

Effects of the Covid-19 Crisis Preparedness and Recovery Strategies on Tour Operators' Business Continuity in Nairobi County, Kenya

Benazir K. Ongarora¹, Juma Misiko¹, Ray Mutinda²

¹ Institute of Tourism and Hospitality Management, Dedan Kimathi University of Technology

² Department of Hospitality Travel and Tourism Management, Murang'a University of Technology

Abstract

The Covid-19 pandemic has caused significant disruptions in the global tourism industry, prompting countries to develop strategies to get back to operation. This study focused on the effects of Covid-19 management strategies on the business continuity of tour operators in Nairobi County. Using the Theory of Change and the Relational Model for Crisis Management, the study aimed to examine the effects of crisis preparedness and recovery strategies. The exploratory research design was used and data collected from 226 randomly selected tour operators out of a population of 518 using an online questionnaire through Google forms. The results showed that most tour operators were not prepared for a crisis as they did not anticipate the occurrence of such a global health crisis as Covid-19. However, they responded by communicating with employees and customers and putting up Disaster Recovery plans as a strategy to get back to business as soon as possible. The study recommends that the Kenyan government should develop a crisis management plan that can be used for future reference in case such a crisis occurs. The study also recommended parallel studies to be conducted to compare results with other tourism sectors.

Key Words: Crisis Preparedness, Crisis Recovery, Business Continuity, Covid-19

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I. INTRODUCTION

In December 2019, a novel coronavirus (Covid-19) was discovered in Wuhan, Hubei Province in China, belonging to the coronavirus family that can cause anything from a simple cold to lethal pneumonia. The Covid-19 virus has been compared to the severe acute respiratory syndrome virus (SARS), which caused an epidemic in China in 2002-2003. In January 2020, 41 people in China were hospitalized with confirmed infections of Covid-19. (WHO, 2020a; Bruns et al., 2020). The Covid-19 outbreak led to governments implementing travel restrictions to protect their citizens, causing mass transportation to be subjected to social and physical distance limitations. The tourism industry has been severely affected in terms of both supply and demand. In 2019, international travel and tourism contributed \$8.9 trillion to global GDP and 330 million jobs worldwide. However, the Covid-19 crisis can be considered a sudden threat, which has had devastating global socio-economic impacts, particularly on small and medium-sized enterprises (SMEs) and micro-firms in the tourism sector. Strategic management during times of crisis is necessary to limit economic loss.

As a means of handling the Covid-19 crisis for instance, governments implemented measures such as curfews, lockdowns, travel restrictions, and bans to limit the spread of Covid-19, leading to a significant impact on the tourism industry worldwide. The United Nations World Tourism Organization (UNWTO) reported a 57% decrease in tourist arrivals and a loss of \$80 billion in income in the US due to the pandemic (UNWTO, 2021). The pandemic is also expected to result in an 80% reduction in international tourists compared to 2019. China's tourism industry has been negatively affected by the pandemic, with many international tourists postponing their visits, and domestic bookings being cancelled due to fear of the second wave of Covid-19. To survive, Chinese travel companies have resorted to using internet business tactics and adopting OECD recovery strategies. Strategic planning and adaptation are necessary for the tourism industry to recover from the devastating impact of the Covid-19 pandemic. The coronavirus pandemic has had a severe impact on the tourism industry in Denmark, with 88% of enterprises reporting a revenue loss and 79% of businesses reporting a decline in the number of guests as of April 14, 2020 (Statista, 2020). The number of domestic and international tourists in Denmark significantly dropped from March to June 2019 to the corresponding months of 2020, with international tourist arrivals decreasing by 88% by January 2021. The Danish government has developed a national strategy for tourism continuity through the National Tourism Fund to provide finance to tourism businesses for further operation amid the crisis.

Additionally, in the United States, the pandemic resulted in \$492 billion in cumulative losses for the travel economy from March to December 2020, with daily losses of approximately \$1.6 billion for the 10 months. The country implemented strategies such as emphasizing health and hygiene efforts, embracing digital tourism, and staying competitive amidst the pandemic. However, according to Tori & Holmberg (2021), close to six in 10 (58%) do not anticipate resuming face-to-face events until the second half of 2021, and half the travelers are not willing to travel until vaccines are fully administered. In Africa, Covid-19 restrictive measures, such as closing non-essential activities, schools and cities, and encouraging people to stay at home, had negative effects on the economy, and economic policies were used to mitigate these effects. The tourism industry was also impacted as tourist numbers significantly reduced. By July 2020, Africa had recorded over 873,000 cases of Covid-19, with the largest outbreak in South Africa, followed by Egypt, Nigeria, and Ghana. The pandemic effectively shut down most of Africa's tourism attractions, including Egypt's pyramids, Cape Town's Table Mountain cable cars, Ghana's forts and castles, and safari lodges across Eastern and Southern Africa. These deserted sites serve as powerful symbols of the Covid-19 crisis's impact on Africa's tourism economy (Source: WTTC, 2020; WHO, 2020; Statista, 2020; Ozili, 2020).

The Covid-19 pandemic impacted Egypt's tourism and aviation industries. In the tourism industry, hotel bookings were cancelled and international travel restrictions were imposed, resulting in a 60-70% decline in revenue. Additionally, there was a significant reduction in the search for air travel and passenger flights after Egypt suspended all international passenger flights. To help increase tax returns and allow the private sector to participate more equally with other sectors in the country, the Egyptian government eliminated tax and customs duties for SMEs and tax exemptions for larger firms in 2021. Kenya is the third largest tourism economy in Africa with approximately 2.1 million international visitors in 2019, but the Covid-19 pandemic has caused a significant drop in tourism revenue since March 2020, with a decline in tourism activity, export revenues, and interruption of the supply chain. The Kenyan government implemented strategies to promote domestic tourism and adopted the WTTC travel health protocols to be used by tour operators in the country for business continuity. Despite the implementation of these strategies, some tour operators are still struggling to pick up since the impact of the crisis took a great toll on their operations.

Problem statement

The world did not have the Covid-19 virus until December 2019, but now it has spread globally, causing various impacts on the business world. This pandemic is a significant external factor that affects the tourism and travel industry, and the related businesses should be mindful of it during their daily operations. The tourism and travel industry in Kenya is one of the highest revenue generators and a significant contributor to the country's GDP. However, the industry has been severely affected by the Covid-19 pandemic. Despite stable revenue growth in the past years, the industry experienced a disruption in February 2020 when the virus reached Africa through Egypt. The pandemic resulted in cancellations of most international bookings and a halt to local tourism in March 2020 due to the government's travel restrictions and movement cessation measures. Tour operators just like most of the tourism industry, were less prepared to tackle such a crisis, and some had to lay off employees or close their businesses. This study therefore sought to investigate the effectiveness of crisis preparedness and recovery strategies employed by tour operators to ensure Business continuity amidst the Covid-19 pandemic. Specifically, the study sought to (1) assess the effects of general crisis preparedness strategies on business continuity of tour operators in Nairobi County, and (2) to assess the effects of Covid-19 recovery strategies on business continuity of tour operators in Nairobi County.

Theory of Change

The Theory of Change (TOC) was developed by Carol Weiss in the 1990s to identify the underlying assumptions necessary to achieve a long-term goal. TOC provides a framework for organizations to create the conditions necessary to bring about the desired change in a given context, especially in times of complexity and uncertainty like the Covid-19 pandemic. The process of change, according to Goldberg (2017), involves four phases, where change is constant and evolves through emergent interactions.

In the first stage, individuals or companies operate in their usual environment, with no thought of potential disasters. However, in the second stage, when a disaster arises, individuals may be in shock or denial of the situation. In the third stage, individuals begin to react towards the change process, experiencing feelings of anger, resentment, fear, or concern. In the renovation stage, individuals accept the need for change and agree to the available terms, which is the turning point of the organization. Finally, in the satisfaction stage, individuals learn the importance of embracing change and work towards bettering the company results.

The Covid-19 pandemic has had a significant impact on the tourism industry, causing the industry to undergo the stages of change. The industry initially denied the existence of the pandemic, leading to confusion about how to handle the situation. However, the industry eventually became more conscious of the pandemic and

is now at the stage of satisfaction, competently trying to handle the current situation and normalize life within the era.

Relational Model for Crisis Management

According to Tony Jaques (2007), the process of crisis management is not a sequential or linear process, as multiple processes and actions may occur concurrently. Jaques suggested that crisis management and issue management are interrelated disciplines that involve creating systems to deal with problems. Issues management is concerned with developing processes to handle problems, which are more repetitive than crises. However, issues can turn into crises when not adequately dealt with. The relational model of crisis management comprises four key fundamentals, namely crisis preparedness, crisis prevention, crisis incident management, and post-crisis management. These fundamentals have various activities and processes to help achieve them.

According to Tony Jaques, the most effective way of managing a crisis is by addressing the root cause of the crisis. Jaques provides a model that outlines the necessary management processes that organizations should adopt to achieve this outcome. The model emphasizes the importance of crisis prevention and preparedness through training and emergency planning, in addition to managing the actual crisis incident and post-crisis management. By adopting this approach, tourism businesses can overcome the challenges of the Covid-19 pandemic and other potential crises, leading to the successful restoration of their businesses.

II. METHODOLOGY

This study adopted a descriptive research design approach, which is concerned with specific predictions and describes the characteristics of particular individuals, groups, or situations. This approach was chosen as it helps to determine the opinions, attitudes, and perceptions of the target population. The study focused on tour operators, who were the unit of analysis, as they are among the tourism stakeholders most affected by the Covid-19 pandemic. (Kothari, 2014; Thyer, 2010). The target population comprised tour operators who have been operating in Nairobi County for at least five years. The study chose tour operators as the target population because of their important mediating role between tourists and the tourism industry stakeholders. As pointed out by the author, tour operators serve as a link between customers and tourism product for example accommodations, meals, and transport arrangements, among others. This makes them crucial players in the industry. The list of tour operators at the Tourism Regulatory Authority (TRA) formed the sampling frame. As at 2017/2018 financial year, there were 518 tour operation businesses that had been consistently operational for the past three years using 2018 as the base year.

Yamane's 1964 formula was used to determine the sample size as shown below;

$$n = \frac{N}{1 + N(e^2)}$$

Where

- n- is the sample size,
- N- is the population size,
- 1- is a constant and
- e- is determined by the level of confidence required from the study

A sample size of 226 respondents was derived from a total population of 518 tour operation businesses. A 95% confidence level and a margin of error of 0.05 was realized. Simple random sampling was employed to identify the respondents giving all potential respondents equal opportunity for selection and thus enabling generalization of the study findings to the entire population under study.

Data collection involved use of a questionnaire, which was either physically administered or mailed. The questionnaire was structured into five sections, with the first section seeking demographic information and the other four sections aiming to collect information based on the study's objectives. The questionnaire was designed to allow for the measurement of independent and dependent variables. A web-based survey was also conducted using Google Forms, as it minimized physical contact during data collection. The data was analyzed using descriptive statistics, correlation, and regression analysis. The analysis was conducted using the SPSS program. Kendall's association index was used to assess the correlation of independent variables, while Pearson's correlation was used to show the direction of flow of the relationship between the dependent and independent variables. Regression analysis was used to test the null hypotheses related to the two objectives of the study. Simple and multiple regression procedures were conducted to establish the significance and contribution of the dependent and independent variables to the study, using the multiple regression formula below:

$$y = \beta_0 + \beta_1X_1 + \beta_2X_2 + e$$

Where:

y is the dependent variable; β_0 is a constant variable; X_1 is crisis preparedness strategies and X_2 is crisis recovery strategies; β_1 and β_2 are coefficients of X_1 and X_2 , respectively and e is the error term. Additionally, ANOVA was conducted to determine the association between the independent and dependent variables, with R^2 indicating the strength of the relationship between the model and response variables. The data was presented using tables, graphs, and charts where applicable. Qualitative data was analyzed through thematic analysis involving reviewing of each case and quoting unique responses.

III FINDINGS AND DISCUSSIONS

The study obtained the demographic information from the respondents as summarized in Fig 1 below:

Figure 1: Demographic information of respondents

Work duration	Majority of the respondents have worked for 1-3yrs.
Designation	Majority (50%) were general managers of their firms
Firm duration of operations	35% at 7-9 yrs
Nature of Business Management	Most firms managed by owner at 70.6%
Operation space	Rented space 66%
Major market	Both international and domestic tourists as supported by 64%
Membership to National Professional Bodies (KATO/TOSK)	Most of the tour operators were not members to a national professional body as supported by 60% of the respondents
Membership to International Bodies	79.8% not members
Operation Pause During Covid-19 Outbreak	90.2% yes

Majority of the respondents, 52%, had been working with their respective tour firms for 1-3 years. In terms of designation, majority of the respondents, 50%, were general managers of their firms. Most of the tour operators had been in operation for a period of 7-9 years, 2014 being the earliest at 9 years. Most of the tour operators, 71%, were managed by the owners. It was also observed that majority of the respondents conducted their tour operations on rented space. Majority of the respondents' major markets were both international and domestic tourists. The study established that most of the tour operators that took part in the study were not members to a national professional body. The study observed that majority of the tour operators in the study saw a reduction in the number of employees by the end of the Covid-19 restrictions.

Crisis Preparedness among tour operators in Nairobi

The majority of tour operators in Nairobi did not have prior planning for global health crisis handling within their operations, according to the respondents (Mean = 2.84, SD = 1.006). However, the standard deviation indicated a significant variation in responses, suggesting that some operators may have considered the possibility of a crisis. Most firms provided training on business preparedness, but not specifically for a possible global health crises (Mean=3.93, SD=1.025). Respondents generally disagreed that their training programs included a guide on global health crisis handling (Mean=2.91, SD=0.978). Most respondents had a crisis manager responsible for training staff on crisis preparedness (Mean=3.13, SD=0.707), and training for crises or risks was done on scheduled plans (Mean=3.33, SD=7.53). While most operators had handled crises before the pandemic (Mean=3.97, SD=1.274), the standard deviation suggested that some may not have experienced significant crises. While previous crises were documented (Mean=3.71, SD=1.414), the standard deviation suggested that some may not have been documented. Most operators had a formal crisis handling procedure (Mean=4.06, SD=1.093), but the high standard deviation suggested that some did not have such procedures in place. Most operators had reviewed their manuals to include Covid-19 and other health-related crises in future preparations (Mean=4.45, SD=1.161), but the standard deviation suggested that some may not have done so.

Table 1: Crisis Preparedness Strategies

Crisis Preparedness Strategies	N	Min	Max	Mean	Std. Deviation
The manuals have been reviewed to include Covid-19 and other related global health issues that may arise in the future	163	1	5	4.45	1.161
There is a formal crisis handling procedure /manual in the firm	163	1	5	4.06	1.093
The firm has handled other crises before covid-19	163	1	5	3.97	1.274
There have been prior training programs on any business crisis preparedness	163	1	5	3.93	1.025
Former crises have been documented	163	1	5	3.71	1.414
Training for crisis or risks is done on schedule in the firm	163	1	5	3.33	0.753
The firm has a crisis manager liable for training	163	1	5	3.13	0.707
The training program included a guide on global health crisis handling	163	1	5	2.91	0.978
There has been prior planning on global health crisis handling in the firm	163	1	5	2.84	1.006
Valid N (listwise)	163				

Implementation of Disaster Recovery Plan (DRP)

The study found that most of the tour operators in Nairobi implemented a Disaster Recovery Plan (DRP) to reactivate their firms (Mean=4.71, SD=0.606). However, majority of the respondents agreed that there was no clear back-to-work formula as they were being called back to work spontaneously (Mean=3.34, SD=0.945), indicating that some tour operators may have called all employees back as soon as restrictions were lifted. Most employees agreed that a team was in place to handle the process of resource recovery (Mean=3.91, SD=1.023), although some respondents were not aware of such a team.

Table 2: Crisis Recovery Strategies

Crisis Recovery Strategies	N	Min	Max	Mean	Std. Deviation
The firm put in place a Disaster Recovery Plan (DRP) to reactivate the firm back to operations	163	3	5	4.71	.606
A team has been put in place to handle the process of resource recovery and employee handling	163	1	5	3.91	1.023
There was no clear back-to-work formula as employees were called back to duty spontaneously	163	1	5	3.34	.945
Valid N (listwise)	163				

Regression Analysis

A simple linear regression and multiple regression analyses were done to determine the impact of independent variables on the dependent variable. The independent variables Crisis Preparedness Strategies, and Crisis Recovery Strategies, were averaged before the multiple regression analysis was done. The study examined the link between these independent variables and the dependent variable, Business Continuity of tour operators. The results of the multiple regression analysis were presented in tables.

Table 3: Model Summary for Crisis Preparedness Strategies and Business Continuity of tour Firms

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.320 ^a	.102	.097	.31326
a. Predictors: (Constant), Crisis Preparedness				
b. Dependent Variable: Business Continuity				

The results of the regression analysis in Table 4.24 showed that there is a correlation between Crisis Preparedness Strategies and Business Continuity for tour operators in Nairobi, with an R value of 0.32. The R squared (R²) value of 0.102 indicated that 10.2% of Nairobi tour operators business continuity is explained by their crisis preparedness, while 89.8% could be attributed to other factors.

Table 4: Analysis of Variance for Crisis Preparedness Strategies

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.802	1	1.802	18.362	.000 ^b
	Residual	15.799	161	.098		
	Total	17.601	162			

a. Dependent Variable: Business Continuity
b. Predictors: (Constant), Crisis Preparedness

The analysis of variance in Table 4, showed that there was a fit between the hypothesized model and the obtained data with F= 18.362 and P < 0.05. This indicated a significant relation between crisis preparedness strategies and business continuity for tour operators in Nairobi.

Table 5: Crisis Preparedness Strategies Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.967	.146		27.227	.000
	Crisis_Preparedness	.171	.040	.320	4.285	.000

a. Dependent Variable: Business Continuity

Crisis preparedness had a positive and significant effect on business continuity for tour operators with $\beta = 0.171$ at $P < 0.05$. The simple linear regression model equation fitted by use of unstandardized coefficients therefore could be deduced as; $Y = 3.967 + 0.171X_1 + e$ where 3.967 is the constant while X_1 is crisis preparedness strategies index. This implies that crisis preparedness positively and significantly affect the continuity of tour operators business within Nairobi.

Crisis Recovery strategies and business continuity

Table 6: Crisis Recovery Strategies Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.433 ^a	.187	.182	.29806	

a. Predictors: (Constant), Crisis Recovery
b. Dependent Variable: Business Continuity

The findings from Table 4 indicate that there is a correlation between crisis recovery strategies and business continuity for tour operators in Nairobi as the value of R is 0.433. The R squared (R²) value of 0.187 implies that 18.7% of the impact on business continuity can be attributed to crisis recovery strategies, while the remaining 71.3% could be influenced by other factors.

Table 7: Crisis Recovery Strategies Analysis of Variance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.298	1	3.298	37.120	.000 ^b
	Residual	14.303	161	.089		
	Total	17.601	162			

a. Dependent Variable: Business Continuity
b. Predictors: (Constant), Crisis Recovery

From the analysis of variance indicated in Table 4.31, the results showed existence of fit between the hypothesized crisis recovery strategies model and business continuity with F= 37.12 and P < 0.05. This indicated a significant relation between crisis recovery strategies and business continuity for tour operators in Nairobi.

Table 8: Crisis Recovery Strategies Coefficients

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	5.114	.090		56.643	.000
	Crisis Recovery	0.453	.074	0.433	6.093	.000

a. Dependent Variable: Business Continuity

Table 8 showed that crisis recovery strategies had a positive and significant effect on business continuity for tour operators in Nairobi with $\beta = 5.114$ at $P < 0.05$. The simple linear regression model equation fitted by use of unstandardized coefficients obtained was; $Y = 0.453 + 0.453X_1 + e$ where 0.453 is the constant while X_1 is crisis recovery strategies index. This indicated that crisis recovery strategies positively and significantly affect business continuity for tour operators in Nairobi.

IV. CONCLUSIONS

The study found that having prior planning and training programs for extreme crisis like a global pandemic can help tour companies transition their operations to suit restrictions while remaining in operation. The study also found that the impact on business continuity can be attributed to crisis recovery strategies. The study concluded that a Disaster Recovery Plan, clear back-to-work formula, and a team to handle resource and employee challenges during a crisis facilitate smooth recovery and return to operations. Reorganizing system and resource management to cater for crises also facilitates business continuity.

V. RECOMMENDATION

The study recommends several policy and implementation strategies for the tourism industry. These include establishing a tourist recovery program, consider putting together recovery teams whose mandate will be coordinating the company's response to crisis and implementing back-to-work formula. The operators should also have contingency and risk management plans that measure potential threats/vulnerability and help in the recovery decision making process.

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