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# The Hospitality Industry One Year Since September 11, 2001: An Introduction to This Special-focus Issue

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# The Hospitality Industry One Year Since September 11, 2001: An Introduction to This Special-focus Issue

## **Abstract**

The effects of 9/11 extend from individuals' personal experiences and reactions to distortions in the industry's business patterns and, further, to company policies and government statutes.

## **Keywords**

hospitality, safety, security, human resource

## **Disciplines**

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## **Comments**

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# The Hospitality Industry

# One Year Since

# September 11, 2001

## An Introduction to this Special-focus Issue

The effects of 9/11 extend from individuals' personal experiences and reactions to distortions in the industry's business patterns and, further, to company policies and government statutes.

BY MICHAEL C. STURMAN

The effects of 9/11 extend from individuals' personal experiences and reactions to distortions in the industry's business patterns and, further, to company policies and government statutes. To say that the events of September 11, 2001, shocked the nation and the world does not do justice to the far-reaching repercussions of that bold and cowardly attack. The hospitality industry felt the fallout immediately. Not only did managers and workers experience personal trauma, but the staff members of hotels, restaurants, and airports—hospitality professionals all—were called upon to stay on duty to comfort and serve frightened customers and panicky passengers. In the days and weeks that followed, the hospitality industry was forced to manage dramatic changes in travel practices, plummeting occupancy rates, and massive declines in revenue—all while coming to terms with the personal toll. Over a year later, the industry is still struggling to cope with new regulations and adjust to continued changes in business patterns.

The purpose of this edition of *Cornell Hotel and Restaurant Administration Quarterly* is threefold: (1) to consider how the events of 9/11 have affected the hospitality industry, (2) to learn from the events and actions of the subsequent months, and (3) to help prepare hospitality professionals for what appears to be an uncertain future. While a plethora of television specials and journal, newspaper, and magazine articles have already examined many aspects of the months following 9/11, it is still important to focus directly

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on the specific ramifications for the hospitality industry.

The strength of *Cornell Quarterly* is that it uses a research-driven approach in its articles to examine implications for the industry. This does not mean emotionless analysis, since one cannot truly provide a picture of what has occurred since that fateful day without relaying circumstances and events that cause an emotional response. However, the purpose of this journal—to provide research-based insights for the practice of hospitality—demands that its authors do more than simply reflect on changes over the past year. Rather, this issue calls on the expertise of those who have experienced and studied the events of the past year to provide educated, practical insights into how the hospitality industry has changed and will continue to change. This issue of *Cornell Quarterly* therefore sets out to evaluate the changes in the industry over the past year, provide a snapshot of the industry today, and consider the industry issues likely to emerge in the future from the 9/11 attacks.

Each article in this issue addresses one of four specific themes. These themes reflect different levels of analysis, including personal experiences, managing employees as a group, hotel-level safety concerns, and the attack's national-level consequences. This issue is organized along those different levels and themes—that is, the personal experience, the industry effects, the human-resources implications, and concerns for safety and security.

### The Personal Experience

Despite its traditionally broad coverage, this journal cannot address the staggering depth and breadth of compelling personal stories that emerged from the 9/11 events, especially since *Cornell Quarterly's* underlying philosophy is to communicate rigorous case studies, qualitative research, or quantitative research to advance future practice. This does not mean that the journal omits first-person accounts or requires that every study must follow a theorize-hypothesize-test pattern. Rather, insights for practice can come from articles of many sorts, and the profoundly personal effects of the 9/11 attacks mean that sharing the personal stories of that day and subsequent year can benefit others. Furthermore, it is possible to learn and draw out important applications from any single situation.

That is exactly what occurs in the lead article in this issue, the personal account of the general manager of the Regent Wall Street, Christopher Knable (“September 11, 2001: Recovering Hospitality at Ground Zero,” pp. 11–26). Located only a few blocks from the World Trade Center, and opened only six months before the 9/11 attacks, the hotel was one of the hotels near Ground Zero that continued at least some operations. Knable's story relates the effects of key decisions made on September 11 and immediately afterward, and details how a strong team of managers and other employees made possible the hotel's recovery. This article does not pretend to be objective,<sup>1</sup> and its value is in the personal nature of the story that it tells. Knable's article also provides a rich context for the issue's remaining articles, which take a more dispassionate approach.

### Industry Effects

As I indicated above, the hospitality industry has yet to recover fully from the combination of an economic recession and the 9/11 attacks. The second set of papers in this issue presents research that specifically examines how different components of the hotel industry have changed since the terrorist attacks. The first article of this section, “Crisis Management and Recovery: How Washington, D.C., Hotels Responded to Terrorism,” by Greg Stafford, Larry Yu, and Alex Kobina Armoo (pp. 27–40), examines the effects of the 9/11 attacks on the Washington, D.C., market and describes how the market's hoteliers worked together for an immediate response to the attack on the Pentagon and, later, to work on recovery.

The next article shows how the financial effects of 9/11 on the hotel industry went far beyond New York City and Washington, D.C. Cathy Enz and Linda Canina analyzed the continuing effects on various geographical markets one year later (see: “The Best of Times, The Worst

<sup>1</sup> From a philosophy-of-science point of view, “objective” has nothing to do with the presumed characteristics of the scientist. Rather, as explained by Kerlinger, it simply refers to the idea that there is agreement among judges on what was observed. Objective results exist when the results obtained by anyone following the prescribed rules and procedures are the same. See: F.N. Kerlinger, *Foundations of Behavioral Research*, third edition (New York: Holt, Rinehart & Winston, 1986).

This issue is organized along different levels: the personal experience, the industry effects, the human-resources implications, and concerns for safety and security.

of Times: Differences in Hotel Performance Following 9/11," pp. 41–52). Not surprisingly, the fallout of 9/11 was not felt equally by all markets, and not all markets have recovered in the same way.

Next, the analysis of changes in aggregate hotel values, by John O'Neill and Anne Lloyd-Jones ("One Year after 9/11: Hotel Values and Strategic Implications," pp. 43–64), shows that, on average, hotels have lost 4.9 percent of their market value as a result of the attack. In addition, sales of hotels have reached their lowest level since 1993. Once again, however, the industry's financial problems cannot be attributed solely to the events of 9/11. This point comes out in both the article by O'Neill and Lloyd-Jones and the one by Enz and Canina (mentioned above). The industry was seeing substantial downward pressures even before September 2001. Certainly the events of 9/11 made a bad situation worse by accelerating RevPAR declines—and likewise diminishing hotel values.

The news is far from all bad, as shown by the optimistic signs found in this issue's first four articles—from the individual efforts that led to a remarkable recovery at the Regent Wall Street and the successful efforts made to breathe life back into the Washington, D.C., market, to the signs of recovery for both RevPAR and hotel values. All of these articles show that recovery takes time, and clearly there is still much progress yet to be made. Nonetheless, despite the evidence of 9/11's dramatic effects, all signs point to an eventual recovery for the hospitality industry.

### Human-resources Implications

An analysis of the effects of 9/11 extends beyond personal experience, performance of individual hotels and specific markets, and summary statistics of the industry as a whole. Ultimately, the way business is done has changed, and there is reason to believe that many of these changes are permanent. The next four articles in this special issue present some of the types of major changes in human-resources practices that occurred in reaction to the events of 9/11.

One of the immediate actions taken as a result of the terrorist acts was the passage of the USA Patriot Act. This controversial law has a number of implications for the workplace, as described by Clare Sproule ("The Effect of the USA Patriot Act on

Workplace Privacy," pp. 65–73). As a reaction to the 9/11 attacks, employers have more reason and opportunity to investigate their employees' backgrounds, and the government has greater authority for investigating potential terrorist threats. The ethical issues involved in such investigations, though, merit thought. Where is the line between employers' security concerns and employees' due-process and privacy rights? Moreover, what safeguards exist to prevent an employer from abusing its newfound employee-surveillance privileges? What should employers do with the wealth of personal information they end up collecting on their employees? Sproule's article raises a number of these issues that have emerged as a result of the passage of the USA Patriot Act.

Another immediate effect of 9/11 is what has come to be known as the "war on terror" at home and abroad. Since September 11, thousands of individuals have been called upon to serve in the U.S. military, and more workers who are in the National Guard and military reserve are subject to being called up. Employers will obviously have to deal with the consequences of employees' being called up for service, and the article by Jeffrey Klein, Nicholas Pappas, and Matthew Herman details the specific legal issues that must be upheld to manage this process correctly ("The USERRA: Workers' Employment Rights Following Military Service," pp. 75–83).

The next two articles describe the implications of the 9/11 attacks for collective bargaining. In "Collective Bargaining after September 11: What about Job Security and Workplace Security?" (pp. 93–108), L. Robert Batterman and John Fullerton discuss a broad range of the resulting issues. Their article includes an overview of relevant legal matters and their implications. They also detail a number of collective-bargaining issues that will likely need to be considered in the future.

While the Batterman and Fullerton article provides a broad overview of collective bargaining, the article that David Sherwyn and I wrote focuses on a single, but interesting component of employee-employer relations. Specifically, this article describes how, in an effort to reduce the number of layoffs caused by the industry's sudden drop in business, a number of companies turned to job sharing. The article describes the way job sharing has been implemented in both union and nonunion environments. The article also raises a number of questions that

should be considered for job sharing to potentially prove useful in the future.

### Concerns for Safety and Security

The fourth section of this special-focus issue of *Cornell Quarterly* examines hotel safety and security, a long-time concern of the hospitality industry, but one that has been further highlighted by the events of 9/11. The terrorist attacks called attention to the demands of both employees and customers for a safe environment, and the responsibility of hotel owners and managers to provide such an environment.

The article by Ernest A. Cohen ("Collective Bargaining Regarding Safety and Security Issues," pp. 109–118) and the one by Cathy Enz and Masako Taylor ("The Safety and Security of U.S. Hotels: A Post-September 11 Report," pp. 119–136) complement each other. Cohen addresses the various legal implications of the Patriot Act and collective-bargaining issues for the purpose of taking actions to improve workplace safety and security. This article shows that there are often two sides to any question being considered—even when the topic is one like safety, which one might at first think should invite consensus. However, disputes can arise even when employers make good-faith efforts to improve workplace security and safety, such as by making background checks on employees to ensure their legal status to work and a lack of prior criminal activity. This matter becomes even more complex if some employers take advantage of security concerns to diminish employee rights or restrict union activity.

Enz and Taylor, on the other hand, focus on the issues of safety and security from the customer's point of view. Safety has become a greater concern for many traveling for work or pleasure. Enz and Taylor show the types of guest-security amenities found in various hotels, and how these are differentiated by market segment. Emerging from their article is a list of safety and security equipment that hotels may possess. General managers may want to use the results of this study to evaluate their own properties and compare their safety rating to the market benchmarks provided in the article.

### Conclusion

The events of September 11, 2001, changed the world of hospitality. Immediate and long-term

effects on individuals, customers, management practices, and the industry as a whole are evident from any number of points of view. Although these events affect far more than just this industry, it is beneficial for hospitality professionals to have a focused and in-depth examination of the implications of the events of 9/11.

The purpose of this special-focus issue, this journal's first edition to be published after the one-year anniversary of 9/11, is to begin the process of seeing the broad picture, gauging where the industry is going, and highlighting the resiliency of the industry and its people to devastating circumstances. Yet the events of September 11 will be felt much longer than for simply a year or two. "9/11" has already entered the American lexicon, much like December 7, 1941. For the hospitality industry, the articles by Knable; Stafford, Yu, and Armoo; O'Neill and Lloyd-Jones; and Enz and Canina all suggest that, with time, the industry will eventually return to a level that we can consider normal, where "normal" means no statistical difference from the overall financial trends, revenue forecasts, and hotel values that might have been forecast and observed had 9/11 never occurred. But the repercussions of that day will likely remain with the industry forever—including legislative changes that alter the nature of work and employee-employer relationships. Individual employees' heroism on that day—which includes staying at their post to do their jobs—are already legendary, and have become examples used in new-employee orientations. Airlines (certainly) and hotels (probably) will forever have a changed view of the requirements for ensuring safety.

This special issue is but a starting point in an unfolding story marked by a devastating change on a single day. While another special-focus issue on the implications of 9/11 is unlikely, I expect that *Cornell Hotel and Restaurant Administration Quarterly* will publish articles over the next few years to provide additional insight into the repercussions of the event, and future research on hospitality practice will forever be influenced by the environment that has emerged because of that day. Indeed, the challenge ahead for scholars and practitioners is to integrate the lessons learned from 9/11 into the regular aspects of hospitality practice. The articles of this special-focus issue of *Cornell Quarterly* provide a picture of our industry from the last year. They leave us with a promise of recovery, but also with the knowledge that life in general, and of course specifically for hospitality practice, will forever be changed. ■