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# Crisis management and resilience for restaurants in Romania during the COVID-19 pandemic

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## Crisis Management and Resilience for Restaurants in Romania during the COVID-19 Pandemic

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**Abstract:** The world is going through a pandemic that is spreading and affecting all parts of society. Businesses throughout Romania have been affected and many are in a state of crisis because of the virus. There is a general fear spread among the population since the government has implemented restrictions for both companies and people. This crisis is impacting restaurants all across the country. Even though a large number of restaurants are going out of business it is also clear that some prevail and some even do better than before the crisis. Previous studies conducted during a crisis showed that some businesses were more resilient than others due to the successful integration of crisis management and strategic planning. This study aims to analyze the integration between crisis management and strategic planning of four different restaurants by focusing on their leadership and culture. The purpose of this analysis is to evaluate up to what extent the restaurants are working towards resilience by conducting interviews with the leader of the restaurants and co-workers. This study showed that the crisis is changing the ways small restaurants are acting and tend to become more resilient as the crisis progress and in the face of an even more possible financial crisis. Moreover, this study showed new opportunities such a crisis brings and how small restaurants are adopting them.

**Keywords:** crisis management; strategic planning; resilience; restaurants; Covid-19.

### Introduction

The proliferation of Covid-19 has paralyzed the global economy, caused stock markets around the world to collapse and significant parts of the business community to come to a complete halt. Millions of people worldwide have been confirmed infected, and more than a third of the world population is under some form of restriction (WHO, 2020). Several countries have closed down activities that are not considered socially beneficial (WHO, 2020) and in the worst-affected areas, people have not been allowed to leave their homes as long as it is not an emergency or a socially important job.

Romanian authorities come daily with new information on the current situation regarding the number of new cases and how to act and relate to the infection (Stiri Oficiale, 2020). Romania's strategy in managing the infection is similar to other countries within the European Union, imposing restrictions and protection measures. The government has banned gatherings of more than fifty people, at the same time access within closed spaces, interiors of restaurants, cafes, and dining halls being restricted or forbidden for the second time since the begging of the pandemics in the capital city, Bucharest (GOV, 2020). With social distancing, great trust and responsibility have been placed on the public to reduce the spread of infection (GOV, 2020). These restrictions made people more prone to eating at home and together with the ban imposed onto the HoReCa industry put restaurants into a severe crisis.

Crises can be described as extreme incidents that "shake" the environment, being anything from an infrastructural failure and terrorist attacks to global pandemics (Meyer, 1982). Mitroff (2004) believes that the occurrence of crises has become increasingly common in recent times. SARS (Severe Acute Respiratory Syndrome) virus and the financial crisis 2007–2011 are some examples of recent years' disasters that hit the world. In this paper,

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the focus will be on the impact of the crisis on individual organizations. A crisis for an organization is defined by three components, according to Seeger et al. (1998), namely:

- a) Is a threat to the organization
- b) Is unexpected by the organization
- c) Gives the organization limited time to act

To respond to a crisis, organizations use a process called Crisis Management. It is the short-term process that organizations use when unpredictable events occur and threaten the organization and its stakeholders. This defines how companies are managing their resources and restructure their organization to adapt to the change (Seeger et al., 1998). Strategic planning is another process that organizations are using to respond to a crisis (Vargo & Seville, 2011). Denhardt (1985) argues that this latter process can make a positive contribution to an organization's capacity to respond to change and crises. If crisis management is seen as the short-term process during a crisis, strategic planning is considered the long-term option (Vargo & Seville, 2011). The organization's success needs to address the threats and weaknesses as well as opportunities and the forces that present themselves to the organization.

At the beginning of the crisis, after the first restrictions imposed, different restaurants from the capital city and suburbs had lost more than half of their sales value compared to the previous year. One restaurant in the southern suburbs claims to have lost 75% in revenue compared to the same period of the previous year before the crisis, while several terraces in the northern part of the city had recorded a decrease in sales by 30%. Other smaller restaurants faced no choice, being forced to close and keep their employees on paid or unpaid leave, even being constrained to undergo massive layoffs to maintain their business alive until better times (Stiri Oficiale, 2020). It is not just the restrictions that make restaurants particularly vulnerable in this crisis. Because there is one's risk of infection, the restaurants have to guarantee people's safety by taking precautions, assuring even more skeptical clients about the conditions of eating with them.

A study has been conducted by The Chinese University of Hong Kong on how restaurants in Hong Kong reacted to SARS and how the outbreak of the virus contributed toward the increased concern in Hong Kong's inhabitants and reduced movement in society. This, in turn, contributed to restaurants getting fewer and fewer visitors, leading to a decreased revenue and even closing of rather old established businesses. Chinese restaurants where groups traditionally shared the food from a large plate were most exposed (Leo et al., 2006). Even though they did not have as strict restrictions for SARS as they do for Covid-19 today, these contributed to the growth of fear among the people engendering restaurants in Hong Kong to lose 90% of their business since the outbreak of the virus. The authors believe that the outbreak combined with people's fears and a lack of a crisis management plan was like a death sentence for a significant number of restaurants in Hong Kong (Leo et al., 2006). The same went for the hotel industry during the SARS outbreak. A study was conducted in Singapore hotels during the SARS epidemic. According to the authors, most hotels lacked a well-worded crisis management plan facing a perilous time during the spread of the SARS virus in a society unprepared (Henderson & Ng, 2006). What is certain is that a crisis caused by viruses creates anxiety and fear among people due to the risk of infection, which means that industries working close to people are particularly vulnerable.

Resilience is a term that has been used to talk about an organization's ability not to just survive during and in the aftermath of a crisis but also to thrive (Vargo & Seville, 2011). The authors concluded that there is a positive link between resilience and the successful integration of crisis management and strategic planning within a company (Vargo & Seville, 2011). SMEs' preparedness for crises may be limited, possessing limited resources and underestimating the risk of events they have no prior experience, denial being one deterrent to more effective crisis management, they are therefore considered to be the least prepared and the most vulnerable when a crisis strikes (Ingirige et al., 2008; Spillan & Hough, 2003). The literature on crisis management emphasizes the importance of

carrying out such structured planning processes to address a crisis in the best way, one of the critical indicators being the significant increase in sales volume (Burnett, 1998).

In summary, previous research indicates that industries within the hospitality industry are particularly vulnerable in the face of a crisis caused by viruses. This applies above all to SMEs, as their preparedness for the crisis is considered to be limited and is facing considerable challenges. The SMEs that flourished during a crisis were those who had a successful integration of crisis management and strategic planning (Henderson & Ng, 2006; Ingirige et al., 2008; Leo et al., 2006; Spillan & Hough, 2003). The prevailing situation with COVID-19's progress, people's reaction to it, and the government's restrictions on the restaurant industry have put restaurants from Romania, especially those located in Bucharest, in a vulnerable position. These factors have, according to Seeger et al., (1998) definition, created a crisis for them. As this crisis is still in place at the time of writing this paper, and no signs of improvement being foreseen for the upcoming period, together with the limited research on SMEs during a crisis, it is particularly interesting to study the resilience of small and medium-sized restaurants during the current crisis.

Therefore, the purpose of this paper is to understand how the Romanian small-sized restaurants are handling the Covid-19 crisis through the lenses of crisis management and strategic planning. This led to the following research question:

*RQ: How resilient Romanian small-sized restaurants are in the face of the Covid-19 crisis?*

## **Literature review**

### ***Integration of crisis management and strategic planning***

Strategic planning and crisis management stem from two completely different scientific branches. Individuals who have researched crisis management have predominantly belonged to domains such as the national economy, sociology, psychology, and politics. While proponents of strategic planning usually have belonged to business administration (Preble, 1997). Each branch of science has its perspective on the concept of crisis, for example, Mitroff et al. (1992) believe that economists view the crisis as negative variables in macroeconomics while sociologists see it as shortcomings in social equality.

The differences between strategic planning and crisis management are that one focuses on opportunities while the other focuses on threats. Crisis management tends to focus on the threats in one changing environment, while strategic planning focuses on the opportunities that arise during the change (Mitroff et al., 1992). It can be seen that crisis management is more suited to a defensive direction, while strategic planning focuses on the offensive one (Mitroff, 1992; Preble, 1997). Crisis management also focuses on the organization's ability to survive while strategic planning focuses on longer-term strategies (Vargo & Seville, 2011). Kennedy et al. (2003) use the camera lens as a metaphor to compare strategic planning and crisis management. The situation saw through the lens is the same, but a close-up focuses on crisis management while a broad picture provides a strategic perspective. Integrating these two processes is a challenge because crisis management can hamper strategic planning (Burnett, 1998).

Although strategic planning and crisis management have developed disjointedly from each other, they overlap significantly and have several similarities. They have the organization's future in focus and deal with internal weaknesses as well as external threats, to accomplish these encompassing processes for creating, implementing, and evaluating a plan in both crisis management and strategic planning (Bratianu, 2015; Mitroff, 1992; Vargo & Seville, 2011). As previously mentioned, these two branches of science have different purposes, one of which is defensive and the other offensive. Preble (1997) argues that it is the crucial factor in why the integration of these two branches of

science leads to the effective management of a crisis; it creates the right balance. A successful integration leads to the organization working towards greater resilience (Mitroff, 1992; Vargo & Seville, 2011).

### **Resilience**

The concept of resilience has several meanings depending on ones' perspective, psychology has its definition, political science has another, and engineers a third (Seville 2003). In this essay, we will look at resilience from the organizational theory perspective. By taking a closer look at the organizational theory perspective, it is seen that even there, several definitions of resilience occur. Seville et al. (2008) believe that resilience is one organization's ability to not only survive but also thrive when it encounters resistance.

According to Teo et al. (2017), resilience is an organization's ability to absorb the shocks and recover after an unpleasant experience. At the same time, Meyer (1982) expresses it as one organizational way of absorbing adversity. There are several different characteristics of resilient organizations in different types of literature. Examples of some of the characteristics and factors are access to resources, adaptability, creativity, culture, organizational structure, decision making, leadership. (Barasa et al., 2018; Seville et al., 2008; Vargo & Seville, 2011; Walker et al., 2014). Some of these characteristics significantly overlap. When Barasa et al. (2018) addresses culture as a trait that includes creativity where for Mitroff (2004) organizational structure is included in culture and Seville et al. (2008) link culture with innovation and adaptability. Resource access was an incredibly important factor for the healthcare system during a crisis (Barasa et al., 2018). However, it will be difficult to draw parallels to small-sized restaurants as it is undoubtedly about different industries and that Vargo and Seville (2011) argue that SMEs have already limited financial resources and human resources. Leadership, as an essential characteristic of resilience, is a recurring theme factor in literature regardless of industry or size of the organizations (Barasa et al., 2018; Bratianu et. al, 2011; Vargo & Seville 2011; Walker et al., 2014).

Restaurants in Romania have had a positive development in recent years, partly due to the decrease in VAT percentage on food and the gradually increased number of tourists in Romania (CECAR, 2018). The total market has tripled in a decade, but the number of companies active in the field has increased by only a third; thus, every business has acquired a larger market share. Unlike other sectors of the economy, in the restaurant market, many companies close or go bankrupt in the first year of activity. This determines the emergence of new and new brands and companies in the field. The advance of restaurant market sales was supported both by the expansion of large players - local and international - but also by the emergence of new names. An example in this sense is the entry in 2017 in Romania of two big players from the USA - Taco Bell and Sbarro (CECAR, 2018). The restaurant market is still dominated by three international chains, McDonald's, KFC, and Pizza Hut, but the local City Grill chain, which includes several formats, is lagging. At the top of the market, there are other entrepreneurial networks such as La Mama and Trattoria Il Calcio, but also the Americans from Subway (CECAR, 2018).

The total annual value of the cooked food market (supermarkets, fast food, standard restaurants, and pubs) in five of the largest cities in the country (Bucharest, Iasi, Timisoara, Brasov, and Cluj) rose in 2019 to 14.1 billion RON, which is a doubling compared to the level of 2017, of 7.2 billion RON. (Euro Monitor, 2019)

The coronavirus crisis created an equally dramatic situation in the Romanian cooked food industry after the authorities decided to close restaurants, bars, and cafes on March 17. As in the United States and other countries where such measures have been taken, the restrictions have had dramatic consequences for employees, employers, and suppliers in the field. In the context in which, before the crisis, more than 320,000 (Euro Monitor, 2019) employees were active in the HoReCa industry in Romania this was one of the most affected by the coronavirus pandemic. The National Committee for Emergency Situations

(CNSU) has decided that restaurants, theatres, and cinemas can reopen and operate indoors, as follows: with a capacity of 50% in areas where there are up to 1.5 cases of COVID-19 per thousand inhabitants; with a capacity of 30% and with a limited schedule until 23.00 where the number of cases is between 1.5 and 3 per thousand inhabitants (as is the case of restaurants in Bucharest at this time). The premises in areas with more than 3 cases per thousand inhabitants remain closed. Bars, clubs, and discos also remain closed. The terraces remain open in the same conditions as before, for social distance (tables located at least two meters away, and a table can seat a maximum of 6 people). Also, private events such as weddings, baptisms, anniversaries, festive meals in closed and public spaces nationwide are prohibited in the next period, until the number of people infected with the new coronavirus decreases. In 2019 there were 12,000 restaurants and cafes only in Bucharest. These represented a third of the existing restaurants at the national level. After the first wave of restrictions, 30% of the locations have been closed indefinitely.

### ***Leadership***

To work towards resilience as an organization, it is necessary to possess certain qualities, one of the most important abilities being good leadership (Nussbaum, 2016). The survival of an organization during a crisis depends on how effective the employees and leadership are, which, in turn, creates good resilience within the organization (Teo et al., 2017). Devereil and Olsson (2010) highlight the importance of the leader in an organization's choice of strategy during a crisis, and that the leader plays a significant role in the organization's strategy to cope with a crisis.

The leader has a vital role during a crisis, involving more than just being a good decision-maker. The leader must be motivating by conveying hope, optimism, and inspiration, which one can do by having a positive attitude outside working hours and give staff incentives to perform better (Vargo & Seville, 2011). A critical characteristic for leaders during a crisis is to be attentive by being able to identify a crisis as soon as possible and to get the organization in the mentality of change has to take place, then to cope with the new phase of the organization (Bratianu et al., 2020; Teo et al., 2017). A leader who contributes to an organization that is working towards gaining resilience is someone who can welcome change and at the same time be able to work within established structures until the need for a change is coming (Dartey-Baah, 2015). A good leader who is flexible can adopt several different leadership styles and change their attitude and view of things according to the circumstances (Arond-Thomas, 2014).

It is highly believed that a leader using an amalgam of transformational and transactional leadership, places a considerable amount of focus on the emotional aspect of leadership, which means a pivotal role of knowledge dynamics (Bratianu & Bejinaru, 2019; Bratianu & Bejinaru, 2020). The employees are motivated and get a clear vision for the future, aspects that are considered to be optimal in the development of a resilient organization. This resilient leadership consists of two cornerstones, namely rewards as well as expectations. Thus, the leader should be clear with his expectations from employees and introduce a reward system that can motivate them (Dartey-Baah, 2015). In an organization that works towards resilience, the leader provides the staff authority to implement measures in their areas. Staff who are very knowledgeable and have experience have been given the authority to make the changes they deem necessary within their specific areas, and the leader takes advantage of their knowledge. The leader must be communicative by encouraging staff to bring both good and bad news about the organization. This is because the staff can notice specific changes that the leader does not have the time and expertise to deal with. The leader must also keep the staff informed about what the organization is going through. A leader needs to clarify their priorities during a crisis, so it is well-defined for everyone that the organization is going through a crisis and that each member of the organization is willing to change their way of working. (Lee et al., 2013)

A particular type of leader must drive an organization engrossed in working towards greater resilience. It should be an attentive one, who is communicative with their staff, keeps them motivated, can reward as well as be able to give them authority to make crucial decisions when needed (Lee et al., 2013; Vargo and Seville, 2011). He must also be optimistic about change and be able to absorb lessons from others during a crisis (Arond-Thomas, 2014; Dartey-Baah, 2015).

### **Culture**

Culture is an essential factor in both effective strategic decision-making and effective crisis management (Mitroff et al., 1989). The culture of an organization can be both a stimulus and a barrier under crisis management since it contributes to the organization's ability to adapt to the encountered challenges during the crisis (Deverell & Olsson, 2010) when different types of challenges will arise for organizations. Mitroff et al. (1989) believe that hierarchical organizations have poor communication and therefore are prone to be more vulnerable during a crisis. Bourgeois and Eisenhardt (1988) also prove that organizations with a centralized power structure work to a lesser extent towards resilience. They tend to deny the crisis, creating a barrier to effective crisis management for this type of organization (Mitroff, 2004), they then find it more problematic to address the challenges that arise. Organizations with more decentralized governance where different units have the authority to act quickly are successful during a crisis (Bourgeois & Eisenhardt, 1988).

Decentralization is characterized by the fact that the distribution of power is spread throughout the hierarchy pyramid, and employees can make their voices heard (Bourgeois & Eisenhardt, 1988). Furthermore, Bourgeois and Eisenhardt (1988) proposed that decentralized organizations respond to changes in the outside world faster. Organizations that encourage creativity, reward innovation, tolerate failure, and has an atmosphere in which employees feel confident to come up with new ideas takes on these challenges that arise better (Mafabi & Munene, 2013). Thus, a culture that encourages creativity and innovation is considered to contribute positively to the adaptability to a problematic event (Seville et al., 2008), such as a crisis. Creativity in organizational theory is defined as the creation of a valuable new product, service, procedure, or process by individuals working together within a system (Woodman et al., 1993). Walker et al. (2014) concluded that employee engagement in both their work and the organization is a contributing factor to the organizational adaptability to a crisis. This is because the employees then show confidence in the organization, their commitment includes a willingness to go beyond what is required from them, even in unfamiliar situations such as a crisis. It then contributes towards the organization's abilities to adapt to the crisis, which in turn contributes positively to its resilience.

Crisis management consists of defensive traits where the focus is on the threats in a changing environment, and the priority is to survive. In contrast, strategic planning has a more offensive approach where the focus is on the possibilities in the changing environment and to thrive under it. The integration of strategic planning and crisis management means dealing with threats to survive while trying to see the opportunities that arise. The presence of several characteristics of leadership and culture becomes a way of understanding up to what extent ones' integration of crisis management and strategic planning undergoes.

The traits shared by the leader of the organization and its culture considered to be most important for successful integration of crisis management and strategic planning are attentive leader, motivational leader, communicative leader, flexible leader, decentralized culture, creative culture, and commitment among employees. These characteristics are based on literature within leadership and culture linked to resilience.

## Methodology

To correctly answer the research question, qualitative research with an inductive approach will be used to advance towards a richer theoretical perspective compared to the existing one. This study aims to gain an in-depth understating of a phenomenon through a specific case and find generalizable inferences from the observations. Moreover, since the topic of the research is new, and there is a gap in the knowledge, the inductive approach is relevant. This is also in line with the assumptions of constructionism and interpretivism. (Saunders et al., 2012)

The chosen method for the collection of data are interviews, which are a standard method in qualitative studies. In line with the definition of different research designs, this study will incorporate the exploratory design. This kind of design is appropriate when there are few prior studies, and the purpose is to discover patterns and ideas in the selected area (Collis & Hussey, 2014). Supplementary, exploratory studies are also beneficial when the precise nature of the problem is uncertain, and when the comprehending of the subject needs to be enriched (Saunders et al., 2012). These types of studies tend to rely on the involvement of the participants, and interviews are likely to be unstructured and include open questions, to be able to identify circumstances and gain an acumen of specific issues. Correspondingly, exploratory research seldom postulates unambiguous answers to problems and issues, but rather catalyzes future research (Collis & Hussey, 2014; Saunders et al., 2012).

Usually, individual interviews are associated with one face-to-face meeting between the respondent and the interviewer (Saunders et al., 2012). Due to the prevailing situation regarding Covid-19, the alternative of non-physical meetings has been chosen. The technological development of recent years has made it possible to conduct in-depth interviews via non-physical meetings (Jacobsen, 2017). The options offered were to conduct the interviews via telephone or webcam, via the ZOOM program. The disadvantage of non-physical encounters in a qualitative study is that it becomes difficult to establish trust and openness and that the interviewer loses control of the situation (Jacobsen, 2017). To overcome this issue, a semi-structured interview has been conducted, encouraging open-ended answers, allowing the respondents to reflect on their experience, followed by probing and follow-up questions.

Their participation was voluntary, having an informed consent, through which the permission to record the interview has been obtained, and an explanation of the research previously sent to the interviewees to reduce the unevenness of knowledge and power between researcher and participants. This informed consent protects their privacy and anonymity, certifying the ethical legitimacy of the research data, by avoiding sharing traceable information of them and not disclosing their names.

A combination of homogenous and judgmental sampling will facilitate the researchers to apply their perception and judgment when determining which respondents are relevant to fulfill the research aim. Furthermore, it allows the selection of the sample based on the individual's knowledge and experiences of the examined phenomenon (Collis & Hussey, 2014). Taking this into consideration, a non-probabilistic purposive sampling has been considered. The sampling criteria to achieve the purpose of these studies have been the selection of companies from the restaurants' domain, located in Romania, small-sized, and which have been active before and during the crisis. To achieve a better understanding, both managers and employees have been interviewed. The sample size has reached four restaurants and eight interviews with the managers of each company and one employee per organization. The interviews reached a cumulated number of seven hours which have been further analyzed. To transform the recorded interviews into clear and coherent empirical data, the interviews have been coded using the method of thematic analysis. This method identifies analyses produces and divides the collected data into themes (Braun & Clarke, 2006). The first step in the process is to transcribe the data you have received. Subsequently, the data that has been collected is encoded, extracting the useful



information that fits the purpose of the study. The next step involves dividing the coding into sub-themes and main themes.

## **Empirical findings**

### ***Description of case companies***

Restaurant A is an ethnic restaurant that serves Romanian food and is located in the southern part of Bucharest. It is a family business where four family members are working together with other seven non-family members. The main revenue stream comes from organizing and hosting events such as weddings, being active since 2006. Until recently this year they have relied solely on their brand and marketed themselves through word of mouth. This crisis turned them into online marketing and other revenue streams.

Restaurant B is a fine dining ethnic restaurant, serving Italian cuisine. Is being located on the northern outskirts of the capital city. The restaurant has five employees, one of whom is the owner. They have a website and social media in the form of Facebook, they have no Instagram. The restaurant uses digital food delivery services, but only for the past six months.

Restaurant C is a fast-food one with sitting both inside and outside on a terrace. For the time being, they are serving food solely outside and are relying on the delivery services. There are six employees and the owner possesses only managerial attributes.

Restaurant D is a lunch restaurant located in an office building from an industrial area in the northern part of Bucharest. It has been active since 2013. At present, the restaurant has three full-time employees, of which one is an owner, a part-time employee, and a trainee. They do not have social media or can be found on food delivery services

### ***Attentive leader***

An attentive leader is someone who can identify the crisis quickly and convey concrete priorities to staff with a focus on surviving the crisis, according to Teo et al. (2017). One of the respondents says that he always keeps an eye on how other restaurants handle the crisis and try to get inspiration from other, more prominent companies. The respondent goes on, saying that he has several acquaintances who are restaurant owners. They have continuous conversations about how restaurant owners can handle the crisis better and what opportunities it brings. On the contrary, another participant states that they were not at all prepared for the crisis and that he did not think it would affect restaurants in such a brutal way. He also stated that compared to other restaurant owners from his acquaintances' group, he enjoys a smother decline.

*"... Nobody thought it would affect Romania this much... I have talked to many in the industry and all call for a death sentence of their business." - Restaurant D*

The surprise factor is shared among the interviewees and the fact that a lot of misinformation had been spread across media and even the directives received from the country's administrative bodies were unclear. Together with the rapid spread of the virus, the crisis was taught to be passive, with no concrete implications for their companies, leading to a stated of great uncertainty among owners.

*"... At the end of February, the problems started, people started to get a little scared ... Nobody knew anything ... Neither did we ... They did not understand anything about the virus or what is happening..." - Restaurant A*

Changing the perspective towards the employees, these are clearly stating that the owners are usually listening to them and are given the opportunities to come up with ideas that

will benefit the growth of the restaurants - even more during this uncertain period, claiming that the by being such small companies with not that many employees allows them to stick together and freely deliberate their options. Even though the crisis struck fast, and no one was prepared, this ability to communicate helped them adopt changes faster.

"...we are staying together...we all saw what happened and how in one night we were out of customers...First we have panicked, but we have managed to keep up..." - *Restaurant A*

### ***Motivational leader***

The leader must be motivating by conveying confidence to the employees and creating incentives through, for example, by introducing a reward system in accordance with Vargo and Seville (2011). A reward system can mean that the leader gives the staff more authority in the organization depending on how well they perform (Dartney-Baah, 2015). This characteristic is still omitted or has taken a direction that is close to being rudimentary. Owners are claiming that the motivation comes from the fact that by being able to work at their company employees are capable to satisfy their basic needs and possible wants. What they are missing is the fact that needs are, like most other things in nature, an interactive, dynamic system, but they are anchored in our ability to make social connections as human beings. By targeting the esteem, reputation, and competencies of their employees through a reward system that is not entirely governed by cash bonuses and by other forms of benefits, it will positively benefit the well-being of the employees and the growth of the company.

"... I have always taught of throwing a barbeque party each time we exceed our target, but it seemed too silly..." - *Restaurant B*

"...they are getting paid for what they are doing, why is there a need for more?..." - *Restaurant C*

### ***Communicative leader***

As previously mentioned, the leader must be communicative by sharing with the staff how the organization's well-being and status and also encourage the staff to come up with both good and bad news according to Lee et al. (2013). The more transparent the leader is with the staff regarding the organization, the more the leader is considered communicative (Lee et al., 2013). The owner of *Restaurant A* goes on to explain how experienced and skilled his staff is. He thinks that the staff possesses a great degree of knowledge in all tasks necessary to deliver their services. They talk openly about the financial status of the restaurant and what challenges the restaurant is going through during the coronavirus pandemic. The atmosphere among all employees is very familiar, where everyone shares their opinions open. He also says that they have a Facebook group with all employees where everyone has constant interaction with each other. There, the staff has the opportunity to share their opinions freely in the group and reach each other easily.

"... We have a Facebook group where I openly share with them how it goes with the restaurant, and everyone has the opportunity to tell their opinions and ideas ..." - *Restaurant A*

From the point of view of the employees, it is generally believed that they have continuous communication and are aware of the current situation. As in the case of *Restaurant A* where the owner is his brother, they have a very close relationship where all decisions made in the restaurant are made through collaboration. He states that three out of five employees are family members, and everyone has the same amount of insight into what is happening in the restaurant both economically and structurally. Furthermore, he says that there are certain aspects of the business that are being kept only for the family members as it will not benefit the other non-family employees.

### ***Flexible leader***

At the same time, according to Arond-Thomas (2014), a leader should be flexible by taking different roles in the organization and being open to change depending on the circumstances. To take different roles in the organization can mean that the leader sometimes performs the same tasks as the staff does (Arond-Thomas, 2014). The respondent's view of all these changes is that there is not much to do about it. They state that the priority among restaurants is to survive the crisis, hoping that it will come to an end soon and everything will return to normal. They believe that the only positive thing that the crisis can bring is that many restaurants sadly will go bankrupt, which will possibly turn into an opportunity to grow their market share in the case of survival. They claim to possess the ability to adapt and act in different positions when needed, a fact confirmed by the interviewed personnel. Even more during this period of crisis, when their presence on site is unequivocally necessary to be able to undergo the changing processes.

"...we immediately oriented towards delivery locally where I was the one driving at the beginning, then we closed a deal with a delivery app..." - *Restaurant A*

### ***Decentralized culture***

The culture must include a decentralized power structure. This means that different departments must have the authority to take decisions (Bourgeois & Eisenhardt, 1988) and that employees can make their voices heard. This may, for example, mean that under the prevailing virus pandemic, staff can deny customers crowds so as not to cause any burdens in the restaurant. The interviewees claimed that in certain aspects of the business, the employees have full responsibility as they put a considerable amount of trust in them. The employees handle marketing on social media for one of the businesses. The manager of *Restaurant B* states that he has full confidence in his employees. This is also backed up by the employees who are feeling very good that the owner is trusting their judgment. After overcoming the declaration of an emergency in Romania and permission to greet again customers on the premises under strict regulations, the feelings of fear and worriedness have engulfed both the clientele and the employees which lead to a change in business culture. While before the crisis their companies were more controlling than flexible, being goal-oriented, and focused on production, now an adhocracy culture is coming in place, where they rely on innovation and employee empowerment, addressing what the customers' have to say. The degree of flexibility has increased, and they are inclined towards taking more risks as well.

During this crisis period, one cognitive ritual that emerged throughout the conducted interviews in the emphasis on creative collaboration among all of the employees. Changes in the menus to make them better for delivery and more appealing for customers at home have been done through collaboration between the employees resulting in a faster process and adaptation of the necessary changes. Owners claimed to be more open towards taking suggestions to improve the overall business from their employees.

"... The staff is well aware of what situation we are in ... I have full confidence for them, I cannot try to solve everything myself..." - *Restaurant B*

### ***Creative culture***

Furthermore, culture should encourage creativity and innovation. This means that the employees feel safe to come up with new ideas (Mafabi & Munene, 2013), for example, the means to come up with suggestions on how any part of the restaurant is run and be taken into consideration. Correspondingly, in the case of implementing a new product, service, procedure, or process as a result of a crisis in accordance with Woodman et al. (1993). One of the subjects relates that she does not feel any pressure when presenting her ideas.

Everyone in the restaurant act as a family and no one is afraid to fail in front of the other. Additionally, they are always discussing new ideas on their Facebook group.

*"... We are constantly discussing what improvements can be made, before the corona thing so a lot of food was discussed, what you can try there and so on ... " - Restaurant A*

This crisis forced them out of their comfort zone into adopting new ways of satisfying their customer needs. Being forced to move towards the delivery segment, adopting and implementing such a service proved to be quite a hassle. Partnering up with delivery service providers was one of the first steps taken by the respondents. New steps regarding packaging have been introduced in the chain of production, which, together with the delivery fees, have raised the value of costs determining changes also at a financial level.

### **Commitment among employees**

There must also be a commitment among employees. It aims for the employees to show their willingness to go beyond what the organization requires from them (Walker et al. 2014). This can, for example, mean that the employees have acquired knowledge that is not necessary for performing their tasks but may come in handy in accomplishing different tasks. When asked how familiar one employee is with other sections of the restaurant, the respondent said that he is only focusing on his tasks. The respondent also states that he does not have the knowledge required to be able to help with other departments of the restaurant.

*"... You know I stick to mine, you notice how things are but are not so familiar with it ...I know nothing about cooking, I stay away from the kitchen ... " - Restaurant C*

In the case of the family company where the owner works together with his brother and sister-in-law, they claimed that they are acquainted with all parts of the business since they are sharing more time together than usual. Seeing each other frequently, it becomes very natural the owner states. This is not the case for the non-family members of the company, who are trained and qualified to perform a specific task and are not required to grow beyond their limits and fulfill other tasks when needed, as these are being taken care of by the family members.

### **Analysis**

In accordance with the theoretical framework, someone who acts on the crisis in good time is described as one attentive leader, which in turn means that he or she has acquired the necessary knowledge regarding the crisis and can take action prompter (Teo et al., 2017). The interviewees aforementioned that they are being aware of how different restaurants are managing the crisis through continuous contact with other owners developing a herd phenomenon within the industry, taking inspiration one from another. Despite being aware of the current Covid-19 crisis, they believed that it would not affect them as much as it has up until the research has been conducted. This attitude toward the crisis condemned them and slowed their ability to act. Observing the environment is just the first part of being attentive, the ability to take action, and foresee the impact a crisis may hold, being the favorable attribute of the leader. Believing that the virus will not reach Romania and after the imposed lockdown which transformed into a panic felling among the population and also the companies, restaurants turned towards the Romanian state government to step in and help them overcome the situation. Despite the government's acts of postponing taxes and introducing new loans and grants especially for the affected companies to be able to continue their activities and keep their employees, the late action of the restaurants' owners studied impeded their ability to hamper the crisis' first impact and find the right opportunities that had come with it in time.

In the empirical data, it is clear that the leaders initially started from a negative stance regarding the crisis and were focusing only on surviving, especially during the lockdown period. A radical turn in their attitudes is taking now place, believing that by the end, this crisis could bring some positive factors and it will push them towards innovation and adaptation of new ways of conducting their business. This is an indication that the leaders have accepted that they are in a crisis and that there is a positive side to it. According to Arond-Thomas (2014), this is one sign that the leader is flexible to some degree. The leaders also have said during the interview that it is essential for them that everyone can help each other with all tasks. This suggests that the leaders have the will to take on multiple roles and tasks within the business and also allow their employees to do so, which a flexible leader should be able to do in accordance with Arond-Thomas (2014).

The leaders stated several times during the interview that the responsibility partly lies with the government. This attitude is not inclined towards motivating the remaining staff, and the interviews are giving no indication that the managers have the staff work ethic in mind. The manager clearly said that the staff does not require motivation which again proves that the leader does not spend time keeping the staff's mood up during the crisis.

In the empirical data, it is clear that the leaders do not have a positive attitude towards the crisis, but they are trying to be optimistic and think that they will do well compared to other restaurants. Activities or incentives that are supposed to raise the work ethic and strengthen relationships among the employees are still missing. The motivation is taught to be more intrinsic and is something that leaders are not yet willing to interfere with and develop within their employees through different means. The staff is, up to a certain extent, conscious of how things are going with the company during the crisis, awareness that is driving up their motivation to come up with new solutions that will help the company. Still, this motivation is closely linked to the financial benefits and less value being placed on the emotional side.

According to Lee et al. (2013), a communicative leader should keep staff informed and develop a broader set of aptitudes that will fulfill more than one position within the business, especially for small companies. According to the empirical data, it is clear that the staff is, up to a certain extent, familiar with the restaurant business and aware of how it goes, one can see that the leaders are willing to reach transparency with the employees, especially during this crisis. Both the managers and the employees said that they talk openly about the financial aspect of the business during the crisis. This shows that the leader spends time communicating with staff about aspects of the business that are beyond their area of expertise.

One exciting aspect discovered is the adoption and introduction of new communication channels within the companies. They are developing their community within and outside the work environment through online groups that facilitate speech and sharing ideas. These still new ways of communicating are also adopted by small companies as they are improving the time and quality of the delivered messages.

According to the empirical data leaders indicate that they are trusting their staff, but not up to the extent where they can make decisions freely. According to Mitroff et al. (1989), poor communication is one characteristic of centralized organizations during a crisis. The spread in the hierarchy pyramid is tight, indicating a more centralized organization. Due to this pandemic, this is starting to change, and employees are starting to gain free rein regarding marketing, especially social media. This crisis made the leaders more attentive to the employees' voices and considering them for the welfare of the organization. Despite being small companies, this inclusion in the management system of the employees placed a considerable impact on their perception of the company, slightly driving their motivation.

Since the fear of infection is getting higher new ways of delivering their products had to be undertaken. It may not be considered creative, but the implementation of a delivery

system that will allow them to continue their business, despite the high cost and a crushed profit margin, is still resourceful and innovative for small businesses. This indicates that adapting to changing circumstances which, in accordance with Seville et al. (2008), can be linked to creative culture. Moreover, this crisis had increased the employee's commitment to the company. The fear of unemployment in a not so distant future financial crisis is changing their perception of the company and are now showing some willingness to go beyond what is required of them to maintain the company's activity and even find new opportunities.

## Conclusion and discussion

The purpose of the study was to understand how Romanian restaurants are handling the Covid-19 crisis, based on the existing research of crisis management and strategic planning and their connection to resilience. For a restaurant to be considered resilient and can thrive during a crisis, according to the study, it needs to have a successful integration of crisis management and strategic planning. The study concludes that stronger qualities of an attentive, communicative, flexible, and motivating leader; and decentralized culture, commitment among employees, and creative culture of a restaurant determine the degree of integration of crisis management and strategic planning.

The studied companies are currently in a transition where changes are happening fast, and they have to act upon them. The governmental directives are being imposed overnight causing a lot of uncertainty. People are becoming more reticent when deciding where they should dine, public places getting fewer visitors. Restaurants have been targeted by many ordinances restricting their activities causing their decline, but also a possibility to thrive and adapt to the new circumstances. The small businesses studied have taken this opportunity to move their business online and start delivering food and facilitating the process of ordering through a platform and self-pickup means of continuing their activities. Despite lacking strategic planning and crisis management coming in late, without anticipating the crisis and its impact, they are handling the situation in the best way possible. This is not the case for many other companies who were unwilling to foresee that this virus won't overlook Romania and that it will have such an impact. These were forced to close and there is a high chance that they will not be able to recover.

The interviewed managers have realized the impact such a crisis can bring and are changing the way they have conducted their business. According to the empirical data and in relation to the theoretical aspect, they did not possess a strategic plan that would have helped them in reacting to the challenges faster and also the crisis management had come into action later than needed, at the moment the Covid-19 pandemic has reached the first peak and the government had to restrict the free movement of the population. Overall, these small restaurants are not fitting into the high resilient category of companies according to the theory. Despite this fact, they are now working towards becoming more resilient and are planning for the future, anticipating another financial crisis caused by this virus pandemic. They are innovating and are adopting new ways of conducting their business to maintain their position on the market and not only survive, but also thrive during these uncertain times.

As future research, conducting a longitudinal study on how small restaurants are surviving this crisis could bring new insight regarding crisis management at such a level, with implications for larger companies as well. Furthermore, assessing their situation from both a qualitative and quantitative perspective may provide a better understanding of the Covid-19 crisis over the economy and how harsh it has been for this industry to survive and thrive. Also, addressing the limitations of interviewing only one employee and the manager of each company, it may be that questioning the entire company may bring a fair picture of the restaurants.

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