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The Development of Strategic Resilience in Airline Industry During Covid-19

Case Finnair

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ABSTRACT:

The interest in the strategic resilience of companies have grown in research over the past years. Previous research on resilience has strongly focused on the long-term strategies of companies, and resilience has been seen as a response to quick and unexpected disruptions. However, not much research on resilience has been done as a way of anticipating and preparing for future disruptions. Studying resilience is necessary because of its positive effects on companies' business operations. In addition, it has been found in previous studies that resilience is considered challenging to define and many different methods of determination make it difficult to understand resilience. The global pandemic Covid-19 made the operations of many companies difficult and drove them to a completely new and unexpected situation, which forced them to amend the strategy and expand operations to survive the pandemic. Many companies found that they cannot react quickly enough to sudden changes coming from the outside, and they do not have enough skills and understanding of resilience, flexibility, or agility, which caused many bankruptcies in many different industries. Airlines in particular experienced great difficulties when the global travel restrictions came into force and at the same time drove the airlines' operations down.

This study focuses on the development of strategic resilience in a Finnish airline. Qualitative research was conducted by collecting data in the form of interviews from the Case company, Finnair Oyj. Employees in management positions with several years of work experience in the company were selected to be interviewed. The results of the study show that in the airline industry, focusing on strategic resilience is necessary to guarantee the continuity of operations. The findings emphasize wider and more frequent creation of scenarios, development of a structured operating model, closer cooperation with stakeholders and other companies operating in the field, more precise monitoring of the cost structure, and the effects of personnel commitment in the implementation of major changes. The pandemic itself was felt to have strengthened the importance and understanding of resilience, which will influence future strategy planning.

KEYWORDS: Strategy, Strategic Resilience, Covid-19, Airline Industry

ABSTRAKTI:

Yritysten strateginen joustavuus on kasvattanut suosiotaan tutkimuksessa viime vuosien aikana. Aikaisempi resilienssin tutkimus on keskittynyt vahvasti organisaatioiden pitkän aikavälin strategioihin, ja resilienssi on nähty vastauksena nopeisiin ja odottamattomiin häiriöihin. Resilienssiä ei kuitenkaan ole juurikaan tutkittu keinona ennakoida ja valmistautua tulevaisuuden häiriöihin. Resilienssin tutkimus on välttämätöntä sen myönteisten vaikutusten vuoksi yritysten liiketoimintaan. Lisäksi aikaisemmissa tutkimuksissa on havaittu, että resilienssiä pidetään haastavana määritellä ja monet erilaiset määritysmenetelmät vaikeuttavat resilienssin ymmärtämistä. Globaali pandemia Covid-19 vaikeutti monien yritysten toimintaa ja ajoi ne täysin uuteen ja odottamattomaan tilanteeseen, joka pakotti ne muuttamaan strategiaansa ja laajentamaan toimintaansa selviytyäkseen pandemiasta. Monet yritykset havaitsivat, etteivät he pysty reagoimaan tarpeeksi nopeasti ulkopuolelta tuleviin äkillisiin muutoksiin, eikä heillä ole tarpeeksi taitoa tai ymmärrystä joustavuudesta tai ketteryydestä, mikä aiheutti monia konkursseja monilla eri toimialoilla. Erityisesti lentoyhtiöt kokivat suuria vaikeuksia maailmanlaajuisten matkustusrajoitusten astuessa voimaan ja samalla heikensi lentoyhtiöiden toimintaa.

Tämä tutkimus keskittyy strategisen kestävyuden kehittämiseen ilmailualan yrityksessä. Laadullinen tutkimus tehtiin keräämällä haastattelujen muodossa tietoa Case-yhtiöltä Finnair Oyj:ltä. Haastateltavaksi valittiin johtotehtävissä olevia henkilöitä, joilla on useamman vuoden työkokemus yrityksessä. Tutkimuksen tulokset osoittavat, että ilmailualan yrityksissä strategiseen kestävyteen keskittyminen on välttämätöntä toiminnan jatkuvuuden takaamiseksi. Tuloksissa korostuvat skenaarioiden laajempi ja tiheämpi luominen, jäsennellyn toimintamallin kehittäminen, yhteistyön tiivistäminen sidosryhmien ja muiden alalla toimivien yritysten kanssa, kustannusrakenteen tarkempi seuranta sekä henkilöstön sitoutumisen vaikutukset merkittävien muutosten toteutuksessa. Itse pandemian koettiin vahvistaneen resilienssin merkitystä ja ymmärrystä, mikä tulee vaikuttamaan tulevaan strategiasuunnitteluun.

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1 Introduction

Resilience is considered a key factor for companies, which enables the company to better recover from the unexpected crises it encounters. Crises that make business operations difficult are often financial, environmental, or health-related, such as a pandemic. Furthermore, technological development, geopolitical shocks and sudden changes in consumer behavior create major challenges (Swaminathan, 2022). In recent years, organizational resilience has explained why some companies adapt to challenges better than others (Hillmann and Guenther, 2021). In recent history, two crises stand out: the financial crisis (2008) and the coronavirus pandemic (Covid-19) (2019). These crises surprised many companies and created new challenges to overcome and succeed in the market. Both crises caused disruptions in supply chains and thus created great uncertainty in the market (Hughes et al., 2020).

According to Jaques (2020), organizations are generally bad at implementing strategy. However, sudden changes in the economy and society have forced them to renew their innovations and business strategies. Moreover, he states that organizations often lack the ability that is a prerequisite for their success (Jaques, 2020). Often, research related to strategic resilience has focused on the companies' long-term goals and the threats to their survival (Hepfer, et al., 2022). Various natural disasters, economic crises and epidemics are inevitable threats facing organizations that can be destructive to the organization's operations. These crises that threaten organizations weaken their performance and ability to operate effectively. Consequently, crises threaten companies' ability to survive (Gittel, et al., 2006).

Air traffic is an important part of economies of many countries, and in Finland, the amount of air traffic to the domestic market is exceptional. The importance of the airline industry to the Finnish economy is significant and before the pandemic it covered about 4% of Finland's GDP (Valtioneuvosto, 2021). Thus, air transport can be considered especially important for the Finnish economy and society. Moreover, air traffic has a significant impact on Finland's competitiveness and security of supply. For long distances,

flying is the only efficient and fast form of movement. Furthermore, Finland's internal air traffic has a significant impact on the equitable development of the regions. Additionally, internal air traffic increases the attractiveness of Finnish regions (Liikenne ja Viestintäministeriö, 2009). Covid-19 caused serious disruptions to air traffic worldwide and, as a result, significant revenue losses for companies in the industry (Adrienne et al., 2020). Therefore, the effects of the pandemic on airline industry must be studied further.

The popularity and research of resilience grew during the Covid-19 pandemic. However, especially within the European Union, research is mostly focused on business recovery and the ability to respond to crises, rather than how companies should act proactively. Consequently, both research and companies have paid less attention to how business could be developed and grown during the crisis. There are many different views on the definition and creation of resilience. Many researchers have different views on whether resilience is reactive, i.e., more focused on recovery and survival, or proactive and adaptive (Colberg, 2022). Hamel and Välikangas (2003) state that as the economy and society change rapidly, organizations must adapt to the changes and renew themselves as quickly and agilely as they produce products and services. Moreover, they found that renewal is a natural consequence of organizational sustainability (Hamel & Välikangas, 2003).

As the Covid-19 pandemic started to spread in 2020, the topic can be considered relatively recent, and therefore not much research has been done on its effects on the operations and resilience of organizations yet. Strategies and strategic resilience during Covid-19 have been studied for instance by Hillmann and Guenther, (2021), Hughes et al., (2020), Jaques, (2020) and Hepfer, et al., (2022). However, these studies are focused on organizational performance in general rather than the development and change of strategy and operations during crisis. Furthermore, studies are mostly focused on strategic restructuring, and long-term success through strategic values. Studies related to strategic resilience have mostly focused on environmental and social responsibility topics (Colberg, 2022).

There are some studies that have focused on the effects of Covid-19 on the airline industry. These studies have focused on handling aircrafts in United Kingdom (Adrienne et al., 2020) and government aviation policy decisions in China (Czerny et al., 2021). Research on the importance and development of strategic resilience in the airline industry after the pandemic has not yet been studied. Considering the importance of the airline industry to countries' economies it is vital to study their resilience further.

The research gap is visualized in figure 1. The studies the figure represents will be introduced more deeply throughout this study. Adrienne et al., (2020) and Czerny et al., (2021) have studied Covid-19 effects on airline industry in the perspective of airports and government aviation policy. Covid-19's effects on strategies, strategic resilience, and organization's performance have been studied by Hillmann and Guenther (2021) and Hughes et al., (2020), Jaques (2020), and Hepfer et al., (2021). The visualization of the research gap highlights the need for this study.

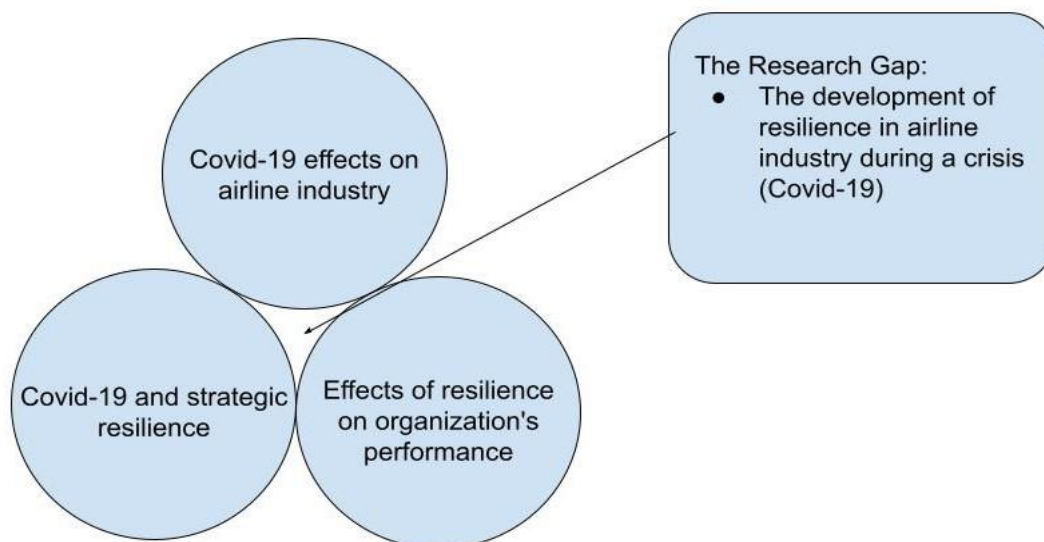


Figure 1. The Research Gap

1.1 Aim and Research Questions

The main objective of this thesis is to study the influence of the Covid-19 on the airline industry and the strategic resilience of the organizations in the industry. Moreover, the aim is to answer the research question: **How did the Covid-19 pandemic affect the development of strategic resilience?**

The sub-objectives of the study are:

1. To study how the Case Company reacted to Covid-19
2. To explore the actions that were found to be the most effective in developing strategic resilience during Covid-19
3. To increase the understanding and importance of strategic resilience

This study is limited to studying strategic resilience in the airline industry during the Covid-19 pandemic. More precisely, the research is limited to the development and importance of strategic resilience and how it has changed during the pandemic. Furthermore, the research focuses on one Finnish case company due to limited time and resources. Moreover, this study focuses on the development of strategic resilience in a Finnish company, but also considers global activities, as they are a key part of the operations of global airline companies.

1.2 Structure of the Study

The aim of the study as outlined in section 1.1 is to create a comprehensive understanding of the importance of strategic resilience in the aviation industry. The study is divided into six main sections, the first of which is an introduction, where the topic of this study, strategic resilience, and its importance in today's business is introduced. Moreover, the first chapter justifies the need for this study. The second section of the study focuses on theory, where literature relevant to the study is

presented and analyzed. This section introduces the topics introduced in the introduction; strategy, strategic resilience, the Covid-19 pandemic, and airline industry in depth. The third section presents the research method, the case company Finnair Oyj, specified information about the interviews and interviewees and the methods used in the study.

The fourth section focuses on case materials, the interviews. The findings of the interviews are comprehensively presented and direct quotes from the interviews emphasize the most important findings. Furthermore, key findings and analysis are made based on the interviews. Finally, the results of the study are presented in this section. The fifth section consists of analyzing the findings of the study based on the previously presented literature. Finally, the sixth section summarizes and discusses the key findings of the study and answers the research question posed in the introduction of the study. Moreover, the sixth section presents suggestions for future research and discusses the limitations that have affected this study. The importance and significance of the study is justified in the sixth section.

2 Theoretical Reference Frame

2.1 Strategy

The word strategy is formed from the Greek word *strategia*, which means "generalship". It originated in warfare when armies had to develop strategies to succeed in war. Later, implementing strategies also moved to early businesses (Oliver, R.W, 2001). Today, strategy is defined as an organization's unique way of creating value. The strategy expresses what value the organization creates and for whom. It is not only a list of goals, strategy consists of what the organization does in processes, routines, and actions. Strategy is therefore a continuous process that the organization lives by daily (Kraaijenbrink, 2019).

Strategy describes the company's long-term goals and the allocation of their necessary resources (Hepfer, et al., 2022). However, even though strategy has been studied for years, it is difficult to define it, because often researchers see strategy in different ways. Some feel that strategy should be constantly analyzed and the variables affecting it anticipated, while others feel that the strategy should focus on the present and analyzing the future is perceived as too challenging. For example, Johnson & Scholes (2005) have stated that the role of strategy is to determine the company's direction in the long term. In addition, the strategy should determine how the company's resources match the market demand (Johnson & Scholes, 2005). On the other hand, Michael Porter has emphasized the role of strategy in creating a company's competitiveness. According to Porter, strategy should define how the organization's resources are combined to create a competitive advantage (Porter, 1985). Furthermore, business strategy can be defined as the company's goal to increase financial profits through lower costs, new products and services, or better quality (Yang, et al., 2015). In business, strategy refers to the entire organization's strategy, which includes several business units. The company's strategy must therefore respond to how the company is able to create value for the customers in all its areas. (Bukhari, 2019).

Furthermore, strategies are often defined as different processes, such as evaluation, planning, and implementation. In the evaluation phase, both the internal and external environment are investigated and analyzed, in the planning phase, business models are developed, the direction of the company is defined, and competitive strategies are sought. In the implementation phase, management has an important role. The management culture is developed, and strategic processes are controlled. The purpose of these processes is to promote competitive advantage (Sammut-Bonnici, 2015).

2.2 Strategic Resilience

Strategic resilience is often defined as company's ability to anticipate potential threats and opportunities to its strategy, both in the short and long term (Hepfer, et al., 2022). According to Palzkill-Vorbeck (2018), the resilience of the organization describes the how the organization is able to maintain its value proposition when unexpected changes occur in the market (Palzkill-Vorbeck, 2018). Organizations that seek profit, strategic resilience is related to the organization's competitive advantage. Strategic resilience aims to aid the ability to respond positively to threats faced by the organization that may affect its long-term strategy (Hepfer, et al., 2022).

Cooper & Walker (2011) referred to Millennium Ecosystem Assessment, (2006) according to which resilience was developed in the 1970s in system ecology. Resilience has been considered an operational science of complex systems and risk management, which has slowly strengthened its position in natural resource management discussions. The authors state that the popularity of resilience has increased, as it is adaptable to complex concepts (Cooper & Walker, 2011). However, resilience as a concept has been studied from the perspective of organizations for years, but it is still unclear which factors distinguish organizations with high resilience from organizations with low resilience (Radic, et al., 2021). Previously, resilience has been studied from a psychological perspective, such as the unit's ability to cope with unexpected and unpredictable obstacles. It has analyzed the individual's ability to think about and identify their own relationship with the environment, as well as identify the necessary precautions and

ultimately recover after a crisis (Linkov & Trump, 2019). Hepfer & Lawrence (2022) have stated that research related to strategic resilience considers the topic as very homogeneous, which can hamper the study of resilience. Moreover, strategic resilience is not directly linked to the origin of a particular change, but to the connection between the change and the organization (Hepfer & Lawrence, 2022). Furthermore, Linnenluecke (2015) states that resilience as a concept has been defined and conceptualized in different ways, depending on what has been studied. Different definitions make resilience fragmented to understand, but on the other hand, it creates a very rich way of using it. Moreover, the author argues that the similarities between the concepts of resilience should be studied further, as the previous research has been limited, which in turn hampers the creation of common definition. Furthermore, the empirical methods used to study resilience vary greatly, which can lead to organizations not being able to clearly define resilience or identify its absence (Linnenluecke, 2015).

Resilience has been defined as one of the company's most important characteristics, as it affects the company's ability to recover from various crises. Strategic resilience does not only mean that the organization creates a contingency plan, but that the organization's internal communication and operating models are flexible enough to effectively make decisions during a crisis. Furthermore, strategic resilience is an ongoing process. The organization must develop its self-awareness, habits, and business plan, when new challenges are constantly emerging as the world changes (Samuel, 2022). However, it has been established that for resilience to be a valid and useful concept for organizations, they should have a strong understanding of the origin of the concept and how it is defined. Moreover, organizations must understand which variables affect resilience and how it can be assessed, developed, and utilized (Linnenluecke 2017). According to Hamel & Välikangas (2003) strategic resilience is not coping with one-time crises, but rather continuous monitoring and forecasting of the environment, which enables organizations to adapt their operations when, for example, different trends or crises prevail. The purpose of resilience is to help the organization adapt its operations before change is mandatory for the continuity of the company's operations. The effort

to develop resilience should be "zero trauma", which means organizations should aim for a strategy that is continuous and able to change as the world changes. The strategy must be able to respond to new trends or crises that shake the world. The goal of resilience development is to create the idea in organizations that they constantly create their future and survive crises without major layoffs or unexpected operational changes (Hamel & Välikangas 2003).

In the past, organizational resilience has been thought of as how well organizations are able to adapt their business and operations in connection with various rapid changes and shocks. The perspective has been found to be challenging as it holds that organizations can accurately define the complexity or uncertainty caused by some adversity and adjust its operations accordingly (Cannon & John, 2007). The assessment of changes and the level of uncertainty in the environment is often based on the individual's or organizations' own perspective and observational ability (Buchko, 1994). Furthermore, according to this perspective, the difficulties and uncertainties faced by organizations only occur outside the organization, i.e. they are caused by external factors (Feldman & Pentland, 2003). However, more recent studies have found that internal organizational factors, such as employees and their skills, are the most important part of resilience development (Kuntz, et al., 2017).

Researchers have used several different methods in studying strategic resilience and developed models to facilitate a more detailed examination of resilience. Thoma et al., (2016) introduced a model that divides resilience into five stages: *Prepare, protect, prevent, respond, and recover*. There is no exact order for the stages, but they can vary depending on the organization and the crisis. These five stages describe the main features of flexible systems. Depending on the organization, during the preparation phase, their aim is to reduce the potential risk factors, to prevent serious issues from appearing. In case of disturbances that cannot be avoided in advance, there are protection strategies whose purpose is to minimize the negative effects. Moreover, flexible systems are capable of manage their main operations as far as possible, while

taking the necessary measures in the event of a disruption. Systems that are flexible in recovering from disruptions can learn from disruptions and prepare for future disruptions (Thoma, et al., 2016).

2.3 Covid-19

The first covid-19 infection was detected in Wuhan, China in December 2019. The disease spread quickly and in March 2020 the World Health Organization WHO classified it as a pandemic. The virus causes respiratory infections and is very dangerous for those who do not have immunity against it. For example, in Finland, 0.4% of those infected lost their lives due to the virus. Globally, the mortality rate has been 0.9% (Terveyskirjasto, 2023). Moreover, the pandemic greatly affected the economy worldwide. Many companies had to close their factories and experienced huge losses. In addition, the pandemic caused labor shortages and disruptions in supply chains (Ernst & Young, 2020). The pandemic shook the entire world economy and triggered the greatest global crisis in more than a century. The crisis caused the reduction of equality within and between countries. Emerging countries and economically weaker countries especially have needed more time to regain the income losses caused by the virus. The consequences of the pandemic greatly affected small businesses, which have more limited access to credit than larger businesses (The World Bank, 2022).

The Covid-19 pandemic has not only been found to cause short-term changes but has also had long-term effects on companies. In addition, it has been noticed that competitiveness during a crisis is affected by how well companies are able to anticipate social and political situations. Moreover, the interdependence between stakeholders has increased during the crisis. It has been noticed that the dependence has also increased between companies in different industries, which can cooperate. In addition, cooperation across sectors has also increased during the pandemic. Furthermore, research shows that companies that are more aware and prepared for political actions are able to function better in the middle of a crisis. Additionally, companies with wide-

ranging stakeholder groups are better able to lobby government actions (Lawton, et al., 2020). Moreover, digitization accelerated even more after the explosion of the pandemic and has thus adjusted society and the economy. Many companies had to rely on digitization when they had to come up with new business ideas in the middle of the crisis. Working life changed permanently when people were forced to start working remotely by the pandemic (Willige, 2021).

2.4 Airline Industry

According to Barten (2023) the airline industry includes several companies, i.e., airlines, which offer services to business partners and customers. Airline services are offered both for passengers and for the transport of goods. Airlines, for example, enable people to travel to other countries or within the country. The airline industry includes, among other things, pilots, flight crew and ground handling employees. Some consider the terms "aviation industry" and "airline industry" synonymous, but they have different meanings. As stated above, the airline industry offers air transport services to paying customers, while the aviation industry covers all air transport (Barten, 2023). In this study the term "airline industry" is used because the research focuses on the development of their strategic resilience.

The international air transport industry serves almost worldwide, and it has been an important part of the creation of the global economy (Massachusetts Institute of Technology, 2024). The airline industry is of great importance in the economy and many other industries are connected to its operation, such as tourism and aircraft manufacturing (Belobaba et al., 2009). According to Barten (2023) airlines are often divided into different categories, and it is important to take into consideration that the classifications can vary worldwide. Airlines are often divided into three categories: international airlines, national airlines, and regional airlines. International airlines are large, successful companies with large capacity and resources. These companies make millions and operate large passenger jets, thus focusing on global air traffic. In addition, these companies employ several thousand people and offer flights to several

destinations around the world. National airlines offer domestic flights, often with medium-sized or large jets. Moreover, several national airlines offer international flight services. National airlines employ thousands of people, but they have less capacity and resources than international airlines. Furthermore, due to demand, national airlines often only offer flights to international destinations during high season. Finally, regional airlines are the smallest of the categories and focus on providing services only in certain areas. Often, these airlines offer flights to places where demand is lower and where national or international airlines do not operate. Moreover, some of the regional airlines operate as subsidiaries of national or international airlines, and they offer, for example, connecting flights to the airlines' most important hubs (Barten, 2023).

The airline industry has mainly developed with the help of technological innovations. However, the development of the industry in the 1970s was slowed down by the worldwide strict regulation of airlines, which affected the development and profitability of the industry. In 1978 the regulations placed on airlines in the United States were dismantled, when the industry's profitability and competition increased and spread throughout the industrialized world. Due to the great competition, international air traffic is constantly developing (Massachusetts Institute of Technology, 2024). Willie Walsh, CEO of The International Air Transportation Association (IATA), stated that in 2024, the aviation industry is expected to generate net income of 25.7 billion. According to Walsh, it shows the resilience of the aviation industry, as the airlines have been able to return to the pre-pandemic level after people continued to travel. Moreover, Walsh stated that the industry's speed of recovery has been exceptional considering that the Covid-19 pandemic has cost the aviation industry about half a year of growth. Although air traffic is expected to grow, potential risks must be considered. For example, the war in Ukraine and the conflict between Hamas and Israel affect the aviation industry greatly, as the flight routes have had to be rearranged due to the closure of airspace. Furthermore, the conflicts have caused an increase in costs, such as the price of oil, which directly affects the airline industry (IATA, 2023). Moreover, in many regions, the growth of the aviation industry has been a decisive part of the economic growth and

social development of different countries. Furthermore, the aviation industry employs millions of people both directly and indirectly in its value chains (Dube et al., 2020).

2.5 Covid-19 and Business Strategy

The Covid-19 pandemic that started in 2020 has had unprecedented effects on the functioning of the economy around the world (Goolsbee & Syverson, 2021). The pandemic caused enormous issues, both socially and economically, from which no country escaped. To control the spread of the disease, many governments imposed restrictions, for example restricting travel and putting in place stay-at-home orders (Donthu & Gustaffsson, 2020). As a result of the pandemic, consumer activity in the market decreased when non-essential businesses were closed (Goolsbee & Syverson, 2021). Furthermore, many companies have faced financial challenges, which in the case of some companies have led to downsizing or even shutting down their business. Thus, business disruptions increased during the pandemic (Juergensen et al., 2020). Covid-19 had a big impact on employment. It decreased employment and working hours (Béland et al., 2020). The disruptions caused by the Covid-19 pandemic are estimated to be three times greater than the 2008 financial crisis. Developing countries and European countries have experienced great financial difficulties (Parker, 2020).

The extensive changes to industries, work and supply chains caused by Covid-19 show that we have moved to a time where the past cannot be used to predict the future (North, 1999). When the future cannot be predicted, companies must change their operations and strategy in a more sustainable direction in order to better respond to similar unexpected global crises. It has been found that, especially during global crises, the survival of companies in the market is highly based on competitiveness, which is based on proactive social and political awareness. Furthermore, it has been established that these anticipated factors are in line with the company's strategic targets. One major change that has been observed during Covid-19 is closer and increased cooperation between stakeholders and industries. Increased cooperation has been found to have

started from the need to correct global disturbances. It required exceptionally fast and close communication and coordination between different actors. For example, when the Covid-19 started, several companies collaborated to meet the high demand for protective masks and vaccines. Cooperation between different companies and industries has built unique processes and structures. For example, in the United Kingdom, University College London Hospital mechanical engineers and Mercedes-AMG with high-performance powertrains collaborated to develop breathing aids for the National Health Service. Cross-sector collaborations are increasing, especially in rapidly changing national and international environments. Covid-19 has created enormous uncertainty in the economy, which requires both the government and society to react quickly to the short- and long-term effects. The countries' policies have affected both import and export tariffs, as well as how and where people work. Companies operate in an environment created by politics and society, which is why it is important for companies to understand how government policies and attitudes in society change (Lawton, et al., 2020).

Moreover, it should be considered that the pandemic has strained already tense relations between some countries. To mitigate the effects of the tightening distance between countries, companies must be aware of geopolitical, market and non-market strategies. The partial dependence of companies' political and social activities has also come to the fore more during the pandemic (De Villa et al., 2019). New evidence shows that companies with good relationships with different stakeholders have been successful in getting benefits from governments. At the domestic level, the pandemic has affected how companies create ever closer relationships with their stakeholders and has highlighted non-market strategy research that investigates how companies improve the reliability and transparency of their reputation. At the global level, the pandemic has caused some countries to rely on nationalism and autocracy by tightening tariffs and limiting foreign companies' access to the market. Thus, multinational companies in particular must act and react, as they are likely to become more dependent on their host country partners and cross-sector cooperation (Lawton et al., 2020).

Environmental turbulence includes the company's strategy, structure, and performance. It's a well-studied contingency of relationships. However, it is considered a condition whose duration is not defined. Some industries are considered turbulent, which are difficult to predict based on their past or current situation. To succeed in the competition, companies strive to improve their performance. For example, operational measures related to improving performance, such as adjusting the production level and costs and budgets. In stable environments, companies are encouraged to utilize existing knowledge to improve performance, while unstable environments inspire firms to expand their awareness to find opportunities (Reed, 2021).

During the spread of the Covid-19, many countries found themselves very dependent on other countries to meet people's needs. For example, when Covid-19 infections increased around the United States, it was realized that 72% of the country's medicines comes from abroad (Fontaine, 2020). In addition, the pandemic had major effects on tourism. Changi, which has been selected the best airport in the world announced that passenger traffic dropped from 5.9 million to 25,200 passengers in a few months in 2020. This means a 99.5% drop in passenger numbers. Since the pandemic hit companies in the tourism industry hard, it is estimated that it will take years for the companies to reach 100% capacity utilization (Thangavel, et al., 2021). Although the Covid-19 pandemic has had major negative effects on companies and the economy, it has also taught companies to deal with adversity and react to competitors' actions (Ngyuen, et al., 2022).

2.6 Covid-19 and Strategic Resilience

The effects of the pandemic and several different factors affect the company's chances of survival. For example, the company's industry, the share of exports in the business, size, financing solutions and the change in demand affect how hard the pandemic hits the business and what kind of capabilities the company must survive the crisis (Golubeva,

2021). After the spread of Covid-19, many companies reacted quickly and have adapted their business. In addition to saving business, the changes have been made to employee safety and customer experience. According to Diedrich et al., (2021) a study has shown that 80% of company managers believed that their organization responded effectively to the pandemic. According to the research they commissioned, three most significant findings emerged. First, the pandemic exposed weaknesses in companies' strategic resilience. Secondly, innovation based on the business model was found to be the most significant help in solving the crisis. Thirdly, up to 60% of respondents expect these innovations to continue even after the pandemic. Moreover, the study found that as many as 42% of respondents stated that the pandemic weakened their company's competitive position, while 28% of respondents found that the pandemic strengthened their company's competitive position. The research found that companies that increased their own competitiveness primarily relied on their own technology and a strong brand (Diedrich, et al., 2021).

According to Diedrich et al., (2021) companies that utilized new business models mainly focused on five different areas: first, customers were offered new digital options, products, and services as a solution to shifts in needs and behavior of their customers. Second, companies increased cooperation within the industry but also outside the industry. For example, pharmaceutical companies collaborated directly with health care centers to speed up the development of vaccines. Thirdly, the actions of the operation chain and operation model were regulated. For example, companies invested in just-in-time deliveries to reduce shutdowns and delays. Moreover, companies were looking for alternative sources of production. For the workforce to continue working as efficiently as possible, companies switched to remote working or in smaller groups, so that infections would not endanger the entire importation. Fourth, companies adapted their sales and marketing models to the demands of the pandemic. The sale of goods and services turned into home deliveries and pick-up orders. Furthermore, sales between companies changed increasingly to digital models. Finally, product development was accelerated due to faster iteration. For example, telecommunications companies reacted

quickly to the pandemic by offering telemedicine programs for, for example, virus diagnosis. It is crucial to highlight that most respondents were focused on developing customer-oriented operations, such as launching new products and services. Furthermore, the respondents stated that several of these changes are here to stay. In addition, most companies have noticed that the changes made in the face of necessity were useful and functional. Hence, many of those who participated in the study also stated that they expect innovations to continue in their companies (Diedrich et al., 2021).

2.7 Building Strategic Resilience

The development of strategic resilience is influenced by the company's industry, competitors, and its sensitivity to external disturbances. It is important to note that often larger companies have more resources, such as better financial resilience, than smaller companies. In addition, larger companies often have a wider diversity of resources, as well as the ability to allocate resources (Swaminathan, 2022).

When changes are required quickly, the strategy planning process must be flexible enough to withstand uncertainty. Diedrich et al., (2021) introduced four ways to strengthen companies' strategic resilience. Firstly, major changes in the economy not only create challenges but also new opportunities. Therefore, bold aspirations must be made. During the pandemic, many leaders realized that the long-term strategy must be abandoned and bold goals must be set- In the moment of crisis, many companies surpassed themselves and managed to make quick and bold decisions that would have been taken months before. Secondly, instead of forecasts, scenarios should be developed. The purpose of scenarios is to limit the uncertainty faced by the company, and not to serve as a forecasting tool. The purpose of creating scenarios is to understand various possible events that the company may encounter and use them to test the stress tolerance of the strategy. With these actions, the company can ensure that the strategy is adaptable in a rapidly changing environment. Strategies should be developed with different departments within the company so that as many different scenarios as

possible are taken into consideration. Third, for large changes, a closed portfolio should be created. In the research, Diedrich et al., (2021) found that companies that are bold enough to make big moves, such as reallocating resources, improving productivity, or investing in capital, are the ones that are more likely to succeed in the market. Making bold moves has been found to be effective during times of major changes, when competitors in the market are not bold enough to make major changes to their operations. According to Diedrich et al., (2021), the biggest focus of the changes is on cost structures and improving customer satisfaction. However, it should be considered that bold moves should only be initiated when the company is certain that the scenario resulting from the move is positive. Alternatively, the company can make smaller moves, for example investments, which can be expanded later. Finally, in developing resilience, companies should dynamically modify their strategies. Annual strategy planning is too slow when dramatic changes may occur quickly in the market. Thus, the functionality and resilience of the strategy should be reviewed several times a year. A study by Diedrich et al., (2021) found that several companies have adopted monthly strategy meetings to update their strategy as new opportunities arise (Diedrich et al., 2021). Furthermore, building resilience essentially involves better identification of trends, careful management of resources and costs, and benchmarking (Lorange, 2021), which means comparing the company's own operations to other similar operating models and learning from them (Cambridge Dictionary, 2023).

Moreover, the development of strategic resilience is greatly influenced by how the organization's top management interprets the various threats the organization faces. Studies of strategic resilience have found that the attitude of top management and how they classify different issues as strategic threats affects the development of resilience. The ways in which the organization's top management interprets different threats is crucial, as it directly affects strategic decision-making, which in turn affects the definition and commitment of resources (Dewald, et al., 2010). Furthermore, studies investigating strategic resilience have found that the development of resilience is influenced by how top management allocates resources, to change the organization's strategies (Williams,

et al., 2017). Resources must be provided so that the organization is better able to study how strategies can be modified to be the most suitable for the competitive environment, as well as how new operating models can be created and implemented (Dewald, et al., 2010).

In addition, it has been found that the literature on strategic resilience is mostly related to long-term organizational performance which has been measured by the organization's market value and profitability (Buyl et al., 2019). Consequently, understanding and developing strategic resilience increases an organization's ability to succeed financially when its strategies or business models are threatened by a crisis. Consequently, it has been interpreted that weak financial success indicates that the organization has not allocated its resources sufficiently so that resilience would develop (Chrisman, et al., 2011).

2.8 Covid-19 Effects on Airline Industry

The actions taken by governments to prevent the spread of the pandemic have caused major challenges for airlines as well as other companies in the tourism industry. For example, the closing of borders and different visa requirements have directly made it difficult for companies to operate (Gössling et al., 2021). The airline industry is one of the sectors most affected by global crises. Even large and prosperous airlines are not immune to recessions or crises (Shaked & Orelowitz, 2020). For example, SARS disease, increasing oil prices, the September 2001 terrorist attacks, and the financial crisis (de Juniac, 2020). Crises like this affect air traffic around the world. Additionally, the terrorist attack in September 2001 in the United States reduced European air traffic by 2% (Euroopan Tilintarkastustuomioistuin, 2021). Furthermore, over the past 20 years, the airline industry has faced numerous virus threats that have been feared to cause a global industry shutdown. Covid-19 challenged companies in the airline industry, especially due to its widespread nature (AlTajer, 2023). Therefore, the airline industry has been found to be very closely associated with world resilience (de Juniac, 2020).

Covid-19 had a significant impact on the aviation industry, causing a collapse in air traffic and the resulting significant loss of revenue. Covid-19 started spreading from China in January 2020 and already in April of the same year more than 17,000 aircraft were grounded. This means more than 64% of the entire world's fleet (Adrienne, et al., 2020). Over the course of five months, more than 19 airlines had gone bankrupt. The bankrupt airlines also included large airlines, for instance, the South American airline LATAM (Czerny et al., 2021). In the United States, airlines were expected to lose more than \$35 billion in 2020, while global airline revenue losses were estimated at \$157 billion. The collapse in demand for airline tickets forced airlines to reduce ticket prices. As a result, in the United States domestic flight ticket prices fell by approximately 18% in 2020, which is the lowest price level since 1995 (Gualini, et al., 2023). To improve their financial situation, airlines developed strategies to lower costs and increase cash flow. Cost savings were collected by retiring older fleets, laying off personnel and offering incentives for early retirement. In addition, the airlines applied for tax breaks and labor subsidies from the state. To increase cash flow, airlines changed their routes, lowered ticket prices, converted planes to fit cargo traffic, and added promotional offers that included Covid-19 travel insurance (Adrienne, et al., 2020, & Albers, et al., 2020).

Covid-19 hit European air traffic particularly hard. The consequences of travel restrictions have been greater within the EU than elsewhere in the world. Because there are many small countries within the EU, they were trying to prevent the spread of the pandemic with various restrictions on air traffic. In Europe alone, nearly 7,000 flight routes were closed. In April 2020, the number of flights in the EU was already 88% lower than two years earlier. In addition, EU passenger numbers dropped from 70 million to just one million in a few months (Euroopan Tilintarkastustuomioistuin, 2021).

It has been found that the pandemic affected airlines in different ways. Airlines that survived the pandemic better than average had larger balance sheets before the pandemic, operated in markets with extensive domestic air traffic, and those that received government subsidies. Furthermore, the companies that have focused more on

cargo traffic instead of passenger traffic, were successful and survived the pandemic better than average. In particular, companies that delivered medical supplies, such as FedEx and DHL, survived the pandemic better because their cargo operations were not as restricted as other operators (Tay, et al., 2023). During the pandemic, it was also found that the global routes of air freight companies were more flexible and thus recovered faster than companies focused on passenger traffic (Bombelli, 2020). Additionally, operations, communication and strategic planning between airport, airlines and stakeholders emerged as an important factor in ensuring that the aircrafts are storage according to safety restrictions. Moreover, increased cooperation enhance performance and survival in general (Adrienne et al., 2020).

When the Covid-19 pandemic caused countries to close, the airline industry played a key role in reconnecting the world. During 2022, the countries gradually or completely waived the travel restrictions that have been set. People's desire to travel has been great, and therefore, travel numbers have increased every year when regulations have been gradually abandoned. Travel numbers are not expected to return to the same figures during 2024 as they were before the outbreak of the Covid-19 pandemic, but the development has been promising. After a cumulative loss of over \$180 billion in 2020-2022, the airline industry is finally making 2023 profit (IATA Annual Review, 2023).

2.9 Strategies During Covid-19

Often, when organizations face exceptional and unexpected crises, the reorganization of operations must happen quickly. In these situations, traditional response strategies are often not effective enough (Wenzel, et al., 2020). The strategies used by airlines during the pandemic can be divided into three categories. First, cost reduction, which includes, for example, placing a ban on the use of aircraft and retiring older aircraft (Adrienne, et al., 2020) as well as laying off the workforce and cutting salaries. Second, improving cash flow, which includes lowering prices to increase demand, requesting loans from the governments and capital investments, (Amankwah-Amoah, 2020) and reengineering air

traffic by moving aircraft to where demand is higher (Bauer, et al., 2020) Third, improving safety, for example banning the use of the middle seats of airplanes, (Barnett & Fleming, 2020), improving the cleaning methods of airplanes, enforcing the use of face masks on flights, and conducting Covid-19 tests. (Dube et al., 2021). When the pandemic broke out and began to spread rapidly, many airlines began to reduce their operations, which they used to try to minimize their costs (Albers et al., 2020 & Wenzel et al., 2020). Long-term travel restrictions caused European airlines to stop almost all their operations when the crisis reached its peak in March-April 2020. Several airlines also took longer-term measures, for example, they announced longer-term reductions in business, such as cutting their fleets. However, some airlines decided to persevere during the crisis. Albers et al., (2020) found that for example, Ryanair tightened its price competition and expanded its operations. In addition, many European airlines analyze external resources and apply for subsidies from, for example, the governments of their countries. After the peak of the crisis, some airlines made new innovations, for example by converting passenger planes to be suitable for cargo transportation. In addition, some airlines started preparing to enter new markets or establish joint ventures. (Albers, et al., 2020).

2.10 Summary of Theoretical Reference Frame

Strategic resilience has been studied for years, but clarity on which factors influence resilience has not been identified in depth (Radic, et al., 2021). In recent years, interest in strategic resilience and its research has increased (Cooper & Walker, 2011). In addition, it has been established that strategic resilience is one of the most important characteristics of organizations because it has a great impact on how organizations cope with the crises they face and how they are able to continue and to develop their business during a crisis (Samuel, 2022). Moreover, the functionality and development of resilience is greatly influenced by how the concept of resilience is recognized in the organization. The development of resilience requires a strong understanding of the factors influencing it (Linnenluecke, 2017). Therefore, resilience does not mean only surviving one crisis, but it is perceived as a continuous development target of the organization in order for it

to be well equipped to respond to future threats. During a crisis, the survival of companies is affected by many different factors, such as the industry and how much of the company's business is linked to exports. In addition, the size of the company and the financing solutions have a significant impact on what options companies have in dealing with the crisis (Golubeva, 2021). In addition, previous research has shown that companies that increased their own competitiveness by focusing on their own operations and technologies and trust in their own brand, on average, survived better in the middle of the pandemic (Diedrich et al., 2021).

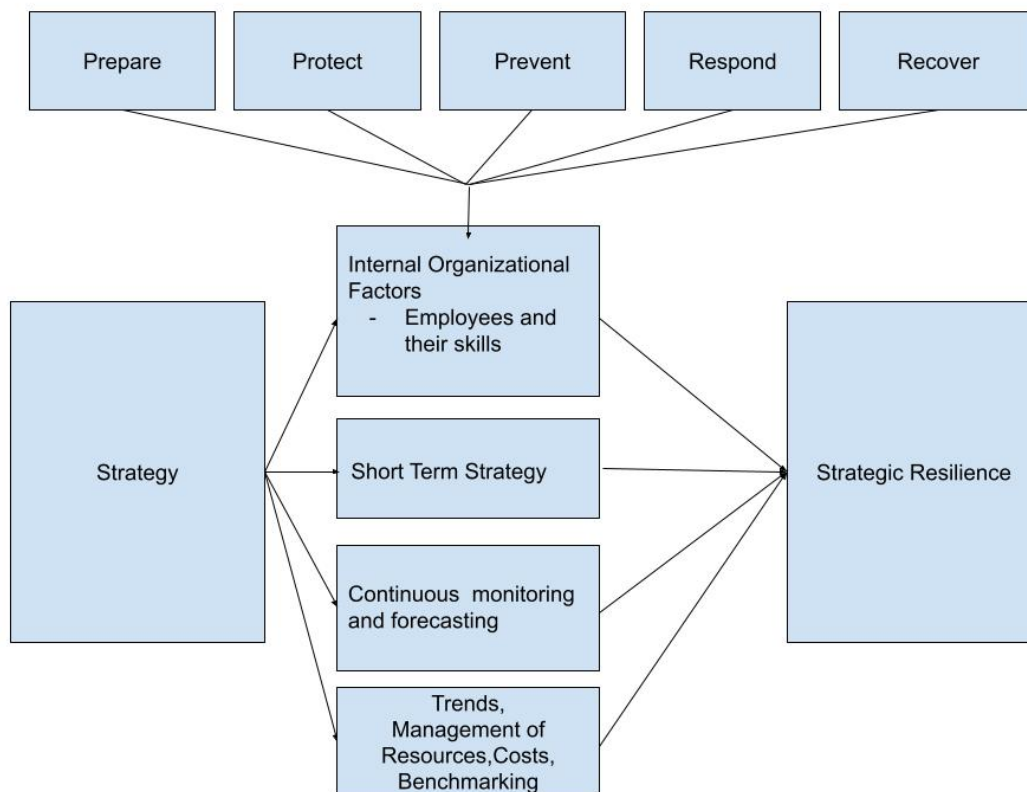


Figure 2. Strategic Resilience

The figure 2. describes the main features of strategic resilience that have been found and the factors that contribute to resilience. On the left side of the figure is the strategy and in the middle of the figure are the factors in the strategy that have been found to have the greatest impact on strategic resilience. From the factors in the middle, the arrows go to the right box of the figure, which reflects strategic resilience. The upper part of the figure shows the model presented by Thoma et al., (2016), which divides

resilience into five different stages. From these five stages, arrows go to all middle boxes, as all these factors can be considered to affect each of the five stages of resilience. The most significant factors in strategic resilience have been found to be the creation of short-term strategies, continuous monitoring and anticipation of the environment, accurate monitoring of resources and costs, benchmarking, and trend review, as well as the organization's internal strengths, such as personnel and their skills.

3 Methodology

The purpose of this section is to introduce the case material and methods utilized in this study. The material utilized in this thesis are interviews conducted from the case company Finnair Oyj during spring 2024. The interviews and interviewees will be introduced in section 3.2 and the case company Finnair Oyj will be introduced in section 3.2.1.

This study is conducted by using an inductive approach. The inductive approach offers systematic and easy-to-use methods for analyzing qualitative data, which can be used to obtain reliable results. The purpose of the inductive approach is to summarize the raw text data and to create a clear connection between the goals of the research and the results of the research. In addition, it provides a simple way to obtain findings with targeted evaluation questions (Thomas, 2006). Furthermore, the primary intent of the inductive approach is to enable the research results to emerge from the recurring, dominant, or significant themes of the collected data within the constraints imposed by structured methodologies (Scriven, 1991).

The inductive analysis of qualitative data proceeds as follows: first, the raw data is prepared for a more detailed analysis. At this stage, the interview questions and answers are highlighted. Then the raw text material is carefully read to understand the themes and events it contains. Third, themes and categories are created using categories. In the inductive approach, categories are often created based on actual sentences or the interviewee's statements. Fourth, the text is coded into random subcategories. In the inductive approach to qualitative data, the same text segment can be placed in several categories. In addition, it should also be noted that not all text can be classified if they are not related to the assessment objectives. Finally, categories are constantly reviewed, and similarities, differences and possibly new insights are found (Thomas, 2006).

The case study approach is an established research method that is widely used in many different disciplines (Crowe, et al., 2011). This approach was chosen as it enables the investigation of a complex issue in depth and from many perspectives in real life. In addition, the case study approach is a useful research method when the goal is to create an in-depth understanding of an event or phenomenon (Crowe, et al., 2011). The case study approach does not determine which theories should be used in the research or which methods should be used to collect data. Several methods can be used to answer research questions, such as interviews, archived materials, or observation. The case studies are limited and focus on organizations, phenomena or events and examine their operation, reaction, and experiences in the context in which the experiences have taken place (Stake, 2000).

This study is a qualitative study and the data collected from the interviews are manually analyzed. According to Puusa et al., (2020) the purpose of qualitative research is to understand the phenomenon examined in the research from the perspective of the persons who are the subject of the research. In qualitative research, researchers are therefore interested in the thoughts, feelings and experiences of the persons who are the subject of the research. Usually, in qualitative research, individual interviews, group interviews or observation are used to acquire data. The challenge qualitative research poses is interviewees speaking openly and the possible effects this may have on the study. Often this requires that the interviewer remains neutral and does not ask leading questions from the interviewees. Moreover, the purpose of qualitative research is not to find reliable information about the extent to which a phenomenon occurs. Instead, the purpose is to find different perspectives and experiences that can be examined (Puusa, et al., 2020).

Interviewing is one common way of producing research material. The goal of the research interview is to gather information and material to answer the research problem. The interviews can be used to analyze, for example, the facts or the experiences of the interviewee (Hyvärinen, et al., 2024). In this study, the research interviews were semi-

structured. This method was selected for the study because the interviews can provide richer and more detailed results, and additional questions can be asked during the interview. Moreover, the research questions can be modified based on the experience and responsibilities of each interviewee. In a semi-structured interview, the questions are prepared in advance and presented in relatively the same format (Hyvärinen, et al., 2024). A semi-structured interview is more free form than a structured interview. It enables the interviewer to ask questions according to the situation, for example in a different order to each interviewee. However, the interview questions are the same for all interviewees (Hirsjärvi et al., 2022).

3.1 Research Method

This study is conducted by utilizing a case company and collecting data by interviewing employees from the case company. The interviews are related to the assessment of the company's operational capability and resilience, as well as development of resilience during the Covid-19 pandemic. Since the Covid-19 can be considered relatively recent in a qualitative study, the perspective of the interviewee can come out better. The intent is to analyze how the company's strategic resilience and strategic planning changed during the Covid-19 pandemic. Moreover, the purpose is to analyze whether the importance of strategy and resilience has changed since the beginning of the pandemic and what actions have been taken to develop them. The interview questions have been modified in such a way that the interviews would provide information that is as accurate as possible and that is essentially related to the topic of the study.

3.2 Materials

Data was collected using semi-structured interviews. In semi-structured interviews, some of the interview questions are prepared in advance and space is left for free discussion and additional questions during the interview (Saunders et al., 2019). The interviewees are people working at Finnair, whose identity remains anonymous. Thus,

interviewees are more likely to speak more freely. In addition, remaining anonymous may have affected the willingness of some to participate in the interview. The interviewees were contacted by e-mail and the interviews were held between January 2024 and May 2024. The interviews were held via Microsoft Teams and were recorded. In addition, the data collected from the interviews was transcribed. Every respondent received the interview questions in advance, which enabled them to prepare better for the interviews and, if necessary, ask for clarification on the questions. The interviews lasted an average of 40 minutes, and the interviewees answered the questions in Finnish, except for one interviewee who answered the questions in English.

All interviewees work in management positions and their average working career at Finnair is about 20 years. The interviewees were selected from different departments, in order to get as broad a picture as possible. In addition, the selected interviewees were those with several years or decades of work experience at Finnair. This way, it is possible to ensure that the chosen interviewees are qualified to answer questions related to the changes that have taken place in the company during Covid-19 pandemic. The interviewees, their work experience, and the unit where they work are presented in the table 1.

Interviewee	Position	Career in Finnair	Interview Language
Interviewee 1	Inflight Service	37 years	Finnish
Interviewee 2	Inflight Experiences	30 + years	Finnish
Interviewee 3	Operations	16 years	Finnish
Interviewee 4	Inflight Experiences	21 years	Finnish
Interviewee 5	Inflight Experiences	7 years	English
Interviewee 6	Operations Management	7 years	Finnish
Interviewee 7	Inflight Services	20 + years	Finnish

Interviewee 8	Crew Control Team Leader	27 years	Finnish
Interviewee 9	Inflight Experience	27 years	Finnish

Table 1. Interviewees

3.2.1 The Case Company: Finnair Oyj

Finnair is a Finnish airline founded in 1923 and is one of the oldest still operating airlines in the world. Finnair Oyj is a public limited company, of which the state owns the largest share, approximately 56% (Valtioneuvosto, 2023). Finnair is part of the One World alliance and offers flights between Europe, North America, Middle East, and Asia (Finnair, 2024, a). After the Covid-19 pandemic hit, Finnair flew less than 10% of its normal number of flights for almost the entire year 2020. In addition, it had to pay its customers more than 400 million euros for canceled flights (Finnair, 2024, b). In 2023, the company's turnover increased by 26.8% and the number of passengers by 20.8 % compared to 2022 (Finnair, 2024, c). One of Finnair's goals is to become carbon neutral by 2045. The company has reduced its carbon dioxide emissions, for example, by using renewable fuels, reducing the weight of aircrafts, and utilizing the developing carbon market (Finnair, 2024, d). Finnair's influence on the Finnish economy is considerable. Its operation affects the Finnish economy both directly and indirectly since air transport is very important to Finland and its competitive advantage. Furthermore, the company's operations have an impact on Finland's gross domestic product, state tax revenues and employment (Finnair, 2024, e).

Finnair was selected as a Case company because of the company's economic and social importance to Finland. In addition, it is a major player in Finnish air traffic, but also a respected company internationally. Due to the importance of the company and the complexity and regulation of its industry, studying its strategic resilience and survival of the worldwide Covid-19 pandemic can be considered very important.

3.3 Trustworthiness of the Study

Research reliability is an important part of quality assessment, and good research is based on reliability and validity. Especially in qualitative research, the assessment of the reliability of the research is important, because the researcher's personal experiences can influence the interpretation of the data. (Brink,1993). The quality of the research is assessed based on its testability and generalizability. The more the results of the foundation can be tested and generalized, the more reliable the research can be considered (Golafshani, 2003). Brink (1993) stated that Campbell and Stanley (1966) have defined two forms of validity, referring to internal and external validity. Internal reliability means how truthful and comparable to reality the research results are. External reliability refers to how the findings and results are legally applicable. Research reliability refers to how truthfully and consistently the researcher is able to report the results of the research. Researchers who use the same or comparable research methods also obtain comparable research results when the same research methods are used in the interpretation of comparable research materials. (Brink, 1993).

4 Findings and Results

This section will discuss the findings and results of the interviews conducted for this study. Section 4.1 will introduce key findings from the interviews. Section 4.2 will then analyze the findings introduced in section 4.1.

4.1 Findings

The findings of this study will be presented in this section. Findings have been divided into third-level headings and to support the findings direct quotes from the interviews will be presented within the findings. Analysis of the findings will be provided in section 4.2 and the summary of the findings will be presented in section 4.3 with a figure illustrating the most significant findings.

4.1.1 Focusing on Short-Term Strategies During Crisis

The Covid-19 pandemic changed the operations of Finnair and the entire aviation industry essentially overnight. Travel restrictions undermined the company's operations and strategy. At the same time, visibility into the future became dim when no one could predict the duration of the crisis and restrictions or the possible permanent effects on the operations of the aviation industry. Throughout history, the cornerstone of Finnair's strategy and operations has been its geographical location. Finnair's strategy has been the "shortest route to Asia", but soon after the pandemic, the war in Ukraine and the closure of Russian airspace forced a reorganization of the strategy. Before the pandemic, the strategy followed the so-called "five-year plan". Shortly after the start of the pandemic, it was noticed that short-term strategies are needed for the rapidly changing situation.

"We created shorter and decentralized strategies, so we didn't focus our strategy on just one area." (Interviewee 1)

“When we lost the foundation, e.g. the customers and the business, the situation changed overnight into a top-down manageable struggle for survival. We had to think about the critical questions of the entire company, perhaps with a different approach than before.” (Interviewee 6)

“The whole strategy changed during Covid. Throughout Finnair's history, the strategy has been based on geographical location. Covid brought down the entire operation and it was, in a certain way, an equal situation for all operators in the industry.” (Interviewee 9)

The organization's strategy began to be studied more closely, and the focus from Asia expanded to other parts of the world, for example the United States and the Middle East. By decentralizing the strategy, the organization aimed for a more sustainable strategy that would not react as much to external crises and threats as before. The company understood that its strategy could not rely on the development of just one continent. During the pandemic, reviewing the strategy at short intervals, approximately every few months, was considered to be important, but also mandatory, as the travel restrictions and the world situation changed quickly. In decision-making, the organization moved strongly to top-down management, where decision-making takes place in the top management of the organization. The decisions made at top level management went down to the supervisors of different departments and their employees through middle level management. The transition to top-down management was felt to enhance and clarify decision-making and was thus an important change in crisis management.

“In this kind of time the importance of strategy is highlighted as it is important that all the organizational targets align so that everyone knows the targets we are working towards jointly.” (Interviewee 5)

“The operation changed to top-down management.” (Interviewee 6)

4.1.2 Increased Importance of Strategic Resilience and Flexibility

The importance of strategic resilience grew enormously during the Covid-19 pandemic. Resilience has been part of the strategy even before the pandemic, as Finnair operates in an industry that is very vulnerable and prone to external changes and threats. The organization operating in a sensitive industry was already used to various crises threatening airlines before the Covid-19 pandemic, but nothing similar in duration or global effects had been seen. The interviewees see that resilience was really tested by the pandemic and later by the war in Ukraine. Additionally, they felt that the unpredictability of the industry influenced Finnair to change its operations quickly when the restrictions caused by the pandemic came into force.

“Air transport is an industry where a lot of changes are constantly taking place. Changes can be surprising, and you must be able to react to them quickly. The aviation industry has a long history and has learned to adapt quickly to change.” (Interviewee 2)

“The strategic plan was updated monthly, making it more flexible. Strategic and tactical execution went very closely hand in hand. A flexible strategy became a condition of life, without which we would not have survived.” (Interviewee 4)

The interviewees felt that even before the pandemic, Finnair was well prepared to make quick changes to its strategy and operations, if necessary, but the pandemic really challenged the company's resilience and ability to keep up with the rapidly changing situation. In certain areas within the company, clumsiness was noticed, which was corrected and improved, for example by the reorganization of teams. The interviewees saw the pandemic as an important lesson for the company, as the importance of resilience and agility was emphasized and, in addition, it was possible to identify areas

that were found to be stiffer and not as resilient, and thus to develop those areas that required development.

“The skills that were learned are those that will benefit us in the future. We are more agile in reacting to changes in the market and more agile in managing our costs.” (Interviewee 6)

“We have tried to ensure that even though people, situations and organizations change, certain strong structures remain. This has been achieved by training people, engaging, and training different responsible parties.” (Interviewee 7)

4.1.3 Multidimensional Testing of Strategic Resilience

Strategic resilience is tested by creating different scenarios. Scenarios are created at Finnair in many different situations, for example in cabin crew training, where the aim is to increase and strengthen the staff's resilience and increase their ability to act in unexpected situations during a flight. For scenarios that test strategic resilience, Finnair started using the data and research it collected during the pandemic. Data used when creating scenarios are, for instance, passenger numbers and sales figures. Testing resilience through scenarios helps create ongoing risk assessments. The interviewees feel that strategy testing has become more important after Covid-19 pandemic. In addition, Finnair constantly monitors sales and passenger numbers, based on which it can create new scenarios and thus try to predict the future. Moreover, the interviewees have experienced testing strategic resilience is of paramount importance for a functioning business as it reveals areas that are functioning well and areas that need development and change.

“Scenarios are built all the time, even if it is not about developing the strategy. Scenarios are also developed to guarantee the functionality of our operational activities.” (Interviewee 2)

“We are constantly prepared for the drop in demand and there is an action plan ready for that.” (Interviewee 3)

“We do dry runs and practice different situations, where we see how our process works in different parts.” (Interviewee 7)

All in all, observing the world situation and making risk assessments expanded and became more emphasized during the pandemic. Scenario thinking and more frequent, larger-scale risk assessments have been found so useful that they have remained part of the strategy even after the pandemic. In the airline industry, companies have always had to make certain types of risk assessments, but during the pandemic and the subsequent war in Ukraine, the making of risk assessments and scenarios has been emphasized and thus felt to be very useful in guaranteeing and developing strategic resilience.

“Efforts have been made to understand risk positions and manage our optionality through them, so that we have as many options as possible and consider them in a controlled manner.” (Interviewee 6)

“There is a huge opportunity in scenarios for how we could get a better understanding of the critical factors and how we could manage them together. Furthermore, we want to lead this activity through certain metrics. I believe that testing and managing resilience will happen with the help of obey metrics, so that different scenarios can be calibrated, and their potential impact and risks understood.” (Interviewee 6)

4.1.4 Cost Monitoring and Close Cooperation Enhance Resilience

According to the interviewees, the most effective changes in the development of resilience are related to accurate expense monitoring. Moreover, the review of collected

data and broader risk assessments have strengthened strategic resilience. During the crisis, the company paid particular attention to its cost structure and tried to rationally cut its costs where cutting them would hurt the least. However, the pursuit of cost-effectiveness required cutting costs even in those areas where it would not have been desirable to cut costs. According to the interviewees, the company's cost structure must be reasonable in order for investors to remain involved in the operation. A well-thought-out expense structure helps in crisis situations, as the company must have the opportunity for quick investments in a rapidly changing environment.

“Continuous cost monitoring at all times. We try to keep costs as low as possible and strive for cost efficiency.” (Interviewee 1)

“In the airline world, the challenge of maintaining strategic resilience is that the industry is a business with very high capital costs and running costs.” (Interviewee 3)

In addition, committed staff were perceived to play a large role in the development of resilience. The interviewees see that the personnel are grounded, which means that they perform more efficiently in crisis situations and are more ready to be flexible. The employee commitment is seen to be due to long careers, of which there are many at Finnair. The average career length is more than 20 years, and the interviewees argue that the trust in survival in the company is at a high level. Employee commitment is seen as one of the most important factors in surviving a pandemic and developing resilience. The pandemic period required a lot of commitment and courage from the entire staff, when long working hours were carried out with insufficient staffing in all areas of the organization. According to the interviewees, employees who work in companies that respond sensitively to external changes are more resilient and more ready to act effectively in a crisis.

“The staff has adapted and is ready to be flexible, if necessary, which has made it easier to make changes.” (Interviewee 2)

Close cooperation between different departments and people's ability and desire to adapt to changes quickly.” (Interviewee 3)

During the pandemic, cooperation with stakeholders became closer, which the interviewees also see as having contributed to the development of strategic resilience. Furthermore, cooperation between teams increased, and giving new ideas to others' areas of responsibility sped up processes and decision-making. Own resources were therefore offered to other teams who needed help. Stakeholders were increasingly engaged in decision-making more and more closely, ensuring decision-making and operations were as quick and efficient as possible. Increased efficiency was observed in the planning and implementation of large entities. In addition, the plans became functional at once, when the stakeholders were involved throughout the process. Moreover, during the pandemic, the entire organization experienced major changes, and in every department, teams were restructured to maximize efficiency.

“We diversified the overall network strategy, which really formed the basis for our strategy combined with the brand we want to build and the customer experience and profitability.” (Interviewee 5)

“In the past, the areas of responsibility of others were perceived as very sacred and of course they are still respected, but we have done a lot of development work and everyday work in such a way that we can step into the area of responsibility of others.” (Interviewee 7)

In addition, the automation of operations was seen to speed up and help business during the pandemic. Operations were seen to become more efficient when staff could be transferred to other tasks due to automation. The digitization and automation of

functions were also seen as useful when, due to redundancies, work was done at a lower capacity. Digital tools also started to be used internally in the organization, for example matters related to employees' employment relationships started to be handled with the help of digital tools. It was noticed that this also made the organization's internal operations more efficient.

Managing data and developing tools has been a great help in this situation and made operations more efficient. We switched to digital services and self-services. Matters related to personnel employment were also handled digitally. So digital tools brought a lot of efficiency to our operations.” (Interviewee 8)

“Data processing in our company has developed a lot.” (Interviewee 9)

4.1.5 A Rapidly Changing Environment and High Costs as a Challenge

The biggest challenges in the development of strategic resilience are the unpredictability of industry and rapid changes. In addition, the industry's investments are often large, in which case changing direction and finding resources for changes can be challenging, because resources are often tied to long-term investments. Especially those created by long-term investments are perceived as difficult, as the capital is tied up in them for long periods of time. Scheduling investments is also perceived as challenging, as several large investments, such as new aircraft, can be projects of several years. Moreover, during the pandemic, the challenge was to keep an eye on the long-term strategy and goals, even though the situation required focus in short-term changes and investments.

“Planning a strategy often requires large investments, resources are tied to something. If the direction of the strategy changes, it can be slow because the resources are already tied up in investments. (Interviewee 2)

“If the direction of the strategy changes, it can be slow because the resources are already tied up in investments. Timing of investments is therefore challenging in a rapidly changing environment.” (Interviewee 2)

Additionally, during the pandemic, the challenge was to keep an eye on the long-term strategy and goals, even though the situation required focus in short-term changes and investments. Finding time to plan and develop a long-term strategy was challenging in the middle of the pandemic, because the uncertainty caused by the pandemic also created uncertainty about the continuity of the industry and what the industry will become during the pandemic. However, keeping a long-term strategy in mind and planning was felt to be important, as it enhanced the recovery from the pandemic when travel restrictions were lifted. The action plans for the future were already ready and it was possible to start moving them forward quickly when the recovery from the pandemic began and the normalization of the industry began to loom ahead.

In addition, the challenge in making rapid changes is to keep all stakeholders involved in the changes and to ensure that the information about the changes reaches all parties for whom the information is essential in terms of the change. As a solution to this, a structured operating model was created that involves stakeholders throughout the entire change process. It was possible to ensure that all the necessary parties are aware and that it is possible for all parties to act in the way required by the change. The interviewees find it challenging to make quick moves in a highly regulated industry, as it limits creative solutions and gives certain strict frameworks within which to operate. On the other hand, the highly regulated industry was also perceived as easy, because the precise limitations and frames within which one must work keep the focus clear. It is also easier and faster to make decisions when there are limited options. In addition, the regulated industry is perceived as a fair playing field for all companies operating in the industry, as everyone must operate within the limits of the same regulations and laws.

“The aviation industry is such a big entity that involves many permits, contracts, regulations, and stakeholders. The big challenge is that all parties do their work on time and cooperate.” (Interviewee 3)

“The challenge is to keep an eye on the long-term strategy when you must make short-term strategies and short-term solutions. The financial figures must also remain at a certain level so that the financiers also stay involved.” (Interviewee 4)

“In a regulated industry, reacting and making changes is slower. It is not necessarily in our hands how quickly and nimbly the operation can be changed. It is impossible to predict what will happen next, for example the behavior of consumers (Interviewee 9).

Organizational culture was also highlighted during the interviews, the interviewees see that the company's internal culture and trust affect how resilient the company's operations can be. The internal trust of the organization is seen as a result of long working careers. In the interviewee's experience, long working careers enable supervisors and employees to know each other well, which makes it easier to share responsibilities and employees' strengths are better known. Productivity within the organization contributes to the fact that employees and supervisors are better able to focus on their own areas of responsibility and work is therefore more efficient.

Moreover, the need to outline the change and, especially in a large organization, making sure that the areas of responsibility are clear to everyone were perceived as challenging. Furthermore, the challenges were also identified as the need to jointly understand and decide which areas are the most important to focus on, as everything cannot be the main focus at the same time. In addition, the interviewees found it challenging and even frustrating that, when fast decisions were required, it was impossible to think about precise details for long periods of time. It was necessary to understand that in a moment

of crisis you could not always give full focus, but instead understand what is good enough and sufficient.

*“Culture and how we get and are able to keep personnel on board, so that whatever disruptions may come to our business, we can handle them smartly.”
(Interviewee 6)*

“We can trust and control our abilities. I see this as the most challenging and most important part. The fact that we have strong models that we can control and trust, so that we can react to situations better than our competitors. I think a culture like that is essential.” (Interviewee 6)

“I see that, in uncertain situations, preserving and strengthening faith in the future is paramount.” (Interviewee 7)

The interviewees also brought up the well-being of the employees and their experience of bad times. Many workers experienced uncertainty during the pandemic due to its scope and long duration. The challenge of the coming years is the recovery of the personnel and their re-engagement after long layoff periods. Although the interviewees found that the entire staff performed well during the pandemic, the interviews emphasized supporting and ensuring the well-being of the staff. Many, especially those who have been laid off for a long time, experience so-called "post trauma", which requires resources and focus to guarantee employee satisfaction and full recovery of the pandemic. The long layoff times brought out the fact that some employees distanced themselves from the organization and it was sometimes difficult to reach them and communicate with them during the layoffs. In addition, major organizational changes may appear negative to some employees and thus cause uncertainty. Committing these employees back to the organization's operations is very important in general, but also in terms of resilience.

“In addition, the so-called post trauma caused by these exhausting years has really emerged among the staff.” (Interviewee 7)

“Uncertainty for employees has also been caused by the change in organizational structures, when teams have been rebuilt in many respects.” (Interviewee 7)

4.1.6 Decentralized Strategy and Structured Operation Models

The interviewees see that Finnair survived the Covid-19 pandemic well considering the circumstances. Closer cooperation with stakeholders and a strong operation model formed during the pandemic stand out. The company's good reputation and positive vision and trust in Nordic and Finnish work has promoted the creation and expansion of existing and new partnerships. Finnair entered Wet Lease contracts, i.e. it lent its staff and fleet to other companies. The strategy was to keep the planes in the air, and the passenger planes were converted to be suitable for the transport of cargo. Cooperation agreements and flying cargo flights ensured that the company could operate during the pandemic and thus increase its cash flow. The interviewees found that the well-trained and experienced staff had an influence on the discovery of new operating methods and their successful implementation. The company's good and respected reputation was also seen to have contributed to the creation of cooperation agreements with other large airlines. Furthermore, one significant factor in the survival was seen as the fact that Finnair did not dismiss its flight crew, so that the company would be ready to use its full capacity when the restrictions caused by the pandemic are lifted. Confidence in the future and survival was one of the reasons why bold decisions that stood out from the competition were made.

“Wet lease was not a large part of Finnair's operations before. In addition to them, other collaborations have been created with other airlines. Especially switching to cargo flights during the pandemic was a great decision, as Finnair's planes flew continuously during the pandemic.” (Interviewee 3)

“Many airlines had to dismiss their cabin crew when traffic could not flow, and everyone had great financial difficulties. We made the decision that we want to be ready when the world opens, and the situation allows us to open our network. That's why we didn't dismiss the cabin crew or the flight crew. It made it possible for us to have full staff available, and in accordance with our new business model, we were able to rent our staff and machines to different partners.” (Interviewee 7)

In addition, the well-structured operation models created helped to make quick changes. Due to the model, the effects of the changes can be seen even before the changes have entered into force. Planned changes can be changed quickly if the results do not seem to meet expectations. The advantage of the model is also that the stakeholders are committed to it, so they stay involved in the changes. Every change made in the organization goes through the same structured operating model that was created at the time of the crisis. In this way, it is possible to ensure that the planned changes are appropriate and in line with the company's other changes. Because stakeholders are taken into consideration in the operating model, the planning and implementation of changes is faster than before, which contributes to strategic resilience, agility, and flexibility. In addition, changes and strategies are reviewed several times a year with the networking department, where short-, medium- and long-term plans and scenarios are reviewed and evaluated. During the pandemic, the entire network was carefully reviewed and renewed to meet the needs of an unexpected crisis. Management focused on top-down management instead of bottom-up management, which before the pandemic had been closer to the organization's management principles.

“The speed has changed in how we are able to adapt to unexpected changes. Each unit contributes to the development of the strategy team's strategy.” (Interviewee 4)

“When a surprising new change occurs, it goes through a structured operating model in which stakeholders are also involved. Due to this, the practical effects of the changes can be seen already in the middle of the process and not only afterwards. When a decision is made, we already know what it affects.”
(Interviewee 4)

The strategy also began to be reviewed more often and it was spread over a wider area, so that the company would remain operational in the event of unexpected crises. For example, flights to the United States and the Middle East in particular were increased. The global expansion of the strategy was aimed at flexibility and was found to reduce the vulnerability and sensitivity of the strategy. Scenario thinking was also seen to have increased by adapting it more widely to all the company's operations. Thus, the organization's strengths and areas that still need to be developed are seen in more detail. In addition, new realistic scenarios that could sway the industry were identified.

“I would highlight scenario thinking. Such fundamental changes came to the operation and business environment, they required top-down, mission critical operation, in which we succeeded quite well.” (Interviewee 6)

“Our strategy took a new direction and while previously it was mainly the Europe - Asia connection, now we have built traffic evenly so that there are also more flights to the United States and also flights to the Near East.” (Interviewee 7)

Furthermore, being able to focus and trust in one's own operations, even though competitors made different solutions in a crisis, was considered one of the significant factors in survival. The interviewees argue that they dared to make independent decisions, because they trusted the operations and competent employees, and knew that the services offered by the company were of high quality. During the interviews, it

emerged that in the midst of a crisis, one should focus on one's own strengths and weaknesses and leave competitor analysis to less attention. Focusing on your own strengths contributes to the creation of unique and different changes and strategies.

“We always looked at the field of competitors and the market situation very strongly, but we had a clear vision of what we as a company were going to do. Although we saw what other companies were doing and they made different decisions, we stuck to our chosen direction.” (Interviewee 7)

“Clearly less competitor analysis and more focus on our own strengths. (Interviewee 7)

“We constantly monitor the functionality of our operations and customer data to keep ourselves as agile as possible.” (Interviewee 8)

4.2 Analysis

The aim of the study was to find out how the Covid-19 pandemic affected the development of strategic resilience. In addition, the goal of the study was to investigate how the Case company reacted to the pandemic and with what means it was able to develop its strategic resilience during the crisis. The findings show that the pandemic forced Finnair to make quick and bold decisions to guarantee survival during the pandemic. The strategy focused on Asian air traffic was expanded and diversified to other continents, such as the Middle East and the United States, so that the strategy would not be so vulnerable and dependent on external changes occurring in one continent. The long-term strategy was switched to shorter-term strategies as the market situation changed rapidly during the global pandemic and the future seemed unclear. The importance of the short-term strategy grew and was reviewed and analyzed in shorter cycles, approximately every month to ensure its functionality and flexibility towards upcoming changes in the market. Short-term strategies enabled a faster

reaction to rapidly changing situations. In the middle of the crisis, the management of operations was changed to top-down management, which was found to have made decision-making more efficient. The organization's entire network was reviewed and reorganized in order to make it as functional and clear as possible. The teams were reorganized into the most functional entities, making work and decision-making smoother and faster.

The findings show that the importance of strategic resilience increased significantly during the Covid-19 pandemic. Finnair's understanding of strategic resilience was at a good level before the outbreak of the pandemic, since the company operates in the airline industry, which is very vulnerable to the effects of various crises and is thus used to operating in a rapidly changing environment. Despite its experience, Finnair, which operates in an unpredictable and strongly reacting business to external crises, was faced with a completely new situation, as a similar crisis in terms of scope or duration had not been seen before. When global travel restrictions were imposed, Finnair changed its strategy and adapted its passenger planes to transport cargo, allowing it to operate and increase its cash flow during the pandemic and thus avoid the costs incurred when the planes are parked and in storage. Furthermore, concluding Wet Lease -contracts guaranteed that Finnair had flights to fly. Wet lease agreements enabled the use of a larger fleet and personnel when the company itself did not have routes or flights to certain destinations. The company's good reputation for both service and safety were seen as contributing to the conclusion of cooperation agreements with other major airlines. One significant finding regarding Finnair's capacity is that the company did not lay off its flight crew. It wanted to be ready at full capacity when the travel restrictions eased. The decision differed from other airlines, which laid off staff from every department.

The findings show that when the crisis broke out, the cost structure was carefully reviewed and even painful solutions, such as ground staff dismisses, were made to reduce costs. In particular, cost efficiency emerged in the development of strategic

resilience. The findings also include the challenge of timing the investments, as the airline industry's investments are often large in terms of money and long in terms of time. For example, new aircraft may take several years from order to delivery. Moreover, the findings highlight the impact of committed personnel on strategic resilience and its development. Trust between personnel was seen to be of paramount importance in surviving the pandemic. The company's internal working careers last an average of 20 years and thus the employees are considered as very committed, and they have experienced various crisis situations. The common understanding of the crisis created in the organization and the common goal of overcoming it helped to motivate the staff in difficult moments.

In addition to the rise of the role of short-term strategies, the findings show the growing importance of strategic resilience testing. Different scenarios are used in the testing, which are created, for example, with the help of risk analyses. The creation of scenarios and scenario thinking in the company has increased and expanded to cover all operations of the organization. The operation models developed during the pandemic involve stakeholders more than before, and thus when using the operation model, the effects of the planned changes can be seen even before the change has been implemented. The findings also include an increase in operational efficiency through team reorganization and cross-team collaboration. Moreover, the findings emphasize confidence in one's own actions. The interviewees see that in the midst of the crisis, it was important to keep the focus on the company's operations and to rely on qualified personnel and to pay less attention to competitor analyses.

4.3 Summary of Findings

This study found that during a crisis, focusing on creating short-term strategies contributes to crisis survival and facilitates strategy adaptation in a rapidly changing operating environment. The strategy should be reviewed often, approximately every few months, so that the organization's operations can respond quickly to the current market

situation. Short-term strategies and the constant review of the strategy were found to be of considerable importance for surviving the Covid-19 pandemic. In addition, the research results focused on the internal strengths of the organization, such as the commitment of the personnel. Long working careers were felt to affect the commitment and willingness of personnel to survive the pandemic. The employees of the companies that react sensitively to external disturbances were also perceived as durable and flexible, which enabled the entire organization's personnel to be committed to coping with the crisis. In addition, in an organization with large resources, the opportunities to make major changes are greater than in smaller organizations.

Scenario thinking and creating scenarios in the development of resilience is emphasized in this study. With the start of the Covid-19 pandemic, the creation of scenarios became increasingly important in testing operational models. The purpose of creating scenarios is to test the existing strategy and operating model and find its working features and possibly features that would not necessarily work as desired in a crisis. Strategy testing contributes to the creation of effective strategies, which in turn develop the organization's strategic resilience. This research found that there was more focus on testing strategic resilience than before and more scenarios were being created to test the strategy. Risk analyzes and data collected by the organization, such as sales and customer numbers, began to be used in testing new scenarios.

Moreover, this study emphasized the observation of the cost structure of the organization. The cost structure was reviewed, and expenses were cut during the crisis from where it would hurt the least. Some of the employees had to be dismissed, but the flight crew wanted to be kept, so they were laid off. The cost structure had to be modified even more clearly and rationally, to ensure that the investors will remain involved in the operation. Furthermore, this study found that the cost structure should be such that the company's liquidity can quickly withstand the rapidly planned investments, which in the airline industry are often very large.

During the pandemic, cooperation with stakeholders and other companies operating in the field was emphasized and increased. The case company created a structured operations model that included stakeholders. Thus, the planning, creation and implementation of changes were considerably accelerated, when during the planning process it was possible to accurately assess the effects of the change. A structured operation model was used to speed up the organization's operations and protect against poorly planned changes.

In addition, the study emphasized the decentralization of the strategy so that it would not be so vulnerable and sensitive to reacting to external disturbances. The organization expanded its strategy geographically and thus ensured that it could operate during the pandemic and during following crises that affect airline industry. Furthermore, the importance of Wet Lease contracts was emphasized. With Wet Lease contracts, Finnair was able to guarantee that there are flights for the company's personnel and fleet. The most significant findings of this study, which influenced the development of strategic resilience and surviving the pandemic, are presented in the figure 3.

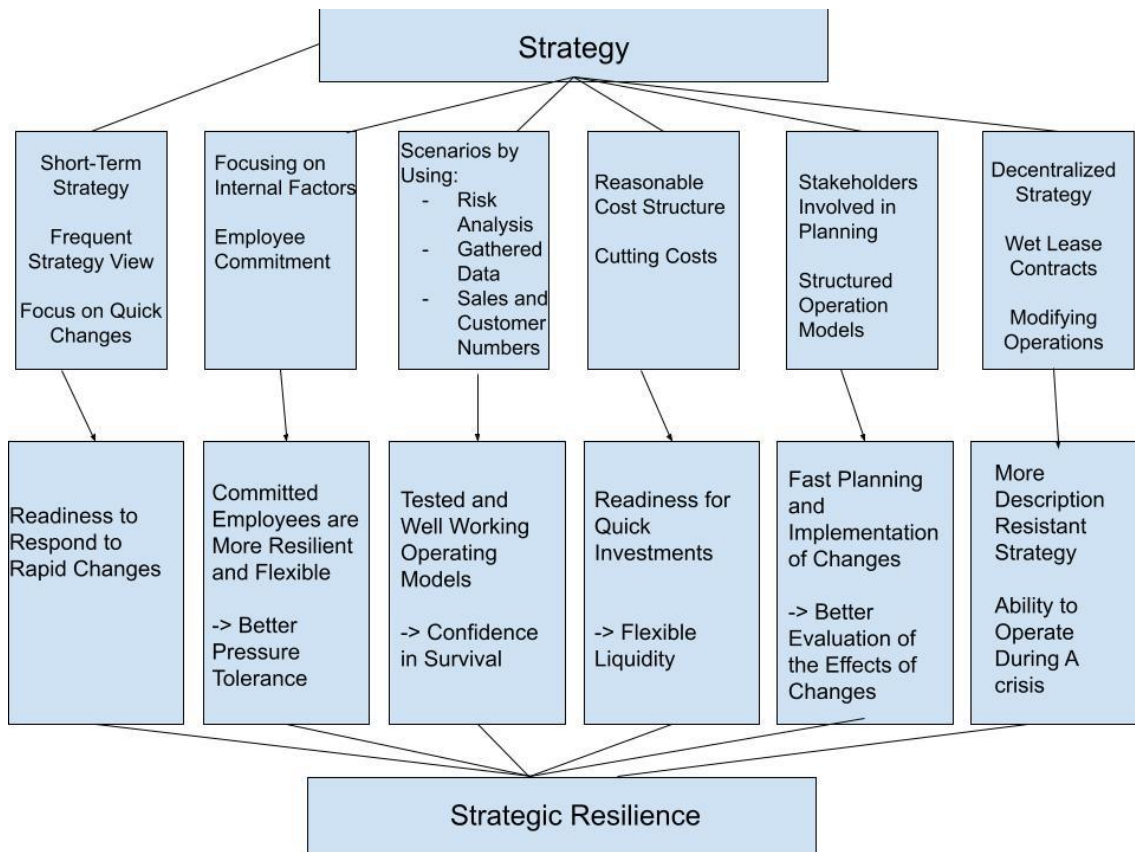


Figure 3. Findings

5 Discussion

Radic, et al., (2021) have argued that in strategy research, it is still unclear which factors distinguish a company with high resilience from companies with low resilience. This study shows that a company with high strategic resilience constantly examines its operating environment through risk analysis and tests the flexibility of its resilience through different scenarios. One of the most important factors influencing resilience was found to be the continuous monitoring and analysis of costs, and the cost efficiency it brings. However, it should be noted that this study is focused on a company operating in the airline industry. The study argues that in an industry that reacts sensitively to external disturbances, the readiness to act in crisis situations is often higher than in more stable industries. Thus, the organization and employees are more aware of the resilience and prepared for unexpected and quick changes. Moreover, this study argues that employees working in airline industry are more tolerant of uncertainty and can work in unstable and unpredictable environment. Previous studies have found that strategic resilience is influenced by the ability to analyze the external environment and react to changes and threats from outside the organization (Cannon & John, 2007; Feldman & Pentland, 2003). The results of this study support the claim but also emphasize the importance of organization's internal factors, such as personnel commitment and its effects on organizational performance and efficiency. The findings on the effects of employee engagement on resilience in this study support the findings of Kuntz et al., (2017) that employees and their abilities are the most important factor in terms of organizational resilience.

Additionally, the findings support Thoma et al., (2016)'s claim that flexible systems can learn from previous disturbances and thus better prepare for future disturbances. This study found that the systems and structured operating models created by the case company during the crisis worked flexibly and quickly enough, and will also be used in the future. The study states that closer cooperation with partners and stakeholders has increased and has been a significant factor in surviving the Covid-19 pandemic, which

supports Lawton et al., (2020) claims that companies that were able to create closer relationships and cooperation with stakeholders survived the pandemic better on average. To survive in a turbulent and vulnerable industry, performance measurement and accurate cost management and review were found to be highly important in this study, which supports Reed's (2021) previous research findings.

The main findings of this study support the findings made by Diedrich et al. (2021) regarding the development of strategic resilience. Four ways of developing strategic resilience were identified in both studies: firstly, changes in the market create not only threats but also opportunities during a crisis and therefore, bold decisions must be made. Secondly, the development of scenarios strengthens the organization's understanding of its own strengths and helps to prepare for future crises better. The development of strategy and scenarios among different departments increases the diversity of strategy and scenarios and hence creates more durable strategic resilience. Third, companies that made bold decisions and goals performed better on average during the pandemic. Finally, the strategy should be reviewed and updated several times a year, so that the rapidly changing market situations can be responded to in the best possible way (Diedrich et al., (2021). However, this study found more precisely how the development of scenarios has changed. The study found that the scenarios have expanded to cover all areas of the organization, and the creation of scenarios is aided by data that the company constantly collects, as well as risk analyses, the creation of which has also increased during and after the pandemic. In other words, scenario thinking has deepened, expanded, and more time and resources are used for it than before, in order to better prepare for the challenges, threats and opportunities that the future will bring.

Williams et al., (2017) found previously that management's attitude towards the crisis has a significant influence in surviving during a crisis. Furthermore, how management re-allocates resources to develop strategy greatly affects the development of resilience. This study supports the previous findings, as it was found that in the middle of the crisis,

strategy redesign shifted to a top-down management style, where the top management of the organization makes decisions about resources and where they are allocated.

The findings of the study regarding the survival of the airline industry support previous findings about the actions taken by airlines during the crisis. This study, like previous ones (Adrienne, et al., 2020, & Albers, et al., 2020), highlights the importance of cost monitoring and cost reduction. Moreover, to increase cash flow, this study found that the case company rerouted flights and converted its passenger planes to be suitable for transporting cargo. In addition, research supports the claim that companies that included freight transportation in their operations survived the pandemic better on average (Tay, et al., 2023). One of the most significant findings of this study was that Finnair was able to keep its operations running and thus its cash flow active precisely by adapting its operations to meet the demand at the time.

Previous studies related to airline strategies during the Covid-19 pandemic are in line with the findings of this study. The case company expanded its strategy and flight routes from areas where there was no demand to those where demand was higher. Expanding the strategy by adding Middle East flights and long-haul flights to the United States was found to have a significant impact on strengthening strategic resilience. Bauer, et al., (2020) stated that planning routes to areas with higher demand was a popular choice among airlines during the pandemic.

The results of this study are in line with previous studies. However, in this study, the impact of employee engagement on organizational resilience and coping with crises emerged as an equally significant factor alongside others such as strategy expansion, cost monitoring and scenario creation. In addition, this study highlighted the use of digitization in coping with a pandemic, as well as a broader exploration of scenarios through data collected by the organization and risk analyses. More specifically, this study concretely presents how the factors affecting the company's resilience can be developed. For instance, when developing scenarios, organization should use the data collected by

the company, for example from customer and sales figures, and by using risk analyses. This way the organization can ensure that the created scenarios are realistic and possibly encountered. Furthermore, structured operational models facilitate going through changes and ensure that they are in line with the rest of the organization's operations. This study argues that the inclusion of stakeholders in the operational models used speeds up the design and implementation of changes, because the effects of the ongoing change and how it works on a practical level can be seen even before the change has been implemented. Moreover, this study argues that seeing the effects during the process facilitates the creation of better changes that do not need to be modified afterwards.

6 Conclusion

Strategic resilience has been considered a key factor for organizations' success and survival in today's rapidly changing market (Swaminathan, 2022). The importance of resilience has risen due to global crises and forced organizations to think about the sustainability of their business operations (Hughes et al., 2020). Examining the importance of resilience in terms of the functioning of organizations and the development of strategic resilience due to the latest global crisis, Covid-19, is essential. Although the popularity of resilience has increased, the research related to it has mostly focused on the long-term strategies of organizations or the ability of organizations to react and survive crises, and not on how organizations should develop their operations to be able to act proactively. For these reasons, this study was conducted.

The aim of this study was to answer the research question: **How did the covid-19 pandemic affect the development of strategic resilience?** Moreover, the intent was to focus on the following subobjectives:

1. To study how the Case Company reacted to Covid-19
2. To explore the actions that were found to be the most effective in developing strategic resilience during Covid-19
3. To increase the understanding and importance of strategic resilience

The research found that during the Covid-19 pandemic, the strategy had to be recreated and focused on a short-term strategy instead of a long-term strategy. In addition, the crisis caused by the Covid-19 pandemic required quick solutions and alternative methods of operation. Rapid changes were made possible by a structured operational model in which many stakeholders were involved. Thus, the stakeholders were aware of the upcoming changes and the effects of the changes could be foreseen together. Research shows that involving stakeholders accelerates change processes and prevents the emergence of bad solutions. In addition, the study highlighted the strong increase in

risk analyzes and testing of the organization's operations. Risk analysis started to be conducted more often and more widely, as well as testing. Resilience testing focused on scenario thinking, risk analyzes and, for example, sales figures and customer numbers were used in creating scenarios. The research shows that broader and more frequently developed scenarios increased the organization's resilience and created realistic and potential crises that the organization could face in the future. In addition, this study shows a link between staff engagement and career length. The study found that employees who have worked in the same company for a long time are more ready to work to survive the crisis. In addition, employees who work in a company that is sensitive to reacting to external disturbances are, on average, more resilient in the face of unexpected crises and uncertainty.

Decentralization of the strategy to a wider area, so that the entire operation of the organization would not be disrupted when a crisis strikes, was also found to have a great influence on the strategic resilience. Additionally, cooperation with other actors operating in the field was found to be an important factor in the development of resilience. Cooperation expands opportunities for organizations, and it can be considered to help organizations to remain their cash flow active during a crisis. Overall, it can be stated that the findings of this study facilitate the development of strategic resilience and speed up the implementation of changes.

6.1 Limitations

Limited resources and the amount of time are factors that have influenced the implementation of this research and are therefore necessary to consider. This study has focused on only one Case company and the industry in which it operates due to these limitations. The research was carried out with semi-structured interviews where nine Case company employees were interviewed. Due to the amount of time, the number of interviewees is limited. The answers of the interviewees supported each other, which is why the collected data was considered sufficient. However, as this study focused only

one Finnish company, and one industry it is worth noting that the findings cannot be generalized. Moreover, this study is a qualitative study in which interviews were used to collect data. Thus, the findings are based on the views and personal experiences of the respondents. On the other hand, the respondents' answers support each other without prior knowledge of other respondents answers and therefore the findings can be considered reliable. Furthermore, the interviewees remain anonymous, which lowers the threshold to answer truthfully. On the other hand, it should be noted that the interviewees may answer according to the purpose of the company appearing in the best possible light.

6.2 Recommendations for Managers

The findings of this study strengthen and develop strategic resilience. As previously stated, organizations are generally bad at implementing strategy and often lack the ability to drive organizational success (Jaques, 2020). Furthermore, to develop strategic resilience, an organization should have a deep understanding of its concept and how it is defined (Linnenluecke 2017). Thus, this study is useful for managers, as it presents the factors that essentially affect resilience, as well as in detail the means that can be utilized in developing resilience. Although this study is focused on studying the development of strategic resilience in the airline industry, this study can be considered useful for managers working in other industries as the findings of this study also partially support previous studies focused on strategic resilience. Thus, it can be stated that the findings can be found useful in other industries as well.

6.3 Suggestions for Future Research

When considering future research, a similar study that would be implemented on a larger scale could be of interest. In a broader study, the means of developing the strategic resilience of airlines could be compared, for example, by studying how the operations towards strategic resilience of Nordic companies differ from the operations of countries with a larger operating area, such as the United States, whose home market is much

larger and therefore wider range of domestic flights are operated. Regarding resilience, future studies could also be related to, for example, more specifically to financial resilience and risk management or the development of strategic resilience from the perspective of sustainability. Furthermore, the subject of research could be how digital technologies can affect the development of strategic resilience.

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Appendices

The Interview

1. How has the importance of strategy changed in your company?
2. How has strategic flexibility been developed in your company?
3. How is strategic resilience tested in your company?
4. What do you think is the most challenging thing about developing strategic resilience?
5. What has been the most effective change in developing strategic resilience?
6. How has strategy planning changed in your company?
7. How have the changes been communicated in your company?
8. How do the changes your company made show up in your work?
9. In your opinion, did the planning and implementation of the changes happen quickly enough?