



# Evaluation of the Potential Consequences of the COVID-19 Pandemic on the Exacerbation of Corporate Crises within the Hotel Industry in the Touristic Region Banska Bystrica in Slovakia

Renáta Stanley<sup>1</sup>   
Renáta Pakšiová<sup>2</sup> 

Received: November 15, 2023

Revised: July 2, 2024

Accepted: July 11, 2024

## Keywords:

Companies in crises;  
Financial analysis;  
COVID-19;  
Financial indicators



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**Abstract:** *This chapter aims to examine the companies in crisis operating in the hotel industry in the Banska Bystrica Region in Slovakia, which have encountered financial difficulties and the possible consequences of the pandemic COVID-19 on their financial situation. For the research of companies in crisis, there were data obtained from a publicly available online state resource for the monitored period of 2018-2020. The hotel, hospitality and tourism industries are generally considered to be the most significantly affected by COVID-19. Many companies had their operations temporarily closed and some were unable to reopen. Several companies in this sector have thus fallen into crisis. Companies in crisis refer to those that are in bankruptcy or at risk of bankruptcy. To identify companies in crisis, the authors conducted a financial analysis of the financial statements of selected companies, which are presented in this chapter.*

## 1. INTRODUCTION

The advent of the COVID-19 pandemic has triggered unprecedented disruptions across various sectors of the global economy, with the hospitality industry emerging as one of the most profoundly affected domains. Within this sector, the hotel industry has faced a multitude of challenges, ranging from abrupt declines in occupancy rates to significant financial setbacks. As the world grapples with the ongoing repercussions of the pandemic, it becomes imperative to assess the potential ramifications of corporate crises within the hotel industry from different views to find answers and possible practices to improve the situation in this sector or prevent the next crisis.

The COVID-19 pandemic has severely impacted the global hotel industry, especially in touristic regions that rely heavily on travel and tourism. Several studies have examined the potential ramifications of the pandemic on hotels and the exacerbation of corporate crises within the sector. Davahli et al. (2020) conducted a systematic review revealing that the pandemic has disrupted hotel operations, supply chains, and demand. Zhang et al. (2020) found that hotel safety leadership can promote employee safety behaviour during the pandemic. Nyathela-Sunday et al. (2022) discussed innovations needed for the industry to rebuild post-pandemic. Cepni et al. (2022) analyzed the contagion effect of COVID-19 uncertainty on the tourism sector. Zhang and Liu (2022) examined the role of health-promoting leadership in fostering employee outcomes during the crisis.

<sup>1</sup> University of Economics in Bratislava, Faculty of Economic Informatics, Department of Accountancy and Auditing, Dolnozemska cesta 1, 852 35 Bratislava 5, Slovak Republic

<sup>2</sup> University of Economics in Bratislava, Faculty of Economic Informatics, Department of Accountancy and Auditing, Dolnozemska cesta 1, 852 35 Bratislava 5, Slovak Republic

Other studies focused on specific regions. [Bello & Bello \(2021\)](#) explored the consequences for Nigeria's hospitality industry. [Kajla et al. \(2022\)](#) identified key tourist preferences during the pandemic for luxury hotels. [Chapman et al. \(2021\)](#) discussed the social disruption caused by the tourism and hospitality industries. [Maiti \(2022\)](#) analyzed the impact on individual incomes in India's tourism and hospitality sector.

This pandemic has highly impacted the hotel and tourism industry, exacerbating existing corporate crises and creating new challenges ([Milovanović & Banja, 2021](#); [Nyathela-Sunday et al., 2022](#)). Hotels have faced disruptions in operations, revenue losses, and challenges in retaining employees and customers ([Milovanović & Banja, 2021](#); [Ognjanović & Bugarčić, 2021](#); [Zainol et al., 2021](#)). Several studies examined the ramifications of the pandemic on the hotel industry ([Milovanović & Banja, 2021](#); [Ognjanović & Bugarčić, 2021](#); [Zainol et al., 2021](#)). ([Milovanović & Banja, 2021](#)) argue that shared accommodation sectors were hit harder due to more intensive interactions between guests and hosts. Other studies highlight strategies hotels have adopted in response to the crisis. These include changes to revenue management ([Dauxert & Bonometti, 2022](#)), marketing ([Mataram et al., 2021](#)), and sustainability measures ([Neacșu & Zamfirache, 2022](#)). Technological innovations have also been utilized to reduce health risks and restore customer confidence ([Stanojevic, 2021](#)). The pandemic has also disrupted hotel demand and revenue, prompting the use of deep learning models for more accurate predictions ([Farhangi et al., 2022](#)).

The pandemic has ramifications beyond the immediate economic impacts. Proper crisis management strategies and preventive measures can help hotels navigate the challenges and build resilience for the future.

The following references provide important evidence of the various ramifications for the tourist industry:

- [Aldao et al. \(2022\)](#); An opportunity to transition to a more sustainable tourism model,
- [Anguera-Torrell et al. \(2020\)](#); New leadership challenges for the industry,
- [Ioannides and Gyimóthy \(2020\)](#); The need for effective crisis management techniques.

The repercussions of a corporate crisis extend beyond the organization to all entities that are affiliated with it. No investor or business entity should experience investment failure or uncollectible claims against a failed company. Due to this rationale, consistent surveillance of corporations as corporate entities is imperative to detect the occurrence of a crisis.

The objective of this study is to assess whether the financial predicament faced by companies in the hotel industry during the crisis exacerbated or precipitated the repercussions of the COVID-19 pandemic, given that this sector has been significantly impacted in Slovakia by restrictions.

The research problem of this contribution is to find out how the COVID-19 pandemic affected companies in the most visited region of Slovakia on a selected sample of companies and to analyze their financial data before and during the pandemic.

The research question is whether the pandemic really put companies into crisis, or whether their insolvency only deepened, or whether, thanks to COVID, companies changed the scope of their services and opened up new opportunities for their business. It is also a question of whether the government's help was sufficient for the hotel industry during the pandemic.

Ondrušová (2017b), a scholar affiliated with the University of Economics in Bratislava, also examines this matter. Their article, titled "Company in crisis from the point of view of the shareholder" was published in the proceedings of the international scientific conference Zuberac-University Centre UNIZA. The perspective of investors on companies that have entered the crisis is highlighted in the article. An additional scholarly work on this subject is titled "Company in crisis from the point of view of accounting" by Ondrušová (2017a), published in the Journal of East European Science and Research: A Scientific Peer-Reviewed Journal. This article examines corporations in crisis from an accounting standpoint.

A multitude of additional financial ratio calculations about liquidity and insolvency are attributed in the article "Application of the IFRS accounting system and its influence on the evolution of specific financial indicators of the company" to authors such as Lukáč (2017). Additionally, "Impact of accounting standards on the results of financial analysis" was discussed in a 2015 article by Kubaščíková and Pakšiová (2015). "The impact of accounting information in the financial statements in accordance with IFRS on selected financial indicators" is the subject of Manová (2016) paper. Katriková (2016) presents an analysis of solvency in her article titled "Preparation and Progress of the Draught Solvency II." The aforementioned contributions motivated the composition of this contribution as well.

The phrase "company in crisis" was officially defined in an amendment to Act no. 513/1991 Coll. the Commercial Code, as amended (henceforth the "Commercial Code"), which went into effect in 2016. Primarily at the expense of their creditors' obligations, the establishment of this legal institute is intended to prevent companies in unfavourable financial standing from paying certain liabilities to their shareholders. This would allow the organisation to allocate funds while its creditors would continue to be dissatisfied and reliant on bankruptcy proceedings. This limitation is applicable solely if the organisation is experiencing a crisis. Ondrušová (2017a). The company is in crisis in the case of:

1. Negative equity constitutes a significant challenge for a business, necessitating the filing of bankruptcy proceedings if at least one creditor is present.
2. Insolvency: A business entity is deemed insolvent when it fails to fulfil its financial obligations to more than one creditor within thirty days of the due date, with at least two obligations outstanding. However, obtaining this information can be challenging for an external assessor due to the following reasons: 1. the company has a low ratio of equity to liabilities.
3. the number of liabilities to individual creditors is not required to be disclosed in the company's financial statements.

As of 2016, a corporation was deemed to be in a state of crisis if its equity to liabilities ratio was below 4 to 100 (equity value to liability value). The company experienced a crisis in 2017 as a result of its inadequate equity to liabilities ratio, which was less than 6 to 100. The critical equity-to-liabilities ratio has been 8 to 100 since 2018.

This scientific inquiry seeks to delve into the intricate dynamics that have unfolded within the realm of hotel management, exploring the nexus between the COVID-19 pandemic and the exacerbation of corporate crises. By employing a rigorous evaluation framework, this study aims to elucidate the multifaceted impacts on the financial, and operational facets of hotels, shedding light on the intricacies that have either propelled or mitigated crises during these challenging times.

After outlining the research methodology and utilizing data from a specific sample set of hotels in Slovakia, the form of Slovak state support provided to hotels during the pandemic is defined. In the following chapter, hotels are subjected to quantitative analysis from the perspective of companies in crisis.

## 2. METHODOLOGY AND DATA

In conducting the research, we utilised the legal institute of the company in crisis, as defined in The Commercial Code: a company in crisis is either in bankruptcy or at risk of bankruptcy. Section 3 subsection 1 of [Act no. 7/2005 Coll. on Bankruptcy and Restructuring](#), as amended (henceforth the "Bankruptcy and Restructuring Act"), defines a company in bankruptcy as one that is insolvent or over-indebted.

When a company's equity value is negative, indicating that the value of liabilities surpasses the value of assets, it is considered to be over-indebted.

This is one way to perceive this relationship:

$$\text{Equity} = \text{Assets} - \text{Liabilities} \quad (1)$$

The following relationship will be utilised to determine the total liquidity for the objectives of the calculation when determining insolvency:

$$L = \text{current assets} / \text{current liabilities} \quad (2)$$

where it is valid if  $L < 1$  the company is insolvent.

Furthermore, there exists a third alternative for ascertaining whether a company is experiencing a crisis, which is to calculate the equity-to-liabilities ratio using the following formula:

$$\text{Equity} / \text{Liabilities} \quad (3)$$

Since 2018, a business is in crisis if its equity to liabilities ratio is below 0.08 (or 8 to 100). The research focused on a subset of 21 companies to determine whether they are experiencing a crisis and whether or not this crisis is attributable to the COVID-19 pandemic. The businesses that were surveyed were hotel-operating limited liability companies based in the Banska Bystrica region. These organisations were corporate entities with limited liability status. Because of the frequent dissolution of companies and the complexities of conducting business in this industry, we selected the option containing only extant companies. In consideration of the temporal relevance of the information, we selected the years 2018 through 2022 as the research period.

The data utilised for the examination of reported facts were acquired from publicly accessible online sources. These sources included [Register UZ \(2023\)](#) and [Finstat \(2023\)](#), as well as several pre-existing homepages of filtered businesses.

For research purposes, this article employs methods for comparing liquidity indicators, which are ratio indicators for hotel service providers during the period 2018-2022.

### 3. DE MINIMIS AID FOR BOTH TOURISM ENTREPRENEURS AND HOTELS TO COVER PART OF THE FIXED COSTS

The Slovak state aid scheme called "de minimis" to enterprises in the pandemic period in the tourism sector, which also includes accommodation facilities and hotels, was provided based on [Act No. 91/2010 Coll. on the Promotion of Tourism](#), as amended, and [Act No. 358/2015 Coll. on the Regulation of Certain Relations in the Field of State Aid and Minimum Aid and on Amendments to Certain Acts \(Act on State Aid\)](#). The announcer of the call ("Call for submission of applications for financial contribution – de minimis aid"), the provider and executor of the aid was the Ministry of Transport and Construction of the Slovak Republic, which announced its individual phases, while there were three stages for the relevant periods for which the contribution could be applied for in the period from 2020 to 2022. The period until which the "de minimis" aid scheme was opened, i.e. the eligible period for receiving this aid, was from 1 April 2020 to 31 December 2022. The call was not only intended for immediate losses arising in individual months of the COVID-19 pandemic, the aid was intended to compensate applicants for damages incurred as a direct consequence of measures taken to mitigate the negative consequences of the COVID-19 pandemic.

Beneficiaries could be undertakings that:

- a) started their economic activity no later than 31.08.2020 inclusive,
- b) have been directly affected by measures taken by the competent authorities in the context of the COVID-19 pandemic imposing an obligation to interrupt or close their establishments or to exclude the presence of the public from their premises;
- c) show a decrease in net turnover due to government measures compared to the period specified by 40 % or more. Depending on the date of establishment of the applicant, the reference net monthly turnover was determined in the previous year, according to well-defined conditions. For each month for which the entrepreneur requested a financial contribution, he submitted a figure on net turnover for the specified month.

The eligible applicant for "de minimis" aid was any entity that carried out the corresponding economic activity, regardless of legal status and method of financing, as well as natural and legal persons, budgetary or contributory organizations within the constituent competence of the state, municipality, or superior territorial unit, provided that they carry out an economic activity. Specifically, the support concerned several tourism sectors in which the applicant was eligible to apply for a contribution from the call according to the list of eligible sectors SK NACE, which also included:

#### 55.10 Accommodation

- Provision of accommodation in hotels;
- Provision of accommodation in recreational facilities;
- Provision of accommodation in hotel apartments;
- Provision of accommodation in motels;
- Provision of accommodation in hostels for youth, in mountain huts;
- Providing accommodation in holiday cottages, cottages, children's homes and other houses;
- Provision of accommodation in guest apartments and bungalows;
- Provision of accommodation in boarding houses, cottages and cottages without cleaning services;



- Providing a place for campsite accommodation, caravan parking, recreational camping, fishing and hunting camping for short stays of visitors;
- Provision of space and facilities for recreational vehicles;
- Accommodation provided in protective shelters, bivouac areas or tent and/or sleeping bag placements;
- Provision of accommodation in guest houses, cottages and cottages without cleaning services.

The financial contribution was intended to cover part of the fixed costs related to the listed activities that eligible applicants had to incur at the time of their forced closure due to a measure of the Public Health Authority of the Slovak Republic and at the time after the restart of their operation, when the negative consequences of the COVID-19 pandemic on the functioning of tourism facilities became apparent. The financial contribution under this support scheme was granted out of net turnover in a reference period (in several stages), provided that the maximum amount per beneficiary of the aid was respected.

The maximum amount of "de minimis" aid to a single enterprise could not exceed EUR 200000 during the period covering the fiscal year concerned and the two previous fiscal years. This figure represented the amount of minimum aid received from all providers in the territory of the Slovak Republic in the period indicated, together with the proposed minimum aid under this scheme. The eligible applicant must meet the condition of a decrease in net turnover of more than 40%. The corresponding economic activity may not have been the principal economic activity of the undertaking applying for the contribution. The applicant could claim a contribution for all relevant activities listed as eligible, while each applicant was required to have an activity, expenditure, and revenue monitor to ensure that minimum aid was not granted for economic activities not eligible under the minimum aid scheme. The necessary information is provided by accounting according to [Act No. 431/2002 Coll. on Accounting in Coll. n. p.](#) It was appropriate to ensure the monitoring of costs, income, and expenditure in the double-entry system by means of analytical records for the relevant synthetic accounts by object of activity from the point of view of eligibility for de minimis aid in the corresponding months to which the application for the contribution was submitted.

At the same time as exercising economic activities from the above-mentioned list of SK NACE, the eligible applicant had to meet the following conditions:

- a) has not requested or received European Union or other funds also from another public administration body or other person managing state budget resources for the same objective,
- b) has settled financial relations with the state budget,
- c) has not been wound up;
- d) has not been subject to enforcement (e.g. of a court),
- e) has not been subject to bankruptcy, restructuring or bankruptcy proceedings and has not had his bankruptcy petition rejected for lack of assets;
- f) has not violated the prohibition of illegal employment under a special regulation in the previous three years,
- g) did not have arrears of social insurance premiums registered and the health insurance company did not record overdue receivables against him under special regulations,
- h) has not received a final penalty of prohibition on receiving subsidies or subsidies, on receiving aid and support granted from European Union funds;
- i) has not been subject to an order for recovery based on a decision of the European Commission declaring the aid illegal and incompatible with the common market.

Uncovered fixed expenses of the beneficiary, calculated as a proportion of the net turnover in the reference period during the eligible period, made more difficult by the consequences of the COVID-19 pandemic and measures taken by the Public Health Authority of the Slovak Republic in conjunction with a decrease in net turnover during the eligible period, were considered as eligible expenditure. The application could be submitted electronically by filling in the form via the [www.slovensko.sk](http://www.slovensko.sk) electronic portal.

*Examples of calculation of contributions for accommodation facilities - hotels:*

*Example of calculation 1:* If in the relevant month of the eligible period, e.g., October 2020, the net turnover was 0 euros, the figure 0 was therefore subtracted from 1 and thus the decrease found was 100%. If the net turnover of the reference month of October 2019 was EUR 20000, the calculation was as follows:

$$\text{Financial contribution} = (1 - (0/20000)) * 0,1 * 20000 = 1 * 0,1 * 20000 = \text{EUR } 2000.$$

*Example of calculation 2:* In case in the relevant month of the eligible period, e.g., April 2021, the net turnover was EUR 5000 and the net turnover of the reference month April 2019 was EUR 20000, the calculation was as follows:

$$\text{Financial contribution} = (1 - (5000/20000)) * 0,1 * 20000 = (1 - 0,25) * 0,1 * 20000 = \text{EUR } 1500.$$

#### **4. ASSESSMENT OF THE POTENTIAL IMPLICATIONS OF THE COVID-19 PANDEMIC ON THE INCREASE OF CORPORATE CRISIS IN THE HOTEL INDUSTRY**

We researched the impact of the COVID-19 pandemic on tourism on a sample of companies from the Banska Bystrica region because this region includes the Low Tatras, which are one of the most visited tourist attractions in Slovakia. The tourist area "Low Tatras" occupies the central part of Slovakia. It stretches between the Banskobystrica region, and the Zilina region and marginally extends into the Presov region. The Low Tatras are dominated by moderately difficult to difficult routes in demanding mountain terrain. The peak of the Low Tatras is Dumbier with an elevation of 2043 m above sea level and the lowest point in the area lies on the bank of the Hron near Banska Bystrica at an altitude of 350 m above sea level. This area is an important tourist spot not only because of hiking, but there are many ski resorts, caves, and water attractions.

In this region, from the data provided on the website of the register of financial statements, we found that there are a total of 44 companies engaged in hotel accommodation under the SK NACE code 55100. The legal form of the listed companies consists of 33 limited liability companies, 9 natural persons - self-employed, one contributory organization and one joint stock company. For data analysis, we chose limited liability companies, which are the most used form of business in this area, and at the same time, the financial statements from the double-entry bookkeeping of these companies can provide a better information base for examining companies in crisis. From the selected 33 companies with limited liability, we further selected companies that are still conducting their business activities, based on which we have only 19 companies left in the Banska Bystrica district that are currently conducting business activities in hotel accommodation. The given information shows that it is not easy to do business in this sector and that 14 companies have already gone out of business. We will further analyse the data of companies that are still carrying out their business activities and present them in Table 1.

**Table 1.** Selected sample of limited liability corporations  
 situated in the Banska Bystrica region

No.	Name of company	Town	Size category / Notes
1	BP HOTEL s.r.o.	Banská Bystrica	micro
2	CAL, s.r.o.	Banská Bystrica	micro
3	Euroconsult, s. r. o.	Banská Bystrica	micro
4	Hotel Národný dom, s.r.o.	Banská Bystrica	small
5	JaF s.r.o.	Banská Bystrica	small
6	KRÁLIKY, spol. s r.o.	Králiky	micro
7	KUPRUM s.r.o.	Hronsek	micro
8	LARAH s.r.o.	Banská Bystrica	small
9	LVIS-AB, s.r.o.	Banská Bystrica	small
10	MOUNTAIN GATE Suites & Spa, s.r.o.	Donovaly	small
11	Madres spol. s r.o.	Banská Bystrica	missing features in the statements for the reference period
12	Pod horou, spol.s r.o.	Selce	micro
13	Remeda s.r.o. „v konkurze“	Banská Bystrica	missing statements for the reference period
14	SB, s.r.o.	Slovenská Ľupča	micro
15	SKI HOTEL, s.r.o.	Banská Bystrica	micro
16	Spiežovec, spol. s r.o.	Banská Bystrica	small
17	TUXXER s.r.o.	Banská Bystrica	small
18	Vega plus s.r.o.	Donovaly	small
19	Zerrenpach s.r.o.	Banská Bystrica	micro

**Source:** Own processing based on data from [Register UZ \(2023\)](#)

The information that was collected from the websites of the register of financial statements revealed that 2 of these 19 companies that were included in the selected samples did not have any or correctly stated data in the financial statements for the monitored periods, which in most cases may be that the companies either filed filing for bankruptcy or are in the process of liquidating their businesses. This is the company Madres spol. s.r.o., which does not provide the correct data or shows empty lines of statements, and the company Remeda s.r.o., which already has the addition "in bankruptcy" in its name. Therefore, these companies will no longer be the subject of the survey. Negative equity, insolvency, and an equity-to-liability ratio of less than 0.08 were the three conditions that needed to be met for a business to be labelled as a "company in crisis." A thorough analysis was carried out on the remaining 17 businesses based on these criteria and the monitored period will be the last 5 years.

**Table 2.** Survey of indicators to reveal companies in crisis  
 in the hotel industry of the Banska Bystrica region

No.	Year	Company	Equity (1)	Liabilities	Equity/ Liabilities (3)	Obežný majetok	Krátkodobé záväzky	Insolvency (2)
1	2018	BP HOTEL	-11 712	1 335 678	-0,01	184 029	49 178	3,74
	2019		-11 168	1 436 992	-0,01	179 579	150 492	1,19
	2020		-9 847	1 435 382	-0,01	202 467	148 882	1,36
	2021		-5 421	1 231 343	0,00	14 649	3 843	3,81
	2022		-22 359	1 232 874	-0,02	12 540	2 271	5,52



2	2018	CAL	121 023	794 558	0,15	128 758	592 840	0,22
	2019		131 822	735 124	0,18	92 639	608 253	0,15
	2020		158 651	736 221	0,22	135 562	528 335	0,26
	2021		167 265	656 623	0,25	83 732	654 674	0,13
	2022		300 776	528 783	0,57	89 403	526 751	0,17
3	2018	Euroconsult	109 496	68 843	1,59	39 675	8 832	4,49
	2019		115 889	554 240	0,21	20 315	459 872	0,04
	2020		116 076	787 750	0,15	279 847	38 794	7,21
	2021		115 343	722 734	0,16	266 474	17 905	14,88
	2022		159 361	664 395	0,24	283 719	15 802	17,95
4	2018	Hotel Národný dom	20 000	1 585 288	0,01	186 643	176 394	1,06
	2019		8 343	1 463 617	0,01	118 900	124 466	0,96
	2020		2 786	1 497 689	0,00	106 194	156 311	0,68
	2021		17 044	1 459 673	0,01	142 614	74 609	1,91
	2022		-33 021	1 500 551	-0,02	194 263	97 411	1,99
5	2018	JaF	280 364	274 514	1,02	24 376	272 658	0,09
	2019		425 694	106 028	4,01	17 574	104 481	0,17
	2020		418 536	109 444	3,82	37 448	106 625	0,35
	2021		423 704	108 506	3,90	65 885	105 510	0,62
	2022		414 666	105 978	3,91	66 342	102 820	0,65
6	2018	KRÁLIKY	-79 032	125 454	-0,63	23 145	112 583	0,21
	2019		-97 369	138 340	-0,70	16 054	112 470	0,14
	2020		-114 862	165 219	-0,70	30 729	131 282	0,23
	2021		-155 233	190 476	-0,81	20 902	156 460	0,13
	2022		-174 516	212 859	-0,82	22 807	178 735	0,13
7	2018	KUPRUM	183 088	46 294	3,95	218 841	38 969	5,62
	2019		187 929	44 360	4,24	220 800	35 996	6,13
	2020		130 740	22 446	5,82	153 186	21 650	7,08
	2021		121 332	24 748	4,90	146 080	23 930	6,10
	2022		120 933	24 773	4,88	145 706	23 955	6,08
8	2018	LARAH	-1 069	24 091	-0,04	23 022	23 936	0,96
	2019		29 022	540	53,74	14 206	342	41,54
	2020		26 934	1 011	26,64	11 451	812	14,10
	2021		27 131	506	53,62	11 143	307	36,30
	2022		28 352	27 296	1,04	10 090	2 426	4,16
9	2018	LVIS-AB	464 366	744 120	0,62	627 505	743 881	0,84
	2019		754 804	745 018	1,01	271 652	744 779	0,36
	2020		874 421	743 637	1,18	125 044	743 398	0,17
	2021		826 881	725 739	1,14	46 986	718 971	0,07
	2022		835 639	50 811	16,45	66 956	31 948	2,10
10	2018	MOUNTAIN GATE Suites & Spa	-372 499	9 124 897	-0,04	585 480	308 559	1,90
	2019		-197 465	8 531 245	-0,02	233 608	123 243	1,90
	2020		-261 973	8 528 738	-0,03	239 834	117 586	2,04
	2021		-394 673	8 595 118	-0,05	243 913	155 820	1,57
	2022		-486 160	8 552 133	-0,06	156 367	131 481	1,19
11	2018	Pod horou	12 187	2 251	5,41	14 438	2 251	6,41
	2019		16 491	1 848	8,92	18 339	1 848	9,92
	2020		23 354	2 403	9,72	25 757	2 401	10,73
	2021		27 494	7 912	3,47	35 406	7 912	4,47
	2022		28 562	95 193	0,30	55 554	26 091	2,13
12	2018	SKI Hotel	-379 903	731 169	-0,52	320 741	731 013	0,44
	2019		-397 955	851 679	-0,47	354 209	851 452	0,42
	2020		-462 739	930 786	-0,50	340 024	930 529	0,37
	2021		-423 666	841 774	-0,50	253 266	841 495	0,30
	2022		-492 549	965 589	-0,51	291 178	964 718	0,30

13	2018	SB	52 689	277 734	0,19	28 585	265 583	0,11
	2019		37 450	271 356	0,14	20 074	260 770	0,08
	2020		10 307	281 152	0,04	20 291	270 894	0,07
	2021		12 080	266 985	0,05	19 625	254 443	0,08
	2022		21 341	270 734	0,08	41 019	270 385	0,15
14	2018	Spiežovec	143 666	1 838 440	0,08	91 954	749 986	0,12
	2019		157 336	1 668 038	0,09	109 910	650 651	0,17
	2020		87 034	1 646 386	0,05	100 451	691 975	0,15
	2021		-58 937	1 696 909	-0,03	34 711	834 995	0,04
	2022		-187 696	1 789 381	-0,10	35 015	1 017 041	0,03
15	2018	TUXXER	10 735	82 755	0,13	20 922	35 899	0,58
	2019		38 667	61 667	0,63	51 866	30 080	1,72
	2020		81 364	52 553	1,55	102 135	38 685	2,64
	2021		130 661	36 604	3,57	69 446	35 564	1,95
	2022		164 148	26 023	6,31	95 585	24 496	3,90
16	2018	Vega plus	-235 006	1 126 584	-0,21	319 504	1 118 496	0,29
	2019		-216 212	1 178 818	-0,18	379 085	1 167 980	0,32
	2020		-199 142	1 101 795	-0,18	348 712	1 086 421	0,32
	2021		-182 154	1 102 933	-0,17	370 235	1 083 930	0,34
	2022		-167 027	1 121 514	-0,15	405 296	1 102 030	0,37
17	2018	Zerrenpach	889 216	358 821	2,48	129 427	176 784	0,73
	2019		1 008 079	1 293 865	0,78	85 765	303 881	0,28
	2020		3 723 704	636 920	5,85	68 045	84 053	0,81
	2021		3 813 529	1 390 299	2,74	68 217	175 825	0,39
	2022		3 973 700	1 472 696	2,70	234 470	343 982	0,68

Source: Own processing based on Register UZ (2023)

It can be seen from Table 2 that only the companies KUPRUM and Pod horou do not show indicators of companies in crisis for the entire monitored period. The companies Euroconsult and TUXXER also achieved good results, which we can consider stable, because in only one of the five reporting periods they show an insolvency problem that arose even before the pandemic.

However, the companies CAL, JaF, LVIS-AB, SB and Zerrenpach have had a long-term problem with insolvency. The survey shows that their short-term insolvency is risky, and in the case of the SB company, a risk indicator of 3 has been added to this over the last three periods, which indicates that the company cannot cover the total amount of liabilities from the company's own resources. In a deeper analysis of the data from the financial statements of these companies, we found a high rate of donations and subsidies provided by partners to maintain the business, so the data of indicators 1 and 3 look relatively positive. But is this trend sustainable? We think that without a return on invested own funds, there is a risk for the owners to support and finance such a business in the long term.

The data presented in Table 2 above indicates that, apart from two companies, every other organisation faces a challenge in a specific domain, which may culminate in a crisis. These challenges are visually emphasised in red to alert the organisation that it is approaching a critical state.

The other investigated companies recorded negative results of the investigated indicators in at least two areas, and Vega Plus, SKI Hotel and Králiky encountered problems in all three investigated areas during the entire monitored period from 2018 to 2022, regardless of the pandemic. However, COVID-19 has deepened this trend of companies in crisis. From the further reviewed

data from the profit and loss statement, we found that to sustain the business, the said companies have expanded their business to selling goods and not just providing hotel services.

So we can summarize that thanks to the provision of some financial assistance by the state and constant financing by company owners, the impact of the COVID-19 pandemic has not been significantly demonstrated.

The pandemic also exposed vulnerabilities and weaknesses in hotel crisis management strategies (Waller & Abbasian, 2022). Hotels had to quickly adapt their operations and implement new health and safety protocols (Demir et al., 2021; Hoang et al., 2021). However, many struggled to respond effectively to the unprecedented crisis (Waller & Abbasian, 2022). The long-term impacts on the hotel industry remain uncertain, and hotels will need to develop innovative strategies to recover and rebuild in the post-pandemic era.

The pandemic has forced hotels to implement new strategies to mitigate losses (Zainol et al., 2021), to mitigate the impacts, including health and safety measures, technology innovations, and cost reductions (Musadad, 2020; Shin & Kang, 2020). The study of Dhae and Neno (2022) enriches understanding of hotel business strategies during COVID-19.

In summary, the COVID-19 pandemic has acted as a catalyst, exacerbating corporate crises for hotels through various channels. It is important to implement strategies to mitigate impacts, build resilience, and prepare for future crises (Jiang & Wen, 2020; Musadad, 2020; Shin & Kang, 2020). Further research is needed to understand the long-term ramifications of the pandemic on the hotel industry.

## 5. FUTURE RESEARCH DIRECTIONS

This study is focused on the hotel industry in one region of Slovakia, therefore the stated findings have limited generalizability at the national level.

Future studies could be extended to other regions of Slovakia, or even to a comparison with neighbouring countries.

## 6. CONCLUSION

As the hotel industry navigates an era of unprecedented uncertainty, understanding the nuances of corporate crisis exacerbation is pivotal for stakeholders, policymakers, and industry leaders alike. Through an analysis of the current landscape, this research has endeavoured to evaluate the effect of state subsidies during the pandemic time, contribute valuable insights that may inform strategic decision-making processes, foster resilience, and pave the way for adaptive measures crucial for the industry's sustainable recovery.

We concluded that doing business in this industry is difficult owing to high initial investment and sluggish return after surveying indicators of whether a firm is in crisis on a sample of 19 businesses operating in the hotel sector in the tourist region in Slovakia. The survey was done on companies that were operating in the hotel sector in the Banska Bystrica region, according to open sources of information about their financial situation during the pandemic time. During our study, we were curious about how the COVID-19 epidemic impacted these businesses, which are widely regarded as having been the most severely impacted.

Drawing from an analysis of twenty-one hotel companies operating in the tourist region - Banska Bystrica region and a survey of crisis indicators, we confirmed that conducting business in this industry is unquestionably difficult on account of the substantial initial investment required and the sluggish return on investment. According to the findings, we have arrived at the opinion that, because of the support provided by the state during the pandemic time, these businesses have not seen a severe deterioration in their financial status, and that these businesses have either increased or altered the range of services that they offer in order to continue operating. Although this pandemic has negatively hit us, it has also opened up new opportunities for them to improve their business.

In conclusion, the COVID-19 pandemic has created unprecedented challenges for the hotel industry, especially in tourist regions. The sharp drop in demand, disruption of supply chains and liquidity issues have exacerbated corporate crises for many hotels and threaten the survival of some businesses. Even as travel restrictions were eased, the hotel sector will take time to recover from the ramifications of the pandemic. Further research is needed to identify strategies for hotels to mitigate risks and build resilience in the face of future crises.

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