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Article

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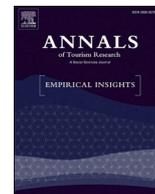
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COVID-19 policies and hoteliers' responses in Japan

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ABSTRACT

This study aims to identify the hoteliers' crisis management practices during COVID-19 and analyse the relationship between each practice and government policy. Through in-depth interviews with five hotel chains, common crisis management practice patterns, factors that lead to differences in crisis management practices and the influences of policies on these practices were identified. The findings show strong and complicated relationships between policy and hoteliers' crisis management practices. Although many crisis management practices were encouraged by the government, some practices were not influenced by the policy and others were indirectly impeded. Hoteliers are not only passively affected by government policies, but respond actively to them as well as demonstrate their own initiative in response to the crisis.

1. Introduction

This study provides an overview of Japan's policies during the COVID-19 pandemic and explores their impact on hoteliers and their responses through interviews with hotel managers. The COVID-19 pandemic significantly affected the tourism and hospitality industries, and Japan was no exception. Inbound tourism in Japan continued to increase until 2019, and the Tokyo Olympics were scheduled for 2020. Japan's hotel industry was expected to grow beyond 2020, and new investments by hoteliers are expected to be strong. However, since the pandemic and the ban on visitors to Japan for tourism purposes, the number of inbound tourists has almost disappeared, and the Tokyo Olympics were postponed to 2021 without spectators. In other words, all investments made up to 2019 in anticipation of the Olympics demand have been disappointing. In fact, the monthly number of overnight stays in Japan compared to 2019 was -82.6% in May 2020 and -54.0% in September 2021 (The Japan Tourism Agency, 2021). Concurrently, during this period, the number of overnight stays by foreigners was consistently almost zero.

However, despite this difficult environment, the number of bankruptcies among Japanese hotel operators is unexpectedly low. According to the Teikoku Databank (2021), the total number of confirmed bankruptcies in Japan between February 2020 and 10 December 2021 was 2509, of which only 117 (4.7%) comprised hotels and inns. Compared to the 423 bankruptcies of restaurants, the small number of bankruptcies among Japanese hotel and inn operators appears striking.

It is believed that national and local government policies have supported hoteliers during the pandemic. At the national level, there are subsidy policies for consumers to stimulate domestic tourism demand, such as the so-called 'Go-To Travel' projects, and for businesses to minimise employee redundancies due to shrinking demand (Matsuura & Saito, 2022). This study describes the nature of these policies and qualitatively investigates their impact on hotel operators. Much of the research on the impact of COVID-19 has been analysed at the industry level (Miyakawa, Oikawa, & Ueda, 2021; Oikawa & Onishi, 2022), but the dynamics within each hotel organisation are unknown.

This study focuses on how hoteliers make decisions and behave in challenging environments with repeated outbreaks and an unpredictable future, and how government policies influence them. This study covered the period from February 2020 to December 2021, when repeated COVID-19 outbreaks were occurring. Therefore, given the highly uncertain circumstances, it was difficult to predict the recovery in tourism demand in this period, making it an appropriate time to study crisis management behaviour in the Japanese hotel industry. Accordingly, this study draws on studies of crisis management practices in tourism enterprises (Alonso-Almeida, Bremser, & Llach, 2015; Kukanja, Planinc, & Sikošek, 2020; Radwan, 2017), identifies the practices of hotels in the COVID-19 disaster and analyses the relationship between each crisis management practice and government policy. We conducted in-depth interviews with five hotel chains and conducted a comparative analysis of their practices, analysing common crisis management patterns and factors that lead to differences in decision-making, and

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identifying how policy influences these practices.

This study makes three academic and four practical contributions. The first academic contribution reveals the impact of a combination of public health and industry stimulus policies on hoteliers, rather than a single policy. The second reveals the crisis management behaviour of hotels in light of that impact. Finally, the study suggests the hotel's management style as an antecedent of crisis management behaviour.

This study makes important practical contributions by clarifying several points. First, hoteliers could develop tourism demand during the pandemic in advance of the national policy. Second, hoteliers must make organisational changes to keep pace with the national policy. Third, hoteliers could take advantage of the pandemic to acquire properties and expand their management contracts, while those who both own and manage properties must minimise their activities and concentrate on cost control to avoid the risks posed by the pandemic. Finally, governments should impose some conditions to improve inefficient management when supporting hoteliers with subsidies. By utilising these suggestions, governments and business owners in the tourism and hospitality industry will be able to minimise the impact of crises such as pandemics.

The article is organized as follows: First, past literature on government policies regarding tourism during crisis and tourism firms' crisis management practices are briefly discussed. We then introduce the evolution of the COVID-19 infection in Japan and the nature of the policies aimed at tourism operators. The article continues by outlining the methodological approach and showing the case study findings. The six categories of crisis management practices, their relationships with government policy, and the power shifts within the organisation behind these practices are discussed. The article ends with a discussion about the academic and practical implications of our study.

2. Previous literature: review and problematization

2.1. The influence of government policies on tourism amid the COVID-19 pandemic

Generally, government policies can boost tourism through providing public service, infrastructure, and subsidy (Yang, Wall, & Smith, 2008), or control it to prioritize other public interests (Elliott, 1997). During the pandemic, in particular, balancing conflicting interests can be tricky for policymakers, as they are simultaneously obligated to ban large gatherings to control infection and, in the meantime, rescue tourism from a sudden drop in demand.

The recent COVID-19 pandemic typically exemplifies such dilemma and complexity. Specifically, strict public health policies have been found to cause sudden tourism losses, but helped tourism recover faster in the long term (Fang, Zhu, Jiang, & Wu, 2021; Kaczmarek, Perez, Demir, & Zaremba, 2021). Meanwhile, various stimulus policies have been reported to boost tourism during the pandemic (Foo, Chin, Tan, & Phuah, 2021; Hidalgo, Martín-Barroso, Nuñez-Serrano, Jaime Turrión, & Velázquez, 2022; Salem, Elbaz, Elkhwesky, & Ghazi, 2021; Yang, Mao, & Wen, 2021), without necessarily resulting in the spread of infection (Funashima & Hiraga, 2022). Given such complexity of policy implementation, policymakers should carefully coordinate various policies to optimize their effects (Zhai & Shi, 2021), improve their cost efficiency (Matsuura & Saito, 2022), and customize them to various businesses (Hu, Yang, & Zhang, 2021).

2.2. Strategic responses of tourism firms amid crisis

While policy-related studies in tourism research tend to assume firms are only passively affected by policies, crisis management studies offer different insights by highlighting firms' proactiveness in responding to crises (Henderson, 1999). The proactiveness of tourism firms has been argued to manifest throughout the crises, such that firms can anticipate, manage, and learn from crises in the pre-, mid-, and post-crisis stages,

respectively (Ritchie, 2004).

Focusing on the mid-crisis stage, previous studies have further identified various types of tourism firms' crisis management practices. These practices range from reactive to proactive strategies (Alonso-Almeida et al., 2015), including cost control and product quality enhancement (Alonso-Almeida & Bremser, 2013), marketing (Campiranon & Scott, 2014), employee management (Radwan, 2017), innovation (Campo, Diaz, & Yagüe, 2014), competition (Kossyva, Sarri, & Georgolopoulos, 2015), and protest against legislation in terms of tax and labour (Kukanja & Planinc, 2013). In a study examining tourism small- and medium-sized enterprises' (SMEs') responses to COVID-19, Kukanja et al. (2020) grouped those previously identified crisis management practices into four categories, namely marketing practices, workforce practices, cost control practices, and organisational support, and found that tourism SMEs coped with the COVID-19 pandemic primarily through workforce and cost control. In addition, tourism SMEs in different subcategories (i.e., lodging, food and beverage, travel agency) have been found to implement those crisis management practices differently (Kukanja et al., 2020).

2.3. Understanding the 'how' and 'why' of tourism firms' pandemic management in a policy context

Despite their valuable insights, we find current knowledge insufficient to understand tourism firms' responses to policies during the COVID-19 pandemic for at least two critical reasons. First, none of the previous studies examined the role of government policies in shaping internal organisational dynamics during the pandemic. Studies on policy-tourism relations, while showing the general influence of the pandemic and policies on tourism, failed to elucidate the organisational-level responses to government policies during the pandemic. Some studies examining policy effectiveness have treated firm entry and exit as output variables (e.g., Miyakawa et al., 2021); however, there is little attention to a comprehensive understanding of the diverse crisis management practices of organisations, as well as the factors behind firm decision-making and processes within organisations. Meanwhile, although the crisis management literature in tourism studies highlighted several practices that firms adopted to respond to crises, the role of government policies in shaping those responses has been largely under-addressed.

Second, current crisis management literature in tourism research failed to address the managerial decision-making antecedents that lead to those responses. In organisational studies, it has been noted that firms respond differently even when facing similar environments, depending on the internal process in handling environments (Miller & Chen, 2004; Shimizu, 2007). While prior tourism research has identified the heterogeneity of crisis management practices adoption among tourism firms (Kukanja et al., 2020), there is little understanding regarding *how* and *why* tourism firms conceive of and implement certain practices, especially from an organisational internal dynamics perspective.

3. Policy landscape of Japan

3.1. The COVID-19 pandemic and policies

COVID-19 infection rates spread in Japan from February 2020, and a state of emergency was declared several times as a public health policy. Fig. 1 illustrates the number of infections between 1 March 2020 and 7 December 2021. Five waves of infection were observed. The state of emergency in Japan was different from other countries because the government did not impose a lockdown, but strictly demanded that unnecessary outings be avoided. The first state of emergency was declared between 7 April and 25 May 2020. First, from 7 to 15 April, the state of emergency covered prefectures, such as Tokyo and Osaka. From 16 April, the state of emergency was enhanced throughout Japan till 25 May. A state of emergency was declared for the whole of Japan only

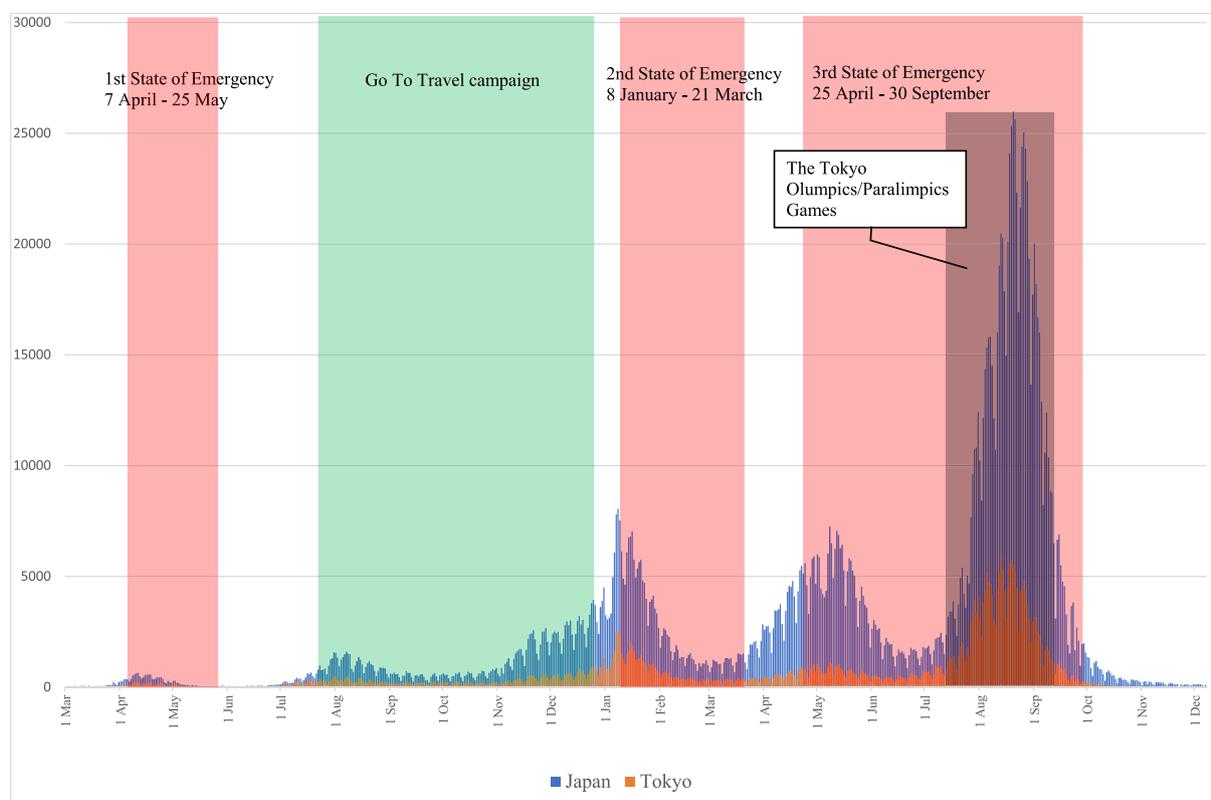


Fig. 1. The number of COVID-19 infections in Japan. (For interpretation of the references to color in this figure legend, the reader is referred to the web version of this article.)

Note: The total number of cases in Japan is shown in blue and the total number of cases in Tokyo is shown in red. The ‘Go-To Travel’ campaign offered discounts on travel costs and distributed coupons to tourist spots and souvenir shops.

Source: Ministry of Health, Labour, and Welfare of Japan; the Tokyo Metropolitan Government released Tokyo's data.

during this period. The second and third states of emergency only targeted some prefectures, including megacities.

Regarding the aspect of tourism, Japan's government conducted a campaign to boost the economy through domestic travel subsidies, named the ‘Go-To Travel’ initiative, which offered discounts on travel costs and distributed coupons for use at tourist spots and souvenir shops, with a total budget of JPY 1.35 trillion (USD 12.8 billion). The campaign carried on between 22 July and 28 December 2020 (travel to and from Tokyo included from 1 October 2020). According to the Japan Tourism Agency, approximately 87.81 million guest nights and 539.9 billion yen were subsidised.

In 2019, the average total number of guests in each month was 50 million, including international tourists (Fig. 2). In April 2020, when COVID-19 began spreading across Japan and the government declared a state of emergency, the number of guests declined drastically to 10 million. It was minus 78.7% compared to April 2019. The decline rate compared to the same month in 2019 further dropped to minus 82.6% in May. Between July and December, during the ‘Go-To Travel’ campaign, the total number of guests per month increased to 20–30 million. The decline rate compared to the same month in 2019 also recovered to minus 25–30%. After the campaign stopped, the total number of guests declined. Consequently, the campaign had an economic effect on the hospitality industry.

Some studies investigated the effect of travel subsidies including the ‘Go-To Travel’ campaign. Matsuura and Saito (2022) estimated the cost-effectiveness of domestic travel subsidies with weekly tourist flow data, named the Tourism Forecast Platform, by the Japan Travel and Tourism Association between 1st January 2017 and 30 September 2020. The domestic travel subsidies included the ‘Go-To Travel’ campaign and local travel subsidies, which were provided by the local governments.

The estimation result showed that the domestic travel subsidies are cost-effective and mitigate the negative impact caused by the decreased demand during COVID-19. They also found that leisure travellers' demand shifted from economy to higher classes through the room discount provided by the subsidies. Funashima and Hiraga (2022) examined whether the ‘Go-To Travel’ subsidy increased tourism demand and caused spreading of COVID-19 infections with the monthly data of domestic hotel guests by the Japan Tourism Agency between January and September 2020. The estimation result showed that tourism demand increased through the ‘Go-To Travel’ campaign and there was no evidence of the spread of infection caused by the subsidy. This campaign started from July and Tokyo was included from October 2020. The study only estimated the effect of the campaign during the two months excluding Tokyo.

From the data and these studies, the ‘Go-To Travel’ campaign was an industry stimulus policy important for the recovery of tourism (Foo et al., 2021; Hidalgo et al., 2022; Salem et al., 2021; Yang et al., 2021).

The Tokyo Olympic/Paralympic Games were declared to be held in August and September 2021 during the state of emergency; the Olympics were held between 24 July and 6 August, and the Paralympics between 24 August and 5 September. These games were historically held for the first time without spectators. Before this decision was made in June, accommodations in Tokyo were expected to include guests from abroad, and resultantly, their financial statements would improve. Since the Games were held without the spectators, their effect on accommodations was minor.

3.2. The subsidies for companies in Japan

To protect companies in Japan from bankruptcy, the national and

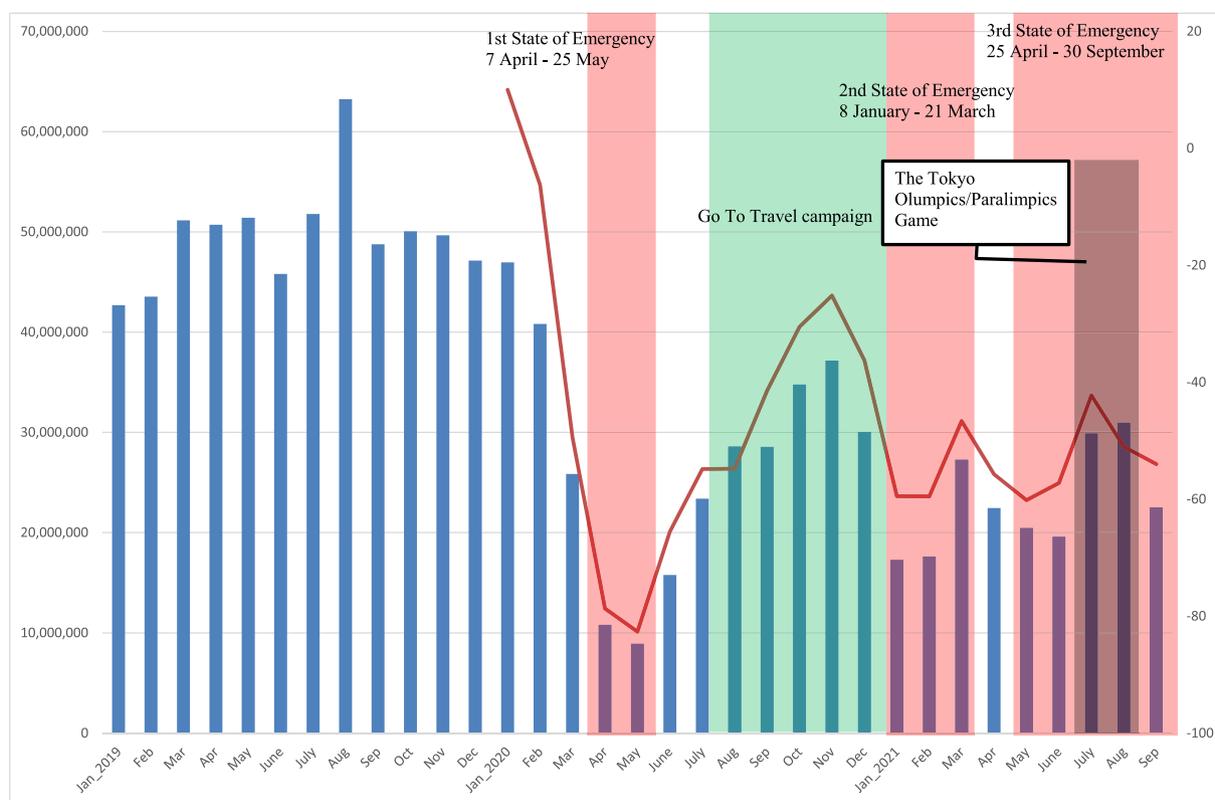


Fig. 2. The number of guests in Japan: January 2019–September 2021. (For interpretation of the references to color in this figure legend, the reader is referred to the web version of this article.)

Note: The blue bars show the total number of guests, and include both leisure and business tourists. The rate of change compared to the same month in 2019 is indicated by the red line.

Source: Japan Tourism Agency, ‘Overnight Travel Statistics Survey’.

local governments offer subsidies and interest-free loan. Table 1 describes the representative business support in Japan. The subsidy for employment adjustment was a special measure for COVID-19 implemented between April 2020 and March 2022. The subsidies were provided to employers who implemented employment adjustment (leave of absence) based on an agreement between labour and management to maintain employment. This was in the event that they were forced to reduce their business activities as a consequence of COVID-19. In addition, when employers maintain employment for secondary workers, they are also eligible for an employment adjustment subsidy.

Subsidies for temporary secondments were established in February 2021. This subsidy covers the costs, including the salaries, of secondment employees. Both assignor and assignee companies are eligible to

Table 1
Representative business supports in Japan for COVID-19.

Name of business supports	Contents
1 Subsidy for employment adjustment	Duration: From April 2020 to June 2022 Leave compensation for employees. Subsidy: 100% (Max: 15,000 yen per day) From February 2021
2 Subsidy for temporary secondment	Target: assignor and assignee companies of temporal transfer during COVID-19. Subsidy: Max 90% for SMEs Max 75% for large firms
3 Effectively interest-free and unsecured loans	Target: companies whose sales decreased due to COVID-19. Loan: Max 300 million yen for SMEs Max 60 million for a sole proprietor

Source: Ministry of Health, Labour, and Welfare of Japan, ‘Guide of subsidies and supports related to COVID-19’.

receive subsidies. Some companies employed a temporary transfer system as a secondary to protect their employees during the pandemic since 2020. Secondary employees were temporarily transferred without changing their registration. The government established this subsidy in February 2021, which was a follow-up policy for the trend.

An interest-free and unsecured loan is called a ‘zero-zero loan’, and is unsecured and effectively interest-free for three years with principal deferment for up to five years. The loan was for companies whose sales decreased due to COVID-19. For example, the Japan Finance Corporation (a government-affiliated financial institution) provided a loan amount of 13,870.2 billion yen for companies during COVID-19, most of which could be considered zero-zero loans (Nikkei, 2021).

Hoshi, Kawaguchi, and Ueda (2022) examined the effects of these subsidies and the support, and rated the firms with poor performance (suggested by low credit scores) before the pandemic as being more likely to receive these government supports.

3.3. Accommodations in Japan during COVID-19

As of 2019, there were 51,004 hotels and ryokans (Japanese-style inns) and approximately 1.7 million rooms in Japan (excluding Airbnb, bed & breakfasts, and other small inns). Almost all hotels and ryokans are owned and operated by small, medium-sized, or family businesses.

The bankruptcy trend for accommodations in Japan has been reported regularly by the Teikoku Databank, a research company targeting small and medium firms. According to the 2020 report, 125 accommodations filed for bankruptcy and the aggregate amount of indebtedness was 86,366 million yen (Fig. 3). These were almost at the same level as in 2011, when the Great East Japan Earthquake occurred. There were 73 bankrupt accommodations in the first half of 2020 and 52 in the second

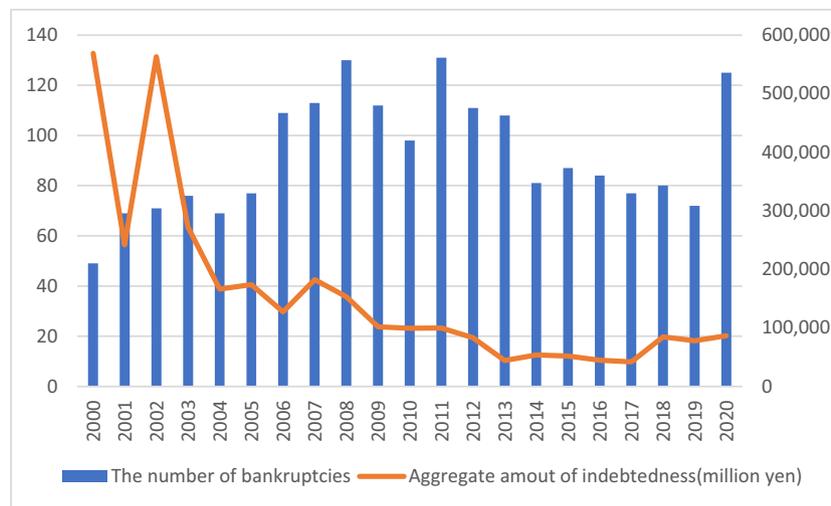


Fig. 3. The bankruptcy trend of accommodations in Japan: 2000–2020. Source: Teikoku Databank (2021).

half. Bankruptcy as a result of the COVID-19 pandemic accounted for 72 of the 125 accommodations. Travel campaigns and subsidies for employment adjustment broke the bankruptcy of accommodations in the second half of 2020.

Some studies examined the policy effects on the hospitality industry during the pandemic (e.g., Miyakawa et al., 2021); however, the factors behind firm decision-making and processes within organisations are not clear as mentioned, in Section 2.3. Hoteliers' responses to the government policies or COVID-19 situation are restricted to the news field. Therefore, academic research to capture the response and decision-making processes of hoteliers in this crisis is needed.

4. Method

To explore how hoteliers responded to Japanese policies in response to the COVID-19 pandemic, this study adopted a qualitative approach. As Kušcer, Eichelberger, and Peters (2022) point out, crisis- and disaster-management research in tourism has been predominated by qualitative approaches. As this study also relies on the unique context of Japan-specific policies and hoteliers' responses to the crisis, a qualitative approach is preferred. In particular, an in-depth understanding of multiple case studies is required to ascertain the differences in responses between hoteliers.

In conducting qualitative research, this study relied on the Eisenhardt Method (Eisenhardt, 1989, 2021). In other words, the research was conducted from a positivist standpoint. The aim was to fact-find the behaviour of hoteliers after the COVID-19 pandemic in a time series, following the framework of crisis management practices proposed by Kukanja et al. (2020).

4.1. Sampling and data collection

To make the replication logic work, several hoteliers need to be selected from a theoretical standpoint (Yin, 1984). Since this study focused on hotel chains' crisis- and disaster-management, it was necessary to control for the size of the business, which affects the risk tolerance of the operators. To consider the different types of operations, it was necessary to choose polar types of management (owner-operated hotel chains and management-focused hotel chains).

Five representative hotel chains that own and operate resort hotels located in tourist areas in Japan were included in this study. None of them were budget hotel chains, but involved owning and/or operating hotels of higher classes. Of the five selected chains, three were traditional owner-operated chains (hotel chains A, B, and C) and two were

management-focused chains (hotel chains D and E). Two of these chains are in the top five for sales of a single hotel and have a strong brand and name recognition (hotel chains B and C), one is in the top five for sales of hotel chains as a whole (hotel chain A), and two operate more than 50 hotels in Japan (hotel chains D and E). Therefore, all five hotel chains were considered to have a high-risk tolerance due to their size of operations.

In addition, the interviewees should be in a position to know the background and intentions of the decision-making for the entire hotel chain. A rapport had to be established between the interviewer and interviewee to ask about such intricate issues regarding hotel chains' financial situation and human resource management. Two of three researchers who led the interviews taught an MBA programme for the hospitality industry, and executives from the five selected hotel chains participated in the programme as students or lecturers. After about one year of interaction, a good rapport was established between the interviewers and interviewees. In addition, we were able to conduct the interviews with contextual information about the business situation and internal environment of each chain.

To triangulate the research, several people were interviewed from hotel chains A and D. Two managers from hotel chain A were interviewed separately, and four people from hotel chain D (a regional manager who manages several hotels, a hotel manager, and two front-line service staff) were interviewed twice, in November 2020 and December 2021 (Table 2).

Only employees of hotel chain D were interviewed face-to-face; the others were interviewed online. The interviews were semi-structured and lasted approximately one hour each. The guidelines for the interviews were based on the factors of crisis management practices proposed by Kukanja et al. (2020) (marketing practices, employee practices, cost control practices, and organisational support), infection

Table 2 Interviewee overview.

Participants	Hotel chain	Job title	Interview date
1	A	Chief manager	Sep. 2021
2	A	Manager	Oct. 2021
3	B	Corporate Planning Div.	Oct. 2021
4	C	Sales Div.	Sep. 2021
5	D	Regional Manager	Nov. 2020, Dec. 2021
6	D	Hotel manager	Nov. 2020, Dec. 2021
7	D	Staff	Nov. 2020, Dec. 2021
8	D	Staff	Nov. 2020, Dec. 2021
9	E	Marketing managers	Oct. 2021

prevention practices of COVID-19, and the use and timing of subsidy policies. To avoid factual errors on the part of the interviewees, they were given an overview of the interview at least one week in advance and were asked to gather the necessary information before attending the interview.

As the COVID-19 crisis response was ongoing and non-public information, such as the hotel chain's financial situation and room occupancy rate, was delicate, the interviews were not recorded. Instead, the notes of the three interviewees were cross-checked after the interviews to ensure that there were no misunderstandings in the interviews or interpretations.

All interviews were conducted in Japanese. No financial remuneration was given to the interviewees. The results of the study would be communicated to those who wished for it.

4.2. Analysis procedure

The data analysis was carried out in three steps. First, after each interview, a list of practices implemented by the hotel was compiled. The next step was to determine whether each practice could be categorised into one of the three elements of crisis management practices proposed by Kukanja et al. (2020): marketing practices, employee practices and cost control practices. For practices that were judged not to fit into any of these categories, a new category of practice was created. Finally, the relationship between each practice and government policy was related based on the statements made in the interviews. These three steps were carried out by several researchers at each interview.

As a result of this analysis, six crisis management practices were identified, adding three management practices to the original three from Kukanja et al. (2020), and one organisational dynamic behind each of the six practices was also identified. The six practices were: hotel closures and downsizing, infection control practices, cost control practices, employee practices, marketing practices, and chain expansion. The organisational dynamics behind these practices represented power shifts within the organisation.

5. Results

The results of the analysis are summarised in Table 3.

The first column presents the hoteliers' crisis management practice categories and their sub-categories. The analysis showed that in addition to the three crisis management practices categories in Kukanja et al. (2020), we identified three additional categories and one intra-organisational dynamic. The first one was the closure of hotels and reduction in size of operations. As the practice spanned two existing categories, we designated it as a new category. The second one included infection prevention practices, which were infection-specific practices related to COVID-19 (Lai & Wong, 2020). The third one involved expanding the chain, which was a crisis management practice at the strategic level of the enterprise and the most aggressive one of the six practices. This strategic category was likely overlooked because the focus of previous studies was mostly on small and medium-sized enterprises.

The middle column shows whether each of the five hotel chains in the study implemented each crisis management practice. Most practices were commonly implemented by all five chains. However, there were differences in the extent to which they were implemented, as will be mentioned later. The two areas where there was a complete difference in the implementation of crisis management practices were internal communication and expanding the chain. The former was strongly linked to the leadership style of top managers, while the latter to the type of hotel.

The last column shows the relationship between each crisis management practice and government policy. Many practices were encouraged by government policies to varying degrees. There were differences in the way hoteliers perceived and used the policy, and

Table 3
The result of the analysis.

	Hoteliers' crisis management practices	Hotel chains investigated					Relationship with government policies
		A	B	C	D	E	
1	Closure of Hotels and Reduction in Size of Operations	✓	✓	✓	✓	✓	Strongly encouraged
2	Infection Prevention Practices						
	• changes in operations	✓	✓	✓	✓	✓	Encouraged
	• vaccination of their employees	✓	✓	✓	✓	✓	Encouraged
3	Cost Management Practices						
	• reducing the cost of operations	✓	✓	✓	✓	✓	No clear relationship
	• renegotiating contracts with owners and suppliers.	✓	✓	✓	✓	✓	No clear relationship
4	Employee Practices						
	• employment adjustments	✓	✓	✓	✓	✓	Strongly encouraged
	• internal communication		✓	✓	✓		No clear relationship
5	Marketing Practices						
	• government stimulus	✓	✓	✓	✓	✓	Strongly encouraged
	• own marketing plan	✓	✓	✓	✓	✓	Influence/Partially encouraged
6	Expanding the Chain Organisational Dynamics				✓	✓	Indirectly impeded
	Power Shifts	✓	✓	✓	✓	✓	No clear relationships

therefore there were differences in the degree of impact. For instance, some practices were not influenced by government policies, but were implemented through the initiative of the management. Some of these initiatives influenced the formation of government policies or were indirectly impeded by the latter.

In other words, although government policy had a significant impact on the hoteliers' behaviour, they were not simply passive entities affected by it (Elliott, 1997). They responded actively to crises, and, for them, government policies were simply part of the environment around them.

In the following section, we describe each of the six categories of practice and discuss their relationship with government policy and practice differences between hotel chains. We then refer to the organisational dynamics of power shifts behind these practices.

5.1. Closure of hotels and reduction in size of operations

All five hotel chains in our research closed their hotels or reduced the size of their hotel operations from April to May 2020, when the first state of emergency was declared in Japan, and some hotel chains have continued to do so. The closure and downsizing of hotels have three aspects that will be discussed in later sections: infection prevention practices, cost control practices, and employee practices. It is also clear from the interviews that hotel closure and downsizing were influenced not only by increased COVID-19 transmission but also by two government policies: the declaration of a state of emergency and subsidy for employment adjustment.

The CEO's policy was put in place in April 2020 (when the first state of emergency was declared). The infection keeps on spreading and shrinking, and it will not change until we have a vaccine and a special medicine. During the period of the spread of the disease, tourism is depressed, so the priority is to protect. We will endure the situation by cutting costs and using the subsidy. And keep the cash. When the infection is shrinking, we develop new products and make news releases.(Regional Manager, Hotel Chain D).

The beginning of the COVID-19 pandemic and the consequent declaration of a state of emergency in April 2020 raised concerns not only among customers but also among employees. Therefore, one of the main objectives of closing hotels during this period was to avoid exposing employees to the risk of COVID-19.

As of April 2020, the president took the decision to close almost all of our hotels for the sake of the health of our customers and employees. (Hotel chain A Chief Manager).

Conversely, the closure of hotels had a more economic aspect. When a state of emergency was declared and people were required to refrain from going out unnecessarily, many cancellations occurred.

Furthermore, the subsidy for employment adjustment made the decision to close hotels easier. The subsidy for the employment adjustment scheme, which began on April 2020, allowed hotel chains to receive at least two-thirds of the salaries of their employees, even if they closed the hotels. It is difficult to fire employees in Japan, and labour costs are treated more as fixed rather than variable costs; the subsidy for employment adjustment made it possible to treat labour costs as variable.

Currently, the decision is based on the balance between employment adjustment subsidies and sales. The decision to close is made by the head office. This is because if we leave it to the field employee, each facility will inevitably want to do it, so we do not let each facility make the decision. We began to quantify the financial advantages of closing and receiving the employment adjustment subsidies. Comparing the cash flows of opening and closing. When you have the employment adjustment subsidy, it's better to close a hotel that has an occupancy rate of less than 30%, usually it's better to keep the hotel open, even if it's in the red, as long as there are a few customers coming. (Hotel chain A Chief Manager).

The scale of closures and extent of reduction in the scale of operations varied greatly between hotel chains. The government policy mentioned above did not directly instruct hotels to close, as in the case of lockdowns, but rather asked people to refrain from travel, which would lead to a reduction in the number of hotel customers, and provided hotels with financial support to reduce the size of their operations. As a result, individual hotel chains decided how much to reduce their operations, and these decisions varied widely. In other words, hoteliers were not simply reactively responding to policy (Elliott, 1997), but actively trying to capitalise on it.

In our research, hotel chains A and C, both of which are owner-operated, decided to close all their facilities or significantly reduce the size of their operations, whereas management-focused hotel chains D and E decided to close only a limited number of hotels. The main reason for the difference was that, for hotel chains D and E, it was necessary to reach an agreement with the owners to close or reduce the size of the operation. In other words, differences in hotel types, and hence differences in organisational resources, influence differences in crisis management practices. This implies that, in crisis management, each firm has a resource-dependent organisational capability (Grant, 1996; Makadok, 2001; Teece, Pisano, & Shuen, 1998).

5.2. Infection prevention practices

After the first declaration of a state of emergency, hotels could not return to normal operations and various infection prevention practices had to be implemented. These practices can be divided into two main categories: changes in the operation and recommendations for vaccinations for employees.

The changes in operations to prevent infection included disinfection, temperature checks of customers, and physical layout changes to maintain social distance.

When we opened in July 2020, the operation was a panic. We had to do a lot of things during COVID-19 and we changed the operation. During the first week or so, I spent about six hours every day alone wiping down the housekeeping bags. It was very difficult at first because we hadn't been trained in the new operation. (Hotel chain D staff).

Although most infection prevention practices were common to all hotels in our study, some hotels adopted additional practices.

In order to increase our sales as much as possible, we do vaccine and PCR plans. This is mainly for bridal use. We have a partnership with a testing company. We do a lot of things, but this is not enough to recover. We are doing a lot of things; however, I don't think this is enough to recover. We need inbound demand. (Hotel chain A Chief Manager).

Second, all hotels disclosed employees' vaccination status to varying degrees, and some recommended vaccinations to their employees. For example, hotel chain D released the vaccination rates of all employees on its web pages.

To a large extent, these infection prevention practices were based on government requirements. The government issued policies and standards for COVID-19 prevention that were actively adopted by hotel chains. The government also offered incentives for COVID-19 prevention practices. For example, the 'Go-To Travel' campaign specified the standards of COVID-19 prevention practices required for participating in the campaign.

The differences among hotel chains' infection prevention practices were partly because infection prevention practices also had marketing purposes. The degree of thoroughness of infection prevention and vaccination of employees were not only infection prevention practices, but also involved a marketing element to provide a sense of security to their customers.

Lai and Wong (2020) revealed through their study of hoteliers in Macau that infection prevention practices were considered most important for this population. The study showed that there was room for ingenuity in how these infection prevention practices were linked to attracting guests, and that the thoroughness of infection prevention practices depended on whether hoteliers were willing to actively take advantage of the situation.

5.3. Cost management practices

Cost management practices are closely linked to employee practices; however, some are not, including reducing operation cost and renegotiating contracts with owners and suppliers. There is no evidence of the influence of government policies on these practices.

First, tightening budgets and lowering operational costs were implemented in all hotels, although the method varied from hotel to hotel. In most cases, there was either a reduction in operation staff or an internalisation of outsourced services.

A special department was set up to implement the various suggestions made by the frontline employees. Basically, the policy was to produce in-house. We now have a restaurant chef who prepares meals for the staff canteen. Originally, we outsourced it. It's a great luxury, because you can eat restaurant food for the price of the canteen. The employees who started working remotely during COVID-19 envied those who commuted. But in reality, the food is too richly flavoured for our staffs to eat every day. (Staff, Corporate Planning Division, Hotel Chain B).

Second, some hotel chains actively renegotiated the contracts with their owners and suppliers. This was particularly true for hotel chains D and E, which operated their hotels under property leases or management contracts.

The relationship with the owners has become even more important since the COVID-19 disaster. For some time now, we have been holding monthly briefing sessions with the owners. Regarding COVID-19 damages, the CEO also goes to the owners and proactively proposes a review of the contract. (Marketing Manager, Hotel Chain E).

There was no indication that government policy had any direct impact on either of the two practices mentioned above, although the circumstances for these practices were shaped by government policy.

5.4. Employee practices

Employee practices can be divided into two main categories: employment adjustments and internal communication. Almost all hotel chains had similar practices in place for employment adjustment, but there were some differences among hotel chains in internal communication with their employees. Government policies have significantly impacted employment adjustment practices.

First, the five hotel chains in our study had similar policies for employment adjustment, preserving the employment of permanent staff while reducing labour costs as much as possible. This policy mainly consisted of using secondments, the natural attrition of part-time workers, and the replacement of jobs by permanent employees. Secondment is a scheme whereby a company's own employees are sent to other companies while retaining their contract of employment with the company. The original employing company pays the employee's salary, but the client company pays an equivalent amount to the original employing company, which allows the original employing company to reduce its labour costs. Most hotels in our study set up special divisions that coordinated secondments and used the secondment system as much as possible.

Around June 2020, a department was created in human resources to find secondments. The secondment was positioned as an opportunity for growth. Candidates for secondment included other hotels and long-established confectionery shops. (Hotel chain B, Corporate Planning Division).

Another practice mentioned by most hotel chains in our study was internal communication with employees. In three of the five chains in our research, messages from management to employees were issued more frequently than before. There were two types of messages: messages about job security and messages for strategic communication.

As for job security, the top management sent messages about the company's viability and that they would protect employees' jobs.

Our president shared the information about the cash flow with all the employees, and conveyed the message that the company would not go under. Of course, there were some people who wondered if we were really going to be okay, because our hotel's sales were based on banquets. But since the president came from a banking background, there was an atmosphere among the frontline employees that the president's message could be trusted. (Hotel Chain C Sales Division).

In our company, the probability of bankruptcy was published every month in the company. It was a specific figure of the probability of bankruptcy of the company, estimated according to its financial situation. However, we took the bankruptcy probability as a positive thing. I felt secure in the fact that the information would be made public. There is also a sense of security in the size of the hotel chain D. (Hotel chain D, No.8 Staff).

In addition to job security, top management also sent more strategic messages in the early stages of the COVID-19 outbreak.

In May 2020, an email was sent to all employees from the president asking them to propose 'any idea to break this situation'. I heard that about 1500 of the 3000 employees replied. A department was set up

to sort out and implement measures based on the replies. In fact, many of them were things like installing disinfectant, going paperless or working from home. Good ideas were added to the personnel evaluation. (Hotel chain B Corporate Planning Division).

The message from the CEO was clear: the number one priority is cash. Customer satisfaction and brand can be temporarily downgraded. (Regional Manager, Hotel Chain D).

Government policy strongly affected hotel chains' employment practices with regard to employment adjustments. The subsidies for employment adjustment and temporal secondment played a major role, which directly supported and indirectly affected those practices. Specifically, the subsidy for employment adjustment, which came into effect in April 2020 and was used by all the chains in this research, offered hotel chains incentives to retain their employees. The subsidy for employment adjustment varies from chain to chain, and the amount of subsidy is higher for those that have not laid off any employees.

In addition, from February 2021, the subsidy for temporal secondment was launched to support hotel chains for secondary employees, with the government subsidising at least 50% of their salary. The subsidy for temporal secondments, like the subsidy for employment adjustment, had an incentive mechanism to encourage hotel chains to retain employees.

These government policies undoubtedly had a strong influence on the formation of employment practices in hotel chains. Looking at the behaviour of individual hotel chains, not all chains necessarily responded to the policy in a uniformly passive manner. However, strong economic incentives resulted in many hotels choosing similar employment practices (Hoshi et al., 2022).

5.5. Marketing practice

The five hotel chains in our research had developed a variety of marketing practices, which can be divided into two main categories: marketing practices associated with the government's 'Go-To Travel' campaign and other practices. Other practices include 'micro-tourism', serviced flats, 'workation', day use, and take-away. Some marketing practices were initially innovative, then the government encouraged their spread.

The 'Go-To Travel' campaign, the government's travel-spending initiative, launched in July 2020, was actively used by the five hotel chains in our research. All interviewees said that the campaign was very effective in stimulating the demand for travel, as the government subsidised half of the travel costs.

(The impact of the 'Go-To Travel' campaign was) huge. It was a game to see how much money we could make from it. But there were some hotels that did not take advantage of it. They didn't have the ability to gather enough information or to try it out, so they didn't see the benefits of the 'Go-To Travel' campaign, and they didn't catch up to it.

(Chief Manager, Hotel Chain A)

Apart from the 'Go-To Travel' campaign, each hotel chain had a variety of marketing practices. Most of these practices existed before, but were rapidly popularised after the COVID-19 pandemic. Take-away use in the restaurant sector, day-use campaigns, and 'workation' campaigns are examples of marketing practices that spread rapidly during the COVID-19 pandemic.

The restaurant's buffet has been converted to an iPad ordering system, and although the introduction of the iPad was controversial, it has been well received by customers as a result, as older customers are able to communicate with the waiter who operates it instead of them. Also, for the reopening, the menu was renewed and the unit price was increased. (Hotel chain B, Corporate Planning Division).

Unlike the above marketing practices, the concept of 'micro-

tourism', a way of stimulating demand for short-distance tourism, was innovatively created after the COVID-19 pandemic. This concept was proposed by the president of a hotel chain and disseminated through various media, rapidly spreading in Japan. It was a marketing campaign that did not contradict the COVID-19 pandemic precautions. As a result, it spread rapidly to other hotel chains and government organisations. Many hotel chains offer discounts exclusively for short-distance travellers. It has also spread to local authorities, some of which have started their own initiatives to subsidise accommodation for visitors from neighbouring areas. Since 2021, the term 'micro-tourism' has also appeared in government reports on tourism.

5.6. Expanding the chain

COVID-19's impact has led to a significant change in hotel chain strategies. As for the chains in our study, management-focused hotel chains D and E actively increased their number of hotels. In contrast, other owner-operator hotel chains did not expand their chains.

Hotel chains D and E increased the number of their facilities since the beginning of the COVID-19 pandemic, due to both the demand-side and supply-side factors. One interviewee from hotel chain D said that the reason for the increase was that they had been approached for more projects in the first place. This is because, in the face of a significant drop in demand for accommodation, an increasing number of contracts between owners and operators are not being renewed and larger hotel chains D and E are being approached.

On the other hand, according to the interviewee from the hotel chain E, the management had its own reason.

The number of management contracts has increased considerably since before COVID-19. The goal of the management plan is to increase the number of properties. We used to get various fees, but we had to stop that. The profit margin per hotel has decreased. Therefore, we have turned towards increasing the number of properties. Before COVID-19, it was 'if there is a good property, let's take it on', but now we are on the offensive. (Marketing Manager, Hotel Chain E).

Government policies indirectly mitigated the dynamics of industrial restructuring. At the beginning of the COVID-19 pandemic, it was expected that the industry would be significantly restructured, with many hotel chains going bankrupt. However, bankruptcies and mergers and acquisitions did not occur to any great extent between 2020 and 2021. This was because governmental support was working to keep hotel chains, which could have gone bankrupt, alive. As a result, chains that were supposed to expand have not grown as much, while chains that were supposed to disappear have continued to exist.

5.7. Dynamics in organisations: Power shifts

In the course of our research, we found that changes in the distribution of power within organisations was common among the five hotel chains. The crisis created by COVID-19 had increased top management's influence within the organisation and strengthened the influence of those groups who were willing to propose new approaches, weakening the influence of those who resisted them.

First, in the hotel chains in our study, top management's influence became stronger than before.

In the past, a lot of decision-making was left to the general manager of each facility, who had a regional director above him, who was like the emperor of the region. The only official communication between the head office and the general managers of each facility was at the general manager meetings, which were held twice a year. After COVID-19, however, there were monthly meetings between members of the head office and the general managers of various facilities, and more and more instructions were given from the head office. The

reason why we have been able to move so flexibly is that, in our company, the responsibility for sales and marketing lies with the Sales and Marketing Division, but now the President of the company doubles up as the General Manager. (Hotel chain A Chief Manager).

The shared sense of crisis in the organisation also stimulated a bottom-up movement by drawing out the actions of employees who were willing to innovate, and by weakening the voice of conservatives who were opposed to new initiatives.

Our company's new serviced flats would not have been possible before COVID-19 because it would have been difficult to build consensus within the company. However, it was very difficult to oppose something new, because the organisation shared the situation that COVID-19 might put the organisation at risk of survival. If it had been a normal situation, we would have definitely gone bankrupt. It's very difficult to do something new because there are people who say, 'That's what makes our hotel unique'. But now things have changed, and I think that COVID-19 has enabled us to do what the smart people in the company have been thinking about for a long time. (Hotel chain B, Corporate Planning Division).

As we have shown in the various hotel policies, hotels in the COVID-19 situation are rather more active than usual in order to adapt to the external changes in the environment of COVID-19 and the associated government policies. Behind this positive activity, there has been a shift of power within the organisation, which has enabled new attempts to be made within the organisation.

6. Discussion

Policies against COVID-19 in Japan and the hoteliers' response to them were simultaneously pursued with a mixture of restraint and stimulus. Many hoteliers responded to national and local governments making a 'severe call for restraint' by declaring a state of emergency through closing or reducing their operations. Hoteliers simultaneously pursued a policy of restraint, concentrating on cost control and marketing campaigns to attract new customers. The government's employment subsidies kept hotels running and employed while strongly encouraging hoteliers to close or reduce their operations, thus minimising the movement of tourists who could have spread the disease. Contrarily, when the situation improved, tourism stimulus measures for consumers, such as 'Go-To Travel', temporarily improved hoteliers' business situation.

In addition to responding to these policies, some hoteliers have proposed tourism concepts that would generate new tourism demand. In addition, some hoteliers, such as companies D and E, saw the pandemic as an opportunity to expand their business and invest aggressively, which may have helped sustain the tourism industry.

The academic contributions of this study are threefold. The first contribution is to identify the reactions within the hoteliers' organisations caused by the policies and subsidies implemented by the Japanese government. Though there were studies that focused on the effects of public health policy (Fang et al., 2021; Kaczmarek et al., 2021) and industry stimulus policy (Foo et al., 2021; Funashima & Hiraga, 2022; Hidalgo et al., 2022; Matsuura & Saito, 2022; Salem et al., 2021; Yang et al., 2021), these studies examined the impact on the hospitality industry, but did not provide a rich qualitative account of how individual hoteliers reacted to them. This study followed Kukanja et al.'s (2020) framework of crisis management practices and contributed to our understanding of organisational process under such policy landscape.

Second, it explores hotel crisis management practices in the policy context. While existing research discussed hoteliers' proactive behaviour (Alonso-Almeida et al., 2015; Henderson, 1999; McCool, 2012; Ritchie, 2004;), this study revealed a policy-influenced crisis response. In a crisis that affects the whole country, such as a pandemic, there are strong and complicated relationships between policy and hoteliers' crisis

management practices. This study showed that although government policy had a significant impact on hoteliers' behaviour, they were not simply passively affected by government policies, but also responded actively to them.

Third, we suggest the impact of different types of hotel operations on crisis management practices. The heterogeneity in organisational resources brings heterogeneity in organisational capability (Grant, 1996; Makadok, 2001; Teece et al., 1998). The type of hotel (i.e., operation-specific hotel chains versus owned-and-operated hotel chains) creates differences in risk tolerance, leading to a difference between perceiving the same crisis as a threat or an opportunity (Sarkar & Osiyevskyy, 2018).

The study also has several practical implications. Specifically, the following four points can be made:

First, some hoteliers took a leadership role in developing tourism demand during the pandemic in advance of national policy. Company D adopted a new approach by clarifying its business policies during the pandemic and communicating the business situation to employees. The leadership of these operators has become a model for hoteliers in Japan, and created new tourism demand in the form of micro-tourism.

Second, many hoteliers undertook organisational change to quickly catch up with national policy. Large hotel chains, such as Company A, changed from decentralised decision-making to centralised leadership and set out a consistent policy for the pandemic response. They were also able to make top-down decisions, such as closing hotels with low occupancy rates, to obtain employment adjustment subsidies.

Third, hotel management operators took advantage of the pandemic environment to acquire more properties and expand their management contracts, while operators that both owned and managed properties minimised their activities and concentrated on cost control to avoid the risks posed by the pandemic. The latter, because of the size of their assets, chose to be risk-averse and acted first and foremost to take advantage of subsidy policies. The former hotel chain, on the other hand, was able to reduce its fixed costs by revising some of its lease agreements with property owners, allowing it to invest more aggressively. Thus, the trend in hotel management in Japan may have changed after the pandemic.

Finally, while policies have allowed many hoteliers to remain in business, they may also have the inherent negative effect of preserving inefficient management (Hoshi et al., 2022). Japan's policy towards hoteliers can be regarded as a success in that it has achieved two objectives: to deter infection and maintain business. However, policies that do not involve market competition, such as employment adjustment subsidies, can lead to the retention of inefficient operators. Therefore, policies that encourage healthy market competition should be considered.

7. Conclusions

This study identified the impact of policies on hoteliers and the differences in their crisis management responses during the pandemic through in-depth interviews. While the industry was in crisis, policies focusing on employee retention and demand creation supported hoteliers, and the proactive efforts of some hoteliers led to further demand creation. However, despite the aforementioned academic contributions and practical implications, our study has several limitations. The most important limitations are that it is a qualitative survey of a limited number of large hotel chains. The study does not show how small and medium-sized hoteliers and traditional innkeepers have responded to the policy, and no research has been carried out to ascertain policy-makers' intentions. Furthermore, although concerns about the future uncertainty of the tourism industry have gradually diminished with the progress of vaccinations in 2021, the COVID-19 pandemic is still ongoing, as is the crisis for the tourism industry. Therefore, it was not possible to examine the medium- and long-term effects of this policy. Only after the pandemic has been contained will it be possible to discuss

the policy limits and sustainability and the transformative process of a hotelier response.

Despite these limitations, we believe that this study succeeded to some extent in extending the discussion of crisis management practices in previous studies and in identifying the relationship between hotel crisis management behaviour and government policy under COVID-19.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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