

Bottom-up approach in understanding tourism destination resilience: the case of SMEs in Ljubljana

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INTRODUCTION

Resilience and crisis management studies in tourism emerged as a common research umbrella during the pandemic. They have predominantly focused on destinations and their management and marketing. As a result, a vast body of knowledge discusses and provides various frameworks for destination crisis management and resilience (Kuscer et al., 2021; Lachhab et al., 2022). However, research related to the role of tourism small and medium businesses (hereinafter tourism SMEs) in the context of crisis management and especially building resilience is underrepresented and urgently needed. Actually the 'health' of destinations regarding their preparedness to manage crises successfully and building long-term resilience, should only be possible be tangibly be measured in the strength and stability of their SME ecosystem and its sustainable business model innovation capacity.

In this paper, we explored Ljubljana tourism SMEs plans through the pandemic: when the covid-19 first hit, the actions undertaken through the first lockdown and strategies to overcome the subsequent ones, once it became clear this was not a short-term emergency. At the same time, we explored lessons learned about their business and themselves throughout the pandemic and how they used innovation to adjust their business models in order to build resilience. A total of 19 interviews with SMEs and destination authorities in Ljubljana, Slovenia in the period of September 2021 to April 2022 informed the study.

LITERATURE REVIEW

The Covid-19 period was reflected in research where various studies attempted to explore resilience and crisis management. Crisis management, as defined by Darling et al. (1996, in Kash & Darling, 1998), is a procedural set of tasks leading to avoiding a crisis. According to Ritchie and Jiang (2019), the majority (55%) of research on crisis management between 1960 and 2018 focuses on response and recovery. Moreover, Faulkner (2001, in Lachhab et al., 2022) divided the process of crisis management in tourism into six key phases, namely: (1) pre-crisis, (2) prodromal, (3) emergency, (4) intermediate, (5) recovery and (6) resolution.

One of the concepts closely related to crisis management is resilience, which can be broadly interpreted as the means of minimising the negative impacts of a crisis and enhancing the ability to recover from it effectively (Luthe & Wyss, 2014). Although there are rather apparent links between crisis management and resilience, tourism research appears to continue to treat them as separate topics, particularly in the context of small tourism businesses (Lachhab et al., 2022), which we find a rather peculiar practice.

In tourism, resilience as a concept was introduced by Lepp and Gibson (2008) and defined as the capacity of tourism systems to deal with stressors by maintaining the stability of a tourism-related regional economy, meaning it includes both the individual, as well as collective capacity (Ungar, 2003). This introduction of the concept was much later than others further

afield such as management literature where the term was introduced as early as 1973 (Bachtiar & Ramli, 2023). According to management scholars, Brito et al. (2022), the COVID-19 crisis gave rise to two forms of resilience: static and dynamic. Dynamic refers to businesses that utilised the resources of their networks to adapt and adjust during the pandemic. Meanwhile, static occurs when businesses only utilise their resources.

Some authors (e.g. Becken, 2013) have extended the concept beyond this definition to include flexibility and innovation (Lachhab et al., 2022) which is also the view we adopt, as we consider resilience to be a more longitudinal construct than the “pure” crisis management, which is limited until the time when immediate affects of the crisis in question vanish out.

Resilience by tourism business can take three forms: survival, adaptation and innovation (Dahles & Susilowati, 2015; Ghaderi et al., 2022). However, there is a lack of understanding as to whether resilience strategies have been found to be embedded in the businesses prior to and during the crisis. Further afield, Conz and Magnani (2020) find that resilience can be conceptualised in reference to time. It can be seen as a proactive (occurs before an event), an adaptive (occurs during an event), reactive (occurs after an event) and dynamic (occurs before, during and after an event).

Notwithstanding the above, the resilience concept was extensively researched during the COVID-19 period as tourism suffered the most significant disruption in its modern history (Della Corte et al., 2021; Kuščer et. al, 2021; Traskevich & Fontanari, 2021; Postma & Yeoman, 2020). Frameworks and business models were suggested to ensure the destination’s resilience and sustainability (ibid.). Moreover, by offering a systems approach, Postma and Yeoman (2020), encourage readers in learning a strategic method for crisis prevention planning (which we find practically inapplicable), while Treskevich and Fontanari (2021) proposed a sustainability-based framework for a conceptual integrative model of resilient destinations. However, as Della Corte et al. (2021) find, resilience evaluation and performance evaluation remain under-researched and this is where our paper seeks to make a contribution. We postulate that the only practicably implementable form of resilience measuring is the assessment of “health” and activities taking place in the SME ecosystem of a tourist destination.

METHOD

We root our research in the constructivist paradigm and use Charmaz and Thornberg's (2021) version and grounded theory method procedures, as it was deemed appropriate for providing a detailed insight into the nature of entrepreneurial experiences through the turmoil of the pandemic. Importantly, this approach permits the exploration of the literature while planning the data collection; a particularly important factor for researchers who were aware of emerging pandemic-related literature at the time of the study. This, however, did not determine the content of the research questions nor guided the discussion within the interviews.

The questions were designed to be broad and exploratory in nature, in which the SME managers were queried about their states of business and plans when the pandemic first hit, the actions they have taken through the first lockdown and their strategies to overcome the subsequent ones. At the same time, we explored with them what they have learned about their business and themselves throughout the pandemic and how they adjusted their business models and how they collaborated in order to build resilience. The above-presented theoretical frameworks were identified as most fitting and subsequently applied during the data analysis stage.

We collected qualitative data using the semi-structured interview method and interviewed 16 representatives of tourism SMEs operating in Ljubljana plus 3 representatives of the destination and the consultants at the time involved in tourist destination strategy planning. This way we reached a deep and multidimensional insight into the processes going on in Ljubljana tourism ecosystem in this specific point in time, enabling us to reach theoretical saturation of data. We analysed the transcribed interviews using thematic analysis, which enabled the identification of patterns while retaining the context of the data (Joffe & Yardley, 2004). We manually and in an inductive manner coded first-order codes from the interviews conducted between September 2021 and April 2022 in the Slovenian language. In the second stage, these were manually aggregated into second and third-order themes and further abductively aggregated into the dimensions of our conceptual framework representing the formulation of bottom-up resilience processes, which are presented in the results section. The process of coding was performed by two researchers independently, then compared and distilled onto a common denominator.

FINDINGS

Our findings indicate that when the crisis hit in spring 2020, most SMEs were expecting another record season after 2019, which was the best year for Slovenian and Ljubljana tourism since the independence from Yugoslavia in 1991. The crisis caught the SMEs as a surprise, or as a tour guide I13F states „... we were in shock once first tours were cancelled, but were optimistic that it is not going to last more than a month... Once a month passed and we got further cancellations for tours that were about to happen in summer, we realised the whole season is going to be lost.“ As a hotel manager, I6M states, „city hotels were amongst the most hit SMEs during the pandemic. There was no international demand, no chance of organising events, no meetings, no events and all conventions cancelled“. Both agree that the intervention from the government was slow and ad hoc, only covering for minimum staff wage, so just to make the month's end. However, it was absolutely not enough support to even be able to think of developing or adjusting the business for the reality once the pandemic would be over. I14M, also a hotel manager, further points out that the only way of staying alive was to let the staff go, „it was terrible, we knew people will leave our industry and no matter how good a waiters or chefs they were, I had no chance but to terminate their employment in order to keep the company afloat“. He further points out, „once we reopened and had like occupancy of 20 percent during summer and autumn 2020, we needed to find a solution to offer food to our clients, as we had absolutely no financial, nor staff capacity of opening our own F&B outlets. So we connected with a restaurant chain, which had stepped in and started organising meals for our guests. I know this opened additional revenue stream for them and helped them overcome the crises with an almost 6-month closure of their restaurants during the second lockdown in autumn 2020 and spring 2021. We see here a clear example of collaborative business model innovation (Clauss et al., 2021) in which new value was created between two companies.“ We see here a clear example of collaborative business model innovation (Breier et. al., 2021) in which new value was created between two companies. Another entrepreneur, I14M, specialising in outdoor activities further points out the importance of business model innovation and trying to offer value with its adjusted services during the pandemics. He mentions: "We needed to completely refocus from our agency business to start boosting our profile as an NGO and knowledge and trainings provider for other SMEs and destinations interested in developing nature-based tourism activities to compensate for the lack of our income. Of course we also used all the governmental support that was available, such as covering for our parts of our salaries, etc...."

However, not all SMEs were able to innovate their business models and had to take more drastic measures. I1F, a tour guide reports: "I came from a personally devastating 2019 where for personal reasons I worked less than usually. When the crisis hit, I had no savings, nor

force to live in such uncertainty. So I just terminated my self-employed tour guide status, which I was doing with pleasure and success for over 10 years and started looking for a regular job, which I luckily quickly found.” Others, who managed to resist, were trying to find purpose and were looking for ways to improve their skills, or business for when the times would turn back to normal. As I13F states: we invested into our knowledge, took an e-marketing course and redesigned our brand and webpage.”

Generally, the outcomes suggest that the self-employed tour guides had the hardest times and the least governmental support among all SMEs at the beginning of the pandemic, as I4F points out: “ For the first time I became aware I was on my own and responsible for myself. I started thinking, I could have done much more for developing my brand and personal marketing skills in the past as my main partners, the travel agency I worked with for 15 years immediately forgot about me and focused on overcoming their struggles”. They also seem to have been the least capable to adjust and innovate. As I1F states: “...I was never taught to do financial planning, I basically spent what I earned and had absolutely no business, or financial skills.” However the tour guides later received significant help from the Slovene tourist board, who put out a tender to finance them for guiding locals around the cities in order to help them overcome the struggle.

COCLUSIONS

The paper provides an understanding of the small business stakeholders, type of resilience (dynamic or static), stakeholders attributes and actions for showing resilience during the COVID-19 crisis. In particular, this research clearly showed us, that searching solutions for destination resilience is a complex task, and no resilience framework will work in practice if it does not consider the tourism SMEs, both on their personal and business level. While the destination, regulators & policy makers can provide temporary support, building resilience involves much more complex relationship that needs to be planned strategically and have a clear educational component. It needs to provide initial support, yet also use the reflection moment and personal growth caused by the crisis of the SME owners as persons into account and stimulate them to grow and develop further. Here we see such opportunity was mostly lost in Ljubljana. Relating back to the “sponsored” tours for which tour guides received payment from Slovene tourist board for providing free guiding for locals in the absence of tourists in summers of 2020 and 2021, these were in interviews described with words of praise such as “great initiative”, “totally helpful”, “the only institution that was thinking about us”...

However, we can claim that for building much bolder resilience, these action should also require a conditional clause for the tour guides that would make them gain new skills, especially in terms of innovation, financial and marketing skills, that would help them be better prepared when facing a potential future crisis, i.e. building the so called dynamic and proactive component of resilience. Only this way, an interplay between stimulus and support can move the SMEs to the next level so that they can exist from the crisis better prepared and thus form a more resilient destination ecosystem. Only in such cases we can speak of strategic resilience building and using the crisis as a framework for the dynamic process of responsible business innovation building.

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