

How are small and medium- sized hotels of Valparaíso prepared for natural crises?

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<p>The purpose of this thesis was to find out how prepared the small and medium -sized hotels of Valparaíso are for natural crises. Hotel business environment is extremely vulnerable for external changes – such as natural crises, which are not uncommon in Chile. It is one of the countries with the highest seismic activity in the world and has a variety of different natural crises occurring usually several times a year. To delimit the topic, research focused only on the city of Valparaíso which is where I lived during 2015 and 2016. Thesis was written between years 2015 and 2018.</p> <p>Crisis management has become an important term lately. There is room for more studies focusing especially on natural crises, their effects and how to get well-prepared for them for the business activities to continue as normal as possible after crises and to lessen the losses during them.</p> <p>The theoretical part of this thesis is divided in four chapters; introduction to the thesis, introduction to different kinds of natural disasters, historical background of Valparaíso related to natural crises and crisis management in business environment. Especially the fourth chapter is important since it is mapping out different ways to prepare hotels for natural crises. The two first chapters are important as well since they are giving a deeper understanding of the phenomena and how connected they are to the studied region.</p> <p>Based on the findings in the theoretical part, 20 semi-structured questions were formed for an in-depth interview that was conducted to three managers of small and medium- sized hotels of Valparaíso to get more understanding on how they had prepared their businesses for natural crises. Experiences of previous natural crises were discussed as well, along with the possible reasons for different outcomes.</p> <p>It seems that small and medium -sized hotels of Valparaíso are not very well formally prepared for natural crises. Anyhow, the informal preparation - such as the knowledge based on experience that Chilean employees have, and strong buildings that can withstand earthquakes - is on a good level. Some issues that were brought up during discussions were the lack of insurances as they are almost impossible to obtain because of their high price and the need for more help from the Chilean government. More research is needed in natural crises management in the hotel industry as well as a broader study on the preparedness of hotels of Valparaíso. More widely, preparedness of hotels in Chile for natural crises could be a good topic for future research.</p>	
Keywords natural crises, small and medium- sized hotels, Valparaíso, natural crisis management, Chile	

Table of contents

1	Introduction	1
2	Natural crisis	3
2.1	What is a crisis?	3
2.2	Natural crises	4
2.2.1	Earthquakes	5
2.2.2	Tsunamis	6
2.2.3	Volcanic eruptions	7
2.2.4	Storms, floods, landslides and mudflows	8
2.2.5	Forest fires	10
3	Background of Chile and Valparaíso	12
3.1	Chile – the land of natural disasters	13
3.2	Valparaíso – a UNESCO World Heritage Site	14
3.3	Valparaíso and tourism	15
3.4	Historical natural catastrophes in Valparaíso	16
3.5	Cultural reflections	17
3.6	Is Chile well- prepared for natural crises?	18
4	Crisis Management	21
4.1	Hotels and natural crises	21
4.2	Crisis management	23
4.3	Prevention	25
4.3.1	Crisis scenarios	25
4.3.2	Securing business continuity	26
4.3.3	Training	28
4.3.4	Crisis management team	28
4.3.5	Stakeholder management	29
4.4	Response phase – crisis leadership	30
4.5	Response phase - crisis communication	30
4.6	Post-crisis and learning	32
4.7	The need for business continuity planning in Chilean enterprises	34
5	Methodology	38
5.1	Chosen method and the justification	38
	Data collection procedure	39
5.2	Data analyzation	40
5.3	Validity, objectivity and reliability	41
5.4	Limitations and ethical considerations	42
6	Results; How are hotels of Valparaíso prepared for natural crises	44
6.1	Reporting	44

6.2	Preparedness.....	44
6.2.1	Previous experiences of natural crises	45
6.2.2	Crisis management plan.....	46
6.2.3	Worst case -scenarios and business impact analysis	47
6.2.4	Protection of the most important equipment and information	47
6.2.5	Alternative supply chains.....	48
6.2.6	Cooperation with units outside of hotel and help from the government.....	49
6.2.7	Other preventive actions	50
6.2.8	Changes to protocols	50
6.3	Training.....	51
6.4	Post-crisis and learning.....	52
7	Discussion.....	53
7.1	Conclusion	53
7.2	Assessment of own learning	57
7.3	Suggestions for improvement and future research	58
	References	61
	Appendices.....	68
	Appendix 1. Moved coastline in Valparaíso after a storm in August 2015.....	68
	Appendix 2. House that survived the earthquakes of Valparaíso in 1906, 1965, 1971, 1985, 2010 and 2015.	68
	Appendix 3. Research questions.....	69

1 Introduction

The hospitality industry is important but very vulnerable type of business. Hotels have the responsibility to protect their guests in the case that something unexpected happens. Worldwide, the hospitality industry faces more and more crises every day, largely because of the climate and environmental conditions. (Altinay & Brookes 2015, 192.) As Zech (2015, 28) discusses, when the world is always more interdependent and connected, "a small-scale crisis in one part of the world may have a significant impact on other parts of the world".

In Chile, the tourism has converted in one of the main economic activities and it is growing all the time. Chile is one of the most visited countries in Latin America. As tourism is something relatively new to Valparaíso, all findings of this research can be important for the sector. (Morales 26 July 2015.) In 2016, 9,7% of the total amount of tourists in Chile visited Valparaíso. The pernoctations in Valparaíso the same year were 2 832 662, which forms 8,6% of the pernoctations of the entire country. (SERNATUR & Subsecretaria de Turismo 2017, 21.)

The objective of this thesis was to find out how prepared the small and medium- sized hotels – SMEs - of Valparaíso are for natural crises. As Valparaíso is also the name of the whole province in the fifth region of Chile, for the sake of delimitation, only hotels located in the city of Valparaíso were being researched. The hotels were chosen to be SMEs located in the hillside, because most of the hotels in the city of Valparaíso belong to that category.

The theoretical part of the research was gathered from different articles, journals, newspapers, books and websites. Even an interview to a specialist of Valparaíso, writer Arturo Morales, was conducted. It was not always easy to find the needed information from the existent literature, especially about crisis management in the hotel industry. Therefore, sources of crisis management in organizations in general and crisis management in the tourism field needed to be adapted to comprise hotel industry as well. Couple of good articles addressing crisis management in the hotel field specifically were found, but for the sake of versatility, aspects from those other articles addressing crisis management in general, were included. When looking for information about different natural crisis in Chile, the websites of ONEMI – National Office of Emergency of the Interior Ministry - were of great help.

The theoretical part of the research is divided into three parts. The first part presents the term 'crisis' and different kinds of natural crises that occur in Chile. The second part introduces Chile from the aspect of its preparedness for natural crises as well as presents Valparaíso and the meaning of both tourism and natural crises for its development. In order to understand certain phenomenon, it is important to also take a look at the cultural and historical reasons that affect it. The third part focuses on crisis management and especially on crisis management in the tourism industry. It also introduces ways for hotels to prepare their businesses for natural crises.

Based on the findings in the literature review, 20 questions about different aspects of natural crisis management were formed to map out the preparedness of hotels in Valparaíso. Semi-structured in-depth interviews were conducted with three hotel managers and the findings of these discussions are presented more closely in the chapter 6.

It seems that there is still some room for improvement in the preparedness of the SMEs of Valparaíso, even though it was interesting to find out that regardless of the obvious lack of formal preparation, informal preparation and knowledge based on experience and skill does exist.

2 Natural crisis

In this chapter, the meaning of a crisis is defined and the most common natural crises occurring in Chile are presented; earthquakes, tsunamis, volcanic eruptions, storms, floods, landslides and forest fires. It seems that of the most common natural crises of the world, only hurricanes are not happening in Chile (which is the reason they are not included in the thesis). It is also explained more closely why these events are not uncommon in this Latin American country and in the last subchapter it is discussed whether or not the country is successful in treating these catastrophes on the national level.

2.1 What is a crisis?

There is still no generally accepted definition of a crisis (Zech 2016, 29). Crisis can interrupt the normal business and sometimes even threaten its very existence (Fearn-Banks 2017, 1), so it could be described as an action that has high consequences, is of low probability and “has the capacity to bring down the entire business” (Saleh 2016, 8). In addition to affecting the normal operation of businesses, crises can also severely impact local communities and the environment. They have either natural or human origins (Saleh 2016, 11.) and they are “sources of uncertainty, disruption, and change” (Bundy, Coombs, Pfarrer & Short 2016, 1662). During a crisis, emotions run high – logical thinking may be compromised - and events can occur so fast that designing a plan is impossible - especially even when following one is challenging (Fearn-Banks 2017, 1).

A crisis can also represent a turning point - a good example of this is a Chinese ideograph in which “crisis” (wei-ji) means as much danger as opportunity (Zech 2016, 29). In other words, in the danger lies the opportunity.

For the sake of clarification, in this thesis, distinction between the words crisis and disaster are not made but disaster is interpreted as a bigger crisis.

2.2 Natural crises

Natural crises are extreme natural events. Sometimes these events can be so strong that they do not only affect the people and businesses in the affected region but can have extended consequences to other regions as well in the interconnected market networks of today. (Monllor & Murphy 2016, 619.) Natural disasters are unpredictable and can happen because of accidents, human activities - such as filling wetlands without realizing the consequences - or natural forces (Penna & Rivers 2013, 1-3; Saleh 2016, 12). They significantly threaten environment, life and property (Penna & Rivers 2013, 1).

There has been a significant increase in the quantity and intensity of natural disasters across the world over the past decade (Altinay & Brookes 2015, 193). According to the world disaster report, in 2014 there were 315 natural disasters affecting 106 million people and causing more than 8000 deaths worldwide. Out of these, around 90,1% were related to hydrological, meteorological and climatological extreme weather events. (Monllor & Murphy 2016, 618-619.)

Some of the riskiest places to live are the world's coastal regions because sea-level rising causes flooding and tsunami risks. It is also dangerous to live in areas close to volcanoes or close to or on top of tectonic plates where earthquakes commonly occur. The most common disasters in the world are earthquakes and floods. (Penna & Rivers 2013, 2-4.)

In October 2017 - while writing this thesis - several disastrous hurricanes called Harvey, Irma and Maria, hit in the Caribbean and southern parts of the United States, and were especially devastating in Puerto Rico and the island of Barbuda. Over 1200 people died during the floods in Bangladesh, India and Nepal meanwhile during the past 18 months, 20 countries in Africa have announced a state of emergency because of drought. There is a common understanding that global warming is playing a part in increasing the number of natural disasters. Higher temperatures warm the oceans causing more evaporation, which in turn causes more moisture in the atmosphere resulting in heavy rainfalls and floods. Meanwhile, other regions suffer from drought. (Espinosa, Glasser & Steiner 2017, B14; Penna & Rivers 2013,4; Saleh 2016, 12.) In addition, rising sea levels and higher temperatures strengthen tropical storms around the world (Espinosa, Glasser & Steiner 2017, B14).

The perception of safety is very important for the hospitality and tourism industries - which makes the industries extremely vulnerable to natural disasters. Disastrous events have

influence on global travel patterns as people avoid going to risky destinations. Especially small businesses suffer a lot when a disaster strikes. (Altinay & Brookes 2015, 193.) Issues such as poverty, rapid urbanization and poor planning of land use multiply impacts of natural disasters (Espinosa, Glasser & Steiner 2017, B14).

2.2.1 Earthquakes

Earthquakes occur when a great amount of energy is suddenly released from movement of the interior of the Earth. Volcanic activity, tectonic movement and impact of meteorites are some phenomena that produce earthquakes. (ONEMI 2017a; ONEMI 2017b).

Most of the earthquakes in Chile occur because of the convergent movement of two tectonic plates called Nazca and South America. These two plates accumulate a great amount of energy along their area of contact, causing deformation in their borders. When the stored energy is strong enough, these tectonic plates move and release a part of the energy that has been forming over tens or hundreds of years (ONEMI 2017a; ONEMI 2017b).

The power in which the earthquake strikes depends as much on the distance from the epicentre as it does of the type of movement of the ground. Earthquake strength is measured with the Richter magnitude scale. Technology or methodology that would be able to predict the exact place, timing and severity of earthquakes does not exist (ONEMI 2017a; ONEMI 2017b).

Geologist Prothero (2011, 51) explains that earthquakes seem to create more fear than any other type of natural disaster because of their unpredictable nature. Other types of natural disasters like hurricanes or even volcanoes tend to give some warning of their occurrence whereas earthquakes strike like lightning from the blue sky. Penna and Rivers (2013, 38) agree: "The movement of tectonic plates may last for only a few minutes, yet can cause massive death and destruction".

The sixth most powerful earthquake that has ever been registered in the world occurred recently in Chile. On February 2010, an earthquake of 8.8 on the Richter scale struck with tsunamis that followed, affecting almost half of the regions in the country (6 out of 15). 75 % of Chileans lived in affected regions; altogether 551 people died and there were billions of dollars of material losses and damage in infrastructure, corresponding 18% of the GDP. (Arana 2016, 62; Korstanje 2014, 380.)

In addition to this, “the most powerful earthquake ever recorded” occurred in Valdivia, Chile in 1960 with 9.5 magnitude in Richter scale (Prothero, 2011, 64-65). There were around 2500 deaths, some of which were caused by the huge tsunami that hit almost the entire coastline of Chile and Peru (Daniell, Schaefer & Wenzel 2017). Almost half of the houses in Valdivia were destroyed and the nearby volcano erupted due to the massive movement of the ground. Probably many more would have been killed if it was not for Chile’s preparedness for earthquakes. (Morales 26 July 2015.) It is interesting to notice that the hit movie “San Andreas that was released in 2015 – the year when I was living in Chile – had an earthquake of “only” 7.0 in Richter scale, but still created huge destruction in the storyline of the movie.

It seems that in recent years, the amount of earthquakes in Chile has increased. The year when I was living in Chile was not a catastrophe-free year either - 8.3 magnitude earthquake hit on September 2015, which was the world’s most powerful earthquake of the year. Its epicentre was close to the city of Illapel which is not far from Valparaíso. (Morales 26 July 2015.) I remember it was my birthday evening and we were having dinner with my Chilean friends’ family in a small village of San Vicente, when the earth suddenly started to shake. Until then, I had experienced several “temblores” – small earthquakes that Chileans do not count as actual earthquakes, being under 6 in Richter scale – so I was thinking it was again one of those. When the Chilean family started to run outside of the house, I realized it was serious (Chileans tend to be more than relaxed when it comes to earthquakes). After the shaking stopped, everyone continued having dinner and watching the news, where the estimate of the power of earthquake started from 7 in Richter scale, going higher all the time.

2.2.2 Tsunamis

Tsunamis are high-speed waves caused by seismic submarine disturbances such as earthquakes, volcanic eruptions, landslides, meteorite impacts or other massive movements under water. Tsunami waves are the tallest and strongest when they reach the coast, which can cause flooding and destruction at the coastal area. Taking into account the fact that 40% of the world’s population lives within 100 km of the coast, and that there is a huge amount of economic activity occurring in the harbours, tsunamis are extremely dangerous natural events. (ONEMI 2017c; Penna & Rivers 2013, 71.)

Tsunamis can appear in all coastal areas of the world but there is an extremely high threat for them in Chile, where more than 50% of all registered tsunamis have occurred (ONEMI

2017c). Oftentimes, earthquakes are dangerous precisely because of tsunamis (Morales 26 July 2015). For example, after the 8.8 magnitude earthquake of 2010, the Chilean government failed to sound the tsunami alert, a mistake that caused a majority of the estimated 500 deaths (Dinges 2014, 1).

A tsunami warning was given along the Chilean coast after the earthquake I experienced in 2015. In Valparaíso people were evacuated to the hills – I even saw a picture on Facebook where one of my friends was complaining that his studies had been interrupted and he had needed to take his books with him to the evacuation point. Below an image of a typical evacuation route indicator.



Image 1. Tsunami evacuation route indicator

2.2.3 Volcanic eruptions

A volcano is a geologic structure on the earth's surface that is formed from materials expelled during repeated volcanic eruptions. When a volcano erupts, melted material from the interior of the earth gets erupted to the surface as lava, gases and ashes. Before the actual eruption happens, progressive activity of the volcano, such as degassing and seismicity, can be observed. A volcano is considered active when it has had at least one eruption during the last 10.000 years or its activity has increased. (ONEMI 2017d.)

According to Penna & Rivers (2013, 13),

During the last 46,000 years, major eruptions have occurred on average of one every 80 years. Some volcanoes have erupted for several consecutive years and multiple times in a single year. They discharged millions of cubic kilometres of ash into the atmosphere.

During the year when I was living in Chile, volcano Villarrica erupted in the southern part of the country. On March 2015, more than 3000 people were evacuated from the area around parts of towns Pucón and Conaripe. Villarrica is considered “one of Latin America’s most active volcanoes” that has “erupted on average every 10 years”. (Franklin 2015.) Villarrica is 2840 meters high active volcano that is a popular hiking destination; on summertime, many people climb on the top to see inside the crater (BBC 2015). On September, I travelled to Pucón myself and even took a part of an excursion to the volcano Villarrica. I remember climbing in the snow up the volcano that was continuously giving off smoke, when I asked the tour guide about the pretty recent eruption. His answer was: “that is why we are only climbing in the middle of the volcano”.

2.2.4 Storms, floods, landslides and mudflows

Even though storms and hard winds are dangerous by themselves, they create even more dangerous floods and landslides. Floods are the most common and the most fatal natural disasters, destroying more lives and property than any other disaster. Floods occur when the level of water rises rapidly and covers land that is usually dry. Flooding happens when there is a sudden, heavy rain with such an intensity that the land can’t absorb the water, making the levels of rivers rise. Flash floods – which form most of the devastating floods – are caused by intense rain for a prolonged period. Especially the typical autumn and winter rains of central Chile can cause flash flooding. Floods can also occur when snow melts in large quantities, part of a river is being canalized or because asphalt makes the land unable to absorb water. (Penna & Rivers 2013, 136; ONEMI 2017e; ONEMI 2017f; Morales 26 July 2015.)

Floods are even more dangerous if they cause landslides in the form of mudflow which can destroy entire villages with no warning (ONEMI 2017g). Landslides are “the movement of rock and soil down a slope under the effect of gravity” (Penna & Rivers 2013, 162). Factors such as vegetation and steepness of the slope affect the intensity of the landslide. Earthquakes or mining activities can also trigger landslides. (Penna & Rivers 2013, 162.)

Mudflows occur when water accumulates quickly during heavy rains in a mountainous area. The water mixes with the soil creating rivers of mud that are strong enough to move rocks and other materials in their way. These currents flow quickly, destroying everything in their way with little or no warning and can extend various kilometres from their starting point, all the time increasing the amount of dragged trees, rocks and other materials. (ONEMI 2017g.)

It is almost ironic that even though the Atacama Desert is said to be the driest desert of the world, it faced severe flooding on March 2015 – the year when I was living in Chile. Intense rainfall caused floods and the rivers of Copiapo and El Salado to overflow. Heavy rains and mudflows were catastrophic for the region, leading to the evacuation of the area, 31 people killed, 16 missing and more than 35,000 homeless, as well as the public and private infrastructure destroyed. Usually the Atacama Desert gets less than four millimetres of rain per year and previous forecasts had predicted a huge drought, so no one was expecting a catastrophe due to rains. (Greshko 2015; Muñoz-Gomez 2016, 206; the Guardian 2015.)

There was also a big storm in August 2015 in the Valparaíso region that caused great damage to the coastline. I personally remember staying inside of my house several days avoiding the dangerous shore. It rained without stopping and some of the rain even ended inside the house since the insulation was not prepared for such an amount of rain. The storm caused waves that were more than 8 meters high and destroyed everything on their way; huge damage was caused especially to several restaurants located near the coast. (El Mercurio de Valparaíso 2015.) After the storm, it was easy to see that the whole coastline had moved from its original place. This can be seen in the picture below I took after the storm. Another image of the moved coastline can be found in appendix 1.

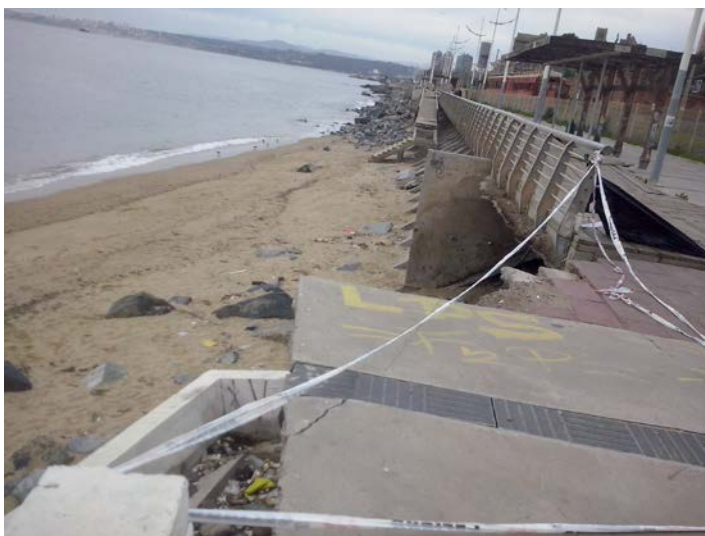


Image 2. Coastline moved from its original place after a storm in Valparaíso.

There continue to be huge storm waves in Valparaíso. For example, this year in June there was a great damage of infrastructure and Valparaíso lost 6 km of its coastline because of tidal waves. (La Tercera 2017.) It has been speculated that these huge waves might be a phenomenon that will keep on occurring in central Chile and that their cause could be related to climate change. In 2015, the amount of these waves compared to previous years increased by 20% and 15 of them were categorized as abnormal. In 2016 during January, February and March there was an increase of 127% in the number of huge waves compared to the average. Chile has 4 200 km of coastline that is exposed to tidal waves and many people live in risky zones. Therefore, Chileans need to prepare for these kind of extreme weather conditions. (Pontificia Universidad Católica de Valparaíso, 2017.) Almost all the regions of Chile are vulnerable for floods, even those with normally dry climate, as could be seen in the case of Atacama Desert flooding (Morales 26 July 2015).

2.2.5 Forest fires

Forest fire is an out of control fire which spreads through rural or urban vegetation, putting people and properties in great danger. They are the main cause of destruction of forests on the global level – in Chile approximately more than 58 000 hectares burn every year. Especially high temperatures, strong winds and dry vegetation increase the risk of forest fires and this is the reason why the highest risk in Chile is during the spring and summer months (from September to March). Forest fires do not destroy only vegetation but also animals, houses, work places and most significantly, human lives. 99% of the fires are caused by humans because of negligence, arson or mishandling of bonfires. 1% are caused by natural reasons such as lightning. (ONEMI 2017h; ONEMI 2017i; ONEMI 2017j.)

An example of a fire caused by human negligence is the one that hit Valparaíso on March 2015 – the same year when I was living there. This fire was caused by “an illegal garbage dump” (BBC News 2015). The fire spread quickly because of the strong winds typical for the city. Thousands of people were forced to leave their homes and evacuate as the fire was threatening the residents of Valparaíso and the nearby city Viña del Mar. At least 300 hectares were affected by the fire and the emergency groups were fighting to keep flames away from houses. (BBC News 2015.)

At that time, Valparaíso was still recovering from the great fire that occurred the previous year in April that “killed 15 people, injured more than 500 and destroyed nearly 3000 homes”

(BBC News 2015). As usually, the poorest of the city were most affected by the disaster, especially people living in the high hillsides where most of the houses are humble constructions built without any kind of planning. During the fire of 2014, entire neighborhoods were destroyed. (BBC News 2015.)

3 Background of Chile and Valparaíso

To understand the present, it is necessary to take a look at the past. In this chapter, the present and the history of Valparaíso – the city where this research is taking place – are introduced. Material for this part was gathered from different books, websites, articles and discussion with a “Valparaisian” writer Arturo Morales – Valparaíso’s Municipal Literature Prize winner of 2006.

To understand why certain things are how they are, it is important to take into consideration the cultural context of the place and phenomena to see connections and find understanding on a deeper level. How a country organizes its operations in case of natural disasters can be directly connected to how things in general are handled in that country, and hence can be considered as a cultural aspect. For example, according to my personal perception, having lived in both countries, Chile and Finland, the way Chileans perceive crises is a lot more relaxed than the one of Finns.

As history plays a big role in forming cultural contexts, it is one of the themes included in the theoretical part of the thesis. It is interesting that while investigating several literature sources, I found out that Valparaíso as a city has been prone to crisis throughout its entire history. Its development is marked by natural disasters, for example the first fire station was founded because of them. One of the reasons why the city is a UNESCO World Heritage Site today is the colorful houses on the hillside, which started being built after a disastrous earthquake and tsunami in 1730. The tsunami made the people move away from the flat coastline and into the hills.

3.1 Chile – the land of natural disasters

Chile is one of the most visited countries in Latin America. Tourism has converted in one of the main economic activities in Chile and the sector keeps on growing all the time, so it is important to pay attention to its preparedness for natural crises. (Morales 26 July 2015.)

Tsunamis, volcanic eruptions, floods, landslides, and forest fires all occur in Chile. It is the longest country in the world with over 4000 km and therefore has many diverse climates – Mediterranean climates, mountainous climates, deserts and ice-bbergs. The only climate that cannot be found in Chile, is tropical, and that is why tropical storms do not occur there. (Morales 26 July 2015.)

Because of its diverse geography that includes the Pacific Ocean on the West of its border with permanent tsunami warnings due to the high seismic activity, the Andes mountains on the East border line, deserts in the North and Antarctic in the South, and Easter Island close to Polynesia, it is no wonder there are many different climate and nature conditions and that natural disasters are not unusual (Morales 26 July 2015; ONEMI 2017k, 8).

Chile belongs to the Pacific Ring of Fire which is “seismically the most active region on Earth” (Thomson 2016). Pacific Ring of Fire stretches as an arc beginning in Chile, going through western coast of the United States, through Japan and Indonesia and ending up in New Zealand (Thomson 2016). Almost the entirety of Chile belongs to the interface of Nazca and South American plates which is the reason why the country has one of the highest seismic and volcanic activities of the world. There are at least 50 active volcanoes between Santiago and Puerto Montt that have erupted in recent history. (ONEMI 2017k, 8.)

There are also several rivers of high volume that begin in the Andes mountains. They are many times responsible for massive movements of water such as flooding and mudflows. (Morales 26 July 2015.)

3.2 Valparaíso – a UNESCO World Heritage Site

Valparaíso is a city with a rich 500- year cultural and economic history. It is the capital of a province also called Valparaíso, located in the fifth region of central Chile (according to the Chilean way of categorizing its provinces). The famous Easter Island and the islands of Robinson Crusoe are also part of Chile. However, for the sake of clarification and delimitation, only the capital is taken into consideration in this thesis and not the whole province. Fuentes & Reszka 2015, 753; Silva 2004, 13.)

Valparaíso has been said to be one of the most important seaports of South America although the metropolitan area has a population of little less than one million people. Partly because of the geography of the city, most of these people live on the more than 40 hills that surround it like an amphitheatre. (Fuentes & Reszka 2015, 753; Silva 2004, 13.)

UNESCO declared Valparaíso as a World Heritage Site in July 2003 (Turismochile.com 2017). Justifications were that it is “an exceptional testimony to the early phase of globalisation in the late 19th century” (UNESCO World Heritage Centre 2017), especially related to “urban and architectural development in Latin America” and “associated with the international sea trade” (UNESCO World Heritage Centre 2017). Among other historical heritage “funicular elevator and trolley systems typical of the period” (UNESCO World Heritage Centre 2017) have been successfully maintained. Valparaíso is a unique city in Chile and in all Latin America as a result of its challenging geography, international influence and historic signs of the early globalization of the 19th century when it served as a commercial route between two oceans, the Atlantic and the Pacific (UNESCO World Heritage Centre 201).

Valparaíso has been said to be one of the most beautiful cities in the world - its charm is based on several things; its topography, history and legends, art and people. One of the main characteristics of the city are the colourful, mostly self-constructed houses on the hills. It is not an easy task to create such an atmosphere, especially when coming from citizens improvisation and not from governmental decisions. According to the painter Camilo Mori, at a first sight Valparaíso is like a big album of stamps trying to find a balance between the sky and the horizon of the sea. (Escobar 2003, 33-36.) As such, many artists have nicknames for the city, the most famous ones being “girlfriend of the ocean” and “jewel of the Pacific” (Vásquez & Letelier, 2005, 9). For years, art students have been painting the houses of the hills, auto-constructed by their residents and including them in their university projects. There have even been projects where students started to help terminating the

painting of the houses and walls with the collaboration of the neighbours – Valparaíso's murals and colourful houses are an example of how artists communicate with their community. (Escobar 2003, 28.)

According to the architect Albert Cruz Covarrubias, the destiny of Valparaíso is to show the rest of Chile that the sea is its destiny (Escobar 2003, 20). More about the history and geography of the city will be presented in the following chapters and the reader can make his/her own conclusions about this statement.

3.3 Valparaíso and tourism

During the first centuries after its formation, Valparaíso was a poor city serving only as a staging point of the Spanish boats that were on their way to the center of their colony, Peru. No trade was made. Just after the independence of Chile, the harbor was opened to international trade and people started arriving from all over the world, especially from Europe. (Morales 26 July 2015.)

Tourism itself is relatively new because only after the democracy was re-declared after the times of Pinochet, tourists started arriving. For sure, before this there were travelers since Valparaíso is one of the main harbors of the world, but their main purpose was only to stay for a couple of days and then continue their way to their original destination. (Morales 26 July 2015.)

In just a few decades, large number of hotels, hostels and other type of accommodation units have emerged in Valparaíso. Before, it might have been that some people were interested in the city's arts, culture and beauty but since there simply wasn't offer for hotels, they were forced to go the nearby city, Viña del Mar to spend their nights. (Morales 26 July 2015.)

After the industrialization took place, it started to replace little by little the traditional way of life in the harbor and people needed to find other source of livelihood, such as tourism. (Morales 26 July 2015.) Tourism in its meaning of today is something relatively new to Valparaíso.

2016 was announced as a record year with 5 640 000 tourists visiting Chile, the biggest tourist group being Argentinians (SERNATUR 2017). 1 498 295 of these tourists visited Valparaíso which is 9,7% of the total amount (SERNATUR & Subsecretaria de Turismo

2017, 21). The amount of pernoctations in Valparaíso that year was 2 832 662, which was 8,6% of pernoctations in whole Chile. In Valparaíso, especially summer months are popular among tourists (Morales 26 July 2015). The region is known for its beaches, internationally acknowledged wine production, ski centers and easily accessible tourism activities and products (SERNATUR 2017). Another important aspect is the cruise ship tourism, that gives great economic support to the local small and medium- sized enterprises (Morales 26 July 2015).

3.4 Historical natural catastrophes in Valparaíso

Chile is a country of earthquakes and of all its cities, Valparaíso is one of the most affected by them (Silva 2004, 25). There is a saying that “Chilean gives the best of himself after an earthquake and before elections” (Universidad Católica de Valparaíso, 74).

In year 1730 the most disastrous earthquake of that time hit the city. It also provoked a tsunami that destroyed the city even more than the earthquake itself. The experience of the catastrophe was so profound that nobody wanted to construct in the street plan anymore and rather moved to the hillsides – an event which from that time on, started to develop the most characteristic feature of Valparaíso. (Silva 2004, 27; UNESCO World Heritage Centre 2017.)

Most of the buildings that are found in Valparaíso of today are built after 1906. That was a year when another violent earthquake hit the city and destroyed most of the city plan and buildings on the hillside, resulting in thousands of hurt and dead. (Silva 2004, 127.)

It has been said that Valparaíso is a city of the wind (Escobar 2003, 122), possibly because the harbor doesn't have protection against the north wind. If the wind blows just a bit harder than usually, waves of the sea can get enormously high (Universidad Católica de Valparaíso 1971, 60). One of the reasons why there are so many disasters occurring in Valparaíso is precisely because of it; boats get shipwrecked and fires spread. Valparaíso is also prone to the development of floods since surrounding hills make rainfall flow to the city with more pressure causing mudflows and avalanches. (Morales 26 July 2015.)

It is an interesting fact that the Chango indiands - people who lived in the coasts of Valparaíso before the arrival of Spaniards - called the area “Alimapu”, “Ali” meaning burnt, and “mapu” land. Anyhow the origins of this name are not clear – could be that it referred

to the massacre of native people by Spaniards and not many fires that occurred in the area. (Morales 26 July 2015.)

There have been many big fires in Valparaíso throughout its history, and even though the need for a fire department had existed for a long time, it was founded in 1851. "The firefighters of Valparaíso" was the first fire department of Chile. (Silva 2004, 201-202.) It is one of the oldest fire departments of the world. From that time until today, firefighters of Valparaíso is a volunteer-based organization. It is frequently needed to fight the numerous fires occurring in the city. (Universidad Católica de Valparaíso 1971, 57-69.)

Sometimes damages caused by storms have been as destructing as the ones caused by fires (Silva 2004, 88). One of the problems are the avalanches they cause. Throughout history, flooding has caused victims and damages especially among the poor people living on the hills (Silva 2004, 109.)

3.5 Cultural reflections

Seems that Valparaíso has always been a bit late in finding solutions to its problems. When it fortified itself towards the pirates, those had already abandoned the somewhat humble city of the time. Valparaíso modernized its ordnance after the Spaniards had already bombed it. It constructed its' greatest works of the harbor in 1912, when the Panama Canal had already left it out from the major sea routes and it founded more banks and offices when the commercial activity already started to decrease. (Universidad Católica de Valparaíso 1971, 60.)

Even though Chile as a country is one of the most prone to natural disasters of the whole world, it is not a long time ago that evacuations or other type of emergency plans did not exist. Only after some international regulations came into effect, certain things started to be watched over. For example, foreign insurance companies did not want to invest in Chile if absolutely nothing was done to make sure that the buildings were firm enough to stand earthquakes which are not uncommon in the country. (Morales 26 July 2015.)

As a matter of fact, only after the big 8.8 magnitude earthquake that stroke the central Chile in 2010, some corrections to the emergency system were made. Especially the tsunami that resulted from this earthquake caused a lot of damage mainly because of the communication problem between the experts and the government; no tsunami alarm was given, and many people died. (Morales 26 July 2015.)

It is curious that even though the history of Chile when it comes to natural disasters is well-known, the regulations to protect from them are not rising from the Chileans themselves but by the obligation to keep up with the international trade. Human rights are not directly linked to natural catastrophes but can be used as an example – some Chilean products used to be very cheap since previously much attention to the human rights was not paid. This was not fair for the foreign companies whose production processes were more expensive since for example the workers got a fair salary from their job. Therefore, foreign companies started to demand similar rules for the Chilean companies and things started to get more regulated little by little. (Morales 26 July 2015.)

According to Morales (26 July 2015), one reason for this might be that before people had more urgent things to be worried about, such as how to get food on the table. It is important to take a look at the things from the historical and cultural point of view. As a legacy from the colonial times, the economic situation of the Latin American countries has only recently started to improve.

3.6 Is Chile well- prepared for natural crises?

Since natural crises are not uncommon in Chile, logically, this Latin American country should be well prepared for them. In many ways, Chile is prepared. There are strict building codes established in the law, so buildings are high quality. Still, researchers who work on disaster- related issues say that there is room for improvement in terms of promoting disaster risk reduction plans, learning from past experiences and increasing community resilience. (Lama, Lorenz, Devilat, Wesely, Sandoval, Caimanque & Sandoval 2014, 2.)

Chile is proud of the international acknowledgement it has gained; for example, the agency UNISDR - the United Nations Office for Disaster Risk Reduction - stated that after the 8.2 magnitude earthquake hit the northern part of Chile in April 2014, the emergency management was conducted very well with a quick response and only few deaths. This was thanks to the country's good understanding of disasters – especially earthquakes – because of the country's history. The construction sector plays a big role in minimizing the damage from earthquakes. During previous earthquakes in Chile few buildings collapsed, causing low damages and due to this, a low number of deaths. Building codes are updated after every earthquake and there is strict supervision of them. (Lama □ & al. 2014, 3.)

It seems that Chile is best prepared for earthquakes, but not as prepared for other natural disasters, like the volcano eruption in Chaitén in 2008 or the fires of Valparaíso in 2014 that destroyed thousands of houses and left more than 11 000 people affected - especially the poorest and most vulnerable people. Also, the long-term reconstruction phase does not seem to be working very well. As an example, the earthquake that struck in Iquique in 2005 destroyed several buildings. Some of the buildings in the villages close to the city were still in ruins when the earthquake of 2014 struck, thus being affected even more. (Lama □ & al. 2014, 3-4.)

Another problem is that sometimes there are several crises occurring at the same time. The people in Chaitén affected by the big 8.2 Richter scale earthquake of 2010 were forgotten when the fires hit Valparaíso and all the public, political and media attention completely shifted. This indicates that Chile lacks “a comprehensive strategy for disaster risk reduction”. (Lama □ & al. 2014, 4.) There are problems of coordination between different actors such as the state, the third and the civil sector. Inequality, coping capacities and vulnerabilities are rarely taken into consideration and they only by themselves already increase risks. The root causes should be identified and there should be risk reduction and reconstruction planning before disasters strike, not only when they occur. (Lama □ & al. 2014, 4.)

The reconstruction process could be an opportunity to improve social conflicts in a city. Disasters should be used as learning process. As a matter of fact, Chile has created several institutions after disasters, such as CORFO – the Chilean Cooperation for Production Development – after the earthquake that stroke in Valdivia in 1960, and ONEMI – National Office of Emergency of the Interior Ministry – after the earthquake in La Ligua in 1965. (Lama □ & al. 2014, 3.)

There is high academic interest in improving response to natural disasters. Two investigation centers have been created: CIGIDEN – Centro de Investigación para la Gestión Integrada de Desastres Naturales – of the Pontificia Universidad Católica de Chile and CIVDES – Centre de Investigación en Vulnerabilidades y Desastres Socionaturales – of the Universidad de Chile. However, the problem with these organizations is that the focus is still on emergency planning rather than finding out the root causes of destruction, which are usually “socioeconomic, political and cultural ones”. (Lama □ & al. 2014, 5.)

It seems that on a general level, Chile is well prepared for natural disasters, especially for earthquakes because of the good building standards. To further improve preparedness, more attention to prevention and preparedness should be emphasized, synergies between

different players should be improved and extra focus paid on how to manage several crises at the same time without forgetting anyone. The reconstruction phase should be considered equally important as the emergency response phase and it could be an opportunity to resolve some of the inequality problems of Chile. (Lama □ & al. 2014, 5.)

4 Crisis Management

Tourism industry is especially vulnerable to natural crises because it has many different stakeholders and is very interconnected with other industries. The perception of safety is also crucial for hospitality industry. As the global environment is always becoming more uncertain, strategic crisis management should receive more attention. (Zech 2015, 28.)

In this chapter, the term “crisis management” is introduced and analyzed from the context of tourism and especially hotel industry. Based on the literature research, the best practices on how to prepare a business to face natural crises as effectively as possible, are introduced. These include for example making the crisis management plan, thinking about different crisis-scenarios, establishing good training practices and possibly a specific crisis management team, good stakeholder management, crisis leadership, communication management, business continuity planning and learning from previous crises.

Since it was difficult to find sources only about natural crisis management in the hotel industry, information from sources about both, only crisis management and crisis management in the tourism context, were used.

4.1 Hotels and natural crises

Natural crises - or natural disasters - harm, and in some cases, destroy companies, supply chains and entire industries (Monllor & Murphy 2016, 626). According to Monllor & Murphy (2016, 629), “A natural disaster in one part of the world can cause significant market disruptions in another and their occurrence and impact is not expected to decrease”.

Tourism crisis management has been defined as “Planning for and managing Tourism crises in order to protect the interests of the industry, tourists and other Stakeholders involved and contain any long-term damage” (Zech 2015, 30). Hotel and tourism industry is profoundly vulnerable to natural crises since it relies on perceptions of safety and functioning infrastructure. It has a complex structure which is noticeably different from other industries because it lacks homogeneity and standardization. (Altinay & Brookes 2015, 193-196; Frent & al. 2016, 80.) The characteristics of tourism products are intangibility, perishability and volatility (Zech 2015, 28). Especially volatility, which means “depending on a wide range of external factors” (Ritchie 2009), is why tourism industry is very vulnerable

to crises. According to Zech (2015, 29), “Crisis Management is predicted to be among the top 3 challenges for the Tourism Industry in the future”.

Feature that makes the tourism industry particular, is that it includes numerous different stakeholders and that there are two distinctive groups affected by the possible natural disasters – tourists and the local people (Frent & al. 2016, 84). There are various stakeholders with different sized companies and different management styles all involved in the production of final service product. Products are the result of several suppliers working together and having mutual dependence even though customers are likely to see the final product undifferentiated. This means that “the individual services provided have to be seen as complementary”. (Zech 2015, 28.) During crises, only collective and united effort by several suppliers helps to reduce their consequences. The multiple stakeholders should coordinate within organizations, among each other and with stakeholders outside of the tourism industry such as emergency services. (Zech 2015, 28- 29.) Hotel can or should not “try to solve crisis situations as an isolated business unit” (Zech 2015, 30).

Hotel guests can be more vulnerable to crises than the local people – they are away from home, they have limited information and communication possibilities during a crisis situation, they are unfamiliar with the area and might not know the local emergency plans, thus putting them at greater risk. Tourists are putting their faith with their hotels. It is also important to notice that prior to the crisis they have been customers but after it might have turned into victims, which means a great change in needs. Usually the crisis management has focused on the needs of local people, but since the society is changing and the number of tourists is growing, they should be taken into consideration in the emergency plans as well. Especially the exotic destinations that are of high-risk, are becoming more attractive and thus exposing visitors to greater levels of risk. (Zech 2015, 29-31.) I think Chile belongs to those destinations.

Regardless of the many negative impacts of crises, it seems that hotel industry is still not investing in proactive planning. Strategic thinking should be emphasized especially now when global environment is becoming ever more uncertain. It also seems that in majority of the hotels, the crisis management is applied more intuitively than strategically – if applied at all. This might be because a typical hotel is a small or medium enterprise with limited resources so that time and employees are designated to everyday operations instead of strategic planning. (Zech 2016, 29-31.) This lack of financial, knowledge and staffing background could be compensated by cooperation with partners (Zech 2015, 31). Another reason for lack of disaster management might be the false sense of security if there are false alarms or nothing happens for a while (Monllor & Murphy 2016, 622). Anyhow,

according to my own perception, this probably is not the case since Chile is experiencing various natural crises per year.

Especially small businesses suffer when crises occur, so it would be important for them to understand the consequences of the crises and how to organize the recovery to minimize the caused harm. Some of the negative causes which make continuing business operations problematic include downturn in visitor numbers which leads to loss of income, harm for the business image, decrease in work force and logistical difficulties. For smaller businesses it would be especially important to collaborate with other stakeholders and get all the possible support from both, public and private sector, to deal with the crises. One way to minimize losses could also be by diversifying the target markets. People from outside of the hotel's usual target group – such as construction workers, emergency services personnel or media personnel – could be accommodated. (Altinay & Brookes 2015, 193-202.)

Strategic management should change from focusing on predictable future to one that enables quick and flexible responses to unpredictable future. Worldwide, the number of natural disasters has been increasing during the last 20 years as well as the financial costs with them. Because of climate change, they are not expected to decrease. This causes population to move to vulnerable metropolitan areas which means expanded population density and its causes on supply chains which in turn intensifies damages on human life and economies. (Monllor & Murphy 2016, 619; Linnenluecke & McKnight, 2016, 290.)

4.2 Crisis management

Disaster management is connected to risk management, and is defined as “policies, administrative decisions and operational activities that are connected to different stages of disasters at all levels” (Frent [□] & al. 2016, 81). It has also sometimes been called disaster risk management, which refers to the understanding of the possibility of a hazardous event in the social, economic and politic environment, and managing the consequences of it and its' impact to the community. In the tourism field it also includes managing the negative consequences of a disaster in the tourism context, and the ways how an enterprise is preparing to respond and recover from it. (Frent [□] & al. 2016, 81.)

According to Saleh (2016, 23), crisis management can be defined as “firm's pre-established guidelines and activities for preparation and response to critical catastrophic incidents or events...in a safe and effective manner”. It enables the firm's flexibility to make fundamental

and effective decisions during a crisis. A successful crisis management plan integrates different programs, “such as disaster recovery, emergency response, risk management, business continuity, and communications”, together (Saleh 2016, 23). There should be a crisis management plan, crisis management team and crisis management trainings. (Saleh 2016, 23; Zech 2016, 30.)

Well- prepared crisis management can reduce the impact of a crisis as well as it’s duration and cost. Since during crises information is usually limited both in quantity and quality, there is not lot of time and decisions must be made fast, reaction time and resources in crisis management are limited. Planning for crises helps firms to deal with unexpected events that could cause serious damage. It also helps the organization to maintain its reputation and image, which doesn’t only satisfy its objectives but also gives it more competitive advantage. While many companies do plan for financial success, many do not plan effectively how to deal with crises. (Zech 2016, 29-30.)

Instead of considering crisis management as a mandatory evil, it should be viewed as a chance to update operational processes, enhance stakeholder relationships and marketing. Crisis management is effective only if executed strategically with profound planning, time, dedication, continuous training and strong support by the leaders of the organization. (Zech 2016, 29-31.) According to Zech (2016, 31) “the various crisis management phases and the respective crisis management tools have to be considered carefully”. It seems that even though there is lot of interest about the topic, studies have only recently started to understand a small part of crisis and crisis management (Bundy, Coombs, Pfarrer & Short, 2017, 1662).

Different parts of crisis management include making a crisis management plan, training based on scenarios, defining a crisis management team, crisis communication plan with possibly a determined spokesperson and learning from the previous crisis. For a structured crisis management plan, meetings are required in regular basis – maybe even daily – to evaluate and test the strategies and their effectiveness, how different stakeholders are responding to them and to analyse how the crisis develops in its different stages. (Zech, 2015, 31-32; Zech 2016, 29.)

Crisis management can be divided into three stages: prevention stage, response stage and post-crisis stage. Prevention stage focuses on how organization can prepare for a crisis and reduce its likelihood. Response stage deals with actions and decisions of managers during the crisis whereas post-crisis stage focuses on the organizational learning after a

crisis has occurred. (Bundy □ & al. 2017, 1664.) The following subchapters are divided accordingly into prevention, response and post-crisis stages. As Saleh (2016, 19) discusses, company's success may depend on its level of preparedness for crises.

4.3 Prevention

Planning for the crisis before it occurs is essential. It is important to plan which would be the best decisions to make when a crisis strikes and after it to minimize the damage. Preparation presents options that focus on success, so a thorough analysis of the available options is the best way to get back to normality. (Saleh 2016, 21.) Prepared businesses are in a better and more competitive position to crisis and their negative consequences. Making decisions before a crisis occurs permits a faster and more organized response by giving a clear direction on how to react. (Zech 2015, 31.)

It is crucial for the company to realize that the organizational culture and structure play an important role in preparing for a crisis. Organization can prepare itself to manage unexpected events through "changes in culture, design, and structure". (Bundy □ & al., 2017, 1667.) This kind of collective managerial preparedness is oftentimes used in other volatile industries, such as "nuclear power, military, NASA, air traffic control...and emergency health care" (Bundy □ & al., 2017, 1667).

Changing the organizational culture is often a cognitive and behavioural task (Bundy □ & al., 2017, 1667). The internal functionality of a company is the first part of a good crisis management, so the crisis planning must be started with managers and employees. There can be lot of external pressure especially in the tourism industry from not only persons that are directly affected but also from other stakeholders such as tour operators, airlines, embassies and specifically the media. With external pressures there is less time to end up in unity in opinions and decisions, so effective management from the top is essential. But this happens only if the managers take crisis management and its effects seriously. (Zech 2015, 31-32.)

4.3.1 Crises scenarios

Crises can be managed more effectively if the company is prepared for them beforehand (Saleh 2016, 23). According to Saleh (2016, 24), "Planning for any crisis requires adequate knowledge about the nature and causes of different crises". Strategic crisis management

includes making different types of crises scenarios considering their probability, impact and organizations' preparedness to survive them. The degree of crisis damage and the requirement of resources are analysed. This provides a tool to think through different ways these crises could occur and to develop the best responses for them. (Saleh 2016, 23-25; Zech 2016, 35.)

Each crisis type should have a detailed crisis scenario and these scenarios tested in the crisis management plan. Best case and worst-case scenarios should be included. Previous experiences from crises is good to take into consideration, also the ones from other companies that have survived crises successfully. (Saleh 2016, 23-25; Zech 2016, 35.) The tactics of how to prioritize and communicate with different stakeholders should be considered according to each crisis type. Even the companies and stakeholders that do not belong to the tourism industry should be considered if applicable - police, fire department, medical authorities or media could be of vital importance in a disaster situation. (Zech 2015, 36.)

One can never be sure when a natural crisis occurs, so businesses can get a false sense of security if nothing happens for a long time. Also, because natural crises are different from one another and there are complex factors such as geography, population and topography having an influence on the outcome, making the natural crises scenarios might not be an easy task. (Monllor & Murphy 2016, 626.)

4.3.2 Securing business continuity

Business continuity management is "the capability of the organization to continue delivery of products or services at acceptable levels following a disruptive incident" (International Organization for Standardization 2012). So, a hotel manages business continuity if it despite of a disruption succeeds to retain revenue streams, provide employment, fulfill the needs of customers and sustain the confidence of different stakeholders. The most important factors for business continuity management are identifying the potential interruptions and then lessen the risks. It is the basis of disaster management. (Linnenluecke & McKnight 2016, 293-294.) As Altinay & Brookes (2015, 199) discuss, "there are no two equal recovery attempts and the process is not usually orderly", so it is not an easy task to create successful recovery strategies.

Effective crisis communication and business continuity planning are the main issues when making a crisis management model for a hotel (Linnenluecke & McKnight 2016, 293).

Business continuity means “keeping a firm’s facilities operational, maintaining revenues, and sustaining staffing” (Linnenluecke & McKnight 2016, 293). Crises and their impacts are possible to overcome faster and more effectively by ensuring business continuity and it should be included into business management before and after a disastrous event occurs (Muñoz-Gomez 2016, 204; Zech 2016, 34). According to Saleh (2016, 21), during a crisis “it is crucial that the available options are reviewed so that the one likely to yield continuity for the business practice is used”. These elements of continuity should align the normal operations so that there is a clear chain of activities and the effectiveness is maintained (Saleh 2016, 21).

A detailed crisis management plan as well as regular trainings are the most effective parts of crisis management. When making the crisis management plan, hotels should have a good understanding of how different crises affect the tourism industry, how other businesses have responded to them and recovered from them. After this, they should carefully define a crisis response and recovery plan, which is structured according to the crisis management plan of the larger community. (Saleh 2016, 26; Zech 2015, 32, Zech 2016, 34.)

Different crises need to have different emergency response procedures with challenges thought through and priorities set and with a clear chain of command (Saleh 2016, 26). Especially the worst- case scenarios should be considered, such as the “total inaccessibility of the normal workplace and the inability to use and rely upon the firm’s infrastructure and resources for an extended time period” (Saleh 2016, 26). Since there are numerous stakeholders participating in the making of the final hotel product, their input is also important for developing the crisis management plan. The plan should be updated on a regular basis by the hotels’ crisis management team, at least when the contact information of key people – such as doctors – changes, or in the learning stage. (Zech 2016, 35.)

SMEs might lack the resources for effective crisis management planning. They may need to rely on help from the outside, such as professional associations, commercial insurance professionals or outsourcing completely. Anyhow, this could be complicated since developing an effective crisis management plan requires access to great amount of the company’s information. (Saleh 2016, 26.)

Finally, some parts of the crisis management plan should be implemented in the overall strategic plan of the hotel (Saleh 2016, 26). According to Saleh (2016, 26), this means “evaluating the plan against the objectives of the organization by monitoring progress and conformity with set processes in different departments”. To reduce the negative impacts of

the crises, a detailed plan is needed. As stated by Saleh (2016, 23), “a crisis management plan can either make or break organizations during a crisis”.

4.3.3 Training

Negative impact of crisis may be avoided or reduced together by making a crisis management plan, holding trainings on a regular basis and setting up a crisis management team. Experts have identified that crisis management trainings are the most effective means for crisis management. (Zech 2016, 34.)

Trainings need to be hold regularly and systematically, they need to be adjusted according to each scenario and certificates of participation can be issued to increase motivation of the participants (Zech 2016, 34). They should consist of general trainings as well as “real time and live simulations including flexible elements with the aim to test the organisation, communications and the teamwork of these concerned and the ability of individual actions” (Zech 2016, 35). The crisis management team of a hotel organisation should create, carry out and supervise these trainings as well as implement training into business activity plans. Also, external audits may be hold organized by specialized crisis management consultants. (Zech 2016, 35.)

4.3.4 Crisis management team

According to Zech (2015, 31) “as crisis situations signify little information, time pressure and psychological stress, a predefined Crisis Management Team may ensure response and reaction”. Crisis management team consist of different directors playing key roles in planning, such HR director who is responsible for employees, finance director who addresses the financial issues of different disasters, legal counsel that informs about legal issues, media spokesperson to communicate with media and security director who supervises the overall security issues (Saleh 2016, 24).

All of the directors have specific responsibilities so that each area is taken care of. HR director focuses on issues that affect employees and their families, has the required succession plans and talent to make sure the activities of the company can keep on going. The focus is on resolving human problems caused by crisis. The finance director makes sure that sufficient funds are designated for emergencies and that they go to relevant

departments, oversees transactions and maintenance costs during the crisis. Legal councils' responsibility is to inform the company of the legal consequences of the crisis and what would be the best way to proceed. The media spokesperson needs to communicate about necessary details, anyhow without compromising privacy of the employees or disturbing the investigation process. (Saleh 2016, 24.) The security director "is an expert in the different contingency planning issues" (Saleh 2016, 24), coordinates with security experts, facilitates the development of crisis management plan, trains employees, establishes a crisis centre, gives advice to the team and supervises the information sharing and processing. The whole team is led by the company's top manager. These directors are together responsible for making decisions during the crisis. They should have meetings on a regular basis to discuss about potential crisis and how to respond them. (Saleh 2016, 24-26.)

4.3.5 Stakeholder management

Companies are always more dependent on their various stakeholders such as employees, suppliers and distributors (Zech 2016, 30). Stakeholder can be defined as:

any group or individual who can affect or is affected by the achievement of the organisations objectives. Stakeholders include employees, customers, suppliers, stockholders, banks, environmentalist, government and other groups who can help or hurt the corporation. (Zech 2016, 30.)

Hotels should identify all their crucial stakeholders, considering both formal and informal agreements so that partnerships can be formed and strengthen before a crisis occurs – it is too late when it already has. Tourism industry particularly is vulnerable to crises since their effects reach numerous stakeholders to varying extent as well as large numbers of travellers. Although hotels suffer from negative consequences of crises, such as decline in accommodation, they are not the only ones suffering since disasters hit to all market players at some extent. This means that transparency among different tourism stakeholder groups is particularly important and that their needs should be balanced and prioritized. A unified approach is needed from all the stakeholders, since decisions of one will have an impact on the others. (Altinay & Brookes 2015, 199; Zech 2015, 27-30; Zech 2016, 35.)

Crisis impact can be reduced in all crisis stages by effective stakeholder management. Different stakeholders should be included in the planning process of the crisis management plan to help with identifying and mitigating risks. It might be helpful for hotels to engage with

different regional stakeholders, such as social and political bodies, as well as other businesses. Collaboration should be inter-agency since coordinated actions help to develop more effective crisis management initiatives. (Bundy □ & al. 2017, 1668-1669; Muñoz-Gomez 2016, 202; Zech 2016, 34.) According to Zech 2015 (28), “the entire purpose of an organization is the co-operation of Stakeholder interest”, which would seem to be especially true in tourism industry. During a natural crisis, effective stakeholder relationships are needed the most (Linnenluecke & McKnight 2016, 295). It is good to notice also that “powerful and active stakeholders play a role in influencing the perceptions of other stakeholders” (Bundy □ & al., 2017, 1675). Companies can also engage with communities affected by disasters through their stakeholder network (Linnenluecke & McKnight 2016, 295).

Even though several crises, such as earthquakes, flash flooding or tsunamis are impossible to prepare for, in case of some disasters (like storms and flooding) there might be some kind of advance warning. The information about the possible threat can be found from the emergency services networks of the area. Also, the local tourism association can be of help with several steps of disaster management. (Altinay & Brookes 2015, 196.) According to Altinay and Brookes (2015, 196), “Entrepreneurs should be pro-active and form long-term partnerships with people, businesses and public institutions”.

4.4 Response phase – crisis leadership

After the prevention stage and planning comes the response phase. Crisis leadership is important to handle during a crisis. Leaders of companies should see crises as opportunities rather than threats in order to not be limited but flexible and open-minded in their crisis management efforts. (Bundy □ & al. 2017,1671.) The coordination and effective communication can be enhanced by the “ability to adapt and change mental models in an emergency situation” (Bundy □ & al. 2017,1671). Anyhow, it is still unknown how organizations should structure to enhance crisis leadership (Bundy □ & al. 2017, 1672).

4.5 Response phase - crisis communication

Crises usually hurt the social evaluations of a company, putting in risk their reputation and customers’ trust. These evaluations can be managed in the response strategy of the organization, anyhow crises tend to cause negative evaluations even though the crisis

response strategy would have been handled well. There still exists the possibility to the perceptions to be improved. (Bundy □ & al. 2017, 1678-1679.)

Crisis response strategy includes good communication that can help stakeholders to evade harm and maintain the organization's image. There is no preparation time for crisis communication anymore because of the nature of modern media – it plays a major role in how crises are interpreted. (Bundy □ & al. 2017, 1673- 1675; Zech 2016, 34.) Even the most distant crises are brought to our attention, while sensationalistic media “may mislead public concerning the actual magnitude of a disaster (crisis) and its consequences” (Murphy & Bayley, 1989). If the crisis communication is not handled correctly, it might even make the crisis worse by increasing its impact or by creating a reputational crisis (Zech 2016, 34). As tourists usually avoid the affected destination, in the short term it might be difficult to convince them that the destination is safe. Despite of this, by sharing information about the situation, unnecessary cancellations can be discouraged. (Altinay & Brookes 2015, 199.)

The means and content of crisis communication need to be adapted for internal and external public or respective stakeholder groups. Personal communication is the most preferred way. (Zech 2016, 34.) The most important factor in successful crisis communication “is targeting Stakeholders with different – appropriate – messages regarding context, extent and channel” (Zech 2015, 32).

The entire external communication should be handled by the spokesperson of the company meanwhile other persons involved should have prohibition on speaking. Anyhow, the internal communication should not be forgotten either, since neglecting employees during a crisis have negative consequences, while engaging with them have many positive effects and can even make them loud defenders of the company. (Bundy □ & al., 2017, 1671; Zech 2015, 32.)

To reduce negative perceptions, timing and source of the crisis response are important – organization should be the first release information about the crisis. If it takes too long, as media is looking for quick sources of information, someone else might answer in a way that is not preferable for the organization. The information that reaches public should also be consistent or it might cause negative reactions. Also, the impact of social media should be considered in the crisis management efforts of the company. (Bundy □ & al. 2017, 1673-1675; Saleh 2016, 27; Zech 2015, 32.)

Successful crisis communication management is based on honesty and transparency with all stakeholders meanwhile takin into account certain aspects of tourism, such as promotion

and safety and security. The objective is to make the tourists to return to the affected destination as soon as possible. (Frent □ & al. 2016, 82.)

4.6 Post-crisis and learning

One of the most essential steps of the crisis management process is the learning phase. It includes updating and elaborating the plan in order to reduce impacts of crises in the future. It is recommendable to expand the learning process of the hotels' own history of crises to also the learnings of stakeholders' crisis histories. The crisis management plan of the hotel should then be updated accordingly. (Zech 2016, 34-36.)

One of the outcomes of a crisis should be organizational learning; it can even create new competitive opportunities (Bundy □ & al. 2017, 1677). Crisis management includes always a "potential for opportunity, renewal, and growth" (Bundy □ & al. 2017, 1677). The learning process can focus on evolving the capabilities of the hotel beyond the crisis or focus on the event itself. There are many important aspects that affect the learning, such as group dynamics and the role of middle managers, since it is a multilevel phenomenon. (Bundy □ & al. 2017, 1677-1678.) Hotel organization can also learn from crises experienced by other organizations and it is especially effective if they are "in the same geographic market" (Bundy □ & al. 2017, 1678).

Organizations are dependent on the environments they are operating in – the severity and high number of natural crises create pressure for these environments. When businesses take time and resources to secure their continuity, at the same time they facilitate other businesses for example through emergency communication networks or by removing damaged infrastructure. It is not unusual for organizations to have outdated physical assets; learning phase creates an opportunity to replace them with better versions when the old are damaged during a natural disaster. Reconstruction phase can help with creating more resilient businesses. (Monllor & Murphy 2016, 620-621.) According to Monllor and Altay (2016), "history has shown that the disruption of existing traditions, policies, and structures can create a climate of innovation and entrepreneurship".

It is not only damage to businesses that causes losses for communities in the aftermath of natural crises – disruptions to transportation and services can cause significant business interruptions and because of them, financial losses. These challenges can provoke turning difficulties into opportunities and putting into practice the professional strengths and capabilities of a person. (Monllor & Murphy 2016, 620-621.)

Even though government agencies and NGOs play a key role in disaster recovery, local businesses have deeper knowledge of the community to identify problems and give practical solutions (Monllor & Murphy 2016, 621). This can be taken advantage in emergency management, since “prior knowledge is known to affect the ability to identify opportunities” (Monllor & Murphy 2016, 621). Local people have knowledge about the market situation, how to solve customer problems and they understand the local culture, so they are in a better position to “solve problems and discover opportunities created after a natural disaster” (Monllor & Murphy 2016, 621). Although disasters usually bring economic losses, they can also create opportunities (Monllor & Murphy 2016, 623). This could be called “inverted creative destruction” (Monllor & Murphy 2016, 623). Entrepreneurs should recognize opportunities in the aftermath of a natural disaster and even do it in a way that would benefit the whole community. This way, disasters kind of make room for new organizational forms, even for those that do not have personal profit. (Monroll& Murphy, 2016, 624.)

It is good to consider the frequency of natural crises in a certain location, since it effects on the disaster’s level of impact and to the opportunity recognition (Monllor & Murphy 2016, 624). According to Monroll & Murphy (2016, 624), “when a community experiences a frequent number of natural disasters, local citizens acquire considerable knowledge of the problems and opportunities that arise after such events”. It might knowledge about prior markets and how they have survived or about customers problems. Communities and individuals that frequently experience natural disasters are more aware of the problems they cause and which markets they impact, so they can recognize opportunities easier. (Monllor & Murphy 2016, 624.)

Resilience is learnt from experience over time. Communities and individuals that have experienced natural disasters many times, such as earthquakes in the Pacific, are more resilient to dangerous, traumatic and stressful events. (Monllor & Murphy 2016, 631.) In areas where disasters are frequent, the local government and NGOs should think about “implementing training programs that include activities, practice, and feedback from resilient entrepreneurs” (Monllor & Murphy 2016, 631).

One of the most important parts of the crisis management plan is the learning phase from the crisis experience. Also, the organizations which have previously experienced a crisis are more likely to develop a crisis management plan. Learning can be done also from others’ experiences. As it is probable that at least one of the several stakeholders have already

experienced a crisis, the network should work together to integrate an active crisis management plan. (Zech 2015, 28- 31.)

4.7 The need for business continuity planning in Chilean enterprises

Latin America experiences a growing number of socio—natural and natural crisis. These have been the cause of huge amount of human and economic loss since the 90's. Their growth has been explained by the increasing growth of cities in zones that are prone to natural catastrophes as well as the lack of planning to organize the economic activities to the exposed regions. (Muñoz-Gomez 2016, 202.) According to Muñoz-Gomez (2016, 202), “in recent years, authorities and investors have become more aware of the importance of taking into account extreme events as a real threat to business and the economy”. They have realized that natural disasters cause short term and long term structural and economic damage. Since the risks of global warming and seismic events are not considered in overall business analysis, they have more negative impacts on companies' performance. (Muñoz-Gomez 2016, 202-207.) Private sector should be prepared to maintain their economic activities in risky areas and be able “to maintain employment rates and recover production as quickly as possible after a disaster occurs” (Muñoz-Gomez 2016, 207).

Despite of the fact that there is increasing amount of research about global warming, natural disasters, private investments and their risk mitigation such as regulatory and institutional frameworks, public and private sectors have not designed tools to prevent and mitigate the consequences of crises. Insurance sector should also be considered since it helps to cover the losses of disasters. (Muñoz-Gomez 2016, 207.)

Taking into consideration the structure of Chilean economy, the main question is how to minimize the economic losses of natural disasters of SMEs. Despite of the fact that disasters are frequent phenomena in Chilean business environment and that companies are becoming aware of the need for preparedness and reduction of their negative impacts, it seems that in Chile this is mainly the case of large-sized companies and not SMEs. As larger companies have more resources, it is easier for them to include crisis management in their business planning. Caused damages usually can be covered by insurance, emergency resources or elsewhere located storage facilities. Many smaller companies located in the risk areas have the need of developing business continuity management as a part of their operations and enhancing their decision making to cope with disasters.

(Muñoz-Gomez 2016, 201-208.) They also “show evidence of weakness to adopt to and rapidly set up new means to operate” (Muñoz-Gomez 2016, 208).

Local conditions have a huge impact on economic activities, since they are developed in “specific regions, with specific social and geographic settings” (Muñoz-Gomez 2016, 208). Public sector tends to invest and build infrastructure in areas that are prone to natural crises, such as earthquakes and tsunamis (Muñoz-Gomez 2016, 203). This can be explained by the fact that resources are mostly found “in fault zones, in coastal areas, or high-altitude mountainous regions” (Muñoz-Gomez, 2016, 203). Chile has an endowment economy with a tendency to locate processing facilities close to the raw material sources – just as fishing activities at the coast (logically) or mining operations close to the core production - to reduce costs of transportation, raw materials and employees. (Muñoz-Gomez 2016, 208.)

Lack of crisis management practices exists in both public and private sectors in Chile. In addition to building infrastructure in hazardous zones, the public sector has not designed preventive management tools to face natural crises. Regular way is to only indicate previously affected areas. Chile’s economic strategy consists of letting the private sector to handle the development of productive activities, meanwhile the public sector has mainly paid attention on promoting these activities without focusing on environmental issues or risk management. Consequently, private sector has few skills and resources to overcome its vulnerabilities in regions affected by natural hazards. (Muñoz-Gomez 2016, 203-207.) As Muñoz-Gomez (2016, 207-208) points out,

improper handling of disasters has created a vicious cycle, because after a disaster has occurred, the reconstruction process does not take into account those factors that cause it in the first place. Furthermore, housing and facilities are maintained in a condition of vulnerable physical infrastructure. This creates the conditions for another disaster with perhaps even worse consequences.

In several other countries, such as Japan or Australia, there are action programs to support private sector after a seismic event to make businesses resilient to these occurrences (Muñoz-Gomez 2016, 208-209).

There exists a need to institutionalize long-term natural crisis management in contrast to the short- term view that is currently dominating business environment. For example, after the disastrous earthquake of 2010, only few establishments were relocated to more secure places and the economic measures to rebuild the infrastructure did not think about the possibilities of creating new, more resilient productive activities. Disasters impact on

development is significant since they cause high costs of recovery and reconstruction, meaning less exports and more imports, less production and more unemployment. The focus should be on the investment in alternative locations as well as companies' business continuity planning from the viewpoint of innovation. (Muñoz-Gomez 2016, 204-208.)

In Chile, economic development activities could help with strengthening companies, their strategies and the necessary infrastructure to withstand natural disasters. They could provide management tools for evaluating their financial and operational plans, location alternatives and key resources to mitigate negative consequences of disasters. (Muñoz-Gomez, 2016, 203.)

Research on understanding natural crises and their triggers are established, but the social dimension of disasters is mainly focusing on housing and psychological effects. There is a lack of understanding the economic perspective of natural disasters. Several crises that have recently occurred in Chile, such as the 2010 earthquake, Valparaíso's fire in 2014, Atacama's landslides in 2015 and tsunami of Coquimbo in 2015, have focused on housing, infrastructure and fresh water accessibility. New public policies should be defined in the reconstruction phase of the affected areas so that future losses would be prevented. (Muñoz-Gomez 2016, 205.)

Because in the recent decades there have been many economic and human losses, institutions, such as Organization for Economic Co-operation and Development (OECD), Inter-American Development Bank (IDB) and the United Nations Office for Disaster Risks Reduction (UNISDR), have created strategies to increase awareness of public and private investors about the importance of preparing for natural crises. It is necessary to establish measures and international policies designed for resilience maintenance. Even though an international standard for risk management ISO 31.00:2009 exists, it cannot be applied in Chile since the country does not belong to the verifiable standards of National Institute of Standardization. Another factor is that ISO 31.00:2009 provides the basis for risk management but does not specify the cases of natural disasters. (Muñoz-Gomez 2016, 209.)

Different companies from different industries have created specialized solutions for disaster recovery, such as "data salvage, communications, storage, facility restoration, emergency accommodation, and staff counselling services" (Linnenluecke & McKnight, 2016, 294). Although disaster response is the responsibility of governments, they might not have enough resources and capabilities. Governments also need to collaborate to a growing

extent with private sector which owns plenty of critical infrastructure, to together seek solutions for natural crises. (Linnenluecke& McKnight, 2016, 294.)

5 Methodology

This chapter introduces the chosen method for conducting the research and explains how the data was collected and analysed. Finally, the results are presented.

The aim was to find out on which level the small and medium-sized hotels of Valparaíso are prepared for natural crises, as they are not uncommon in the country. Based on the information gathered in the theoretical part, 20 questions about different aspects of crisis management were constructed to map out the situation of hotels in the region. Then three in-depth interviews were conducted with hotel managers.

As most of the hotels of Valparaíso are medium or small-sized enterprises, they were chosen to be studied in this thesis. The reason why all chosen hotels to be interviewed located in the hillside of Valparaíso, is because that where most of the hotels in Valparaíso are situated in – mostly because of beautiful views and closeness of the touristic spots. The size of the hotels varied from 5 to 17 rooms. All hotels had a restaurant and a bar. Two of them had a swimming pool as well. Hotels were operating in historic buildings that had been later renovated to hotels. One of them was an art-deco house, one a higher-class hotel-restaurant and one a hostel -styled hotel.

5.1 Chosen method and the justification

As the aim of my research is to determine how the hotels of Valparaíso are prepared for natural crises, a qualitative research method seemed like the natural option; it is suitable for gaining a good understanding of a phenomena and for searching meanings (Harper 2012, 84; Schreier 2012, 2). To be even more precise, qualitative methods are especially good for understanding phenomena in a certain context (Hoepfl 1997) - in this case context being hotels of Valparaíso and phenomenon their preparedness for natural disasters. They are also excellent in answering “how” questions instead of “how many” - as my research question precisely is a “how” question, it was the perfect method (Pratt 2009, 856).

Sometimes in quantitative research some issues might be overlooked because they are not statistically important, anyhow they might be highly important otherwise. As Hoepfl put it (1997), “Qualitative inquiry accepts the complex and dynamic quality of the social world”. In my research this means understanding the dynamics of the small hotel businesses when it

comes to preparedness for disasters. I wanted to gain a deeper understanding of the current situation of SME-sized hotels in Valparaíso and at the same time hear the respondents subjective experience regarding it, even possibly find out some underlying reasons for the results. Qualitative research methods are good to obtain new perspectives on things or to gain more in-depth information that might be challenging to obtain with quantitative methods. Sometimes a situation cannot be interpreted statistically as well as with qualitative methods. Qualitative data has an ability to describe a phenomenon more fully. (Hoepfl 1997.)

The data collection method of the research was by semi-structured interviews that were conducted to three hotel owners in Valparaíso. There were altogether 20 questions concerning different aspects of crisis management in hotels. These questions were formed based on the findings of literature search in the theoretical part of the thesis. They were divided into three subsections; prevention, training and post-crisis. Prevention- part included among other things questions about a crisis management plan, the worst-case scenarios, the most important activities of the hotel, securing the stock, alternative supply chains, cooperation and other preventive actions. Training- part included questions about a possible training program and crisis management team. Post-crisis- included questions about how the hotel had prepared for the aftermath of crises. All the questions can be found in the appendix 3 in English and also translated in Spanish which was the language used in the interviews.

Results of the interviews will be introduced in chapter 6 as a form of discussion.

5.2 Data collection procedure

According to Hoepfl (1997), in a qualitative research a list of questions makes sure that “same information is obtained from each person”, time is well used and interactions are focused. I had a list of questions with me in the interviews, but as it was question of a semi-structured interview, it gave me the freedom to “explore within...predetermined inquiry areas” (Hoepfl 1997). I also tried to form my questions as specifically as possible, as according to Harper (2012, 2) “A good qualitative clinical research question needs to be broad and open-ended but of sufficient clarity and specificity”. It was good to have an interactive interview as a research method, since whenever there was confusion about what was meant by the question, I was able to explain it and thus get more adequate answers.

As I had lived in Chile already for a while when conducting the research, I had learnt that much of this Latin American country and culture that I knew that sending beforehand emails introducing my research or asking about the timetables of the hotel managers would be useless - in Chile, it just does not work that way. Chileans prefer to live in the moment. That is why I decided to trust on my luck and directly walk in the chosen hotels to present myself and the research to the receptionist - and hope the hotel owner happened to be in the premises with a little gap in his or her timetable. In one of the hotels I managed to get the interview right away, in other needed to wait for a bit but finally got to conduct the interview. To the last hotel I needed to return the next day.

In the beginning I had planned to make four interviews, three to SME- sized hotels in Valparaíso and one to a bigger and maybe the most well-known hotel of the area, for the sake of comparison as most of the hotels in Valparaíso were SMEs. The bigger hotel was the only one I did send an email beforehand. As expected, no answer was ever received - even though it was a question about a five-star hotel. I also realized I wanted to study only the city of Valparaíso in my research as the area of Valparaíso can mean two things - either the city itself or the entire province, which includes also among others the city of Viña del Mar, Reñaca and even the Easter Island. To delimit the thesis, I decided to include only the city of Valparaíso in my research.

The interviews were conducted in Spanish which is the mother tongue of the hotel owners. This permitted getting as detailed answers as possible and helped avoiding the language barriers. I was trying to explain the interview and questions as clearly as possible to avoid ambiguities – especially when I could see the respondents were not that sure what was meant by the questions. I have almost fluent Spanish, so I was perfectly able to understand everything, except for possibly excluding some Chilean slang words. All interviews were recorded.

5.3 Data analyzation

Gathered data and the analyzation of the results are presented as a discussion in the next chapter. Criteria to determine whether hotels of Valparaíso are prepared for natural crises or not is based on all research questions, but the focus is in the existence of a crisis management plan, training sessions and plans on how to get back to normality after a natural crisis strikes. Based on the answers, the conclusion of the preparedness of hotels will be made by comparing them with the findings in the theoretical part.

For qualitative research it is typical to analyse data inductively, which means searching for the critical, emerging themes (Hoepfl 1997). I was looking for emerging patterns to find out whether there were similar themes emerging in all researched hotels, or whether it was only about one case. During the interviews, also some underlying reasons for the current situation were discussed.

5.4 Validity, objectivity and reliability

Internal validity means the degree of how much the results of a research accurately describe reality. In a naturalistic research, presence of multiple realities is assumed, and the aim is to represent these realities as appropriately as possible. To test this, the research must have credibility. (Hoepfl 1997.) Credibility of the research has more to do with the abundance of the information and “the analytical abilities of the researcher” (Patton 1990) than the sample size.

The theoretical part of the research is based on scientific facts and not on my personal perception. The sample size in the methodological part was not that big, since only three hotels were participating in it, but all the three interviewees were professionals and had a good understanding of the local conditions in the field. Lot of interesting information and causal relationships were discovered during the interviews as the participants were more than happy to share their experiences and the interviewer was able to ask additional questions to go a little deeper in the issue. Anyhow, sometimes the interviewees were talking about something else than what was asked, and I needed to try and pick the relevant pieces of information or try to direct the conversation back to the matter. Also, as I am not a professional researcher as an interviewer, it might affect on the credibility (Hoepfl 1997).

By external validity is meant the ability to “generalize findings across different settings” (Hoepfl 1997). This means that the findings of the research should be applicable to another situation. It can be done only by giving enough information to the reader to decide whether that is the case. (Hoepfl 1997). As in this research only three SME- sized hotels of Valparaíso were researched, the generalization should be avoided. Anyhow, since all three hotels had similar features by being SMEs and located in a similar area of Valparaíso - which is where the majority of the hotels of Valparaíso are located - and as the results of the interviews were similar in all three, it could be an indicator of SMEs preparedness to natural crises. Anyhow, additional research concerning more SME-sized hotels of Valparaíso and hotels of different sizes should be done before generalizing the results.

Reliability means the degree to which the research result will remain the same if conducted again with the same method and aim, as well as its consistency over time (Hoepfl 1997). I could not find any other previous research about natural crisis management of hotels in Valparaíso, so the results could not be compared with any previous research. To gain a better understanding of the reliability, another similar type of research should be done to see whether the results remain the same.

It is arguable whether a true objectivity is possible to attain at all (Hoepfl 1997). Anyhow, the aim of a good researcher who remains neutral is to “be non-judgmental” and strive “to report what is found in a balanced way” (Hoepfl 1997). That is what I strived to do, but there is always a chance for mistakes in the interpretation of the results, since human beings are subjective creatures.

5.5 Limitations and ethical considerations

According to Hoepfl (1997), “the researchers skill and readiness to attempt a qualitative inquiry should be evaluated”. Since this was only the second time I did a qualitative research, it may have affected on the way the survey was conducted even though I was trying not to let it affect. I have couple of years of experience of the hotel and tourism field and some personal experience of natural crisis while I was living in Chile, anyhow I lack the skill set of a natural crisis management expert or that of a professional researcher. This of course effects on data analyzation as I might lack insight.

The theoretical part was formed from various scientific sources. Most of them were from the recent years to ensure the up datedness of the results. It was challenging to find sources about crisis management in hotels, not to mention natural crisis management in hotels or natural crisis management in hotels of Valparaíso. Since the research subject was so delimited, many sources were adapted from the crisis management in tourism field, or natural crisis management in organizations or even from risk management in enterprises to comprise that of natural crisis management in hotels.

Another limitation might be the small number of interviewees - based on three respondents a generalization of the situation in the city of Valparaíso cannot be made, anyhow, it can give a good hint on the situation and a direction for future research. Also, as Pratt (2009, 856) says: “There is no magic number of interviews or observations that should be conducted in a qualitative research project. What is “enough” depends on what question a

researcher seeks to answer”. Despite the small number of respondents, good findings were made, and interesting underlying topics emerged from the interviews.

Language barrier could be considered as one of the limitations since although I speak fluent Spanish, it is not my native language. The Chilean slang also adds its challenges. At some point of one of the interviews, it was obvious that the interviewee had misheard the question and was answering something that didn't have to do with the question. As the used research method was an interview, it was possible to specify the questions or ask them in another manner.

To protect the privacy of the hotels, all of them remain anonyms and it is not possible to recognize them based on this thesis.

6 Results; How are hotels of Valparaíso prepared for natural crises

In this chapter, the results of the data are analysed in the form of a discussion. The method of reporting is introduced and after that, data analyzation divided in subchapters with conclusions of preparedness, crisis management plan, worst case scenarios and business impact analysis, protection of the most important equipment and information, alternative supply chains, cooperation with units outside of hotel and help from the government, other preventive actions, experiences of previous natural crises, changes to protocols, training and post-crisis and learning. An overall conclusion of the research will be found in the next chapter.

6.1 Reporting

All three hotel managers were asked the same questions; although as the interviews were made face-to-face and in a form of relaxed discussion, they were not asked in the same order. This allowed a fluent flow of information and enabled to find the relevant topics. As some topics arouse naturally during the conversation, they were dealt with that order. Sometimes the conversation drifted outside the subject, so it was needed to be put back on track.

For the sake of clarification, the results are here analysed according to the topics. Different interviews are named here as hotel 1, hotel 2 and hotel 3. Hotel 1 is a four-star art-deco house with a nice restaurant-cafeteria and 5 rooms. Hotel number 2 is a five-star hotel-restaurant with 15 rooms, big restaurant, swimming pool and a bar. Hotel number 3 is a 3-star hostel-hotel with 17 rooms. All the hotels are located in the Patrimonial sector of the city and operate in antique buildings that were reformed to function as hotels. Hotels all belong to the SME- category and are slightly differing from each other by star numbers and style. This assures that similarities in the responses are not related to the number of stars or other factors, but rather the size of the hotel.

6.2 Preparedness

The first part of the interview consisted of 12 questions that were aimed at examining different aspects of preparation for crisis management. These included for example the

existence of a crisis management plan, thinking through the worst-case scenarios, business impact analysis, existence of alternative supply chains, protection of the most important equipment and information and cooperation with other organizations or government. Interviewees were also asked whether the hotel had already experienced a crisis situation before and if it could have been avoided with some preventive action.

6.2.1 Previous experiences of natural crises

As expected, all three hotels already had experience of natural crises. Hotel number 1 pointed out that the hotel itself had not suffered any damage from crises. The last damage that occurred to the building was in year 1870. Interesting about the buildings of Valparaíso is that earthquakes occur so often that most of the buildings that do not withstand them have already fallen. Hotel number 1 also mentioned that as there are clients who have never experienced even a small earthquake in their lives, they need to be told what happens and to calm down.

Hotel number 2 told that one of the main problems when a natural crisis occurs - even though there would not be any damage to the hotel - is that many bookings get cancelled. Interviewee explained that it is mainly the fault of media, as they present everything in a scandalous manner. According to him, it is mainly the foreign passengers that cancel their bookings but also some Chileans. Occupation rates fall down and take minimum one to two months to recover. He added that the crises are never as bad as they seem in the news and that for example after the fire of Valparaíso people were sending emails asking whether they had electricity and water in the hotel. Tourists do not know what is going on and do not realize that the city keeps on functioning. Natural crises have a big impact on tourism.

Hotel number 2 told also that there is at least one natural disaster per year in Valparaíso. He mentioned the big earthquake of 2010, fire of Valparaíso in 2014, the other earthquake in 2015 “which was only 7 on Richter scale, so not that big, but still affects”. That same year when interviews were conducted (2015) everything that could have happened in Chile, did happen; there were volcanic eruptions, forest fire, storms and flooding of San Pedro de Atacama. Interviewee reminded that it is always like that, every year many things happen. Chileans still stay relatively calm as they are used to crises. Earthquakes might cause some fear, but at the same time, most of the buildings in Chile are constructed to withstand them. According to interviewee, the building where the hotel was operating was very secure and he “would prefer to stay there than in the street”.

Hotel number 3 mentioned the earthquake of 2015 and the fire of 2014, although the fire had not affected the hotel. Interviewee also told that the storm of year 2015 did not affect that much to the hillside since the wind was stronger down close in the coastline. It was also interesting to find out that instead of driving away guests, the earthquake has such an effect that more people were staying in the hotel because they could not go down from the hills because of the tsunami warning. In that sense, the earthquake had a positive effect on the occupation rates.

6.2.2 Crisis management plan

Only one hotel had a plan for natural crisis, but according to the manager, it was under update since the one they had was very in general. At the time of the interview, hotel was preparing another one with more specific details. Manager also added that there are numerous types of emergency situations and all of them require detailed planning, so it is time consuming. But it was under a process. Now the plan included issues such as work accidents and what to do in case of a fire or earthquake. According to the manager there was still lot to update, such as chain of command and responsibilities of each staff member. Each case is different and thus clearance on how to handle each, is needed.

Hotel number 2 and 3 admitted that no formal crisis management plan existed. Anyhow, managers of both hotels had similar comments on how the safest place in the premises and the evacuation routes were indicated, just the actual crisis management plan was missing. Hotel 2 told that it is a question of improvisation since in case of an evacuation, people staying in the hotel need to go to the safest spot in premises and evacuate from there. The rest of evacuation procedures depends on the authorities. The thumb rule is to always go up to the hills - because usually the evacuation in question is that of tsunami.

Hotel number 3 emphasized that as Chileans are living in a country prone to natural disasters, they get used to them and everybody knows how to react in a crisis situation. Crisis management plan itself was not done, but everybody knows relatively well where the evacuation routes are, where to go and what to do. As none of the hotels had the actual crisis management plan, following questions about testing and updating the plans were skipped.

6.2.3 Worst case -scenarios and business impact analysis

When asked about the worst- case scenarios, all the three hotels answered they were not thought through. Hotel 1 clarified that in addition to the general crisis management plan, no other planification was done. Hotel number 3 pointed out that the Chilean people tend to be very disorganized and do not like to follow rules and norms 100%, acting in situations is more based on improvisation.

Also the business impact analysis had received little attention. Hotel number 1 commented that an informal analysis of the most important activities of the hotel was done. Hotel 3 explained that those were analysed at some level; for example, water outage - that occurred from time to time - could make things complicated but then on other hand interviewee commented that they had two swimming pools that function with pumps and thus water could be acquired even if there was a water outage in Valparaíso. Power cut in the city would neither be a problem since hotel is receiving its energy from solar panels.

6.2.4 Protection of the most important equipment and information

Results were variable in whether the most important equipment and information for the hotel had been secured somehow or not. Hotel 1 told that everybody working in the premises was told about how to do it, but it was not done in a formal manner. The most important information was protected by back-ups as it was downloaded in the internet.

Hotel 2 explained that equipment was not secured and then brought up the issue of insurances. As in Valparaíso - and in entire Chile - insurances are very expensive, few businesses have them. Especially the fire insurance in Valparaíso is almost impossible to acquire because big fires occur so often; “the insurance companies know that at least once per year a part of Valparaíso is burning”. That is why the prices of their insurances are “absurd” - as the interviewee described it - and that is why “it would be better to close the entire business than pay for the insurance”. The only insurance hotel 2 had was that of occupational safety, but that was all. Interviewee said that he also understands the companies at some level, since with lower prices they would have lots of economic losses as “each year there is a fire in Valparaíso” and each year there are earthquakes. And at last, he pointed out that Chile is like that, a country where something always happens; tsunamis, fires, earthquakes...People are used to many disasters occurring each year. He added that most hotels do not have insurance.

Hotel number 3 said that the most important stock was not protected specifically, but that the building itself had an insurance. Interviewee admitted that in case of a fire or flood, the most important information would probably be lost since it was in papers and no other database existed. They were just recently creating it. She as well brought up the complicatedness of getting insurances and how especially the fire insurances were difficult to obtain. In the Patrimonial heritage zone of Valparaíso it was most difficult to get one, but despite of having costed them a fortune, they had one.

6.2.5 Alternative supply chains

Hotel 1 had given a second thought on if something happens to the supply chain they are usually relying on; manager told that “we are always working with more than one type of product”. He added that anyhow, there are some exclusive suppliers because their products are exquisite. Despite of that, with most of the products, such as vegetables and cleaning supply, they had an alternative supplier.

Hotel number 2 pointed out that oftentimes in situations when one company has run out of products, other companies are in the same situation. Interviewee told that for example in 2014, there had been shortage of lemons and the price of every supplier was high. This is because lemons have the same place of origin. Even if there is more than one supplier of products, it might not help since the products are coming from the same markets. Interviewee commented that another product that might have shortages is fish and as it comes mainly from southern Chile. If they do not have fish, any supplier does not have it. He also added that supermarkets here do not function like in Europe, sometimes you go to look for a product and it simply is not there. You need to return the next day to see if they have it then. The fact that restaurants run out of products happens quite often in Chile, was brought up. Interviewee admitted that one reason for that is surely bad organization, but sometimes it is just impossible to get the product because it is so expensive or otherwise unattainable.

Hotel number 3 told that they had no alternative supply chains. The only suppliers were the ones they were collaborating with, out of respect and to get cheaper products. Manager admitted that in case of an emergency they could go to other suppliers, but it would be expensive to the hotel.

6.2.6 Cooperation with units outside of hotel and help from the government

When asked whether hotels were cooperating with someone outside of the hotel, results were again varying. Hotel number 1 told that they did not have any formal cooperation, but that informal cooperation was on a pretty good level - they had a Whatsapp- group together with employees, neighbours and entrepreneurs of the neighbourhood. The group works as a kind of a “common security centre”. For example, if there was someone suspicious in the area, or if someone got robbed, the others would be warned. This could be applied also to natural crises. Hotel number 1 had also started a program that was initiated by the government, where different enterprises of a delimited sector and area - in this case hotels and restaurants of the neighbourhood- are improving their procedures, final production, capacity, recycling etc. It also helps with crisis management as also emergencies and improving security in general are part of the program.

It was interesting that hotel number 2 was also working together in a project with other hotels and restaurants, but according to the interviewee they were more handling issues such as clean production and not emergency planning. We will maybe never know if the question was about same program than in the case of hotel number 1. Hotel number 2 also mentioned that you could get some kind of plan from the government if you asked but had not heard of anything else. Interviewee added that everyone who has a number registered in Chile, will receive a message of tsunami alert if one is given; “it is impossible to continue sleeping because all Chilean phones are beeping every 10 minutes and reminding you that this is evacuation, you need to go to a safe place”. He also pointed out that getting some kind of aid from the government for example to acquire the expensive insurances would be good, but that at the moment government was not helping with such issues and everything was based on private functions instead of public ones.

Hotel number 3 mentioned that the government had installed fire sirens to the higher parts of Valparaíso, which adds some security in case of a fire as people are alerted more quickly. Interviewee laughed when the government was mentioned and said that she had not heard of any programs by the government that would help with crisis management, at least not in the hillside of Valparaíso. She added that some evacuation procedures were done to the part of the city that was on a street level. According to her, it would be useful to receive analysis of different risks in different sectors of the city. Interviewee added that she had never been herself in the hotel when an evacuation happened, so she could not tell whether there was collaboration between other hotels or neighbours. At least formal collaboration did not exist.

6.2.7 Other preventive actions

In addition to completing the basic safety regulations such as obligatory evacuation points and fire extinguishers, hotel 1 told that there were no other preventive actions. Interviewee commented that for example coats with reflectors would be useful, so other people in the premises could realize that the person with the coat is the authority and the rest could follow him or her in case of an evacuation.

Hotel 2 pointed out that any hotel that has a permit to function as a hotel - "because there are also many illegal ones" - need to have some basic safety measures, such as signalled emergency routes and fire extinguishers. He mentioned that the existence of first aid could be counted as another preventive action, even though it "might sound strange to a foreigner but here could be a distinguishing factor".

Hotel number 3 told that they had the basic safety measurements, such as evacuation routes and hoses or fire extinguishers in each floor - which are the requirements when opening a hotel. Also, the door of the hotel was always held open when there were guests. When asked about other preventive actions that would come into her mind, she laughed and said that nothing else occurred to her. She commented that everybody was already more or less familiar with the evacuation routes and how to get out. But that was it.

6.2.8 Changes to protocols

When asked if some changes to the protocols of the hotels were made after a disaster had occurred, all the three hotels answered they were not. Hotel number 1 was recently working on with their general procedures in the crisis management plan. Hotel number 2 said that no changes to the protocols were made after a crisis occurred, as natural crises are something you need to always be prepared for; "you need to always have some savings so that in case that something happens, you can pay salaries to your employees".

Almost the same comment could be heard from hotel number 3 as well, as she told that after natural crises had occurred, no changes to the protocols were made as the only thing to do was "to follow the evacuation routes and that's it".

6.3 Training

The second part of the interview consisted of questions about different aspects of training for natural crises - this part comically ended up being a little short, since none of the hotels had provided training to their staff. The first question was about if training existed at all, and the next questions were aimed at specifying how the training was conducted; how long it took, who was responsible for it, how often was it done and whether a specific crisis management team existed. Since the first question was negative in all the interviews, the following questions were not asked.

Hotel 1 commented that having a crisis management training program for employees is something voluntary for the hotels. Manager said that he does it in an informal manner by for example explaining the decisions and showing where to run in different types of emergencies -even in case of power cuts. So, an informal capacitation exists but the process is not formalized. He added that in case the employees would ask for a training program, they would have to arrange one, which means that a direct regulation does not exist but an indirect one does.

Hotel number 2 admitted that they did not have any training program, but he also added that it is not uncommon in Chile since it is a country where everybody knows what to do in case of for example an earthquake; "In general, people feel prepared for an earthquake". It is the tourists that are not prepared for earthquakes or tsunamis. Chilean people know that if an earthquake strikes, you need to the safest spot in the premises, which would usually be in the entrance by the door frame. Manager admitted that in case of a fire, it would not be that simple.

Manager of hotel number 3 started laughing when asked if they had a capacitation program for the employees and admitted that they do not have. She emphasized the need to calm people down in case of an earthquake and reminding them for such things as that the building is anti-seismic, not to run in the stairs, staying calm and waiting for the earthquake to pass. According to her, the worst was when people started panicking, running around and shouting. This could also happen with Chilean people as they might have gotten traumatized from previously experienced earthquakes. She continued that on the other hand, sometimes people might not even realize that there is an earthquake, as in Chile, there are smaller ones so often. The knowledge based on experience of Chileans was mentioned again as well as the fact that they are used to earthquakes since they were little.

6.4 Post-crisis and learning

The last part of the interview aimed at finding out how hotels had prepared for maintaining business continuity after the crisis has already ended. Hotel number 1 commented that they were still working on with the protocols on what to do after a crisis and how to get back to the normality with minimized financial losses as a part of their updated crisis management plan. He also commented that they had not thought about how long it would take them to get back to the normality after a crisis had occurred.

Hotel number 2 opened a bit their current protocols; after a crisis, an email is sent to all the people who have a reservation, explaining what happened and assuring that the hotel is fine as well as the tourist attractions. Anyhow, managers' experience was that it does not help, since the press and their scandalous reporting makes people cancel their bookings anyway; "you can do anything, but they will never get over it". He told that after the fires in Valparaíso, their occupation rate was less than 20%. As he said, "the impact is huge". He mentioned also the storm of Valparaíso in August 2015. It had affected a lot on the occupation rates, since usually August is a high season and there are many foreigners, but that year that was not the case. After that, the earthquake of September 2015 could also been seen in occupation rates. Although there was lot of advertising, discounts, offers and other communication, there were still many losses.

Hotel number 3 told that they do not have any separate plan on how to get back to the normality with minimized financial losses, but it was rather already included in their management procedures; "you need to be always prepared for possible losses and reparation costs". She also pointed out again that as Chile is a country where earthquakes and other natural disasters occur often, that is kind of prevention itself as people know that they need to invest in recovering from the losses caused by disasters.

7 Discussion

In this chapter, the results of the interviews are compared with the information gathered in the literature part and then conclusions based on them presented. Also, the assessment of own learning process is included as well as ideas and suggestions for development and future research presented.

7.1 Conclusion

The purpose of this thesis was to find out whether the hotels of Valparaíso are prepared for natural crises or not, and to find the possible underlying reasons for the situation. This is a complicated topic, since the root causes are usually socioeconomic, political and cultural ones. Based on comprehensive research on the existence literature regarding crisis management, crisis management in hotel and tourism industry, natural crises and natural crises and Chile, 20 questions were formed to examine the level of preparedness and different aspects of natural crises management of three chosen hotels in Valparaíso. All hotels were SMEs and located in the hillside of Valparaíso. As the chosen research method was a qualitative semi-structured interview, it was possible to go more in-depth with the answers so that the bigger picture and insights of the hotel managers of the chosen hotels could be considered.

As expected, all three hotels had experience of natural crises and commented it is something very common in Chile. Interesting observation is that none of the hotels had experienced a direct damage to the hotel, but the concern was more about how to get the scared tourists not to cancel their bookings. Although some recovery methods were used, they did not seem to help since tourists believed more in what was told in the media. The problem of negative media attention was already brought up in the subchapter “3.6 Is Chile well-prepared for natural crises?”.

The discovery in the chapter “4.7 The need for business continuity planning in Chilean enterprises”; got confirmed - especially smaller companies located in the risk areas need to develop their preparedness to cope with disasters. As earlier found out in the literature search, since hospitality industry is vulnerable to people’s perceptions of safety, natural crises can do damage especially to small businesses with less resources (Altinay & Brookes 2015, 193-196; Frent [□] & al. 2016, 80) - and this was the case of two of the hotels. One of the hotels pointed out that the crisis had actually had a positive effect to its occupation rates

since during the tsunami warning people had needed to overnight in the hotel. This was an interesting finding, since according to Altinay & Brookes (2015, 200), one possible way to lessen the impacts of crises is by diversifying the target markets by for example accommodating the emergency personnel, construction workers and media personnel. In the case of this hotel, that was not necessary since they were able to accommodate “the normal” people trapped in the hills because of a tsunami.

Faith in the strength of the premises where the hotels were operating was strong; all the three hotels brought up the fact that they trusted their buildings and actually felt safer there than in the street. This is probably truer in case of earthquakes and tsunamis (as all of hotels located in the hillside which is where the evacuations are conducted during tsunami warnings) - it was agreed that in case of a fire it could be more complicated. Anyhow, this confirms the finding in literature search where in the chapter 3.6 “Is Chile prepared for natural crises” it was found out that in general level Chile is well prepared for natural crises and especially for earthquakes because of the good buildings standards.

All the three hotels emphasized the existence of evacuation routes and even though none of them had a program capacitating their employees to face natural crises, managers were confident that their employees knew the evacuation routes and how to act in case of natural crises even though there were no formal instructions on how to do that. Only one of the hotels had made even an informal spoken crises training, not speaking about crisis management teams.

Which is the next interesting issue discovered in the research; the knowledge based on experience that Chilean people have about natural crises was brought up in discussions repeatedly. As Chilean people have experienced natural crises several times during their lives, they do not panic and most of the times know how to act. Hotel managers felt especially unconcerned about earthquakes and tsunamis, since in case of a tsunami you would just need to follow the evacuation routes to the hills - which is where the hotels were already located in. They were not worried about earthquakes either since they felt confident about the strength of the buildings.

Hotel managers were not concerned of the training of their employees either, because they were trusting in their knowledge on what to do. They mentioned that it is the tourists who are afraid of natural crises and usually do not know how to act. This confirms the finding in chapter “4.6 Post-crisis”; resilience is learnt from experience and communities that experience natural crises several times, are more resilient to dangerous and traumatic events. This is especially true with Chileans; according to my own experience, they have

one of the most relaxed attitude towards natural crises. It is ironic that before writing this thesis, I read a thesis about crisis management in hotel industry in Finland, and one of the findings of that thesis was that once one of the interviewed hotels had had bed bugs. Chileans would probably even not consider that as a crisis – a good indicator of how far Finland and Chile are from each other's realities. Anyhow, I will never understand the reason for building so many restaurants and hotels just next to the coastline, as it will only be a question of time when the next tsunami or flooding happens. Nevertheless, as found out in chapter "4.7 The need for business continuity planning in Chilean enterprises", it might be because in Chile, business tend to be located close the raw material sources to cut costs of transportation and raw materials. Another reason could be that people have more urgent things to think of, such as how to get food to the table for the next day. Nevertheless, long-term thinking would not do any harm.

One of the reasons for this highly developed knowledge on natural disasters has to do with the country's history with natural disasters. Buildings are strong because the weakest ones have probably already fallen down in previous earthquakes, and on the other hand, strict building codes of the construction sector help minimizing the damage. Anyhow, preparation for other natural crises such as fires or floods might not be on a that good level - although any direct damage had not happened to the interviewed hotels by the fire of Valparaíso in 2014.

Another interesting point that was brought up was the lack of insurances - even though they would be of crucial importance, as found out in chapter "4.7 The need for business continuity planning in Chilean enterprises". One of the hotel managers told that it was impossible to get an insurance for natural disasters - especially for fires in Valparaiso - due to their high prices. As the Chilean government is not interfering a lot in the way business is made, bigger corporations usually benefit and can take advantage of the situation. The power of private sector can be seen in the way the entire country is being governed. Despite of that, one of the hotels had precisely acquired a fire insurance.

The need for government to help businesses to deal better with natural disasters was also discussed. In addition to building in risky zones, the public sector has not designed tools to face natural disasters. According to the interviewees, it was not doing anything at the moment, except for some kind of program which had more to do with enhancing the different processes in hotels in general. As discussed in chapter 4.7, public and private sectors should design tools to prevent and lessen the impact of crises. Now the private sector is left to handle the production while the public one is promoting it, but no focus on risk

management is being paid. As private sector does not necessarily have enough resources or skills to deal with natural crises, they remain vulnerable.

Couple of hotels had alternative supply chains in case something would happen to their current ones, but all of them brought up the fact that no supply chain would help them if there was a shortage of the product itself -which is exactly what was discovered in the chapter 4.7; as economic activities are developed in specific regions, if there is a shortage of a product that specific region, it cannot be found anywhere else. Resources are found mostly in risky areas and public sector invests in these catastrophe-prone areas. I remember many times going to restaurants and asking for something on the menu and just simply being told that they do not have it, then asking for another item only to find out they did not have that either. This was something I pumped into several times. One reason might of course be bad organization in the restaurants, other reason the possible shortage of that item.

Some cooperation with other businesses existed but again not any formal one. This confirms another finding of the subchapter 3.6; synergies between different players should be improved. It was a nice idea to have a Whatsapp- group together with the hotels and neighbours of the area and support each other that way. According to my own experience, this was very typical in Chile; as aid was not gotten from anywhere else, people leaned on each other and social bonds at the grass root level were strong.

In conclusion, none of the hotels was very well or formally prepared for natural crises and there is room for a lot of improvement. Anyhow, each of them was prepared at some level; ones in one aspect and others in other. Good example of this is that only one of the three hotels was working on with a crisis management plan, meanwhile other of them had acquired an insurance. None of the hotels was very well prepared in all aspects that were asked about. As found out in chapter 4.7, one reason for this might be the small size and lack of resources of the hotels, so the focus is on everyday operations rather than strategic thinking. For larger enterprises it is easier to include crises management in their business planning.

On the other hand, even though the formal preparation was not on a very good level, the informal one was somehow under control and the faith in the strength of buildings and in the experience-based knowledge of Chileans was strong. It is still alarming that even having such a basic thing as a crisis management plan in a such natural crises -prone area was not self-evident.

As discussed earlier in this thesis in the subchapter 3.6, the reconstruction phase does not get enough attention - this is what was found out in the interviews as well. Some thought had been put on the possible economic losses, but hotels were lacking a complementary business continuity plan. It would be important to identify the root causes and find ways for risk reduction and to plan reconstruction before crises strike, not only after they occur.

Generalization of the findings cannot be made as there were only three hotels being researched, anyhow the similarity of some of the answers - such as the emphasis on the experience-based knowledge of Chileans - was eye-catching. One possible explanation is that as the hotels were similar in size, location and target group, that would affect the results. Anyhow as most of the hotels in Valparaíso belong to the category of the interviewed hotels, found results could be an indication of something.

7.2 Assessment of own learning

For me, the process of writing the thesis was quite interesting and multidimensional. It started with the idea of the topic while living in Chile in 2015. The number of natural disasters occurring in the country just seemed incredible for the me, so I wanted to dig deeper into the issue. The question of situation of hotels in the country, especially in Valparaíso which was the city I was living in, raised my curiosity, so I decided it would be the perfect topic for my thesis. Interviews to the three hotel managers were conducted in January 2016 and even though it would have been nice to have couple of more interviews, I already needed to return back to Finland and was not able to conduct them more; as knowing the Chilean culture pretty well after having lived there for the entire year, I knew contacting through distance via email would most probably be waste of time. Anyhow, the interviews that were done while living in the country provided lots of interesting insights and I am content with the analysis I was able to make based on them.

Crisis management in the hotel industry is a complex issue, especially in the Chilean context, and there are many different sides to it. Doing it from the perspective of Valparaíso did not make it easy to wrap everything up comprehensively meanwhile not making it too long. Many sources were used to discuss the topic as diversely as possible as there are many factors affecting the issue. When doing the literature search, it soon became obvious to me that the topic has not been researched as such, and even finding information about natural crisis management in the hotel industry was not easy, so I had to adapt the found

information of crisis or risk management in the tourism industry to consider also the hotel industry.

The amount of time to write the thesis prolonged as in addition to working while writing it, when returning to Finland I still had some courses to complete. It was a bit challenging to re-start the writing process after a longer pause, but on the other hand I am happy for having made the interviews while still in Chile. I am aware of that there would have been a lot of room for improvement with the time-management but on the other hand, now I have learned again something new about myself and how to work next time with a project of this size to get it done more effectively. Also, as the topic was including many different aspects, forming a good literature base was time-consuming. Although the writing process prolonged a bit, I am happy I got enough time to make my work detailed and that I had enough time to process the gathered information.

During the thesis writing process, some of my previous own presumptions got confirmed, such as that there was probably space for improvement in the crisis management of hotels in Valparaíso. Anyhow, during the interviews I tried to make sure that my own perceptions did not affect the results.

I found out lots of different factors that were affecting on the bigger picture and learned not only a great deal about crisis management in the hotel industry, but also about natural crises and their origins, as well as the Chilean and Latin American culture and conditions of living and doing business there.

7.3 Suggestions for improvement and future research

Even though small and medium-sized hotels of Valparaíso have some level of preparedness to natural crises because of the experience-based knowledge of Chilean employees, favourable location - at least when it comes to earthquakes and tsunamis - and strong buildings, there are still many things that could be improved. First steps for the hotels would be to create formal crisis management plans and training programs for their employees as prepared businesses are in a better position to face crises. Another good crisis management tools would be the thinking about the worst-case scenarios, making a business impact analysis, a business continuity plan and to collaborate more closely with other businesses and organizations. To avoid negative media attention, it would be advisable for hotels to have predetermined media spokesperson.

Not only the private hotels should develop tools to prevent and lessen the impact of crises but some form of help from the local government would be of use as well, even though it is not something that is in the hands of the Chilean hotel business owners. As disasters are frequent in Chile, training programs and other procedures to deal with them would be good to establish. Also, as people from Valparaíso and Chile are used to natural crises because of their frequency, their knowledge of problems and opportunities related to them could be taken advantage of.

This is a complicated topic and more research absolutely needs to be done both in crisis management in general and natural crisis management related to businesses and especially to hotel business. The previous researchers investigating crisis management in the hotel industry had run into the same problem.

Bigger roots in the unpreparedness lie partly in the economic situation of the country. Cultural aspects also effect on it for sure. It seems that it is more important for Chileans to get the urgently needed economic profit in the short term than to invest in the long-term preparation and preparedness. Maybe this is the reason why restaurants keep on being built at the beach even though it is known that sooner or later, a tsunami or storm will come to destroy the entire business. It would be important to focus on being proactive instead of reactive - which is how things in the country are usually handled.

I think this thesis is useful for all hotels in Valparaíso but especially for SMEs since that was the group of hotels being researched. This thesis could serve as a basis for future research in the area of natural crisis management in Chile. Because a broad generalization of all hotels of Valparaíso cannot be made, that could be a good topic for future research. Also, research on crisis management in all Chilean hotels could be useful. As can be seen, there would be space for lots of future research.

As found out in the literature research, as Valparaíso is a city with one of its main economic activities being tourism, its impact should not be underestimated. With climate change increasing the amount of natural disasters in Chile and the entire world, they are not about end in the near future, and thus natural crisis management should receive more attention. One last personal recommendation to the hotels; it would be advisable to build restaurants and hotels a little bit further than two meters from the coastline.



Image 3. Restaurant in the coast of Valparaíso that was destroyed because of huge waves.

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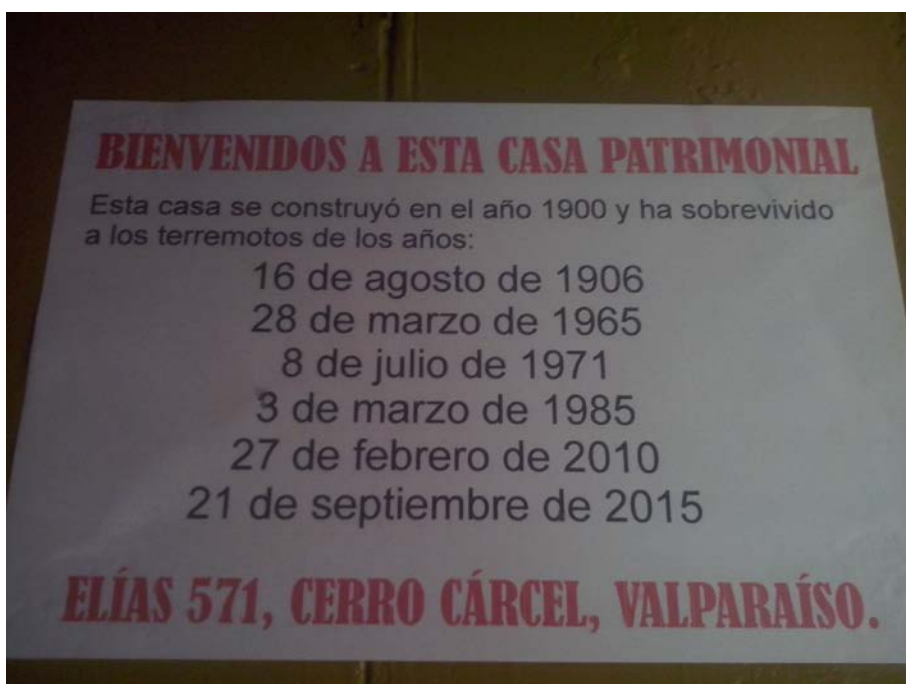
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Appendices

Appendix 1. Moved coastline in Valparaíso after a storm in August 2015



Appendix 2. House that survived the earthquakes of Valparaíso in 1906, 1965, 1971, 1985, 2010 and 2015.



Appendix 3. Research questions.

In English:

Prevention

- 1) Does the hotel have plans for crisis situations related to natural catastrophes? If it does, what are they?
- 2) How are these plans being tested and updated?
- 3) Is there a plan evaluating different possible risks and worst- case scenarios related to natural crises that might happen to the business?
- 4) Has their severity been determined?
- 5) Has the business impact analysis been done, determining the most important activities for the hotel?
- 6) How do you secure the most important information and equipment?
- 7) What kind of other possible preventive actions for natural crisis have been made in the premises?
- 8) Are there alternative supply chains in case something happens?
- 9) Is the hotel cooperating with someone?
- 10) Has the hotel needed to face crises situations related to natural disasters before? If it has, what happened?
- 11) Would these crises have been avoided by some preventive action?
- 12) After the crises were some changes to the protocols made?

Training

- 13) Does the staff of the hotel have some kind of training program to face emergency situations related to natural crisis?
- 14) Who is responsible for the training?
- 15) How long does the training take?

16) How often is it done?

17) Is there a specific team to face the crisis situations?

Post-crisis

18) Which are the protocols to follow after the natural crisis has ended?

19) Is there a plan on how to get back to normal business activities with minimized financial losses?

20) Does the plan include timeframe?

En español:

Prevención

- 1) ¿El hotel tiene planes para situaciones de crisis que tienen que ver con catástrofes naturales? Si tiene, ¿cuáles son?
- 2) ¿Cómo prueban y actualizan estos planes?
- 3) ¿Existe un plan evaluando los posibles diferentes riesgos o peores casos relacionados a catástrofes naturales que podrían afectar al negocio?
- 4) Se ha determinado su gravedad?
- 5) ¿Se ha hecho un análisis de impacto en el negocio, determinando las actividades más importantes para el hotel?
- 6) ¿Cómo se ha asegurado la información y equipamiento más importante para el hotel?
- 7) ¿Qué clase de otras posibles acciones preventivas para las crisis naturales se han hecho en el local?
- 8) ¿Existen cadenas de suministro alternativas en caso de que sucede algo?
- 9) ¿El hotel está cooperando con alguien?
- 10) ¿El hotel tuvo que enfrentar situación relacionada con crisis naturales alguna vez?
Si es así ¿Qué pasó?
- 11) ¿Esa crisis se podría haber evitado con alguna acción preventiva?
- 12) ¿Después de la crisis, se hizo algún cambio a los protocolos?

Capacitación

- 13) ¿El personal del hotel tiene algún tipo de programa de capacitación para enfrentar situaciones de emergencia relacionadas con crisis naturales?

- 14) ¿Quién es responsable del entrenamiento?
- 15) ¿Cuánto tiempo dura el entrenamiento?
- 16) ¿Con qué frecuencia se realiza?
- 17) ¿Hay un equipo específico para hacer frente a las situaciones de crisis?

Consecuencias

- 18) ¿Cuáles son los protocolos a seguir después de que la crisis natural ha terminado?
- 19) ¿Hay un plan sobre cómo volver a la normalidad y continuar las actividades comerciales minimizando las pérdidas financieras?
- 20) ¿Se ha determinado cuánto tiempo tarda?