

**TOURISM CRISIS AND DISASTER MANAGEMENT AND  
ORGANIZATIONAL LEARNING IN MALAYSIA'S  
TOURISM INDUSTRY**

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**TOURISM CRISIS AND DISASTER MANAGEMENT AND  
ORGANIZATIONAL LEARNING IN MALAYSIA'S  
TOURISM INDUSTRY**

**by**

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## **LIST OF ABBREVIATIONS**

AADMER	ASEAN Agreement on Disaster Management and Emergency RESPONSE
ADRC	Asian Disaster Reduction Center
AEP	Airport Emergency Plan
ATAP	Association of Tourist Attractions in Penang
CDFB	Chief District Fire Brigade
CDMP	Community-based Disaster Management Program
CDMRC	Central Disaster Management and Relief Committee
CDO	Commander of Disaster Operations
CM	Crisis Management
CPO	Chief Police Officer
CVB	Convention and Visitors Bureaus
DDMRC	District Disaster Management and Relief Committee
DID	Department of Irrigation and Drainage
DMO	Destinations Management Organizations
DRR	Disaster Risk Reduction
GDP	Gross Domestic Product
KLIA	Kuala Lumpur International Airport
KL	Kuala Lumpur
LO	Learning Organization
MAH	Malaysian Association of Hotels
MAHO	Malaysian Association of Hotel Owners
MAS	Malaysian Airline System
MATTA	Malaysian Association of Tour Operators and Travel Agents

MFA	Ministry of Foreign Affairs
MICE	Meeting, Incentives, Conferences, and Events
MMD	Malaysian Meteorological Department
MNRE	Ministry of Natural Resources and Environment
MOT	Ministry of Tourism
MTPB	Malaysia Tourism Promotion Board
NERP	National Economic Recovery Plan
NSC	National Security Council
NSD	National Security Division
OCPDC	Officer in- Charge of Police District Committee
OL	Organizational Learning
OLSM	Organizational Learning System Model
PATA	Pacific-Asia Travel Association
POSDEC	Planning, Organizing, Staffing, Delegating, Evaluating and Controlling
RMP	Royal Malaysian Police
SARS	Severe Acute Respiratory Syndrome
SDMRC	State Disaster Management and Relief Committee
SMART	Malaysian Disaster Assistance and Rescue Team
SOPs	Standard Operating Procedures
TCRT	Tourism Crisis Response Team
TGAs	Tourist Guide Associations
UNDMD	United Nation’s Disaster Management Department
UNWTO	United Nations World Tourism Organization
WHO	World Health Organization

# **KRISIS PELANCONGAN DAN PENGURUSAN BENCANA DAN PEMBELAJARAN ORGANISASI DALAM INDUSTRI PELANCONGAN DI MALAYSIA**

## **ABSTRAK**

Industri pelancongan merupakan salah satu sektor yang sangat mudah terdedah kepada pelbagai jenis krisis. Sejak berdekad yang lalu, pelbagai krisis dan bencana telah menjejaskan kegiatan pelancongan di seluruh dunia dan telah memberikan kesan yang buruk kepada kebanyakan organisasi/destinasi pelancongan. Walau bagaimanapun, pada tahap tertentu, sesuatu krisis boleh dielakkan atau kesannya dapat dikurangkan melalui pengamalan pengurusan krisis yang berkesan di samping ilmu pengetahuan organisasi yang mendalam. Kajian ini bertujuan untuk membuat penyelidikan tentang peranan ilmu pengetahuan organisasi dalam pengurusan krisis pelancongan di Malaysia dan untuk memeriksa tahap kesediaan di kalangan organisasi yang terlibat dalam pengurusan krisis pelancongan. Kajian ini menggunakan kaedah temubual yang mendalam terhadap 33 orang responden dari kalangan organisasi pelancongan dan organisasi bukan pelancongan di Malaysia. Satu metodologi penyelidikan kualitatif berdasarkan kepada persampelan bola salji dan temubual separa struktur telah digunakan. Keputusan kajian menunjukkan bahawa industri pelancongan di Malaysia telah terlibat dengan pelbagai krisis dan bencana alam tetapi kesannya adalah sementara namun selepas suatu jangka masa yang singkat, urusan perniagaan tersebut pulih semula. Kajian ini juga menunjukkan bahawa ilmu pengetahuan organisasi mempunyai peranan yang mutlak dalam pengurusan krisis yang berkesan dan organisasi-organisasi yang mengamalkan dua gelung ilmu pengetahuan organisasi telah berjaya dalam menguruskan krisis. Walau

bagaimanapun, pengamalan dua gelung ilmu pengetahuan organisasi ini tidak diberikan perhatian oleh kebanyakan organisasi pelancongan sebaliknya mereka telah merancang untuk menggunakan gelung tunggal ilmu pengetahuan organisasi. Tambahan pula, majoriti pengamal industri pelancongan didapati tidak bersedia untuk menghadapi krisis dan bencana pada masa hadapan dan persediaan untuk menghadapi krisis ini sebahagian besarnya tidak diberikan perhatian dengan sewajarnya. Selain itu, kajian turut menunjukkan bahawa kebanyakan organisasi memperoleh ilmu melalui proses perolehan pengetahuan, penyebaran pengetahuan, penggunaan pengetahuan, pemikiran dan memori organisasi. Terdapat banyak halangan organisasi yang telah dikenal pasti seperti ketegaran dalam kepercayaan teras, kekurangan tanggungjawab korporat, komunikasi yang tidak berkesan, ilmu pengetahuan gelung tunggal dan penafian. Kajian ini turut mencadangkan penggabungan ilmu pengetahuan organisasi di setiap peringkat pengurusan krisis dan bukannya ilmu pengetahuan yang berlainan peringkat dalam rangka kerja pengurusan krisis. Selain itu, pihak-pihak berkepentingan dalam sektor pelancongan Malaysia hendaklah mengamalkan aktiviti pembelajaran yang prihatin daripada pelbagai krisis dalaman dan luaran dengan menggalakkan budaya pembelajaran dalam organisasi mereka.

# **TOURISM CRISIS AND DISASTER MANAGEMENT AND ORGANIZATIONAL LEARNING IN MALAYSIA'S TOURISM INDUSTRY**

## **ABSTRACT**

The tourism industry is one of the businesses that has shown high vulnerability to various crisis events. Since past decades, a wide range of crises and disasters have affected travel and tourism worldwide, and created detrimental impacts on tourism organizations/destinations. However, crises, in some point, can be averted or their effect can be mitigated through practicing effective crisis management and in-depth organizational learning. The present study attempts to investigate the significance of organizational learning in tourism crisis and disaster management in Malaysia, and to explore the level of preparedness among organizations involved in tourism crisis management. The study employed in-depth interviews of 33 respondents within the tourism and non-tourism organizations in Malaysia. A qualitative research methodology based on snowball sampling, and semi-structured interviews were applied. The results show that Malaysia's tourism industry was affected by various crises and disasters, but the impacts were temporary and after a short time the businesses recovered. The study further shows that organizational learning has an absolute role in effective crisis management, and those organizations that practiced double loop organizational learning were successful in managing crises. However, double loop organizational learning was subject to negligence by the majority of tourism organizations, and they intended to apply single loop organizational learning. It was also discovered that the majority of tourism industry players were unprepared for future crises and disasters and crisis preparation was largely over-looked.

Moreover, the study showed that organizations learn through the process of knowledge acquisition, knowledge dissemination, knowledge utilization, reflection and organizational memory. Many organizational learning barriers were identified such as rigidity in core beliefs, lack of corporate responsibility, ineffective communication, single loop learning and denial. The study suggests incorporating organizational learning in every stage of the crisis management process rather than treating as a separate step in crisis management models. It is also suggested that Malaysia's tourism stakeholders practice mindful learning activities from various internal and, external crises and disasters and encourage a learning culture within their organizations.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

This chapter discusses the background of the study, problem statement, research objectives, and research questions. It outlines the scope of the study and significance of this research as well as definitions of key terms of the current research. Finally, the chapter outlines the organization of chapters and a summary of the chapter.

### **1.2 Background of the Study**

Tourism has been an important industry in Malaysia for a number of years (Khalifah & Tahir, 1997; Musa, 2000) and international arrivals reached 24.7 million and 25.3 million respectively in 2011 and 2012, compared to 10.5 million in 2003 (Tourism Malaysia, 2013). The international tourism receipt has increased from RM 17.3 billion in 2000 to RM 60.6 billion in 2012 (Tourism Malaysia, 2013). Tourism has also been recognized as one of the significant contributors to Malaysian economy and the seventh largest contributor to the nation's Gross National Income (GNI) (Tourism Malaysia, 2013).

Nevertheless, the tourism industry has been affected by various internal and external crises and disasters during past decades. Crises such as the Asian

economic crisis, the outbreak of SARS disease, the 2004 Indian Ocean tsunami, Bali bombing, etc have created severe challenges for the tourism industry (Lean & Smith, 2009; Musa, 2000; de Sausmarez, 2004a). However, the effects can be seen in the form of decreases in tourist arrivals, booking cancellations, changing destinations and postponing the trip. For instance, the outbreak of SARS reduced the country's tourist arrivals by 20% in 2003 (Tourism Malaysia, 2003). But, as Blackman & Ritchie (2008) say many of these crises and disasters are recurrent that can be averted or their effects will be mitigated by practicing effective crisis management with significant organizational learning efforts. In this case, organizational learning in tourism crisis and disaster management is imperative.

Tourism crisis management is defined as an ongoing and extensive effort that organizations effectively put into place an attempt to most importantly understand and prevent crises, and to effectively manage those that occur, taking into account in each and every step of their planning and training activities, the interest of their stakeholders (Santana, 2004).

Organizational learning is defined by Argyris and Schon (1978) as “the process by which organizational members detect errors or anomalies and correct them by restructuring organizational theory-in-use” (P.2). Organizational learning is assumed to contribute to effective tourism crisis management (Blackman & Ritchie, 2008) and those organizations engage in in-depth organizational learning can manage crises and disasters more successfully and receive minimum impacts (Henderson, 2007b). Conversely, those organizations that overlook previous experiences and pay limited attention to learning from past events are more prone to crises and disasters

(Faulkner & Vikulov, 2001; Blackman & Ritchie, 2008; Anderson, 2006). This is, however, important for Malaysia that from one side set a target of 36 million tourist arrivals with a revenue of RM168 billion in 2020 (Tourism Malaysia, 2013) and from another side is prone to internal and external crisis events ( Henderson, 2007b, Muasa, 2000; Lean & Smith, 2009).

Organizational learning has been suggested in tourism crisis management as an effective way of averting crises and employing lessons learnt in preparation activities (Wang, 2008; Balckman & Ritchie, 2008). Nevertheless, the implication of this concept in tourism crisis and disaster management has not yet been investigated among tourism scholars. Although the literature on tourism crisis management dates back to two decades, it is only recently that this subject received relatively much attention from tourism researchers. Similarly, the case of organizational learning in tourism crisis and disaster management also has been raised in the last decade after the terrorist attacks of 9/11 to the USA, but no significant progress was achieved in organizational learning and tourism crisis management.

In order to understand the significance of organizational learning in tourism crisis and disaster management in Malaysia, Wang's model of organizational learning in crisis and disaster management is applied in Malaysia's tourism industry. The model is based on the theory of crisis management developed by Mitroff (2005), and the concepts and constructs of organizational learning such as the organizational learning process model (Huber, 1991), single loop and double loop learning model (Argyris & Schon, 1978) and the theory of organizational change (Lewin, 1951).

### **1.3 Problem statement**

While ample evidences show the vulnerability and volatility of the tourism industry to internal and external uncertainties (Henderson, 2002; Santana, 2004) and the significance of organizational learning in tourism crisis management (Blackman & Ritchie, 2008; Faulkner, 2001), this subject did not get much interest among tourism industry players.

Despite ever increasing research studies and academia recommendations toward tourism crisis management and the need for preparedness prior to triggering catastrophic incidents, there is a lack of significant increase in organizational learning within the tourism crisis management and yet unwillingness of organizations to set up the crisis management planning (Ritchie, 2004). The literature suggests, although many research studies have examined the effects of crises and disasters on organizations (Burke, 2005; Hartman & Mahesh, 2008), relatively few studies have investigated organizational learning in tourism crisis and disaster management, and how they can learn from crisis events. These studies, were frequently conducted in disciplines other than tourism such as management, economics, natural science, political science, etc (See for example Sellnow *et al.*, 2010; Simmons, 2009; Smith & Elliott, 2007).

However, little research focused on organizational learning in tourism crisis and disaster management and this area of study in tourism literature is relatively untouched. The initial attempts were undertaken after the 11 September crisis events in the United States, and Faulkner's (2001) research was among the first efforts to explore organizational learning at the resolution stage of tourism disaster

management framework. In line with his model, Faulkner and Vikulov (2001) undertook a study to understand organizational learning and feedback from the 1998 Australia day flood at Katherine. Their study was used to test the generic model developed by Faulkner (2001) for tourism disaster management. By applying this model, they refined the disaster management framework and suggested including a re-evaluation of the planning, policy and marketing regime at resolution stage. Nevertheless, the aforementioned study did not discuss how organizations learn from disasters, who should be involved and what the process of organizational learning in tourism disaster management should be.

A considerably increased number of research in the literature devoted to the issues of tourism crisis and disaster management (Booth, 1993; Cassedy, 1991; Faulkner & Vikulov, 2001; Pearson & Clair, 1998; Pearson & Mitroff, 1993; Smith, 1990; Smith & Sipika, 1993), tourism and disaster planning (Murphy & Bayley, 1989; Prideaux, 2004; Ritchie, 2008), and the effects of crises or disasters on tourism destinations/organizations and recovery efforts (Faulkner & Vikulov, 2001; Henderson, 2002; Henderson, 2003a; Ritchie *et al.*, 2009; Tsai & Chen, 2010). Nevertheless, there is relatively a dearth of research focused on organizational learning of tourism disasters and crises (Blackman & Ritchie, 2008; Hystad & Keller, 2008; Ritchie, 2008) and crisis preparedness for tourism crisis management (Anderson, 2006; Pennington-Gray *et al.*, 2011). While many studies have been done on the process and stages of learning, individual and group learning from failures by organizations outside the tourism industry (See for example, Argyris & Schon, 1978; 1996; Borodzicz & Van Haperen, 2002; Easterby-Smith & Araujo, 1999; Elliott & Smith, 1997; Field & Ford, 1995; Iandoli & Zollo, 2008; Mitroff, 2005; Stern, 1997),

surprisingly, very limited cases have focused on how tourism and non-tourism organizations involved in tourism crisis management learn from crisis and disaster management.

Blackman and Ritchie (2008) spoke about the importance of organizational learning in the resolution stage of tourism crisis and disaster management, and its significant role in managing future disasters. They assert that few research studies investigate organizational learning in tourism crisis and disaster management. They further state that the level of organizational learning depends on organizational culture, and how the organization and its members are ready to accept their vulnerability to various crises and disasters, and therefore learn from past incidents. Mitroff *et al.* (1987) note that managers are usually reluctant or do not have time to reflect and review their failures. They assert that it is because of this fact that they do not want to reopen old wounds or they do not have the time to think about their previous behaviors. This tendency, however, hinders organizations from mindful organizational learning in tourism crisis management. They believe that organizational learning should lead to the new knowledge and necessary changes in organizational culture. Without this change, no lessons are learned, nor management strategies are effective.

In the case of Malaysia, tourism crisis management was exercised since the Asian financial crisis when the country's tourism industry had severely affected by the economic meltdown of 1997-1998 (Musa, 2000), and a tourism crisis management plan was launched at the Ministry of Tourism to manage crises and disasters at the

national, state and local level. But, organizational learning in tourism crisis management did not receive much attention both from academics and professionals. Investigating the literature reveals that few studies conducted on the issue of tourism crisis and disaster management in Malaysia (e. g. de Sausmarez, 2004a; Lean & Smith, 2009; Dahan *et al.*, 2010), and no study, to the best knowledge of the researcher, was found to address organizational learning in tourism crisis and disaster management in Malaysia. The case of organizational learning not only was a negligent subject in Malaysia, but also was largely ignored among other Asean countries. Few studies tried to incorporate organizational learning at the final stage of tourism crisis management model in some Asean countries (See for instance, Henderson, 2003a; 2007b; Gurtner, 2007; Cohen & Neal; 2010).

Similarly, it is important to identify the barriers of effective organizational learning which enable organizations to successfully enhance their learning from managing a crisis or disaster. Smith and Elliott (2007) discuss the increasing volumes of evidences that organizations avoid learning from crises and disasters. They then introduced major barriers which impede organizations to learn from crises. However, limited study in the tourism literature has investigated such barriers in which hinder organizations from learning in crisis management.

Considering this gap and limited studies in the tourism crisis and disaster management literature, this study aims to address organizational learning in tourism crisis and disaster management in Malaysia. It explores whether tourism industry players have learnt from previous crises and disasters and applied this learning for managing future crises. Moreover, the tourism literature has ignored to explore the

variety of techniques including organizational learning developed in other fields of research (Laws & Prideaux, 2005) and apply them in tourism studies. This void significantly reveals the weakness of senior managers who tend to be reactive rather than proactive in tourism crisis management. Therefore, it is crucial to examine first, the effects of crises on the country's tourism industry and the response of relevant agencies within the current framework of crisis management. Because, as Pforr and Hoise (2008) argue that although there are many research studies examining the negative impacts of crises on the tourism industry, there is still a significant lack of clarity on the effects of crises on the sector. Second, investigating the level of preparedness among organizations in pre, during and post crisis is imperative. Organizational learning process in tourism crisis management is also important as it can help in effective crisis management. In addition, It is also highly important to investigate the barriers which hinder organizations from in-depth learning within the context of Malaysia's tourism industry.

#### **1.4 Research Objectives**

This study pursues four main research objectives:

- To investigate the effects of crises and disasters on Malaysia's tourism, and the response of relevant agencies within the framework of their crisis and disaster management;
- To explore crisis and disaster preparedness in pre, during and post crisis or disaster;
- To examine the organizational learning process in tourism crisis and disaster management;

- To investigate barriers of organizational learning among tourism and non-tourism organizations in Malaysia.

### **1.5 Research questions**

- How crises and disasters affect the tourism industry in Malaysia, and how relevant agencies respond within their crisis or disaster management framework?
- What is the level of preparedness in pre, during and post crisis or disaster among tourism and non-tourism organizations in Malaysia?
- What are organizational learning processes in tourism crisis and disaster management?
- What are the barriers of organizational learning among tourism and non-tourism organizations in Malaysia?

### **1.6 Scope of the study**

This study is limited to various tourism and non-tourism organizations that are involved in tourism crisis and disaster management. Various government agencies are listed as related and responsible agents for crisis and disaster management under the Directive 20 (National Security Council, 1998). Generally, every agency involved in managing a crisis or disaster should be specific in its zones. Each organization plays its role in the three stages: the pre-crisis, during the crisis and the post-crisis. For example, based on type of crises, several higher level agencies such as the National Security Council (NSC), Ministry of Health, Ministry of Environment, Ministry of Foreign Affairs, and so on are involved in the

crisis/disaster management. However, as the numbers of these agencies are too many, this study only focuses on two main groups of organizations within and outside the tourism scope but are responsible for tourism crisis management at the federal, state and local levels.

Among non-tourism organizations, four main agencies participated in this study were the National Security Council as a main and leading authority in crisis and disaster management in the country, the Ministry of Natural Resources and Environment, the Malaysian Meteorological Department as well as the State Authority in Penang. Within tourism organizations (all tourism-related organizations are considered as tourism organization such as Airlines, Hotels, Travel Agents, the Ministry of Tourism, the Malaysian Association of Hotels (MAH), Malaysian Association of Hotel Owners (MAHO), Malaysian Association of Tour Operators and Travel Agents (MATTA), The Association of Tourist Attractions in Penang, Association of Tour Guides in Sarawak, and several individual hoteliers and travel agents were considered in the scope of this study. Data were collected in Putrajaya and Kuala Lumpur federal territories, Selangor, Penang, Kedah (Langkawi), Sabah and Sarawak.

### **1.7 Significance of the study**

Tourism organizations are prone to ever-increasing natural disasters or human-induced crises (Faulkner, 2001; Ritchie, 2004). While some managers/practitioners advocate a perspective that crises and disasters are unpreventable (Pearson & Clair, 1998), others focus on identifying methods to manage or avert from re-occurring. Significant organizational learning has been proposed in effective crisis and disaster

management (Blackman & Ritchie, 2008). By applying this concept through the resolution stage of tourism crisis management and re-evaluating actions, assumptions and behaviors in order to obtain new knowledge, and cope with changes, organizations can be prepared for future crises (Wang, 2008).

Due to this fact that disasters and crises occur anytime, anywhere, and to any organization (Mitroff *et al.*, 1987) no matter how big the organization is, this study significantly attempts to understand organizational learning concept in the tourism crisis management. Organizational learning helps managers and organization members to cope with sudden changes, and apply their experiences to prevent or mitigate the future crises. This study has both practical and theoretical significance in tourism and non-tourism organizations that are dealing with crisis and disaster management. First, understanding the effects of crises and the response of relevant agencies helps managers to reflect on their actions, and learn mindfully from past experiences. Second, realizing the significance of organizational learning in effective tourism crisis management helps senior managers to pay ever-increasing attention to learning from crises and disasters and apply the lessons learnt in managing future crises. Third, understanding the level of preparedness helps explain to what extent tourism organizations in Malaysia are vulnerable to uncertainties. Because, the greater the uncertainties in the environment, the greater the need for organizational learning.

Fourth, as a crisis does not necessarily clearly announce itself before triggering, threatens high-priority values, and allows a limited amount of time in which the organization can respond (Mitroff, 2005; Hermann, 1963). Therefore, it is

highly important to observe how tourism organizations learn from the management of incidents and develop a two-stage approach to organizational learning. Moreover, exploring the ways in which organizations learn from crisis management significantly determine their preparedness and effectiveness in tourism disaster management. Fifth, there is a body of evidence that organizations are resistant to learning from crisis (Elliott & Smith, 1997; Smith & Elliott, 2007), and researchers introduce barriers in which hinder organizations to learn effectively. Hence, exploring the barriers to which organizations fail to successfully learn from a crisis situation is imperative. Finally, exploring organizational learning in tourism crisis management represents tourism crisis management researchers new research frontiers where they may discover unexplored or underexplored issues that are critical to the organization's ultimate success.

The practical significance of this study is directed to tourism and non-tourism organizations in Malaysia to practice and benefit from organizational learning in the tourism crisis management. Results can be used by both public and private sectors for future tourism crisis and disaster planning and management. In addition, by examining the case of Malaysia's tourism industry, the study applies the framework of organizational learning in tourism crisis and disaster management. It also will be used as an encouraging guideline for future studies in academic areas as there is a paucity of research with regards to organizational learning in tourism crisis management. It also contributes to fill the current void in the literature. By encouraging team working, critically evaluating all aspects of management decisions and organizational culture, tourism and non-tourism organizations in Malaysia will learn and practice a culture of criticism, and ultimately they are able to attain new

knowledge, and cope with sudden changes which are imperative to deal with crises and disasters in this volatile world.

### **1.8 Operational definitions of key terms**

In this section, the operational definitions of key terms relevant to the study are outlined:

- **Crisis and disaster**

Selbst (1978) quoted in Faulkner (2001, p., 136) defined the term crisis as “Any action or failure to act that interferes with an (organization’s) ongoing functions, the acceptable attainment of its objectives, its viability or survival, or that has a detrimental personal impacts as perceived by the majority of its employees, clients or constituents”.

Disaster is broadly defined as a sudden and complex event that causes loss of human lives, destruction of property and the natural environment as well as disruption of local community activities. It also refers to situations where a destination, in the context of tourism, experiences unpredictable catastrophic changes over which it has little control (Faulkner, 2001).

- **Tourism crisis and disaster management**

Defined by Santana (2004, p. 308) “an ongoing and extensive effort that organizations effectively put into place an attempt to most importantly understand and prevent crises, and to effectively manage those that occur, taking into account in each and every step of their planning and training activities, the interest of their stakeholders”.

- **Organizational learning**

It was defined by Argyris and Schon (1978) as “the process by which organizational members detect errors or anomalies and correct them by restructuring organizational theory-in-use” (p. 2).

- **Single loop and double loop learning**

Single-loop learning is when the mismatches or problems are created or they are solved by changing actions, but underpinning facts are never questioned. Double-loop learning is when mismatches are corrected by investigating and altering the governing variables and then the current actions in order to lead to the new knowledge (Argyris & Schon, 1978).

- **Effective crisis management**

It involves minimizing potential risk before a triggering event. In reaction to an event, effective crisis management comprises establishing a close relationship with key stakeholders and involves them in decision making so that individual and collective sense making, shared meaning and roles are constructed (Pearson & Clair, 1998).

- **Tourism and non-tourism organizations**

In this research, tourism organizations are units which directly are involved in tourism businesses such as governmental tourism organizations, hotels, travel agents and tour operators, airlines, and so on. Non-tourism organizations are those organizations that are not engaged in tourism businesses, but involved in managing

tourism crises and disasters such as the National Security Council, Meteorological Department, State authorities, police, and other concerned organizations.

- **Crisis preparation**

Crisis preparation has been defined as “an ongoing process of developing organizational capabilities to prevent, contain, and recover from crises, and learn from experience” (Kovoor-Misra, 1995, p. 145).

- **Proactive vs reactive response**

Proactive crisis response includes planning for an event before it occurs, while reactive response contains planning after the catastrophe when it has already impacted the organization (Malhotra & Venkatesh, 2009).

## **1.9 Organization of chapters**

This section describes the manner in which the chapters of the thesis are arranged. **Chapter One** includes discussions over the background of the study, problem statement, research objectives, research questions, the scope of the study, the significance of the study, definition of key terms and organization of the chapters.

**Chapter Two** is divided into two sections: the first section covers the related literature review and key studies on the issue of crises and disasters, typology of tourism crises, tourism crisis management, crisis preparation and prevention, models and framework of tourism crisis management. The second section focuses on the organizational learning, overview of organizational learning, how organizations learn

from crises, research on organizational learning in tourism crisis management, crisis and organizational change, learning barriers, theoretical framework and summary of this chapter.

**Chapter Three** discusses the crisis management in Malaysia. It reviews the current procedures, systems and mechanisms for crisis and disaster management at the federal, state, local and district levels. It also discusses some major crises and disasters which have had an impact on the tourism industry in Malaysia.

**Chapter Four** comprises of research methodology appropriate for this research. It discusses the qualitative and quantitative methodology, the qualitative approach for this research, sampling method, primary data collection method (focused on face-to-face-interview), qualitative thematic analysis, and summary of this chapter.

**Chapter Five** relates to data analysis and interpretation of data. It presents the findings of this research with direct quotations from the study's respondents.

**Chapter Six** deals with discussion of research findings and a summary of research findings. It discusses the core findings in a critical manner.

**Chapter Seven** discusses the conclusion, implications of the study as well as research limitation, contribution to the body of knowledge, and directions for future studies.

## **1.10 Summary**

This chapter discussed the background of crisis management and organizational learning in the tourism industry. It revealed that organizational learning in tourism crisis management is not well consolidated, and there is a need to investigate how organizational learning can contribute to tourism crisis management. Moreover, it highlighted the significance of this study for academics and industry players to put it as a high priority in their agenda. The study raised four objectives to pursue and developed research questions in the context of present study. The scope of this study is tourism organizations in Malaysia (Kuala Lumpur and Putrajaya federal territories, Selangor, Penang, Langkawi, Sabah and Sarawak), and a small number of non-tourism organizations in Kuala Lumpur, Putrajaya and Penang. This chapter also defined key terms for this study such as crises, disasters, tourism crisis management, organizational learning and so on. Finally the chapter ended with organization of chapters.

**CHAPTER TWO**  
**LITERATURE REVIEW**  
**TOURISM CRISIS AND DISASTER MANAGEMENT AND**  
**ORGANIZATIONAL LEARNING**

**2.0 Introduction**

This chapter has two sections: the first section focuses on tourism crisis and disaster management and reviews the current literature on tourism crisis and disaster management. It discusses the key studies in the area of tourism crises and disasters and the difference between these terms. In addition, the typology of tourism crises and disasters, crisis and disaster management models and frameworks, the effects of most notable crises and disasters from 1980 until 2012 and the crisis preparation perspectives are extensively discussed. The second section focuses on organizational learning. It discusses the current literature on organizational learning as a broad term and its application to the tourism industry. The chapter provides definitions of organizational learning and its background in the current literature. It also discusses how organizations learn from the crisis management practices. In addition, the related literature on crises and organizational change, barriers to organizational learning as well as research on organizational learning in the tourism crisis and disaster management are discussed. The underlying theory of the study and theoretical framework for this study also has been discussed.

## **2.1 Section One: Tourism crisis and disaster management**

### **2.1.1 Review of key studies: Crisis and Disaster**

The term “crisis” is generally applied in many environments including political science, businesses, economy, technology, natural science, tourism, etc. (Laws & Prideaux, 2005). Looking back into its origin, the word crisis comes from the Greek term ‘Krisis’, which denotes differentiation, decision and turning point (Glasser, 2003; Preble, 1997; Paraskevas, 2006; Santana, 2004), and the term has extensively been used in different sciences and disciplines with definite meanings. As an example, in law, it was used to justify the distinction between fair and unfair while in theology, its function was to describe the segregation of salvation and damnation. It was also used in medical science to demonstrate a cease in a progress that had formerly been continuous. In addition, it points to a situation where a serious disease creates aggressive changes, leading either to death or recovery (Glasser, 2003; Hoiback, 2003). However, the term has become a part of daily language since the sixteenth century and it was used in all areas of politics, society and the economy as well (Glasser, 2003).

- **Crisis**

As a multiple function term, there is no widely approved definition of crisis (Faulkner, 2001; Pauchant & Mitroff, 1992; Glasser, 2003; Santana, 2004). The Oxford Dictionary defines a crisis as “a time of great danger, difficulty or uncertainty when problems must be solved or important decisions must be made” (Wehmeier, 2005, p. 153). Webster definition of crisis is also referred to a “turning point” for

better or worse, a “decisive moment”, or a “crucial times” (Merriam-Webster, 2003). It also describes a crisis as a condition that has ordered a critical stage.

Many scholars have come out with various definitions, but the common thread is that all agree a crisis is an event which can disrupt its orderly operation and requires immediate actions to overcome (Fink, 1986; Pauchant & Mitroff, 1992, 2005; Smith, 1990; Richardson, 1994; Faulkner, 2001). First, Selbst (1978), quoted in Faulkner (2001), described a crisis as “*Any action or failure to act that interferes with an (organization’s) ongoing functions, the acceptable attainment of its objectives, its viability or survival, or that has detrimental personal impacts as perceived by the majority of its employees, clients or constituents*” (p. 136).

Fink (1986) points out that the term crisis in Chinese is often combined with both danger and opportunity. The Western perspective of crisis also contains the same duality. In this sense, Fearn-Banks (2007) describes a crisis as a potentially unpleasant event which its negative repercussions will affect an organization or industry, its services, products and reputation. Likewise, Brønn and Olson (1999) see a crisis as “either a threat or opportunity that arises from internal or external issues that they have a major impact on organization” (p. 355). With this perspective, although crises are unpleasant events, they sometimes provide benefits to organizations that experienced the effects (Mitroff, 1992; Blackman & Ritchie, 2008; Glasser, 2003).

In a study, Booth (1993) suggests the necessity of additional mechanisms in the community’s reaction by pointing to the non-routine actions, but he further explains

that tension is created by the unexpectedness of the change and the force it places on adaptive capabilities. Thus, a crisis is described as “a situation faced by an individual, group, or organization which they are unable to cope with by the use of normal routine procedures and in which stress is created by sudden change” (Booth, 1993, p. 86). As Booth also asserted, crises can create a sudden situation, a critical condition, which disturb the status quo, and organizations fail to respond without employing effective remedial actions.

In the context of tourism several scholars wrote about crisis. Laws *et al.*, (2007) defined a crisis as an incident that disrupts the pre-existing situation of tourism industry and it is a dangerous event that can have various causes to occur such as natural, political, financial, and technical. However, whatever the causes they have, there is a widely held expectation that after appropriate steps have been taken, the situation will return to the status quo (Faulkner, 2001; Ritchie, 2004; de Sausmarez, 2004a; Laws *et al.*; 2007; Henderson, 2007b).

Santana (2004, p. 306) in a study about the tourism crisis, argues that the term, “crisis is among one of the most misused terms within the management literature meaning decision and turning point of an illness”. Faulkner (2001) also defines a crisis as an unexpectedness which interrupt an organization's operations, and of which a great part of its impact can be hindered or minimized by preparation activities. While several researchers used the terms crisis or disaster together (Kim & Lee, 1998), some have discerned from each other (Faulkner, 2001; Hills, 1998). Most salient features of crises are similarly applicable to disasters, and therefore, with such common convergence between the two confusions may happen where a crisis may

happen as a direct cause of a disaster or the vice versa (Faulkner, 2001; Ritchie, 2008).

- **Disaster**

Carter (1991) also defines a disaster as “a catastrophe, natural or human-made, swift or developing, which affects with such harshness that the afflicted people has to counter by taking extraordinary measures” (p. xxiii). Failure to respond in time will lead to long-term depressing and detrimental effects (Faulkner, 2001; Faulkner & Vikulov, 2001; Hystad & Keller, 2008).

Faulkner (2001) differentiated crises from disasters by attributing the origins of disasters to factors outside the control of organizations/destinations such as extreme climatic conditions, and crises, which are products of institutional stresses. The latter is more controllable, but the two have characteristics in common and are connected when catastrophes outside an organization provoke a crisis within it.

According to Faulkner (2001) “although the root cause of crises is self-inflicted through the problems caused by inept management structures and practices, disasters refer to situations where a destination, in the context of tourism, experiences unpredictable catastrophic changes over which it has little control” (p. 136). He further states that it is not always easy to identify certain events as disasters or crises because of the difficulty of assessing the factual reasons behind what actually causes damage. For instance, it is not easy to claim that climate change in one destination is a crisis or disaster, because the root cause of climate change is

largely based on human activities, but at the same time it can be a natural root cause (Laws *et al.*, 2007; Faulkner, 2001; Hall, 2010).

Faulkner (2001) claims that from the organizational perspective, crises and disasters are extremely similar and the major difference between them is the root cause of the problem. The former represents situations where the causes of the problem are associated with on-going change and the failure of organizations to adapt to this, while the latter are triggered by sudden events over which the organization has relatively little control. Other scholars (e.g., McKercher & Hui 2004; Fink 1986; Keown-McMullan 1997; Faulkner & Russell 1997; Hall, 2010) distinguished disasters from crises. The common thread of all perspectives is the root cause of the events, whether associated with human activities or the nature. Different concepts and definitions of crisis and disaster are illustrated in the following table from the perspective of different researchers (Table, 2.1).

Table 2.1 Definitions of terms disaster and crisis compiled from the literature

<b>Term</b>	<b>Concept and definition</b>	<b>Source</b>
Disaster	A disaster results from an interaction between the people and organizational mechanisms set up to control complex and ill-structured risk problems.	(Turner & Pidgeon, 1978)
	A collective stress situation	(Quarantelli, 1988)
	Any sudden, random or great misfortune	(Murphy & Bayley, 1989)
	A catastrophe either natural or man-made, quickly or slowly that heavily affects people, and necessitates a thorough response.	(Carter, 1991)
	An unusual event, either natural or man-made, including events resulted from technological faults, which devitalizes the capability of affected communities and causes massive destruction.	(Parker, 1992)
	A state where an organization or a tourist destination is faced with unpredictable changes over which it has little control.	(Faulkner, 2001)
	An unexpected calamity which can usually merely be responded to after the occurrence, either through proactive or reactive response.	(Prideaux <i>et al.</i> , 2003)
Crisis	Any event which interrupts the organization's performance, objectives and its viability and has detrimental effects perceived by large numbers of members.	Selbst (1978) cited in (Faulkner, 2001)
	A harmful and disruptive situation (versus a turning point or an opportunity), with high magnitude (versus a threat or a problem), is sudden, acute, and demands a timely response (versus decline), and is outside the organization's routine frameworks.	(Reilly, 1993)
	A severe situation faced by organizations or individuals and they cannot respond with normal procedures and sudden changes create anxiety and fear.	(Booth, 1993)
	Disruptive events which affect organizations and change core values and fundamental assumptions; require immediate response and actions; and lead to restructuring and redesign of the affected systems.	(Pauchant & Douville, 1993)
	A feeling of fear, panic, danger and risk	(Darling, 1994)
	An event that can be perceived as an opportunity or threat; caused by internal or external factors and has a significant impact on organizations.	(Bronn & Olson, 1999)
	An event where the root cause of the crisis is to some extent self-inflicted such as inept management or failure to adopt new changes.	(Faulkner, 2001)
	Crises can be associated with the potential but unpredicted outcome of management faults that are related to the future course of events set in motion by human action or inaction precipitating the event.	(Prideaux <i>et al.</i> , 2003)
	A turning point of an illness.	(Santana, 2004)
	An incident that disrupts the status quo and has economic, environmental and political repercussions.	(Laws <i>et al.</i> , 2007)
	A potentially unpleasant event which its unwanted effects come to an organization or an industry and tarnish the organization's reputation.	(Fearn-Banks, 2007)

Drawing from concepts and definitions of crises and disasters presented in the literature, Moreira (2007) suggested differentiating criteria for crises and disasters. He outlined these criteria in the following Table (2.2). As it can be seen, disasters