

Tourism Disasters: determinants for the recovery of small tourism businesses post-disaster



Background issues

- When natural disasters occur the focus of recovery efforts is on rebuilding people's homes and repairing damaged infrastructure.
- Yet restoring people's livelihoods is also essential for rebuilding communities and strengthening their resistance to future shocks.



This unearths a dilemma... to what extent should governments and donors contribute to rebuilding private businesses?

Research question

- How do small-scale tourism enterprises recover in the face of a natural disaster?



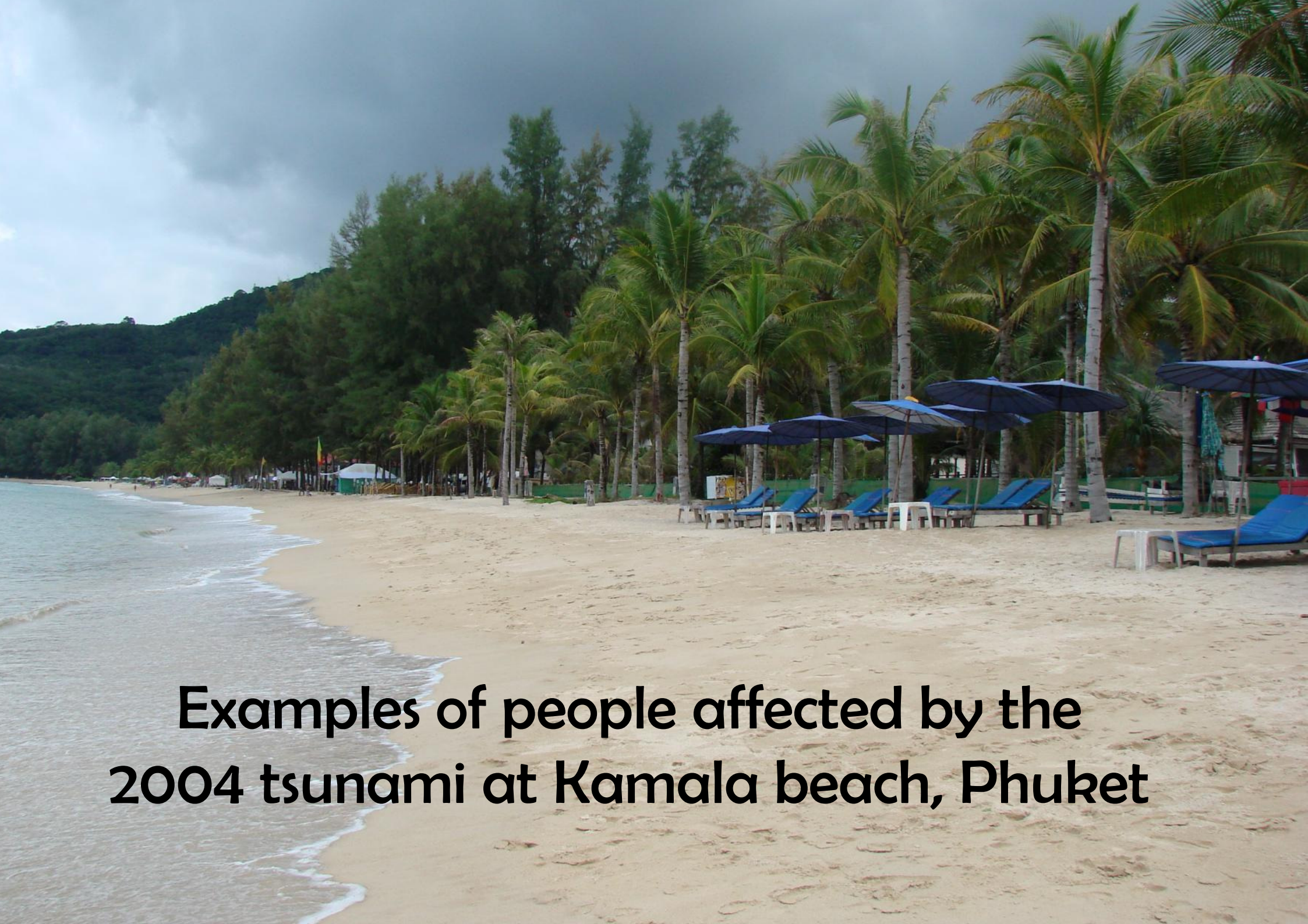
Why examine small-scale businesses?

- They are central to local livelihoods (the informal economy employs 75% of the Thai labour force)
- They are particularly vulnerable in the face of extreme events because e.g.
 - they don't have formal means of support like larger businesses (e.g. Insurance, links with foreign hotel groups & business associations)
 - they have few reserves – often most of a family's resources are invested in the business
 - employment losses are usually most intensely concentrated among lower-skilled and socially weaker workers (Chok et al. 2007: 48)
- Rebuilding livelihoods also rebuilds lives: it enables people to remain in a place where they have existing social support networks, restores their sense of dignity, and can lead to long term sustainability.

Indian Ocean Tsunami – Boxing Day 2004







**Examples of people affected by the
2004 tsunami at Kamala beach, Phuket**

Impacts

80 people died

Waves 4-5 metres high

210 houses destroyed



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Vendors renting out sunloungers and umbrellas on the beach



Impacts on their lives:

Lost 10 friends, a motorbike and car in the tsunami. No insurance. Lost income for several months.

How did they survive & rebuild?

- Extended family helped them with basic needs
- NZ\$1,000 from govt, but 1 'set' costs nearly \$500
- Borrowed from private money lender at 20%/month (they thought soft loans were only for big businesses, not 'normal people').

Couple with longtail boat business and small restaurant pre-tsunami.



Impacts on their lives:
20 of their extended family died; longboat smashed; and small restaurant destroyed.

How did they survive & rebuild?

- Rotary replaced the longboat
- No govt or personal funds to rebuild restaurant, and not allowed to rebuild in the same place. Wife just operates food cart occasionally now.

Clothes vendor pre-tsunami, who now has a massage shop on the beach.



Impacts on their lives:

Lost 3 year old son. Her clothes shop was destroyed.

How did she survive & rebuild?

- Her brother knew foreigners who provided direct help: bricks, cement etc.
- \$500 govt compensation.

Summary of Kamala beach recovery

- While many were fearful of re-establishing businesses at first, most have rebuilt and some have even expanded.
- Positive point: the local government only allows local people to lease land on the beach for their ventures, so this has secured a high level of local control over the small-scale beach businesses.
- Most relied on family members or private lenders (with high interest rates) to rebuild.
- Those people with established connections to banks could get soft loans, but most lacked of knowledge of grants or credit facilities available to micro-businesses and small businesses post-tsunami.
- Some private businesses also helped out with donations or generous credit terms
- The government's compensation was tokenistic. Great lack of trust of government – everyone interviewed suspected local corruption and misuse of tsunami funds
- There was confusion over where development could and could not take place post-tsunami. Some areas were turned into reserves, but at a later date a developer gained freehold title to such land.



Examples of people affected by the 2004 tsunami on Ko Phi Phi



**Research assistant (left)
with owner of 3 handicraft
stalls**



Impacts on their lives:

Handicraft stalls were wiped out along with two longtail boats he owned. Had to go back to his home island of Go Yao – he worked very hard at odd jobs for 12 months to save money

How did he survive & rebuild?

- No govt compensation for boats despite having papers. Eventually bought a boat on his own.
- PhiPhi Hotel owner gave him some work and secured him a good spot for some new stalls (patronage)

Owner of a small stall selling beach items, and rents out rooms for tourists



Impacts on her life

Her clothing store was destroyed, along with approx. NZ\$5,000 of stock. Husband's longtail boat destroyed. Only partial compensation. They moved back to Krabi for 5 months and lived off her family & savings.

How did she rebuild?

- Govt compensation for her business – NZ\$1,000. Couldn't afford a new store, but has a stall selling beach items. Also rents out rooms in her building, and does laundry. Helped her husband buy a new longtail boat.

Longtail boat tour operator and agent



Impacts on his life

His uncle who started the business was killed; 4/6 longtail boats were badly damaged; house destroyed.

How did they rebuild?

- Govt paid 50% of the cost of new boats for those with correct papers.
- Volunteers donated some equipment e.g. for snorkelling.
- No compensation for house as it was on National Park land.

Summary of Ko Phi Phi recovery

- Many people ordered to evacuate the island during the clean up period of approx. 5 months - some did not return. Other business owners died, were badly injured, or just too traumatised to return to Ko Phi Phi.
- Government wanted to turn much of the isthmus into a protected area and only allow redevelopment on higher ground – powerful landowners & businesspeople lobbied against them on this. There are now more businesses than ever on Ko Phi Phi.
- Foreign volunteers played an important role in the recovery through their labour, donations, and also support for local businesses at a time when tourists had not yet returned – an example of ‘transnational social capital’, but is this sustainable and does it undermine local leadership? (Rigg et al. 2006: 377)
- Govt compensation was very low in most cases, and only available to those with correct papers – which were often destroyed in the tsunami; people mainly relied on family support to rebuild; some also had connections with large businesses on the island

In the wake of the devastation, the balance of power seemed to shift as plans were revived to assert government control of the island and restore its status as a national park, allowing only careful and controlled development. But local land owners saw this as a land grab by parties within the Thai government. The government's plans were thwarted and private industry rebuilt, reinvested, and expanded the island's infrastructure. And they did so in short order, considering the enormity of the task and a lack of any government relief (Travelfish 2009: 2).

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Te Kunenga
ki Pūrehuroa



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Impediments to recovery of small businesses post-tsunami

- Formal recovery was quick, especially in key areas of Phuket, but informal recovery was handicapped by a lack of insurance, inability to secure access to financial assistance and embroilment in land disputes with officials and property developers
- Build back better plans often displace small-scale vendors e.g. plans to landscape the beachfront area in Patong to protect from future tsunamis would have displaced around 1,000 vendors
- Uneven allocation of recovery funds: focus on key areas such as Patong so the government could start marketing the country's tourism attractions again

New opportunities for small-scale entrepreneurs post-tsunami

*The capacity to survive and expand after an unprecedented natural disaster hints at the tenacity and robustness of the informal economy and its workers
(Smith and Henderson 2008: 280).*

- Those at Kalama beach had 'their patch' protected by local govt
- Reworking of space enabled some in Ko Phi Phi to secure advantages e.g. pancake stall owners
- Improved infrastructure developed with public/donated funds e.g. roads, piers, sewage and water supply systems

Conclusion

- Rejuvenating economies devastated by natural disasters like tsunami is an important part of the process of rebuilding people's lives and communities
- There is thus a need for clearer mechanisms for governments and aid agencies to directly support the recovery of small businesses post-disaster, not just to rebuild homes and public infrastructure
- The best approaches for rebuilding small enterprises can include:
 - Provide clear information to communities on, e.g., availability of credit, and plans for rebuilding infrastructure, compensation they are entitled to, plans to gazette land for protected areas.
 - Work from the bottom-up: consult people on house design, consult small business-owners on new layout of the town centre and infrastructure requirements, involve them in decision-making e.g. about best ways of distributing compensation monies or donated resources – NB do not only consult 'leaders'
 - Mobilize existing social capital, which may include networks spanning a number of scales

Phi Phi Tsunami Memorial Park
แด่เชลยผู้จากไป

