

Research on Enterprise Resilience under the Impact of Major Public Safety and Health Crisis Events

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Abstract

After nearly three years of epidemic control, at the end of 2022, China made adjustments and optimizations to its control policies. As an important component of the service industry, the catering industry has been deeply affected at different stages of the epidemic (crisis outbreak, government control, and implementation of openness). Therefore, this article selects catering enterprises as the research object, and examines in stages how they are more resilient in the context of environmental uncertainty, in order to clarify the important factors that constitute enterprise resilience, and thus help enterprises cultivate their ability to resist crises, and provide suggestions for the high-quality development of Chinese enterprises.

Keywords

COVID-19; Enterprise Resilience; Catering Industry; Case Study.

1. Introduction

The sudden COVID-19 has pushed the pause button for the catering industry, and all enterprises and organizations are facing unprecedented challenges. Unlike previous disease emergencies, the COVID-19 has had an unprecedented impact on all aspects of human life, changing the normal living environment of the whole society. Under the crisis of COVID-19, catering enterprises are mainly affected by the COVID-19 epidemic: consumer demand is reduced, consumer desire is reduced, and corporate profits are very small; The front-end supply chain of the enterprise is damaged; The epidemic has changed residents' consumption habits and accelerated the transformation of catering enterprises from traditional in store services to online and offline services; Operating cash flow is tight and financing is difficult. Under the influence of the COVID-19 crisis, whether enterprises can form resilience has become the key to the survival and future development of enterprises [1]. So under the COVID-19, how catering enterprise organizations cultivate enterprise resilience and how enterprise resilience plays a key role in resisting the crisis are the common concerns of entrepreneurs.

This article takes the catering industry as the research object, analyzes and investigates relevant well-known catering enterprises, summarizes the problems they face and the corresponding countermeasures they take, and explores the important factors that constitute the resilience of enterprises in the follow-up results tracking; The text analysis of the financial reports of relevant catering enterprises in the past five years is carried out with web crawler and other methods to preliminarily extract the important elements that may constitute enterprise resilience. Exploring the internal mechanism that forms corporate resilience can help cultivate the ability of enterprises to resist crises. Finally, based on industry reality, constructive suggestions are provided for the catering industry to better shape its resilience and resilience in changing environments.

At present, scholars' research on corporate resilience mainly focuses on the meaning and influencing factors of corporate resilience. The concept of corporate resilience originated from corporate management in the United States in the 1990s, and resilience is considered a development goal for enterprises. John F. (1997) pointed out that companies with resilience have the ability to adapt to constantly changing environments, thereby maintaining competitiveness in the market. Regarding the internal mechanisms and influencing factors of enterprise resilience, Shah Alam (2013) believes that the mechanism of enterprise resilience includes six aspects: pressure challenges, environmental background, process of action, internal resilience, resilience response process, and positive response results. Resilience is triggered by unexpected events, including external factors such as economic recession, natural disasters, industry competition, and internal factors such as corporate transformation. Zhang Gongyi et al. (2020) integrated a research framework for the enterprise resilience system of "situational stimuli - process of enterprise resilience - resilience outcomes" [4]. Tang Min et al. (2019) found that the influencing factors of corporate resilience involve aspects such as organizational leadership, organizational culture, organizational learning, and social relationships. These factors are not only interdependent, but also interact with the internal and external environment, dynamic capabilities, and other factors of the organization to affect the resilience of the enterprise. Regarding the construction of enterprise resilience, Teece (2012) believes that the creative role of managers can create new mechanisms in turbulent situations [6]. Shan Yu et al. (2020) pointed out that Digital transformation can promote the speed of recovery and rebound of organizations under the impact of adverse events, become a springboard for the upgrading of organizational capabilities, and realize the transition of organizational capabilities [7].

Based on literature, it can be seen that in the past, research on corporate resilience was mostly based on Western cultural contexts, while there were few measurements of corporate resilience based on Chinese cultural contexts [8], especially lacking continuous observation of the dynamics of corporate resilience under the impact of major public safety and health crisis events.

2. Definition of the Concept of Enterprise Resilience

In the 1970s, management introduced the concept of "resilience" in physics. After 1990, the concept of "enterprise resilience" emerged in the field of enterprise management, mainly referring to the ability of enterprises to quickly respond to changes in the economic environment, maintain business order, and maintain production efficiency. The purpose of early research on corporate resilience was to enable enterprises to better achieve sustained growth in turbulent environments. Later, due to the increasingly complex business environment faced by enterprises, it evolved from traditional market risks to unconventional or disruptive risks that various organizations may face [10]. With the recognition of the increasingly complex types and conditions of risks faced by enterprises, the focus of research has gradually shifted to the ability of enterprises to resist system disruptions and adapt to uncertain risks.

Although scholars have different definitions of the concept of corporate resilience, it is widely recognized in the academic community to define and deeply understand corporate resilience from the perspectives of capability, recovery, and transcendence. From the existing research results, there may be a consensus in the academic community that "corporate resilience is a capability", and this capability can be divided into the forms of restoring steady-state ability and surpassing the original state ability [11]. The former is to restrict the regression of enterprise organizations or preserve their basic functions, while the latter is not limited to restoring the enterprise organization to its level before the impact, but to achieve dynamic

balance between the enterprise organization and the existing situation based on new environmental scenarios.

Corporate resilience has the ability to help businesses maintain or recover from damage to an acceptable level, similar to the concept of resilience in physics, which refers to the ability of objects to recover their original state and characteristics after being bent and deformed. In organizational behavior, enterprise resilience is defined as a structural and systematic power that can help enterprises relieve pressure, maintain cohesion, recover from shocks, and effectively solve business crises [12]. Enterprise resilience has the ability to mobilize existing organizational resources and create new capabilities to cope with current difficulties, which is similar to the concept of ecological resilience. Drawing on the research conclusions of ecological resilience, it can be considered that enterprise resilience is the adaptive ability to restructure the balance between the organization and the current environment. Enterprise resilience, as an adaptive ability, is not only reflected in the use of existing forces to rebound in the face of environmental changes, but also in the manifestation of new forces in response to dynamic environmental changes.

3. Factors Influencing Enterprise Resilience

Through organizing previous research literature, it has been found that the factors affecting the formation and improvement of enterprise resilience mainly include the following:

3.1. Enterprise Resources

Through the analysis of the main case enterprises, it was found that the traditional economic resources in the enterprise, including fixed assets, funds, raw materials, core technologies, etc., are enterprise resources that contribute to the formation and improvement of enterprise resilience. Cultivating enterprise resilience not only requires fully mobilizing various material resources within the organization, but also relies on the cooperation of core members within the enterprise. Effective communication, capital structure, employee personal development plans, employee assistance policies, capital structure, etc. in enterprises all belong to the scope of enterprise resilience resources [14].

3.2. Organizational Leadership

Leaders shoulder the tasks of building internal trust relationships, resolving management conflicts, collecting and integrating enterprise information, and obtaining support from organizational members. Therefore, organizational leadership is the core factor in the formation of enterprise resilience [15]. Generally speaking, leaders of resilient organizations share a common trait of being able to quickly respond to sudden problems and propose effective solutions, while also helping employees adapt to strategies. Therefore, the personal characteristics, educational background, professional competence, and cognitive judgment of leaders may all have varying degrees and natures of impact on the organization.

3.3. Social Networks

The formation of corporate resilience largely relies on social networks, and positive social networks have a positive impact on the improvement of corporate resilience. This is because positive social relationships in a short period of time are beneficial for organizations to obtain low-cost financial assistance, richer financing channels, low-cost but high-quality raw material supply, and the support and understanding of employees and customers. They often help catering enterprises to continue operating in the face of environmental changes, in order to resolve crises and overcome difficulties [16]. This fully demonstrates that a positive social network in the environment is an important condition for the formation of corporate resilience.

4. Case Study and Analysis of the Factors Constituting Enterprise Resilience

By conducting on-site visits and research on well-known domestic catering enterprises, mainly Hai Di Lao, a leading catering enterprise, we summarize the problems they face and the corresponding countermeasures they have taken, and track the results; At the same time, the methods of text collection and crawler technology are adopted to analyze the financial reports of relevant catering enterprises in the past five years. Firstly, the management activities of catering enterprises in the face of sudden public health events are sorted out and compared horizontally. Through text analysis, different management methods are adopted in different stages of enterprise organizations, and the main factors that constitute the resilience of enterprises in major public health emergencies are proposed.

4.1. Key Activities of Hai Di Lao

The COVID-19 has brought great impact to the catering industry. As a benchmark of the catering industry, Haidilao has experienced a great turning point in the face of repeated outbreaks, but it has demonstrated full corporate resilience and has overcome difficulties again and again. The specific analysis of key activities is as follows:

Table 1. Key Activities at Each Stage of Hai Di Lao

Time	Key Activities	Event
Jan-2020	Develop emergency plans	Issue a warning notice, conduct epidemic prevention and control drills, and extend the resumption of work time
Feb-2020	Opening up new business	Haidilao promotes the new "Dinner Ready" series products, shifting from 2B to 2C; Launch fresh community group buying
First half of 2020	Reorganization of organizational structure	Zhang Yong sorted out the organizational structure during the Hai Di Lao pandemic
Second half of 2020	Counter trend expansion of stores	After chasing after the opening of stores in the second half of the year, we turned around losses, and the number of global stores reached 1298
Second half of 2020	Extend supply chain	Haidilao has decided to adopt various methods such as self built factories, OEM processing, and cooperation with the supply chain
Second half of 2020	Innovative business scope	Haidilao is also adding fast food and trying to innovate its business, focusing on fast food that suits the local taste.
First half of 2021	Excessive expansion triggers crisis	Key indicators such as customer unit price and turnover rate have all experienced a certain degree of decline, resulting in severe losses.
First half of 2021	Some stores are closed	Repeated outbreaks in some areas have caused losses caused by local restaurants ceasing operations or suspending in person dining
Nov-2021	Woodpecker Plan (Adjusting Expansion Strategy)	Gradually close approximately 300 stores with poor business performance
At the end of 2021	Reform of the management system	Transforming the management system into a regional management system to improve the company's management efficiency.
First half of 2022	Continuously expanding business	The various community to home catering services provided by Haidilao's nationwide stores have generated a total revenue of nearly 200 million yuan,
Second half of 2022	Promote product innovation	Continue to promote product innovation and provide customers with more choices to enhance their dining experience
At the end of 2022	The "Woodpecker" has achieved significant results	Utilizing a regional management system to assist Haidilao in continuously monitoring restaurant quality
At the beginning of 2023	Adjustment of epidemic prevention policies	The demand for gatherings and socializing is gradually releasing, and the pre orders for meals and group meals have increased.
First half of 2023	Diversified catering services	Realize online consumption growth through the "delivery + community + live streaming + online shopping mall" model

4.2. Business Performance in Crisis

In 2020, Haidilao's operating revenue was 28.614 billion yuan, an increase of 7.8% compared to 2019, and a decrease of 2.036 billion yuan from 2.345 billion yuan in the same period last year. In 2021, Haidilao achieved a revenue of 41.112 billion yuan, an increase of 43.7% compared to 2020; The loss was 4.16 billion yuan. The annual revenue in 2022 was approximately 34.741 billion yuan, compared to 41.112 billion yuan in the same period last year, a year-on-year decrease of 15.5%; The net profit was about 1.373 billion yuan, compared to the loss of about 3.248 billion yuan in the previous year, achieving a turnaround from losses to profits.

Through timely and appropriate prevention and control measures, successfully overcome the initial outbreak of the epidemic, and then turn losses into profits by launching new businesses, reshaping organizational structures, and extending supply chains [17]; In the stage of epidemic control, due to the repeated outbreak and the influence of policies, the company has rapidly and excessively expanded, leading to a certain degree of decline in key indicators and significant losses in Haidilao. The company management immediately realized the problem and adopted the "Woodpecker Plan" to close stores with poor business performance, change the management system, improve management efficiency, continuously monitor restaurant quality, and improve business performance. At the same time, since June 2022, with the easing of the COVID-19, Haidilao's restaurant business performance in Chinese Mainland and other regions has improved significantly. In the stage of control and opening up, with the adjustment of epidemic prevention policies, the demand for gatherings and socializing is gradually released, and Haidilao has launched diversified catering services, continuously expanding its business scope.

4.3. Composition of Enterprise Resilience

Faced with this sudden major public health emergency, many catering enterprises have given satisfactory answers. This article selects well-known catering enterprises, including Haidilao, Laoxiangji, and Tongqing Building, as the research objects. It focuses on the official website, official Weibo, and other websites of the enterprise, and pays attention to relevant information from important media reports (including Global Times, People's Daily, etc.). Through extensive browsing, it obtains popular text information on the business methods of catering enterprises in this major public safety and health crisis event. Draw the word cloud as shown in the figure:



Figure 1. Word Cloud Chart for the Analysis of Resilience Composition of Catering Enterprises

The recovery of leading catering enterprises has effectively assisted in the recovery of the catering industry and boosted the confidence of catering merchants. By using word clouds, important components of enterprise resilience are extracted, mainly involving organizational leadership, organizational culture, enterprise resources, social relationships, and other aspects.

5. Construction Methods for Enterprise Resilience

5.1. Catering Enterprise Managers Should Pay Attention to Accumulating Crisis Experience and Cultivating Resilience Genes in the Enterprise

Resilience genes are corporate traits that precipitate with the establishment of an organization, which can help the organization resist the impact of crises. Catering enterprises should pay attention to internalizing and precipitating organizational resilience genes, and enhance the organization's ability to resist crises [18]. Specifically, managers should focus on learning and accumulating experience in responding to crisis events, such as enterprise management experience, risk resistant asset accumulation, and employee management experience, internalizing experience into resilience genes, enhancing enterprise resilience, and accumulating energy for organizations to respond to crisis events.

5.2. Catering Enterprise Managers Should Focus on Cultivating Resilience and Responsiveness to Respond to Crisis Events

Resilience response is the ability of an organization to respond to crisis events. When a crisis occurs, it helps the enterprise effectively absorb and develop specific response measures, and promptly recover from the crisis. Catering enterprises should pay attention to the cultivation of resilience response ability in their daily operations. Specifically, when encountering an emergency crisis, restaurant managers should orderly integrate enterprise resources to respond to the crisis. For example, for public health events such as the COVID-19, cooperate with government policies, do a good job of epidemic prevention for restaurant staff and food, and also carry out epidemic prevention for customers. When taking epidemic prevention measures against customers, attention should be paid to maintaining the customer base, not only maintaining emotions with customers, but also giving back old customers in actions to retain the restaurant's customer base. In addition, it is necessary to improve the supply chain of the enterprise to prevent problems with raw material supply from affecting restaurant operations. In addition, enterprises should also take advantage of the opportunity of the development of the times to complete Digital transformation. Under the current digital dominated social environment, catering enterprises should grasp the tide of the times, carry out digital empowerment through digital management, digital sales and other ways, and complete digital transformation [20].

5.3. Catering Enterprises Should Focus on Business Innovation and Explore New Business Models

Although enterprises have suffered heavy losses in this crisis, they should quickly clarify the changes in market supply and consumer demand brought about by the crisis, seek new development opportunities, and change or adjust their business models [21]. The occurrence of the COVID-19 has made consumers pay more attention to the safety of consumer places and consumer products. In order to eliminate customers' concerns about food safety and quality and fear of infection, enterprises can provide contactless services and door-to-door delivery services on the premise of ensuring food safety; In addition, packaging, portion size, reheating technology, and safe and hygienic vacuum packaging are important opportunities for catering enterprises to change their business models and achieve sustainable development.

5.4. Catering Enterprises Should Strengthen Product Brands and Enhance Customers' Dependence on Brands

Given that brands symbolize high-quality service attributes and reliability, consumers heavily rely on brands when they are concerned about product quality. Therefore, restaurant operators should establish a differentiated brand image through strong information and behavioral activities, and increase efforts to manage and monitor customer experience and perceive brand

image. Enterprises can increase interaction with customers and strengthen the support of old customers for the enterprise by promoting corporate social responsibility activities and rooting in community operations [22].

6. Conclusion

In recent years, Chinese and foreign scholars have conducted in-depth research on corporate resilience, mostly dividing it into the ability to restore steady state and the ability to go beyond its original state. They believe that the resources and leadership abilities possessed by an organization, as well as the social network, are the influencing factors that determine its resilience. Based on existing research literature and the specific situation of the case enterprise, four targeted strategies have been proposed. The global epidemic is a huge challenge for Chinese catering enterprises, and companies lacking in corporate resilience are facing even more difficulties during the epidemic. Therefore, catering enterprises should consider adapting to and managing sudden crises as a necessary skill, forging resilience in this epidemic, enabling enterprises to quickly restore business order, find a balance in the turbulent environment, and transform sudden risk management into normalized thinking.

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