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Hansen, M, Fyall, A and Spyriadis, T (2020) From finance to adventure: using ERM as a framework in adventure tourism. *Managing Sport and Leisure*, 27 (6). pp. 540-557. ISSN 2375-0472

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From Finance to Adventure: Using ERM as a framework in adventure tourism

Abstract

Despite being recognised as one of the fastest growing tourism sub-sectors, and the role of risk featuring extensively within the literature, adventure tourism currently lacks a risk management framework. This paper proposes enterprise risk management (ERM), traditionally a financial risk management tool, as the ideal risk management framework for adventure tourism. The paper is supported by a single-case study into the US aerial adventure industry and finds that even with the fragmented and dynamic state of the industry, industry-wide enterprise risk management (IERM) could provide the comprehensive and holistic approach to risk management currently lacking. This, in turn, furthers the academic discussion on ERM, by arguing for its utilisation at an industry level, and contributes to the discussion on the management of aerial adventure visitor attractions, an area currently under-researched.

Keywords: Adventure tourism, enterprise risk management, risk management, knowledge transfer, leadership

Introduction

Adventure tourism is recognised as ‘a discipline in its own right’ (Hudson, 2003: 14) and is one of the fastest growing tourism subsectors (Giddy and Webb, 2016; Wang et al., 2019) with reported growth figures of 65% between 2009 and 2012 (Cheng, 2017) and a value in excess of \$683 billion globally (ATTA, 2018). The UNWTO (2014) argued that a trend has emerged of established tourism operators adding adventure tourism activities to their product portfolios. Indeed the industry has undergone considerable changes, most notably the commercialisation and mass accessibility of its activities (Cloke and Perkins, 2002; Giddy and Webb, 2016; Rickly and Vidon, 2017). Through its development, adventure tourism attractions have migrated from being small and specialised activities to catering

to the masses, resulting in a growing interest on the commodification of the industry (Rantala et al., 2018; Wang et al., 2019). Yet, adventure tourism visitor attractions are largely under-researched as a field of research (Ram et al., 2016; Leask, 2016; Rantala et al., 2018).

Adventure tourists have a desire to experience risky, challenging and exciting experiences set in novel environments in an effort to explore the self (Fletcher, 2010; Giddy and Webb, 2016; Williams and Soutar, 2009). Its paradoxical relationship with risk had become a popular theme within the literature in the early 2000s, though this has since declined (Cater, 2006; Fletcher, 2010; Wang et al., 2019). The safety of participants is naturally linked to the overall success of visitor attractions and the management thereof (Wang et al., 2019). Yet, the adventure tourism literature currently lacks a risk management framework (Cheng, 2017). Indeed, the wider tourism literature on risk contains sparse theoretical foundations, meaning it is hindering knowledge creation (Wang et al., 2019). Most recently, Wang et al. (2019) opined how adventure tourism organisations in China might improve visitor safety by better understanding visitor behaviour through the development of a risk communication strategy. Yet, a risk management framework is required to underpin this strategy. The key contribution of this paper, therefore, is the proposal of enterprise risk management (ERM), a traditional financial risk management tool, in an attempt to fill this gap. Unlike previous studies, an industry focus is adopted as one incident at one park will inevitably have an impact on the industry as a whole (Callander and Page, 2003; Clinch and Filimonau, 2017).

The paper is supported by a single-case study into the US aerial adventure industry, a recently emerged adventure tourism visitor attraction (Hansen et al., 2019). Whilst only a small sector within adventure tourism, the authors believe the implementation of ERM in the aerial adventure industry can provide inspiration to other adventure tourism organisations. By focussing on an organisation's complete risk portfolio, ERM enables it to make calculated operational and strategic management decisions, which may then lead to a competitive advantage (Bromiley et al., 2015). More

importantly, this paper argues also that the implementation of ERM will also improve public safety and therefore the long-term sustainability of the industry as a whole. This paper furthers the academic discussion on ERM, by arguing for its utilisation at industry level, not purely on an individual level. The following section commences with a brief introduction to the US aerial adventure industry, comparing it to adventure tourism, after which adventure tourism and ERM are explored in greater detail.

Literature review

Aerial adventures and adventure tourism

Similar to adventure tourism, the US aerial adventure industry has experienced considerable growth levels over the past decade, with some reporting as high as fifty percent annual growth in the US and Canada (Smith, 2017). This new type of visitor attraction first appeared in the US in 2008 and, as of 2015, the industry boasts 252 aerial adventure parks in the US (Smith, 2015). As an activity it is receiving increased attention from existing and established visitor attractions, such as ski resorts, family entertainment centres and amusement parks (Cummings 2018). With seasonality being an issue for many visitor attractions and destinations adding aerial adventure parks to existing visitor attractions can help mitigate seasonality and weather dependence. As the industry grows, major brands are established as well, such as Ropes Courses Inc., Zoom Air, Treetop Trekking, WildPlay, Outdoor Adventures and Go Ape.

Due to the infancy of the industry, aerial adventure parks are still to be classed specifically by industry bodies. Neither the UNWTO (2014) nor the ATTA (2013) have listed it as an adventure tourism activity, though they identify an adventure tourism activity as any involving two of three

conditions: physical activity, natural environment and cultural immersion. Adventure tourism is particularly heterogeneous, making it problematic to define (Hanna et al., 2019; Pomfret, 2018). Leask (2010) classed aerial adventure parks as an outdoor visitor attraction, which would seem particularly applicable. Nevertheless, canopy tours, a very similar activity to aerial adventure, is included under soft adventure tourism (McKay, 2013). Further, aerial adventures share many of the elements of commercial adventure tourism, such as risk, challenge and uncertain outcomes, hence more recent research has defined the aerial adventure industry as an adventure tourism activity (Hansen et al., 2019). Like many recent adventure tourism activities, the aerial adventure industry appeals to mainstream mass tourism, offering physical activities set in the outdoors, often at ski resorts (Hansen et al., 2019), therefore fitting the criteria as a type of adventure tourism.

The need for a risk management framework

Risk is considered to be one of the main attractions of adventure tourism (Cater, 2006; Holyfield and Fine, 1997; Miles and Priest, 1999; Page et al. 2006; UNWTO, 2014). Without risk there is seemingly no adventure (Kane, 2010; Weber, 2001) and, whilst elsewhere risk traditionally has negative connotations, in adventure tourism, perceived risk is largely positive (Cater, 2006; Ryan, 2003). This risk is considered critical to providing participants with positive emotions and thus a satisfying experience (Holyfield, 2005). However, an increasing accident rate in the aerial adventure industry suggests that actual risk is inherent, requiring the balancing of both the illusion of risk to satisfy the consumer and actual risk (Billock et al, 2015; Mackenzie and Kerr, 2013). Managing this is critical for the long-term sustainability of adventure tourism, and certainly the aerial adventure industry, particularly with the knowledge that an incident at one park has negative consequences on the industry as a whole (Clinch and Filimonau, 2017; Hansen et al., 2019; Williams and Soutar, 2009).

This paradoxical relationship with risk becomes apparent with the actual risk being negative, whilst the perceived risk enables participants to experience positive emotions.

As serious accidents have increased in recent years, the aerial adventure industry is facing questions over its risk management procedures (Annas, 2016; Billock et al., 2015). An industry report carried out by Adventure Park Insider (2018) discovered a drop in consumer confidence, due to these incidents, resulting in negative coverage in mainstream media (see Adams, 2014; Fowler, 2016; Fox KRBB, 2018). Examples include a fatality, in December, 2014, at a park in Florida due to equipment malfunction (Adventure Park Insider, 2015), whilst another fatality occurred at a park in Delaware in 2016, seemingly due to human error (Horn and Small, 2016). As with many other adventure tourism activities, participant safety is thus a challenge the aerial adventure industry is faced with. An incident resulting in a fatality in North Carolina has recently led the state to introduce legislation requiring courses to be inspected, in an effort to manage the risks within that state (Evans, 2019). Further, the industry currently appears split into groups depending on what safety standard each stakeholder adheres to (Billock et al., 2015), meaning no coherent approach toward risk management (Hansen et al., 2019). Like the tourism system in general, the aerial adventure industry consists of linkages and interdependencies among stakeholders from different sectors with different views and values (Jiang and Ritchie, 2017). This has undoubtedly created a complex and dynamic environment. Uniform industry-wide risk management procedures would seemingly benefit the industry. The literature has acknowledged that accidents and incidents have a wider impact on the whole industry, not just on the individual organisation (Callander et al., 2003; Hansen et al., 2019). Thus, a re-orientation of focus to the collective industry is required, knowing that industry stakeholders are inter-connected in their reliance on each other to provide a safe activity (Hansen et al., 2019). A comprehensive risk management tool might also assist the industry in becoming more connected as a result.

The aerial adventure industry is faced with a conundrum: how does it create an exciting and thrilling, yet safe activity? Participants desire the feeling of taking risks, but do not seek actual harm as highlighted in previous ethnographic research (Buckley, 2012; Fletcher, 2010). Naturally, risk and safety contradict each other and thus operators must downplay the risks involved and emphasise safety to a certain extent. But, adventure tourism, seemingly thrives on this paradox, both to satisfy consumer expectations and achieve long-term sustainability (Clinch and Filimonau, 2017; Williams and Soutar, 2009). Yet, the connection between adventure tourism operators and destination planning and development has been largely neglected (Cheng et al., 2018; Wang et al., 2019). Indeed, somewhat alarmingly, risk management frameworks have yet to be formed within the adventure tourism literature (Cheng, 2017). Further, research on risk within tourism has thus far lacked theoretical foundation (Yang et al., 2017). Nor does the research cover risk management practices within the aerial adventure industry. With the responsibility of participant safety having largely shifted from participants to operators as adventure tourism has commercialised (Cater, 2006) operators instead attempt to provide the illusion of risk without delivering genuine danger (Fletcher, 2010). Essentially, the operator attempts to remove the risks, but at the same time maintain excitement (Clinch and Filimonau, 2017). Whilst providing a thrilling experience may be a unique selling point, participant safety is nevertheless paramount and cannot be overlooked (Wang et al., 2019). As an example, the negative link between the perception of risk and tourists' travel behaviour is not new (Fuchs and Reichel, 2006) Effective risk management procedures thus become a requisite.

ERM: from finance to adventure

Di Serio et al (2011) argues that putting into place a risk management system is a long-term and dynamic process demanding constant improvement and must be incorporated into the strategic planning to be successful. Enterprise risk management (ERM) has developed into an ever applicable tool to manage risk (Gatzert and Martin, 2015; Hoyt and Liebenberg, 2011; Oliva, 2016). It has

quickly become the leading strategic management approach within financial organisations as they deal with the “risk management of everything” (Mikes, 2011; Power, 2007). Unlike the common silo-based type of risk management where risks are managed individually, ERM focusses on an organisation’s complete risk portfolio allowing it to make calculated operational and strategic management decisions, which may then lead to a competitive advantage (Bromiley et al., 2015; Gatzert and Martin, 2015). Through ERM, organisations are able to consider all the risks facing them as it takes a consolidating approach (Hopkin, 2014; Lundqvist, 2015). Given the numerous risks aerial adventure parks attempt to negate, such an approach to risk management would appear ideal. Further, this all-inclusive approach potentially makes it a suitable tool for risk management on an industry-wide basis, because of its structure and the consolidating approach making large-scale risk management more manageable. Due to increasingly dynamic business environments, organisations are required to possess the capabilities to prepare for and react to unexpected events that are strategically important (Sax and Torp, 2015). Certainly, future success is reliant on organisations being able to adequately respond to said events (Sax and Torp, 2015). Seemingly, due to its comprehensive outlook on the risks that an organisation faces, ERM would be an ideal tool for the aerial adventure industry. As such, this paper turns the traditional focus of ERM on the individual organisation to the industry instead.

ERM generally includes the appointment of a Chief Risk Officer (CRO) a position that does not normally exist in other risk management approaches, as well as the creation of a safety committee (Liebenberg and Hoyt, 2003). Whilst all risks are consolidated through ERM, a committee is also in charge of overseeing the entire process, with the aim of ensuring it is organised and controlled. ERM proposes that risk management is a competitive factor in much the same way as efficiency, costs, labour and so on (Walker, 2012). However, for the safety committee to be effective, the relevant safety information has to be communicated to the individual organisations, enabling the industry to make effective decisions, thus making knowledge transfers critical (Harner, 2010). Further, the

industry must possess a culture where employees are empowered and encouraged to identify, address and notifying management of possible risks (Sax and Torp, 2015). Indeed, it has been argued that by empowering employees, risks are more likely to be identified and dealt with in a quicker manner (Sarpong and Maclean, 2014; Sax and Torp, 2015). Thus, the successful empowerment of employees plays a key role in the overall success of an ERM system. As an example, at an aerial adventure park, this would equate to employees working on the courses being encouraged to notify management of any potential risks they may have discovered. However, if management dismisses concerns brought by employees, ERM is unlikely to succeed (Drew et al., 2006). As such, Sax and Torp (2015) call for a management culture supporting knowledge transfer and learning processes. This point is also relevant for the industry as a whole with knowledge transfer and learning processes being key to the success of implementing ERM on an industry-wide basis as well as its future success. The following sections thus sought to explore the suitability of ERM within the aerial adventure industry.

Methodology

This paper was guided by a qualitative research method and analysis, having been deemed the most appropriate approach to achieve the aim. A single-case study approach was chosen, with a focus on the US aerial adventure industry and its key stakeholders. This allowed the paper to deeply explore the current risk management procedures within the industry and ascertain the potential suitability of industry-wide collaboration. Case study research is the study of a problem setting explored through single or multiple cases (Creswell, 2007). Eisenhardt and Graebner (2007) argue that such an approach is relevant to research projects seeking to gain a deep understanding of the issue being researched. Yin (2014) further argues that case study research is one of the best methods to describe real-life as the researcher is able to appreciate the richness of participants describing their experiences in a certain context

Semi-structured interviews were undertaken to gather the primary data. Whilst developing the research design it became clear that to address the research questions, a research method developing an understanding for 'the lived experience of other people and the meaning they make of that experience' was required (Seidman, 2013: 9). This was of particular importance to this paper given the limited prior academic research into the aerial adventure industry undertaken. This is supported by Horn (2009) arguing that qualitative research concerns exploring meanings, perceptions and understandings and the authors deemed that conducting interviews was the most suitable option as a result. One advantage of conducting semi-structured interviews lies in the process of open discovery generated by this approach to build theory (Collis and Hussey, 2009). In total, twenty interviews were undertaken and took place over Skype with the conversations recorded and afterwards transcribed by the authors. An interview guide was devised by the authors derived from the objectives and research questions behind this paper, as well as the literature.

Non-probability sampling techniques were utilised as using random sampling was not deemed feasible. This was due to only certain stakeholders being considered for this paper, and not all cases within the sample universe. A combination of convenience sampling, snowball sampling and purposeful sampling techniques was employed. A list of stakeholders, including ones known to the authors was drawn up. During the initial interviews further stakeholders were suggested by interview participants and in some cases, introductions were made between the authors and new potential interview participants, leading to further interviews being conducted.

Sampling

As only certain stakeholders were included it was felt that non probability sampling techniques were most feasible, including a combination of convenience sampling, snowball sampling and purposeful

sampling. Smith (2015) identified 252 aerial adventure parks in the US, though the exact amount of builders and insurance providers within the US is not clear and scarce information was available on the parks. Additionally, some states regulate the industry providing more stakeholders. The ACCT's Preferred Vendor Member list has 34 US-based Preferred Vendor Members (PVM), constituting builders who are ACCT members and meet certain criteria, which acted as a guidance for the sampling strategy. Further, only insurance providers offering insurance for organisations within the aerial adventure industry were approached, leading to at least 336 stakeholders, and thus potential participants as industry stakeholders, covering private, public and third sector stakeholders. Some interview participants held multiple roles within the industry. Six Builders, eight operators, one insurance provider, one engineer, six potential/actual regulators and one standard writer were interviewed. Senior managers from the respective organisations were approached to participate, via email, due to their knowledge and influence in regards to risk management procedures and industry collaboration. States represented by the interview participants included Florida, Colorado, North Carolina and Oklahoma. Further, some operations were SMEs, whereas others were part of larger resorts. However, one stakeholder group, the consumer, was left out. Whilst this paper does recognise their legitimacy, it was deemed they lack the required knowledge, experience and expertise on such complex matters as risk management and stakeholder collaboration. Instead, a more knowledgeable stakeholder was deemed more apt, the state. Bearing in mind the objective of the state is to uphold public safety in this case, their participation and representation of the consumer was deemed appropriate.

Data Analysis

Accurate data analysis was key to the overall study, with the following interpretations developed as the authors made sense of the data at hand as well as the lessons learned throughout the study (Lincoln & Guba, 1985). Creswell (2007) argued that these interpretations may be based on hunches,

insight or intuition formed via the larger meanings gathered from the data. As the case study focussed on an industry, but gathered data through speaking to various stakeholders within it, an embedded analysis was employed. This allowed the case study to focus on the industry as a whole, whilst not forgetting the “sub-units”, or stakeholders, that ultimately make up the industry (Yin, 2014). Data analysis was carried out by one author, though all authors had opportunities to feedback.

Thematic analysis

Thematic analysis was used to carry out the analysis the data to assist in this. According to Boyatzis (1998:1), thematic analysis is ‘a way of seeing’. Qualitative research is particularly diverse and thematic analysis provides the foundations to qualitative analysis (Braun & Clarke, 2006). Thematic analysis increases the accuracy and sensitivity of the researcher’s understanding and interpretation of the data collected. Creswell (2003) points out that the themes showcase numerous perspectives from participants that can further be supported by the literature. For example, the themes developed for this paper were supported by segments from the interviews (Creswell, 2007). The thematic analysis process involved three stages: deciding on sampling and design issues, developing themes and a code and finally validating and using the code (Boyatzis, 1998). Creswell (2003) further argues that this approach is ideal for designing useful descriptions for case studies. For this paper, an abductive approach was chosen as this involved developing thematic codes from the literature as well as the data collected. Given the interview guides were guided by the literature, it was inevitable that themes in the data collected would also reflect the literature. The subsequent name for the code should relate to the purpose of the research (Saunders et al., 2012). Bearing this in mind, one code was devised, namely stakeholder collaboration. Six themes were subsequently identified.

Theme one: Knowledge transfers and risk management

From the interviews it became apparent that communication plays a very important role in effective risk management. It appeared that effective communication need to take place from the bottom of an organisation and all the way up to the top to enable management to make the right decision regarding effective risk management. Participant 17, the COO of a national builder, commented on the need for various players to communicate effectively to achieve effective risk management:

“Communication between all these people, in a transparent documented way is [...] where the biggest problems can occur, so managing that process, [...] is the way that we mitigate the most”.

According to some participants, risk management discussions were being had throughout the organisation. Among the course builders, these conversations took place before, during and after construction projects. This was of particular importance, it seemed, due to increasing demands of clients to build parks often exceeding the realm of engineering. Participant 5, a site manager and course designer of a national builder, stressed the importance of meetings, working across departments within the organisation, explaining that risk management is a subject at every meeting at their organisation:

“It starts at the very beginning. [...] every meeting we have there’s discussion of risk management. I think it’s the heart of what we do”.

Further, participant 17 also spoke of how their organisation’s infrastructure encourages communication and how it has improved risk management by getting ahead of potential issues, thus ensuring the potential never becomes reality:

“We have a safety committee and the safety committee is comprised of one individual [...] from each of the different departments. [...] the committee meets once a month and brings up all these different concerns [...] where we decide what to do about it. So, for example, [...] the project manager, said “hey, we don’t have any AEDs” [...] and so the, the project manager documented that [...] and then we met last week and now we’re in the process of purchasing AEDs”.

The data gave the impression that the knowledge residing within the organisation was key to effective risk management, with particular reference to the knowledge residing among the front-line staff. In order to tap into that knowledge, many participants had an open-door policy. This was, for example, the case with participants 10, 9, 17 and 5. Further, participant 12, the general manager of an operator, said:

“Well, I think it’s [staff knowledge] critical. [...] they’re the ones that are making all the key observations, because they see where customers might be struggling or where customers may be forgetful of the procedures that they were trained on and so getting that information is critical”.

Theme two: Culturally embedded risk management

From the interviews, it became clear that to many stakeholders within the industry, risk management is so important that it has embedded itself in the culture of some organisations. It appeared long-term sustainability was not achievable without effective risk management procedures, a process involving the entire organisation. As a result, it was argued, risk management should be the number one priority. Participant 4, director of training and operations of a national builder, for example, commented:

“I think it’s [...] part of the culture. If you [...] cannot be a good risk manager, above any other quality, it’s going to get you fired faster than anything else, because it’s, it’s the basis of everything”.

Similarly, participant 9, operations and risk manager of an operator, spoke of how risk management is key and once again starts from the bottom, with the front-line staff, and goes all the way to the top:

“We’ve tried to create a culture of safety within our staff. [...] we call it, ‘doing right’ and ‘safety first’. Those are our two slogans [...] I would say that our corporate culture is very strong, all the way down to our front-line staff members and then we truly try to let them have the authority to say if something is not safe and to stop operations at any point, at any given time. That’s a critical function of our risk management that front-line staff has to be able to blow a whistle”.

Further, when asked in regards to the risk management’s relation with organisational culture, participant 17 replied:

“I like to believe that people are extremely comfortable presenting any concerns [...] that there are channels that they’re aware of and comfortable with for them to feel empowered”.

Many participants found that by creating an open culture, whereby safety concerns can be voiced by anyone helped ensure that risk management was more effective. Interestingly, the slogans were very similar between the different organisations, be it ‘doing right’ or ‘anyone can say stop’. The data would seem to indicate that in order for these companies to be as successful as they are, they have had to instil that culture of anyone can say stop, knowing that it, in turn, may prevent incidents or accidents.

Theme three: The importance of leadership

A key theme emerging from the data was the importance of leadership to effective risk management. Seemingly, only through selling a vision, leading by example, empowering staff and creating the appropriate culture is effective risk management obtainable, all of which apparently require effective leadership. As such, effective leadership appeared to be at the core of an organisation's success. Participant 8, chief engineer of an engineering company, commented:

"I'd say it plays a pretty big role as a concept [...] and I don't think just anybody can do that. You have to be a pretty confident leader [...] and you have to be able to convince".

Participant 16, CEO of a national operator and builder, argued that leadership is about providing a vision for the organisation and ensuring that the team has the right tools to succeed. As such it would appear key to achieving effective risk management and everything else in the organisation:

"[...] you set the vision and then you set them out on their path and then you constantly repeat your vision over and over and over. You make sure [...] your employees have all the tools they need to do their job [...] leadership is everything".

The aforementioned importance of achieving an effective risk management culture through the right culture is seemingly not possible without the right kind of leadership. Participant 9 argued that senior management is responsible for ensuring that culture is in place:

"It's us managers and the senior managers on site that really create that culture that helps the front-line staff feel empowered to make the right decision".

Theme four: Combining standards

From the primary data it appeared that some participants felt the multitude of standards provided a hindrance to effective risk management, due to the different interpretations of the standards and the costs of keeping up with all the standards with some stakeholders spending tens of thousands of dollars annually to keep up with the various standards. Seemingly, this would present the industry with an issue being largely dominated by SMEs. However, the many standards appeared to also cause division within the industry, dividing the stakeholders into groups depending on what standard they adhered to. Many participants seemed to indicate the issues this disconnect caused to the industry, particularly in regards to risk management. As a result, it was seemingly felt by some participants that the best way for the industry to succeed in achieving industry-wide risk management was for the standards to combine into one. When asked whether it would be beneficial to combine the standards, participant 20, a regulator, replied:

“Most definitely. Because, I think all of us have a significant role in that standard [...] you need to get a group of people that is with relative equal representation developing standards. It can’t just be industry people. [...] Not a lot of the players are playing in the same sandbox or want to play in the same sandbox. And that’s unfortunate”.

According to the data, by combining the standards, much of the confusion currently existing over interpretation would also be eradicated, thereby making risk management a simpler process.

Participant 7, the director a standard-writing organisation argued:

“You know, I think that would make it easier on the end-use, because a lot of people still are very confused about, not only, what standard they should be following, but the differences in the standards, and even in, in interpreting the standards”.

Some interview participants seemed under the impression that a collaboration between ASTM and the ACCT might already be taking place, though in its very early stages. This, it was argued, was beneficial to the industry, due to the confusion having two standards to adhere to might cause. Participant 18, a regulator, argued that they would only adhere to one standard for that very reason, the ASTM standard. When asked if combining the standards would be beneficial, they were positive towards it, but commented:

“[...] the ASTM is trying to [collaborate with the ACCT], and it’s going to get better, and the ACCT is working with them close, so, they’re going to write some more standards [...] But, I think we feel comfortable having the ASTM right now. I doubt we’d ever have both. I don’t think we have to adopt both, because they could overlap with each other, interfere with each other”.

On the other hand, other participants felt that the issue was not with multitude of standards available, but mainly with the understanding of the various standards, a point made by participant 4, for example, who also spoke of the issue of simply focussing on compliance rather than taking it a step further:

“It [one standard] would be so hard to write, there’d have to be so many caveats [...] it would be nice on some level. [...] the bigger challenge is having a way to support regulators and permitting agencies and insurance companies to understand, and operators, what the standards are and then hold people accountable to the standard. Standards are subject to interpretation”.

The interviews indicated some disagreement over whether to combine the standards or not. Some of the interview participants believed the combination would be a mistake, leading to standards being too complex and too large and it seemed some interview participants preferred the multitude

of standards as the current situation avoided a number of caveats. However, the primary data also seemed to suggest that much confusion could be eradicated by combining all the standards, particularly bearing in mind the standards appear open to interpretation and thus the cause of much confusion. Indeed, it seemed that some friction existed within the industry due to the number standards currently available, with some stakeholders 'picking sides' or not playing in the same sandbox. As such, one could deduct that perhaps in order for risk management to be effective at an industry level, the standards would need to be combined to bring all stakeholders together. However, it appeared that ASTM and ACCT were already collaborating on some issues, which in turn, may pave the way for a combination of the standards.

Theme five: Effective risk management; a holistic approach

With the information from the previous sections in mind one can begin to fathom how complex the path to effective risk management is. For such a complex task, it would appear that an all-encompassing approach is required. Many participants spoke of how their approaches to risk management were never-ending, comprehensive and consisting of numerous layers impacting the entire organisation and involving many different players. This, in turn, seemingly created a holistic approach. Certainly, it was argued that incidents and accidents only occur when numerous layers fail. Once again, front-line staff seemingly play a critical role in achieving effective risk management, under the guidance and leadership of management. Many participants called for third party inspections by qualified vendors to take place more regularly, something that is not currently mandated and not widely happening as a result. By doing so, it was argued, would provide another, yet unbiased, perspective to individual risk management procedures, but this would seemingly require industry-wide participation. Participant 9 described effective risk management as:

“Accidents happen due to a series or chain of failures [...] effective risk management as layering procedures and protocols in place that creates a layering system that protects and monitors those policies and procedures. [...] you have your front-line staff do their daily checks, your maintenance staff that, maybe, do weekly double-checks of what the front-line staff are doing on a daily basis and then you may layer a level of health and safety audit on top of that, that are not operators or maintenance, and they would evaluate how well the department is doing in following their policies and procedures. We would also layer in a layer of internal compliance [...] and then we would also use third-party auditors to come in and evaluate”.

In fact, according to participant 3, CEO of an organisation building and operating parks, third-party inspections were, perhaps, the single most important facet of effective risk management:

“The thing that I think is most important is the use of third parties. [...] the operator that employs third-party reviewing assessments tend to do the best. [...] the more perspective people get on risk management [...] that’s probably the key component to a good solid risk management plan”.

As such, looking at the data gathered, effective risk management, to a certain extent, almost consumes the organisation. It is a holistic approach, involving everything and everyone within an organisation. Everything that these stakeholders do, they do with risk management in mind. Communication between themselves and with third-parties would appear to be key to achieving effective risk management, but outside input is required.

Theme six: An accident and its impact on an industry

Evidently, effective risk management reduces the likelihood of accidents occurring and is, understandably, important to the individual stakeholder within the industry. However, during the data gathering, the impact of an accident upon the industry was widely acknowledged among the

participants, knowing that as a collective brand, the industry overall is reliant on all stakeholders to have high levels of safety standards. Participants spoke of states potentially shutting down all operations due to an incident, implementing new regulations, insurance rates increasing across the board and brands being irrevocably damaged, thereby threatening the long-term sustainability of the industry. Participant 7, for example, argued:

“It [an incident] affects them in a number of ways. One is perception [...] they kind of see a high profile accident and they think, “Oh my gosh, this looks really dangerous! Is it regulated? Should it be regulated? How should it be regulated?” [...] it affects the public’s perception, affects the insurance, regulation, other operators, so, there’s definitely a need to really ensure that the risks are being mitigated”.

Participant 3 spoke of how incidents are having an impact on the industry and the challenges it brings:

“Oh, absolutely. [...] there’s been a couple of parks and people that keep asking ‘how is it possible that they’re being insured for this and how is it impacting us?’ [...] sometimes it’s in the best interest for us to insure people that we don’t want to insure, because we can be the advocate and the voice in the back of their head that says, you have to change and do things differently’.”

Seemingly, stakeholders are fully aware of their inter-dependence, understanding that an incident at one park will eventually have negative impacts across the industry as a whole. Given only 13 states regulate the industry it is, perhaps, not surprising the industry is attempting to shape the conversation on regulation, but it is rather alarming to find some states, apparently, waiting for an incident to occur before responding to regulation. Thus an incident at one park would have multi-fold impacts, with insurance rates, brand damage and regulation the expected negative outcomes. The financial impacts on the individual stakeholder could therefore be catastrophic. Managing risk at

an industry level would seemingly be the ideal option, as a result, ensuring all stakeholders are adhering to the same standards.

Discussion

The data indicated an industry currently in need of a comprehensive risk management framework. It was acknowledged that an incident at one park would have considerable negative consequences upon the industry as a whole in a number of ways and could potentially threaten the long-term sustainability of the industry. Knowledge, communication, training and the education of stakeholders, with a particular focus on staff and participants, was a recurring theme during the interviews, providing tools to effectively combat the challenges to risk management and thereby improving safety standards within the industry. As such, the importance of knowledge transfers was evident as the various interview participants spoke of how they communicate internally and thereby learn from each other and improve their operations. Some participants spoke of the importance of regular meetings, for example, and encouraged open-door policies to ensure that risks were effectively managed. This is supported in the literature with Turner and Toft (2006) arguing that lessons learned need to be passed on and Cooper (2006) who explained that in order for knowledge to be transferred effectively, an open decentralised environment must exist. Likewise, in their study on risk reduction in adventure tourism, Wang et al. (2019) argued for a comprehensive communication strategy between the activity provider and the participants as a tool to combat the challenges of risk management. Further, academics have argued that by empowering employees, risks are more likely to be identified and dealt with in a quicker manner (Sarpong and Maclean, 2014; Sax and Torp, 2015). Indeed, the literature has argued for a culture where employees are empowered and encouraged to identify, address and notifying management of possible risks (Sax and Torp, 2015). The data seemed to indicate that, within the individual organisation, front-line staff, for example, possess a great deal of knowledge and many interview participants argued that

obtaining of this knowledge was essential to risk management, hence the importance of such policies. However, in the data, emphasis was also put on the knowledge transfers taking place between the operators and the participants.

The data indicated many participants are uneducated in regards to the activity upon arrival, an issue also recognised in the literature (Page et al., 2006), meaning operators only have limited time to communicate, train and educate the participants prior to admitting them on the courses. For this reason, several interview participants argued that communication was the cornerstone of their risk management strategy, an argument supported by the literature (Christiansen and Thrane, 2014; Drew et al., 2006; Mikes, 2011). As such, it would appear effective communication is reliant on the right organisational culture as well, an argument also put forth by Christiansen and Thrane (2014). Many interview participants, for example, described how risk management had embedded itself in their cultures and become the basis of everything, starting from the bottom and going all the way to the top of the organisation. Indeed, a participant described every role in the organisation as a “risk manager”, whilst others spoke of slogans, such as “doing right”. The interview participants seemed to have the belief that such a culture was imperative for their long-term sustainability and success, The literature supports such notion of the creation of a risk management culture, arguing it is essential for effective risk management (Green and Jennings-Mares, 2008; Mikes, 2011).

Leadership and its impact on risk management was an area only marginally explored within the literature review of this paper. However, it was a point continuously brought up during the interviews with the data. Bearing this discovery in mind and to reflect this, new literature was introduced in this section. The data described leadership as the foundation of effective risk management, setting the tone, leading by example, selling a vision and creating the aforementioned all-important culture. Indeed, all the challenges to effective risk management discussed so far in this paper appear to lead back to leadership. If the transfer of knowledge represents one of the key

layers to risk management, the facilitation of the transfer of knowledge is derived from leadership (Nguyen and Mohamed, 2011; Crawford et al., 2003; Politis, 2002).

Conclusions and recommendations

This paper has revealed an aerial adventure industry growing at a considerable pace, with a paradoxical relationship between risk and safety, as consumers demand a “safe risk”, that still delivers a thrill and adrenaline rush without actual danger. As is the case with adventure tourism in general, this paper found the illusion of risk to be critical to the aerial adventure industry. However, in many cases, the perceived risk also provides actual risk, meaning effective risk management is required to eliminate or mitigate such. Nonetheless, given the nature of the activity in itself, numerous challenges exist to effective risk management within the aerial adventure industry, with risk levels to a certain extent being inherent in the activity as stakeholders desire faster, longer, bigger attractions, yet do not wish to face actual danger. As a result, a need exists for a different approach to risk management. Given the fragmented state of the industry, a need for a more comprehensive approach to risk management, focussing on the industry as a whole, rather than the individual stakeholder, is required. Despite aerial adventure parks becoming uniform, the risk management procedures have not, with four different industry standards available to adhere to and thus splitting the industry into separate groups. As a result, this paper argues an accident at one park will affect the entire industry, and therefore finds the need for Industry-wide Enterprise Risk Management (IERM). This, in turn, will improve public safety levels, the long-term sustainability of the industry as well as provide it with a competitive advantage. This paper has identified a need for an open mind-set within the aerial adventure industry in regards to risk management, arguing for a collective industry-wide approach instead of an individual approach, knowing that stakeholders are inter-reliant on each other.

With an all-encompassing holistic approach to risk management, effective leadership as well as appropriate infrastructure encouraging knowledge transfers required within the aerial adventure industry, IERM is the ideal solution to the risk management challenges faced by the industry. Some interview participants were already engaged in similar risk management systems, albeit internally. Despite traditionally being a financial risk management tool focussing on the individual organisation, the challenges faced by the aerial adventure industry, as a whole, are addressed by IERM, be it through the establishment of a safety committee encouraging knowledge transfers between the stakeholders and the appointment of a Chief Risk Officer (CRO) to provide leadership and thereby offering an organised industry-wide approach to an industry-wide problem. As such, the focus becomes on the collective rather than the individual, knowing that incidents and accidents at one park will have a wider negative impact on the rest of the industry. The long-term sustainability and competitiveness of the industry is improved, in line with other visitor attractions. Yet, more importantly, public safety is improved upon across the industry.

Bearing this in mind, a number of contributions can be found in this paper. The suitability of IERM in the aerial adventure industry, for example. A clear gap in the knowledge has previously existed in the utilisation of ERM outside of finance and the literature has traditionally focussed on the single organisation, rather than the whole industry. This paper has established the applicability of ERM in the aerial adventure industry, from the primary data, whilst shifting the focus to industry, thereby creating IERM. This, in turn, also contributes to the literature by potentially providing a much-needed, and missing, risk management framework to the wider adventure tourism industry as well. Finally, this paper has furthered discussions on the management of visitor attractions, particularly commercial adventure tourism, through the focus on improving risk management. Going forward, the findings of this paper indicate a need for further research into the collaborative levels within adventure tourism would be ideal. However, the study is limited as it only highlights a small snippet of a small sector within adventure tourism. Thus, to sufficiently advocate for the implementation of

IERM within the wider adventure tourism sphere, a larger mixed-method study would be required and most likely to involve various attractions from within adventure tourism. This is particularly due to the heterogeneous nature of adventure tourism. It is also worth exploring what other types of risk management frameworks exist in adventure tourism today in light of the limited research into this area.

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