

International Business Leaders Forum International Tourism Partnership



MANAGEMENT ACTION BRIEF

What role for business leadership in the wake of Asia's coastal disaster?

The undersea earthquake off Indonesia and the resulting freak surge of tsunamis across the Indian Ocean, swept thousands of unsuspecting villagers and holidaymakers to their deaths and left devastated communities and tourism facilities. As the death toll climbs, hotels have become makeshift morgues, communities mourn, health risks rise and authorities and agencies engage in the relief task.

Industry leaders in the region and across the world may ask what they can do to assist? Business cannot escape getting involved in the rescue and aftermath for both humanitarian and business reasons. Tourism is essentially community based and engaged in the fabric of poor communities around the world.

The challenge for regional and international business leaders will soon be to take a lead and engage in support of the public authorities in an even more critical role - aligned to their valuable management and logistical skills and infrastructure, applied to relief and recovery. That is to help save economies and communities from a further wave of social and economic catastrophe. This situation brief drawing on experience of the tourism industry aims to help managers and business leaders think through their longer term role.

Early reports indicate a devastating impact on people, coastal infrastructure and sensitive coastal industries in the relatively poor, tourism dependent communities in the Maldives, Sri Lanka, Indonesia and Thailand with wider impacts in Malaysia, India, Bangladesh and Somalia totaling 11 nations. The precise nature of damage appears to be varied, but the problems are common.

Unlike the impact of hurricanes that cut swathes across the land, or earthquakes with a single epicenter, the whole coastline for thousands upon thousands of miles is smashed several hundred meters back. Land is inundated and left contaminated by saltwater, silt and sewage. Most human life, vegetation and physical structures are washed out. Beyond the thousands swept to their deaths, millions are displaced and threatened by contaminated water, and diseases such as cholera, typhoid and hepatitis.

This disaster has specifically struck vulnerable communities dependent on coastal industries, and in countries highly dependent on tourism for

livelihoods. In some of the countries and islands affected, tourism accounts for 5% to 30% of GDP. Even if disaster is not bad enough, the blighting of a whole region as a tourism destination for future years is likely a far worse threat to recovery than the economic melt-down following 9/11, SARS and the Bali bombing, which badly effected the region.

Many of the leading global hotel and tourism chains and local companies are today actively engaged with their employees directly in the rescue, relief and clean up. Many stories of heroism are emerging alongside chilling eyewitness accounts of loss and grief. But a critical time is ahead for tourism industry leaders to demonstrate leadership in applying unique and much needed management skills and business resources to the recovery effort that may too easily be overlooked.

Within 24 hours many disaster relief operations were underway from governments, relief NGOs, neighbouring countries, and further away. Local co-ordination will be essential, and well-meaning donors must be cautious not to complicate the scene through outpourings of irrelevant material aid which can fatally distract rescue and recovery operations. It wouldn't be the first time that spontaneous yet unusable gifts have been shipped in haste rather than channeling aid through experienced agencies.

Hotel and tourism industry leaders and their business partners in the food and drink, consumer goods and transport sector could develop and adopt a three point strategy for action, adjusted to three critical phases - **rescue, relief and recovery** – and tuned to local circumstances. Drawing on the experience of the International Business Leaders Forum 'International Tourism Partnership', the most effective long-term contribution of the industry and their employees is through applying and building on their business competences and resources. Many of our leading members include the largest hotel and resort investors in the region in a strong position to take a lead.

The **rescue phase** will be nearing an end as water recedes and within days, when dead and injured are recovered and places made safe. Initial needs of water, food, medical attention and shelter have to be met as best as possible in the varied circumstances – many being very primitive outside urban or tourism centres.

Three phases of response to disaster:

I RESCUE

Rescue of people stranded, trapped and injured and location of bodies. Making places safe. Meeting basic immediate needs for safe drinking water, food, medical attention, shelter and contact with families.

II RELIEF

Coordination efforts to meet immediate tasks of humanitarian relief, combining locally and with official and international relief efforts for water purification, food hygiene and feeding, care and shelter. Providing communication and logistics help. Collecting vital intelligence on people, damage, health risks and what is happening.

Over the next two weeks there is the task of damage assessment and assisting small business owners.

Official and volunteer organizations may benefit from management and logistical help and even training assistance to strengthen relief efforts.

III RECOVERY

The crucial challenge of sustaining livelihoods of small business people and coastal industry workers must be addressed as the crucial link to long-term self-help and mutual aid. Business advice will be needed, insurance mediation where relevant, with business rescue strategies and developing mutual aid networks and micro credit for the local coastal economy.

Initiation of coordinated action between business peers and larger companies to work collectively as a business task force at community level to address the long-term development challenges through application of practical business management skills.

Promoting positive and accurate information on what is happening. Working across industries and with agencies to lobby for assistance and promote reinvestment and promote destination marketing to avoid future collapse of coastal industries and tourism prospects.

The **relief phase** soon takes over, with the task of damage assessment where the private sector can play a key role, not just in assessing their own losses but assisting small business owners and others. In this phase the hotel and tourism sector can provide vital logistical support and facilities for relief organizations for are dealing with trauma, and provide management and logistical help to strengthen relief efforts. Basic needs will need to be met on a sustainable basis such as water purification, food hygiene and communications which are all key competences of the hotel and hospitality sector, including training service personnel and volunteers.

As the time scale lengthens the crucial question of sustaining livelihoods of thousands of small business people and coastal industry workers will overtake many other needs, and will be the crucial link to long term self-help and mutual aid. The provision of vital business advice, insurance mediation where relevant, business rescue strategies and developing mutual aid network and micro credit will become vital for the local coastal economy with which the tourism sector has a symbiotic relationship.

Larger hotels, as substantial businesses with infrastructure and logistical capacity, can play a key role in identifying business peers to work collectively as a co-ordinated business task force of champions to address the long-term development challenges through application of practical business management skills in the wake of disaster. Business strategies that can complement public action. Business partners in the food and drink sector, transport, communications and financial services can also engage as partners with the local industry in these strategies. Many can call on global HQ expertise to assist.

The **recovery phase** will determine the prospects for millions of people. Long-term livelihoods become the overriding concern. The tourism and related industry can join the chorus for aid and assistance. But it is equally vital that they play an influential role in ensuring balanced but accurate media coverage and that negative ‘disaster’ stories don’t drive away visitors and investors.

The positive sides of recovery, service and conservation must be communicated effectively. Industry leaders should also ensure that their tourism and trade associations are playing an effective and strategic role in recovery, and helping facilitate cross industry engagement.

Finally, and while it may seem distasteful to suggest at a time when sense of loss is so raw, it is vital that at the earliest opportunity industry leaders, working in partnership with the public sector and international agencies such as the World Bank and IFC, realise the vital need to retain engagement and re-market the area and region to tourism companies, investors, travel agencies and the media. The one chance of recovery will come from economic normalization, which is so sensitive to risks.

Just as the private sector is a critical partner in development, so business leaders are vital to recovery and rehabilitation. But fragmented efforts, lack of a sense of vision for how to engage the private sector, and business leaders who may stand back for others to take the lead, could jeopardize recovery.

The business case is overwhelming. Recovering and protecting sensitive communities in tourism locations is vital for development and sustainability of the industry and economy. This is a key challenge to how far international and national business can contribute to engagement across cultures, trust and social responsibility in a cynical world. The tragedy of this long-term disaster might be mitigated if the private sector rises to the challenge.

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