

Crisis Leadership in a Hotel Industry during COVID-19 Pandemic in Thailand

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Abstract: As previous literatures and research demonstrated the importance of crisis leadership, the major purpose of this article was to identify the significance of crisis leadership during COVID-19 Pandemic. Numerous key characteristics of crisis leadership were proposed in many sources. During COVID-19 pandemic, the plea for crisis leadership is unavoidable in all business arenas. Nonetheless, as hotel industry has been severely affected by COVID-19, this article needed to explore whether or not crisis leadership played a vital role on mitigating the crisis. Three listed hotel companies in Stock Exchange of Thailand (SET) were selected as the cases for analysis. Results demonstrated that only one company among these three hotel companies could earn positive net profit income during the pandemic while the other two companies ended up with negative net income. Despite CEOs of these hotel companies implemented key qualities of crisis leadership, the results were not the equivalent in terms of financial performance depending on several hidden forces that were excluded in this analysis, which outlined the limitations of this study. Hence, the repetitive study and analysis with additional approaches and information were recommended.

Keywords: Crisis, Crisis Management, Crisis Leadership, Leadership, COVID-19, Pandemic, Hotel Industry.

INTRODUCTION

The emergence of COVID-19 has altered the way of managing the organizations as a whole, and will not be the same after the pandemic. The increasing demand of crisis response and management during COVID-19 pandemic has challenged the ability of leaders in all organizations (D'Auria & De Smet, 2020). The fear of all stakeholders is a key force that influences leaders to take actions instantly to ensure the safety and security of their people and organizations. In the organizations, every organizational member is involved to crisis management, regardless of their management level and position. However, crisis management process is generated from the C-suite level, which refers to crisis leadership (Bernstein, 2011). In addition, the utmost principle of leaders to recognize when facing crises is to avoid a top-down style of leadership. Open communication and discussion through the team networks can create constructive ideas among members in the organization (Forster, Patlas, & Lexa, 2021). Running the organization through a crisis is not an easy task and needs a specific set of qualities. A recent study of Harvard Business School indicated that communication is a critical strategy during the pandemic, but many top

management failed to do it appropriately (Groysberg, Abrahams, & Baden, 2021). Also, transparency is an imperative standard of leaders needed to be provided to all members during a crisis to help reduce misinformation and rumors in the organization (Forster, Patlas, & Lexa, 2021). The latest research found numerous interrelated qualities and behaviors of effective leadership based on employees' perspectives, which can be grouped into three distinctive categories: "attending to the person, taking charge and showing the way forward, and sustaining the spirit" (Caringal-Go et al. 2021). Kaul, Shah, & EI-Serag (2020) identified six characteristics and practices of effective crisis leadership including communication, decision-making, humanism, innovation, realism, and core value. All of these evidences demonstrated the key characteristics and practices of crisis leaders during the COVID-19 disease. Obviously, crisis leadership is a vital key to determine a success or failure of crisis management and response.

Like other countries across the world, Thailand has been affected by COVID-19 and found to be able to effectively respond to the pandemic at the early stage (Marome & Shaw, 2021). However, the policy

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measures of Thai government like a national lockdown have unavoidably created negative impacts on the country's social and economic activities (Pasku, 2021). In addition, the third wave outbreak has been approximately predicted to lose Thailand's economy \$3.19 billion a month in particular the service sector (Reuters Staff, 2021). While Thai government has failed to formulate the appropriate strategies and measures to mitigate the number of COVID-19 patients and recuperate economy, private sector, mainly the service sector needs to find its ways to sustain the business and survival. This tough mission requires crisis leadership of businesses in this sector. As tourism and hotel industry has been severely affected by COVID-19 pandemic, the numbers of international tourist arrivals worldwide have dramatically fallen more than 72 percent (Lunkam, 2021). In Thailand, both international and domestic travels have continuously declined since 2020, which caused a huge economic loss in terms of GDP (Dusit International, 2021). This severe effect has caused the huge change not only tourisms and hotel industry but also the other industries, which force them to adaptation for survival. This rationale leads to the interest in learning how a business sector particularly tourisms and hospitality industry adapt the business model and practices to continued existence. Additionally, the contributions of business researchers on leadership in crisis situations have increasingly become very popular in the last few years after COVID-19 occurrence (Tsui, 2020). Nevertheless, research in crisis leadership in Thai context has been very limited. To learn what the top management has been doing during and following COVID-19, this article aims to identify approaches and practices of companies in tourisms and hospitality industry based on crisis leadership concepts. To confine the scope of this paper, only listed firms in SET indexed (Stock Exchange of Thailand) are addressed and explored.

Crisis Leadership during COVID-19

Crisis leadership is the process of effectively leading in times of crisis. This concept refers to two principles as follows: a leader can anticipate a crisis and deal with it effectively, and a leader leads in the same way as crisis perceived as a natural force of running the organization, not a special event (Kraaijenbrink, 2020). Russell (2020) identified essential qualities and behaviors of leadership needed during times of crises, which can be synthesized as follows: humility, empathy, transparent communication, decisiveness, plan for a future, express gratitude for commitment, morale development and employee reinforcement, adaptability, role model, and honesty.

Crisis Leadership in a business sector

Based on the literature reviewed, plenty of practices crisis leaders can do when facing crises are addressed. Bhalla (2021) stated that the major role of crisis leaders is to provide advanced planning and preparation and applicable strategies for

implementation and compliance. This statement is perceived as a fundamental concept of crisis leadership that executives in a business sector needs to apply in order to ensure the survival in crisis situations. During a crisis, an effective leader must listen to other people in an organization to gain some creative ideas to deal with a crisis. This practice also demonstrates the respect of leaders in having dialogues with their team to get some insightful advices. Crisis leaders in a business sector learn how to survive during this crisis by redesigning their business models and assembling their people to concentrate on crisis management and response. This action refers to a quick decision making. Also, crisis leaders realize the flooding of new information, which have both directly and indirectly impacted their business plans and models. This requires a speedy adaptation and agility when facing the crisis. Though COVID-19 pandemic is extremely hurting the businesses, crisis leaders never lose sights on the holistic views of doing business in which other forces are also needed to be put into account to set the business model and plans for a short-term and a long-term (United Nations Global Compact, 2021). Urick, Carpenter, and Eckert (2021) reviewed several crisis management frameworks and synthesized them to four major lessons that crisis leaders must apply in crisis circumstance. These four main lessons are as follows:

- 1) Communication prioritization – crisis leaders have to ensure the open, interactive, transparent, and ethical communication before, during, and after crises. This approach can prevent and lessen the impact of crisis
- 2) Values establishment – crisis leaders provide the opportunity for their team to collaboratively define shared values, which are to be utilized as guidelines and foundations for common vision and decision making. This practice can enable the organization to focus on all stakeholders in times of crisis.
- 3) Planning integration – crisis leaders are required to anticipate what lies ahead. This action helps reduce threats and enhance the opportunity to reinstatement and progressive change.
- 4) Self-care promotion – during crisis, everyone in the organization has been extremely stressful and depressive. They need to learn some practices to deal with burden, stress, and unhappiness caused by crisis. A crisis leader is a key person to promote these practices to help organizational members maintain their well-being and balance their quality of work life.

Additionally, the interview of Siam Cement Group's CEO (SCG) (One of the large Thai corporations) indicated the valuable points as follows:

- 1) Maintaining the balance between employees' well-being and business is very crucial in crisis situations. Business continuity management (BCM) must be applied to ensure the business operation in any crisis circumstance. This business tool helps an organization to look at both side of the crisis

situation and provides the opportunity for implementing new approaches and technologies in doing businesses.

- 2) Turning crisis into the opportunity is one of survival keys for businesses. The example of SCG demonstrated this point when the company has realized the growth of online and delivery businesses, which leads to the rising demand of packaging. Thus, the packaging company, which is one business of SCG seized this opportunity by acquiring another company for their growth.
- 3) Seeking new opportunities for the business.

Apart from top CEO’s interview, Thai scholars attempts to explore ways to manage crisis in lodging business during COVID-19. This study applied the concepts of new normal to manage crisis during COVID-19 disease. Four measures were proposed to help lodging business cope with crisis during the pandemic encompassing crisis management plan development for before during and after; the emphasis on crisis communication plan; development of short-term and long-term plan and measure for resources management; and the appropriate selection of crisis measures for lodging business based on types of crisis and contexts (Chaiyo & Mahaprom, 2020).

Based on these literature reviews, the authors eventually came up with the key characteristics of crisis leadership, which encompass transparent

communication, decisiveness, adaptability, looking for a new opportunity, and stakeholders’ concerns.

Crisis Leadership in Hotel industry in Thailand during COVID-19

Background of Three Top Leading Hotels in Thailand

This article focuses on crisis management and response of leaders in hotel industry in Thailand since this industry has extremely been affected by COVID-19 pandemic. Three listed hotel companies in Stock Exchange of Thailand have been used as cases for comparison and analysis. Table 1 displays company profiles of these three businesses run by alphabetical orders. As shown, Dusit Thani Company has outperformed the rest two companies as its net profit margin in Q1/21 was outstanding (7.07%) while Erawan has shown a huge negative net income in Q1/21 (-131.9%). These numbers can at least refer to the ability of these companies’ leaders during the pandemic. However, in terms of market capitalization, Central Plaza Hotel Public Company (Centel) has demonstrated the largest market capitalization compared to the other two companies. The different performances of these companies were assumed to be involved with application of crisis leadership during COVID-19 pandemic. Thus, the analysis of crisis leadership characteristics of each company’s CEO was conducted to explore whether or not our assumptions were correct.

Table-1: Three Listed Companies in Hotel Industry in Stock Exchange of Thailand

Company	First Day Trade	Market Cap. (Million Baht)	Net Profit Margin Q1/21	CEO
Dusit Thani	30 Apr 1975	7,267.50	7.07%	Mrs. SUPHAJEE SUTHUMPUN
Centel	10 Jan 1990	48,262.50	-17.33%	Mr. THIRAYUTH CHIRATHIVAT
Erawan	26 Aug 1988	8,106.46	-131.9%	Mr. PETCH KRAINUKUL

Prior to reviewing what these companies have been doing in the past years during the outbreak of COVID-19, the brief history and background of each hotel has been concluded.

Dusit Thai Public Company Limited as also known as Dusit International was established in 1948. This hotel group is among the top leading hospitality in Thailand, which primarily focuses in two major business arenas including hotel & resorts and hospitality education. However, in the past few years, this hotel extended its businesses to other units encompassing food, property development, and hospitality-related services. More than 300 different types and sizes of hotels under distinctive brands in its portfolio are operating internationally. This hotel places its emphasis on sustainable growth encompassing balance, expansion, and diversification. The company believes that these strategies can increase the opportunities to acquire new markets and gain

additional revenue in the near future (Dusit International, 2021).

Central Hotel Public Company Limited was founded in 1983 known as Central Hotels & Resorts. The first five-star hotel was established together with the Bangkok Convention Centre in Bangkok district, which was renamed as the Centara Grand thereafter. Since the beginning of its first hotel, this company nowadays has expanded its businesses throughout the country and worldwide. More hotel expansions in oversea markets have been on the list until the occurrence of COVID-19 outbreak, which delay its business plan (Centara Hotel Resort, 2021).

Erawan Public Company Limited is one of top hotel investment company in Thailand, which its portfolio covers all size of hotels from luxury to budget hotel across the country. Among these hotels are currently under the cooperation and partnership with numerous world class hotels. The vision of this hotel group is “to be leading hotel developer and investor in

Thailand and ASEAN.” The mission is “to continue growing quality hotel portfolio in Thailand and ASEAN which optimize values to shareholders as well as stakeholders.” Erawan’s SPICE is called as core value of this hotel group (The Erawan Group, 2021).

Analysis of Crisis Leadership for the Three Hotels’ CEOs

In this section, the authors tried to analyze key characteristics of crisis leadership shown by CEOs of three hotels based on five qualities developed by the

authors. Information about what the CEOs have done during COVID-19 pandemic was gathered from various sources such as companies’ websites, newspapers, magazines, and company’s annual reports.

Table 2 revealed the characteristics of crisis leadership among CEOs of three listed hotel companies in Stock Exchange of Thailand. Without enough information, the first characteristic of crisis leadership, which is transparent communication, was not found for Erawan’s CEO.

Table-2: Comparisons of Five Qualities of Crisis Leadership among Thai CEOs in a Hotel Industry

CEO	Characteristics of Crisis Leadership				
	Transparent Communication	Decisiveness	Adaptability	Looking for A New Opportunity	Stakeholders Concerns
DTC	√	√	√	√	√
CENDEL	√	√	√	√	√
ERAWAN	N/A	√	√	√	√

Table 3 provided the examples of actions conducted by each CEO based on five qualities of crisis leadership.

Table-3: Examples of CEOs’ Actions Based on Five Qualities of Crisis Leadership.

CEO	Examples of Actions Based on Five Qualities of Crisis Leadership
DTC	<p>Transparent Communication: CEO of this company used fact base approach to provide accurate information to employees at the early stage of COVID-19. This evidence was found on her interview in the website CareforThaiBiz.com</p> <p>Decisiveness: A robust financial management during COVID-19 was conducted to protect the company’s financial health started in Q1/20. Selected investment was postponed and speeded up the implementation of company’s organizational transformation in order to increase performance and long-term cost savings. These practices helped reduce costs by 27%. Also, the company continued its global expansion in seven countries in 2020 as part of growth strategy though the company was facing the pandemic crisis.</p> <p>Adaptability: Turning its operations to produce additional returns through food delivery and other services. Also, the company tried to reshape and transform its organization to minimize dismissal, increase efficiency, decrease costs and expenses, and apply lessons learned in the previous year to develop a better organization.</p> <p>Looking for A New Opportunity: Based on its diversification strategy, the company found the opportunity in food business. In the third quarter of 2020, the Epicure Catering, one of leading caterer in educational sector in Thailand owned by the company completely acquired the Caterers, Vietnam’s leading caterer international school.</p> <p>Stakeholders’ Concerns: The company has continuously innovated its products and services to fulfill customers’ demands and needs. Besides, the company put efforts on improving its services in four areas called four new pillars of Dusit Graciousness including personalized service, well-being, locality, and sustainability. In addition, the company tended to work closely with tourism agencies to improve its business model to accelerate the reopening for tourism to vaccinated tourists.</p>
CENDEL	<p>Transparent Communication: The company communicated to all stakeholders through various social media platforms to ensure their understanding on company’s measures and practices during the pandemic.</p> <p>Decisiveness: Emergency Response Team (ERT) was formed to deal with COVID-19 pandemic 24/7. The decisions to close some hotels and still open some hotels during the COVID-19 depending on the crisis situation and outbreak. However, the CEO of this company strongly believed that COVID-19 would have affected the industry for a short-term. This information was released before the third wave outbreak in which the failure of public health was emerged.</p>

	<p>Adaptability: Creating hotel food delivery service for customers with a special price and health concerns when hotels needed to be closed for 3 months to at least improve its cash flow.</p> <p>Looking for A New Opportunity: Open new hotels in eight areas across countries with the confidence the flow of vaccinated tourists come back in Q3/2021.</p> <p>Stakeholders' Concerns: The company focuses on providing a great service with health concerns to hotel guests during COVID-19 disease. WFH and rotation strategies are utilized to facilitate the hotel's employees with the support on their working safety and security during the pandemic.</p>
ERAWAN	<p>Transparent Communication: N/A</p> <p>Decisiveness: Management team applied a business contingency plan to respond the crisis when the start of COVID-19 emerged. This plan incorporated practices and measures to reduce jeopardy for all stakeholders. Sustainable growth strategy and long-term business direction were continued under the determination of management team. CEO decided to close its hotels in Thailand and the Philippines at the early stage of crisis, and partially opened some in Thailand and fully opened its hotel in The Philippines in August 2020. The financial management and cost control measures were seriously conducted to protect the financial health of the company. Some practices conducted included board members' remunerations, workforce restructuring, salary reduction of the management and employees at both the headquarters and hotels.</p> <p>Adaptability: Focusing on adaptation for changes in the midst of disruption, which included understanding customer's behaviors so as to develop new business plans and innovation to meet with those needs. Redesign business plan by focusing on domestic customers. Expansion of budget hotels is prioritized as a key strategy for a long-term to avoid the dependence of foreign travelers.</p> <p>Looking for A New Opportunity: Employees from different departments and units were allowed to collaboratively work in several projects to increase work efficiency and create new ideas for businesses.</p> <p>Stakeholders' Concerns: During the pandemic, the company heavily placed its emphasis on employees' self-care including their health, hygiene and workplace safety standards to ensure their readiness for adaptation and retaining morale in a time of crisis. The company also facilitated employees to work from home to prevent them from the infection. Also, all stakeholders were provided a good care during a crisis to strengthen their wellbeing as well.</p>

Apparently, CEOs of these three companies in hotel industry possessed five key qualities of crisis leadership during COVID-19 pandemic though one quality of Erawan's CEO was not found. These findings can at least pinpoint the importance of crisis leadership, but the assumption that crisis leadership could help the organization get through times of crisis was partially accepted in this article based on the company's financial performance. However, many factors influencing organizational performance of these companies during COVID-19 were beyond our knowledge based on an analysis approach used in this article.

CONCLUSION

The importance of crisis leadership is obvious and demonstrates the different cases of success and failure in various organizations across countries. Key characteristics of crisis leadership were proposed in many literatures. This article synthesized those characteristics of crisis leadership and finally came up with five major qualities including transparent communication, decisiveness, adaptability, looking for

a new opportunity, and stakeholders' concerns. As hotel industry in Thailand has severely been affected by COVID-19 disease more than other businesses, this article compared three listed companies in Stock Exchange of Thailand in terms of their performance based on five key characteristics of crisis leadership to explore whether or not these characteristics were to mitigate the loss and avoid the company end up with negative net revenue. The finding showed that only one hotel companies among these three could gain positive net profit income based on these five qualities of crisis leadership. This underlines that there might be other factors involved with the success and failure of companies during crisis. In addition, this article was heavily based on documentary and content analysis only, which some essential information were missing and some misinterpretation could occur. The limitation of this article was a focus on financial performance and five qualities of crisis leadership only. There might be some hidden traits or characteristics needed to be added for the further analysis. Therefore, the recommendations for the next study are to extend the key characteristic of crisis leadership and conduct the

interview with the CEOs in this industry to gain more information about what they have done during COVID-19 pandemic. In short, the repetitive study and analysis with additional approaches and information are strongly recommended.

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