

Crisis Management Practices in Tourism SMEs During the Covid-19 Pandemic

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Background and purpose: This study examines crisis management practices (CMPs) for micro, small, and medium-sized enterprises (SMEs) in the field of tourism during the global coronavirus (COVID-19) pandemic. The purpose of this study is to analyse how tourism SMEs reacted to the crisis caused by the pandemic. The present research aims to determine which operational CMPs were deployed by tourism SMEs to minimize the impact of the crisis.

Design/Methodology/Approach: This study focuses on the following types of tourism SMEs – lodging facilities, food and beverage (F&B) facilities, and tourist agencies (TA). A total of 574 valid online questionnaires were obtained from SME managers. The structured questionnaire included 27 CMPs belonging to the four dimensions of crisis management – workforce, cost control, organizational support and marketing CMPs. Exploratory factor analysis and the non-parametric Kruskal Wallis H test and Mann-Whitney U test were used to investigate SMEs response to the crisis.

Results: Results indicate that SMEs primarily focus on the following CMP dimensions (respectively): workforce, cost control, organizational support, and promotional and customer-related marketing practices. Results show that there are statistically significant differences in the usage of different CMPs among the different types of SMEs.

Conclusion: The use of selected variables enables an internationally comparable benchmarking process and facilitates the improvement of tourism SMEs crisis management. The conclusion provides suggestions for future research and useful information for scholars, policy makers, and tourism managers.

Keywords: COVID-19, Crisis management, Slovenia, SMEs, Tourism

1 Introduction

In the last decade, the tourism industry has substantially increased in importance and relevance for the global economy. In 2018 alone, the global tourism sector grew by 3.9% and made an economic and social contribution of \$8.8 trillion in revenues and 319 million jobs to the global economy (Wttc, 2019). Despite its economic importance, however, this sector of the economy is extremely volatile and susceptible to political, economic, social, and environmental changes. In the Republic of Slovenia, a small European (EU) economy, tourism is a fast-growing industry, which in 2019 directly and indirectly contributed as much as 9.9% of the gross domestic product (GDP) and

employed 10.3% of the total labour force in the country (STO, 2020).

The international tourism industry is mostly composed of micro, small and medium-sized enterprises (SMEs). According to the United Nations World Tourism Organisation (UNWTO), globally, SMEs represent around 80% of all tourism businesses. In the EU, SMEs represent 99% of all business entities (European Commission, 2020). In Slovenia, SMEs are even more important, as they represent 98.8% of all business enterprises in the country and 99.9% of all business entities in the tourism sector (Republic of Slovenia Statistical Office, 2019). Small and dynamic SMEs have significantly contributed to the economic and social growth of the EU by generating employment, con-

tributing to the GDP, and providing the necessary innovative potential (European Commission, 2020). However, even though SMEs are major contributors to economic growth, they are often the business that are the most vulnerable and exposed to crisis situations (Carruthers, 2020).

On 30 January 2020, the World Health Organisation (WHO) declared the outbreak of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), which led to the COVID-19 disease as a global pandemic (an international public health emergency of global concern) (World Health Organization, 2020). Beyond the devastating health impacts, the pandemic has hit the global economy with brute force.

In order to limit the advancement of the pandemic, governments worldwide have implemented various restrictions (e.g., social distancing, travel restrictions, closure of borders, public facilities and services, etc.), which have put the global economic activities to a halt and triggered a new global recession. Fernandes (2020) states that the consequences of the COVID-19 pandemic on the global economy will be much worse than the effects of the Great Depression of the 1930s and the global financial crisis (GFC) of 2008. It is estimated (Sumner et al., 2020) that due to the pandemic crisis the global poverty level will increase to 0.5 billion (around 8% of the global population) and the contraction of income will rise to 20% on a global scale (World Bank, 2020). According to Sachs (2020), the scenarios are not very promising, and the situation might get worse due to ripple effects that might produce other crises, such as humanitarian or debt crises. While no economic sector has been left unharmed, the tourism industry has suffered severe losses (World Tourism Organization, 2020). According to Fernandes (2020), the global tourism industry faced reductions of activity of more than 90% in the first quartile of 2020, making it one of the most affected sectors of the economy. Moreover, the pandemic erupted during a period of the year in which the liquidity position of tourism firms is usually weak due to the typical seasonality of demand (Ozili & Arun, 2020).

In order to minimize the devastating influences of the pandemic, the EU Commission and the EU member states have implemented several corrective measures to help the economy to recover from the reverse impacts of the pandemic. In March 2020, the EU commission issued its official and coordinated approach to state aid in the COVID-19 context (European Commission, 2020). The allowed EU state aid schemes mostly included various fiscal stimulus and financial aid packages, such as direct grants, tax benefits and upfront payments, government guarantees for loans to companies, subsidized public loans to companies, and safeguards for banks that transfer state aid to the economy (European Commission, 2020). Following the EU guidelines, the government of the Republic of Slovenia has also issued four stimulus aid packages to help the

national economy in fighting the crisis.

In the tourism context, important state measures included covering employees' wages and taxes by the government, state purchase of receivables from Slovenian companies, deferral of payment of taxes, favourable national loans, and issuing of vouchers to all Slovenian citizens in order to stimulate domestic tourism consumption (Urad Vlade Republike Slovenije za komuniciranje, 2020). Due to favourable health conditions, Slovenia was the very first EU country to announce the official end of the epidemic on May 15th. All tourism facilities in Slovenia stayed closed from March 16th till June 1st. Despite the end of the epidemic and the reopening of businesses, substantial social and health measures have remained in force, severely affecting the tourism sector. In Slovenia, in the first five months of 2020, there was a decline of almost 60% in tourism overnights in comparison to the same period of 2019 (Statistical office of the Republic of Slovenia, 2020).

In addition to the extensive governmental (institutional) support to the economy, substantial crisis recovery measures will have to be implemented by individual SMEs. According to Tham et al. (2020), SMEs can accelerate their recovery by implementing a well-structured crisis management plan. In this paper, we focus on CMPs implemented by tourism SMEs after their reopening in June and July 2020.

The theory of crisis management offers numerous guidelines on how to cope with different crisis situations (Seraphin, 2019). However, the concept of the 2020 global crisis is novel in modern history, as all prior international catastrophes in the last century were caused by environmental hazards and/or financial crises (Fernandes, 2020). Because the initial health crisis has translated to economic and social crises of major concern, the focus of scholars has expanded from medical studies to the economic and social consequences of the pandemic. In our literature review, we have not found any previous studies investigating the relationships between major global crises and tourism SMEs crisis management on operational (micro) level. The current study, therefore, expands the existing body of literature by examining operational CMPs in tourism SMEs in the time of a pandemic.

The purpose of this study is to analyse how tourism SMEs reacted to the crisis caused by the pandemic. The main goal of the current study is to determine which CMPs were deployed by tourism SMEs to minimize the impact of the crisis.

This paper is based on a mixed methodological approach (Arora, 2012). After the literature review, primary data were collected using an online questionnaire. The design of the questionnaires was based on the study of Radwan (2017). An exploratory factor analyses (EFA) was performed to investigate the implementation of CMPs, and

the Kruskal Wallis H test and the Wilcoxon Mann-Whitney U test were conducted to analyse the differences in CMP usage among the different types of SMEs. In the conclusion, information for practitioners (managers) and suggestions for future research (academia) are provided.

2 Theoretical background

2.1 Coronaviruses – a new reality?

The existence of different coronaviruses has been known to humanity for more than fifty years (World Health Organization, 2020). In the past, WHO has already managed to successfully limit the spread of the infectious diseases caused by different coronaviruses, such as the Severe Acute Respiratory Syndrome (SARS-CoV-1) and the Porcine Epidemic Diarrhea V (PEDV), also known as the “Swine flu”. As the spread of SARS-CoV-2 currently presents a global threat to human health, humanity will have to adapt to the new reality of re-emerging threats caused by coronaviruses. In particular, the tourism industry will have to find a way to adjust to this new reality.

2.2 Tourism SMEs in times of pandemic

The implemented preventive health measures have severely damaged the tourism sector. In this vein, the global scientific community has also joined forces in sharing knowledge and supporting efforts to address the socio-economic impacts of the pandemic. Many scholars have started to analyse the different issues related to the coronavirus and tourism. The WHO and the UNWTO started to cooperate for a better understanding of the impact of the pandemic on human health, economy, and tourism (Wttc, 2019). Moreover, the WHO has issued a global initiative called “Global research on coronavirus disease (COVID-19)”, based on which the latest international scientific findings are collected on a daily basis (World Health Organization, 2020). To date, only a few studies have investigated the influence of the pandemic on the tourism sector. This studies analysed the influence of the pandemic on tourism from different perspectives, such as the macro-economic perspective (Ozili & Arun, 2020, Sachs, 2020), sports and events (Miles & Shipway, 2020), tourism of Nepal (Ulak, 2020) and India (Kalyankar, 2020), and the hospitality industry (Thams et al., 2020). Only a few studies have focused on topics related to tourism SMEs. For example, Lu et al. (2020) analysed the perceived impact of the pandemic on SMEs in China; Bartik et al. (2020) investigated the adjustment of small businesses in the USA; and Casalino et al. (2019) analysed the digital transformation of SMEs in times of pandemic.

Being a labour-intensive sector, tourism SMEs are extremely vulnerable to market changes, particularly because they mostly generate revenue for the rest of the year during a relatively short season. Tourism SMEs typically subsist on low profit margins, and even small sales losses can have a big impact on firms’ profitability. Lu et al. (2020) found that the major problem of Chinese SMEs in times of pandemic is the lack of cash flow, the disruption of supply chains, and the low market demand. Consequently, many businesses are facing drastic declines in revenues and fear of insolvency. According to the World Bank Group (WBG) analyses, firms in the US restaurant industry can, on average, cover their operating expenses for up to thirty days, while hotel and tourism firms held financial resources for covering operating expenses (expressed in Days of Cash on Hand) only for up to eighty days, which makes them extremely financially fragile (World Bank, 2020). In this view, Carruthers (2020) states that the pandemic will significantly reduce the number of SMEs on a global scale. These predictions are in line with those of Fernandes (2020), who reported that countries with more service-oriented economies will be more affected in comparison to economies that are more industrial in their focus. The EU economy is a highly service-oriented economy. Because of its economic and employment potential, tourism plays an important role in the EU economy. In 2016, one in ten enterprises in the EU non-financial business economy belonged to the tourism sector (Eurostat, 2020). Moreover, due to the multiplier effects of the tourism sector, other businesses will also suffer the spillover effects of the crisis (e.g. transportation, agriculture, etc.).

Tourism SMEs are generally highly adaptable and self-reliant organisations (Carruthers, 2020); however, in the case of external crises, such as a state of pandemic that is beyond their control, they need institutional (governmental) assistance (Lu et al., 2020). In the first phase, the government has already implemented several measures that have helped SMEs to alleviate their liquidity problems, preserved the jobs, and supported families under financial distress. In the second phase, however, SMEs’ long-term survival will depend on how they react to the crisis and adapt to the new economic and social reality. Knowing the importance of tourism SMEs for the EU economy, it is crucial to focus on different crisis management measures that can help them to lower their business mortality rate.

2.3 Crisis management

In the literature, several definitions of crisis have been proposed. For example, Pearson and Clair (1998, 66) defined a crisis as “a low-probability, high-impact situation that is perceived by critical stakeholders to threaten the viability of the organization”. Beirman (2011) defined a

crisis as an event or a set of circumstances that can damage the reputation and marketability of tourism businesses or the entire destination, and Williams et al. (2017) defined a crisis as a process that can culminate in an event that disrupts the actor's normal functioning. According to Simón-Moya et al. (2016), Pearson and Clair's (1998) definition is the most commonly used definition of crises in business and management research. Crises in business-context research have also been categorized as 'major' or 'minor'; 'internal' or 'external'; 'technical' or 'economic' in nature; and 'people-', 'organization-', or 'social-centric' (Simón-Moya et al., 2016). Accordingly, different crisis situations demand different crisis management approaches. In this view, McCool (2012) proposed three groups of measures that are vital for a firm's survival in times of crisis – planning prior to the crisis, a quick response during the crisis, and a recovery strategy after the crisis. Similarly, Mohammad et al. (2016) stress the importance of four consecutive stages in a crisis situation – prevention, preparedness, response, and recovery. According to Alonso-Almeida et al. (2015), the concept of crisis management consists of three generic domains, regardless of the type of crisis – crisis identification, proactive, and reactive crisis management strategies. The proactive strategies are preventive and pre-defined measures which are concerned with strengthening a firm's market leadership and/or operational efficiency. This means that the management sets actions and procedures in place to be undertaken prior to, during, and after the crisis. In contrast, reactive (also called responsive) crisis management strategies are spontaneous (ad-hoc) and inconclusive management reactions to environmental changes, which mainly consist of immediate cost-cutting measures. Hayes and Patton (2001) state that reactive strategies are often perceived as panic-driven responses to a crisis. As noted by Alonso-Almeida et al. (2015), in practice, crisis management is concerned with a mix of reactive and proactive strategies. Radwan (2017) asserts that crisis management remains insufficiently explored and highlights the necessity of further investigations into how to better cope with different crisis situations.

The tourism industry is extremely sensitive to crisis situations, as even minor negative events can seriously affect tourism demand and deteriorate tourism firms' financial performance. Crises in tourism are most often caused by external factors and can cause the development of further crisis situations, such as socio-political, economic, cultural, and technological crises. The outbreak of the pandemic has paused all tourism activities and caused a major crisis in the global tourism industry. In this uncertain environment, it is difficult to forecast the development of any potential further crisis situations, as there is no historical benchmark that can be used directly, as all other previous global crises in the last century resulted from other causes

(e.g., natural disasters, wars, economic causes, etc.). Because the current problem does not emanate directly from the financial sector like the last GFC, finding solutions will be significantly more challenging. The appropriate recovery strategies will have to be based on knowledge and experience from previous literature on crisis management, although it is relatively difficult to compare the different crisis management activities, as the impacts of environmental hazards and epidemics are not the same. Namely, environmental hazards primarily cause significant physical damage to the infrastructure, while epidemics have a more devastating and prolonged impact on the society and economics (Lu et al., 2020).

2.4 Operational CMPs

The majority of literature on crisis management in tourism focuses on general guidelines on how to cope with different crisis situations at the macro (destinational) and micro (firm) level. Crisis situations most often refer to natural disasters, war and terrorism, sanitary issues and economic events (Seraphin, 2019). A recent study by Jiang et al. (2019) involved bibliometric research on crisis management in tourism. Research results revealed that recent studies have moved from broader topics to more specific issues, such as resilience and economic crisis recovery. In this view, Kimes (2009) investigated the practices in hotel revenue management in times of economic downturn. The analysis revealed that the crisis was global and there were no major differences among hotels, regardless of the type of facility or its brand or quality level. In contrast, Kapiki (2011) analysed the impact of GFC on tourism and hospitality in Greece and found that the recession caused serious problems for luxury hotels in particular. This result corroborates the findings reported by Hampson and McGoldrick (2011), who investigated guests' shopping patterns in times of recession and found that guests are much more demanding, knowledgeable, and concerned with the right "value for money" in such times. Similarly, Alonso-Almeida and Bremser (2013) reported that along with the brand image and efficiency performance, the best way to cope with an economic crisis is to have established a large and loyal customer base, since loyal guests have a positive impact on hospitality firms' financial performance during and after the crisis. Azabagaoglu and Oraman (2011) stated that despite the fact that shopping patterns change during recessions, guests prefer well-known quality brands and tend to be loyal to them.

Another commonly reported practice in the restaurant industry in times of recession was cost reduction (Kukanja & Planinc, 2013). Although it can seriously deteriorate a hospitality firm's long term marketing and competitive position, managers seemed to frequently use this practice

during and after the GFC. Interestingly, cost reduction was one of the most widely used practice to cope with the GFC in Spain (Alonso-Almeida & Bremser, 2013). Similar measures were also implemented by hotel managers in Croatia. Smolčić Jurdana and Maškarin (2010) reported that during the GFC, hotel managers primarily focused on pricing policy, product policy, intense promotion, and cost reductions. Smallbone et al. (2012) examined the responses of SMEs to GFC in the United Kingdom and New Zealand and found that their responses led to changes in sales, marketing, and employment practices. While cost reduction strategy is essential, however, it must be carefully implemented. Cutbacks in the labour force constitute a common practice; however, McCool (2012) stressed the importance of staff for the hospitality industry and suggested the enhancement of other practices, such as business competitiveness and cutbacks in areas other than labour. Moreover, the author suggested staff active involvement in crisis management activities. Cost reductions must also take into account other key elements, in particular the image of the brand and the quality of the services offered. In this view, Alonso-Almeida and Bremser (2013) reported that hotels should focus on quality, branding, a reliance on loyal customers and increasing marketing to counteract the crisis.

Reduction of profits by price cuts and reduction of occupancy rates was the last step taken by the most successful Spanish hoteliers during the GFC (Alonso-Almeida & Bremser, 2013). This is important, because significant reduction of rates during crises could have a destructive impact on the tourism industry after the economic downturn, as it might boost guests' price sensitivity and lead to price wars among tourism providers. According to Radwan (2017), the branded providers of luxury services should be particularly careful before discounting and lowering the quality of their services, as this practice could influence their image and market position in the long term. Despite the fact that, generally, price reductions present a major threat to tourist firms' and destinations' long-term competitiveness and economic survival Smeral, (2010), Blažević and Drvenkar (2011) reported that during the GFC, Croatian TA lowered the prices of the Adriatic-Sea arrangements by up to 30%. The authors found that last-minute arrangements were the key price strategy for the development of Croatian tourism during the crisis. To avoid this scenario, Caudillo-Fuentes and Li (2010) proposed the implementation of a revenue management strategy for hotels, while Iordache (2013) recommended partnerships with event organizers and intense use of opaque (mostly IT) distribution channels.

In terms of marketing-related CMPs, Kukanja and Planinc (2013) analysed the response of the restaurant industry in Slovenia to the GFC. The authors found the restaurant managers increased the number of marketing

actions, reduced the number of permanent employees, lowered personal income, and increased the number of fixed-price menus in order to alleviate the influence of the GFC. Similarly, Campiranon and Scott (2014) identified the critical success factors for crisis recovery management in Thai hotels after the GFC. The authors proposed that the following measures be implemented by hoteliers: development of a crisis management plan, crisis market segmentation, intense marketing promotion, and staff management plan. Radwan (2017) thoroughly analysed the response of the Egyptian hotel industry to the GFC and assembled a list of 32 practices for managing hotel businesses during the crisis, concentrating on four dimensions: marketing, workforce, cost control, and responsible bodies support.

As different theoretical approaches exist in the literature on how to best cope with economic crises, Campo et al. (2014) investigated the importance of innovation for hotels' operational performance. Research results indicate that the tendency of a hotel to innovate does not contribute directly to its short-term performance; however, innovativeness influences hotel's financial performance in the long term. Similarly, Kossyva et al. (2015) suggested that coopetition could be an appropriate business strategy for SMEs, as it gives them the opportunity to develop and strengthen their competitive portfolio and become even more competitive in the long term.

In reviewing the literature, only three quantitative studies that utilised a holistic (multidimensional) approach to investigate CMPs in tourism firms were identified (see Table 1). All presented studies refer to the response of the tourism industry to the GFC.

As can be seen from Table 1, all presented studies include relatively similar operational CMPs, which can be logically divided into three CMP dimensions – marketing, workforce, and cost control. Only the study by Alonso-Almeida and Bremser (21 CMPs), does not include specific practices related to the dimension governmental and/or organizational support, which is included in Kukanja and Planinc's study (19 CMPs) and Radwan's research (32 CMPs). The study by Radwan (2017) offers probably the most comprehensive selection of operational CMPs for the tourism industry.

Beside the presented CMPs, to our knowledge, there are no studies that have specifically addressed the micro-level CMPs in tourism SMEs and that could, therefore, help us to better understand SMEs response to the current crisis. Ulak (2020) states that the implementation of CMPs can significantly reduce the negative impacts of the crisis. Therefore, monitoring SMEs' responses to the crisis is crucial in refining and minimizing the negative impacts of the present and any potential future crises on SMEs' performance.

According to the results of presented studies, we pose our main research question (RQ1): Which operational

CMPs were implemented by tourism SMEs in order to cope with the crisis caused by the COVID-19 pandemic?

Based on literature reviews (Alonso-Almeida & Bremser, 2013; Kukanja & Planinc, 2013; Radwan, 2017) we might assume that different types of SMEs have reacted

differently to the crisis. Based on this assumption, we formulate our second research question (RQ2): Is there a statistically significant distinction in the implementation of CMPs between the different types of tourism SMEs?

Table 1: CMPs used in previous studies

Authors	Sample	Operational CMPs
Alonso-Almeida & Bremser (2013)	Hotels in Madrid (n=134)	Cancel expansions, cancel investments, reduce management levels, decrease or eliminate training budget, decrease or eliminate the budget for internal and external social spending, enter into strategic alliances with other companies, improve processes to save operating costs, ask clients more about what would increase the value of the product, renegotiate prices or payment conditions with suppliers, create or improve loyalty programs, reduce sales forecast for the year, create awards for employee's ideas to reduce costs or increase sales, introduce employee empowerment, introduce new IT systems, products or services in high demand are not changed but the lesser demanded ones are omitted to reduce costs, costly products or services are substituted by cheaper ones, competitors' practices and services are imitated, renegotiate bank credits, reduce personnel in all departments, strengthen the commercial area, increase spending on advertising.
Kukanja & Planinc (2013)	Restaurant industry in Slovenia (n=94)	Reduce the number of employees, shorten working hours, lower personal income, replace high-tenure employees with new employees, increase reliance on outsourced human resources, joint marketing campaigns with business partners, active advertising in the media, increase the number of specific actions, price drops, promote new products and services, market to new segments, increase the number of fixed-price menus, cost cuts by limiting restaurant services, cost cuts by using cheaper substitutes, postpone maintenance, postpone scheduled payments, organized protest against the tax legislation, organize protest against labour legislation, increase the sector's power by joining catering associations, unions, etc.
Radwan (2017)	Hotels in Hurgada (n=82)	Target new market segments, enlarge hotel's marketing and advertising campaigns, provide highly discounted rates, provide and promote special offers and price, cuts on hotel products and services, study and understand the needs of the target customers and the changes that take place, focus on loyal customers during crisis, make use of electronic marketing and opaque distribution channels, increase hotel's marketing budget, keep up with competitors to take advantage of any developments that arise, reduce employees' wages and pay rates, give employees unpaid mandatory vacations, lay off employees to reduce labour force, require staff to undertake additional duties that are not in the employee's job description, make changes in the hotel's organizational structure, reduce staff's working hours, replace permanent employees with part-time temporary employees, emphasize cost reduction in all business activities, postpone some of the hotel due costs and/or reschedule payments, develop additional avenues for revenues, close some departments and/or accommodation sections, when purchasing use less expensive substitutes, start discounting strategy, use new technologies for reducing operating costs, shrink investment directed for expansions, develop and promote alternative types of tourism, provide technical and financial support to hotels, cooperate with hotels and hold meetings to discuss ways out of the crisis, provide additional facilities to many countries, improve the country's image as a tourist destination, the government should encourage domestic tourism, invite to and participate in international events and exhibitions, segment the tourism market and target some specific and new markets.

Source: Authors' own research. Note: Studies focusing on single practices (e.g. Innovation, pricing policy, etc.) were not included in Table 1.

3 Research method

3.1 Research process

In the first part of the study, qualitative research was performed to identify previous studies on SMEs' responses to the pandemic and crisis situations. Articles related to research topic were retrieved from May to July 2020 from major academic databases for hospitality research, such as Science Direct, EBSCOHost, and the Springer database. Specifically, the WHO Global research database on COVID-19 was thoroughly analysed. Keywords used to retrieve literature included: "COVID-19", "pandemic", "crisis", "SMEs", and "tourism and hospitality". No studies were found in the literature in relation to tourism SMEs' adjustment to the pandemic. The majority of the research refers to health issues and the global economy, while the tourism-related research is primarily concerned with destination management, macroeconomics, de-globalisation and future tourism perspectives (World Health Organization, 2020).

In the next part of the study, SMEs' CMPs were analysed based on a modified version of a questionnaire developed by Radwan (2017) as a tool for managing hotels during crisis situations. The original questionnaire comprises 32 generic CMPs concentrated on four main CMP dimensions – marketing, operational processes, governmental assistance, and human resources (see Table 1). To address the current crisis in the country, five specific CMPs related to the category of governmental assistance were removed from the original version of the questionnaire, as the government has already offered substantial support to the tourism sector. The final questionnaire is therefore composed of 27 practices belonging to four dimensions (see Table 2).

3.2 Data gathering and sample description

Data and contact information about SMEs were obtained from the only official business register (AJPES) in the country, which in Slovenia is in the public domain. The following types of SMEs were included in the study – lodging facilities, food and beverage (F&B) facilities, and tourist agencies (TA). According to the Statistical classification of economic activities in the European Community (NACE) and the Standardized classification of activities in the Republic of Slovenia (SKD), 13.258 enterprises are registered as lodging, F&B, and TA SMEs ($N=13.258$), of which 63.44% are F&B SMEs (NACE code I56), 28.74% are lodging facilities (NACE code I55), and 7.80% are TA SMEs (NACE code I79). Not all SMEs listed in the register have publicly available email addresses. Therefore, a total of 2,875 surveys were emailed to all above-men-

tioned groups of SMEs with published email addresses in the business register (21.68% of all SMEs in the country registered as I55, I56, and I79). Participation to the survey was voluntary, without any financial reimbursement. The survey captured data in June and July 2020, after the reopening of all tourism facilities.

We collected 574 valid questionnaires (the response rate was 19.96%). The sample ($n=574$) was mainly composed of F&B (58.4%), lodging (29.3%), and TA SMEs (12.3%). The questionnaire measured managers' usage of CMPs on a five-point Likert-type ordinal scale ranging from 1 (rarely used) to 5 (extensively used). In the second part of the questionnaire, managers' socio-demographic data and some general information on SMEs were collected. Information about respondents' and SMEs' characteristics were presented using descriptive statistical analysis. EFA, a Kruskal Wallis H test and a Mann-Whitney U test were performed to answer the RQs. All data were analysed using SPSS (version 25) software.

4 Research results

Findings of the first part of the study show that the majority of respondents (33%) were an average of slightly less than 46 years of age, and the majority of the sample was composed of male managers (51%). The majority of managers had completed professional or secondary education (52.3%), 37.3% of managers had acquired a high school or university education, 9.1% of managers had obtained a master's degree, and 1.3% had only finished elementary school. Next, SME ownership was analysed. Results show that the vast majority of managers (86%) owned the firms they managed. In addition, the number of staff employed was also analysed. Results show that the vast majority of SMEs (82.2%) employed up to five workers, followed by SMEs employing 5 to 10 workers (31.5%), while only 13 SMEs (2.2%) employed more than 30 workers. Managers were also asked if they or the firm had a written crisis management plan. Interestingly, only three managers reported having such a plan. Survey questions related to managers' demographic characteristics and SMEs' physical characteristics were formulated as open-ended questions.

The results presented in Table 2 show that all 27 CMPs were evaluated relatively highly (the average mean value is +3.77 on scale 1 to 5). Among the four dimensions, the highest-rated dimension was Organizational support (mean value +4.02), with OI27 as its highest-rated practice (+4.35, $SD\pm 0.99$). Results indicate that the lowest usage is related to the dimension Workforce practices (mean value +3.68), with the lowest scores related to the practice WI16 (+3.19, $SD\pm 1.80$). The standard deviations (SD) show the dispersion in managers' usage of different CMPs (see Table 2).

Next, EFA was performed to assess the factor struc-

Table 2: Managers' usage of CMPs

CMP Indicators	Mean	SD
Marketing practices		
MI1 – Target new market segments	3.72	1.37
MI2 – Enlarge marketing campaigns	3.66	1.16
MI3 – Provide highly discounted rates and special offers	3.30	1.18
MI4 – Study and understand the needs (expectations) of the target customer segments	4.07	0.84
MI5 – Focus on loyal customers	4.10	0.96
MI6 – Make use of electronic marketing and opaque distribution channels	4.07	0.98
MI7 – Increase marketing budget	3.16	1.16
MI8 – Keep up with the competitors to take advantage of any developments that arise	3.48	1.19
MI9 – Improve the quality of our offerings	3.92	1.02
Workforce practices		
WI10 – Reduce wages and pay rates	3.83	1.85
WI11 – Give employees mandatory unpaid vacations	4.17	1.61
WI12 – Reduce the number of employees	3.77	1.68
WI13 – Increase the productivity	4.17	1.37
WI14 – Require staff to take additional duties that are not in their job descriptions	3.53	1.78
WI15 – Make changes in the organizational structure	3.54	1.45
WI16 – Extend staff working hours	3.19	1.80
WI17 – Replace permanent employees with part-time employees	3.29	1.94
Cost control practices		
CI18 – Emphasize cost control and reduce operating costs	4.01	1.07
CI19 – Postpone some of the firm's due costs and/or reschedule payments	3.68	1.22
CI120 – Develop additional avenues for revenues	3.83	1.12
CI21 – Close some non-profitable departments and/or business operations	3.84	1.48
CI22 – When purchasing, use less expensive substitutes	3.80	1.42
CI23 – Use new IT technologies for reducing operating costs	3.88	1.34
CI24 – Shrink all planned investments	3.89	1.24
Organizational support		
OI25 – Cooperate with other tourism providers	4.19	1.01
OI26 – Cooperate with different organizations (chambers of commerce, business associations, etc.)	3.54	1.23
OI27 – Cooperate on different activities that could improve the image of the tourist destination	4.35	0.99

Source: Authors' own research

ture of managers' usage of CMPs. Because we could not confirm a normal distribution of data for any of the selected CMPs of the first set (a Kolmogorov-Smirnov test was used), it was necessary to use the Principal Axis Factoring method to perform the EFA. Based on the values of the Kaiser-Meyer-Olkin measure of Sampling Adequacy – KMO (0.879) and the Bartlett Test of Sphericity ($\chi^2=4092.494$; $DF=351$), we estimated that all 27 indicators were suitable

for performing EFA.

Most of the indicators of the first set had adequate communalities (≥ 0.50), indicating that the greater part of their heterogeneity can be explained by the effect of the common factors. Only one indicator with a too-low communality (MI9) was excluded from further analysis. Therefore, a model with 26 indicators with satisfactory communalities was selected for inclusion in the final factor model.

The suitability of data for inclusion in the final model was also supported by the high values of KMO (0.879) and the Bartlett test ($\chi^2 2=4015.308$; $DF=325$). Based on a rotated factor matrix solution, we have decided to include five factor groups (CMP dimensions) in the final model, as doing so allows for a meaningful interpretation of the factor structure. In the final model, factor weights which contain three or more indicators and have factor loadings higher than 0.3 were retained. The final factor model is presented in Table 3. Based on the results, indicators belonging to the initial dimension of Marketing were log-

ically divided into two sub-marketing dimensions. According to the content prevalence of their indicators, both dimensions were marked as Marketing promotional practices (primarily externally oriented CMPs) and Marketing customer practices (primarily internally oriented CMPs) (see Table 3). Moreover, internal consistency was calculated using Cronbach's alpha (α). The values for all factor groups (workforce=0.900; cost control=0.898; organisational support=0.802; marketing=0.796) indicate a reasonably good reliability ($\alpha \geq 0.8$).

Based on the rotated factor matrix presented in Table

Table 3: Rotated factor solution

CMP indicators	CMP dimensions				
	Workforce	Cost control	Organisational support	Marketing (promo)	Marketing (customer)
MI14	.853				
WI10	.796				
WI12	.790				
WI17	.789				
WI11	.765				
WI16	.760				
WI13	.702				
WI15	.611				
CI23		.729			
CI21		.667			
CI22		.624			
CI24		.498			
CI20		.480			
CI19		.432			
OI25			.863		
OI26			.605		
OI27			.598		
MI2				.819	
MI1				.699	
MI3				.374	
MI7				.452	
MI5					.796
MI4					.652
MI8					.318
Variance %	30.9	9.6	5.8	4.5	3.6

Source: Authors' own research

3, it is evident that managers primarily use the following CMP dimensions (respectively) to cope with the crisis: Workforce, Cost control, Organisational support, and Marketing practices. According to the values of their total explained variances, it is evident that CMPs related to the dimension Workforce have by far the greatest importance in coping with the crisis (30.9%), followed by the CMP dimensions of Cost control (9.6%) and Organisational support (5.8%). Results presented in Table 3 thus provide the answer to RQ1.

In order to answer RQ2, we used the non-parametric Kruskal Wallis H test for the independent groups of samples. The main reason for choosing the H test lies in the asymmetric distribution of the ordinal data. For the empirical analysis (H test), we formulated the null (H_0 :

$Me_1=Me_2=Me_3$) and the alternative hypothesis (H_1 : $Me_1 \neq Me_2 \neq Me_3$) for each pair of analysed variables. Research results revealed that statistically significant differences ($p \leq 0.050$) exist for sixteen practices (i.e., H_0 was rejected in favour of H_1 for I - M1, M4, M5, W10, W11, W12, W13, W14, W15, W16, C19, C21, C22, C23, C24, and O26). The majority of presented indicators belong to the dimensions of Workforce and Cost control (see Table 2).

Next, a Mann-Whitney U test was performed to investigate the differences in usage of the identified sixteen CMPs, between the different types (the two independent groups) of SMEs. Statistically significant results ($p \leq 0.050$) are presented in Tables 4, 5, and 6.

Results of Kruskal Wallis H test and Mann-Whitney U

Table 4: U test – lodging and TA SMEs

	WI10	CI21	CI23	CI24	OI26
U	3428.5	3355.0	3218.5	3508.5	3485.5
W	13158.5	13085.0	12948.5	13238.5	13215.5
Z	-2.739	-2.932	-3.292	-2.511	-2.602
Sig.	0.006	0.003	0.001	0.012	0.009

Source: Authors' own research. Note: For Mann-Whitney U and Wilcoxon W values, the last two decimals (00) were removed. Sig. = Asymp. Sig. 2-tailed.

Table 5: U test – lodging and F&B SMEs

	MI4	MI5	WI12	WI13	WI14	WI16
U	4095.0	3811.0	4096.5	4067.5	3695.0	3892.5
W	13825.0	13541.0	6871.5	6842.5	6470.0	6667.5
Z	-2.728	-3.398	-2.516	-2.614	-3.504	-3.031
Sig.	0.006	0.001	0.012	0.009	0.000	0.002

Source: Authors' own research. Note: For Mann-Whitney U and Wilcoxon W values, the last two decimals (00) were removed. Sig. = Asymp. Sig. 2-tailed.

Table 6: *U test – F&B and TA SMEs*

	MI1	WI10	WI11	WI12	WI14	WI15	WI16	CI19	CI22	CI23	CI24
U	1712.5	1524.0	1672.0	1648.5	1292.0	1640.5	1391.0	1815.0	1769.0	1575.5	1770.5
W	4487.5	4299.0	4447.0	4423.5	4067.0	4415.5	4166.0	4590.0	4544.0	4350.5	4545.5
Z	-2.894	-3.731	-3.089	-3.142	-4.777	-3.221	-4.323	-2.434	-2.618	-3.502	-2.652
Sig.	0.004	0.000	0.002	0.002	0.000	0.001	0.000	0.015	0.009	0.000	0.008

Source: Authors' own research. Note: For Mann-Whitney U and Wilcoxon W values, the last two decimals (00) were removed. Sig. = Asymp. Sig. 2-tailed.

test clearly indicate that statistically significant differences exist in the usage of CMPs among the different types of SMEs. In the case of differences between lodging and TA SMEs, H_0 was rejected in favour of H_1 for five CMPs (see Table 4); in the case of differences between lodging and F&B SMEs, H_0 was rejected in favour of H_1 for six CMPs (see Table 5); and in the case of differences between F&B and TA SMEs, H_0 was rejected in favour of H_1 for 11 (out of 26) CMPs (see Table 6). For all other CMPs, no statistically significant differences were found. The presented results provide the answer to RQ2.

5 Discussion

Prior studies investigating crisis management in tourism enterprises (presented in the literature review) identified different management approaches to handle different crisis situations. In reviewing the literature, no data were found on the association between CMPs in tourism SMEs and the crisis caused by the pandemic. The first RQ in this study sought to determine how tourism SMEs are coping with the crisis. The results of this study show that managers use the majority of operational CMPs identified in previous research (Alonso-Almeida & Bremser, 2013; Kukanja & Planinc, 2013; Radwan, 2017).

One interesting finding is that the practice related to direct improvement of the quality of offerings (MI9) with a too-low communality had to be excluded from the analysis. It is relatively difficult to explain this result, as it directly refers to SMEs' quality improvements, although this finding might be somehow related to managers' high perceptions of their quality offerings as previously reported by Kukanja et al. (2017) and/or their belief that there is little room for quality improvements. This finding is also contradictory to the finding of Hampson and McGoldrick

(2011), who reported that guests in times of crisis are much more demanding and concerned with the quality and the right "value for money". However, it is encouraging that managers reported that they are trying to understand the needs of their target customers (MI4) and are focusing on their loyal customers (MI5) (see also Table 3 – fifth dimension), as both practices present the concept of service quality management (Kukanja et al., 2017).

Another important finding is that managers primarily use workforce- and cost control-related practices to cope with the crisis. Cutbacks in the labour force and enhanced cost control are common reactive crisis management practices. These practices also prevailed in previous research (Alonso-Almeida & Bremser, 2013; Kukanja & Planinc, 2013). Tourism is a labour-intensive economic sector. Therefore, cost reductions are essential, but they must be carefully implemented, as they might deteriorate a tourism SME's marketing position – especially its image and the quality of the services offered. Another important issue is that of cutbacks in the labour force, which result in reductions in the number of employees (WI12). Beside the quality concerns, this practice could also result in SMEs' high employment and training costs in the long term. When taking into consideration the small number of employees in tourism SMEs (in our study 82.2% of SMEs reported employing up to 5 workers), a major reduction of employees might seriously affect the industry in the long term. Therefore, it is somewhat expected that this specific practice coincides with other workforce-related CMPs, such as changes in the organizational structure (WI15), increased productivity (WI13), and additional work duties (WI14). Overall, it seems that managers are trying to use different approaches to solve the issue of sectoral labour intensiveness in times of crisis. A possible explanation for this result might be related to the governmental interventions, which have been oriented to preserving jobs during the crisis. It

is possible, therefore, that governmental measures have triggered SME managers to focus on CMPs related to the workforce.

In terms of cost control, it is encouraging that managers are primarily focusing on new IT solutions (CI23), abandoning non-profitable business operations (CI21), and buying cheaper substitutes (CI22) in order to reduce operational costs. These practices could also present an opportunity to investigate and optimize SMEs' internal resources (hidden reserves), which could also help SMEs to improve their competitiveness in the long term, as previously suggested by Kossyva et al. (2015).

The third dimension relates to organizational support. As the EU commission and the national government have already offered substantial support to assist the economy (institutional support), this dimension includes practices related to the co-operational activities among businesses and other (non-)governmental organisations (OI25, 26, 27). The overall responses were positive, as managers expressed high levels of willingness to cooperate with other stakeholders in overcoming the crisis (the joint approach). According to Haywood (2020), the post-COVID renewal of tourism will definitely call for much higher degrees of cooperativeness and will demand changes in firms' competitive ethics.

The fourth and fifth dimensions are two marketing sub-dimensions. The fourth dimension is primarily composed of CMPs which emphasize SMEs' external marketing activities, such as active advertising (MI2), focusing on new market segments (MI1), and provision of highly discounted rates and special offers (MI3). Results of the first two practices corroborate the findings of Campiranon and Scott (2014), which have proposed the implementation of crisis market segmentation and intense marketing promotion for successful crisis recovery. Similarly, the result of indicator MI3 is consistent with the earlier findings of Radwan (2017), which reported that price-cuttings should be avoided to prevent erosion of the hotels' future competitive position. This is also important, because a significant reduction of selling prices might increase guests' price sensitivity after the crisis ends. The fifth dimension refers to SMEs' customer-oriented marketing practices. These practices prioritize the importance of SMEs' understanding of their guests' needs and quality expectations (MI4), highlight SMEs' focus on loyal guests (MI5), and emphasize the relevance of SMEs benchmarking activities (MI8). As household spending was reduced due to economic uncertainty (Sachs, 2020) and several governmental limitations were implemented to stop the spread of the virus (in terms of social restrictions and mobility limitations), this also might have influenced managers' decision to minimize their individual marketing activities.

In terms of differences in the usage of CMPs between the different groups of SMEs (RQ2), the fewest differences exist between lodging and TA SMEs (see Table 4). A

possible explanation for this might be that lodging and TA SMEs are highly connected businesses. The majority of practices where differences occur (CI-21, 23, and 24) belong to the dimension of Cost control. It seems possible that the operational differences between the businesses (the majority of small TA are sub-agencies (brokers), while lodging SMEs require a higher labour and capital intensive production process) may have influenced the selection of different cost control CMPs. Despite the differences presented in Table 4, it seems that both groups of SMEs use relatively similar CMPs to alleviate the impacts of the crisis.

Between lodging and F&B SMEs, differences exist at six practices (see Table 5). Four CMPs (out of six) belong to the dimension Workforce (WI-12, 13, 14, 16). It is difficult to explain this result, as both businesses are labour-intensive. Surprisingly, no statistically significant differences were found in practices belonging to the dimension Cost control. It is also surprising that differences were identified at MI4 and MI5, which indicate SMEs' orientation towards knowing guests' quality expectations and focusing on loyal guests. This finding was unexpected, as lodging and F&B facilities present the fundamental essence of the hospitality industry. More research using controlled trials is needed to better understand these differences.

The most differences (11 CMPs) occur between F&B and TA SMEs (see Table 6). Most of these belong to the dimensions of Workforce (WI-10, 11, 12, 14, 15, 16) and Cost control (CI-19, 22, 23, and 24). This is somewhat expected, as F&B and TA SMEs are relatively different in terms of their production processes. Interestingly, results show that both groups of SMEs implemented similar marketing CMPs to alleviate the impact of the crisis, as the difference occurs in only one (MI1) marketing practice.

Overall, results also indicate that practically no differences among the different types of SMEs were found in practices belonging to the dimension Organizational support, indicating a strong commitment to a collaborative approach in fighting the crisis. These results might also be related to a prompt response of the Slovenian government to the crisis. As practically all managers reported not having a crisis management plan and reacted to the crisis by introducing cost-cutting measures, we can assume that CMPs were mostly implemented reactively, as a direct response to the external crisis. Nevertheless, more future studies on the current topics are recommended to better explain the usage of and differences in CMPs among the different types of tourism SMEs.

6 Conclusion

The main goal of the current study was to determine how tourism SMEs have responded to the crisis caused by the COVID-19 pandemic. The first question (RQ1) aimed

to determine which operational CMPs were implemented by tourism SMEs to cope with the crisis. Research results reveal that SMEs primarily focus on the following dimensions of CMPs (respectively): Workforce, Cost control, Organisational support, and Marketing practices. This study has clearly shown that the dimensions Workforce and Cost control have by far the greatest importance in coping with the crisis. The second question (RQ2) sought to determine whether statistically significant differences exist in the usage of CMPs among the different types of tourism SMEs. Research results show that statistically significant differences exist in the usage of sixteen (out of 27) CMP. The fewest differences occur between lodging and TA SMEs (5 CMPs), and the most differences exist between TA and F&B SMEs (11 CMPs). These results are likely to be related to the heterogeneity of the tourism industry.

This study has also shown that crisis management is performed through different combinations of CMPs and that most SMEs managers do not have a crisis management plan. Therefore, we might assume that CMPs were mostly used reactively, as a direct response to the crisis (the dimensions of Workforce and Cost control prevailed). This finding is consistent with previous studies (Kukanja & Planinc, 2013), which have also shown that tourism SMEs responded reactively to the external crisis, primarily by implementing CMPs related to labour and cost reductions. Although cost optimization is an important crisis management activity, CMPs which directly affect the workforce must be implemented with extreme caution. People are crucial for the long-term success of tourism SMEs, as their performance directly affects SMEs' brand image, efficiency, and quality performance (Kukanja et al., 2017). In this view, McCool (2012) suggested that staff should be actively involved in the development of crisis management strategies. According to Alonso-Almeida and Bremser (2013) the more drastic measures, such as the reduction of the number of employees, should first be replaced by measures resulting in SMEs' performance enhancement and productivity improvement.

Interestingly, research results revealed that managers heavily rely on organizational support (the joint approach) in fighting the crisis. Tourism SMEs depend on unique relationships with different stakeholders (e.g., guests, workers, suppliers, etc.). These relationships are time-consuming and costly to build and maintain, as they require intangible assets such as the creation of knowledge and reputation. Pushing tourism SMEs into bankruptcy would mean that the different relationships would need to be re-established, causing a transitory shock which would additionally slow the recovery of the economy. In this view, two of the more significant findings to emerge from this study are that marketing practices (the individual approach) constituted the least implemented dimension(s) and that relatively few differences were found in their usage among the different types of SMEs.

This work contributes to existing knowledge of crisis management by providing evidence on how tourism SMEs have responded to the crisis caused by the pandemic. Specifically, the empirical findings in this study provide a new understanding of differences in CMP usage among the different types of tourism SMEs.

Lu et al. (2020) state that there are three critical aspects to save SMEs in times of pandemic. First it is necessary to alleviate the survival pressure on SMEs; second, it is necessary to assist them to resume production; and third, it is necessary to stimulate consumption. The governmental response was prompt and in line with theoretical recommendations (Lu et al., 2020) and guidelines issued by the EU commission. Therefore, we might assume that similar CMPs could have also been implemented in other EU countries.

The major limitation of this study is the limited geographical area in which the study was performed. The main suggestion for future research is therefore to extend the study to other regions. Moreover, this study only gives a snapshot of the situation during the pandemic. A larger data set and a longitudinal study are required to detect the long-term effects of the crisis. SMEs' financial reports could also offer useful information on the effectiveness of different CMPs. In addition, analyses of guests' expectations during and after the crisis could also help us to better understand guests' post-crisis behavioural patterns and provide a deeper understanding of the "post-corona" tourism. According to Turnšek et al. (2020), we cannot easily predict how the general population will behave regarding their future travel avoidance. As the pandemic continues, we cannot precisely foresee its impact on the future of the tourism industry. In future studies on the current topic, the challenge of managing the right balance between public health safety and tourism firms' operational profitability should also be addressed. Therefore, there is a need for further analyses on the further impacts of the pandemic on tourism.

In the context of tourism industry recommendations, managers should focus on increased competitiveness and efficiency performance without deteriorating their marketing position, as previously suggested by Alonso-Almeida and Bremser (2013). The continuous monitoring and spread of information (especially in terms of the best practice example) should also help tourism managers in coping with the crisis. The current pandemic will eventually pass, but there will always be different crisis situations. The identified CMP can, therefore, be used as a guideline for tourism SMEs on how to cope with the current crisis or even avoid different future crisis situations if the practices are used proactively.

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Tehnike kriznega menedžmenta v turističnih MSP-jih med pandemijo Covid-19

Ozadje in namen: Raziskava preučuje tehnike kriznega menedžmenta v mikro, malih in srednje velikih podjetjih (MSP) v turizmu v času pandemije korona virusa (COVID-19). Namen pričujoče raziskave je preučiti, kako so se turistična podjetja odzvala na krizo, ki jo je povzročila pandemija COVID-19. Cilj raziskave je ugotoviti, katere operativne tehnike kriznega menedžmenta so implementirale različne vrste turističnih MSP-jev, da bi zmanjšale vpliv globalne krize.

Zasnova / metodologija / pristop: Študija se osredotoča na naslednje vrste turističnih MSP-jev: nastanitveni obrati, prehrambni obrati (F&B) ter turistične agencije (TA). S strani menedžerjev turističnih MSP-jev je bilo pridobljenih 574 veljavnih spletnih vprašalnikov. Strukturirani vprašalnik je zajemal 27 spremenljivk (tehnik) kriznega menedžmenta, ki vsebinsko spadajo v štiri dimenzije (področja) kriznega menedžmenta – delovno silo, nadzor stroškov, organizacijsko podporo in trženjske prakse. Za preučevanje odziva MSP-jev na krizo so bile uporabljene sledeče statistične metode – eksplorativna faktorska analiza ter Kruskal Wallisov H in Mann-Whitneyev U test.

Rezultati: Rezultati pričajo o tem, da se MSP-ji primarno osredotočajo na naslednje dimenzije kriznega menedžmenta (glede na pomen) – delovno silo, nadzor stroškov, organizacijsko podporo ter trženjske prakse. Rezultati kažejo, da obstajajo statistično značilne razlike v uporabi različnih tehnik kriznega menedžmenta med različnimi vrstami turističnih MSP-jev.

Zaključek: Uporaba izbranih tehnik kriznega menedžmenta omogoča mednarodno primerjalno analizo ter olajša izbor tehnik kriznega menedžmenta v turističnih MSP-jih. Zaključek raziskave vsebuje predloge za izvedbo prihodnjih raziskav in koristne informacije za raziskovalce, menedžerje ter snovalce razvojnih politik v turizmu.

Ključne besede: COVID-19; Krizni menedžment; Slovenija; MSP; Turizem