CRISIS MANAGEMENT IN TOURISM INDUSTRY

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ABSTRACT

Crisis management is the application of strategies to help an organization, in order to deal with unpredictable events or unforeseeable consequence of events that had been considered a potential risk in tourism industry since the past decade. Initially, this report has reviewed some articles from renowned academic journals that related to crisis management, which give concise understanding to the theoretical and practical implications of different perspective in tourism context. Mainly, the propose of this report is to obtain a broader insight on the issue by comparing and contrasting with academic, industry and government’s perceptions in relation to crisis management. Finally, the report concludes with a set of conclusions and recommendations which are made in relation to overcome the challenge in crisis management for tourism industry.

KEYWORDS: Crisis Management, Tourism Industry, Perspective

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1. INTRODUCTION

One of the principal external factors that can affect tourism and is highly unpredictable for tourism organisations and countries is a crisis or disaster. As the number of disasters and crises struck the world in the beginning of the 21st century which has formidable impact on the tourism industry; hence, it is becoming vital to understand the nature of these disasters and how to manage and limit the impacts of such events. The challenge of coping with such events poses many issues for an organisation’s ability to adapt to change thereby overcome the problems.

This study reviews the literature and academic journal articles and also publications from industry journal, magazines and other materials relating to crisis management in tourism in order to gain a deep understanding of the issues addressed. More importantly, it helps to obtain a broader insight on the topic by comparing and contrasting with academic, industry and government’s perceptions in relation to crisis management. First part of this report is the summary of the reading which is divided into two sections: one of key issue address from an academic perspective, another issue raise by the industry and government. Second part presents the comparison of academic, industry and government and international approaches. Finally, the report concludes with a set of conclusions and recommendations which are made in relation to overcome the challenge in crisis management.

2. ANALYSIS OF CRISIS MANAGEMENT

2.1 Academic Perspective

Based on review of the literature that many authors have sought to identify typologies and characteristics of crises in order to have a better understanding of phenomena and develop effective crisis management. According to Coombs (2014) crises can range from small-scale organisational issues from staff challenges/breakdowns and
organizational misdeeds to large-scale external factors such as natural disasters and terrorist attacks. Preliminary crisis management research also focused on producing prescriptive models concerning the stages of crisis to assist understanding and future proactive and strategic management of crisis. For instance, Fink (1986) and Roberts (1994) both developed models that explain life cycle of crises which suggest crises and disasters go through series of progressive stages.

Further, Faulkner (2001) developed the first tourism specific disaster management framework which has been applied into real life case studies such as the Katrina Floods in Australia, Foot and Mouth Outbreak in the UK and the SARS Outbreak in Singapore. The details of the crisis life cycle mentioned above can be seen in Table 1. The findings of those studies could be useful as it may illustrate to managers what strategies could be considered or developed at the various stages of crisis or disaster and how to stop crises moving into the next stages.

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<td>1. Pre-event</td>
<td>Pre-event: where action can be taken to prevent disasters (e.g. growth management planning or plans aimed at mitigating the effects of potential disasters)</td>
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<td>2. Prodromal</td>
<td>Prodromal stage: when it becomes apparent that the crisis is inevitable</td>
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<td>3. Emergency</td>
<td>Acute stage: the point of no return when the crisis has hit and damage limitation is the main objective</td>
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<td>Emergency phase: when the effects of the disaster have been felt and action has to be taken to rescue people and property</td>
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<td>4. Intermediate</td>
<td>Intermediate phase: when the short-term needs of the people must be dealt with—restoring utilities and essential services. The objective at this point being to restore the community to normality as quickly as possible</td>
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<td>5. Long term (recovery)</td>
<td>Chronic stage: clean-up, post-mortem, self-analysis and Healing</td>
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<td>Long-term phase: continuation of the previous phase, but items that could not be addressed quickly are attended to at this point (repair of damaged infrastructure, correcting environmental problems, counseling victims, reinvestment strategies, debriefings to provide input to revisions of disaster strategies)</td>
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<td>6. Resolution</td>
<td>Resolution: routine restored or new improved state</td>
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Some studies investigate the moderating impact of the timing of crisis disclosure on the effect of crisis response strategies on organizational reputation. Some studies also focus on the role of mass media which plays in affecting people’s perceptions of crises (Claeys and Cauberghe, 2012). Both crises and the media’s portrayals of them cause changes
in perceptions that affect people's intention to travel with consequent effects on destinations. Moreover, in the work of Young and Motgomery (1998) emphasise the importance of developing an effective communications strategy as the internal part of crisis management. Communication strategies should form part of a crisis management model. Santana (1999) comments that crisis management should be an ongoing activity, it is integrated and comprehensive effort that organizations effectively put into place in an attempt to first and foremost understand and prevent crisis, and effectively manage those that occur, taking into account in each and every step of their planning and training activities.

2.2 Industry/Government Perspective

A growing awareness of the threat of tourism crises and their potential to inflict harm is reflected in number of academic publications, including special edition journals and articles devoted to this topic which is referred to in the earlier part of report. There are also manuals and handbooks for practitioners and industry associations are available. In addition, a lot of official agencies and government bodies have been involved in the production. After reading the industry/government publications and trade journals, at the international level, UNWTO (United Nation World Tourism Organization) and PATA (Pacific Asia Travel Association) both have developed crisis management guidelines for tourism businesses, operators, official agencies around the world to assist in dealing with crises and disasters. In essence, the difference between both guidelines is only in forms not the contents. According to UNWTO (2006) “…Good communications based on the principles of honesty and transparency is the key to successful crisis management, but other tourism specialties also need to be involved, especially: A) Communication, B) Promotion, C) Safety and security and D) Market research”.

In Australia, both state and national governments have also established crisis management frameworks or action plans for the tourism industry. Literally, each State’s tourism management plan provided a template for the development of the National Tourism Incident Response Plan (NTIRP), which establishes a process for delivering a coherent response aimed at minimizing the impact of crisis events. The NTIRP includes mechanism to (NTIRP, 2007):

- Communicate accurate and timely information to various groups including:
  - State, Territory and Australia governments and tourism organisation;
  - The Australian and international tourism industry; and
  - The domestic and international traveling public.
- Ensure coordination policy responses and remedies across governments; and
- Coordinate and disseminate information relating to impacts of incidents on the tourism industry.

3. COMPARISON OF ACADEMIC, INDUSTRY/GOVERNMENT AND INTERNATIONAL APPROACHES

3.1 Differences

In terms of the academic publications, despite the enlarged body of literature devoted to theoretical themes, much works are centered on case studies and the emphasis on extrinsic causes of crisis rather then intrinsic organizational weakness and on destination perspectives. Those models and frameworks illustrated in the academic literature are very theoretical not easy for tourism industry operators and practitioners to understand therefore it is difficult to have a proper implementation of the model into actions of crisis management planning. Moreover, the academic literature is still lack of
quantitative and qualitative data about the extent composition and effectiveness of formal crisis management planning with tourism industry. In general, crisis management planning requires a maximalist approach, involving a considerable amount of detail in the allocation of roles, responsibilities, resources and the specification of targets, of which is lack in the academic research.

In contrast with the academics, manuals and guidebooks of crisis management planning established by the industry association and governments are more practical, most of them are with step-by-step outline procedures to follow in designing and developing effective crisis management strategy based upon the diverse resources available to tourism organizations of all sizes. Most of the plans afford insights into the problems and provide crisis plan template individually which help the organisation to determine the components that would best fit the nature of the business and its needs.

3.2 Similarities

This study has found there is a consensus among academics, tourism industry and governments that it is essential for tourism organisations both private and public to have a crisis management plan/contingency plan in place. Thus, it can help the organisation to response more successfully when a crisis occurs and can mitigate the severity of a crisis. Several similar issues are noted and addressed in both academic and industry/government publications, which are summarised as below.

**Crisis management team/leadership:** the first step of developing a crisis management plan should be the establishment of a crisis management team. If a crisis occurs, the team will be prepared and in control. Who should be in the crisis team is vary from company to company and also the scale of the crisis which makes collaboration the key and the most difficult part of crisis planning.

**Importance of communication:** formal communication channel should be put in place to assist with dissemination of information, establish a unified response and keep the message simple, clear, consistent and tailored to each audience: employees, consumers, business partners, local community politicians, and local, regional, national and international authorities.

**Role of Government:** involvement of government is important in a crisis planning as governments rely on forecasts to develop budgets, policies and plans in the absence of other methods of predicting the future. Policy frameworks enacted by government provide the incentives as well as the constraints around which organisation must work as they seek to attract investment and encourage visitation.

**Crisis training and exercise:** training includes general training, table-top exercises and real time and live exercises with the aim to test the organisation, communications and the teamwork of those concerned and the ability of individual actions and to test the effectiveness of actions in a crisis. The training and exercise should be followed by evaluation; each situation should be carefully evaluated in order to improve the crisis management plan. A crisis management plan should be a living document, undergoing constant evaluation and updates.

4. CONCLUSIONS AND RECOMMENDATIONS

Through this study, a successful business, particularly, this competitive industry of tourism depends upon its Crisis Management Plan (CMP). As mentioned above, the parallel of this necessity of academic and organisational perspectives should be a combination to the training and development of crisis management plan, in order to prevent
organisation damaging its reputation, try to recover form the crisis and learn from the failure (Paraskevas, 2006). Organisation should recognise the impact on the behaviour or culture of the organisation changes since the crisis occurs initially.

As a result, the ways of the crisis management in industry and organisation can:

- Identify the potential crisis in industry or organisation to prevent the crisis happen initially;
- Develop appropriate crisis task force team to dealing effective organisational crisis response system;
- Recruit different competence for different leadership who possesses knowledge and experience to handle the crisis;
- Create effective employees’ crisis training programs and practicing crisis response system frequently;
- Develop safe environment to avoid risk and crisis;
- Learn from competitors’ and organizational history; and
- Follow the legislations and organizational crisis response processes.

REFERENCES
