



# Small Hotels' Vulnerability, Risk and Risk Transfer in İstanbul

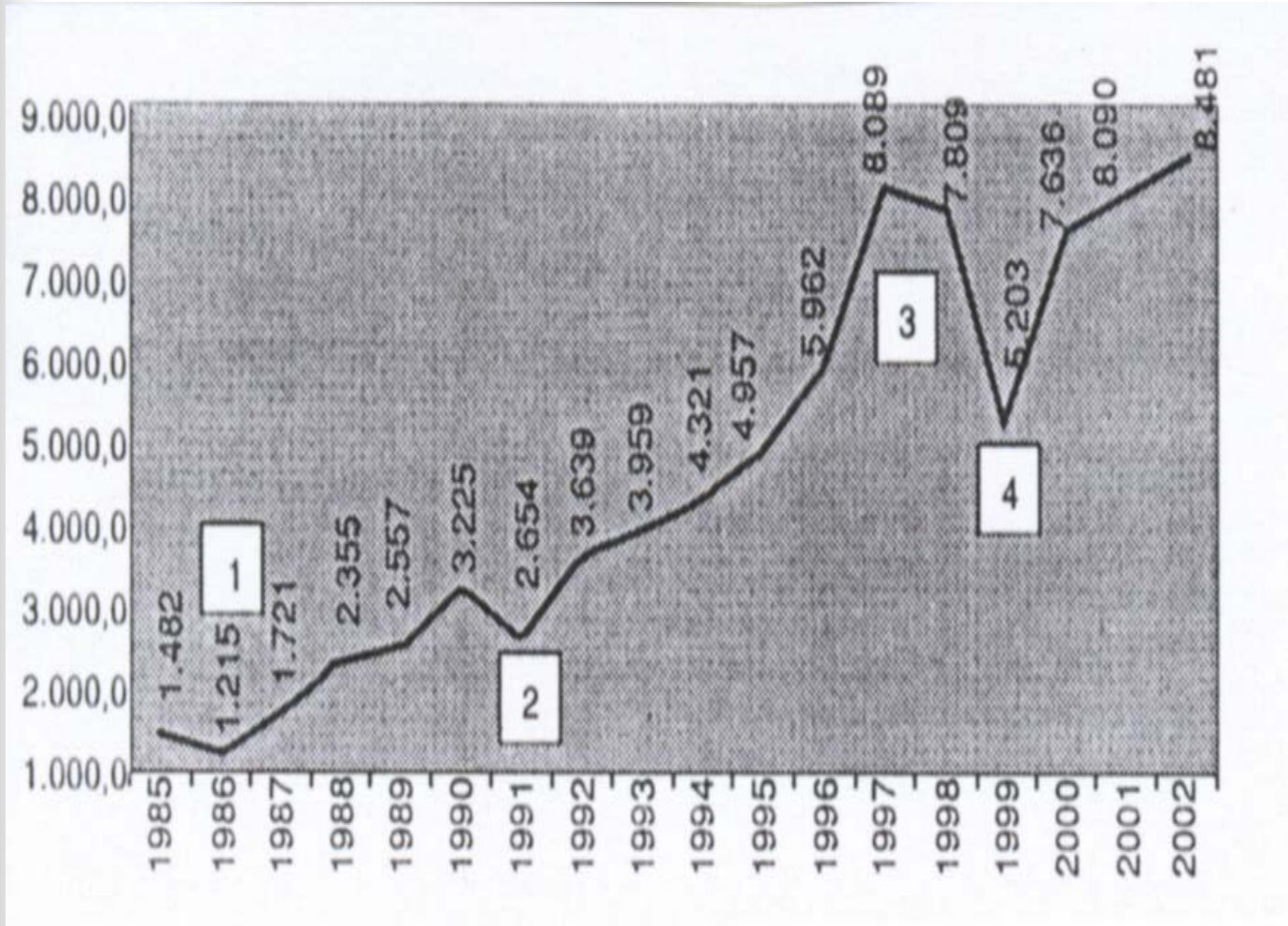


Kıvanç İnemen, PhD  
Boğaziçi University



- A vibrant urban center, commercial and cultural center, home of 14 million people
- Economic heart of the country (22% of GDP is produced by greater İstanbul area)
- 5 million tourists/visitors annually

# Tourism Revenues of Turkey





# Objective of the Study

- to illustrate small hotels' risk management capabilities to face a disaster in İstanbul that could have an serious impact on their business continuity
- **Disaster** - situations where an enterprise (or collection of enterprises in a tourist destination) is confronted with sudden unpredictable catastrophic changes, over which it has little control (Faulkner 2001)



# Sampling

- Selection criteria
  - number of employees btwn. 10 - 49
  - properties with 85 or fewer rooms
- Fitted to 58 hotels from TUROB member hotels list, which was used as sampling frame
- Final sample: 39 small hotels
  - 28 "Tourism Establishment Certificate"
  - 11 "Special Class" hotels
  - 67% response rate



# Organizational Demographics

■ Personnel 10-46

■ Mean = 24.5

■ Number of rooms 18-84

■ Mean = 46

■ Ownership type

self / family owned 75%

partnership 25%

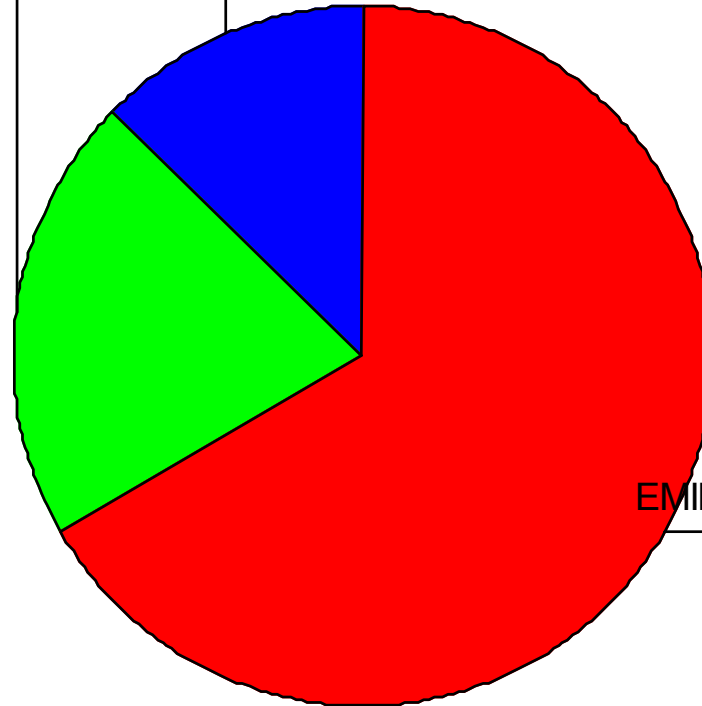
(joint-venture, anonymous or limited co.)

# Hotels' Geographic Distribution

ANADOLU 12.8%

TAKSIM 20.5%

EMINONU 66.7%



# Respondents

	Frequency	Percent
General manager	15	38.5
Front-office manager	19	48.7
Back-office manager	5	12.8
Total	39	100.0



# Business worse case scenario

	Frequency	Percent
Natural disasters	23	43.4
Terrorism	13	24.5
War in region	9	17.0
Social / economic unrests	4	7.6
Miscellaneous	5	9.4



# Risk Information

- What are the most credible information sources for risk reduction measures?

Insurance companies	56%
Local municipality	44%
Sector NGOs	31%
Universities	21%

- Which individuals they usually consult to about potential risks?

Other businessmen	64%
Personnel	18%
Family & Friends	0%

# Other Hotels' Damage Risk

	Frequency	Percent
High	9	23.1
Medium	12	30.8
Low	9	23.1
No Risk	0	0
Do Not Know	9	23.1



# Own Hotel's Damage Risk

	Frequency	Percent
High	4	10.3
Medium	8	20.5
Low	19	48.7
No Risk	6	15.4
Do Not Know	2	5.1

# Preparedness Measures Taken

Had engineer assess the building	84.6%
Learned first-aid and keeps supplies	82.1%
Braced shelves and equipment	76.9%
Talked to employees about preparedness	74.4%
Developed business emergency plan	71.8%
Stored fuel or batteries	66.7%
Conducted evacuation drills (9/22 actual date)	56.4%
Arranged to move business to other location	48.7%
Purchased hotel package insurance	94.9%
Purchased business interruption insurance	35.9%



# Fire Safety

- **extinguishers:** correlated with the hotel size
- **smoke detector system:** but only 1/3 have sprinkler system
- **security information at the rooms**
- **report to perform regular control of their property and equipment**
  
- **62% hotels gave fire safety training to employees**
- **Out of 34 hotels, which report to have an emergency plan, only 20 conducts evacuation drills**



# Look on Disasters

- It's difficult and troublesome for our hotel to be prepared for a disaster.  $X = 2.26$  (S.D. = .72)
- The government has the major role in disaster preparedness, and organizational efforts do not make much sense.  $X = 3.00$  (S.D. = .56)
- I can do nothing against disasters; therefore there is no need to get prepared.  $X = 1.62$  (SD = .59)
- It is possible to significantly reduce disaster impact by training people in preparedness measures.  $X = 3.62$  (S.D. = .54)



# Conclusions

- Most small hotel managers have awareness and takes some DMP measures for a potential disaster
- ‘optimistic bias’ is prevalent, i.e. often make unrealistically positive appraisals of their own risks and prospects relative to other persons





- With a critical look, more than half of the surveyed small hotels may not measure up to the satisfactory level of preparedness (similar findings e.g. Drabek, 1994; Webb et al. 2001)
- Institutional measures and strict governmental control has larger influence than self-initiative for risk management → expecting leadership from governments



- ‘Hotel insurance package’ purchased widely, but only 1/3 has ‘business interruption insurance’, - lack of information → window of opportunity
  
- extensive information concerning alternative ways of risk reduction and prevention, through credible sources
  - other businessmen
  - insurance companies
  - local governments
  - sector NGOs