Crisis innovation: a study of Michelin-starred restaurants’ strategic renewal and alignment

Debora Gottardello
The University of Edinburgh Business School, Edinburgh, UK, and
Solmaz Filiz Karabag
Department of Management and Engineering, Linköping University, Linköping, Sweden and
Department of Civil and Industrial Engineering, Uppsala University, Uppsala, Sweden

Abstract
Purpose – Using the lens of crisis innovation and strategic alignment, this study explores how a segment of the restaurant sector that may be less agile than others—Michelin-starred restaurants—perceives and aligns with the challenges brought about by the COVID-19-pandemic.

Design/methodology/approach – The study collected data from 19 Michelin-starred restaurants in Spain using a qualitative interview method. The data were analyzed qualitatively and organized thematically.

Findings – Four key categories of strategic challenges were identified: human resources, uncertainty, control and economic challenges. In response, chefs displayed both behavioral and organizational strategies. Those organizational strategies were new human resource management, reorganization, product and service innovation and marketing. While the new human resource management actions adopted to align with the human resource challenges identified, a misalignment remains between some of the other strategic actions, such as product and service innovation, marketing and economic and uncertainty challenges.

Originality/value – The findings offer new insight into Michelin-starred restaurant chefs’ challenges and (mis)alignment strategies, an area that has been understudied in the current literature on innovative responses in the hospitality sector post-pandemic.

Keywords Crisis innovation, Strategic alignment, COVID-19 challenges, Hospitality industry, Michelin-starred restaurant

Paper type Research paper

1. Introduction
In hospitality management, as in other industries, research has consistently demonstrated a stable and positive relationship between innovation and organizational performance, an association that holds true regardless of factors such as organizational size or geographical context (e.g. Anning-Dorson & Nyamekye, 2018). Given the constancy of this finding, in
recent years, empirical attention has turned to organizations’ strategic responses in times of crises (Ghaharian, Abarbanel, Soligo, & Bernhard, 2021), which disrupt markets and long-term growth trends, as well as to the impact of these strategies on business survival, strength and sustainability (e.g. Senbeto & Hon, 2020).

There has perhaps been no greater threat to the hospitality industry in recent times than the COVID-19 pandemic (Gössling, Scott, & Hall, 2020), which has demanded quick strategic and organizational renewal. It became clear very early on that this crisis and the policy responses designed to curtail it (e.g. household lockdowns and physical distancing) would have unprecedented impacts on the entire industry, prompting a renewal of interest by hospitality researchers and practitioners in questions relating to crisis innovation and organizational resilience (Breier et al., 2021; Heinonen & Strandvik, 2020; Klaus & Manthiou, 2020; Kamaludin, Xavier, & Amin, 2021; Norris, Taylor, & Taylor, 2021; Senbeto & Hon, 2020). Many recent studies have reported how uncertainty surrounding the pandemic has reshaped consumer behavior, challenging organizations (Byrd et al., 2021; Templeton, Goonan, & Fyall, 2021) and generating financial instability (Kaushal & Srivastava, 2021). Others have focused on hospitality firms’ internal processes, such as business risk preparedness and financial conditions (Song, Yeon, & Lee, 2021), uncertainty reduction factors (Kim, Bonn, & Cho, 2021) and service quality and response strategies, including business model innovation (Breier et al., 2021; Harms, Alpert, Cheng, & Kraus, 2021; Norris et al., 2021) and communication strategies (Kim et al., 2021).

While the extent of the investigation is to be lauded, especially given the short time frame of the pandemic, we recognize some weaknesses in the extant literature. For instance, many studies have provided conceptual models that offer little, if any, accompanying empirical evidence (e.g. Le & Phi, 2021), whereas others have derived one-size-fits-all models based on limited quantitative data (e.g. Breier et al., 2021). One key oversight is that hospitality firms are treated in aggregate; therefore, variances in terms of aspects such as the types of customers they serve, their offerings and value propositions, and their statuses in the industry are overlooked, all of which are likely to be impacted differently by the pandemic and its policy responses. In particular, we note that there is a lack of consideration and understanding of the particularities of the challenges for and the strategic responses of a specific subgroup of hospitality firms—haute cuisine restaurants.

Haute cuisine is considered the highest level of professional cuisine (Cooper, Giousmpasoglou, & Marinakou, 2017) and has become especially important in Spain. Originally introduced by Basque and Catalan chefs, the segment is now recognized worldwide by critics, culinary schools, the World’s 50 Best Restaurants award and organizations such as the Gault-Millau guide (Presenza & Petruzzelli, 2019). Top-tier haute cuisine restaurants are defined by a star rating system awarded by the Michelin Guide. In this study, we contend that investigating responses to the pandemic-related challenges and crisis innovation strategies of Michelin-starred restaurants specifically and separately is necessary for three main reasons: the unique vulnerability of the segment to tourism restrictions, the rigidity of its internal processes and the secrecy endemic in the sector, which inhibits the sharing of best practices associated with innovation.

Specifically, while the existing literature advocates that the understanding of the pandemic and the resilience of the hospitality sector has increased, knowledge of the challenges and strategies of Michelin-starred restaurants has been under-researched. The present study seeks to address this research gap and provide empirical findings by examining the perceptions, strategic actions and innovations of 19 Michelin-starred restaurants in Spain during the pandemic; this segment depends heavily on tourism and hospitality and is one in which COVID-19-related challenges have been especially onerous. This study seeks to identify the types of COVID-19 challenges that have continued after the
new normal, as perceived by Michelin-starred chefs, and the response strategies implemented. Research into these professionals and their capabilities to innovate and inspire the hospitality sector makes the findings obtained from direct research of a more transferable quality and, therefore, easier to use for generating theories (Stierand & Dörfler, 2012). This work contributes to research on and practices within hospitality management by exploring perceived COVID-19-related challenges and the strategies and innovations that have been implemented to cope with such challenges. It provides new insights into and understanding of the alignment of chefs’ strategic renewal and innovation strategies with environmental challenges.

The remainder of this paper is organized as follows. Section 2 reviews the literature on COVID-19 pandemic-related challenges, crisis innovation and strategic alignment. Section 3 presents the research methods used in this study. Sections 4 and 5 provide the findings and discussion. Section 6 summarizes and presents the theoretical and empirical implications of this study.

2. Literature review
2.1 Crisis innovation and strategic alignment
Exogenous shocks occur occasionally and bring with them drastic consequences for businesses, industries and economies, and this is both well-known and well reported in the extant hospitality literature (Heracleous & Werres, 2016). The external factors that can shape a firm’s success, survival and failure include disruptions, changes and uncertainties in industry structures, consumer demand, competition, technology, economic (in)activity, political (in)stability and regulation (Karabag, 2019). They create discontinuity in firm products, services and solutions (Karabag, 2019). At the same time, the literature recognizes that while many similarly sized and positioned firms in a specific industry may be affected by crises in a similar way, their abilities to weather the storm are driven largely by factors internal to the companies, such as leadership, organizational culture, top management (in)action, quality of human resources, availability of financial resources, innovation capabilities and firm transformability and adaptability (Amankwah-Amoah & Debrah, 2014; Mellahi & Wilkinson, 2004; Karabag, 2019). Scholars following both contingency theory and the resource-based view “concur that strategic alignment can lead to sustainable competitive advantage and, conversely, misalignment can lead to failure” (Heracleous & Werres, 2016, p. 492; see also Karabag, 2019).

An alignment perspective, which can be defined as appropriate strategies and actions for the external environment of a firm (Heracleous & Werres, 2016), interrelates institutional and firm factors. A firm does not operate in isolation but must synchronize internal processes, interact with the external environment, and adjust and transform itself to meet changing, disruptive and dynamic institutional and environmental contexts (Voelpel, Leibold, & Tekie, 2006). Aligning internal factors and processes with external factors is the primary determinant of long-term firm survival (Beer, Voelpel, Leibold, & Tekie, 2005). When large-scale disruptions and unprecedented crises occur, the existing alignment of firm strategies and processes with the environment is broken (c.f. Heracleous & Werres, 2016; Karabag, 2020). To align with emerging and unprecedented environmental changes, firm responses should be organizational retrenchments with a deliberate reduction of costs and assets (Barbero, Di Pietro, & Chiang, 2017) or strategic renewal and innovation that refreshes existing products, services and business processes (Norris et al., 2021; Liu, Lee, & Lee, 2020). Firms must also have sufficient absorptive capacities to be able to renew strategies and business models effectively (Miroshnychenko, Strobl, Matzler, & De Massis, 2021) and be characterized by dynamism and agility (Martin-Rios & Parga-Dans, 2016). Heracleous and Werres (2016) showed that firms that were unable to adapt their structures, processes, human
resources and organizational cultures could not align with their new external environments and failed. Similarly, using historical cases, Karabag (2019) suggested that the inability to develop technological capabilities, innovations, new organizational forms and strategies is a misalignment mechanism between the external environment and internal firm factors, and it causes firm failures.

Some scholars view the period of realignment as an opportunity for innovation exploration and implementation, a key source of competitive advantage in an otherwise stagnant industry (Anning-Dorson & Nyamekye, 2018). The pivot, defined by Ries (2011) as “a structured course correction designed to test a new fundamental hypothesis” (p. 149), is one such form of strategic realignment and is often manifested in necessity-driven or imposed innovation (Heinonen & Strandvik, 2020), such as in products or processes (Morgan, Anokhin, Ofstein, & Friske, 2020). However, while depictions of crisis innovations in popular media indicate a high propensity for success, and theoretical studies point to the vitality of alignment for firm survival and success, the empirical literature relays that there are many challenges associated with the attempt to reposition and innovate in response to an exogenous shock (Benbya & McKelvey, 2006). A primary difficulty is the measurement of the scope, size and speed of the change and the impact of the challenges posed by the environment. While some environmental factors, such as economic growth, might be measured directly, many others, such as uncertainty, may not be assessed directly and accurately, requiring managers to draw on their perceptions and prioritization skills, which may be flawed (Sharma, Leung, Kingshott, Davcik, & Cardinalli, 2020; Bernat & Karabag, 2019; Yeow, Soh, & Hansen, 2018).

Other alignment-related difficulties are caused by organizations’ own features and factors, including organizational inertia, limited learning, knowledge gaps, path dependency and limited or improper resources (Sabherwal, Hirschheim, & Goles, 2001). Novel processes, business models and products and services may lack longevity or may offer inferior value to the firm, and/or the firm may lack the resources to fully exploit them, especially if the crisis itself has curtailed costs (Kamaludin et al., 2021; Bharwani & Mathews, 2021). Furthermore, if crises do reveal opportunities, they will also drive competitive action, as other players will also address to external shocks. Thus, only the most agile and resource-rich businesses are likely to be able to capitalize on innovative pivots in response to exogenous crises. Firms that, for one reason or another, have rigid business models or processes may find their abilities to strategically realign severely constrained, which raises questions about the specific responses they adapt to external challenges (see Figure 1).

2.2 COVID-19 pandemic-related challenges and strategic renewal
The COVID-19 outbreak impacted tourism and hospitality companies around the world almost instantaneously (Ghaharian et al., 2021; Karabag, 2020; Norris et al., 2021; Templeton

Figure 1.
Alignment model of environmental challenges and strategic renewal

Source(s): Authors
et al., 2021). This has created challenges and, in some cases, resulted in the disruption and collapse of businesses that are dependent on travel and tourism, such as Spanish restaurants (Baum, Mooney, Robinson, & Solnet, 2020).

The challenges raised by the pandemic have primarily been of an economic and financial nature. Gössling et al. (2020) documented that the pandemic reduced the revenue and business value of restaurants. Hospitality firms have also experienced cash flow shortages and liquidity problems. Financial challenges are augmented by salary payments, which represent a firm’s second-highest operating expense and account for approximately 30% of a hospitality firm’s total cost (Kaushal & Srivastava, 2021). The COVID-19 pandemic, like similar crises, has annihilated restaurants’ breakeven points, as there is little to no revenue but ongoing total operating costs (Wieczorek-Kosmala, 2021). Many industry experts suggest that financial challenges continue, even now that it seems that restaurants have returned to normal operations, although the impacts on various restaurants may differ. Large-sized restaurants with strong cash capacities are likely to be less challenged by the pandemic compared with small restaurants that have weak cash capacities (Song et al., 2021).

A second challenge has been identified but explored only limitedly in the strategic management literature—uncertainty, which is most often initiated by shocks in the external environment (Ireland & Hitt, 2005). Kim et al. (2021) analyzed from a customer’s perspective and highlighted how fear of infection and uncertainty about safety and hygiene levels led to a lower interest in dining at restaurants. The inability to predict the number of guests, accompanied by the reality of reduced travel, can generate a similar climate of uncertainty for restaurant managers (Alonso et al., 2020).

A limited number of studies have either conceptualized or empirically found that a third challenge is human resource issues (Milliken, Kneeland, & Flynn, 2020). In reviewing studies, Baum et al. (2020) identified how the pandemic amplified existing challenges among hospitality workers. Relatedly, Kaushal and Srivastava (2021) found decreases in professional development, motivation and employee health and well-being, as well as the application of pay cuts and layoffs.

An increasing number of studies have assessed the responses of hospitality firms to COVID-19 pandemic-related challenges (Heinonen & Strandvik, 2020). News media analysis by Le and Phi (2021) demonstrated that hospitality firms (hotels) responded to COVID-19 either through (1) proactive strategies, such as freeing up working capital, suspending investments, increasing marketing and providing new service automation, or (2) reactive strategies, such as cost-cutting measures, lobbying for government support and branding through corporate social responsibility. Harms et al. (2021) analyzed business model innovation and how it organized strategic responses to address COVID-related challenges in the hospitality industry. In a comparative analysis of six restaurants’ responses to COVID-19, Breier et al. (2021) found that the most used measure was employment furlough. Only one of the six restaurants studied made a broad commitment to business model innovation, two of them attempted to adjust value creation and three of them maintained their existing business models. Alonso et al. (2020) examined the coping strategies of hospitality businesses and found that while some restaurants reduced costs or suspended operations, some actively sought government support or changed their revenue generators; others implemented staff rotation and training plans and renewed their business processes to prepare for post-lockdown. Batat (2020) discussed how hospitality firms used innovations, such as humorous social distancing measures, do-it-yourself at-home food kits and robots or other technological advances, to reduce human risk and interactions. Although these changes severely impacted guests’ emotional experiences, the methodological adaptations were successful (Yang, Song, Cheung, & Guan, 2021). Kaushal and Srivastava (2021) demonstrated that restaurants in India survived by focusing on employee health and tenure continuity, as well as on the hygiene standards and visibility of their restaurants.
Despite these efforts, gaps remain in the hospitality literature. Notably, most studies have examined restaurant experiences during the pandemic without considering that, with many restaurants closed during this period, the challenges remain high. According to the National Restaurant Association (2021), the industry is unlikely to climb back to pre-pandemic levels. Although 2022 will be a new normal for the sector, the struggle to recover and employment challenges remain intense. More importantly, the literature seems to have forgotten the disastrous long-term consequences of the pandemic in the hospitality sector.

Moreover, the majority of studies have analyzed firms in aggregate, overlooking distinctions in their value propositions and operational strategies. In this regard, we contend that the premium and prestige restaurant markets—especially Michelin-starred restaurants—are highly distinct from other segments of the food service industry (Klaus & Manthiou, 2020). First, Ebersberger and Kuckertz (2021) observed that there is a relationship between the agility of a business and its ability to respond rapidly to crises, such as pandemics. However, prestige restaurants have highly rigid business models because of controls that have strong impacts on these restaurants’ success (Ottenbacher & Harrington, 2007). Michelin-starred restaurants are considered not only symbolic of gourmet experiences but also drivers for innovation and advances throughout the industry (de Albuquerque Meneguel, Mundet, & Aulet, 2019). This is because their business models are inherently linked to their chefs’ long-term visions for the restaurants while also being the sources of these organizations’ success; a chef who deviates from the menu and model that lead to the award of the star(s) risks the very reputation of the restaurant, and thus its success (Svejenova, Planellas, & Vives, 2010). Chefs’ culinary innovations and development plans are tightly controlled and documented, as the financial and personal consequences of any mistake are much higher than those in traditional restaurant contexts (Ottenbacher & Harrington, 2007).

Second, unlike other restaurants, even in the luxury market, the Michelin-starred segment, especially in a destination region such as Spain, is vulnerable to shocks in both the tourism and hospitality sectors. People travel miles to a Michelin-starred restaurant not only for the food but also for the hedonic, emotional experience provided by these establishments and the staff (Leong, Yeh, Fan, & Huan, 2020). These twin shocks mean that the pivots available to some food service firms (e.g. food delivery) may be less available to Michelin-starred restaurants. Thus, like other types of restaurants, Michelin-starred restaurants are likely to be impacted by tourism and lockdown restrictions. However, at the same time, they are restricted in their pivoting abilities because of the rigidity of controls associated with their gastronomic success.

Third, studies have shown that Michelin-starred restaurants’ experiences are driven by knowledge and appreciation of culinary arts (Kiatkawsin & Han, 2019) and the methodologies that a restaurant team develops to support innovation. To remain innovative and competitive in an ever-growing gastronomic field, each chef or restaurant team must keep its unique methods and ideas secret. Therefore, the restaurant’s human resources, the chef’s distinctive knowledge and the organization’s excellence cannot be replaced; these factors lie at the heart of the core competencies, competitive advantage, survival and success of these restaurants (Vargas-Sanchez & López-Guzmán, 2022). Given these resource constraints and unique challenges, there is immense value in assessing the unique perceptions and responses of this segment of the restaurant industry to the COVID-19 pandemic.

3. Research method
A qualitative research design was selected, as this approach is both appropriate and recommended for research into novel and emergent issues in the hospitality sector (Sharma & Alkinay, 2012). Specifically, the purpose of the qualitative research design was to determine
whether and how Michelin-starred chefs have developed new strategies to align and cope with COVID-related challenges and how, if at all, a service-level transformation manifested as a form of crisis innovation management (c.f. Bernat & Karabag, 2019).

The study used a purposeful sampling procedure, limiting our attention to Michelin-starred chefs based in Spain for reasons of practicality and limiting also the impact of geographic variance in governmental responses to the pandemic. After contacting 47 Spain-based Michelin-starred restaurants, we obtained a total of 19 people who agreed to be interviewed. All chefs were also the owners of their restaurants. As Michelin-starred restaurants and chefs can be recognized easily by location or other means, such as their number of employees and year awarded the Michelin star(s), and given the sensitive nature of some of the interview questions, the specific characteristics of the respondents were anonymized.

A semi-structured approach was used in the interviews to allow each participant the opportunity to shape the direction and emphasis of the discussion while maintaining focus on the challenges and responses associated with the pandemic. Table 1 presents the gender of the participants, their role(s) in their restaurants and the number of Michelin stars associated with the restaurants.

A thematic approach was used to analyze the interview data. All interviews were transcribed with the aim of identifying, analyzing and reporting repeated emergent patterns and grouping such patterns into themes. Inductive thematic analysis was performed using a systematic step-by-step data analysis procedure (Clarke & Braun, 2013). As the data had technical aspects, in the first step, one researcher and one restaurant expert reviewed the transcript data to understand technical issues. In the following step, the transcripts were reread several times by the researchers to familiarize themselves with the data, understand the transcripts overall and establish themes. After this theme creation step, the researchers coded the data. Codifications were reviewed, compared and discussed until agreement was reached to ensure that all coding had internal homogeneity and external heterogeneity. The primary goal of codification was to identify repetitive challenges and strategies that were named by the majority of or by all chefs. In the final step, the analysis was improved using NVivo 11.

<table>
<thead>
<tr>
<th>Participant number</th>
<th>Number of the Michelin stars of the restaurant</th>
<th>Role of the interviewed person</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chef 1</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Manager 2</td>
<td>**</td>
<td>Chef Manager</td>
<td>Female</td>
</tr>
<tr>
<td>Chef 3</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 4</td>
<td>**</td>
<td>Chef</td>
<td>Female</td>
</tr>
<tr>
<td>Manager and owner 5</td>
<td>*</td>
<td>Chef manager</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 6</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 7</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 8</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 9</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 10</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 11</td>
<td>***</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 12</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 13</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 14</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 15</td>
<td>*</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 16</td>
<td>**</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 17</td>
<td>***</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 18</td>
<td>**</td>
<td>Chef</td>
<td>Male</td>
</tr>
<tr>
<td>Chef 19</td>
<td>**</td>
<td>Chef</td>
<td>Male</td>
</tr>
</tbody>
</table>

Table 1. Participant overview
4. Findings and discussion

In this section, the results are organized as follows. The main COVID-19-related challenges perceived by Michelin-starred restaurant chef-owners are first presented. These are categorized into (1) human resource challenges, (2) uncertainties, (3) controlling challenges and (4) economic challenges. An overview of the innovations that chef-owners used to address the perceived challenges follows.

4.1 COVID-19 pandemic-related challenges

4.1.1 Human resource challenges. The vast majority of the participants (18 of 19) stated that the most notable challenge they faced involved some aspects related to human resource management. Dismissals, unemployment and furloughs related to closures because of the COVID-19 pandemic; the uncertainties experienced by employees; and the possible impacts on employees' job security and health were highlighted by 16 participants. One chef-owner shared the following:

Wondering what was going to happen to my staff has been the greatest concern for me—wondering how to help them now that we are like out of the pandemic so that I do not lose them... it is still a concern. I have spent sleepless nights thinking about what to do. When you have been working more than 40 hours a week for years with your team, you do not want them on the street [Spanish term for laid-off]. All of them have felt insecure, including those who have been working with me for a long time. What you see outside is not at all comforting. (Chef 10)

Sixteen participants mentioned that panic had increased among employees because of the high uncertainty of the crisis in the hospitality sector. The panic unleashed concerns about damaging consequences for the organization’s staff. One chef reported the following:

It is challenging when you see that your staff is in a stressful situation because they are vulnerable. It worries me because they had a tough time during the pandemic and are having a tough time now because they need to recover. Maybe they are the breadwinners of their families. Some have no other income. I know that they are worried and dejected like me for my business. (Chef 12)

Employee status was suggested as the main concern by the majority of the chefs, who highlighted the importance of keeping staff as “part of this family” (Chef 8). The interviewees emphasized the word “family” and the significance of every single staff member to the survival and competitiveness of the restaurant. One chef commented as follows:

I have been very worried about my team during the pandemic, and now I try to keep them motivated so that they can continue working as before. For me, this is what has been really challenging. I have moments of true fear for them, for their families, and for their well-being and mental health because the pandemic is still here even if we think that it is not. (Chef 5)

The chefs are aware that possible pandemic triggers impact different spheres of their employees’ lives. They recognize the difficulties associated with decreased employee psychological health.

These findings confirm results from similar studies in other contexts and industrial sectors about how COVID-19 has led to poor mental health as a consequence of continuous worries and psychological anguish. On many occasions, these concerns led to depression and lowered life satisfaction (Chen & Eyoun, 2021; Bufquin, Park, Back, de Souza Meira, & Hight, 2021).

The human resource challenges created during and after the lockdowns caused by COVID-19 have highlighted the significant and strategic value of human resources in Michelin-starred restaurants’ success and competitive advantage, something that resonates with the existing literature (Harrington & Ottenbacher, 2013). The human resources at Michelin-starred restaurants are indispensable assets. There is tacit knowledge that the staff influence the quality of an establishment and lead the innovation process. The staff at these
restaurants have accumulated detailed knowledge about the elements of a dish, the origin of products and the way food is consumed.

4.1.2 Uncertainty. The analysis shows that restaurant chefs have been facing uncertainties as a result of the government’s declaration of a state of emergency. The vast majority of the participants (17) in our study believed that uncertainty impacted, and is still impacting, their decision-making and the future of their restaurants by hindering or delaying reactions. Some have found it impossible to make reliable plans for the future. One chef reported the following:

It has been very difficult. You cannot plan much. It is a global crisis that has made us all stop, and now we are still facing uncertainty because people are not the same. We still cannot make projections or plans, and you do not know what is going to happen. We want to proceed at the same pace, but now we do not know how. We do not know what we have to do. (Chef 1)

Most participants believed that it would require many years to mitigate uncertainty and that it would be impossible to carry out any existing contingency plan facing such unprecedented global events. Lengthy restrictions have made it difficult to predict the extent of economic damage to businesses. The participants also perceived that lack of clear communication and information from the government led to a waste of valuable time in planning for full recovery, which has important implications for the new normal.

If I had been able to put in place some measures, I would have, but the measures proposed by the government were not clear. They changed as the pandemic evolved, and I think this paralyzed us. We have been stopped completely because nobody warned us what was to come. Without forecasts, you lose time, and now, we can see the consequences to our business even if clients are starting to come, as it is not the same as before. We could have used the time to plan, but it has not been possible without information. (Chef 12)

This comment reflects many of the chefs’ uncertainties. They pointed out several instances of fragmented and incomplete information leading to ambivalence and insecurity about how to act, which has important implications for their businesses.

4.1.3 Controlling challenges. Interviewees shared that controlling the impact of a long-lasting crisis, such as COVID-19, is not a simple task because of the ensuing chaotic environment and societal uncertainty. Many chefs stated that they found themselves in contradictory situations, feeling pressure to act but simultaneously rendered incapable because of the lack of control. One interviewee shared the following:

I have been in a situation where I had to say, “What do I do?” Perhaps I had to close forever, perhaps not. I have to wait and see whether the situation will recover in the next few years. The uncertainty before the closure is now an uncertainty of “What will happen? What will become of my business?” When the pandemic started, I wanted to take steps to save my business, but even if I could, I did not have the power. We have not had an event like this before—so serious and without comparison. And now that we have opened, it is the same; I cannot control what will happen. (Chef 9)

A group of chefs reinforced these ideas and added that a feeling of responsibility coupled with the inability to act “triggered great frustration and feelings of being obstructed” (Chef 14).

The severity of the pandemic has put chefs in a situation beyond their power and control. The impossibility of comparing the pandemic environment with any previous situation has prevented chefs from analyzing their circumstances in detail. Our findings accord with James and Gilliland’s (2001) premises, in that they illustrate how crises overwhelm a person’s resources, power and coping abilities. Potential responsive actions require deep analysis to understand alternatives and potential consequences. Only after intensive analysis can alternatives be implemented.

4.1.4 Economic challenges. The interviewees described the economic challenges brought about by COVID-19 in the short and long terms. Ways to protect liquidity were also
discussed. Some interviewees drew links between the economic challenges associated with liquidity, and human resource challenges:

There have been a lot of challenges related to what is going to happen to my business and my ability to pay. At the beginning, it was, “How long are we to remain closed?” and then when we opened again, “Are we going to recover?” Our only income comes from clients, and clients have changed; many have gotten used to staying at home. Without clients, it [business] is not viable. The challenge of not having income and not being able to pay my team has created a lot of anxiety not only before but also now because things are still uncertain. (Chef 1)

Many participants mentioned that a complete recovery in their finances is not expected until 2023. Interestingly, when the chef-owners talked about COVID-related challenges, most did not refer as much to their top brands, their Michelin-starred establishments, but to their secondary brands. They explained that even in normal times, the profit margin of a Michelin-starred restaurant is very low. Therefore, the crisis impacted Michelin-starred restaurants to a lesser extent compared to their secondary brands. The chefs argued that the COVID-19 pandemic created more significant challenges for their secondary brands, as these restaurants provided affordable options to attract a broader spectrum of potential customers.

I have been worried about the possible losses in XXX [sub-brand]. In that restaurant, we offer more affordable options to attract a broader spectrum of customers. That is what really generates income. As for the [Michelin-starred name], we earn nothing. (Chef 15)

4.2 Strategic actions and renewals
Based on the data analysis, it was evident that Michelin-starred restaurant chef-owners perceived four primary groups of challenges: human resources, uncertainty, lack of control and economic concerns. They responded to these challenges with both behavioral strategies and organizational strategic renewal and innovation strategies. Organizational strategic renewal and innovation strategies are divided into the following subgroups: new human resource management strategies, reorganization strategies, new product and service innovation strategies and new marketing strategies.

4.2.1 Behavioral strategies. The study revealed that reflective behaviors prevailed in determining the actions to be taken. More than half of the participants acknowledged that the crisis entailed many unknowns and surprises, so the changing pandemic circumstances made decision-making difficult in general or, in some cases, impossible. Such circumstances required stopping, reflecting and thinking about crisis management, as well as evaluating and anticipating from multiple points of view what could happen next. One chef explained this as follows:

This situation has forced me to stop and listen to myself more instead of precipitating myself. I have decided to do nothing and think. (Chef 5)

The quote illustrates and summarizes the thoughts of other chefs who, similarly, explained how the challenges they faced and are still facing have been the main incentives for a reflective and cautious approach. This approach allowed them to evaluate how they could respond and the extent to which they could do so.

The participants also recounted how their standby mode and rational thinking about uncertain environments were led by the need to understand what they could do to overcome employee challenges and the desire to avoid implementing strategies proposed for the industry, such as applying partitions to split tables that, for some, were considered “useless and impractical” (Chef 3).

I did not want to make the same mistake many made during the anti-smoking law. Many locals invested money because it was said that if you had more than a hundred diners, you had to adapt
the place. They spent the savings they had because this event also came along with an economic crisis, and then ... not at all because it was completely banned. So, if I just act, I will have to make an investment that does not make sense. It is better to wait and see how it evolves in the future. (Chef 13)

Some chefs described spending weeks studying possible measures they could take for an uncertain future. They observed the situation in other countries and reflected on the most effective measures, which have proved useful for diagnosing a complex situation and identifying a manageable set of options for a reasonable response. These findings are consistent with observations from prior studies highlighting the impacts of perceptions and understanding uncertainty on reactions to pandemics (c.f. Milliken, 1987). Reflection and an understanding of the situation can help companies face both exogenous and endogenous changes and be resilient in tackling and accepting hostile situations.

Our study demonstrated how additional-waiting also helped chefs adopt a wider perspective and alternatives at a time of crisis. This finding confirms the idea that managers should accept the situation in times of crisis and seriously consider all necessary actions to survive in the long run (Sabatino, 2016).

4.2.2 Organizational strategic renewal and innovation strategies. The participants reported that they developed new strategies in response to COVID-19-related challenges. Development and innovation strategies were divided into four groups: new human resource management, reorganization, product and service innovation, and marketing.

4.2.2.1 Human resource management strategy. One of the strategies mentioned by all the interviewees was aimed at meeting perceived human resource needs. Chef-owners emphasized that the best way to save their restaurants was to care for their employees through support, transparency and communication. Some chefs reported that they took over the role of human resource manager to guarantee support to their employees.

Although I have a specialist on my team, a person who is in charge of human resources at my restaurants, I immediately knew that what I had to do was take care of my employees. I needed to give them support, make plans with them, and look at possibilities for them. This is my priority, and I have now changed my strategy. I am also in charge of HR now. (Chef 12)

The most repeated means of support offered to nonworking staff was economic. In some cases, chef-owners were forced to apply the Spanish furlough scheme (ERTE), which was based on conditional closure. They hoped to put their staff to work again as soon as the situation improved. Some chefs mentioned salary reinforcement actions by using their own financial resources to complement staff salaries. According to the chefs, this was a way to reassure and motivate the staff, recognizing their efforts and the difficulties that reduced salaries could entail. One chef described this situation as follows:

We have applied a partial ERTE for those who really cannot work for obvious reasons when the establishments closed. What we have done is supplement the [ERTE] salary with an extra contribution so that our employees can retain the same salary as before the crisis. (Chef 11)

Another chef explained as follows:

My employees are the first priority. Apart from ERTE, I am using my savings to sustain them. I have a moral obligation to support them and to force myself to do financial adjustments. I know that if I leave them on the street, it will be very cold there! On the street, there is nowhere to look for work; there will be no work for them. It is my obligation as a businessman. With the ERTE, you do not know if that is enough. You work with them, so you must suffer the same. I recognize my employees’ value, and it is my obligation to assure them that they are taken care of. (Chef 8)

Several studies have reported that the hospitality sector has changed the terms of contracts and implemented layoffs because of business closures imposed by the government
(Ghaharian et al., 2021; Song et al., 2021) and/or because of loss of customers, financial burdens and uncertainties (del Rio-Chanona, Mealy, Pichler, Lafond, & Farmer, 2020). However, our findings demonstrate that chef-owners did not implement such strategies. There may be several reasons for this divergence. For one, the challenges section of this study revealed the strategic importance of employees in the chefs’ businesses and the emotional bonds and psychological contracts between the chef-owners and their employees, who are considered as family (Bufquin et al., 2021). The responses of chefs reflect both an unwillingness to breach a moral agreement and the quest to avoid cognitive dissonance in terms of their attitudes toward workers. The responses resonate with research on this type of psychological contract (Atkinson, Matthews, Henderson, & Spitzmueller, 2018), which suggests that cutbacks and layoffs might be associated with a psychological breach of contract and can trigger perceptions of injustice when workers perceive incongruity between the expected and actual contracts.

The chef-owners in the study rarely used financial tools exclusively to manage their restaurants’ human resource challenges. Some provided mental health support for their employees, appointing counselors with the aim to offer employees a safe place to talk. According to the participants, this strategy allowed their employees to open up about their problems and concerns while also allowing the business to find solutions or develop better ways to handle problems. The chefs stated that this support not only helped manage well-being but also prevented or reduced the stress and psychological problems of the staff; consequently, the support motivated them. The chefs also highlighted the need for this strategy to sustain their service quality and the employees’ capacity to innovate. One chef stated the following:

My company has hired a psychologist. We have supported my team with a psychologist because we need them to be well, strong, and creative later when we return to normality. (Chef 3)

Some chefs stated that they kept in constant touch with their employees when the restaurants were closed. They assured their staff that when everything returned to normal, they would be welcomed back into the company. According to the chefs, this approach generated optimism among the staff. Addressing workers’ insecurities reduces possible adverse reactions and generates more confidence that the company will overcome the unprecedented challenges. The chefs also highlighted that safety is among the employees’ expectations about the workplace. Concerns were focused not only on the economic and psychological impacts of COVID-19 on employees but also on the need to ensure confidence in the company by guaranteeing safe operations and protecting employees against the risk of COVID-19 infection. The participants reported ensuring a working environment that would not endanger the health of the staff.

Recent studies related to strategy implementation modes during COVID-19 within different service industries have outlined hygiene measures to reduce the spread of the virus and concerns about employees’ health. The literature also reports that health support and measures are perceived to be predictors of a company’s willingness to reassure employees and to help cultivate resilience (Yu, Seo, & Hyun, 2021). The chef-owners in our study confirmed these views.

A final human resource management strategy reported by some chefs was investing in human resources. They did this by training employees, keeping them active and maintaining and updating their skills. The chef-owners reported that they trained employees in areas related hygiene and disease control, and taught new techniques that would help them be more creative and learn about trends and new products. Fostering and implementing employee training emphasized chefs’ commitment to their employees at a time of critical vulnerability.

We have done training. Some have been given by our internal personnel and some by external human resource consultants, who provided explanations when the furlough began. They came to our
location to explain to the staff how much they were going to receive in terms of salary. The internal human resource officer provided detailed training on how things worked. We brought in people from the outside, we conducted online training, and we had more than 200 scientists who underwent innovation training. (Chef 17)

The chef-owners explained that investing in training became a fundamental strategic element to avoid the loss of precious and valuable skills and knowledge that helped to advance the best recipes and trends in the culinary industry; investing also helped the staff prepare for the future. The participants noted that new training reduces the abysmal skills gap that can appear during the COVID-19 period. Investing in training is a way to access the skills needed after the crisis and to avoid the potential difficulties of finding, securing and developing skills that are needed in the industry.

The existing literature has highlighted the importance of human resource management practices during COVID-19 (Agarwal, 2021). Our study contributes to these findings by demonstrating how chef-owners have been engaging in a wide variety of human resource management practices, from financial and psychological support to skills training and sustaining learning. Our study’s findings confirm that the abilities of chef-owners to understand employee problems and help them overcome these challenges are essential in facing the current crisis. These efforts contribute to building individual and organizational resilience during a crisis (Dirani et al., 2020).

4.2.2.2 Reorganization strategy. Most interviewees highlighted how their actions focused on carrying out activities that would be unachievable or difficult during normal times. The chef-owners usually had little time for reorganizing and renewing their organizations. Several participants stated that they reviewed, organized and updated their operations, which helped maximize the chances of weathering the pandemic, keeping employees busy and safe and being ready to recover as quickly as possible. Fourteen of the chefs interviewed explained that they spent time organizing their stocks, analyzing numbers and finances and paying suppliers.

I have done everything. I have taken the opportunity to complete an inventory, arrange wines in the winery, and adapt them to the menu so that everything is in order. It will be faster when we re-open to understand what is there and what is needed. These are things that I did not have the time to do before. (Chef 16)

Majority of the chefs reorganized operations and procedures to ensure the systematic implementation of measures and minimize infection risks. The reorganization was also in response to new regulations on reopening protocols that imposed on the establishments a firm commitment to risk management. The chef-owners reorganized internal hygiene systems to meet new sanitation and space regulations and explained that these measures were aimed at reinforcing customer confidence and reducing risks.

Researchers, including Kash and Darling (1998), stated that managers recognized the necessity of prevention and response plans for crisis management and the maintenance and success of their businesses. However, they must pay more attention to the steps they need to take to ensure that they are productive and organized. Relief techniques must be implemented effectively for businesses to return to their full capacities. Our findings suggest that restaurants have tried to eliminate hygiene challenges that threaten their employees and guests through a reorganization that may help them survive and manage the economic challenges they face. This finding is consistent with Hoffman (1989), who highlighted how reorganizing stocks and materials (and similar cost items) and taking care of suppliers may help chefs and their restaurants redistribute their assets, stabilize their operations and improve the restaurants’ financial situations.

4.2.2.3 Product and service innovation strategy. One interview question asked whether the participants changed their products and services and, if so, what they did and how. Following
a period of reflection, many chefs explained how the uncertainty created by COVID-19 accelerated or promoted innovative activities in their restaurants. One chef provided the following example:

We have used the time to further develop the R&D of the restaurant, conducting tests and extensive studies that are not possible during normal restaurant periods because of a lack of time. We have been more innovative, thinking about new menus, new dishes, and new strategies for when we can return to the desired normality. We have developed new lines that will allow us to become more solvent in the future. (Chef 4)

Innovation activities have helped restaurants explore potential opportunities that suggest the next wave of competitiveness. Some participants have chosen to keep their premises closed but are redesigning their restaurants, reinventing the menus and evaluating and testing alternative products and services to offer. We discovered one key point: many interviewees explained that they did not reconsider or innovate their Michelin-starred restaurant products and services but instead developed new menus, services and systems for their second-brand restaurants. One chef provided details:

The Y [restaurant name] was the first haute cuisine restaurant in the country to decide to close. We felt that it was the best decision to make. In the case of Z [name of the chef’s non-Michelin-starred restaurant], our event and banquet space, we transformed it into a restaurant. As banquets will take the longest time to resume, we have opted to convert our Z space. Although delivery can be a successful new formula for some restaurant segments, I do not think it is a good option for fine dining restaurants. In fact, we have not considered it. (Chef 11)

During the interviews, it became clear that innovations and renewals have been guided by the restaurants’ need to continue operating during uncertain times. The restaurants had to ascertain new methods, develop techniques and overcome human resource challenges. Many chefs declared that these strategies helped them “keep the staff active and avoid the loss of their learned skills” (Chef 18). The chefs believed that involving the staff in innovation and creativity activities was both a strategy to prevent the loss of skills and experience gained through the restaurant stint and a necessity for retaining their hard-earned Michelin stars.

Batat (2021) found that Michelin-starred restaurants in France implemented takeaway services. In their literature review, Norris et al. (2021) also showed that some hospitality firms provided home delivery. The interviewees did not consider takeaway at their Michelin-starred restaurants, as that type of service does not allow for reproducing the excellence of haute cuisine restaurants. A few chefs stated that they implemented takeaway menus for their second-brand restaurants, but not for their Michelin-starred locations. However, some chefs tried an experiential or gastronomic delivery format, the idea of a chef at home, a service similar to that provided in the restaurant but at the customer’s home.

4.2.2.4 New marketing strategy. The analysis shows that more than half of the participants interviewed increasingly used social media for marketing communications and engaging their guests. Marketing communication strategies are important in haute cuisine, as they provide pathways to reach customers who may live outside the neighborhood. The COVID-19 pandemic limited the abilities of guests to interact with the chefs at the restaurants, which required restaurants to be even more social media-savvy in their outreach. One chef explained social media usage as a marketing strategy as follows:

Even now that it seems the pandemic is over, it is difficult to have clients. I continue to show my audience that I am here. This has been my strategy. I did this before the pandemic. I have always had staff who took care of communication for me, but now you have to continue to be active and visible. (Chef 1)

Although all the participants are already active in social media, they have intensified their media presence, using not only channels such as Instagram (most popular with chefs) but also
other social networks and video recording. Another participant described social media usage as a sharing mechanism, a comprehensive strategy and tool to allow customers to stay connected.

Using social media also helped chefs to not only stay connected with existing guests but also attract new guests. One chef commented as follows:

We have done and keep doing a lot of work at the network level, that is, social networks. Now, of course, it has intensified. On the internet, we have demonstrated how people can cook, and we have encouraged people to live in more pleasurable ways to counter boredom, fatigue, and uncertainty. The truth is that it has gone very well with existing clients, and we have new customers, too. (Chef 7)

Using social media, the chefs promoted and advertised new product and service innovations during the pandemic.

As demonstrated in the literature, social media has played an increasingly key role in brand success (Phan, Thomas, & Heine, 2011); it has helped establish more personal relationships with customers by serving as a trustworthy source of information. Our interviewees confirmed prior findings and pointed out that social media activities have become necessary for chefs to enhance loyalty and keep their names active during and after the COVID-19 disruptions (Godey et al., 2016). However, our findings highlight that the active use of social media to communicate new products, services and COVID-19 measures has created some doubts about chefs’ roles in their businesses, with some chefs expressing fears about being transformed into photographers and video creators to keep their brands relevant.

4.3 (Mis)alignment between the perceived COVID-related challenges and the new strategies

One of this study’s goals was to assess the extent to which the restaurants’ new strategies and innovations across the categories of human resource management, reorganization, product and service innovation and marketing (mis)align with the perceived categories of environmental challenges: human resources, uncertainty, control and economic concerns.

The first challenge, human resources, includes individual employees’ job insecurity, motivation, retainment, stress and vulnerability. The chefs implemented extensive new human resource management strategies, including furloughs, salary supplementation, increased hygiene protection, psychological support, empowerment methods and other means to ensure stability and employment and to address this challenge. The chefs also trained their employees. To align with the human resource challenges of competency, skill and creativity loss, the chef-owners actively and regularly innovated new products and services and focused on research and development, including developing new recipes and menus. Although these alignment measures increased restaurant costs during the pandemic, similar to previous observations, the findings illustrate that chefs have been actively protecting their core skills (Heracleous & Werres, 2016), unique knowledge, culinary arts (Kiatkawsin & Han, 2019), food experimentation and imperfectly imitable excellence and provision of customer experiences (Vargas-Sanchez & López-Guzmán, 2022).

The second challenge, uncertainty, includes a lack of information from the government, limited to no projection of the length of the crisis and an unknown, unpredictable, and unforeseeable future. Several chefs responded to this challenge with reflective behavioral strategies. Some searched for information outside of their organizations and read both national and international media; most of them reorganized their restaurants to comply with rules, increased safety measures, improved hygiene protection measures and reorganized stocks. They implemented new human resource management strategies and innovated their products and services. These responses indicate some degree of misalignment of the perceived uncertainty with reorganization and product and service innovation as strategic renewal strategies. While the chefs did not know, foresee or forecast the future, they kept up
innovation, reorganization and new human resource management, all of which might not align with the current or future environmental uncertainty (see, for example, Ghaharian et al., 2021 regarding how some hospitality industries cut costs and laid off employees).

There may be several reasons for this misalignment. The chefs may believe that the COVID-19 pandemic is a temporary turbulence, and they might not want to risk the competencies of their human resources. By implementing innovations and creating new menus, the chefs may believe that they have higher resilience (Hallak, Assaker, O'Connor, & Lee, 2018; Harms et al., 2021). However, in reorganizing their organization and marketing strategies, they could consider using strategies that will help with their long-term survival, although these strategies could increase financial uncertainty and their future economic burdens (Heracleous & Werres, 2016).

The third identified challenge is that of control, which is behavioral. The chef participants reported that they did not have power and control over their work and restaurants; they felt obstructed and could not act. Those who reported this challenge used a clear behavioral strategy in response, which included waiting, reflecting, meditating and thinking. This behavioral strategy aligns well with the control challenge (Hallak et al., 2018). After working to manage the behavioral challenge in this way, several chefs reorganized their restaurants, implementing new hygiene/protection practices and safety measures and complying with rules; they began to innovate their products and services. Organizational renewal and innovation may be related to the chefs’ perceived abilities to overcome crises and turbulent circumstances (McInnis-Bowers, Parris, & Galperin, 2017). Some chefs also increased their social media activities and launched new marketing activities to meet this challenge. Being active on social media may have led the chefs to feel more control over their work and to believe that they create value and sustain relationships with their customers. The chefs’ change in their alignment strategy, from having reflective behavior to adopting more action-oriented behavior such as innovation and reorganization, may reflect their management abilities in a changing and dynamic environment (Fisher, Maritz, & Lobo, 2016; Hallak et al., 2018).

The fourth challenge, economic, includes limited finances, no revenue, upcoming payments to suppliers, upcoming payments of wages and loans. Almost all participants who perceived this challenge applied for furlough to address the challenge. They also tried to reduce employee costs. Some chefs used their own financial capital to pay employee salaries. This alignment strategy corresponds to the findings of recent studies (Alonso et al., 2020; Kuckertz et al., 2020). The second strategic action to meet the economic challenge was complying with the rules. However, some chefs/owners trained their employees, hired counselors to support them, offered financial support to the staff, invested in developing new products and services and reorganized and redesigned their restaurants. All of these may have created additional costs for their restaurants and mismatched the COVID-19-related economic challenge.

Based on a fit assessment of the challenges encountered and of the adopted strategic actions and renewal, it can be argued that some of these new strategic renewals and actions were misaligned with the economic challenge (c.f. Wieczorek-Kosmala, 2021). Our findings on what the chefs did are in contrast with the existing literature suggesting that firms should use existing resources for viable activities (Kuckertz et al., 2020) and should cut costs (Le & Phi, 2021; Wieczorek-Kosmala, 2021).

There can be several explanations for the chefs’ preferences to maintain training for their employees and to reorganize and prioritize product and service innovation, which increased operation costs, added to the financial burden of the pandemic and depleted existing limited financial resources. One reason may be related to the chefs’ perceptions of the industry cost of training employees for Michelin-starred restaurants. A second
reason may be related to the effort to reinvent their business models and create post-COVID-19 opportunities (Breier et al., 2021; Le & Phi, 2021). A final explanation may be that, by implementing these strategies, the chefs could mitigate the negative effects of the situation and reduce environmental uncertainty (Kim et al., 2021). Table 2 presents the new strategic renewals and innovations that align and misalign with the perceived environmental challenges.

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Alignment/Misalignment</th>
<th>New strategic renewal and innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human resources</strong></td>
<td>Alignment</td>
<td>HRM* strategy</td>
</tr>
<tr>
<td>• Job insecurity</td>
<td></td>
<td>• Training</td>
</tr>
<tr>
<td>• Vulnerability</td>
<td></td>
<td>• Psychological support</td>
</tr>
<tr>
<td>• Demotivation</td>
<td></td>
<td>• Hygiene protection</td>
</tr>
<tr>
<td>• Stress</td>
<td></td>
<td>• Motivation</td>
</tr>
<tr>
<td>• Loss of competence</td>
<td></td>
<td>• Salary supplementation</td>
</tr>
<tr>
<td>• Loss of skills</td>
<td></td>
<td>• Retainment</td>
</tr>
<tr>
<td>• Loss of creativity</td>
<td></td>
<td>P&amp;S** innovation</td>
</tr>
<tr>
<td><strong>Uncertainty</strong></td>
<td>Alignment</td>
<td>Reflective strategy</td>
</tr>
<tr>
<td>• Lack of information from the government</td>
<td></td>
<td>Search for information</td>
</tr>
<tr>
<td>• No projection</td>
<td></td>
<td>Reorganization</td>
</tr>
<tr>
<td>• Unknown, unpredicted, and unforeseen future</td>
<td></td>
<td>Psychological support</td>
</tr>
<tr>
<td><strong>Control</strong></td>
<td>Alignment</td>
<td>Reflective strategy</td>
</tr>
<tr>
<td>• Lack of power</td>
<td></td>
<td>Reorganization</td>
</tr>
<tr>
<td>• Lack of control</td>
<td></td>
<td>• Hygiene protection</td>
</tr>
<tr>
<td>• Feeling obstructed</td>
<td></td>
<td>• Safety measures</td>
</tr>
<tr>
<td><strong>Economic</strong></td>
<td>Alignment</td>
<td>P&amp;S innovation</td>
</tr>
<tr>
<td>• Finances</td>
<td></td>
<td>R&amp;D</td>
</tr>
<tr>
<td>• No income/revenue</td>
<td>Misalignment</td>
<td>New formulas</td>
</tr>
<tr>
<td>• Loans</td>
<td></td>
<td>New menus</td>
</tr>
<tr>
<td>• Upcoming salary payment</td>
<td></td>
<td>New marketing strategy</td>
</tr>
<tr>
<td>• No economic support</td>
<td></td>
<td>HRM* strategy</td>
</tr>
</tbody>
</table>

**Note(s):** *Human resource management**
**Products and services**
*Authors’ own elaboration based on the qualitative data and analysis*

Table 2. Alignment and misalignment of strategic renewal and innovation with the perceived challenges.
5. Conclusion and implications
The severity of the disruption to the hospitality industry brought about by the COVID-19 pandemic beginning in 2019 has urged a reassessment of how innovation manifests as a response after the crisis in segments of hospitality known for their predictability and consistency. By analyzing perceived environmental challenges and chefs’ strategic renewals and innovations, as well as by assessing the alignment of these renewals and innovations with the perceived environmental challenges, this research makes several important contributions. The study found that there were many perceived environmental challenges, not only during the COVID-19 pandemic but also in the post-pandemic period. While economic and uncertainty challenges were highlighted in other studies, the present study empirically demonstrated that chefs experienced significant human resource and control challenges as well. This study presents new insights into chefs’ human resource management, reorganization, product and service innovation and marketing strategies.

Our study revealed that the participant chefs’ strategies did not align with all of the perceived challenges. For example, the new human resource management practices aligned with the human resource challenges but misaligned with economic concerns. Similarly, the chefs’ new product and service innovations met the human resource challenges but were mismatched with economic issues (Heracleous & Werres, 2016). However, renewal strategies and innovation should be developed as coping mechanisms not only for the current COVID-19 pandemic-related challenges but also for post-COVID-19 survival (c.f. Hallak et al., 2018).

5.1 Theoretical implications
This study provides several theoretical implications for the hospitality management literature in particular, and for the tourism management literature in general. It presented four main challenges brought about by the pandemic. Although management studies have extensively documented general environmental challenges, this research elaborated on the specific challenges resulting from this disruptive and unprecedented crisis – Covid-19 pandemic.

This study also found that the chef-owners adopted different behavioral and organizational strategies. This provided insights into the kinds of specific strategies implemented and whether they were aligned with the observed pandemic-related challenges. While almost all the chefs implemented new human resource management strategies, organizational innovation also occurred through reorganization, new product and service innovation and marketing activities. Likewise, the present study demonstrated the alignment and misalignment between the strategies used and the challenges observed. Some of these strategies exacerbated the economic challenges brought about by the COVID-19 pandemic (c.f. Heracleous & Werres, 2016; Karabag, 2019). Having said that, it seems that short-term misalignment might be important for long-term alignment (c.f. Bharwani & Mathews, 2021) and for retaining core competencies (Batat, 2021).

5.2 Managerial implications
The findings showed that the pandemic created multiple challenges for restaurants (Ghaharian et al., 2021; Norris et al., 2021; Templeton et al., 2021) and that chef-owners implemented several renewal strategies in response. While some of the implemented strategies aligned with the identified challenges, others were misaligned. The results have implications for the chef-owners of Michelin-starred and other types of restaurants, as well as for policymakers.

Considering that some aspects of Michelin-starred restaurants’ value propositions and models are quite rigid and that the required knowledge base is extremely tacit (Kiatkawsin & Han, 2019; Vargas-Sánchez & López-Guzmán, 2022), this study recommends that chefs and
managers actively identify emerging external challenges and correspondingly adopt and implement innovative strategies. Examples of such approaches from the present study are retaining human resources, reorganizing and developing and marketing new products and services that can help the business survive not only in the short term but also in the long term, in order to help the restaurant align with its future environment.

Some of the findings show that Michelin restaurants actively protected their core skills, unique knowledge, culinary arts, food experimentation and imperfectly imitable excellence and provision of customer experiences (Batat, 2020; Ottenbacher & Harrington, 2007). This and other strategies were partly misaligned with the economic challenges that the restaurants encountered during the COVID-19 crisis. However, this study still suggests that Michelin-starred restaurants must prioritize their core competencies, such as the creation of food experiences, or find new creative ways to utilize their skills in the long term (c.f. Beer et al., 2005; Bernat & Karabag, 2019; Sabherwal et al., 2001). This work recommends that chefs and restaurant owners who want to continue to attract candidates who are valuable for innovation and restaurant prestige must engage in strategic business planning and develop clear policies that demonstrate the adjustments needed in the event of more shutdowns or in the case of slow economic recovery. Establishing clear communication channels will allow employees to feel more connected and valued. Creating training opportunities and increasing employer responsibility could also increase engagement and build commitment to the organization.

Based on this, the key implication is that chef-managers and owners should adopt a holistic approach to dealing with unexpected future crises. A long-term perspective and a holistic view will be vital to avoiding possible human resource shortages. In the summer of 2022, several tourism sectors, such as aviation, experienced labor shortages (Hepher & Cornwell, 2022). Thanks to a holistic view and approach, Michelin-starred restaurants were able to escape that trap.

Nevertheless, implementing such holistic approaches and long-term perspectives also increases the impacts of economic challenges and restaurants’ failure. Therefore, the findings of this study have some policy implications. This research has shown that the studied restaurants used several strategies to deal with the challenges they encountered, and one of these should be cooperating with third parties to learn from their best practices and make informed decisions. However, the study did not observe strong governmental or industrial association activities that would support restaurants and owners. On the contrary, during the pandemic and subsequent periods, restaurants experienced a lack of information from the government, limited to no projection of the length of the crisis, and an unknown, unpredictable and unforeseeable future. Thus, governments and industrial network organizations and associations should develop active crisis plans to support restaurants and other hospitality firms in the future. Considering that these sectors operate with limited finances but require significant human capital (which should be secured and maintained), this study recommends that governments develop clear and transparent financial support packages to help such sectors deal with economic challenges and retain their core competency and knowledge base (Allaberganov, Preko, & Mohammed, 2021). Similarly, the results of this study indicate that network organizations and associations in the hospitality sector strive to increase communication and cooperation by working as a unit in times of protracted crisis. These implications are especially relevant for ensuring the continuity, resilience and survival of businesses.

5.3 Limitations and directions for future research
This study expanded our understanding of the COVID-19 challenges perceived by the chef-owners of Michelin-starred restaurants and the kinds of strategic renewal strategies they
adopted to address such challenges. It identified certain alignments and misalignments between the perceived challenges and the implemented strategic renewal strategies. The limitation of this study stems from its focus on Michelin-starred restaurants in Spain. Future works on this topic should aim to expand the empirical setting and include more countries in their data sets in order to test the findings of the present study. Testing the results of this study during other types of crises, such as war and economic crises, would be interesting. Future research could also elaborate on whether the managers, chefs and owners of different hospitality and tourism subsectors perceived similar challenges and implemented identical strategic renewal activities. They could shed light on the underlying mechanisms of alignment and misalignment between the perceived challenges and the strategic renewal approaches implemented. Likewise, future studies could examine how these actors change their strategic renewal activities and align misaligned strategies. Our study sample did not allow us to determine which of these strategies were implemented parallelly, but future studies could examine the match between such strategies. Finally, we used interviews to generate our findings, so future studies could also quantitatively test the results as a possible research direction.

References


**Corresponding author**
Debora Gottardello can be contacted at: debora.gottardello@ed.ac.uk

---

For instructions on how to order reprints of this article, please visit our website: [www.emeraldgrouppublishing.com/licensing/reprints.htm](http://www.emeraldgrouppublishing.com/licensing/reprints.htm)
Or contact us for further details: permissions@emeraldinsight.com