

Introduction to Risk Management in Tourism

Participant's Workbook



**Asia-Pacific
Economic Cooperation**

A Training Program Prepared By:

**APEC International Centre for
Sustainable Tourism (AICST)**

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In partnership with:



This training program is an initiative of the APEC International Centre for Sustainable Tourism (AICST). It is based on an earlier report entitled "Tourism Risk Management in the Asia Pacific Region – An Authoritative Guide to Managing Crises and Disasters" published in 2004.

The major partner in the project is the United Nations World Tourism Organization (UNWTO). The Pacific Asia Travel Association (PATA) is also a project partner.

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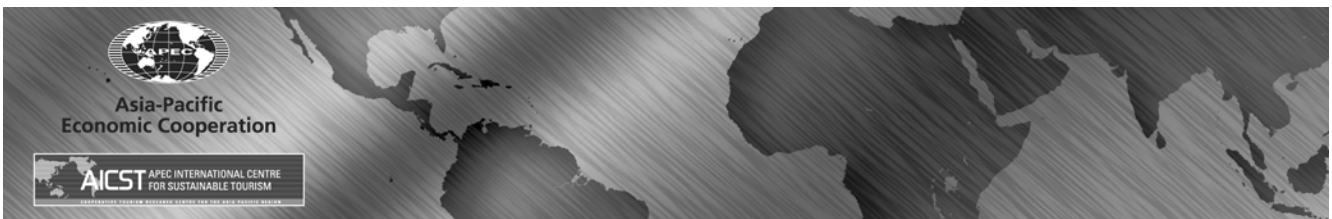
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Participant's Workbook **Introduction to Risk Management in Tourism**

Explanatory Note

This workbook contains suggested activities and questions to be answered relating to the tourism risk management process. These are intended as tools to assist you to extend your knowledge and understanding of tourism risk management and to apply the process to your own tourism destination or business/organisation.

Tourism risk management provides a generic framework for the identification, analysis, assessment, treatment and monitoring of risk. It is the basis of both crisis management for destinations and businesses/organisations and of disaster management for communities.

This tourism risk management program approaches risk management from the perspective of both a tourism destination and business or organisation. It recognises and acknowledges the work of the many government agencies that have specific roles and responsibilities for disaster preparedness and management; however, it is focused on the activities of tourism destinations and operators.

Your workbook is intended as a **resource** to assist you in the development of your tourism risk management knowledge and skills, and in the application of the tourism risk management process. Remember that the workshop is only the beginning of your learning process, it's not an end point. The workshop will provide a base for you to build upon.

Your key reference material for this workshop is Chapter 2 of the Risk Management in Tourism Guide.



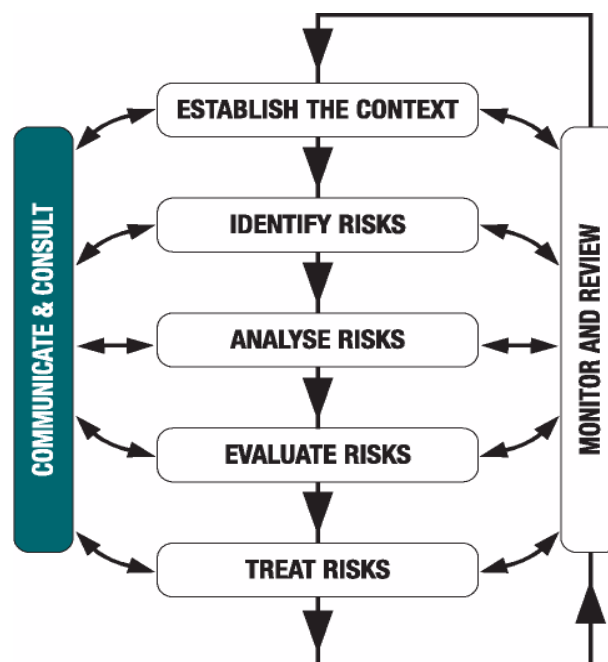
Introduction

In simple terms, the tourism risk management process is concerned with identifying and analysing the risks ('the chance of something happening that will have an impact upon objectives') to a destination or organisation and deciding what can and should be done about them. They are logical and systematic problem-solving and decision-making processes.

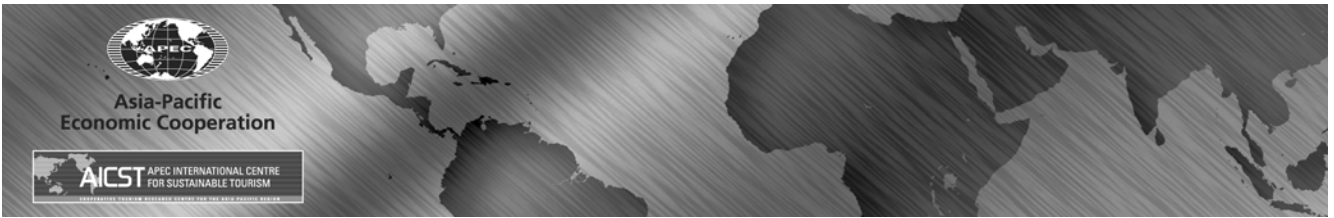
The tourism industry should be involved in both crisis management (the organisational process) and disaster management (the multi-agency, community-based process).

At an organisational level, tourism operators should use the risk management process to identify, analyse, evaluate, treat, monitor and review risks to their destinations and to their businesses/organisations. In the context of disaster management for communities, tourism operators and industry representatives should, as stakeholders in the process, have significant input to the disaster risk management process, and contribute to the development and implementation of associated disaster management plans and systems, and training and testing regimes.

The generic risk management processes for organisations and the community are based upon two enabling activities (communicate and consult, and monitor and review), and five major activities: establish the context, identify risks, analyse risk, evaluate risks and treat risks.



The Risk Management Process (Emergency Management Australia, 2004)



In the workshop we identify the generic risk management process and then work through the tourism risk management process step by step. The first step in the process is to establish the context.

Step 1 – Establish the Context

This first step in the risk management process establishes the basic parameters or framework within which the risk management activities will take place, and the criteria against which risk is to be evaluated. It includes relevant policies, systems, procedures and intra-organisational and inter-organisational relationships. The organisational context includes the internal and external environment.

1. Who are the stakeholders relevant to your tourism risk management process – individuals, groups, organisations and government agencies?

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2. Identify and explain any legislation, policies, plans or management arrangements which are relevant to tourism and your risk management process.

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3. Identify and explain the economic, social and cultural factors which will affect tourism and tourism risk management for your destination or organisation.

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4. Risk Evaluation Criteria - identify what you believe is, or should be, unacceptable to the tourism industry in your area.

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Step 2 – Identify Risks

This step in the process is designed to identify the sources of risk (hazards) to be managed. A systematic process is necessary to ensure that all relevant sources of risk are identified. Sources of risk will change, so an important part of monitoring and review processes is to identify new hazards which have emerged for a destination or business.

Importantly, too, you should also identify the susceptibility (the potential to be affected by loss) and resilience (a measure of how quickly a system recovers from failure). Part of the tourism risk management process is to reduce the level of susceptibility and increase the resilience of your tourism destination or business/organisation.

1. Identify the hazards (sources of risk) which may impact upon your community.

Natural.....

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Technological

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Biological.....

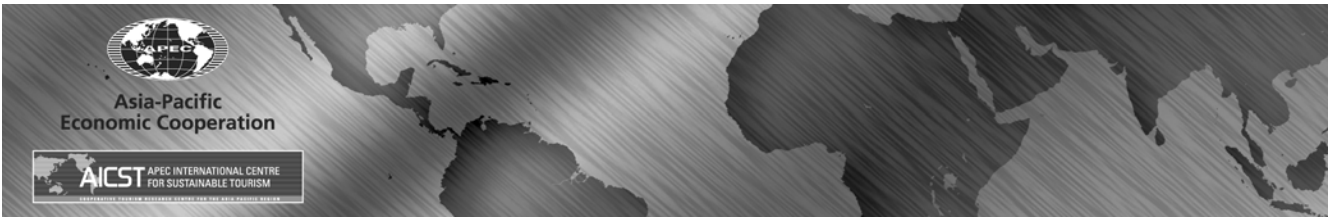
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Civil/Political

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2. Identify the sources of risk (hazards) to tourism in your area, and to your destination or business.

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3. Identify and explain those elements which are more vulnerable (less resilient and more susceptible) to crises. Eg. reputation, economic viability, etc.

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4. Identify the elements at risk in your destination or business – the key aspects which are of value and which are necessary in order for tourism to function effectively

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5. Develop a risk identification matrix

<u>Sources of risk</u> (Hazards)	<u>Elements at Risk</u>			
	visitors	reputation	facilities	economic viability

Step 3 Analyse Risks

The purpose of analysing risks is to development an understanding of the risks your tourism organisation is facing. This understanding will assist you in deciding which risks need to be treated, and in identifying the best risk treatment strategies to apply. The step includes analysing the likelihood and consequences of risks, and also the existing control measures.

1. Identify the existing control measures for the sources of risk (hazards) identified.

Source of Risk	Existing Control Measures	Effective YES / NO

2. Review the generic qualitative measures of consequences below and identify additional aspects or changes which would make the scales more appropriate for use in your tourism destination or business.



Example: Generic Qualitative Measures of Consequence for Tourism

LEVEL	DESCRIPTOR	DESCRIPTION
1	Insignificant	No disruption to normal business; no disturbance of visitors; no financial loss; no media or public interest.
2	Minor	Minimal disruption to normal business; limited or no financial loss; no media coverage or public interest.
3	Moderate	Short-term disruption to normal business and services to visitors; some financial loss; limited media reporting.
4.	Major	Disruption to normal business for more than 24 hours; financial losses, anger and frustration on the part of visitors; critical media reports and public criticism of tourism.
5	Catastrophic	Unable to meet visitors' requirements and provide normal service type and level; severe financial losses; widespread criticism of tourism; critical international media reports; mass cancellation of bookings.



2. Select the most appropriate risk treatment options.

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3. Develop a risk implementation plan. Your plan should identify:

- the objectives to be achieved;
- actions to be undertaken to achieve these objectives;
- timelines for these actions to be undertaken – start date and finish date;
- person/s responsible for each of these actions;
- means to assess the success of the strategy; and
- person/s responsible for monitoring and evaluation.

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Annexe A

Syndicate Discussion Exercise 1

1. Identify what you believe to be the main sources of risk to be addressed.

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2. Identify the organisations and government agencies (at destination, State/Provincial and national level) which should share the responsibility for the protection of tourism operations and facilities.

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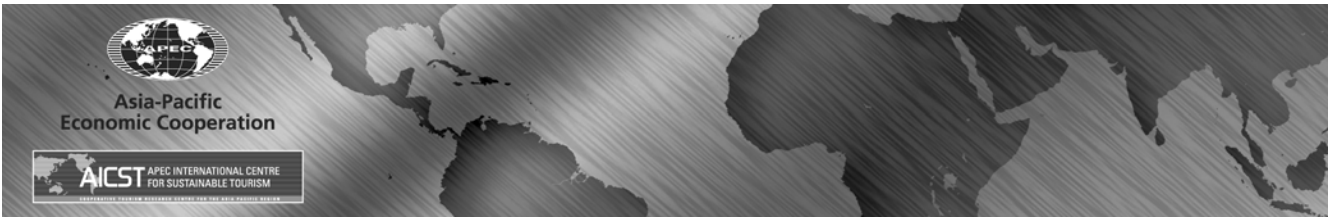
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3. What measures can be undertaken to encourage relevant organisations to participate in a tourism risk management process?

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Annexe C

Risk Treatment Options

Prevention/mitigation, preparedness, response and recovery

These strategies form the basis of the treatment of residual risks identified within the risk management process. Prevention is the preferred option, of course, but not every emergency can be prevented so measures must be in place to *prepare for, respond to and recover from* emergency events.

Hierarchy of control

These are *prevention or mitigation* measures used to manage risk. They include:

- *elimination* - removing the hazard
- *substitution* - substituting the hazard for another, less harmful, material
- *engineering* - using structural methods to reduce exposure to hazards
- *administrative* - administrative procedures to reduce exposure to hazards
- *personal protective equipment* - to protect personnel from harm
- *emergency procedures* - development of emergency procedures to improve the capacity to respond effectively

Standard Risk Treatment Options (again, designed to *prevent or mitigate*)

- *avoid the risk* - choose not to proceed with an activity likely to generate risk
- *reduce the likelihood of consequences* - by modifying the risk
- *reduce the consequences of occurrence* - by modifying susceptibility and/or increasing resilience
- *transfer the risk* - cause another party to bear or share the risk
- *retain the risk* - accept the risk and plan to manage the consequences.

Because risk doesn't remain static, control measures must be monitored and reviewed to assess effectiveness and to identify further risk control measures needed.



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AICST was established by the Tourism Ministers of the 21 APEC Economies and the APEC Tourism Working Group to provide information and assistance to APEC Economies and tourism destinations to improve tourism sustainability throughout the region.

AICST aims to:

- Contribute to improved planning and management of tourism
- Increase capabilities and capacities
- Assist better policy development by governments
- Foster improved tourism education and training

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