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## Role of Hotel Management Crisis in Covid-19 and Post-Covid-19 Period: A Case Study of Opatija Riviera Micro-Region in Croatia<sup>1</sup>

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**Background/Purpose:** Due to the COVID-19 pandemic, interest in studying crisis influences grew in the last three years since it significantly impacted tourism and hospitality. Observing adaptations and transformations in hotel business models is necessary for tourism and hospitality firms to remain successful and competitive. The purpose of this qualitative case study is to critically analyse crisis management processes and management decisions regarding changes and adaptations in strategies and business model innovations to facilitate recovery, resilience, and sustained growth of hotels in the Croatian micro-region Opatija Riviera in Covid-19 and post-Covid-19 period.

**Method:** Semi-structured interviews were conducted with hotel managers and tourism and hospitality consultants. The transcriptions were checked, and collected data was interpreted based on the narrative analysis. Thematic content analysis (TCA) was applied in the study.

**Results:** Hotels in Opatija Riviera adapt their crisis business models to ensure long-term and sustainable growth and development of hotels and the destination itself. The primary focus is increasing the quality of services and quest satisfaction, achieving competitiveness in the tourist market.

**Conclusion:** The paper includes an exploratory qualitative research study on the impact and consequences of Covid-19 on business and organisational changes in the hotel industry in the Opatija Riviera area, which will have a medium- and long-term impact on the design of resilience and sustainable growth policies. The disruption caused by the pandemic is also important for hotel managers and management from the point of view of introducing crisis management processes, the results of which can be seen in the protection of the well-being of guests, employees and the general reputation of hotels. Therefore, hotel management needs to emphasise the importance of identifying business strategies and practices in business strategies and thus form the basis for effective crisis management.

**Keywords:** Business models, Covid-19, Hotel industry, Opatija Riviera, Strategies, Risk management, Tourism micro-region

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#### 1 Introduction

In the past three years, numerous studies worldwide have focused on the crisis and consequences of COVID-19 on the tourism and hospitality industry. However, insufficient attention has been given to the changing business models in the tourism and hospitality industry, as Breier et al. (2021) noted. Chanyasak et al. (2022) have specifically examined how hotels adapt their business models during times of crisis. Therefore, researchers must conduct further studies that specifically address the adaptations and transformations of business models, focusing on small and medium-sized hotel firms, to mitigate the consequences of Covid-19. The pandemic has exposed the vulnerability of these smaller tourism firms during tourism crises, as highlighted by Gursoy and Chi (2020). We conducted research in three large hotels (two five stars and one four-star) and six four stars medium-sized hotels.

Additionally, Ferreras-Méndez et al. (2021) have provided evidence of the mediating role of business model innovation in the relationship between environmental turbulence and performance. More research is urgently needed to fully explore the potential of business model innovations in mitigating the adverse effects of Covid-19 and fostering resilience and sustainable growth in hotel businesses. It is important to consider preventing and reducing the risk of potential new diseases in future. For this reason, we conducted a study that focuses on crisis management processes during the Covid-19 pandemic and includes management decision-making regarding organisational adoption and changes that impact hotel firms' strategic development in the medium and long term. The primary focus was examining business models, and strategy changes from 2000 to 2023. The research was conducted in the Croatian tourism micro-region of Opatija Riviera, employing a qualitative case study design. Semi-structured interviews were prepared with hotel managers, tourism and hospitality consultants, and researchers as part of the study.

The Opatija Riviera is situated in Kvarner Bay on the eastern coast of the Istrian peninsula. It stretches 25 km along the coastal belt from Volosko to Mošćenička Draga, under Učka Mountain. Made popular in the 19th century by the Austro-Hungarian elite, the Opatija Riviera remains a tourism micro-region that exemplifies style and class. Opatija Riviera is a four-star tourism micro-region. It has 16,500 beds in 47 hotels, another 6,905 beds in private rooms, apartments and holiday homes, and three auto camps for 1,680 people. Most medium and large hotels are owned by two hotel chains, Amadria and Liburnija. Small hotels include family hotels with 3 or 4 stars and luxury boutique hotels with 4 or 5 stars. The Opatija Riviera has joined the Croatian national project Safe Stay in Croatia. The project includes the implementation of security protocols in the tourism and hospitality industry (Alkier et al., 2022).

The study aimed to critically analyse crisis management processes and management decisions regarding changes and adaptations in strategies and business model innovations to facilitate recovery, resilience, and sustained growth of hotels in the Covid-19 and post-Covid-19 period. Based on these objectives, the following research questions were formulated:

RQ1: What strategic changes occurred and why within the crisis management processes during the COVID-19 pandemic, and how do they impact hotel industry recovery, resilience, and future sustainable growth?

The paper is structured as follows: after the introduction, the second part includes the theoretical background. The third part of the paper discusses the research methodology, and the fourth part consists of the results. The last part provides a discussion and conclusions.

#### 2 Theoretical background

# 2.1 Hotel firms' risk management in the time of disease: Covid-19 case – implications on tourism

According to the professional and scientific literature findings, which focus on hotels' crisis management during the pandemic, hotels had to adapt or change business models to survive, ensure resilience, and further sustainable business growth (Alonso et al., 2022). As an example of disease risk, Covid-19 is only one of the risks that threatened the hotel industry during the pandemic and in the post-pandemic period (Kenny & Dutt, 2022). By changing strategies and business models, hotels ensure resilience, which is defined in the literature as crisis management and business continuity and responding to risks that hotels may face, from cyber threats to natural disasters, supply chains disruptions, wars, diseases, and others (Corrales-Estrada et al., 2021).

The study is focused on the problem of hotel crisis management related to the Covid-19 pandemic, in the context of which it was shown that there is a segment of small and medium-sized hotel firms (family hotels, boutique hotels, city hotels, etc.) that are considered very vulnerable and exposed to various risks. For example, hotel firms must introduce innovative business models to remain competitive. However, when firms are faced with an economic crisis and health risk (while this also applies to other risks such as natural disasters, climate changes, human resource management, and digital and green transformation, which ran parallel to the pandemic and continued even in the period after, and represent one of the essential competitive advantages of hotels, which also affected the reduction of business risk) with Covid-19, it becomes obvious how much smaller hotel firms (family hotels, city hotels) are more vulnerable concerning the larger ones. The reasons are the size (limited personnel, financial and professional capacities) and the ownership structure, which under normal circumstances represents a risk to liquidity and profitability. However, unlike larger firms, private ownership and distribution of ownership, small size, and generally flat organisational structure allow small hotels greater flexibility during business interruptions (Crovini et al., 2021). Otherwise, small hotels are usually considered less resilient than larger hotel firms because they take longer to return to normal functioning (if they survive at all) after a disruption (Engeset, 2020).

To recover from significant disruptions in hotel firms' internal and external business environment, it is necessary to ensure business resilience related to the firm's ability to adapt to changes in the background and new circumstances that led to disruptions (Margherita & Heikkilä, 2021). Given all the impending current risks, hotels face the challenge of existence and resilience to ensure medium- and long-term enterprise growth. It is necessary to be aware that the more hotel firms are exposed to disruptions, the more resilience it needs to survive and ensure business (Hu & Xu, 2022). Saad et al. (2021, 6) define firm resilience as: 'the firm's adaptability to disruptions, growth (positive performance), and ability to seize the business opportunity amid a challenging business environment.' The authors point out that core capabilities (i.e., flexibility, growth, and seizure of opportunities) also include the concept's operative and dynamic features. At the same time, it is necessary to ensure the development of SMEs to make them more resilient. The goal of action is to build capacity to a higher level. Zighan and Ruel (2023) thus emphasise that ensuring firms' continuous improvement increases short- and long-term resilience. Therefore, resilience can be transformed into tangible working constructs for firms in visualising and making decisions about risks, adapting, absorbing changes, and prevailing over time. The concept of hotel firms' growth is essential because it strengthens SDG 8 (decent work and economic growth) and SDG 16 (peace, justice, and strong institutions).

#### 2.2 Crisis hotels management measures

Crisis management in the hotel industry encompasses a range of comprehensive measures to identify, assess, and respond to potential crises, particularly those arising from various health conditions. These measures consist of proactive and reactive strategies that hotels can adopt to minimise the impact of disruptions and ensure the continuity of their business operations (Le & Phi, 2021; Pforr & Hosie, 2008).

Proactive crisis management involves implementing preventive measures to reduce the risk of disease outbreaks in the hotel (Pforr & Hosie, 2008). It includes establishing sound health and safety protocols, such as regular sanitation and disinfection procedures, implementing strict

hygiene practices, and training staff on disease prevention and response protocols. In addition, proactive crisis management includes conducting risk assessments, monitoring global health trends, and being informed about emerging diseases to anticipate potential threats and take appropriate preventive measures (Lai & Wong, 2020). Reactive crisis management focuses on how hotels respond during a disease outbreak (Çoban & Özel, 2022). Effective communication with guests, employees, and competent authorities is crucial. Hotels should establish clear lines of communication, including designated spokespersons, to disseminate accurate and timely information, address concerns, and guide guests and employees (Chalupa et al., 2021). In addition, hotels must establish flexible cancellation policies, adopt guest tracking systems, and work closely with local health authorities to implement necessary quarantine or isolation measures (Chan et al., 2021).

The role of crisis management does not end with implementing processes to prevent the spread of infection (Sasangohar et al., 2020). Because its important, if not critical, function is also to prepare strategies and changes to business models that will ensure recovery from the crisis and strengthen resilience (Liu-Lastres & Cahyanto, 2023). Hotels must implement specific measures to facilitate recovery and increase their ability to withstand future crises (Ho & Law, 2023). The following are the key actions that hotels can undertake to promote recovery and resilience:

- Assessing and adapting: conduct a thorough assessment of the crisis's impact on the hotel's operations, financials, and reputation (Nhamo et al., 2020). This evaluation will help identify areas requiring immediate attention and guide decision-making. Use the findings to adapt and update crisis management plans, incorporating lessons learned from the crisis to enhance future resilience (Ghaderi et al., 2022).
- Financial Planning and Resource Management: develop a robust financial recovery plan that includes cost-saving measures, revenue generation strategies, and contingency funds for future crises (Garrido-Moreno et al., 2021). Prioritise expenses based on their importance and potential impact on recovery efforts (Lai & Wong, 2020). Efficient resource management is crucial during recovery to ensure optimal utilisation of available resources (Agarwal, 2021).
- Marketing and Communication: implement targeted marketing campaigns to rebuild customer confidence and attract guests. Highlight safety measures, enhanced cleanliness protocols, and any certifications or accreditations obtained during the recovery (Tiong et al., 2021). Utilise various communication channels, such as social media, email marketing, and website updates, to inform guests about the hotel's recovery progress and any new

- services or offerings (Nguyen et al., 2023).
- Guest Experience Enhancement: focus on providing exceptional guest experiences to regain customer loyalty and trust—train staff to deliver personalised and attentive service, paying attention to guest preferences and needs. Implement feedback mechanisms, such as guest surveys, to improve services and address concerns promptly and continuously (Beverland et al., 2023).
- Diversification of Revenue Streams: explore new revenue streams and business opportunities to reduce dependency on a single market or segment. This could involve targeting new customer segments, expanding conference and event services, or partnering with local businesses for joint promotions or packages (Garrido-Moreno et al., 2021). Diversification can help hotels withstand future disruptions by mitigating the impact of a single crisis on their operations (Yuan et al., 2022).
- Employee Support and Engagement: invest in employees' well-being and professional development to build a resilient workforce (He et al., 2019). Provide training on crisis management, health and safety protocols, and stress management (Giousmpasoglou et al., 2021). Foster open communication channels to address employee concerns and encourage them to contribute ideas for recovery and resilience (Garrido-Moreno et al., 2021; Giousmpasoglou et al., 2021).
- Collaborations and Partnerships: form strategic alliances with industry stakeholders, such as tourism boards, travel agencies, and local businesses. Joint efforts can generate synergies, promote destination recovery, and strengthen the hotel's position in the tourist market (Peiró-Signes et al., 2015). Collaborations may include joint marketing campaigns, shared resources, or coordinated crisis response plans (Filimonau & De Coteau. 2020).
- Continuous Monitoring and Preparedness: maintain a proactive approach to crisis management by continuously monitoring global health trends, emerging risks, and regulatory changes (Lai & Wong, 2020). Stay informed about industry best practices and participate in relevant training programs or conferences. Update crisis management plans regularly to reflect new knowledge and ensure preparedness for future crises (Verma & Gustafsson, 2020).
- Technology adoption: embrace solutions that enhance operational efficiency, guest experiences, and crisis response capabilities (Kenny & Dutt, 2022). This may include contactless check-in/out systems, mobile apps for communication and service requests, and advanced data analytics for

- demand forecasting and resource allocation (Seyitoğlu & Ivanov, 2022).
- Sustainability and environmental considerations: incorporate sustainability practices into hotel operations to promote long-term resilience (Chen et al., 2022). This includes adopting energy-efficient measures, reducing waste, and supporting local communities and smart ecosystems (Buhalis et al., 2023)—emphasising sustainable marketing practices to attract environmentally conscious guests.

By implementing these measures, hotels can effectively recover from crises, build resilience, and position themselves for long-term success. Crisis management should be an ongoing process, with continuous evaluation and adaptation to address evolving challenges and ensure the sustainability of the hotel industry (Sharma et al., 2022). As part of crisis management, there are changes in strategies and business models. We present the key meanings of business models, business model innovation, and the differences between business models and strategies.

## 2.3 Hotel industry measures for recovery, resilience, and sustainable growth

Covid-19 affected the business conditions of most tourism firms, and the hotel industry was no exception. If we look at hotel firms, the pandemic has increased organisational inefficiencies. According to French and Bell (1999), organisational inefficiencies arise at the individual level and in organisational processes (communication patterns, ways of setting goals, making decisions, resolving conflicts, leadership, and organisational learning). The pandemic deepened the otherwise structural tourism problems, reflected in below-average added value, personnel and quality deficits. In the medium and long term, this can hinder the recovery and preservation of the industry's competitiveness and, of course, the hotel industry within it (de Vries et al., 2021). If we look at the hotel industry's response to recovery measures, we see that the answer to the pandemic requires a two-step strategy (Li et al., 2022). In the first step, we distinguish between short-term measures for recovery and reaching markets from long-term elimination of structural problems and strengthening of resilience (Hynes et al., 2022). In the period between and after the pandemic (when the hotel industry had to be prepared for a future crisis), hotel firms began to formulate customised strategies for products and (macro) destinations (Huang et al., 2023). It is necessary to be aware that the success of adapting to the new normal will depend on the well-thought-out direction of further incentives and the innovation, boldness and efficiency of moves towards an even more sustainable and digitally oriented operation of the hotel industry. During the pandemic, hotels introduced strategies as part of changes to their business models (Rapaccini et al., 2020), which they supplement in the period after the pandemic is over. These measures will significantly reduce future disease risks (Rajić et al., 2023). During the pandemic period and after, the hotels did the following:

- Improvement of health and safety measures. The key objective is to ensure guests' and employees' health and safety (Sharma et al., 2021). To this day, cleaning protocols have been improved, the frequency of disinfection has increased, and new technological solutions have been introduced, such as contactless check-in/check-out, digital room keys, chatbots and robots—all to reduce physical contact (Aguiar-Castillo et al., 2021).
- Change in operational procedures. The hotel management had to implement operational adjustments, thus aligning the operation following the capacity limitations and social distancing guidelines (Alonso et al., 2022). I.e. in hotels, there was a transformation of common areas, distance measures in restaurants and bars, and restrictions on the number of guests in elevators or fitness centres (Arica et al., 2023).
- Prepare flexible cancellation policies that eliminate uncertainty and limit travel. The flexibility of cancellation policies allows guests to change or cancel a reservation with minimal change costs, resulting in greater peace of mind (Chanyasak et al., 2022).
- Becoming aware of remote work and extended stay is important in accelerated digitisation and the limitation of social contacts (Di Marino et al., 2023). There has been an increase in the number of people working remotely. This trend is also growing in the post-pandemic period, and individual hotels have therefore adapted their offer and created the so-called remote work packages that include an extension of stay (Sánchez-Vergara et al., 2023). To this end, hotels have offered guests benefits, including high-speed internet and customised workspaces. In this way, hotels want to attract a new structure of guests, the so-called digital nomads, looking for alternative work and living environments (Pacheco & Azevedo, 2023).
- Emphasis on local and domestic markets and sustainable policies: it is worth mentioning that during international travel restrictions, the focus was placed on regional tourism (domestic demand) and local attractions (Panzer-Krause, 2022). In the post-pandemic period, accepting this offer of a domestic environment as a competitive advantage is necessary, which provides the guest with an authentic experience (Afrić Rakitovac & Urošević, 2023). Because guests increasingly seek genuine

- and personal contact with local culture and community, COVID-19 has brought greater awareness of personal well-being and environmental sustainability. Thus, sustainable services and products are coming to the forefront of guest demand after the pandemic (Dang-Van et al., 2023). For this purpose, the hotel management must provide a strategy of sustainable development, which tailors both practices of food procurement and processing as well as the entire facility maintenance protocol and care for the well-being of guests and the relationship with the local community (Elkhwesky et al., 2022). They cooperate with local food producers, which includes selecting local and seasonal products of the highest quality. The sustainable effects of the efforts are reflected in shorter supply chains (no middlemen) and a smaller carbon footprint while stimulating the small local economy (Meuwissen et al., 2021). It is also important that hotels promote the surrounding locally owned restaurants, activities and services to their guests. It is also important for hotels to take care of reducing waste, reducing water consumption, taking measures to reduce energy consumption and having a vision for a holistic reduction of the environmental impact (Abdelhady, 2023).
- Begin with preparing measures to recruit personnel due to the increased outflow of personnel from tourism during the pandemic and the actual decrease in the interest of young people in pursuing professions in the field of tourism and hospitality (Bardukova, 2022). It is necessary to provide: (i) scholarships for deficit professions. Thus, in addition to the secondary vocational education program in gastronomy and hotel services (including apprenticeship), following the state of the labour market, it is also necessary to include education programs in the field of tourism at all other levels (middle, higher, high), including new programs that develop; (ii) in parallel with measures for the activation and development of local personnel, due to the demographic situation, it is necessary to increase flexibility and simplify the mechanisms for recruiting foreign labour, especially seasonal ones (Chen, 2022).
- Begin with the diversifying revenue streams that involve exploring alternative revenue streams, including partnering with local businesses to create new packages and promotions (Balasubramanian & Hanafiah, 2022).

#### 3 Research methodology

This research focuses on conducting an investigative or exploratory case study (Yin, 2012) of a relatively new

field, problem, or phenomenon. Given the lack of empirical research in this field, the research is designed as a qualitative case study (Stake, 2013), where the case is "the impact of Covid-19 crisis on hotel industry organisational changes and future development in Opatija Riviera". It is widely used in social sciences and is particularly useful in practice-oriented fields (management, public administration). A case study helps us gain new insights when we want to answer the "how" and "why" questions; when we cannot influence the behaviour of those involved in the study; when we also want to capture the circumstances in context because we believe they are important for exploring the phenomenon within the survey, or when we cannot draw clear boundaries between phenomenon and context (Yin, 2012).

As part of the research, we conducted fourteen semi-structured interviews with hotel managers and tourism and hospitality consultants who are professionally connected with the Opatija Riviera. The interviews were prepared from 15th April until 30th June 2023. The authors jointly developed the research design and triangulated the questionnaire design and analysis in their previous research. Face-to-face open-questioning interviews were conducted in the study. The interviews lasted between 40 and 55 minutes. According to Patton (2002), only these offer more flexibility and freedom during the conversation. The purposive sample had to be relevant to our research questions (Engel & Schutte, 2005). For this purpose, we chose a sample of managers and experts to deepen the knowledge about the issue of the impact of Covid-19 on changes in the hotel business because the knowledge and experience gathered will be useful in new challenges related to disease risks and other risks that can potentially threaten tourism, and hotel industry in the future. For this purpose, even today, in the first phase of the post-pandemic period, it is necessary to prepare strategies and develop business models that will influence the reduction of the consequences of potential future risks. All the interviewees agreed with the publishing of the content in the article. Their identity is not revealed in the study. Data on the respondents are selected in Table 1. All interviews were digitally recorded using a mobile phone. In the next step, the interviews were transcribed. When all the data were collected and analysed, we sent them to the respondents and asked them for corrections or comments.

These comments were taken into account in the final interpretation of the data. We analysed and interpreted the collected data based on the narrative analysis. We followed a systematic approach that included the following steps (Richmond, 2002): (i) review of interviews and selection of important information; (ii) we defined topics based on keywords; (iii) coding the data allowed us to capture the essence of each theme; (iv) data analysis allows us to select important findings, contradictions, different patterns and variations; (v) data interpretation and connection to existing theories; (vi) validation of narrative based on feedback from respondents. Qualitative data were quantified for data interpretation, and in vivo evidence citations were added (Langley, 2012). Non-numerical review and interpretation lend themselves to processing large amounts of unstructured primary data to explore underlying meaning, perception, reflection and relational patterns (Babbie,

Table 1: Respondents' demographical data

Demo	Frequency	
Gender	Male	9
	Female	5
Age group	Up to 20	0
	21-30	0
	31-40	4
	41-50	8
	Above 50	2
Education level	Bachelor's degree	9
	Master of Arts	3
	PhD	2
Occupation	Senior hotel manager	9
	Hotel board member	2
	Consultant	2
	Researcher	1

2007). The Thematic Content Analysis (TCA) was chosen for analysing the collected data. The TCA enables to define the concepts and theoretical formulations. QDA Miner software was used for the TCA of qualitative data by generating several coding references and word clouds

(see Figure 1). According to Stirling (2001), TCA's main advantage is its ability to reveal silent themes throughout the data at various points. As shown in Table 2, 12 themes have emerged from individual interviews. The following



Figure 1: Graphical representation of the results: QDA Miner

Table 2: Word frequency for respondents' association with Covid-19 crisis: QDA Miner

Word	Frequency	Rate per 10K
Health	79	78,2
Firm (hotel)	69	68,3
Employees	57	56,5
Business	53	52,5
Tourists (guests)	50	49,5
Measures	47	46,5
Opatija Riviera (tourism microre- gion)	44	43,6
Covid	39	38,6
Safety	31	30,7
Management	24	23,8
Investments	17	16,8
Quality	17	16,8

topics appear most often in the respondents' interviews: health, firm (hotel), employees, business, tourists (guests), measures, Opatija Riviera (tourism micro-region), Covid, safety, management, investments, and quality.

#### 4 Results

Based on the analysis of the interviews, we combined certain topics proposed by QDA Miner based on their con-

tent similarity (for example, Covid-19 was combined with the topics of health, employees, Opatija Riviera, safety, management, investments, and quality). In this way, seven themes were identified. The key themes are shown in Table 3. They are described below, and individual interviewee quotes are added.

Table 3: Interview themes

Sr. No.	Main themes	Sub-themes	Concepts
1	Health	Education, employees, measures, guests, Covid-19, hygiene, safety	implementing adequate hygiene measures; education safety; preserving the general level of health of all stakeholders in the process
2	Employees	Education, safety, work, workforce	Implementation of protection measures and showing openness to new information and knowledge; the importance of employee health and their protection at the workplace; an increase of material rights and paying monetary rewards to full-time and seasonal workers; employee benefits (e.g., hot meals for all employees); talent management and career development.
3	Opatija Riviera	Cooperation, community, Covid-19, development, destination, safety, tourists	Preparing a strategic shift in tourism development - further improvements and upgrading of tourist products and experiences; importance of cooperation between all stakeholders on the Opatija Riviera; safe destination.
4	Safety	Health, measures, guests, employees, destination, pandemic, risk	The current level of security for tourists staying on the Opatija Riviera is very high; no security risks (disease, terrorism, robberies) have been recorded; the Opatija Riviera, due to its proximity, pleasant climate, clean air and sea and certainly a high level of safety can be among the main destinations for tourists to visit on the Adriatic and beyond; to prevent new outbreaks, it is necessary to properly and regularly maintain a high level of hygiene in the facilities, as well as through training of staff and guests.
5	Management	Data, business, employees, hotel, responsible, services, stakeholders, strategic, sustainability, risk	Risk management; principles of socially responsible business; further promotion of the creation of added value and instil confidence in the stakeholders, inflationary trends.
6	Investments	Energy improvement, development, hotel, future, services	Investments in digital transformation and sustainability projects; the importance of guest experience.
7	Quality	Business, Covid-19, hotel, services, standards	Hotels provided Covid-19 prevention measures intending to enable the quality of services; in the post-pandemic period, hotels strive for continuous improvement in the quality of services, which is also positively influenced by the constant improvement and increase in the efficiency of energy use; the importance of adapting the daily diet to the needs of modern people using the HACCP, halal, and kosher quality systems.

#### 4.1 Theme 1: Health

According to the respondents, Croatia is safe in terms of health to the extent that people are aware of their responsibility for their health through their lifestyle. Health is indirectly considered only by implementing adequate hygiene measures in different parts of the organisation. As far as employees are concerned, there are certain guidelines on safety at work, which indirectly concern health. As far as the guests are concerned, and if we are not discussing hygiene - no. Namely, health is a very individual thing that consists of several factors, and health is entirely the responsibility of each individual and not any organisation. Responders so exposed:

» It's hard to be smart in this situation. The best preservation is for the guest to take care of himself. We, as hotel workers, primarily me as the director, make sure that we enable all disinfection, that means washing clothes with special disinfectant detergents, the rooms are aired every day, we have a special climate, ventilation systems, I don't know what they are called, but to kill Covid-19, and everything else being said, the guests should take care of themselves, keep some distance. Everyone is treated individually. Someone is complying. Today, masks are no longer visible. Yesterday a group of ten Spaniards came to me, all wearing masks. I haven't seen anyone wearing a mask in the last two months«.

The issue of education on disease prevention in hotels was also highlighted. Thus, the interviewees pointed out:

»Although my primary interest is related to the academic community, my job allows me to be in constant contact with the hotels. As part of this cooperation, numerous programs are created, primarily education for employees and tourists related to increasing the offer quality, safety and preserving the general level of health of all stakeholders in the process«.

#### 4.2 Theme: Employees

The interviewees highlighted the importance of protecting workers from infections and educating employees on this topic. The employees must propose introducing new measures and adopting workplace health protection policies to the hotel management. We highlight a few quotes that touch on the issue of hotel employees and otherwise more or less overlap with topic 1, i.e., health:

»According to my knowledge, employees in hotel firms participated mostly in implementing protection measures and showed openness to new information and knowledge provided to them on that occasion. Unfortunately, some employees were not interested in actively participating in implementing or enforcing policies, especially those related to the COVID-19 pandemic. Employees expressed dissatisfaction under the influence of social networks, unver-

ified information, and supporters of conspiracy theories. According to my knowledge, the hotel management has done everything to ensure that they also respect the specified parameters and get involved in implementing safety and health measures. To strengthen the awareness of the employees, but also of the guests of our facilities, we held, in cooperation with hoteliers, several panels where the importance of preserving health, safety and general reliability of our firm in the tourist market was discussed«.

In addition to the importance of employee health and their protection at the workplace, the managers also highlighted the importance of ensuring a quality workforce, which hotels need to continue to provide year-round quality services and guest satisfaction. Employees ensure stability, quality, and long-term sustainable growth. For this purpose, the hotel owners and management must agree with the employee unions on increasing material rights and paying monetary rewards to full-time and seasonal workers.

For a hotel firm, one of the primary goals of the firm's operations must be to ensure employee satisfaction. For this purpose, it must provide them with material, working and temporary living conditions because only satisfied employees will ensure high service quality for guests. As one of the managers says:

"In addition to the commitment to respect all legal requirements and internal standards for protecting the health and safety of employees, contractual partners and guests, providing additional employee benefits (i.e., hot meals for all employees), talent management and career development, our firm continuously invests in facilities for accommodation of seasonal workers.

#### 4.3 Theme 3: Opatija Riviera

The vision of the Opatija Riviera is to position itself as one of the best Mediterranean tourism micro-regions. However, this is why the tourism micro-region needs a strategic shift in tourism development, which will bring further improvements and upgrading of tourist products and experiences in the final phase. To this end, tourism firms must speed up internal reorganisation processes, improve business models, renovate existing capacities, and add new ones in line with competitive trends and guest demands. In Croatia as well, Covid-19 harmed all economic and tourist flows, and thus the cash flow of tourism firms on the Opatija Riviera. Therefore, in the last three years, there has been a decrease in the volume of planned investments compared to the original expectations and developmental plans. However, the trends in 2023 show that tourism firms on the Opatija Riviera have begun to realise the importance of a strategy to stimulate growth and create new added value. Thus, both acquisitions and reorganisation processes took place as the first step towards building

the foundations for sustainable investments, which also includes taking care of talent and introducing innovative solutions, which will enable the marketing of services with high added value and the recognition of the tourism micro-region itself as an international brand. A great advantage of the Opatija Riviera is its partial natural protection from tourist disturbances due to its convenient location and the geographical location of the tourism micro-region, which is primarily a traditional car tourism micro-region of the most important tourism generating markets (Germany, Austria, Hungary, Czech Republic, Slovenia, Italy, Serbia). It is also important for the tourism micro-region that, in the past, there has been good integration and cooperation between all stakeholders. Here, it is worth mentioning the role of the local community and the Faculty of Tourism and Hospitality Management (which is situated in Opatija Riviera), which plays an important role in preparing tourism micro-region development strategies and caring for the development of personnel needed by tourism firms on the Opatija Riviera and beyond. Thus, one of the interviewees emphasised the importance of the stakeholders of the tourism micro-region during the pandemic and the role of the faculties within the University of Rijeka:

"In my opinion, the management of the Opatija Riviera acted responsibly from the beginning of the Covid-19 pandemic and applied all the recommendations to preserve the health of tourists and employees who live and work in our tourism micro-region. The destination management regularly informed all stakeholders about the protection measures implemented and ways to improve the existing health protection system. I hope that with our activities, we have also contributed to the success of preserving the health and perception of the Opatija Riviera as a safe tourism micro-region in the time of Covid-19, which, among other things, is shown by the successful tourism data achieved during the past three pandemic years.

Our cooperation with all stakeholders on the Opatija Riviera was excellent from the beginning, so we coordinated health protection measures and tried to provide our employees with the best protection. We actively participated in programs to promote health protection. We created workshops and educational seminars for stakeholders in tourism so that everyone was aware of the risks and ways to prevent the spread of Covid-19 while we tried to present additional health risks. Our study program, dedicated to health and designed in cooperation with the Faculty of Medicine in Rijeka, also testifies that we think about health actively and systematically."

#### 4.4 Theme 4: Safety

The current level of security for tourists staying on the Opatija Riviera is very high, as evidenced by the large number of tourists already in our tourism micro-region, and no security risks have been recorded. However, stake-holders must not be deceived and think security, health, or other crises cannot happen here. The awareness of possible future crises gives destination stakeholders a chance for development and an opportunity to be faster and better and to create security policies that will not threaten any negative consequences. For the modern tourist, safety is the basis for deciding on choosing a certain destination, and the interviewers' opinion is that the Opatija Riviera, due to its proximity, pleasant climate, clean air and sea, and certainly a high level of safety, can be among the main tourism micro-regions for tourists to visit on the Adriatic and beyond.

Interviewers exposed:

»Security on the Opatija Riviera is at a high and enviable level. In cooperation with the Ministry of Interior of the Republic of Croatia, the destination management must pay further attention to preserving security, public order and peace in the tourism micro-region of Opatija (Riviera). Regarding Covid-19, it is necessary to ensure additional general activities with the Department of Public Health Primorje-Gorski Kotar County, educate visitors and employees, and ensure a greater number of places for free testing of tourists. The proposal is to introduce the so-called service at the tourism micro-region level. Community police officers who, through educational activities for all stakeholders in the tourism micro-region, will contribute to increasing security, both general and health, by their very presence. As for the scientific and educational segment, there is constant and active cooperation between the management of the tourism micro-region Opatija and the scientific and professional community. «

»Although currently the situation with Covid-19 is much more favourable than last year and the level of safety is extremely high, in general, in my opinion, it can be considered a medium level of security because we cannot claim with complete certainty that some bottom layer of Covid-19 will not appear or some other epidemics/pandemics that may hit us in the future. However, hoteliers can achieve this by properly and regularly maintaining a high level of hygiene in the facilities, as well as through training of staff and guests. «

»Well, we coped like everyone else, it wasn't easy, but we tried to move forward day by day. Thank God there were not many infected employees here, which means that we complied as much as we could and as much as it allowed in the house, and now, outside the house, who acted how, remains an enigma. And as far as tourism is concerned, we cooperated very well with the participants of the tourism micro-region. The tourist board was also available, so here we are; we fought like everyone else, as they say«.

#### 4.5 Theme 5: Management

The interviewees pointed out that their hotel firms are exposed to many risks in their daily operations. Therefore, one of the main goals of management is to take care of risk management and further promote the creation of added value and instil confidence in the stakeholders. During the pandemic, intending to reduce the risk of disease, hotels increased the policy of active management to adapt the business to the pandemic's effects and aim for an increase in demand. For this purpose, there was an adjustment to the daily prices of tourist facilities and the creation of packages that included additional services, which certainly contributed to the realisation of a significant increase in the average daily expenses in the high season. The management of the hotel firm is also aware of the political risk of the Russian-Ukrainian crisis and, based on the available facts, knowledge, and circumstances, constantly assesses all possible negative impacts on business and implements all measures intending to minimise negative aspects of the firm. The interviewees also point out the inflationary trends, which affect the too-rapid growth of prices of basic products and energy because only the limitation of inflation will enable tourism to gain accelerated business empowerment and ensure the impact of multiplier effects of the recovery on the national economy as well, while at the same time encouraging investments in key business resources (mainly workforce and assets).

The interviewees also highlighted the importance of the principles of socially responsible business. Thus, they highlighted the importance of zero tolerance for corruption, protection of the privacy of employees, guests and partners, no discrimination against employees or guests, environmental programs to decrease pollution and cooperation with stakeholders in developing the local community.

#### 4.6 Theme 6: Investments

Soon after COVID-19 appeared in Croatia, hoteliers promptly introduced strict cost control, primarily by reducing the cost of employees, closing the hotels and/or postponing capital investments. Interviewers exposed that 2022 began with preparing investments in digital transformation and sustainability projects, which is crucial for further development, especially in Opatija Riviera. As the interviewees point out, within the investment cycle, they focus on the "new" guest who wants to experience travel and interaction with nature. At the same time, the hotel industry has become a trend of changing hotel architecture in terms of larger spaces, more open spaces, spacing, etc. Investments in services, technologies, and infrastructure must be directed to the needs and demands of the modern guest (for example, enabling the guest to perform work from the hotel). Thus, it will be possible to develop a new way of doing business that puts the guest first. The hotel industry must become more of a service industry that is not product-oriented but service-oriented. Instead of the previous 4Ps (product, place, price and promotion), marketing activities should include additional 3Ps: people, processes, physical evidence and create a virtual community through activities on social networks. For hotels, innovating business models are increasingly coming to the fore. According to Martin-Rios and Ciobanu (2019), only 19% of hotel organisations follow an intensive innovation strategy in formulating a business model. It is noticeable that there is a strong positive relationship between business model innovations and all performance indicators, except the average bed occupancy rate because seasonal fluctuations and external socio-economic factors have important economic implications for hotels (Martin-Rios & Ciobanu, 2019).

#### 4.7 Theme 7: Quality

The interviewees pointed out that during the pandemic, their hotels improved the quality of the guests' well-being and ensured the quality of the services. They implemented activities that, in addition to general information about the spread of Covid-19 and prevention measures, also included the implementation of crisis procedures. Occurrence and control of the reach of respiratory viruses, limitation of the number of seats in catering establishments following prescribed measures, mandatory wearing of masks by all employees in contact with guests, possibility of testing guests and delivery of results, required temperature measurement of employees and constant disinfection of all public spaces and accommodation units, including additional disinfection measures after guest departure (which they adhere to even in the post-pandemic period).

In the post-pandemic period, according to the interviewees, hotel firms strive for continuous improvement in the quality of services, which is also positively influenced by the constant improvement and increase in the efficiency of energy use (electricity, heating oil, gas, water) and the procurement of energy-efficient products and services. In the context of quality assurance, the interviewees mentioned the importance of adapting the daily diet to the needs of modern people using the HACCP, halal, and kosher quality systems.

#### 5 Discussion and conclusions

Effective crisis management is crucial for protecting the well-being of guests, employees, and the overall reputation of hotels. The focus should be identifying key strategies and practices hotels can employ to navigate crises effectively (Chanyasak et al., 2022). The emergence of diseases like the COVID-19 pandemic has highlighted the need for hotels to have robust crisis management plans (Le

& Phi, 2021).

The hotel industry is particularly vulnerable due to its characteristics, such as large numbers of people congregating in common areas and a constant influx of guests from different regions (Le, Phi & Le 2021). As a result, hotels must be prepared to respond swiftly, efficiently, and successfully to reduce risks and protect the health and safety of all stakeholders (Permatasari & Mahyuni, 2022; Sharma et al., 2021).

When a hotel firm is exposed to risks in times of crisis or challenging circumstances, it must adapt or completely change its business models to survive and recover and ensure resilience and sustainable growth (Giousmpasoglou et al., 2021). During the Covid-19 pandemic hotel industry was also dealing with climate change, natural disasters, digital and green transformation, staff shortages, and other risks (e.g., liquidity risk). It is so important that hotel firms implement crisis approaches and business models (Hao & Chon, 2022).

For this reason, during the pandemic period, the hotels on the Opatija Riviera made several strategic decisions in the framework of which they changed their business models and strategies with the aim not only of the hotels surviving the crisis but also of recovering, becoming resistant to disruptions, and enabling further sustainable growth. During the pandemic, hotel management dealt with the issue of reducing the risk of Covid-19. For this purpose, it had to adopt strategic guidelines for providing health protection to its employees and guests. To decrease business risks and their consequences, hotel management after the year 2000 focused on: (i) cost optimisation, which affects the increase of financial resilience. To this end, management rationalises operations, introduces a business model of lean management, reduces overhead costs and optimises costs related to external suppliers (Crepi et al., 2021); (ii) diversification of income streams during crises can mitigate risk and reduce dependence on a single source (alternative options for monetising assets, introduce new services/products, and change supply chain management (new suppliers, shorter delivery routes, new markets for finding guests, etc.) (Alkier, Milojica & Roblek, 2023; Strange, 2020); (iii) crisis communication with stakeholders, because maintaining good relations with stakeholders is considered to be of key importance in times of crisis (Ritchie, 2004); (iv) Digital transformation, because crises and the Covid-19 crisis were no exception, sped up the introduction of digital solutions in hotel operations (Sharma, Thomas & Paul, 2021); (v) cooperation (formation of consortia and acquisitions as a form of ownership takeover) enables hotels (specially hotel chains) and other tourism firms to acquire the human resources they lack, gain new professional skills, access new segments of guests and suppliers, and new innovative solutions (Konovalova et al., 2020); (vi) focusing on the main services that guests demand the most or to satisfy critical needs. For this

purpose, the management has the opportunity to transform the offer, change existing resources or introduce solutions that are intended to specifically address the emerging demands of guests during the crisis (the need for sustainable and green solutions) (Mzembe et al., 2021); (vii) use of government support measures - for business liquidity and keeping the current level of headcount which almost all hotel companies used (González-Torres et al., 2021); (viii) scenario planning and risk management because crisis business models include robust scenario planning and risk management (Sax & Andersen, 2019); (ix) sustainable practices and social responsibility because the time of crisis raises the awareness and importance of sustainable business models and social responsibility. The hotel industry thus strives to promote socially responsible business concerning key stakeholders with whom hotels maintain continuous communication. The strategies of hotel firms are aimed at the sustainable development (e.g., circular economy, waste management, sharing economy, reducing the consumption of energy and natural resources, sustainable architecture) of the tourism micro-region and the support of the local community, as well as care for the protection of the environment, the satisfaction of employees and guests (Camilleri, 2022).

The hotel industry also takes care of the sustainable development of the local community. Thus, it invests in the construction of sustainable tourist infrastructure and provides financial support for cultural, gastronomic, educational and entertainment programs, projects and initiatives that improve the attractiveness and competitiveness of the tourism micro-region and contribute to the extension of the tourist season and thus nurturing the cultural identity and values of the local community (Bacari et al., 2021; Liang, T. C., & Wong, 2020). As part of the investments, hotels also want to connect better with the local community and provide their guests with a better experience. Hotels in the Opatija Riviera survived the Covid-19 crisis relatively successfully. The tourism micro-region's proximity to the main markets, from which mainly car guests come, helped significantly. For guests who arrived at a tourism micro-region during the pandemic, all stakeholders in the tourism micro-region needed to decide on appropriate hygiene and safety measures. The tourism micro-region is also attractive for guests due to the relatively mild climate and low risks of natural disasters, environmental disasters, terrorism and robberies.

In conclusion, it should be mentioned that 2022 was the first post-pandemic year in which hotel companies operated normally and restarted the investment cycle. We can conclude that, in the post-pandemic period, hotels focus mainly on adapting existing crisis business models. Their improvement is primarily aimed at ensuring a long-term sustainable concept of growth and future development of both hotels and the tourism micro-region itself. In their current operations, hotels focus on achieving a further in-

crease in the level of service quality and guest satisfaction. To this end, they started a new investment program focusing on (i) optimal positioning, segmentation, and development of the tourism portfolio, prioritising year-round operations, ii) definition and realising long-term strategic business goals, iii) corporate management, culture and climate. The aforementioned active approach includes the utilisation of existing and the creation of additional expertise in the development of the tourism portfolio and the management of hotel capacities to actively create added value for all stakeholders of hotel companies (owners, creditors, local communities and tourism micro-regions, business partners and employees).

#### **5.1 Practical implications**

It is important to note that specific changes in business models differ between hotels, depending on their size, location (city, rural environment), target market and existing infrastructure. It should be emphasised that the pandemic has accelerated the adoption of new digital technologies (e.g. localised guest services, IoT, mobile app check-ins, contactless payments, rich guest data and analytics, Cloud PMS, the revenue management system), innovative approaches (smart rooms that enable lower energy and water consumption smart and source locally produced, sustainable food for restaurants) and innovative strategies that satisfied guests' and evolving needs and expectations in a post-Covid world. The pandemic has intensified the effects of disruption, which requires greater flexibility in business strategies. For this purpose, management must adapt strategies more often. Hotel firms must realise that radical changes need to be made before they are forced to do so by disruptions in the external business environment and competitors. In the post-pandemic period, hotels must adopt business models to consider new executive management functions, focusing on resilience and growth, business transformation and sustainable development. At the same time, it is becoming increasingly important that strategies treat all stakeholders equally, and for successful business in an uncertain future, hotels must also form partnerships with competitors. It is expected that in certain future, management teams will have to consider a wider range of stakeholders that will influence their strategy, accept the fact that ecosystems and competitive relationships are changing at an increasingly rapid pace, include new leadership positions that will influence strategy formation, and through reorganisation, improve the firms' speed and agility to keep up with changes in strategy.

### **5.2 Study limitations and future research** proposals

A possible limitation of the research is its geographi-

cal limitation and the homogeneity of the interviewees. In addition, only a qualitative survey was conducted, covering fewer respondents. In the future, it will be necessary to conduct studies in the hotel industry following their changes and adaptation of business models, risks, innovation, and relations with internal and external stakeholders. In addition, it will be essential to implement quantitative approaches that illustrate complementary aspects but require a correspondingly larger number of respondents. Research should be carried out throughout the country and compared with the countries (tourism micro-regions) with the biggest competitors.

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### Vloga kriznega managementa hotelov v in po obdobju Covid-19: študija primera mikroregije Opatijske riviere na Hrvaškem

Pandemija Covid-19 je vplivala na povečanje proučevanja vplivov krize v okviru turizma in gostinstva. Rezultati opravljenih študij kažejo, da mora management v turističnih organizacijah okviru procesov kriznega managementa osredotočati se na prilagoditve in spreminjanje hotelskih poslovnih model, če želi zagotoviti njihovo nadaljno uspešno poslovanje in konkurečnost.

V okviru kvalitativne študije primera smo se lotili kritične analize procesov kriznega upravljanja in upravljavskih odločitev v zvezi s spremembami in prilagoditvami v strategijah in inovacijah poslovnih modelov. Vsi ti procesi in odločitve so bile oziroma so namenjene okrevanju, zagotovitvi odpornosti in nadaljne trajnostne rasti v hrvaški mikroregiji Opatijska riviera v obdobju pandemije Covid-19 in v času po Covidu-19.

Opravljeni so bili polstrukturirani intervjuji z vodilnimi kadri hotelov in svetovalci za turizem in gostinstvo. Prepise smo preverili, zbrane podatke pa interpretirali na podlagi narativne analize. V študiji je bila uporabljena tematska analiza vsebine.

V okviru rezultatov je potrebno poudariti, da so hoteli na Opatijski rivieri prilagodili svoje krizne poslovne modele v času pandemije in da se v post pandemskem obdobju osredotočajo na strategije, ki bodo omogočale dolgoročno in vzdržno rast poslovanja in razvoj hotelov ter same destinacije. Primarna usmeritev je dvig kakovosti storitev in zadovoljstva gostov ter doseganje konkurenčnosti na turističnem trgu.

Motnje, ki jih je povzročila pandemija, so za poslovodstvo hotelov pomembne tudi z vidika uvajanja procesov kriznega upravljanja, katerih rezultati se kažejo v zaščiti dobrega počutja gostov, zaposlenih in splošnega ugleda hotelov. Zato mora hotelski menedžment poudariti pomen prepoznavanja poslovnih strategij in praks v poslovnih strategijah in tako oblikovati osnovo za učinkovito krizno upravljanje tako za izbruhe bolezni kot za naravne in druge nesreče.

**Ključne besede:** Poslovni model, Covid-19, Hotelska industrija, Opatijska riviera, Strategije, Management tveganja, Turizem mikroregije