



**RISK MANAGEMENT FRAMEWORK FOR EFFECTIVE  
HOTEL PERFORMANCE THROUGH E- TOURISM  
CULTURE IN UNITED ARAB EMIRATES**



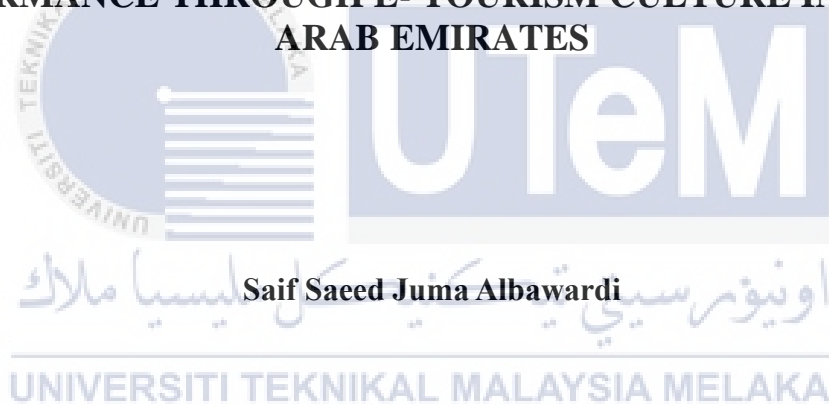
**Doctor Of Philosophy**

**2024**



**Faculty of Technology Management and Technopreneurship**

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EMIRATES**

**SAIF SAEED JUMA ALBAWARDI**



**UNIVERSITI TEKNIKAL MALAYSIA MELAKA**

**2024**

## DEDICATION

I want to dedicate this thesis to my cherished parents and my family, who have inspired me and given me strength. Without their ongoing moral, spiritual, and financial support, there is little question that I would not have finished this work.



## ABSTRACT

In the vibrant landscape of the United Arab Emirates' hospitality industry, tourism stands as a cornerstone, drawing global travelers to its opulent hotels and resorts. However, amidst this allure, there exists a critical need for effective risk management strategies. Despite strides made, understanding the intricate interplay between risk management, e-tourism, and tourist culture remains incomplete. This study addresses these gaps, aiming to unravel the complex relationship between enterprise risk management, e-tourism, tourist culture, and hotel performance within the UAE's hotels. Utilizing a robust quantitative methodology, this research collected data through a meticulously designed questionnaire from 320 respondents, primarily hotel executives associated with the hotels Abu Dhabi. The analysis, conducted via SmartPLS, unveiled compelling findings. It revealed a high level of risk intention within the UAE's hotel industry, underscoring the need for nuanced risk management strategies. Specific facets within enterprise risk management strategy setting, performance evaluation, governance, information management, communication, and reporting were identified as influential factors shaping hotel performance. Moreover, this study illuminated the intricate dynamics between tourist culture, e-tourism, and risk management. It validated the pivotal roles played by tourist culture and e-tourism in shaping individual intentions and highlighted their partial mediating effects on the relationship between enterprise risk management and hotel performance. In conclusion, this research not only addresses crucial gaps in understanding risk management within the UAE's hotel industry but also provides actionable insights. It emphasizes the significance of adopting an integrative risk management model that enhances hotels' performance among UAE businesses. This study's theoretical contribution is noteworthy, enriching the existing body of knowledge by integrating Organizational Learning Theory and Organizational Culture Theory. Therefore, this research provides a holistic enterprise risk management model by examining the adaptive behaviors of businesses in response to risks, enhancing the understanding of how cultural factors influence risk management strategies. These insights clarify the intricate interconnections between risk management practices, technological advancements, cultural nuances, and the overall performance of the UAE's tourism industry. Furthermore, this research serves as a guiding beacon for policymakers, businesses, and researchers, illuminating the path toward a more resilient, innovative, and sustainable future for the UAE's thriving tourism sector, ensuring its continued allure on the global stage. This study makes a substantial contribution to both theory and practice by shedding light on the complex relationships between risk management strategies, technological progress, cultural dynamics, and their collective impact on the UAE's tourism industry.

**RANGKA KERJA PENGURUSAN RISIKO UNTUK PRESTASI HOTEL YANG  
BERKESAN MELALUI BUDAYA E-PELANCONGAN DI EMIRIAH ARAB  
BERSATU**

**ABSTRAK**

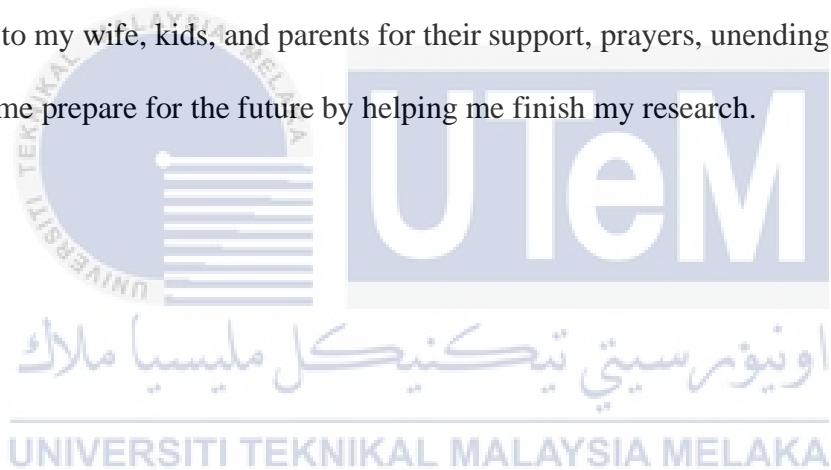
*Dalam landskap industri hospitaliti Emiriah Arab Bersatu (UAE) yang pesat berkembang, pelancongan menjadi asas utama, menarik pelancong global ke hotel dan resort mewahnya. Namun, di sebalik daya tarikan ini, terdapat keperluan kritikal untuk strategi pengurusan risiko yang berkesan. Walaupun telah mencapai kemajuan, pemahaman tentang hubungan rumit antara pengurusan risiko, e-pelancongan, dan budaya pelancong masih belum lengkap. Kajian ini menangani kekurangan tersebut dengan tujuan untuk merungkai hubungan kompleks antara pengurusan risiko perusahaan, e-pelancongan, budaya pelancong, dan prestasi hotel di hotel-hotel UAE. Menggunakan metodologi kuantitatif yang kukuh, kajian ini mengumpul data melalui soal selidik yang direka dengan teliti daripada 320 responden, terutamanya eksekutif hotel yang dikaitkan dengan hotel-hotel di Abu Dhabi. Analisis, yang dijalankan melalui SmartPLS, mendedahkan penemuan yang menarik. Kajian ini menunjukkan tahap niat risiko yang tinggi dalam industri hotel UAE, menekankan keperluan untuk strategi pengurusan risiko yang lebih terperinci. Aspek-aspek tertentu dalam strategi pengurusan risiko perusahaan seperti penetapan strategi, penilaian prestasi, tadbir urus, pengurusan maklumat, komunikasi, dan pelaporan dikenal pasti sebagai faktor-faktor yang mempengaruhi prestasi hotel. Selain itu, kajian ini menerangkan dinamika rumit antara budaya pelancong, e-pelancongan, dan pengurusan risiko. Ia mengesahkan peranan penting yang dimainkan oleh budaya pelancong dan e-pelancongan dalam membentuk niat individu serta menonjolkan kesan mediasi separa mereka terhadap hubungan antara pengurusan risiko perusahaan dan prestasi hotel. Kesimpulannya, kajian ini bukan sahaja menangani kekurangan dalam pemahaman pengurusan risiko dalam industri hotel UAE tetapi juga menyediakan pandangan yang boleh diambil tindakan. Kajian ini menekankan kepentingan mengamalkan model pengurusan risiko integratif yang meningkatkan prestasi hotel di kalangan perniagaan UAE. Sumbangan teoretikal kajian ini adalah penting, memperkayakan pengetahuan sedia ada dengan mengintegrasikan Teori Pembelajaran Organisasi dan Teori Budaya Organisasi. Oleh itu, kajian ini menyediakan model pengurusan risiko perusahaan yang holistik dengan meneliti tingkah laku adaptif perniagaan dalam menghadapi risiko, mempertingkatkan pemahaman tentang bagaimana faktor budaya mempengaruhi strategi pengurusan risiko. Pandangan ini menjelaskan hubungan rumit antara amalan pengurusan risiko, kemajuan teknologi, nuansa budaya, dan prestasi keseluruhan industri pelancongan UAE. Tambahan pula, kajian ini menjadi panduan bagi pembuat dasar, perniagaan, dan penyelidik, menerangi jalan ke arah masa depan yang lebih berdaya tahan, inovatif, dan mampan bagi sektor pelancongan yang berkembang maju di UAE, memastikan daya tarikannya yang berterusan di peringkat global. Kajian ini memberi sumbangan yang ketara kepada teori dan amalan dengan menjelaskan hubungan kompleks antara strategi pengurusan risiko, kemajuan teknologi, dinamik budaya, dan kesan keseluruhannya terhadap industri pelancongan UAE..*

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## LIST OF ABBREVIATIONS

AVE	-	Average Variance Extracted
CA	-	Cronbach Alpha
CR	-	Composite Reliability
DV	-	Dependent Variable
ERM	-	Enterprise Risk Management
ET	-	E-Tourism
GDP	-	Gross Domestic Product
IV	-	Independent Variable
MV	-	Mediator Variable
OLS	-	Ordinary Least Squares
PLS	-	Partial Least Squares
SEM	-	Structural Equation Modelling
TC	-	Tourist Culture
TP	-	Hotel performance
UAE	-	United Arab Emirates
VAF	-	Variance Accounted For
VIF	-	Variance Inflation Factor



## LIST OF PUBLICATIONS

Albawardi, S.S.J., Mansor, N., and Yahya, S.N., 2021. Organization Risk Culture Model for Hotel performance in UAE. *Academy of Strategic Management Journal*, 20(6), pp.1–11.



# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Risk management is a process that manages risk daily. It controls, identifies, and assesses threats that impact an organization's revenue and capital for investment decisions. Risk management involves methods, processes, and tools for managing the probability of events that occur during the life cycle of an organization. Proper risk management will prevent business risks that could present threats to its success. It is a part of the planning process that an organization encounters by determining the perils that might influence the actions and impact of future developments.

The UAE is a surging tourism hub in the Middle East, which has prompted the engagement of a diverse group of businesses and investors to probe the leisure industry and mitigate the routine risks in the tourism environment. The objective of this research is to develop a risk management factor framework for effective hotel performance through an e-tourism culture in the UAE. This study intends to design a conceptual model derived from enterprise risk management for the tourism industry in the UAE. The following section will cover the background of the research, followed by the problem statement, research questions, and objectives. The significance, scope, and terms definition will also be provided, concluding with the layout of the research.

## 1.2 Research background

Risk management is putting action on managing the risk faced by the organization by optimizing the success and maximizing the opportunities (Firmenich, 2017). According to Sari and Rahayu (2018), risk management fixates on determining what is the scenario, classifying which risks should be treated to the organization, and resolving action to pledge with those risks. The vast majority of businesses in UAE consider that risk management is becoming extra vital to obtain strategic objectives, where 62% regard risk management as much more critical, 31% conclude that risk management is somewhat more influential and 7% think that risk management will become less relevant within the business environment (Warner and Moonesar, 2019). Moreover, higher growth business is twice as presumably to vision risk management as key to enacting strategic intention where 40% feel risk management is one of the ultimate significant factors for attaining the business strategic targets in UAE (El-Sholkamy and Fischbach, 2019). Businesses in the modern world and advanced economy, surface many risks, and the threat of depth market competition in UAE (Shqairat and Sundarakani, 2018). Business needs to determine the risks that they encounter and prepare an extra cost-effective approach (Mehrajunnisa and Jabeen, 2019).

In the UAE, business needs to encounter the present threat that entails revisiting their current risk profiles (Halbouni et al., 2016). In today's risk reality, business needs to manage their risks by focusing on disruptive technologies and cybersecurity threats in UAE, through integrated risk management plans for an organization (ElMassah et al., 2019). Yet, the UAE government is focusing on deeper insights into business performance and computing the risks that influence the strategic well-being of an organization (Alhmoudi and Aziz, 2016). UAE's Prime Minister Sheikh Mohammed bin Rashid Al Maktoum stated that the government is conducting an enterprise risk assessment program that has an impact on sustainable risk culture within the organization and making the Emirates a regional

powerhouse of commerce. The Prime Minister emphasizes developing a practical road map to achieve desired challenges that control to counter the potential risks in the business and integrated with performance management. Therefore, in recent times, risk management becomes an interesting topic in research realms (McShane, 2018).

Risk management is becoming progressively imperative to assure business governance and the internal control structure of an organization that handles possible crises (Marshall et al., 2019). The tourism industry is an activity related to the short-term movement of people to certain locations from their usually reside (Della Lucia and Segre, 2017). Now UAE is one of the rapid-thriving outbound travel chains in the world and has a brace to appear as the Middle East's agile developing tourism economy within the world (Ahmad et al., 2019). The surge within the tourism zone is expected to advance more within the impending decades as the sector is widening fast in UAE (Short et al., 2019). Moreover, the tourism industry emphasizes the social and economic progress of the country through increasing foreign exchange within the UAE (Alameeri et al., 2018). Therefore, the dilemma that involves risks will affect both the travelers and the tourism industry which creates a negative impact on the UAE's development (Hammad et al., 2017).

Furthermore, the tourism industry in the UAE is a very important economic activity that contributes 4.54% of its tourism GDP for the year 2019 (Ahmad et al., 2019). Hence the deterioration of the risk management issues may even be lasting effects on the UAE tourism industry (Mahdikhani and Yazdani, 2020). Yet, it is significant to address risk management dilemmas and reduce the impact on the tourism industry that contributes to economic benefits (Kusumawati et al., 2019). Besides, every tourism business should encounter risk management and successfully deal with the risks (Chan and Tay, 2016). A good risk management analysis is needed via a map of the scenarios and types of risk encountered by the tourism industry (Morosan and Bowen, 2018). Even researchers have done their studies,

yet, they fail to root out the dilemma for they only focus on determining risk management instead of strategizing the performance of the tourism industry (Mileva, 2018). Therefore, the performance of the tourism industry plays a major role in a direct contribution to GDP and employment in the country (Mahdikhani and Yazdani, 2020). It does not only increase the economic context of the country but also triggers the impact on society and opens up cultural exchange opportunities (Imon, 2017).

However, the causes behind risk management can be the possibility of the occurrence of the un-favorable mechanism that maximizes losses and minimize chances for gain in the tourism industry (Andreassen et al., 2018). Moreover, the risk management approach needs to emphasize economical, technological, political, social, and cultural risks that threaten the tourism industry's ability to achieve its vision (Kusumawati et al., 2019). Furthermore, risk management also gives an impact on the country's growth where the macroeconomy level of economic development in developing countries such as the UAE will be affected (Warner and Moonesar, 2019). The UAE is a surging tourism hub in the Middle East, which has prompted the engagement of a diverse group of businesses and investors to probe the leisure industry and mitigate the routine risks in the tourism environment. The objective of this research is to develop a risk management factor framework for effective hotel performance through an e-tourism culture in the UAE. This study intends to design a conceptual model derived from enterprise risk management for the tourism industry in the UAE.

### **1.2.1 Hotel industry in the UAE**

Tourism and hospitality sectors are crucial contributors to the economies of many countries. The significance of this industry was first acknowledged during the Manila Declaration of World Tourism in 1980, and since then, it has generated substantial revenue for both local and global economies through travelers' expenditure on goods and services.

According to the World Travel and Tourism Council's (WTTC) annual report in partnership with Oxford Economics, Travel and Tourism's contribution to the global GDP exceeded the world economy for the seventh consecutive year in 2017.

In 2017, the travel and tourism industry's direct, indirect, and induced impacts amounted to US\$8.3 trillion or 10.4% of global GDP, and 313 million jobs, accounting for one in every ten jobs worldwide. The industry represented 28.8% of global services exports and 6.5% of total exports, valued at \$1.5 trillion. Additionally, it contributed \$882 billion, or 4.5% of total investment (World Travel and Tourism Council, 2019).

The tourism and hospitality sectors in the United Arab Emirates (UAE) have also experienced rapid growth, with several countries in the region investing substantial resources to develop it into an attractive destination for both international and local leisure, recreational, and business travelers. In 2016, the travel and tourism industry contributed AED 68.5 billion (USD 18.7 billion) to the UAE's GDP, accounting for 5.2% of the country's total GDP (The UAE Government Portal, 2019). This contribution is expected to grow at an annual rate of 5.1% from 2017 to 2027, reaching AED 116.1 billion (USD 31.6 billion) and representing 5.4% of the total GDP by 2027.

Although the United Arab Emirates is a significant oil-producing nation, the Emirati government has a well-defined strategy to diversify its economy and reduce reliance on various sectors. The tourism industry has emerged as a key driver of this economic diversification, attracting over 25 million international visitors at its peak in 2019 before the COVID-19 pandemic. Projections indicate that by 2028, the travel and tourism sector will contribute approximately 280.6 billion dirhams to the UAE's GDP (Tourism Industry in UAE-statistics and facts, retrieved 2023). As reported in the UAE Tourism Industry – statistics and facts (2023), the tourism and hospitality industry has emerged as a major

employment generator, in which by 2028, the travel and tourism sector is projected to provide jobs for close to 400,000 individuals.

In the context of the hotel industry, operators are increasingly aware of the importance of knowledge and its role in identifying and leveraging market opportunities. Hoteliers are focused on achieving a balance between innovation and knowledge, both of which contribute to hotel's competitive advantages and overall performance (Al-Shami et al., 2021).

### **1.3 Problem statement**

Tourism industry plays a major role in the UAE economy development. The total contribution of the travel and tourism sector to the UAE's GDP was AED 159.1 billion (USD 43.3 billion), which is 12.1% of its GDP. It is forecast to rise by 4.9% per annum to AED 264.5 billion (USD 72 billion), which would be 12.4% of GDP in 2027 (Ministry of Foreign Affairs, 2024). The UAE Hospitality Market size is estimated at USD 7.37 billion in 2024, and is expected to reach USD 9.46 billion by 2029, growing at a CAGR of 5.12% during the forecast period (2024-2029) (The UAE Statistic Department, 2024).

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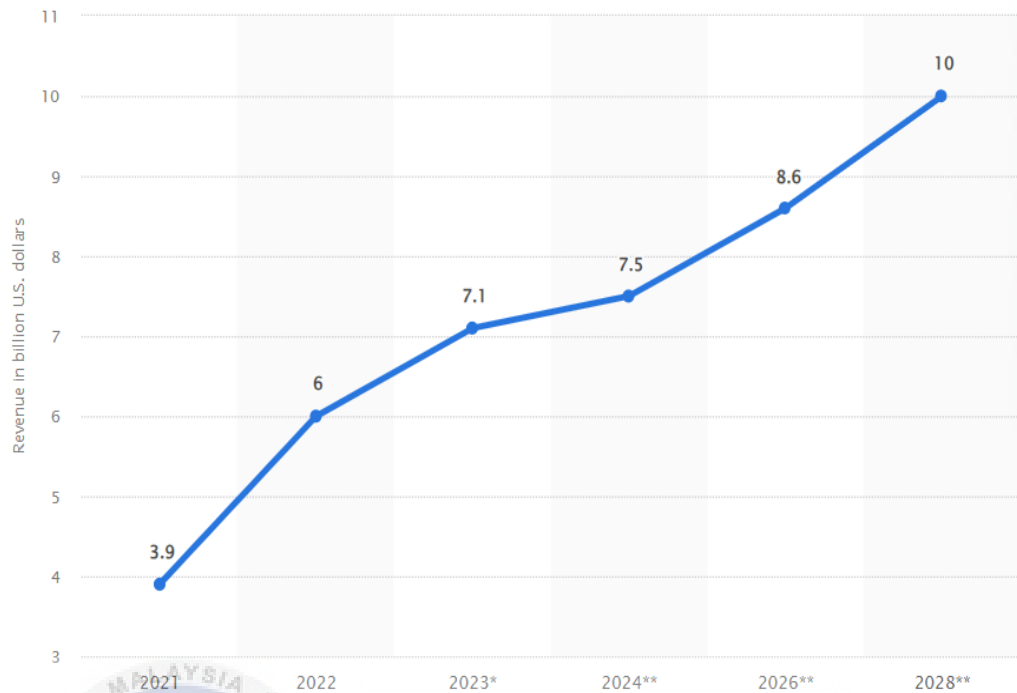


Figure 1.1 Revenue in billion dollar. Source: Statistic Department UAE 2024

Therefore, ensuring tourists feel secure and safe from harm before and during their travels is crucial for the success of many destinations (Agarwal, Page and Mawby, 2021). However, this is challenging due to globalization, which has introduced various risks to the tourism industry, including terrorism. The Institute for Economics and Peace (2019) notes that while the intensity of terrorism decreased from 2004 to 2018, it has become more widespread geographically due to 'lone wolf' attacks. The unpredictable and random nature of these incidents makes it exceedingly difficult for the tourism industry to manage these risks and guarantee tourist safety (Agarwal, Page and Mawby, 2021). For example, the UAE has become a chief target of cybercriminal activity due to the higher economic activity level and tourism (Alwasmi, 2022). The UAE has a high rate of internet and social networking usage, followed by a rise in cyber victimization cases. Two out of every five UAE residents have been victims of cybercrime, particularly in Dubai where 88% rise in cybercrime cases in 2014 compared to the previous year (Alwasmi, 2022).