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# CRISIS MANAGEMENT IN THE FUNCTION OF EFFECTIVE DESTINATION MANAGEMENT

Krizni menadžment u funkciji efektivnog upravljanja destinacijom

### **Abstract**

Contemporary destination management implies a broader mandate that has shifted the focus from traditional marketing and promotional activities to strategic planning, coordination, and management activities, integrating various stakeholders with a common goal. However, environmental influences, especially negative ones, to which tourism is highly susceptible, as shown by practice in recent years, also affect the overall destination management process. The integration of crisis management into the destination management process assumes that specific procedures exist, adequate task forces are organised, and all necessary resources are recognised, planned and activated at the onset of the crisis. Recent experiences have shown that destinations like Serbia, which failed to establish a destination management system, face much more significant challenges regarding crisis management in tourism. Given that we are increasingly living in the so-called VUCA environment, tourism crisis management is exposed to unique challenges and requires special skills and leadership that will be activated in risky moments. In addition, it is essential to establish institutions with clearly defined tasks and capacities because only the synergy of skills and knowledge, on the one hand, and institutions (structures) will enable successful crisis management in tourism.

**Keywords:** crisis management, destination management, skills, resources, institutions, procedures, synergy, Western Balkans, Serbia

#### Sažetak

Savremeno upravljanje destinacijama podrazumeva širi mandat koji je pomerio fokus sa tradicionalnih marketinških i promotivnih aktivnosti na aktivnosti strateškog planiranja, koordinacije i upravljanja uz integraciju različitih stejkholdera sa zajedničkim ciljem. Međutim, uticaji iz okruženja, posebno oni negativni, kojima je turizam izuzetno podložan, kako pokazuje praksa poslednjih godina, takođe utiču na ukupan proces upravljanja destinacijom. Integracija kriznog menadžmenta u proces upravljanja destinacijom pretpostavlja da su definisane određene procedure, formirane adekvatne radne grupe i identifikovani i isplanirani resursi koji se aktiviraju u trenutku otpočinjanja krize. Nedavna iskustva su pokazala da destinacije poput Srbije, koje nisu uspele da uspostave destinacijski menadžment sistem, pred sobom imaju i daleko veće izazove kada je reč o kriznom menadžmentu u turizmu. S obzirom na to da sve više živimo u takozvanom VUCA okruženju, krizni menadžment u turizmu je izložen posebnim izazovima i zahteva posebne veštine i vođstvo koji se koriste u rizičnim trenucima. Pored toga, od esencijalnog značaja je uspostavljanje institucija koje će imati jasno definisane zadatke i kapacitete, jer samo sinergija veština i znanja sa jedne strane i institucija (strukture) omogućiće uspešno upravljanje krizom u turizmu.

Ključne reči: krizni menadžment, destinacijski menadžment, veštine, resursi, institucije, procedure, sinergija, Zapadni Balkan, Srbija

#### Introduction

Tourism increasingly contributes to national economies, especially in developing countries, where it creates jobs, supports regional development and serves as a vehicle for attracting foreign exchange. The sector is dominated by small and medium-sized businesses that are loosely interconnected and frequently operate with very slim margins, leaving them sensitive to a decline in demand. A crisis such as a natural catastrophe or terrorist attack may not only destroy a destination's infrastructure but also threaten its reputation as a safe location to visit, hence having a catastrophic impact on tourist demand, consumer confidence and local business. The recovery following any crisis may not be simple, the status quo must be restored swiftly and effectively. Crises can arise at any level of operation, be it a single restaurant or a local bus company, a destination, a region, a country, or the worldwide tourist sector. In the case of a destination, a crisis is typically marked by a loss in tourist numbers, followed by a decline in employment, a decrease in private sector profits, a decline in government income, and perhaps a suspension of future investment. In these circumstances, it is crucial to choose an optimal response, and the set of applied procedures is, in the broadest sense, called crisis management in tourism. Crisis management is intervening during the escalation of a crisis to prevent the situation from worsening further or, if this is not feasible, to mitigate the damage inflicted, to enhance recovery and return to normal operations.

Many destinations have well-established crisis management procedures, but others respond ad hoc. This paper aims to deploy the comparative analysis method of good practices in national tourism management with a focus on crisis management. The situation in the Western Balkans region is presented through the COVID-19 experience, which shows all shortcomings of the existing management system. Finally, a new model of crisis management in the tourism sector has been presented.

## Literature background

Tourism is influenced by numerous external elements, such as political instability, economic situations, the environment,

and the weather [40]. Despite the subject's significance, the scientific literature lacks a defined conceptual and theoretical foundation for the crisis management in the tourism industry. Before 2000 literature was poor and mainly ad hoc, concerning response measures and mainly focused on specific fields or topics (i.e. forest fires) [48]. In the new millennium, numerous scientific papers and studies appeared to respond to the challenges caused by crises that affected tourism [7] and mainly to explore the impact of terrorist attacks and natural disasters pandemics such as the unprecedented COVID-19 pandemic. Wut et al. [57] conducted a meta-analysis on crisis management in tourism and hospitality. Their research includes 512 articles published between 1985 and 2020, spanning 36 years. They concluded that the vast literature concerns terrorism, political tensions, social media and, particularly in 2020, health-related crises. The analysis includes 79 studies on the COVID-19 pandemic. The findings revealed that crisis management, crisis impact, and crisis recovery, as well as risk management, perceived risks, and disaster management, constituted the majority of mainstream crisis management research. Examining the previous decade (2010 to the present), health-related crises (such as COVID-19), social media, political turmoil, and terrorism have been the most prevalent topics.

Literature offers various definitions of the term crisis. UNWTO [50] defines crisis (as it pertains to tourism) as "any unexpected event that affects traveller confidence in a destination and interferes with the ability to continue operating normally". Crisis can be defined [41, p. 15] as "a disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core". Authors stressing relationship rather than resource approach [10, p. 3] consider a crisis as "an unpredictable event that threatens important expectancies of stakeholders related to health, safety, environmental, and economic issues, which can seriously impact an organisation's performance and generate negative comment". Regardless of the definition, cause, extent or duration, these situations have several elements in common - actors should take immediate action to address the concerns and needs of those directly impacted, mitigate the harm that might occur from negative publicity and subsequent loss of business,

and resolve any issues that may develop during the acute phase [34]. The crisis is viewed [35] as a phenomenon of a global society (wars) but also of societal sub-systems such as political sub-systems (revolution or military coup) and national economy (internal and external shocks or downtrends, like a recession). De Sausmarez [15] recognises three levels of impact of tourism crises. The most challenging situation is when the crisis occurs at the national level and affects the entire tourism sector (macro-level). However, it can also impact tourism at the destination level (meso-level), but also at the level of organisations and business entities (micro-level). Despite the level, the crisis can be discrete, with no warnings and massive impact, and this type is very challenging to manage [6].

Although crises are unfavourable events, they cannot be viewed similarly due to intensity and duration differences. In tourism, Moreira [38] recognises three crisis intensity levels. Level 1 should be considered a mild crisis with a small number of fatal outcomes (death cases), reduced material losses, and slight damage to the infrastructure, while arrivals and occupancy levels are unchanged, infrastructures and public services have remained steady or decreased slightly, the economy is not substantially harmed, and the prices related to tourism are slightly decreased in the following period. In the case of Level 2 intensity, i.e. moderate crisis, the destination records a considerable number of fatal events and both minor and terrible injuries, huge material loss, significant harm to infrastructure, drop of arrivals and occupancy together with unwanted economic effects, which however do not last long while prices in tourism experience a significant drop. Level 3 implies the most profound intensity of a so-called severe crisis, with a significant number of fatalities, massive material losses where vital infrastructure is affected, arrivals and occupancy record huge drops, economic consequences are indisputable and are anticipated to remain throughout time while the tourism sector remains in a deep crisis.

Consequently, crisis management is developed as a set of activities that help the system overcome the crisis as quickly as possible (see Table 1). The term was introduced to reflect the understanding gained in diplomatic relations and conflict resolution [23]. Glaesser [25] defines crisis

management "as the strategies, processes and measures which are planned and put into force to prevent and cope with a crisis", while Pforr and Hosie [42] state that crisis management refers to the proactive mental and physical anticipating of unfavourable situations. With the development of specific reaction patterns or, more concretely, practical instructions for responding to a crisis, industry groups and government authorities, particularly, have taken a leadership role, although more in line with reactive crisis management. Government aid packages (for the accommodation sector, for example), the promotion of domestic tourism, and the creation of new forms of tourism, such as sustainable tourism and ecotourism, have all been common reactive crisis management strategies in the past [28]. Key stakeholder participation and coordination are also essential for efficiently managing a crisis scenario.

Proactive crisis management can be observed as a group of activities that should prevent crisis, like in the nuclear industry, which has a motto: "The crisis should not be managed, but avoided". Considering the importance of crisis prevention or even the ability to respond swiftly, preventative and coping crisis management must be recognised as a separate process within crisis management. Crisis prevention is distinguished from crisis management by ongoing attention to the issue. It consists of two components: crisis prevention and preparation, neither of which should be assumed to be temporally successful [31]. Crisis precautions are the activities taken in advance to decrease the severity of damage. They also include strategies to better cope with a crisis. This area, which has a strategic orientation, produces operational crisis plans and risk policies. The goal of crisis avoidance is to take actions that prevent identified potential crisis situations from materialising into real crises. Weick [54] considers that early warning, which deals with scanning and evaluation, is primarily responsible for this task. Early warning systems are designed to identify events while they are happening and gauge their seriousness so that immediate countermeasures can be taken. The possibility to enhance the use of instruments is the primary assumption upon which the competence of crisis management is founded. It can be supported by observations of crises where a reason or causes can be determined to

be the crisis trigger through ex-post reflection. It is well recognised that the harmful effect of an adverse event grows over time. However, it is also true that there are fewer potential solutions available as time goes on, until the impacted organisation loses control of the problem. However, the cost of early warning cannot be seen as an ongoing expense but rather as an extra outlay that is primarily related to the realisation on time. Since the appraisal of developments gets more straightforward and affordable over time, this expense declines. It becomes evident, then, that the goal of early warning systems must be to provide adequate time for reactions, not to realise something "at the earliest stage", but rather to realise something "early enough" [25]. Garcia and Fearnley [24] add that crisis avoidance deals with the system's adaptation to the circumstance in that it accelerates the response time and early warning. The distinction between preventive and coping behaviours becomes unclear because a bad experience can spur an adjustment process. Coping with a crisis has a defeating quality. It is started unexpectedly and suggests an intentional exertion of control over the circumstance that the impacted stakeholders can do.

The conventional method of assessing the extent of a tourism crisis is to express it as the number (or proportion) of lost arrivals, visitor nights, or visitor expenditures, but this is far less significant than the loss of life, infrastructure damage, loss of homes, and economic or cultural damage. The identification of relevant indicators is one of the most challenging obstacles for crisis managers, according to Pauchant and Mitroff [41], and it is possible to take preventative measures only if the oncoming crisis is discovered early enough. During the pre-crisis phase, warning signs may be present, but they may not be recognised as indicators of a specific crisis. This situation occurs because crises are rarely the result of a single occurrence but rather a series of interacting or concurrent events.

According to the UNWTO [52], three categories of indicators should be observed in the key national markets. *Short-term indicators* are usable for up to three months. Example: any extension of the period needed to settle accounts between airlines and travel agencies; *Mediumterm indicators* for the period 3-12 months. Example: the failure rate of tourism-related businesses in important markets; and *Long-term indicators* for a period longer than one year. Example: significant anticipated increases in room capacity when there is no demand.

From a methodological point of view, Prideaux, Laws, Faulkner [44] suggest a mixture of risk categorisation, recognition and management, and prediction. As an alternative to the current forecasting approaches, prediction might be based on new or updated variables defined by a risk assessment or forward-looking possibilities in such a synthesis. In a discussion of quantitative risk analysis, Haimes, Kaplan, Lambert [27] stated that it is evident that the first and most crucial phase of a Quantitative Risk Analysis (QRA) is to determine the set of risk scenarios. If there is a considerable number of risk scenarios, the second step must be to filter and rank them according to their importance. Scenarios, a technique for anticipating the source, impact, and cost of a range of potential crisis occurrences and their future evolution, are one instrument that has grown in importance for understanding and managing crises. Using scenarios as the foundation for forecasting the effects of various disruptions, including environmental, economic, natural, and even multiple disasters, is a widely acknowledged form of crisis planning in many academic fields. The use of scenarios as an alternative to the current forecasting and prediction approaches has hardly been explored in the tourist literature.

Additionally, Blake and Sinclair [4] propose other techniques such as impact analysis, cross-cultural analysis of different perceptions, input-output analysis to maintain intersectoral effects of various external shocks on an

Table 1: Phases of crisis management

Risk management				Crisis prevention		Coping with crisis	
Risk management		Crisis precautions		Crisis avoidance		Limitation of consequences	Recovery
Analysis	Evaluating / Planning	Protection / Implementation	Training	Early warning	Adjustment	Employment of i	nstruments

Source: Gleasster [25, p. 22]

economy and computable general equilibrium model (GGE) to examine both prospective and actual responses to the crisis. In order to be able to calculate the indicators of early crisis symptoms or to monitor the way out of the crisis, it is necessary to have accurate national tourism statistical data. However, this appears to be a significant limitation in emerging and undeveloped countries, where data collection and publication are at a low level [2].

In a practical sense, the first step in crisis management is to recognise the source of the crisis, i.e. where the danger may come from so that adequate countermeasures can be pre-planned. Different reasons can cause a crisis, so authors categorise critical situations differently. However, it seems that UNWTO categorisation, recently improved by regional organisations, is the most comprehensive one. According to the COMCEC upgrade of UNWTO categorisation [9, p. 24], there are seven primary sources of crisis in tourism: 1. Environmental, including geological (earthquakes, volcano, tsunami, avalanche), bad weather (storms, hurricane), human-induced (fire, pollution, climate change, erosions); 2. Sociological and political (wars, organised crime, terrorism, revolutions, political disturbances, endangered human rights, pet abuse, etc.); 3. Health crisis (global pandemic, local infections and poisoning, microlevel illnesses due to hygiene, etc.); 4. Technological accidents (nuclear accidents, explosions and large-scale pollution due to malfunctioning industrial facilities, IT accidents, large-scale traffic accidents); 5. Economic crisis (recessions, financial crises, exchange rate shocks, failure of major banks or insurance companies, etc.). Two types of crises are added relating to specific events: 6. Specific accidents in public areas (local crime, individual traffic accidents, shark attack, drowning, the lost mountaineers, etc.); 7. Accidents connected with individual businesses (individual object destruction, mall-functioning of private systems like water supply or anti-fire devices, poisoning, local fire, etc.). However, this is not a complete list, particularly in the era of social media characterised by sharing, liking, and ranking in real-time, with the consequence of news spreading at an unprecedented speed. Thus, a man-made tourism crisis [26] can come from the sources that are not such evident crisis factors, such as rumours, regional instability, bad publicity, crime rates, and the like.

The second step in crisis management, when knowing that a crisis can emerge from very different sources, adequate strategy and measures should be pre-planned. During the 1980s, strong recommendations were announced to prepare protocols for hazardous situations, but in the first decade of the XXI century, it appeared that many major tourism destinations still did not have such plans [26]. Many authors developed different crisis management models, differing in the number of stages (steps). A simple and logical model proposed by Sausmarez [47] is sorting pre-planned activities along time dimensions on pre-crisis, crisis and post-crisis. This model simplifies the older 7-step model proposed by Ritchie [47], which is visible in the description of the following phases. In the pre-crisis period, it is possible to do a risk assessment and prioritisation to plan resources according to the level of probability and level of impact on tourism. An essential part of resource planning is the education of stakeholders to be aware of their role in a critical situation. During the crisis, efficient organisation is critical, focusing on a) information gathering and dissemination, damage control, and b) visitor care management (safety, communication, health treatment and, if needed, evacuation). Post-crisis activities focus on the tourism sector recovery: destination image, capacities and other resources (human and other) recovery. A similar 3-step model was proposed a couple of years earlier [58] but with additional stress on reporting and upgraded crisis management in the third stage, along with the recovery efforts.

The third step in tourism crisis management, when knowing the type of crisis and measures and protocols, is to engage the right stakeholders. According to Cooper [11], key stakeholders are a) media; b) national and regional authorities; c) corporate and SME sector; d) local authorities; e) visitors. In each of these five groups, it is necessary to identify important performers that have the capacity to contribute to a particular crisis. One approach is that crisis management has its institutional framework and time dynamics. This institutional framework consists of regular institutions complemented by ad hoc delivery units involved in solving the crisis [36]. In each paper

dealing with the tourism crisis, media influence is stressed since it is known that in search of popularity, media often exaggerate and may turn incidents into a disaster for the tourism industry.

Figure 1 shows the detailed process of crisis management in tourism. In a nutshell, each phase described in the previous text is presented with two steps and key activities to be undertaken. The presented algorithm again shows the importance of communication and relations with the media before, during and after the crisis. Particularly sensitive is social media, where everybody acts as the field reporter, often with partial information but always interested in boosting the number of followers and views. That is why the special task force in charge of social media and networks became a fixed participant in the crisis management team.

# Global perspective of tourism destination management

On the global level, as a highly fragmented activity whose results largely depend on the results and actions of many

other economic sectors, tourism is coordinated and slightly tuned by two key authorities, the UNWTO and the WTTC. UNWTO, as a specialised agency of the UN, gathers representatives of the public sector, giving them guidelines and examples of good practice for creating the best possible policies and establishing effective management models. The emphasis is on defining tourism policy and strategic planning, insisting on governance and vertical cooperation, i.e. national-regional-local levels and the development of Public-Private Partnerships [51]. In this sense, destination management (DM) should take a strategic approach to different link elements and avoid overlapping functions and duplicating efforts. DM is moving from traditional marketing and promotion focus to a broader mandate which includes strategic planning, coordination, and management of activities within an adequate governance structure and integration of different stakeholders operating in the destination under a common goal [56]. Hence, the UNWTO emphasises the importance of establishing a destination management organisation (DMO) to realise three areas of key performance in destination management: strategic leadership, effective implementation, and efficient

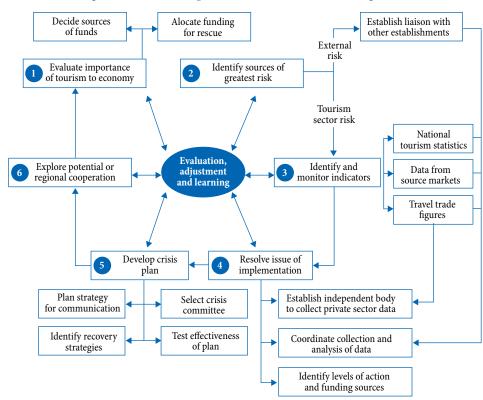


Figure 1: Elaborated process of tourism crisis management

Source: De Sausmarez [14, p. 162]

governance [51]. WTTC, on the other hand, was created as a response from the global private sector, which has been advocating for sustainable tourism development for more than 30 years, believing that new structures and new management models are needed to bring balance and greater involvement of the local community in managing tourist supply and demand. Besides, WTTC advocates for ensuring sustainable development through more efficient destination management, strengthening the resilience of tourism, and obtaining more substantial social inclusion [56] to overcome the identified obstacles, which include the lack of a clear mandate of responsible bodies, possible conflicting cultures, and agendas, insufficient knowledge and data, which is often a result of the fragmentation of the tourism sector [55]. For successful destination management, a clear division of roles and involvement of actors from the public sector at all levels, businesses, educational institutions, civil society organisations, and business associations are important to enable the most effective approach in solving the multi-sector, multistakeholder, multi-thematic matrix of challenges and opportunities facing sustainable tourism development [16].

Consequently, due to the need to form a unique tourist product of the destination and the guest's need to recognise the tourist product as a whole, which will enable a unique tourist experience, effective coordination of all entities on the supply side is necessary. Initiating and establishing a network of partnerships implies the existence of a leader, in the form of a DMO, to achieve these goals through various forms of cooperation among stakeholders. In fact, a holder from the public or public-private domain is needed, flexible enough to form a broad strategy that will include all holders of the offer and other interested subjects, including the civil and educational sectors. In this context, the role of DMO is irreplaceable in creating competitive and sustainable destinations.

# Overview of successful destination management models/practices

On the national level, the organisation and implementation of destination management differ from country to country, and no universally accepted standard model can be applied.

It is common for all organisation forms to keep track of strategy, financing, budget, human resources, management in crises, branding, marketing implementation, and results analysis. The most common forms of DMO that appear on the market are agency, authorities, board, community, office, centre, coalition, commission, company, corporation, council, destination development, administration, institute, ministry, and organisation of regions. Most DMOs are financed from the state budget through subsidies or taxes paid by visitors and companies. However, it is impossible to rely on state financial resources in the long term, so other forms of financing are increasingly appearing: residence tax, corporate profit tax, membership fee, commercial activities, coordinated campaigns, and state non-refundable funds.

In Austria, tourism management is entrusted to the Austrian National Tourist Office (ANTO), which was established by the state. Austrian private sector and tourism associations participate in the structures of DMOs at the level of provinces and individual destinations. They all have transformed from destination marketing organisations to destination management organisations whose priority is bundling in product development, quality assurance, mobility solutions, visitor flow, and innovation management [19]. In addition, Austria records the consolidation of DMOs; the number DMOs decreased from 254 at the end of the 1990s to around 40 [32], as there are today. The Austrian Bank plays a vital role in destination management for Tourism Development (ABTD), whose task is strengthening family-run and owner-managed enterprises as the backbone of Austrian tourism. This bank uses financing and subsidisation mechanisms, creating equity mezzanine financing instruments and providing the necessary know-how to SMEs. ABTD has been closely coordinated with the ANTO, Federal Provinces, their DMOs, and commercial banks [19]. ANTO's budget is made up of fees from the Federal Ministry of Agriculture, Regions and Tourism (75%) and the Austrian Federal Economic Chamber as well as of the Austrian tourism trade's (provincial DMOs, regions and tourism operations) partnership contributions for marketing services. In addition, regional and provincial DMOs are financed in different percentages from three

types of tourist taxes: visitors, overnight, and tourism (corporate) taxes [32].

The organisational chart of Croatian tourism shows that the Ministry in charge of tourism affairs is at the top of the pyramid which coordinates a system of Croatian tourist organisations headed by the Croatian Tourist Board. The president of CTB is the Minister responsible for tourism with defined authority and responsibilities by area of activity and the Committee for Tourism of the Croatian Parliament [12]. Lower management levels are administrative departments for tourism and tourist boards of counties, cities, municipalities (presidents of tourist boards are prefects, mayors, or municipal leaders), business associations, chambers, and guilds. With the latest legal changes from 2020, Croatia made essential changes in the system of tourist organisations, which entail the establishment of tourist boards based on the destination management principle. In this sense, the tourist board system is being reorganised, guided by the rationalisation within the system, applying the principle of financial self-sufficiency. Thus, among other things, tourist boards that spent more than 30 per cent of the budget on gross salaries were abolished [17]. These legal changes directly encourage the association of local tourist boards and the establishment of the tourist board for the area of several local and regional self-government units through the allocation of financial resources. In addition to advertising and promotion, local tourist boards started dealing with product development and creating new motives for the guests' arrival. Instead of mayors and prefects, who automatically held the position of president of the tourist boards, the new law enables local leaders to leave that duty to others, qualified persons for that job [12]. The role of the Croatian Tourist Board has also changed. It becomes a national marketing organisation with the task of creating a recognisable tourist brand and promoting the tourist offer on various channels.

Germany is becoming an increasingly popular tourist destination, and the growth trend has been particularly pronounced in recent years. Small and medium-sized enterprises occupy a special place in German tourism, and strategic emphasis is placed on their financing. The central government implements Germany's tourism

policy under the jurisdiction of the Federal Ministry for Economic Affairs and Energy, which established the Centre of Excellence for Tourism [20]. The Ministry cooperates with the advisory body for tourism (Advisory Council on Tourism Issues), which coordinates the interests of the government, tourism, and other interest groups. The Commissioner for Tourism coordinates tourism policy within the government and parliament [21]. The federal states are responsible for shaping and promoting tourism policy at the regional level and organising its implementation at the regional, local and municipal levels through regional, local and municipal DMOs. The German National Tourist Board (GNTB) represents Germany abroad; it is in charge of developing innovative tourist products and marketing activities. It closely cooperates with national and international organisations [21].

*In France*, the division of tasks and responsibilities regarding tourism is clearly defined at the national, regional, and local levels, which has resulted in the country's leading tourism results. The central government is responsible for defining and implementing tourism policy. Interestingly, this country does not have a Ministry of Tourism, but the organisational structure is straightforward and results in great functionality. Since 2014, responsibility for tourism policy has been divided between the Ministry of Europe and Foreign Affairs, which has the task of promoting France as a tourist destination abroad, and the Ministry of Economy and Finance which is responsible for the regulatory framework. The Inter-Ministerial Tourism Council, which meets twice a year to work with all ministries and the economy on projects and issues related to tourism and the economy, operates under the jurisdiction of the Prime Minister. Two national-level development agencies specialise in tourism: Atout France, which promotes France abroad, and ANCV (National Agency for Holiday Vouchers) [37]. It is legally defined that tourism must also be organised at the regional level so that each region has its own regional DMO, which is responsible for implementing the tourism development plan and organising tourism at the local and municipal levels [37].

*In Switzerland*, the leading role in implementing tourism policy is the State Secretariat for Economic Affairs, which is the federal centre of excellence in sustainable economic

development, high employment, and economic working conditions. This organisation coordinates Innotour, which promotes innovation, cooperation, and implementation of knowledge in tourism, oversees the work of Switzerland Tourism, which is in charge of marketing, and the Swiss Society for Hotel Credit, which encourages investment in accommodation resources [5]. Given the importance of tourism and the specific organisation of the state, great importance is attached to the long-term development and strategy of tourism, as well as coordination at all levels and institutions within the country and abroad. In this context, the Tourism Forum Switzerland (TFS) platform was established as a working group that includes the private sector, cantons, and cantonal DMOs, the federal government, and which meets regularly on tourism and tourism policy, and which has proven to be highly suitable for the promotion of start-up activities and entities [5].

"Brand USA" is the organisation in charge of destination management in the USA that aims to promote and improve tourism in the USA. The organisation was founded in 2010 and, from the very beginning, operated on the publicprivate partnership principle, closely cooperating with the entire tourism sector in the USA [49], intending to maximise the economic and social benefits arising from travel. These benefits include fostering understanding between people and cultures and creating new jobs. The organisation's activities are not financed by taxpayers' money but through a combination of private sector investments and income generated from international visitors coming to the USA under the auspices of the Visa Waiver Program. This is an online system based on the Electronic System for Travel Authorization (ESTA), enabling citizens of many countries to travel in the USA, not traditionally asking for visas. Some of the tasks of the organisation are the creation of media and PR strategies, the creation of social plans and promotional and incentive campaigns, the organisation of trade fairs and sales and educational campaigns, and increasingly also, the development of innovative tourist products.

*In Serbia*, as well as in many European countries, the organisation of destination management is carried out simultaneously on the so-called two tracks: one is the Ministry in charge of tourism affairs, as an administrative

body, and the other is the Tourist Organization of Serbia, as a particular public service established by the Law on Tourism. The Ministry responsible for tourism affairs is, among other things, in charge of determining and implementing the strategy and policy of tourism development in Serbia; integral planning of the tourism and complementary sectors development; tourism sustainability; creation and implementation of incentives and provision of material and other conditions for encouraging the tourism development; improvement in the supply value chains and competitiveness of tourist products; tourism research and development of the tourist information system; as well as inspection supervision in the tourism and hospitality field. On the other hand, the Tourism Organization of Serbia is entrusted by the Law on Tourism with the competence to carry out tourism promotion activities in the country and abroad as well as to coordinate the activities of the system of local tourist organisations. This represents the critical link that connects the national tourism authorities with local self-governments aiming to valorise local tourism potentials and achieve a positive impact on local economic development. However, apart from the legally introduced obligation to obtain approval for the annual plan of promotional activities of local tourist organisations, the Tourist Organization of Serbia has neither trusted nor developed mechanisms for more efficient coordination of the system of local tourist organisations; it is based primarily on voluntariness and personal relationships. In recent years, contrary to the trends of developed tourist destinations like Austria, the number of local tourist organisations in Serbia has increased, and today 135 are active [39]. Some of them have only 1 to 3 employees. Apart from promotional activities (mainly domestic fairs and print material), in a small number of cases they use the legal possibilities of performing other entrusted jobs such as managing the tourist area, mediation in the provision of hospitality services provided by individual providers, implementation of the tourist infrastructure and spatial planning projects, participation in the implementation of projects financed by domestic and international donors and funds, etc. Besides, local tourism organisations also face financing problems in terms of complete dependence on local authorities' budgets. According to the Law on

Financing of Local Self-Government of the Republic of Serbia from 2018, the tourist tax charged to tourists is automatically the local authorities' income.

In contrast to Croatia, where local tourist organisations are encouraged to earn and generate their income, the Ministry of Finance of Serbia (amendments to the Local self-government financing law in 2018) abolished the right of local tourist organisations to dispose of their generated revenue, which further demotivates them, i.e. reduces their ability to manage entrusted destination, especially in terms of the development of tourism products, coordination of stakeholders and destination development planning in Serbia. A particular problem is the fact that although the Law on Tourism provides quite a broad scope for the formation of DMO in Serbia, either by the public or private sector or through a public-private partnership to manage the tourist destinations (planning, organising, marketing, and management activities), this concept did not take off. The exceptions are the Tourism organisation of Vojvodina and the Regional Tourism Organization of Western Serbia, which are predominantly engaged in promotional activities. Also, although there is a legal possibility, establishing (regional) tourist organisations by several municipalities encounters many difficulties in practice, which results in the fact that specific destinations that include several municipalities have no unified, efficient management, development planning, or promotion.

In other words, Serbia, unfortunately, has not yet succeeded in establishing destination management at the level of its tourist destinations. Still, to a significant extent, the approach of planning and management within the boundaries of local self-government units prevails. However, there are several tourist destinations in the Republic of Serbia that the Tourism Development Strategy 2016-2025 defines as priority tourist destinations that generate significant tourist traffic. Still, there is no organised and integral approach to their management and even less to planning their future development. As an example, Kopaonik, which essentially represents one destination, is managed by two municipalities (two local tourism organisations) separately. Despite the existence of an integral approach to the planning of this destination (a master plan for Kopaonik), separate and individual programs

of tourism development were adopted at the level of both municipalities, Raška and Brus. Also, a unique mechanism (e.g. DMO) that would manage the implementation of the strategic master plan has not been built and established [43]. A similar situation is with the destinations of Golija (municipalities of Ivanjica, Raška, Sjenica, the cities of Kraljevo and Novi Pazar) and Stara Planina (Knjaževac and Pirot), for which strategic master plans were drawn up, but their implementation was stopped.

### Crisis management in the tourism sector

# Tourism crisis management in specific critical situations

Countries usually have some Disaster Risk Reduction plan (DRR) and institutions in charge [9, p. 47], such as the Disaster Management Authority in Pakistan, Emergency Management Australia, Emergency Committee Great Britain, and the Department of Homeland Security USA. Institutions are intersectoral, enabling the coordination of different resources. The standard algorithm of action is: a) adopt an institutional framework to be activated in crisis; b) nominate participants, including the business sector; c) make a list of crises (triggers); d) design procedures, activities and measures to be activated.

- The critical issue for the tourism sector is to recognise and correct a possible set of activities that could damage tourism image and business interest due to neglecting tourism interests caused by the ignorance of other stakeholders.
- The tourism sector should be integrated into a general risk management plan because visitors cannot manage in an unknown environment; visitors instinctively overload traffic infrastructure trying to evacuate; visitors immediately share negative experiences destroying confidence in their destination; the tourism sector has expertise in moving and accommodating people and can be of use in a crisis.

Key stakeholders in most cases are the National Tourism Administration (either ministry or part of administration), National Tourism Organization (promotional institution working with communication channels), DMO (industryled, participants-led, or public-led) managing particular destination. These stakeholders should join the efforts of the chief DRR institution as soon as possible to perform damage control. The crisis and clumsy anti-crisis measures and activities can initiate additional damage. The following example illustrates it.

The presented model can be best captured through the example of Bali, an idyllic tropical island province of Indonesia, which suffered a terrorist bomb attack on October 12, 2002 [26]. This peaceable and quiet island, attracting many visitors, was hit by explosions in a nightclub causing over two hundred victims. The reaction only after this event was disorganised, showing significant omissions in healthcare and public relations areas. The result was immediate image weakening. However, recovery activities started in the short term, and the Bali Recovery Group, a local NGO committee in coordination with authorities, supported it. The location was cleaned, victims' families were supported, and the functionality of the systems was recovered. Some marketing efforts returned local visitors, relying on discounts, but financial results were poor, and many businesses were broken. Citizens abandoned their traditional life in villages during the tourism progress, searching for better job placements in tourist areas. However, pressed by the loss of jobs and the tourism crisis, they started to return to their land but then were in a position to restart devastated agricultural households. However, the slow recovery of tourism was interrupted again by the new regional crisis, the tsunami on December 26, 2004. A new crisis initiated new activation in Bali. NGOs started their activities again, and authorities established new health centres on the destination. A new marketing campaign attracted a tremendous number of visitors in 2005. A new terrorist attack happened on October 1, 2005. However, Bali structures were ready for an efficient response. The Chief of Indonesian Police acted as an official speaker communicating with the media, showing that situation was under control. The volunteer network immediately engaged and assisted everybody asking for help. Medical capacities were sufficient, and worked permanently. Bali Security Council started to act through its members from the police, army, academia, NGO sector, and authorities on a national and local level. New marketing campaigns

were launched to support the attraction of new visitors. Some decrease in tourism turnover was recorded, but it was controlled. Some businesses suffered (local Paradise airline had finally gone bankrupt after surviving the shocks of the previous two crises), but the island continued to develop tourism. Along with tourism, however, authorities also pursue other sectors to decrease their dependency on one business.

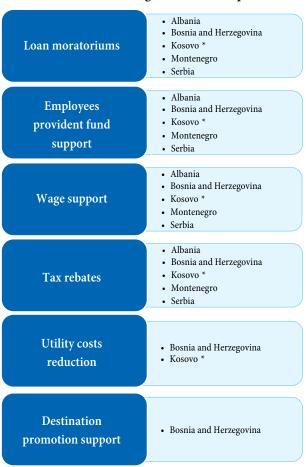
# Crisis management in Western Balkans and Serbia during the COVID-19 pandemic: Lessons learned

In crises initiated by different causes (i.e. natural, political, financial, health, and other), the role of the destination management entities becomes even more significant. Three big crises hit the tourism sector of Serbia and the region of Western Balkans six countries (WB6) in the second decade of the XXI century - the global financial crisis from 2007, which lagged and showed full impact from 2010 in the region, then big floods in 2014 and the COVID-19 pandemic in 2020. Only the last one initiated some organised effort in damage control and recovery.

Due to the lack of a sound management system and procedures in Serbian tourism, entities from the tourism sector in crises often depend on the actions and decisions of authorities from other areas (e.g. Ministry of Interior, Ministry of Foreign Affairs, etc.). These institutions, driven by other priorities and motives, may unintentionally cause damage to the tourism and hospitality sector. In 2014, when the great floods hit Serbia, some municipalities were not catastrophically affected by the floods, and without considering the possibility of negative consequences for their tourism development and tourism businesses, but aiming to obtain support and help from the central authorities at certain moments, communicated to some extent unclear and imprecise data, which resulted in the cancellation of tourist arrivals and reduced tourist traffic and generated income.

Regional research on the pandemic impact on tourism and responses revealed mainly financial measures in all economies, shown in Figure 2 [30, p. 39]. In most cases, there was demand from the government to settle relationships with influential stakeholders, and the

Figure 2: The most frequent government support measures in WB6 during the COVID-19 pandemic



Source: Horwath, 2020, p.39

most powerful appeared to be banks, employees, utility suppliers and tourists. So, most measures were directed to postpone or relieve loan repayment and other fixed payments, particularly wages and utilities. On the other hand, when speaking about tourists, the only guarantee for postponed travel was the frequent measure, while communication campaigns were almost entirely neglected in the whole literature on the tourism crisis, which was one of the most frequent mistakes in crisis management.

The COVID-19 pandemic was a new challenge for the tourism sector in Serbia, not only in terms of the losses that were produced but also in how the entire situation was communicated, especially at the very beginning. In the absence of a clear management system, and consequently, of communication in a crisis, the Serbian tourism sector was utterly dependent on the decisions of the national Crisis Headquarters established by the central authorities for that occasion, which at certain moments made decisions

that were difficult to implement in tourism and hospitality sector. For example, serving New Year's dinner only until 6 p.m. when hospitality businesses were allowed to operate with prescribed safety and security measures or defining the distance of tables in restaurants, resulted in entirely uneconomic reasoning for performing business activities, etc. The needs and voice of the Serbian tourism and hospitality sector were not adequately represented due to the lack of previously defined management procedures. The decisions of the Crisis Headquarters related to the tourism and hospitality sector were disseminated to municipalities' crisis headquarters and then to local businesses. However, in practice, to a large extent, critical information was disseminated by announcements on electronic media with national frequency and later, after a specific time, through the official internet portal www. Covid19.rs and the official internet presentations of competent authorities (Ministry of Interior, Ministry of Health, Public Health Institute, etc.). Citizens, tourists, and business entities could timely and accurately be informed through these new communication channels. At the same time, the Ministry of Foreign Affairs of the Republic of Serbia and its internet presentation were the primary source of official information and instructions for foreigners to enter and stay in the Republic of Serbia, or for Serbian citizens about the conditions for travelling abroad. However, except in the mentioned cases, all other activities, above all, daily communication with tourism stakeholders in the country and abroad, without previously established clear procedures, took place ad hoc, whether it was in the public sector (commissions, working groups, etc.) or business associations, through formal and informal forms of communication.

At the same time, although aware of the large scale of the crisis over time, the focus of the activities of tourist organisations (national and local) remained on monitoring and reporting on the situation in the previous most important broadcast markets and transmitting information from local crisis headquarters [30]. Only in sporadic cases have efforts been made to develop a communication system with the private sector and improve the exchange of information [53], [30], which indicates that the absence of previous efficient and precise destination management had

negative consequences on the development of efficient and sound crisis management. In addition, the absence of an efficient destination management system has undoubtedly influenced the lack of standard recovery guidelines at the central and local levels (including AP Vojvodina and the Tourism Region of Western Serbia), but also the capacity building [30] that will be ready to adequately respond to the changes in global tourism demand that are the result of the pandemic but also for the future crisis management.

# Proposing a new model of crisis management in the tourism sector

Contemporary management takes place in an environment that is not only turbulent (rapid changes and unknown outcomes). Instead, we use the acronym VUCA for an even more unpredictable environment. The acronym came from the US army in 1990 when general Reimer undertook a transformation of military forces since one significant threat (SSSR) disappeared, but many new points of conflict arose worldwide [22]. The acronym describing the new environment stands for Volatile, Uncertain, Complex and Ambiguous. A rapid sequence of crises, combined with strategic changes such as rapid digitalisation, and significant differences in generational marketing make the tourism environment a typical VUCA one. This means that crisis becomes an everyday possibility for which one

should prepare through regular management mechanisms that will incorporate crisis management. In this direction, one should first understand that the different dimensions of the VUCA environment have different meanings and therefore require different responses (see Table 2).

It is obvious that tourism sector crisis management needs to be integrated into the regular management structure and that it assumes that particular a) procedures, b) task forces and c) resources need to be planned in order to be triggered when a crisis emerges. A particular problem arose since the crisis, particularly in tourism, requires special skills and leadership to be deployed in difficult moments. One list of such skills follows [8, p. 238]: 1. Pacifying skills – the ability to decrease tension and bring disturbed stakeholders together; 2. Learning through simulations, games and role play – in risk-free situations to prepare for critical moments; 3. Intuitive motivation skill - characterises people with internal motivation (curiosity) to improve things around them and is very important for the permanent upgrading of crisis management tools that often need to be improved in new circumstances; 4. Skill of turning a challenge into business chance - knowing that each problem opens some strategic window for those who can identify and develop this opportunity into a successful business case; 5. Skill in managing virtual task forces – using internet tools to connect and coordinate different specialists scattered in different locations on

Table 2: VUCA implementation in the tourism crisis

	Meaning	Illustration in tourism	Crisis management response		
Volatility	Frequent, even unpredictable changes but with known consequences	Changes in the price of fuel and other inputs for the tourist product	<ul><li>Monitoring and early warning centre</li><li>Hedging/critical stocks and sources of supply</li></ul>		
Uncertainty	Events with uncertain consequences that cannot be predicted when it will happen; general lack of knowledge	Terrorist attacks with unpredictable consequences on the tourism industry, natural disasters, etc.	<ul> <li>Information gathering to understand the development of the situation quickly</li> <li>Action procedures in a crisis to act quickly</li> <li>Communication based on facts showing control of the situation</li> </ul>		
Complexity	The complex network of interacting parts, units and actions with many relations, sometimes but not always causing change	Medical disasters, to some degree, some political turmoil with known consequences but with complicated impacts	<ul> <li>Quick restructuration/division of labour so that specialised task forces care about new challenges</li> <li>Decentralisation, leaving local task forces to perform different procedures</li> <li>Communication</li> </ul>		
Ambiguity	No precedent, no cause-effect rule, so no predictions about what will happen	Major medical or political disasters, major technical (nuclear) disasters	<ul> <li>Smart "try and error" with prompt reporting on "lessons learned"</li> <li>Monitoring and analytic centre to evaluate results of "experiments"</li> <li>Communication based on success stories</li> </ul>		

Source: Adapted from Bennet, N., & Lemoin, J. G. [3]

instant problem solving; 6. Skill in discovering and mobilising additional resources (enlarging the cake); 7. Quick learning by doing – adopting new knowledge from actual problem solving and learning from mistakes how to upgrade the system; 8. Skill of simplification helps to understand hidden structure cause-effect relations in chaotic situations (the skill to achieve through the mental process what multivariate analysis achieves through the process of extracting the principal components or factors); 9. Professional modesty – skill to be transparent and put problem-solving before showing own capabilities; 10. Empathy skill as the ability to understand the emotions and needs of tourists, to "step into someone else's shoes" and see the picture how visitors see it.

These ten skills are just the tip of the iceberg representing knowledge, skills and capabilities that need to be developed, adopted, and upgraded in tourism crisis management. However, skills and knowledge live in an organisation. Otherwise, it is a "dead letter". That is why a set of institutions is necessary for tourism crisis management. Besides the Coordination structure (first institution), two more institutions are critical in crisis management. The second institution is the Capacity development (training) centre, responsible for disseminating knowledge in the regular tourism management hierarchy. The third institution is the Communication centre in charge of data collection and processing (Observatory) and data and information dissemination (PR manager). Only the synergy of skills and knowledge (content and culture) on one side and institutions (structure) will enable successful tourism crisis management.

#### Conclusion

The analysis of existing literature and the analysis of individual experiences of tourist destinations in various crises, including the latest global COVID-19 pandemic, indicates the practical importance of the position known in theory that prevention is far better than a reaction to a crisis when it arises. This is in line with the VUCA approach, transferred from military use and accepted in management literature. According to this concept, changes (and crises) are permanent and therefore require

the improvement and adaptation of common management mechanisms rather than the creation of special management mechanisms to solve individual situations. Two-way communication systems are at the top of the priorities related to the upgrade of management mechanisms. It means collecting and analysing data in one direction and the timely distribution of correct information to different segments of the public in a reverse direction. In this sense, the key part of preparation activities is carried out before the emergence of a crisis, while during a crisis, previously prepared processes and resources are activated and improved. In the post-crisis phase, which should start as soon as possible, recovery procedures for both the capacity and the image of the destination are activated, emphasising communication with the business community and potential visitors.

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