

THE RISK MANAGEMENT IN THE TOURISM, RURAL TOURISM AND AGRITOURISM

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Abstract

When we think of tourism, one of the economic sectors with the greatest prospects for development, it is inevitable that we do not consider the multitude of risks related to this type of activity. This is why, in order to prevent the catastrophic effects that these risks could generate for both large operators and tourists, it is important to give special importance to risk management. Risk management in this field refers to a complex strategy, aimed at preventing and managing the causes and effects that could generate various crises or imbalances. The aim of this paper is to analyse the main elements that can generate crises or disasters, as well as their effects on the tourist destinations and provide information on the risk management processes for a tourism focused on quality and sustainability

Key words: tourism, risk management, sustainability, catastrophic effects, strategy

INTRODUCTION

In modern society, characterized by profound economic transformation, tourism is a key factor for economic and social growth and development. Over time, tourism has been on the rise and became according to the World Tourism Organization (UNWTO) "one of the world's fastest-growing economic sectors". The same Organisation asserted that in our days, the volume of tourism business is equal to or even exceeds the business of oil, food or car exports. "Tourism is a branch of the national economy with complex functions that brings together a set of goods and services offered for consumption to people who travel outside their usual environment for less than a year and whose main reason is other than the exercise of paid activities within the visited site" [5, 13, 17].

Tourism and its most important forms (rural tourism and agritourism) provides one of the main sources of income for many developing countries, bringing them hope and prosperity [15]. "Tourists create additional demand for consumer goods and services, stimulating the tertiary sector (services, trade, craft industries, etc.)" [3].

Given the vulnerability and multiple influences which could affect tourism, risk assessment in this area is crucial. It is obvious that the number of tourist trips depends on the variety of the tourist offer, but also on the economic power of a country. Statistics have shown that during periods of economic recession, the number of foreign tourist decreases, but domestic tourism is not affected. When it comes to risk, we need to keep in mind that both foreign and domestic tourists can be affected. "Considering what Robin S. Sharma, a Canadian writer and leadership lecturer, said "when we stop taking risks we stop living life", we can agree that risk is a concept we meet on a daily basis in all our actions, no matter if it implies personal matters, elements of an investment project or any other type of decision we should make in our personal life or as part of an organization" [10]. It is important to make a distinction between hazard, risk and risk assessment. The meaning of the word hazard can be confusing. Often dictionaries do not give specific definitions or combine it with the term "risk". For example, one dictionary defines hazard as "a danger or risk" which helps explain why many people use the terms interchangeably. Basically, a hazard is the potential for harm or an adverse effect (for example, to people as health effects, to organizations as property or equipment losses,

or to the environment) (Canadian Center for Occupational Health and Safety, www.ccohs.ca). On the other side, risk is the chance or probability that a person will be harmed or experience an adverse health effect if exposed to a hazard. It may also apply to situations with property or equipment loss, or harmful effects on the environment. Risk assessment is the process in which:

- hazards and risk factors that have the potential to cause harm (hazard identification) are identified;
- the risk associated with that danger is analysed and evaluated (risk analysis and risk assessment);
- the appropriate ways to eliminate the hazard or control the risk are determined when the risk cannot be eliminated (risk control).

The influence of environmental conditions (hazards, catastrophes, disasters) is the subject of numerous studies and analyses due to the difficulty of identifying the causes underlying their production, but also because of the effects that spread in the chain, affecting many countries around the globe. In recent years, most countries are facing a wide range of disasters and crises caused by natural, technological, biological or civil and political (military) hazards [8].

This is why, the most important objective of this paper is to analyse the main elements that can generate crises or disasters, as well as their effects on the tourist destinations and also to provide information on the risk management processes for a tourism, rural tourism or agritourism focused on quality and sustainability.

MATERIALS AND METHODS

The starting point in the elaboration of this study was the research and analysis of the documentation related to this topic and the extraction of conclusive information. It was necessary to compare several sources in order to acknowledge the accuracy and feasibility of the information. The research methods used were the documentation, analysis and processing of data obtained from various sources which included legislation, scientific

papers on tourism, statistical data but also by other specialized websites.

RESULTS AND DISCUSSIONS

During the 21th century, the losses from disasters/catastrophes have expanded dramatically in many developed and developing countries. The trend towards increasing losses is on the rise, making active risk management more essential than ever. Disasters are often labelled low-frequency (probability)/high-severity events [16]. Unfortunately, disasters affect tourism and its forms but also the development of a country, in the medium and long term. No matter how much science and technology would develop, it is impossible to fully predict disasters. However, losses on individuals, industry and the economy as a whole can be mitigated by developing and adopting a disaster risk management strategy.

Any unforeseen events, every hazard always has a negative impact on tourism, which is first reflected through the number of tourists and later through the economic effects. If we analyses the hazards for tourism destinations, we observe 4 types of hazards (Table 1).

Table 1. Types of hazards in tourism

Atmospheric	Geological	Biologic	Human
Cyclones	Earthquakes	Human epidemics	Industrial accidents
Tornadoes	Tsunamis	Plant epidemics	Traffic accidents
Storms	Landslides	Animal epidemics	Crime, Terrorism
Floods	Volcanoes	Plagues	Economic
Frosts	Erosion	Fires	Political conflict

Source: adapted from [6].

When we talk about risks, we can identify a number of possible risks for tourists. In Fig. 1 there are presented some more important ones. According to the World Tourism Organization, there are four main sources of risks in tourism (UNWTO, 2015) [17]:

- (1)Tourism sector and the related commercial sources (disrespect of contracts, frauds, insufficient level of hygiene and sanitary protection, fire, earthquake);
- (2)Human and institutional environment outside the tourism sector (social conflicts,

wars, terrorism, organized crime, delinquency and human traffic);

(3) Personal risk - individual travellers (poor health, crime, causing conflict with local residents, visiting dangerous places, loss of money and documents, etc.);

(4) Physical risks from the environment - natural, climatic, epidemics (vaccination, visits to dangerous areas, exposing to dangers during natural disasters and epidemics).

Data on the effects of natural disasters show that, since the 21st century, over one million people have been killed and over 2 billion have been directly affected by natural disasters. Furthermore, natural disasters have themselves a tremendous impact on poverty [7]. These types of events can cause various effects on tourism in general and rural tourism in particular, being different in duration or area of spread. We can discuss about short-term or long-term effects, about the impact of the whole society or just a category of population, about the influences that propagate only in a certain community, region, country or continent.



Fig. 1. Risks for tourist
 Source: [4].

If we were to analyse the main events that have had a major impact on tourism activity in the last decades, we could draw up the following list:

- Terrorist attacks in the USA on September 9, 2001.
- SARS virus outbreaks on February 26, 2003.
- Indian Ocean Tsunami on December 26, 2004.

• Tropical Cyclones Hurricane Katrina on August 23, 2005.

• Sichuan Earthquake in China on May 12, 2008.

• Haiti Earthquake on January 12, 2010.

• Japan Earthquake and Tsunami on March 11, 2011.

• Typhoon Haiyan in Philippines on November 8, 2013.

• The hurricanes Harvey, Irma and Maria in SUA, August-September 2017.

• Mexican Earthquake in September 2017.

• Vegetation fires in Greece (2018) and California (2019).

• Pandemic Covid 19, 2019-2020 [2].

The natural catastrophe balance for 2018 is high even though it is well below the average of the deaths recorded between 2000 and 2017.

Table 2. Natural catastrophes worldwide, 2003-2012 (2012, USD Billion)

Catastrophe type	Number of events	Fatalities	Overall losses	Total Insured losses
Earthquake/ tsunami	657	678,400	489	77.0
Tropical cyclone	424	65,500	539	234.0
Severe thunderstorm	2,375	6,310	206	126.0
Heat wave/ drought	207	132,600	118	22.0
Wildfire	524	1,270	27	11.0
Winter events	401	13,000	101	44.0
River flood/flash flood	2,458	54,600	274	48.0

Source: adapted from [16].

The figures have been published by the UN Office for Disaster Risk Reduction (UNISDR) together with the Centre for Epidemiological Research on Disasters of the Belgian University of Louvain (local population does not know how to deal with major disasters and calamities) [1].

The tourism sector faces certain challenges, including those related to pricing difficulties, earnings and capital volatility, concentrations, limits of insurability, capacity constraints, and contagion effects. Catastrophes generally results in a large number of individual losses involving many insurance policies as summarized in Table 2. [16].

Tourism is extremely sensitive to all negative phenomena, both those related to the natural environment and to the social or political ones. Therefore, when considering a certain tourist destination, it is necessary to analyse all the weaknesses that are related to safety and security [14]:

- insufficiently developed network security in a destination;
- poor training of the local population;
- the desire for foreign currency inflows without proper control (money laundering);
- inadequate involvement of local people in tourism development;
- the difference between economic development of local community and countries of tourist demand;
- developing illegal forms of tourism (poaching, sex tourism, etc.);
- inappropriate behaviour of tourists (opposite to customs and religion of the local community);
- infiltration of terrorists in the local economy;
- inability to control mass tourist movements and seasonal labour in the tourist destination;
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Due to recent discoveries in medicine and bioengineering, health risks (pandemics and chronic diseases) have had a lower impact, whereas since 2011, environmental risks have become more important. Descending sort of environmental risks are climate changes, natural catastrophes, extreme weather events, water crises, biodiversity loss and ecosystem and man-made environmental catastrophes. This is why, the risk management (the organizational process) and disaster risk management (the multi-agency, community-based process) in the tourism context refers to the planning and implementation of processes directed towards managing the adverse effects of crises and disasters on tourism destinations [12].

Tourism risk process management regards four aspects: risk environment, risk identification, risk analysis and risk treatment.

The evaluation and application of a risk management strategy in tourist destinations requires a lot of work and information. For a tourist to feel safe in a tourist destination, precise and well-defined measures are needed. The presence of the specialized personnel in security and protection, well trained it is mandatory. The space of a tourist destination is extremely vulnerable (especially when we speak about rural tourism or agritourism), this is why the protection of a tourist destination requires an exceptional insight about the space and possible devastations. Environmental protection of the area is a special part of tourism destination protection (ecological, historical, cultural and economic).

In the field of risk management strategy, after establishing the plans, procedures and systems for disaster coordination and management, partnerships between governments and civil society, the essential role of the personnel employed in tourist units should not be overlooked. It should always be informed, prepared and evaluated to deal with any risks that may arise [11].

Tourism destinations should consider for mainstreaming risk reduction in post-disaster recovery including the use of hazard scenarios to anticipate long term recovery issues. The desired result is a tourism destination that delivers on its promise consistently and has an established reputation for protecting its residents, businesses, and visitors against the effects of natural hazards [16].

Worldwide tourism and related industry are very badly affected by pandemics, because of the nature of the business. History had shown that epidemics and pandemics have an immediate impact especially on the accommodation units and restaurants, due to the international travel restrictions and all that major measures intended to prevent the spread of viruses. In March 2020, The World Health Organization decided that the situation generated by the new coronavirus is a pandemic, in the context in which there have been cases of infections in almost all countries of the world.

“As a result of the coronavirus, many countries and regions have imposed quarantines, entry bans, or other restrictions for citizens of or recent travellers to the most affected areas” [2]. Other regions and countries have imposed global restrictions that apply to all foreign countries and territories, or prevent their own citizens from travelling abroad. As a preventative measure, all the tourist attractions around the world, such as museums, amusement parks and sports venues, were closed.

According to the United Nations World Tourism Organization (UNWTO), “Tourism is currently one of the most affected sectors”. Also, the Organization estimated that “global international tourist arrivals might decrease by 20–30% in 2020, leading to a potential loss of US\$30–50 billion”, and The World Travel and Tourism Council (WTTC) estimated that “up to 50 million jobs could be lost because of the pandemic”. [17].

CONCLUSIONS

“Benjamin Franklin said that in the world we live in there are only two sure things: death and taxes, but that they also involve a certain degree of risk, in the sense that no one knows when he will die and how high the taxes will be” [9].

It is obvious that we live in an uncertain world and that any action we take now does not have a perfectly secure future outcome. In every corner of the globe, it is impossible not to find a tourist destination (regardless it takes place in a rural area or not) that has faced a certain type of natural disaster, at some point in history. Over time, unfortunate events have occurred, which in one way or another have affected tourism, both from the point of view of the visitor and the tourist service provider.

In order to manage the risks better in the tourism, rural tourism or agritourism context, careful and elaborate planning is required. It also requires the implementation of processes dedicated to preventing and mitigating the unfortunate effects of crises and disasters on tourism. Due to the several incidents that have occurred in recent years, security of stay and safety of a tourist destination have become

basic elements in the selection of a tourist destination

Tourism risk management is an on-going process, with periodic monitoring and review of hazards, risk elements and progress, the results and effectiveness of risk management measures. Each tourist destination is unique, being exposed to different risks. However, some elementary aspects related to risk management, as well as the common concerns that these risks raise among all those involved in a tourist activity are common in all corners of the world.

By its character of mass and its complex content, tourism (inclusive rural tourism and agritourism) has a vast material and human potential, with important implications on society and economic evolution, on international relations. That is why is so important, in the conditions of today's society to analyse the different types of risk and the necessary measures to mitigate the negative effects that could affect this economic field in the future.

Currently, the effects of the pandemic are felt with a different intensity globally, depending on the number of victims and the economic and social measures imposed by the government of each country. However, economic estimates are bleak and those related to the Tourism are catastrophic. Today, it is not possible to estimate a period of relaunch of this sector, although the countries with a strong tourist activity have in projects plans to reopen and resume the tourist activity.

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