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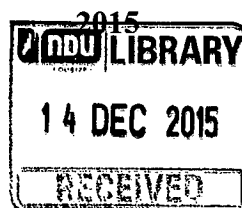
**Hospitality Crisis Management Practices: The Case of Lebanese Luxury Hotels using
an Importance-Performance Analysis**

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**A Thesis Submitted in Partial Fulfillment of the Requirements for the Degree of
the Master of Business Administration (M.B.A.)**

NDU-Lebanon



Approval Certificate

Hospitality Crisis Management Practices: The Case of Lebanese Luxury Hotels using
an Importance-Performance Analysis

BY
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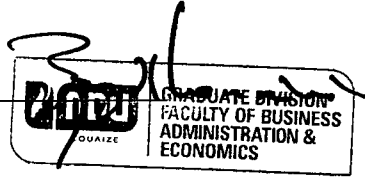
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DECLARATION

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MARK CHAHINE

ABSTRACT

Purpose – This paper aims to evaluate manager’s beliefs of what actions or practices are important during a crisis, and to evaluate their actions to test for the consistency between beliefs and performance in Lebanon. This will help assess how managers categorize diverse practices to formulate their crisis management beliefs and actions in hotels in Lebanon.

Design/methodology/approach – The methodology applied used the quantitative approach of a positivist ontological and epistemological stance. The model that was employed was that of Importance-performance analysis to evaluate decision makers’ beliefs and actions with respect to crisis management practices in luxury hotels in Lebanon. The data was collected via a questionnaire.

Findings – The main findings included high positive correlation between practice importance and practice performance (usage), and factor analysis revealed the categorization of the factors into four themes: Marketing Strategies, Cost Cuts, Government Support, and Operations Management

Research limitations/implications – Limitations included sample size, possible additions to practice list, location of population, and time constraints.

Practical implications – Managers have to evaluate why they perform the way they do, and what to focus on during crises. Many rhetorical questions are posed.

Originality/value – This study is a replication of Israeli, Mohsin, and Kumar’s (2010) study on Indian luxury hotels. However, the analysis techniques and rotation methods varied as to match the needs of the study in Lebanon. The originality is that this paper tackles crisis management in hotels in Lebanon, which seems to have little literature to support managers in their decision making. The value is doors are for further studies to tackle issues raised by this study.

Keywords – Hospitality – Lebanese luxury hotels – Crisis Management – Importance-performance analysis – factor analysis

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“It is not possible to prepare a thesis study without the assistance and encouragement of other people. This one is certainly no exception”

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CHAPTER I: INTRODUCTION

This chapter will provide a brief background on the topic at hand, followed by a justification for the need for the study, a statement of the purpose of the study, and finally, a provision of a brief overview of the chapters of the study.

1.1 Background

A hotel business is a very demanding and competitive one. The hospitality industry is one that has been “traditionally more focused on the physical product now waking up to a consumer who is demanding consistent delivery of the brand promise and the upgrade to luxury segments. The experiential dimension will define a successful brand as much as the finer points of product design” (Deloitte, 2014, p. 2). The delivery of quality and luxury in this segment is one of the most important factors, as it affects the brand image and reputation. Considering the number of alternatives that are available to the consumer, maintaining customer loyalty and attracting new customers is a key factor to success. As a result, hotels are constantly in struggle to sustain a certain level of consistency when it comes to delivering quality service and product. This is especially emphasised when the hospitality industry itself is struggling or going through a crisis. Maintaining and developing efficiency levels becomes critical and different functions in the hotel become active players in this process.

The hospitality industry is based on customer service that includes food and beverages, accommodation, and is closely linked to travel and tourism since it is dependent and heavily impacted by the economy (Reynolds, 2014). In turn, since travel and tourism is dependent on several factors such as climate, political stability, socio-cultural trends, as well as the economy - both local and international- any variance or impact from these factors can greatly affect the hospitality industry. Lebanon is one of the countries that has witnessed negative changes and fluctuations in the factors mentioned above that lead to a recession in the tourism sector in the country. As a result, the hospitality industry has suffered, specifically the hotel industry.

The current situation in Lebanon regarding hospitality is bleak. End of year reports of 2013 show that the number of tourists in Lebanon decreased further, with occupancy rates subsiding by 8.7% in low seasons and by 32.9% in high seasons (Murray, 2014). Ziad Kamel, treasurer of the Syndicate of Owners of Restaurants, Cafés, Night-Clubs and Pastries in Lebanon, said that the dreary situation in Lebanon has lead company owners in the industry to barely aspire to break-even, rather than aspiring for a decent profit margin, the ability to pay dividends, or the ability to invest retained earnings in the business: service company owners are just trying to get by (Murray, 2014). This has been the case for the last 4 years. Owners of companies who can afford to inject funds into their business are doing so, but some owners do not have those privileges. Owners are running out of cash, while loan guarantee programs in the country such as Kafalat are recording failed loans. Companies in the tourism sector are not taking out any new loans: in 2014, there was a 90% decrease in the amounts of loans taken with respect to 2013, according to Kafalat chairman Khater Abi Habib (2014). Not only are loans failing and decreasing in amount, but many loans have been rescheduled from their portfolio.

In a country with a receding economic growth, increasing internal political tension, regional turmoil, and such a dreary situation in general, investments have taken a downturn. Existing businesses have to cope with a difficult situation, an increased buyer dollar value, and a significant decrease in sales. Revenues are regarded as good if they come close to breaking even. This is a substantial drop in business standards, let alone unhealthy for business. For the most part, Lebanon is in a crisis. The reason for this bleak situation is primarily due to political instability internationally and regionally. In fact, Lebanon has been in sporadic crisis, precisely five major crises since 2005.

This study tackles crises and crisis management in the hospitality industry in Lebanon, using managers' perspectives and performance as units to conduct an importance-performance analysis.

1.2 Need for the study

Lebanon has been facing difficult situations, and with all the factors affecting businesses, especially in the tourism industry, a need for effective crisis management is imperative. However, there has been little research done on crisis management for hotels in Lebanon, especially ones that evaluate the performance of current management practices in crisis management.

So what are hotels in Lebanon doing? The role of the hotel during a turbulent external environment is to survive this period, sustaining the least bit of damage along the way. A lot of hotels faced with low occupancy rates find themselves at a dead-end. The primary action taken is often to cut their costs to withstand the severity of the situation, such as offering less products and downsizing their staff. Although this method might be effective for a short period of time, it does not guarantee continuity in the long run. Moreover, this could negatively affect the quality and service level.

There is no one long term method that can be applied to sustain the business during a crisis. Crisis management in the hotel industry in Lebanon seems to be reactionary rather than contingent. Given that it is difficult to forecast how long the country will be in a crisis, a need for a long term plan to manage the businesses during a crisis is of utmost importance. To fill the gap between what managers are doing and what must be done, we propose to evaluate and assess manager perceptions and performance in crisis management, and compare it to modern trends of crisis management and theory of best practices in the hospitality industry.

1.3 Purpose of the study

The purpose of this paper centers on decision makers' micro- and macro-level practices in Lebanese luxury hotels under crisis situations to generate an assessment whether decision makers know what practices they have to use in times of crisis and if they act accordingly. Then, the objective is to evaluate decision makers' beliefs (importance) and actions and to test the consistency of practices' importance and

performance, and to assess how they categorize these practices in themes to form their crisis management beliefs and actions.

Consequently, the results of this study may determine gaps in, and as such, either suggest solutions or pose rhetorical questions for future research

1.4 Brief overview of all chapters

To achieve the purpose above, this study is divided into four more sections: the literature review, the methodology, the results and discussion section, then the conclusion and recommendations section.

In the literature review section, the external factors that create a crisis in the hospitality industry in Lebanon are firstly discoursed, followed up by a discussion of the internal factors within a hotel. After establishing the nature of the crisis in Lebanon, the study focused on crisis management theories, specifically ones tailored for the hospitality industry. Following this, there was an examination of current practices and trends of crisis management in Lebanon through pilot interviews with managers from InterContinental Le Vendome to create an inclusive list of crisis management practices.

The methodology section firstly provides the philosophical approach used for the ontological and epistemological stance, then discusses the research design which consists of applying Importance-Performance Analysis on the results of the formulated questionnaire. Then it describes the participants and sampling procedure. Finally, the section demonstrates how data was collected and analysed.

The results and findings section discusses the data obtained from the participants using the questionnaire. The results were analysed using descriptive statistics, Spearman correlation, and factor analysis using orthogonal Varimax Rotation.

The study is concluded with the outcome of the findings, in addition to the statement of limitations and suggesting future research.

CHAPTER II: LITERATURE REVIEW

The literature review poses and answers the following questions:

- What are the external factors that affect the hotel industry in Lebanon?
- What are the internal factors that affect the hotel industry in Lebanon?
- What are the best practices for a hotel to curb the effect of crisis?
- What are the practices luxury hotels undertook during the crisis in Lebanon?
- What crisis management practices can be taken as a benchmark to be used in the questionnaire?

Consequently, the literature review first examines the external factors that affect Lebanon and how they impact the hospitality industry. Then, a section covering some of the internal hospitality factors that affect and are affected by a crisis is provided. Both the external and internal factors play a contributing role whether in leading to a crisis, and/or adding to its severity. From the sections of the external and internal factors, the five major crises that this study tackles in the methodology are outlined. Then, a review of literature on the best practices for crisis management theoretically is presented, with an emphasis on such management in the hospitality industry. Then, based on the literature and pilot interviews and investigations conducted at the InterContinental Le Vendome, a list of 22 practices grouped in four categories is assembled to form the basis of the questionnaire is based.

2.1 External Factors Affecting the Hospitality Industry in Lebanon

In Lebanon, a country rife with internal civil strife, political tension and regional turmoil, the economy has been through a roller-coaster of recessions and booms countless times since the wars started in 1975. The external factors that are the cause of the crises in Lebanon and have affected the hospitality industry are the drastically fluctuating number of tourists, changes in climate, as well as the turbulent political and economic dynamics. Following is a brief discussion of each of these factors with respect to Lebanon.

2.1.1 The Lebanese Economy

Recently, as recorded by The Investment Development Authority of Lebanon (IDAL), economic growth in Lebanon had been steadily and healthily rising to an all-time high of 9.3% growth in 2008, an 8.6% growth in 2009, a 7.4% in 2010, with a sudden decline to 1.5% growth in 2011 and till the present (2015). Studies show that the reasons for this are two-fold. Firstly, economic growth is bound to increase greatly after war, as productivity in construction and re-building infrastructure would be on the rise. This boom followed the 2006 Hezbollah-Israeli war, when productivity increased in rebuilding damaged residential areas, and damaged infrastructure such as bridges and roads. Therefore, after rebuilding, growth would decrease towards a more stagnant rate. While this natural decline was represented by the low percentile drops in economic growth between 2008 and 2010, the sudden drop is not explained by this. The second reason for the sudden economic decay reflects the region's turmoil, following the Arab Spring in Tunis and Egypt in 2010, the Syrian civil war since 2011, and the conflicts that have been going on there since then.

To put into perspective the impact that both the politics of Lebanon and the travel and tourism sector has on the economy, Bank Med explains that recently (2013),

“During the year 2010, travel and tourism sector's contribution to GDP in Lebanon increased by 21.7% to reach USD 10,690 million, where USD 4,045 million were in the form of direct contribution and USD 6,646 million were in the form of indirect contribution. However, the upward trend was reversed in 2011, which recorded a 0.7% decline in the travel and tourism sector's contribution to GDP. In that year the increase in indirect contribution (+0.48%) was offset by the decrease in direct contribution (-2.7%), leading to a drop in the sector's contribution to USD 10,614 million. In the year 2012, total travel and tourism contribution amounted to USD 11,508 million, up by 8.4% from the previous year. During that year, both of the direct contribution and the indirect contributions increased to reach

USD 4,122 million and 7,386 million, respectively. This rise is mainly attributed to the increased spending by displaced Syrian nationals”.

Due to the political instability in the country followed by significant decrease in aggregate demand, “tourism prospects remain very bleak, particularly outside Beirut... Hotels outside Beirut lost 50 percent of their occupancy rate in the first half of the year 2012.... Major hotels, particularly outside of the capital, were offering 50 -to-70 percent discounts in a bid to lure in more visitors...The total number of tourists who visited Lebanon during the first half of 2012 fell by around 8 percent from 774,214 in that same period of 2011. Compared to the year 2010, which saw 964,067 tourists in its first half, the decline exceeded 25 percent in two years” (El Amin, 2012).

With a declining economy and many sectors being affected by this situation, the number of people visiting Lebanon for business purposes has also been declining. This is a big segment of the target market for hotels, especially those located in central Beirut. The importance of the health of the hospitality industry not only rests on the money that is generated but the jobs that are supplied to the people. With a weakening tourism industry, job opportunities are made less and less available, which impact employment rate, consumer spending, and in turn affect sales of other industries. It is a set of interconnected relationships that depend heavily on this sectors’ success, and the stability of the country.

2.1.2 The Syrian Civil War and Lebanon

The Syrian civil war has affected Lebanon greatly. Geographically, the Lebanese borders are the Mediterranean Sea from West, Israel and Palestine from the South, and Syria from the South-East, East, and North. Syria allowed for the only transportation by land in and out of Lebanon. With the civil war taking place, all trade by land routes have been restricted or limited, heavily affecting regional importing and exporting by land.

Demographically, being one of the closest countries to the Syrian populated borders, Syrian civilians sought refuge in Lebanon. As of March 2015, the UNHCR estimated the number of registered Syrian refugees to be in the neighborhood of 1.2 million civilians, with another estimate of 600,000 unregistered Syrian refugees (2015). With respect to the population of Lebanon of 4.46 million (World Bank, 2015), a total of 1.8 million refugees forms an equivalent of around 28% of the population in Lebanon. These large numbers have affected Lebanon on all levels, especially politically and economically. Lebanon already suffers from an unemployment rate ranging between 8.5% and 10% in the recent 5 years (Trading Economics, 2015). With all the refugees seeking livelihood at wages even lower than the minimum, unemployment has been rising steadily as opportunities for the Lebanese have been decreasing.

2.1.3 Political Instability in Lebanon

Because of the neighboring civil war, it seems the Gordian knot is even harder to untie. Other than the direct effect on trade and internal economics, there is a huge effect on the services sector. The services sector in Lebanon accumulates more than 75% percent of the country's GDP (Index Mundi, 2015). Within the sector, travel and tourism control around 25%, and the hospitality industry forms a large part of that, controlling 9 percent of Lebanon's GDP as of 2014.

As seen earlier, the impact of the politics of Lebanon dictates the health of the hospitality industry that generates most of the GDP of the country, where "recent history has shown the fragility of the Lebanese tourism market and at the first sign of turmoil, tourists will flee to safer destinations" (El Asmar, 2009, p.1). For the following study, the political timeframe taken will be 2005 onwards as that year marked a very important year in the history of Lebanon, where political and economic instability began due to the assassination of Prime Minister Rafiq al Hariri.

Following 2005, "the war on Lebanon, which started on July 12th 2006 and lasted for over a month, resulted in far more than just material infrastructure

damages. The 2006 summer season was estimated to generate around US\$4 billion in the hospitality and leisure industry. Professionals in the industry were echoing that that summer would have beaten previous records of 2004. Whether in hotel room occupancy or restaurant and resorts, activity was expected to increase by a double digit figure in comparison to 2004. The immediate impact of the war was disastrous: cancellations of hotel bookings and outlets faced with sudden inactivity. Some Beirut hotels and outlets maintained a level of activity...others had to close for insufficient activity” (El Asmar, 2006).

Later, in 2009, with delays in government formation, Halawi (2009) reports that it led to “\$2 billion worth of investments and 6,000 new job opportunities in the hotel industry in Lebanon” to be put on hold since “the investors are waiting for the government to be formed so that they can start with the second phase of the investment”.

When studying the political factor and its effect on tourism in general and the hospitality industry in specific, it is important to take a brief look at the history of politics in Lebanon. The country has been through a lot of ups and downs that have always had an impact on tourism and the number of tourists visiting; not to mention the number of those coming to Lebanon for business purposes.

Since the sixties, tourism in Lebanon has been a significant contributor to the Gross Domestic Product (GDP). By the mid-seventies and right before the civil war broke down, its share of the GDP rose from 11.7 percent to 20 percent in 1974. This was the mark where the contribution began to decline (Credit Libanais Research, 2009).

A report done by the World Travel and Tourism Council in 2011, illustrates numbers and statistics on the Lebanese travel and tourism sector since 2001. According to the report, percent contribution of travel and tourism to the whole economy GDP was a bit over 3 percent in 2001, but it rose to over 13 percent by 2003. Its contribution dropped in 2004 to 11 percent and continued to drop slightly each year to 9 percent by 2008. The travel and tourism contribution to the GDP in

Lebanon remained almost constant between 2009 and 2011 (World Travel and Tourism Council [WTTC], 2011). The WTTC report issued in 2014, shows that the percent of contribution of travel and tourism dropped to 7 percent in 2012 and to around 6.5 percent in 2013 and 2014 (World Travel and Tourism Council [WTTC], 2014).

On the other hand, the number of foreign tourist arrivals to Lebanon since 2001 show a different pattern. The number of foreign arrivals went from less than 1 million in 2001 to over 1.25 million arrivals in 2004, declined to almost 1 million in 2007. Foreign arrivals peaked in 2010 at 2.25 million then to drop again in 2011 to 2 million (World Travel & Tourism Council [WTTC], 2011). This indicates that the number of arrivals is not correlated to the percent contribution to the GDP. The number of arrivals are more correlated to the political situation that Lebanon was going through; decreasing in rough political phases and increasing in more secure times. Because of civil strife, political instability, and civil war in the region, tourists would not come; the level of security is too low, and the threats in the area are too high for any tourist to take a risk.

Furthermore, the data presented by BankMed indicates that the political state of the country is a factor that directly affects tourism and hospitality in Lebanon. To support the previous statement, El Asmar (2009) explains that it was only post the Doha Agreement in 2008, which led to the ease in the political tension, that the tourism sector got revitalized. El Asmar writes "...occupancy jumped to 61 percent in June. Due to this, average occupancy continued to increase till 69 percent in July and soared to 91 percent in August, a rate Lebanon had not experienced over the previous 4 years. In fact, the performance registered in 2008 proved both the impact of the political stability on the tourism in Lebanon, and the attractiveness of the country as a destination" (2009).

Then simply put, political stability means prosperity for the service sector, and instability means exactly the converse.

2.1.4 Lebanon's Deteriorating Climate and Tourism

Lebanon is known for the beauty of its climate and natural scenery that tourists from all over the world fly in every year during the different seasons to enjoy. However, the climate has been deteriorating, which also affects businesses in travel and tourism: employment in the hospitality industry is seasonal, and “more employees are hired to accommodate extra business in high tourism seasons during holidays and the summer” (Al Bawaba, 2012), which further impacts the economy and its health.

To show how the environment has been deteriorating, Riebe (2011) explains that “many tourist attractions and activities are dependent on climate conditions... It is a strong factor influencing the motivations and satisfaction of tourists. In the decision of where to travel, subjective opinions play a significant role... Climatic changes have already shown their effects in Lebanon where rising temperatures cause mild winters and unbearably hot summers. We could get an idea of this last year, when temperatures occasionally exceeded 40 degrees Celsius, which is usually rather typical for the Gulf States. Winter sport destinations suffer from the warming too; without snow there can be no winter sports. This became especially evident in early 2010 when the ski season started much too late and ended much too soon. The financial losses were felt by everyone involved. The region Mzaar Kfardebian assumed losses of up to 20 million dollars for the operators of various commercial enterprises. Although it may have been an "exceptional year", the long-term forecasts point to a further decrease in rainfall and rising temperatures”.

The fact is that Lebanon's moderate temperatures are changing to higher degrees, meaning that the winter sports and resorts' season is shortened, and Lebanon has become less competitive in terms of summer tourism because of the extremely high temperatures. Not only is the climate changing, but tourism is affected greatly, which decreases revenues for the hospitality industry.

2.1.5 Section summary

Due to external factors, Lebanon is in a crisis. The crisis is a combination of the following:

- Lebanon is in economic recession
- The travel and tourism sector is affected greatly
- There is political instability within the country
- The regional turmoil, especially the Syrian civil war, has had great effect on the country and the industry
- Lebanon has a deteriorating climate

The items mentioned are the external factors that affect hotels. They determine the status of the environment in which a hotel operates. Yet, these are not the only factors that could cause a hotel to go into crisis mode. There are the internal factors that independently could put a hotel at risk. These internal factors play a major role when the external factors are jeopardizing the stability of the business. They could help curb the effect of a crisis or worsen the situation depending on how ready businesses are to handle such a situation.

2.2 Internal Factors Affecting the Hospitality Industry

This section deals with the internal factors of a hotel. These internal factors are common to all hotels, but in effect are specific to each individual hotel. Some of the factors are the hotel costs of operations, sales and marketing, human resources, the brand image, and the shareholders to mention a few. Following is a brief discussion of some of these internal factors.

2.2.1 The Human Resources

Due to the nature of the hospitality industry and it being a service, it depends heavily on the human factor. Thus to a certain extent the quality of service delivered by the hotel depends on the quality of its staff. The human factor is what drives hotels and usually during crisis, it is the first to get affected. Human Resource

Management (HRM), according to Arunothaipipat (n.d.) can be defined as an “operational process comprising human resource planning, staff recruitment and selection, staff training and development, staff motivation and retention” (Arunothaipipat, n.d.). Human Resources can be described as the back bone of this industry, the more investment that goes into this element, the higher the return.

2.2.2 Sales and Marketing of Hotels

The sales and marketing are two functions that are highly interlinked. The marketing function positions the hotel and creates an image. In addition to that, it segments the market and sets a target market. Based on that, the sales function is to bring in potential customers from this target market. The sales and marketing department’s priority is to maximize profits of the hotel by making sure that the occupancy rate stays high. In times of crisis, the sales and marketing team might have to resort to more creative methods of selling.

Walker (2012) defines marketing as the “process of identifying consumer preference, and capitalizing on that through creativity and promotions in order to provide a product and/or service that will satisfy the demand of the target market”. On the other hand, the sales role is to present or offer the product or service in a manner that would bring in guests.

In times of crisis, the ability of efficiently and effectively identify potential customers becomes an even harder task that the marketing and sales department has to perform. This is especially difficult, when the hotel chooses to cut the budget for this function. This study aims to identify the sales and marketing function as a point of strength in times of crisis through highlighting the opportunities that hotels can take advantage of if it allows the sales and marketing to function properly.

The challenge that a hotel will face when attempting to cut cost is to maintain the same level of service and the same quality of product offered to the customer. At the same time, return on investment could get affected as well as brand image and equity. As such, it is critical that the strategy adopted by the hotel

and the action plan implemented take into consideration these factors that can be difficult to recover once the crisis is surpassed.

2.2.3 Strategies for the Hospitality Industry

Ray (2014) proposes four marketing initiatives that the marketing plan of hotels should include to result in positive increase in demand. These initiatives include hosting an event, rewarding loyal customers, increasing online presence, and partnering up. These are very strong initiatives for hotels as it creates a buzz and attracts existing and potential customers to visit the location hence the hotel can take the opportunity to encourage sales and reservations. Rewarding loyal customers makes them feel special and elevated, which will encourage them to spread the word about the great initiative. Regarding online presence, it is very clear that social media and online activity is very important for generating sales considering the excessive use of these tools to reach customers locally and internationally. Last, partnering up results in wider customer base, more resources, and assuming the partner has strong brand image, will positively reflect on the hotel.

Focusing on the online aspect of hotels, Buuteeq (n.d), a digital marketing system developer for hotels, proposes the following procedure to help the marketing efforts grow in the right direction. Buuteeq (n.d) explain that first, defining the hotel identity is crucial as it helps choose the audience that will be targeted, which is the second step. Having this focus allows for the third step, which is where the hotel creates strong and strategic online presence. Following this step, the hotel can use inbound and outbound marketing strategies to encourage the existing customer as well as the potential customer. Lastly, tracking the return on the investment is very important in measuring success, change in demand, and what can be better tailored to the hotel and customer needs and wants. However, it is vital to have a very strong adaptation plan to meet any changes in the market or business environment that may impact the hotel positively or negatively.

White (2014) sheds light on very important marketing strategies that are also online. He advises the use of large online websites that have to do with recreational activities, tourism, travel, and recommendations for those who enjoy traveling. Some of the proposed websites include TripAdvisor, Fodors, Mr. and Mrs. Smith, Lonely Planet, and Travelocity or general online booking or travel agencies, or websites that propose to go to destinations.

These strategies, among others, have to be implemented correctly in a hotel business to attain the desired results of higher quality and value for the customers, which in turn provides higher profit margins for the owners of the establishment. If they are inefficient or ineffective, or are not properly operating, then when a crisis arises, it will be a lot harder for hotels to manage the situation. These trends and practices seem to be lacking in Lebanon (El Asmar, 2009).

2.3 The Five Crises of Lebanon since 2005

A crisis is defined as “any unplanned event, occurrence or sequence of events that has a specific undesirable consequence” (Sikich, 2008). Consequently, the main causes for crises include force majeure, management decisions/indecisions, operational or mechanical problems, and human error. Also, there are many types of crises, which include white crime, labor dispute, mismanagement, recalls, catastrophe, environmental, technological, among other types.

Based on the above definitions, a review of historical events and the external and internal factors affecting Lebanon, five major crises were highlighted to have affected the country over the previous decade. Determining these crises is necessary to later assess managers’ perception, behavior and practices during such conditions. . These crises are as follows:

- The crisis of 2005: This began with the assassination of Prime Minister Rafiq Al-Hariri through a bombing near the Saint Georges Hotel, and prolonged with successive assassination of other key figures and politicians such as Samir

Kassir, Gebran Tueni, Pierre Gemayel, and Walid Eido among others. This initiated the United Nations' Special Tribunal for Lebanon to investigate the assassinations, and resulted in severe political and economic repercussions (previously discussed in the literature review). With Lebanon being labelled as unsafe internationally, the travel and tourism sector suffered greatly.

- The crisis of 2006: This is characterized by the Israeli-Hezbollah war, known as the July War, which lasted from July 12th till August 14th. Other than civilian and military casualties, much of the Lebanese infrastructure was damaged or completely destroyed, including roads, bridges, the airport, ports, fuel stations, commercial structures, schools, hospitals, and residential buildings. Moreover, during and for periods after the war, business ceased operations, resulting in even more production and economic loss, and an overall drop in the GDP. For the hospitality industry, the case was even more severe: business could not return to normal with Lebanon being regarded as a dangerous destination, and the Lebanese population was naturally refraining from luxury spending.
- The crisis of 2006-2008: Following political tension in the country, Lebanon faced a 17 months long political crisis characterized by a series of mass protests and sit-ins that began in December 2006 and ended an open street combat on May 7 2008, when fighting spiraled out of control and the feuds of the 1975 civil war were once again sparked. However, a deal was reached by rival Lebanese leader on May 21st, ending the conflict and starting a new chapter for Lebanon – temporarily. During the crisis, businesses, especially in the hospitality industry, had to cope with civil strife, political tension, a decrease in the number of tourists, and a generally bleak political and economic situation.
- The crisis of 2010: This was a combination of the Global Financial Crisis and the Arab Spring. The global economic situation was in recession, and combined with regional political instability, tensions, and revolutions, Lebanon was caught between a rock and a hard place: socio-economic protests in Lebanon

were not enough to cause changes in the country, while the international and regional events destabilized export, tourism, and production.

- The ongoing crisis since 2011: This is characterized by spillovers from the Syrian civil war. These include army clashes with Syrian radical religious fundamentalists and their local offshoots in Tripoli, Saida and Arsal. Moreover, there have been a series of local terrorist bombings, the rise and fall of fanatic groups, and evident political tension due to Hezbollah's participation in the Syrian war. Lastly, Lebanon's internal political crisis resulted in the non-election of a new President of the Republic since 2014.

These five major macro-crises form the overall environment during which crisis management in the hospitality industry in Lebanon is assessed in this study. For the survey, it was necessary to define and briefly introduce the scope of the crises in which managers are to reflect on their perceptions and actions.

2.4 Best Practices Internationally for Crisis Management

2.4.1 General Crisis Management Practices

Crisis management is defined as the process through which an organization deals with a sudden emergency situation (Pizam and Mansfield, 1996). Depending on the type and cause of the crisis, organizations have to use different strategies and resources. At times, actions follow the book, but at other times, the crisis puts the organization in severe and unprecedented situations. Crisis situations, such as war or natural disasters, often require non-traditional business strategies, courageous leadership, and coping mechanisms that depart from business as usual tactics (Pizam and Mansfield, 1996).

Generally, there are three levels of crisis management: preventive, reactive, and recovery (Poria et al., 2014). Theory in crisis management has allowed for policies to be developed that deal with every department of an organization during a crisis: marketing, human resources, public relations, finance, and more. However, when in a crisis, an organization may be struck by chaos, then, it is imperative that

the channels of communication and coordination between different departments remain open and functioning. There are many tools and strategies that have been developed to prevent that from happening. Researchers Schraagen and Van de Ven conducted a study with 60 participants on crises management in order to improve decision making in crisis response (2008). The aim of the study was to develop a support tool that helps managers keep their options open in case of a crisis rather than succumb to decision biases of solving issues with established techniques. In their study, they observed communication, reasoning, and decision making in the states of crises. Their findings indicate that communication and attention to the correct information is a requirement for effective crisis management. One model that can be replicated is that of the Dutch as shown in figure 1.

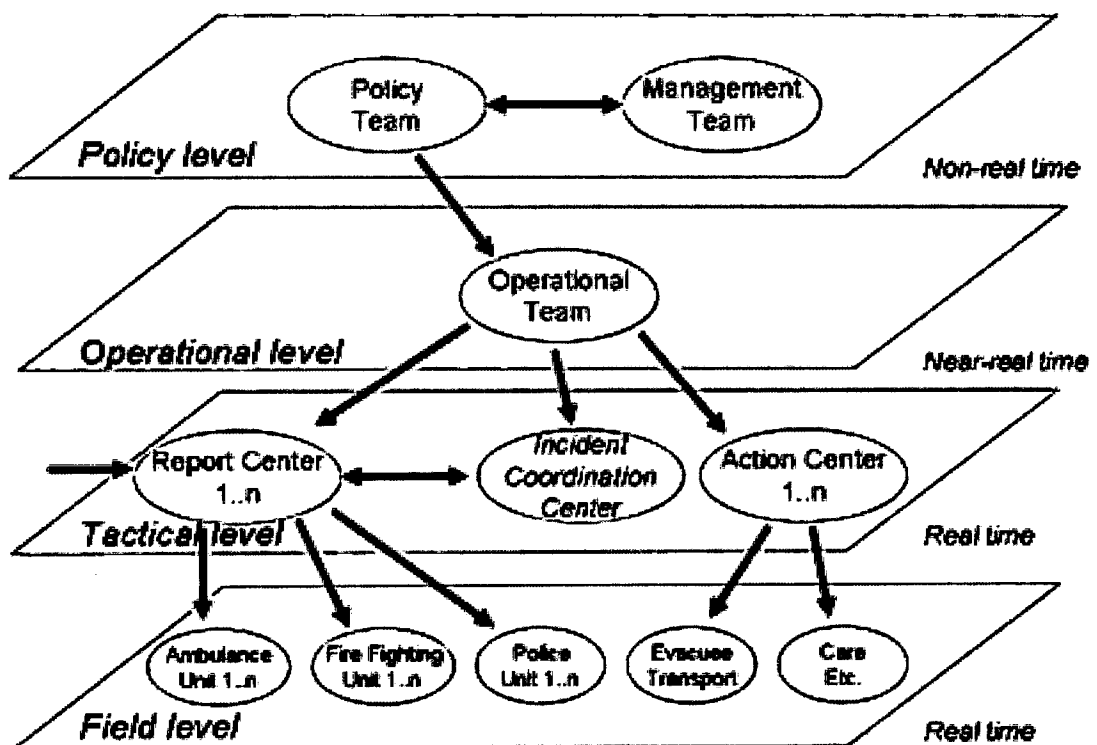


Figure 1. The layers of an effective crisis management organization based on the Dutch model (Schraagen and Van de Ven, 2008)

As shown, there are four levels for crisis management: the policy, operational, tactical, and field level. The arrows in the figure represent how the information is communicated between the different parts of the organization. The scale of the crisis dictates how many levels are involved.

Furthermore, the use of appropriate crisis management techniques per industry is imperative. It is necessary for any organization to be ready on the preemptive, reactive and recovery levels, and as such, there are key points that must always be in check. Researchers Drs. Bertruke Wein and Rob Willems were commissioned by the Scientific Research and Documentation Centre of the Dutch Ministry of Justice and Safety to the Radboud University/ITS to the assignment of “collecting and analyzing evaluations of crisis management exercises starting from 2006 with the purpose of searching for the evaluation criteria used and examining whether a framework for a (more) effective evaluation of crisis management exercises can be discovered” (2013). As such, Wein and Willems selected and collected a representative sample of 418 evaluations of national, regional, and local crisis management exercises. The evaluation criteria were a reflection of the purpose of the crisis management exercises, with the main three purposes being testing, developing, and exploring. Through their research, the most effective types of crisis management exercises were ones that contained the following (Wein and Willems, 2013):

- Availability: preparing available units before a crisis. This is part of contingent planning, and these units report and scale up the current crisis.
- Deployability: preparing deployable units. These include the personnel and resources available at the time a crisis occurs.
- Manageability: having accurate information and leadership. This includes receiving accurate information, having spot-on task allocation, and a general coordination.
- Durability: This is the outcome of the measures taken. If all the other factors

were efficient and effective, durability would be high; if not, the inverse is true.

Furthermore, as there is an ever increasing need to effectively respond to threats, emergencies and crises of different kinds, including military and terror attacks and natural disasters (Thomas and Kopczak, 2005), another study conducted by Andersson et al. shows one of the best practices for crisis management. It consist of implementing the use of two technological tools: the Reconstruction and Exploration approach (R&E) and the Event-Driven Synchronized Multimedia Model Visualization tool or F-REX (2008). These tools simulate crisis events as training, which ameliorate speed and accuracy of decision making for individuals, and also enhance and synergize team work between personnel. Using technology in crisis management greatly improves communication channels and makes way for timely coordination. The results of Andersson et al.'s (2008) study indicate that multimedia presentation of key events from an operation can be very valuable not only to stimulate the participants to reflect on their own performance, but also to document and share lessons learned with non-participants. In particular, computer supported approaches for evaluation of large scale crisis management operations can be very useful for participants to achieve a clear picture of what happened during the operation. This acts as preparation and training for employees and personnel individually and in teams, since being ready and having information can greatly enhance the outcome of actions in a crisis.

For the hospitality industry, the importance of having such preparation is even more imperative than other businesses. This is because the customers would be physically present in the company during the crisis, which makes the crisis situation even more sensitive.

2.4.2 Crisis Management Trends in the Hospitality Industry

In recent years, there has been momentous development in the literature of crisis management in the hospitality industry. This was a natural development following the worldwide terror events that have been broadcasted globally,

particularly since the events of 9/11 in the USA. For the travel and tourism sector, particularly the hospitality industry, there have been massive impacts all over the globe following terror events and threats in Europe, the Middle East, and the Far East such as the train bombings of 2011 and 2014 in India. It is necessary to note that crises, especially terror crises, are usually prolonged or even overlap because, in certain cases, one terror event may incite another cycle of events even before the former crisis has come to an end

The literature of terrorism crisis management in the hospitality industry has mostly included research that discussed, explained, and classified different terror events (Aziz, 1995, Pizam and Mansfeld, 1996 and Leslie, 1996), the benefits of stopping terror activities politically and economically, and with recommendations on how to handle crisis on the preemptive, reactive, and post-crisis levels (Blackman and Ritchie, 2008). One of the researches provided that assessed what managers do throughout or post a crisis was conducted by Israeli and Reichel (2003). The researchers created a grade of crisis management practices, assessed the significance managers appropriate to each practice and also the level to which managers use each practice (Israeli et al., 2011).

The largest problem for managers when dealing with a crisis is the lack of information: they face great pressure and have to make decisions rapidly with only incomplete information, preventing them from forecasting and formulating accurate plans (Stafford et al., 2002). According to researchers Stafford et al. (2002), the hotels of Washington D.C. provided an exemplary role model for crisis management following a malevolent terror attack. This is best illustrated in figure 2.

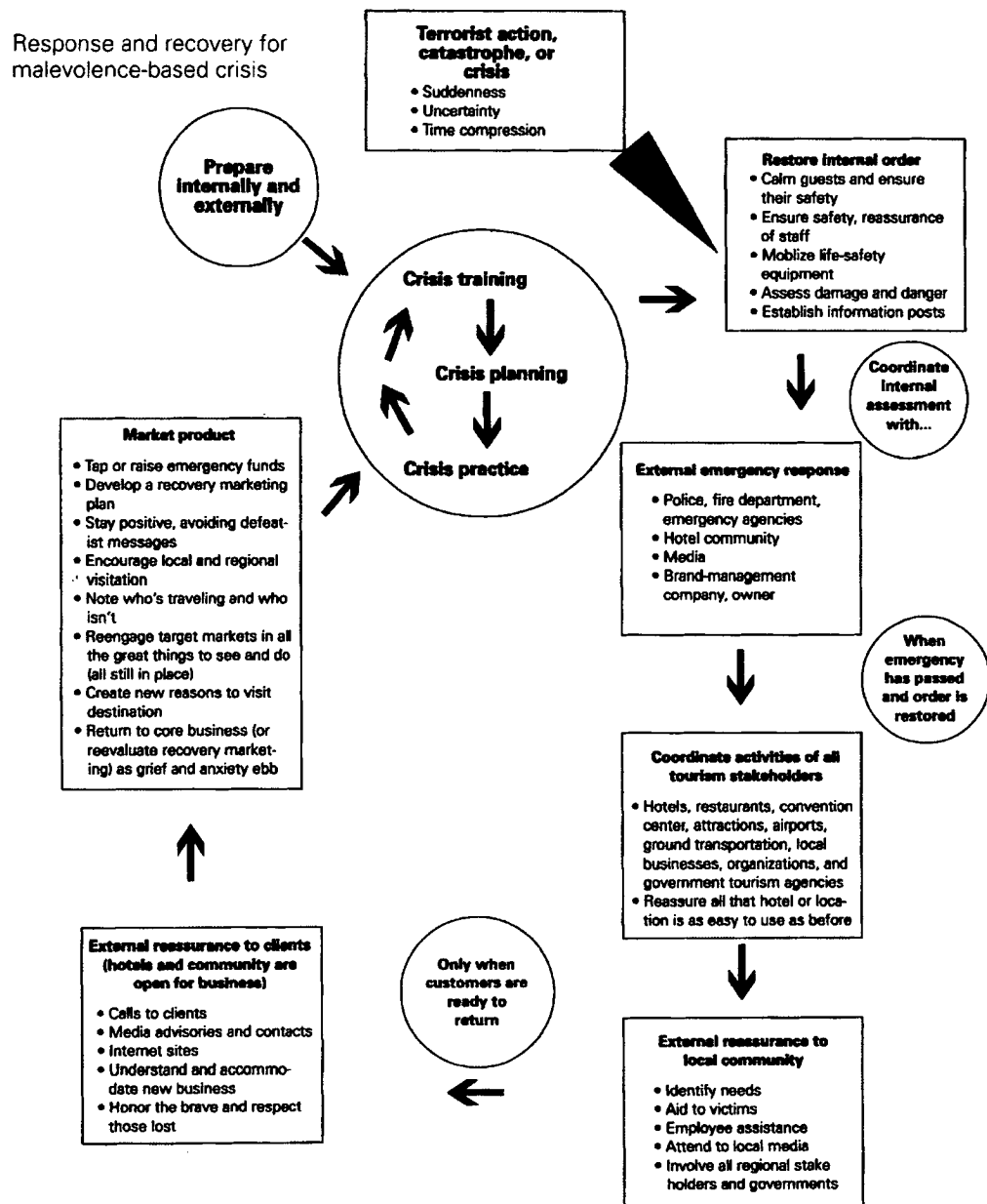


Figure 2. Response and recovery for malevolence-based crisis (Stafford et al. 2002)

As shown in the figure, the center for the best possible case scenario in crisis management involves crisis training, crisis planning and crisis practice. The foundations are further supported by preparing internally and externally. Following this preparation, when faced with a crisis, specifically a malevolent terror crisis. There are steps that should be followed:

- 1- Restore internal order on two levels: operations for business, and health and safety of customers and personnel. This is achieved by calming guests and ensuring their safety, mobilizing life-safety equipment, assessing damage and order, and establishing information posts between different departments and personnel.
- 2- Respond to crisis externally, typically done after internal coordination is achieved, which include alerting the police and fire department, the hotel community, the media, and the brand management company/agency/owner.
- 3- Coordinate activities of all tourism stakeholders, typically a step after the emergency has passed and order is restored. This include informing all stakeholders such as hotels, restaurants, airport, cab services, businesses, organizations and government tourism agencies that the location is as safe as it was before, reassuring them of the continuity of business.
- 4- External reassurance to external community, which include identifying needs, aid to victims, employee assistance, attending to local media, and involving all regional stakeholders and governments.
- 5- External reassurance to clients when the business is ready to operate and host guests. This includes calls to clients, media advisories and contacts, internet sites, and of course honoring the brave and respect those lost.
- 6- Finally, there is a need for marketing. Raising emergency funds and developing a market plan of recovery is of utmost importance. New reasons to visit the hotel and creating value are very important for brand image and for the continuity of business after a crisis.

2.5 Crisis Management Practices for the Questionnaire

In order to create the instrument (questionnaire) of this study after reviewing literature, a list of the most natural and common practices in crisis management in the hospitality industry was gathered. More specifically, to evaluate crisis management, Israeli and Reichel (2003) created a list of practices that managers

perform, and categorized them into four themes: marketing, infrastructure maintenance, human resources, and governmental assistance. Each theme has a set of practices that have been enhanced by suggestions from managers, marketers, and others, which lead to a resolute list in Israeli, Mohsin, and Kumar's (2010) study of Indian luxury hotels and crisis management.

Furthermore, to verify whether the list is possibly applicable to Lebanon, and especially to InterContinental Le Vendome, it was necessary to investigate what crisis management practices are being used in luxury hotels in Lebanon. As part of the investigation, a series of pilot interviews with department heads and managers at InterContinental Le Vendome were conducted, as well as gaining access to the policy books of the hotel such as Business Continuity Planning (BCP) and Disaster Recovery Plan (DRP) documents. The choice of InterContinental Le Vendome was based on the fact that the results of the interviews were generalizable to luxury hotels because the hotel belongs to InterContinental Hotels Group (IHG), which all share the same policies and procedures, and also form the a decent sample for a preliminary verification of the validity of these practices in Lebanon.

2.5.1 Crisis Management in Lebanon: The Case of InterContinental Le Vendome

At InterContinental Le Vendome, a Five-Star Hotel, information was acquired on crisis management through the BCP and DRP of the hotel, as well as interviews with the General Manager in charge Gaby Salameh, the Area Manager Georg Weinlaender, the Director of Finance Rony Abou Jaoude, and the Risk Management Coordinator Tony Jamous. The results of the investigations follows.

According to the General Manager in charge, there is no department within the Hotel for crisis management. However, in case of a crisis, a Crisis Response Team (CRT) is constructed in coordination with the different heads of departments, led by the General Manager. The CRT consists of the Front Office Manager, Rooms Division Manager, Executive Housekeeper, Chief Engineer, IT Manager, Executive

Chef, F&B Manager, Finance & Business Support Manager, Human Resources Manager and Security Manager.

There are no policies and procedures applied at InterContinental Le Vendome for crisis management, except for those related to Fire, Life, and Safety. That is, the risk department handles contingency plans for system/technological failure, natural disasters (earthquakes, tsunami, and others), fire/bomb threats, and other standardized risk management operations. However, when it comes to financial crises, political instability and the sort, there are limited actions and plans that the hotel falls back to. When InterContinental Le Vendome's Director of Finance was asked about the percentage of retained earnings that is safeguarded as a risk guarantee for crises, the answer was *zero* percent. The reasons date back to the year 2000.

According to InterContinental Le Vendome's Director of Finance, the renovation and reopening of InterContinental Phoenicia in Beirut was partly funded by the revenues of InterContinental Le Vendome, as it is an extension; the debts are still being paid till today. Furthermore, until February 2005, the business was booming, and as such, all retained earnings were reinvested, but following the assassination of Ex-Prime Minister Rafiq al Hariri that month, there was political destabilization in the country. As such, dividends were collected by the shareholders rather than reinvested since then, as a way to safeguard their investment, which meant that there was no excess capital or earnings to be used in case of crises.

Following the events of the Arab Spring, the uprising of ISIS, and the Syrian civil war, InterContinental Le Vendome was greatly affected since 2010-11, according to the Area General Managers. Firstly, significant drops in revenue followed the fleeing of guests. Revenue losses were even further accumulated as the low-occupancy was followed by reservation cancellations. Secondly, the reputation of the region hit rock-bottom as all guests could not risk their safety in such an unstable environment. This, in turn, meant that International Groups cancelled their

visits and meetings in the hotel, and started considering other countries with a more stable environment for their conferences. This can be considered loss as, if things went as scheduled, these clients would have generated revenue through Banqueting, Rooms and F&B. In addition, group cancellations from embassies which have listed Lebanon on the banned list has affected leisure and business visitors from visiting the country, meaning less business for InterContinental Le Vendome.

When it comes to business continuity planning and management, many strategies have been used. InterContinental Le Vendome has done much to minimize costs, but this came at the expense of quality of service, and at the expense of employees. The hotel is currently at a loss, and continues to operate at the expense of owners and shareholders, who have had to inject funds into the hotel to cover monthly losses. The hotel is still until today not self-sufficient in terms of business. Lately though, losses have been mitigated due to the business pick-up consequent of the stabilization of the area momentarily. Still business is very low to cover operating expenses.

To minimize losses, InterContinental Le Vendome resorted to cutting expenses during the time of the current crisis. Following is a list of actions that the InterContinental Hotels Group and InterContinental Le Vendome undertook to tackle crises in Lebanon.

- Follow IHG guidelines to cost savings if applicable
- No incentives paid to IHG as it is part of the contract; in case of crisis, the hotel stops paying IHG the incentives.
- Downsizing: To minimize costs of salaries, the hotel had to resort to layoffs of redundant positions, and refrain from hiring seasonal employees.
- Job Combination: When downsizing was not enough, the hotel resorted to combining multiple functions into one Job Description to minimize recruitment of redundant personnel.
- Halting Operations: With low occupancy rates reaching almost zero percent, and having all the reservations cancelled, it was natural for the hotel to

temporarily cease all operations in order to minimize costs. This included unpaid leaves to all employees of the hotel (by job band or scale).

- Renovation/ The hotels extension works are halted for the moment.
- Recruitment of additional personnel is stopped while mitigating the effect on the level of service
- Halting trainings and development that costs the hotels except for IHG programs which are done internally
- InterContinental Le Vendome also resorted to the introduction of "Shake the Extra Weight" programme which consists of reviewing all Services Level Agreements (SLAs/Contracts) in order to cancel and minimize extra costs. This was championed by the finance department respectively with every department's HOD.
- Since InterContinental Le Vendome is part of the InterContinental Hotels Group, a combined effort was also put in progress between different hotels of the group. For instance, there was a clustering of departments between Le Vendome and Phoenicia in order to minimize employees and Head of Departments (Finance, Human resources and Sales & Marketing). This was not always successful.
- Cross Exposures of employees / talents to other hotels in the region in countries not affected by the global security crisis (Dubai, Egypt, etc...). In this case the hotel in need of the expertise in offer pays all the expenses of the exposed employee. This is an IHG programme for relief and development.

2.5.2 The Practices

Following the interviews, the results were compared to Israeli and Reichel's (2003) list, and the amended list of Israeli, Mohsin, and Kumar (2010). Most of the practices check-listed with the results of the interview, except for those under the government category, which was expected as the country is in constant political disarray, and currently has no president. The practices to be included are adopted from Israeli, Mohsin, and Kumar's study (2010), with the addition of an extra practice placed under the maintenance category, namely "completely ceasing

operations / shutting down temporarily". The factor analysis conducted in the study using VARIMAX rotation would empirically verify the relevance of these practices, which are as follows (Israeli, Mohsin, and Kumar, 2010):

- Under the Human Resources category, which can be also called Hotel Internal Operations, the practices included are (1) laying off employees to reduce labor force, (2) using unpaid vacation to reduce labor force, (3) reducing the number of workdays per week, (4) freezing pay rates, (5) replacing highly paid employees with new low paid employees and (6) increased reliance on outsourcing.
- Under the Marketing category, the practices included are (1) marketing to domestic tourists in joint campaigns with local merchants (such as Visa and MasterCard), (2) marketing to domestic tourists with focus on specific attributes of the location, (3) price drop on special offers, (4) reducing list price, (5) marketing to foreign tourists with specific focus on the location's distinctive features and relative safety, (6) marketing and promoting new products or services (family events, catering), and (7) marketing to new segments.
- Under the Maintenance category, the practice included (1) cost cuts by limiting hotel services, (2) cost cuts by postponing maintenance of the building (cosmetics), (3) cost cuts by postponing maintenance of the engineering systems, and (4) extending credit or postponing scheduled payments.
- Under the Government category, the practices included (1) organized protest against the lack of government support, (2) industry-wide demand for governmental assistance with current expenses, (3) industry-wide demand for a grace period on tax payments, and (4) industry-wide demand for a grace period on local tax (municipality) payments.

CHAPTER III: METHODOLOGY

Firstly, it is necessary to state this research's reasoning and philosophy. There are two popular approaches to reasoning, which include the deductive and inductive reasoning. Crossman (2014) explains that deductive reason is more of a 'top down' approach where by the study begins with general information and refocuses in the end on a specific conclusion, based on the data collected. Inductive reasoning, however, is the opposite, whereby the study begins from a focused point and is used to build generalized conclusions. Considering the nature of this study, our approach is based on deductive reasoning. From the literature review, practices were deduced as appropriate measures for crisis management in Lebanon, and from the following methodology, the reasoning is deduced based on the results.

This research falls under the category of applied scientific research, since the study proposes to help a niche in society: the purpose of the study is to assess and attempt better crisis management for luxury hotels in Lebanon, and the results may benefit managers and hotel owners. Furthermore, the ontological and epistemological approach for this study has been that of positivism, where it is assumed that there is direct access to the real world, and that there is one single reality (Jakobsen, 2013). Accordingly, this study approaches crisis management under the positivist assumptions that it is possible to obtain secure and objective knowledge and that reality can be measured and quantified and that the data can be analyzed.

This chapter discusses the methodology used in this study including the research design and direction used, the model used as a framework, the approach of the research questions and the hypotheses, the participants of the study, then how the data was collected and how it was analyzed.

3.1 Research Design

The research design of this study uses the quantitative approach. To satisfy the purpose of the paper of assessing crisis management practices and the

perceptions of decision makers in the hospitality industry in Lebanon, Importance-Performance Analysis (IPA) was employed. The methodology investigates the perceptions of decision-makers regarding weighted importance of managerial practices in times of crisis, and then measures the usage of these practices, allowing a comparative analysis of importance versus performance. A review of literature on crisis management and a series of pilot interviews of a representative sample generated a list of categorized crisis management practices (see Section 2.5.2). Consequently, a survey questionnaire was constructed from the gathered list of practices in order to conduct the IPA. The participants self-reported how important they view each practice and how often they use them. These methods will allow for data analysis using descriptive statistics, Spearman correlation, and factor analysis.

3.2 Instruments

3.2.1 The IPA Model

To evaluate the crisis management of hotels in Lebanon, there is a need to evaluate the practices of managers. As such, the instrument of choice for this study is based on the Importance-Performance Analysis developed by Martilla and James in 1977, which is a model of reasoned action. It provides a method to assess managerial actions based on the relationship between importance and performance (Martilla and James, 1977; Sheppard et al., 1988). The IPA categorizes the relationship between importance and performance in four different outcomes (Martilla and James, 1977):

- High importance and high performance, titled ‘keep up the good work’
- High importance and fair/low performance, titled ‘concentrate here’
- Fair/low importance and high performance, titled ‘possible overkill’
- Fair/low importance and fair/low performance, titled ‘low priority’

An example of an IPA is best illustrated in figure 3.

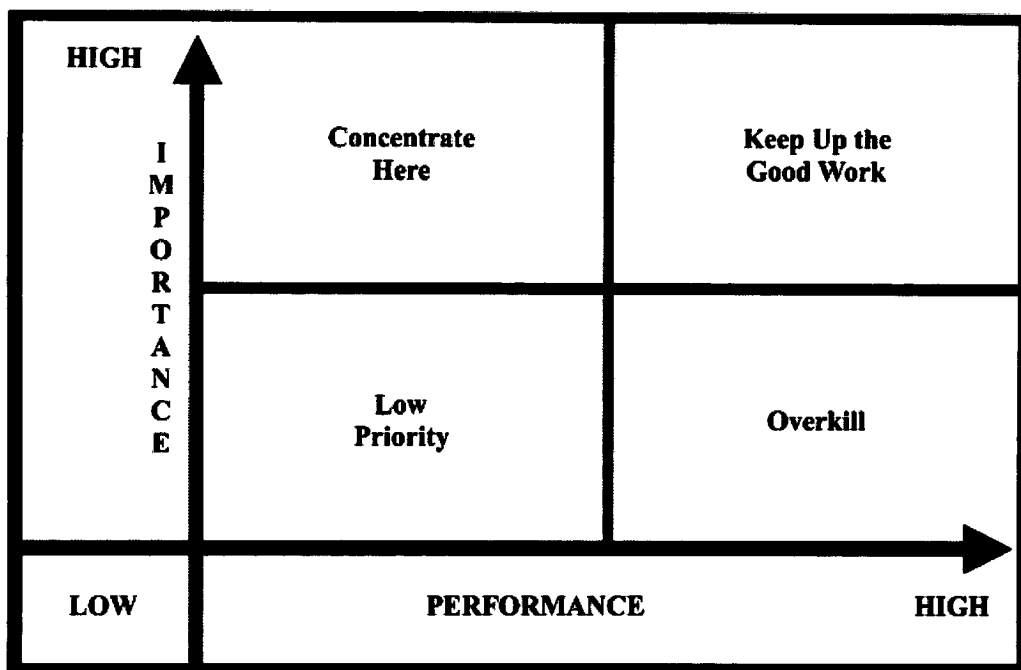


Figure 3. Importance-Performance Analysis Quadrants (Martilla and James, 1977)

The logic of the importance-performance analysis is that it allows measuring the weight of attributes and values. As such, the choice of this instrument followed its simplicity and the reality that it is regularly used in management problems and also in the milieu of hospitality management. In fact, there are many studies that have used the IPA model in tourism management. Crompton and Duray (1985) investigated the efficacy of IPA using four alternative approaches and suggested that correlation be used when using IPA. Evans and Chon (1989) explore the applicability of IPA in the formulation and evaluation of tourism policy, and found that if the tests are made valid and reliable using techniques such as factor analysis, IPA can be a very effective tool. Mikulic and Prebezac (2011) measured and observed tourist satisfaction/dissatisfaction with respect to hotel animation activities and events using IPA. Sorensson and von Friedrichs (2013) applied IPA to measure satisfaction of tourists with hotels under the dimension of sustainability, and the findings suggest recommendation to hotel managers on which aspects of sustainability to improve their performance in. Chen (2014) suggested that when applying IPA for competitors, there are shortcomings for the model that must be

addressed such as ignoring the relative performance of competitors, and idea shared by Lai and Hitchcock (2015), whose study presents a guide to overcome the lack of reliability and validity in some forms of the IPA model. They address issues such as what variables and attributes to refer to, which Likert-type scale to use, what size is appropriate for the sample, whether to use Exploratory Factor Analysis or Confirmatory Factor Analysis or both, whether to use a t-test, and finally, whether to apply I-P mapping or not (Lai and Hitchcock, 2015). To ensure reliability and validity, these issues have been addressed by the current study.

However, when it comes to crisis management in the hospitality industry, very few studies focus on the hotel manager as a unit of analysis, and not all have used the IPA model for analysis. This study is a replication of Israeli, Mohsin, and Kumar's (2010) study on Indian luxury hotel managers, using the same conceptual framework and methodology, which is an enhanced version of a previous study conducted in Israeli luxury hotels by Israeli and Rechel (2003). Israeli, Mohsin, and Kumar (2010) examined hospitality managers' micro and macro level actions during or right after a crisis in Indian luxury hotels. Their purpose was to evaluate managers' knowledge of what practices to use in crisis, and whether they act accordingly. Consequently, their objective was to evaluate "managers' beliefs (importance) and actions and to test the consistency of practices' importance and performance, and to evaluate how managers group the different practices (from different themes) to form their crisis management beliefs and actions" (Israeli, Mohsin, and Kumar, 2010). To satisfy their purpose and objectives, Israeli, Mohsin, and Kumar (2010) conducted an IPA analysis on 21 practices they had gathered from a review of literature and by interviewing local practitioners. They employed a questionnaire using 7 point Likert-scale questions based on the practices, and pre-tested the questionnaire prior to proceeding with the study. They analyzed the results with descriptive statistics, Pearson correlations, and factor analysis for the dimensions of importance, performance and importance and performance combined.

Since the current study shares the purpose of Israeli, Mohsin, and Kumar's study, their study was emulated in the Lebanese setting. The choice of using IPA is based on the need to identify the best practices that were used by the hotels in Lebanon to circumvent major crises, given that the country has been experiencing periodic and intense crises since the 1970's.

3.2.2 The Questionnaire

Based on the 22 practices (see section 2.5.2), a questionnaire was constructed by the researcher from the literature review, the pilot interviews conducted at Le Vendome, and the use of Israeli, Mohsin, and Kumar's study (2010), from where these practices imported, adopted, and modified to fit the Lebanese setting. They are not an exhaustive list of practices, but they are the most commonly used ones (Israeli and Reichel, 2003; Israeli, Mohsin, and Kumar, 2010).

There are four sections to the questionnaire. There are no crisis managers in the hotel industry in Lebanon, that is, no centralized department for dealing with crisis, but rather allocating responsibility of a crisis to each decision maker. As such, the first section of the questionnaire derives the level of knowledge of the participants about crises and crisis management. The second section entails an examination of the importance that each of the 22 practices according to the managers, displayed on a Likert Scale of 1 through 5, 1 being least important and 5 the most important. The third section of the questionnaire reexamines the 22 practices in terms of performance, that is, how often do managers use these practices. Like the second section, a Likert Scale was used, but with 5 being extensively used and 1 being rarely used. The final section entails demographic information including age, gender, education level, and current position in their occupation.

3.3 Research Questions and Propositions

3.3.1 Research Questions

The research questions answered by the methodology are depicted as R1 and R2. The first question R1 is to evaluate the practices of managers individually. The second question R2 is to benchmark the practices of managers to theoretical crisis management. They are as follows:

R1: What is the level of correlation between decision makers' perceptions of importance of a crisis management practice and the level of usage of this practice in luxury hotels in Lebanon?

R2: Is there any resemblance between the traditional factors in crisis management (marketing, maintenance, human resources and government) and the factors resulting from this analysis?

3.3.2 Propositions

P1: The first proposition for data analysis is that there will be strong positive correlation between the importance of a certain practice and the level of usage of this practice. This is the basis of the IPA, and it includes the action titled "keep up the good work" (Martilla and James, 1977). It is also a necessary condition for rational and coherent crisis management, suggesting that managers understand what is important and follow their understanding with action (Duke and Persia, 1996).

P2: The second proposition is aimed at identifying the practices that can be grouped together for both importance and usage. The traditional themes found in the literature (i.e. human resources, marketing, maintenance and government) are used as a reference point. The themes observed in the findings are compared and contrasted against the reference of human resources, marketing, maintenance and government themes to evaluate crisis management. The "observed theme" can follow the traditional themes or demonstrate a different logic and insights into crisis management. Specifically, we assume that the observed theme

for importance and usage will follow the constructs of human resources, marketing, maintenance and government—i.e. construct validity.

3.4 Participants

The participants of this study will be described in this section.

3.4.1 Population

While the ideal population would have been crisis managers, that is, department heads of a crisis response team, this could not be done since no luxury hotel that was contacted in Lebanon has a clear-cut crisis management department. Thus, the population of this study includes all supervisors, middle level managers, senior managers, department heads, and other decision makers in different luxury hotels in Lebanon since this is these personnel are responsible (partly or fully) for handling crisis situations.

3.4.2 Sample

The exact number of the total population of decision makers in crisis situations in luxury hotels is indeterminable at this point. The margin of error (ME) is set at 4%. The confidence level applied is 90% since a two-tailed t test was employed. The sample size was derived from the following:

Since there are 22 practices in question (22 variables), according to factor analysis theory, each variable must have at least five observations (Hair et al., 2009). Then at the minimum, $n = 5(22) = 110$ participants. The questionnaire was distributed to 189 decision makers in luxury hotels in the Beirut area. However, only 120 of the respondents participated in the survey.

Since the participants $> n=110$, the sample sufficed for the study's results to be conclusive.

3.4.3 Sampling Procedures

The sampling procedure was done by convenience sampling, which included geographic and time constraints. The study was conducted under university deadlines, and as such, the sampling was restricted to the Beirut area. Furthermore, since the researcher's profession is in the hospitality industry, contacts and networking were used for faster data collection.

3.5 Data Collection Procedures

The questionnaires were pretested with 5 managers at InterContinental Le Vendome, and it was recommended that income be removed as a demographic criterion, especially since many of the participants were acquaintances or colleagues with the researcher. As such, income was removed from the initial draft of the questionnaire.

The questionnaires were distributed by hand and by mail, and the answers were collected and input into SPSS. Surveys were distributed to colleagues and employees from other hotels, as well as to the Human Resources department of several hotels, which in turn distributed to decision-making personnel of the company. The luxury hotels from which decision makers were surveyed include employees Phoenicia, Le Vendome, Crowne Plaza, Gefinor Rotana, Movenpick, Staybridge Suites, Lancaster Plaza, Le Royale, and the Four Seasons.

Furthermore, while inputting the data into SPSS, 6 identical copies of questionnaires were observed, and as such were deemed unreliable and omitted from the participants pool of this study, making the participants $n=114$.

3.6 Data Analysis Procedures

To analyze the data, descriptive statistics, Spearman correlation, and an Orthogonal VARIMAX Rotated Factor Analysis was used.

To test for H1, Spearman correlation tests was used in order to reveal the correlation between the level of importance assigned to each practice and the performance of each practice by usage.

To test for H2 and the questionnaire construct validity, Orthogonal Varimax Rotated Factor Analysis for 4 factors was used to identify which practices are grouped to factors for hospitality crisis management. As previously mentioned, the intention was to find whether the traditional factors in crisis management (*marketing, maintenance, human resources and government*) and the factors resulting from this analysis bear any resemblance.

In order to conduct factor analysis, the stages and conditions of factor analysis presented in Chapter 3 of Hair et al.'s book 'Multivariate Data Analysis' was employed as a reference (2009). Then, for factor analysis to be relevant, valid and reliable, the series of conditions/rules that must be satisfied prior to proceeding with the analysis are presented in the following table (Hair et al., 2009).

	Condition	Results of Tests from Study	Status of Compliance
1	The sample must have observations more than variables	114 observations, 22 variables	Condition Satisfied
2	The minimum absolute sample size must be 50 observations, with at least 100 being recommended	114 observations, 22 variables	Condition Satisfied
3	Ratio of observation to variable is 5:1 (For this study, 5 x 22 variables = 110 observations)	114 observations collected	Condition Satisfied
4	Bartlett's test of Sphericity (sig. <0.05)	sig = 0.000 for importance and performance	Condition Satisfied

5	Measure of sampling adequacy (MSA) values > 0.5 overall	Importance KMO= 0.649, Performance KMO= 0.732	Condition Satisfied
6	MSA values for individual variables > 0.5, otherwise must be omitted from Factor Analysis	All variables' MSA > 0.5	Condition Satisfied
7	Factors shown by the Scree test to have substantial amounts of common variance are adopted (that is, factors plotted before curve's inflection point)	4 factors before inflection point chosen for both importance and performance	Condition Satisfied
8	For sample size between 100 and 120, factor loading > 0.5	All factor loading > 0.5	Condition Satisfied

Table 1. List of conditions for factor analysis and the status from current study.

The first stage targeting the conditions for the sample size was previously discussed in the participants section (see section 3.4.2). The following are the tables showing the results for the MSA and Bartlett's Test of Sphericity for Importance and Performance of the practices respectively.

Importance MSA Matrix																						
P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13	P14	P15	P16	P17	P18	P19	P20	P21	P22	
.515 ^a																						
-.283	.501 ^a																					
-.096	-.466	.569 ^a																				
-.006	-.108	-.075	.630 ^a																			
-.180	.028	.102	-.062	.629 ^a																		
-.053	-.015	-.105	.072	.093	.657 ^a																	
.218	-.078	.006	.043	-.202	-.244	.531 ^a																
.028	.017	-.022	-.187	.292	.025	-.542	.583 ^a															
.020	-.012	.056	.171	-.170	-.016	-.111	-.038	.681 ^a														
-.309	.081	.046	-.189	.088	-.129	.090	-.173	-.510	.661 ^a													
-.060	.028	.110	.079	.096	.192	-.135	-.147	-.003	-.022	.710 ^a												
.125	.009	-.035	-.145	-.122	-.049	.148	-.029	-.111	-.061	-.334	.587 ^a											
-.119	-.051	.057	.072	.207	.110	-.148	.084	.025	-.004	.069	-.633	.556 ^a										
.133	-.060	-.150	.063	-.335	-.011	.109	-.132	-.037	-.083	-.125	.087	-.165	.585 ^a									
.218	-.040	.069	-.278	.072	-.067	.069	.200	-.060	-.204	-.116	.259	-.149	-.110	.535 ^a								
-.144	-.193	-.300	-.011	-.049	-.121	-.054	.028	-.116	.077	.079	-.147	.177	-.072	-.478	.637 ^a							
-.096	-.022	.024	.087	-.295	.067	.002	-.177	.056	.102	-.167	.131	-.176	.251	-.145	-.245	.739 ^a						
.030	.107	-.081	-.046	.093	.030	-.056	.149	-.021	-.197	.029	-.080	.204	-.309	.238	-.039	-.307	.682 ^a					
.016	.177	-.164	.005	-.082	-.127	.016	.002	.070	-.100	-.147	.021	-.134	.100	-.074	.133	-.016	-.323	.833 ^a				
-.107	-.165	.183	.031	-.029	.049	.034	-.231	-.013	.049	.119	-.034	-.170	.128	-.044	-.048	.018	-.313	-.207	.720 ^a			
.156	-.051	-.054	-.050	-.024	.024	.008	-.118	-.043	.065	.005	-.009	.209	-.135	-.032	.092	-.168	.291	-.292	-.706	.692 ^a		
-.010	.008	.128	-.025	-.331	-.059	.115	-.165	.224	-.065	.026	.091	.001	-.074	.064	-.118	.085	-.191	.077	.128	-.188	.642 ^a	

a Measures of Sampling Adequacy (MSA)

Table 2. Importance Measure of Sampling Adequacy Matrix

Performance MSA Matrix																						
P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12	P13	P14	P15	P16	P17	P18	P19	P20	P21	P22	
.602 ^a																						
-.557	.519 ^a																					
-.100	-.155	.759 ^a																				
-.039	-.241	-.050	.797 ^a																			
-.156	.026	.040	.034	.776 ^a																		
-.129	-.065	-.048	.138	-.176	.838 ^a																	
.098	.088	-.194	-.044	-.111	-.118	.709 ^a																
-.112	-.023	.026	.188	.254	.055	-.544	.740 ^a															
-.097	.187	.123	.058	.135	.069	.003	.066	.764 ^a														
-.066	-.014	-.187	-.019	-.023	-.032	.092	-.093	-.493	.824 ^a													
-.161	.355	-.032	-.159	-.013	.002	.135	-.180	.046	-.063	.713 ^a												
.330	-.227	.002	.125	-.197	-.092	-.124	.060	-.163	-.070	-.482	.703 ^a											
-.098	-.062	.043	-.011	.138	-.020	.048	-.244	-.127	.022	-.161	-.368	.839 ^a										
-.017	-.062	-.098	.097	-.220	.122	.049	.179	.147	-.243	-.132	.144	-.092	.736 ^a									
.224	-.257	.077	-.169	-.014	.052	-.061	-.112	-.124	.019	-.152	.021	.026	-.462	.750 ^a								
-.056	.066	.110	-.057	-.007	-.129	-.149	-.073	-.255	.079	.183	.001	.101	-.288	-.317	.773 ^a							
-.142	-.017	.079	-.143	.091	-.101	.116	-.034	.047	.064	-.304	.006	.229	.171	-.079	-.354	.703 ^a						
-.215	.191	-.102	-.023	-.046	.043	.102	-.230	-.004	.053	.166	-.224	-.074	-.300	.176	.033	-.208	.712 ^a					
.185	-.196	.027	.068	-.030	-.036	-.139	.166	.050	-.128	-.214	.071	.152	.268	-.060	-.005	.055	-.676	.768 ^a				
-.231	.315	-.203	-.037	-.139	.023	.252	-.166	.102	.004	.145	-.250	.024	.024	-.102	-.112	.029	.278	-.179	.696 ^a			
.240	-.301	.186	-.014	.099	-.056	-.260	.117	-.168	.031	-.150	.293	-.095	-.081	.122	.135	-.070	-.193	.008	-.944	.698 ^a		
-.172	.173	-.039	-.108	-.083	.011	-.047	-.033	.029	-.023	.241	-.108	.008	-.186	.077	-.094	.099	-.047	-.050	.123	-.216	.864 ^a	

a. Measures of Sampling Adequacy(MSA)

Table 3. Performance Measure of Sampling Adequacy Matrix

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.649
Bartlett's Test of Sphericity	Approx. Chi-Square	886.735
	df	231
	Sig.	.000

Table 4. Importance Matrix KMO and Bartlett Test of Sphericity

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.732
Bartlett's Test of Sphericity	Approx. Chi-Square	1248.799
	df	231
	Sig.	.000

Table 5. Performance Matrix KMO and Bartlett Test of Sphericity.

As shown in tables 4 and 5, the MSA for importance and performance respectively were 0.649 and 0.732, which is greater than the required 0.5. Furthermore, the Bartlett's Test of Sphericity revealed that the significance $\alpha = 0.000 < 0.05$, which means that there is confidence with the results.

For adopting factors for the analysis, the factors shown by the Scree test to have substantial amounts of common variance were chosen (that is, factors plotted before curve's inflection point). Below are the Scree Plot graphs for importance and performance respectively.

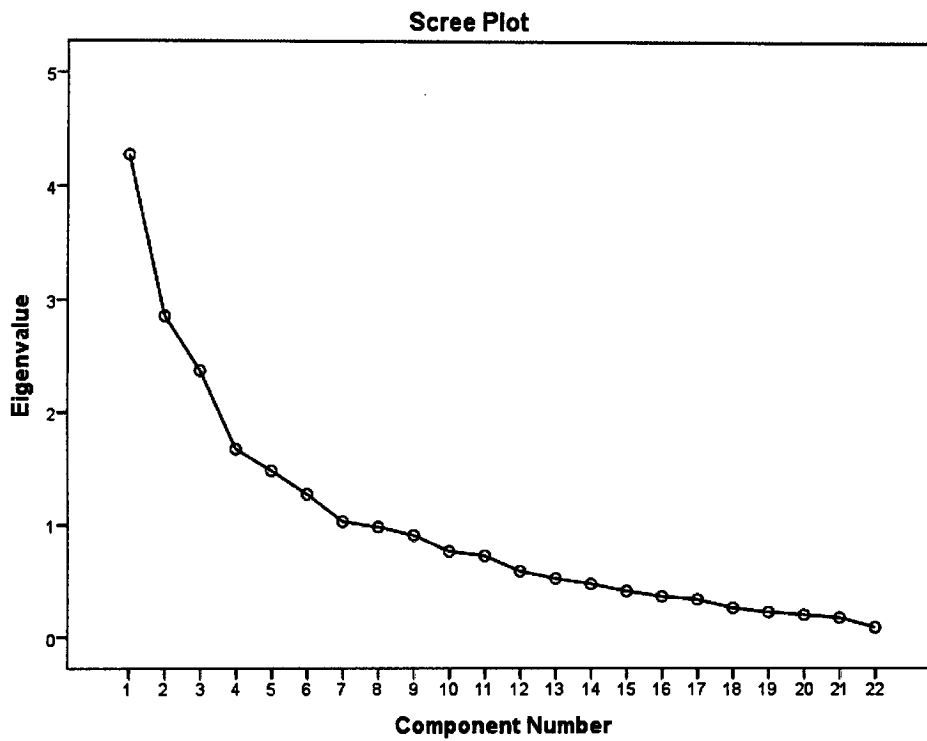


Figure 4. Scree Test for Importance Analysis showing the cut off on the 4th factor

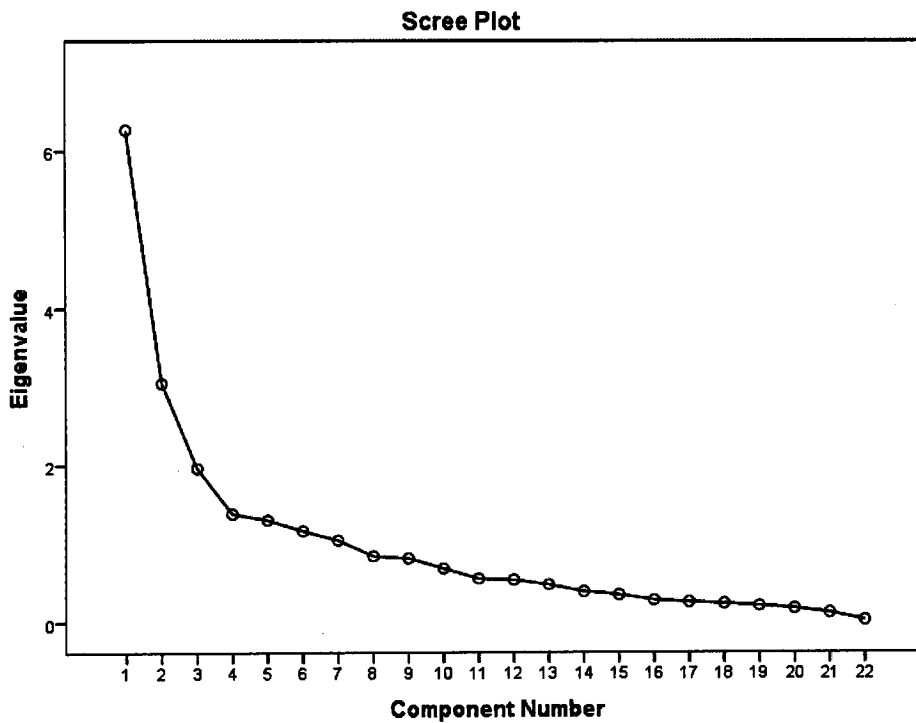


Figure 5. Scree Test for Performance Analysis showing the cut off on the 4th factor

From figure 4, it can be observed that the inflection point in the Scree plot if the importance analysis showed an inflection point at the fourth factor, which means we need to limit our factor analysis to 4 factors.

Again, from figure 5, it can be observed that the inflection point in the Scree plot if the performance analysis showed an inflection point at the fourth factor, which means we need to limit our factor analysis to 4 factors.

Since all the conditions of factor analysis retrieved from Hair et al. (2009) were satisfied, it was possible to proceed with the results and factor analyses.

CHAPTER IV: RESULTS AND FINDINGS

This chapter discusses the main findings of the results of the 114 participants' answers to the survey questionnaire. The raw data can be found in the appendices, while the most significant findings are highlighted in the chapter. Factor Analysis has been validated (see Section 3.3.6), therefore, this chapter will detail the findings extracted from SPSS. The results were consolidated and IPA graphs were generated which aided in drawing the conclusions in the chapter to follow.

4.1 Descriptive Statistics

The study surveyed employees in managerial or supervisory positions in nine luxury hotels in Lebanon. The five-star hotels surveyed include Phoenicia, Le Vendome, Crowne Plaza, Gefinor Rotana, Movenpick, Staybridge Suites, Lancaster Plaza, Le Royale, and the Four Seasons. The sample size for the study was N=114 employees of which 54.4% were males and 40.4% were females. A majority of the participants were between 30 and 39 years of age (51.8%), while 32.5% were between 22 and 29 years of age, followed by 11.4% between the ages of 40 and 59. Only two participants were 60 years of age or above.

The great majority of participants were assistant managers or line managers (N=32, 28.1%), supervisors, senior supervisors or team leaders (N=34, 29.8%), and department heads or operations managers (N=32, 28.1%). Only four participants (3.5%) held the highest managerial positions as general managers or executive committee members. Out of the participants surveyed, the majority held a Bachelor's degree (N=78, 68.4%), while 22.8% held a Master's degree (N=26). Only one participant had a Post-Doctorate degree, while nine participants refrained from stating their level of education attained. A cross-tabulation showed that 44.3% of department heads or operations managers held a Master's degree, while 56.3% held a Bachelor's degree, while 13.5% of assistant managers or line managers held a Master's degree and 83.8% had attained their Bachelor's degree. Additionally, it is worthy to note that two out of the four participants at the highest managerial position (general manager of executive committee members) were within the 40-49

years age bracket, whereas 68.8% of department heads or operations managers and 63.2% of assistant managers or line managers were between 30 and 39 years of age. Table 6 below presents all the relevant descriptive statistics for the sample under study.

Gender	N	Percentage
Male	62	54.4%
Female	46	40.4%
Missing	6	5.3%
Age		
20-29 years	37	32.5%
30-39 years	59	51.8%
40-49 years	6	5.3%
50-59 years	7	6.1%
60 years and above	2	1.8%
Missing	3	2.6%
Position		
General Manager or Executive Committee	4	3.5%
Department Head or Operations Manager	32	28.1%
Assistant Manager or Line Manager	38	33.3%
Supervisor, Senior Supervisor or Team Leader	34	29.8%
Other	1	0.9%
Missing	5	4.4%
Education		
Post-doctoral Degree	1	0.9%
Master's Degree	26	22.8%
Bachelor's Degree	78	68.4%
Missing	9	7.8%

Table 6. Demographic Information

4.2 Knowledge about Crisis Management

Considering the framework of the study, it was necessary to assess participants' knowledge of crisis management, whether their company has been under crisis situations, the extent to which they have used crisis management at their work, and the number of crises they were exposed to at the job as defined through the survey. Results showed that almost all participants were familiar with crisis management (N= 108; 94.7%). Furthermore, 85.1% of the employees surveyed (N= 97) indicated that their company faced a crisis within their time of employment, and a large majority (75.4%, N= 86) of the participants were either fully or partly responsible for crisis management in their respective luxury hotels. This indicates that a majority of the sample fits one of the study's criteria of having been exposed to a crisis situation and having participated in crisis management. Table 7 below contains statistics relevant to participants' knowledge about and involvement in crisis management.

Additionally, only three participants have witnessed and managed none of the five crises within their time of employment, whereas the greatest number of participants (N= 37, 32.5%) have witnessed and managed all five crises in Lebanon since 2005 during their time of employment. Around 34% (N= 38) of participants witnessed and managed three or four crises, while 16.7% (N= 19) and 14% (N= 16) have witnessed two and one crises, respectively. Of all participants, 21.1% (N= 24) spend 50% to 75% of their time during their employment on crisis management, while 35.1% (N= 40) allocate between 25% and 50% of their time during employment towards crisis management. Finally, 43% (N=49) of employees interviewed spend only up to 25% of their employment time on crisis management.

Questions	Yes	No
Are you familiar with crisis management?	94.7%	4.4%
Are you responsible or partly responsible for crisis management in your company?	75.4%	23.7%
Has your company faced a crisis while you were employed?	85.1%	14%

Number of crises that Lebanon faced since 2005 that employees witnessed and managed	None	2.6%
	One	14%
	Two	16.7%
	Three	15.8%
	Four	17.5%
	Five	32.5%
Percentage of time allocated towards crisis management	0-25 percent	43%
	25-50 percent	35.1%
	50-75 percent	21.1%

Table 7. Knowledge about Crisis Management

4.3 Correlations between Importance and Usage of Crisis Management

Practices

Table 8 below displays the ranking (means and standard deviations) of importance and usage of the 22 practices used in crisis management. The lower the mean, the less important and the less used the practice under study was for participants in the study. As the results show, practice 9 (price drops on special offers; $M= 4.09$, $SD= 0.93$), practice 12 (marketing and promoting new products and services; $M= 4.02$, $SD= 0.87$), practice 4 (freezing pay rates; $M= 3.97$, $SD= 1.10$), practice 7 (marketing to domestic tourists in collaboration with local merchants; $M= 3.75$, $SD= 1.18$) and practice 8 (marketing to domestic tourists through geographical promotion; $M= 3.74$, $SD= 1.09$) were rated as the most important practices, respectively. The majority of highly rated practices on importance fell under the category of “marketing strategies” for crisis management. As for the practices ranked as least important, ranked starting the lowest mean, were practice 21 (industry-wide demand for a grace period on local tax; $M= 2.22$, $SD= 1.52$), practice 17 (extending credit or postponing scheduled payment; $M= 2.44$, $SD= 1.55$), practice 5 (replacing highly paid employees with new low paid employees; $M= 2.46$, $SD= 1.40$), practice 1 (laying off employees to reduce labor

costs; $M= 2.74$, $SD= 1.51$), practice 22 (completely ceasing operations or shutting down temporarily; $M= 2.84$, $SD= 1.37$), practice 15 (cost cuts by postponing maintenance of the building; $M= 2.85$, $SD= 1.39$) and practice 6 (increased reliance on outsourcing, $M= 2.87$, $SD= 1.36$) all fell below the midpoint of the scale. However, it is worthy to note that for these items, standard deviations were relatively high indicating much variation in responding among participants.

When it comes to the performance (usage) of the different practices, there was a close match with ratings of importance. However, usage means were generally lower than importance means. The practices ranked as most important were practice 4 (freezing pay rates; $M= 3.86$, $SD= 1.18$), practice 13 (marketing to new segments; $M= 3.81$, $SD= 1.04$), practice 2 (using unpaid vacation to reduce labor costs; $M= 3.59$, $SD= 1.35$), practice 12 (marketing and promoting new products and services; $M= 3.57$, $SD= 1.10$) and practice 9 (price drops on special offers; $M= 3.53$, $SD= 1.05$), respectively. Most used practices belonged to the “human resources” and “marketing” categories of crises management strategies. The least used practices, in increasing order of usage, were practice 18 (organized protest against the lack of government support; $M= 2.03$, $SD= 1.73$), practice 19 (industry-wide demand for governmental assistance; $M= 2.20$, $SD= 1.71$), practice 20 (industry-wide demand for governmental assistance with current expenses; $M= 2.36$, $SD= 1.65$), practice 21 (industry-wide demand for a grace period on local tax; $M= 2.42$, $SD= 1.68$) and practice 6 (increased reliance on outsourcing; $M= 2.55$, $SD= 1.45$). The standard deviations here were quite large as well, indicating great variation in responding among participants. It is important to note that the least used practices are the ones that fall under the “government” theme of crisis management. The sample under study resorted to government-related crisis management practices the least.

Practice	Description	Importance		Usage	
		Mean	SD	Mean	SD
1	Laying off employees to reduce labor costs	2.74	1.5	2.84	1.37
2	Using unpaid vacation to reduce labor costs	3.46	1.3	3.59	1.35

3	Reducing the number of workdays per week	3.29	1.3	2.88	1.52
4	Freezing pay rates	3.97	1.1	3.86	1.18
5	Replacing highly paid employees with new low paid employees	2.46	1.4	2.63	2.47
6	Increased reliance on outsourcing	2.87	1.4	2.55	1.45
7	Marketing to domestic tourists in collaboration with local merchants	3.75	1.2	2.96	1.35
8	Marketing to domestic tourists through geographical promotion	3.74	1.1	3.21	1.12
9	Price drops on special offers	4.09	0.9	3.53	1.05
10	Reducing list price	3.75	1.1	3.39	1.2
11	Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety	3.93	1	3.47	1.14
12	Marketing and promoting new products and services	4.02	0.9	3.57	1.1
13	Marketing to new segments	3.01	1.4	3.81	1.04
14	Cost cuts by limiting hotel services	3.59	1.3	2.94	1.45
15	Cost cuts by postponing maintenance of the building	2.85	1.4	3.31	1.4
16	Cost cuts by postponing maintenance to engineering systems	3.05	1.3	2.91	1.36
17	Extending credit or postponing scheduled payment	2.44	1.6	3.14	1.52
18	Organized protest against the lack of government support	3.07	1.4	2.03	1.73
19	Industry-wide demand for governmental assistance with current expenses	3.35	1.4	2.2	1.71
20	Industry-wide demand for a grace period on tax payments	3.43	1.3	2.36	1.65
21	Industry-wide demand for a grace period on local tax	2.22	1.5	2.42	1.68
22	Completely ceasing operations or shutting down temporarily	2.84	1.4	1.95	1.63

Table 8. Means and Standard Deviations for Importance and Usage of Practices in Crisis Management

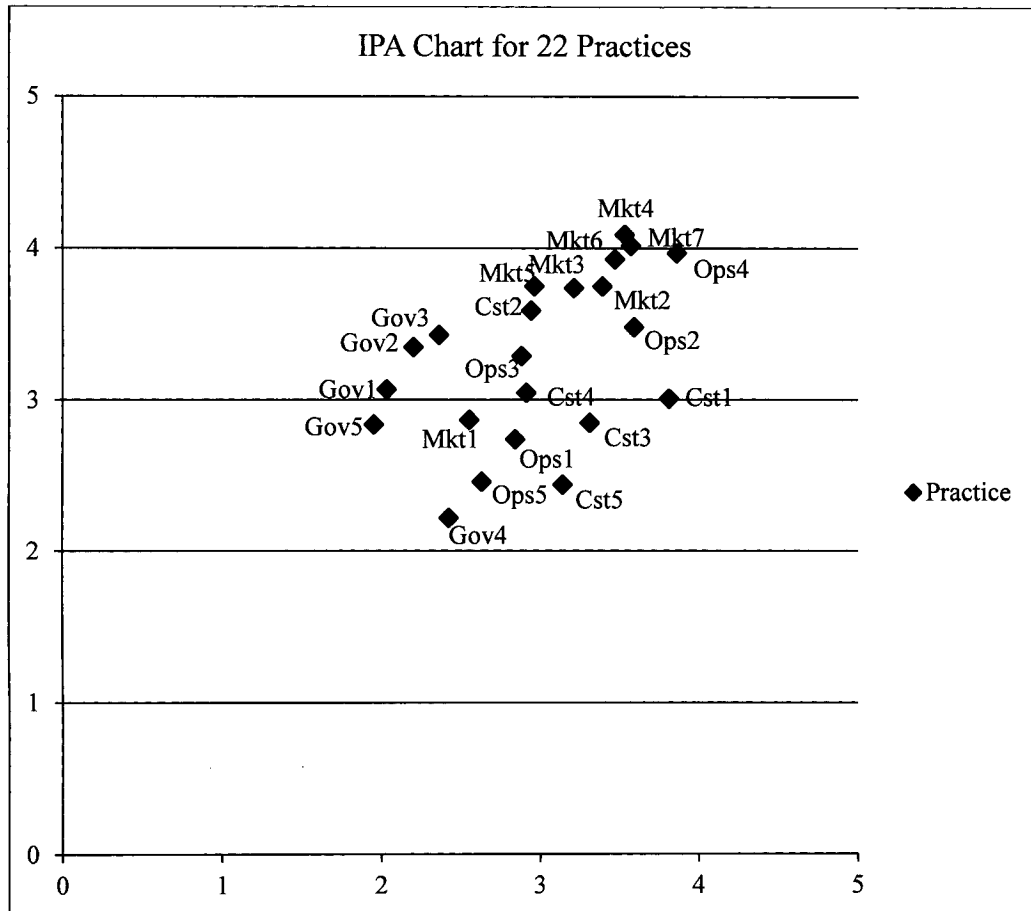


Figure 6. IPA Chart for Mean of the 22 practices

The IPA Chart above illustrates the performance relative to the importance of each practice by plotting the means of the practices on the x and y axis respectively. The values of the means are extracted from the previous table. It can be noticed that the most practices with the same foundation are consolidated together. This IPA analysis is only preliminary with no rotations or factor analyses. A factor analysis with rotation will reveal a much improved consolidation of variables. The data reduction process will be tackled shortly.

In order to test whether importance and usage of the various crisis management practices are positively and significantly correlated, Spearman

correlation was employed thus fulfilling the basis for Importance-Performance Analysis and simultaneously eliminating bias among colleagues in same hotels. A good positive correlation between importance and usage indicates a close match and would fall under the category of “keep up the good work” under IPA guidelines. A Spearman Correlation analysis was run to test for this first proposition in the context of this work. Table 9 below displays correlation coefficients between each practice’s importance and usage scores.

Practice	Description	Correlation
1	Laying off employees to reduce labor costs	0.457**
2	Using unpaid vacation to reduce labor costs	0.441**
3	Reducing the number of workdays per week	0.450**
4	Freezing pay rates	0.429**
5	Replacing highly paid employees with new low paid employees	0.532**
6	Increased reliance on outsourcing	0.528**
7	Marketing to domestic tourists in collaboration with local merchants	0.363**
8	Marketing to domestic tourists through geographical promotion	0.290**
9	Price drops on special offers	0.314**
10	Reducing list price	0.470**
11	Marketing to foreign tourists with specific focus on the location’s distinctive features and relative safety	0.300**
12	Marketing and promoting new products and services	0.287**
13	Marketing to new segments	0.219*
14	Cost cuts by limiting hotel services	0.464**
15	Cost cuts by postponing maintenance of the building	0.243**
16	Cost cuts by postponing maintenance to engineering systems	0.314**
17	Extending credit or postponing scheduled payment	0.407**

18	Organized protest against the lack of government support	0.408**
19	Industry-wide demand for governmental assistance with current expenses	0.231*
20	Industry-wide demand for a grace period on tax payments	0.113
21	Industry-wide demand for a grace period on local tax	0.097
22	Completely ceasing operations or shutting down temporarily	0.506**

** . Correlation significant at the 0.01 level (two-tailed).

* . Correlation significant at the 0.05 level (two-tailed).

Table 9. Correlations between Importance and Usage for Practices in Crisis Management

The results of the correlation analysis supports proposition one (P1) of the study. Importance and usage of all practice were significantly and positively correlation, except for two of the “government”-related practices 20 (industry-wide demand for a grace period on tax payments; $r = .113$, $p > 0.05$) and 21 (industry-wide demand for a grace period on local tax; $r = .097$, $p > 0.05$), possibly because of the lack of clarity and well-defined tax regulations in Lebanon. These also were some of the items than ranked lowest on both usage and importance. For all the remaining practices, importance and usage were significantly positively correlated, which means that as importance of one practice increase, its usage also increases. Some of the highest correlations were for practice 5 (replacing highly paid employees with new low paid employees; $r = .532$, $p < 0.01$), practice 6 (increased reliance on outsourcing; $r = .528$, $p < 0.01$), practice 22 (completely ceasing operations or shutting down temporarily; $r = .506$, $r < 0.01$) and practice 10 (reducing list price; $r = .470$, $p < 0.01$). These correlations are considered high, indicating a strong positive relationship between usage and importance of the relevant practices. Additionally, the remaining significant practices were all positive, ranging from $r = .219$ ($p < 0.05$) to $r = 0.464$ ($p < 0.01$), ranging from small-to-medium, indicating that as the importance of one practice increases, its

usage increases as well. To further test the correlation among variables, the auto-correlation ratio was calculated through dividing the number of variables with correlation significance $p < 0.05$ by the total number of correlated variables. The obtained value of auto-correlation was 90.9% which is significantly higher than the minimum required threshold of 38%.

In order to assess proposition two of the study, which aims to identify grouping of practices together for importance and performance, a factor analysis with Varimax rotation was employed. The aim was to explore whether the factor structure presented and verified through the literature (i.e. *human resources, marketing, maintenance, and government*) applies to the context of luxury hotels in Lebanon or whether an emerging factor structure appears. Additionally, the analysis aimed to explore to which dimension the added practice (practice 22, completely ceasing operations or shutting down temporarily) belongs to.

4.4 Factor Analysis using Principle Component Method of Extraction

4.4.1 Dimensions of Practice Importance

An un-rotated principal components factor analysis was conducted on the *importance* of the various practices as rated by the sample of managers. As per Section 3.6, four factors were deduced from the Scree test with Eigenvalues above 1. Consequently, we limited our factor analysis to 4 factors in SPSS.

The analysis revealed that the four factors account for 50.8% of the total variance. The following table displays the un-rotated components matrix for factors with loading greater than 0.4. (for Total Variance Explained table, see Appendix C)

Practices	Component			
	1	2	3	4
19- Industry-wide demand for governmental assistance with current expenses (ex: subsidizing energy)	.780			

20- Industry-wide demand for a grace period on tax payments	.779			
18- Organized protest against the lack of government support	.706			
21- Industry-wide demand for a grace period on local tax (municipality) payments	.706		-.506	
17- Extending credit or postponing scheduled payments	.672			
5- Replacing highly paid employees with new low paid employees	.471	.409		
14- Cost cuts by limiting hotel services				
4- Freezing pay rates (Promotions, Salary Raise, Bonuses, Overtime, etc...)				
13- Marketing to new segments		-.648		
12- Marketing and promoting new products or services (family events, catering)		-.623		
16- Cost cuts by postponing maintenance to the engineering systems		.587		
11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety		-.568		
8- Marketing to domestic tourists through geographical promotion		-.444		
22- Completely ceasing operations / shutting down temporarily		.417		
15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)		.409		
7- Marketing to domestic tourists in in collaboration with local merchants				
10- Reducing list price	.462		.617	
9- Price drop on special offers	.411		.556	
6- Increased reliance on outsourcing				
2- Using unpaid vacation to reduce labor costs				.776
3- Reducing the number of workdays per week		.421		.540

1- Laying off employees to reduce labor costs				
Extraction Method: Principal Component Analysis.				
a. 4 components extracted.				

Table 10. Un-rotated Component Matrix for Importance of Practices with loadings greater than 0.4

From the un-rotated matrix table, it can be observed that 45.45% of the variables, namely 1, 2, 8, 11, 12, 13, 14, 15 and 16, cross-loaded in several factors, which violates the principle of orthogonality between factors. An optimal structure exists when all variables have high loadings only on a single factor (Hair et al., 2009).

Subsequently, Orthogonal Rotation component analysis was resorted to as it is the most widely used rotational method and is generally the most preferred method when the research goal is data reduction to a smaller number of variables (Hair et al, 2009). As such, a principal components factor analysis with Varimax rotation was conducted on *importance* of the various practices specifying four factors. The following table displays the rotated components matrix (for Total Variance Explained table, see Appendix C).

Practices	Component			
	1	2	3	4
21- Industry-wide demand for a grace period on local tax (municipality) payments	.878			
20- Industry-wide demand for a grace period on tax payments	.870			
19- Industry-wide demand for governmental assistance with current expenses (ex: subsidizing energy)	.810			
17- Extending credit or postponing scheduled payments	.685			
18- Organized protest against the lack of government support	.645			
5- Replacing highly paid employees with new low paid employees	.531			

22- Completely ceasing operations / shutting down temporarily				
12- Marketing and promoting new products or services (family events, catering)		.743		
13- Marketing to new segments		.705		
11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety		.652		
8- Marketing to domestic tourists through geographical promotion		.593		
7- Marketing to domestic tourists in in collaboration with local merchants				
16- Cost cuts by postponing maintenance to the engineering systems			.708	
10- Reducing list price			.654	
9- Price drop on special offers			.591	
15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)			.554	
14- Cost cuts by limiting hotel services			.523	
6- Increased reliance on outsourcing				
2- Using unpaid vacation to reduce labor costs				.806
3- Reducing the number of workdays per week				.721
1- Laying off employees to reduce labor costs				.543
4- Freezing pay rates (Promotions, Salary Raise, Bonuses, Overtime, etc...)				
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization converged in 7 iterations.				

Table 11. VARIMAX Rotated Component Matrix for Importance of Practices with loadings greater than 0.5

The first factor, which accounted for the greatest portion of the variance explained—19.4%, contained practices 21, 20, 19, 18 (government-related practices), practice 17 (extending credit or postponing scheduled payments) and

practice 5 (replacing highly paid employees with new low paid employees). All other practices loaded highly on Component 1, which can be named “Government Support”. Component 2 explained 12.9% of the variance and contained practices 12, 13, 11, 8. As all these practices fall under the “marketing” category, Component 2 is named “Marketing Strategies”. The third component respectively explained 10.7% of the variance and was composed of practices 16, 15, 14 (maintenance- cost cuts) and practices 9 (price drop on special offers) and 10 (reducing list price), both from the marketing category. Component 3 was named “Cost Cuts”. Finally, Component 4 explained the lowest amount of the variance at 7.6%, and included practices 1, 2, 3, which are all human resources practices. As such, Component 4 was named “Operations Management”. The factor structure of importance of various crisis management strategies was clear-cut and closely matched findings in the literature. Practice 6, 7 and 22 scored a loading smaller than 0.5 and were filtered out from their respective factors.

4.4.2 Dimensions of Practice Performance (Usage)

An un-rotated principal components factor analysis was conducted on the *performance* of the various practices as rated by the sample of managers. As per the Section 3.6, four factors were deduced from the Scree test with Eigenvalues above 1. Consequently, we limited our factor analysis to 4 factors in SPSS.

The analysis revealed that the four factors account for 57.49% of the total variance. The following table displays the un-rotated components matrix (for Total Variance Explained table, see Appendix D).

Practices	Component			
	1	2	3	4
21- Industry-wide demand for a grace period on local tax (municipality) payments	.789			
20- Industry-wide demand for a grace period on tax payments	.788			

19- Industry-wide demand for governmental assistance with current expenses (ex: subsidizing energy)	.689			
18- Organized protest against the lack of government support	.679			
10- Reducing list price	.598			
22- Completely ceasing operations / shutting down temporarily	.571			
11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety	.567	-.431		
8- Marketing to domestic tourists through geographical promotion	.565	-.419		
14- Cost cuts by limiting hotel services	.564	.490		
13- Marketing to new segments	.550	-.493		
9- Price drop on special offers	.530		.449	
7- Marketing to domestic tourists in in collaboration with local merchants	.519			
16- Cost cuts by postponing maintenance to the engineering systems	.488	.454	.480	
5- Replacing highly paid employees with new low paid employees	.404			
17- Extending credit or postponing scheduled payments	.400			
6- Increased reliance on outsourcing				
2- Using unpaid vacation to reduce labor costs		.650		.435
4- Freezing pay rates (Promotions, Salary Raise, Bonuses, Overtime, etc...)		.569		
12- Marketing and promoting new products or services (family events, catering)	.531	-.566		
1- Laying off employees to reduce labor costs		.553		.457
15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)	.478	.408	.607	
3- Reducing the number of workdays per week				.403

Extraction Method: Principal Component Analysis.
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a. 4 components extracted.

Table 12. Un-rotated Component Matrix for Performance of Practices with loadings greater than 0.4

From the un-rotated matrix table, it can be observed that 45.45% of the variables, namely 1, 2, 8, 9, 11, 12, 13, 14 and 15, cross-loaded in several factors, which violates as well the principle of orthogonality between factors (Hair et al., 2009). As such, a principal components factor analysis with Varimax rotation was conducted on *performance* of the various practices specifying four factors. The following table displays the rotated components matrix (for Total Variance Explained table, see Appendix D).

Practices	Component			
	1	2	3	4
21- Industry-wide demand for a grace period on local tax (municipality) payments	.844			
20- Industry-wide demand for a grace period on tax payments	.819			
19- Industry-wide demand for governmental assistance with current expenses (ex: subsidizing energy)	.765			
22- Completely ceasing operations / shutting down temporarily	.687			
18- Organized protest against the lack of government support	.608			
7- Marketing to domestic tourists in in collaboration with local merchants	.507			
5- Replacing highly paid employees with new low paid employees				
6- Increased reliance on outsourcing				
12- Marketing and promoting new products or services (family events, catering)		.832		
13- Marketing to new segments		.793		

11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety		.791		
8- Marketing to domestic tourists through geographical promotion		.636		
9- Price drop on special offers		.592		
10- Reducing list price		.565		
15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)			.860	
16- Cost cuts by postponing maintenance to the engineering systems			.840	
14- Cost cuts by limiting hotel services			.741	
4- Freezing pay rates (Promotions, Salary Raise, Bonuses, Overtime, etc...)			.523	
17- Extending credit or postponing scheduled payments				
1- Laying off employees to reduce labor costs				.790
2- Using unpaid vacation to reduce labor costs				.758
3- Reducing the number of workdays per week				.631
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 6 iterations.				

Table 13. VARIMAX Rotated Component Matrix for Performance Practices with loadings greater than 0.5

The first factor extracted explained 28.4% of the total variance. It contained practices 18, 19, 20, 21 (government-related practices), practice 22 (ceasing operations or shutting down temporarily), and practices 7 (from Industry related strategy). Considering the type of practices under this component, it was named “Government Support” as per the majority of practices loaded. Component 2 explained 13.83% of the variance and were more clear-cut, containing practices 8, 9, 10, 11, 12, and 13 (all marketing practices) and was thus named “Marketing Strategies”. The third component explained 8.91% of the variance, and contained

practices 14, 15, 16, and 17 (all the maintenance practices) as well as practice 4 (freezing pay rates). All the practices had an element of reducing costs ensued on the hotels, so the factor was named “Cost Cut”. Finally, component 4 contained practices 1, 2, and 3 (human resources) and was thus named “Operations Management”. Practices 5, 6 and 17 were omitted from the findings due to its loading value lower than 0.5.

The factor structure of both usage and importance of crisis management practices were very similar and fit the dissection as provided by the crisis management literature, supporting proposition two of this study.

4.4.3 Rotation Findings and IPA Chart

Following the rotation of importance and performance variables, the factors were classified as follows:

Factor 1	Government Support
Factor 2	Marketing Strategies
Factor 3	Cost Cuts
Factor 4	Operations Management

Table 14. Ranking of Importance Practices Factors with Principle Component

Factor 1	Government Support
Factor 2	Marketing Strategies
Factor 3	Cost Cuts
Factor 4	Operations Management

Table 15. Ranking of Performance Practices Factors with Principle Component

The factors were ranked 1 through 4, with 1 being with the highest loading and 4 with the lowest loading. The coordinates on the graph (x-axis performance, y-axis importance) for Government Support would be (1, 1), for Marketing Strategies (2, 2), and so on. Subsequently, the following IPA graph was plotted:

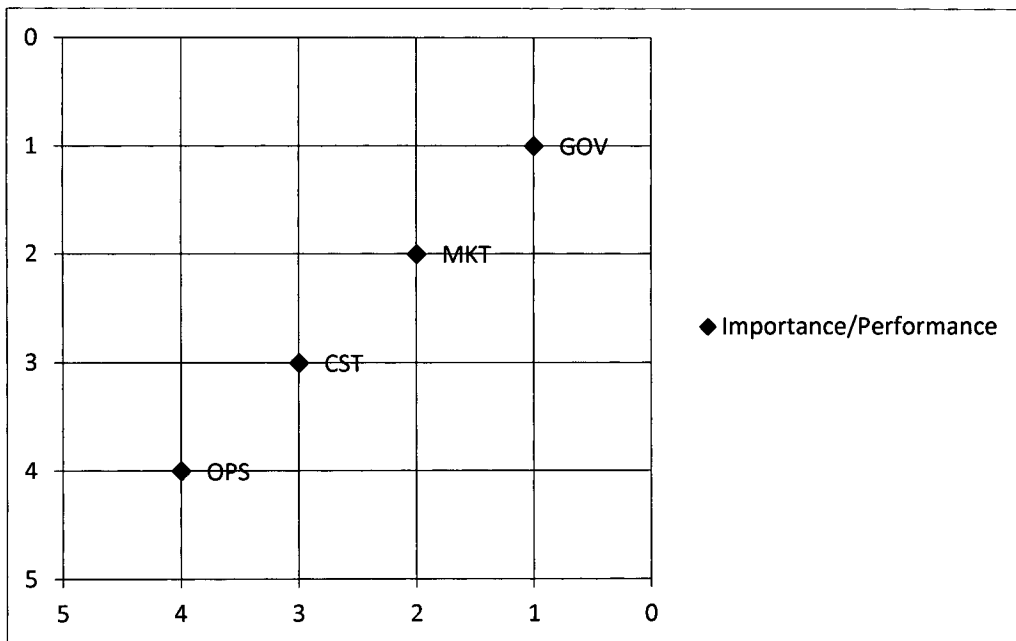


Figure 7. IPA Chart of rotated factors with principle component.

It is noticeable from the IPA graph built from rotated variables with principle component method of extraction that, managers in Lebanese luxury hospitality industry usually perform similarly to what they think is important however, changing the method of extraction returned much more interesting findings. These findings are detailed in the following section.

4.5 Factor Analysis using Maximum Likelihood Method of Extraction

4.5.1 Dimensions of Practice Importance and Performance

In order to assess the dimensions of the various crises management practices as used by hotel managers, a third factor analysis using Maximum Likelihood method of extraction was conducted in order to exhaust our findings. Accordingly, we generated another two Rotated Factor matrices for importance and performance.

Practice	Factor			
	1	2	3	4
21- Industry-wide demand for a grace period on	.919			

local tax (municipality) payments				
20- Industry-wide demand for a grace period on tax payments	.917			
19- Industry-wide demand for governmental assistance with current expenses (ex: subsidizing energy)	.782			
17- Extending credit or postponing scheduled payments	.560			
18- Organized protest against the lack of government support	.527			
5- Replacing highly paid employees with new low paid employees				
12- Marketing and promoting new products or services (family events, catering)		.779		
13- Marketing to new segments		.750		
11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety		.537		
8- Marketing to domestic tourists through geographical promotion				
22- Completely ceasing operations / shutting down temporarily				
7- Marketing to domestic tourists in in collaboration with local merchants				
10- Reducing list price			.630	
16- Cost cuts by postponing maintenance to the engineering systems			.613	
9- Price drop on special offers			.524	
15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)				
14- Cost cuts by limiting hotel services				
6- Increased reliance on outsourcing				
4- Freezing pay rates (Promotions, Salary Raise, Bonuses, Overtime, etc...)				
2- Using unpaid vacation to reduce labor costs				.778
3- Reducing the number of workdays per week				.622
1- Laying off employees to reduce labor costs				
Extraction Method: Maximum Likelihood. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 5 iterations.				

Table 16. VARIMAX Rotated Factor Matrix - Maximum Likelihood Method of Extraction for Importance Practices

From the orthogonal rotation of importance practices shown in Ttable 16, it was observed that the first factor, which accounted for the greatest portion of the variance explained at 19.4%, contained practices 21, 20, 19, 18 (government-related practices), practice 17 (extending credit or postponing scheduled payments). Consequently, Component 1 can be named “Government Support” as per the majority of practices loaded. Component 2 explained 12.9% of the variance and contained practices 12, 13, 11. As all these practices fall under the “marketing” category, Component 2 was named “Marketing Strategies”. The third component respectively explained 10.7% of the variance and was composed of practices 10, 16 and 9 (maintenance - cost cuts), and therefore, Component 3 was named “Cost Cuts”. Finally, Component 4 explained the lowest amount of the variance at 7.6%, and included practices 2 and 3 which are all human resources practices. As such, Component 4 was named “Operations Management”. The factor structure of importance of various crisis management strategies was clear-cut, and the findings of this study closely matched the findings displayed in the review of literature. Practices 1, 4, 5, 6, 7, 8, 14, 15 and 22 scored a loading smaller than 0.5, and were consequently filtered out from their respective factors. The following table displays results for rotation of performance practices.

Practice	Factor			
	1	2	3	4
12- Marketing and promoting new products or services (family events, catering)	.870			
11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety	.759			
13- Marketing to new segments	.710			
8- Marketing to domestic tourists through geographical promotion	.559			
9- Price drop on special offers	.504			
10- Reducing list price				
18- Organized protest against the lack of government support				
7- Marketing to domestic tourists in in collaboration with local merchants				

15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)		.896		
16- Cost cuts by postponing maintenance to the engineering systems		.749		
14- Cost cuts by limiting hotel services		.714		
4- Freezing pay rates				
17- Extending credit or postponing scheduled payments				
21- Industry-wide demand for a grace period on local tax (municipality) payments			.932	
20- Industry-wide demand for a grace period on tax payments			.893	
19- Industry-wide demand for governmental assistance with current expenses			.553	
22- Completely ceasing operations / shutting down temporarily				
1- Laying off employees to reduce labor costs				.763
2- Using unpaid vacation to reduce labor costs				.610
3- Reducing the number of workdays per week				
5- Replacing highly paid employees with new low paid employees				
6- Increased reliance on outsourcing				
Extraction Method: Maximum Likelihood. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 6 iterations.				

Table 17. VARIMAX Rotated Factor Matrix - Maximum Likelihood Method of Extraction for Performance Practices

From the orthogonal rotation of importance practices shown in Table 17, it was observed that the first factor extracted explained 28.4% of the total variance and were more clear-cut. It contained practices 12, 11, 13, 8 and 9 which all traditionally fell under the marketing theme. Considering the similar type of practices under this component, it was named “Marketing Strategies”. Component 2 explained 13.83% of the variance and were clear-cut as well, containing practices 14,15,16 (which entailed all Cost Cut strategies) and was thus named “Cost Cuts”. The third component explained 8.91% of the variance, and contained practices 19,20 and 21 (all government related practices). Consequently, the component was

named “Government Support”. Finally, component 4 contained practices 1 and 2 (human resources) and was thus named “Operations Management”. Practices 3, 4, 5, 6, 10, 17 and 18 were omitted from the findings due to its loading value lower than 0.5.

4.5.2 Rotation Findings and IPA Chart

Following the rotation of importance and performance variables, the factors were classified as follows:

Factor 1	Government Support
Factor 2	Marketing Strategies
Factor 3	Cost Cuts
Factor 4	Operations Management

Table 18. Ranking of Importance Practices Factors using maximum likelihood extraction

Factor 1	Marketing Strategies
Factor 2	Cost Cuts
Factor 3	Government Support
Factor 4	Operations Management

Table 19. Ranking of Performance Practices Factors using maximum likelihood extraction

The factors were ranked 1 through 4, with 1 being with the highest loading and 4 with the lowest loading. The coordinates on the IPA graph (x-axis performance, y-axis importance) for Government Support would be (3, 1), for Marketing Strategies (1, 2), and so on. Subsequently, the following IPA graph was plotted:

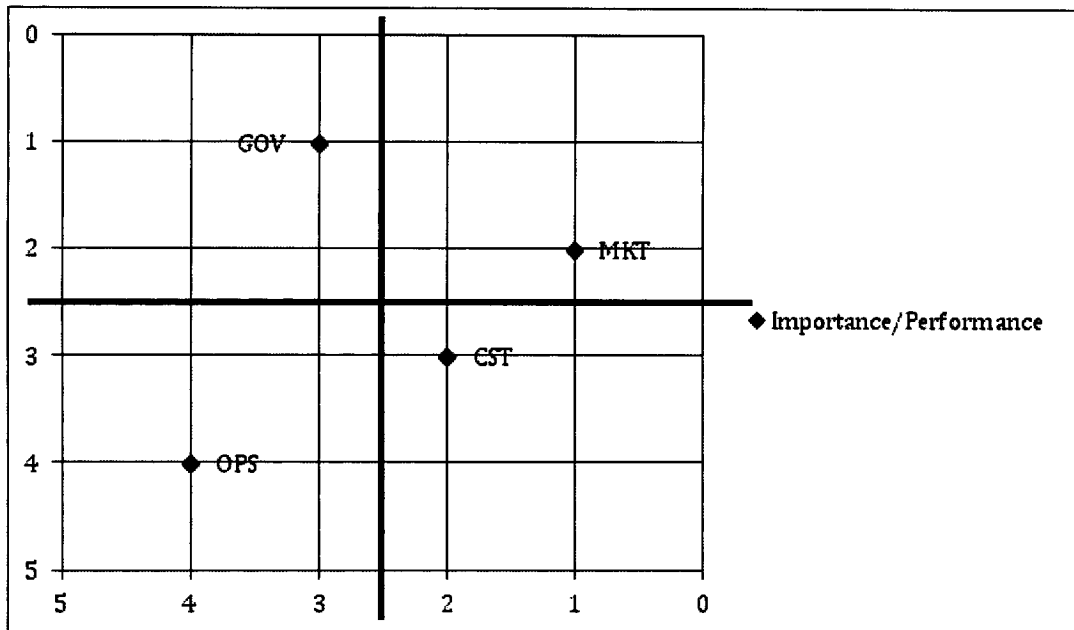


Figure 8. IPA Chart of rotated factors with maximum likelihood extraction

The IPA plot shows that the factors have loaded individually in each of the four quadrants:

“Keep up the Good Work” Quadrant	Marketing Strategies
“Overkill” Quadrant	Cost Cuts
“Low Priority” Quadrant	Operations Management
“Concentrate here” Quadrant	Government Support

Table 20. Classification of factors/components according to Martilla and James’ (1977) IPA Quadrants

These results show some interesting outcomes which will be discussed further in the following chapter.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

This chapter concludes the study by displaying the main findings, stating the limitations, interpreting possible managerial implications, and recommending future research.

5.1 Main Findings

Proposition 1 of this study stipulated that there would be a strong positive correlation between the importance decision makers appropriate to a certain crisis management practice and the level of usage of this practice, and was supported by the analysis using Spearman correlation. Then, it may be claimed that this basic correspondence between importance and usage establishes an essential condition for rational and coherent crisis management. Proposition 2 assumed that both importance and usage practices would follow the original themes of the questionnaire developed in this study (i.e. human resources, marketing, maintenance and government). The results of this study assert this statement as demonstrated below.

The objective was to assess managers' beliefs (importance) and actions and to test the consistency between the importance and usage (performance) of practices, and to evaluate how managers categorize the different practices to form their crisis management beliefs and actions. The findings from the correlation between importance and usage suggest that managers are overall consistent and that they use practices they perceive as important. The four categories derived from the factor analysis, namely Government Support, Marketing Strategies, Operations Management, and Cost Cuts are logical categories for crisis management practices in Lebanon. This is supported by the fact that cost cuts are the natural go-to strategy during a crisis (regardless if the degree of effectiveness), and that from the literature review (section 2.2), it was retrieved that the internal factors that affected a hotel lie in the categories of human resources and sales and marketing. Furthermore, it was established that the government in Lebanon had been limping through crises and corruption, lacking a president, solid infrastructure, and internal harmony. Then, the

approaches to dealing with crises in Lebanon include Cost Cuts, Operations Management, and Marketing Strategies. From Israeli, Mohsin, and Kumar's (2010) study, governmental assistance was also suggested as a category for practices during a crisis, and as such it was incorporated. The results showed that managers agree that governmental assistance is important, yet the performance is low in comparison, and this is evident when observing that Government Support was plotted in the 'concentrate here' Quadrant of the IPA model (section 4.5.2). Furthermore, the findings also suggest that crisis management in the Lebanese luxury hotels focuses on managerial actions revolving around the logic of enabling marketing (both high in importance and performance), of using cost cutting as a strategy even though it was deemed less important than governmental support, which had low scoring on usage. As for Operations Management, it scored low on both importance and performance, suggesting that Lebanese decision makers in the hospitality industry do not give weight on human resources in both beliefs and actions.

5.2 Limitations

The findings of this study offer an opportunity to assess what decision makers do throughout and after a crisis. Yet, this analysis is not void limitations, since the findings from the sample population (managers of luxury hotels Beirut, Lebanon) cannot be generalized to the population of hotel managers in all of Lebanon. Thus, future research should continue to replicate the analysis in other locations in an effort to attain strength in analysis for the whole of Lebanon. It must be noted that the list of practices gathered might need additional modifications. Consequently, future research could provide a comparison of crisis management in different locations and also in different industries to enhance our knowledge in crisis management. It is important to find the common themes in crisis management and also to identify the industry- or location specific themes.

Another limitation faced in this study were time constraints. Since this study was conducted under the deadlines of the university in academic context, and since

the researcher is a student who had no prior work of this caliber, a lot of time was spent on developing the thesis taking different directions until finally adapting the study to the IPA model. Furthermore, since the researcher maintains a full-time job, the study prolonged over stretches of time.

5.3 Implications

There is a lack of a formal crisis management department in the luxury hotels that participated in the study, which are the trend setter for other hotels. It was noticed that 49 participants, which consists 43% of the employees interviewed, spend only up to 25% of their employment time on crisis management, and given that the country has witnessed 5 major crises and is currently experiencing one, one would expect that more time would be allocated towards crisis management. Luxury hotels in Lebanon have a crisis response team rather than a functioning crisis management department that has clear policies and procedures to be followed as courses of action or proper training following the Dutch Model (Section 2.4.1, Figure 1), or even using technology such as the R & E and F-REX tools as Andersson et al. suggested (2008).

The factor rotation using Maximum Likelihood extraction method revealed four quadrants which were not very far from the results of the factor rotation using the Principle Component extraction method. Yet there are many implications and interpretations for the results of the importance-performance analysis. As such, many questions are posed.

Regarding the factor Operations Management, it seems from the pilot interviews at Le Vendome that human resources have many regulations and procedures that are thought of before a crisis occurs. This is evident in the BCP and DRP of IHG, and one would accordingly expect that both importance and performance of human resources and operation would fall in the “keep up the good work” quadrant of the IPA. However, Operations Management was placed in the “low priority” quadrant. Do all managers in Lebanon view operations management as low priority? If such properly developed strategies are available for Operations

Management through structured procedures, should it not be ranked in the 4th quadrant of IPA?

Regarding the factor Marketing Strategies, it seems to be regarded by decision makers as highly important and is also used just as often. The majority of highly rated practices on both performance importance fell under the category of “marketing strategies” for crisis management, which suggests that Lebanese managers in luxury hotels find that maintaining the brand image of the company is of utmost importance, even more than internal affairs such as human resources. This has many implications on the perceptions of managers towards both crises and towards their employees, and what the priorities of owners/managers in the hospitality industry are. Furthermore, the fact that marketing was the only factor that had scored highly on both importance and performance brings us to the following question: Is concentrating marketing the most important strategy to be used during crisis?

Regarding the factor Cost Cuts, the position in the IPA Chart reveals that such practices are highly used yet regarded with less importance than actual usage. Then one would ask, are hospitality managers forced to use cost as a tool even though they are not convinced with it? This could be interpreted in several ways. For instance, pressure from owners who have their investment powers depleting could result in orders to reduce costs. Another interpretation could be that management is exerting financial pressure such as budget cuts or downsizing. It could be that company policy regarding crisis management plans require the decision makers to cut their costs by a certain margin, and that this performance is a reflection of company policies. Yet, these results can also be attributed to habit or chronic behavior: whenever a crisis arises, the first reaction could be to cut costs in order to save capital, perhaps while waiting for the crisis to unravel so that no cash is spent recklessly.

Regarding the factor Government Support, high importance and low performance was revealed, leading to the ‘concentrate here’ quadrant as mentioned

previously. The lack of performance corresponding to the beliefs of importance could be interpreted in several ways. Firstly, does the government have the ability to support the travel and tourism sectors? Are there any governmental obstacles to allow this factor to be highly used? The lack of government support could reflect a lack of effort in promoting tourism in Lebanon, a lack of proper labor law for the industry, or even the proper regulations. Furthermore, these findings can be attributed to a weakly performing syndicate or union for hospitality employees. This is evident with the lack of a proper website for The Syndicate of Hotels in Lebanon, and the absence of organized protest against the government's lack of support. The lack of protests could also be interpreted as governmental restrictions towards the idea of a protest or an aggregate expression of demands.

5.4 Recommendations

Since similar studies have been conducted in other countries (Israeli and Reichel, 2003; Israeli, Mohsin, and Kumar, 2010), it would be interesting to form a comparative study as a future research between countries to try to universalize the themes and the practices of crisis management in the hospitality industry.

Furthermore, the interpretations in the previous section could be studied and researched. That is, studies concerning *why* managers choose certain practices as important and *why* the resort to the actions they do. Future research can be general, or as detailed as conducting a study on each of the four practices or on each practice. Such research could help create important literature for crisis management in the hospitality industry, as well as translate the study to other industries.

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APPENDICES

Appendix A. List of Managerial Practices in times of Crisis (Israeli, Mohsin, and Kumar, 2010)

Theme	Practice	Title
Human Resources	Laying off employees to reduce labor force	Practice 1
	Using unpaid vacation to reduce labor force	Practice 2
	Reducing the number of workdays per week	Practice 3
	Freezing pay rates	Practice 4
	Replacing highly paid employees with new low paid employees	Practice 5
	Increased reliance on outsourcing	Practice 6
Marketing	Marketing to domestic tourists in joint campaigns with local merchants (such as Visa and MasterCard)	Practice 7
	Marketing to domestic tourists with focus on specific attributes of the location	Practice 8
	Price drop on special offers	Practice 9
	Reducing list price	Practice 10
	Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety	Practice 11
	Marketing and promoting new products or services (family events, catering)	Practice 12
	Marketing to new segments	Practice 13
Maintenance	Cost cuts by limiting hotel services	Practice 14
	Cost cuts by postponing maintenance of the building (cosmetics)	Practice 15

Theme	Practice	Title
	Cost cuts by postponing maintenance to the engineering systems	Practice 16
	Extending credit or postponing scheduled payments	Practice 17
Government	Organized protest against the lack of government support	Practice 18
	Industry-wide demand for governmental assistance with current expenses	Practice 19
	Industry-wide demand for a grace period on tax payments	Practice 20
	Industry-wide demand for a grace period on local tax (municipality) payments	Practice 21

Appendix B. Crisis Management Questionnaire

Crisis Management Questionnaire

I am a student from Notre Dame University in Lebanon, and I am conducting my MBA research in the subject of Crisis Management in the hospitality industry. My study focuses on the practices that decision makers in this industry adopt in times of crisis, and how much importance these decision makers assign to each practice. My research title is “Hospitality Crisis Management Practices: The case of Lebanon luxury hotels using an Importance-Performance Analysis”. Your honest input is highly appreciated and will be kept confidential and anonymous. All results will be solely used for the purpose of academic research.

This survey has five sections, and should take no more than 10 - 15 minutes to complete.

What is Crisis Management?

A tourism crisis is a situation that can threaten the normal operation of a tourism-related business or damage a tourism destination's reputation. Crisis management is defined as the process through which an organization deals with a sudden emergency situation. Depending on the type and cause of the crisis, organizations have to use different strategies and resources; at times, actions follow the book, but at other times, the crisis puts the organization in severe situations. Crisis situations, such as war or natural disasters, often require non-traditional business strategies, courageous leadership, and coping mechanisms that depart from business as usual tactics.

Lebanon in Crisis

Since 2005, Lebanon has faced many crises, both mild and major. In the context of this research, there are 5 major crises under examination: the crisis of 2005, the assassination of Prime Minister Rafiq el Hariri; the crisis of 2006, the Israeli-Hezbollah war; the 2006 – 2008 17 month political crisis that led to the conflict of May 7, 2008; the Global financial crisis of 2010 combined with the Arab Spring; and finally, the ongoing crisis since 2011, the spillover from the Syrian civil war, which includes army clashes with ISIS and Syrian rebels such as in Tripoli and Aarsal.

Section I: Knowledge about Crisis Management

Please represent your answer with an X in the appropriate box.

1. Are you familiar with Crisis Management?

Yes No

2. Are you responsible or partly responsible for crisis management in your company?

Yes No

3. Has your company faced a crisis while you were employed?

Yes No

4. How many of the 5 major crises, that Lebanon faced since 2005, have you witnessed and managed within your employment?

1 2 3 4 5 None

5. What percentage estimate of your time during employment was allocated towards crisis management?

0 – 25% 25 – 50% 50 – 75%

Section II: Importance of Crisis Management Practices

Please rate on a scale from 0 to 5 how important you find each practice in managing a crisis. Please circle the number which represents your most appropriate level of importance for each practice.

0 - Being not important at all and 5 - being extremely important

Practice Description						
1- Laying off employees to reduce labor costs	5	4	3	2	1	0
2- Using unpaid vacation to reduce labor costs	5	4	3	2	1	0
3- Reducing the number of workdays per week	5	4	3	2	1	0
4- Freezing pay rates (Promotions, Salary Raise, Bonuses, Overtime, etc...)	5	4	3	2	1	0
5- Replacing highly paid employees with new low paid employees	5	4	3	2	1	0

6- Increased reliance on outsourcing	5	4	3	2	1	0
7- Marketing to domestic tourists in in collaboration with local merchants (Visa, MasterCard etc...)	5	4	3	2	1	0
8- Marketing to domestic tourists through geographical promotion	5	4	3	2	1	0
9- Price drop on special offers	5	4	3	2	1	0
10- Reducing list price	5	4	3	2	1	0
11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety	5	4	3	2	1	0
12- Marketing and promoting new products or services (family events, catering)	5	4	3	2	1	0
13- Marketing to new segments	5	4	3	2	1	0
14- Cost cuts by limiting hotel services	5	4	3	2	1	0
15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)	5	4	3	2	1	0
16- Cost cuts by postponing maintenance to the engineering systems	5	4	3	2	1	0
17- Extending credit or postponing scheduled payments	5	4	3	2	1	0
18- Organized protest against the lack of government support	5	4	3	2	1	0
19- Industry-wide demand for governmental assistance with current expenses (ex: subsidizing energy)	5	4	3	2	1	0
20- Industry-wide demand for a grace period on tax payments	5	4	3	2	1	0
21- Industry-wide demand for a grace period on local tax (municipality) payments	5	4	3	2	1	0
22- Completely ceasing operations / shutting down temporarily	5	4	3	2	1	0

Section III: Usage of Crisis Management Practice

Please rate on a scale from 0 to 5 how often you use each practice in managing a crisis. Please circle the number which represents your most appropriate frequency of usage of each practice.

0 - Being never used and 5 - being extremely used

Practice Description						
1- Laying off employees to reduce labor costs	5	4	3	2	1	0
2- Using unpaid vacation to reduce labor costs	5	4	3	2	1	0
3- Reducing the number of workdays per week	5	4	3	2	1	0
4- Freezing pay rates (Promotions, Salary Raise, Bonuses, Overtime, etc...)	5	4	3	2	1	0
5- Replacing highly paid employees with new low paid employees	5	4	3	2	1	0
6- Increased reliance on outsourcing	5	4	3	2	1	0
7- Marketing to domestic tourists in in collaboration with local merchants (Visa, MasterCard etc...)	5	4	3	2	1	0
8- Marketing to domestic tourists through geographical promotion	5	4	3	2	1	0
9- Price drop on special offers	5	4	3	2	1	0
10- Reducing list price	5	4	3	2	1	0
11- Marketing to foreign tourists with specific focus on the location's distinctive features and relative safety	5	4	3	2	1	0
12- Marketing and promoting new products or services (family events, catering)	5	4	3	2	1	0
13- Marketing to new segments	5	4	3	2	1	0
14- Cost cuts by limiting hotel services	5	4	3	2	1	0
15- Cost cuts by postponing maintenance of the building (Renovation of Rooms, Façade etc...)	5	4	3	2	1	0

16- Cost cuts by postponing maintenance to the engineering systems	5	4	3	2	1	0
17- Extending credit or postponing scheduled payments	5	4	3	2	1	0
18- Organized protest against the lack of government support	5	4	3	2	1	0
19- Industry-wide demand for governmental assistance with current expenses (ex: subsidizing energy)	5	4	3	2	1	0
20- Industry-wide demand for a grace period on tax payments	5	4	3	2	1	0
21- Industry-wide demand for a grace period on local tax (municipality) payments	5	4	3	2	1	0
22- Completely ceasing operations / shutting down temporarily	5	4	3	2	1	0

Section IV: Demographics

In this section, please fill in information regarding your demographic status.

Please represent your answer with an X in the appropriate box.

Gender	<input type="checkbox"/> Male			<input type="checkbox"/> Female	
Age Range	<input type="checkbox"/> 20 – 29	<input type="checkbox"/> 30 – 39	<input type="checkbox"/> 40 – 49	<input type="checkbox"/> 50 – 59	<input type="checkbox"/> 60 and above
Yearly Income	<input type="checkbox"/> \$18,000 and below	<input type="checkbox"/> \$18,000 - \$24,000	<input type="checkbox"/> \$24,000 - \$36,000	<input type="checkbox"/> \$36,000 - \$48,000	<input type="checkbox"/> 48,000 and above
Position	<input type="checkbox"/> General Manager or Executive Committee	<input type="checkbox"/> Department Head or Operations Manager	<input type="checkbox"/> Assistant Manager or Line Manager	<input type="checkbox"/> Supervisor or Senior Supervisor or Team	<input type="checkbox"/> Other: Please Specify: _____
Highest Education Level	<input type="checkbox"/> Post-Doctoral Degree	<input type="checkbox"/> Doctoral Degree	<input type="checkbox"/> Master's Degree	<input type="checkbox"/> Bachelor's Degree	<input type="checkbox"/> Other: Please Specify: _____

Thank you for participating in this survey!

Appendix C. Total Variance Explained Importance Practices

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.28	19.437	19.437	4.28	19.437	19.437	3.68	16.736	16.736
2	2.86	12.99	32.426	2.86	12.99	32.426	2.92	13.288	30.024
3	2.37	10.778	43.204	2.37	10.778	43.204	2.7	12.266	42.29
4	1.67	7.611	50.815	1.67	7.611	50.815	1.88	8.524	50.815
5	1.48	6.734	57.549						
6	1.27	5.783	63.332						
7	1.03	4.685	68.017						
8	0.98	4.462	72.479						
9	0.91	4.129	76.609						
10	0.77	3.482	80.091						
11	0.73	3.302	83.393						
12	0.59	2.679	86.072						
13	0.52	2.38	88.452						
14	0.48	2.162	90.614						
15	0.41	1.873	92.487						
16	0.36	1.651	94.138						
17	0.34	1.534	95.672						
18	0.26	1.192	96.864						
19	0.23	1.023	97.887						
20	0.2	0.913	98.8						
21	0.18	0.796	99.595						
22	0.09	0.405	100						

Extraction Method: Principal Component Analysis.

Appendix D. Total Variance Explained Performance Practices

Total Variance Explained										
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings			
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	6.27	28.482	28.482	6.27	28.482	28.482	3.68	16.716	16.716	
2	3.04	13.827	42.31	3.04	13.827	42.31	3.61	16.394	33.109	
3	1.96	8.916	51.225	1.96	8.916	51.225	3.15	14.299	47.408	
4	1.38	6.266	57.491	1.38	6.266	57.491	2.22	10.083	57.491	
5	1.3	5.899	63.39							
6	1.16	5.268	68.658							
7	1.04	4.724	73.382							
8	0.84	3.802	77.184							
9	0.81	3.674	80.857							
10	0.68	3.08	83.937							
11	0.55	2.484	86.421							
12	0.53	2.416	88.837							
13	0.47	2.134	90.97							
14	0.38	1.739	92.709							
15	0.34	1.556	94.265							
16	0.28	1.249	95.514							
17	0.25	1.139	96.653							
18	0.23	1.049	97.702							
19	0.2	0.916	98.618							
20	0.17	0.775	99.393							
21	0.11	0.52	99.913							
22	0.02	0.087	100							

Extraction Method: Principal Component Analysis.