

# OPERATIONAL CRISIS MANAGEMENT TECHNIQUES IN THE CATERING INDUSTRY IN TIMES OF RECESSION: THE CASE OF THE MUNICIPALITY OF PIRAN

## Operativne tehnike kriznega upravljanja v gostinstvu v času recesije: primer občine Piran

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### Abstract

This study examines crisis management techniques in the catering industry. The survey was conducted in the municipality of Piran, the most developed Slovenian municipality in terms of tourism and an important tourist center in the northern Mediterranean. This paper investigates the response of the catering industry to the economic crisis by analyzing the use of different micro-level crisis practices in the catering industry. The study uses a questionnaire to evaluate the importance and usage of different crisis management techniques in the catering industry. The findings indicate a high level of inconsistency between the importance and usage of crisis management techniques. Government assistance is by far the most important and most used technique in times of crisis. Suggestions for future research and useful information for managers of catering facilities are provided.

**Keywords:** recession, crisis management, catering industry, municipality of Piran

### Izvleček:

V študiji so obravnavane tehnike kriznega menedžmenta v gostinski operativi v času recesije. Raziskava je bila opravljena na območju občine Piran, ki je turistično najrazvitejša občina v Sloveniji. V raziskavi smo proučevali odziv gostinskih obratov na gospodarsko krizo z analiziranjem uporabe različnih operativnih tehnik v gostinstvu. V študiji smo uporabili vprašalnik za ocenjevanje pomena in uporabe različnih operativnih tehnik za krizno vodenje v gostinstvu. Ugotovitve kažejo, da obstaja visoka stopnja neskladnosti, ko govorimo o pomenu in uporabi različnih tehnik kriznega upravljanja. Državna pomoč je daleč najpomembnejša in najbolj uporabljena tehnika kriznega upravljanja. V sklepu so podane koristne informacije za vodje gostinskih obratov ter predlogi za prihodnje raziskave.

**Ključne besede:** recesija, krizno vodenje, gostinstvo, občina Piran

## 1 Introduction

One of the most significant characteristics of modern times is the existence of crises. The economic crisis that began in 2008 has been the most tenacious one since 1929 (Brandl & Traxler, 2011). The crisis began with a liquidity crisis in the banking system resulting from the sale of complexly structured financial products. In the beginning, the crisis did not reach Slovenia; however, during the crisis, the Slovene economy suffered, mostly due to its economic (banking) problems. The altered perception of risk and the increased number of unemployed people led to decreased demand.



Naše gospodarstvo / Our Economy

Vol. 59, No. 1-2, 2013

pp. 75-85

DOI: 10.7549/ourecon.2013.1-2.08

UDK: 005.59.4:330.131.7:338.488.2

JEL: H 12, L 66, L 83

also create opportunities, managers should make efforts to take advantage of any crises by turning to new segments, creating a strong brand image through intensive marketing, implementing new distribution channels, etc.

The suggestions for future research are to extend the analysis to different areas of the tourism industry in the country and region. Israeli (2007) stated that, due to the lack of the long-term perspective, it is impossible to determine whether crisis management practices improve position and performance of the firm on the long run. We can conclude that the economic crisis will undoubtedly pass, but there will always be different crises. Crisis management techniques can help companies adapt and survive in times of crisis. As catering companies operate in a volatile environment, constant adaptation is needed. The list of specific techniques can be used as a guideline for crisis managers on how to successfully overcome or even avoid different crisis situations, if the techniques are used proactively.

Given the limited geographic area in which the study was performed, the results might not be applicable to facilities in other locations. An increase in the geographic coverage to the entire country could offer further valuable insights. The survey only gives a snapshot of the situation during the crisis period, although it offers an almost complete picture of a specific geographic area. Larger data are required to detect the long-term effects of the recession. In addition, a thorough financial analysis could offer useful information as managers' perception is often biased. This study only refers to catering establishments. Other companies that also belong to the tourism sector are not included in the study. Further interesting findings would result from a deeper analysis of the entire tourism sector.

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