

# Resilience Towards Crisis in Small and Medium Tourism Based Sectors

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**Abstract:** This study aims to understand the resilience towards crisis in small and medium tourism-based sectors. The current pandemic has had a particularly detrimental effect on the tourism sector, with COVID-19 posing a significant health threat to the world. This study aims to review and analyses contemporary methods and approaches systematically. To facilitate the integration of multiple research designs in this study, the review was conducted using the published standard (PRISMA statement) as the preferred reporting item for systematic reviews and meta-analyses. The primary databases used in this study were Web of Science and Scopus in order to search for the necessary articles. Through content analysis, this study can be divided into six categories: (a) social support, (b) technology innovation, (c) government support, (d) diversification of economic activities, (e) personal resources and (f) leadership and communication. The findings significantly contribute to the tourism small and medium-sized enterprises in creating resilience-based sustainable tourism, and society's well-being apart from contributing to the COVID-19 tourism resilience literature. The objective of the study would be to facilitate collaboration between tour operators, government entities and other relevant stakeholders in order to better manage the ambiguity of the COVID-19 crisis and to implement strategies to revitalize the sector in the post-pandemic environment.

**Keywords:** crisis, resilience, small and medium tourism-based sectors, tourism.

## 1. Introduction

The COVID-19 epidemic has initiated the most profound global disaster and greatest challenge that mankind has faced since the conclusion of World War II. The pandemic has impacted every region of the globe in an unprecedented manner. For example, the COVID-19 pandemic has exceeded the intensity of the Spanish flu, resulting in more than 1.8 million deaths and 85 million cases as of 31 December 2020 (Hall et al., 2020; World Health Organisation (WHO), 2020). The tourism sector has experienced a substantial decline as a result of the worldwide travel limitations enforced during the pandemic. The World Travel and Tourism Council reported a 72% decline in international travellers during the first half of 2020 (Gössling et al, 2020). Nevertheless, the tourism industry has demonstrated more resilience in response to different crises (Hall, 2010). Small and medium-sized firms play a vital role in

national growth, which is why the tourist sector heavily depends on them (Martínez-Román et al., 2015; Motta & Sharma, 2020). A significant proportion of small and medium-sized tourist enterprises have experienced a sharp decline in their revenue due to the COVID-19 pandemic (Lu et al., 2020).

This is highly relevant due to the heightened vulnerability of small and medium-sized firms (SMEs) to prolonged COVID-19 lockdown measures. These SMEs account for around 75% of all job sectors that are indirectly affected, as stated by the Organisation for Economic Cooperation and Development (OECD) in 2020.

With the assistance of resilience planning, it is indeed feasible to restore the capabilities of small and medium-sized tourist enterprises (SMEs) following a catastrophe (Orchiston, 2013). Examining historical frameworks for managing tourism crises and catastrophes demonstrates that many of these models have several flaws, despite the demonstrated effectiveness of resilience techniques in planning for and recovering from industry crises and disasters (Lew, 2014). To effectively prepare for resilience in tourist contexts, it is crucial to identify resilience related policies and programmes from several perspectives, including institutional, social, cultural, political, and economic (Bhati et al., 2016). However, the predominant body of research has primarily concentrated on resilience solely from an economic standpoint (Lew, 2014).

Deciding on methods to overcome severe crises becomes increasingly challenging due to the emergence of intricate and unpredictable circumstances (Kramer, 2016). In addition to the chaotic nature of crises, there are several factors that significantly increase the uncertainty of decision-making in critical situations. These factors include insufficient knowledge and delayed availability of essential information (Ritchie, 2008; Ritchie & Jiang, 2019; Williams & Baláž, 2015), the enigmatic nature of the crisis's development (Zenker & Kock, 2020), and the impact of policies and events in related domains (Ritchie, 2008). However, previous studies failed to sufficiently consider the existence of ambiguity. In times of crisis, the lack of time and the urgency of decisions render the decision-making and policy-making frameworks that are useful in normal settings inadequate (Faulkner, 2001; Ritchie, 2004; Bhati et al, 2016;

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Ritchie & Jiang, 2019; Williams & Balás, 2015).

Amidst this global pandemic, it is imperative to closely observe the aforementioned traits, as COVID-19 poses distinctive difficulties. Tourism policymakers face three primary challenges when dealing with emergencies. Prior to taking any action, it is essential to determine the extent of the problem and its possible impact on the tourist sector. Furthermore, the duration of the crisis must be taken into account, as different strategies may be necessary to effectively tackle crises of varying lengths. The part is concluded with the implementation of policy (Blake & Sinclair, 2003). An analysis of the strategies adopted by multiple countries to strengthen their businesses in response to the COVID-19 epidemic reveals a notable diversity and comprehensiveness of methods. Conversely, the tourism industry encounters distinct challenges in every region. Tourism policymakers from different countries must develop and implement their own policies based on the distinct possibilities, risks, capacities, and resources available to them. Frameworks for identifying the most effective and resilient supportive policies are crucial for policymakers, academics, and practitioners in these contexts (Lew, 2014).

The objective of this study was to:

- 1) To identify the influential criteria and factors on community resilience to crisis.
- 2) To explore the resilience approaches/methods used by the community in managing tourism-based SMEs during the Covid-19 pandemic period.

The themes and findings were classified according to each research question. The findings are discussed in the following section.

## 2. Literature Review

### A. *Tourism Resilience as an Analytical Tool*

The term resilience was initially employed in ecological contexts to describe systems' capacity to withstand change and disruption while preserving population or state variable linkages (Holling, 1973, p. 14). According to Walker et al. (2004, p. 3), resilience is "the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity and feedbacks in other words, stay in the same basin of attraction." This is one of several formal definitions of resilience. Over time, diverse fields including psychology, ecology, and economics have embraced the idea of resilience and begun to apply it to a wide range of things, including people, ecosystems, and urban systems (Hall et al., 2017).

Disasters and catastrophes are becoming more common in the tourism business, which highlights the need to strengthen it (Prayag, 2018; Sobaih et al., 2021). Some recent studies (Fang et al., 2020; Gretzel & Scarpino-Johns, 2018; Jiang et al., 2019; Paraskevas & Quek, 2019; Sobaih et al., 2021) have focused on resilience strategies that can help tourist destinations endure crises and slow-onset changes. Any region whose economy is dependent on tourism strives to be robust. Considering the susceptibility of popular tourist spots to disasters, it is crucial to study how the tourism industry bounces back after setbacks,

paying special attention to the resilience of small tourism firms in developing nations. Resilience is a key component of organizational effectiveness, as Dauphiné and Provitolo (2007) emphasize its importance as a tool for strategic support. Their research centres on the idea that diversity, self-organization, and learning are three positive aspects that make a system more resilient when it is being disrupted. Altintas and Royer (2009), who used the synoptic method, resistance is an organization's capacity to either withstand a danger or recover from its effects. A system is robust, according to Vickers and Kouzmin (2001), if it can continue functioning normally in the face of both internal and external shocks and disruptions. Even among tourism scholars, resilience has been largely neglected in recent years (Hamzah & Hampton, 2013). Concepts like "Turbulence Studies" (Faulkner, 2001), "Complex Adaptive Tourism" (Farrell & Twining Ward, 2004), and "Engineering Resilience" (McManus et al., 2007) have been considered in relation to this idea's potential use in the tourist sector (Lew, 2014).

A review of the literature reveals that resilience training has frequently helped the tourist sector bounce back from disasters (Ranasinghe et al., 2021). The management of past crises and disasters has also received attention, including the Asian economic crisis in the late 1990s, the SARS epidemic in 2002–2003, the 2004 Indian Ocean tsunami, the earthquake dangers in the Southern Alps of New Zealand, and the crisis in Southeast Asia (Lew, 2014). The tourism industry and its subsidiaries are adapting to unpredictable environmental conditions and crises like COVID-19. A resilience-based approach can shed light on effective response mechanisms and these adaptations (Bhaskara & Filimonau, 2021; Ranasinghe et al., 2021; Sharma et al., 2021; Sobaih et al., 2021). While many studies have looked at tourist resilience within the framework of disaster management, there are still several obstacles relating to the industry's complexity that make it difficult to have a good grasp on the idea of resilience in the tourism sector. Thus, additional research is required to identify and understand resilience in the tourist sector.

### B. *Crisis in Tourism Industry*

There is currently no consensus on what constitutes a crisis or disaster, according to a survey of theoretical works on the topic of crisis management (Leta & Chan, 2021). As Prideaux (2004) put it, "any unpredictable event that causes sudden emergencies which in most cases is poorly managed" is what constitutes a crisis in the tourism business. Karagiannis et al. (2006) classified tourist crises as either occurring in the absence of human action, with indirect human intervention, or with direct human intervention, based on the degree to which humans play a part in each. Factors contributing to crises were classified as either manageable or unmanageable by Peters and Pikkemaat (2006). Reasons for the occurrence of manageable crises, which can be anticipated and prepared for in advance, include budget overruns, unmet customer demands, a lack of security measures, incompetent staff, and inaction in the face of change.

On the flip side, certain crises are labelled uncontrollable because of how they are, how much damage they cause, and

how little organizations can do to stop them. A lot of bad things can happen to the tourist business when these situations happen. Many things can lead to their occurrence, including but not limited to: religious strife, terrorism, political unrest, pandemics, ecological and natural catastrophes, economic downturns, and declining incomes. Structured or strategic catastrophe or crisis management in the tourism industry has received scant attention prior to the COVID-19 pandemic. The purpose of the literature review is to investigate how tourist destinations are affected by political unrest or natural calamities (Öberg, 2021). The crisis management framework, however, has attracted the attention of numerous tourist scholars since the pandemic (Zhong *et al.*, 2021) and is a hot subject among tourism-related organisations (Wut *et al.*, 2021).

### C. SMEs' Resilience in Time of Crisis

Small and medium-sized enterprises (SMEs) in the tourist industry have had less focus in comparison to larger companies' disaster preparedness and resilience efforts (Mandal & Saravanan, 2019). Particularly in developing tourist hotspots, little is known about how SMEs keep running during and after a disaster. Financial difficulties (Rastegar *et al.*, 2021) and stress on the mental health and wellbeing of owners and operators (Lindsay-Smith *et al.*, 2022) make small and medium-sized tourist businesses even more susceptible during crises, according to studies (Rastegar *et al.*, 2021; Seyfi *et al.*, 2021). Prior research on tourism resilience has mostly concentrated on two levels: the macro level, which includes the tourist system, destinations, and communities, and the meso level, which includes organizations (Amore *et al.*, 2017; Hall *et al.*, 2017; Saarinen & Gill, 2018). Yet, studies examining resilience at the micro level, which includes SMEs, are scarce.

Existing resilience frameworks in the tourism industry are frequently general and fail to sufficiently meet the unique requirements of small and medium-sized enterprises (SMEs) in the industry, according to a recent assessment of their resilience (Badoc-Gonzales *et al.*, 2022). Similarly, with regards to the COVID-19 pandemic, the majority of the existing literature has concentrated on how the pandemic has affected the resilience of the tourism industry, with the main objective of offering remedies for when the crisis has passed. A 'one size fits all' method of studying resilience and handling the effects of crises does not work, though, according to the research (Prayag, 2018). The reason behind this is that resilience may be measured on multiple dimensions, and efforts to improve resilience at both destinations and SMEs can be greatly impacted by outside forces (Hall *et al.*, 2017). There has not been enough study into what makes small and medium-sized enterprises (SMEs) resilient enough to keep running during a crisis. In addition, most research that has looked at how COVID-19 affected tourism have used a cross-sectional approach, which limits our ability to comprehend the full scope of the problem, how resilient people are, and how things evolve over time. The short-term negative impacts mostly examined in the current expanding literature in tourism may not be representative of the long-term consequences of COVID-19, which is why additional research is necessary to understand

these effects.

In order to recover and thrive sustainably, destinations must understand how SMEs make sure they can withstand crises like the COVID-19 pandemic. Because they make up such a large percentage of the tourist industry up to 80% in poor nations alone (UNWTO, 2020). SMEs are especially susceptible to and impacted by crises. The success of SMEs has a direct impact on the total economic development of emerging nations like Iran. SMEs are considered as crucial engines of economic growth in these nations. Several studies in the field of tourism have focused on the relationship between resilience and the tourism industry (Amore *et al.*, 2017; Hall *et al.*, 2017; Hall *et al.*, 2023; Prayag, 2018). According to Saarinen and Gill (2018), sustainable development is a common lens through which resilience is seen in the tourist industry. What this term alludes to is the ability of tourist spots to deal with and bounce back from problems like natural catastrophes and pressures brought on by tourists (Badoc-Gonzales *et al.*, 2022). When it comes to creating jobs and generating income, SMEs in developing nations are crucial. In both developed and developing nations, SMEs provide a large amount of private sector economic activity and jobs, which is a major factor in the expansion of the tourism industry (OECD, 2019; UNWTO, 2020). SMEs are both extremely susceptible to and capable of increasing resilience in the face of crises.

### 3. Methodology

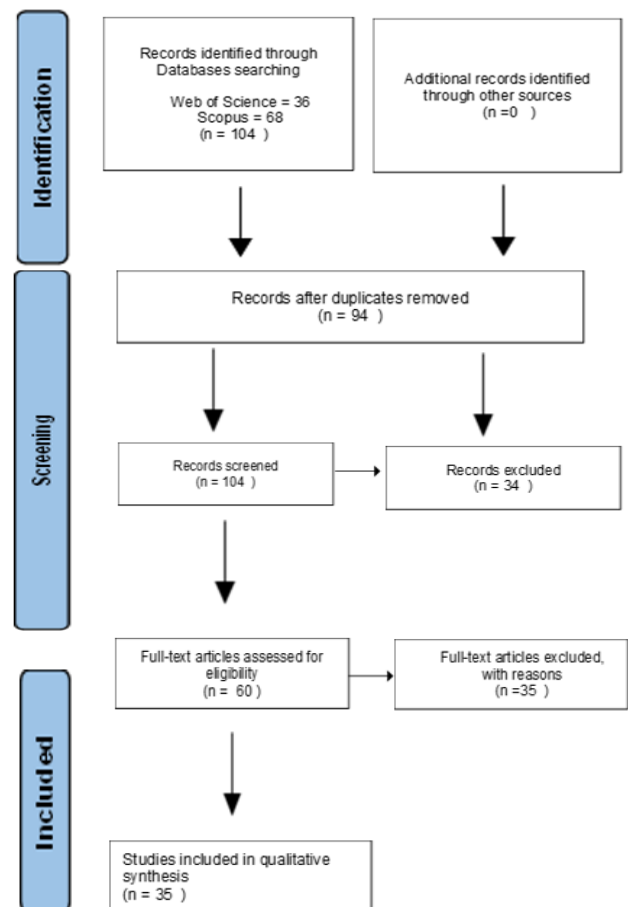


Fig. 1. PRISMA method

Table 1  
Search string applied to the databases

Database	Search String
Web of Science (WoS)	TS = (("resilience *" OR "crisis" OR "crisis in SME tourism *") AND ("SME *" OR "tourism*"))
Scopus	TITLE-ABS-KEY (("resilience *" OR "crisis in SME tourism" OR "resilience towards crisis*"))

Table 2  
Inclusion and Exclusion Criteria

Inclusion Criteria	Exclusion Criteria
Studies conducted between the year of 2018 to 2023	Studies conducted before the year of 2012
Articles derived from journal only	Conference proceedings, review articles, book chapters,
Text is only written in the English Language	Text is not written in English but were in other languages
Related to resilience towards crisis in small and medium tourism-based sector	Not related to resilience towards crisis in small and medium tourism-based sector

As shown in Figure 1, this systematic review adheres to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) method, which consists of four processes: identification, screening, eligibility, and inclusion. PRISMA has been widely used by researchers due to its comprehensiveness and adaptability to other studies. As a result, the following is the goal of this study and the process of the systematic.

#### A. Identification

The first step in the systematic review covers the identification process as reported in the PRISMA guidelines. Three databases were chosen, which are considered very suitable to undertake this study aim. Databases such as Web of Science (WoS), and Scopus. Words related to resilience and also crisis in small and medium tourism have been included in the identification of journals. The strings used in each database are highlighted in Table 1.

#### B. Screening

Following the identification of articles, the screening process begins, with the first step being the exclusion of duplicate articles appearing in more than one database. Based on the results of the first screening step, 10 duplicate articles were removed, leaving 94 articles eligible for further screening. These 94 articles were screened based on title, abstract, and keywords, with the expectation that they would be related to resilience towards crisis in the small and medium tourism-based sector. This screening process resulted in the exclusion of 34 articles due to their lack of relevance to the purpose of this study. Following exclusion, the remaining 60 articles were screened using the inclusion and exclusion criteria listed in Table 2.

#### C. Data Analysis Procedure

Thematic analysis has been used to classify the themes to answer the following research question.

- 1) What are the influential criteria and factors on community resilience to crisis?
- 2) What are the resilience approaches/methods used by the community in managing tourism-based SMEs during the Covid-19 pandemic period?

The themes and findings were classified according to each research question. The findings are discussed in the following section.

## 4. Results

Research Question 1: What are the influential criteria and factors on community resilience to crisis? A total of 6 themes of the resilience towards crisis in small and medium tourism were extracted from all of the 25 articles:

- (a) social support
- (b) technology innovation
- (c) government support
- (d) diversification of economic activities
- (e) personal resources
- (f) leadership and communication.

Existing evidence indicates that tourist small and medium enterprises (SMEs) are particularly susceptible to crises, such as the COVID-19 pandemic, due to their constrained resources and cash flow (Estiri et al., 2022; Kukanja et al., 2020). Due to their heavy reliance on tourism as their primary source of income, several respondents stated that they relied totally on financial assistance from government organisations, family, or friends in order to sustain themselves during the initial stages of the pandemic. In order to minimise expenses and secure their continued existence, several businesses opted to terminate the employment of their staff, while others contemplated merging with larger corporations (Estiri et al., 2022). These solutions represent the prompt measures implemented by SMEs to alleviate the financial repercussions of the crisis. Tourism small and medium enterprises (SMEs) in Iran have employed comparable approaches to address various crises, including economic sanctions and financial downturns (e.g., Estiri et al., 2022; Zonouzi et al., 2021). Irani et al. (2022) examine the resilience measures adopted by ecologge owners in Iran to address challenges arising from political instability, economic and political sanctions, and the COVID-19 epidemic. This exemplifies how previous encounters have bolstered the resilience of small and medium-sized enterprises (SMEs) and enhanced their readiness to confront crises.

In the initial stage of the pandemic, numerous small and medium-sized enterprises (SMEs) in Iran actively pursued diversification strategies to effectively adjust to the evolving circumstances. This proactive strategy resulted in the creation of inventive solutions and adaptations (Eggers, 2020). While initially serving as temporary measures for survival in challenging circumstances, several coping mechanisms have now evolved into essential strategies that small and medium-sized enterprises (SMEs) continue to employ even in the long term, including after the epidemic. One of the main methods

used by many small and medium-sized tourism businesses that heavily relied on overseas visitors was to shift their focus towards domestic tourists. A significant number of respondents observed that they had to modify their target market and place greater emphasis on domestic tourism due to the absence of financial assistance from the government. They held the belief that domestic tourism made a significant contribution to the sustainability of the country's tourism sector. For example, providing nature-oriented tourism experiences that allow for social isolation or selling discounted tour packages to local tourists. Additional researchers have seen the phenomenon of domestic tourists asserting their ownership over natural landmarks in nations like Iceland amidst the COVID-19 outbreak (Wendt *et al.*, 2022). The authors contend that the move is embraced by both tourism stakeholders and citizens as a more sustainable approach to revitalising tourism for the future.

Despite the belief that small and medium-sized enterprises (SMEs) in developing nations have a poor grasp of social media, a number of tourism SMEs worldwide have used digital marketing as a successful strategy to expand their reach to a broader audience. They employed social media platforms and their websites to consistently offer updates, address client inquiries, and foster trust and assurance. The implementation of this communication approach was important in sustaining client engagement amidst a period of restricted in-person interaction. Prior research (Rastegar & Zarezadeh, 2021; Zhu *et al.*, 2017) has emphasised the significance of social media marketing for small and medium-sized enterprises (SMEs), especially in times of crises. In addition, certain small and medium-sized enterprises (SMEs) in Iran have taken steps to decrease their susceptibility to crises. They have done so by reassessing their significant reliance on tourism and instead, broadening their revenue streams and growing the range of products and services they provide. By adopting this method, they were able to create a versatile supply chain structure and target a wider market beyond the tourism industry (Estiri *et al.*, 2022; Khatami *et al.*, 2020).

#### *A. Social Support*

During this pandemic, local communities are at the core of the tourism industry's transition (Doan, Aquino, & Qi, 2022). In terms of individual firms, the research backs up the idea that building social capital is crucial for small businesses to weather long-term disruptive events. As the crisis develops, it also highlights the importance of entrepreneurs being vigilant.

By adjusting its approach to coexist with COVID-19, the local tourist system can try to lessen the blow to the most susceptible parts of the industry and look for ways to bounce back stronger. That is why the local tourist industry as a whole must band together and strengthen their organisational resilience so they can weather the storm better. Since most enterprises in the tourism sector are interconnected, this is crucial to the rehabilitation of the system (Huynh *et al.* 2021).

"Thinking outside the box" was essential to keep operations running smoothly as the hospitality industry recovered from the pandemic and into the future. According to Bindi *et al.* (2022).

An important factor is the availability of the necessary capitals to carry out collective acts if we view a destination as groups of players attempting to act collectively towards a shared purpose (Bramwell and Lane, 2011; Halkier *et al.*, 2014; Viken, 2014). Individuals often have two types of capital: economic capital, which includes things like money, property rights, and built capital, and cultural capital, which includes things like education and skills (Bourdieu, 1986; Burt, 1993). Natural or constructed settings, access to and proficiency with technology, and political capacity to cope with foreign actors are additional forms of capital that are added to the theory of destination capitals in the context of tourism (Sharpley, 2009). When compared to those lacking social capital, those with more of it are more equipped to work together and take collective action. The significance of networks, trust, and reciprocity in building, maintaining, and utilising social capital is acknowledged, even though this definition is more limited than the one usually used in the tourism industry. There is a lot of agreement over what makes a relationship or network trustworthy, and everyone agrees that trust is essential for social capital. Generally speaking, trust is defined as a state in which two parties are willing to listen to one another, treat each other with respect, and engage in mutually beneficial interactions on a regular basis (Bachman & Inkpen, 2011; Fisher, 2013; Leahy & Anderson, 2013; Sharp, Thwaites, Curtis, & Millar, 2012).

#### *B. Technology Innovation*

Technology has a significant role in enhancing the adaptability of the tourism business (Hall *et al.*, 2020). The crisis has accelerated technological advancements. Amidst the COVID-19 pandemic, individuals have sought extensive assistance from IT professionals. Examples of technological advancements include the substitution of humans with robots, the utilisation of mobile applications to monitor individuals' interactions, and the use of Big Data analytics to predict the spread of COVID-19 in large populations. Robotics, automation technology, and artificial intelligence have the potential to decrease expenses, boost financial stability, and improve adaptability. Additionally, technology can facilitate social separation by enabling people to communicate with one other without the need for physical contact (Assaf & Scuderi, 2020; Thomas & Chopra, 2020). Technology can effectively address pandemic-related challenges such as screening passengers, identifying COVID-19 cases, contact tracing, and facilitating online delivery of products to sustain the income of small and medium-sized enterprise owners. An effective digitalization strategy is necessary to attain corporate objectives and enhance the competitiveness of SME products or services.

Competitive advantage is linked to cultural diversity, multiplicity, and social drive. During the digital transition, it is imperative to do thorough testing of the digital infrastructure. The necessary measures for implementing digital transformation in small and medium-sized enterprises (SMEs) are outlined as follows: 1) Establishing the appropriate attitude and collective comprehension; 2) Identifying the suitable leadership; 3) Establishing an exceptional digital business centre; 4) Devising a digital strategy; 5) Uncovering,

cultivating, and acquiring knowledge; 6) Generating novel digital capabilities (Casalino, 2019).

### C. Government Support

The viability of businesses within the tourism ecosystem is in jeopardy without ongoing government assistance. While governments have implemented commendable measures to mitigate the impact on tourism, reduce employment losses, and facilitate recovery in 2021 and beyond, further action is necessary, and it should be more effectively coordinated. The main policy objectives are to regain trust among travellers, assist tourism businesses in adjusting and enduring, encourage domestic tourism, facilitate the safe resumption of international tourism, refine response measures to sustain the industry's capacity and address any existing support deficiencies, and enhance the resilience and sustainability of the tourism sector. Although it is necessary to implement adaptable policies to allow the tourism industry to coexist with the virus in the near future, it is crucial to go beyond this and make efforts to gain insights from the crisis. The crisis has shown deficiencies in the readiness and ability of both the government and the industry to handle and respond to such situations. Effective collaboration among governmental entities at all levels and the corporate sector is necessary (OECD, 2020).

Several governmental organisations also provided assistance to the tour companies in order to sustain their operations. Amidst the pandemic, we had significant financial constraints, making it difficult to compensate our staff or fulfil our rent obligations. Membership renewal fees appeared to be an additional burden, but fortunately, many associations recognised the consequences and temporarily waived the renewal charge. The authors of this study are Md Saiful Islam, Md. Mishkatul Kabir, and Kamrul Hassan from Bangladesh. All industries heavily depend on government stimulus packages and initiatives to enhance their productivity. TUI, the world's largest multinational tourism organisation, has stated its plans to implement cost-cutting measures across its global operations in collaboration with the governments of the UK and Germany (Higgins-Desbiolles, 2020). The government has assumed a progressively prominent role in the tourism sector, contributing to the overall economy. Conversely, previous crises sparked interest in research and institutions but did not result in any significant influence on policies, specifically within the tourism sector (Hall et al., 2020). Tsionas (2020) examines the challenges that arise after the COVID-19 pandemic and suggests that allowing businesses to operate at a reduced capacity of approximately 33% is a favourable solution. He suggests that government subsidies would be necessary to sustain these reduced capacity. Amidst the COVID-19 crisis, the tourism industry has experienced significant government intervention in its functioning and operations (Higgins-Desbiolles, 2020).

### D. Diversification of Economy

Revitalising the tourism business necessitates implementing transformations such as restarting, reorganising, and absorbing the industry in accordance with the most recent norms and

regulations (Lew et al, 2020). Post-pandemic, the worldwide economic and political frameworks will undergo transformations in relation to climate change mitigation, sustainable tourism, local communities, and societal well-being.

The process of diversifying the economy is essential for increasing its ability to withstand and recover from crises. Economic diversification is the practice of growing and strengthening the economic foundation of a region or country by cultivating several sectors and industries, rather than relying excessively on a single industry. Diversification of the economy entails reducing the reliance of a region or country on a single sector or industry. This mitigates susceptibility to shocks and disturbances that may impact a specific sector (Pal et al, 2014; Duchek, 2020). Interconnected sectors can offer stability and alleviate the adverse effects when one sector undergoes a crisis. Diversification mitigates economic risks by allocating them across several sectors. In the event that a crisis impacts a particular industry, the whole economy is mitigated since other sectors are able to sustain their operations. These measures contribute to the maintenance of stability, the preservation of employment, and the sustenance of economic activity. An economy that is diverse is typically more stable and less vulnerable to drastic changes. During a period of decline in one industry, other industries can serve as a counterbalance, mitigating the adverse effects and ensuring general economic stability. This resilience facilitates expedited recuperation from catastrophes. Diversification fosters innovation and flexibility in the economy. When many sectors exist together, there is an increased interchange of ideas, technology, and knowledge (N.K. Saunders et al, 2014). This facilitates economies to effectively adapt to fluctuating market conditions and readily seize fresh prospects, so bolstering their ability to withstand crises. Additionally, it enhances the general robustness of the economy. A wide range of sectors provide protection against external disturbances, such as variations in commodity prices, trade interruptions, or natural calamities. This resilience contributes to the sustenance of economic growth and mitigates the intensity of economic downturns. Moreover, diversification additionally contributes to the promotion of long-term economic sustainability by diminishing reliance on scarce resources or industries with restricted growth prospects. The cited sources (Noorshella Binti Che et al, 2019; Ceylan et al, 2021) argue that it promotes the emergence of emerging industries that have the capacity for long-term expansion, hence fostering a more robust and energetic economy.

### E. Personal Resources

Livelihoods encompass the competencies, expertise, and behaviours individuals employ to achieve success in their lives, alongside their principles, objectives, and decisions. What is the definition of personal resources? Within the framework of TSME resilience, certain researchers highlight the significance of prioritising early-stage preparation, such as implementing disaster reduction methods and establishing formal preparedness plans. Early-stage planning will facilitate efforts and activities in later stages, such as ensuring a more efficient

and prompt response and recovery (Ritchie, 2008; Granville et al, 2016; Brown et al, 2017).

Annarelli and Nonino (2016) emphasise the significance of early-stage planning for resilience by distinguishing between static resilience, which is achieved by minimising threats through preparedness and preventive measures, and dynamic resilience, which involves managing disruptions to minimise negative consequences and maximise the speed of recovery. Preliminary planning enhances dynamic resilience by prioritising proactive measures to mitigate interruptions and unforeseen circumstances. Several small business participants expressed that their personal finances and business finances were indistinguishable. Regarding the readiness for severe weather occurrences, as discussed by Lindsay et al. (2019).

#### *F. Leadership*

Resilient leadership in the face of catastrophe entails the capacity of individuals or groups to effectively advise and motivate others amidst difficult and unpredictable circumstances. Crisis management entails using proactive strategies to effectively address and minimise the consequences of a crisis. This includes promoting a collective sense of cohesion and direction, as well as leading the organisation or community towards recovery and advancement (Hinson and Slade, 2011). Within the framework of resilience, leadership assumes a pivotal position, exerting significant influence in multiple dimensions. Competent leaders offer a distinct and well-defined vision of the intended result and establish a feeling of guidance for successfully navigating through the crisis. They effectively convey aims and objectives, ensuring that all individuals comprehend the purpose and the direction ahead. During a crisis, leaders are required to promptly and resolutely make challenging decisions. They collect data, evaluate potential hazards and advantages, and select the optimal course of action. This requires combining short-term requirements with long-term goals and considering the well-being of all stakeholders (Speelman et al, 2014). Resilient leaders possess the ability to be flexible and adaptive, allowing them to modify strategies and plans in response to the changing circumstances of a crisis. They maintain receptiveness to novel concepts, actively solicit input from a wide range of perspectives, and demonstrate a willingness to alter their trajectory if deemed necessary. In addition to maintaining efficient communication lines to ensure stakeholders are informed and involved. They effectively communicate up-to-date and precise information, offer comfort, and attentively acknowledge concerns and criticism (Mzid et al, 2019; Sorenson, 2011). Transparent communication fosters trust and encourages teamwork.

Leaders exhibit empathy towards the difficulties encountered by individuals and teams amidst a crisis. They provide assistance, materials, and motivation, fostering a culture of compassion and welfare. Acknowledging and valuing the endeavours of others is essential for preserving morale. Resilient leaders generate a synergistic atmosphere, promoting teamwork and cooperation. They unite individuals, harnessing their abilities and skills to conquer challenges and discover inventive resolutions. Efficient cooperation contributes to the

development of shared resilience. Crisis situations provide significant educational prospects. Resilient leaders promote introspection and examination, fostering a climate of ongoing enhancement (Sarker et al, 2020). They analyse acquired knowledge, exchange insights, and execute modifications to improve future readiness and adaptability. In essence, leadership in resilience during times of crisis entails helping individuals through difficult circumstances, cultivating a constructive and proactive mindset, and creating an atmosphere that fosters collective resilience.

Research Question 2: What are the resilience approaches/methods used by the community in managing tourism-based SMEs during the Covid-19 pandemic period.

The cooperation of social resilience guarantees a robust community connection (Jamaliah & Powell, 2018; Powell et al., 2018) and a profound sense of determination that motivates individuals to collaborate. The network facilitates the integration of social (Powell et al., 2018; Biggs et al., 2012) human and cultural capital (Brown et al., 2018). Stakeholder involvement, dedication, and unity can be achieved through collaborative efforts (Cochrane, 2010; Pyke et al., 2018) and effective collaboration between the public and private sectors within the community (Orchiston, 2013; van der Veecken et al., 2016; Chong & Balasingam, 2019; Orchiston et al., 2016; Njoroge et al., 2018). Social interaction facilitates the development of human capital by promoting knowledge sharing and marketing collaboration. In order to effectively address collective challenges, it is important for actions to include a culture and set of values that are durable. This can be achieved by adopting a community-centered approach to tourism that emphasises socialisation. Several studies (Becken, 2013; Yang et al., 2020; Prayag, 2018; Puri et al., 2019) have highlighted the significance of including these elements. Recent articles have highlighted the importance of supporting tourism MSMEs and promoting collaborations and networking in the COVID-19 era (Dayour et al., 2020a, 2020b; Ngo et al., 2020; Haneberg, 2021a, 2021b; Pyke et al., 2021; Orhan, 2021; Coles et al., 2021). These efforts aim to bring about system transformation by leveraging technological connectivity and adapting to the new normal (Kastenholz et al., 2021; Foris et al., 2021).

Economic resilience refers to the ability to effectively utilise market forces and implement innovative strategies to diversify tourism products (Cochrane, 2010; Cashman et al., 2012; Biggs et al., 2012; Luthe & Wyss, 2014; van der Veecken et al., 2016; Holladay & Powell, 2016; Romão et al., 2016; Powell et al., 2018; Jamaliah & Powell, 2018; Njoroge et al., 2018; Dogru et al., 2019). Resilient organisations play a crucial role in evaluating the impact of disasters on local communities, services, supply chains, and business operations. They are also important in assessing the effectiveness of insurance coverage. At the macroeconomic level, the availability of economic resources can be achieved through facilitative structures and processes, as discussed by various researchers (Brown et al., 2018; Steiner & Atterton, 2015; Cumming et al., 2015; Bellini et al., 2017; Eckerberg et al., 2015; Puri et al., 2019; Calgaro et al., 2014; Yang et al., 2020). Tourism-driven economic growth can be bolstered through the utilisation of technology and

temporary state funding during times of crises and disasters. This can help promote the resilience of small businesses and ensure business continuity. The latest research highlights the importance of providing additional financial assistance (Dayour *et al.*, 2020a, 2020b; Zhai & Shi, 2021) to small and medium-sized enterprises (MSMEs) in the tourism industry. These businesses are currently facing challenges in terms of trying out new approaches, diversifying their offerings, and adapting their operations (Nuñez & Musteen, 2020; Dayour *et al.*, 2020a, 2020b; Pyke *et al.*, 2021; Cahyanto *et al.*, 2021) in order to make the most of limited resources (Coles *et al.*, 2021).

When it comes to environmental resilience, there are certain practices that have been identified as effective by researchers such as Calgaro *et al.* (2014), Cashman *et al.* (2012), Schiappacasse & Müller (2015), Cumming *et al.* (2015), Tervo-Kankare (2018), Buffa *et al.* (2018), Holladay & Powell (2016), Njoroge *et al.* (2018), and Spenceley (2019). These practices focus on addressing local immediate impacts and promoting the use of environmentally friendly products. Additionally, it has been found that the values and attitudes of vacation consumers can be influenced by these environment-friendly products, as highlighted by Pereira *et al.* (2012). Nevertheless, other studies (van der Veeke *et al.*, 2016; Lew & Cheer, 2018; Powell *et al.*, 2018; De Leon & Kim, 2017; Mahadew & Appadoo, 2018; Choi *et al.*, 2017; Koninx, 2018; Brown *et al.*, 2018; Pandey & Rogerson, 2019) focus on the enduring consequences of climate change (Jones, 2019). Climate change mitigation strategies aim to reduce the level of disruption caused by climate change, hence enhancing tolerance. These strategies have been discussed by several researchers (Seetanah & Fauzel, 2019; Puri *et al.*, 2019; Holden, 2019; Torres-Bagur *et al.*, 2019; Gössling *et al.*, 2020; Fyall & Garrod, 2019). The COVID-19 pandemic has brought attention to the significance of maintaining a sustainable environment, with a particular focus on health safety.

Effective and unwavering leadership (Cochrane, 2010; Jamaliah & Powell, 2018) promotes collaboration and adaptability in power-sharing (Luthe & Wyss, 2014; Holladay & Powell, 2016), enhancing the ability of governance to withstand challenges in the tourism industry and allied industries. Various studies (Orchiston, 2013; Steiner & Atterton, 2015; Ghaderi *et al.*, 2015; Tervo-Kankare, 2018; Romão *et al.*, 2016; van der Veeke *et al.*, 2016; Brown *et al.*, 2017; Musavengane, 2019; Choi *et al.*, 2017; Buffa *et al.*, 2018; De Leon & Kim, 2017; Mahadew & Appadoo, 2018; Nicola *et al.*, 2020) have shown that well-designed policies and plans are instrumental in driving resilient actions (Mair *et al.*, 2016). In addition, various studies (Luthe & Wyss, 2014; Cumming *et al.*, 2015; Biggs *et al.*, 2012; Coles *et al.*, 2014; Biggs *et al.*, 2015; Pyke *et al.*, 2018; Eckerberg *et al.*, 2015; Mendoza *et al.*, 2018; Njoroge *et al.*, 2018; Torres-Bagur *et al.*, 2019; Shou-Tsung *et al.*, 2019; Gössling *et al.*, 2020) have highlighted the importance of government structures that provide support. Enhance the robustness of the tourism industry and the resilience of tourism micro, small, and medium enterprises (MSMEs). This can be provided through several means such as training programmes (Tanana *et al.*, 2019), financial assistance (Yang *et al.*, 2020),

and social support systems, including care and networks (Higgins-Desbiolles, 2020). To effectively address the challenges posed by COVID-19, it is crucial for governments to prioritise policies that address economic support and safety measures. These policies should be informed by research conducted by Nuñez & Musteen (2020), Dayour *et al.* (2020b), Pyke *et al.* (2021), Palrão *et al.* (2021), Foris *et al.* (2021), Li *et al.* (2021), and Duan *et al.* (2021).

## 5. Conclusion

The small and medium tourist sector encounters a range of obstacles and emergencies, such as natural calamities, economic recessions, pandemics, political instability, and shifting consumer preferences. Nevertheless, these enterprises can demonstrate resilience and surmount challenges by enacting certain strategy and embracing proactive tactics. Diversification is a crucial factor in developing resilience within the small and medium tourism-based business. Businesses should not depend exclusively on a solitary source of income or a particular market niche. To enhance their resilience against crises, these businesses can strengthen their ability to resist the impact by diversifying their offerings, target markets, and distribution routes. For instance, they can investigate specialised markets, produce innovative products or services, or engage in partnerships with other firms to generate distinctive experiences.

Moreover, cultivating robust alliances and networks is essential for building resilience. Collaboration with other businesses, industry associations, and government agencies can be advantageous for small and medium enterprises (SMEs) in the tourism sector. These collaborations can offer access to resources, specialised knowledge, and assistance during periods of emergency. In addition, they can assist small and medium enterprises in exchanging expertise and best practices, as well as collectively advocating for policies that promote the sector's ability to withstand challenges. Incorporating technology and innovation is a crucial factor in developing resilience.

Adopting digital tools and platforms can improve operational efficiency, simplify processes, and enable more effective engagement with consumers. Technology can facilitate organisations in promptly adjusting to evolving situations, such as providing online booking and virtual experiences during a crisis. Through the adoption of innovation, small and medium-sized enterprises (SMEs) can maintain a competitive edge and thrive, even in difficult circumstances.

Efficient crisis management and contingency planning are essential for ensuring resilience in the tourism industry. Businesses ought to establish resilient risk assessment frameworks and emergency response strategies in order to mitigate the consequences of disasters. This entails establishing unambiguous communication routes, implementing backup supply chains, and developing financial contingency plans. Providing instruction to employees on crisis management procedures and conducting frequent practice exercises and simulations helps enhance readiness.

Furthermore, it is crucial to prioritise client pleasure and effectively manage customer relationships. During times of



crisis, it is crucial for businesses to prioritise delivering exceptional customer service, swiftly addressing any concerns, and providing flexible cancellation and refund policies. SMEs may cultivate client loyalty and promote repeat business in the aftermath of the crisis by fostering robust customer connections and establishing trust.

Government support and policies are essential for fostering resilience in small and medium-sized tourism businesses. During times of crises, governments can offer monetary aid, tax benefits, and regulatory adaptability to bolster small and medium-sized enterprises (SMEs). In addition, they have the option to allocate funds towards infrastructure development, marketing initiatives, and training programmes that have a positive impact on the tourism industry as a whole. To summarise, the small and medium tourism-based economy necessitates a comprehensive and diverse strategy to foster resilience. Businesses in this industry can successfully navigate through crises and strengthen their position by expanding their offerings, establishing alliances, adopting technology and innovation, applying efficient crisis management tactics, prioritising customer happiness, and gaining government backing. Developing resilience is a continual endeavour that necessitates constant adjustment, observation of patterns, and proactive strategizing to guarantee enduring viability and achievement.

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