



## **The role of leadership in crisis management in hotels; a case study into Covid-19 crisis management**

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## Abstract

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<p>The aim of the thesis was to research the role and importance of leadership in crisis management, especially focusing on hotels. This topic was chosen because it is highly relevant to the current situation of the world where the Covid-19 crisis has had devastating effects on the tourism/travel and accommodation industries. The objectives were to gain an insight into what the role of leadership is in a crisis, what leaders can do to prepare for a crisis and how does leadership affect the workforce during a crisis situation. This thesis is research oriented and it was not commissioned.</p> <p>The theoretical framework is based on two themes; the first one being leadership and the second one is crisis management. The first theoretical part presents the definition of leadership, the difference of a leader and a manager, a framework upon which leadership behaviour is reflected throughout the thesis, the importance of good leadership and for a broader perspective into the topic, the most common or well-known leadership styles and theories are briefly introduced. The second theoretical part looks into crisis management and what it is, its processes, what types of crises there are that can affect the hotel industry, examples of the effect the Covid-19 crisis has had on the industry and what the role of leadership in crisis management is.</p> <p>Furthermore, after the theoretical part, a study was conducted with a qualitative research method of interviewing industry professionals in leadership positions. The aim of the interviews was to get an in-depth understanding of practical knowledge of current leaders within the industry, who are managing the Covid-19 crisis, and reflect the answers on the theoretical frameworks presented.</p> <p>The interviews showed many consistencies with the theory presented, especially in terms of what the interviewees stated the role of leadership in a crisis is. The findings show that leaders need to first and foremost focus on their employees to keep them functional as crises affect the employees largely as well, have emergency and action plans ready in order to be able to respond to crises more efficiently and that certain leadership qualities, such as calmness, fluent communication and the ability to make informed but quick decisions, are strongly highlighted during crisis situations.</p> <p>In conclusion, it was deduced that leadership and leadership behaviour in crisis management is of crucial importance, because leaders are responsible for the safety of not only customers but staff as well and they have to be able to keep the operations of the hotel functional while also keeping the hotel profitable.</p>
<b>Keywords</b> Leadership, crisis management, hotel industry, covid-19

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## 1 Introduction

Good leadership is a crucial part of any organization or business and that is true for the hotel industry as well. Leaders within hotels have the responsibility to keep the multi-layered business on its feet and the employees committed to making good results and meeting the goals of the business. As such, good leaders are an invaluable asset to hotels all around the world.

However, in times of crisis leadership becomes an even more prominently needed asset – often organizations with bad or insufficient leadership fall during a crisis. The Covid-19 pandemic has been devastating on the tourism and hospitality industries globally, as the usual flow of customers has stopped and travel has been restricted. Employees are worried for their jobs as many hotels have had to furlough or entirely dismiss workers and management is trying to adjust to the temporary and perhaps some permanent changes that have come with the Covid-19 crisis.

This thesis paper focuses on the leadership aspect of crisis management in the hotel industry, in particular the crisis caused by Covid-19. The purpose is to determine the importance of successful, good leadership during a crisis situation in preserving the business and managing its employees. The topic was inspired by the author's interest in the Human Resource and leadership studies included in the author's degree program and the desire to further study related topics.

By answering the below mentioned research questions, the aim of the thesis is to gain a deeper insight into and an understanding of:

1. The role and importance of leadership in crisis management in hotels
2. What leaders can do to prepare for, and appropriately manage a crisis situation in hotels

The research questions for the thesis are the following:

1. What role does leadership have in crisis management?
2. How does leadership affect the workforce during a crisis?
3. What has to be considered by the leadership of hotels during a crisis?

To answer the research questions, the thesis first defines what leadership means, introduces the most commonly used leadership styles as well as theories to give a basic understanding and a broader perspective of the topic. In addition, a theoretical framework for leadership behaviour and its effect on the workforce is introduced.

Once the theory of leadership itself has been established, the thesis looks into crisis management in hotels and its correlation with leadership. The effects of COVID-19 on the industry are also discussed to gain an understanding of the crisis and its impacts.

Qualitative research is used in the form of semi-structured interviews of four professionals in leadership positions at hotels of different sizes, in an effort to deepen the insight into the topic and to gain knowledge from professionals who have managed the current COVID-19 crisis themselves. These interviews are analysed, and finally the conclusions are presented and discussed.

## 2 Leadership

To understand the role of leadership in the hotel industry in times of crisis, it is first crucial to understand what leadership is in the first place. This chapter defines the concept of leadership, what the difference between a leader and a manager is, introduces several different leadership styles and the most common leadership theories and discusses the importance of good leadership. In addition, good leadership qualities and their impact on the workforce are studied.

### 2.1 Leadership definition

Leadership has been a constant research topic for many academics for decades and there are several definitions of it. Stogdill concluded in his review of leadership research already in 1974 that there are as many definitions of leadership as there are people defining it. (Gandolfi & Stone 2016)

It is remarked by McCleskey (2014) that the definition often depends on the situation being studied, type of problem presented or simply the interest of the researcher. However there are some consistencies in each definition.

For instance, while Silva (2016) defines leadership as "*leadership is the process of interactive influence that occurs when, in a given context, some people accept someone as their leader to achieve common goals*" and Nanjundeswaraswamy and Swamy (2014) define it as a social influence process in which the voluntary participation of subordinates is sought in order to reach the goals of the organization, they both agree in their definitions that social influence over someone or a group of people to achieve a common goal is an integral part of leadership.

Furthermore, it has been argued by many that leadership is being able to maximize the efforts of those under the social influence of the leader. A good leader is not necessarily someone in a position of authority and does not need a title or a rank to have leadership qualities. Sometimes those in leadership positions in organizations might not actually have adequate leadership qualities to be a good leader (Kruse 2013). One of the widely agreed upon similarities in definitions of what leadership is, comes down to what leadership qualities one must have to be a leader. It is argued that a defining trait of leadership is being empowering and inspirational to the followers to keep them motivated. (Sethuraman & Suresh 2014)

With these definitions combined, it can be seen that much of leadership depends on social interactions, the influence someone has over other people and how well the leader is able to motivate and push their followers to achieve a common goal.

## **2.2 Leader versus manager**

Often the difference between a leader and a manager is confused and many have difficulties defining what actually separates the two. A manager drives people towards a common goal, so does this mean a manager is automatically a good leader?

Turk (2007) notes that while a good manager should ideally be a good leader as well, this is not always the case. A managerial role can be gained or achieved within a company with hard work and success, and that is one of the things that separates the two. A leader does not necessarily have a position of authority but inspires people to follow their lead, while managers must be obeyed. Similarly, a manager is put into a leadership position, but must choose to be a leader. Turk mentions that leadership skills can also be learned, although not everyone thinks so. The Great Man theory of leadership by Thomas Carlyle suggests that leaders are born rather than made, and a study by DeNeve & al. (2013) suggests that there may indeed be a genetic marker associated with leadership traits in people.

In addition, one difference that has been argued by Ibrahim and Cordes (1996) is that managers tend to be more focused on the operational process and administrative tasks of the company or enterprise, while leaders aim their focus on the people that work for them. It has been said by Warren Bennis that a way of separating the two is that a manager focuses on doing things right, while a leader does the right thing. (Boynton 2016)

Based on these arguments, it could be said that while a manager can and should also be a good leader, there is no automatic correlation between the two positions. Overall the conclusion seems to be that a good leader is someone who inspires others to follow them and knows how to lead people with integrity and ethical behaviour, whereas a manager is someone who is more focused on results and operations.

## **2.3 Maslow's hierarchy of needs**

This chapter explains the Maslow Hierarchy of needs and examines how it is connected to leadership behaviours and how it should be applied in work life. This theoretical framework is used in the thesis later on to examine how the needs of subordinates change in crisis situations and, in succession, how the responsibilities and behaviours of the leader change in comparison to what they are in normal times.

The Maslow hierarchy of needs is a motivational theory that suggests people have needs based on a hierarchical system. The needs are divided into three larger categories, which are basic, psychological and self-fulfilment needs. In figure 1 below can be seen the order of people's needs in the hierarchy as suggested by the theory.

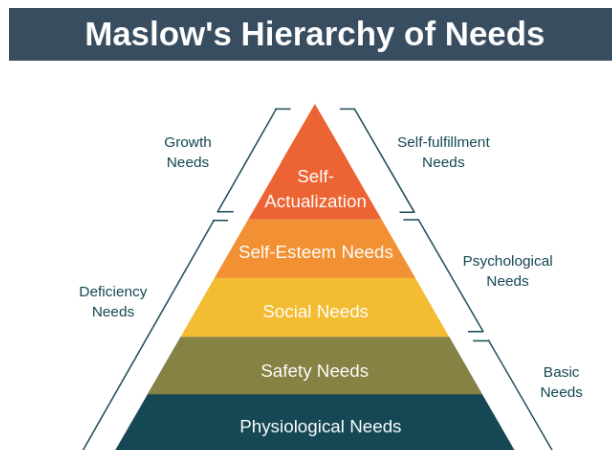


Figure 1. Maslow hierarchy of needs. (Psych-mental health NP 2021)

The very lowest founding need for people according to this theory is physiological, which consists of needs such as food, sleep and water. Once these have been fulfilled, people start looking to fulfil those on the next level, which are the safety needs, including the need for security of health, employment, resources and morality. The physiological and safety needs together form the basic needs of a person. When the means to fulfil these needs are achieved, people are motivated to move on to the psychological needs, where the first level is social needs; relationships to other people, such as family and friends. Next, self-esteem needs are needs like confidence, achievement, respect of and by others. Finally, once all of these needs have been satisfied in order from the lowest basic needs to the highest psychological needs, people can become self-actualized. This includes pursuing traits and behaviours such as problem-solving, lack of prejudice, caring for others and intrinsic happiness. (Psych-mental health NP 2021)

While this theory can be used to study the human behaviour and what motivates them generally in life, the author of this thesis has picked it to examine leadership behaviour and its effect on employees in the context of leading and handling human resources in hotels. The Maslow's hierarchy of needs can be applied to a work environment fairly easily, as a leader should be able to provide their employees the means to fulfil each of these



needs mentioned in order to maximize the safety, productivity and ultimately drive the employees to their best performance on a regular basis. (Stewart, Nodoushani & Stumpf 2018)

As per the theory, the basic needs of employees need to be satisfied first. This can be achieved for example by wages, job security, realistic working hours and proper safety precautions. For instance, employees who are constantly worried over their position in the company have less mental capacity to be as effective as they could be, or an employee who is overworked with too long working hours cannot satisfy their needs for sleep and free-time and thus cannot perform as well as possible. The leader's responsibility is to ensure these basic needs are met in order for the employees to even be able to perform their work. (Rouse 2004)

The leader's role in actively participating in fulfilling the needs of the employees becomes more pronounced once the employees are able to move up to the psychological needs. Psychological needs of the employees can be satisfied by creating a welcoming and relaxed working community that tends to their social needs, and the leader or leaders acknowledging their work and efforts. Such as rewards, awards and promotions can be used by leaders to boost morale and acknowledge the achievements of the employees, but it is important for leaders to not forget also smaller recognitions like encouraging words and praise. It is also crucial to make sure the employees feel their ideas and capabilities are thoroughly considered by the leaders and management. (Stewart, Nodoushani & Stumpf 2018)

Finally, self-actualization of employees in a working environment is the hardest level to achieve, but with good leadership and the leader engaging motivated employees regularly in an environment where their work matches their full potential, these needs can also be satisfied. (Stewart, Nodoushani & Stumpf 2018)

It has been argued by Dolan (2020) that when a leader follows the Maslow's hierarchy of needs model with their employees, the relationship between a leader and the employees will develop into one of trust and mutual respect, which will boost efficiency, cooperation, job-satisfaction and create a safe and pleasant working environment.

## **2.4 Leadership styles**

Having discussed the definition of leadership and what differentiates a leader from a manager, the next step into understanding leadership is to familiarize oneself with various leadership styles.

Many different factors play a role in how a leader leads. Some of these factors are personal traits, beliefs and philosophies of the leader. Other factors are more external, such as the training and education the leader has received, as well as the state and environment of the business they are involved in. Additionally, different situations and people often require different approaches from a leader. Leaders may switch between several styles according to what they deem necessary for the situation. (Clark, Hartline & Jones 2009)

Different styles might affect the organization's effectiveness or performance, and so it is important for leaders to know what style works for the people under their leadership. The most commonly known or used leadership styles are introduced below.

#### **2.4.1 Authoritarian style**

In the authoritarian style of leadership, the leader strives to have as much power to themselves as possible. The leader makes all the decisions about goals, policies, procedures, rewards or punishments, and the job of the subordinates or followers is to listen and do as told. Often those who fail to obey are administered a punishment by the leader. (The Oxford Review Encyclopaedia of Terms 2021)

The authoritarian leadership style's positive sides are argued to be that it produces consistent results, reduces the time it takes to make a decision, creates clarity in the chain of command and it can in the right circumstances create a positive increase in productivity. However, the negative sides of the style, especially when used for prolonged periods of time, include such as the demotivation of workers, decrease in innovation and job-satisfaction, and it forces everyone to rely solely on the experience of the leader. (Miller 2021, Iqbal, Anwar & Haider 2015)

This style of leadership is often used in situations where a subordinate is unfamiliar with their work and tasks, and in situations where there are strict time-limits or in which a decision must be issued immediately. The authoritarian style is also used in situations where subordinates must be able to follow directions strictly, or the consequences might be devastating. (Iqbal, Anwar & Haider 2015)

#### **2.4.2 Participative style**

The participative leadership style is often also referred to as the democratic leadership style, as everyone is encouraged to take part in the decision making process from setting common goals to agreeing on the strategies to achieve them. Often the majority of votes

will determine the actions taken by the business or team where this style is used. (Leadership central 2020)

The pros of this style of leadership are, for example, that it boosts morale of the subordinates because they are given a voice and feel personally responsible for the success of said decisions, it also helps subordinates accept decisions and changes made more easily as they have been agreed upon by the majority of the subordinates themselves, and it encourages creative solutions and problem-solving as everyone's suggestions are taken into consideration (Root 2019). On the other hand, the cons of the style are such as it takes more time to arrive at a decision or agreement and thus it cannot be used in situations where time is strictly limited, there are often no optimal solutions, the risk of mistakes becomes higher and as there are many people involved who all must have the same information, the chances of leaks of crucial information become higher. (Khan & al. 2015)

This leadership style is favoured by leaders who want to involve others in the decision-making as it is a great method of building trust and consensus among subordinates. It is an effective means of decision-making when the leader lacks experience, knowledge or power/authority to make the decision by themselves and is often favoured by leaders with high affiliation drives in high-stress situations (Enea 2013). However, Khan & al. (2015) notes that the democratic or participative leadership style should not be used in situations where the business or team cannot afford mistakes or employee safety is a critical concern.

### **2.4.3 Laissez-Faire**

The Laissez-Faire style of leadership is based on trust of the team's expertise and skill. The basis of the style is that the leader often sets down the goals for the team and from there on it is up to the team members to achieve the set goals on their own with little to no direction or help, with the leader only providing them with the tools and resources needed. While the members of the team are given free reign over the process, decisions and means of achieving the goals, the leader still takes responsibility for the actions taken. (Business jargons 2021)

The positive sides of the style are apparent when the team consists of highly independent individuals, in which case it encourages personal growth and innovation, frees the subordinates to deal with problems and tasks in ways they prefer and feel comfortable with, and allows for faster decision-making. Overall however, it has been claimed that the Laissez-Faire style often leads to lower productivity and low to no involvement within the group. It

also allows some members of the team to become passive and there is a low sense of accountability. (Cherry 2020a)

The Laissez-Faire style of leadership is useful in situations where the decision-making is easy or there is a large quantity of decisions to be made, the followers or subordinates are experienced, highly capable and specialized professionals in their own field or the tasks are routine and have minimal chance for complexities. It can also be used in situations where rules and regulations are set beforehand and the subordinates are free to do what they will within those set boundaries. However, it should be considered that people respond differently to responsibility and some have not developed the ability to work so independently. (Zareen, Razzaq & Mujtaba 2015)

#### **2.4.4 Consultative style**

In the consultative style of leadership, like in the Laissez-faire style, the leader places a great deal of trust onto his or her subordinates and assumes the team is very capable of performing their work and tasks. However, the difference to Laissez-faire is that while the leader encourages their subordinates to bring ideas forward and consults them on matters that the leader might not have adequate information or expertise in, the final decision on most matters is made by the leader. However, often smaller tasks and decisions are delegated to lower levels of the organization. (Gonos & Gallo 2013)

With the consultative style, there are many positive sides to it according to research. It is argued to increase trust between the leader and the subordinates as everyone feels like their opinions and ideas are heard, considered and valued, team members are also more engaged because they feel respected, quality of decisions can be better as it includes input from several team members and experts on the subject and more creative ideas may be generated if everyone feels comfortable sharing their opinions and ideas. In addition problems may be caught and fixed early on when the leader listens to and consults with his or her team (Chia 2021). However, there are also disadvantages, as with all the other leadership styles. With consulting and group decision-making, fast decisions are not easy to make and in case one needs to be made, the leader must place a great deal of trust on his or her team. There will certainly also be differing opinions from subordinates and the leader has to decide who they're going to listen to over the other, and this can create tension or discontent if someone feels like their ideas or opinions are always ignored. The leader must for this reason be able to make the best decision, while also keeping everyone happy. (Trueick 2017)

The consultative leadership style is best used when the team, as also in the Laizzes-Faire style, is very capable and experienced. Often when this style is used, the subordinates might know more about their area of expertise than the leader does, which is why for this particular style of leadership to be truly effective, the leader has to be comfortable with his or her team members knowing or understanding more about the subject than the leader does. Often this style is also used by leaders who are switching from one sector to another. (Trueick 2017)

#### 2.4.5 Summary of styles

The different leadership styles are summarized briefly in the table below to see an overview of how they are similar and how they differentiate from each other.

Authoritarian	<ul style="list-style-type: none"> <li>Leader makes all decisions alone</li> <li>+Creates clarity in chain of command</li> <li>+Fast decision-making</li> <li>- Can result in demotivation</li> <li>- Everyone has to rely on experience of leader</li> </ul> <p>Used mostly on subordinates unfamiliar with their work</p>
Participative	<ul style="list-style-type: none"> <li>Everyone participates in decision making</li> <li>+Encourages creativity/problem-solving</li> <li>+Boosts morale</li> <li>- Slow decision making</li> <li>- Risk of mistakes is higher</li> </ul> <p>Effective when leader lacks knowledge/experience/authority</p>
Laissez-Faire	<ul style="list-style-type: none"> <li>Subordinates make most decisions by themselves</li> <li>+Encourages personal growth/innovation</li> <li>+Fast decision making</li> <li>- Often leads to low productivity</li> <li>- Allows some team members to be passive</li> </ul> <p>Can be used when subordinates are experienced, highly capable and specialized professionals</p>
Consultative	<ul style="list-style-type: none"> <li>Leader decides after discussing with subordinates</li> <li>+Creates trusts and feelings of validation</li> <li>+Allows for several points of views to be considered</li> <li>-Can create strife among subordinates</li> <li>-Fast decision making difficult and risky</li> </ul> <p>Effective when leader lacks knowledge and team is highly capable</p>

Table 1. Summary of leadership styles.

There are several additional leadership styles as well, but for this thesis the author decided to choose these four styles that are the most well-known and widely used styles.

#### 2.5 Leadership theories

Knowing the theories of leadership allows leaders to make educated choices in their styles of leadership and gives them a deeper understanding of what styles and types of leadership to use in various situations, as well as what effects and consequences they might have. Oftentimes, a different leadership style is required for a crisis situation – and different styles might be required for different crises – than what may be required in a normal work environment.

Some of the most commonly recognized leadership theories are briefly introduced below.

### **2.5.1 Trait theory**

The trait theory of leadership is closely tied to the “Great Man theory” devised by Thomas Carlyle in the mid-19<sup>th</sup> century. According to the Great Man theory, leadership traits are intrinsic, meaning some people are born leaders. Similarly, the trait theory suggests that one’s success as a leader is tied to the traits one is born with. This theory indicates that leadership skills cannot be learned. (Cherry 2019)

The trait theory of leadership focuses on the leader and the traits a leader must possess in order to be an effective and good leader. It suggests that leaders are exceptional people born with traits that set them aside from the rest of the population and there is a large body of research to support the claim that personality traits play an important role in leadership and its processes. However, there is no definitive list of traits that make a good leader, which makes it difficult to determine which traits actually are the important ones for a leader to possess. Moreover, the trait theory of leadership has been criticized as it does not take into consideration the changing situations in which leaders must perform, or other variables. (Measom 2019)

The role of genetics in leadership behaviour and traits has been researched through, for instance, twin studies and molecular genetics research. Many twin studies consistently show that leadership has a genetic basis, and in particular DeNeve & al. (2013) have demonstrated that leadership role occupancy may be associated with a genetic marker. In contrast, for example Warren Bennis (2009) has identified several traits and characteristics that leaders share, which are developed through life experiences and training instead of individuals being born with them. Although these twin and molecular genetics studies have been popular in the research of leadership, it is widely believed today that even if genetics might play their role to some extent, leaders are taught more than born. (Boerma & al. 2017)

### **2.5.2 Situational theory**

The situational leadership theory argues that there is no one style that can match every situation, so the leader should be able to recognize what the situation needs and lead accordingly. Some of the aspects to consider are the type of task and the nature and experience of the group, as well as other factors that might affect the performance of the team. According to this theory the style of leadership depends greatly on the maturity level of the group or individual. (Cherry 2020b)

Practically, this theory suggests a leader should choose one of four leadership styles for every situation they encounter, depending on which style has the biggest probability of success in that particular situation. The leadership style is decided based on, for example, the abilities of the follower and their willingness to complete the task given. The styles are defined by what behaviour the leader needs to exhibit in the situation. The theory suggests there is task/directive behaviour - which means the leader will tell the follower what to do, how to do it, where and when it should be ready - and relationship/supportive behaviour, in which the leader will openly discuss with the employee or follower, actively listen and provide support. (The centre for leadership studies 2021)

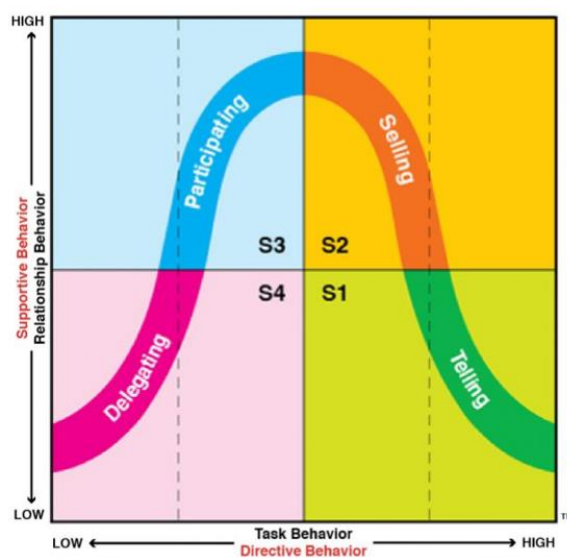


Figure 2. Situational leadership styles. (The centre for leadership studies 2021)

As seen in the figure above, if the leader feels they need to use high directive behaviour and low supportive behaviour, they should use the style called “telling”, which means the leader will give detailed orders and instructions. The second style is called “selling”. It is used when the leader needs to use both, high directive and high supportive behaviour, so the leader still gives clear orders and instructions but also gives the follower many opportunities to discuss why the task is important and what they’re doing it for. High supportive and low directive behaviour style is called “participating”. It’s used when a follower has the needed skills for the task they are performing, but lacks the confidence to perform it on their own or the follower might have lost motivation or commitment to perform their task. Finally, the fourth style is called “delegating” and it is used when there is need for both low directive and low supportive behaviour. It is intended to create autonomy and further enhance the mastery of the followers’ tasks. (The centre for leadership studies 2021)

The situational leadership theory has been criticized by Nicholls (1985) for its flaws with consistency, continuity and conformity, and Bass (2008) agreed with the criticism as he noted there is a lack of internal consistency, contradictions on a conceptual level as well

as obscurities. Other criticism has been aimed at the theory relying on leadership types that are abstract in their nature and become difficult to identify (Glynn & DeJordy 2010). However, overall the situational leadership theory has been regarded positively, as research has shown there is no one particular leadership style that is applicable in every situation. (McCleskey 2014)

### **2.5.3 Behavioural theory**

The behavioural theory of leadership suggests that leaders are not born to be leaders and instead they can be taught to be leaders by learnable behaviours. According to this theory, a leader's actions rather than their qualities should be observed to determine success. (Western Governors University 2020)

Researchers who have researched the behavioural theory of leadership have suggested that leadership is composed of two types of behaviours; task behaviours and relationship behaviours. In task behaviours the aim is to facilitate goal accomplishment, which means the leader should help their subordinates achieve the objectives they've been set. In comparison, relationship behaviours help the subordinates feel comfortable with themselves, each other and the situation they are in. The main purpose of the theory is to explain how leaders can combine these two behaviours to influence their followers and maximize their efforts to reach their goal. (Northouse 2018)

The behavioural approach has been argued to make many positive contributions to the understanding of leadership and its process, especially in that before the behavioural theory, leadership was seen only as a trait and the behavioural theory put into spotlight the importance of leaders' behaviours and how they act in different situations. There has been criticism on that researchers have not established a link between the task and relationship behaviours and outcomes like morale and productivity. Additionally, just as the trait theory has failed to produce a list of leadership characteristics, the behavioural theory has failed to show a list of definitive and universal behaviours that lead to effective leadership. However, extensive research into the theory has validated and gives credibility to the basic theories of it. (Northouse 2018)

### **2.5.4 Transformational theory**

Transformational leadership theory suggests that transformational leaders motivate others to do more than they originally intended, or perhaps even than they thought they could do. The leaders set high expectations and often achieve higher performance. Transforma-



tional leaders also help their followers grow and advance into leaders on their own by acting in accordance to the followers' needs and empowering them, as well as aligning the goals of the individual, the leader and the larger organization. (Bass & Riggio 2006)

Transformational leadership follows four core components to achieve the above mentioned aims. These components are "idealized influence", which means the leader acts as a role model and is admired, respected and trusted by the followers. The followers see the leader as having extraordinary capabilities. In addition, these leaders should be counted on to do the right thing, have high standards and ethical/moral conduct. The second component is "inspirational motivation", wherein the leader motivates and inspires the followers by providing them with meaning and challenges in their work. They create team spirit, enthusiasm and optimism. The third one is "intellectual stimulation", which means the leader stimulates the followers' efforts of being innovative and creative. They question assumptions, reframe problems and find new ways of approaching new situations. They do not publicly criticize mistakes and the leader uses the followers' ideas and tries new approaches. The final component is "individual consideration". In this component the leader acts as a mentor to the followers and creates a supportive learning environment with many opportunities for practice by the leader delegating tasks to followers, encourages communication and interactions are personalized. (Bass & Riggio 2006)

In transformational theory the leader uses one or several of the core components to inspire and motivate their followers to achieve higher performance rate and better results. A criticism on the theory has been that many might use it to gain the trust of followers and inspire them to aid in destructive, selfish or otherwise immoral deeds. (Bass & Riggio 2006)

## **2.6 Importance of good leadership**

Knowing the above mentioned information about leadership is in itself not beneficial, if one does not understand the importance of leadership itself in running a business or an organization. Why is good leadership important?

According to Mastrangelo, Eddy and Lorenzet (2004) good leadership is needed to ensure the business runs smoothly, not only from the managerial point of view, but to make sure the employees stay motivated to continue doing their work at the expected level of quality. When the leadership of a company is skilled, knows what they're doing and knows how to lead other people, the motivation of the employees becomes higher. If instead the leader

neglects their employees, gives unclear instructions or doesn't provide support or the necessary tools for the employees to do their work properly, it is inevitable the motivation of the employees plummets as well and the quality of service or work will very likely suffer.

In addition, good leadership is crucial in creating a safe and pleasant working environment, where it is easier for the employees to work efficiently and at a high level. When a leader is involved with their workforce and ensures everything runs as it is supposed to, the employees will feel safe in knowing the leader is doing his or her work and ensuring the environment is the best that can be provided. Furthermore, if the employees are satisfied with the level of leadership, it will build trust between the leader and the employees, which will improve communication, job-satisfaction, efficiency and motivation within the workforce. (Cheverie 2017)

### 3 Crisis management

Crisis management is needed in every enterprise to ensure there are protocols in place for and adequate measures taken to prevent and control different crises as to minimize the damage done to the organization or business. (Hayes 2021)

In this chapter the process of crisis management is presented, the different types of crises relevant to the hotel industry are examined along with examples of how hotels have dealt with the current COVID-19 crisis and lastly the role of leadership in a crisis is discussed.

#### 3.1 Crisis management process

Crisis management can be very different depending on which industry and situation it is applied in; for instance, the crisis management protocols of the military forces differ largely from the crisis management of hotels, and have an entirely different context surrounding them. For the purpose of this research paper, the author focuses on crisis management in only the hotel industry.

Before defining the concept of crisis management, the word *crisis* itself should be examined. It is derived from the ancient Greek words “krisis” and “krino”, which respectively translate to “turning point” and “to decide”. As such, a crisis is a turning point in the course of events where decisions of those involved will definingly affect the outcome in either a positive or a negative manner (Cunningham 2020). Crisis has been described as a change that is unexpected, unpredictable and unimaginable from a normal situation into a crisis situation (Roux-Dufort 2007). In addition, a crisis situation has been described by Saarelma-Thiel (1994) as a situation where temporary confusion and disorganization result in a harmful situation to the organization, in which conventional or old problem-solving procedures are not adequate and a new method has not yet been invented.

To deal with these situations, crisis management has been invented. At its simplest, the definition of crisis management is that it is the means of identifying a threat to a business, organization, or other entity, and their stakeholders, to effectively respond to and mitigate any threat or damage during or after a crisis. Often these organizations strive to identify possible threats and crises already before they transpire, in order to plan ahead for protocols and ways to deal with them, should they occur in the future. (Hayes 2021)

However, it is important to note that although risk management may be and often is a part of the crisis management process, they are not the same. Risk management and control is the conscious action to diminish the probability, regularity, severity, or unpredictability of

loss to the business, whereas crisis management reacts to unexpected and negatively impactful events during and after they occur. (Catanese 2020, Hayes 2021)

The below figure 3 represents the typical phases of a crisis. Often a crisis will have warning signals that are detectable, but may be easy to miss. Should the organization be able to detect and identify these warning signals, they are often able to be significantly more prepared before the situation develops into a crisis. In the next phase, preparation/prevention, it is crucial for organizations to be constantly looking out for breaks and glitches in their management or systems that are not yet too big to fix, to be able to be as prepared for a crisis as possible, or even prevent it to begin with once the warning signals have been detected. (Pearson & Mitroff 1993)

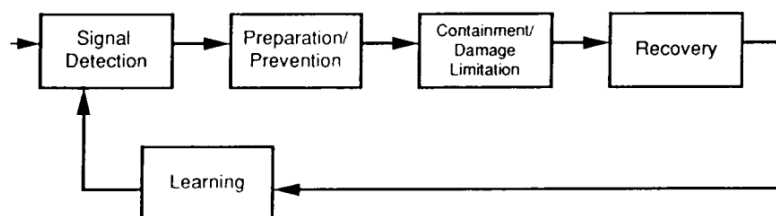


Figure 3. Phases of crises (Pearson & Mitroff 1993)

Some crises will inevitably occur even if the signal detection and preparation and prevention are the best an organization can do. The third phase will be entered, which is the containment and damage limitation phase. This phase makes use of any plans the organization might have in place, for instance to prevent the crisis from spreading from one department within the organization to the others, or ensure the damages to the organization and its environment are minimal. Evacuation plans are a prime example of such procedures. It is often nearly impossible to invent these procedures in the middle of a crisis, so there must already be at least some guidelines to build on. After the crisis has been contained, comes the fourth phase which is recovery. During this phase the organization will try to determine what procedures, operations and means they need to equip to resume normal business and what tasks they need to be able to perform in order to service the business' most important customers. Finally, with the fifth phase comes organizational learning and reflection, which is needed to critically look at how the crisis was handled and what new policies and procedures need to be put in place to prevent a similar crisis from occurring. (Pearson & Mitroff 1993)

Laws, Prideaux and Chon (2007) suggest that every crisis allows for a period of learning, which has three phases; defensiveness, openness and forgetfulness. Defensiveness occurs when the crisis takes place and people may feel they need to defend or protect themselves, but as the imminent threat or situation passes, people tend to be more open to

learning about the business' or organization's weaknesses and vulnerabilities. In this phase most of the learning takes place, however it is noted that often the learning stays superficial and is forgotten soon if the management is too hasty with bringing everything back to normal. It is suggested that in the final phase, forgetfulness, being able to move on from what happened is "healthy forgetfulness", but only after the important lessons have been learned.

Applying the framework presented in figure 3 to the current Covid-19 situation to make an example within the hotel industry, the warning signals would have been when the outbreak started in China and the virus started spreading, especially when it started spreading across country borders. Preparation and prevention would be for example the instructions to wear masks, working from home when possible, using hand-sanitizer and maintaining safety distances and the overall stricter detail on hygiene. As these prevention methods did not work to contain the virus, the businesses in the industry stepped into the containment/damage limitation phase, which includes the furloughs, laying off employees and closing hotels entirely for a while. (American hotel & lodging association 2020)

When the worst of the restrictions lifted, the recovery phase has started. Hotels are making plans for the future and for how to emerge from the Covid-19 crisis now that the worst of the imminent threat to the business seems to be over, slowly taking back some of the employees who had been furloughed, and in some cases there are plans for vaccine-passports or certifications. The recovery phase will last for a long time after the crisis. During the recovery phase already, leaders hopefully start to look at how they've done, what they've done and what consequences their actions and decisions have had. Ideally, they would also ask for feedback on how others think they handled the situation and ask for points of improvement for the next time. (Wood 2021)

As a crisis moves through these different phases, there are several frameworks organizations and businesses build their crisis management protocols on. The often used framework for signal detection and risk assessment for hotels is the risk assessment matrix shown below in figure 4.

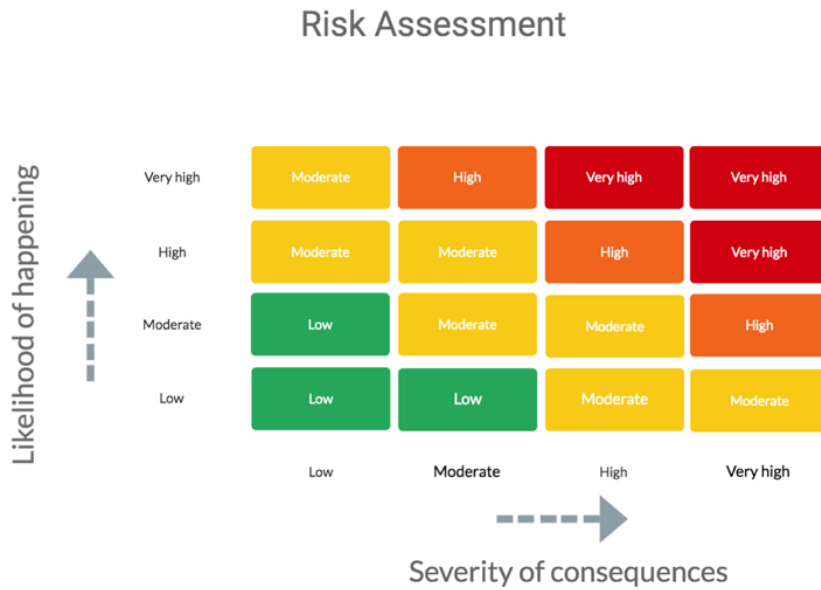


Figure 4. Risk assessment matrix (WCB, WorkSafe & SHSA 2009)

The matrix is used to measure and assess which risks are most likely to happen and what the severity of their consequences would be. Using this, or a similar method, in the signal detection and prevention phases helps many organizations mitigate the damage done once the crisis occurs as the possible outcomes of such crises have already been contemplated and preferably there are already plans of action ready as well. The possible risks are first recognized, and then situated on the risk assessment matrix to see how severe they would be. If the risk is low severity and has a low likelihood of happening, it is situated in the “low risk” area and often the preventive measures for it are low-cost, and already tried and tested. In the “very high risk” area are the worst case scenarios that have a high likelihood of happening and additionally a high severity in consequences if it does happen. (WCB, WorkSafe & SHSA 2009)

However, if there is no way to prevent the crisis from happening, the leadership and management of the organization is responsible for ensuring the damage done during and after the crisis has minimal impact on the business and its operations.

The impact of crises is controlled and mitigated through proactive decisions from the leadership of the hotel, safety and precautionary plans and protocols that are already in place due to the previously presented risk management processes, as well as adequate measures taken to counter the effects the crisis has on the business (Tafr-Vlahović 2013).

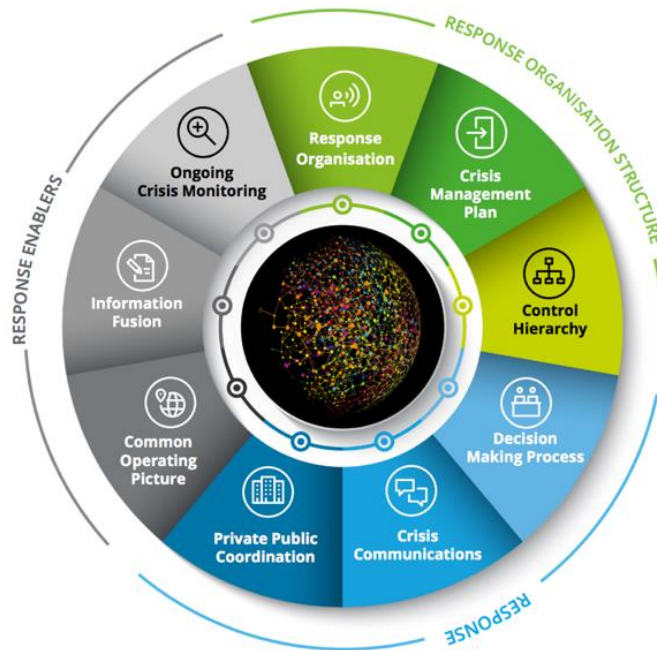


Figure 5. Crisis response framework. (Deloitte 2020)

The above pictured framework in figure 5 presents a crisis response and management framework for businesses, which can be used for hotels. The initial stage as the crisis starts is the response organization structure that consists of three phases that are response organization, crisis management plan and control hierarchy. The response organization phase would see the hotel formally identify and define a crisis management team that is not reliant only on a few individuals. The team will be responsible for decisions made and measures or implementations that are put in place during the crisis, including such as operating principles, stress testing and rehearsing the response teams, assembling stakeholders to ensure everyone is aware of the plans, and draft, implement and coordinate response plans and escalations paths to mitigate damage or impact of the crisis. The crisis management plan phase would define clear roles and duties so key activities aren't overlooked, ensure that all important functions are accounted for in the crisis management response, create protocols and templates to ensure smooth communication and clear action plans, as well as giving an accurate overview of available resources and what tools are needed to manage in the crisis. (Deloitte 2020)

The last phase of the first stage is control hierarchy. In this phase it is crucial to define everyone's roles and responsibilities within the crisis management team and who has say over what. Control hierarchy should be defined and individuals assigned to the critical roles. In this phase, there should be a proper hierarchical structure, an escalation framework that gives an overview of the entire crisis management capability and a definition of authorised decision-making at different levels of impact for those in critical roles. (Deloitte 2020)

The second stage of the framework is response and the three phases that makes it up are decision-making, crisis communications and private-public coordination. The decision-making phase would see a formal process and a formalised approach introduced so every decision follows a similar and cohesive line of thought to reduce the chaos of the situation. It is noted that a formal process would make more efficient and decisive actions possible and that not making decisions in a timely manner can impact the effectiveness of the crisis response negatively. The second phase of the stage would be crisis communications, where it is crucial to establish a crisis communication protocol and an organized process for communications that supports flexible and consistent messaging, to avoid any internal or external miscommunication or confusion. It is also noted that suitable management of the media during the crisis is important to reduce speculation and false conclusions about the situation, as well as showing that the hotel is capable of taking charge and dealing with the crisis. (Deloitte 2020)

In the last phase for the response stage, the private-public coordination phase, there should be adequate measures taken to be able to coordinate with the public sector and a formal process put in place to involve the public sector for instance if there is a situation that threatens the health of the public, or a large scale incident that extends beyond the one hotel/business. The public sector's involvement can affect how the response is managed, how the public responds, reacts or engages, alter decision rights and how the business should expect clients to act during certain times. As the public sector can have such a large impact, the interaction, communication and relationship with the public sector should be proactively managed. (Deloitte 2020)

The last stage of the framework is response enablers, consisting again of three phases, which are common operating picture, information infusion and ongoing crisis monitoring. In the first phase it is crucial to ensure monitoring of the situation is satisfactory, meaning a risk assessment should be made and have the strategic, financial and operational implications defined and measured on a regular basis, have a formal process in place to track, record and find knowledge of the legal, financial and regulatory information, as well as have the resources to monitor the situation constantly and communicate updates. The second phase is information management. Efficient information management gives a business the ability to make better and more informed decisions and clearer communication during the crisis. There should be a formal process for finding, tracking and recording information and highlighting the most important decisions from the crisis management team in order to make prioritizing tasks and resources easier. Channels for monitoring and sourcing relevant information should also be established. (Deloitte 2020)



Finally, the last phase of response enablers is ongoing crisis monitoring. Proactive monitoring of the situation is crucial to be able to make the best decisions in a timely manner and diminish the probability of a potential fallout. Information also evolves and changes constantly, so in this phase there should be adequate resources set aside for being able to monitor the situation, update and communicate with key stakeholders and monitor important financial and operational controls to decrease the risk profile of the crisis. (Deloitte 2020)

### **3.2 Different types of crises in the hotel industry**

There are several different kinds of crises that can affect the hotel industry. According to Gundel (2005) crises can be separated and classified into four elements pictured in the crisis matrix of figure 6.

Conventional crises are predictable, the effects and influences of the crisis are well-known and can be minimized effectively with planning and proper crisis management and safety policies. These types of crises are often related to technological systems, resulting from ill-structured or poorly managed systems and dangerous use of technology. Natural or social crises are rarely classified as conventional crises. Furthermore, conventional crises are characterised by the probability of occurrence, losses to the business and costs of preventive measures being well-known and tested. In comparison, unexpected crises are unpredictable, but still sensitive to influences. Often preventive measures are not carried out, because the possibility of such a crisis has not been thought of. These types of crises are also often related to technology and man-made machines, for instance the tunnel blaze of 2000 in Kaprun, Austria, caused the deaths of 151 people due to the lack of structural fire protection, because the funicular railway was thought to be fire-proof. Although they are characterized by the unpredictability of their nature, the effects of unexpected crises can be influenced with quality training of personnel for unexpected situations and a proper, strong communication system. (Gundel 2005)

Intractable crises are usually more damaging than conventional or unexpected crises, because although they can be adequately predicted, they cannot be stopped once the crisis has begun. It is often difficult to prepare for or respond to these crises, or there is a conflict of interest surrounding it that hinders proactive countermeasures. The effects and influences of intractable crises are often far-reaching, dangerous and sometimes irreversible. In this group of crises, technological, natural and social systems can all be affected; for example tragedies during crowded events, nuclear powerplant accidents, climate change and natural disasters such as earthquakes can be included in the intractable crisis section. More often than not, numerous organizations and societies are affected and the

most effective countermeasures come from political decisions and regulations, so it is extremely difficult for a single business or organization to put in place any countermeasures. (Gundel 2005)

Lastly, the most devastating group of crises are called fundamental crises. They are not predictable, nor influenceable. Responses are not sufficient and preparedness cannot be achieved because these types of crises appear so suddenly. One characteristic that often appears in a fundamental crisis is that it starts quickly, but lasts over a long period of time and changes during the situation. Aside from devastating natural or technological crises, for instance certain terror attacks can also be classified as fundamental crises, such as the 9/11 attacks in the USA. (Gundel 2005)

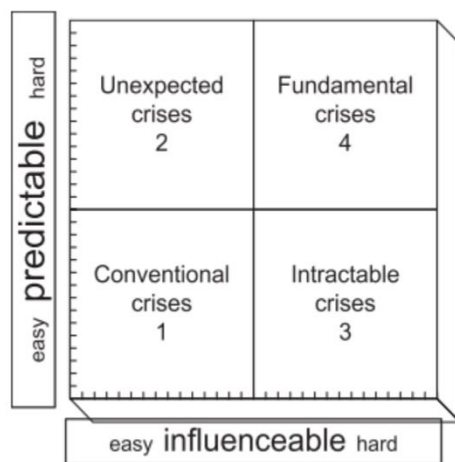


Figure 6. Crisis matrix (Gundel 2005)

In the hotel industry, the most likely crises are divided into two categories; crises born from natural causes and crises resulting from man-made situations. Natural disasters are wide-varied, and many of them cannot properly be managed, thus making them potentially devastating on the business or organization. Many man-made crises can often be prevented more efficiently than natural disasters. (Mat Som, Ooi & Hooy 2014)

Natural disasters can include anything from floods, volcanic activity, bushfires to hurricanes, earthquakes and tsunamis, which have in the past been devastating for hotels where they occur. These types of crises are usually intractable crises, but can also be fundamental crises. Mostly for these incidents it is impossible to prevent them, but knowing that the hotel is situated in an area where they happen, there should already be clear policies, procedures and instructions and training of staff in place for what to do in these situations. However, sometimes the magnitude of these natural disasters is entirely unex-

pected and results in a chaotic crisis situation. Natural causes also include such as pandemics and other diseases against which the hotel can take measures by increased hygiene and decreased physical contact. (Ivkov & al. 2019)

The Crisis Readiness report by The World Travel & Tourism Council and Global Rescue states that natural disasters have radically increased in regularity and scale, the number of disasters having multiplied between 1970 and 2016. Additionally, it was claimed recovery from natural disasters took 16.2 months on average, which was estimated to be many times longer than it took to recover from for instance a terrorist attack. (WTTC & Global Rescue 2019)

While natural disasters can be fairly easily prepared for, some man-made crises could often be prevented more easily. Man-made crises include everything from the climate change to terrorist attacks. Certainly, despite having just said man-made crises can be prevented more easily, the climate change is something that cannot be reversed and a small part of it is natural as well, but humans still do have the ability to affect it and reduce its impact. Hotels can help in its mitigation by resuming sustainable practices, such as using renewable energy, reducing usage of water amount of waste and recycling properly. (Ferrer Hotels 2021)

As for the other man-made crises, in this category hotels are affected by terrorist attacks – some of which are directed at hotels and some indirectly affect the damage done to the hotel's property and the loss of revenue due to decreased number of visitors – and other attacks, fires started in the hotel, threats from cyber-security and political crises among other threats that are caused by human actions. Man-made crises can be any of the crisis types, conventional, unexpected, intractable or fundamental crises. Not all of these can be prevented or prepared for adequately by the hotel, but for example cyber-security threats could easily be mitigated by updating the hotel's systems and educating the staff on cyber-security issues. Terrorist and other physical attacks against the hotel can also be prevented or prepared for with staff training, a plan of action in place for such situations and security measures such as CCTV cameras. (AlBattat & Mat Som 2013)

### **3.3 Examples of the effects of Covid-19**

The Covid-19 pandemic has been a devastating crisis on the tourism industry in general, also affecting the hotel business on an extremely large scale as non-essential travel has been banned in many countries and the American Hotel & Lodging Association released

data showing that 70% of hotel employees had been laid off or furloughed due to the crisis. Their research showed that in addition to this, the year 2020 was the worst year on record for hotel occupancy. (American Hotel & Lodging Association 2020)

In Europe, the loss of tourism because of the pandemic has resulted in 115 billion euros in lost turnover in 2020 for the accommodation industry. As some restrictions lifted during the summer, France and Germany had a turnover slide of 'only' -43% and -44% respectively, in comparison with the -53% of the UK, Italy's -61% and Spain's -64%. It is predicted the hotel industry won't entirely recover until 2024 at the very earliest, especially because room prices will be affected as a result of the difficult economic situation from the crisis. (Duthoit 2021)

This brings up the question; what are hotels doing to manage the devastating losses the crisis has brought on the industry? Below some examples of different innovative ways of dealing with the crisis that are used in hotels to combat the effects of the Covid-19 situation are presented.

Work-cation is a trend that has risen especially in the United States because of Covid-19, where people go to stay at a hotel for a change of scenery to feel like they're on a vacation, but also work from the hotel as distance working has taken over almost every industry (Milbrand 2020). Many hotels have taken this approach, marketing themselves as the perfect work-cation destination with social distancing protocols in place so the guests are also safe during their stay. Work-cations have been the perfect opportunity for those hotels who have realized the importance of a well working Wi-Fi connection throughout the hotel and been able to provide comfortable spaces for people to work in.

Another method used by hotels to manage the crisis is marketing and promoting travel within the country. For instance in Finland many, if not most, hotels had to be closed for a time and many people have been furloughed or laid off work because of the tight resources and uncertainty of the situation. To counter the loss of international tourism, many Finnish hotels have started to promote and market themselves to domestic travelers more than before. For example, in Tampere the amount of domestic travelers has been highlighted and their sales haven't taken as big of a hit as in many other places, as according to Visit Tampere about 80% of their visitors are domestic travelers whereas in Helsinki and Lapland most of the tourists come from outside of Finland. (Lassheikki 2020)

Similarly, in Kainuu where the corona situation has stayed good throughout the crisis, domestic tourists took it as a favoured place for domestic travel. Out of the almost 100,000 nights booked there in March of 2021, 95,000 of them came from domestic travelers

(Kähönen 2021). The corona situation has certainly hit many places in Finland as well though, as nights spent by international tourists decreased by over 90% in Finland overall from the previous year. (Sivula 2021)

In many countries in Asia, hotels have been used to contain those in Covid-19 quarantine and in Mumbai, 4 and 5 star hotels have been converted into Covid-19 facilities. Patients who do not need urgent or critical care, such as oxygen, have been moved from private hospitals into hotels. The hotels are allowed to charge a certain amount of fees from the hospitals for using their facilities. (The Hindu Business Line 2021)

### **3.4 Role of leadership in crisis management**

Leadership is what makes or breaks a business during a crisis situation and is one of the most important variables in any crisis. It is not only the large-scale crises that need effective leadership, but also more routine emergencies. Leaders are often expected to be the ones to manage a crisis and get others out of harm's way, as it's their responsibility to respond to the threats and uncertainties emerging from crises and their decisions and actions should be what eventually bring things back to normal. (Demiroz & Kapucu 2012)

In crises, the actions of the leadership of a business or organization are crucial – but what does it entail? What are the steps that need to be taken by the leaders to manage a crisis?

As discussed in chapter 3.1, threat detection and prevention are the first stages of any crisis. The leader of a business should be aware of possible threats to the business' operations and continuously work to prevent them. This includes having plans ready for different situations and possible ways a scenario can go – for instance, fire safety protocols, the possibility of a terrorist attack or what measures are to be taken in case of a financial crisis should be thought of and made into a clear action plan. However, it should be noted that each crisis is an unexpected, unique situation that has its own quirks and defining features, which means a business can never have full plans ready for a crisis beforehand. Preparation should still not be overlooked, as previous experiences and plans are very likely to help with the new crisis situation. (Harwati 2013)

As a leader, when signal detection and the prevention phases of crisis management have already been passed and the crisis is occurring, there are many variables that need to be considered in order for informed decisions to be made. The leader is the one who needs to take responsibility for the actions and decisions, as well as the consequences of said actions. As such, it is vital for the leader to understand and know what to consider, who to

listen to and what tools to equip in an unexpected event. High-stress situations affect people differently, but a leader's role in it is to have the ability to make sense of the situation, have a detailed understanding of what is happening and analyse the operational environment and the changes that need to be made as the situation develops. (Mumford & al. 2007)

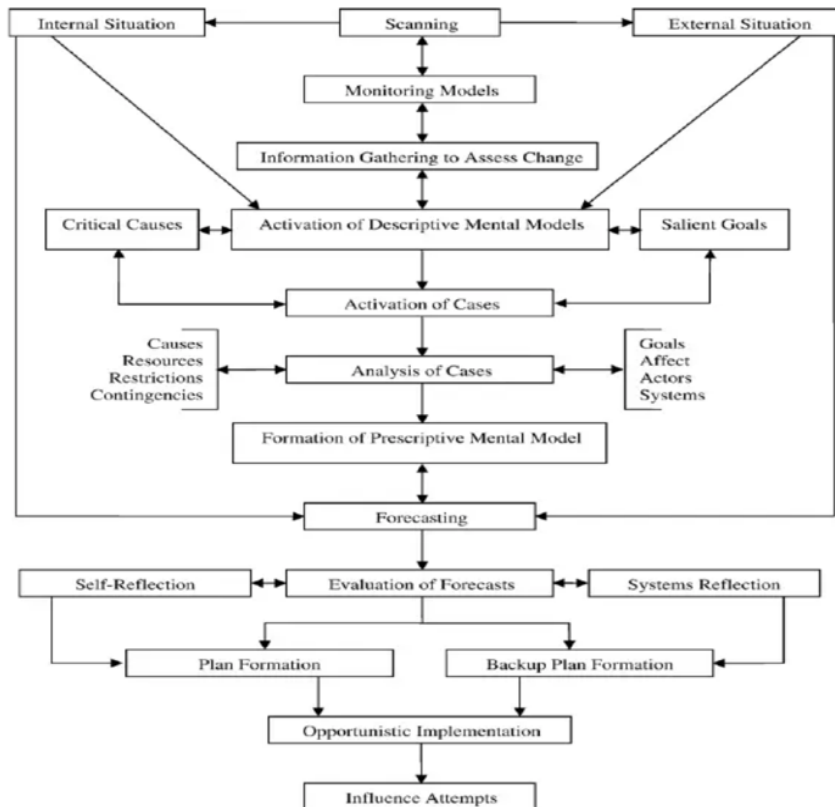


Figure 7. Model of leader cognition. (Mumford & al. 2007)

The above figure 7 portrays what Mumford & al. (2007) have suggested the thought process of a leader should be in crisis situations. As the threat is first detected through situational awareness, problem-solving emerges from the monitoring models that are applied to the internal and external events occurring. These monitoring models evaluate the potential significance of the situation occurring. Next, information gathering should be started and the leader should be able to analyse the information's potential significance and meaning in relation to the crisis occurring. With the information gathered and its implications known, leaders often form descriptive mental models that typically are functionality oriented, and specify the critical goals and causes to goal attainment to manage the situation. Leaders often then reflect on their previous experiences to find a solution, which will help with generating actions and anticipating the outcomes of said action. Forecasting should be applied to simulate the outcomes of different situations in order to make efficient decisions on what steps to take in mitigating the damage and controlling the situation. (Mumford & al. 2007)

Flexibility and ease of adaptation should be emphasised in these actions. This contemplation and evaluation will form the plan of action, and a set of backup plans as well, for if the conditions vary. And finally, when the plans are formed, the leader may attempt to influence the course of events. (Mumford & al. 2007)

In these action plans and mental models that the leader forms during a crisis, they should consider several varying criteria for the best action to take. There are three main criteria that need to be considered, which are the financial aspect of it, the social aspect and the brand image. The financial aspect includes minimising any loss to the business to ensure it pulls through at all from the crisis. The social aspect is the staff and clients and their health and safety. And finally, the brand image needs to also be considered, because if the company does not care about it and makes unethical or otherwise frowned upon choices or actions during the crisis, it might never be able to rebuild itself afterwards or it might take a long time for potential clients or even possible employees to trust them and find them desirable again. (Forbes 2020, Wittmann 2020)

Another highly important task for the leader is to establish fluent, agile and quick ways of communication, both internally and externally. People are hungry for knowledge when something happens and especially in the beginning of the crisis, the hotel should be able to provide as much information as at all possible in a short period of time, keep everyone updated regularly and be clear, easily understood and decisive in their communications, because rumours and misinformation will spread fast in today's world. The importance of communication is highlighted in crisis situations, because people get worried, they want information and if the communication channels or communication itself are slow, unclear or difficult to understand it often only feeds more into people's worries and creates more stress in the already highly stressful situation. (Seeger, Sellnow & Ulmer 2003)

Finally, the role of leadership in crisis situations, aside from decision making, communications and having an overall picture of the situation, is often most crucial in the management of the employees. Being able to keep employees calm and motivated, being present for them and being a role model for them is one of the important parts of being a leader. If a leader is able to keep the employees positive and motivated even through a crisis, there is much more of a chance of success for the whole company. (Russell 2020)

### **3.5 Leadership behaviour in a crisis**

Crises are the point in time where a leader often is most tested. A crisis situation can reveal both a leader's strengths and core weaknesses, and it has been argued by Hailey

(2021), Hasel (2013) and many other researchers that a crisis situation is when a leader's performance and the trust he or she has managed to build with the subordinates or followers is weighed and evaluated.

Trust is often of crucial importance during crisis situations regardless of what the situation is. If the leader has managed to build a trusting relationship with the subordinates or followers prior to the crisis, they are much more likely to follow the leader during the crisis as well. They're more willing to take risks, follow directions, commit to change and have faith that the leader is acting in their best interest, which inevitably leads to increased effectiveness in situations that call for action, increased innovation, information-sharing and cooperation. (Hailey 2021, Hasel 2013)

However, although it takes long to build trust, it can be easily lost. Even during crisis situations, leaders should work at maintaining the trust they've built before and make sure they don't lose it with problematic or ignorant behaviour. So, what behaviours do good leaders exhibit during crises?

There are several traits and behaviours that get emphasised in crisis situations as ones that a leader should possess and exhibit. For instance, calmness is of crucial importance. Subordinates and followers often look to their leader for reassurance and sometimes may reflect upon the situation through their leader and his or her behaviour – if the leader starts panicking, so will everyone else and the situation can quickly deteriorate to an even worse level. Furthermore, if a leader is not able to remain calm, it is very possible they will make hasty decisions and have knee-jerk reactions that only make the situation worse. Being able to remain calm and level-headed in a difficult or even dangerous situation is for these reasons something leaders should be able to do. Other behaviours that are of importance are such as clarity, both in actions and in communication, innovation and being able to adapt to change. In some crises, the leader must be able to even change what the company is doing in order for it to survive. (Gilstrap & al. 2016)

Additionally, as discussed previously in chapter 2.3, employees, subordinates and followers have varying needs that the leader must be aware of. These needs often change during a crisis situation. If the employees or subordinates have fulfilled their psychological or even self-fulfilment needs as per the Maslow's hierarchy of needs, during a crisis these needs are often disrupted and fall back to the basics – such as the need for safety. When the needs of the employees or subordinates change, the leader must also be able to adapt his or her approach and style. In essence, good leadership is being able to answer and react to the current needs of the employees or followers. When the leader is able to do so, it also builds and maintains the trust of the employees or followers on the leader



and creates an environment where the leader is able to more efficiently control the situation. (Nissinen 7 April 2021)

Furthermore, one of the most important traits is that a leader should be confident enough in their own decisions that they are able to commit to them. Changing strategies and plans and overturning decisions frequently can confuse the employees or subordinates, which results in doubt in the leader's abilities to lead them through the crisis. Certainly, confidence in oneself also means being able to admit when one's idea or plan is not effective, but before changes to plans are made and actions taken, the situation should be carefully assessed and such changes should not take place on light reasoning. While a leader must be able to make swift decisions and adapt to changes, it is crucial in crisis situations that those decisions are not made on a knee-jerk reaction. (Molteni 2021)

Finally, a quality that makes one a great leader is the ability to learn from their own actions and what has happened. Once the crisis situation is either over or calmed down enough to allow a moment, a great leader should reflect on their own actions, decisions and what outcomes they brought. Being able to recognize when something went wrong and learn from it for the next time there is a crisis is just as important as recognizing what went right and learning from it as well. (Gundel 2005)

## 4 Method

For the research part of this thesis, interviews of four professionals in the hotel industry were conducted anonymously to gain a practical insight into the crisis management and leadership of hotels, especially during the Covid-19 crisis. In this chapter the method of research is introduced and the reliability of the research is discussed.

### 4.1 Semi-structured interviews as a data collection method

For this research, semi-structured interviews were used. It is a qualitative data collection method, which allows the interviewer to get a deeper insight into the interviewee's thought process. Qualitative research produces descriptive data, such as individuals' spoken and written words, as well as observable behaviour. It is concerned with the meaning people attach to specific things affecting their lives and qualitative researches aim to identify and empathize with the individuals they study to understand how they see things. In qualitative research, the researcher's own perspective and views should be set aside. (Taylor, Bogdan & DeVault 2015)

In addition, qualitative research follows an inductive and flexible design. Although qualitative research is certainly conducted within theoretical frameworks, the studies are often started with vague research questions in place and the decisions regarding additional data collection are done based on what the researcher has already learned. The goal of qualitative research is to examine the differences between varied points of views. (Taylor, Bogdan & DeVault 2015)

In comparison, quantitative research uses methods that have to do with the methodical investigation of social phenomena using statistics and numerical data. For this reason, it relies on measurement and the assumption with quantitative research is that the topic of research can be measured. It is used to analyse trends, relationships and to verify the measurements which are made. Similar criteria should be applied in quantitative research to verify, calculate and analyse the data that is gathered. Sometimes qualitative and quantitative data are both used when conducting research and a mixed approach is taken. (Watson 2014)

For this research, the qualitative method was chosen instead of the quantitative, because the research questions require a more in-depth understanding of the participants' opinions and thoughts instead of generating measurable data. Although questionnaires or polls could have been used, the author decided for this topic of research there was less need for more data, than a smaller amount of in-depth data where the participants' thoughts can

be delved into to understand their opinions on a deeper level. Interviews were chosen, because they allow for a more conversational setting where questions can be expanded on or explained in more detail.

Interviews are the most popular type of qualitative research. It is a method that allows the interviewer to ask open-ended questions, and specify or expand on the questions asked in the middle of the interview. It is effectively a conversation between the interviewer and interviewee, but with a structure and purpose. Interviews offer an opportunity to explain subjective experiences and perspectives from the interviewee's point of view, as well as in-depth explanations, unlike many other research methods, such as polls or questionnaires. (Tracy 2013)

There are three main ways of structuring an interview, which are structured, semi-structured and unstructured. Unstructured interviews are rarer and generally used in long-term field work. (Jamshed 2014)

Unstructured interviews resemble more a conversation than an actual interview. There are several types of unstructured interviews, such as non-directive, focused and informal conversation interviews. In unstructured interviews the questions are not planned ahead of time (Jamshed 2014). Structured interviews, in comparison, follow a rigid structure and the interviewer only asks the questions that were planned, without any follow-up or additional questions that might rise up during or after the interview. (Statistics Solutions 2021)

For this thesis, the semi-structured interview type was used. It follows a set of planned questions, but allows for follow-up questions during or after the interview. It was chosen because with semi-structured interviews the protocol helps with the interview process, but allows for conversational aspects, offers flexibility during the interview and gives more detail on the interviewee's thoughts, feelings and opinions. (Statistics Solutions 2021)

Interviews are used to collect data from a small group of respondents. Even as they are a great method for qualitative research, enabling the researcher to collect detailed information and giving the ability to control the flow of progress, as well as to clarify on the answers of the interviewees when needed, and allowing the researcher to read body language or the tone of the respondents' voices, there are also weaknesses to this method. Mainly these are that interviews take more time than most other research methods, and allows to get answers from a smaller group of people than for example questionnaires. There is always also the risk of the researcher impacting the answers of the respondents, when the researcher doesn't agree with the answers from the interviewees. (Business research methodology 2020)

## 4.2 Participants and questions

There were a total of 14 questions asked from every interviewee. The interviews were done in Finnish, because all the participants speak Finnish, and the author of the thesis has translated them, as well as the answers, into English. There was a total of 4 interviews conducted anonymously on professionals in the hotel industry. Each of the interviewees work in a leadership position at an accommodation service. The aim was to interview leaders from different sized hotels to get a broader perspective of the situation and to reflect the opinions, insights and thoughts of people who practice leadership at hotels every day – also during the Covid-19 crisis – on the theory presented in the thesis.

The size of the hotels from which leaders were interviewed are classified as follows:

- Small, 1-199 rooms
- Medium, 200-299 rooms
- Large, 300 rooms and up

Within the participants there were two interviewees from small hotels, one from a medium hotel and one from a large hotel. In table 1 below can be seen the participants' hotel size and position within the hotel.

Table 2. Participants of interviews.

<b>Participant A</b>	<b>Participant B</b>	<b>Participant C</b>	<b>Participant D</b>
Small hotel	Small hotel	Medium hotel	Large hotel
Hotel Manager	General Manager	Managing director	Hotel Manager

The questions are divided into themes under five headings, to create clarity and make the analysis more organized, which are as follows: Own leadership, crisis management, procedures, leading of staff and forecasting.

## 4.3 Reliability, validity and ethics of the research

The reliability and validity of research refers to the consistency of data, and in qualitative research this suggests the author of the research should follow an identical process to replicate the results. It may be difficult to replicate a qualitative research and get the same results, so it is important to be consistent with the research. In this case it refers to using the same data collection method consistently throughout the entire process so as to limit differences from original results, in case the research is repeated later on. (Tharenou, Donohue & Cooper 2007)

According to Tharenou, Donohue and Cooper (2007) validity of the research refers to how trustworthy the data is. They also have described it as appropriateness of the study, for instance the usage of appropriate research approach, data collection method and how the data is analysed to answer the research questions stated at the beginning of the study.

Ethics refer to the ethical considerations of research, which are argued to be an intangible code of conduct when creating a research. The aim is to avoid academic misconduct, guarantee the safety of participants and upon collaborating with other researchers or doing peer-reviews, it creates a common understanding. (Tharenou, Donohue, Cooper 2007)

In regards to this thesis, the author has conducted the interviews in confidentiality to avoid any possible repercussions towards the participants because of their interview answers and to give them the confidence to answer honestly and transparently to all questions. The participants were asked if recording of the interviews was allowed to document their responses accurately. All the same questions were asked in the same order from each participant to maintain consistency. The author also did not plagiarize any part of the thesis.

However, it should be noted that as the sample size is very small, the results do not accurately reflect the entire industry. These results show the opinions and insights of individual professionals, which are used to reflect on the theory presented in this thesis.

In addition, due to the Covid-19 situation, the interviews for the research were conducted by remote means on Zoom and Microsoft Teams, which restricted the interviewer's ability to observe the respondents.

## 5 Results

In this chapter the results of the interviews are analysed and discussed. All the translated interview questions can be found in appendix 1.

The interviews have been analysed based on the themes the questions were divided into.

### 5.1 Own leadership

The first theme that was looked into was the participants' own leadership in order to find out more about the participants' backgrounds and training in leadership, the impact of the Covid-19 situation on their personal leadership style or behaviour and if they have taken any influences from other companies or organizations during the crisis.

It's rather common for leaders in the hotel industry to have mostly learned on the job, although it was brought up several times during the interviews that education is highly respected as well and all of the interviewees have regularly attended courses, work-shops or done graduate degrees in leadership in an effort to polish their leadership skills and learn about new ways of handling certain situations, which speaks for the assumption that leadership is a lifelong development. Three out of the four also mentioned the management in their hotels is regularly trained and coached in leadership and this argues for the assumption that it is believed people can be taught to lead, or at least can be trained to be better in a leadership position by frequent effort to develop as a leader.

It was additionally pointed out that the role of previous managers in one's own career in learning about leadership is crucial and often not quite stressed enough. Good role models hopefully are able to teach about the good practices of a leader, but bad role models are also educational specifically in what not to do.

Experience, especially in the context of crisis management leadership, was thought to be extremely important however, because it gives practical experience in different situations and it was pointed out by one of the interviewees that while one never gets used to dealing with crisis situations, it becomes easier with experience as it allows for the development of ways of handling these stressful situations. When one develops thought processes and ways of coping with these situations in a calm and rational manner, the true development of crisis leadership can take place.

Just as in leadership behaviour, it was thought by the interviewees to be important to benchmark what other organizations or companies in the same industry are doing and

consult with their peers and other professionals about procedures and ways of handling certain affairs. However, both of the small hotels said they did not take example from other hotels or companies at the beginning or during the pandemic for their leadership behaviour and management, while the large hotel said that they received their protocols and instructions from higher up the chain where it is very likely the board had benchmarked other large chain hotels and how the situation was handled in different hotels. Participant C mentioned they implemented leadership training through a management training program offered by a third party instructor. Here it is evident the reactions to the situation of each size of hotel were rather different, and it seems the smaller sized hotels are more independent in their leadership choices and decisions.

As noted by Clark, Hartline & Jones (2009), different situations may and often do have an effect on the leader's behaviour and style of leading as well, and Participant B said that in crisis situations their style of leadership changes from a more service based, 'coaching' style to a stricter style where certain functions or procedures that are normally a part of the daily work life are stopped or put low in priority, and the crisis situation and its management naturally takes the highest priority with new procedures and function to support managing it. Participant B said: "When you go through several crises, you don't get used to them but you develop your own thought processes and ways of functioning through it. For example in my case, I have developed a process in which I switch from my usual coaching leadership style into crisis leadership mode,... which means I focus on different processes and tasks than I normally would, and some of them are put on the back burner." Similarly to as was observed by Clark, Hartline & Jones (2009), Participant B adjusts their leadership style to the requirements of the situation.

This also may be dependent on the person and their personality, as not everyone felt like they had changed their style as a leader or way of leading even during the crisis. However, it was said in all of the interviews that the situation had certainly been a stressful and challenging one, but it seemed the interviewees had also taken the opportunity to develop their crisis leadership behaviour, style and functions throughout the crisis, as it was often mentioned in each interview that the situation has enabled them to develop features such as flexibility, stress-management, innovation and being more tolerant of even drastic changes in plans on a day to day basis. For instance Participant A mentioned in the interview, "... the situation has changed some aspects of my leadership behaviour in that it has taught perseverance and even more tolerance of uncertainty."

This supports the theory discussed by both Pearson & Mitroff (1993) and Laws, Prideaux & Chon (2007) on the learning process being an important part of crisis management, as

the willingness to learn from both past successes and mistakes supports efficient management of future crises and prepares the leaders to be ready for similar situations and ideally not make the same mistakes that might have been made the first time. In addition, having already tried processes makes the adaptation to the next crisis go smoother.

## **5.2 Crisis management**

The second theme of the interview was crisis management, with the questions focusing on the effects of the Covid-19 crisis on the hotels and their operations and how the leaders have impacted the way the crisis was managed at each of the hotels.

Generally the impact of the crisis was seen as extremely large. In the beginning of the crisis, hotels had to close their doors for a period of time and it came quite suddenly for all of them, which naturally caused some disorganization and uncertainty even within the leadership of the hotels. Based on the interviews, it can be said the smaller hotels were able to react to the crisis more efficiently and faster than the middle sized and large hotels, as estimated by participant B: "I would say we got back on our feet 50% faster than our bigger and stiffer competitors". This could be contributed, among other factors, to the lower hierarchy of the smaller hotels where the decision-making is much faster than in larger scale hotels with many levels of management, and especially those who receive most of their instructions from an outside headquarters.

Even after the hotels could open their doors to customers once again, the impacts of the situation have been quite extreme. For instance, Participant D mentioned that whereas before people were used to working as a team, now they had to get used to working alone during shifts, which according to the theory of Maslow's hierarchy presented in chapter 2.3 would shake the foundations of the social needs of the employees. In addition to the change in work culture and how it had been before, the hotel's management also had to find new ways to ensure the safety of their employees as they were suddenly working alone in the building. For example, the safety of employees was improved by restricting movement into the building and within the building to ensure no inappropriate or unauthorized persons would come in. Participant C mentioned that their hotel had demolished one level of management entirely during and due to the Covid-19 situation and inherently this change in hierarchy also affected the operations and functions within the hotel largely.

The two smaller hotels seemed to have been impacted in different ways, although they had been quicker to respond to the crisis and it seemed to have somewhat lessened the impact of the crisis on their operations. The situation was unpredictable for everyone, so even in the smaller hotels the operations had to stop for a time, the safety of the staff had



to be ensured, the hotels had to make sure the financial damage wasn't too large and manage it, and it demanded much from the management to keep everything under control in such a sudden event. The masks, hand sanitizers and overall need for improved detail on hygiene and cleanliness have all been changes that needed getting used to. Several of the interviewees remarked that the Covid-19 situation has also affected areas such as shift scheduling – as Participant C noted: “We have now moved to one week shift lists as well, instead of the normal three week shift scheduling. After all there is no point in scheduling shifts for three weeks when situations and restrictions can change so suddenly, and then having twice more people at work than we have customers in the hotel.”

It was remarked that there were some positive impacts as well, for instance the hotels have had to be more innovative than in years and the eagerness to take advantage of technological advancements has become more prominent. It was predicted by one of the interviewees that without the Covid-19 situation, video call platforms such as MS Teams and Zoom would not have been nearly as frequently used or it wouldn't have been as normal for everyone to use them even in ten years as they are now.

Additionally, as the importance of communications was discussed by Seeger, Sellnow & Ulmer (2003) and Gundel (2005), it was mentioned in all of the interviews that the communications within the hotel have changed due to the crisis. One of the interviewees explained that in the beginning they had daily meetings with the core management to see what was happening, what has been done and what would be done the next day. This was done in order to improve communications and make sure everyone knew everything essential during the crisis, as communication is one of the most crucial variables in crisis management. Participant A mentioned it has helped with the management of the crisis extremely much that due to the small size of the hotel, they are able to communicate and see each other on a daily basis.

Other interviewees also told that the crisis situation has prompted them to find more efficient ways of communication using technology, such as finding easier messaging platforms for the hotel staff instead of emails especially due to being unable to hold staff meetings in person, having to keep everyone in the staff informed more frequently and having to dissuade the uncertainty of the staff that came with the new stressful situation everyone was suddenly put into. These answers show that crisis situations increase the need for proper communication channels, methods and the people's need for information, especially in the beginning phases of the crisis when no one really knows anything yet.

In these uncertain moments and crisis situations, the role and impact of leadership in crisis management became clear during the interviews, as it was agreed upon by all of the

interviewees that the leader's role foremost is to make decisions and lead the other employees – be there to support them and answer to their needs – because as was mentioned by Participant D, “the leader/leaders can make the decisions, but the employees are the ones who actually implement and deal with them in practice.”

In addition, it was pointed out by Participant A that some people might panic, become unable to function or need extra support depending on the situation and that is where the leaders especially have to be able to remain calm and support and lead their staff. It was said the decision-making has to be done efficiently and, of course, with the overall survival of the hotel in mind, which means the leader needs to be able to also make difficult decisions, for instance about furloughing or letting go employees. Participant C noted on the subject that “leadership is often a lonely job, and you have to be able to make tough calls as a leader to ensure the survival and profitability of the hotel.”

Overall the focus of all of the answers seemed to be that while in crisis leadership the leader needs to be more clear, decisive and assured in their interactions and communications, the most important thing is to keep the employees safe, motivated and support them properly in the situation. It was also noted that the leader should have plans and procedures already in place for different scenarios before the crisis happens, so as to be able to perform efficiently in the situation itself.

### **5.3 Procedures**

Procedures are naturally a crucial part of crisis management, which were the focus of the third theme in the interview. The questions were meant to give an insight on what hotels had done before, which allowed them to adapt to the new changes and the new situation that they faced, and what new procedures have risen from the crisis that they can learn from and use in the future to prepare for other unexpected situations as well.

Regardless of the interviewee, it became clear that none of the hotels really had any procedures ready to deal with this scale and type of situation. As Participant B noted: “I wish I could say we had all procedures and action plans ready to go, but this situation hit everyone so suddenly and unexpectedly that although we are well-prepared for everything from strikes to fires and other such situations, we didn't really have anything on global pandemics.”

Participant C mentioned that what did help much in the process of developing new procedures to manage the crisis is that they had already thought about and mentally worked on several different kinds of scenarios that might happen and what to do in such scenarios,

so the process of coming up with an action plan was a lot easier than it might've been if they had not already gone through so many other plans. As was presented by Mumford & al. (2007) about the leader's thought process in crisis management and by Pearson & Mitroff (1993) about the different stages of a crisis, preventive and mitigative measures should be developed as soon as possible once a threat is detected or even already in motion.

It was also said by Participant D that in their chain it did help to already have routine procedures in place on, for example, how to 'drive down' a hotel in case the hotel needed to be closed for a longer period of time. Another aspect that seemed to be immensely valued by the interviewee was that the HR department was quickly ready for the furloughing and laying off employees and were very knowledgeable and on top of the laws and other mandatory regulations regarding the furloughing of employees, as well as how to delicately handle the situation. It was mentioned by one of the other interviewees that they had uncertainty in the new situation of having to furlough employees, which created even more stress. It seems the preparation for such crises should include not only action plans and procedures, but also getting knowledge on different laws and having an understanding of how to handle the staff during difficult times such as furloughs and layoffs.

As has been discussed earlier by Laws, Prideaux & Chon (2007), one of the most important aspects of crisis management is reflection and learning from what was done. In this vein, hotels should also learn from the new procedures that are put in place to manage the situation and be able to perhaps adapt existing procedures to unexpected situations. In the interviews it came up that for some of them, there are already added written instructions and protocols in place for what to do in a pandemic situation or if there is a customer in the hotel with an easily spread virus/disease/illness, including everything from who to contact to how to bring food to the customer and how to handle moving the customer if necessary. Other interviewees had either started the process of writing the instruction down or have planned to do it. It came up in two of the interviews that the hotels have a manual and action plans for several types of situations and crises, including terror attacks, fires in the hotel and strikes to name some of them, and now the pandemic and spreadable disease plans are being added to the manual. Based on the interviews, the learning process in this crisis seems to have been rather quick as the situation has forced everyone to confront a situation that no one has had to deal with on this scale before.

#### 5.4 Leading of staff

The fourth theme of the interviews were the leading of staff, which aimed to gather observations on how the pandemic and the impacts it has had on the hotels have in turn impacted the employees, how the hotels have managed their staff and how the leader's relationship to their employees affects the crisis management process.

Clearly each of the interviewees were extremely concerned with the safety of their employees and it was the first and foremost aspect to consider when the Covid-19 crisis began. Each of the hotels said they have various methods in place to prevent risk of being infected at work, such as hand-sanitizers, masks, safe distances and personnel whose position does not require them to be physically at the hotel working from home, in addition to some of them having additional safety measures in place such as only letting customers with a reservation number into the building to prevent anyone from going in who is not supposed to be there, and all of them believed they had done as much as they could for the safety of their employees.

However, when asked if they thought the hotel had done all they could for the well-being of their employees, two of them answered they did not think so. The main reason was that since there is no money coming into the hotel and many cuts and strict finance management needs to be done, there also is not much money they can use on anything non-essential. While the hotels need and want to keep their employees healthy and safe, their well-being might not be invested in as much. However, they did mention they try to talk to their employees and ask how they're doing and support them in hard times in whatever way they can. Participant A pointed out that they believe no one should be left alone, and sometimes people get frightened during a crisis, which is when it is important to take proper care of the employees' well-being, because a well-cared for working community works best especially in the unpredictable situations of a crisis.

Another matter that seemed to concern the interviewees was how the Covid-19 situation had affected the motivation of the employees. It was mentioned several times that some employees had actually thrived in the unexpected circumstances, for instance interviewees C said: "there are some employees who were sort of 'hidden gems' who I had not noticed much before, but who have been great and dependable throughout the crisis." Participant D also agreed that some employees have in fact been more motivated than before, because the responsibility they had to bear increased by quite a lot. However, there are naturally also those who have not handled the situation so well. It was pointed out that depending on what kind of a person the employee is, the leader should be able to change

leadership styles with the different personalities and offer different kinds of support according to each individual's needs.

When asked about whether the needs of their employees had changed during the crisis in comparison to normal times, Participant C knew they had, as a level of the middle management had been demolished and the hierarchy of the hotel had lowered, which naturally only creates new needs from the employees to the remaining management. The leadership is closer to the employees than they were before, so the leadership assumedly should also adjust their leadership style to fit the new situation. Participant B said they have noticed that some of the subordinates especially in middle management would prefer for them to be more authoritarian and give clearer instructions on exactly what to do, but for the sake of learning to act in similar situations in the future, they have not wanted to give straight answers to the subordinates immediately. Participant D pointed out that they have definitely noticed the social needs of their employees being different and needing them to be present and available to talk every now then. As the situation differs so largely from normal times and especially in a unique situation like Covid-19 that has lasted for so long, it seems the employees also have different needs from their managers and leaders than they would in normal times.

The newly developed need for more social interactions and talking with the manager or leader might come from the employee seeking to fulfil their social needs as presented in Maslow's hierarchy in chapter 2.3, which have been disrupted from their usual working environment due to the crisis situation. As the safety needs have been taken care of with precautions and adequate measures and as the employee has been reassured of being allowed to keep their position in the hotel, thus fulfilling their basic needs, they would start to fulfil their social needs next and try to build back up the hierarchy of needs, which assumedly would have been disrupted and fallen back down to the basic needs for safety at the beginning of the crisis.

Additionally, it seemed to be the agreed upon opinion that in order to create trust with the staff and so keep the working environment positive and rumour-free, frequent and clear, transparent communication was the best way to create a trusting bond between management and employees. As was presented by Seeger, Sellnow & Ulmer (2003), communications are an integral part of crisis management and the theory from Hailey (2021) and Haasel (2013) also suggests that trust between the leader and employees is crucial, so it would be a natural development that clear and frequent communications are a large part of creating said trust.

## 5.5 Forecasting

Finally, the last theme of the interviews was forecasting, which consisted of only one question; how do you plan to ensure that in the future you are better prepared to react to other unpredictable situations?

This might've been the most difficult question for the interviewees to answer, as by definition a crisis is an unpredictable and unimaginable situation, which makes it extremely hard to prepare for. It came up in the interviews that the most crucial parts are to learn from what has happened in the past, make comprehensive procedures, manuals and action plans, as well as practice being ready for speedy and efficient reactions in the future.

## 6 Discussion

The literary review of the thesis concluded that good leadership is essential in the fluency of running operations in the daily working of hotels, as efficient leadership promotes higher employee satisfaction and motivation, which in turn generates a higher level of productivity in everyone's daily work. As was argued by Nissinen (2021) and Nodoushani, Stewart & Stumpf (2018), good leadership is being able to answer to the current needs of one's subordinates or employees. This tied with the theory of Maslow's hierarchy of needs, which was presented as a framework for leaders to understand which needs their employees have to build on to become highly functioning at their jobs, suggesting that once the leader is able to provide employees with means to fulfil one level of needs, they will move on to the next and eventually if they are able to become self-fulfilled, the employees will be more independent, active, motivated, satisfied and productive in their workplace. This theory applies to work life in normal times as well, but it was suggested that during a crisis situation, the employees' needs will shift – which is why it is important for leaders to understand what the basics of their needs are regardless of situation – and thus the leader should be able to adjust their normal leadership behaviour to answer to what the situation requires.

The theory review also discussed crisis management, where it became apparent that preparation and prevention are the corner stones of crisis management. By making risk assessments and action plans for differing scenarios, as well as having the understanding to plan for different outcomes of each action plan, the impacts of the crisis can be largely mitigated right from the start. Another crucial finding in the theory review was that clear communication and its fluency and frequency are of utmost importance during crises. Without a working communication method and channel, the crisis is easily made worse if all the core persons don't have the same information or if the majority of employees or other affiliated persons don't know what is happening. Panic and worry easily arises from uncertainty or the poor flow of information, which naturally affects the motivation and functionality of the employees. Poor information flow also easily creates rumours and speculation based on false information.

Crises were suggested by Perason & Mitroff (1993) to move through the same phases of signal detection, preparation/prevention, containment/damage limitation, recovery and learning. Throughout these phases there are different procedures and actions that should be taken to ensure as smooth and safe progression through the crisis as possible in the circumstances. These means of managing the crisis were found to be largely dependent on how well the hotel has prepared for different scenarios and situations beforehand and it

was brought up that in crisis situations the leader's actions and certain attributes or qualities are highlighted in how the hotel pulls through in the crisis. As suggested by Gilstrap & al. (2016) and supported by the interviews, leaders should be able to remain calm and level-headed, be able to make quick decisions that have still taken into consideration all the relevant information of the situation and according to Gundel (2005), a great leader should be able to learn from their experiences and especially previously made mistakes. Additionally, it was highlighted that a leader should be available to support and guide their employees through the crisis situation.

The interviews that were conducted to reflect on the theory presented largely supported the theories. The findings from the interviews showed that each interviewee felt the most important role and importance of leadership in a crisis situation was to encourage and support the employees and consider their safety during the situation to the best degree possible. It was noted that a leader should be emotionally available for the employees and consider their needs, which supports the usage of Maslow's hierarchy of needs theory in leading personnel. Trust was said to be an importance factor during crises between the leader and their employees, as it allows for the leader to work without the employees questioning their decisions or the actions taken. Additionally, the interview findings showed that the interviewees had very similar opinions and thoughts regarding the processes and importance of communications in crisis management. Proper preparations and action plans came up in each interview as a crucial part of mitigating the damage of the crisis and in addition each of them mentioned that upon coming into contact with a new situation – such as the Covid-19 pandemic – it is crucial for a leader to learn from it and add new plans for the future in case of similar situations, which was comparably discussed in the theory of the thesis.

It became apparent that although different kinds of crises require different approaches to leadership behaviour, the Covid-19 crisis in specific has been quite demanding because aside from the financial and operational worries of the hotel, the situation has been worrying and demanding also for a large part of the employees, their motivation and mental well-being due to the prolonged timing of the crisis and the uncertainty that comes with it. The Covid-19 crisis has also been such a unique situation in that it has restricted all travel world-wide for such a long time, which obviously has hit the hotel industry to an extreme degree in all aspects of leading a hotel.

Although the sample size for the research was so small, the extensive and insightful replies from all of the participants supported the theory written in the thesis and gave much useful information.



## 6.1 Conclusion

The aim of the thesis was to research the impact of leadership on crisis management in hotels, especially how the Covid-19 crisis has affected hotels and the leadership behaviours of those leading hotel businesses through it. Additionally, the research focused not only on what the role and impact of leadership is, but what leaders can concretely do to prepare for and manage a crisis in a hotel setting.

The theory of the thesis first introduced leadership theories and styles for a broader perspective on the topic, as well as a theoretical framework of Maslow's hierarchy, which can be applied by those in leadership positions in a work-life setting to ensure effective staff functions and to explain what leaders need to fundamentally consider in leading of staff, especially during a crisis, for them to be functioning and motivated. In the second part of the theory, crisis management and its stages and processes were introduced and applied to the hotel setting, along with an introduction into different kinds of crises affecting the hotel industry, with some examples of how the Covid-19 crisis has impacted the industry in Finland and world-wide.

The qualitative research was done based on four interviews of professionals in leadership positions in the industry, to gain an insight and understanding into the topic and the analysis of the interviews showed many similarities with the theory presented earlier.

It was shown the impact of Covid-19 on hotels has been extreme in that it came suddenly and as restrictions were put into place, hotels no longer had customers. Hotels were forced to close for a while to gather themselves and come up with new innovative ways to boost their revenue flow. In addition, the interviews revealed the hotels had many similar procedures and processes to manage the Covid-19 crisis in the beginning and now as they've all developed throughout the crisis. As the impact of Covid-19 on hotels was discussed in the interviews, the impact of leadership on crisis management and the impact of a crisis situation on leadership behaviour also became clearer. As supported by the theory presented in the thesis, the interviewees also thought the most important part of leadership during a crisis was to emotionally support and answer to the needs of the employees who in the end are the people who keep the business functioning.

The aim of the thesis, as stated before, was to additionally find out what leaders can do to prepare for a crisis. This was proven to be difficult to answer in the thesis, as a crisis often is a completely unexpected and unimaginable situation, but it was concluded that as a leader one should run through scenarios and situations that might happen and make prep-

arations for them so that in the end, when an entirely unexpected situation occurs, the already prepared protocols and procedures often are of some use in handling the new crisis. It was also presented that many times crises can be avoided through careful planning and proper management of technological systems, adequate safety measures and action plans, such as evacuation protocols. In conclusion, the thesis adequately answered to the research questions and problems stated in the beginning of the thesis and it has been an educational experience for the author of the thesis as well throughout the process.

## **6.2 Own learning**

During the writing of this thesis I have learned much about the meaning and importance of good leadership in general, and I believe the topic of research and knowledge gained from it will be helpful in the future as well regardless of what career I find myself in. The topic of leadership has fascinated me for a long time and the Covid-19 situation has shown just how crucial crisis management is in essentially any business. These two topics combined was an intriguing subject of research for me personally and I believe I have learned much from the process.

I've observed on my own that often around the world leadership is still a very underappreciated skill and in many industries the importance of good leadership is overlooked and managers or others in leadership positions are not trained enough for it, which results in the cliché of being a "bad manager", when in fact they are only an undertrained and unskilled leader. This is why I wanted to learn more about different leadership styles and theories, about different frameworks that can be applied to leadership behaviour and most of all, delve into why good leadership is important.

I feel as though I have achieved all that I wanted to learn from the process, and additionally the process of conducting this research has been educational in what processes crisis management entails and what leaders must consider during it. It has been interesting to learn about the different behaviours and skills that leaders must develop to excel in being leaders during a crisis situation and interviewing professionals in the industry who have been managing the Covid-19 crisis has been very insightful and informative. I learned a great deal about the crisis management structure and some theory of how to concretely organize a crisis management response and what to consider during it, should I ever need to.

I additionally learned much about how leadership actually affects the crisis management process of a business (or hotel), in for instance the communications and decision-making of the leader.

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## Appendices

### Appendix 1. Translated interview questions

#### Own leadership:

1. What education/training do you have in leadership, or have you learned through experience? How much do you know about different leadership styles?
2. How has the Covid-19 crisis situation affected your own leadership behaviour
3. Did you have any role model organizations that you looked at for your own leadership behaviour?

#### Crisis management:

4. What role does leadership have in crisis management?
5. How extensively has the current crisis affected your hotel's operations/way of doing things?
6. How did the hotel you work at react at the beginning of the crisis, and how has your reaction readiness developed during it?
7. How has the communication within your hotel changed during the crisis?

#### Procedures:

8. What new procedures have you implemented that you think will stay after the pandemic and that you believe will be helpful in the future as well?
9. What kinds of procedures did you have in place already that helped with adapting to the situation? Had you prepared for anything similar to this before?

#### Leading of staff:

10. How has the Covid-19 crisis affected the motivation and work behaviour of your employees?
11. Has your hotel, in your opinion, invested enough into the well-being and safety of your employees? What kind of help/procedures have you offered?
12. How do you build trust to your employees and how has that trust presented itself during the crisis?
13. Has your relationship to your employees changed during the Covid-19 crisis, for instance in what they need from you as a leader?

#### Forecasting:

14. How do you plan to ensure that in the future your hotel is better equipped to react and deal with other unexpected situations?