

Managing restaurants during the COVID-19 crisis: Innovating to survive and prosper



Nabil Messabia^{a,b,c,*}, Paul-Rodrigue Fomi^b, Chokri Kooli^{b,c,*}

^a Royal Military College of Canada, Canada

^b University of Quebec at Outaouais, Canada

^c Telfer School of Management, The University of Ottawa, ON, Canada

ARTICLE INFO

Article History:

Received 5 April 2022

Accepted 17 July 2022

Available online 19 July 2022

Keywords:

COVID-19

SMEs

Crisis management

Resilience

Program evaluation

Innovation

Sustainability

JEL:

O16

O31

O36

ABSTRACT

This research examines the experiences of small- and medium-sized enterprise (SME) owners in the food service sector during the COVID-19 crisis. We collected authentic opinion through semi-structured interviews with restaurant owners in the Outaouais region (Quebec, Canada). Qualitative analysis of the interviews revealed that restaurant owners suffered from several issues: stress, shortage of employees, financial losses, liquidity problems, closures, reopenings, and difficulties in adapting to change. To overcome this crisis, entrepreneurs had to demonstrate resilience, innovation, and strategic management. Meanwhile, through its assistance programs, the government greatly supported entrepreneurs. While Canadian federal programs performed well, the Quebec government's support remained limited. We suggest that public administrators and program evaluators should address the shortcomings raised in this research. Lastly, this study contributes to the literature by providing a new perspective on the strategic management of SMEs during crisis and new managerial insights. Furthermore, we provide new perspectives on inclusive policy and program design during crisis.

© 2022 Published by Elsevier España, S.L.U. on behalf of Journal of Innovation & Knowledge. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>)

Introduction

The COVID-19 pandemic affected humans at health, educational, humanitarian, social, and economic levels. Governments have implemented preventive, restrictive, consecutive, and prolonged measures to address the pandemic and its fallout. Furthermore, measures such as lockdowns, confinement, distancing, limitations of gatherings and activities, and business closures negatively affected communities and businesses.

The Institut du Québec (IDQ) noted that the pandemic had unequal impacts on various sectors of the Canadian economy (Abboud et al., 2020). One of the most heavily impacted sectors was the food service sector, which experienced heavy job losses. IDQ also noted, "The restaurant industry, which comprises the bulk of the sector's workforce, will not be able to quickly return to its previous level either. Indeed, even if activities have resumed this summer, sanitary

rules still limit the occupancy rate of establishments" (Abboud et al., 2020, page 13).

Moreover, sales in the food services and beverages subsector declined by 36.6% in March 2020 to \$4.0 billion.¹ This was due to business closures across the country caused by the new regulations introduced to limit the spread of COVID-19.

The Canadian food service industry was among the most vulnerable services during the pandemic. While restaurant owners were severely impacted, most studies focused on analyzing the financial or economic impact at the macrolevel. Research should also focus on the micro-level and explore the lived experience of these restaurant owners. This study sought to fill this gap and aimed to understand how owners of small and medium-sized enterprises (SMEs) operating in the food service sector experienced the COVID-19-induced financial crisis.

Our research objective was as follows: "How did the owners of small and medium-sized restaurants in the Canadian Outaouais region manage the crisis brought by COVID-19?" Two research questions arise from this: (a) How do restaurant owners perceive the

* Corresponding authors.

E-mail address: ibm4chk@yahoo.fr (C. Kooli).

¹ <https://www150.statcan.gc.ca/n1/daily-quotidien/200526/dq200526c-fra.htm>

impacts of the COVID-19 crisis on the restaurant industry? (b) To what extent have COVID-19-induced constraints caused SME owners to adapt to the crisis?. To answer these questions, we used a qualitative approach following the multiple case study method, which is contrary to many studies. This approach offers the opportunity to directly and concretely discuss the feelings, challenges, opportunities, and experiences of entrepreneurs. Therefore, this research can be used as a basis for more global impact studies in the field. It also pushes researchers to validate the observed results by following a quantitative approach. Our findings can be very useful for governments, social policy makers, and program designers by helping them improve existing and design better policies and programs during crisis. Furthermore, the described experiences can help managers be better prepared for such crises in terms of financial and human resources management. Finally, we also highlight the importance of innovation, resilience, and sustainability as key areas for the success of small businesses during crisis.

The remainder of this study is organized as follows. After an intensive literature review, we explain the choice of interviews as a research tool. Next, the analysis of the results and discussions focus on the pandemic's impact on restaurant owners in the Outaouais region. We pay special attention to the management of the crisis by the entrepreneurs. Finally, we present the conclusions, limitations, and future research horizons.

Literature review

The impact of the pandemic on entrepreneurs

The World Health Organization (WHO) declared COVID-19 as a pandemic on March 11, 2020 (Sirajudeen et al., 2021) after it explosively started spreading in Wuhan, China (Helmi et al., 2021) in late 2019.

Soon enough, the pandemic transformed into a crisis that has resulted in widespread illnesses, deaths, severe limitations to personal and professional life, and rapid contraction of global economies (Kooli, 2021a). It had social, human, and economic repercussions in society, in general, and for businesses, in particular. Most social effects were caused by a change in living and working conditions, and constitute a direct threat to human beings (Sidhom, 2021). These effects generated a need for social distancing from others and increased dependence on new information and communication technologies (NICT) (Kooli, 2021b). Certain sectors of the world economy have been the most affected by COVID-19 restrictions, particularly the tourism and hospitality sectors that rely on close contact between individuals as part of their business model. This led to massive job losses (Ratten, 2020) and caused great stress among stakeholders (Abdelghaffar et al., 2021). Economically, the pandemic induced a severe economic recession due to the closure of borders between countries and territories, which disrupted the global economy as well as the performance of businesses (Kooli & Son, 2021). The International Monetary Fund (IMF) noted that the world was experiencing a recession which was equal to or worse than the 2008-2009 financial crisis (Jordà et al., 2020).

SMEs were particularly affected. SMEs account for more than 90% of all businesses in the world, making them the backbone of the global economy in both formal and informal business sectors (Thorgren & Williams, 2020). The COVID-19 crisis affected the entrepreneurial spirit of SME owners, their business models, and their entrepreneurial culture. It had disastrous impacts on most businesses globally (Zakaria, 2021) by disrupting normal business operations (Kooli, 2021c). It created many problems which differed geographically. Importantly, there have been negative reactions to the crisis because of its effects (Baburajan, 2021).

The pandemic impacted SMEs financially, socially, economically, and strategically. Financial impacts mainly included financing

difficulties, recession, and decreased revenues (Otmani & Abadli, 2019). Entrepreneurs found it difficult to obtain financing because financing sources were extremely volatile (Kottika et al., 2020). Financing for entrepreneurs reached an extreme low during the COVID-19 pandemic (Brown & Rocha, 2020). For example, when a company wants to expand in a crisis environment, liquidity must be considered (Alberca & Parte, 2018); however, liquidity may be difficult to obtain in the context of a crisis and resource scarcity.

As noted before, the pandemic has also caused an economic downturn (Ribeiro-Soriano & Piñeiro-Chousa, 2021). Equity investment collapsed dramatically in the wake of COVID-19, resulting in a 60% decrease in total investment volume raised between the first quarters of 2019 and 2020. For example, since the onset of the crisis, China has experienced a sharp and dramatic decline in overall equity levels. The severity of this decline far exceeds the declines seen in more established corporate finance markets such as the United States (Brown et al., 2020; Singh et al., 2021).

SMEs especially suffered profound damage due to the economic downturn (Türkcan & Erkuş-Öztürk, 2020). Entrepreneurs ceased their activities temporarily; some closed their businesses permanently. The slowdown in SME's activities caused the diversion of income and profits in different business sectors (Ratnasingam et al., 2020) owing to the decrease in sales and business revenues. This new reality stressed multiple companies (Thorgren & Williams, 2020) to the point where a new business approach to operations was needed (Cortez & Johnston, 2020; Kottika et al., 2020). Moreover, manufacturing and logistics were suspended or disrupted, which affects product sales due to restrictions on marketers and retailers (Singh et al., 2021).

At the human level, the pandemic has given rise to a new economic model based on precarious and small-scale jobs (Ratten, 2020). This crisis has affected businesses at all levels of employment, dramatically increasing the unemployment rate (Singh et al., 2021; Kooli, 2021a).

Finally, the pandemic had strategic impacts on the global supply and demand chain. For example, companies faced supply chain issues as workers were confined to their homes, while operations were curtailed in some industries (Cortez & Johnston, 2020; Ratten, 2020; Singh et al., 2021). Partial or total factory closures, emphasis on facility hygiene, and protective measures (Cortez & Johnston, 2020) to comply with new measures and restrictions also affected supply chains (Singh et al., 2021). Global containment measures implemented by several countries also disrupted supply, production, sales, and consumption, resulting in massive revenue losses (Björklund et al., 2020).

How did entrepreneurs manage the COVID-19 crisis?

Health responses to the spread of COVID-19 had a direct impact on economic policies. Business owners and managers had to adopt new business and organizational strategies to ensure the resilience and survival of their businesses under the new health policies (Cortez & Johnston, 2020).

Research shows that fostering entrepreneurship orientation is necessary to manage the COVID-19 crisis, as people's lifestyle, culture, and social interactions changed substantially. Entrepreneurs had to quickly adapt to the COVID-19 crisis by adjusting better to its consequences (Björklund et al., 2020). Ratten (2020) also admits that firms must display strong entrepreneurial orientation to deal with the problems associated with this change. Entrepreneurial orientation refers to the firm-level behavioral characteristics of engaging in innovation in markets, promoting innovative behavior, and being enterprising. Entrepreneurs need to take a more contemporary view of entrepreneurial orientation by incorporating cultural, social, and new lifestyle elements as a means of managing the COVID-19 crisis (Ratten, 2020). Björklund et al. (2020), Ratten (2020), and Kooli

(2021a) also believe that under the new work environment imposed by the pandemic, entrepreneurs must develop adaptive strategies by being aware of opportunities.

Research also notes the importance of cooperation, and sharing experiences and knowledge during crises. To do this, entrepreneurs must analyze and share current business conditions to anticipate changes (Björklund et al., 2020). This allows companies to adapt quickly so that they can focus on new trends, and thus, better manage the changes induced by the COVID-19 crisis (Cortez & Johnston, 2020; Ratten, 2020; Thorgren & Williams, 2020). In the long run, good cooperation between the company and its employees is needed to protect the company's strategic goals. Specifically, it will allow the company to establish new relational norms adapted to the crisis (Cortez & Johnston, 2020).

Doern (2016) notes that crisis management should focus on both prevention and response to major changes. During crisis, it is important to be responsive and clarify the development of the situation through different means of communication (Al-Omouh et al., 2020; Cortez & Johnston, 2020).

Other factors that help can entrepreneurs survive the COVID-19 crisis include benefits from government support and programs. For example, during the pandemic, several governments recommended that employees in all sectors should telecommute and provide remote service delivery (Cortez & Johnston, 2020). Several governments also provided financial support via subsidies and grants to SMEs to help them minimize the negative consequences of the crisis, ensure the survival of their operations, and limit the loss of employment opportunities (Björklund et al., 2020; Türkcın & Erkuş-Öztürk, 2020).

Notably, to better manage the crisis, most companies took immediate actions that encompass, among others, deferring investments, laying off workers, supporting wages through government-funded work allowances, reducing labor costs and operating expenses, negotiating contract terms and conditions, and reducing stocks (Alberca & Parte, 2018; Brown et al., 2020; Ratnasingam et al., 2020). Some immediate actions taken by SMEs during the pandemic focused on reducing negative cash flows and fixed capital.

Thorgren & Williams (2020) mention that firms could also take long-term actions to improve their performance. For example, they could to lay off employees, make deferred investments, terminate consultant contracts, renegotiate contracts and terms, and reduce costs associated with the workforce. Kottika et al. (2020) also note that during crisis, companies must reorganize their products to better meet consumer needs, focus on environmentally conscious customers, and adjust the prices of their products and services.

The literature review shows that most studies have focused on the effects of the pandemic on entrepreneurship in general. This study argues that we need to study the pandemic's effects on restaurant service entrepreneurship.

Research methodology

This research is based on a qualitative approach to achieve an in-depth understanding (Patton, 2002) of entrepreneurs' experience. We used the multiple case study method (Yin, 2011) with the individual as the level of analysis and the SME manager as the unit of analysis. Through semi-structured interviews, we collected authentic opinions on the experiences of Canadian restaurant owners from the Outaouais region after the COVID-19 pandemic. Using this approach, we sought to examine the perceptions, feelings, and emotions of entrepreneurs in the context of the impacts of a health and financial crisis.

Case study research is not designed to generalize research findings because these findings are strongly affected by the specific research context. As argued by Flyvbjerg (2006), a lack of generalizability does not reduce the scientificity of such research, since transferability is as useful for human knowledge construction as

generalizability. Since we are deeply studying the cases of food entrepreneurs, we believe that the findings' transferability to comparable contexts will be beneficial for both research and practice.

The targeted population included all SME owners in the Outaouais region (Quebec, Canada) who operate in the food service industry. The sampling approach was as follows. From the yellow pages' manual of the Gatineau/Outaouais region, published in January 2021, we searched for a list of restaurants in the region, which were approximately 200. Then, for each restaurant, we consulted the database of the Register of Enterprises of Quebec (REQ) to determine the type of business and identity of its owner. This allowed us to retain only small- and medium-sized businesses, obtain a list of their owners as well as their addresses. Thereafter, we proceeded with purposeful sampling (Patton, 2002) by selecting owners based on their lived experiences and knowledge during the COVID-19 crises (Cresswell & Plano Clark, 2017). The purposeful sampling method is intended to capture the characteristics of both commonalities and differences that are necessary for producing new knowledge (Palinkas et al., 2015). As Bernard (2002) and Spradley (1979) explain, the validity and reliability of the sample are based on the availability, willingness, and ability to participate, communicate, and share experiences in a reflective manner. Qualitative methods are intended to achieve deeper understanding (Patton, 2002), while sampling methods are intended to maximize efficiency and validity (Morse & Niehaus, 2009). They also place primary emphasis on saturation (Miles & Huberman, 1994). Therefore, we limited the interviews to the first six people in person.

We ensured strict adherence to necessary social distancing measures. We obtained an ethics certificate from the Research Ethics Board of the University of Quebec in Outaouais. All the participants provided written informed consent. The interviews were conducted face-to-face and designed to allow participants to tell us about their experiences with the crisis. Next, all interviews were transcribed and the minutes were coded using NVivo software. Key phrases were coded to create a tree structure that facilitated the analysis. The software and analysis of the interviews helped us organize the phrases into three main analytical themes. The first one explored the experience of restaurant owners during COVID-19. The second theme highlighted their resilient and innovative approaches to strategic crisis management. Finally, the last theme concluded with lessons learned in the wake of a crisis.

Results

We first explore how small business owners in the foodservice industry experienced the COVID-19-induced financial crisis (Fig. 1). Next, we highlight how they managed the financial crisis (Fig. 2). Finally, we describe the lessons learned from restaurant owners' experiences during this health and economic crisis.

The experience of small business owners in the food service industry

Stress

The COVID-19-induced financial crisis put SME owners under substantial stress. The interviewees said that they had experienced tremendous stress and were still experiencing it at the time of the interview. They reported a great amount of fear and uncertainty about the extent and magnitude of the pandemic. Respondent JK noted:

"It's not easy what we went through, even if I explain it in details, it was very difficult. It's total stress. Imagine if you're sick, you can not come in to work, if you have family problems, anything, you have no choice but to show up for work because at some point you do not have an employee, but you have to keep your doors open for delivery or takeaway service."

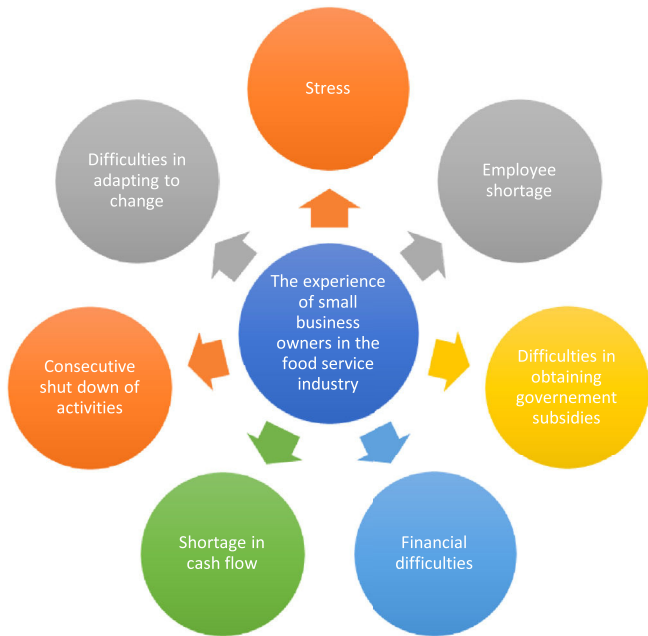


Fig. 1. The experience of small business owners in the food service industry during the pandemic.

Respondent KF also said that for him, *“it is certain that at the beginning of the crisis it was very, very stressful because nobody knew where we were going with the financial crisis caused by COVID-19”*.

Shortage of manpower

Respondents were also confronted with the great challenge of labor shortages. It was very difficult for entrepreneurs to find people who were willing to work. Various respondents confirmed that one of the causes of this labor shortage was the Canadian Emergency Response Benefit (CERB) and/or the Canada Emergency Student Benefit (CESB) programs. To support vulnerable populations, the Government of Canada had adopted emergency measures to financially support people

who have lost their jobs during the crisis. However, the benefits paid to workers encouraged and motivated potential workers to stay out of the labor market for as long as possible, rather than seeking to re-enter the workforce. This is reflected in the words of JK who said:

“Yes, the government has made grants to help people, citizens and especially workers. It has put the conditions of \$5,000.00 of income in 2019 and other conditions. But it was not 100% well done because there are students even who made \$5,000.00 or less than \$5,000.00 before the crisis and who were not working full time who preferred to have the help of the government than to go to work earlier because they would make more money with the CERB”.

At the time of the interview, interviewee KF was still looking for a cook, but no one was applying even though he had advertised several times on social media, newspapers, and INDEED, but was not receiving any applications. For KF, the CERB program is always the cause because, according to him:

“A cook is paid about \$400.00 to \$500.00 a week for restaurants that serve breakfast, so right now with the CERB you can stay home and get the same amount of money as you would if you came to work in the kitchen, in the heat and did 40 hours of work”.

In fact, when we interviewed KF, we noticed that he was alone in the kitchen, working as a cook because he had not yet found a cook despite several advertisements.

Despite financial constraints and excessive costs, young entrepreneurs had no choice other than to resort to placement agencies to cover their lack of manpower. Otherwise, they will be forced to close their restaurant due to staff shortages. In this sense, owner GH told us that she called on an agency to find staff and “young people do not want to work. I find it absurd that the government still gives money to these young people”. For his part, respondent BS told us that “he had difficulties in finding a cook to the point that he was obliged to go and find cooks in Tunisia to come and work in the restaurant”. Proprietor BK also noted the impact of labor shortages on operations:

“All our activities have been stopped. No delivery service (no online ordering) was offered by our restaurant because we do not have the

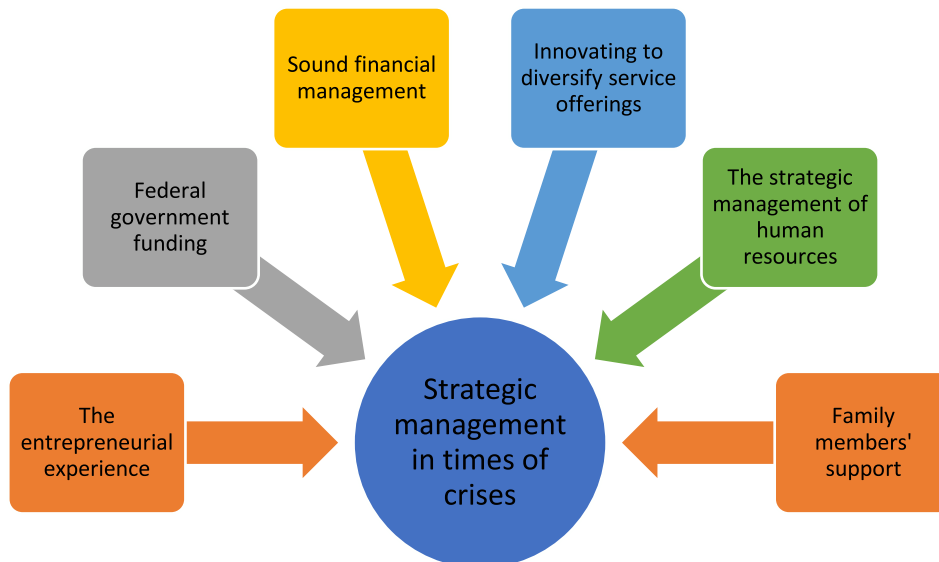


Fig. 2. Strategic management during crises.

resources to do so. I have no employees and the restaurant is family owned and operated by me”.

Some respondents were forced to close their restaurants because there were no employees. Respondent **GH** explained to us that her deliverer made it clear to her that “some restaurants are closed on Monday and Tuesday due to lack of staff”.

Difficulties in accessing funding

All interviewees stated that they had great difficulties in obtaining funding from the Quebec provincial government. Respondents said that provincial grants were based much more on the liquidity that the owners had in their bank accounts. Meanwhile, restaurant owners who were in a bad financial situation before the financial crisis were less likely to receive provincial government subsidies due to the lack of liquidity.

Respondent **JK** explained that “the provincial grants were poorly managed. I can classify them as a total failure because the grants were based on liquidity availability”.

Respondent **KF** was not eligible for provincial grants from the Quebec government because he had filed for bankruptcy in 2017, which disqualified him from obtaining these grants. Thus, he found the measures put in place by the Quebec provincial government to be much stricter than those of the federal government.

Respondent **GH** found the Quebec government grants to be a “big zero” because the government did not have to know what was in her bank account to give her a grant. She said that everyone should be entitled to the grant even if they have money in their bank account because the closures were not caused by themselves.

Financial losses

Many interviewees experienced financial losses in the wake of the COVID-19-induced financial crisis. The government’s actions regarding restaurant closures caused merchants to shut down their operations, even though they had perishable food stocks and foodstuffs at the time of closures. Interviewee **BK** stated:

“We have lost all our stock of vegetables in the first weeks when the pandemic started because we could not keep them long enough. Almost, everything was lost in the restaurant, especially the ingredients used to cook the meals, and this caused us huge financial losses.”

Respondent **GH** also noted:

“I have experienced considerable food waste and consequent financial losses. This should have been avoided if we had been informed a little earlier or had like two to three days’ notice before closing the restaurant”.

Respondent **BS** also stated that he “threw away all the dairy products, bread, fruits[,] and vegetables in stock when I closed my restaurant [...] This caused me a financial loss of “\$3,000 to \$5,000”.

Respondents also reported a decrease in sales because the government limited their capacity to receive clients. For example, respondent **BK** experienced a decrease in “sales of about 60% because its intake capacity was only 45% of its potential.” Despite the significant decrease in sales, the interviewees were had to pay the same fixed costs, such as rent, electricity, insurance, and all other necessary expenses.

The different cycles of closures and reopening resulted in a shortage of employees who did not want to return to a volatile labor market and instead preferred to obtain the federal government’s financial support. Some respondents felt that the losses caused by the various restaurant closures could have been avoided if they had been

informed a little earlier or had a few days (two to three days) notice before closing their business. Owner **GH** admitted:

“We are already about a year into the pandemic, I think the government has missed the boat a little bit because if the government had given us two or three days to allow us to carry out the closure, it would not have made any difference in the spread of the virus. It could have saved us the losses we suffered as a result of the closures.”

Shortage of liquidity

During the pandemic, financial losses caused by the pandemic resulted in a liquidity shortage for many restaurants. Consecutive closures, a reduction in service capacity, and a decrease in the number of customers were the main causes. Thus, to ensure the prosperity of their business and fill this gap, many entrepreneurs were obliged to pay some of their current expenses from their own funds. Restaurant owner **BK** mentioned:

“The restaurant is family owned, no employees, so it was very hard for us to survive financially during the periods of closure. We were forced to depend on our personal savings for a long time before we could receive financial assistance from the government.”

In the same vein, respondent **KF** mentioned:

“When I put the keys in the door[,] everyone was paid. I had about \$300.00 left in my bank account and I did not have any money left, no money in my bank account. Financially, it’s been tough, but it’s not over yet. The next two years are going to be really critical because the crisis has left many wounds.”

Interviewees also justified the cash shortage due to the tax burden they had to pay back at the end of the year because of the subsidies received. All government grants were considered taxable income. Respondent **KF** admitted the following:

“In normal times when I do produce my taxes, I pay about \$5,000.00 to \$6,000.00 annually. This year 2020 I have to pay \$25,000.00 in taxes because the grants are taxable. The grants that were given, that were very necessary, but they are a little bit poisoned because I have to pay taxes when I do not have any cash flow. To be sure I might have closed down completely and just waited for the reopening and not taken the given grants. I would not have taken anything and may be starting over without employees, but I would have been financially much less in the red than I am now.”

Difficulties in adapting to the changes

All respondents stated that they had difficulty adjusting to the various changes caused by the pandemic. For example, respondent **KF** reported that “it was a crazy situation. It sure was not a normal experience at all”. For example, at the beginning of the pandemic, respondents had to ensure that customers who came to the restaurant to eat wore masks. They also had to check their addresses, in addition to maintaining other government requirements. All of this was an overload for both the managers and customers. There were also many adjustments in restaurant management. For example, maintaining social distancing between customers, the use of new utensils to serve customers, and the increased use of deliveries. In short, there was a new organization and a new way of managing restaurants. For respondent **GH**, “everyone was in a panic. It was incredible. It was a little hilarious”.

The strategic management of the crisis by restaurants owners

Interviewees stated that they used several strategies and mechanisms to optimize their management style during the crisis. They used their experience as entrepreneurs, federal government grants,

financial management (specifically, an emergency account), innovation through delivery services, and the strategic management of human resources (Fig. 2).

The entrepreneurial experience

Several respondents reported using their entrepreneurial experience to manage the crisis and get through it with minimal disruption. Most interviewees had an average of approximately 15 to 20 years of experience in the food service area. This long experience entrepreneurial experience gave them a good understanding of how to deal with numbers, stress, and liabilities. Their familiarity with the food service industry and their own business also helped them get through a crisis that no one expected or was prepared for. For example, respondents **GH** and **BK**, who have a long history in the restaurant industry, said, “I think my experience as an entrepreneur has helped me get through this crisis”.

Owner **KF** explains how his experience as an entrepreneur helped him manage the crisis:

“I know my business, I know the numbers, I know the costs, I manage them well. Maybe that's why I've been in business for 10 years. Someone who is not comfortable with this information can easily fall off the wagon very quickly in a crisis, especially when the business is closed and there is no income coming in.”

Interviewees also mentioned that entrepreneurs who are not experienced enough or who manage their businesses poorly may not be prepared to get through a crisis like that generated by COVID-19. For **JK**, “it required experienced people who could be prepared to live through the situation and get through this crisis”.

Federal government funding

Restaurant owners who obtained federal government funding said that this helped them manage the impact of the pandemic better. For respondent **JK**, the “government supported the entrepreneurs well during the sanitary crisis. It even supported too much. [...] The federal government was mainly available to support the companies financially”. Similarly, for **BS**, “government assistance has been a very important element in successfully managing the crisis”.

Most interviewees said that they received wage subsidies, rent subsidies, and other grants. This has allowed restaurant owners to have cash flow, build up a financial surplus, and better manage their recovery. This was reflected in the words of owner **KF**, who said, “Yes, the assistance was greatly appreciated and needed[;] without these grants[,] I would not have been able to reopen”.

Sound financial management

Food service providers who had an account for emergencies, such as respondent **JK**, were able to better manage the financial impacts of the pandemic. The aforementioned respondent noted:

“It means not spending all the money or profits we made in the past. Using some of these profits and keeping them for difficult situations or emergencies helped me a lot to better manage the crisis at the beginning before the arrival of the federal government subventions. In the meantime, it was necessary to continue to pay some fixed expenses of the restaurant”.

Restaurant owner **BK** said, “We had to rely on our personal savings for a long time before the government grants through our contingency bank account”.

Similarly, respondent **GH** confirmed that she could pay her monthly mortgage installments because of the sufficient savings in the restaurant's emergency bank account. She has also continued to pay all her bills on time without any delays: “It is because of the sound financial standing of my bank account that I have been able to pay my bills, not with the help of the government of Quebec”.

Innovating to diversify service offerings

The most resilient entrepreneurs responded to the pandemic by innovating their services. Some interviewees set up take-away or home delivery services. The rapid strategic and operational adaptations allowed them to remain operational and earn revenue during the crisis. For example, respondent **JK** found that setting up this service helped him substantially, although this service never replaced the dining room because his restaurant was known for its lunch and dine-in service. Others also benefitted. For example, restaurant owner **KF** mentioned:

“A friend of mine has a Sushi restaurant. The delivery service saved his business, as his 2020 was one of his best financial years, simply because of the delivery service he set up during the pandemic”.

For respondent **BS**, the implementation of the delivery and take-away service “allowed my restaurant to be active and present for my customers during the pandemic”. Moreover, **BS** mentioned: “innovating services allowed me to make between 15% and 20% more of the sales I was making before the crisis. That helped to cover the restaurant's fixed costs”. This strategy also allowed him to avoid losing market share through customer loyalty and the attraction of new customers.

However, some respondents opted out of delivery services. They felt that part of their profits would be given to the carrier as a commission. Others abandoned the idea because of the fear of compromising the quality of service provided to their customers. For example, restaurant owners who focused their businesses on providing warm breakfasts felt that the quality of service would not be the same if they used home delivery services.

The strategic management of human resources

The pandemic has created a severe labor shortage (Zainal et al., 2022). By providing CERB to those who lost their jobs and CESB to students, the Canadian government has inadvertently and indirectly contributed to the aggravation of this labor force shortage (Larue, 2021; Koebel, 2021) by creating work disincentives. Many interviewees stated that they had strategically opted to stay in business to avoid losing their skilled workforce. For example, respondent **KF** kept his restaurant open just for takeaway orders to ensure that he could keep his staff. He mentioned: “one of the choices made was to keep my staff and especially my good employees.” Respondent **GH** also mentioned that she was “very lucky” because she was able to retain her employees. However, other restaurant owners lost many skilled employees during the outbreak. Therefore, they had no choice but to be imaginative and innovative. They relied on themselves, or on the help and dedication of family members. From a managerial perspective, the challenge lay in self-motivation as well as in strengthening the sense of solidarity among family members. Thus, during the crisis, the business became a family project rather than a commercial project. The success became family, not individual. Respondent **JK** mentioned the following:

“When you manage a family business, we know that the owner and his family are never paid enough for the hours they work. This is really the basis and the support of a family business or SME because these hours that are not paid enough allow the business to make extra cash flows”.

Lessons learned by restaurant owners in the wake of the crisis

Overall, respondents had an exceptional experience with several ups and downs. On the positive side, the pandemic-induced crisis allowed restaurant owners to improve their well-being, benefit from extended vacations (which are rare in normal times), and strengthen their ties with family members. Thus, entrepreneur **KF** admits that the pandemic allowed him to “spend the first three months of the

pandemic taking care of my two children, playing with them, home-schooling. In the restaurant business, taking three months off is rare, even on a weekend”.

Other resilient respondents leveraged the pandemic-induced closure for refurbishments and administrative reorganization. The entrepreneur **GH** mentioned that he “decided to repaint the entire restaurant because it had been five years since I had painted the restaurant. I also took the opportunity to clean up the restaurant’s documentation because I had not thrown away any administrative documents for 14 years”.

Furthermore, the crisis allowed restaurant owners to better retain customers and increase their loyalty. Respondent **JK** mentions: “What I learned as a positive from this crisis is that people, our customers[,] have become more loyal and are wonderfully satisfied”.

The sense of pride in the support and actions of the federal government was also reflected in the comments of owners **JK** and **BK**, who stated, respectively, that: “The federal government has been very supportive. It has been too supportive”; and “The federal government’s help has been greatly appreciated and needed. Without this support I would not have been able to reopen my business”.

Regarding the negatives, some respondents felt that the Quebec provincial government did not sufficiently support entrepreneurs during the crisis. Respondent **JK** said, “I can classify the Quebec provincial subventions as a total failure.” Respondent **GH** also mentioned that the Quebec government subsidies were “a big zero”.

Furthermore, some respondents felt that they had hit the bottom of the barrel because this crisis took a lot of physical energy away from their family life. In short, many entrepreneurs expressed a wish that they would not have to undergo similar experiences in the future.

Discussion

Our aim was to understand how owners of SMEs in the restaurant service sector in the Outaouais region managed the COVID-19-induced financial crisis.

The first theme of the analysis focuses on the experiences of SME restaurant owners. Research (Doern, 2016; Ratten, 2020; Cortez & Johnston, 2020) shows that crises generate increased stress levels among entrepreneurs. As expected, we found that respondents did feel elevated stress levels during the COVID crisis. This study confirms the results obtained in earlier studies.

Next, several studies (Hao et al., 2022; Kooli & Son, 2021) note that during a crisis, the lack of liquidity among entrepreneurs is generally due to the decrease in sales as well as the burden of fixed expenses that must be paid. Indeed, we found this in our interviews. However, a new factor which was observed was caused by distancing measures and the considerable downsizing of the capacity of restaurants. This new operating environment greatly affected restaurant owners, and even threatened the prosperity and existence of their businesses.

Most studies have pointed out that the losses caused in the food service sector are due to the destruction of contaminated food (Seo et al., 2014; Thorgren & Williams, 2020). This study also found that the losses were caused by forced and unplanned closures. Without the ability to generate revenue, restaurant owners had to continue to assume the costs of their regular expenses. Sudden closures also resulted in financial losses in terms of unused perishable food. Restaurant managers were unable to remedy this problem because of the sudden and unplanned government decisions.

Cortez & Johnston (2020) show that the COVID-19 pandemic has considerably affected entrepreneurs by impacting their lifestyle and changing the entrepreneurial culture. Similarly, we observed that at the beginning of the pandemic, restaurant owners had many difficulties adapting to this new reality. They had to set up different

arrangements while complying with the authorities’ guidelines, which changed their lifestyle and managerial culture.

Doern (2016), Cortez & Johnston (2020) showed that labor shortages and hiring difficulties during crises make SMEs vulnerable. Specifically, under such conditions, workers refuse to work or are frequently absentees. Indeed, we had similar observations. Importantly, we found that while government assistance those who lost their jobs, it also became a barrier that disincentivized these ex-worker from re-entering the labor market, particularly as it was extended over time. This is because the benefits derived from the various government programs were more than those from returning to work.

Several studies (Alberca & Parte, 2018; Ratnasingam et al., 2020; Piñeiro-Chousa et al., 2022) have highlighted the importance of government support to entrepreneurs during crisis. We also found that respondents reported that the Canadian federal government and the Quebec provincial government implemented various assistance programs. However, interviewees were not satisfied with the assistance offered by the Quebec provincial government. Specifically, they criticized the lack of attractiveness and complications of the conditions of attribution of the Quebec programs. In fact, the adopted programs contained eligibility conditions that were too strict and did not reflect the concrete reality experienced by entrepreneurs.

We discovered that respondents emphasized the importance of maintaining a contingency financial account. entrepreneurs who handled the crisis better were those who had an emergency bank account. This particularly helped in covering certain expenses, losses, lack of income, and liquidity while waiting for the arrival of government aid and subsidies. However, for some, having a contingency financial account constituted an obstacle to obtaining provincial financial subsidies.

The second theme of the analysis focused on the management of the crisis by restaurant managers. Studies (Aibar-Guzmán et al., 2022; Brown et al., 2020) find that entrepreneurs with good training and several years of managerial experience are more likely to be able to manage different crises. Here, we clearly observed that the most experienced entrepreneurs were the most resilient and innovative. Thus, they showed great capacity to adapt to change. Consequently, they successfully managed the consequences of the COVID-19 crisis.

Several studies (Abadli & Otmani, 2014; Heredia et al., 2022; Kooli, 2022) have stressed the importance of technological innovation during crises. In fact, the use of NICT and varying the service offerings can help cover the labor shortages and attract new customers. We found that some entrepreneurs are more resilient and innovative. They adapted to government restrictions and requirements, and offered services tailored to their customers’ needs. For example, the use of NICTs facilitate the implementation of delivery or take-away services. However, we also found that some restaurant managers were reticent about offering these services because of concerns about losing quality, raising prices, and losing customer loyalty. Rather, the adoption of such new services by restaurant owners resulted in additional costs or reduced their profit margins.

Several small business owners took immediate action to reduce operating costs during the pandemic. One common response was to lay off staff (Brown et al., 2020; Ratnasingam et al., 2020; Ratten, 2020). By contrast, we found that many entrepreneurs prioritized strategic human resource management over easy layoff choices. For example, afraid that they would lose their human capital and valuable skills, some restaurant owners preferred absorbing financial losses and not abandoning their workforce. This finding is an important contribution to current research. This strategic choice of retaining employees facilitated the recovery of restaurant owners in an environment marked by labor scarcity and hiring difficulties. We also highlighted the importance of family solidarity as an innovative managerial tool during crises. To compensate for the lack of manpower, owners and their family members have contributed in solidarity to

the maintenance or resumption of entrepreneurial activities. Thus, the versatility and competence of the entrepreneur and their family members can serve as a backup during crises.

Current research has also observed the positive impact of the pandemic on restaurant owners. By defying the pandemic and offering diversified services, food service entrepreneurs have been able to retain their customers and even diversify into newer markets. Entrepreneurs have also benefited from an exceptional experience in human and financial resource management. For example, The strategic mind-set and management induced by the pandemic will forever be instilled in the minds of entrepreneurs. By self-assessing their management style and being resilient and innovative, entrepreneurs were able to turn the difficulties of the pandemic into learning and development opportunities. This finding is another important contribution of this study.

Research implications

This study contributes to the literature on the strategic management of small- and medium-sized restaurant businesses during crisis and provides new managerial insights. We provide new findings, particularly regarding the unforeseen nature of the crisis, the importance of the entrepreneur's experience in managing a crisis, and the usefulness of government assistance. Furthermore, we find that strategic management, innovation, family solidarity, and resilience are other factors for success during crises.

Limitations

Note that when the interviews were conducted, the crisis was not over. The interviewed restaurant owners could still experience more difficult situations or find other solutions to better manage the crisis with the following waves.

The interviews were conducted only with those entrepreneurs who continued to operate during the crisis. Unfortunately, we were unable to interview restaurant owners who ceased operations because of the pandemic. Their opinions or contributions could have been very useful in enriching our results.

Finally, our sample size was limited because of the lack of resources to fund the expansion of our sample. A larger sample can allow us to cover different types of restaurants, such as those that did not offer lunchrooms, closed or went out of business during the pandemic, and operated in other regions across Quebec and Canada.

Future research should be conducted after the end of the pandemic, and include restaurants across Canada as well as those restaurants which resumed operations after being closed.

Conclusion

The unexpected and unpredictable COVID-19 pandemic created an unprecedented health crisis that has reached every continent and weakened global economies. This research helps understand the different impacts that a crisis, like the COVID-19 pandemic, can cause and the measures to be taken to better manage its repercussions. Specifically, we focus on entrepreneurs in the restaurant sector in the Outaouais region of Canada during the COVID-19 pandemic.

We find that the impact of the crisis can be negative or positive. Negative impacts include financial repercussions such as the deterioration of profits and revenues, recession, and financing difficulties. At the human level, the pandemic caused social and psychological repercussions. At the managerial level, entrepreneurs faced problems of lack of resources, job losses, income loss, and especially government restrictions. On the positive side, research shows that many entrepreneurs learn to be resilient, innovative, and above all, strategically manage their business and adapt quickly to change. Indeed, we found that the COVID-19-induced crisis allowed restaurant owners

to vary their service offerings, build customer loyalty, and gain new market segments.

We also show the importance of government support for entrepreneurs during crises, but certain problems persisted. We found that entrepreneurs were satisfied with the support programs adopted by the Canadian federal government, but not with the content and conditions of access to the Quebec provincial government's programs. This study also found that support programs for workers and students who lost their jobs were a barrier to employment and recovery for restaurateurs. A review of these programs is urgently needed to prevent future drift and loss of skills. Governments are also invited to design support programs that are more flexible, inclusive, sustainable, and consider circumstances without sanctioning the most efficient entrepreneurs. Governments should also avoid hasty decisions without considering their impact and consequences on entrepreneurs. Importantly, a reasonable time for adjustment to the taken measures needs to be observed in similar future cases.

On the managerial side, entrepreneurs are encouraged to build on a culture of financial precaution by maintaining contingency financial accounts; some of our respondents noted the particular utility of such emergency funds during crises. Entrepreneurs should also practice a culture of strategic human resource management, as human capital is an important factor that contributes to the success of the business. Finally, we suggest that entrepreneurs receive specific training about resilience and change management during crisis. Governments should provide the necessary financial support to help entrepreneurs cover the fees associated with these development opportunities.

References

- Abadli, R., & Otmani, A. (2014). Clusters and outsourcing innovation activity. *International Journal of Business and Globalisation*, 12(2), 237–247.
- Abboud, T., Déry, P., Dubuc, A., & Savard, S. (2020). L'emploi et la COVID-19 : Analyse et propositions pour relancer le marché du travail. Institut du Québec. https://consultations.finances.gouv.qc.ca/RelanceEconometique/propositions/RelanceEconometique_Institut_du_Qu%C3%A9bec_Bachand_Dubuc.pdf.
- Abdelghaffar, W., Haloui, N., Bouchrika, N., Yaakoubi, S., Sarhane, A., Kalai, E., & Rafafi, R. (2021). Psychological support unit design and implementation during COVID-19 pandemic: Case of Mongi Slim Hospital, Tunisia. *Avicenna*, 2021(1), 2.
- Aibar-Guzmán, B., García-Sánchez, I. M., Aibar-Guzmán, C., & Hussain, N. (2022). Sustainable product innovation in agri-food industry: Do ownership structure and capital structure matter? *Journal of Innovation & Knowledge*, 7(1) 100160.
- Alberca, P., & Parte, L. (2018). Operational efficiency evaluation of restaurant firms. *International Journal of Contemporary Hospitality Management*, 30(3), 1959–1977. doi:10.1108/IJCHM-09-2016-0547.
- Al-Omouh, K. S., Simón-Moya, V., & Sendra-García, J. (2020). The impact of social capital and collaborative knowledge creation on e-business proactiveness and organizational agility in responding to the COVID-19 crisis. *Journal of Innovation & Knowledge*, 5(4), 279–288.
- Baburajan, P. K. (2021). Psychological impact of COVID-19 pandemic among expatriate residents in the UAE. *Avicenna*, 2021(1), 3.
- Bernard, H. R. (2002). *Research methods in anthropology: Qualitative and quantitative approaches* (3rd ed.). Walnut Creek, CA: Alta Mira Press.
- Björklund, T. A., Mikkonen, M., Mattila, P., & van der Marel, F. (2020). Expanding entrepreneurial solution spaces in times of crisis: Business model experimentation amongst packaged food and beverage ventures. *Journal of Business Venturing Insights*, 14. doi:10.1016/j.jbvi.2020.e00197.
- Brown, M., Chewing, E., & Singh, P. (2020). *Preparing the United States for the superpower marathon with China*: 4Brookings Institution.
- Brown, R., & Rocha, A. (2020). Entrepreneurial uncertainty during the COVID-19 crisis: Mapping the temporal dynamics of entrepreneurial finance. *Journal of Business Venturing Insights*, 14. doi:10.1016/j.jbvi.2020.e00174.
- Cortez, R. M., & Johnston, W. J. (2020). The Coronavirus crisis in B2B settings: Crisis uniqueness and managerial implications based on social exchange theory. *Industrial Marketing Management*, 88, 125–135.
- Creswell, J. W., & Clark, V. L. P. (2017). *Designing and conducting mixed methods research*. Sage Publications.
- Doern, R. (2016). Entrepreneurship and crisis management: The experiences of small businesses during the London 2011 riots. *International Small Business Journal: Researching Entrepreneurship*, 34(3), 276–302. doi:10.1177/0266242614553863.
- Flyvbjerg, B. (2006). Five misunderstandings about case-study research. *Qualitative Inquiry*, 12(2), 219–245. doi:10.1177/1077800405284363.
- Hao, Z., Zhang, X., & Wei, J. (2022). Research on the effect of enterprise financial flexibility on sustainable innovation. *Journal of Innovation & Knowledge*, 7(2) 100184.
- Helmi, M., Sari, D., Sulistyowati, Y., Meliala, A., Trisnantoro, L., Nurrobbi, T., & Ratmono, T. (2021). The challenge of education and training in the COVID-19 National Emergency Hospital Wisma Atlet Kemayoran in Jakarta. *Avicenna*, 2021(2), 10.

- Heredia, J., Castillo-Vergara, M., Geldes, C., Gamarra, F. M. C., Flores, A., & Heredia, W. (2022). How do digital capabilities affect firm performance the mediating role of technological capabilities in the "new normal. *Journal of Innovation & Knowledge*, 7,(2) 100171.
- Jordà, Ò., Singh, S. R., & Taylor, A. M. (2020). Longer-run economic consequences of pandemics. *Covid Economics: Vetted and Real-Time Papers*, 1(3), 1–15 April.
- Koebel, K., Pohler, D., Gomez, R., & Mohan, A. (2021). Public policy in a time of crisis: A framework for evaluating canada's COVID-19 income support programs. *Canadian Public Policy*, 47(2), 316–333.
- Kooli, C. (2021). COVID-19: Challenges and opportunities. *Avicenna Editorial*, 1(5).
- Kooli, C. (2021). COVID-19 and the mental health of professionals in the health sector in the UAE: An analytical study. *Avicenna*, 2021(2), 9.
- Kooli, C. (2021). COVID-19: Public health issues and ethical dilemmas. *Ethics, Medicine and Public Health*, 17, 100635.
- Kooli, C. (2022). Artificial intelligence in healthcare: A comprehensive review of its ethical concerns. *Technological Sustainability*. ahead-of-print.
- Kooli, C., & Son, M. L. (2021). Impact of COVID-19 on mergers, acquisitions & corporate restructurings. *Businesses*, 1(2), 102–114.
- Kottika, E., Özsoyner, A., Rydén, P., Theodorakis, I. G., Kaminakis, K., Kottikas, K. G., & Stathakopoulos, V. (2020). We survived this! what managers could learn from SMEs who successfully navigated the greek economic crisis. *Industrial Marketing Management*, 88, 352–365. doi:10.1016/j.indmarman.2020.05.021.
- Larue, B. (2021). COVID-19 and labor issues: An assessment. *Canadian Journal of Agricultural Economics/Revue Canadienne d'agroeconomie*, 69(2), 269–279.
- Miles, M.B., & Huberman, A.M. (1994). *Qualitative data analysis: An expanded sourcebook*. Sage.
- Morse, J. M. (2009). Mixing qualitative methods. *Qualitative Health Research*, 19(11), 1523–1524.
- Otmani, A., & Abadli, R. (2019). Contagion channels of the financial crisis towards Maghreb countries. *International Journal of Business and Globalisation*, 22(4), 506–523.
- Palinkas, L. A., Horwitz, S. M., Green, C. A., Wisdom, J. P., Duan, N., & Hoagwood, K. (2015). Purposeful sampling for qualitative data collection and analysis in mixed method implementation research. *Administration and Policy in Mental Health and Mental Health Services Research*, 42(5), 533–544.
- Patton, M.Q. (2002). *Qualitative research and evaluation methods* (3rd ed.). Thousand Oaks, CA: Sage.
- Piñeiro-Chousa, J., López-Cabarcos, M.Á., Quiñoá-Piñeiro, L., & Pérez-Pico, A. M. (2022). US biopharmaceutical companies' stock market reaction to the COVID-19 pandemic understanding the concept of the 'paradoxical spiral' from a sustainability perspective. *Technological Forecasting and Social Change*, 175, 121365.
- Ratnasingam, J., Khoo, A., Jegathesan, N., Wei, L. C., Latib, H. A., Thanasegaran, G., & Amir, M. A. (2020). How are small and medium enterprises in malaysia's furniture industry coping with COVID-19 pandemic early evidences from a survey and recommendations for policymakers. *BioResources*, 15(3), 5951–5964. doi:10.15376/biores.8.3.5951-5964.
- Ratten, V. (2020). Coronavirus (COVID-19) and entrepreneurship: Changing life and work landscape. *Journal of Small Business and Entrepreneurship*, 503–516. doi:10.1080/08276331.2020.1790167.
- Ribeiro-Soriano, D., & Piñeiro-Chousa, J. (2021). Innovative strategic relationships among sustainable start-ups. *Industrial Marketing Management*, 94, 106–114.
- Seo, S., Jang, S. S., Almanza, B., Miao, L., & Behnke, C. (2014). The negative spillover effect of food crises on restaurant firms: Did jack in the box really recover from an E. coli scare? *International Journal of Hospitality Management*, 39, 107–121. doi:10.1016/j.ijhm.2014.02.011.
- Sidhom, O. (2021). Physical and mental health aspects in COVID-19: Two sides of a coin. *Avicenna*, 2021(2), 6.
- Singh, S., Kumar, R., Panchal, R., & Tiwari, M. K. (2021). Impact of COVID-19 on logistics systems and disruptions in food supply chain. *International Journal of Production Research*, 59(7), 1993–2008. doi:10.1080/00207543.2020.1792000.
- Sirajudeen, J., Nair, A. P., Hassany, R. W., Purayil, N. K., Mathew, J. V., Elmadhoun, I. T., & Mustafa, M. (2021). All those exanthematous fevers are not COVID-19. *Avicenna*, 2021(1), 1.
- Spradley, J.P. (1979). The ethnographic interview.
- Thorgren, S., & Williams, T. A. (2020). Staying alive during an unfolding crisis: How SMEs ward off impending disaster. *Journal of Business Venturing Insights*, 14. doi:10.1016/j.jbvi.2020.e00187.
- Türkcan, K., & Erkuş-Öztürk, H. (2020). The impact of economic and political crises on the survival of tourism-related firms: Evidence from antalya. *Tourism Economics*, 26(7), 1152–1174. doi:10.1177/1354816619868614.
- Yin, R.K. (2011). *Applications of case study research*. Sage.
- Zainal, M., Bani-Mustafa, A., Alameen, M., Toglaw, S., & Al-Mazari, A. (2022). Economic anxiety and the performance of SMEs during COVID-19: A cross-national study in Kuwait. *Sustainability*, 14(3), 1112.
- Zakaria, M. (2021). To win the global war against Covid-19 terror: Free of charge vaccine to all people who want to be vaccinated. *Avicenna*, 2021(1), 4.