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Abstract

Most of the businesses are collapsing amid the Covid 19 pandemic. The most affected industry in the entire World is the hotel industry. Thus, the study sought to examine the effect of contingency planning on the survival of the hotels in California, USA, amid COVID 19 pandemic. The study adopted the explanatory research design. The target population included employees from the sampled hotels in California. The key respondents in the study were the employees from the management and also the support staff. Questionnaires were used to collect the data. The results of the study showed that contingency planning and firm survival is positively and significantly associated. It was further found that contingency planning is positively and significantly related to firm survival ($\beta=.069$ $p=0.021$). It was noted that contingency planning explains 18.7% of the variations in the survival of the hotels. Based on the study's findings, it was concluded that contingency planning is positively and significantly related to firm survival. Contingency planning includes contingency identification, developing a contingency planning policy statement, identifying preventive controls and protection systems to be used in case of an emergency, and developing contingency planning strategies. The planning also includes allocating adequate resources to be used in case an emergency occurs. Contingency planning is all about developing strategies to recover from hardship. The contingency recovery plans include steps written down or communicated to all that describes how the organization responds when disaster or misfortune strikes. The contingency recovery plans also include establishing a communication system for the recovery plans in the organization. The study recommended the management involve other employees in the development of contingency planning strategies. It is recommended that the firms ensure that the contingency allocation is adequate to cover potential events not explicitly accounted for previously in the budgets. Moreover, the management of the firms needs to ensure there is effective management of contingency funds in the firms. Furthermore, it is recommended that the contingency allocation be based on the expected magnitude of the risks if it occurs. The study

suggested that there is the need to have a disaster recovery team that is always ready for the recovery plans in the organization. A written recovery plan that describes how the organization will respond when disaster or hardship strikes need to be drafted. It is recommended that there should be a time frame developed for the recovery plans in the organization. The government should also offer some subsidies to the firm in times of crisis, especially when the entire World is under the pandemic of COVID 19.

Keywords: *Contingency Planning, Survival, Hotels, California, USA*

1.0 Background to the Study

Contingency planning incorporate alternative course of action, which can be implemented if and when an original plan fails to produce the anticipated result (De Matta, 2017). A contingency plan is the course of action designed to help an organization respond effectively to a significant future event or situation that may or may not happen (Yamakawa & Cardon, 2017). The contingency planning is very important for a business because it can be great for preventing risks (Sullivan, White & Hanemann, 2019). According to Malhotra and Venkatesh (2019), contingency plans are backup plans that businesses activate only when a disaster or unforeseen situation disrupts the operations of the company or put its employees at risk. Contingency planning is a fundamental strategy in enhancing minimal firm disruption and driving sustained performance of organizations (Mische & Wilkerson, 2016). Organizations should anticipate competitive economic and organizational changes that may impact on its business and therefore, put in place plans to cushion their firms from sudden collapse or challenging dynamic change (Gross 2017).

The contingency planning is a crucial enabler for the organization to focus on relevant strategic responses that the firm may put into place in case unforeseen disruptive events occur. Dropulić (2017) established that contingency plans are very significant and increase the sustainability of the manufacturing companies in Croatia. Besides, Seaktheng (2015) concluded that product risk identification, risk monitoring and risk assessment were positively and significantly related to the survival of the retail supermarkets in the United Kingdom. Similarly, Maletic and Gomiscek (2018) established that when the contingency factors are undertaken in advance, the performance among the European organizations is enhanced. Also, Sugiharto, Sulistiowati and Nofiyanti (2018) that contingency assessment, liquidity level, size of the organization and number of employees were positively and significantly related to the sustainability of the rural banks in Indonesia.

The planning includes allocating adequate resources to be used in case an emergency occurs (Seaktheng, 2015). The allocation consists of the amount of money and time to cover potential events that were previously not explicitly accounted for and may happen in the future. Contingency planning is all about developing strategies to recover from hardship. The contingency recovery plans include steps written down or communicated to all that describes how the organization responds when disaster or misfortune strikes. The contingency recovery plans also include establishing a communication system for the recovery plans in the organization. Similarly, Li, Dong, Jiang, Sun, Guo and Fan (2017) found that local investment environment risk assessment, technical risk assessment, organization management risk assessment, health risk assessment, social responsibility risk assessment and economic risk assessment were essential factors that influenced the investment decisions and sustainability of the oil companies in China. Besides, Ortiz, Pellicer and Molenaar (2019) found that effective contingency allocation is positively related to the survival of the construction companies in Spain. Also, Jorrigala (2017) revealed that business continuity planning and disaster recovery planning are positively and significantly related to the

survival of the commercial banks in Minnesota, USA. Moreover, Sharma, Bhat and Routroy (2014) established that risk recovery plans, sufficient funds allocation on risks and continuous assessment of the threats were positively and significantly related to sustainability of Premier Automobiles and Mahendra Automobiles in India. This formed the rationale of conducting the study to look at the significance of

1.3 Research Objective

The research objective was to examine the effect of contingency planning on survival of the hotels in California, USA amid COVID 19 pandemic

2.0 LITERATURE REVIEW

Dropulić (2017) examined the effect of contingency factors on the sustainability of the manufacturing companies in Croatia. Using the contingency approach as a theoretical framework, the goal of this article was to investigate various contingency factors that explain the design of management control systems (MCS) from a Croatian perspective. Data was collected from 47 manufacturing companies in Croatia using a post questionnaire. The findings of the data demonstrated that contingency plans are significant and increase the sustainability of the manufacturing companies in Croatia. The study concluded that contingency plans and sustainability were positively and significantly related.

Seaktheng (2015) conducted a study to examine the role of risk management on the survival of Retail supermarket in the United Kingdom. The specific objectives of the study were to investigate the effect of risk identification, risk monitoring and risk assessment on the survival of the retail supermarkets in the United Kingdom. The targeted population of the supermarkets was Tesco, Asda, Sainsbury and Morrisons. The study adopted a descriptive research design. The findings of the survey established risk identification, risk monitoring and risk assessment were positively and significantly related to survival. The study concluded that product risk identification, risk monitoring and risk assessment were positively and significantly associated with survival. The study recommended that Tesco, Asda, Sainsbury and Morrisons supermarkets should embrace risk management so to enhance the survival.

Sugiharto, Sulistiowati and Nofiyanti (2018) conducted a study to examine the factors affecting the financial performance of rural banks in Indonesia. The variables of interest were to investigate the influence of contingency assessment, liquidity level, size of the organization and number of employees on the financial performance of rural banks in Indonesia. The study adopted a descriptive research design. Based on the findings of the study, it was established that all the variables under consideration (contingency assessment, liquidity level, size of the organization and number of employees) influenced the performance. The study concluded that contingency assessment, liquidity level, size of the organization and number of employees were positively and significantly related to the financial performance of rural banks in Indonesia.

Makunde, Ricardo, Menomussanga, Alvaro and Gruneberg (2017) showed that risk assessment and allocation of funds to emergencies are critical. Dropulić (2017) established that contingency plans are very significant and increase the sustainability of the companies. Besides, Seaktheng (2015) concluded that product risk identification, risk monitoring and risk assessment were positively and significantly related to the survival of the retail supermarkets in the United Kingdom. Similarly, Maletic and Gomiscek (2018) established that when the contingency factors are undertaken in advance, the performance among the European organizations is enhanced. Also,

Sugiharto, Sulistiowati and Nofiyanti (2018) that contingency assessment, liquidity level, size of the organization and number of employees were positively and significantly related to the sustainability of the rural banks in Indonesia.

Li, Dong, Jiang, Sun, Guo and Fan (2017) Risk assessment of China's overseas oil refining investment using a fuzzy-grey comprehensive evaluation method. Specifically, the study wanted to examine the effect of local investment environment risk assessment, technical risk assessment, organization management risk assessment, health risk assessment, social responsibility risk assessment and economic risk assessment. The study used descriptive research design and both the quantitative and qualitative data was used. The findings of the study showed that local investment environment risk assessment, technical risk assessment, organization management risk assessment, health risk assessment, social responsibility risk assessment and economic risk assessment were essential factors that influenced the investment decisions and sustainability of the organization. The study concluded local investment environment risk assessment, technical risk assessment, organization management risk assessment, health risk assessment, social responsibility risk assessment and economic risk assessment were positively and significantly related to investment and sustainability of organizations.

Jorrigala (2017) conducted a study on business continuity and disaster recovery plan on the survival of the commercial banks in Minnesota. The study was conducted in the financial sector among the commercial banks based in Minnesota, USA. The study utilized the descriptive research design. Based on the findings of the study, it was established that business continuity planning and disaster recovery planning are the most crucial elements of a business but are often ignored. The study concluded that business continuity planning and disaster recovery planning are positively and significantly related to the survival of the commercial banks in Minnesota. The study recommended that commercial banks must make a well-structured plan and document for disaster recovery and business continuation, even before a catastrophe occurs.

Sharma, Bhat and Routroy (2014) conducted a study on supply chain risk management strategies sustainability of automobile companies in Indian. The specific objectives of the study were to determine the effect of having risk recovery plans, sufficient allocation on risk and continuous assessment of the risks on the sustainability of the Indian automobile industry. The targeted population was employees from Premier Automobiles and Mahendra Automobiles. The findings of the study established that risk recovery plans, sufficient funds allocation on risks and continuous assessment of the risks increase the sustainability of Premier Automobiles and Mahendra Automobiles. The study concluded that all the variables (risk recovery plans, sufficient funds allocation on risks and continuous assessment of the risks) were positively and significantly related to sustainability. The study recommended that automobiles companies in India should emphasize much on the establishment of the risk recovery plans, sufficient funds allocation on risks and continuous assessment of the risks to improve the sustainability of the companies.

The study was anchored on contingency theory. The theory was relevant for decision making in organizations. Based on the theory, it is significant to understand how the qualities and abilities in developing the strategies of the organization. Besides, the skills of a leader in an organization can be used as a basis to motivate other employees and further inspire their loyalty toward the organization. The contingency theory gives managers a wide range of ways to react to problems and further gives them significant discretion in their decision-making. Moreover, the management of the firms needs to ensure there is effective management of contingency funds in the firms.

Moreover, it is recommended that the contingency allocation be based on the expected magnitude of the risks if it occurs. The study suggested that there is the need to have a disaster recovery team that is always ready for the recovery plans in the organization. A written recovery plan that describes how the organization will respond when disaster or hardship strikes need to be drafted. It is recommended that there should be a time frame developed for the recovery plans in the organization. The theory establishes that business owners who implement contingency theory must allow their managers to bend policy or even override it if the scenario demands. Therefore, the theory was much relevant to the study.

3.0 Research Methodology

The study adopted the explanatory research design. The target population included employees from the sampled hotels in California. The key respondents in the study were the employees from the management and also the support staff. Questionnaires were used to collect the data

4.0 Research Findings and Discussion

The research findings and discussion include the study findings on correlation and regression analysis. The correlation analysis indicates whether there exists any form of association between contingency planning and survival. On the other hand, the regression analysis will include the analysis of any of the relationships between the variables. The study findings on the correlation analysis is presented in Table 1.

Table 1: Correlation Analysis

		Firm survival	Contingency planning
Firm survival	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Contingency planning	Pearson Correlation	.152**	1.000

The results presented in Table 1 show that contingency planning and firm survival is positively and significantly associated with firm survival. This implied that the impact of contingency planning influences the survival of the hotels in California. The correlation analysis is fundamental in determining the association between the variables. The positive correlation implies that when contingency planning improves, survival also is expected to improve. The results concur with the findings of Malhotra and Venkatesh (2019), who reported that risk preparations are essential in enhancing the organization's survival when a disaster strikes. Moreover, Ripathi Choudhary and Agrawal (2021) asserted that planning for the risk is essential in strengthening the sustainability of the organizations.

4.2 Regression Analysis

The results for the regression analysis is presented in Table 2

Table 2: Regressions of Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.12	0.146		-.8219	0.076
	Contingency Planning	0.069	0.024	0.346	2.875	0.021

a Dependent Variable: Survival

The results from Table 2 shows that contingency planning is positively and significantly related to firm survival ($\beta=.069$ $p=0.021$). This was supported by a calculated t-statistic of 2.875 that is larger than the critical t-statistic of 1.96. This implied a unitary improvement in contingency planning leads to an increase in survival of the hotels in the USA by 0.069 units when other factors are held constant. The model fitness showed that contingency planning explains 18.7% of the variations in the survival of the hotels. The overall model was statistically significant, which implied that contingency planning is important in predicting the survival of the firms. The results concur with the findings of Makunde, Ricardo, Menomussanga, Alvaro and Gruneberg (2017) who showed that risk assessment and allocation of funds to emergencies are critical. Dropulić (2017) established that contingency plans are very significant and increase the sustainability of the companies. Besides, Seaktheng (2015) concluded that product risk identification, risk monitoring and risk assessment were positively and significantly related to the survival of the retail supermarkets in the United Kingdom. Similarly, Maletic and Gomiscek (2018) established that when the contingency factors are undertaken in advance, the performance among the European organizations is enhanced. Also, Sugiharto, Sulistiowati and Nofiyanti (2018) that contingency assessment, liquidity level, size of the organization and number of employees were positively and significantly related to the sustainability of the rural banks in Indonesia.

5.2 Conclusions

Based on the study's findings, it was concluded that contingency planning is positively and significantly related to firm survival. Contingency planning can include identification, developing a contingency planning policy statement, identifying preventive controls and protection systems to be used in case of an emergency, and developing contingency planning strategies. The planning also includes allocating adequate resources to be used in case an emergency occurs. The allocation consists of the amount of money and time to cover potential events that were previously not explicitly accounted for and may happen in the future. Contingency planning is all about developing strategies to recover from hardship. The contingency recovery plans include steps written down or communicated to all that describes how the organization responds when disaster or misfortune strikes. The contingency recovery plans also include establishing a communication system for the recovery plans in the organization.

6.0 Recommendations

The study recommended that the management educate its employees on the principles of operation to be adhered to when there is a need for an alternative course of action. The management to involve other employees in the development of contingency planning strategies. It is recommended that the firms ensure that the contingency allocation is adequate to cover potential events not explicitly accounted for previously in the budgets. Moreover, the management of the firms needs to ensure there is effective management of contingency funds in the firms. Moreover, it is recommended that the contingency allocation be based on the expected magnitude of the risks if it occurs. The study suggested that there is the need to have a disaster recovery team that is always ready for the recovery plans in the organization. A written recovery plan that describes how the organization will respond when disaster or hardship strikes need to be drafted. It is recommended that there should be a time frame developed for the recovery plans in the organization. Furthermore, it is recommended that the government policies be friendly. The government should also offer some subsidies to the firm in times of crisis, especially when the entire World is under the pandemic of COVID 19.

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