

# Crisis management in the Australian tourism industry: Preparedness, personnel and postscript

Barbara A Anderson\*

*Sansom Institute, City East Campus, University of South Australia, GPO Box 2471, Adelaide SA 5001, Australia*

Received 7 February 2005; accepted 16 June 2005

## Abstract

Since the pilots' strike of 1989, the Australian tourism industry has experienced a series of 'shocks' or crises which have included the 1991 Gulf War, the Asian economic crisis in 1997, the dotcom crash of 2000, the collapse of the HIH Insurance Company, the World Trade Centre attacks and the demise of Ansett Airlines in 2001, the Bali bombings in 2002 and the Iraq War and the outbreak of the SARS (severe acute respiratory syndrome) epidemic in 2003. In 2002, a research project was carried out in a range of sectors of the Australian tourism industry to investigate the impact of the collapse of the HIH Insurance Company, the World Trade Centre attacks and the demise of Ansett Airlines on these organisations and the range of responses adopted to these events. This paper describes the preparedness of organisations to respond to these events; the personnel or human resource (HR) strategies implemented and the postscript, the organisational learning which had occurred. Interview findings indicate that there was little preparation for such events, a widespread reluctance to retrench staff, and limited organisational learning had taken place.

© 2005 Elsevier Ltd. All rights reserved.

*Keywords:* Crisis management; Tourism industry; Preparedness

## 1. Introduction

Since the pilots' strike of 1989, the Australian tourism industry has faced a series of crises, which have included the Gulf War in 1991, the Asian economic crisis in 1997, the dotcom crash of 2000, the collapse of the HIH Insurance Company, the World Trade Centre attacks and the demise of Ansett Airlines in 2001, the Bali bombings in 2002 and the Iraq War and the outbreak of SARS (severe acute respiratory syndrome) epidemic in 2003.

In 2002, a research project was carried out among a number of sectors of the Australian tourism industry to investigate a variety of issues associated with the collapse of the HIH Insurance Company, a major Australian insurance company, the World Trade Centre attacks and the demise of Ansett Airlines, Australia's second largest airline. Issues explored included identifi-

cation of the factors influencing the impact of these events, the relative impact of these three events on these organisations, and their short- and medium-term responses. The study also highlighted aspects of the broader operating environment, such as role of organisational policies in guiding responses to these events, and compared the events of 2001 with other 'shocks' experienced by the tourism industry. This paper, drawn from the broader study, focuses specifically on the preparedness of organisations to respond to these events, in terms of the role of policies in guiding their responses; the personnel or human resource (HR) strategies implemented, and the postscript, the extent of organisational learning which had occurred.

## 2. Literature review

Faulkner (2001, p. 136) suggests that crises or disasters can be described as 'sudden challenges which

\*Tel.: +61 8 8302 1369; fax: +61 8 8302 1087.

E-mail address: [barbara.anderson@unisa.edu.au](mailto:barbara.anderson@unisa.edu.au).

might test the organisation's ability to cope'. Pearson and Mitroff (1993, p. 49) suggest that crises are events which pose threats to the viability of organisations. Faulkner (2001, p. 138) has distilled the work of a number of authors and indicated that the key elements of crisis situations are:

- a triggering event, which is so significant that it challenges the existing structure, routine operations or survival of the organization,
- high threat, short decision time and an element of surprise and urgency,
- a perception of an inability to cope among those directly affected,
- a turning point, when decisive change, which may have both positive and negative connotation, is imminent,
- characterised by 'fluid, unstable, dynamic' situations.

The attacks on the World Trade Centre clearly demonstrate the potential risk which terrorism poses for the tourism industry. A number of authors have highlighted the fact that tourists have become soft targets and are at risk from hijacking and terrorism (Faulkner, 2001). Furthermore, studies have shown that tourists substitute risky destinations with safer choices, demonstrate a delayed reaction to terrorism and exhibit cultural differences in their reactions to risk (Sonmez, 1998, pp. 427–428). For example, as a result of terrorist activity in 1985, 1.8 million Americans changed their foreign plans their following year (Sonmez & Graefe, 1998, p. 121). When the HIH Insurance Company collapsed on 15 March 2001, it was Australia's second largest general insurer, with almost 40 per cent of the public liability market. In the following (June) quarter, the net premium for insurers increased by 7.5 per cent, indicating that HIH's rivals had taken advantage of its collapse to obtain premium price rises which had been limited by competition (White, 2002). The terrorist attacks further compounded the impact on insurance premiums. Switzer (2002) records that premium forecasts made before September 11 indicated that the rises would be 25 per cent at the most, but after these attacks, the increases could be as high as 1000 per cent in some cases, as occurred in Thorpedale, Victoria. The public liability premium for the annual potato festival has risen 1000 per cent since 2000. In Tumbarumba, southern New South Wales, the 2002 Easter Tooma Gymkhana was cancelled after premium rises from \$1600 to \$10,000 (Hughes, 2002).

Ansett Airlines, owned by Air New Zealand and a partner in the Star Alliance of airlines, had 35 per cent of the domestic market at the time that it was placed into receivership on 14 September 2001. This event had a number of serious implications for the Australian tourism industry, which included the loss of tourists

from New Zealand, disruption of services to rural Australia and customers of Star Alliance partner airlines were no longer able to use their frequent flyer points for travel to and within Australia (Prideaux, 2003).

In response to a crisis, invariably, urgent management decisions, which are not part of an organisation's normal operating procedures, will have to be made. Pearson and Mitroff (1993, p. 59) suggest that 'the purpose of crisis management is not to produce a set of plans; it is to prepare an organization to think creatively about the unthinkable so that the best possible decisions will be made in time of crisis'. Indeed, Faulkner (2001, p. 137) suggests that good management means having strategies for coping with unexpected events over which organisations have no control. Spillan and Hough (2003, p. 399) suggest that 'crisis management entails minimizing the impact of an unexpected event in the life of an organization'.

Effective crisis management means that senior management must manage the impact of the crisis on various sections of the organisation, such as information systems, operations and human resources (Hickman & Crandall, 1997). With respect to human resources, management must be mindful that its employees may experience considerable personal loss in such times and that there may be a decline in their workplace performance (Heath, 1998; Hickman & Crandall, 1997). Moreover, employees may be working in conditions of greater levels of stress. Crisis-induced and post-crisis stress may increase under a number of circumstances, which include 'when informational certainty is low; ... the size and scale of the event appears overwhelming; ... executives, managers and even on-site team leaders show little support' (Heath, 1998, p. 400).

In response to these circumstances, Heath (1998, p. 400) recommends that managers ensure that as much reliable information is provided as possible and use a range of 'post-crisis stress reduction strategies', ranging from informal peer interaction to formal professionally conducted programs. These recommendations highlight the need to obtain reliable information as a means of protecting an organisation's workforce (Heath, 1998, p. 14).

Crises are also times in which the relationship between management and employees can potentially become stronger, as they work together in the face of adversity to restore their organisation (Hickman & Crandall, 1997). However, during such times, staffing levels may have to be adjusted and it is imperative that organisations have appropriate policies in place to guide their responses. The use of casualised workforces has been one strategy which has allowed organisations to cope with variations in demand. Indeed, workforce 'flexibility' has been seen as the answer to uncertainty (Pollert, 1988, p. 281). The deregulation of the industrial

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات