



INSPIRES
RESILIENT TOURISM

Module 1, Session 1
Holistic Approach to Risk
Management in Tourism
Business



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Contents



The aim of this session is to explore the concept of risk management and how it is applied in the tourism context from an SME perspective.

Keywords: Risk management, tourism safety, resilience



What is Risk Management?

- **Risk management is the process of identifying, assessing, prioritizing, and mitigating risks to minimize the likelihood and impact of adverse events while maximizing opportunities for achieving organizational objectives.** It involves a **systematic approach** to understanding and managing risks across all levels of an organization, from strategic decision-making to day-to-day operations.
- A part of the strategic management of any business: should be a part of purpose, governance, leadership and commitment, strategy, objectives and operations
- Should be done systematically, involve both management and personnel
- Integrating risk management relies on an understanding of organizational **structures and context**



Key Words



Risk = The possibility of an undesired incident. Risk refers to the impact of uncertainty on objectives, a deviation from the expected. The impact can be positive or negative compared to what was expected.

Resilience = Ability to recover from an abnormal situation. The organisation's resilience to external and internal disruption. Resilience is increased by: Risk management (foresight), Planning, Networking, Participation, Learning, Communication, Feedback system (monitoring and response) and Good management. It is also adaption.

Risk management = Risk management can be seen as a process through which risks are identified and assessed, and measures are selected and implemented to reduce their consequences.

Key Words



Crisis = the realization of a risk (undesired incident). Crisis is theoretically defined as a state of extreme contradictions within an organisation and at different stages of an individual's life, threatening their viability and the environment. Crisis is the part of the emergency that continues after a risk is realised.

Crisis Management = crisis management in a company includes crisis prevention or crisis leadership.

Crisis communication = Crisis communication is a crucial part of crisis management. Crisis communication is communication in an exceptional situation that threatens people, the environment or an organisation's ability to function, or its reputation.



Risk Management Purpose and Goals



Systematic and proactive risk management process, which involves both management and personnel, aims to ensure that the company's strategic objectives are achieved.

Business continuity: planning helps to prepare for changes in the business environment.

Quality and efficiency: risk management processes can help identify potential areas for improvement and improve the efficiency of the business.

Cost control: proactive risk management helps to avoid sudden costs.

Innovation: Risk management can encourage a company to develop new solutions and approaches that can differentiate it from its competitors.

Stakeholder trust: good risk management demonstrates a company's commitment to responsibility, which can increase the trust of stakeholders such as customers, employees, partners and investors.

Safety and reputation: risk management helps to reduce the chances of accidents or incidents, which increases the sense of safety of travelers and the company's reputation as a reliable and responsible operator.

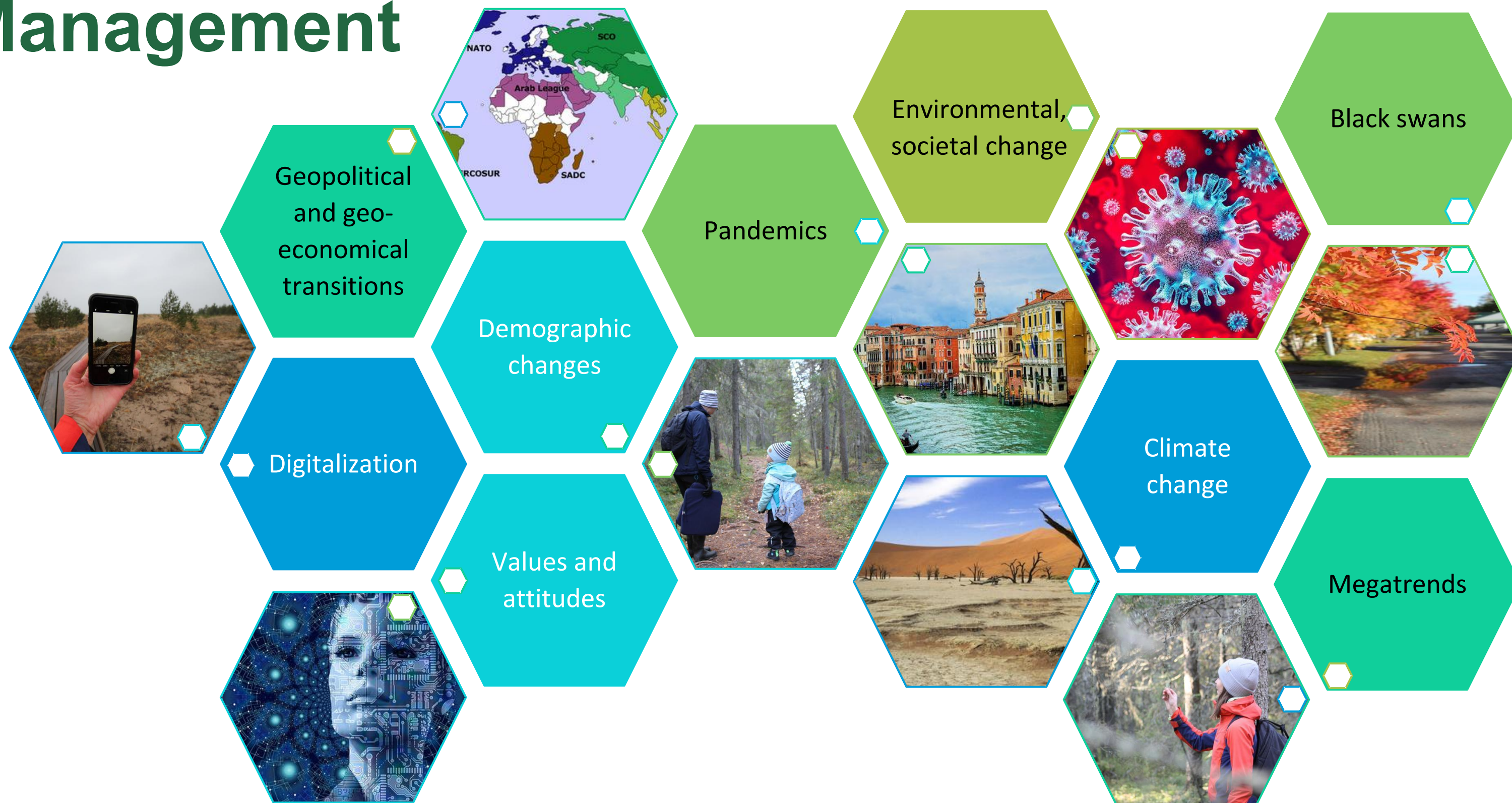
Crisis management and speed of change: proactive planning allows a company to respond more quickly and effectively to crisis situations, which can limit damage and disruption. Crisis management also helps to return to normal more quickly.



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External Forces Impacting Risk

Management



Holistic Approach to Strategic Risk Management

Risk management as part of a company's strategic management. Risk management must be a systematic and continuous activity, and an integral part of the company's management in all its activities.



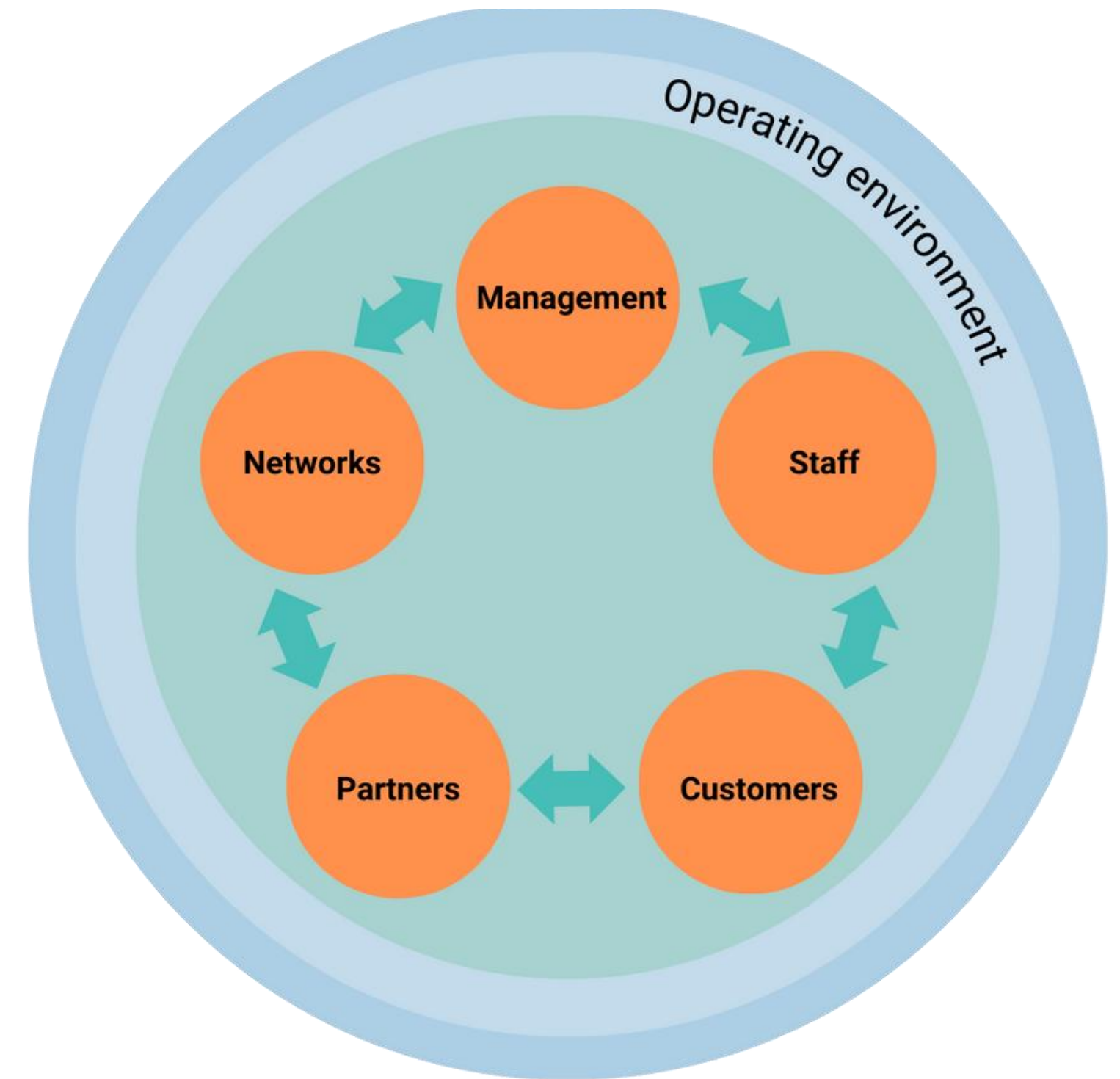
Risk Categories

Risk categories: strategic risks, financial risks, staff risks, operational risks and damage/accident risks. Staff risks

Strategic risks	Financial risks	Staff risks	Operational risks	Damage risks and accidents
<ul style="list-style-type: none"> • market and demand risks • new competitors • failure to adopt new technologies • negative publicity • social media backlash • political instability or conflicts • climate change 	<ul style="list-style-type: none"> • currency fluctuations • disruptions in supply chains • seasonal dependency • sudden drops in bookings • rising interest rates • rise of fixed costs 	<ul style="list-style-type: none"> • difficulty attracting skilled staff • high turnover • competition from other industries • employees lacking proper safety • stress and burnout • lack of inclusivity 	<ul style="list-style-type: none"> • overbooking • scheduling errors • food safety • booking system crashes • cyberattacks • missing permits or licenses • minor natural events • power shortages 	<ul style="list-style-type: none"> • slips, trips, and falls accidents • transport accidents • animal-related incidents • foodborne illnesses • allergic reactions • kitchen fires • violence

Risk Management and Operating Environment

Risk management is not just internal activity within a company. To be effective, risk management must take place in networks and across the tourism value chain. It involves the company's management, staff, customers, subcontractors and networks, and everything takes place within a broader operating environment. Changes and actions together also affect others.



Risk Management Process



Continues
communication is need
both among internal and
external stakeholders.

What is Safety?

- The absence of harm or risk of harm
- “Nothing to worry about”
- The risks are at an acceptable level
- Resilience
- It is also...
 - High on the hierarchy of needs
 - Subjective and objective (psychological and physical)
 - Relative (culture-specific)
 - Part of quality and sustainability
 - Broad subject and multidimensional
 - -> Complete safety cannot be achieved



A holistic risk management process in the organization supports and enables safety both in internal and external environment.

Tourism Safety



- Tourism safety = Tourism safety means ensuring that the tourism process is undisturbed.
 - The tourism process: the tourist, the tourism enterprise and its employees, the tourism area, the external and internal environment and the entire tourism service chain from the point of departure to the destination and back, not forgetting the digital and virtual environment as part of the tourism service.
- Perception and image at least as important as statistics
- Safety is high in the hierarchy when making a travel decision
- A part of sustainability, responsibility and quality
- Implemented in a networks and value chains



Essential Safety Documents for a Tourism Business



- Safety Plan
- **Rescue/Emergency Plan**
- **Occupational Safety Plan**
- Customer Safety Instructions
- Insurance Documentation
- Staff Training and Orientation Record
- **Chemical Inventory and Safety Data Sheets** (if using cleaning agents, fuels, etc.)
- **Privacy Policy GDPR** and Cybersecurity Guidelines

Examples of Tourism Safety



Accommodation Services

- Fire and evacuation plans: Hotels have clear evacuation routes, fire alarms, and staff trained for emergency situations.
- Safety inspections: Regular checks on elevators, locks, and surveillance systems.
- Guest security: Staff are trained to recognize suspicious behavior and respond appropriately.

Transportation Services

- Vehicle maintenance: Buses, boats, and other vehicles undergo regular technical inspections.
- Driver training: Drivers are trained in safe driving, first aid, and customer service.
- Safety equipment: Life jackets on boats, seatbelts on buses, and other protective gear.

Activity Providers (e.g. adventure tourism)

- Safety briefings before activities: Customers receive clear instructions and equipment (e.g. helmets, harnesses).
- Certified guides: Guides are trained in first aid, rescue techniques, and risk management.

Ethical Dilemmas in Risk Management

- At the heart of ethical dilemmas in risk management is the question of **profit vs how much or what type of risks can be accepted.**
- By integrating these types of ethical questions into the risk identification and risk assessment processes, tourism businesses can ensure that their risk management strategies are not only effective but also ethically sound.



Examples of Ethical Dilemmas



Conflicting Stakeholder Interests

Dilemma: A risk manager must balance the interests of different stakeholders, such as shareholders, employees, customers, and the community. For example, implementing cost-cutting measures to improve profitability may lead to job losses or compromise product quality, raising ethical concerns about the impact on employees and customers.

Environmental Impact vs. Profitability

Dilemma: A risk manager must assess the environmental risks associated with business operations, such as pollution, resource depletion, or climate change impacts. Balancing environmental considerations with financial performance objectives raises ethical dilemmas about prioritizing short-term profitability over long-term sustainability and societal

Product Safety vs. Cost Reduction

Dilemma: A risk manager is tasked with evaluating risks related to product safety and quality. However, cost pressures or production deadlines may tempt the organization to cut corners or compromise on safety measures to reduce expenses. This raises ethical dilemmas about prioritizing consumer safety and ethical standards over financial considerations.

Ethical Conduct of Business Partners

Dilemma: A risk manager discovers that a business partner or supplier engaged in unethical or illegal practices, such as bribery, corruption, or human rights violations. Balancing the need for business continuity and contractual obligations with ethical considerations raises dilemmas about whether to continue the relationship, terminate the contract, or take corrective

Summary



- Risk management is the process of identifying, assessing, prioritizing, and mitigating risks. It involves a systematic approach to understanding and managing risks across all levels of an organization, from strategic decision-making to day-to-day operations.
- Systematic and proactive risk management process, which involves both management and personnel, aims to ensure that the company's strategic objectives are achieved.
- Risk management must take place in networks and across the tourism value chain.

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Activities

Advance Task for SMEs



Risk management Maturity Test for SMEs:

<https://link.webropolsurveys.com/S/CC3056C47B87D0E1>



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Activity I Risk Mapping for Your Own Business



- **Objective:** Identify and categorize risks specific to each participant's business.
- **Activity:** Participants list potential risks (e.g., natural disasters, cyberattacks, customer safety incidents).
- **Add-on:** Use a risk matrix (likelihood × impact) to prioritize risks.

Activity II Crisis Scenario Simulation

- **Objective:** Practice responding to unexpected situations.
- **Activity:** Groups receive a scenario (e.g., fire, medical emergency, social media backlash) and plan immediate actions, communication strategy, and follow-up.
- **Add-on:** Introduce time pressure and role-playing (e.g., customer, media, authority).