The role of local network embeddedness in creating resilience in tourism

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Abstract

Facing the Covid-19 pandemic and related Government measures, hotel managers of quite different types of hotels share the very same mechanisms in their response. A nine month four wave panel study used a sensemaking approach applying grounded theory. The narratives resulting from the 47 interviews revealed that *(1)* managers show *isomorphism* in sharing the same topics, themes and underlying dimensions on their path to find an adequate answer to survive; *(2)* the way they implement their response in more detailed policies however shows significant differences. This more *idiosyncratic* behaviour by top decision makers can be explained by different background characteristics – size, multi-site, market segment, location, ownership and in particular leadership style given specific local network embeddedness. Anchoring control is the key; creating adaptability in employment, operations, marketing and supplier relations provides the means to secure financial and mental health. Successful implementation creates relief; inability to negate events leads to anxiety. Flexibility and rapid decision making are considered essential to meet daily changing challenges; decentralised decision authority proves an advantage. Smaller hotels prove to be more flexible, especially when they are well connected with local networks; hotel chains may offer financial security at the one hand, but may lead to complete closure in favour of other chain members on the other hand.

Keywords: Hospitality, resilience, social capital, local networks

1. INTRODUCTION

1.1 Context: impact of the pandemic

By October 2020 an estimated 42% of EU residents suffered a loss of income because of the pandemic (EP Survey, 2020 p. 18-23). For Hungary, 30% of respondents suffered job losses and 48% an income loss. The Hungarian hospitality industry, accounting for 7% of its GDP and 10% of its employment (OECD, 2020) suffered a loss in revenue where we see a significant spatial differentiation: 70% loss in revenue for Budapest hotels and only 20% to 40% for countryside hotels (Horwath, 2020). Some regional hotels along the Lake Balaton even claim to have had the "best summer ever" since they received Hungarian tourists that normally would leave the country but now were spending their money at the lake side.

The loss of income and work had its impact on the mind set and mental health of people. In spring 2021, Hungarian respondents showed feelings like 'uncertainty' reaching 50% (EP Survey, 2021, p.7). In 2021, EU respondents became more likely to express 'frustration' (34%), 'fear' (22%), 'helplessness' (30%) and even 'anger' (22%). While 37 percent still had 'hope', only 15 percent had 'confidence'.

1.2 Resilience of people, companies and networks

Given the length of the crisis and the profoundness of its impact, the question arises how do people *frame* this situation, their position in it and the options they consider to be open? Successful resilience is said to be determined by *personal* characteristics and coping processes (McCubbin, 2001). One of the key processes is crafting normalcy when people believe that 'things' will return to normality (Buzzanell, 2010). But, what if people slowly lost faith over time that 'normal' would return, at least not within the coming few years?

Resilience at an *organisational* or network level (Smith et al. 2011) is described as the adaptive capability "to prepare for unexpected events, respond to disruptions, and recover from

them by maintaining continuity of operations at the desired level of connectedness and control over structure and function" (Jüttner and Maklan, 2011, p. 247). But, what happens when the feeling of control evaporates because of Government measures and a collapsed market? When the 'adaptive cycle' (Lew et al., 2020, p. 456) or 'adaptive framing' (Pires Ribeiro and Barbosa-Povoa, 2018, p.114-115) almost inevitably seem to end in *collapse?* Also at this level, returning to the original 'normal' is not viewed as an option for the next few years. Transcend or move into a new, more sustainable state seems the more feasible option (Hosseini et al., 2019).

1.3 Differences in cognitive maps, decisions and habitus

We observe hotels adopting different policies as response: some simply close down their business altogether when facing declining demand. Others try to shift to other customer types. Some stop all deliveries and postpone payments to their suppliers, others just reduce the volume. Some dismiss all temporary workers, send administrative staff home to telework, or ask workers to do maintenance jobs or renovations. Others keep their workers since they feel loyal to them or are afraid they will not come back after all will be over. Given the large variety in hotels in terms of location, market segment, ownership, size, life cycle, outsourced management, nationality, multi-site versus single site and degree of local embeddedness we are not surprised to find 'idiosyncrasy' the way more detailed options are filled in. For, what makes people decide for a particular option? People make decisions based on their cognitive map (Eden, 1988) – the structured experiences from the past. Their world view has been conditioned by the training, education and networks they passed through and still are part of (Bakker and Kamann, 2007). It had an impact on their personality and leadership style and the perceived best evaluation of possibilities given the nature of *their* local contacts, *their* organisation and the business and social networks *they* operate in. Hence: their network embeddedness in both social and economic space (Uzzi, 1997; Gnyawali and Madhavan, 2001). A network where they exchange information, align and learn strategies, but also the degree top management agrees or is in conflict vis-à-vis options found feasible (Medina et al., 2019). All, given similar *external* conditions, measures, regulations and events they all face, expectedly leading to some form of isomorphism (DiMaggio and Powell, 1983).

1.4 Research question

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

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

We will show what *decision makers* find important: the key drivers, topics, themes, underlying dimensions and processes that play a role in *their* decision making; the *headache files* that absorb their energy. How are feelings of *hope* and *relief* increased, offsetting feelings of *anxiety*?

2. THEORETICAL FRAMEWORK

Social Capital theory (Nahapiet and Ghoshal, 1998; Lin et al., 2001; Cooke, 2007) and Institutional Isomorphism (DiMaggio and Powell, 1983) form our basic theoretical framework. Isomorphism fits with classical industrial organization and organization ecology. There, "scholars have typically assumed a deterministic role of the environment and argued that managers are constrained by exogenous industrial and environmental constraints leaving them with little real strategic choice" (Mellahi and Wilkinson, 2004, p. 29). On the other hand, the observed idiosyncratic behaviour fits with organization studies and organizational psychology streams with a more voluntaristic perspective, arguing that managers are the principal decision makers of the firm and, consequently, their actions and perceptions are the fundamental cause of organizational failure (Hambrick and Mason, 1984). However, while managers may be the principal decision makers, they did not grow up in isolation; they are the result of social conditioning by the networks they passed through (Bakker and Kamann, 2007). This is confirmed by Visentin's et al. (2021, p 3) study: "Hotel managers' sensemaking (during Covid-19) is positively affected by the structural, the cognitive, and the relational dimensions of their social capital".

Managers and investors in the hospitality industry receive training and gain experience over the years, accumulating routines, building up a cognitive map of structured knowledge, next to the culture specific traits of the society they grow up in. This resembles the conditioning or socialisation process described by cultural anthropologists (Bourdieu, 1972): individuals are conditioned into accumulated human embodied routines, values and ways to act – the *modus operandus* - by their *habitus.* This way, practices and decisions of individual decision makers can be influenced, determined or simply transferred through educationand training, or through professional norms (Boodie et al., 2016). Hence, the habitus is the external mould that shapes thinking and behaviour; it determines the focus used when filtering perceived observations; it is the accumulated conditioning of past experiences of people, determining his or her cognitive map (Eden, 1988; Bakker and Kamann, 2007). When facing an 'Ecological change', it also determines and steers the sensemaking process in a crisis (Weick, 1979; 1988; Weick et al., 2005) for all three stages: *(1) enactment* (validation, endorsement); *(2) selection* (an interpretative selection process where the dominant company world view counts; *(3) retention* (where the selected interpretation of what happened and what should be done are integrated and part of the organisational playbook and gospel).

Of course, people first of all have to *recognize* the various relevant aspects (Mintzberg et. al., 1976, p. 253). Relevant in the eye of the beholder and subject to a possible confirmation bias so they only see what they believe (Weick, 1995). In their *diagnosis* phase, decisions follow which type of information should be collected. Although experience helps during this process altogether, sensemaking in a crisis is about connecting cues and frames to create an account of what is going on. This can be characterized by ambiguity, confusion, anxiety, uncertainty and feelings of disorientation (Maitlis and Sonenshein, 2010, p. 551/552).

The resulting shared organisational world view has an impact on the individual's world view: how to do things, cause/effect chains and which concepts, theories or protocols to apply in familiar situations but also in new, hitherto unknown situations. "They frame the way we think and then provide us with a rationale for legitimizing our thoughts and actions." (Sergiovanni, 2005, p.40).

3. METHODOLOGY

3.1 Making sense of sensemaking during a crisis

An increasing number of contributions about the pandemic has become available (Bajrami et al., 2021; Lew et al., 2020; Lombardi et al., 2021; Visentin et al., 2021). Still, most of the literature on *sensemaking* in a crisis situation deals *ex post* with a crisis – for instance an industrial disaster (Weick, 1988; O'Connell and Mills, 2003; Gephart, 2007; Boudes and Laroche, 2009; Maitlis and

Sonenshein, 2010; Brown et al., 2015; Höllerer et al., 2018;). Our interviews were *during* nine months of the crisis. At the time of the interviews, the interviewees still did not have any idea about the length of the crisis, their future, what would happen with demand, regulations and events and the impact on their survival as a company, as employee, manager or owner. The continuing volatility and unpredictability of the crisis made it a challenge to keep finding, formulating, reformulating or continuing strategies to survive in spite of all these uncertainties. Next to economic survival, keeping a sound mental health became increasingly important.

3.2 Methods used in investigating sensemaking

We consider sensemaking as a *narrative* process where interpretation and meaning create intersubjective accounts*.* Narratives make the 'unexpected' 'expectable', allow comprehension of causal relationships so they can be predicted, understood, and potentially controlled (Gephart, 2007, p.134). They assist organizational participants in mapping reality (Brown, 2000, p. 47). We will use narrative analysis, defined as a first-person account of events or experiences (Riessman, 1993). Through storytelling, the resulting narrative is an important means that people use to tell their story and share their experiences, worries and hope. They will emphasize certain features and de-emphasize other features. It shows how individuals and organisations select, interpret and digest events (Gephart, 2007, p. 132/133). By asking a general question "tell me what you experienced and how certain things were and are decided", a 'story' is induced that would match the criteria of a 'narrative'. This replaces a list with questions originating from the researchers frame of reference.

3.3 Perspective: emic versus etic

In a complex, volatile and confusing situation, it seems appropriate to take the perspective of the respondent as a basis for understanding *why* they think something is relevant and *why* a particular action results from that perception or view or believe. This, in contrast to the perspective of the researcher. In anthropology this difference is referred to as *emic* – from the perspective of the value system and world view of the interviewee – in contrast to *etic*, being from the perspective of the researcher, using the standard accepted objective set of concepts (Harris, 1979). "Emic operations have as their hallmark the elevation of the native informant to the status of ultimate judge of the adequacy of the observer's description and analysis" (Harris, 1979, p. 32). The test of adequacy of such an emic analysis is if it is able to generate statements the interviewee accepts as real, making sense, fitting its world view hence being meaningful, or appropriate. This implies that proper validation of findings with the interviewee is required.

Interviews using an *etic* approach elevate "observers to the status of ultimate judge of the adequacy of the observer's description and analysis" (Harris, 1979, p. 32). Here, conflicts may arise when validating the interpretation of the observer with the interviewee. For this reason, the two approaches in the analysis of interview results were separated, to prevent contamination of the emic trajectory. The storytelling part creating a narrative for analysis followed the emic approach each case treating separately. The etic approach used a semi-structured interview, where all data was merged into a single file. Switching back and forth between emic and etic perspectives as recommended by Bernard (2002, p.430) increases validity and insight.

3.4 Grounded theory and coding

Grounded Theory (Glaser and Strauss, 1967; Glaser, 1978; Strauss and Corbin, 1990) was applied, meaning *a stepwise process of inductive research*. Useful in the case of analysing the results of storytelling narratives. The 11 individual cases were treated separately for the narratives of the successive emic interviews. Results of each case were compared, not mixed. In operational terms: each case was *coded* individually and the code lists were neither mixed, nor merged. This differed

from the *etic* interviews, where cases also where coded individually, but using a single Atlas.ti file, with a single code list. Each case was incrementally added with its specific codes or could use codes originating from previously added cases.

A code usually is "a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute" (Saldana, 2016, p.3). It is a researcher-generated construct that symbolizes or "translates" data (Vogt, et.al., 2014, p. 13). A code can *summarize*, *distil*, or *condense* data, not simply *reduce* them. Important is to remember that coding is primarily an "interpretive act." (Saldana, 2016, p.6). As to the types of coding: both *open* coding (originating from the mind of the coder) and *in vivo* coding (Manning, 2017; originating from the text as quote, placing emphasis on the actual spoken words of the participants) were used in the initial stage. Coding followed the usual stages of *initial* and *focused* coding (Charmaz, 2006), followed by tri-angulation of all coding results (Jonsen and Jehn, 2009).

3.5 Inter-coder reliability and inter-coder agreement

Literature points at the importance of *intercoder reliability*, intercoder *agreement* and *homogeneity* in the interpretations of texts. Intercoder *reliability* requires "that two or more equally capable coders operating in isolation from each other select the same code for the same unit of text" (Krippendorff, 2004, p.217; Popping, 2010, p.1069). Intercoder *agreement* requires that two or more coders are able to reconcile through discussion whatever coding differences occur for the same text. This may happen when coders have different backgrounds and experience (Campbell et al, 2013, p. 297) as was the case. In fact, through interpretation and discussion, a shared interpretation and understanding of the phenomenon being studied is stimulated (Weston et al., 2001, p. 382). In looking for measurement, Tinsley and Weiss (2000, p. 98) wrote that *reliability* could be based on correlational indices that assess the degree to which ratings and interpretations differ (cf. Lombard et al., 2002).

High similarity in coding might be desirable and feasible in cases of a more mechanistic coding using pre-constructed and explicit pre-defined well described coding schemes. However, in a typical emic set-up, coders have to try to understand the logic of the interviewee's frame of reference from the text obtained from the interviewee. When coders from different backgrounds are selected to enrich the interpretative power of the research team, high similarity is even more questionable. Sometimes, coders need three codes for a quote in the text to express what they 'see' while other coders may think one code does the job. In a non-standard situation, this may happen quite easy, as Campbell et al. state (2013, p. 297).

Congruency Index

A number of *reliability* measures are available. Most of them, like Krippendorff's α (2014) could not be used since certain pre-conditions were not met: *(1)* all codes should have equal probability of being used, which did not hold in this situation; a large part of codes being either coder invented as 'open coding', or text quote unique as 'in vivo' coding; *(2)* all coders are assumed to have the same qualifications (cf. Campbell et all, 2013, p. 309), which again did not hold here.

Because of this, a *Congruency Index (CI)* was designed, just counting the scores of each coder for a category or topic for a particular case and comparing this to what the other two coders did. This Congruency Index reflects the degree coders show *congruent behaviour* in their interpretation of the text in terms of coding and assigning codes to categories. For the initial emic set, the CI was on average 0.58; in a focus session, codes were regrouped, resulting in less topics – 15 instead of 25 - and an increased average CI of 0.72, which satisfies the usual criteria in literature (Lombard et al., 2002, p. 594).

3.6 Cases: Type of hotels

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

The sample used consisted of members of the Hungarian Hotel and Restaurant Association, fulfilling one or more of 17 specific characteristics: *(1)* International hotel chain member; *(2)* Hungarian hotel chain member; *(3)* Hotel in the capital Budapest; *(4)* Spa hotel; *(5)* Medical hotel; *(6)* City/business hotel; *(7)* Resort hotel; *(8)* Hotel in the Balaton Region; *(9)* 5-star hotel; *(10)* 4-star hotel; *(11)* 3-star hotel; *(12)* Seasonal hotel; *(13)* All-year open hotel; *(14)* Hotel targeting older clients *(15)*; Hotel targeting younger clients; *(16)* Hotel targeting families; *(17)* Adult-focused hotel.

It was possible to identify the sample of 11 hotels representing all criteria (Table 1). To control for the external environment because of the country specific Government measures, only branches of chains that operated in Hungary were selected; hotels of the same chains abroad were excluded. The interviewees were either Procurement-, General- or Operations Manager.

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

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

3.7 Research flow and information processing

Four waves of interviews with 11 senior hotel managers resulted in a data set of 47 transcripts as basis for analysis. The first interviews in the first wave – taking place between 22 May and 27 July 2020 - were split-up into two separate parts: a story telling one taking the emic perspective and a separate semi-structured one with the etic perspective.

The second wave of interviews took place between 1st and 15th September 2020; interviews where all emic in their processing. They started with a single story telling inducing question; the remaining part was a semi-structured interviews with some individualised case specific questions at the end.

The third wave of interviews was between 15th and 27th October 2020. Interviews were treated as emic and were semi-structured. Some questions where case specific and focused on testing and corroborating the results so far. One specific question used the Analytical Hierarchy Process to ask about which aspects had caused most nightmares or headaches over the past six months.

The final fourth wave took place in February 2021 and focused on the mental health of the managers and the role of network embeddedness in survival. Unfortunately, only three interviewees were available, given a major closure of the hotel business in that period, either because it was ordered by the Government, or by choice for more seasonal hotels. These interviews were taken as unstructured interviews based on creating a narrative about the actual situation at that time.

All interviews were in Hungarian and transcribed using Alrite software resulting in 47 text files to analyse using Atlas.ti. The 47 text files were translated into English using Google Translate (De Vries et al., 2018). Two Hungarian coders and one English language coder interpreted the text files.

4. RESULTS

4.1 Words, codes and topics

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

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

4.2 Headache files

What is the 'headache file' that absorbs most energy? Analytical Hierarchy Process was used at the end of October 2020 to rank seven topics "*where interviewees put most of their energy, attention, despair, thoughts and prayers".* Table 2 reflects the result with significant differences between the hotel managers in their ranking. The differences could not be explained by size, gender, being part of a chain, location or function of the interviewee or the characteristics of the hotel.

		11 cases using the Analytical Hierarchy Process										
Overall ranking:	*Mean*	AA	BB	CC	DD	EE	FF	GG	HH	JJ	KK	LL
Operations	77	**100**	70	**100**	26	**85**	70	85	70	85	70	85
Employment	69	70	**100**	56	70	41	41	41	**100**	**100**	**85**	56
Marketing/Sales	66	41	85	70	85	70	85	**100**	85	56	26	26
Finance	65	26	56	85	**100**	70	56	70	26	70	**85**	70
Suppliers	42	70	41	26	41	41	**11**	41	**11**	41	41	**100**
Relation with owner	38	70	**11**	41	56	56	**100**	**11**	41	**11**	**11**	**11**
Availability products	31	**11**	26	**11**	**11**	**26**	26	39	56	26	70	41
Yellow = biggest headache for that case; Green = least headache for that case; Orange: part of a chain												

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

4.3 From topics to themes

4.3.1 Searching for tacit processes

A theme is the latent pattern or underlying meaning that answers the question "what does it all mean?", describing "more subtle and tacit processes" (Rossman and Rallis, 2003, p. 282). The number of themes or concepts should be low to keep the analysis coherent. Lichtman (2014) recommends five to seven, Creswell et al. (2007) five or six major themes, Wolcott (1994, p. 10) advises three as elegant quantity for reporting qualitative work.

Various writers advocate that the process of defining themes should be a collaborative effort (Erickson and Stull, 1998; Schreier, 2012): four relevant themes were selected for the *etic* interviews: *(1)* Solidarity, loyalty and responsibility, *(2)* Tit-for-tat behaviour, *(3)* Availability, *(4)* Shared communication. The first three themes scored together a relevance of 91% on 'products', 90% on 'hygiene services' and 55% on 'suppliers' but only 9% on 'operations'. Communication scored 10% relevance on 'suppliers'. For the *emic* set, three themes were selected, showing a clear overlap with

the etic set: *(1)* Solidarity, loyalty and responsibility, "bonding", or the extreme opposite, total lack of it; *(2)* Ownership and leadership; *(3)* Size and chain membership; negotiation power, or the complete lack of any decision power. Solidarity scored in the emic set an average relevance of 30% on all codes of all 11 cases, ownership scored 22% and size and chain only 3% with four cases scoring nil relevance.

4.3.2. Reflections of the themes

Solidarity, Loyalty and Responsibility

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

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

Tit-for-tat

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

Ownership and leadership

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

Size and Chain

'Size' was combined with being part of a 'Chain'. Four hotels were part of a chain, two had external management. Some clusters of codes indeed referred to *(1)* the role of a *central decision unit* in a chain, and (2) the times that such a central decision unit of a chain was *unable* to provide goods and the hotel had to rely on local suppliers, which apparently worked quite well. The following quotes illustrate the importance: "Our size was advantageous at the moment, as we could relatively quickly work with optimal filling" – "Guests were redirected to another hotel and we tried to group them together"– "We are small enough to be flexible but big enough to go through this."– "the center takes it off our shoulders". Small hotels found it easier to adapt or implement changes faster, especially when they were well embedded in local networks. Hotels belonging to a chain felt more secure as they could re-allocate inventory, guests and employees between hotels. However, some hotels that were part of a chain were simply closed in one location to favour members of the chain in another location.

Availability

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

Over all, *"Availability"* seems to be the keyword, and although it sometimes was troublesome, hotels managed, which is corroborated by the codes we found under the categories Operations and Attitude. As one hotel manager said "In case I really need those products I just drive to the Lidl or Aldi and load them in my car".

4.4 Underlying dimensions

Next step - fed by the accumulated knowledge acquired in the following waves of interviews - was to look for underlying dimensions. Together, four tentative 'forces' or 'underlying dimensions' were proposed and checked on relevance with the codes: '*No control versus control', 'Anxiety versus Relief', 'Adaptability' and 'Shared trust and communication'.*

4.4.1 No control versus control

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

4.4.2 Anxiety versus relief

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

4.4.3 Adaptability

Relevant for 21% of all codes; referring to adaptability in employment, sales, marketing, organisational structure, the way people behave, operations, the way the kitchen works: a large variety of things that were adapted, turned out to be flexible. They were adjusted to meet the requirements of a changed situation. People did things they never thought they would ever do. Some suppliers were found to be rather creative in preventing bankruptcy. This dimension reflects the term flexibility used by Erol et al. (2010) and covers the 'adaptive capacity' Hosseini et al. (2019, p. 295) refer to. It incorporates their concept of substitution (ibid., p. 296). Hotels with a high degree of local embeddedness were found to be more successful in offsetting the impact of the pandemic than hotels with a low or even zero local embeddedness and high external control.

4.4.4 Shared trust and communication

Relevant to 13% of all codes, the fourth underlying dimension is 'shared trust and communication' (cf. Scholten and Schilder, 2015), which comes out in quotes like "increased support by owner",

"mutual consultations", "mutual trust with suppliers", "we helped suppliers; they helped us". Five cases were found with quotes of the opposite: a total lack of shared views, communications or trust.

5 DISCUSSION

In spite of the heterogeneity in characteristics, hotels respond in a very uniform way, when taking into account *(1)* the topics raised for discussion; *(2)* the themes applied; *(3)* processes implemented and *(4)* the underlying dimensions playing a role. Given the fact that they were facing the same external Government measures and the dramatic drop in tourism demand and business travel, this similar behaviour could be labelled *coercive isophormism* (DiMaggio and Powell, 1983, p. 150).

In spite of these similarities, we also observe ample differences in the details and we do not find a possible clear single *observable* determinant for this. We do observe that three of the four chain members and the two hotels under external management score high in mentioning 'control', which may be understandable, since they have to carry out orders coming from elsewhere. But why they *differ* in actual employment policies, marketing and supplier relations is not clear. We can only assume it is the leadership style of the owner that demands, stimulates or approves certain policies to be implemented. Differences in cognitive maps and personal characteristics that make one owner decide to be "ruthless", another to "crack the saving pig" and yet another to state that you cannot fire people that "helped to build up the company in the past years". Here, the conditioning *habitus* and the embodied modus operandi, values, recipes and attitude is the likely source for making the difference between the actual measures taken.

Another owner related determinant could be the internal and external *network relations*. One interviewee mentioned strong local ties to have common action points. Another interviewee mentioned strong connections with local sport clubs that booked rooms during training seasons, yet another one mentioned a link to festival organisations while internal network links proved to be of importance in the type of measures taken in case of chain members. Hence, the details of actual policies to implement flexibility differed between types of *local network embeddedness.* This is confirmed by Visentin's (et. al., 2021, p. 7) observation "…hoteliers have nevertheless relied on their network of relationships to sense the crisis and find their own ways to adapt".

We observe that innovative solutions are created in close cooperation with the local network. Hence, depending on the degree of involvement and the nature of the local network embeddedness given the degree of freedom to decide. Part of these mutual sensemaking results can be seen as *mimetic* isomorphism, fitting the statement by DiMaggio and Powell (1983, p. 151) that "Uncertainty is also a powerful force that encourages imitation". It can also be viewed as "the professional thing to do": as *normative* isomorphism (DiMaggio and Powell, 1983, p. 150). Decision makers have to balance between the various ideas and solutions delivered through isomorphism and what their experience and mental map tells them to do. As Lombardi et al. (2021, p. 1) observe: "resilient leadership and improvisation are deeply interconnected" which is more difficult when managers have to follow centralised and foreign decision making.

Hence, absentee ownership can be viewed as a handicap in finding adequate solutions fitting local circumstances, since there is no strong local network embeddedness in this case. We observe in a particular case that employees feel alienated from the town and what happens there. This reduces the efficacy in dealing with employment and marketing solutions, coinciding with a perceived lack of demonstrated solidarity from the owner, mentioned as draw back by the interviewees. The anxiety we observe in that hotel related to the existing job insecurity is similar to what Bajrami et al. (2021, p, 5) find.

In sharp contrast, a smaller, independent hotel, with a stimulating, committed owner and very well embedded in the local networks nicely follows the stages described by Pires Ribero and Barbosa-Povoa (2018) in showing innovative behaviour in market orientation, transcending the pre-crises configuration of activities and showing great optimism to survive and do well. Showing the ability to create a new Business Model, being a "unique configuration of its value proposition (…) value creation (…) and value capture…" (Breier et al., 2021, p.1)

The lack of local network embeddedness of any hotel also means that the 'external architecture and networks', as described by John Kay (1995, p.80) is biased towards non-local networks. This may offer security in financial terms, but fails to solve local issues in the perception of the local employees. We also observe that local network embeddedness may have a positive *and* negative impact; "overreliance on traditional trustworthy relationships might even diminish the ability to sense the crisis objectively" (Visentin et al, 2021, p. 7). Hence, the particular entrepreneurial spirit – or lack of it – in a business network may stimulate *or* hamper innovative changes (Kamann, 1994).

The role of local network embeddedness fits in with the work of the Groupe de Recherche Européenne sur les Milieux Innovateurs (Camagni, 1991). They distinguish *production space* (reflecting the production logic, logistics and the division of labour and the availability of human embodied knowledge), *market space* (market segment, competition), *territorial space* (the geographic space visualised by e.g. Google Maps) and *personal space or support space* (*a:* privileged relations related to production factors, *b:* strategic relations with partners, marketing agents or customers; privileged information exchange, cooperation, partnerships, alliances; *c:* strategic relations with territorial actors). Applied to the pandemic situation, one could say that the score or type of participation in each spatial dimension determines the views, visions, policies - the mental map - and possibilities of the decision makers and owners. Absentee ownership can be considered as handicap, since no 'bonding' has occurred in the past that is required for solidarity in carrying out solutions that demand a sacrifice from all participants.

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

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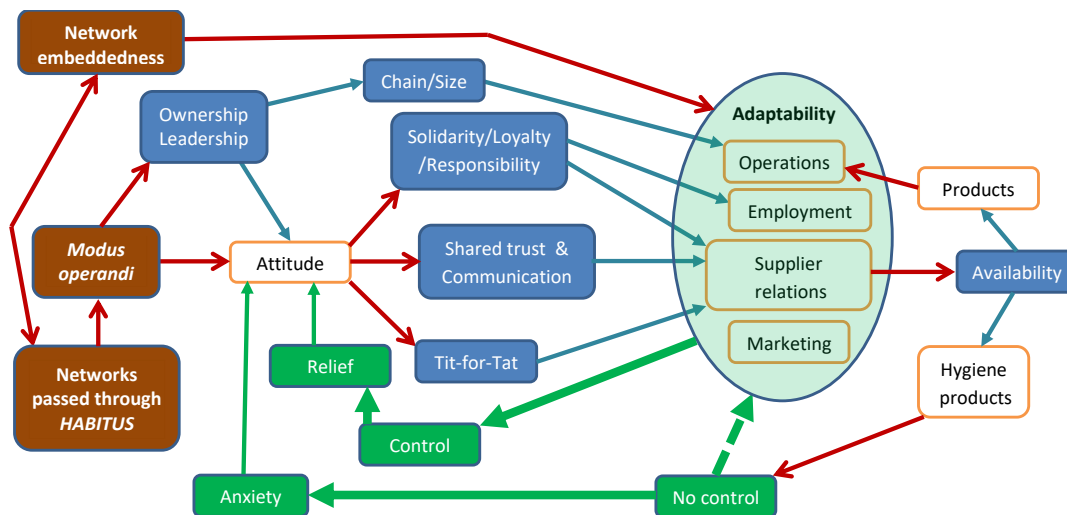

Figure 1: The accumulated knowledge of nine month Grounded Theory

6 LIMITATIONS

The sample of hotels was selected on its diversity rather than uniformity in characteristics. A set of only 11 hotels out of hundreds demands some modesty in making generalisations. Still, the complete

similarity in behaviour – with similar mechanisms of response – supports some generalisation when it comes to these mechanisms.

On the other hand, the determining factors causing individual hotels to differ in the detailed implementation of their response is not revealed by this study, other than as an assumed importance of personality and leadership style of owner and top management, given the degree of local network embeddedness or corporate embeddedness.

7 ETHICAL CONSIDERATIONS

One of the themes that came out as important is 'Solidarity, Loyalty and Responsibility'. Especially related to policies towards employees, this theme was distinguished as important, either in positive or negative sense. The interviews paint a picture that hotels rely on solidarity, but switch to 'tit-for-tat' behaviour when they feel cornered or are driven by a leadership personality with that mentality.

8 PRACTICAL IMPLICATIONS

Small, independent hotels show flexibility and enjoy fast decision making processes. They only close as last resort. Large hotels, member of a chain, may have a stronger financial reserve but also may be closed in favour of another group member hotel elsewhere. These hotels also show slow centralised decision making processes and may have low local embeddedness. Because of that, chain members sometimes were found to have low local commitment. From the interviews expires that from a practical local perspective, chain members are less predictable and with expressed dubious loyalty to local communities, their employees and suppliers.

9 CONCLUSIONS

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

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

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