

# Effects of terrorism on businesses tourism essay



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Terrorism has deep history since the cold war but this issue became most salient in 21st century, after terrorist attacks in September 11 2001.

According to U. S department of state (2002) more than 3000 people of different nationalities were killed in the terrorist attacks only in the United States in September 11, 2001. The attacks were the conspicuous example of terrorism on global level. According to the European commission (2001) this was the one of the major event in the past decades which diversifies the viewpoint and outlook of people. Terrorism affects both the long term and short term segments of the businesses around the world. Czinkota (2002) cited that terrorism influenced long term karma of entire industries, for example tourism, retailing and manufacturing industries.

In this competitive age, the business scenario is changing dramatically and international business has culminated in, what can be viewed as a global economy, with diverging cultures. But, there are strong protests against globalization echoing its destabilizing effects from many corners of the world. Terrorism can be seen, in substantial part, as a result of this backlash to the businesses. There are number of definitions of terrorism, in the world of Alexander et al (1979) terrorism is a threat or use of enforcement and inclemency to achieve a political goal by means of intimidation fear, and coercion. In the present world context, the European Union (2001) define the terrorism relevant to international business in the following words. " Terrorist offences are certain criminal offences set out in a list comprised largely of serious offences against persons and property which, " given their nature or context, may seriously damage a country or an international organisation where committed with the aim of: seriously intimidating a population; or

unduly compelling a Government or international organisation to perform or abstain from performing any act; or seriously destabilizing or destroying the fundamental political, constitutional, economic or social structures of a country or an international organisation”.

### **1. 1 Research Aim:**

This aim of this research is to analyse and explore the effects of terrorism on businesses around the world. The second part of my research is to critically analyse and recommend the most appropriate strategies for management to deal with the terrorist threats or scrutinize the different business strategic views to avoid and minimise the impact of terrorism on business.

### **1. 2 Research Objectives:**

This research has the following individual objectives:

Critically analyse the impact of terrorism on individual organization and the whole market.

Evaluate the managerial performance in organizations, before, during and after the happening of the terrorist attacks and in uncertain environment.

### **1. 3 Research Questions:**

What is terrorism and why terrorist target business?

What are the effects of terrorism on business?

How to development strategy for managers or adopt a better approaches to deal with above mentioned issues?

## 2. Literature Review:

Terrorism can take many shapes and forms. Now arguably it the biggest threat to the business around the world. The last twenty years have seen a dramatic rise in terrorism. Terrorism did not begin in 21st century after World Trade Centre terrorist attacks on 11 September 2001. The terrorism history is as old as humans' willingness to use violence to affect politics. Europe, United States and other continents have a very long and sad history of terrorist attacks. In past century IRA in UK, ETA in Spain, Brigade Rosse in Italy, Rote Armee Fraktion in Germany, 7 November in Greece are the few worse examples of terrorist groups in Europe. In United States we remember the bombing in Oklahoma City in 1994, World Trade Center bombing in 1993 and 11 September 2001 terrorist attacks. But September 11 2001 attacks have changed the world, as UN Secretary General Kofi Annan has said, none of the issue that faced us on 10 September 2001 has become less urgent. Now the terrorism has grown to an unprecedented limit and in quality. As we know that, even terrorist without the use of weapons of mass destruction can kill thousands of people and destroy businesses (Gabriele G. S. Suder 2004).

Terrorism has its massive effects on economy and business activities. It effects deleteriously on marketing strategies and buyer demand and market supply effect immensely. Most firms operating in the effected area gets impact from the thrust of government policies to quell terrorism. This kind of wide-spread results predict an escalate attractiveness of terrorism, as part for that group which assume to develop the core of businesses. It is conspicuous to secure all of the targets of terrorism at the same time. In the number of attacks done by small terrorist groups with least resources the

loss was massive. If costs of an attack be, measured by the loss which businesses faced, the businesses always paid far great amount than the loss of terrorist group. Hoffman (1998) cited that the cost of the bomb was not more than \$400, which was the reason of the loss of \$550 millions in the blast of World Trade Centre 1993. The amount which is sending to protect the world from terrorism is many billion dollars, while the terrorist cost nothing in front of it.

According to U. S Department of state (2002) terrorist select businesses for attack compare to other targets. The most kind of terrorist attacks is bomb blast, although armed attacks and kidnapping are also some kinds of terrorist attacks. Council of Foreign Relations (2002) reported that the majority of victims in terrorist attack are civilians and business. According to the report, the relatively large number of business may not prepare to face these kinds of terrorist attacks.

This threat of terrorism attacks poses a continuous atmosphere of risk for the businesses. This risk itself creates extension for treatment of risk in management theories. The majority of management literature theories adopt term ' uncertainty' as a factor of unpredictable environment which may influence the performance of firms in certain ways. The environment effected by terrorism also has a factor of unpredictability in it. This study is another type of research which investigates impacts of terrorism on the activities of businesses, analyses and revels approaches for reducing and handling the threat.

Businesses internationally and locally particularly affected by terrorism. For example, Manchester bombing was carried out by IRA in 1996 targeted the city centre infrastructure and economy caused widespread damage.

According to the BBC News (2004), over 400 businesses within the half a mile of the blast were affected and 40% of which did not recover. Another example of terrorist attack on businesses is Baltic Exchange bombing 1992, which damaged the Exchange and surrounding buildings and caused £800 millions worth of damage. The latest terrorist attacks in UK was July 7 London bombing, which had massive effects on UK businesses. According to the LCCI (2005) report, business confidence in London had slumped to the lowest levels not seen since the start of Iraq war. Because, terrorist attacks disrupt supply chain and other business activities. Alexander 2004 says in his book business Confronts Terrorism, " terrorism's implication on business merits closer scrutiny given its relation to economic security. Terror metamorphoses business causing business to deal with current threats and craft plans to reduce future challenges. Terrorists weaken society and business through their manipulation of economic systems components". Terrorism interrupts information flows and effects on the demand form both business and consumer side. This falling demand may have different outcomes which may comprises of losses of customers contracts, customer trust, reduces market share, decline in turnover and profitability and also result business failure. For example according to the report by government of Pakistan, Pakistan tourism industry badly effected by terrorism, all major tourist places like Swat Valley, Kalash Valleys, Gilgit, archaeological sites of the Indus Valley and other Northern Areas are under the influence of Taliban. Due to safety

and security reason tourist hesitate to travel this area and these threats cost Pakistan tourism industry more than 400 million U. S. dollar (www...1)

The impact of terrorism can be calculated from a number of ways. According to Czinkota et al (2004) the micro level research is a moderate degree of research. It help to analyze effects of terrorism on specific regions, value chain or cross industry level, but can be determine and examine more specifically than those of macro level. When terrorist events happens if effects businesses direct and indirect way and disrupt the economic process. To make the effects of the terrorist activities stronger terrorist groups try to make firms their direct targets. Business are more attractive target for those groups as their presence is everywhere and their aftermaths are more deep on society and on the economics.

## **2. 1 Conclusion:**

Terrorism effects business activates deeply. This threat compel almost every department of business which cause decline in the profit of firm and on the other side the whole economy has to bear the cost of every single act of terrorism. According to LCCI 2005 report, after 9 11 terrorist attacks, majority of organizations fear high risk of terrorist attacks and they have contingency plan in place to deal with uncertainty.

As globalization integrates multinational organizations and financial markets, events like terrorism which spurn economic uncertainty have increasingly international consequences. Terrorism causes unpredictable political and economic consequences, infuses the public with fear and prevents the free flow of capital, labour, and free market principles. Because of their disastrous

impacts, occurrences of terrorism have serious implications on the performance of international and the domestic organizational. Immediate responses are felt in financial markets and the effected industry sectors. These sustained reactions can be observed through macroeconomic impacts, economic policy responses and investor confidence. As world move towards more liberal economies and democratic political structures, organizations must have the ability to adapt and respond to terrorist events. In order to do so, decision makers and policy makers need a more complete picture and understanding of the deleterious effects of terrorism on organization.

### **3. Research Methodology:**

The main proposed research methodology is secondary research which is based on the critical and comprehensive analysis of the existing published literature related to the specific area of research. Books, published journal articles, published research reports, surveys, organizational records, qualitative research and internet (websites and search engines) will be used to collect secondary sources data. I think these sources will help me to complete my research work.

I will use all the above mentioned secondary research methods for my research work and I am highly interested to use the deductive method because it is more logical and authentic way to prove my research. Moreover I will use both quantitative and qualitative techniques to critically analyze my collected data and to reach the conclusion. But in this research work, I will prefer to use more qualitative method of data collection. According to Lincoln and Guba (1985) a qualitative method captures a more complete picture of individual lived experience instead of a narrow perspective of

generalizations. The qualitative data provide me an opportunity to study the material of the recent or more distant past to gain the more insights information for methodological and theoretical purposes.

### **3. 1 Advantages of secondary research methodology:**

This kind of research helps in examining large scale trend.

It is easy to accessible so researcher can consume most of its time in critically analysing data rather than collecting it.

Sometime primary data collection is not necessary for the research, because of the available secondary data is completely suitable to draw a conclusions and answers of the questions and sufficient for solving problem.

The collection of secondary data is far cheaper than the collection of primary data. For the same level of research budget secondary research definitely gives relatively more information than the primary research can give.

The time consumption is much less in the collection of data and conducting results in comparison with the primary research.

The results obtain from secondary source of information may more precise than the result obtain from the primary data collection. It may not happens all the time but if research is about at large scale.

### **3. 2 Problems of Secondary Research:**

In secondary research the researches have to be careful about authenticity of secondary resources. Because at the same type of data or idea two different types of department or persons have different type of opinion.

Some time material available for research is too old and out dated, so it may difficult for researcher to interpret results.

The source of the data and material may not reliable each time, so it may impact the reliability and authenticity of results of the research.

Sometimes secondary research has lack of firmness of perspective.

If data and material collected from non authentic sources it is difficult to check its biasness and inaccuracies.

The published material and statistics often raise more questions than answers.

### **3. 3 Limitations:**

There are some limitations the data may have and the problems that could arise if these limitations are ignored. The verification of existing data is difficult. Secondary data can be general and vague and sometimes it may cause difficulties in decision making. It is possible that data could be out dated and the sample used to generate the secondary data maybe small. The data publisher company may not be reputable. While keeping in mind those limitations of secondary data, I will use data for my research from reputable academic websites and published literature.

### **3. 4 Conclusion:**

A use and search of secondary data should be preceding any primary research activity. Secondary data definitely helps to solve and understand the problem and gives valid answers. The process of collecting secondary data for research is far cheaper and quicker in compare with primary data at <https://assignbuster.com/effects-of-terrorism-on-businesses-tourism-essay/>

in some cases it could be more accurate. There is always a need of evaluation about data and its source before using it for research. Where possible it is better to take same data from different sources so the biasness and errors can be double check for the more accurate results.

#### **4. Research Structure and Design:**

This research consists of six chapters. It begins with chapter 1, which reveals the need, aim and objectives for this research to be attained. Chapter 2 of my research will discuss the methodology, which enables me to fulfil the requirements of this research. Chapter 3 is an extensive and deep interpretation of literature review about terrorism. Chapter 4 of this research will explore the impacts of terrorism on businesses. Chapter 5 of this research evaluates performance and adaptation of suitable strategy by management on different kind of business activities and also scrutinize the different business strategic views which a business can adopt for minimizing the effects of terrorism. Finally chapter 6 of this research is the conclusion and recommendation chapter which will answer all the key questions, aim and objectives of this research seek.

#### **5. Research Implementation Plan:**

##### **Research Plan**

Week beginning Date.....

No. Of Weeks

1

2

3

4

5

6

7

8

9

10

Background reading and literature review

**X**

**X**

Research design and plan

**X**

Choice of methodology

**X**

Gathering data

**X**

**X**

Data analysis and refine

**X**

**X**

Writing up draft

**X**

**X**

**X**

Editing final document

**X**

**X**

Produce final document

**X**

Document passed to supervisor to read

**X**

## **6. Research Ethics:**

While carrying out the research, the most important thing to keep in mind and practice is the ethical considerations. And in my research work this is very critical and of prime consideration. I will follow all the ethical considerations and guidelines. As my research work is based on secondary research, so what ever the secondary data I will use to achieve my research objectives, I will follow the all terms and conditions of ethical considerations. Throughout my research I will practice honesty in processing and reporting all the data, this will be my own work and I will not copy the other researcher data or work, I will not be bias in my research while collecting or processing

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the data. I will try my utmost to avoid the omissions and errors while analysing the data and will keep all the record of the data and their valid sources. I am fully aware that the plagiarism is a serious academic crime, so I will not plagiarise my research. I will quote all the citations and that will be fully referenced.