been a way to find compensation for the losses. However, the research showed that the hotels in Helsinki have received relatively small compensations when compared to other countries. Therefore, the hotels have had to apply dramatic cost-cutting measures to survive, such as employee amount optimization, extensive layoffs, rent negotiations and putting investments and purchases on hold. This prolonged crisis has increased the importance of agility in operations as well as internal and external communication. The uncertainty of when the pandemic will ease has also been a big factor for the hotels. However, once the first wave of the pandemic was conquered, the hotels had tools to handle the following waves.</p> <p>All the interviewees were optimistic about the upcoming summer season, as the final restrictions were lifted during spring 2022 and customers have started to find their way back to the hotels. However, the industry is now facing a new challenge- staff shortage.</p>
Keywords Hotels, Helsinki, COVID-19, pandemic, crisis, crisis management

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1 Introduction

The World Health Organization announced the covid-19 epidemic as a global pandemic on the 11th of March 2020. (World Health Organization, 2020) This unforeseen outbreak of the pandemic has had a dramatic effect on the hotel industries all over the world as countries have implemented various restrictions regarding travelling and social distancing to control the spreading of the virus. Statistics Finland (2020) reported a -39,6% drop in the hotel occupancy percentage in Helsinki between January and November 2020. Many of the hotels in Helsinki have had to close their doors temporarily during the pandemic, which have led to extensive layoffs and organizational changes for the hotels. While remaining open, the hotels have had to comply with continuously changing restrictions and safety guidelines posed by the authorities, such as restrictions regarding travel, social gatherings, health and cleaning guidelines and restrictions regarding restaurant opening hours, allowed customer seats and alcohol serving hours.

This research is conducted two years after the outbreak of the pandemic. The last restaurant restrictions were lifted on the 1st of March 2022, which can be seen as an important step into the post-covid time. (Finnish Government, 2022) The aim of this research is to produce guidelines for hotels in Helsinki so they can recover from negative impacts of a pandemic crisis as quickly as possible. Since the outbreak of the pandemic, a lot of research has been done regarding how the pandemic has impacted the travel and hospitality industry around the world. This thesis is a case study that combines theory regarding crisis management and recent research regarding strategies for crisis recovery in hotels with an empirical study consisting of qualitative interviews with hotel managers in Helsinki.

The following chapter will explain in detail the objectives and research questions that the research is based on as well as the scope of the research and its delimitations. Thereafter, the theoretical framework of this research is presented, consisting of recent research relevant to the topic as well as theories regarding crisis management and crisis recovery strategies. The sixth chapter presents the research methodology in detail, explaining the choice of research method, methods for data analysis and addresses the validity and reliability of the research. The seventh chapter presents and discusses the findings of the empirical research, which are reflected upon the theoretical framework and research questions. The final concluding chapter of this research project evaluates the research outcomes and presents suggestions for further research.

2 Research objectives and questions

The aim of this research is to produce guidelines for hotels so they can recover from negative impacts of the covid-19 pandemic as quickly as possible. Since the outbreak of the pandemic, a lot of research has been done regarding how the pandemic has impacted the travel and hospitality industry around the world. Different methods for crisis management and recovery strategies have been presented in recent research. However, as the restrictions in travel- and social gatherings have varied from country to country, further research is needed to define locally applicable guidelines. The main objectives of this research are to firstly find out what the hotel managers in Helsinki have been doing to minimize the negative impacts this pandemic crisis has brought upon the hotels and secondly, what kind of strategies for crisis recovery are applied to bounce back and recover from the crisis.

To reach the objectives and aim of this research, the following research questions have been chosen:

Q1: What is the hotel management doing to minimize the negative impacts the pandemic crisis has had on the hotels?

This research question was chosen to find out what kind of challenges the hotels in Helsinki have been facing during the pandemic as well as what kind of solutions the management has applied in order to minimize negative impacts on the hotel operations. Previous research presents themes of most common challenges that hotels have been facing worldwide and these themes are being reflected upon from a local perspective.

Q2: What is the hotel management doing in terms of crisis recovery?

As the first research question of this research is more of a reflective kind, the second research question provides a look into the future. Finding out what kind of strategic measures for crisis recovery are put into action will provide a glimpse into how the hotels want to operate in the post-covid time.

2.1 Scope and delimitations

This research is focused on the hotels in Helsinki, Finland. According to a report published by the city of Helsinki, the hotel industry in Helsinki has been more affected by the pandemic crisis than the hotel industry in the rest of Finland. The market share of overnight stays in Helsinki dropped from 19% in 2019 to 11,3% in 2020 compared to the rest of Finland. Only to mention, the market

share of Lapland grew from 13,5% to 14,3%. (The city of Helsinki, 2021) Another reason for focusing the research solely on the Hotels in Helsinki is the nature of the restrictions that have been put in action during the pandemic. The restrictions have varied regionally depending on the local pandemic situation, which makes it more relevant to gather data about one specific area that shares a similar experience of the pandemic's development.

The hotel industry is part of the hospitality industry, which includes businesses such as hotels, bars and restaurants. This research has its focus on hotel operations. However, it needs to be acknowledged that hotels often also provide restaurant and bar services as well as facilities for meetings and events and all these services have been highly limited and regulated during the pandemic. Therefore, these services can be mentioned in the research although the focus lies on the impacts on hotel operations.

The time-frame when this research was carried out was during spring 2022 – two years after the pandemic broke out. The theoretical framework includes secondary research data available from the beginning of the pandemic and there are still uncertainties regarding how the pandemic will proceed and the full extent of the pandemic's impacts on the hotel industry. The remaining restrictions regarding social gatherings were lifted on 14.2.2022 in the Uusimaa area and the remaining restaurant restrictions were lifted on the 1.3.2022, which can be seen as an important steps into the post-covid time. (Aluehallintovirasto, 2022). It is yet to be seen what kind of long-term impacts the pandemic will leave in the hotel industry.

2.2 Key concepts

Covid-19 pandemic – The covid-19 pandemic, or coronavirus pandemic, is a currently ongoing global pandemic of the infectious covid-19 disease. The World Health Organization announced the covid-19 epidemic as a global pandemic on the 11th of March 2020. (World Health Organization, 2020)

Pandemic crisis – A crisis can be defined as "a specific, unexpected, and non-routine event or series of events that create high levels of uncertainty and threat or perceived threat to an organization's high priority goals". (Veil, 2011) In this context, the pandemic crisis as a concept refers to the unforeseen disruption that this global healthcare crisis has had on the hotel industry.

Crisis management – Crisis management is applied in order to prevent a crisis to occur or act properly in case of a crisis. The aim is to act proactively rather than reactively, creating a preparedness for future disruptions in operations. (Pforr, 2006)

Crisis recovery – The concept refers to actions taken in an organization in order to return to normal operations after a crisis as well as improving the organization's resilience in future crises.

Strategic measures – The concept refers to those actions that the hotels have implemented to achieve their objectives and goals.

3 Hotel business in a nutshell

This chapter presents the hotel business in a nutshell to provide an understanding of the environment that this case study is conducted in. The framework presents a definition and traditional organizational structure of a hotel, different models of ownership and hotel types as well as a hotel's revenue model and key figures used when measuring a hotel's performance.

Medlic & Ingram (2000) define a hotel as *"an establishment that provides accommodation, facilities and food and drink services for travelers, temporary residents and other users"*. In addition to accommodation and restaurant services, some hotels also provide facilities for meetings and events as well as gym and spa facilities. (Rautiainen & Siiskonen 2015, 27-36)

Hotels play an important role in the surrounding communities, as they provide facilities for transaction of business, meetings and conferences, recreation and entertainment. Many hotels function as attractions for visitors, bringing spending power to the local economy. Hotels are also important foreign currency earners, which impacts the country's export earnings. Hotels are also important providers of jobs, not only at the facilities but also for the suppliers and manufacturers that supply the hotels with furniture and furnishings as well as food and beverage and other consumables. The hotel restaurants and bars also often attract local customers and function therefore as social centers of their communities. (Medlic & Ingram, 2000)

Hotels can be categorized by size, class, location and type of ownership. (Rautiainen & Siiskonen, 2015, 27-36) The type of ownership has a big impact on how a hotel is managed. (Hotel Tech Report, 2022) Hotels generally fall into one of the following four categories:

Privately owned and operated hotels: This model requires the most hands-on operational work for the hotel owner. In privately owned hotels, the owner takes the lead on all business aspects, such as hiring staff, maintaining the physical assets, marketing strategies, and more. The owner can be an individual or a group. (Hotel Tech report, 2022)

Leased: The owners of leased hotels lease the physical asset to a separate company that handles the operations. The owner collects rent for the building and does not have an impact on the hotel operations. (Hotel Tech Report, 2022)

Franchised: The hotel owner(s) runs the day-to-day operations themselves and pay a franchise fee for the use of a hotel brand franchise. (Hotel Tech Report, 2022)

Managed: The hotel owner signs a contract with a management company which handles the operational responsibilities of the hotel. Some managed hotels are branded and the management company is responsible for upholding the brand standards. (Hotel Tech Report, 2022)

The hotel type can also be determined by the main customer target group or customer segment. Common customer segments are business travelers, congress travelers and leisure travelers. (Rautiainen & Siiskonen, 27-36)

The figure below (see figure 1) presents a typical hotel organization chart for a mid-size or large hotel. The actual organization as well as job titles vary from company to company depending on the hotel size and type. Different departments can also be combined or eliminated. Each hotel department is often run by an assigned manager, while all hotel operations are overseen by the hotel's general manager. (Rutherford & O'Fallon, 2007)

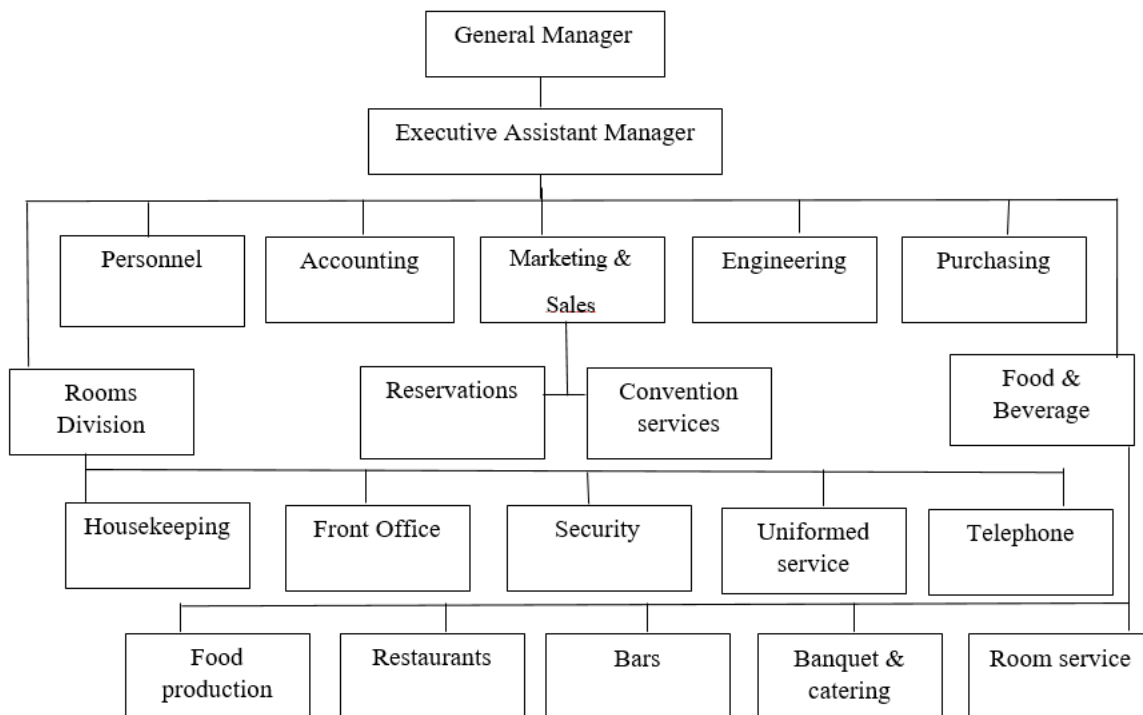


Figure 1 A typical hotel organization chart (adapted from Rutherford & O'Fallon, 2007)

A revenue model is a model for generating financial income. For a hotel, the aim is to generate room sales and additional sales through other services, such as food, beverage and spa services. Revenue management is an essential tool for matching supply and demand and it can be defined as "the application of information systems and pricing strategies to allocate the right capacity to the right customer at the right price and time". Revenue management is an applicable tool in hotels due to the nature of the hotel business. As the hotel's product is essentially a service which can't

be stored away for later consumption, it means that unsold rooms are a direct loss of revenue and temporary excessive capacity of the hotel cannot be forwarded to other times when the demand would be higher. Also, the hotels are limited to capacity, which means that the hotel can only serve a certain amount of customers at a particular time. (Ivanov, 2014)

A hotel's income is often affected by seasonality depending on the hotel's offerings and its location. Business hotels often have a higher occupancy during weekdays and lower on the weekends, while leisure travellers often travel during weekends and holidays. Seaside hotels often see a peak during summer season, while the shoulder seasons are more quiet. Variations in demand require hotels to find ways to attract customers also during slower seasons. Hotels use forecasting to predict customer demands and the pricing and marketing strategies are formed accordingly. Dynamic pricing is often used as a tool for price optimization and different customer segments can also be offered different prices. (Ivanov, 2014)

A hotel typically has high fixed and low variable costs. The fixed costs are those costs that are not affected by the amount of guests in the hotel, such as rent, water and heating expenses, marketing expenses and salaries for administrative personnel. The variable costs are the costs that change according to the number of hotel guests, such as parts of the employee salaries, food and beverage costs and heating, water and electricity of the rooms. From a business point of view, a hotel can afford to serve its guests as long as the marginal revenue acquired from the guests are at least equal to the marginal costs of serving them. (Ivanov, 2014)

The success of hotel business operations are often measured by comparing different key figures. These figures are followed up upon daily, weekly, monthly and annually and they can be compared to figures from previous years or average rates in the industry. (Rautiainen & Siiskonen 2011, 391)

Ivanov (2014) present the most commonly used key figures in the rooms division:

Number of overnights (room nights): The number of rooms that have been occupied for a particular period of time regardless of the amount of guests.

Occupancy rate: The procentual utilization of the physical capacity of the hotel using room nights as a basis.

Average daily rate (ADR): The average price charged for one room night. Length of stay: Average number of nights spent by guests in the hotel.

Revenue per available room (RevPar): The room revenue generated per room available for sale.

Yield: The ratio showing what percentage of the maximum potential revenue the hotel has actually generated (usually for one night).

Customer satisfaction rates and online rankings are also important indicators on how well the hotel is doing in comparison to its competitors. Therefore, hotels tend to invest big efforts in collecting customer feedback and data and in creating customer relationships. (Rutherford & O'Fallon, 2007)

4 The state of the hotel industry in Helsinki before and during the pandemic

To gain an understanding of the Hotel industry's situation before the pandemic, the framework introduces a report from 2019 made by Helsinki Business Hub, which presents pre-pandemic traveler statistics and predictions of the hotel industry's development for the upcoming years. The Helsinki travel and hotel industry has been steadily growing during the past decade. Due to the city's location and accessibility both air- and waterways, Helsinki is linking the west with the east. In 2019, there were 22 million passengers at the Helsinki airport and the port of Helsinki received 12.2 million passengers. (Statistics Finland, 2019) The accessibility, stable economic and political market, increased volume of tourists and new hotels opening up has brought an increased interest from international investors and operators as well. (Helsinki Business Hub, 2019)

The ratio of foreign and domestic travelers in Helsinki has been quite equal, although there has been an increase in international travelers. Since 2015, the amount of Chinese tourists has increased 62%, due to the increased availability of direct flights. The improvement of the Russian economy can be seen as a 33% increase in Russian tourists since 2016. During recent years, there has also been an increase in travelers from France, Estonia and Germany. (Helsinki Business Hub, 2019)

The increasing traveler amounts have had a positive effect on the hotels' performance. Since the year 2010, the highest hotel occupancy level was achieved in 2018, which resulted in 73%. Previously the occupancy level had been around 68%. Hotel room rates have also been increasing - from an average of 95 euros in 2010 to 117 euros in 2019, resulting in a 23% total increase. The occupancy rates in the Helsinki city center in 2019 show an impressive result - 150 out of 365 nights achieved over 80% in occupancy, while 50 out of 365 nights achieved over 90%. (Helsinki Business Hub, 2019)

Increased hotel performance has resulted in greater interest from industry stakeholders, therefore the room supply has been growing as well during the past years. In 2019, there were about 16500 bedrooms in the Helsinki Metropolitan Area (the number includes hotel rooms or similar, such as aparthotels). The leader of the existing room supply is currently Scandic, representing 21% of the supply in Helsinki. Scandic achieved its current position after acquiring the local brand Restel. After Scandic, the biggest room suppliers are Sokos Hotels and Nordic Choice, after its recent acquisition of Kämp Collection Hotels. (Helsinki Business Hub, 2019)

Helsinki Business Hub (2019) predicted an almost 2000 increase in hotel room supply in the Helsinki Metropolitan Area in 2020 and a total of 5000 rooms in the next 5 years.

The covid-19 pandemic has had a big impact on the travel industry due to the various restrictions posed by the government to slow down the spreading of the virus. The following chapters present the timeline of the virus development and local restrictions that have affected the hotels in Helsinki during the pandemic.

The coronavirus (COVID-19) is a contagious disease caused by a severe respiratory syndrome coronavirus 2 (SARS-CoV-2). The first case of the virus was identified in Wuhan, China in December 2019. Since then, the virus has been spreading worldwide. The World Health Organization announced the covid-19 epidemic as a global pandemic on the 11th of March 2020. (World Health Organization, 2020)

The first case identified in Finland was identified on a Chinese tourist in Ivalo at the end of January 2020. (Ruokangas et al. 2020) On the 12th of March 2020, the Finnish Government (2020a) announced the first recommendations to control the spread of the coronavirus. The government recommended that all public events of more than 500 attendees needed to be cancelled until the end of May. Non-essential work-travel and a two week absence from returning to work after travelling was also recommended.

On the 16th of March 2020, the Government announced a state of emergency in Finland over the coronavirus outbreak. Public gatherings were restricted to ten persons at most. Public establishments such as museums, swimming halls, libraries, sports facilities, restaurants, National Opera and National Archive were shut down. People were instructed to work from home. (Finnish Government, 2020b) In the beginning of the pandemic most cases were reported in the Helsinki metropolitan area. Therefore, the Government decided to restrict traffic between the Region of Uusimaa and the rest of the country between 27.3.2020 - 19.4.2020. (Finnish Government, 2020c) During the state of emergency, a large number of the hospitality industry companies shut down or adapted their operations. According to a study made by the Service Union United PAM, two thirds of the union members were laid off from their work during April 2020. (Kauppalehti, 2020)

The pandemic was slowing down in the beginning of summer 2020 and the Government announced that from 29th of May on, people were allowed to travel within Finland as long as safety guidelines were followed. The guidelines instructed to avoid travelling while being sick and to remember careful cough and hand hygiene. Restrictions were lifted on the 1st of June 2020, allowing gatherings of maximum 50 persons and reopening public places. Restaurants were also reopened, but with new restrictions such as limited opening hours between 6.00 and 23.00, permission for serving alcohol between 9.00 - 22.00 and the maximum customer amount inside the restaurant was limited to half. These restrictions were applied until the end of October 2020. During the last

month the restrictions were eased, allowing the restaurants to let in the regular amount of customers as long as every person has their own seat and the safety distances can be kept. (Finnish Government, 2020d)

During fall and winter 2020, the number of coronavirus cases started rising again and Finland entered the second wave of the virus outbreak. The government officially announced their recommendation of wearing a face mask whenever close contact cannot be avoided. A more contagious and harmful British variant of the virus started spreading globally. The Finnish Government decided to tighten the border traffic, allowing only essential work travel and travel that is essential for the functioning of the society or for security of supply. Finnish citizens and their close family members were still allowed to enter and exit the country. The regulations for tighter border control were entered into force from 21.1.2021 onwards. (Finnish Government, 2020e) Finland received its first allotments of vaccines in December 2020. (Yle News, 2020)

In early 2021, the pandemic situation was stable, but worsened again at the end of February 2021. The government declared a state of emergency for the second time during the pandemic from the 1st of March 2021 until the end of April 2021. In October 2021, covid-19 passports were offered as an alternative solution for restaurants and other actors influenced by the restrictions (such as restrictions regarding opening hours, alcohol service hours and customer amounts). As Helsinki was under tight restrictions at the time, most restaurants and hotels required a covid-19 passport from their visitors. The passport was taken out of use in the end of December 2021, as the omicron virus variant continued spreading rapidly despite the restrictions and use of the covid-19 passport. (Ministry of social welfare and health, 2022)

The figure below shows all registered bed nights in Helsinki during 2019, 2020 and 2021. The green line represents the total number of registered bed nights including all nationalities and the orange line represents the bed nights registered by Finnish visitors. Statistics show a dramatic drop of total bed nights between 2019 and 2020 and a slight recovery between 2020 and 2021. The absence of foreign visitors has had a tremendous impact on the visitor amounts and the hotels have mostly had to rely on the domestic market. (Visitory, 2022)

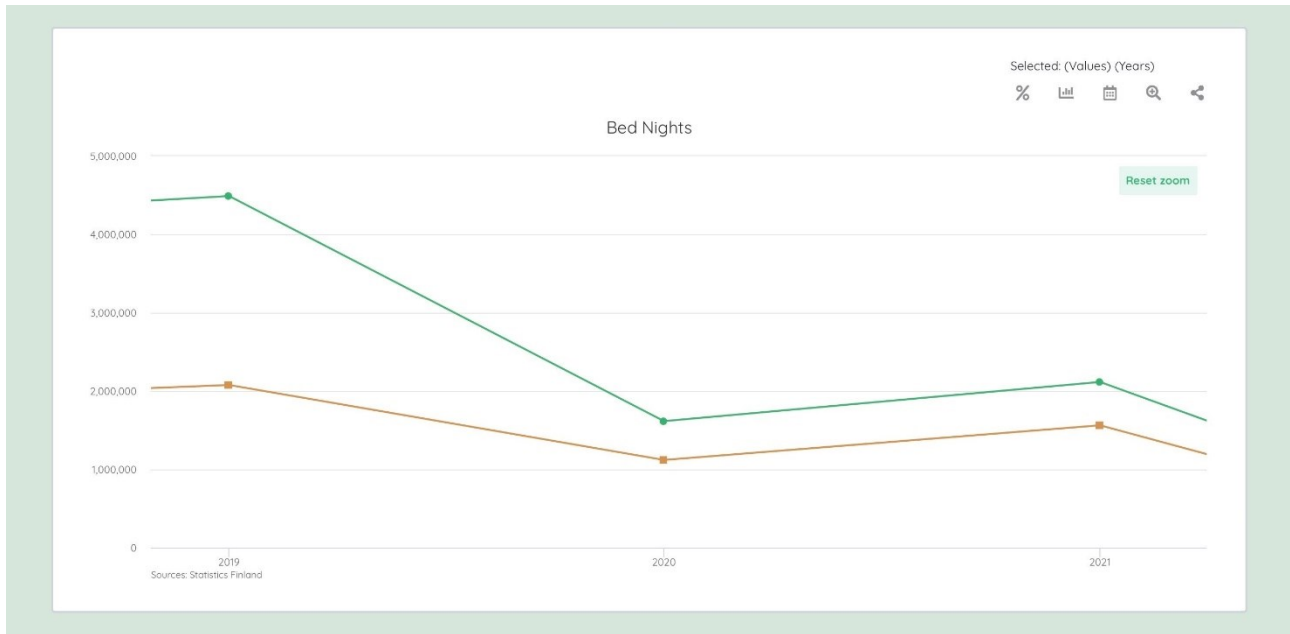


Figure 2 Registered bed nights in Helsinki during 2019 - 2021, Visitory 2022

By the beginning of 2022, most of the Finnish population had got three doses of the covid-19 vaccine, which could be seen as an easing situation in hospitals and intensive care despite the high infection numbers. The restaurant restrictions regarding opening and alcohol serving hours as well as restrictions on customer numbers were finally assigned to be lifted on 1st of March 2022. However, restaurants must continue to follow general hygiene guidelines, avoid unnecessary congestion on their premises and communicate to their customers that no person with covid-19 symptoms is allowed to enter the premises. (Finnish Government, 2022)

5 Crisis management

This chapter presents a wholesome framework for crisis management during different stages of a crisis.

A crisis can be defined as "a specific, unexpected, and non-routine event or series of events that create high levels of uncertainty and threat or perceived threat to an organization's high priority goals". A crisis is characterized as an "unexpected turning point in an organization that can have a negative or positive outcome". (Veil, 2011) To deal with crises, organizations need to engage in crisis management. Crisis management "seeks to prevent or lessen the negative outcomes of a crisis and thereby protect the organization, stakeholders, and/or industry from damage". (Coombs, 2010)

Crisis management is applied in order to prevent a crisis to occur or act properly in case of a crisis. The aim is to act proactively rather than reactively, creating a preparedness for future disruptions in operations. Crisis management needs to be an integrated and comprehensive effort, implemented in the daily operations. (Pforr, 2006) Every organization needs to develop their own crisis management plans, since there is not one single model that fits all organizations. However, common methods and practices can be applied to create the best plan for each organization. One common method of crisis management is to recognize and evaluate the probable crises that can occur, the effects on the organization's operations as well as the likelihood of the crisis. Common crisis types are natural disasters, civil conflicts, epidemics and technology failures. (Tse, 2006)

Crisis management processes are often applied according to the lifecycle of the crisis. Coombs (2010), divides the crisis management process into three main stages: the pre-crisis stage, crisis stage and post-crisis stage. Understanding and classifying crises and disasters according to the type, scale and magnitude has an impact on how the crisis strategies are developed and implemented. (Ritchie, 2003)

Ritchie (2003) presents the anatomy of crisis development through the following stages:

Pre-event stage: where action can be taken to prevent disasters.

Prodromal stage: when it becomes inevitable that a crisis is about to hit.

Emergency stage: when effects of the disaster are felt and the organization needs to rescue people and property.

Intermediate phase: when the short-term needs of people are dealt with, such as restoring utilities and essential services. The aim is to restore the operations back to normal as soon as possible.

Long-term phase: this is a continuation of the intermediate phase, where issues that could not be addressed immediately are dealt with, such as repairing damaged infrastructure, applying reinvestment strategies, counselling victims and revising the current disaster strategies.

The different stages of a crisis require different stages of strategic crisis management. (Ritchie, 2003) The stages are presented below and combined with the crisis life-cycle in a holistic crisis management strategy framework (see figure 3).

Crisis/disaster prevention and planning: At the pre-event and prodromal phase of a crisis, organizations and managers develop strategies and plans to limit the impact of possible crises. Proactive planning also helps with reducing risks, time wastage and poor resource management. Problem recognition through environmental scanning provides information about possible future threats. Strategic forecasting is done to predict potential crisis situations and contingency strategies are made as alternative plans that can be applied in case a crisis hits. Issues and scenario analysis can help with discussing and analyzing different possible scenarios an organization might face. (Ritchie, 2003)

Strategic implementation: When a crisis enters the prodromal state it depends on the level of crisis prevention and planning how well the crisis is met in the organization. How well the current emergency and contingency plans are implemented affects the impact of the crisis, if the crisis develops into the emergency phase and how long the impact of the crisis is. The implementation phase might also become complex and chaotic, therefore the implementation requires flexibility and monitoring. Selecting the most appropriate crisis management strategies and making effective decisions quickly is important to influence or control the crisis. Using short- and long term crisis communication strategies (both internal and external) is important to keep everyone up to date about the crisis situation and required actions. Resource management through reallocating and reorganizing resources (such as forming crisis management teams) is done to create responsive organizational structures and empower the employees. Different levels of collaborations between internal (employees, managers, shareholders) and external shareholders (customers, industry agents, media, government) is important to resolve the crisis together. (Ritchie, 2003)

Resolution, evaluation and feedback: The final stage of dealing with a crisis strategically is the evaluation and feedback stage. At this stage the organization also starts seeking itself back to its normal state. The main goal is to gain control of the crisis, reduce its impacts or to stop the crisis completely. Crises are often complex and might leave permanent changes into the organization and these changes can be both positive and negative. Organizations can learn from the crises and make changes and adapt their strategies to work more effectively. The organization's ability to

learn depends on the interest in learning from incidents and its organizational culture. (Ritchie, 2003)

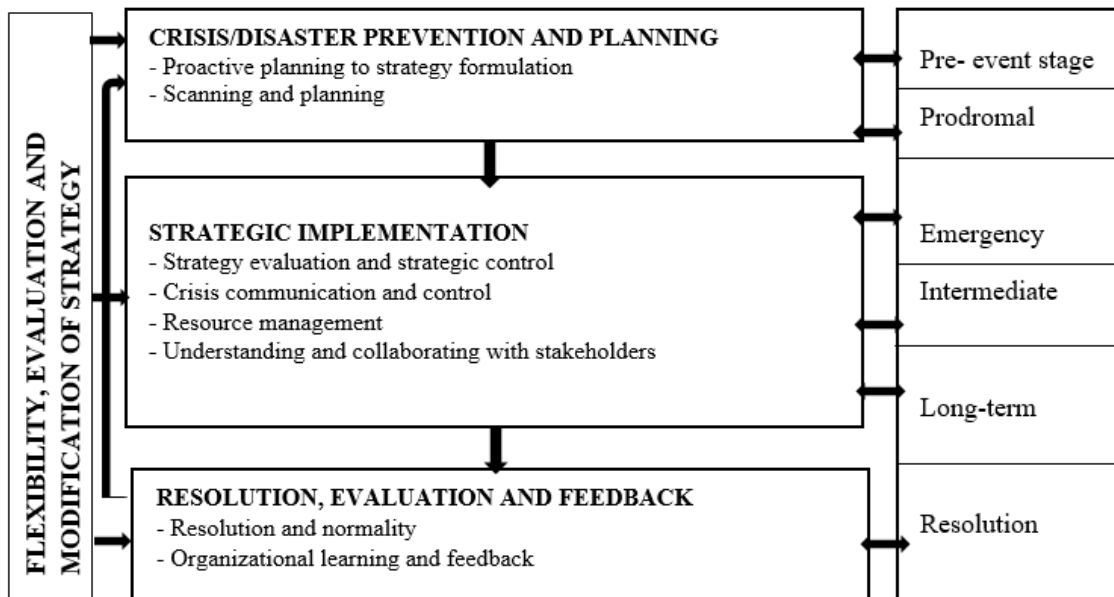


Figure 3 Crisis and disaster management: a holistic framework (adapted from Ritchie, 2003)

5.1 Crisis management in hotels during the covid-19 pandemic

Dung & Giang (2021) present an integrated crisis management model based on international media publications during the pandemic (see figure 4). The model presents crisis management strategies in hotels during the different stages of the pandemic. The model consists of five phases.

Phase 1: pre-event and early symptom

The pre-event and symptom phase refers to the early stage of the pandemic where the outbreak is limited to none or a few cases only. For many hotels, this was showing as cancellations of some individual and group reservations. In this phase, many hotels have applied different saving strategies to prepare for impact, such as freeing up working capital, improving business efficiency and postponing non-essential renovations. (Dung & Giang, 2021)

Phase 2: emergency

When the pandemic broke out and infection numbers went up, hotels experienced a rapid increase in cancellations and a decline in new bookings. Health and safety regulations became compulsory. Governmental regulations, restrictions and guidelines are affecting both the hotel operations as

well as the demand. Many hotels implemented a defensive survival strategy through applying different cost-cutting measures. Reducing staff working hours, unpaid leave and reducing outsourced services are a few commonly used measures during the emergency phase. Health and safety procedures were implemented to follow the guidelines. The hotel sector intensified lobbying efforts to receive governmental support. (Dung & Giang, 2021)

Phase 3: crisis

As the pandemic continued to spread, many countries enforced a lockdown policy, closing country borders and introducing strict restrictions regarding travel, social distancing and health and safety procedures. The strategic options for hotels at this stage were very limited - either closing down all or part of the operations or transforming their services to fit the situation. Some hotels offered services such as temporary housing for homeless people and/or medical staff and quarantine services. Hotels that closed down operations implemented different levels of changes. Some were operating under minimal capacity, reducing staff and closing facilities temporarily. In some countries, such as US, UK, Austria and Switzerland, the government issued stimulating packages including wage subsidy, tax reductions, flexible loans and payments for hospitality businesses, allowing the hotel managers to reduce salaries instead of laying off employees. Hotels with restaurants were open for take-away only. The use of sales promotions and discount vouchers increased during this stage as well as different online marketing campaigns to secure some cash flow. (Dung & Giang, 2021)

Phase 4: recovery

The recovery phase starts when the infection numbers decrease and governments loosen restrictions. Travel demand from domestic travelers has been increasing and it is the main force for hotel recovery, as international travel restrictions are still in use. Recovery strategies have so far targeted the domestic travelers with a variety of staycation packages. Coordination between hotels, government bodies and travel industry actors is an important part of recovery. The pandemic has increased the need for business innovation through service automation and technological solutions, since the digitalization of services enables less physical interactions and infection risks. These kinds of leaps in business innovation help hotels recover from the crisis. (Dung & Giang, 2021)

Phase 5: resolutions

Systems and organizations may not return back to their pre-pandemic state, as parts of the systems are likely to have changed. Hotels are preparing carefully for the post-pandemic world with continuing cost-saving measures and proactively exploring options for technological efficiency and

innovations. The threat of another pandemic wave, economic recession and new diseases call for careful reflection and preparation for the future so the hotels can be more resilient during a crisis like this. The traditional business model of hotels is highly dependent on short-term room sales and revenue. A more diverse revenue model would be one way to develop a more resilient business model. Retaining the human touch after such a high increase in service automation is another challenge in the post-covid time. Mergers and acquisitions are also likely as smaller hotels are more likely to have run out of resources, providing bigger hotel chains to take over. (Ding & Giang, 2021)

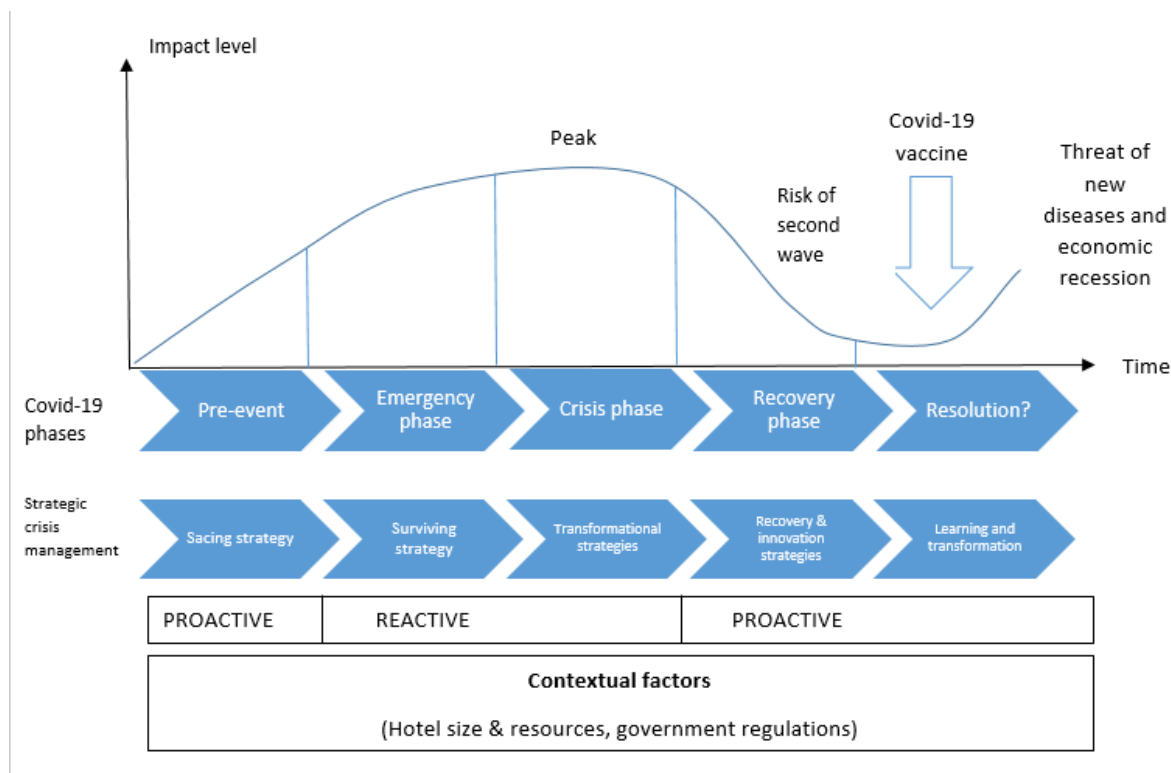


Figure 4 Pandemic curve and strategies (adapted from Dung & Giang, 2021)

5.2 Strategic measures to ensure crisis recovery for hotels

This chapter presents strategic actions for crisis recovery. The main idea is that the better an organization is prepared for a crisis, the better the chances are to survive without long-lasting negative impacts. However, in an unforeseen crisis such as the covid-19 pandemic, many organizations have been forced to act reactively rather than proactively. Learning from previous crises is an effective way to reflect on an organization's own crisis recovery plan and this is why this chapter also

presents impacts and survival methods from previous crises that have affected hotel industries worldwide. These learnings serve as a base for a crisis recovery strategy framework.

The travel industry can be highly sensitive to environmental crises such as natural disasters, social conflicts, wars, economic crises, pandemics and acts of terrorism. (Kim et al. 2005) It has shown that the hotel industry worldwide has been poorly prepared for such an unforeseen event as the covid-19 pandemic. However, the covid-19 pandemic crisis shares some similarities with prior crises and disasters, such as the outbreak of SARS, Ebola, financial crisis and terrorism. (Garrido-Moreno et al. 2021) This chapter presents examples of studies of crisis management in the hospitality industry during different crises. The examples also includes recent studies of crisis management in a covid-19 scenario. These examples provides valuable ideas on how to respond in similar situations.

Example 1: Impact of SARS outbreak on hotels (Hong-Kong)

Impact: After the World Health Organization recommended avoiding non-essential travel to SARS-affected areas, the hotel occupancy rates fell by almost 30% between May and June. The threat of this disease had a clear effect on tourists' motivation to travel to the affected areas. (Kim et al. 2005)

Findings: The SARS outbreak had a severe impact on the hospitality industry in Hong Kong. Hotels had to develop contingency plans to restore guest confidence. To achieve this, actions such as regular staff meetings, enforcing hygiene and cleaning policies, media handling and attractive hotel packages were offered. Staff layoffs and unpaid leave was done to reduce costs and specific employee training was offered. The hotels applied different strategic measures such as enhanced internal communication, intensified customer communication, promotions and collaborations with other hospitality agents and public institutions to overcome the crisis. (Garrido-Moreno et al. 2021)

Example 2: The effect of Ebola outbreak on tourism (Gambia)

Impact: Ebola had its outbreak in Western Africa and it has had a negative impact on Africa's economy and tourism, which is a key economic driver. Although the disease has mostly affected the western countries in Africa, the emergence of Ebola has been associated with the entire African continent. This has had a decreasing effect on the competitiveness of Africa as a tourism destination. (Maphanga, 2019)

Findings: The findings highlight the importance of formulating strategies that allow quick response to crises. Strategic measures that developed during the Ebola crisis were cost-cutting strategies,

control of communications and media, flexibility policies to reduce cancellations, different incentives and discounts to attract customers and collaboration with other agents. (Garrido-Moreno et al. 2021)

Example 3: Terrorist attack on 11th September 2001 (United States/international)

Impact: The terrorist attacks on 11th of September 2001 coordinated by Al-Qaeda on the United States have had a dramatic effect on the travel industry worldwide. The attacks created a hesitation for travelling especially by plane, and an atmosphere of uncertainty in many countries. This combined with an already weak economic context and a decrease in consumer and investment confidence resulted in long term negative effects in the nation's travel industry. The terrorist attack resulted in a wave of trip cancellations from Asia and Western Europe, but this phase passed by quite quickly. However, there were changes in travelers' booking behavior that could be seen as a declining amount of new bookings and postponing the decision to travel. Hotels, air transport, travel agencies within the country and worldwide at destinations that depend on US travelers saw major losses and resulted in reduction of working hours and capacity as well as business closures and job losses. (World Tourism Organization, 2001)

Findings: The hotel industry was coping with the crisis by substituting International travel with domestic tourism, by developing special offers and applying different Revenue management tactics. (Garrido-Moreno et al. 2021)

Example 4: How hotels are responding to the covid-19 pandemic (International)

Impact: Loss of revenue due to a rapid decline of customer amounts and mass-cancellations. Uncertainty of when the crisis will ease.

Findings: Studies show that hotels have been implementing different measures in the following categories: marketing (offering long-term vouchers, packages and discounts), cost-cutting and modifying their customer refund policies. Strategies that have worked best have been new segment targeting, increasing flexibility, health and safety protocols and enhancing communication with customers. To reduce close contacts, hotels have also redesigned services and offered solutions such as mobile apps (for contactless check in and -out), in-room technologies and robots. (Garrido-Moreno et al. 2021)

The examples shows that in many crisis situations hotels have lacked proper contingency plans for crises and end up responding reactively. Studies highlight strategic measures such as cost-cutting, marketing efforts, enhanced internal and external communication, new offers and packages, finding new customer segments, safety protocols and increased flexibility to avoid cancellations. Garrido-Moreno et al. (2021) conclude the main strategic measures into a model for hotel business recovery (see figure 5). The measures are discussed in detail below.

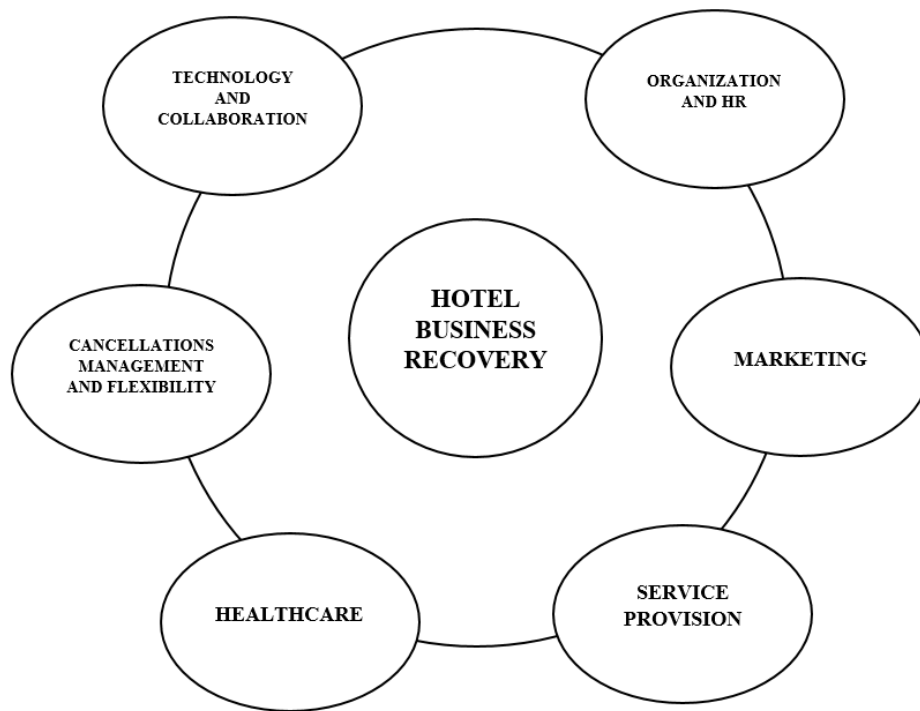


Figure 5 Strategic measures for hotel business recovery (adapted from Garrido-Moreno et al. 2021)

Technology and collaboration related strategic measures - One of the hotels' main response strategies to the covid-19 crisis has been to develop and intensify technological solutions. Decreasing close contacts and therefore ensuring customer and employee safety has called for technological solutions for contact-free service. Most commonly used tools are mobile apps, chatbots, service-kiosks, in-room technologies, digital payment systems, robots and Self-check in and check-out systems. The growing adoption of artificial intelligence and robotics has been seen in the hotel's response and recovery strategies from the covid-19 pandemic. (Garrido-Moreno et al. 2021)

Along with technological applications also comes development of new collaboration strategies. Strategic alliances and partnerships enhance hotels' existing capabilities. Joint marketing initiatives with tour operators, airlines or local agencies as well as sharing information has proven to be an effective strategy towards recovery.(Garrido-Moreno et al. 2021)

Technology and collaboration in the form of digitalization of services and joint offers or campaigns will be essential to recover hotel business during the covid-19 pandemic.(Garrido-Moreno et al. 2021)

Organizational and human resources related strategic measures - The employees play a big role in handling the crisis as well as business recovery. Therefore it is crucial to involve human resources among the main categories of crisis management. Actions such as specific training programs regarding safety and security, adding internal communication channels and a functioning emergency communication network is important to keep the employees informed about the situation. Reducing non-essential costs is important as well as monitoring cash-flow predictions. Lowering operational costs, closing facilities, flexible staff allocations and delaying investments are effective ways of cost-reduction. (Garrido-Moreno et al. 2021)

Marketing related strategic measures - In the current context of uncertainty, keeping customers informed of the hotel's protective measures during the pandemic is important to restore customer confidence. Attracting domestic travelers has been an important part of surviving the crisis. Therefore, developing and marketing new packages and promotions for future stays has put a lot of emphasis on marketing. Digitalizing the marketing strategies and advertising through different media channels has proven to be efficient ways of customer communication. The pandemic is also causing long-term changes in customer preferences and consumption behavior, which means that hotels need to identify new preferences and develop their products and services accordingly. Therefore, marketing related strategic measures are an essential part of hotel business recovery. (Garrido-Moreno et al 2021)

Service provision related strategic measures - Hotel business recovery requires a complete restoration of business operations through different development programs and self-renewal strategies. In other words, hotels need to be able to make rapid adjustments in their operations based on the pandemic's ever changing situation. Reducing operating costs, developing flexible sales and daily pricing strategies based on the current situation is important. Closing down or reducing facilities, offering discounts and postpone non-essential building or maintenance are a few ways to adapt the operations. Reinventing the services to meet the current customer needs is also crucial. Improving customer service in the existing channels, offering new accommodation products with additional benefits as well as directing bookings to the hotel website are ways to adapt the service provision to the current situation and therefore support business recovery. (Garrido-Moreno et al. 2021)

Healthcare related strategic measures - During the SARS outbreak in Hong Kong, hoteliers developed a contingency plan to minimize the crisis impact, investing effort in cleaning and disinfecting rooms and common facilities and using protective equipment such as face masks. These measures were widely taken in use during the covid-19 pandemic. Protecting customer and employee health required strict hygiene standards in the facilities and promoting social distancing. Avoiding direct customer contact through technological solutions and developing communication

and awareness programs for employees and customers is important to spread information. The hotels must also train their employees to work according to the new health and safety standards and also how to operate when encountering a positive covid-19 case. To conclude, healthcare strategic measures are crucial to recover hotel business recovery. (Garrido-Moreno et al 2021)

Cancellation management and flexibility related strategic measures - When facing mass cancellations, hotels should shift from a reactive to a proactive focus to cope with the dramatic drops in occupancy rates. During the pandemic, mass cancellations have been combined with a complete drop in new bookings as well. In this case, promotions and adding value through extra amenities are effective ways to gain more bookings. The loss of travelers from abroad has hotels focusing on domestic travelers, which has been an important strategy to gain customers during the pandemic. Offering customers more flexible cancellation policies and groups a chance to re-book with a special offer are ways of dealing with the mass cancellations. (Garrido-Moreno et al. 2021)

5.3 Managing uncertainty

“The ability to deal with a crisis situation is largely dependent on the structures that have been developed before the crisis arrives. The event can in some ways be considered as an abrupt and brutal audit: at a moment’s notice, everything that was left unprepared becomes a complex problem, and every weakness comes rushing to the forefront”. (Weick & Sutcliffe, 2007)

Structures developed before a crisis help people deal with the crisis, but the envisioned crises seldom unfold as planned. This mismatch creates vulnerability in the crisis management processes and organization’s capability to recover from a crisis. Many crisis management models state that correct planning is the way to prevent and prepare for crises. Weick & Sutcliffe (2007) argue that planning might even stand in the way of smooth processes and therefore be the cause of failure. Making assumptions about how the world is and therefore ignoring signals of change can result in inadequate response to a crisis. The most resilient organizations are aware of that they have not experienced every way their systems can fail and that it is not possible to plan for everything. Weick & Sutcliffe (2007) present ways of organizing for high reliability by adapting strategies used in “high reliability organizations” (HRO’s), that face unexpected events in daily operations. Managing this kind of uncertainty without losing resilience is done by creating a mindful organizational infrastructure that does the following:

Tracking small failures: Making sure small failures aren’t signs of larger faults in the system and tracking down current failures that might signal future issues. (Weick & Sutcliffe, 2007)

Resist oversimplification: Simplification is necessary for order, clarity and developing routines for the organization, but simplifying things too much or too quickly may lead to losing essential information needed for problem solving. By taking many different people's views in account and re-examining the current categories used in the organization can be helpful to reveal embedded information. (Weick & Sutcliffe, 2007)

Remain sensitive to operations: Staying focused on the actual situation as it is happening is important. "Close call" situations need to be evaluated and acted upon. (Weick & Sutcliffe, 2007)

Maintains capabilities for resilience: HRO's understand that they need to constantly adapt to continuously changing circumstances. The organization is resilient if it can keep working in straining conditions, bounce back from crises and learn from them. Encouraging people to share knowledge, speeding up communication, emphasizing reducing the impacts of the crisis and having people share what they learned from the crisis are ways to maintain capabilities for resilience. (Weick & Sutcliffe, 2007)

Takes advantage of shifting locations of expertise: Avoid assuming that there is a direct relationship between hierarchical positions and which people actually have the best knowledge about what to do in a crisis. Delegating tasks and putting the right people with the best knowledge in charge in crisis situations helps with facing the crisis. (Weick & Sutcliffe, 2007)

Practicing strategies by HRO's helps organizations become more resilient and reduces the damage produced by unexpected events. This type of mindset makes it easier to manage uncertainty and handle crises. (Weick & Sutcliffe, 2007)

6 Research methodology

A research method is simply a technique for collecting data. An appropriate research method helps with gathering accurate data to answer the research questions and reaching the research aim. (Bryman & Bell, 2011) This chapter describes the way in which this research has been carried out. The choice of strategic approach and methods for data collection are presented and justified, as well as the methods for data analysis. The validity and reliability of the research is also addressed at the end of this chapter.

6.1 Research strategy and design

This research is a case study consisting of a two-step process, combining secondary research (theory, previous research and articles) and primary qualitative research (qualitative interviews). The choice of primary research design and strategy is described below.

Research designs in qualitative research commonly include narrative research (studying lives of individuals), phenomenology (describing the lived experiences of individuals as described by participants), ethnography (studying the culture in groups of people) and case studies. Case studies are broadly used in many fields, where the researcher develops an in-depth analysis of a case, which can be an event, program, activity or process including one or more individuals. The cases are bound by time and activity. (Tomaszewski et al. 2020) The case study research design was chosen as the most applicable design for this research, as the aim is to study a chosen group of people that are experiencing the same event in the same time frame.

The term research strategy means the general orientation to conduct a research. Qualitative and quantitative research are two distinctive forms of research strategy. Quantitative research emphasizes quantification in the collection and analysis of data as well as testing existing theories. The aim is to gain an objective view of reality. Quantitative surveys are commonly used in quantitative research. By contrast, qualitative research is an inductive research strategy that emphasizes words over quantification in the collection of data. The goal of qualitative research is to generate new information and theories. Qualitative researchers strive to gain a contextual understanding of the matter, in contrast to quantitative research where the researcher strives to find generalizable results. (Bryman & Bell, 2011) This research is using a qualitative approach, as the aim is to gain a contextual understanding of the covid-19 pandemic's impacts on hotels from the management's point of view.

Qualitative interviewing is a common form of qualitative research. Qualitative interviewing provides an open-ended, in-depth exploration of a topic about which the interviewee has substantial experience, often combined with considerable insight. (Roberts, 2020) Qualitative interviewing often refers to semi-structured and/or unstructured interviews. A semi structured interview typically refers to "a context where the interviewer has a series of questions that are in the general form of an interview schedule but is able to vary in the sequence of questions". The interviewer can also ask further questions in response to the replies. In an unstructured interview the interviewer has a few discussion topics that are covered during the interview. The questioning style is informal and therefore the order of the questions varies from semi-structured qualitative interviews. The semi-structured approach was chosen, as it allows objective comparison of interviewees' answers, while also providing an opportunity for spontaneous discussion and attaining further in-depth data.

When conducting qualitative interviews, the interviewees play a big role in the research. The sample recruitment process in qualitative interviews is to identify the experts in the field who have the most extensive knowledge in a specific area of social or cultural knowledge. The aim is to gather a group of experts to provide the most accurate information possible about the targeted research topic. (Trotter, 2012) As the research aim is to gather information from the hotel management's view, the interview sample consists of hotel managers of different sized hotels in Helsinki.

After choosing the interview sample, the interview questions and interview guide were created. Using an interview guide is a common tool when conducting semi-structured interviews. The purpose of an interview guide is to support the interview and to make sure the interview covers the needed topics, which is also helpful when conducting the data analysis. Qualitative interview questions need to be aligned closely with the purpose of the study as well as the research questions. (Roberts, 2020) Each interview question has therefore been chosen based on the research questions with the support of the theoretical framework in order to fulfill the research aim. The interview questions are open ended questions and follow-up questions were allowed to gain deeper knowledge. Due to the current pandemic, the safest way to conduct the interviews was by conducting the interviews through individual video-calls. The interview questions were sent to the interviewees in advance, allowing the interviewees to prepare themselves and find out needed information. The interviews were recorded and transcribed to allow an inductive analysis of the data.

6.2 Data analysis method

Qualitative research collects a large amount of data in forms of interview transcriptions, documents and notes, which often results in difficulties in finding analytic paths through the richness of the collected data. The researcher must find what data is relevant for the purpose of the research and what is not. (Bryman & Bell, 2011) This research is using a thematic analysis approach in the data

analysis process. Thematic analysis is a systematic method for identifying, organizing and offering insight into themes (different patterns of meaning) across a set of data. When focusing on themes, it allows the researcher to make sense of collective or shared meanings and experiences. Thematic analysis helps with finding what is common to the way a topic is talked or written about. The aim of thematic analysis is to identify what patterns and themes are relevant to answer the research question. (Braun & Clarke, 2012)

Thematic analysis can be done in different ways. This research applies a thematic analysis process presented by Braun & Clarke (2012), which consist of six parts:

Part 1: Familiarizing with the data

Listening to the interviews, transcribing and taking notes allows a deep understanding of the material. The aim of this phase is to find relevant themes that can contribute to answering the research questions.

Part 2: Generating initial codes

After familiarizing with the data, the analysis process proceeds into analyzing the data by coding. Codes identify and provide labels for features that could be possibly relevant to answer the research question. Codes provide summaries and describe the content of the data.

Part 3. Searching for themes

The process proceeds from coding to theme analysis, where the goal is to find patterns in responses or shared meanings and collect this data into themes.

Part 4. Reviewing potential themes

This phase reviews which ones of the discovered themes are relevant for answering the research question. The themes are also compared to the collected data in order to check that the theme works in relation to the data.

Part 5: Defining and naming themes

After reviewing the potential themes, it is time to define the most valid themes and select the extracts that are presented and analyzed in the research. The selected extracts provide a structure for the analysis. The data is interpreted and connected to the research questions.

Part 6: Producing the report

The data analysis process is finalized by producing the report and therefore reviewing the themes and presenting the research findings. The themes chosen for the analysis are pre-crisis phase, crisis phase, post-crisis phase and crisis recovery.

6.3 Implementation

This chapter describes the research project in practice. After describing how the research was implemented, this paper proceeds into data analysis and presentation of the research findings. This research was conducted during Spring 2022, two years after the covid-19 pandemic hit the hotel industry in Helsinki. The research project started with crafting a research proposal consisting of a preliminary research plan which presented the research questions, research aim and research method. The project proceeded by gathering secondary data for the theoretical part of the research. The data used in the theoretical part of the research is retrieved from articles in various scholarly databases, online articles and information found on websites relevant to the topic. After creating a theoretical framework for the research, the research project proceeded into the empirical part, collecting primary data. Choosing a qualitative research approach and interviewing hotel managers of hotels in Helsinki was seen as the most suitable way to gather relevant data to answer the research questions and fulfill the aim of this research.

Before contacting the interviewees, an interview guide was created. A semi-structured interview follows an interview guide, but allows follow-up questions and changes in the order the questions are asked in, if needed. The interview guide which was made for these interviews consist of three background questions and eleven main questions. The background questions were chosen in order to gain an understanding of the interviewees' current positions at the hotels, what types of hotels they represent (hotel size and main customer segment) and who or what group of people are in charge of the hotels' crisis management procedures, since these contextual factors can have an impact on the research findings. The main questions are based on the crisis management theories by Ritchie (2003) and Dung & Giang (2021) presented in the theoretical framework, assuming that a crisis has a pre-crisis phase, a crisis phase and a post-crisis phase (see appendix 1.) Questions 4 and 5 were asked in order to find out information about the pre-crisis phase, questions 6,7 and 8 are part of the crisis/emergency phase, questions 9 and 10 are finding out what actions were taken in this prolonged crisis and questions 10 and 12 provide information regarding the post-crisis phase. As hotel managers serve a big role in hotel crisis management, the interview guide also includes a question regarding managing uncertainty (question 11). The final question (question 14) requests self-reflection in terms of how well the crisis has been handled and what the interviewee would have done differently. This question is asked in order to find out ideas for development of the current crisis management processes in the hotels.

After creating the interview guide, the interviewees were contacted by email. The email consisted of a short description of the research and a request to participate in a 30 minute interview through video call using Teams or in person. The email also informed that the interviewees remain anonymous. The aim was to conduct a minimum of five interviews, or as many interviews as needed to find similarities or patterns in the answers, guaranteeing the validity of the research findings. Similarities in answers could be found after conducting five interviews and therefore the number of interviewees was seen as sufficient. The interviews were conducted during April and May 2022 by video calls using Teams. The times of the interviews were agreed upon in advance, ensuring that the interviewees could reserve a suitable time for the meeting and therefore minimizing the amount of interruptions during the interview. The research questions were sent in advance to the interviewees by email, providing a possibility for self-preparation. Three out of five interviewees had read the interview questions in advance. The interviews all followed the structure of the interview guide, with the exception of a few follow-up questions to clarify some answers. The interviews were recorded in Teams and later transcribed using the transcribing feature in Office Word. The transcriptions were manually revised to ensure that the transcription was done correctly. After finalizing the transcriptions, the collected data was analyzed by using thematic analysis to find relevant information that contributes to answering the research questions. The following chapter presents the research outcomes.

6.4 Validity and reliability of the research

Validity and reliability are important criteria when it comes to assessing the quality of a research. Validity refers to "whether you are observing, identifying, or measuring what you say you are". Reliability refers to how consistently the research method measures something. (Bryman & Bell, 2011)

There are risks that can affect the validity and reliability of a research. Firstly, the researcher's bias and relationship to the subject can have an effect on the way the research data is interpreted and presented. (Brink, 1993) In this research, being aware of this risk and therefore striving to provide a completely objective analysis based on the primary and secondary data collected for this research is done to minimize the risk of personal bias.

Secondly, the subjects participating in the research can have an impact on the research validity and reliability. (Brink, 1993) This is why the identity of the interviewees are not enclosed in this research, but only their position in the hotel organization. Anonymity helps with feeling more comfortable answering the research questions and therefore being more open and honest. Also explaining to the interviewees the meaning of this research, where it is published as well as how the detained

interview data will be presented is an important part when creating trust between the researcher and interviewees.

Thirdly, the situation or social context might also impact the validity and reliability of the research, such as where the interview is conducted and if the interview is conducted individually or in groups. (Brink, 1993) The interviews are conducted individually and through video-calls and therefore the interviewee can choose a suitable time and space to participate in the interview.

Lastly, a vague presentation of the research method and methods for data collection and analysis can risk the validity and reliability of the research. (Brink, 1993) The research method, design and method for data analysis are presented as clearly as possible and reviewed by a thesis supervisor to ensure the clarity of method presentation.

7 Research outcomes

This chapter presents the research outcomes. Before presenting the findings and answering the research questions, the background of the interviewees' are described. The actual research findings are divided into four themes that reflect the theoretical framework; pre-crisis phase, crisis phase, post-crisis phase and crisis recovery. This is done to present relevant findings from different phases of the crisis with the aim of answering the research questions:

Q1: What is the hotel management doing in order to minimize the negative impacts

the pandemic crisis has had on the hotels?

Q2: What is the hotel management doing in terms of crisis recovery?

7.1 Background of the interviewees

The primary data for this research was collected through five qualitative semi-structured interviews. The first three questions of the interview serve as background questions, finding out the interviewee's current position at the hotel, the hotel size and main customer segment and who or what group of people are in charge of the hotel's crisis management strategies. All five interviewees currently serve as hotel managers, including one regional manager, together representing a total of 11 hotels in the Helsinki region. With the managers who represent more than one hotel, it was agreed that the interview focuses on one of the hotels to make the interview more focused and the research results more clear. The interviewees represent one family owned hotel and three different hotel chains. The hotel sizes range from mid-sized hotels with around 100 rooms to large hotels with over 500 rooms. What all hotels had in common was that the main customer segment before the pandemic was mostly foreign business- and leisure travelers. The bigger the hotel, the more importance was played by groups and conference travelers. During the pandemic the absence of foreign travelers and dropping rates of business travelers resulted in a big shift towards focusing on domestic leisure travelers in all the hotels. The figure below displays the background of the interviewees and what type of hotels they represent. The main customer segment reflects the main customer segment in "normal conditions" before the pandemic.

Interviewee	Title	Hotel size	Main customer segment
Interviewee A	Hotel manager	100-150 rooms	International travelers, business travelers and groups.
Interviewee B	Hotel manager	300-350 rooms	Business travelers, meetings and events.
Interviewee C	Hotel manager	150 – 200 rooms	International leisure travelers.
Interviewee D	Hotel manager	500 – 550 rooms	Business and leisure travelers, international travelers, meetings.
Interviewee E	Hotel manager	500 – 550 rooms	Meetings, events and congress customers.

Table 1 Interviewee backgrounds

The third question was asked to find out who has been in charge of the crisis management processes of the hotel. In addition to the hotel managers, a big role has been played by the other members of the hotels' own management teams, the hotel owners, regional managers, CEO's and bigger hotel chains have their own crisis management teams and guidelines.

"The guidelines and material came from above from the hotel chain's crisis management group", explains interviewee D about the role of the hotel chain in the crisis management processes.

"Shortly put, the hotel chain's management group and all general managers together. Working closely together has been important. Since the situation could be changing daily we have established a weekly crisis meeting, which is still being held", describes interviewee A.

"The hotel manager of course as well as the hotel's own management team. We also have a regional manager and CEO, so we receive support from the hotel group's management team. Also the hotel owner is interested of course, since we are a family owned hotel", explains interviewee C.

7.2 Pre-crisis phase

According to crisis management theories, the pre-crisis phase consists of actions done before a crisis, such as preparation and planning. What has been particularly challenging regarding this

pandemic crisis is the lack of time, experience and information needed for preparation. All interviewees told that there was not really any time to prepare the hotel operations for this pandemic.

“It was a very short time, we had a couple of weeks to figure out what was going on and we found out quite quickly that it was something completely strange. Then quickly came the layoffs, so no there was not much time to prepare ourselves”, explains interviewee A.

“We did not prepare, since we could not have known what was coming. When Finland started to react we started to react in connection with it”, says interviewee E.

“We got some guidelines in advance from the brand owner regarding hand disinfection and about keeping distance”, describes interviewee B about the preparation abilities. Since this hotel’s brand is international, the brand owner has been able to provide guidelines based on how the pandemic has been met in other countries.

The interviewees were asked to describe what were the first signs of that the pandemic started to affect the hotels locally. The first signs that the pandemic started to affect the hotel business were mass cancellations of especially foreign hotel bookings as well as cancellations of meetings and events. The mass-cancellations were compared with the absence of new bookings. Interviewee C also mentions the impact of fear and uncertainty in both staff and customers regarding this new disease. Shortly after the pandemic’s first signs the hotels needed to start planning for how they will respond to restrictions regarding travel-, social gatherings and hygiene. The pandemic crisis clearly escalated quickly from a pre-crisis phase to an actual crisis phase.

7.3 Crisis phase

During the crisis phase, a company should implement current crisis management strategies to remain in control of the crisis. Applying proper crisis communication, resource management and an increased collaboration with stakeholders are a few ways to deal with a crisis, according to crisis management theories. (Ritchie, 2003) The mass-cancellations of rooms, meetings and events, combined with the absence of new bookings and restrictions put by the government resulted in major revenue losses and restricted the daily operations in the hotels. In this case, the hotels were not prepared for this sort of crisis and therefore the measures taken at the beginning of the crisis were of a reactive kind.

The interviewees were asked to describe how the hotels responded to the mass-cancellations and absence of foreign travelers. According to interviewee C, the mass-cancellations were first dealt with by offering the customers a chance to change their booking to another time, but quite quickly the hotel was forced to cancel bookings with full refunds. Offering flexible cancellation policies for

new bookings has been important during the pandemic, so the remaining customers would feel more comfortable with booking a room. The absence of foreign travelers and groups has made all of the hotels change their sales strategies by directing their sales efforts to domestic leisure travelers. Three of the interviewees mentioned the concept of “staycation”, where the aim is to attract locals or people in nearby regions to visit the hotels for a short stay. According to interviewee A, one way of attracting domestic customers has been by creating new and innovative hotel packages. Cooperating with local businesses and including their services in a hotel package has proven to be a successful way to attract new customers, while benefiting the partnering company as well. Different in-room dining packages were also created due to the restaurant restrictions. Interviewee C also mentions that this crisis has made the hotel really think about what all can be done in the rooms and created new packages based on that.

The restrictions put by the government were especially difficult for the hotels, especially the restaurant restrictions, since the hotel restaurants represent a significant part of the hotel operations.

“The restaurant restrictions were the biggest factors that regulated our operations. There were take-away breakfasts and dinners and always when a new restriction came we had to think about where the customers can eat, where they can sit and what areas need to be marked off...”, explains interviewee E.

“Although the hotel was open, a buffet breakfast was not allowed”, tells interviewee B.

The restaurant- and breakfast issues were brought up by all the interviewees. The hotels tried to solve these issues by different take-away options, in-room dining and serving the breakfast on plates instead of in buffets. The restaurant opening hours and customer amounts were continuously adjusted according to the regulations.

The interviewees were asked to describe how the hotel operations were adapted when the government decided to close the borders of the Uusimaa region. Most of the hotels represented by the interviewees’ shut their doors temporarily, as did most of the hotels in Helsinki. The hotels that remained open were operating with smaller teams in order to keep the operations running.

“Basically 90% of the staff was laid-off and a small group of 10 people were running the daily operations”, explains interviewee C.

Different cost-cutting measures have been important when dealing with revenue losses during this crisis. Optimizing staff amounts has been one of the major factors in reducing running costs. Another way of cost-cutting has been the negotiation of hotel properties’ rent. However, the rent ne-

gotiations have mostly resulted in extensions of payment periods rather than rent reductions, according to interviewee A. Costs have also been reduced by putting bigger purchases and investments temporarily on hold. The interviewees also mention that the hotels have been applying for compensations from the government. However, the compensations have remained relatively small.

“We have been applying for compensation from the government and followed what has been going on in for example Sweden and Norway, where the compensation from the government’s side is much larger than in Finland. Unfortunately the compensations here have been quite small”, explains interviewee A.

As the pandemic continued, so did the crisis. The uncertainty of when this crisis will be over has been a straining factor for both hotel workers and the managers. The interviewees were asked to explain how the hotel management has dealt with this uncertainty. All of the interviewees highlight the importance of communication, both between the management and the workers as well as the hotel and the customers. Continuous crisis management meetings, proper communication channels and continuously informing the staff about what is going on has been important tools when managing the crisis. All interviewees told that although the management put extra efforts in communication, additional communication would have been needed.

“The communication from the headquarters has varied...”, describes interviewee B about the challenges in communication.

“Any communication is better than no communication at all”, explains interviewee C.

Interviewee C and E also bring up the importance of communication during layoffs. Keeping touch with the laid off staff has been important as well as being mindful about the fact that a worker might need some additional support when getting back to work after the layoff period. Interviewee A also mentions that proper communication is also needed between the commercial team and hotel workers, so they are aware of current campaigns and new hotel packages and are therefore able to execute them in the way they are promised to the customers. Communication between the hotel and the customers has also been important, especially when regulating opening hours and customer amounts of hotel restaurants and bars. One example was brought up by interviewee C, where the hotel contacted every customer in advance to inform them about the restaurant opening hours to make sure the customers could reserve a dinner table at the right time.

7.4 Post-crisis phase

The final stage of a crisis is the post-crisis phase, where organizations evaluate and handle feedback regarding how the crisis has been handled. (Ritchie, 2003) The aim is to return back to a pre-pandemic state. However, sometimes a crisis is bringing permanent changes into the operations. There is also a risk of a new crisis. (Dung & Giang, 2021)

When the last restrictions were lifted in March 2022, the customers started to come back and the overall situation started to look better for the hotels. All the interviewees had a positive outlook on the upcoming summer season. However, the industry is now facing a new challenge - staff shortage. Due to the extensive layoffs and uncertain outlook of the industry many of the workers have left to work in other industries. The staff shortage compared with a quick increase in customer amounts has been challenging for the remaining workers. All of the interviewees brought up re-staffing as one of the main focuses after this crisis.

"We suffer from a severe staff shortage and the question is how do we get people to commit and want to come back to this industry. That is now the main focus", explains interviewee E.

"During the pandemic we were able to cut off some of the services, but we realized quite quickly that that does not work in the longer run. Now that the customers are back and willing to spend money we do need to have all services available. The customers are not as understanding anymore as during the pandemic", continues interviewee E, explaining the challenge of balancing staff shortage with the increased customer amounts.

"Right now we are putting our efforts in our employees and in building teams, since in the end it all comes down to the staff", tells interviewee A.

The interviewees were asked to describe what kind of long-term or permanent changes the hotels have done in their operations and services due to the prolonged pandemic crisis. The prolonged crisis has resulted in some long-term changes in hotel operations, such as changes in cleaning procedures. Some of the hotels still restrict customer amounts during breakfast, which has proven to be a helpful way to avoid crowds during peak hours. According to interviewee A, the hotel has had to map out what services are profitable and which ones are not, and leave out the non-profitable ones. Due to the revenue losses the hotel does not afford to run non-profitable services in the long run.

Interviewee E also mentions a visible change in customer behavior due to this crisis. The customers tend to book rooms with a shorter notice than before. Also the amount of changes in bookings

and short notice cancellations have increased. The interviewees also mention a change in business travelers behavior. According to the interviewees, the habit of working from home and remote meetings will also decrease business travelers in the future.

The interviewees were asked to reflect over what could have been done better in the way this crisis has been handled. All interviewees mentioned that they would put even more effort in communication. Interviewee B would also have wished for more communication from the headquarters. Interviewee E would reconsider how quickly the hotel reacted to some phases of the pandemic.

“Sometimes it felt like we reacted too slowly, but other times we were too quick to press the panic button”, interviewee E explains. “It is important to think ahead and plan properly before making any short-term cuts in the services, to make sure it is worth doing so”, interviewee E continues.

7.5 Crisis recovery

The hotel industry has experienced dramatic revenue losses due to this pandemic. According to the interviewees, these losses cannot be compensated. However, the interviewees look forward to moving on from this crisis and the summer season’s reservation situation is looking relatively good. Helsinki is also hosting several events and festivals during the upcoming summer, which also benefits the hotels.

The next step for the hotels is to build new teams. Interviewee A explains that although making profits is important for business recovery, it’s the right kind of staff that is the key to achieve a positive customer experience, which will bring profits in the long run.

During this crisis the hotels have also had time to streamline processes and prepare for the time after the pandemic. According to interviewee C, the hotel has taken this time to transform its sales processes and therefore the hotel is prepared for the time when customers are returning. The hotel has also put effort into improving the hotel’s social media presence, which is nowadays an important channel to reach customers.

Interviewee A also mentions that the hotel management has learned a new level of efficiency, productization and agility in daily operations due to this crisis. Some changes in customer targeting strategies still remain as a way of recovering from this crisis. The hotels that have previously focused on group and congress travelers are still looking to get customers from the leisure traveler segment.

According to interviewee B, the ongoing war in Ukraine has an effect on groups from the US, who would normally travel to Finland. It is yet to be seen how much the war will impact the hotels.

“We now have the tools to survive from this crisis. But the situation in Ukraine is now a new thing of course and the virus has not disappeared yet, so we need to be a little bit harshly realistic after all”, explains interviewee A.

8 Conclusions

This research aimed to produce guidelines for hotels so they can recover from the covid-19 pandemic as quickly as possible. The research was narrowed down to hotels in Helsinki, providing a local perspective to already existing research, which mostly consists of worldwide examples. The objectives of this research were to find out what the hotel managers have been doing to minimize the negative impacts of the pandemic crisis and what they are doing in terms of crisis recovery. These objectives served as research questions in this research. The theoretical framework regarding crisis management theories function as a baseline for the empirical research, which was conducted as qualitative interviews of five hotel managers in Helsinki. The research outcomes serve as an addition to current research, together providing guidelines for hotels to handle and recover from a pandemic.

According to theory, one important factor when dealing with a crisis is preparation. This crisis has shown to be very difficult to prepare for in advance. However, after establishing methods to survive this crisis the hotels have been able to act accordingly to the changing situation of the pandemic. In case a pandemic would hit again in the future, the hotels now have guidelines in how to prepare the operations. The hotels in Helsinki have also been able to adapt their operations according to how other countries have reacted to the crisis, since the different stages of the pandemic arrived in Finland with a delay compared to other countries.

The impacts of the pandemic have been especially hard for the hotels, as it took away the main source of revenue - the customers and therefore the revenue streams. Changes in customer target groups was one of the strategic changes the hotels did to minimize negative impacts. Another way of attaining revenue has been by campaigning and inventing new attractive hotel packages that attract local and domestic customers. Applying for compensation from the government has also been a way to find compensation for the losses. However, the research showed that the hotels in Helsinki have received relatively small compensations when compared to other countries. Therefore, the hotels have had to apply dramatic cost-cutting measures to survive, such as employee amount optimization, extensive layoffs, rent negotiations and putting investments and purchases on hold. During the Uusimaa lockdown, most hotels were forced to temporarily close their doors or operate with minimum staff amounts. The above mentioned strategic measures are illustrated in the figure below. (see figure 6)



Figure 6 Strategic measures implemented by hotels in Helsinki

The pandemic has made the hotels more agile in responding to changes. This agility has been achieved by improved communication between corporation and management, management and staff and hotel and customers. Continuous crisis meetings and communication have been key factors when handling this crisis. Improved communication has been an important factor when managing the unexpected.

When comparing the findings to the theory framework it can be seen that the hotels have applied many of the strategies presented in crisis management theory and the pandemic crisis management strategies presented by Dung & Giang (2021). However, this pandemic has continued in waves, which realizes the risk of a second wave presented in the model by Dung & Giang (2021) (see figure 4). According to the interviewees, once the first wave of the pandemic was conquered, the hotels had tools to handle the following waves.

Weick & Sutcliffe (2007) argue that an organization is more likely to be able to manage the unexpected if the organization is prepared for the crisis. Sharing knowledge, improved communication and agility in operations is crucial when a crisis hits. In this case, the hotels were not prepared in advance, but the hotels quickly learned the importance of agility in operations and keeping everyone's finger on the pulse by increased internal communication.

The hotels are facing a long recovery stage. The summer season, absence of restrictions and increasing customer amounts are giving the hotel industry a positive outlook. However, due to the extensive layoffs and uncertainty of when this pandemic will ease, many employees have left to work in other industries and therefore the industry suffers from employee shortage. Right now hotels are focusing on recruiting new teams. The Ukraine war is also a threat to the hotel industry in Helsinki and this can already be seen in customer behavior. The employee shortage situation and the war's effect on the hotel industry in Helsinki would be recommendable research topics for future research. The interviewees also brought up the change in business travelers traveling habits, which is also an interesting topic that could be researched further.

8.1 Reflection

I was working at the front desk of a hotel in central Helsinki when the pandemic arrived in early spring 2020. The layoffs came quickly, and I ended up finding a new job in a completely different field. However, my interest in the hotel industry did not end here and I knew that this pandemic was a topic that I wanted to pursue in my master thesis. The first research plan ended up being too broad and intangible to research by myself and this is when I learned the importance of narrowing down the aim and scope of a research. Once the research aim was clarified, it was time to create a theoretical framework. My masters studies at Haaga-Helia have included courses in leadership and organizational learning, which I thought could serve a purpose in my research. However, it quickly became clear that this thesis demanded theory about crisis management. Therefore, through this research project I ended up studying crisis management theories, which was a nice add-on to my curricula.

The interviews gave an insight into the hotel industry from a managerial perspective, which gave me new knowledge about the processes that I previously only experienced from an employee's perspective. Analyzing the data taught me a lot about leadership during a crisis as well as the importance of being able to adapt and create change. Also, this was the first time that I have carried out proper qualitative interviews, which also taught me about planning, executing and analyzing this sort of data. Reflecting the empirical data that I collected onto the theory framework showed me how theory can play out in practice.

The covid-19 pandemic was the first global pandemic to extensively affect the hotel industry in Helsinki. Researching a new phenomenon like this has been interesting and it felt like I was able to produce findings that contribute to the small amount of local research that was available at the time this research was conducted. This project also deepened my interest in the hotel industry, to which I hope to return again at some point in my career.

Studying and conducting a research project on a master thesis level is very independent, especially during the pandemic when the studies were mostly done remotely. Therefore, I have learned self-management in my studies and through this research. However, at this point I would like to thank my thesis supervisor for always being available to provide ideas and support me through this project.

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Appendices

Appendix 1. Interview guide

Background

1. What is your current position at the hotel?
2. How big is the hotel and what is the main customer segment?
3. Who is or what group of people are in charge of the crisis management processes of the hotel?

Main questions

4. What were the first signs of that the pandemic was starting to affect the hotel's daily operations? (pre-event)
5. Did the hotel management engage in any preventative measures before the pandemic hit locally? Follow-up: What were the measures? (pre-event)
6. In March 2020, the government announced a state of emergency in Finland due to the pandemic and the borders of Uusimaa were closed for a few weeks. How did this affect the hotel? (emergency/crisis)
7. How did the hotel adapt its operations during the state of emergency? (emergency/crisis)
8. What has been done in order to make up for the revenue loss followed by mass cancellations and the loss of foreign visitors?(emergency/crisis)
9. The pandemic has been going on for over two years. What kind of long-term changes has the hotel made in the daily operations and hotel services in order to survive during this time? (long-term phase)
10. Has any permanent changes been made into the hotel operations or its services because of the pandemic? (long-term/recovery/post-covid)
11. During the pandemic there has been a lot of uncertainty about when the pandemic and restrictions will ease. How has the hotel management dealt with this kind of uncertainty? (revenue and staff) (managing uncertainty)
12. What is the hotel's main focus right now in terms of business recovery? (recovery/post-covid)
13. What would you say is the biggest lesson that you have learned from this pandemic regarding crisis management? Follow-up: Is there anything that you and your team could have done better? (learning)