

# OPERATIONAL CRISIS MANAGEMENT TECHNIQUES IN THE CATERING INDUSTRY IN TIMES OF RECESSION: THE CASE OF THE MUNICIPALITY OF PIRAN

## Operativne tehnike kriznega upravljanja v gostinstvu v času recesije: primer občine Piran

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### Abstract

This study examines crisis management techniques in the catering industry. The survey was conducted in the municipality of Piran, the most developed Slovenian municipality in terms of tourism and an important tourist center in the northern Mediterranean. This paper investigates the response of the catering industry to the economic crisis by analyzing the use of different micro-level crisis practices in the catering industry. The study uses a questionnaire to evaluate the importance and usage of different crisis management techniques in the catering industry. The findings indicate a high level of inconsistency between the importance and usage of crisis management techniques. Government assistance is by far the most important and most used technique in times of crisis. Suggestions for future research and useful information for managers of catering facilities are provided.

**Keywords:** recession, crisis management, catering industry, municipality of Piran

### Izvleček:

V študiji so obravnavane tehnike kriznega menedžmenta v gostinski operativi v času recesije. Raziskava je bila opravljena na območju občine Piran, ki je turistično najrazvitejša občina v Sloveniji. V raziskavi smo proučevali odziv gostinskih obratov na gospodarsko krizo z analiziranjem uporabe različnih operativnih tehnik v gostinstvu. V študiji smo uporabili vprašalnik za ocenjevanje pomena in uporabe različnih operativnih tehnik za krizno vodenje v gostinstvu. Ugotovitve kažejo, da obstaja visoka stopnja neskladnosti, ko govorimo o pomenu in uporabi različnih tehnik kriznega upravljanja. Državna pomoč je daleč najpomembnejša in najbolj uporabljena tehnika kriznega upravljanja. V sklepu so podane koristne informacije za vodje gostinskih obratov ter predlogi za prihodnje raziskave.

**Ključne besede:** recesija, krizno vodenje, gostinstvo, občina Piran

## 1 Introduction

One of the most significant characteristics of modern times is the existence of crises. The economic crisis that began in 2008 has been the most tenacious one since 1929 (Brandl & Traxler, 2011). The crisis began with a liquidity crisis in the banking system resulting from the sale of complexly structured financial products. In the beginning, the crisis did not reach Slovenia; however, during the crisis, the Slovene economy suffered, mostly due to its economic (banking) problems. The altered perception of risk and the increased number of unemployed people led to decreased demand.



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The statistical and financial data show that tourism represents 2.5% of the national GDP and employs 3.3% of the economically active population in the country (SORS, 2010). The current research was performed in the municipality of Piran. The data from Statistical Office of the Republic of Slovenia show that the municipality of Piran is the most developed Slovenian municipality in terms of tourism. The municipality of Piran achieved the highest number in overnight stays (1,415,337 tourists), the highest number of rooms and beds (42,720 and 15,253 respectively), and the second highest number of tourist arrivals (415,469) (SORS, 2013a, 2013b).

In 1994 Slovenia took over a new classification of business entities for the purposes of official and other administrative databases. The Standard Classification of Activities covers 21 areas, and food and beverage facilities can be found under "Food and beverage service activities"<sup>1</sup> (SORS, 2010). In Slovenia in 2011, 2,193 F&B companies (establishments) operated, with a total of 8,859 employees. The number of F&B establishments operating in the municipality of Piran in 2011 was 172. Table 1 provides basic financial data for companies in F&B for Slovenia and the municipality of Piran in 2011. Companies in the municipality of Piran have a higher share of assets founded by the owner's equity. Both return ratios are negative, which indicates that companies are suffering losses. As far as ratios of salaries are concerned, companies in the municipality of Piran achieved worse results than the average of companies in Slovenia. The low value of value added per employee indicates that some serious structural changes are needed. The most apparent outcome of the crisis is a decline in consumption and the reduction of tourists and daily visitors (Ajpes, 2012).

**Table 1:** *F&B Service Activities for Slovenia and the Municipality of Piran—Financial data for 2011*

Financial indicators	Value	
	Slovenia	Municipality of Piran
Ratio of capital to capital and liabilities, in %	21.3	32.8
Current Ratio	0.77	0.75
Net return on assets (ROA)	-0.010	-0.009
Net return on capital (ROE)	-0.045	-0.027
Revenues per employee in EUR	61,087	56,605
Value added per employee in EUR	19,721	18,483
Average gross monthly salary per employee in EUR <sup>2</sup>	958	939

Source: (Ajpes, 2012)

The current study expands the existing body of literature by examining the catering industry. Current litera-

<sup>1</sup> Food&Beverage (F&B)

<sup>2</sup> Official figures do not include tips and other benefits.

ture on crisis management (presented in the next section) primarily focuses on general and strategic guidelines for coping with different crisis situations, while almost no studies measure and evaluate the micro-level operational practices of the catering businesses. Thus, the goal of this article is to analyze the perceived importance and the level of usage of different crisis management practices in the catering industry in Piran in times of recession.

Based on the literature review, we formulated our research question: How do managers of food and beverage facilities in the municipality of Piran evaluate the importance and usage of crisis management practices for the catering industry?

This paper offers a methodology for studying and implementing micro-level practices of crisis management in the catering industry in Slovenia. In the conclusion, suggestions for future research and useful information for managers of catering facilities are provided.

## 2 Literature Review

The current literature on crisis management in tourism focuses primarily on general prescriptive models (techniques) that provide general guidelines for coping with different crisis situations such as terrorism, health-epidemic crises (Baxter & Bowen, 2004; Handerson, 2003), and natural disasters (Pforr & Hosie, 2010). The majority of research efforts were primarily directed to violence activities relevant to the tourism industry and recommendations for preparations for times of terror. Pizam and Mansfeld (1996), Leslie (1996), and Mansfeld (1999) analyzed different occurrences of terrorism in the tourism context whereas Stafford, Yu, and Armoo (2002) and Blake and Sinclair (2003) detailed the reaction of the USA hospitality industry to the terroristic events of September 11, 2001. In addition, Damion (2012) analyzed the recovery of Balinese and Egyptian tourism after terrorist attacks. Ritchie (2003) stressed the importance of a holistic approach to crisis management in tourism, as tourism crisis management can be vastly improved through the application of crisis and disaster theories and concepts from other disciplines.

Alternative models generally focus on business crises, although the scientific literature barely mentioned the economic crisis effects on tourism prior to the financial crisis of 2008. The majority of studies (published before 2008) present crisis management from a historical, descriptive, or comparative perspective. Lerbinger (1997) categorized crisis according to external and internal factors that generated different business crisis types. Mansfeld's (1999) historical review suggests that one method for coping with crisis is by using extensive marketing. Other studies have sought to improve theoretical models (i.e., the ability) to forecast sudden major changes in economic systems and business cycles that could potentially lead to crisis situations (Chian, Borotto, Rempel, & Rogers, 2005; Puu, 1991). Ang (2001) compared the impact of major crisis areas on different national economies (the 1973 US oil crisis, the

1990 Yugoslavian stagflation, the mid-1980s Filipino stagflation, the 1989 economic democracy in Eastern Europe). The results indicated that crisis planning received little attention, and a major concern for crises was generated only after experiencing crisis events. This finding was also supported by Spillan and Hough (2003) in their research about crisis planning, which found that even those businesses that had previously experienced crises did not have crisis management teams.

Finally, some studies provide an outline for crisis management in the hospitality industry. Barton (1994) presented general guidelines for managerial preparations required in times of crisis. Ulmer and Sellnow (2000) provided a case study based on historical and ethnical analysis in presenting the crisis on a restaurant chain. Studies dealing with economic effects on tourism (mostly on tourism demand, not on offer) were published only after 2008 (Blazevic, 2010; Mihailovic & Marjanovic, 2010; Prstojevic & Dimitric, 2010; Richa & Venkatesh, 2009; Susilovic & Sertic, 2010), although some authors have investigated the response of different hospitality facilities to the crisis. Kimes (2009) investigated the hotel revenue management practices in an economic downturn. The study revealed that the crisis is worldwide and no distinction is made between different hotel types with different brands or qualities, although Barsky (2009) found that crisis affects luxury hotels less than others. This finding was also supported by Barsky and Nash (2008) and Kim and Kim (2005). Meanwhile, Herbert, Hudspeth, Soni, Tarry, and Walton (2009) stated that, for some reasons, the most severely affected businesses tend to be the French fine-dining restaurants, as they carry the stigma of being expensive. These findings are also supported by Hampson and McGoldrick (2011). Their research on shopping patterns during a recession showed that shoppers are much more knowledgeable about and concerned with value than ever before.

Alonso-Almeida and Bremser (2012) investigated strategic responses of the Spanish hospitality sector to the financial crisis. The study showed that hotels focusing on high quality, brand image, strong marketing performance, and loyal customers are best equipped to handle the crisis. In times of crisis it appears that branded hotels can retain their clientele by offering added value for customers. This finding suggests that a positive relationship exist between customer loyalty and retention and the hotel's financial performance (Williams & Neumann, 2011). Gruca and Rego (2005) indicated that customer satisfaction and loyalty reduce the variability of future cash flows, and hotels with a higher level of customer satisfaction enjoy lower price sensitivity. Along with brand image and quality, the findings demonstrated that the best way of coping with crisis is by maintaining a large and loyal customer base, which affects performance positively during and after the crisis (Alonso-Almeida & Bremser, 2012).

Cost reduction is also a commonly used strategy in times of recession. Retrenchment through cost-cutting enables

firms to rebound from recession (Pearce & Michael, 1997), but extra caution is required when implementing such measures as they could permanently damage the company's competitive advantage and market share growth. The data also showed that the worst performers in times of crisis only take measures to increase flexibility. Such measures change the service offered and deteriorate the competitive position. As a result, companies are forced to reduce prices to attract customers. Managers must be extra cautious regarding the extent to which they implement this strategy (Alonso-Almeida & Bremser, 2012; Okumus & Karamustafa, 2005). Alonso-Almeida and Bremser (2012) found that hotel management cuts salaries, budgets, and services immediately to cope with a crisis. A cost-reduction strategy is essential, but it must be implemented carefully and should always take into account other vital elements, especially the brand image and the quality of services offered. The best model of coping with crisis (the case of Spain) shows that some hotels did not suffer a decrease in sales after carefully reducing costs. The worst performers were not able to cut operational costs, but were forced to decrease their prices (Alonso-Almeida & Bremser, 2012).

Recession also creates opportunities, and managers should make efforts to create a strong brand through marketing, new distribution channels, alternative suppliers, etc. Managers should not take measures that visibly affect either brand image or quality (Alonso-Almeida & Bremser, 2012; Okumus & Karamustafa, 2005). Cost reduction (Alonso-Almeida & Bremser, 2012) is generally the most used crisis practice to cope with crisis in Spain and is followed by efficiency improvement, competitiveness improvement, and income reduction. Income reduction through price reductions and the reduction of occupancy rates is the last measure managers take to cope with crisis. A study on the impacts of recession on tourism and hotel companies in Croatia (Smolčić Jurđana & Maškarin, 2010) revealed similar measures implemented by hoteliers in order to minimize the impacts of recession. Such measures include pricing policy (in terms of intensive yield management, lower prices were offered only for special purposes), product policy (instead of offering new products, hoteliers thoroughly focused on existing ones), promotion (marketing budgets were increased between 30% and 60%), and costs (employee, material, and energy costs). The analysis pointed out that none of the measures had influenced the quality level and that hidden reserves for increasing business efficiency were found.

In theory, crisis management can be divided into anticipatory, crisis identification, and reactive crisis management (Laitinen, 2000). Previous studies considered proactive marketing strategies as the most successful ones in times of crisis (increased spending on marketing and sales), as results have shown that during recession consumers adapt their shopping patterns. Companies must react to this change with increased visibility on the market (Laitinen, 2000; Okumus & Karamustafa, 2005). Azabagaoglu and

Oraman (2011) stated that, although in general shopping patterns change during recession, consumers prefer known quality brands and tend to be loyal to them. Turning to new markets or segments during recession also helps increase sales. Kimes (2009) and Lee, Beamish, Lee, and Park (2009) noted that, during the peak of a recession, even a cautious expansion (new marketing acquisition) should be pursued.

Nevertheless, to date almost no research has examined specific micro-level practices in the catering industry. No similar studies have been conducted in Slovenia or the EU. The only studies that have addressed the specific micro-level (operational) activities restaurant managers have to take to manage crisis situations and evaluate the importance of these activities (as well as their usage) in the catering industry are those conducted by Israeli and Reichel (2003) and Israeli (2007) on the Israeli hospitality industry and Okumus and Karamustafa (2005) on the Turkish hospitality industry.

Based on the literature review, we formulated the following research question: How do managers of food and beverage facilities in the municipality of Piran evaluate the importance and usage of crisis management practices for the catering industry?

### 3 Methodology

The basis of our study is a questionnaire developed by Israeli and Reichel (2003) as a tool for evaluating crisis-management practices in the Israeli hospitality industry. This method is based on the importance-performance model, which focuses on two related factors: recognition of the importance of measures and the level of performance (usage) for each of these measures (Martilla & Jameson, 1977). The main argument of the importance-performance model is that matching importance and performance is the basis of effective management. The first part of the questionnaire examined the level of importance managers assigned to each of the 19 practices whereas the second part included questions about the level of actual usage for each of the 19 practices using a 5-point Likert-type interval scale. The study used these techniques to develop four major categories of crisis management: marketing, operational processes, government assistance, and human resources. This model can aid in evaluating different crisis management techniques. As the selection of specific techniques in a given industry is crucial (Yoon & Hwang, 1995), the list of techniques with general guidelines can also be assembled for specific problems in different areas of tourism industry. Due to local specifics of the catering industry, some practices listed by Israeli (2007) were adequately adjusted.

In order to measure how managers cope with the global financial crisis, a field survey was conducted. Our research covered the entire population of F&B facilities in the coastal municipality of Piran. Managers were asked to cooperate in the research in order to gain their perspectives of crisis management. The sample included all 191 facilities operating in the municipality of Piran. The survey was

**Table 2:** *Techniques of Crisis Management for the Catering Industry (by category)*

Category	Technique description
Human resources	Reduce the number of employees Shorten working hours Lower personal income Replace high-tenure employees with new employees Increase reliance on outsourced human resources
Marketing	Joint marketing campaigns with business partners Active advertising in the media Increased the number of specific actions (happy hour, etc.) Price drops Promote new products and services Market to new segments Increase the number of fixed price menus
Operational processes	Cost cuts by limiting restaurant services Cost cuts by using cheaper substitutes in the kitchen Postpone maintenance to the facility Postpone scheduled payments
Government assistance	Organize protest against the tax legislation Organize protest against labor legislation Increase the sector's power by joining catering associations, chambers, unions, etc.

Source: Adapted from Israeli and Reichel, 2003

carried out by students of the Faculty of Tourism Studies Portorož–Turistica in September 2012. A surveyor went to each facility, asked to meet the manager, and gave him or her the questionnaire. The manager could complete the questionnaire on the spot or ask the surveyor to return at a later time to pick up the questionnaire. Some managers refused to participate for a variety of reasons. From the original sample of 191, 94 questionnaires were returned. The response rate was 42.21%. Eight of these questionnaires were unusable, so they were not included in our study. Hence, the final analysis is based on 86 valid questionnaires. Students' fieldwork was supervised by lecturers. The SPSS program was used for the analysis of the results.

The questionnaire consisted of two parts. The first part measured managers' perceptions of the importance and use of crisis management techniques on a 5-point Likert-type interval scale ranging from 1 (least important/rarely used) to 5 (most important/extensively used). Due to weak and statistically non-significant correlations (at  $p > 0.05$ ), for the empirical analysis, the non-parametric Wilcoxon Mann Whitney U test was employed. This test is quite commonly used instead of  $t$ -test for independent groups (Ho, 2006). We compared the medians ( $Me$ ) between different paired groups and checked for any statistically significant differences. For the empirical analysis, we formed the null hypothesis ( $H_0$ ) and the alternative hypothesis ( $H_1$ ) for each pair of analyzed variables:  $H_0: Me_1 = Me_2$ ,  $H_1: Me_1 \neq Me_2$ . The second part of the questionnaire collected socio-demographic data about respondents and basic information on F&B facilities. These data were analyzed using a descriptive statistical analysis.



#### 4 Results and Discussion

First we analyzed the socio-demographic data. The demographic data of the respondents are presented in Table 3.

There were more male managers (65.1%) than females (34.9%). The highest proportion of respondents fell into the 35 to 44 years old age group (31.4%), followed by 45 to 54 years old age group (30.2%). As far years of experience are concerned, the highest proportion of respondents fell into the 0 to 10 years group, and 38.4% of respondents had completed secondary education. In addition, 52.3% of respondents owned and managed the facilities. Next we analyzed basic information on F&B facilities.

Table 4 indicates that snack bars (25.6%) and ordinary bars (24.4%) prevailed in our study. More than half of F&B facilities (58.1%) were organized as sole proprietorship. This led us to think that these F&B facilities are smaller business entities.

According to Table 5, in terms of importance of techniques, the highest mean is “increase reliance on outsourced human resources,” followed closely by “postpone maintenance to the facility,” “postpone scheduled payments,” and “organize protest against the tax legislation.” Only in the fifth place we can find a technique from the marketing category “promote new products and services.” If we turn our attention to the usage of crisis management techniques, the highest mean is “increase the number of specific actions,” followed by “reduce the number of permanent employees,” “lower personal income,” and “increase the number of fixed price menus.” Interestingly, the lowest mean for importance of techniques was “lower personal income,” but this same technique is among the top three when it comes to the highest mean in terms of the usage of crisis management techniques.

In the next step, the Spearman correlation was calculated; in almost all cases, the correlations were not statis-

**Table 3:** Profile of Respondents (n=86)

Variables		Frequency (s)	Percentage (%)
Gender	Female	30	34.9
	Male	56	65.1
Age	up to 24	8	9.3
	25–34	20	23.3
	35–44	27	31.4
	45–54	26	30.2
	55–64	5	5.8
Years of experience	0–10	51	59.3
	11–20	21	24.4
	21–30	9	10.5
	31–40	5	5.8
Level of education	Postgraduate education	1	1.2
	Higher education	28	32.6
	Secondary school	33	38.4
	Vocational school	20	23.3
	Primary school	4	4.7
Ownership structure	Owner and manager of a facility	45	52.3
	Manager of a facility	41	47.7

**Table 4:** Basic Information on F&B Facilities (n=86)

Variables		Frequency (s)	Percentage (%)
Type of F&B facility	Restaurant	26	30.2
	Inn	10	11.6
	Pastry shop	3	3.5
	Cafe	3	3.5
	Snack bar	22	25.6
	Bar	21	24.4
	An establishment for preparation and delivery of meals	1	1.2
Type of business entities	Sole proprietorship	50	58.1
	Limited liability company	33	38.4
	Joint-stock company	3	3.5

tically significant (at  $p > 0.05$ ). This led us to conclude that a high level of inconsistency exists when we talk about the crisis management behavior of managers who participated in our research. A statistically significant correlation (at  $p < 0.05$ ) was found for only five techniques: “organize protest against the tax legislation,” “cost cuts by limiting restaurant services,” “joint marketing campaigns with business partners,” “reduce the number of employees,” and “increase the number of specific actions.” The values of the Spearman correlation were 0.292, 0.408, 0.357, 0.415, and 0.397, respectively.

This led us to use the non-parametric Wilcoxon Mann Whitney U Test for two independent samples. We compared the medians ( $Me$ ) between different paired groups and checked for any statistically significant differences. The results are presented in Table 6.

When we talk about the importance of crisis management techniques, we can reject the null hypothesis in favor

of the alternative hypothesis for only one technique: “price drops.” If we look at the usage of crisis management techniques, we can reject the null hypothesis in favor of the alternative hypothesis for only two techniques: “organize protest against tax legislation” and “organize protest against labor legislation.” For the technique “price drops,” the mean at restaurants is 3.42 while the mean at bars is 2.71. For the technique “organize protest against tax legislation,” the mean at restaurants is 1.88 while the mean at bars is 2.95. For the technique “organize protest against labor legislation,” the mean at restaurants is 1.93 while the mean at bars is 2.90. The data indicated the combination of marketing practices with practices of turning to government for support. This combination can be explained by the awareness of many managers that price drops are inevitable, but it is the government’s responsibility to rescue them from the impact of this crisis. Moreover, they believe that with government assistance they will be able to reduce their costs and offer more competitive prices.

**Table 5:** Techniques’ Mean and Standard Deviation of Importance and Usage

Technique description	Importance		Usage	
	Mean	Std.dev.	Mean	Std.dev.
1. Reduce the number of employees	2.85	1.459	2.97	1.491
2. Shorten working hours	2.62	1.365	2.62	1.312
3. Lower personal income	2.40	1.357	3.10	1.096
4. Replace high-tenure employees with new employees	2.93	1.263	3.14	1.219
5. Increase reliance on outsourced human resources	3.57	1.213	2.95	1.405
1. Joint marketing campaigns with business partners	2.91	1.351	2.48	1.477
2. Active advertising in the media	2.47	1.326	2.66	1.428
3. Increased number of specific actions	2.50	1.299	3.19	1.288
4. Price drops	3.00	1.198	3.03	1.467
5. Promotion of new products and services	3.48	1.225	2.58	1.306
6. Market to new segments	3.37	1.381	2.70	1.398
7. Increased number of fixed price menus	3.08	1.357	3.08	1.180
1. Cost cuts by limiting restaurant services	3.37	1.381	2.91	1.343
2. Cost cuts by using cheaper substitutes in the kitchen	2.84	1.379	2.91	1.508
3. Postpone maintenance to the facility	3.52	1.244	2.98	1.337
4. Postpone scheduled payments	3.52	1.272	2.57	1.523
1. Organize protest against the tax legislation	3.52	1.326	2.50	1.485
2. Organize protest against labor legislation	2.95	1.405	2.57	1.402
3. Increase the sector’s power by joining catering associations, chambers, unions, etc.	2.70	1.311	2.28	1.469

**Table 6:** Wilcoxon Mann Whitney U Test—Restaurants and bars

	Importance	Usage	
	Price drops	Organize protest against tax legislation	Organize protest against labor legislation
Mann-Whitney U	182.500	158.000	157.000
Wilcoxon W	413.500	509.000	508.000
Z	-1.991	-2.589	-2.609
Asymp. Sig. (2-tailed)	0.046	0.010	0.009

**Table 7: Wilcoxon Mann Whitney U Test—Bars and snack bars**

	Importance
	Increased reliance on outsourced human resources
Mann-Whitney U	152.000
Wilcoxon W	405.000
Z	-2.021
Asymp. Sig. (2-tailed)	0.043

Table 7 shows that, when we talk about the importance of crisis management techniques, we can reject the null hypothesis in favor of the alternative hypothesis for only one technique: “increased reliance on outsourced human resources.” In terms of the usage of crisis management techniques, we must accept the null hypothesis for all 19 techniques. For this technique, the mean at bars is 3.71 while the mean at snack bars is 3.36. It is quite difficult to explain the inclusion of only this technique in the importance category. Nevertheless, this led us to the logical conclusion that some cost cuts will eventually have to focus on human resources as this category presents the majority of all operational costs in bars.

The results in Table 8 show that, in terms of the importance of crisis management techniques, we can reject the null hypothesis in favor of the alternative hypothesis for three techniques: “lower personal income,” “price drops,” and “organize protest against the tax legislation.” For the usage of crisis management techniques, we can reject the null hypothesis in favor of the alternative hypothesis for three techniques—namely, “increased reliance on out-

sourced human resources,” “organize protest against the tax legislation,” and “organize protest against labor legislation”.

Let us look at the means considering the importance of crisis techniques. For the technique “lower personal income,” the mean at restaurants is 1.96, while the mean at snack bars is 2.52. For the technique “price drops,” the mean at restaurants is 3.42, while the mean at snack bars is 2.71. For the technique “organize protest against the tax legislation,” the mean at restaurants is 3.15, while the mean at snack bars is 3.33. For the usage of crisis techniques, the means are as follows: for “increase reliance on outsourced human resources,” the mean at restaurants is 2.54, while the mean at snack bars is 2.76; for “organize protest against the tax legislation,” the mean at restaurants is 1.88, while the mean at snack bars is 2.95; for “organize protest against labor legislation,” the mean at restaurants is 1.92, while the mean at snack bars is 2.90.

The results reflect a relatively high consistency of the importance and usage of techniques from the human resource category and the government assistance category. The “price drops” and “organize protest against the tax legislation” techniques combined the same logic that was discovered in Table 6. The common theme behind these two techniques is the belief that with government assistance companies will be able to reduce their costs and maintain their prices.

Table 9 shows that, for the importance of crisis management techniques, we can reject the null hypothesis in favor of the alternative hypothesis for only one technique: “joint marketing campaigns with business partners.” This finding means that joint marketing is also an important crisis management practice. For the usage of crisis management techniques, we can reject the null hypothesis in favor

**Table 8: Wilcoxon Mann Whitney U Test—Restaurants and snack bars**

	Importance			Usage		
	Lower personal income	Price drops	Organize protest against the tax legislation	Increased reliance on outsourced human resources	Organize protest against the tax legislation	Organize protest against labor legislation
Mann-Whitney U	174.000	190.000	175.500	192.000	193.000	177.500
Wilcoxon W	525.000	443.000	526.500	543.000	544.000	528.500
Z	-2.413	-2.049	-2.362	-1.992	-2.036	-2.363
Asymp. Sig. (2-tailed)	0.016	0.040	0.018	0.046	0.042	0.018

**Table 9: Wilcoxon Mann Whitney U Test—Sole proprietorship and limited liability company**

	Importance	Usage		
	Joint marketing campaigns with business partners	Shorten working hours	Active advertising in the media	Market to new segments
Mann-Whitney U	604.000	621.000	615.500	568.000
Wilcoxon W	1879.000	1896.000	1176.500	1129.000
Z	-2.107	-1.958	-2.005	-2.464
Asymp. Sig. (2-tailed)	0.035	0.050	0.045	0.014

of the alternative hypothesis for three techniques: “shorten working hours,” “active advertising in the media,” and “market to new segments”.

For “joint marketing campaigns with business partners,” the mean at sole proprietorship is 2.60 and at a limited liability company is 3; for “shorten working hours,” “active advertising in the media,” and “market to new segments,” the means are 2.34 and 1.88, 2.88 and 3.12, and 2.96 and 3.13, respectively. The assortment of used marketing techniques corresponds quite nicely with the marketing category. This category included the promotion-related techniques available for crisis management. “Shorten working hours” comes from the human resource category, but the main motivation behind this technique is to improve restaurant competitiveness, which focuses on targeted promotion and product offering. The grouping of these practices seems logical.

**Table 10:** *Wilcoxon Mann Whitney U Test—Owner and manager or manager*

	Importance	Usage
	Increase the sector's power by joining catering associations, chambers, unions, etc.	Market to new segments
Mann-Whitney U	674.500	702.500
Wilcoxon W	1709.500	1737.500
Z	-2.197	-1.958
Asymp. Sig. (2-tailed)	0.028	0.050

If we look at the mean at the importance of the technique “increase the sector’s power by joining catering associations, chambers, unions, etc.,” the mean for owner and manager is 2.42 while the mean for manager is 3.00. For “marketing to new segments,” the mean is 2.42 and 3.00, respectively. The results in Table 10 show that, for the importance of crisis management techniques, we can reject the null hypothesis in favor of the alternative hypothesis for only one technique: “increase the sector’s power by joining catering associations, chambers, unions, etc.” For the usage of crisis management techniques, we can reject the null hypothesis in favor of the alternative hypothesis for only one technique as well: “market to new segments.” The importance and usage of these two techniques seem quite inconsistent with their original categories (marketing category and government assistance category), but they again confirm the same logic that was discovered in Tables 6 and 8. The technique combined a government assistance technique aimed at increasing the sector’s power and demand for a reduction of taxes with a technique from the marketing category focused on the aspect of promotion. This can be logically explained as the government assistance is something managers can only demand. In contrast, the technique from the marketing category is under immediate control of management, who can control how it is applied in the business.

## 5 Conclusions, Recommendations, and Suggestions for Future Research

In conclusion, the findings focus on several important observations and findings. According to our research question we can conclude that there is a high level of inconsistency when we talk about the crisis management behavior of managers who participated in our research.

The first important observation was that most of the techniques were used reactively as a direct response to the crisis. This finding was already identified in other studies (Israeli, 2007; Israeli & Reichel, 2003; Mansfeld, 1999). Proactive management is undoubtedly necessary, but in practice randomly occurs. Proactive strategies are difficult to implement universally, as the use of internal factors to successfully overcome the external crisis (recession) often depend on other external factors (legislation, market offer, politic situation, etc.), thereby limiting managerial ability to use internal factors. As a result, crisis management is often performed through different combinations of practices.

Second, the crisis management scenario mostly relies on gaining government support. This is by far the most important and used technique in times of recession. Recession is an external and not internal (managerial) crisis, and the government is perceived as the main culprit for the crisis. This finding was already identified by Israeli (2007) and Stafford et al. (2002). The other important group of technique can be titled cost reductions. This group of practices included “cost cuts by limiting restaurant services,” “joint marketing campaigns with business partners,” “reduce the number of employees,” and “increase the number of specific actions.” In times of crisis, cost reductions must be a major element of the business activity, but specific techniques such as “cost cuts by limiting restaurant services” and “reduce the number of employees” should be implemented with extreme caution. As people are the crucial and unmistakable component of success in the catering business, managers should avoid these techniques. Competitiveness should be achieved through other practices rather than labor cost reductions. As there are no similar studies in Slovenia or the EU, we can strive to compare this study to measures implemented by hoteliers. The analysis of the neighboring Croatia (Smolčić Jurdana & Maškarin, 2010) pointed out that none of the measures implemented by hoteliers influenced the quality level and that hidden reserves for increasing business efficiency were found. This could be partially explained by the incomparable size of the establishments (bars prevailed in our study) and the educational level of managers. The majority of restaurant managers only have vocational or secondary education.

In the context of the catering industry, we can reconfirm Israeli’s (2007) two main practical recommendations. Managers should focus primarily on increased competitiveness and cost/price reduction as a part of their daily routine. According to our findings, we must further recommend the future education of restaurant managers. As different crises



also create opportunities, managers should make efforts to take advantage of any crises by turning to new segments, creating a strong brand image through intensive marketing, implementing new distribution channels, etc.

The suggestions for future research are to extend the analysis to different areas of the tourism industry in the country and region. Israeli (2007) stated that, due to the lack of the long-term perspective, it is impossible to determine whether crisis management practices improve position and performance of the firm on the long run. We can conclude that the economic crisis will undoubtedly pass, but there will always be different crises. Crisis management techniques can help companies adapt and survive in times of crisis. As catering companies operate in a volatile environment, constant adaptation is needed. The list of specific techniques can be used as a guideline for crisis managers on how to successfully overcome or even avoid different crisis situations, if the techniques are used proactively.

Given the limited geographic area in which the study was performed, the results might not be applicable to facilities in other locations. An increase in the geographic coverage to the entire country could offer further valuable insights. The survey only gives a snapshot of the situation during the crisis period, although it offers an almost complete picture of a specific geographic area. Larger data are required to detect the long-term effects of the recession. In addition, a thorough financial analysis could offer useful information as managers' perception is often biased. This study only refers to catering establishments. Other companies that also belong to the tourism sector are not included in the study. Further interesting findings would result from a deeper analysis of the entire tourism sector.

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