

## *Network embeddedness and leadership style as determinants of crisis response behaviour*

### **Abstract**

A nine month four wave mixed method panel study of hotels in Hungary reveals that when facing a crisis situation like the pandemic, managers show on the one hand *isomorphism* in sharing the same topics, themes and underlying dimensions in their search for solutions to invoke resilience. However, more detailed policies show significant differences; leadership style and specific local network embeddedness explain this *idiosyncratic* behaviour. Anchoring control through adaptability in employment, operations, marketing and supplier relations secures financial and mental health. Flexibility and rapid decision making are essential; decentralised decision authority proves an advantage. Smaller hotels prove more flexibility; hotel chains offer financial security, but may also lead to closure.

*Keywords: Hospitality, Pandemic, resilience, local networks, network embeddedness, leadership*

## **1. INTRODUCTION**

### **1.1 Context: the pandemic and resilience**

Like in most countries, the Hungarian hospitality industry suffered a loss in revenue due to the pandemic. Given the length of the crisis and the profoundness of its impact, the question arises of which options managers chose to survive. Successful resilience is said to be determined by *personal* characteristics and coping processes [1]. One of the key processes is crafting normalcy when people believe that ‘things’ will return to normality [2]. But, what if people slowly lost faith over time that ‘normal’ would return, at least not within the coming few years?

Resilience at an *organisational* or network level [3] is the adaptive capability “to prepare for unexpected events, respond to disruptions, and recover from them by maintaining continuity of operations at the desired level of connectedness and control over the structure and function” [4] p.247. But, what happens when the feeling of control evaporates because of Government measures and a collapsed market? When the ‘adaptive cycle’ [5] (p. 456) or ‘adaptive framing’ [6] (p.114-115) almost inevitably seem to end in *collapse*? [7].

### **1.2 Differences in decisions**

Hotels adopted different policies in response: some **simply** closed **down** their business altogether. Others tried to shift to other customer types. Some stopped all deliveries and postponed payments to their suppliers; others just reduced the volume. Some dismissed all temporary workers, sent administrative staff home to telework, or asked workers to do maintenance jobs or renovations. Others kept their workers since they felt loyal to them or were afraid they would not come back after all would be over. Given the large variety of hotels in terms of location, market segment, ownership, size, life cycle, outsourced management, nationality, multi-site versus single site and degree of local embeddedness we are not surprised to find ‘*idiosyncrasy*’ the way more detailed options are filled in. For, what makes people decide on a particular option? People make decisions based on their cognitive map [8] – the structured experiences from the past. Their worldview has been conditioned by

the training, education and networks they passed through and still are part of [9]. It had an impact on their personality and leadership style and the perceived best evaluation of possibilities given the nature of *their* local contacts, *their* organisation and the business and social networks *they* operate in. Hence: their network embeddedness in both social and economic spaces [10] counts. A network where they exchange information, align and learn strategies, but also the degree top management agrees or is in conflict vis-à-vis options found feasible [11]. All, given similar *external* conditions, measures, regulations and events they all face, expectedly leading to some form of isomorphism [12].

### 1.3 Research question

It is important to show *how* people make sense of the crisis they were facing: which topics kept them awake in their battle for survival and absorbed most of their energy. What was vital in keeping a sound mental health? In doing so, one has to keep an open mind to individual differences, given the heterogeneity of the hospitality industry, trying to reveal the decision logic of *the particular interviewees* rather than trying to apply standard textbooks and questions. This requires a methodology that will find out, register, analyse and visualise what went on while developing an appropriate theoretical framework. The rounded theory allows us to reveal concepts and theory during several steps of research over time, ideally in a panel study set up to cover the long duration of the crisis. Hence, the following research question:

RQ: What did hotels *share* in the way they tackled the Covid-19 pandemic, fitting isomorphism and what makes hotels *different* in the way they dealt with the pandemic, creating the observed idiosyncrasy?

This study shows what *decision-makers* found important: the key drivers, topics, themes, underlying dimensions and processes that played a role in *their* decision-making; the *headache files* that absorbed their energy. How were feelings of *hope* and *relief* increased, offsetting feelings of *anxiety*?

## 2. THEORETICAL FRAMEWORK

Social Capital theory [13] and Institutional Isomorphism [12] form the basic theoretical framework. Isomorphism fits with classical industrial organization and organization ecology. There, “scholars have typically assumed a deterministic role of the environment and argued that managers are constrained by exogenous industrial and environmental constraints leaving them with little real strategic choice” [14] (p.29). On the other hand, the observed idiosyncratic behaviour fits with organization studies and organizational psychology streams with a more voluntarist perspective, arguing that managers are the principal decision-makers of the firm and, consequently, their actions and perceptions are the fundamental cause of organizational failure [15]. However, while managers may be the principal decision-makers, they did not grow up in isolation; they are the result of social conditioning by the networks they passed through [9]. This is confirmed by Visentin et al. [16] (p.3) study: “Hotel managers’ *sensemaking* (during Covid-19) is positively affected by the structural, the cognitive, and the relational dimensions of their social capital”.

Managers and investors in the hospitality industry receive training and gain experience over the years, accumulating routines, and building up a cognitive map of structured knowledge, next to the culture-specific traits of the society they grow up in [17]. This way, practices and decisions of individual decision makers are influenced, determined or simply transferred through education and training, or through professional norms. It also determines and steers the *sensemaking* process in a crisis [18].

Of course, people first of all have to *recognize* the various relevant aspects. Relevant in the eye of the beholder and subject to a possible confirmation bias so they only see what they believe [19]. In their *diagnosis* phase, decisions follow which type of information should be collected. Although experience helps during this process together, **sense-making** in a crisis is about connecting cues and frames to create an account of what is going on. This can be characterized by ambiguity, confusion, anxiety, uncertainty and feelings of disorientation [20] p. 551/552.

The resulting shared organisational world view has an impact on the individual's world view: how to do things, cause/effect chains and which concepts, theories or protocols to apply in familiar situations but also in new, hitherto unknown situations. "They frame the way we think and then provide us with a rationale for legitimizing our thoughts and actions." [21](p.40).

### 3. METHODOLOGY

#### 3.1 Making sense of sense-making

An increasing number of contributions about the pandemic **have** become available [22]. While most of the literature on *sense-making* in a crisis situation deals *ex-post* with a crisis, the interviews for this study were *during* the crisis. At that time, the interviewees still did not have any idea about the length of the crisis, their future, what would happen with demand, regulations and events and the impact on their survival as a company, as employees, managers or owner. The continuing volatility and unpredictability of the crisis made it a challenge to keep finding, formulating, reformulating or continuing strategies to survive in spite of all these uncertainties. Next to economic survival, keeping a sound mental health became increasingly important.

#### 3.2 Methods used in investigating sensemaking

Sensemaking can be considered **as** a *narrative* process where interpretation and meaning create intersubjective accounts. Narratives make the 'unexpected' 'expectable', and allow comprehension of causal relationships so they can be predicted, understood, and potentially controlled [23] p. 134). They assist organizational participants in mapping reality [24] p. 47). This study uses narrative analysis, defined as a first-person account of events or experiences [25]. Through storytelling, the resulting narrative is an important means that people use to tell their **stories** and share their experiences, worries and hope. They will emphasize certain features and de-emphasize other features. It shows how individuals and organisations select, interpret and digest events [23] (p. 132/133). By asking a general question "tell me what you experienced and how certain things were and are decided", a 'story' is induced that would match the criteria of a 'narrative'. This replaces a list with questions originating from the **researcher's** frame of reference.

#### 3.3 Perspective: emic versus etic

In a complex, volatile and confusing situation, it seems appropriate to take the perspective of the respondent as a basis for understanding *why* they think something is relevant and *why* a particular action results from that perception, view or **belief**. This is in contrast to the perspective of the researcher. In anthropology this difference is referred to as *emic* – from the perspective of the value system and world view of the interviewee – in contrast to *etic*, being from the perspective of the researcher, using the standard accepted objective set of

concepts[26]. “Emic operations have as their hallmark the elevation of the *native informant* to the status of **an** ultimate judge of the adequacy of the observer’s description and analysis” [26](p. 32). Interviews using an *etic* approach elevate “*observers* to the status of **an** ultimate judge of the adequacy of the observer’s description and analysis”[26](p. 32). Here, conflicts may arise when validating the interpretation of the observer with the interviewee. For this reason, the two approaches in the analysis of interview results were separated, to prevent contamination of the emic trajectory. The storytelling part **of** creating a narrative for analysis followed the emic approach each case treated **ed** separately. The etic approach used a semi-structured interview, where all data was merged into a single file. Switching back and forth between emic and etic perspectives as recommended by Bernard [27](p.430) increases validity and insight.

### 3.4 Grounded theory and coding

Grounded Theory [28] was applied, meaning a *stepwise process of inductive research*. The 11 individual cases were treated separately for the narratives of the successive emic interviews. **The** results of each case were compared, not mixed. In operational terms: each case was *coded* individually and the code lists were neither mixed, nor merged. This differed from the *etic* interviews, where cases **were** also where coded individually, but using a single Atlas.ti file, with a single code list. Each case was incrementally added with its specific codes or could use codes originating from previously added cases. A code usually is “a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute”[29]p.3). It is a researcher-generated construct that symbolizes or “translates” data [30](p.13). A code can *summarize*, *distil*, or *condense* data, not simply *reduce* them. Important is that coding primarily is an “interpretive act.” [29]p.6). As to the types of coding used: *open* coding (originating from the mind of the coder) and *in vivo* coding [31](originating from the text as quoted **d**). Coding followed the usual stages of *initial* and *focused* coding [32], followed by tri-angulation of all coding results[33].

### 3.5 Inter-coder reliability and inter-coder agreement

Literature points **to** the importance of *intercoder reliability*, *intercoder agreement* and *homogeneity* in the interpretations of texts. *Intercoder reliability* requires “that two or more equally capable coders operating in isolation from each other select the same code for the same unit of text” [34], (p.217). **The** *intercoder agreement* requires that two or more coders are able to reconcile through discussion whatever coding differences occur for the same text. This may happen when coders have different backgrounds and experiences[35] (p.297). In fact, through interpretation and discussion, a shared interpretation and understanding of the phenomenon being studied is stimulated [36](p. 382). In looking for measurement, Tinsley and Weiss [37](p. 98) wrote that *reliability* could be based on correlational indices that assess the degree to which ratings and interpretations differ.

High similarity in coding might be desirable and feasible in cases of **a** more mechanistic coding using pre-constructed and explicit pre-defined well described coding schemes. However, in a typical emic **setup**, coders have to try to understand the logic of the interviewee’s frame of reference from the text obtained from the interviewee. When coders from different backgrounds are selected to enrich the interpretative power of the research team, **The** high similarity is even more questionable. Sometimes, coders need three codes for a quote in the text to express what they ‘see’ while other coders may think one code does the job. In a non-standard situation, this may happen quite **easily**, as Campbell et al. [38] (p. 297) state.

### Congruency Index

A number of *reliability* measures are available. Most of them, like Krippendorff's  $\alpha$  [34] could not be used since certain pre-conditions were not met: (1) all codes should have an equal probability of being used, which did not hold in this situation; a large part of codes being either coder invented as 'open coding', or text quote unique as 'in vivo' coding; (2) all coders are assumed to have the same qualifications (cf. Campbell et al., [38], p. 309), which again did not hold here.

Because of this, a *Congruency Index(CI)* was designed, just counting the scores of each coder for a category or topic for a particular case and comparing this to what the other two coders did. This Congruency Index reflects the degree coders show *congruent behaviour* in their interpretation of the text in terms of coding and assigning codes to categories. For the initial emic set, the CI was on average 0.58; in a focus session, codes were regrouped, resulting in fewer topics – 15 instead of 25 - and an increased average CI of 0.72, which satisfies the usual criteria in literature [39](p.594).

### 3.6 Cases: Type of hotels

To gain insight into the managers' way of thinking and their decisions, a safe environment was required so that interviewees could open up and share highly confidential information. An introduction and informal conversation at the beginning of the interviews were to create trust.

The sample used (Table 1) consisted of 11 members of the Hungarian Hotel and Restaurant Association, fulfilling one or more of 17 specific characteristics: (1) International hotel chain member; (2) Hungarian hotel chain member; (3) Hotel in the capital Budapest; (4) Spa hotel; (5) Medical hotel; (6) City/business hotel; (7) Resort hotel; (8) Hotel in the Balaton Region; (9) 5-star hotel; (10) 4-star hotel; (11) 3-star hotel; (12) Seasonal hotel; (13) All-year open hotel; (14) Hotel targeting older clients(15); Hotel targeting younger clients; (16) Hotel targeting families; (17) Adult-focused hotel. To control for the external environment because of country specific Government measures, only branches of chains that operated in Hungary were selected; hotels of the same chains abroad were excluded. The interviewees were either Procurement-, General- or Operations Managers.

	1	2	3	4	5	6	7	8	9	10	11
Code:	AA	BB	CC	DD	EE	FF	GG	HH	JJ	KK	LL
Countryside/City	country	smaller city	country/lake	country->city	smaller city	country/lake	country	country	lakeside	city+country	city
Establishments	1	1	1	3	1	1	>14	1	1	56	>55
Rooms	>200	30-60	30-60	>200 each	103	30-60	180-200	60-90	30-60	>200 each	>200 each
Type	Medical/Spa	City hotel	Resort	Spa + City	City hotel/events	Leisure	Mostly spa	Spa	Leisure	Spa + City	City
Business	no	yes	no	yes	yes	no	yes	no	no	some	yes
Stars	5	4	3	4	4	4	4	4+	3	various	5
Segment	rich Chinese and Russians	Corporate /Sightseeing	Families	Families / Leisure groups	Business	Only adults	Empty nesters, elderly couples	Adults, couples	Families	mostly leisure	International, couples, business
Ownership	Russian	Hungarian	US	Franchise	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	US
Management	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian	Hungarian
Function Interviewee	OM	OM	GM	PM	GM	GM	GM	GM	GM	PM	PM

OM = Operations Manager GM = General Manager PM = Procurement Manager Pink = part of a chain or franchise Blue = external management

Table 1: 11 Hotels interviewed by size, number of establishments, rooms, stars, focus and ownership

### 3.7 Research flow and information processing

Four waves of interviews with 11 senior hotel managers resulted in a data set of 47. The first interview took place between 22 May and 27 July 2020 and were split up into two parts: a *storytelling* part taking the emic perspective and a semi-structured part with the etic perspective.

The second wave of interviews took place between the 1<sup>st</sup> and 15<sup>th</sup> of September 2020; interviews started with a single **storytelling** inducing question; the remaining part was a semi-structured interview with some individualised case specific questions at the end.

The third wave of interviews was between the 15<sup>th</sup> and 27<sup>th</sup> of October 2020. Some questions **were** case specific and focused on testing and corroborating the results so far. One specific question used the Analytical Hierarchy Process to ask which aspects had caused the most nightmares or headaches over the past six months.

The final fourth wave took place in February 2021 and focused on the mental health of the managers and the role of network embeddedness in survival. Only three interviewees were available, given the major closure of the hotel business in that period. These interviews were taken as unstructured interviews based on creating a narrative about the actual situation at that time.

All interviews were in Hungarian and transcribed using Alrite software resulting in 47 text files to analyse using Atlas.ti. The 47 text files were translated into English using Google Translate [40]. Two Hungarian coders and one English language coder interpreted the text files.

## 4. RESULTS

### 4.1 Words, codes and topics

The text files resulting from the interviews contained 93.110 words in English. Transcribed interviews were coded, using ‘open code’ and ‘in vivo’ coding. Next, codes were clustered into categories or *topics*. Some topics were raised by the interviewer in the *etic* interviews, but were not mentioned spontaneously in any of the *emic* interviews. The opposite also took place: the topic ‘sales’ was not mentioned in the *etic* interviews for the simple reason it was not part of the questions asked.

In *emic* interviews, three topics were mentioned 19 percent of the times each: ‘employment’, ‘operations/planning’ and ‘supplier relations’, followed by ‘attitude’ (12%), ‘sales’ (8%) and ‘finance’, ‘external dependency’ and ‘future’ 4% each. The answers to the semi-structured questionnaire in the *etic* set was 40 percent about ‘supplier relations’, 25 percent about ‘operations/planning’, 13 percent about ‘attitude’ and only 7 percent about ‘employment’. The average Congruency Index between the three coders scored satisfactory with 0.72 in the *emic* set and 0.84 in the *etic* set.

Figures 1 to 4 show examples of the trajectory from codes to topics to themes. Figure 1 reveals which *codes* were considered to reflect the topic ‘attitude’ of an interviewee’s narrative as part of an *emic* interview. Codes result either from the coder’s interpretation of a statement by the interviewee as ‘open coding’ or as ‘in vivo’ code, being a literal quote from the interviewee. Figure 2 shows the various *topics* mentioned by the same interviewee, distilled from the codes. A result from the *etic* interview on the topic of supplier relations is shown in figure 3, while figure 4 shows the way the codes can be clustered into further themes.

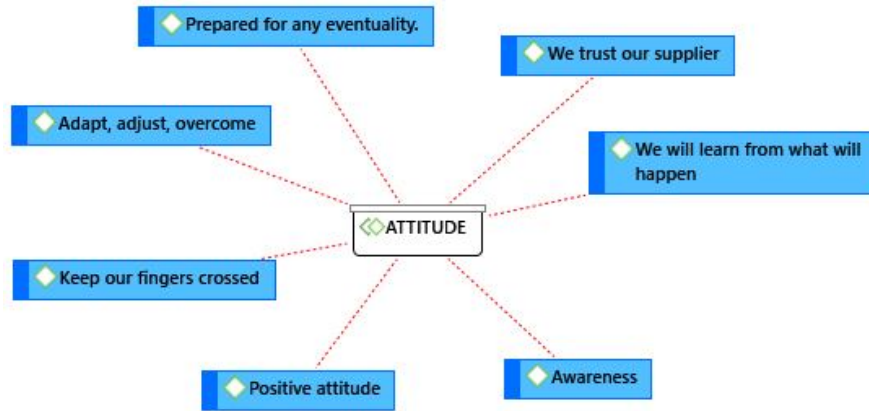


Figure 1: Codes making up the topic 'Attitude' of case 'AA'.

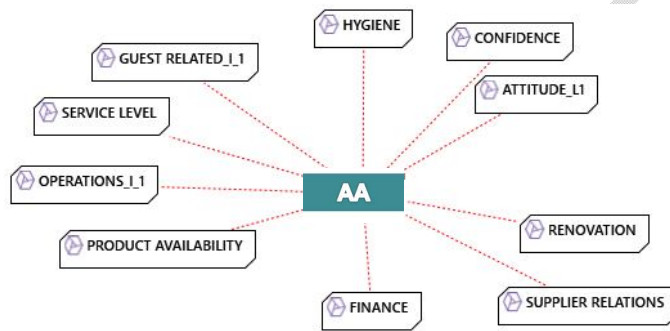


Figure 2: The different topics as a result of clustering the codes of case 'AA'

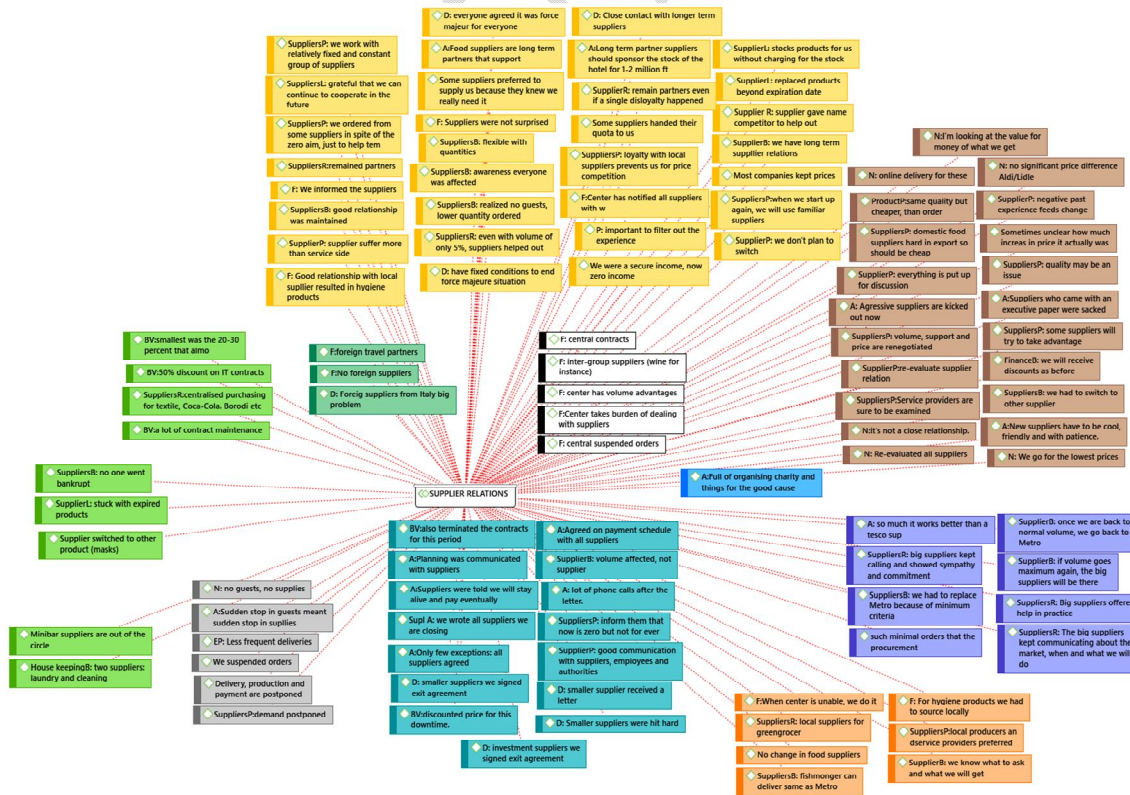


Figure 3: Codes reflecting the topic 'supplier relations' - all cases merged

UNDER PEER REVIEW

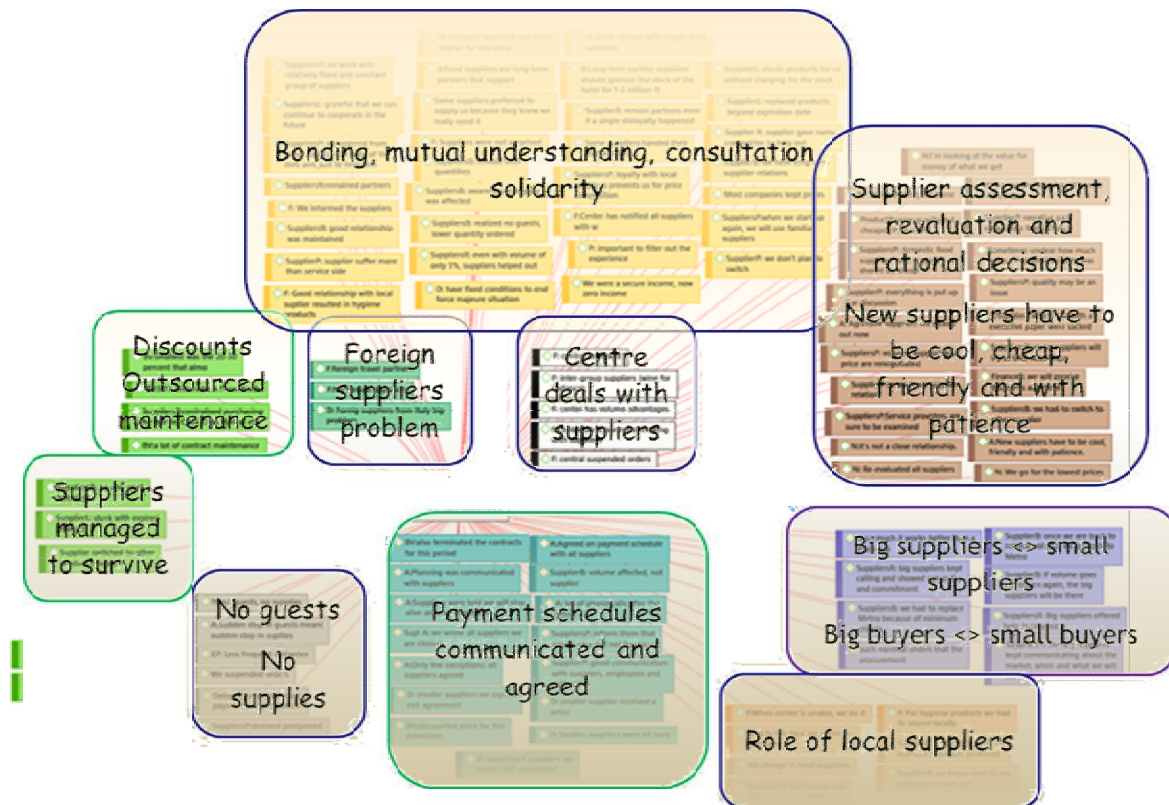


Figure 4: Clustering the codes of the topic 'supplier relations'

## 4.2 From topics to themes

### 4.2.1 Searching for tacit processes

A *theme* is a latent pattern or underlying meaning that answers the question “what does it all mean?”, describing “more subtle and tacit processes” [41](p.282). The number of themes or concepts should be low to keep the analysis coherent. Lichtman [42] recommends five to seven, Creswell et al. [43] five or six major themes, and Wolcott [44](p. 10) advises three.

Various writers advocate that the process of defining themes should be a collaborative effort [45]: four relevant themes were selected for the *etic* interviews: (1) Solidarity, loyalty and responsibility, (2) Tit-for-tat behaviour, (3) Availability, (4) Shared communication. The first three themes scored together a relevance of 91% on ‘products’, 90% on ‘hygiene services’ and 55% on ‘suppliers’ but only 9% on ‘operations’. Communication scored 10% relevance on ‘suppliers’. For the *emic* set, three themes were selected, showing a clear overlap with the *etic* set: (1) Solidarity, loyalty and responsibility, “bonding”, or the extreme opposite, total lack of it; (2) Ownership and leadership; (3) Size and chain membership; negotiation power, or the complete lack of any decision power. Solidarity scored in the *emic* set an average relevance of 30% on all codes of all 11 cases, ownership scored 22% and size and chain only 3% with four cases scoring nil relevance.

### 4.2.2 Reflections of the themes

*Solidarity, Loyalty and Responsibility*

Reflecting a sense of solidarity, loyalty and expression of activities that can be termed ‘bonding’, with employees, suppliers or stakeholders. Cases scoring high on this theme showed a “shoulder by shoulder” mentality throughout a number of categories or topics.

Typical quotes reflecting this theme were: “we really put our shoulders to the wheel” - “... but with these people, we’ve pulled the car for over the last five years, and I don’t think the first time when things are not going so well, we have to get rid of them” - “suppliers loyal: we shared the good times so we share the bad times” - “we do not want to exploit our suppliers and do not want them to be resentful” - “I prefer win-win situations” - “teaming up with another hotel...” - “nobody kept to strict contract rules”

### *Tit-for-tat*

Next, a cluster of codes was found where the theme “*tit-for-tat*” would seem a proper description: “if you are nasty to me, I will be bad for you”- “If you are nice, I will be nice”. More rational decisions and negotiations than dealings based on a long-term relationship and mutual loyalty. “Re-evaluate the relation” would be a good quote to represent this group; relevant to both employment and supplier relations.

### *Ownership and leadership*

The relationship with the owner was only for one case stated as problematic. On average, it did not consume too much energy. Still, ownership style and its effect on the **worldview** and modus operandi may be rather important. This is confirmed by: “Different owner means different decisions” - “Decisions were made at the highest level of the owner” - “Responsibility of owners to decide how to continue” - “Ignorance and arrogance from the owner” - “New owner ruthless calculating investor” - “Owners had to crack the kid’s piglet”.

### *Size and Chain*

‘Size’ was combined with being part of a ‘Chain’. Four hotels were part of a chain, two had external management. Some clusters of codes indeed referred to (1) the role of a *central decision unit* in a chain, and (2) the times that such a central decision unit of a chain was *unable* to provide goods and the hotel had to rely on local suppliers. Small hotels found it easier to adapt or implement changes faster, especially when they were well embedded in local networks. Hotels belonging to a chain felt more secure as they could **reallocate** inventory, guests and employees between hotels. However, some hotels that were part of a chain were simply closed in one location to favour members of the chain in another location.

### *Availability*

A distinctive group of codes dealt with the explosive market of hygiene products: problems in receiving enough, facing new entrants to the supply market with many ‘cowboys’ between them; prices exploding ten times. In addition: even food products became problematic, especially from foreign markets. While the volume in demand for many products lowered to zero or at least less than normal, also a shift away from traditional and reusable products towards disposables could be observed; **with** digital substitutes replacing printed matter.

**Overall**, “*Availability*” seems to be the keyword, and although it sometimes was troublesome, hotels managed. As one hotel manager said “In case I really need those products I just drive to the Lidl or Aldi and load them in my car”.

### 4.3 Underlying dimensions

The next step was to look for underlying dimensions. Together, four tentative ‘forces’ or ‘underlying dimensions’ were proposed and checked on relevance with the codes: ‘*No control versus control*’, ‘*Anxiety versus Relief*’, ‘*Adaptability*’ and ‘*Shared trust and communication*’.

#### 4.3.1 *No control versus control*

Relevant to 47% of all codes, this bipolar dimension captured (1) where *no control* was possible, like Government regulations, the collapse of the market, closure of borders or terminated subsidies. Hotels just had to accept what happened and these events were mentioned in a neutral way, accepting them as a factual given without showing emotions. (2) where managers tried to gain and keep *control* over operations, decision procedures, the employment situation, guest behaviour, profitability, investments and maintenance, suppliers and other relevant activities and costs.

#### 4.3.2 *Anxiety versus relief*

Relevant for 18% of all codes, this bipolar dimension captured opposite sentiments. An increase in anxiety and despair in the last limited round of interviews could be observed, caused by the sombre future, the huge negative result, difficulty in planning, feeling abandoned by associations that were expected to assist, and observing people getting demotivated or being exhausted.

#### 4.3.3 *Adaptability*

Relevant for 21% of all codes; referring to adaptability in employment, sales, marketing, organisational structure, the way people behave, operations, and the way the kitchen works: a large variety of things that were adapted, turned out to be flexible. People did things they never thought they would ever do. This dimension reflects the term flexibility used by Erol et al. [46] and covers the ‘adaptive capacity’ [7] Hosseini et al. (p. 295) refer to. Hotels with a high degree of local embeddedness were found to be more successful in offsetting the impact of the pandemic than hotels with a low or even zero local embeddedness and high external control.

#### 4.3.4 *Shared trust and communication*

Relevant to 13% of all codes, the fourth underlying dimension is ‘shared trust and communication’, which comes out in quotes like “increased support by owner”, “mutual consultations”, “mutual trust with suppliers”, and “we helped suppliers; they helped us”. Five cases were found with quotes of the opposite: a total lack of shared views, communications or trust.

### 4.4 Headache files

What is the ‘headache file’ that absorbs most energy? Analytical Hierarchy Process was used at the end of October 2020 to rank seven topics “*where interviewees put most of their energy, attention, despair, thoughts and prayers*”. Table 2 shows the significant differences between

the hotel managers in their ranking, which could not be explained by size, gender, being part of a chain, location or function of the interviewee or the characteristics of the hotel.

		<i>11 cases using the Analytical Hierarchy Process</i>										
<i>Overall ranking:</i>	<i>Mean</i>	AA	BB	CC	DD	EE	FF	GG	HH	JJ	KK	LL
Operations	77	100	70	100	26	85	70	85	70	85	70	85
Employment	69	70	100	56	70	41	41	41	100	100	85	56
Marketing/Sales	66	41	85	70	85	70	85	100	85	56	26	26
Finance	65	26	56	85	100	70	56	70	26	70	85	70
Suppliers	42	70	41	26	41	41	11	41	11	41	41	100
Relation with owner	38	70	11	41	56	56	100	11	41	11	11	11
Availability products	31	11	26	11	11	26	26	39	56	26	70	41

Yellow = biggest headache for that case; Green = least headache for that case; Orange: part of a chain

Table 2: Headache files absorbing most of the energy during the pandemic – end of October 2020

## 5 DISCUSSION

In spite of the heterogeneity in characteristics, hotels respond in a very uniform way, when analysing (1) the topics raised for discussion; (2) the themes applied; (3) processes implemented and (4) the underlying dimensions playing a role. Given the fact that they were facing the same external Government measures and dramatic drop in tourism demand and business travel, this similar behaviour could be labelled *coercive isophormism* [12].

In spite of these similarities, ample differences in the details can be found without a clear single *observable* determinant for this. Three of the four chain members and two hotels under external management score high in mentioning ‘control’, which may be understandable, since they have to carry out orders coming from elsewhere. But why they differ in *actual* employment policies, marketing and supplier relations is not clear. Is it the leadership style of the owner that demands, stimulates or approves certain policies to be implemented? Differences in cognitive maps and personal characteristics ~~that~~ make one owner decide to be “ruthless”, another to “crack the saving pig” and yet another to state that you cannot fire people that “helped to build up the company in the past years”. Here, values, recipes and attitudes are the likely sources for making the difference between the actual measures taken.

Another owner related determinant could be the internal and external *network relations*. One interviewee mentioned strong local ties to have common action points. Another interviewee mentioned strong connections with local sports clubs that booked rooms during training seasons, yet another one mentioned a link to festival organisations. Hence, the actual policies to implement flexibility differed between types of *local network embeddedness*. This is confirmed by Visentin et. al., [16](p.7) observation “...hoteliers have nevertheless relied on their network of relationships to sense the crisis and find their own ways to adapt”.

Innovative solutions are created in close cooperation with the local network, depending on the degree of involvement and the nature of the local network embeddedness; given the degree of freedom to decide. Part of these results can be seen as *mimetic* isomorphism: “Uncertainty is also a powerful force that encourages imitation”. [12](p.151) or can be viewed as “the professional thing to do”: as *normative* isomorphism [12](p.150). Decision makers have to balance between the various ideas and solutions delivered through isomorphism and what their experience and mental map **tell** them to do. As Lombardi et al. [22](p.1) observe: “resilient leadership and improvisation are deeply interconnected” which is more difficult when managers have to follow centralised and foreign decision-making.

Hence, absentee ownership can be viewed as a handicap in finding adequate solutions fitting local circumstances, since there is no strong local network embeddedness in this case. We observe in a particular case that employees feel alienated from the town and what happens there. This reduces the efficacy in dealing with employment and marketing solutions, coinciding with a perceived lack of demonstrated solidarity from the owner, mentioned as **drawback** by the interviewees. The anxiety we observe in that hotel related to the existing job insecurity is similar to what Bajrami et al. [22](p, 5) find.

In sharp contrast, a smaller, independent hotel, with a stimulating, committed owner and very well embedded in the local networks nicely follows the stages described by Pires Ribero and Barbosa-Povoa [6] in showing innovative behaviour in market orientation, transcending the pre-crisis configuration of activities and showing great optimism to survive and do well. Showing the ability to create a new Business Model, being a “unique configuration of its value proposition (...) value creation (...) and value capture...” [47] (p.1). The lack of local network embeddedness of any hotel also means that the ‘external architecture and networks’, as described by John Kay [48](p.80) is biased towards non-local networks. This may offer security in financial terms, but fails to solve local issues in the perception of the local employees. We also observe that local network embeddedness may have a positive *and* negative impact; “overreliance on traditional trustworthy relationships might even diminish the ability to sense the crisis objectively” [16] (p. 7). Hence, the particular entrepreneurial spirit – or lack of it – in a business network may stimulate *or* hamper innovative changes [49].

Altogether, we may say that the different policies applied by hotels are the result of differences in the mental map and leadership style of top decision makers and owners, *giving* different configurations of network relations. Observing both leadership style *and* these network configurations should enable explanations about the particular policies: balancing unique properties within the context of various types of isomorphism.

The relations between ownership characteristics, network embeddedness and their role in filling in the details of the actual policies are shown in figure 1. It includes impacts on the mental health of organisational participants.

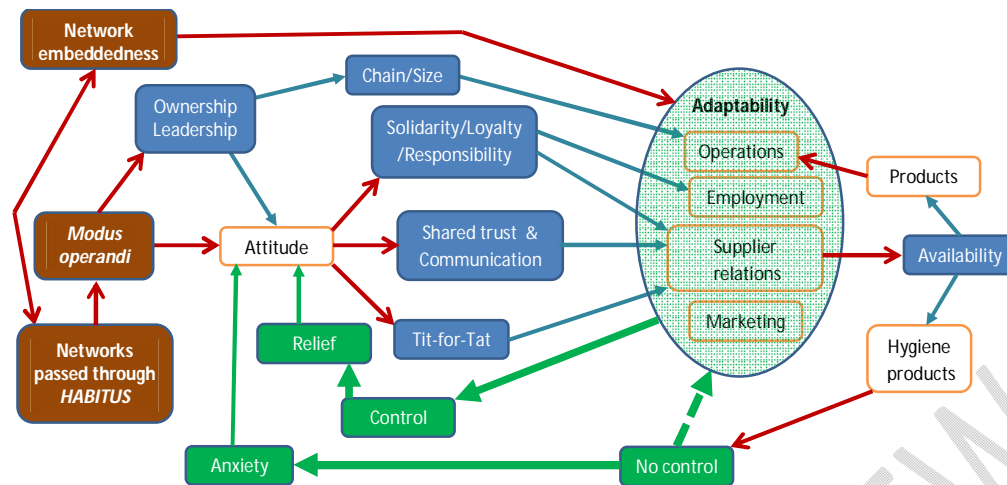


Figure 5: Network embeddedness and leadership shaping crisis response behaviour

## 6 LIMITATIONS

The sample of hotels was selected on **their** diversity rather than uniformity in characteristics. A set of only 11 hotels out of hundreds demands some modesty in making generalisations. Still, the complete similarity in behaviour – with similar mechanisms of response – supports some generalisation when it comes to these mechanisms.

## 7 CONCLUSIONS

Isomorphism is observed when looking at (1) the topics raised and discussed, (2) the themes that play a role and (3) the dimensions underlying actions. At the same time, individual hotels have different *detailed* policies, as a result of their specific management and leadership style and their network embeddedness.

Two opposite types of behaviour can be observed as the prevailing ones: (1) solidarity, loyalty and responsibility and (2) ‘tit-for-tat’ behaviour. Together, these two types of behaviour aim for the desired adaptability, essential for financial and mental survival. Decentralised decision authority seems to enable rapid decisions resulting in a fast and flexible response to daily changing challenges. The lack of decision authority for members of a chain was compensated with financial ease of operation because of the required financial reserves. On the other hand, members of a chain may face complete closure in favour of another member of that chain elsewhere.

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