

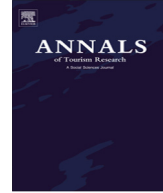


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Business resilience in times of growth and crisis



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ABSTRACT

Natural disaster, economic recession and political turmoil pose major challenges to local tourism in developing countries. To address such challenges, this article investigates the multiple ways in which local tourism businesses respond to crises and the resources these businesses employ to build resilience in an unpredictable business environment. The data underlying this article have been generated in a longitudinal study of small-scale businesses in the accommodation sector in the city of Yogyakarta, Indonesia. Based on qualitative research, comprising ethnographic methods, the study reveals that local tourism businesses show remarkable resilience during the decade of crisis that affected the Indonesian tourism industry. This resilience has to be understood in terms of the businesses' embeddedness in a package of livelihood strategies.

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Introduction

Many tourism areas are currently facing sustained crisis caused by climate change and natural disasters, global recession, political instability or terrorist activities. Destinations prone to such impacts are profoundly affected across all layers of their economy. Over the past two decades, investigation of tourism in times of conflict and crisis has emerged as a new sub-field of tourism studies (Paraskevas, Altinay, McLean, & Cooper, 2013). As the literature in this emerging field demonstrates, incidents of natural disasters, economic recession, internal turmoil and terrorist attacks all affect

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international tourism arrivals and pose major challenges to the tourism industry (Anson, 1999; Fletcher, 2011; Gould, 2011; Novelli, Morgan, & Nibigira, 2012). These challenges are particularly critical for developing economies which are heavily reliant on tourism (Novelli et al., 2012). When crisis strikes, the volatility of tourism is strongly felt, in particular among the small-scale business owners and self-employed people who carve out a living in the hospitality sector.

Most of the writings on tourism in crisis situations have focused on management of the crisis itself and on ways in which tourism organizations respond to crisis (Armstrong & Ritchie, 2008; Beirman, 2003; Cioccio & Michael, 2007; Faulkner, 2001; Hystad & Keller, 2008; Irvine & Anderson, 2004; Laws & Prideaux, 2005; Ritchie, 2004; Scott, Laws, & Prideaux, 2008). The literature also covers the contribution of tourism to post-crisis recovery (Causevic & Lynch, 2011; de Sausmarez, 2007; Ndlovu & Heath, 2011). However, only scant attention is paid to the effects of crisis on small tourism businesses in developing countries (Baker & Coulter, 2007; Russell & Faulkner, 2004). It is well-established that small-scale businesses constitute a substantial part of the tourism industry (Dahles & Susilowati, 2013; Harrison, 2008; Zhao, 2009), reflecting the prominence of such businesses in developing economies at large (Castells & Portes, 1989). Their ability to find alternative resources is pivotal to their resilience, i.e., the capacity to withstand turbulence and bounce back from disruptions (Tao & Wall, 2009; Williams & Vorley, 2014). Taking the concepts of livelihood and small business resilience as a vantage point, this article makes a contribution to two separate but interrelated bodies of knowledge: one the one hand the literature on tourism in situations of conflict and crisis and, on the other hand, the literature on the role of tourism in livelihood and development strategies.

The ensuing exploration of small-scale tourism businesses in times of crisis is situated in Indonesia. In the 1980s, the Indonesian government started to deregulate its centrally-led economy and promote the expansion of its export, in particular the tourism sector (Booth, 1990). A series of five-year plans designed policies to help implement the ambitious growth scenarios for the tourism industry. Emphasis was on resort development, attracting so-called 'quality' tourists. Giving high priority to tourism in the national development policy resulted in a rapid growth in international tourist arrivals and in earnings from tourism until crises struck in 1997. Contrastingly, this article focuses on local tourism that has been ignored or viewed as an obstacle to the grand government schemes by Indonesian policy makers (Dahles, 2001).

The data underlying this article have been generated in a longitudinal study of local tourism businesses in the non-star-rated hospitality sector in two neighborhoods of the city of Yogyakarta in Indonesia. Based on a qualitative study comprising ethnographic methods of participant observation, the research reveals how these businesses responded to a quick dramatic decline of international tourism arrivals starting in the late 1990s and continuing into the 2000s (Dahles, 2001; Susilowati, 2010). The local accommodation owners have come to depend on tourism for their livelihood and then experienced a sudden dramatic loss of this vital source of income as a consequence of crises. Whereas the bulk of 'tourism and livelihood' studies are concerned with the ways in which tourism development can improve the livelihoods of the world's poorest (Croes & Vanegas, 2008; Tao & Wall, 2009), this article attends to local people having obtained modest prosperity through tourism. The analysis revolves around the ways in which small businesses in Yogyakarta use the assets built during years of growth and prosperity to navigate crises and innovate their service delivery—or fail to do so. With this focus on the transitional process from prosperity to a condition of exacerbated loss, this article marks the next phase in the debate on livelihood and tourism in that it investigates local business strategies when tourism ceases to provide a livelihood. So doing, this article refrains from viewing the tourism economy as isolated from other sectors, but embeds tourism businesses in local economy as a whole. The question is raised as to how small-scale tourism businesses in Yogyakarta respond to a dramatic decline of international tourist arrivals and what strategies these businesses employ to sustain in an unpredictable business environment. The article builds on three overarching themes: embeddedness, livelihoods, and business resilience.

This article is structured as follows. The next section critically reviews the literature pertaining to the three overarching themes, followed by a presentation of the methodology adopted to conduct the longitudinal study. This section also positions the study in its geographical context. The empirical section describes the diverging ways in which local accommodation owners responded to the challenges faced during a decade of crisis. In the discussion section the empirical findings are interpreted in

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