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John E. Spillan
Penn State University-DuBois

William Crandall
University of North Carolina at Pembroke

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CRISIS PLANNING IN THE LODGING INDUSTRY: A RESPONSE TO THE “IT CAN’T HAPPEN TO US” MENTALITY

**JOHN E. SPILLAN
PENN STATE UNIVERSITY – DUBOIS**

**WILLIAM “RICK” CRANDALL
UNIVERSITY OF NORTH CAROLINA AT PEMBROKE**

ABSTRACT

Although the crisis management literature addressing the needs of larger organizations is plentiful, little has been written on this subject concerning the lodging industry. This study examines the perceptions and experiences with crisis events among hotel and motel owners/managers located throughout U.S. In particular, we investigate if concern is generated more from the occurrence of a crisis event or from the presence of a crisis management team. The findings reveal that of the lodging facilities surveyed, 59.8% of the 174 respondents indicated they have a crisis management team, and 74% experienced a crisis of some type within the last three years. This study indicates that managers at hotels and motels are generally concerned about crisis events, particularly if their organization has experienced the crisis.

I. INTRODUCTION

“It can’t happen to us,” so why worry about it? This mentality has kept many otherwise good managers from planning for the unexpected. But we have heard it said before, anything that can occur in a person’s life can happen in a lodging facility. Business crises are in the news every day. We’ve all heard about companies experiencing hotel fires, employee embezzlement, guest or employee accidents, management corruption, and natural disasters. These calamities and many others may loom on the horizon for any organization. Furthermore, a manager’s wrong decision, even the smallest one, can add to the seriousness of an organizational crisis. Unfortunately, unthinkable crises can occur when managers are least prepared.

The field of crisis management seeks to prevent and mitigate the occurrences of unfortunate events in the life of an organization. While crisis management is not a new concept for managers, not all managers in the lodging industry are convinced they should invest time in preparing for the unexpected. However, a crisis can occur with little or no warning, anywhere, and at any

time. Significant negative consequences can be sustained for managers who are not prepared for the inevitability of crises in their organizations.

An organization's ability to manage a crisis successfully can mean the difference between survival and disaster. Reviews of crisis preparedness indicate that 50% of all businesses stricken by a crisis will not survive if they do not have an adequate business recovery plan in place (Offer, 1998). Thus, the relevant question is not will a crisis occur, but rather, what kind of crisis is possible and when will it occur?

The essence of crisis management is to plan for worst-case scenarios, and then seek to manage the crisis as best as possible, should it occur. But, why have a plan to begin with? After all, many crisis events in reality have a very small chance of occurring. Yet, a survey of Fortune 500 industrial companies revealed that 78% of these organizations had a crisis management plan in place (Penrose, 2000). The survey focuses on which potential crisis events are of greatest concern as well as which events have actually occurred at their organization. This article begins with a review of the crisis management literature. Next, the rationale for the study and its methodology are presented. The survey results are presented next followed by implications for management.

II. LITERATURE REVIEW

The field of crisis management was launched after Johnson & Johnson experienced product sabotage when its Tylenol Extra Strength pain reliever was laced with deadly cyanide (Mitroff & Anagnos, 2001; Pines, 2000). But a business crisis need not be of this magnitude to have devastating consequences. A crisis can cause an operational production failure and/or it can lead to a public relations fiasco. Crisis events can also lead to legal problems that can disrupt the normal functioning of business activity. The demands of daily operations and crisis management are so important that organizations need to have crisis management plans and teams in place to maintain continuity.

1. DEFINING CRISIS AND CRISIS MANAGEMENT

The crisis management literature offers a number of definitions for a crisis. However, four common themes emerge: 1) crisis events have a low probability of occurring (Barton, 2001; Hal Dean, 2004; Pearson & Clair, 1998; Shrivastava, Mitroff, Miller, & Miglani, 1988), 2) they can have a highly damaging impact (Irvine & Millar, 1997; Mitroff, Shrivastava, & Udvardia, 1987), 3) they require decisive action (Barton, 2001; Crandall & Menefee, 1996; Fink, 1986), and 4) they need attention within an expedient time frame

(Greening & Johnson, 1996; Pauchant, Mitroff, & Ventolo, 1992; Quarantelli, 1988). Although various definitions of crisis have been proposed, Pearson & Clair (1998) have synthesized the literature and offer the following:

“An organizational crisis is a low-probability, high-impact event that threatens the viability of the organization and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly.” (Pearson & Clair, 1998: 60)

As a response to a crisis event, decisions made in *crisis management* seek to mitigate the impact of a crisis. Again, Pearson & Clair (1998) offer a definition that takes into account a stakeholder perspective:

“Organizational crisis management is a systematic attempt by organizational members with external stakeholders to avert crises or to effectively manage those that occur.” (Pearson & Clair, 1998: 61).

2. CRISIS MANAGEMENT TEAMS

There are very convincing arguments supporting the formation of crisis management teams (Hildreth, 2002; Podolak, 2002; Pearson & Clair, 1998). The purpose of the team is to take charge of planning for a crisis before it occurs, as well as managing the problems that emerge during the crisis. Stephen Fink (1986) was one of the first writers to state that it is necessary to establish a crisis management team before a crisis plan can be developed. Pearson and Clair (1998) propose that those organizational managers with crisis management teams show a greater concern for and attention to potential crises than organizations without crisis management teams.

The formation of a crisis management team is a function of two major factors. First, a culture created by top management stressing the importance of crisis management practices (Caponigro, 1998; Pearson & Clair, 1998). Hence, an effective measure to insulate a business from the damaging effects of a crisis is to establish a crisis management culture in the organization. The awareness in the organization that a crisis could occur will lead to planning for that event, and such preparations involve the formation, at least formally, of a crisis management team. A second factor is the organization's actual experience with a crisis (Kovoor-Misra & Nathan, 2000). The reason is that a crisis event will prompt an organization to be better prepared for the next crisis. The formation of a crisis management team is one intervention available to address this concern.

3. POTENTIAL CRISIS IDENTIFICATION

According to Simbo (1993), one of the main reasons businesses do not have effective crisis-management plans is that they have not identified the crisis events that could affect their organizations, much less developed the critical tools for developing comprehensive crisis plans.

The field of crisis management is consistent in stressing the importance of risk assessment. The probabilities of a crisis vary among businesses. Many organizations identify worst-case scenarios or crisis events that could occur. For example, chemical companies prepare for chemical spills while airlines prepare for an air disaster. Consequently, organizations must anticipate events unique to their industry.

4. CRISIS MANAGEMENT AND THE LODGING INDUSTRY

Crises are inevitable in the hospitality industry. Barton's (1994) study of 802 business disasters indicated that nearly 8 percent of the crises occurred in the hospitality industry. These crises included the outbreak of the Legionnaires' disease in the Philadelphia Bellevue Hotel, the MGM Grand Hotel fire in Las Vegas, and the Hyatt Regency sky bridge collapse in Kansas City (Barton, 1994).

The lodging industry, like all other industries, is not immune to crises. Whether it is damage from a hurricane, a freak accident that takes place resulting in the death of a guest, or a domestic dispute that turns into a violent altercation in a guestroom, it is expected that management will respond appropriately and professionally (Koss-Feder, 1995). When these types of crises occur in hotels and motels, the general manager must manage not only the disruption of operations, but also the negative media coverage that may ensue from crises events.

Proper crisis planning before unexpected events occur is a key component of business continuity. A well-developed crisis management plan can help lodging managers respond and control damage to the organization's reputation, financial condition, and market share and brand value (Barton, 1994).

Not all establishments plan well for the unexpected. Many managers carry an "it can't happen to us mentality". (Nathan, 2000; Pearson & Mitroff, 1993). Some are reactive to crisis events, planning and managing as the crisis unfolds. Other organizations are more proactive, i.e., they plan for future potential crises by assessing worst case scenarios, usually through the formation of a crisis management team. In addition, proactive planning also involves assessing how to better deal with the next crisis. This critical stage of

learning must occur soon after the event while the facts of the disaster are still fresh in the minds of management (Kovoor-Misra & Nathan, 2000).

III. WHY THIS STUDY?

If the proactive approach is followed, decision makers must eventually ask what types of crises are of most concern to their organization, and have such events actually occurred previously? This study seeks to address these questions by asking general managers of lodging establishments what crisis events they are most concerned about, and if the crisis event has occurred in their organization.

Inquiring about the nature of crisis events is important for three reasons. First, when potential crises events are identified, managers can plan for them. A manager who lacks sufficient information about the crisis cannot develop a plan to address it. For example, one of the most difficult crises in a lodging establishment is the breakdown of a major piece of production or service equipment. These failures can include elevator breakdowns, kitchen equipment failure, or the crashing of computer systems.

Second, recognition of potential events can enable management to enact measures to prevent the occurrence of that crisis. The now famous Y2K crisis illustrates this point. Careful planning and the implementation of crisis management procedures allowed the Y2K transition to occur with minimal difficulties. Upper levels of management recognized the importance of disaster recovery in their organizations (Salerno, 2000). Researchers, writers, and consultants were able to “warn” the general business community about the vulnerabilities that needed organizational attention. The Y2K crisis was greatly minimized because of the large awareness generated by the popular press and academic researchers.

A third reason for interest in this topic emerges: Why is there more concern for crisis events in some organizations rather than in others? Is the crisis event the catalyst for concern, or is concern merely a consequence of having a management team that considers it important to plan for crisis events? An assortment of management literature indicates that some organizations are more naturally concerned about potential future crisis (Mitroff, Pauchant & Shrivastava, 1989; Pearson & Mitroff, 1993; Shrivastava, 1993). But what leads to this higher concern?

This study proposes that it is the initial occurrence of crisis event(s) that generate higher concern among managers, which will result in the subsequent formation of crisis management teams. The rationale for the development of a crisis team can be explained as follows: the crisis will cause the organization to react to the event(s) and implement damage control and corrective action. The

event(s) will create a process of organizational learning causing management to develop contingency plans that set forth actions that can either prevent or respond to a future crisis event.

In light of the previous discussion, the following hypotheses are proposed:

Hypothesis 1 – Decision makers at lodging establishments with crisis management teams in place will show higher concern for crisis events than decision makers that work at organizations that do not have such teams.

Hypothesis 2 – Decision makers that have experienced a particular crisis event at their organization will show higher concern for that event occurring in the future.

IV. THE STUDY

A survey instrument (see Appendix 1) based on common crisis events that can occur in the life of an organization was utilized. The instrument was adapted from the one used by Crandall, McCartney & Ziemnowicz, 1999 in their study with internal auditors. Exhibit 1 lists the crisis events examined in this study. Respondents were asked to rate their degree of concern for each crisis event using a scale with one indicating a low degree of concern and five indicating a high degree of concern. In addition, the survey asked if the crisis in question had actually occurred at the respondent's organization within the last three years. Respondents were also asked if their organization had a crisis management team.

Exhibit 1 - Categories of Crisis Events

Operational Crises

Loss of records permanently due to fire
 Loss of records permanently due to computer system breakdown
 Computer system invaded by hacker
 Major industrial accident
 Major product/service malfunction
 Death of key executive
 Breakdown of a major piece of production/service equipment
 Internet site disrupted due to hacker or other act of vengeance

Publicity Problems

Boycott by consumers or the public
 Product sabotage

Negative media coverage

Fraudulent Activities

Theft or disappearance of records

Embezzlement by employee(s)

Corruption by management

Corporate espionage

Theft of company property

Employee violence in the workplace

Natural Disasters

Flood

Tornado

Snowstorm

Hurricane

Earthquake

Legal Crises

Consumer lawsuit

Employee lawsuit

Government investigation

Product recall

Adapted from: Crandall, W., McCartney, M., & Ziemnowicz, C. (1999). Internal auditors and their perceptions of crisis events. *Internal Auditing*, 14 (1), 11-17.

1. DATA COLLECTION

The survey instrument was mailed to 900 hotel and motel general managers across the United States. Using the National Hotel Directory (www.evmedia.com), the U.S. was divided up into four segments; north, south, east and west. From each segment, a random sample of 225 hotels and motels was selected. Each survey contained a stamped, self-addressed envelope and was addressed to executive offices of each organization. One hundred and seventy-four useable surveys were received for a response rate of 19.4% which is quite satisfactory, given the average top management survey response rates are in the range of 15% and 20% (Menon, Bharadwaj, and Howell, 1996).

V. RESULTS

Table 1 lists the size of the respondent's organizations in terms of number of employees. The majority of the respondents represented lodging establishments with less than 100 employees at their location. One hundred and thirty-seven organizations (78.7%) had between 1 and 100 employees. Eighteen organizations (10.3%) had between 101 and 200 employees. Ten organizations (5.8%) had between 201 and 300 employees while 5 organizations (2.9%) reported between 301 employees and 1000. One hotel reported more than 1000 employees. Three organizations did not respond to this question on the survey.

Table 1 – Number of Employees at Lodging Establishments

Size of lodging establishment (employees)	Number of Employees	Percent of Total
Between 1 and 100	137	78.7
Between 101 and 200	18	10.3
Between 201 and 300	10	5.8
Between 301 and 1000	5	2.9
Greater than 1000	1	.6
Non-reporting	3	1.7
Total	174	100

Table 2 lists the lists the geographic location of the hotel/motel included in this study. Forty-one (23.6%) hotels/motels indicated that their business was located in the northern part of the United States. Fifty-six (32.2%) hotels/motels listed the south as their geographic location. Thirty-four (19.5%) hotels/motels reported the east as their location of business. Forty (22.9%)

hotels/motels reported their business was situated in the western part of the United States. Three respondents did not indicate their location to this question.

Table 2 – Geographic Location of Hotels/Motels

Location in the United States	Number in the location	Percent of total
North	41	23.6
South	56	32.2
East	34	19.5
West	40	22.9
Non Reporting	3	1.7
Total	174	100

1. HYPOTHESIS 1

The first analysis examined the mean differences in the respondent's degree of concern for a particular crisis event. Respondents were classified according to whether their organization had a crisis management team or not. Table 3 lists the different potential crises in descending order by t-value. One hundred and four respondents (59.8%) said their organizations had crisis management teams while 70 respondents (40.2%) indicated their organization did not have such a team. The respondents also indicated that 74% of the crises that have occurred in there lodging facilities occurred in the last three years. Only three potential crisis events showed significant differences in means. Earthquakes ($t=2.390$), boycott by consumers or the public ($t=2.104$), and computer system invaded by hacker ($t=2.005$) showed significant differences in means at the $p=.05$ level or less. For the remaining crises, the means were not statistically different, thus indicating that degree of concern was not different if the respondents had a

crisis management team or not. These results indicate little support for hypothesis 1.

Table 3 – Comparison of Mean “Degree of Concern” Scores: Organizations with and Without Crisis Management Teams

Type of Crisis	Have a Crisis Management Team (59.8%)		Do not have a Crisis Management Team (40.2%)		t-value	p =
	n =	mean	n =	mean		
Earthquake	104	2.24	70	1.73	2.390	0.02
Boycott by consumers or the public	104	2.37	70	1.90	2.104	0.04
Computer system invaded by hacker	104	2.63	70	2.17	2.005	0.05
Snowstorm	104	2.25	70	2.70	-1.894	0.07
Internet site disrupted due to hacker or other act of vengeance	104	2.36	70	2.03	1.592	0.11
Product sabotage	104	2.26	70	1.93	1.566	0.12
Flood	104	2.28	70	1.99	1.250	0.21
Negative media coverage	104	2.78	70	2.50	1.214	0.23
Major industrial accident	104	2.51	70	2.26	1.156	0.25
Tornado	104	2.40	70	2.16	1.102	0.27
Product recall	104	1.78	70	1.61	0.862	0.39
Consumer lawsuit	104	3.17	70	3.00	0.798	0.43
Corporate espionage	104	2.00	70	2.14	-0.692	0.49
Embezzlement by employee(s)	104	3.48	70	3.34	0.652	0.52
Employee violence at the workplace	104	2.90	70	2.79	0.554	0.58
Theft of company property or materials	104	3.70	70	3.80	-0.502	0.62
Corruption by management	104	2.65	70	2.74	-0.402	0.69
Death of a key executive	104	2.27	70	2.19	0.362	0.72
Breakdown of a major piece of production or service equipment	104	3.35	70	2.96	1.763	0.80
Government investigation	104	2.35	70	2.40	-0.250	0.80
Employee lawsuit	104	3.28	70	3.33	-0.236	0.81
Major product/service malfunction	104	3.02	70	2.97	0.238	0.81
Lost records permanently due to computer breakdown	104	2.82	70	2.80	0.080	0.94
Theft or disappearance of records	104	2.56	70	2.54	0.064	0.95
Lost records permanently due to fire	104	2.16	70	2.17	-0.370	0.97
Hurricane	104	2.18	70	2.19	-0.012	0.99

Notes: p-values reflect a two-tailed test
1 = low degree of concern, 5 = high degree of concern

2. HYPOTHESIS 2

The second analysis examined the differences in mean degree of concern for each potential crisis depending on if the event had occurred at the respondent's organization or not. Table 4 lists the differences in means according to descending t-values. With the exception of two potential crises, all of the other crises showed significant differences in means at the $p=.05$ level or less. Death of key executive and lost records permanently due to fire did not show significant differences. Overall, this analysis shows strong support for hypothesis 2

Table 4 – Comparison of Mean “Degree of concern” Scores: Organizations That Have or Have Not Had A Crisis

Notes: p-values reflect a two-tailed test
1 = low degree of concern, 5 = high degree of concern

Type of Crisis (% experienced that crisis)	Have experienced that crisis		Have not experienced that crisis		t-value	p =
	n =	mean	n =	mean		
Hurricane (17.8)	31	4.26	143	1.73	13.505	0.00
Snowstorm (40.8)	71	3.73	103	1.53	12.284	0.00
Earthquake (19.0)	33	3.91	141	1.60	10.285	0.00
Flood (14.4)	25	4.08	149	1.84	10.161	0.00
Major industrial accident (4.0)	7	4.00	167	2.34	6.763	0.00
Theft of company property or materials (79.3)	138	4.09	36	2.39	6.338	0.00
Theft or disappearance of records (25.3)	44	3.66	130	2.18	6.242	0.00
Corruption by management (20.7)	36	3.67	138	2.43	5.652	0.00
Breakdown of a major piece of production or service equipment (55.2)	96	3.72	78	2.54	5.649	0.00
Tornado (14.4)	25	3.68	149	2.07	5.352	0.00
Embezzlement by employee(s) (58.0)	101	3.88	73	2.79	5.250	0.00
Major product/service malfunction (31.6)	55	3.69	119	2.68	5.151	0.00
Consumer lawsuit (38.5)	67	3.70	107	2.73	5.130	0.00
Product recall (5.7)	10	3.50	164	1.60	5.037	0.00
Lost records permanently due to computer breakdown (27.6)	48	3.48	126	2.56	4.915	0.00
Employee lawsuit (42.0)	73	3.81	101	2.93	4.680	0.00
Negative media coverage (13.8)	24	3.63	150	2.51	4.367	0.00
Government investigation (28.4)	21	3.52	153	2.21	4.260	0.00
Boycott by consumers or the public (3.4)	6	4.17	168	2.11	3.394	0.00
Internet site disrupted due to hacker or some act of vengeance (5.2%)	9	3.56	165	2.15	3.038	0.00
Corporate espionage (7.5)	13	2.92	161	1.99	2.470	0.02
Computer system invaded by hacker (3.4)	6	3.83	168	2.39	2.380	0.02
Product sabotage (1.7)	3	4.00	171	2.09	2.320	0.02
Employee violence at the workplace (28.7)	50	3.20	124	2.72	2.293	0.02
Death of a key executive (4.6)	8	3.00	166	2.20	2.026	0.08
Lost records permanently due to fire (1.7)	3	3.33	171	2.15	1.446	0.15

VI. DISCUSSION

This study examined the concerns of lodging decision makers toward possible crisis events that their organization might face. The following matrix summarizes the research results:

Hypothesis	Support
Hypothesis 1 – Decision makers at lodging establishments with crisis management teams in place will show higher concern for crisis events than decision makers that work at organizations that do not have such teams.	Little
Hypothesis 2 – Decision makers that have experienced a particular crisis event at their organization will show higher concern for that event occurring in the future.	Strong

The results showed little support for hypothesis 1. In this study, lodging managers shared the same level of concern for specific crisis events, regardless of whether a crisis management team existed or not. One would think that the presence of a crisis management team would elevate awareness of potential crisis events, and hence, concern for the potential occurrence of those events. But the results indicate otherwise. An alternative explanation is that awareness and concern elevate if the crisis has *actually* occurred previously to the organization. Hypothesis 2 addresses this explanation.

The results show strong support for hypothesis 2. When a crisis occurs, concern for that crisis increases. Intuitively, this observation makes sense. Managers' awareness is heightened when they have grappled with a specific unfortunate event in the past. The organization has felt the blow so to speak, and thus, composes itself for a future attack. Table 4 begins with four crisis events that are geographically oriented. Hurricanes, snowstorms, earthquakes, and floods have geographic overtones that make their occurrence more likely in certain geographic areas of the country. Hurricanes demonstrate that while such storms can be predicted well in advance, lodging businesses along the coast must pay special attention and prepare substantially for these crisis events. Thirty-one respondents have felt the impact of a hurricane, a crisis that respondents in the western or northern part of the United States have not experienced, nor worry about. The high concern for this event among victims (mean = 4.26) is in stark contrast to those who have not experienced a hurricane (mean = 1.73). Likewise, twenty-five respondents have been affected by floods and are highly concerned about such events (mean = 4.08). However, respondents who have not experienced a flood are minimally concerned about such events (mean = 1.84).

Granted, these differences are easily explained by geographic factors. But most of the crises in this study are potentially common to *any* organization. The most common crisis experienced was theft of company property or materials (n = 138, or 79.3% of the sample). For victims of this crisis, concern was high (mean = 4.09) versus those who had not experienced it directly (mean = 2.39). A possible explanation for this difference may reside in the fact that some lodging establishments have better control mechanisms in place, thus making them less vulnerable to theft, and consequently, less concerned about its possible occurrence. A careful look at Table 4 will reveal that in all but two crises, differences were significant and the means were higher for victims. The two crises that did not show differences in means, death of a key executive and lost records permanently due to fire could be explained by their low levels of occurrence. We can conclude then, that exposure and experience with a crisis elevates concern for that crisis.

But therein lays a danger. The “it can’t happen to us mentality” can lure an organization into complacency as well. After all, if something is not likely to happen, then why worry?

1. A RESPONSE TO THE “IT CAN’T HAPPEN TO US” MENTALITY?

This study confirms that bad things do happen to organizations. For managers who are not concerned, the inescapable truth remains: crisis events are part of organizational life. When a crisis occurs, the majority of managers exhibit greater concern for those crisis events. We offer the following implications for management of lodging establishments.

2. IF YOU THINK A CRISIS CAN’T HAPPEN TO YOUR ORGANIZATION, THINK AGAIN!

Another look at Table 4 reveals that crisis events are, indeed, common. The number one crisis in terms of frequency was theft of company property or materials, an event affecting 79.3% of the firms studied. Fifty-eight percent of the respondents indicated embezzlement had occurred at their organizations. A breakdown in a major piece of equipment occurred at 55.2% of the organizations.

But the frequency of crisis events need not be high to be of concern to management. One could argue that even low frequencies of crises are serious. Examples of serious crises that could severely disrupt the organization include major industrial accidents (4.0%), product recalls (5.7%), boycott by consumers or the public (3.4%), product sabotage (1.7%), negative media coverage (13.8%), and hacking of the organization’s internet site (5.2%).

3. THE MAJORITY OF RESPONDENTS DO HAVE CRISIS MANAGEMENT TEAMS IN PLACE.

This study also shows that the majority of the responding lodging establishments (59.8%) have crisis management teams. Crisis management teams have the charge of preparing for and mitigating potential crisis events.

The paradox though is that some events should be planned for – in the hope that they will never occur. Certainly, an air disaster would come under this category of thinking. Airlines do plan aggressively for the ultimate disaster; yet, they also plan to prevent such a disaster. Nevertheless, some organizational members carry the “it can’t happen to us mentality” and, subsequently, show little concern for crisis events. Sadly, this study indicates that for many people, serious concern and planning for a crisis will not occur until the “event” ultimately occurs at the organization. However, one obvious caveat should be mentioned. It is conceivable that in the area of terrorism, which was not measured in this study, elevated concern has occurred among lodging operators, even though statistically, the occurrence is rare. We posit that the observance of certain unique crises by lodging managers, such as terrorism, can elevate concern, even though the event may not have occurred to the organization.

Certainly, the experience of Christopher R.J. Knable, president and managing director of The Regent Wall Street, illustrates this point (Knable, 2002). Although not directly hit by the terrorist attack, the Regent Wall Street was just blocking away from Ground Zero. The hotel was pushed into service to accommodate the many needs that occurred in the aftermath of the attacks. Since September 11th, lodging operators everywhere are cognizant that even though they may not be directly hit by a terrorist, they can still be impacted by such an event and called into special service.

4. FIRSTHAND EXPERIENCE WITH A CRISIS RESULTS IN HIGHER “RESPECT” FOR THAT CRISIS.

The occurrence of a specific crisis at an organization is associated with a higher concern for that crisis. We can translate this on a more pragmatic level and conclude that experience breeds respect. One interesting finding of this study is that a number of crisis events have direct links to human resource management. For example, the importance of selection practices is illustrated when one notes the high occurrences of certain crises such as theft of company property and materials (79.3%), embezzlement by employees (58.0%), employee lawsuits (42.0%), employee violence at the workplace (28.7 %), and

corruption by management (20.7%). Succession planning is critical when there are deaths of key executives (4.6%).

The nature of these crises also indicates that values do matter in many cases. Hiring the right employees with the right values has been a major component of human resource management. But when employees “go bad,” the organization and its stakeholders can suffer dearly.

VII. LIMITATIONS OF THE STUDY

Several limitations of this study need to be acknowledged. First, another look at Table 1 reveals that the majority of respondents were from small or limited service lodging establishments. This profile of establishments may represent a number of operations without food and beverage services. Many crises can be avoided by not serving food and beverage. In this study, we did not partition the sample to account for these differences in operations.

There is also some merit to segregating operations by independent and national brands. The national brands may be more likely to have crisis plans in place. Larger, managed properties are most likely a national brand and have general public relations and crisis plans in place. Again, the sample analyzed did not account for these differences in brands.

It should also be noted that respondents may have learned from the experiences of other companies in the industry, even though their operation did not directly experience a particular crisis. For example, operators with a sky bridge might have performed stress tests after the Kansas City hotel experience. These types of learning experiences are not captured in this particular study.

Another limitation concerns the flexibility in how respondents determined two of the potential crisis events, theft of company property and corrupt management. Theft of company property can range anywhere from taking office supplies such as pencils and paper to stealing computer equipment. Corrupt management also has a wide range of potential. In this study, 21% of the respondents indicated that management corruption occurred at their organization. However, with both of these reported crisis, further definition is possible, but not within the scope of this study.

Finally, the examples of structure fires at a lodging establishment present some varied scenarios. Most properties do focus on the possibility of fires. Small properties with outside guest room entrances, however, may not have elaborate fire escape plans, which may have influenced the way managers of such properties responded to the survey. Consequently, larger high rise hotels with interior hallways will most likely indicate higher concerns, regardless of whether a fire has occurred at that particular establishment.

VIII. CONCLUSION

Crisis management will not be a passing management fad. Although catastrophic events have always occurred at organizations, the crisis management field had its birth during the Tylenol cyanide case at Johnson & Johnson. Since that time, numerous articles have been written by practitioners and researchers advocating the importance of this field. This study indicates that managers at hotels and motels are generally concerned about crisis events, particularly if their organization has experienced the crisis. Unfortunately, the paradox here is that concern is not as high if the event has not occurred. This lack of concern may encourage complacency in crisis planning, which could lead to an organization being unprepared when the “big one” does hit.

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**APPENDIX 1
CRISIS MANAGEMENT SURVEY**

In order to help hotel/motel administrators, managers and executives like you become more aware of key issues in the workplace, we are conducting this survey on crisis management events. We know that you are busy, so we have kept this survey short and to the point. Individual responses will be kept confidential.

1. What best describes your Hotel's/Motel's location? (Circle one)
- A. North _____
- B. South _____
- C. East _____
- D. West _____
2. Your title: _____
-
3. Approximately how many employees work within your Hotel? _____
4. How many years have you been employed with this Hotel? _____
5. **Below is a list of crisis events that many firms have encountered in the past. Please indicate your degree of concern for each of the events on a scale of: 1 low concern to 5 for high concern. In the next columns, please indicate by placing a check on the appropriate line if this particular event has occurred at your organization.**

OPERATIONAL CRISIS —	Degree of concern					Has ever Occurred:	Has occurred in the last 3 years?
	Low				High		
Theft or disappearance of records	1	2	3	4	5	Yes__ No__	yes ___
Lost records permanently due to fire	1	2	3	4	5	Yes__ No__	yes ___
Lost records permanently due to Computer breakdown	1	2	3	4	5	Yes__ No__	yes ___
Computer system invaded by hacker	1	2	3	4	5	Yes__ No__	yes ___
Major industrial accident	1	2	3	4	5	Yes__ No__	yes ___
Major product/service malfunction	1	2	3	4	5	Yes__ No__	yes ___
Death of a key executive	1	2	3	4	5	Yes__ No__	yes ___
Breakdown of a major piece of Production/service equipment	1	2	3	4	5	Yes__ No__	yes ___
Internet site disrupted due to hacker Or some other act of vengeance	1	2	3	4	5	Yes__ No__	yes ___

years? PUBLICITY PROBLEMS —	Degree of concern		Has ever Occurred:	Has occurred in the last 3
	Low	High		
Boycott by consumers or the public No__	1 2 3 4 5	yes ___		Yes__
Product sabotage	1 2 3 4 5		Yes__ No__	yes ___
Negative media coverage	1 2 3 4 5		Yes__ No__	yes ___

years? FRAUDULENT ACTIVITY —	Degree of concern		Has ever occurred:	Has occurred in the last 3
	Low	High		
Embezzlement by employee(s)	1 2 3 4 5		Yes__ No__	yes ___
Corruption by management	1 2 3 4 5		Yes__ No__	yes ___
Corporate espionage	1 2 3 4 5		Yes__ No__	yes ___
Theft of company property or materials	1 2 3 4 5		Yes__ No__	yes ___
Employee violence at the workplace	1 2 3 4 5		Yes__ No__	yes ___

NATURAL DISASTER —	Degree of concern		Has ever occurred:	Has occurred in the last 3 years?
	Low	High		
Flood	1 2 3 4 5		Yes__ No__	yes ___
Tornado	1 2 3 4 5		Yes__ No__	yes ___
Snowstorm	1 2 3 4 5		Yes__ No__	yes ___
Hurricane	1 2 3 4 5		Yes__ No__	yes ___
Earthquake	1 2 3 4 5		Yes__ No__	yes ___

LEGAL CRISIS —	Degree of concern		Has ever occurred:	Has occurred in the last 3 years?
	Low	High		

Consumer lawsuit	1 2 3 4 5	Yes ___
No ___	yes ___	
Employee lawsuit	1 2 3 4 5	Yes ___ No ___ yes ___
Government investigation	1 2 3 4 5	Yes ___ No ___ yes ___
Product recall	1 2 3 4 5	Yes ___ No ___ yes ___

6. Does your organization currently have a Crisis Management Team? Yes ___
 No ___

7. Does your organization currently have a Crisis Management Plan Yes ___
 No ___

7. If you have voiced a concern for any of these crisis events to management, please comment on whether management took your concerns seriously?

8. Are there other crisis events that you have encountered that are not listed on this survey? If so please elaborate:

Thank you very much for your time and help in this survey. If you want a copy of the results of this survey, please attach a business card and I will respond when the analysis is completed.