

Crisis management in hospitality industry

[Business](#), [Management](#)



Crisis management is an interesting issue to discuss. Different types of organizations and different fields of human activities are connected with the ability of managers to deal with current hardships and challenges instantly. Different external factors influence the circumstances of companies' operations. Hospitality industry is too much subjective to the financial and economic factors. In case people are unable to pay for their trips, the number of tourists will definitely decrease. With respect to the modern threats such as terroristic attacks and the last echoes from previous financial crisis and the coming financial crisis, the hospitality industry should be always on alert. In accordance with Israeli et al (2010): " these firms with T&T clients are " absolutely" in a crisis management mode", admitted Truman (Duffy) Myers, vice president, public relations, for the firm of Robinson, Yesawich, & Pepperdine in Maitland, FL. " The positive side is that you turn the energy level up and become more creative" (Israeli et al 2010.) This research paper is focused on considerations about different aspects of managers' activities in case of a crisis.

Crisis in Hospitality Industry

There are too many studies in this field, but the exact definition of steps to be taken by managers have rarely been considered. Sonmez et al. (1994) described tourism crisis " as a situation that can threaten the normal operation of a tourism-related business or damage a tourism destination's reputation" (Beirman, 2003). This is an ordinary and normal definition for the further considerations. It is necessary to outline possible measures taken for dealing with crisis. The main goal of this research paper is to show how to deal with drastic consequences of crisis in the hospitality sector (Townsend & <https://assignbuster.com/crisis-management-in-hospitality-industry/>

Lee 2010). Hospitality sector of India has been chosen due to perspective development of this industry in the future. The price for having exotic rest in this country is much lower than the price for bathing somewhere on a luxurious resort. In India, it is expected that travel and tourism would contribute much to the economic development from 7.6% per annum between 2009 and 2018. ACNielsen ORG-MARG (2008) report outlines that the hotel industry in India is rapidly growing and Six Continents, Carlson Hospitality and Marriott are looking forward to expansion in the country. The Luxury category of hotels reaches up to 5-star deluxe, 5- and 4-star hotels and Heritage Hotels (Israeli 2010). Terroristic threats have become very intimidating for further development of tourism industry around the world.

The Importance-Performance Model is further correlated with crisis management in hospitality industry in India. One should refer to the marketing sector: It would be appropriate for the managers to focus on foreign tourists. At the governmental level, it would be appropriate to appeal for the governmental support and tax relief. Nevertheless, in case urgent measures are taken to deal with consequences of crisis, maintenance managers would differentiate between the “cosmetic” building maintenance and the maintenance of less visible engineering systems. Sometimes payment for maintenance can be postponed. Therefore, different aspects of the company’s activities should be taken into account. It is necessary to focus on relevant practices of a certain restaurant or hotel under some risky conditions. The managers combine their practices and worked in the name of cost cutting and efficient practices in the process of crisis management (Skolnik 1991).

Griggs (2001) underlined that managers should be more focused on effective measures taking. Effectiveness is usually defined as “ doing the right thing”, and efficiency is explained as “ doing things right”. In dealing with crisis, the managers should be both effective and efficient. Very often, price policies of hospitality industry in India relied on the governmental policies and support. The managers suggested that cost cutting was an effective measure. External pressures are often dealt with at the governmental level by managers. Actually, Indian managers are not much involved in a great foreign cash flow; that is why their expenses and taxes can be correlated with the governmental policies.

The Indian tourism has been on the way of its development until the terror attacks in Mumbai (November 26 2008): “ Charter tours were canceled in South India, although it is more than 2000 km away from Mumbai, resulting in the loss of millions of dollars for tourism, hotel and related industries. Round-the-clock media coverage of the attacks added to the negative publicity worldwide” (Nielson 2008). It means that media coverage plays an important role in case of crisis, because it can either intensify the given state of events or facilitate the situation. It is evident that for the Indian hotels the situation with crisis was rather challenging. Thus, the external crisis in the area of financing can be regulated at the governmental level, but the problem can be intensified in case media coverage of the given situation does not coincide with the situation in the industry. It takes much time for media to redirect interest of the audience and shift the accents from a critical situation to its normalization. The Indian hospitality sector can learn much from the lessons of British hospitality industry. In their critical case: “

While the overall marketing approach isolated the rural tourism crisis from other aspects of destination Britain, the travel industry and the government sector in particular saw it as a major priority to assist in the recovery of the rural and regional tourism sector” (Rowley& Benson, 2004). A good example is evident: the government combined its efforts with the private sector, and crisis management was introduced with respect to these two correlated tactics.

Another useful lesson can be learnt from other hotels, where the staff combined their efforts to deal with the hardships, which occurred as a result of lack of electricity. All staff members were involved into washing small items and no staff remained idle. This case occurred in one of Melbourne hotels, and it illustrates a perfect power of unification: “ In other hotels, all available staff, regardless of which department they worked in, were involved in hand washing small items, such as pillowcases, face washers, guest laundry and serviettes. It was a constant job to keep up to date with linen and laundry supplies and no staff remained idle” (Mallinson 1999). Therefore, a process of mutual interaction is triggered, and in case critical situation occurs at an internal level, then mutual efforts are the best way out for the managers to deal with the situation.

Conclusion

Under many unpredictable conditions, the modern organizations in the hospitality industry are looking for the ways of dealing with potential crisis in the field of their operation. It is possible to illustrate potential crisis situations, when after September 11, 2001 a serious impact on travel was

identified. Actually, both micro and macro level actions should be taken to evaluate a real state of events in a certain period of time. The managers play the important role in dealing with crisis. On a diverse and challenging background, it is very difficult to deal with crisis in this field. There is a need for different strategies and realization of those strategies through different practices in the industry of hospitality. A special attention should be paid to the developing countries and the sector of hospitality in their territories.