

**School of Management
Curtin Business School**

**Firms Adaptation to Environmental Turbulence:
The Case of the Libyan Tourism Sector**

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Doctor of Philosophy
of
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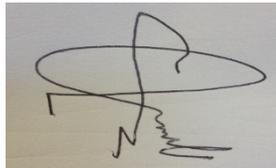
DECLARATION

To the best of my knowledge and belief, this thesis contains no material previously published by any other person, except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

The research presented and reported in this thesis was conducted in accordance with the National Health and Medical Research Council National Statement on Ethical Conduct in Human Research (2007) – updated March 2014. The proposed research study received Human Research Ethics Approval from the Curtin University Human Research Ethics Committee (EC00262), Approval Number: SOM-10-2013

Signature:

A handwritten signature in black ink, appearing to be 'L. N.', written over a light-colored background.

Date: 30/11/2015

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DEDICATION

To my country, Libya

To my beloved family members:

My mother, Nouria and my father, Al-Siddiq

My wife, Faiza

My one and only sister, Ambarka

My brothers, Salem, Ali, Achour and Jamal

My nephews and nieces

My beautiful little child, Al-Siddiq, who has grown up surrounded with journal articles and books, thanks for his unconditional love and patience.

To my newborn son, Muftah.

To my late friend, Farag Bou Khalil, "May Allah have mercy on him"

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ABBREVIATIONS

4Rs	Reduction, Readiness, Response And Recovery
CEO	Chief Executive Officer
CSO	Civil Society Organisations
DCP	Dynamic Capabilities Perspective
GNC	General National Congress
LBTS	Libyan Bureau of Tourism Statistics
LC	Libyan Interim Constitution
LGBTTI	Libyan General Board of Tourism and Traditional Industries
LSF	Libya Shield Forces
LTMP	Libyan Tourism Master Plan
MENA	Middle East and North Africa
NTC	National Transitional Council
RBV	Resource-Based View
UNESCO	United Nations Educational, Scientific, and Cultural Organisation
UNWTO	United Nations World Tourism Organisation

ABSTRACT

The dramatic wave of political upheaval that has swept North Africa and the Middle East in recent years has brought about great political unrest, following a noticeable decline in the tourism sectors. The 2011 Libyan civil war has halted tourism activities and blocked off the development of Libya's tourism sector. Economic, political and security problems in post-civil war Libya have created a high degree of turbulence and uncertainty among Libyan tourism firms, as their operations are dependent on national security, political stability and the confidence of international tourists and agents to travel to Libya.

In an attempt to develop a theoretical understanding of tourism firms' adaptation to environmental turbulence in emerging economies, especially Libya, a theoretical framework (see Figure 1.1) was developed as a result of the literature, from the perspective of three theoretical lenses: 1) the tourism crisis and disaster perspective; 2) the dynamic capabilities perspective and 3) the emerging economies perspective. The tourism crisis management perspective served as a guide to understand how Libyan tourism firms responded to turbulent conditions during the Libyan civil war. The dynamic capabilities perspective served as a foundation to understand how Libyan tourism firms responded to environmental turbulence in the post-civil war period. Finally, the emerging economies perspective served as a foundation to understand whether post-war characteristics of emerging economies limit or enhance the abilities of tourism firms, to take advantage of available opportunities to expand their activities.

This thesis sets a number of questions for determining what and how the characteristics of emerging economies and turbulent environments impact the Libyan tourism sector. The thesis also explores the impact of institutional changes on the tourism sector. Finally, it investigates how tourism firms respond to the turbulent environment in Libya. Based on a qualitative-interpretative paradigm, a qualitative methodology and multiple case study research design were adopted. Eight case studies of tourism firms were conducted. They consisted of 4 tourism and travel companies, 2 tour operators and 2 hotels. The data were collected through twenty semi-structured interviews with Libyan tourism firm managers and the interviews were supplemented with secondary data where available. The interview data were

analysed using template analysis, carried out with the NVivo 10 software. The analysis of qualitative data (template analysis) was carried out in two stages, namely within-case analysis and cross-case analysis.

In addition, this thesis demonstrates that there are three characteristics of emerging economies that have directly or indirectly affected the development of the Libyan tourism sector. These include the dependence on one commodity, unregulated import and inadequate infrastructure. It also reveals the two characteristics of turbulent environments that have directly or indirectly affected the Libyan tourism sector. These are security uncertainty and volatility, as well as weak institutions and legal complexity. Moreover, this thesis shows that the Libyan government, as an agent of institutional change, has tried to improve the turbulent situation through playing three roles, which consist of warranty of security, rebuilding infrastructure and future investments in the tourism infrastructure. This thesis also shows that Libyan tourism firms developed two types of responses according to the types of turbulent periods, which are the civil war and post-civil war period respectively. The first response is crisis management capability that is related to the Libyan civil war period, while the second response is business development capability that is related to the post-Libyan civil war period.

A framework of tourism firms' adaptation to environmental turbulence has been developed. Furthermore, this thesis makes several contributions to the relevant literature. Not only does it provide a holistic framework that explains the capabilities of tourism firms to adapt and learn in the face of economic, political and security changes in war and post-war periods in emerging economies, but also an analysis of how tourism firms, especially at the firm level, responded to war and post-war conditions (in particular, after what is called the Arab Spring Revolutions). As such, the present thesis makes important contributions to post-tourism crisis management and dynamic capabilities literature, by showing how tourism firms develop specific capabilities to resume business as usual or to adapt to the new conditions in the post-crisis stage. Finally, the implications from the thesis offer rich practical and theoretical guidance for major stakeholders, be it the Libyan government, the Libyan tourism sector, or international tourism investors, to promote and improve local tourism.

1.1 Introduction

The tourism sector is one of the most significant sectors in most countries worldwide (Leon & Eeckels, 2011). However, despite its significance, the tourism sector is particularly vulnerable and susceptible to crises and disasters (Pforr, 2009). Thus, the political upheaval that swept through the Middle East and the North African (MENA) region in 2010 and 2011 brought about great political turbulence, followed by a marked decline in the number of international tourist arrivals (Lanquar, 2015). Furthermore, the 2011 Libyan civil war has halted tourism activities and blocked off the development of Libya's tourism sector (UNWTO, 2012). The economic, political and security problems of the post-civil war have created a high degree of turbulence and uncertainty among Libyan tourism firms, as their operations are dependent on national security, political stability and the confidence of international tourists and agents to travel to Libya. However, although there was a temporary fall in operations in the post-war period, the Libyan tourism industry has an enormous potential to be the second largest industry in the country, after the oil industry (KPMG, 2014a). Some tourism experts believe that the Arab Spring Revolution provided a unique tourism opportunity for Libya and offers future growth prospects (Canty, 2011).

In an attempt to develop a theoretical understanding of tourism firms' adaptation to environmental turbulence, a research gap was identified and a theoretical framework (see Figure 1.1) was developed, taking into account the literature from the perspective of three theoretical lenses. First, the tourism crisis management perspective is related to: (1) the activities of planning and preparedness before a tourism crisis or disaster; (2) the response to a tourism crisis or disaster as it occurs and (3) the resolution to improve the state or re-establish normal conditions, after the tourism crisis or disaster is over (Ritchie, Mair, & Walters, 2014). Second, dynamic capabilities suggest that to cope with environmental turbulence, firms must continually identify the opportunity for change ("sensing"), formulate a response to such an opportunity ("seizing") and implement a course of action ("reconfiguring") (e.g. Helfat et al., 2007; Teece, 2007; Teece, Pisano, & Shuen, 1997). Third, the emerging economies perspective suggests that there are various characteristics of

emerging economies, which impact on the ways of doing business in tourism sectors (e.g. Enderwick, 2012; Hoskisson, Eden, Lau, & Wright, 2000; Xu & Meyer, 2013).

Therefore, the tourism crisis management perspective was adopted to understand and evaluate Libyan tourism firms' responses to turbulent conditions during the Libyan civil war in 2011. Next, the dynamic capabilities perspective was adopted to develop an understanding of how Libyan tourism firms responded to environmental turbulence in the post-civil war period from 2012 to 2014. Finally, the emerging economies perspective was adopted to reveal whether post-Arab Spring or post-Libyan civil war characteristics of emerging economies limit or enhance the abilities of Libyan tourism firms to take advantage of available opportunities to expand their activities.

Based on a qualitative-interpretative paradigm, a qualitative methodology and a multiple case study research design were adopted. The analysis of qualitative data (template analysis) is carried out in two stages, that is, within-case analysis and cross-case analysis. This thesis provides a holistic framework that explains the capabilities of tourism firms. Here, they need to adapt and learn in the face of security challenges during the war, as well as respond to economic and political changes in post-war periods in emerging economies. The sections below provide an overview of the thesis in terms of background, definitions of terms, research questions and objectives, research significance, as well as conceptual framework and structure.

1.2 Background

Libya is one of the countries in the MENA region. As Libya boasts of unique UNESCO world heritage sites, sea resorts and desert tourism (Grech & Bamber, 2013; KPMG, 2014a), the Libyan tourism sector has the potential to be the second largest sector in the country (after the oil sector). Libya possesses a great variety of natural, historical and cultural attractions, including archaeological sites. Five of these sites are included in the UNESCO (2015) list of World Heritage Sites: Cyrene, Leptis Magna, Rock-Art Sites of Tadrart Acacus, Sabratha and the Old Town of Ghadamès. Libya has a coastline of about 2000 km/ 1,240-mile long. As such, this makes Libya's beaches among the longest North Africa's beaches along the Mediterranean Sea. Moreover, they are attractive sandy beaches for tourists (Ham,

2007). Libya is also home to many World War II sites, from cemeteries to headstones commemorating British and Allied servicemen (eBizguides, 2006; Ham, 2007; Temehu, 2015). According to Jones (2010), Libya's cultural and archaeological heritage will be an essential element in the Libyan product and spa tourism. In addition, the potential for spa resorts along Libya's spectacular golden and white beaches offer good opportunities for attracting high-spending market segments (Jones, 2010).

As shown in Table 1.1, Libyan tourism has passed through three time periods: tourism in the pre-civil war period (Before 2011), tourism in the civil war period (February 2011 until the end of 2011) and tourism in the post-civil war period (2012 until the end of 2014).

Table 1-1: Tourism Periods

Time Period	Date
Pre-Civil War Period Tourism	Before 2011 or the Arab Spring Revolutions
Tourism in the Civil War Period	February 2011 until the end of 2011
Post-Civil War Period Tourism	From the beginning of 2012 until the end of 2014

Before the Arab Spring Revolutions, after Libya abandoned its nuclear program, the United Nations (UN) and United States (U.S) sanctions against Libya were lifted in 2003 and 2004 respectively (Hurd, 2005). In subsequent years, Libya made reductions in their visa requirements and travel barriers (U.S.A.I.B., 2007) and began to grow as a tourism destination. As shown in Table 1.2, international tourist arrivals to Libya had been increasing gradually: 170,000 in 2005, 260,000 in 2009 and 271,000 in 2010 (Lanquar, 2013, 2015). Likewise, the number of guests in hotels grew 11.08% to 619,418 in 2009, compared to 557,627 in 2006 (LGBTTI, 2006b, 2009a). Also, the World Tourism Organisation (WTO) and Libya have jointly developed a tourism plan as a means of reducing reliance on oil as the main source of Libya's revenue (Naama, Haven-Tang, & Jones, 2008).

The plan aimed at attracting foreign investment of between US\$27 to 28 billion for tourism-related infrastructure and one million tourists per year by 2015, thereby creating more than 8,310 new jobs in less than twenty years (Lanquar, 2011; Naama,

2007; Naama et al., 2008). In 2005, more than US\$3 billion was committed to tourism projects. However, almost none of these projects has yet to be finished (Allurentis & UKTI, 2014; Pargeter, 2010). As shown in Table 1.2, in 2009, the World Travel and Tourism Council (WTTC, 2009) estimated that by 2019, the travel and tourism sector's contribution to Libyan Gross Domestic Product (GDP) would rise from 8.6% in 2009 to 10.1% in 2019, whereas direct and indirect contribution of travel and tourism sector to employment would rise from 159,000 in 2009 to 232,000 in 2019. However, the 2011 events have undermined these future predictions of tourism contributions and growth.

Table 1-2: Tourism Statistics

Estimated Contributions of Tourism to the Libyan Economy				International Tourist Arrivals	Hotel Guests
Indicator	Units	2009	2019	2005	2006
Travel and tourism sector's contribution to GDP	%	8.6	10.2	170,000	557,627
	US dollars (millions)	7703.8	21,607.20	2009	
Direct and indirect contribution of travel and tourism to employment	Jobs	159,000	232,000	260,000	2009
	% of total employment	8.8	10.4	2010	619,418
	Proportion of jobs	1 in 11.4	1 in 9.6	271,000	

Source: World Travel and Tourism Council (WTTC, 2009) and Lanquar (2013, 2015)

Before the Arab Spring, the Libyan economy had been steadily growing for a number of years. From 2004 to 2010, the average real GDP growth was roughly 5%, while the annual consumer price inflation averaged less than 4%. Also, official foreign assets rose from \$20 billion in 2003 to \$170 billion in 2010 (IMF, 2012). However, similar to some Arab countries in the MENA region, Libya had been highly dependent on oil revenue: hydrocarbons (i.e., oil and gas) accounted for 70% of the GDP, 95% of exports and between 95 and 96% of the government revenue. Consequently, Libya has one of the highest levels of GDP per capita in the region: US\$11,046 (IMF, 2012, 2013).

The political upheaval that swept through the MENA region in 2010 and 2011 brought about great political turbulence, followed by a marked decline in the number

of international tourist arrivals. The Libyan civil war in 2011 halted tourism activities and blocked off the development of Libya's tourism sector (UNWTO, 2012). Many international airlines and cruise ship companies have stopped travelling to Libya. The number of international tourist arrivals dropped from 271,000 in 2010 to about 26,000 in 2011 (see Appendix-1) (Lanquar, 2012). Some Libyan tourism operators (Amamy; Ben-Nasser; Sharksy, personal communication, 26 March, 2012) stated that in addition to the Libyan tourism infrastructure being partially destroyed, some archaeological sites have not been placed under state protection. The travel and tourism competitiveness index of Libya significantly decreased (i.e., 3.5 in 2008 to 3.2 in 2011, as the scale ranges from 1 to 7; where 1 = worst and 7 = best) due to the military conflicts in 2011, that have led to a decrease in the safety and security, as well as air transport, ground transport and Information and Communication Technology (ICT) infrastructure (WEF, 2012).

By the end of the war in October 2011 however, there were notable constitutional, electoral, political, economic and security developments. Notably, the regime had changed radically from the Jamahiriya system (literally "State of the Masses") to a constitutional democracy (LC, 2011), as the first election for a parliament and government was held. Libya has also moved from a command to a free-market economy (Randall, 2015). In addition, in 2012, Libya has integrated the majority of the former rebels into an interim force, named Libya Shield Forces (LSF), which acts in parallel with Libya's National Army. In 2012, both the National Army and the LSF played a role in improving the security situation of the country (Gaub, 2014).

From the beginning of January 2012, the travel and tourism industry witnessed a slight revival because of relative political and security stability. Many domestic and foreign-owned hotels that had to shut down in 2011 re-opened their doors. Some airlines were also returning to Libya, such as the Emirates and Turkish Airlines (EI, 2013). The number of international arrivals increased from 26,000 in 2011 to 104,000 in 2012, representing a growth rate of 300% (Lanquar, 2015). A ministerial decree No.122/ 2012 was issued to establish the Libyan Ministry of Tourism rather than the General Board for Tourism and Traditional Industries (Ministerial-Decree-No.122/2012, 2012). This ministerial decree indicated that the Libyan interim government has recognised tourism as the long-term alternative to the oil sector, upon which the country's economy has been highly dependent. In 2013, the Libyan

government aimed to spend US\$2.5 billion on the international airport and US\$7 billion on hotel related-infrastructure (Allurentis & UKTI, 2014). The Libya Rail Implementation Authority (LRIA) also aimed to spend US\$4.5 billion in rail and bus networks. Overall, the Libyan government aimed to invest US\$200 billion in infrastructure projects over the next ten years (Allurentis & UKTI, 2014; Libya-Herald, 2013a).

However, from the middle of 2013, the Libyan tourism and business environments suffered due to domestic insecurity and political uncertainty. The political conflict, political assassinations conducted by armed militias, as well as theft and murder, accompanied by a weak government and national army (Gartenstein-Ross & Barr, 2015) have remained major obstacles for tourism and business. For example, the unstable security environment damaged the country's tourism prospects, as the number of international arrivals declined significantly by 108% from 104,000 in 2012 to 50,000 in 2013 (Lanquar, 2015). Foreign investors fled from the country and major infrastructure projects have been suspended. Crime levels remain high in many parts of Libya and the country is still experiencing internal chaos (Yossef & Cerami, 2015). Moreover, since May 2013, Libya's oil (which has been a major source of income for the economy and government) has been under siege; with production and exports disrupted intermittently by protests, strikes and port blockades (al-Warfalli, 2015).

Therefore, such events and conditions have made current Libyan tourism and business environments extremely turbulent and complex. Despite that, a report on investing in Libya, published in 2014 by a reputable audit firm (KPMG), indicated that the important emerging industries in Libya include renewable energy, tourism and transportation. In particular, "the tourism industry has the potential to be Libya's second largest industry (after the oil industry) as the country boasts of its UNESCO world heritage sites, sea resorts and desert tourism" (KPMG, 2014a, p. 6). Mr. Taleb D. Rifai, Secretary-General of UN World Tourism Organisation (UNWTO), said that the Arab Spring provided a unique tourism opportunity for Libya and offers future growth prospects (Canty, 2011). In view of the above, the Libyan tourism situation creates the need to know how Libyan tourism firms adapted to environmental turbulence during and post-civil war periods. More specifically, there is a need to

examine the effects of political, economic and security changes in Libya on the tourism sector, as well as the government's plans to cope with such changes.

1.3 Research Questions and Objectives

As described earlier in section 1.1, the Libyan civil war events in 2011 and the post-civil war circumstances have made current Libyan tourism and business environments extremely turbulent and complex. However, such events and circumstances have raised several questions. For instance, how do Libyan tourism firms cope with the turbulent challenges during the civil war stage? How do tourism firms resume their business operations in the post-civil war stage? What and how do the political, economic, security and constitutional changes impact on the Libyan tourism sector? What is the role of the government towards the tourism during and post-civil war periods? Hence, after reviewing the literature on tourism crisis, dynamic capabilities, disaster management and emerging economies, the previous questions have been reformulated and combined into four main questions:

RQ1: What characteristics of emerging economies are showcased in Libya and how do they impact on the Libyan tourism sector?

RQ2: What characteristics of turbulent environments are showcased in Libya and how do they impact on the Libyan tourism sector?

RQ3: How does institutional change impact on the turbulent tourism environment and tourism firms in Libya?

RQ4: How do tourism firms respond to the turbulent environment in Libya?

Based on the above research questions, this thesis is designed to accomplish the following objectives:

RO1: To explore the role and characteristics of newly emerging economies and turbulent environments in creating the turbulent tourism environment in Libya.

RO2: To uncover the impact of institutional change on the turbulent tourism environment and tourism firms in Libya.

RO3: To examine the role of the turbulent tourism environment in enforcing Libyan tourism firms to respond to environmental changes.

RO4: To develop a framework for tourism firms' adaptation to environmental turbulence.

1.4 Definitions of Terms

With the purpose of avoiding any potential confusion in the interpretation of the terms employed in this thesis, the below definitions are used as a guideline in developing an understanding of the key terms and to discuss the findings of the thesis.

Tourism crisis refers to any occurrence which can threaten the normal operation and conduct of tourism related businesses; damage a tourist destination's overall reputation for safety, attractiveness and comfort by negatively affecting visitors' perceptions of that destination; and, in turn, cause a downturn in the local travel and tourism economy and interrupt the continuity of business operations for the local travel and tourism industry by the reduction in tourist arrivals and expenditures (Sonmez, Backman, & Allen, 1994, p. 22).

Dynamic capabilities refers to the capacity of a firm to identify and respond to the need for change in the external environments by: (1) sensing and shaping opportunities and threats; (2) seizing opportunities and neutralising threats and (3) reconfiguring the existing firm's resource base (Teece, 2007).

Resource base includes “tangible, intangible, and human assets (or resources) as well as capabilities which the organisation owns, controls, or has access to on a preferential basis” (Helfat et al., 2007, p. 4).

Operational capabilities are similar to operating routines, which are essential for a firm's day-to-day operations or as Winter stated, the “how we earn a living now” capabilities (Winter, 2003, p. 992).

Emerging economies are economies which are in transition from a centrally planned system to a free market (Kohers, Kohers, & Kohers, 2006; Samoilenko & Osei-Bryson, 2011), as they are characterised by frequent changes in the institutional, economic and political environments, as well as cultural and social fabric (Roztocki & Weistroffer, 2008).

1.5 Research Significance

This thesis makes several theoretical and practical contributions as outlined in the following sections.

1.5.1 Contribution to Theory

In an attempt to understand the turbulent conditions facing the Libyan tourism sector through reviewing the relevant literature, this thesis has made theoretical contributions in three areas. These are: (1) dynamic capabilities literature; (2) tourism crisis and disaster tourism management literature and (3) literature on business in emerging economies. This thesis responds to the call for future research on how firms adapt and learn in the face of environmental and other ongoing changes in emerging economies, as outlined by Malik and Kotabe (2009, 2011) and Pettus and Munoz (2013). They called for the research because emerging economies displayed resource scarcities, coupled with economic liberalisation. This led to firm-level changes in resources and capabilities that are different from those in industrialised economies (Malik & Kotabe, 2009, 2011). Thus, this thesis contributes to this limited area of research by offering the means to understand how successful tourism firms from emerging economies adapt and survive during and post-civil war periods.

The research on dynamic capabilities in the tourism context is scant and fragmented (exceptions include Camisón & Monfort-Mir, 2012; Lemmetyinen & Go, 2009; Nieves & Haller, 2014). More research is certainly required, particularly when Nieves and Haller (2014) stated that very little is known about the application of the dynamic capabilities perspective in the tourism context or industry. It is worth noting that within emerging economies, the dynamic capabilities perspective has been applied to other sectors, but not to tourism. Yet, this perspective does offer the means to understand how successful firms adapt and survive a crisis. As a result, it is vital to apply the dynamic capabilities perspective in the context of tourism crises, so as to broaden this perspective and its applications in emerging economies. This thesis aims to contribute further to the dynamic capabilities literature by developing a model of firms' adaptation in emerging economies, which could be useful for dealing with turbulent business environments and enhancing both competitiveness and firms' performances.

The results of reviewing the literature on tourism crisis and disaster management models (e.g. Becken & Hughey, 2013; Evans & Elphick, 2005; Faulkner, 2001; Hystad & Keller, 2008) show that this thesis provides an important opportunity to advance the understanding of tourism firms' responses during the crisis event and crisis recovery or business resumption stage. This thesis also fills the gap of how these firms adapt to turbulent environments in the post-crisis stage (Mair, Ritchie, & Walters, 2014). Although tourism crisis and disaster recovery studies (e.g. Armstrong & Ritchie, 2008; Beirman, 2002; Carlsen & Hughes, 2008; Chacko & Marcell, 2008; Hystad & Keller, 2008; Walters & Mair, 2012) provided important results on crisis recovery strategies, they are limited in their analysis of how MENA tourism firms, especially at the firm level, responded to post-war conditions; in terms of the capabilities and actions or responses of tourism firms to the crisis. After the Arab Spring Revolutions, this research need has become more urgent. This thesis makes noteworthy contributions to post-crisis tourism management literature by showing how tourism firms develop specific capabilities to resume business as usual or adapt to the new conditions in the post-crisis stage.

Moreover, this thesis establishes a qualitative framework that offers an important opportunity to provide a new understanding of tourism firms' adaptation to environmental turbulence during and post-civil war in one of emerging economies in the MENA region. The current framework combines two different types of perspectives - dynamic capabilities and tourism crisis management, in order to provide new interpretations of tourism firms' responses during the crisis event and post-crisis stages respectively. Thus, this is a novel approach as both the tourism crisis management and dynamic capabilities perspectives are synthesised, so as to understand the tourism firms' responses to environmental turbulence in emerging economies. This thesis also seeks to enhance an understanding on doing tourism business in emerging economies. That is, this thesis helps to identify the post-civil war characteristics of emerging economies and turbulent environments that impact on tourism growth and the ability of tourism firms to take advantage of available opportunities to expand their activities. In addition, this thesis helps to understand institutional changes in the post-civil war period, through uncovering the role of government and foreign investors in the post-civil war period.

There are very few studies however, that have provided empirical and theoretical frameworks focusing primarily on the interpretation of firms' adaptation and organisational transformation processes in emerging economies from a dynamic capabilities perspective. The studies of Newman (2000), Uhlenbruck, Meyer, and Hitt (2003), Zhou, David, and Li (2006), Malik and Kotabe (2009) and Dixon, Meyer, and Day (2010) primarily focused on changes in the institutional context in emerging economies and organisational transformation, through resource and capabilities development. However, such frameworks have not provided information regarding the ability of the firms to respond to political, economic and security changes in emerging economies. More importantly, to date, there has been no research about the ability of MENA firms - whether public or private – to adapt in the light of political, institutional, economic, security and social changes, especially that of the Arab Spring Revolution. Thus, this thesis makes an important contribution to the field of adaptation and organisational changes in emerging economies.

1.5.2 Contribution to Practice

In practical terms, the findings of this thesis are relevant to both practitioners and policy-makers. This thesis has the potential to make recommendations and implications for major stakeholders, be it the Libyan government, the Libyan tourism sector or international tourism investors. The proposed framework could assist policy-makers by providing a set of factors that have to be addressed in order to succeed in promoting and improving the tourism sector in Libya and other similar emerging economies. The results of this thesis can also help Libyan tourism managers understand specific actions and processes that are needed to build dynamic capabilities, for ensuring the survival and success of their own firms. From a practical perspective, not only does this thesis identify current problems and difficulties facing the Libyan tourism sector in turbulent environment, but it also shows how Libyan tourism firms can adapt and survive by developing specific capabilities.

1.6 Conceptual Framework

Based on the literature review, Figure 1.1 illustrates the conceptual framework which identifies several factors that may inhibit or enhance the ability of tourism firms' adaptation to war and post-war periods in emerging economies.

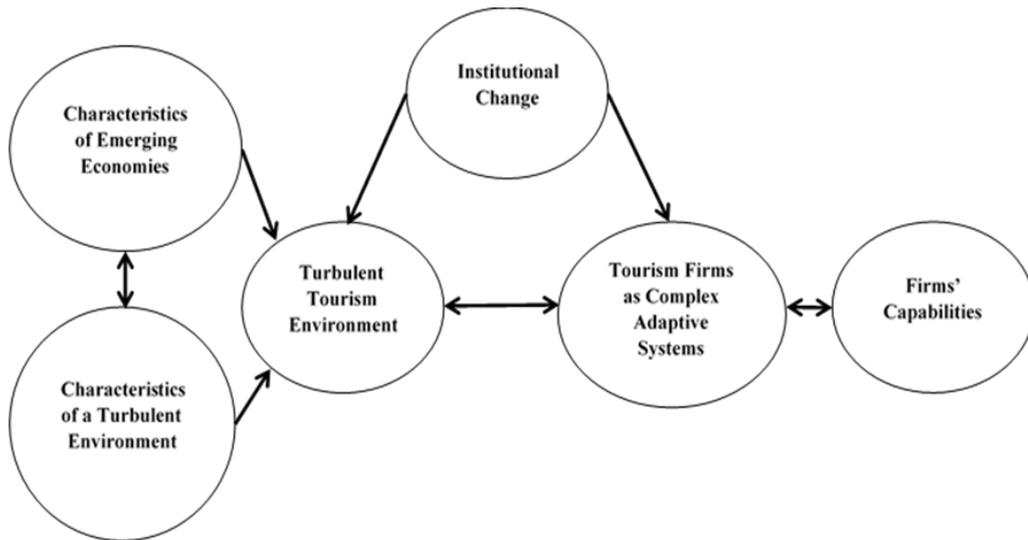


Figure 1.1: Conceptual Framework for Firms' Adaptation to Environmental Turbulence

1.7 Structure of the Thesis

The present chapter introduces the context of the thesis covering issues of the context background, research questions and objectives, definitions of terms, research significance and conceptual framework. In chapter two, the literature review is conducted in three different areas. As shown in Figure 1.2, the first area is tourism crisis management, which includes crisis and disaster definitions, types of tourism crises, managing tourism crises, as well as tourism disaster and crisis frameworks. The second area is dynamic capabilities. Specifically, the concept of dynamic capabilities, typologies of capabilities, building dynamic capabilities and components of dynamic capabilities are discussed. The third area includes the characteristics of emerging economies and their impact on the tourism sector.

Chapter three provides a background to Libya, the country under investigation. The economic structure, business environment and constitutional developments are presented. The tourism sector in Libya is presented in terms of tourist attractions and tourism development. The tourism development in Libya is discussed according to three different periods: tourism in the pre-civil war period, during the civil war period and in the post-civil war period. The main purpose of chapter four is to explain the research design and methodology. In this chapter, the research methodology is discussed and justified in terms of the research paradigm, case study methodology and design. The research design is qualitative and exploratory; thus, the

study is based on primary data collected by interviews and secondary data. The data are later analysed using template analysis, assisted with the NVivo software. Finally, the quality criteria of case study research are used to ensure that data collection and analysis meet tests of validity and reliability.

Chapter five presents within-case analysis, which is conducted to explore how each tourism firm responded to environmental turbulence. Each tourism firm's response is organised in a chronological order, as the eight cases are analysed according to three different time periods: the pre-civil war period, civil war period and post-civil war period. Chapter six reports on the cross-case analysis, which is conducted to reveal the characteristics of emerging economies and turbulent environments. Furthermore, the chapter looks into how such characteristics have an influence on the Libyan tourism sector. Chapter 6 also identifies the role of the Libyan government during and post-civil war, as well as the responses of the Libyan tourism firms during and post-civil war periods. In chapter seven, the conceptual framework for firms' adaptation to environmental turbulence (Figure 1.1) is refined by the results from chapter six. These results are further discussed in the light of the literature review. The conclusions then present a summary of the contributions, implications and opportunities for future research.

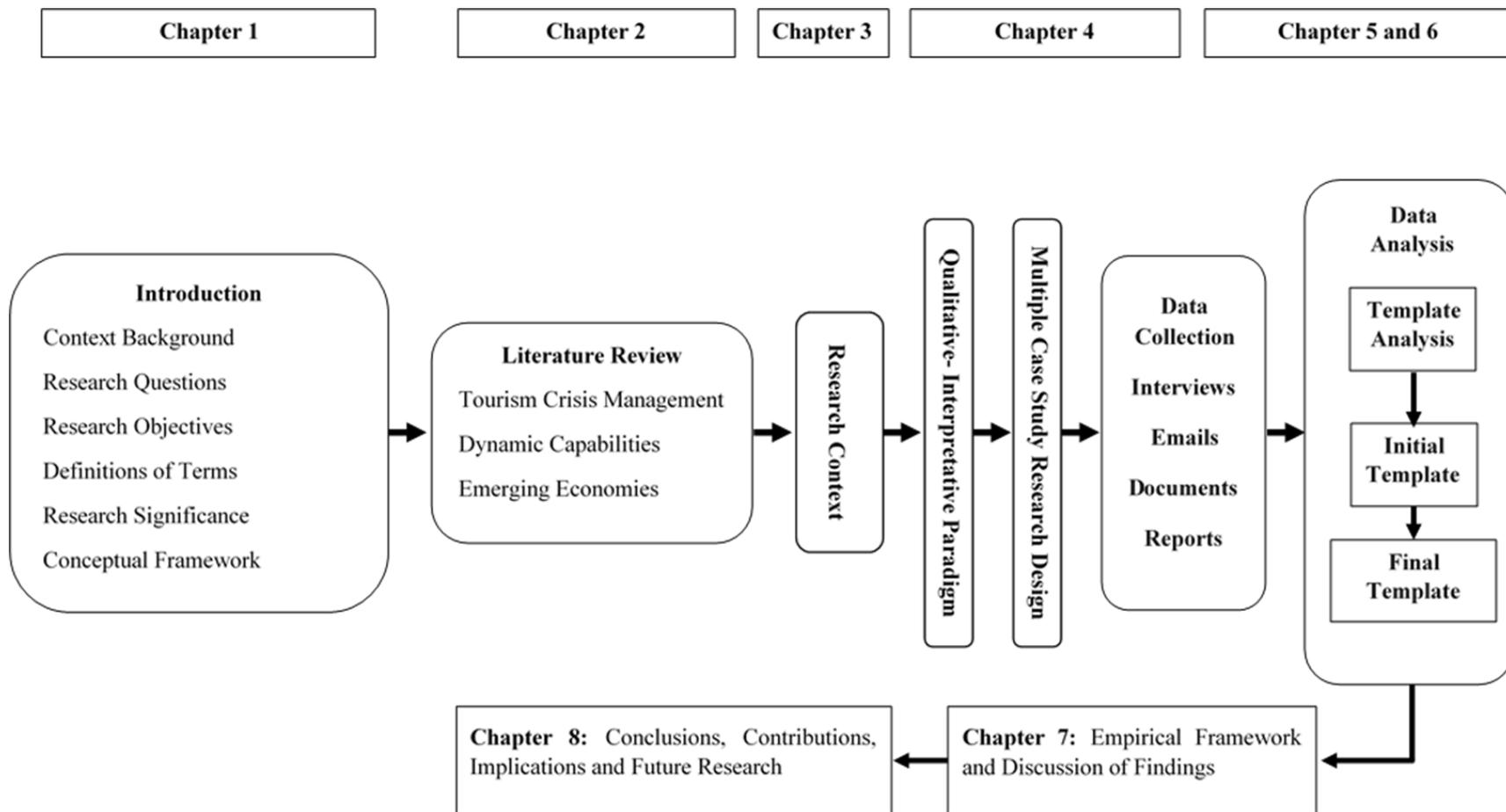


Figure 1.2: General Plan for Conducting the Thesis

Chapter 2

Literature Review

2.1 Introduction

This thesis brings together three main research streams. The first deals with tourism crisis management, the second with dynamic capabilities and the last with emerging economies. Thus, the main aim of this chapter is to review existing literature in order to develop an understanding of firms' adaptation to environmental turbulence in an emerging economies context from the three perspectives. As shown in Figure 2.1, this chapter is split into three sections. The first section discusses tourism crisis and disaster management literature to understand tourism firms' responses before, during and after crises and disasters. The second section provides a perspective of dynamic capabilities for explaining how and why certain firms have the ability to adapt in turbulent environments, while others do not. Finally, the third section examines how the characteristics of emerging economies limit or enhance tourism development and the abilities of tourism firms to adapt and do business in the tourism sector.

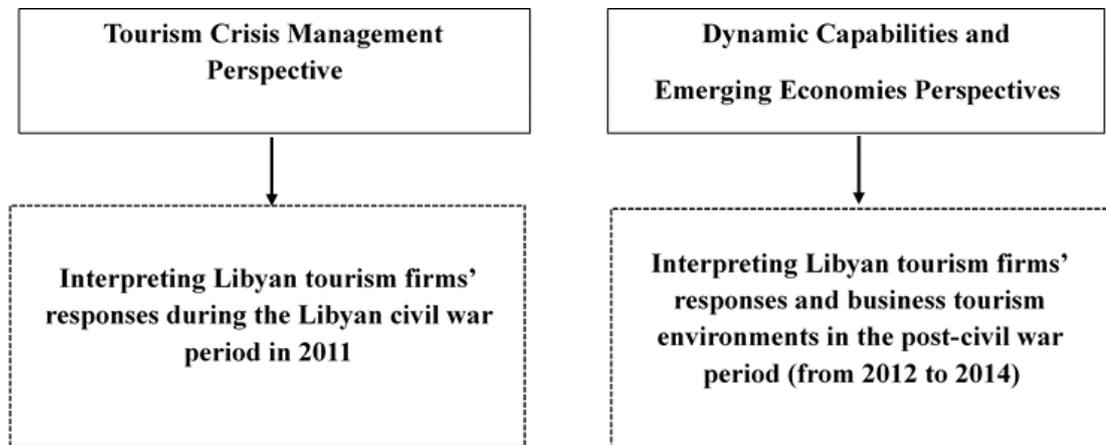


Figure 2.1: Research Context and Theoretical Perspective

2.2 Tourism Crisis Management Literature

The aim of this section is to peruse the crisis and disaster management literature and studies conducted in the tourism field.

2.2.1 **Tourism Crisis Management: An Overview**

The tourism sector, one of the most economically vital sectors for some economies, is also particularly vulnerable and susceptible to crises and disasters (Pforr, 2009). Some crisis events that may not have been directly related to tourism have proven to have a significant impact on tourism sectors, as witnessed in the 2001 World Trade Centre terrorist attack, the 1997 Asian financial crisis, the 2002-3 SARS epidemic and the 2004 Indian Ocean tsunami (Paraskevas & Altinay, 2013). In recent years, a growing body of literature has investigated how tourism sectors have experienced disasters and crises, from terrorist attacks (Araña & León, 2008; Korstanje & Clayton, 2012); war and political instability (Beirman, 2003; Morakabati, 2013; Pizam & Smith, 2000); health concerns (Kuo, Chen, Tseng, Ju, & Huang, 2008; Padilla, Guilamo-Ramos, Bouris, & Reyes, 2010); crime issues (Baker & Stockton, 2014; Lorde & Jackman, 2013) to flood and earthquakes (Becken & Hughey, 2013; Huang, Tseng, & Petrick, 2008; Tsai & Chen, 2010). Thus, scholars (Faulkner, 2001; Ritchie, 2004; Ritchie, Crofts, Zehrer, & Volsky, 2014) have noted an increasing number of crises and disasters that affect the tourism sector, ranging from natural to human influenced incidents.

Regardless of the nature of crises and disasters, they are all similarly unpredictable. Thus, when a disaster or crisis happens, important aspects of international tourism demand will certainly be affected adversely, including reductions in international visitor arrivals, employment, private sector earnings, government earnings and ultimately, the cessation of further investment (Huang et al., 2008). The evidence suggests that the tourism industry has had less formal crisis and disaster planning than other industries (Ritchie, 2009). This is perhaps because of its nature, as the tourism industry comprises a large number of small but often interrelated businesses (Ritchie, 2009). However, crises or disasters have the ability to act as turning points for tourism businesses and destinations, as Faulkner (2001, p. 137) stated, “crises and disasters therefore have transformational connotations, with each such event having potential positive (e.g. stimulus to innovation, recognition of new markets, etc.)”. In addition, crises and disasters create leaders who emerge to help tourism businesses and destinations facing such crises back to normality or an improved state. Essentially, the improved state can enable tourism businesses and destinations to

learn from crises and disasters, in order to make policy changes and modify strategies that did not work effectively (Blackman & Ritchie, 2008).

Tourism crisis and disaster management is vital to lessen the impacts and improve recovery time at both a destination and organisational level. In general, effective tourism crisis and disaster management consists of three steps: (1) the activities of planning and preparedness before a crisis or disaster; (2) the response to a crisis or disaster as it occurs and (3) the resolution to improve the state or re-establish normal conditions after the crisis or disaster is over (Ritchie, 2009; Ritchie, Mair, et al., 2014). This section reviews the literature of tourism crisis and disaster management by focusing on seven parts: crisis and disaster definitions; types of tourism crises; managing tourism crises and disasters; the impact of disasters and crises on tourism; the recovery from disasters and crises; as well as frameworks for a disaster and crisis management in tourism.

2.2.2 Crisis and Disaster Definitions

Wang and Ritchie (2012) stated that the concept of crisis and disaster has been used in many different fields involving sociology, psychology, management, economics, politics and ecology. Therefore, the definitions of crisis and disaster are often diverse and largely depend on the perspective of the definer (Armstrong, 2008; Ritchie, 2009). Kim and Lee (1998) used the terms 'disaster', 'hazard', 'accident' and 'risk' interchangeably, while they used 'a crisis' as a comprehensive concept to cover all types of disasters, including man-made/ technological disasters and natural hazards. According to Faulkner (2001), the fundamental distinction between the terms, 'a crisis' and 'a disaster' is on the situation that is attributable to the organisation itself or originating from outside the organisation. Hence, 'a crisis' can be used to describe a situation where the root cause of an event is, to some extent, self-inflicted through problems such as inept management structures and practices or a failure to adapt to change. On the other hand, 'a disaster' will be used to refer to situations where an enterprise (or collection of enterprises in the case of a tourist destination) is confronted with sudden unpredictable catastrophic changes over which it has little control (Faulkner, 2001, p. 136).

Crises and disasters exemplify chaotic situations and the complex interrelationships between the human and natural systems. For example, an oil spill or a bio-security

threat can have a major impact on a tourist destination and tourism businesses (Ritchie, Crofts, et al., 2014). Faulkner (2001, p. 138) identified the following characteristics of disaster or crisis situations: (1) a triggering event, which is so significant that it challenges the existing structure, routine operations or survival of the organisation (Trigger events may include political crises, religious or ethnic tensions); (2) economic decline and climate change; (3) fluid, unstable, dynamic situations; (4) high threat, short decision time and an element of surprise and urgency; (5) a perception of an inability to cope among those directly affected and (6) a turning point, when decisive change, which may have both positive and negative connotations, is imminent.

Beirman (2003, p. 4) modified the definition of Faulkner (2001) and defined a crisis in the following terms: “a crisis is a situation requiring radical management action in response to events beyond the internal control of the organisation, necessitating urgent adaptation of marketing and operational practices to restore the confidence of employees, associated enterprises and consumers in the viability of the destination”. On the other hand, Santana (2004, p. 307) concluded that tourism literature “provides no generally accepted definition of crisis and attempts to categorize (...) forms of crises have been sparse”. However, Paraskevas and Altinay (2013) and Santana (2004) argue that the most comprehensive definition of tourism crisis is offered by Sonmez et al. (1994, p. 22) and the current thesis adopts their definition:

“...any occurrence which can threaten the normal operation and conduct of tourism related businesses; damage a tourist destination’s overall reputation for safety, attractiveness and comfort by negatively affecting visitors’ perceptions of that destination; and, in turn, cause a downturn in the local travel and tourism economy and interrupt the continuity of business operations for the local travel and tourism industry by the reduction in tourist arrivals and expenditures.”

Maditinos and Vassiliadis (2008) concluded that all existing definitions of the term ‘tourism disaster and crisis’ converge on the point that a disaster or crisis refers to an unpleasant and difficult situation, which has to be managed as effectively as possible.

2.2.3 Types of Tourism Crises

Crisis management scholars have sought to develop typologies of tourism crises that may be useful in developing an understanding of tourism crises and developing

appropriate managerial crisis responses (Evans & Elphick, 2005). Coombs (1995) for example, classified crisis situations based on whether the crisis is caused by an internal or external source and committed by intentional or unintentional acts. Coombs (1995) identified four types of crisis including Faux Pas, accidents, terrorism and transgressions. Seymour and Moore (2000) suggested two types of crisis: the cobra or the python, based on the way in which they develop. Booth (2015) identified three types of crises: gradual, periodic threat, such as that caused by the regular changes of government or annual budget cuts, and a sudden threat, such as loss that puts the whole organisation in danger. Henderson (2007b) divided tourism crises into six types: economic tourism crises, political tourism crises, socio-cultural conflicts, environmental tourism crises, health crises and technological failure.

Yu, Stafford, and Armoo (2005) combined various types of crises and reclassified them into two broadly distinct types: those that arise externally and those that arise internally and are self-inflicted. The two broadly distinct types are further partitioned into three categories, which are then partitioned into nine specific types, as illustrated in Table 2.1.

Table 2-1: Types of Tourism Crises

Major Factors	Specific Environment	Types of Crises	Examples of Crises
External Factors	Physical Environment	Natural Disaster	Mudslide damages a hillside resort; hurricane destroys beachfront properties.
		Technology Failure	Oil spill contaminates a beach resort and prevents tourists from visiting the resort.
	Human or Social Environment	Confrontation	Union strike disrupts normal operations; special interest group boycotts a particular restaurant.
		Malevolence	Terrorist attack; food is poisoned through product tempering; hackers introduce a virus into computer reservation systems; street crime.
		Epidemic	Mad cow disease and foot and mouth disease raise concerns of food safety and health problems; SARS epidemic spreads through human contact.
War/Politics	The second gulf war prevents international tourists from travelling to the Middle East region; recent political upheaval diminishes tourism to Haiti, Venezuela and many African countries.		
Internal Factors	Management Failure	Skewed Values	Cruise ships dump oil waste into the ocean, creating short-term costs due to concern for the environment.
		Deception	Restaurant knowingly serves spoiled or contaminated food items.
		Misconduct	Corporate executives embezzle funds or receive kickbacks.

Source: Stafford, Yu, and Armoo (2002); Yu et al. (2005)

As shown in Table 2.1, the crises of physical environments are caused by natural disasters and technology failures that have always been a threat to the hospitality and tourism industry. Natural disasters include landslides, earthquakes, hurricanes, tornadoes, volcanoes and floods that menace life, property and the environment (Henderson, 2007b; Stafford et al., 2002). For instance, the 2004 Indian Ocean tsunami severely damaged the tourism infrastructure in Sri Lanka, Thailand and the Maldives (Dolfman, Wasser, & Bergman, 2007). Technology failure is associated with accidents that are caused by human application of science and technology that pollute or degrade the natural environment for tourism activities (Yu et al., 2005). For example, the 2010 Deepwater Horizon oil spill across the U.S. coastal regions

caused damages to marine and wildlife habitats and to the Gulf's fishing and tourism-related industries (Ritchie, Crofts, et al., 2014).

Also shown in Table 2.1, crises of the human and social environment include confrontation, malevolence, epidemic, as well as war and politics. Confrontation is a situation in which there is a disagreement between two groups or parties, typically business organisations and consumers (Stafford et al., 2002). For example, employee strikes and tourist boycotts of certain destinations, products and services are commonly used confrontational tactics that often cause short-term crises for tourism businesses (Yu et al., 2005). Crises of malevolence relate to the criminal acts of individuals or groups against a business organisation or an entire industry. Malevolent crises include terrorism, extortion and product tampering. Epidemics in the human population or livestock immediately scare visitors or travellers away from the infected destinations and cause many people to avoid food products that are produced either from the infected destinations or the animal (Stafford et al., 2002). This is clearly seen from the devastating impacts of SARS and Avian Flu on the international tourism demand to Asia (Kuo et al., 2008), as well as the impact of foot and mouth disease (FMD) on tourism and the United Kingdom (UK) economy (Blake, Sinclair, & Sugiyarto, 2003).

War and political conflicts always disrupt any form of tourism, travel, leisure and social activities. An internal conflict, such as a civil war and an external conflict between two nations can completely stop the flow of travel to the warring destinations (Yu et al., 2005). For example, wars such as the Gulf and Iraq wars, political upheaval such as the Arab Spring episodes in Libya and acts of terrorism, such as the Sousse attack in Tunisia have devastating impacts on the growth of international tourist arrivals to the Middle East and North Africa (Morakabati, 2013; Skynews, 2015). As shown in Table 2.1, crises of management failures consist of skewed values, deception and misconduct. These crises result in scandals and have serious public relations implications. Failures of corporate governance and unreasonable financial expectations are usually criminal behaviours of corporate executives.

The crises of management failures tend to be short-term and result in destroying owners' and shareholders' value and the business's bankruptcy (Stafford et al., 2002;

Yu et al., 2005). For example, the Enron and WorldCom scandals cost the US economy roughly \$37–\$42 billion of GDP in the first year alone (Mazar & Ariely, 2006). From Table 2.1, it can be seen that the Libyan civil war in 2011 falls within the crises of the human and social environment, as the Libyan civil war halted tourism activities and disrupted the development of Libya's tourism sector (UNWTO, 2012).

2.2.4 Managing Tourism Crises and Disasters

The tourism crisis management literature related to managing tourism crises and disasters focuses on three main research streams: (1) the impact of disasters and crises on tourism; (2) the recovery from disasters and crises and (3) frameworks for a disaster and crisis management in tourism. The next sections will examine these three themes.

2.2.4.1 The Impact of Disasters and Crises on Tourism

This research stream seeks to examine the impacts of political instability, terrorism and war, as well as the impacts of economic and financial crises on tourism. Many individual crises and disasters have been researched and range from armed and political violence in Sri Lanka (1983-2001), Fiji (1987-2000), Thailand (2008-2009), Arab Spring Revolution in Egypt, Libya, Tunisia and Yemen (2010-2011) and the Israel and Palestine conflict (1948-ongoing); to civil war in Rwanda (1990-1994), Croatia and Slovenian (1991-1995), Nepal (1996-2006), Syria (2011-ongoing), Yemen (2015-ongoing) and Libya (2011); as well as terrorist bombings and attacks in Egypt (1990, 1998, and 2005), the USA (2001), Indonesia (2002 and 2005), Madrid (2004), London (2005) and Tunisia (2015).

In addition, natural disasters such as the high magnitude earthquake that hit Taiwan (1999), the FMD in the UK (2001), bushfires in Australia and Canada in the same year (2003), the SARS virus in Hong Kong (2003), the Indian Ocean Tsunami in the Maldives (2004), another tsunami wave in Samoa (2009), the tsunami of the Tōhoku earthquake and the Fukushima Daiichi nuclear disaster in Japan (2011). Some of these events, in particular the effects of terrorism, are studied in the area of tourism crisis management (see for example, Beirman, 2003; Pizam & Smith, 2000; Sonmez, Apostolopoulos, & Tarlow, 1999; Timothy, 2013).

Pizam and Smith (2000) analysed main terrorism events around the world during 1985–1998. The researchers classified the terrorism events by victims, effect on tourism demand and the length of its effect. Pizam and Smith found that a large portion (79%) of terrorism events resulted in a significant decline in tourism demand that lasted from one to six months and tourists comprise 71% of those victimised by terrorist acts. In Egypt, from 1990 to 1998, there was a series of attacks that were directed at Western tourists and groups. These terrorist attacks resulted in nine tourists killed and 60 injured, as well as a reduction in inbound tourism and foreign exchange earnings (Beirman, 2003).

Morakabati (2013) examined tourism activity in the UNWTO Middle East region from the period of 1950 to 2010. As shown in Figure 2.2, the examination (Morakabati, 2013) revealed that events including the 1967 Arab–Israeli War, the murder of Anwar Sadat in 1981, the Iran–Iraq War during the 1980s, the Israeli invasion of Lebanon in 1982, the first Intifada in 1987, the Gulf War of 1990, the civil war in Yemen in 1994, the Iraq War in 2003 and the Arab Spring episodes, as well as acts of terrorism have been responsible for stalling the growth of the Middle East international tourist arrivals.

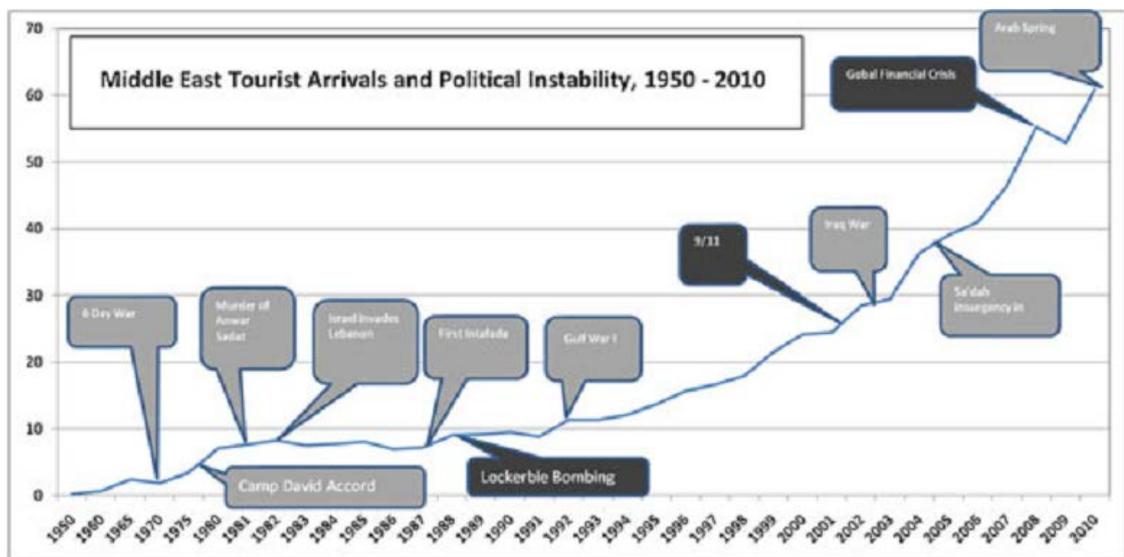


Figure 2.2: Middle East Tourist Arrivals and Political Instability, 1950–2010

Source: Morakabati (2013)

Other studies have examined the impact of financial and economic crisis on tourism (Boukas & Ziakas, 2013; Okumus, Altinay, & Arasli, 2005; Smeral, 2010; Styliadis & Terzidou, 2014). For example, Smeral (2010) observed that tourists increasingly tend

to book their tickets at the last moment, hoping to profit from last-minute bargains and cheaper deals, due to their lack of confidence in their future job situations. Outbound tourists have become highly price sensitive, which can lead to the genuine risk of price wars. Similarly, Rittichainuwat, Chakraborty, and Rattanaphinanchai (2014) showed that since the global financial crisis, tourists are more prudent in spending their money. Short-distance destinations have become a popular travel alternative as tourists try to save time, effort and travel costs. Safety has also become an important consideration. Thus, the financial crisis has led to a decline in tourist expenditure. For example, tourist recreation such as golfing, shopping and spa treatments are perceived as wasteful as tourists feel they must be more prudent in their spending (Rittichainuwat et al., 2014).

Researchers have also looked into the impacts of epidemics, including the FMD and SARS, on tourism sectors (Baxter & Bowen, 2004; Beirman, 2006; Blake et al., 2003; Kuo et al., 2008; Wilder-Smith, 2006). For example, Kuo et al. (2008) investigated the impacts of Avian Flu and SARS on international tourist arrivals in Asian countries. They found that tourism demand was considerably reduced by SARS; however, tourism demand is not considerably affected by the infectious illness, Avian Flu. Kuo et al. (2008) reported that the disease-damage for each Asian country is dependent upon the government's reaction and strategies in dealing with the respective serious disease.

Blake et al. (2003) and Baxter and Bowen (2004) assessed the effects of FMD on the UK tourism industry. The results showed that the FMD had greater adverse effects on the tourism sector than on other sectors such as agriculture. For example, revenue losses for the tourism sector were estimated to be running at £125 million a week. The hotel industry and tourism employment were also affected by the FMD outbreak. Nevertheless, there were some tourism businesses that were not influenced. Some businesses even gained, especially the leisure industry which showed improvements in ticket sales, as more people turned to sport and the cinema instead of countryside holidays and activities.

The impacts of natural disasters on tourism, including hurricanes in the USA (Chandler, 2004; Megehee, Spake, & Shondell Miller, 2008), bushfires and floods in Australia (Armstrong, 2005; Cioccio & Michael, 2007), the devastating Indian Ocean

Tsunami (Carlsen & Hughes, 2008; Rittichainuwat, 2006), earthquake disasters (Tsai & Chen, 2010) and global climate change (Amelung, Nicholls, & Viner, 2007) have been investigated. For example, it was revealed that because of Hurricane Katrina, the New Orleans tourism sector experienced the largest job loss among all sectors. The tourism sector lost roughly 22,900 jobs and the loss of wages in the tourism sector was about \$US382.7 million (Dolfman et al., 2007). Furthermore, the Indian Ocean tsunami severely damaged tourism infrastructure in Sri Lanka, Thailand and the Maldives, where local settlements were also destroyed significantly. In Thailand, there was a mass exodus of international tourists and cancellations of bookings (Henderson, 2007a).

Although some crisis and disaster events are not directly related to the tourism sectors, relevant literature has showed that there has been a growing attention to how crises and disasters affected the tourism sector. However, most importantly, the literature review in this section indicated that majority of the tourism crisis literature focused on the impacts of tourism crisis and disaster in the American, Asian and European regions. However, very little is known about the impacts of political and military crises on the tourism in the MENA region. Therefore, there is a need to investigate and understand the effects of crises, in particular, the civil wars and political instability (such as the Arab Spring Revolution), on the tourism sector of countries in the MENA region. In short, the results of the literature review in this section indicated that, regardless of the nature of crises and disasters (whether they are directly or indirectly related to the tourism sectors), they have significantly affected the tourism sector.

2.2.4.2 The Recovery from Disasters and Crises

This research stream seeks to examine the recovery aspect of tourism crisis management. The tourism crisis management literature about the recovery aspect consists of two areas of research: 1) the immediate responses to tourism crises and disasters and 2) tourism restoration after crises and disasters.

In relation to the first part of the recovery aspect, several studies have attempted to document and explain how tourism businesses and destinations responded to tourism crises and disasters (Beirman, 2003; Biggs, Hall, & Stoeckl, 2012; Bingjie, Pennington-Gray, & Klemmer, 2015; Blake & Sinclair, 2003; Chen, 2011; del Mar

Alonso-Almeida & Bremser, 2013; Frisby, 2003; Goodrich, 2002; Henderson, 2007a; Roach & Kemish, 2006; Scott, Laws, & Prideaux, 2008; Tse, So, & Sin, 2006). For example, Beirman (2009) provided empirical examples of how tourist authorities and tourism firms responded to crises. For example, the main responses of tourism industries in South East Asian countries are crisis campaigns and communication strategies. Specifically, global media networks, public relations strategies and press conferences play a significant role in offering reassurance, restoring image and enhancing reputation overseas, so as to stimulate bookings. In the Bali Bombings case, there were several government responses to lessen the effects of bombing on tourism. These responses included public communication; financial support; domestic health services; counselling; and insurance coverage (Roach & Kemish, 2006).

Furthermore, the British Tourist Authority (BTA) responded to the FMD outbreak by promoting Britain as a destination in 27 markets overseas, as well as developing a strategy to make use of additional government funding to boost visitor spending in Britain in 2002 and beyond. The disseminating of up-to-date facts and information through a public relations strategy, press conferences and consumer e-mail campaign played an important role in limiting the immediate impact of FMD (Frisby, 2003). Various hospitality establishments used social media as crisis communication practices or strategies (e.g. apology, corrective action and mortification), as well as provided updates to employees, hotel guests, the general public and involved stakeholders (Bingjie et al., 2015).

Other tourism crisis management studies (Irvine & Anderson, 2004; Tse et al., 2006) investigated how small tourist firms and restaurants responded to the FMD and SARS crises. They showed that small tourist firms and restaurants responded to the crises by reducing expenditure/ cost and changing their product mix. However, other studies (Blake & Sinclair, 2003; Goodrich, 2002) focused on terrorist attacks and found that the US Federal Government's responses to the September 11 attacks included tighter security measures at airports, seaports, bus stations and train stations. This step played a role in keeping the airline sector in operation and restoring the confidence of travellers and tourists. Hotels, museums, theme parks and other corporations in the USA also strengthened security measures at the workplace (Blake & Sinclair, 2003). The federal government provided compensation, loans and

subsidies to the airline sector, which were considered as the most effective policy response (Blake & Sinclair, 2003).

del Mar Alonso-Almeida and Bremser (2013) showed that the Spanish hospitality sector countered the 2008 financial crisis by improving certain hotel characteristics, including high quality services and products, strong brand image, a loyal customer base and increased spending on marketing. All of these characteristics improved financial performance in the crisis periods. However, in the Indian Ocean Tsunami crisis, Henderson (2005, 2007a) described the experiences of Thai hotels. On a practical level, the Thai hotels provided water and food supplies to those in need, as well as space and accommodation for relief workers. To add on, hotel staff were released to help in the rescue and recovery operations and performed tasks such as counselling and translating. Staff of hotels participated and cooperated in clearing up operations beyond hotels grounds. Hotels also sought to communicate accurate information about the state of their properties and conditions at destinations. Despite the growing number of studies (e.g. Biggs et al., 2012; Bingjie et al., 2015; Chen, 2011; del Mar Alonso-Almeida & Bremser, 2013; Frisby, 2003; Henderson, 2007a; Scott et al., 2008; Tse et al., 2006) examining how tourism businesses responded to crises and disasters, previous studies have not analysed how MENA tourism businesses, especially at the firm level, responded to war conditions and political instability. To date, what remains unknown is how tourism businesses respond to the Arab Spring Revolutions.

The second part of the recovery aspect of tourism crisis management is tourism restoration after crises and disasters. In this research stream, there are studies focusing on repositioning a tourism destination, restoring destination image and re-establishing tourist confidence through post-disaster and crisis communications strategies (Avraham, 2013, 2015; Beirman, 2009; Chacko & Marcell, 2008; Frisby, 2003; Hystad & Keller, 2008; Ritchie, Dorrell, Miller, & Miller, 2004), as well as marketing recovery campaigns (Armstrong & Ritchie, 2008; Beirman, 2002, 2009; Carlsen & Hughes, 2008; Walters & Mair, 2012), discounts and safety (Cavlek, 2002). Scholars in this stream (e.g. Armstrong & Ritchie, 2008) maintain that providing up-to-date and accurate facts and information to major stakeholders, including government bodies, tourism authorities and industry, as well as the media and tourists, can facilitate overall destination recovery, through limiting the impact of

the crisis and disaster and reconstructing a valuable image and reputation (Ritchie et al., 2004).

Beirman (2009) provided several case studies about the employment of effective destination recovery marketing campaigns. One of the most successful case studies deals with the SARS outbreak that was miscommunicated by the global media and the World Health Organisation (WHO) as a major pandemic. There was a regional recovery campaign involving South East Asia countries and recovery strategy developed by the Pacific Asia Travel Association (PATA). The main part of the regional recovery strategy was the positive involvement of global media networks, in particular, the CNN and BBC regional recovery campaign. A main component of a post-crisis communication plan is the recovery marketing campaign that is used in the short to medium term to counteract negative media coverage, inform tourists, rebuild tourist confidence and encourage continuation of travel (Armstrong & Ritchie, 2008), while in the long term, it is used to attract markets back to the destination and/ or tourism businesses (Mair et al., 2014).

During the height of the SARS crisis in the period of March–June 2003, the Singaporean government committed S\$230 million to support the travel and tourism industry. A major part of these funds was devoted to maintaining employment levels in a wide range of tourism enterprises including the government-owned airlines, attractions, hotels, and tour operators (Beirman, 2006). In addition, a marketing campaign, which was called COOL Singapore Campaign, was conducted to inform and reassure the consumers and travel industry in key markets that the Singaporean government had adopted a range of measures to minimise the threat of SARS. By June 2003 Singapore was declared SARS free by the WHO (Beirman, 2006). Similarly, in response to the effects of a series of attacks in Egypt in the 1990s, there was private and public sector marketing cooperation. The main part of the Egyptian recovery strategy included a reduction in prices to induce tourists to return to Egypt. There was far stronger uniformity of price restraint in Egypt than in other countries with a stronger tendency to a free market economy. In addition, there were special deals that were directed to key source markets in the Arab world, North America, Europe and Oceania. Both Egypt Air and the Egyptian Tourist Authority facilitated large-scale hosting of travel agents and travel journalists from the electronic and print media (Beirman, 2003).

Researchers in the tourism restoration after crises and disasters stream (Blackman & Ritchie, 2008; Mair et al., 2014; Santana, 2004) identified the importance of organisational learning in the tourism recovery or resolution phase of tourism crisis process. In the resolution stage of tourism crisis, the ability of tourism businesses or destinations to learn from crises and disasters plays a role in developing an effective proactive planning and prevention strategy formulation, in order to improve tourism services and products after crises and disasters, as well as form collaborative networks among stakeholders (Mair et al., 2014). This stream emphasises that learning from previous disasters and crises provides a good foundation in understanding the importance of preparedness and developing best practices in crisis response (Paraskevas & Altinay, 2013). Thus, Rousaki and Alcott (2006) found that the prior experience of hotel managers with a crisis is strongly associated with increasing crisis readiness perceptions. Furthermore, Ritchie (2003) suggests that the ability of tourism businesses to learn is dependent on their interest in learning from crises and organisational culture. This view is extended by Ritchie et al. (2004) who found that even though a greater number of tourism policy changes were implemented at the national level after the FMD outbreak in the UK, only a small number of changes were implemented at the local level. This is due to the attitude that FMD cannot be predicted and a perception that FMD events are out of their control.

Other studies (Gatsinzi & Donaldson, 2009; Selvanathan, 2007; Upadhayaya, Müller-Böker, & Sharma, 2011) have investigated the role of the emerging economies' governments (such as Rwanda, Nepal and Sri Lanka) in the post-crisis tourism. When looking at, for example, the Nepalese case (Upadhayaya et al., 2011), there were deliberate and cooperative efforts between the Nepalese tourism industry and the government in forming a coping strategy to save the tourism sector from adverse consequences from the armed conflict. The strategy adopted included: (1) effective use of media; (2) formation of crisis management body and (3) short term policy regulations. Likewise, although the Sri Lankan war disturbances resulted in reductions in the international tourist arrivals to Sri Lanka, the Sri Lankan government's free-trade policy impacted positively on the international tourist arrivals (Selvanathan, 2007). Thus, governments have an important role in minimising the impact of crises. As such, there is a need for a further study into the

role of governments, especially in MENA region, in responding to tourism crises and disasters.

Generally, the literature relating to the recovery aspect of crisis management includes responses to tourism crises and disasters, as well as tourism restoration after crises and disasters. These provide useful insights into reactive actions/ activities during and after the tourism disasters and crises. However, Mair et al. (2014) indicated that there is a need to identify how recovery activities primarily assist in the rebuilding of the community infrastructure, as well as when recovery-marketing campaigns should start, what they should include and how their effectiveness should be evaluated. Faulkner (2001), Mair et al. (2014) and Ritchie (2004) argue that further research is needed on crisis or disaster phenomena on both the tourism industry and specific tourism businesses, as well as the responses of the tourism businesses and tourism industry to such incidents.

Thus, when taking into account the political instability and war circumstances since 2011 in the MENA region, there is an urgent need for research on the responses of the tourism businesses to such political and war circumstances and the tourism crisis recovery efforts from the governments and firms. In addition, Paraskevas and Altinay (2013) argue that studies in the area of the recovery aspect of tourism crisis management do not put forward a holistic tourism crisis management strategy or a tourism crisis framework capturing the different mechanisms of tourism crisis management. Finally, Ritchie, Mair, et al. (2014) argue that discussions regarding the best methods to improve both the speed and effectiveness of response to crisis or disaster are still ongoing. Hence, there is an opportunity to offer some important insights into tourism firms' responses and recovery efforts from the MENA region perspective.

2.2.4.3 Frameworks for a Disaster and Crisis Management in Tourism

From Table 2.2, the tourism crisis management can be viewed by three perspectives. First, the 4Rs of a four-stage process of: reduction, readiness, response and recovery (Evans & Elphick, 2005). Second, the crisis life cycle has three stages: pre-crisis, crisis and post-crisis (Coombs, 2014), Third, the strategic crisis view has three main components: crisis plan formation, implementation, and evaluation (Ritchie, 2004). The main purpose of tourism crisis and disaster management models and frameworks

are, evidently, to provide guidance to tourism businesses' managers, tourist destinations and tourism planners prior to, during and after a crisis and disaster event (Speakman & Sharpley, 2012).

As shown in Table 2.2, Faulkner (2001) developed a Tourism Disaster Management Framework (TDMF) for analysing and developing proactive and reactive strategies. Faulkner identifies six stages in the tourism disaster management, namely, pre-event, prodromal, emergency, intermediate, long term recovery and resolution, with appropriate responses suggested for each stage. Miller and Ritchie (2003) applied the FMD outbreak that occurred in the UK to the framework proposed by Faulkner (2001). They noted that although the framework is useful as an analytical tool and the outbreak fits the fundamental principles of Faulkner's (2001) framework, the framework has limited usefulness for the reason that not all crises and disasters are the same. However, Prideaux (2004) analysed and evaluated Australia's response to tourism disasters in 2001 by using Faulkner's (2001) framework. Prideaux (2004, p. 281) strongly recommended that Faulkner's framework "should be given a high priority by government and receive support from the private sector".

Table 2-2: Tourism Crisis and Disaster Management Frameworks

Author Information	Type of Crises	Crisis Stages	Crisis Management (CM) Responses/Actions
Faulkner (2001)	Natural Disaster-Flood	Pre-event	1- Precursors Disaster management team Relevant agencies and organisations Coordination framework and communication system Develop strategy Education of industry stakeholders Activation protocols
		Prodromal	2- Mobilization Warning system Disaster command centre Secure facilities
		Emergency	3- Actions

			<p>Rescue/ Evacuation procedures</p> <p>Emergency supplies</p> <p>Health services</p> <p>Monitoring and communication systems</p>
		Intermediate	<p>4- Recovery</p> <p>Audit system</p> <p>Clean-up and restoration</p> <p>Media communication strategy</p>
		Long term (recovery)	<p>5- Reconstruction and reassessment</p> <p>Repair and rehabilitation</p> <p>Counselling</p> <p>Restoration of business/ consumer</p> <p>Revisions of disaster strategy</p>
		Resolution	6- Review
Ritchie (2004)	General	Pre-Event and Prodromal	<p>1- Crisis/ Disaster prevention and planning</p> <p>Proactive planning and strategy formulation</p> <p>Environmental scanning</p> <p>Issues analysis</p> <p>Scenario planning</p> <p>Strategic forecasting</p> <p>Risk analysis</p> <p>Scanning to planning</p> <p>Developing plans from scanning and issues analysis</p> <p>Contingency and emergency planning</p>
		Emergency and Intermediate	<p>2- Strategic implementation</p> <p>Strategy evaluation and strategic control</p> <p>Crisis communication and control</p> <p>Resource management</p> <p>Understanding and collaborating with stakeholders</p>
		Long term	3- Resolution, evaluation and feedback

		recovery and Resolution	Resolution and normality Organisational learning and feedback
de Sausmarez (2004)	General	Pre-crisis Period	1- Evaluation of the importance of the tourism sector Identification of sources of greatest risk Identification and monitoring of indicators The Development of a crisis plan
		Crisis Period	1- Implementation of a CM 2- Resolving issues of implementation
		Post-Crisis Period	1- Evaluation, adjustment and learning
Evans and Elphick (2005)	Terrorism	Pre-crisis Period	1- CM plan 2- Training 3- Communication and decision flows
		Immediate Crisis Period	1- Co-operate with the media 2- Identify external groups who may intervene in the time of crisis 3- Emergency services 4- The crisis decision units 5- CM teams
		The Period Of Turnaround And Recovery	1- Systematic debriefing procedure 2- Communication processes 3- Communicate and collaborate with Government 4- Learn from mistakes 5- Return to the pre-crisis stage
Page, Yeoman, Munro, Connell, and Walker (2006)	Influenza Pandemic	Pre-crisis	1- Develop contingency plans 2- Monitoring of tourism trends and data
		Crisis	1- Implementation of contingency plans 2- Use trusted sources and communicate with staff and customers 3- Monitor reaction of tourism markets through business advisors 4- Implement revised marketing initiatives

			5- Implement communications strategy
		Post-crisis	1- Adaptation to new market situation 2- Reduce or suspend marketing activities 3- Develop recovery plans to deal with the aftermath of the pandemic 4- Review marketing strategies to account for new opportunities
Paraskevas and Arendell (2007)	Terrorism	Pre-crisis	1- Formation of destination anti-terrorism group 2- Destination terrorism exposure analysis 3- Destination anti-terrorism strategy formulation
		Crisis	1- Strategy implementation and management
		Post-crisis	1- Strategy monitoring and maintenance
Huanga, Tseng, and Petrick (2008)	Earthquake	Pre-event and Prodromal	1- CM formation Reduction including SWOT analysis and crisis plan Readiness including developing strategic, tactical and communication plans, as well as developing skills and psychological and physiological readiness
		Emergency and Intermediate	2- CM implementation Crisis communication strategy including local and international media Placing information about the disaster on an official Website.
		Long-term (recovery) and Resolution	3- CM evaluation Destination recovery process Business resumes Communicating with potential tourists and travel
Hystad and Keller (2008)	Forest Fire	Pre-disaster	1- Emergency Organisations (EO) Develop and communicate disaster strategy. Develop warning systems. Coordinate plan with Tourism Organizations. 2- Tourism Organizations (TO) Develop media and marketing strategy Coordinate planning with tourism organisations

		<p>Facilitate communications between EO and Tourism Businesses.</p> <p>3- Tourism Businesses (TB)</p> <p>Develop individual plans.</p> <p>Communicate plan with employees.</p> <p>Communicate with tourism organisations</p>
	Disaster	<p>1- Emergency Organizations (EO)</p> <p>Emergency responses</p> <p>Communicate with TO and EO</p> <p>Establish media response centre</p> <p>2- Tourism Organizations (TO)</p> <p>Communicate with EO</p> <p>Communicate and update TB</p> <p>Support media communications</p> <p>Create tourists information line</p> <p>3- Tourism Businesses (TB)</p> <p>Implement individual disaster plans</p> <p>Update tourists on situation</p> <p>Communicate with TO and EO</p>
	Post-disaster	<p>1- Tourism Organizations (TO)</p> <p>Fine tune marketing response</p> <p>Establish recovery marketing</p> <p>Communicate with TB</p> <p>Continue tourist info line</p> <p>2- Tourism Businesses (TB)</p> <p>Communicate issues with TO</p> <p>Stay in contact with clientele</p> <p>Support media communications</p> <p>Conduct individual recovery marketing</p> <p>3- Emergency Organizations (EO)</p> <p>Situation review</p>

		Resolution	1- Share between experiences TO, TB and EO 2- Review and revision of disaster management plans
Becken and Hughey (2013)	Flooding/ Storms	Pre-crisis	1- Reduction Planning and Mitigation Consultation and education 2- Readiness Warning systems Evacuation and communication
		Crisis	1- Response Rescue and welfare Transportation Communications
		Post-crisis	1- Recovery Rebuild Assistance Communications

Ritchie (2004) expanded on Faulkner's TDMF (2001) and proposed a strategic and holistic framework to crisis management for the tourism industry. The framework begins with proactive pre-crisis planning through to strategic implementation and eventually, evaluation and feedback. In the pre-event and prodromal stages, there is crisis/ disaster prevention and planning that involves environmental scanning and analysis, scenario planning and then developing contingency and emergency planning. In the emergency and intermediate stages, the strategic implementation involves performing a set of procedures and policies related to strategy evaluation and strategic control, crisis communication, resource management, understanding and collaborating with stakeholders. Finally, in the long-term (recovery) resolution stages, resolution, evaluation and feedback involves the resolution and restoration of tourism destinations or tourism businesses to pre-crisis situation and the organisational learning.

Other scholars have also proposed tourism crisis frameworks (see Table 2.2). de Sausmarez (2004) proposed a model for establishing a national crisis management policy for tourism; Evans and Elphick (2005) developed a crisis management process model for addressing the effects of terrorist attacks; Page et al. (2006) developed a framework of a visit crisis response model for an influenza pandemic; Paraskevas and Arendell (2007) provided a framework for destination anti-terrorism strategy development; Huanga et al. (2008) proposed an integrated crisis management framework for accelerating tourism recovery from the earthquake; Hystad and Keller (2008) proposed a destination tourism disaster management cycle that describes the main responsibilities and degree of interaction among the main stakeholders and how Destination Marketing Organisations (DMO) can contribute during the phases of a forest fire disaster; and finally, Becken and Hughey (2013) developed a framework for enhancing disaster risk reduction through developing a tourism action plan for each of the four Rs (Reduction, Readiness, Response and Recovery).

By comparing tourism crisis and disaster management frameworks (see Table 2.2) in terms of type of crises, it can be noticed that the majority of frameworks (Becken & Hughey, 2013; Faulkner, 2001; Huanga et al., 2008; Hystad & Keller, 2008) are based mainly on the data about natural disasters, including flooding, forest fire, earthquake and influenza pandemic. On the contrary, the minority of tourism crisis and disaster management frameworks (Evans & Elphick, 2005; Paraskevas & Arendell, 2007) are based on data about an act of human violence, notably terrorism. It is important to keep in mind that all of these frameworks are based on the assumption that a crisis or disaster follows a phased life cycle including pre-crisis, crisis and post-crisis. However, although the current frameworks provide different crisis management responses/ actions, they generally emphasize the importance of developing a contingency plan and crisis communication strategy.

Although current crisis and disaster management frameworks have played an important role in improving the understanding of disasters and crises in tourism and providing guidance in the pre-crisis, during crisis and post-crisis and disaster event, there are still some scholars (Mair et al., 2014; Ritchie, 2008) who are calling for a more comprehensive and integrative framework to tourism crisis and disaster planning and management. Similarly, Paraskevas and Altinay (2013) argue that studies in the area of the impact on tourism do not put forward a holistic tourism

crisis management strategy or a tourism crisis framework that captures the different mechanisms of tourism crisis management. In addition, most tourism disaster and tourism crisis management models examine crises and disasters at a tourist destination level, rather than an analysis on a business firm or organisational level, i.e. the capabilities and responses of tourism firms to the crisis.

Speakman and Sharpley (2012) argue that the current crisis and disaster frameworks are limited by five factors: (1) the unpredictability of tourism crises and disasters, such as hurricanes being unpredictable in their occurrence, evolution and impact. The identification of unpredictable crises is problematic and therefore, scenario planning and contingency may be expensive, time consuming and eventually, fruitless; (2) limitations of prescriptive/ linear models - some crises and disasters may happen without warning and a tourist destination can immediately enter the emergency or crisis stage, by-passing the pre-crisis and prodromal stage and thus requiring rapid reactive actions; (3) a 'one-size-fits-all' approach - various types of crises and disasters, such as animal epidemics, war or terrorism have different effects and recovery times and as such, require different recovery strategies. Therefore, this limits the usefulness of an individual crisis model for all; (4) the cultural context - different cultural and geographic contexts limit the applicability of models; (5) realities of small businesses - though the current crisis models are more suitable for destination management levels, they are of little relevance to majority of the local tourism businesses. However, the current crisis frameworks are useful for gaining insights into the responses of Libyan tourism firms during the Libyan civil war in 2011.

2.2.5 Summary

This section presents the existing definitions of the terms 'tourism disaster' and 'crisis' and also distinguished between the two terms. It discussed the various types of crises and disasters, as well as their external and internal sources. The tourism crisis management literature related to managing tourism crises and disasters was discussed in terms of the impact of disasters and crises, the recovery from disasters and crises and frameworks for a disaster and crisis management in tourism. In addition, the literature relating to the recovery aspect of crisis management was discussed in terms of the responses to tourism crises and disasters, as well as tourism restoration after crises and disasters.

The discussion in this section demonstrates that there is a need to understand the effects of crises, in particular civil wars and political instability (such as the Arab Spring Revolution), on the tourism sector of countries in the MENA region. There is also a need to understand the effectiveness of responses of tourism businesses in the MENA region. Surprisingly, limited attention has been devoted to provide an analysis of how MENA tourism businesses, especially at the firm level (for example, the capabilities and responses or actions of tourism firms to the crisis), responded to war conditions and political instability during what is called the Arab Spring Revolution. Generally, this section is useful and valuable in providing meaningful insights into understanding how Libyan tourism firms have to the Libyan civil war conditions in 2011 (i.e., the civil-war period). The next section complements the tourism crisis management section, as it focuses on the post-civil war period. The dynamic capabilities perspective is used as a theoretical lens to understand Libyan tourism firms' responses to environmental turbulence in the post-civil war period.

2.3 Dynamic Capabilities Literature

The aim of this section is to review the perspective of dynamic capabilities for explaining how and why certain firms have the ability to adapt in turbulent environments, while others do not.

2.3.1 Dynamic Capabilities Perspective (DCP): An Overview

For years, the Resource-Based View (RBV) has been a very influential perspective in the field of strategic management, in terms of understanding how firms can achieve and then sustain their competitive advantage over time. An overriding assumption of RBV is that firms can be visualised as bundles of resources that are heterogeneously distributed across firms (Eisenhardt & Martin, 2000). When firms whose resources meet VRIN attributes that are simultaneously valuable (V), rare (R), inimitable (I) and non-substitutable (N) (Barney, 1991), they can implement their fresh value-creating strategies to enable them to achieve a sustainable competitive advantage over their rival firms (Barney, 1991; Grant, 1991). These fresh value-creating strategies cannot be easily duplicated by rival firms (Eisenhardt & Martin, 2000). Thus, it shows that the differences in a firm's performance are related to variances in a firm's resources and their type, accumulation and usage, including a combination of these (Mehra, 1996).

The RBV focuses internally on the firm and its resources, i.e. the internal environment and does not take into account the external environment (Bontis, 1999). Hence, RBV proponents have assumed that the external firm environment is relatively static (Barney, 1991). However, as external environments have become more turbulent and dynamic, the RBV has failed to provide sufficient explanations of how and why certain firms are able to acquire sustainable competitive advantage in such environments (Eisenhardt & Martin, 2000; Teece et al., 1997). Under criticism from Priem and Butler (2001), Barney (2001) admitted that the RBV approach is not applied to dynamic environments that are characterised by high velocity and rapid changes, rather it is only applied to static ones.

On the other hand, Teece et al. (1997) extended the RBV approach by proposing a dynamic capabilities perspective. Thus, the dynamic capabilities perspective can be seen as a further elaboration of the RBV approach, reengineering it for turbulent and rapidly changing markets that most firms face today (Shuen, Feiler, & Teece, 2014). According to this perspective, dynamic capabilities enable firms to extend or modify the ways in which they currently make their living (Helfat et al., 2007), in order to achieve congruence with the rapidly changing business environments (Teece et al., 1997). Firms use dynamic capabilities to modify how they make a living by altering operational capabilities (Winter, 2003) or what Helfat et al. (2007, p. 4) call the “resource base” of an organisation including “tangible, intangible and human assets (or resources), as well as capabilities which the organisation owns, controls, or has access to on a preferential basis”, or revamping what the firm is doing so that it maintains a good fit with its business ecosystem (Teece, 2007, 2012).

2.3.2 Development of Dynamic Capabilities Literature

The last eighteen years have witnessed major advances in the field of dynamic capabilities, since Teece et al. (1997) conceptualised the notion of dynamic capabilities as an extension of RBV (Barney, 1991; Peteraf, 1993). Significant progress has been made, especially with regards to conceptual developments focusing on identifying the nature and scope of dynamic capabilities (Katkalo, Pitelis, & Teece, 2010). These conceptual developments have provided a detailed elaboration of key definitions in the field of dynamic capabilities (e.g., Eisenhardt & Martin, 2000; Helfat & Peteraf, 2003; Shuen et al., 2014; Teece, 2007, 2012; Teece et al., 1997; Winter, 2003; Zollo & Winter, 2002).

Barreto (2010) showed that the dynamic capabilities concept might vary in terms of: (1) the nature; (2) specific role and (3) relevant context. First, according to the nature, as shown in Table 2.3, some authors (e.g., Helfat et al., 2007; Teece, 2000; Teece et al., 1997; Winter, 2003; Zahra, Sapienza, & Davidsson, 2006) defined dynamic capabilities as abilities (or capacities) or as processes/ routines. Helfat et al. (2007, p. 5) defined a capacity not only as “the ability to perform a task in at least a minimally acceptable manner”, but also as an intentional and repeatable function to distinguish it from a one-time idiosyncratic change to the resource base of a firm. Eisenhardt and Martin (2000) defined dynamic capabilities as a set of specific and identifiable processes, while Zollo and Winter (2002, p. 340) referred to dynamic capabilities as “a learned and stable pattern of collective activity”. The last definition denotes that dynamic capabilities are routines, which are “regular and predictable behavioural patterns” and are important in the evolution of the firm and its ability to innovate and compete effectively (Hales & Tidd, 2009, p. 3).

The second feature is the specific role. Some authors have considered the key role of dynamic capabilities to be the ability to change major internal components of the firm, such as resources and capabilities (Eisenhardt & Martin, 2000; Teece, 2007, 2012; Teece et al., 1997; Winter, 2003); resource base (Ambrosini, Bowman, & Collier, 2009; Helfat et al., 2007); as well as operational capabilities or routines (Protogerou, Caloghirou, & Lioukas, 2012; Zahra et al., 2006; Zollo & Winter, 2002). Thus, dynamic capabilities are seen as capacities or routines governing the modification of the resource base (Helfat et al., 2007) or operational capabilities (Winter, 2003). Several studies (e.g. Ambrosini et al., 2009; Colls, 1994; Danneels, 2002; Winter, 2003) have suggested that the capabilities can be classified into a hierarchical structure. There are zero-level capabilities (in other words, these are the resource bases) that allow the firm to earn a living. There are also first order capabilities (i.e., these are dynamic capabilities) that change zero-level capabilities, as well as higher-order capabilities (i.e., these are organisational learnings) that change first-order capabilities (Ambrosini et al., 2009; Breznik & Hisrich, 2014). The third feature is the relevant context. Researchers argued that dynamic capabilities are not only important in high-velocity environments (Helfat, Di Stefano, & Verona, 2013; Teece, 2007), but are also relevant in both moderately dynamic

(Eisenhardt & Martin, 2000; Schilke, 2014) and stable environments (Ambrosini et al., 2009).

The current thesis adopts the definition of Teece (2007) (Table 2.3). However, the definitions (see Table 2.3) of Augier and Teece (2009), Barreto (2010), Pavlou and El-Sawy (2011), Protogerou et al. (2012), Shuen et al. (2014), Teece (2000, 2012), Winter (2003), Helfat et al. (2007) and Zahra et al. (2006) provide an in-depth understanding of the dynamic capabilities concept and further explain the definition of Teece (2007). A number of important observations are extracted as follows.

From Table 2.3, dynamic capabilities enable firms to identify the need for a change in their external environments, determine and formulate a response to such a need and implement course of actions (Helfat et al., 2007). The ultimate goal of exercising dynamic capabilities is to enable firms to adapt to turbulent environments by altering their resource bases or operational capabilities (Ambrosini et al., 2009; Helfat & Peteraf, 2003; Pavlou & El-Sawy, 2011; Shuen et al., 2014; Teece, 2007, 2012; Winter, 2003; Zahra et al., 2006). Thus, dynamic capabilities are not directly linked to firms' performances. Instead, they are indirectly linked through altering the resource base in an intentional and systematic manner; thereby, overcoming the criticism that dynamic capabilities are tautologically linked to performance (Barreto, 2010; Helfat et al., 2007; Pavlou & El-Sawy, 2011; Protogerou et al., 2012).

Therefore, from a typologies perspective, dynamic capabilities change or modify the zero-level or operational capabilities, which, in turn, enable the firm to achieve a better performance (Protogerou et al., 2012). In this vein, Helfat and Peteraf (2003, p. 999) state that, "dynamic capabilities do not directly affect output for the firm in which they reside, but indirectly contribute to the output of the firm through an impact on operational capabilities". Section 2.3.3 provides details about different capabilities at different levels and how they relate to one another.

The word 'systematically' in some definitions of dynamic capabilities indicate that systematic change efforts are needed to track the environmental changes (Helfat et al., 2007; Zollo & Winter, 2002). However, the word 'purposefully' indicates that dynamic capabilities reflect some degree of intent. This helps in distinguishing dynamic capabilities from: (1) improvisational capabilities, which denote spontaneous actions without formal planning (Pavlou & El-Sawy, 2010, 2011); (2)

organisational routines, which consist of rote organisational activities that lack intent and (3) accident or luck (Helfat et al., 2007). Some of the current definitions clearly distinguish between dynamic and operational capabilities and resource bases (see Section 2.3.3) (Pavlou & El-Sawy, 2011; Winter, 2003; Zahra et al., 2006).

Managerial perceptions of environmental dynamism are essential triggers for the performance of dynamic capabilities and the renewal of a firm's resource base (Ambrosini et al., 2009). Dynamic capabilities are identified and built over time, rather than bought in the market (Ambrosini et al., 2009) and they are also moulded by path-dependencies (Feiler & Teece, 2014; Zollo & Winter, 2002). Thus, they are shaped by the decisions the firms have made throughout their history and the stock of assets that they hold (Ambrosini et al., 2009). Finally, the dynamic capabilities concept is not an ad hoc problem solving because it contains some patterned element (Winter, 2003).

As shown in Table 2.3, therefore, the definition of Teece (2007) summarises the notion of dynamic capabilities by emphasising that firms can identify and respond to the need or opportunity for a change in the external environments by: (1) sensing and shaping opportunities and threats; (2) seizing opportunities and neutralising threats and (3) reconfiguring the existing firm's resources.

Table 2-3: List of Definitions of Dynamic Capabilities (in chronological order)

Author/s (Year)	Definition of Dynamic Capabilities
Teece et al. (1997)	The firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments.
Eisenhardt and Martin (2000)	The firm's processes that use resources — specifically the processes to integrate, reconfigure, gain and release resources — to match and even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve and die.
Teece (2000)	The ability to sense and then seize opportunities quickly and proficiently.
Griffith and Harvey (2001)	A global dynamic capability is the creation of difficult- to-imitate combinations of resources, including effective coordination of inter-organizational relationships, on a global basis that can provide a firm a competitive advantage.

Zollo and Winter (2002)	A learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness.
Winter (2003)	Those capabilities that operate to extend, modify, or create ordinary capabilities.
Macpherson, Jones, and Zhang (2004)	The ability of managers to create innovative responses to a changing business environment.
Zahra et al. (2006)	The abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision maker(s).
Helfat et al. (2007)	The capacity of an organization to purposefully create, extend or modify its resource base.
C. L. Wang and Ahmed (2007)	A firm's behavioural orientation constantly to integrate, reconfigure, renew and recreate its resources and capabilities and most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage.
Teece (2007)	Dynamic capabilities are the capacity of a firm to: (1) sense and shape opportunities and threats; (2) seize opportunities and (3) reconfigure the existing firm's resources.
Augier and Teece (2009)	The ability to sense and then seize new opportunities and to reconfigure and protect knowledge assets, competencies and complementary assets, with the aim of achieving a sustained competitive advantage.
Barreto (2010)	The firm's potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions and to change its resource base.
Salunke, Weerawardena, and McColl-Kennedy (2011)	The capacity of an organization to purposefully create, extend or modify its knowledge-related resources, capabilities or routines, to pursue improved effectiveness.
Pavlou and El-Sawy (2011)	Those capabilities that help units extend, modify and reconfigure their existing operational capabilities into new ones that better match the changing environment.
Protogerou et al. (2012)	Dynamic capabilities are conceived as the capacity of an organization to purposefully and systematically create, extend or modify its operational capabilities.
Teece (2012)	Higher-level competences that determine the firm's ability to integrate, build, and reconfigure internal and external resources/ competences to address and possibly shape, rapidly changing business environments.
Shuen et al. (2014)	Dynamic capabilities are the ability to integrate, build and reconfigure internal and external competencies to address rapidly changing markets.

2.3.3 Typologies of Capabilities

Dynamic capabilities have been seen as complex processes consisting of several sub-processes embedded in firms, such as product development, alliancing and strategic decision making (Eisenhardt & Martin, 2000). Several efforts have been made to categorise capabilities into a hierarchical order. Among these efforts are the works of Colls (1994), Danneels (2002), Winter (2003), Zahra et al. (2006), and Ambrosini et al. (2009). Such efforts have played two important roles. Firstly, they formed the basis for understanding how well and quickly dynamic capabilities reconfigure existing operational capabilities into superior ones that better match the turbulent environment (Pavlou & El-Sawy, 2011). Secondly, a hierarchical classification eliminates the tautological link between dynamic capabilities and a firm's performance (Barreto, 2010).

As shown in Table 2.4, Colls (1994) first proposed that there are four categories of capabilities. The first category includes “those that reflect an ability to perform the basic functional activities of the firm”, such as distribution logistics (1994, p. 145); they also represent firm resources. The second category includes those that reflect an ability to improve the activities of the firm, while the third enables firms to “recognise the intrinsic value of other resources or to develop novel strategies before competitors” (1994, p. 145). Both the second and third categories are dynamic capabilities and relate to the modification and creation and extension of the resource base (Ambrosini & Bowman, 2009). The fourth category is a higher-order or meta-capability, which is a learning-to-learn capability (Colls, 1994). Danneels (2002) developed upon the ideas of Colls (1994) and proposed two types of capabilities. First-order capabilities are customer and technological competences, whereas second-order capabilities enable the firm to renew itself through developing new first-order capabilities.

The idea of a capability hierarchy is further developed by Winter (2003) who developed three levels of capabilities. He suggested ordinary or zero-level capabilities that are essential for a firm's day-to-day operations or as Winter stated that “how we earn a living now” capabilities (2003, p. 992). Zero-level capabilities are similar to the resource base (Ambrosini et al., 2009). Winter (2003) further suggested that first-order capabilities change or modify the zero-level capabilities. Finally, there are higher order capabilities that are the outcomes of organisational

learning. The organisational learning facilitates the creation and modification of first-order capabilities, as both first-order and higher order capabilities are dynamic capabilities. Zahra et al. (2006) distinguishes between substantive capabilities and higher-order dynamic capabilities. The ability to solve a problem is explained as the substantive capability, while the ability to modify the way the firm solves its problems is the higher-order dynamic capability.

As shown in Table 2.4, Ambrosini et al. (2009) combined previous different levels of capabilities, linked them with environmental states and then developed a new different hierarchy. First, there are the incremental dynamic capabilities that are concerned with the gradual and continuous improvement of the resource base. Second, there are renewing dynamic capabilities that refresh, adapt and augment the resource base. Third, there are regenerative dynamic capabilities that not only impact on the firm's resource base, but also its current set of dynamic capabilities at the incremental and renewing levels. Recently, both Feiler and Teece (2014) distinguished between meta-processes as dynamic and ordinary capabilities that focus on the performance of a specific delineated task.

Table 2-4: Comparison of capabilities typologies

Colls (1994)	Danneels (2002)	Winter (2003)	Zahra et al. (2006)	Ambrosini et al. (2009)	Feiler and Teece (2014)
First category	First-order capabilities	Ordinary or zero-level capabilities	Substantive capabilities	Resource base	Ordinary capabilities
Second and third categories	-----	First-level capabilities	-----	Incremental and renewing dynamic capabilities	-----
Meta-capabilities	Second- order capabilities	Higher-level capabilities	Dynamic capabilities	Regenerative dynamic capabilities	Meta-processes

Despite the fact that different terms have been used to indicate different levels of capabilities, these terms have similar purposes. They share a general assumption that certain types of capabilities are used for operational purposes, while others are used for dynamic purposes. Furthermore, some capabilities simultaneously serve both

dynamic and operational purposes (Helfat & Winter, 2011). Specifically, the first category capabilities, ordinary or zero-level capabilities and substantive capabilities are similar and reflect operational routines/ capabilities “that permit a firm to make a living in the short term” (Winter, 2003, p. 991). Secondly, first-order dynamic capabilities, second-order capabilities, incremental dynamic capabilities, renewing dynamic capabilities and meta-processes are similar and related to the changing of the resource base or zero-level capabilities. Finally, meta-capabilities, higher order capabilities and regenerative dynamic capabilities are similar and related to the changing of the first and second-order capabilities.

2.3.4 Levels of Dynamic Capabilities and Perceived Environmental States

Even though Eisenhardt and Martin (2000) argue that dynamic capabilities can be used in both moderately dynamic environments and high-velocity environments, some authors (Ambrosini et al., 2009; Castiaux, 2012) assert that each level of dynamic capabilities is applied according to the managerial perceptions of environmental dynamism. That is to say, there are three different levels of dynamic capabilities that are applied to three different levels of environmental turbulence in which the firm evolves.

In the stable environment level, the pace of change is slow and the extent of change is limited. Thus, incremental dynamic capabilities are sufficient to continue the improvements of the firm’s resource base. The continuous improvements are often minor adjustments that a firm makes to its operations or products and services; an example is quality management processes. This type of dynamic capability makes an adaptive change to the resource base; however, the ways these changes are caused do not change (Ambrosini et al., 2009).

In the dynamic environment level, the resource-based advantages can become disadvantages or may be rapidly eroded. In this type of environment, firms need to refresh, adapt and augment their resource base by exercising renewing dynamic capabilities. In the incremental capabilities level, the existing resources undergo continuous improvements. However, in the renewing capability level, new resources are created or existing resources are combined in new ways. For example, this is evident in the extension of a brand into a new product application or the introduction of new product lines (Ambrosini et al., 2009).

The third level is that of the turbulent environment, called hyper environment by some authors (Ambrosini et al., 2009; Castiaux, 2012). When the changes in the external environment are non-linear and discontinuous, the existing incremental and renewing dynamic capabilities become insufficient to impact appropriately on a firm's resource base because the incremental and renewing capabilities themselves need to be renewed (Ambrosini et al., 2009). That is, firms need to exercise regenerative dynamic capabilities to change the ways used to purposefully create, extend or modify their resource bases (Ambrosini et al., 2009; Helfat et al., 2007). Therefore, regenerative dynamic capabilities indirectly impact on the resource base through changing the extent of the incremental and renewing capabilities (Ambrosini et al., 2009).

2.3.5 Building Dynamic Capabilities in Turbulent Environments

As the business environment is becoming increasingly turbulent and unpredictable with perceived opportunities and threats, firms need higher-order dynamic capabilities. Since the higher-order dynamic capabilities enable the firm to build new or update existing first-order dynamic capabilities; that in turn, will lead to the creation of new and/ or the modification of existing resource bases or operational capabilities (Ambrosini et al., 2009; Colls, 1994; Pavlou & El-Sawy, 2011; Winter, 2003; Zahra et al., 2006). Several scholars (e.g. Feiler & Teece, 2014; Winter, 2003; Zahra et al., 2006; Zollo & Winter, 2002) argue that the best way to understand the notion of building dynamic capabilities is from the organisational learning perspective, as shown below.

In 1997, Teece and his colleagues left the question open as to where dynamic capabilities come from or how such capabilities are built. Recently, Feiler and Teece (2014, p. 15) commented that both Zollo and Winter (2002) answered the relevant question: "how do dynamic capabilities come into existence and evolve over time?". Feiler and Teece (2014) also provided detailed case-study data that support the ideas of Zollo and Winter (2002). Zollo and Winter (2002) highlighted that dynamic capabilities build through organisational processes of: (1) tacit experience accumulation; (2) knowledge articulation and (3) knowledge codification, while operating routines/ capabilities develop through the accumulation of experience.

First of all, tacit experience accumulation reflects the learning process by which operating routines are developed through experience accumulation, as a result of the repeated execution of similar tasks (Zollo & Winter, 2002). Operating routines are the outcomes of trial and error learning process and the selection and retention of past behaviours (Macher & Mowery, 2009; Zollo & Winter, 2002). In relatively stable, non-turbulent environments, a single learning episode may suffice to endow the firm with operating routines that are a source of advantage. In addition, the change of operating routines can be produced by the tacit accumulation of experience and sporadic acts of creativity. Thus, dynamic capabilities are unnecessary and if developed, are too costly to maintain (Zollo & Winter, 2002).

Knowledge articulation is the second mechanism of building dynamic capabilities and refers to “the process through which implicit knowledge is articulated through collective discussions, debriefing sessions and performance evaluation processes” (Zollo & Winter, 2002, p. 341). By explaining their opinions and viewpoints, sharing individual experiences with colleagues and engaging in constructive confrontations, organisational members can achieve an improved level of understanding of the causal links between the actions required to execute a certain task and the performance outcomes produced. The articulation efforts can increase the understanding of the new and changing action-performance links, and result in adaptive adjustments to the existing operating routines or enhance the need for more fundamental changes (Zollo & Winter, 2002).

The knowledge codification mechanism involves the highest level of cognitive efforts. The codification efforts are required when members of an organisation codify their understandings of the performance implications of internal routines in written tools, such as decision support systems, spreadsheets and project management software (Zollo & Winter, 2002). Knowledge codification is therefore not only vitally important for knowledge transfer, but also for the knowledge evolution process, as well as the coordination and implementation of complex activities. Codification is also important for generating new proposals to change the existing operating routines. In addition, knowledge codification plays a role in building new operating routines (Macher & Mowery, 2009; Zollo & Winter, 2002).

Zollo and Winter (2002) explained that the level of investment in developing dynamic capabilities is considered the lowest when the firm depends on the experience accumulation, as the learning happens in a semiautomatic fashion. On the contrary, the level of investment in developing dynamic capabilities is likely to be higher when the firm depends on knowledge articulation and codification processes. The firm may not only invest more time, efforts and resources for organisation members to meet and discuss their respective experiences and beliefs, but it may also invest in developing new or updating existing written tools, such as decision support systems (Zollo & Winter, 2002). Overall, firms operating in turbulent environments need to purposefully invest in developing knowledge articulation and codification routines. Such routines are higher levels of cognitive efforts that enable firms to create new proposals to change existing operating routines or resources base.

Although several attempts have been made to explain the evolution of dynamic capabilities, they offered a perspective in the same direction of Zollo and Winter (2002). For example, Zahra et al. (2006) proposed that dynamic capabilities are built by: (1) improvisation; (2) learning by trial and error and (3) experimentation to learn how to deal with turbulent conditions. Several other authors have begun to use the Knowledge Management (KM) perspective to capture KM processes behind the development and utilisation of dynamic capabilities in new product development, information technology, innovations and the manufacturing sector, namely Cepeda and Vera (2007), Denford (2013), Easterby-Smith and Prieto (2008), Marsh and Stock (2003), Nielsen (2006), Prieto and Easterby-Smith (2006), Villar, Alegre, and Pla-Barber (2014), as well as Zheng, Zhang, and Du (2011). Most of these studies indicate that the ability of firms to acquire, distribute, interpret, retain and apply the knowledge, will influence their ability to create new or transform its existing capabilities into new ones, so as to adapt to the turbulent environment.

2.3.6 Components of Dynamic Capabilities

In an effort to understand how firms exercise their dynamic capabilities to modify resource base for adapting in turbulent environments, studies showed that every dynamic capability has a number of interrelated components (Eisenhardt & Martin, 2000; Pavlou & El-Sawy, 2011; Protogerou et al., 2012; Schilke, 2014; Teece, 2007; Teece et al., 1997). In relevant literature, different labels have been used to refer to

similar components of dynamic capabilities. Alternatively, similar labels have been given for different components of dynamic capabilities (Pavlou & El-Sawy, 2011).

Several scholars have disaggregated components of dynamic capabilities. For example, integrating, learning and reconfiguring (Teece et al., 1997); the adaptive, absorptive and innovative capability (C. L. Wang & Ahmed, 2007); the coordination, learning and strategic competitive response capability (Protogerou et al., 2012); as well as the sensing, learning, integrating and coordinating capability (Pavlou & El-Sawy, 2011). A few scholars identified specific types of dynamic capability: for example, alliance management capability (Schilke, 2014); new product development capability (Marsh & Stock, 2003; Schilke, 2014) and absorptive capacity (Zahra & George, 2002). Others focused on dynamic capabilities in specific functions of the firm, for example in marketing (Bruni & Verona, 2009; Fang & Zou, 2009). However, the most widespread accepted components in the strategic literature have been developed by Teece (2007), who concluded that dynamic capabilities have three components: sensing, seizing and managing threats/ transforming:

(1) Sensing focuses on gaining knowledge about the external and internal environment, considering options and making decisions about the strategic direction. The sensing capability is comprehensive, outside and inside the firm. Outside the firm, sensing is an intrinsically entrepreneurial set of dynamic capabilities that focuses on gaining knowledge about competitors, probing markets, exploring opportunities, listening to suppliers and customers, distilling new service and product opportunities and perceiving threats, along with scanning other important elements of the business ecosystem, e.g. government regulators, joint ventures, partners, etc. Sensing also requires the management to construct models and test scenarios and in specific markets, to identify latent demand and the structural evolution of industries. Sensing benefits from research and development, individual insights, as well as the application of data analytics and experimentation. Furthermore, the sensing capability focuses on activities that develop a culture of open communication and knowledge about the firm's readiness to capture value (Feiler & Teece, 2014).

(2) Seizing focuses on mobilising and inspiring the firm and its complementary assets to develop organisational and ecosystem readiness to capture the opportunities and neutralise threats. The seizing capability deploys a set of capabilities and

resources and encourage investment in development and commercialisation activity, so as to capture opportunity and mitigate risk (Feiler & Teece, 2014). For example, mobilising resources, establishing best practices, improving complementary assets and strengthening operational capabilities can strengthen readiness. Capabilities around selling off non-strategic assets or eliminating irrelevant processes are also significant (Feiler & Teece, 2014; Teece, 2007). Core seizing activities consist of making the business case, communicating it, aligning stakeholders/ partners, raising capital, planning to execute the strategy and the implementation of organisational innovations or business models that provide structures for action (Feiler & Teece, 2014).

(3) Transformational capabilities are the special routines designed to sustain strategic relevance in changing environments through the revamping of operational capabilities, continuous alignment, co-alignment, realignment, as well as redeployment of tangible and intangible resources/ assets, that is, the resource base (Feiler & Teece, 2014; Teece, 2007). This can minimise internal conflicts and maximise complementarities and productive exchanges inside the firm. Teece (2007) uses the term 'reconfiguration' to indicate the adaptation and repurposing capabilities through redesigning a business model, reallocating and recombining existing resources as external or organisational realities change. Finally, the transformation processes are dependent on leaders who mobilise, motivate and inspire employees to change (Feiler & Teece, 2014).

In short, dynamic capabilities are the orchestrated and managed clusters of activity that empower and help guide managers' decisions about direction (sensing), that prepare, plan and align stakeholders, engendering organisational readiness for change (seizing), and that actually changes the firm, so as to capture business opportunities and create value through efforts to mitigate risks (transformation). Given this understanding, dynamic capabilities can be understood to empower strategy execution, helping inform and make precise decisions about what to do (direction and vision) and increase the firm's readiness and ability to achieve it (Feiler & Teece, 2014).

2.3.7 The State of Dynamic Capabilities Research in Emerging Economies and Tourism Context

In reviewing the literature about dynamic capabilities in the emerging economies context, it is noted that there has been little research on how firms have developed dynamic capabilities in response to environmental turbulence in emerging economies. Indeed, there are very few studies that provide empirical and theoretical frameworks primarily focusing on interpreting firms' adaptation and organisational transformation processes in emerging economies from a dynamic capabilities perspective.

Notably, Newman (2000) developed a conceptual framework of organisational transformation in the emerging economies. This framework focused on the institutional upheaval as a driver of organisational learning and organisational transformation and indicated that attempts to "change formerly state-owned firms will be difficult until the institutional context becomes more predictable and stable" (Newman, 2000, p. 616). However, Newman's framework is unable to provide an explanation for how the characteristics of emerging economies and turbulent environments can serve as external drivers of the tourism firms, to make necessary changes by developing organisational capabilities to continue operating in turbulent environments.

Zhou et al. (2006) empirically tested the model of organisational changes in an emerging economies context. Zhou et al. found that organisational changes are driven by a past performance, an opportunity and a capability to change. Dixon et al. (2010) developed a theoretical framework of organisational transformation in emerging economies. The framework posits that the development of dynamic capabilities is passed through three stages: 1) break with the past; 2) exploitation and deployment and 3) exploration and innovation. However, the frameworks of Newman (2000), Zhou et al. (2006) and Dixon et al. (2010) are unable to explain how tourism firms deal with the sudden changes in economic, political, security and constitutional systems in emerging economies, as seen in the situations of some of the MENA countries, especially in Libya in 2010 and 2011.

Uhlenbruck et al. (2003) proposed a conceptual framework of resource development of privatised firms in emerging economies. It was suggested that the reconfiguration

of resources and adaptation of organisational structure and processes are essential to achieve strategic flexibility and thereafter, to improve performance. In addition, Malik and Kotabe (2009) offered a framework of the dynamic capability development mechanisms in emerging market manufacturing firms. They empirically identified three mechanisms for dynamic capability development, which are organisational learning, reverse engineering and manufacturing flexibility. Unlike the above frameworks that only used dynamic capabilities to explain firm adaptation, in the current thesis, tourism crisis management and dynamic capabilities perspectives are synthesised. Here, both perspectives are used to understand tourism firms' responses to environmental turbulence in Libya. Therefore, the crisis management perspective is related to the war period, while the dynamic capabilities perspective is related to the post-war period.

In addition, it has been noted that much of the dynamic capabilities literature tended to focus on developed countries and partially ignored the particular background of emerging economies. In this vein, scholars, in particular, Malik and Kotabe (2009, 2011) and Pettus and Munoz (2013) have addressed the need for research on how firms adapt and learn in the face of environmental changes in emerging economies and other environments with ongoing changes. They called for research in the emerging economies context because emerging economies display resource scarcities, coupled with economic liberalisation, which lead to firm-level changes in resources and capabilities that are different from those in industrialised economies (Malik & Kotabe, 2009, 2011). Most importantly, to date, there has been no research about the ability of the MENA firms, whether public or private, to adapt in the light of political, institutional, economic, security and social changes, especially during and after the Arab Spring Revolution events.

The research on dynamic capabilities in the tourism context is scant (exceptions include Camisón & Monfort-Mir, 2012; Kelliher, Foley, & Frampton, 2009; Lemmetyinen & Go, 2009; Nieves & Haller, 2014). For example, both Kelliher et al. (2009) and Lemmetyinen and Go (2009) discussed that dynamic capabilities are significant drivers of managing tourism business networks and inter-organisational business relationships. In particular, Lemmetyinen and Go (2009) demonstrated that when operating in tourism business networks, tourism firms need to develop four dynamic capabilities, which are network orchestration capability, networking

visioning capability, absorptive capacity/ learning and deep partnering capability. These four capabilities are a prerequisite for enhancing value-creation process of tourism firms and building the brand-identity process across the network.

Kelliher et al. (2009) showed that the strategic capability of small tourism firms can be developed and enhanced by network activity, trained facilitators, in interaction with mature tourism operators and in using the facilities and information offered by the Tourism Learning Network (TLN). Similarly, Camisón and Monfort-Mir (2012) reviewed the literature about measuring innovation in tourism from the dynamic-capabilities perspective. They concluded that the scales for measuring innovative capabilities in the tourism industry at the firm level include skills that are used to regenerate the resources and capabilities of the firm and to foster knowledge development. Nieves and Haller (2014) provided empirical evidence of the role of knowledge in developing dynamic capabilities in this sector. In particular, the findings show that skills and prior knowledge at both the individual and collective levels serve as the basis for developing dynamic capabilities in firms in the hotel sector.

On the other hand, Nieves and Haller (2014) stated that very little investigations have been performed on the application of the dynamic capabilities perspective in the tourism context or industry. Most importantly, one of the limitations with tourism literature and even tourism crisis and disaster literature is that they do not use the dynamic capabilities perspective to explain how tourism firms develop specific capabilities to resume business as usual or adapt to the new conditions in the post-crisis stage. In addition, it is worth noting that within emerging economies, the dynamic capabilities perspective has been applied to other sectors, but not to tourism. Yet, this perspective does offer the means to understand how successful firms adapt and survive a crisis. As a result, it is vital to apply the dynamic capabilities perspective in the context of post-tourism crisis, so as to broaden this perspective and its applications in emerging economies. Thus, the value of the dynamic capabilities perspective is that it can help the researcher to capture and operationalise the organisational and managerial processes, by which tourism firms seek to adjust their operations and adapt their offers and practices, to produce a dynamic capability in response to a turbulent environment.

2.3.8 Summary

As a whole, this section provides an overview of the dynamic capabilities perspective and the development of dynamic capabilities. Different levels of capabilities are presented and how these levels relate to different levels of environmental turbulence are also discussed. The typology and development of dynamic capabilities are highlighted and discussed to show a means of building capabilities in the firm. In an effort to understand how dynamic capabilities can modify resource base for adapting in turbulent environments, components of dynamic capabilities are discussed. Finally, the current state of dynamic capabilities research in emerging economies and tourism context are presented for identifying the gap in the relevant literature. Overall, this dynamic capabilities section can help in developing an understanding of the abilities of Libyan tourism firms to create business opportunities in environmental turbulence in the post-civil war period. The next section complements the dynamic capabilities section through developing an understanding of whether characteristics of emerging economies limit or enhance tourism development and the abilities of Libyan tourism firms to take advantage of available opportunities to expand their activities. Thus, the next section of the characteristics of emerging economies is useful in developing an understanding of the post-civil war changes in political, economic and institutional environments.

2.4 Emerging Economies Literature

The aim of this section is to examine how the characteristics of emerging economies limit or enhance tourism development and the abilities of tourism firms to adapt and do business in the tourism sector.

2.4.1 Emerging Economies: An Overview

Emerging economies offer a unique, quasi-experimental setting for verifying the existing theories and developing new theoretical frameworks through studying the research question at hand (Gaur & Kumar, 2009). Yet, quite often, emerging economies are viewed as a set uniform block. Emerging economies may possibly share some similarities; however they also have different or idiosyncratic characteristics. Thus, there is a need for a more in-depth study of different characteristics of individual countries and their impacts on tourism business and entrepreneurial activity (Bruton, Ahlstrom, & Obloj, 2008).

In the relevant academic literature, ‘emerging economies’ and ‘emerging markets’ are considered as interchangeable synonyms (Roztocki & Weistroffer, 2008). The term ‘emerging economies’ was originally introduced in the late 1980s by the International Finance Corporation (IFC) to refer to quite a narrow list of middle-to-higher income economies within the developing countries context (Keen & Wu, 2011). In the past, terms such as ‘less developed countries’ or ‘third world’ were standard among the business community, economists and policy-makers. The meanings of the terms have expanded since then to encompass more or less all developing countries (Keen & Wu, 2011).

Developing countries are those with a Gross National Income (GNI) per capita of \$9,265 or less (Busse, 2004). They are also defined as countries with a relatively low standard of living, an underdeveloped industrial and commercial base, as well as weak infrastructure (Roztocki & Weistroffer, 2008). However, according to Arnold and Quelch (1998), emerging economies satisfy two criteria: a rapid pace of economic development and government policies favouring economic liberalisation and the adoption of free-market policies. For Xu and Meyer (2013), the term ‘emerging economies’ covers a broad range of countries and has not been consistently defined in the literature. They propose that most definitions of the term ‘emerging economies’ comprise of two elements. First, emerging economies have institutional contexts that are less market-supporting. Second, the level of income falls into the middle-income category. Keen and Wu (2011) suggested that the definition of emerging economies should consider economic, institutional and socio-cultural features. Because emerging economies are in transition from a centrally planned system to a free market economy (Kohers et al., 2006; Samoilenko & Osei-Bryson, 2011), they are characterised by frequent changes in the institutional, economic and political environments, as well as the cultural and social fabric (Roztocki & Weistroffer, 2008).

2.4.2 Characteristics of Emerging Economies

According to some scholars (Bruton et al., 2008; Roztocki & Weistroffer, 2008), there has been a noticeable absence in the current literature of a full recognition of the distinctive characteristics of emerging economies. There seems to be considerable disagreement about the number and types of the characteristics of emerging economies. However, Salehizadeh and Taylor (1999) argue that emerging

economies, despite each being unique, do tend to share and exhibit certain common characteristics. Therefore, in the literature of emerging economies (e.g., Keen & Wu, 2011), various characteristics of emerging economies, which have impacts on the ways of doing business in tourism sectors, can be combined to produce common characteristics. The current section has tried to regroup the characteristics of emerging economies into four characteristics: (1) economic; (2) political; (3) institutional and (4) infrastructure.

2.4.2.1 Economic Characteristics

Many emerging economies enjoy rapid growth rates with high-income inequality and low per capita income as compared to their developed counterparts (Enderwick, 2012). However, such rapid growths are accompanied by a high level of inflation that is in turn, (Enderwick, 2012; Kaynak & Nasirova, 2005; Roztocki & Weistroffer, 2008) accompanied by “significant variations in currency values and the introduction of new currency units” (Salehizadeh & Taylor, 1999, p. 188). In the tourism context, the increase in the inflation ratio or the Consumer Price Index (CPI) would decrease international tourist arrivals in emerging economies (Hanafiah & Harun, 2010). Nonetheless, some emerging economies, such as Indonesia, Turkey, and Thailand use the CPI as the pulling factor in attracting international tourist arrivals to visit them through devaluing their currencies (Dwyer, Forsyth, & Rao, 2002). Thus, outbound tourism from developed countries increase in response to a fall in the value of many emerging economies’ currencies relative to the developed countries’ currencies (Hanafiah, Jamaluddin, Zulkifly, Ismail, & Mohd Zahari, 2009).

Emerging economies are also economically characterised by the transition of governmental policies to a market-based system. Therefore, economic instability tends to be higher as a result of the frequent changes of government policies and regulations (Jianfeng, Li, & Li, 2012). Because many emerging economies, especially in the MENA Region, are heavily reliant on oil revenues with little economic diversification, they are often very susceptible to the volatility of international oil prices and crises (Ibrahim, 2008). In the tourism context however, some oil-rich countries of the MENA region do not show a strong commitment to tourism as a development strategy to diversify their economies, as such countries have viewed international leisure tourism as economically unnecessary (Mansfeld & Winckler, 2008; Sharpley, 2002, 2008) or culturally undesirable (Aziz, 2001).

2.4.2.2 Political Characteristics

It is a well-known fact that one of the most common political features of many emerging economies is political risk (Enderwick, 2012). Indeed, the major source of political risk is political instability, including riots, strikes, civil war, uncertainty surrounding the duration of regime and changes in the executive (Aron, 2000). This is an extremely significant concern and commonplace among majority of the MENA emerging economies. Thus, recent reports indicated that the complexity and uncertainty of doing business in many emerging economies has been multiplied by internal tensions and disturbances in these economies (EBRD, 2013; WEF, 2014a).

For example, the socio-political unrest, known as the “Arab Spring”, accompanied by safety and security threats have negatively influenced the development of tourism in the MENA Tourism Market (MTM) (Mansfeld & Winckler, 2015; Tang & Abosedra, 2014). Thus, the number of international tourist arrivals from developed economies has decreased significantly. This in turn has led to a considerable decline in the overall tourism receipts (Mansfeld & Winckler, 2015; Weigert, 2012). In addition, the vulnerability regarding shocks caused by the recent conflicts and political instability in the MENA region has led to the lowest intra-regional tourist visitor dependencies (Morakabati, 2013; Steiner, 2007). The main reason for the somewhat low levels of investment in the MENA region is the lack of confidence in the MENA region as a stable area for achieving high economic returns, especially in the light of the Arab Spring (Morakabati, 2013).

The second political feature is protectionism and government intervention. Governments of emerging economies shield domestic industries from foreign competition by imposing a tax on imported goods or restricting foreign goods, as well as adopting ideological perspectives that support government ownership and control of major strategic industries (Enderwick, 2012). Thus, government intervention and ownership ideology create significant complexity and risks for multinational corporations in emerging economies (Enderwick, 2012). For example, in the MENA region, in particular, in Tunisia, Egypt, and the United Arab Emirates, at both local and regional levels, not only do the Arabian tourist companies dominate the ownership structures of the tourism industry’s hardware, they are also the main shareholders of the hotel properties. As a result, majority of the tourism investment in the MENA tourist sector is of local or regional origin (Steiner, 2007). The MENA

governments still impose some restrictions for non-Arabian foreign direct investment (FDI), as these foreign ownership restrictions hinder the mobility of capital (Steiner, 2007).

Economic reform is a third type of political characteristic in emerging economies. Economic reform leads to the economic liberalisation, privatisation and capital movement. The economic reform however, creates the demand for legal reform and causes challenges to the existing legal and political framework (Enderwick, 2012; Zhang & Jing, 2007). Thus, legal and economic changes make the business environment in emerging economies less predictable (Roztock, Weistroer, Morar, & Nasirin, 2007). For example, in Egypt, even though there is a climate of uncertainty of economic reform outcomes, one of the most important economic sectors that benefited from the economic reforms in Egypt in 1990s, was the tourism sector. Furthermore, taxation reforms and changes including a simplified tax system and indirect taxes on the tourism sector had impacts on tourists' willingness to visit (Gray, 1998). In addition, the 1995 reforms in import taxation and policy made it easier for Egyptian tourism-sector firms to import luxury goods and products that feature prominently in the tourism sector, such as electrical appliances and luxury vehicles (Gray, 1998).

2.4.2.3 Institutional Characteristics

The institutional factor is another crucial dimension that should be considered in the analysis of emerging economies (Hoskisson, Wright, Filatotchev, & Peng, 2013). Many emerging economies have higher levels of investment and operational risks because of inefficient and corrupt legal infrastructures, dysfunctional financial systems, trade barriers, restrictive and volatile regulatory regimes, as well as insufficient property rights protection (Aybar & Ficici, 2009; Brouthers, 2002). In fact, the lack of strong legal frameworks has allowed widespread opportunistic behaviours, bribery and corruption (Hoskisson et al., 2000). These have affected the ability to enforce property rights even where legislation has been enacted (Haiyang & Zhang, 2007; Hoskisson et al., 2000) and have led to less political and economic freedom (Aybar & Ficici, 2009; WEF, 2014a).

Two travel and tourism competitiveness reports (WEF, 2013b, 2015) have revealed that travel and tourism regulatory frameworks in many emerging economies, in

particular in the MENA region, have negative impacts on the attractiveness of travel and tourism sectors. The regulatory framework does not facilitate foreign ownership, foreign direct investment and property rights and instead, imposes more stringent visa requirements for investors and visitors/ tourists (WEF, 2013b, 2015). Moreover, many emerging economies are experiencing difficulties in devising integrated tourism policies because of policy conflicts between the private tourism agencies and the government departments. This problem is generally coupled, in many cases, with the lack of effective administration, regulation and institutional frameworks of tourism activities (SESRIC, 2008, 2010, 2013).

As a result of the lack of reliable institutions and inefficiency of legal frameworks, the institutional structures are greatly dependent on relationship-based personalised exchanges, rather than rule-based, impersonal third party enforcement (Narayanan & Fahey, 2005). This means that the business relationships have a very personal content — kinship and friendship based — leading to difficulties for outsiders or foreign investors to break into the market. Moreover, the relationship based-economies are most vulnerable to the problem of favouritism, bribery and corruption (Enderwick, 2012). Therefore, a main difference between emerging and developed economies is the existence in the latter economies of market-supporting formal institutions (Narayanan & Fahey, 2005).

2.4.2.4 Infrastructure Characteristics

Many emerging economies are characterised by seriously inadequate infrastructure. Inadequate infrastructure includes not only physical roads, logistics and storage, but also market transaction enablers, for example point-of-sale terminals, basic banking functions and credit cards. Inadequate infrastructure also includes the lack of modern transaction technologies, information and communication, such as telephones and electricity (Sheth, 2011). There are also thin capital markets, shortages of skilled labour (Hoskisson et al., 2000), poor education and health and postal services (Muyinda, Lubega, Lynch, & van der Weide, 2010; te Velde, Cali, Hewitt, & Page, 2006; WEF, 2014a).

Business and entrepreneurship in developed economies are supported and enabled by a number of vital elements of the infrastructure. These include a sophisticated logistical system for the distribution of goods, financial services to expedite

monetary exchange, ubiquitous telecommunication services, the availability of well-targeted broadcast and print media, a transportation system that enables customers to reach stores easily, and so forth. Even though such vital infrastructural elements are now prevalent throughout much of the developed economies of the world, they are still absent in many emerging economies (Sheth, 2011). This results in the presence of constraints to firms' growth (Acs & Virgill, 2010) and the slowing down of tourism (Henderson, 2006).

Therefore, some published reports (SESRIC, 2008, 2010, 2013) show that although many emerging economies in the Organisation of Islamic Cooperation (OIC) region* have a natural tourism potential, they lack sufficient tourism-related infrastructures that are essential for the development of a sustainable tourism industry. Most prominent amongst these are transportation and communication, hotels and lodging services, as well as tourism information services. Therefore, they have trouble providing world-class services to tourists and visitors with the international standards of tourism facilities and services. In addition, travel and tourism competitiveness reports (WEF, 2013b, 2015) and the global competitiveness report (WEF, 2014a) have revealed that there are serious infrastructural obstacles that continue to hinder the development of tourism sectors in many emerging economies. These infrastructural obstacles include the low quality and quantity of accommodation infrastructure, such as hotel rooms, automatic teller machines (ATMs), car rental services, ICT infrastructure and the educational system.

Overall, existing literature (e.g. Gemayel, 2004; Lagoarde-Segot & Lucey, 2008; Turk-Ariss, 2009) on the effects of the characteristics of emerging economies on tourism, in particular MENA countries, is scant and is mainly related to aspects like capital markets, stock markets, banking systems, foreign direct investment, country risk, uncertainty and economic reforms. To date however, there has been no direct empirical study to determine the impacts of the characteristics of MENA emerging economies on doing business in the tourism sector. Most importantly, in the light of

* A total of 57 OIC Member State Countries including: Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Benin, Brunei, Burkina Faso, Cameroon, Chad, Comoros, Côte d'Ivoire, Djibouti, Egypt, Gabon, Gambia, Guinea, Guinea-Bissau, Guyana, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Libya, Malaysia, Maldives, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Suriname, Syria, Tajikistan, Togo, Tunisia, Turkey, Turkmenistan, Uganda, United Arab Emirates, Uzbekistan, and Yemen.

highly significant political, economic and constitutional changes in some MENA countries after the Arab-Spring Revolutions, there is an urgent need to understand the effects of post-Arab Spring characteristics of MENA economies on the tourism sectors and the potential for future tourism development.

In other words, it is still not known whether post-Arab Spring characteristics of emerging economies limit or enhance the tourism development and the abilities of MENA tourism firms to take advantage of available opportunities to expand their activities. In fact, there is a need for a more in-depth study of different characteristics of individual countries, like Libya, and their impacts on tourism business and entrepreneurial activity (Bruton et al., 2008). Finally, this section is useful in developing an understanding of the impacts of post-civil war changes in the political, economic and legal environments on the tourism sector.

2.4.3 Summary

This section has presented and discussed four characteristics of emerging economies that have an impact on the way of doing business in the tourism sector. These are: (1) economic; (2) political; (3) institutional and (4) infrastructure characteristics. The four characteristics of emerging economies have significant implications for business dealings in the tourism sector. The literature of the characteristics of emerging economies can help in understanding the impact of uncertainty and turbulence within the tourism environment on the respective development of tourism. This is important in some emerging economies in the MENA region that are experiencing political and institutional instability, as well as inadequate infrastructure. Thus, tourism firms require the presence of mechanisms for developing specific knowledge and organisational capabilities, in order to meet challenges in turbulent environments.

2.5 Conceptual Framework for Firms Adaptation to the Environmental Turbulence

Based on the literature review in the preceding three sections, Figure 2.3 shows the conceptual framework which indicates that the characteristics of emerging economies and turbulent environments hinder the development of tourism sectors and limit the abilities of tourism firms to take advantage of available opportunities to expand their activities. To deal with the challenges in the emerging economies context, tourism firms need to act as complex adaptive systems through developing specific capabilities to create business opportunities, in order to adapt and survive under difficult and changing conditions. The ability of tourism firms can be enhanced by governments and foreign investors, being agents of institutional change. Governments in emerging economies can alleviate the negative effects of ongoing economic, political, security and institutional changes in emerging economies, while foreign investors can encourage local tourism firms to absorb new techniques and create new product-offers.

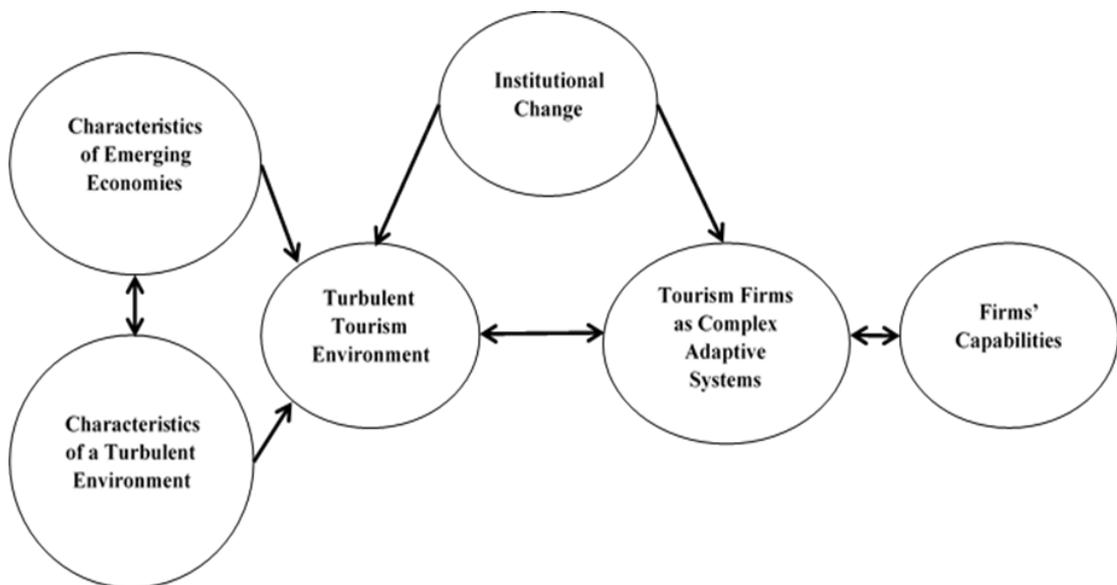


Figure 2.3: Conceptual Framework for Firms' Adaptation to the Environmental Turbulence

2.6 Overall Summary

This chapter has reviewed the literature from three perspectives. To begin, the perspective of tourism crisis management for understanding tourism firms' responses before, during and after tourism crises and disasters was looked into. Next, the perspective of dynamic capabilities for explaining how and why certain tourism firms have the ability to adapt in turbulent environments, while others do not, was also investigated. Lastly, the third perspective highlighted how the characteristics of emerging economies influence the ability of tourism firms to adapt and do business in the tourism sector.

3.1 Introduction

This chapter provides an overview of the research context, which presents the historical and political background of Libya, structure of the economy, business environment and constitutional development in both the pre and post-civil war periods. It also explores the tourism development in Libya through showing tourist attractions and then discussing the Libyan tourism situation according to chronological order, that is, the pre-civil war period, civil war period and post-civil war period.

3.2 Background

As shown in Figure 3.1, Libya is located in northern Africa on the southern border of the Mediterranean Sea. Libya also shares borders with Egypt to the east, Sudan to the southeast, Algeria and Tunisia to the west and Chad and Niger to the south. Thus, Libya is one of the Middle East and North Africa (MENA) countries (Suleiman, 2011). With an area of almost 1.8 million sq. km, Libya is the fourth largest country in Africa and is the fifteenth largest country in the world (Ahlbrandt, 2001). Libya has one of the highest levels of GDP per capita in Africa: US\$11,046 (as estimated by IMF (2013) and WEF (2014b)). However, Libya is one of the smallest countries in the MENA region in terms of its population size, which is around 6.2 million. Arabic is the official language in the country and Italian and English are all widely understood in the major cities (CIA, 2014).



Figure 3.1: Map of Libya

Source: Blanchard (2010)

There is a history of ancient, medieval and golden age civilisations in Libya that extends back 3300 years. In particular, the Berbers of the ancient Egyptian (3000 B.C), Phoenicians (1000 B.C), Greeks (631 B.C), Roman Empire (46 B.C), Germanic Vandals (431 A.D), Byzantines Empire or Eastern Roman Empire (533 A.D), Arab-Islamic Empire dynasties including Umayyad, Abbasid, and Fatimid (642-1529) and the Ottoman Islamic Empire (1529-1911) have all previously occupied Libya (DiPiazza, 2005; Ham, 2007; Hasday, 2014; Lobban & Dalton, 2014; Markoe, 2000; Temehu, 2013).

Italians (1911-1942) were the last invaders of Libya and had divided the country into three colonies: Cyrenaica, Tripolitania and Fezzan (see Figure 3.1). Idris Al-Sanusi, Emir of Cyrenaica, led a resistance against the Italian occupation. During World War II, Libya was the site of battles between Allied and Axis forces. Emir Idris, fighting with the Allies, helped defeat the Italian and German forces in Libya and subsequently, Italy relinquished all claims on Libya. After the war, from 1943 to

1951, Cyrenaica and Tripolitania were under British administration, while Fezzan was under French administration. On 24 December 1951, Libya declared its independence as the United Kingdom of Libya and Emir Idris became the king of Libya (Takacs, 2008). Therefore, there are many World War II monuments and related memorial objects in Libya such as, cemetery stones, military sites, tablets and churches.

In 1969, King Idris was deposed by the military coup led by Col. Muammar Gaddafi. The latter ruled Libya with an iron fist for more than four decades (1969–2011) and adopted a socialist-oriented economy (1977 to 2011) via complete control of the country's resources and economic activity, especially by nationalising the oil industry (BBC, 2015b; Khodjet-el-Khil et al., 2012). Since the mid-1970s, foreign relations of the Gaddafi's regime were marked by severe tension with the West. For example, the Gaddafi's regime was indicted by the USA and the UK for its involvement in the 1988 bombing of Pan Am Flight 103 over Lockerbie. The USA and UN imposed sanctions against Libya in 1992 (Crenshaw, 2001). Libya has endured trade and economic sanctions and diplomatic isolation for 10 years (until 2002). However, the UN sanctions were lifted in 2003 and the USA sanctions were lifted in 2004, after the Gaddafi regime accepted responsibility for the Pan Am bombing, paid compensation to the victims' families and renounced its nuclear program (Hurd, 2005).

Since 2003, Libya adopted economic reforms that involved moving from a socialist-oriented economy to a more market-based economy. In 2004, Libya implemented a privatisation strategy, as it began a program of privatisation of 360 state-owned firms and enterprises, including cement plants, food factories, state farms, steel mills and truck and bus assembly (John, 2008; Otman & Karlberg, 2007). Libya also applied for WTO membership (Álvarez-Coque, 2006), established a new stock market to support the privatisation of public companies and reduced subsidies (John, 2008; Masoud, 2009). Furthermore, Libya dropped a decade-long requirement for visitor travel documents to be translated into Arabic and it lifted customs tariffs on 3,500 imported commodities (John, 2008).

In January 2007, Libya accepted the use of foreign languages on roadside billboards, commercial notice boards and tourist forms (John, 2008). In 2010, Libya and the U.S

signed a Trade and Investment Framework Agreement (TIFA) to improve infrastructure and modernise the oil industry, food processing and textile industry (Manners-Bell, 2014). From 2003 to 2010, Libya became one of the growing MENA emerging economies, as the GDP grew from US\$33 billion in 2004 to US\$74 billion in 2010. As a result, the GDP per capita grew from US\$6,062 in 2004 to US\$12,300 in 2010. Similarly, foreign direct investment (FDI) grew from US\$357 million in 2004 to US\$4.689 billion in 2007 (WB, 2015a).

On 17th February 2011, civil unrest in Libya began with a series of peaceful protests, like others of the Arab Spring countries: Tunisia and Egypt. Later, the civil unrest became a full-scale civil war between the rebels of the National Transitional Council (NTC), with air support from the North Atlantic Treaty Organisation (NATO) forces and the forces loyal to Gaddafi's regime. Seven months later, at the end of August, the armed conflict reached its climax, with the fall of the Gaddafi regime and having Gaddafi ousted out of Tripoli city. On 20 October 2011, the NTC announced that it had captured Gaddafi and also, that Gaddafi had subsequently died of wounds sustained during his capture. On 23 October 2011, in Benghazi city, the declaration of liberation by the NTC signalled the end of armed hostilities in Libya (IOM, 2011).

In July 2012, the NTC presided over Libya's first democratic elections and the smooth subsequent handover of power to the General National Congress (GNC) (see section 3.6.2.3). However, the period from 2012 to 2014 was turbulent, with many political assassinations, bombings, a series of kidnappings, clashes between rival militias and political conflicts between the Justice and Construction Party (which represents Muslim Brotherhood (MB) groups) and the National Forces Alliance (NFA) (which represent most of the rebels and groups that had struggled during 2011 against Gadhafi) (Kuperman, 2015; Mikail, 2013), as well as siege of ministries, closing oilfields and ports and attacks on foreign embassies. For example, an organised terrorist attack by extremists on the U.S. Consulate in Benghazi resulted in the death of Ambassador John Christopher Stevens and three other Americans. Muslim brotherhood groups and rival militias have hampered (for political and ideological purposes) the government's efforts to recover the security and restore order (Mikail, 2013).

In 2014, elections for a new Council of Deputies were held. However, the Libya Dawn coalition and Misratan militias carried out a coup d'etat in Tripoli, on behalf of the Muslim Brotherhood's Libyan parties that performed poorly in the election. Thus, the second Libyan civil war is an ongoing conflict between the Libya Dawn forces and the Libyan National Army loyal to the Council of Deputies (BBC, 2015b; CNN, 2015). Consequently, in 2015, Libya is led by two separate governments; one controlled by the coalition of the Muslim Brotherhood and Misratan militias in Tripoli, while the other is the internationally recognised government and its parliament in Tobruck city.

In 2014, United Nations Secretary-General Ban Ki-moon appointed Mr. Bernardino León as envoy for Libya. Since August 2014, Mr. León has been facilitating a series of talks among the Libyan parties in Morocco. On 29 April 2015, the UN says that negotiations are a work-in-progress and that the Libyan parties in Morocco are “very close to a final agreement”. Mr. León even stated the agreement in Libya will be before July 2015 (UNSMIL, 2015a). On Friday 9 October 2015, the UN envoy for Libya, Mr. León, announced that Libyan parties have agreed to form a new National Unity government in the Moroccan city of Skhirat (IBTimes, 2015). However, Libyan parties have not agreed upon a proposed list of Cabinet members for a National Unity government proposed by Mr. León (Reuters, 2015). Then, on 16 November 2015, it was announced that Martin Kobler is appointed as Special Representative of the UN Secretary-General for Libya and Head of the United Nations Support Mission in Libya (UNSMIL), succeeding Bernardino León. Kobler is committed to ensuring the continuity of the Libyan dialogue process, building on what the Libyan parties have achieved to date (UNSMIL, 2015b).

3.3 Structure of the Economy

The Libyan economy is one of the most oil-dependent in the world. In the period before 2011, Libya produced 1.5 to about 1.7 million barrels per day, had a refining capacity of 380 thousand barrels per day and crude oil exports of around 1.3 million barrels per day (Allurentis & UKTI, 2014; IMF, 2013; KPMG, 2014b). Libyan oil is mainly exported to the European Union: Italy, France, Spain, Germany, Greece and United Kingdom received 72% of the Libyan oil (European Commission, 2013). A recent annual bulletin prepared by the Organization of the Petroleum Exporting Countries (OPEC) revealed that Libyan crude oil reserves have risen from 46 billion

barrels in 2009 to 48 billion barrels in 2013. Thus, Libya has the largest oil reserve in Africa and among the ten largest globally (OPEC, 2014).

Reports revealed that the oil industry accounted for 70% of the country's GDP, 95% of exports and between 95 and 96% of government revenues. Consequently, Libya has one of the highest levels of GDP per capita in the region: US\$11,046 (ADB, 2014b; IMF, 2012, 2013). Indeed, the civil war period demonstrated how oil revenues affected the Libyan economy. The Libyan civil war in 2011 triggered a 70% decrease in oil production capacity, along with an estimated contraction of 53% in non-hydrocarbon output. This resulted in a contraction of Libya's economy by approximately 62% in 2011 (European Commission, 2013).

By contrast, in 2012, during the post-civil war period, crude oil production has recovered by nearly 90% of the level before the civil war, which significantly led to an increase in the oil GDP by 211%, as compared to 2011 (European Commission, 2013). This is also demonstrated by World Bank WB (2015b), as the crude oil production rapidly recovered in the year after the revolution, fuelling rapid GDP growth and swelling government budget revenues. On the other hand, in 2014, Libya's oil production was decreased by a series of strikes and security breaches at oil sites to 0.5 million barrels per day. This led to a subsequent decrease in the 2014 GDP by about 55%, as compared to 2012 (OPEC, 2014; WB, 2015b).

In addition, the agricultural sector's contribution is negligible. Before 1958, the contribution of the agricultural sector was 30%, but with the discovery of oil in 1958, the contribution of the agriculture sector dropped significantly to 0.8% of the GDP by 2012 (Allurentis & UKTI, 2014; CBL, 2013). Indeed, most of Libya's land are not suitable for farming purposes; sandy soils and sand dunes cover about 90% of the total area of the country and water is scarce (Abu-Setta, 2013; Kezeiri, 1983). Agricultural statistics indicated that the actual area utilised for cultivation is about 1.3% of the total area of Libya, as 0.17% planted to permanent crops. Most of Libya's arable areas lie in the Al-Jabal Al-Akhdar region near Benghazi city and the Jifarah Plain around Tripoli (FRD, 2005). As a result, the Libyan domestic food production meets only about 20% of local demand and Libya relies on foreign imports for 80% of its food needs (FAO, 2015).

A report from the Central Bank of Libya (2013) shows that over the three years, from 2010 to 2012, the average contribution of the mineral industry to the country's GDP is about 0.13% or 97 million. This is a very small contribution when taking into account the large volume of mineral resources in Libya. For example, Libya has a huge iron ore deposit in the Wadi ash Shati Valley totalling 3.5 billion tonnes (Chapin Metz, 1987; FRD, 2005; Treasure, 2013). The Libyan service sector, including telecommunications, financial, construction and tourism services, accounted for a contribution of 26.9% to the country's GDP in 2014 (KPMG, 2014b). The sectoral distribution of GDP revealed that the direct contribution of travel and tourism, including hotels, restaurants, leisure and recreation services, travel agents, airlines, to the GDP decreased from 3.8% in 2005 to 2.8% in 2014 (WTTC, 2014, 2015b).

3.4 Business Environment

The Libyan business environment continues to suffer from domestic insecurity, political uncertainty and a weak legal framework. The Libyan civil war in 2011, political conflicts, violence between rival armed militias and high crime rates in 2012-2014 have resulted in an uncertain security situation becoming a serious constraint for doing business in the country. Consequently, the foreign direct investment (FDI) dropped by 70% between 2010 and 2013, from US\$1.784 billion (2.41% of GDP) to US\$702 million (0.9% of GDP). This sharp drop was seen mainly in the oil and gas industry (WB, 2015a).

In the pre-civil war period, the Gaddafi's regime made concrete efforts to restore foreign and domestic investors' confidence in the Libyan economy. For example, in 2010, Libyan Prime Minister, Baghdadi Mahmudi, issued Law number No. 9 for investment promotion, Law of Trading Activity No. 23 to provide fiscal incentives for domestic and foreign investors in specific sectors (Law.No.9, 2010; Law.No.23, 2010), as well as Resolution.No.23 (2009) to establish the Investment Authority and Privatisation Agency, to be known as the Privatisation and Investment Board (PIB), for regulating FDI activities in the industrial sector. However, the UK President of the G8 criticised the tasks of the PIB, as it did not efficiently perform its intermediate function as an investment promotion agency and acted only as an administrative agency to deliver operating licenses to foreign investors (OECD, EC, & ETF, 2014).

Despite these efforts in the pre-civil war period, the post-civil war governments have imposed heavy restrictions on foreign investment. In 2012 and 2013, a series of ministerial decrees were issued to limit foreign participation in joint ventures and prohibit foreign-owned limited liability corporations. For example, in the pre-civil war period, Law No. 443 of 2006 - Article 3 permitted foreign investors to own up to 65% of shares in joint ventures. However, in the post-civil war period in 2012, the Economy Ministry issued a new decision (Law No. 207 of 2012-Article 3), which prohibited foreign investors from becoming majority stakeholders. The new decision restricted the participation of foreign investors in a joint-venture company, to owning only 49%, and also for the manager of a joint-venture company to be of Libyan nationality (Ministerial-Decree-No.207, 2012; Watrous, 2013). Moreover, the foreign investors who seek to do business in the oil and gas, tourism, electricity, communications, construction, transportation and agribusiness industries were required to establish a joint venture company with only Libyan partners (OECD et al., 2014).

Furthermore, access to land is a main constraint for both foreign and domestic investors, due to the absence of a transparent legal framework for land allocation, the lack of infrastructure supporting urban land development and uncertain property rights and long procedures for obtaining building permits (OECD et al., 2014; WB, 2014). According to the 2014 doing business indicators issued by WB (2014), Libya ranks 187th out of 189 countries. Major challenges to doing business in Libya include starting a new business (171st), getting credit (186th), protecting investors (187th), reinforcing contracts (150th), paying taxes (116th) and registering property (189th). The bureaucratic and legal constraints affect most small to medium-size domestic businesses and foreign investors at the entry level (WB, 2014).

For reasons related to the inefficiency and complexity of the business legal framework and a collectivistic culture (i.e., interdependent relationships with others), business systems in the Libyan market are noticeably different from those established in the developed markets (Enderwick, 2012; Hofstede & Hofstede, 2004). The fundamental difference is that majority of Libyan economic/ business systems are relationship-based rather than market-based. The personal connectedness of business relationships among local traders and firms (kinship and friendship based) reflect close ties between individuals/ traders; examples often consist of strong extended

families, tribal bonds and regional loyalties (Enderwick, 2012). Therefore, in a collectivist culture like the Libyan society, loyalty overrides most societal and business rules and regulations (Curry & Putzi, 2001; Hofstede & Hofstede, 2004; UKTI, 2010). In an interview on 31/07/2009 with Diane Jones, the U.S and Foreign Commercial Services' senior commercial officer in Tripoli, Libya, she clearly declared that, "Business in Libya is all about relationships. Deals happen on the strength of personal contacts" (NFTC, 2009, p. 11).

A recent report (Allurentis & UKTI, 2014) emphasised that the Libyan market is not a straightforward market. Firms have to devote time, effort and resources in establishing strong local relationships with trusted local partners for two purposes. Firstly, because of the restrictions on foreign ownership in Libya, a strong local relationship with a trusted local partner provides guidance on business protocol and how to build the requisite joint venture undertakings. Secondly, the Libyan local partner possesses local knowledge, a network of contacts and operational support that play a significant role in creating and growing successful new ventures in the post-revolution Libya. In an interview on 14/05/2013, with Adrian Creed, a partner at Clyde & Co, the first international law firm established in the capital city Tripoli since the revolution, he stated that, "Business in Libya is relationship-based. Being on the ground early is important as it shows a commitment to the new country, which facilitates building these relationships and gives us a strong platform to develop and grow the practice as the market evolves and key governmental structures" (Clydeco, 2013).

3.5 Constitutional Development in Libya

The NTC governed Libya from 27 February 2011 to 8 August 2012 and took a gradual approach to changing the legal framework. In August 2011, the NTC released an interim constitution, where the radical change consist of the regime being changed from the Jamahiriya system (literally "State of the Masses" or technically governed through a network of people's congresses) to a Constitutional Democracy (LC, 2011). Interestingly, Article 35 of the Libyan interim Constitution (2011) stated that "all provisions established in the existing legislation (i.e., from the previous regime) shall remain in force insofar as they are not inconsistent with the provisions of this Declaration until they are amended or repealed."

Thus, because of Article 35 of the Libyan interim Constitution, both Law No. 9 for the year 2010 on Investment Promotion and the Law of Trading Activity No. 23 for the year 2010 remained in effect. This means that there will be the same bureaucratic and legal constraints affecting both domestic businesses and foreign investors. However, in 2014, the Libyan people elected a new Constituent Assembly (CA). The CA is responsible for writing a new constitution for Libya and eliminating the interim constitution of the NTC (Fedtke, 2014). Indeed, it is hoped that the CA will include a specific Article in the new constitution, to modify the existing commercial and investment laws, so as to encourage and facilitate investment by both tourism domestic and foreign business firms. Thus, the upcoming constitution will be able to support efforts to pass new regulations to facilitate local and foreign investments and joint ventures in the tourism field, especially by reducing the bureaucratic and legal constraints that affect local tourism businesses and thereafter getting the credit for tourism firms' businesses.

3.6 Tourism in Libya

The sections below provide a description of the tourist attractions in Libya and the tourism development in the pre and post-civil war periods.

3.6.1 Tourist Attractions in Libya

“Libya has it all: ancient cities of rare splendour, the Sahara that you thought existed only in your imagination (...) a great crossroads of ancient civilisations, Libya boasts two of the finest Roman cities in existence, Leptis Magna and Sabratha, while Cyrene, Apollonia and Tolmeita are exquisite monuments to the glories of ancient Greece. Elsewhere, the mosaics of Qasr Libya evoke all the richness of Byzantium” (Ham, 2007, p. 5). Libya possesses a great variety of natural, historical and cultural attractions, including archaeological heritage, such as the ruins of ancient Roman and Greek cities, mountains, spectacular beaches and deserts. Also, the potential for spa resorts along Libya's spectacular golden and white beaches offer opportunities for attracting high-spending market segments (Bennett & Barker, 2011; Jones, 2010). Some experts (Jones, 2010) say that the natural, archaeological, and cultural heritages will be major components in the Libyan product and spa tourism. The Libyan tourist attractions may be congregated under four major categories as shown below.

3.6.1.1 The Desert

The Libya Sahara desert represents about 90% of the territory and is the most powerful tourism resource with its tourist attraction landmarks (Hosni, 2000; Hudman & Jackson, 2003). According to Ham (2007), it comprises the most beautiful desert oases in the MENA region, for example, the Umm al-Maa Oasis and Ubari Oasis. In the heart of the Libyan Sahara desert (i.e. Fezzan region), there are the Tadrart Acacus and the Messak Settafet Mountains (see Appendix-2). According to an Italian archaeologist Lernia (2015, p. 548), who has been working in Libya since 1990, “the Tadrart Acacus is a place of unbelievable beauty; it used to be a global tourist destination”. In 1985, the Acacus Mountains were added to the UNESCO list of World Heritage Sites. Engravings of mammals from the Wild Fauna Period, possibly dating up to 12,000 years old can be found in the mountains. Thousands of cave painting sites dating up to 9,000 years old reveal a diversity of imagery and include scenes of pastoralism, hunting, dancing, daily life and a variety of wild and domesticated animals (BM, 2015; Hosni, 2000).

In the pre-civil war era, there was growing European tourist interest in the Fezzan region. In particular, most tourists were interested in exploring the Acacus Mountains and their surroundings, as the Acacus area is widely renowned for its magnificent landscape and unique cultural heritage. For instance, between 1999 and 2000, more than 45,000 tourists visited the Acacus and their sites of rock art paintings. Furthermore, between September and May 2004, there were between 35,000 to 50,000 tourists officially visiting the Acacus area (Di Lernia, 2005).

3.6.1.2 Archaeology

In Libya, there are thirteen major archaeological sites; five of them are included in the UNESCO (2015) list of World Heritage Sites (see Appendix-2).

Archaeological Site of Cyrene (locally known as Shahat): It is located 200 km east of Benghazi and is a former colony of the Greeks of Thera. It was one of the cities in the Hellenic world. Moreover, it was romanised and remained one of the world's greatest capitals until the earthquake of A.D 365. A thousand years of history is written into its ruins, which have been famous since the 18th century.

Archaeological Site of Sabratha (Sabrata): It is located 70 km west of Tripoli. It is a Phoenician trading post and port that served as an outlet for the goods of the African hinterland. Sabratha was part of the short-lived Numidian Kingdom of Massinissa in modern-day Algeria, before it was ruled and rebuilt by the Romans in the 2nd and 3rd centuries A.D.

Archaeological Site of Leptis Magna (Lebda): It was founded by the Phoenicians around 1000 B.C. Later, it was enlarged and embellished by Emperor Septimius Severus. Leptis Magna was one of the most beautiful cities of the Roman Empire, with its imposing public monuments, market-place, residential districts, harbour, storehouses and shops.

Old Town of Ghadamès: It is known as “the pearl of the desert and set in an oasis”. It is located in north-western Libya. UNESCO (2015) characterises Ghadamès as one of the oldest pre-Saharan cities and an outstanding example of a traditional settlement. The domestic architecture of Ghadamès is characterised by a vertical division of functions: its ground floor was used as the storage area for supplies, while another floor was used by the family for living purposes. Overhanging covered alleys form what is just about an underground network of passageways and at the top, open-air terraces were reserved for the families’ women.

Rock-Art Sites of Tadrart Acacus: The rock art of Tadrart Acacus dates back from 12,000 B.C. to A.D. 100. The rock art sites are found in the Acacus Mountains in the south-west of Libya, covering an area of a hundred kilometres from the Libyan city of Ghat to the Libyan border with Algeria. The Acacus Mountains have thousands of paintings and carvings of animals such as camels, giraffes, elephants, horses and ostriches.

3.6.1.3 The Libyan Beaches

Libya overlooks the Mediterranean Sea, with a coastline just about 2,000 km/ 1,240-mile long (Esterhuysen, 2013). This makes Libya’s beaches among the longest of North Africa’s beaches along the Mediterranean Sea (Ham, 2007). Libya's beaches are characterised by variations in their natural appearances from sandy beaches to rocky beaches (see Appendix-2) (eBizguides, 2006).

The North Eastern Beaches

The beaches in the north-eastern part of Libya, from Tobra to Tolmeita about 35 km, are vast and equally attractive despite being small in size (Ham, 2007). According to eBizguides (2006), these beaches have the potential to become destinations for tourists from all over the world. There are several attractive and picturesque beaches lying between Al-Haniyah and Ras el-Hamama, next to Sousa city. There are also splendid coastal sights from the East of Sousa towards Derna city. However, two of the most beautiful beaches in Cyrenaica are Ra's al Helal beach and Alburdi beach; they are still unspoiled and pristine and have the potential to significantly promote eco-tourism in the region (eBizguides, 2006; Ham, 2007).

The Northern West Beaches

The most beautiful beaches in the north western coast of Libya are found west and east of the cities of Zuwarah, Telil and Melita. Next to the Phoenician city of Sabratha, there are Farwa Island beach, Tripoli, Khoms, Zliten and Misurata beaches (Ham, 2007). According to Ham (2007), these beaches are differentiated by their soft white sand, sandy hills and tall palm trees. There are also Psis and Nagaza beaches that could provide tourists and beach lovers with even greater attractions (eBizguides, 2006; Ham, 2007).

3.6.1.4 World War II Sights in Libya

Libya is home to many World War II sites from cemeteries (e.g. English Cemetery, German Cemetery, French Cemetery and Commonwealth Cemetery, see Appendix-2) to headstones commemorating British and Allied servicemen. Relics of World War II and cemeteries of allied soldiers continue to receive visitors from England, Germany, France, Italy and Australia, who come to pay their respects to soldiers who lost their lives during World War II. Queen Elizabeth II, her husband Prince Philip and son Prince Andrew have visited the English Cemetery, Commonwealth Cemetery and England memorials in Tobruck City (Ham, 2007; Temehu, 2015).

3.6.2 Tourism Development

This section describes the tourism development from the pre to the post-civil war periods.

3.6.2.1 Tourism in the Pre-Civil War Period (Before 2011)

In 1968, the first Libyan Tourism Ministry was established through Royal Act Number 44. In the late 1960s, the organisational structure and activities of the Libyan Tourism Ministry were developed and included: welcoming and facilitating incoming tourists; classifying hotels, guesthouses, restaurants and other tourist establishments; granting exemptions to foreign investors to allow ownership of capital assets in the country; managing security and safety in tourism areas; setting out licensing laws for all tourist activities; controlling employment procedures within the tourism industry; and approving price lists in tourism establishments (Jwaili, Thomas, & Jones, 2005). The Libyan Tourism Ministry allocated special funds to the tourism industry (i.e., 4 Million Libyan Dinar) for a five-year plan (1963-1968) and then the allocation of the Libyan Tourism Ministry increased to 15 Million Libyan Dinar for the next five-year plan (1968-1972) (CBL, 1977).

In 1969, Gaddafi seized power after a coup d'état. Next, the Libyan Tourism Ministry was eliminated and its functions were moved to the Ministry of Economy (CBL, 1977). In 1989, the Libyan Government introduced a new tourism body, which was called the General Board for Tourism and Traditional Industries (LGBTTI). The LGBTTI was responsible for promoting the tourism industry locally and internationally, issuing licenses, carrying out statistical surveys, classifying all tourism establishments and supervising tourism-training institutions (Naama, 2007).

Later, in spring 1996, the Libyan Government announced that it intended to invest US \$1,700 million in tourism industry infrastructure and promotion up to the year 2000 (Jwaili et al., 2005; Naama, 2007). The main contribution of the LGBTTI was to complete the development of the Libyan Tourism Master Plan (LTMP), which was commissioned in 1997 by the World Tourism Organization (WTO) acting as the executing agency of the United Nations Development Programme for the LGBTTI. The LTMP was published in 1998 and one of the main aims of the LTMP was to establish the Tourism Investment and Promotion Board (TIPB). The TIPB sought to promote and invest in various areas of Libyan tourism, as well as to introduce Libya's unique history, archaeological sites, culture and people to international

tourists (Jwaili et al., 2005) However, one of the main problems faced by the Libyan tourism sector is that Libya has a poor international image and difficulties caused by the international air embargo (Naama, 2007).

After Libya abandoned its nuclear program, the UN and U.S. sanctions against Libya were lifted in 2003 and 2004 respectively (U.S.A.I.B., 2007). Thus, Libya returned to the international scene and it was slowly re-emerging from the cold, followed by Gaddafi regime adopting policies for improving its image abroad (Mateos, 2005). In 2005, the General People's Committee (i.e., Parliament) introduced Resolution No. 180 of 1 November 2005. This Resolution gave LGTTI much wider powers and provided it with a budget for building infrastructure such as roads, electricity and water supplies for tourist sites (Otman & Karlberg, 2007). In 2006, with the support of the World Tourism Organisation (WTO), Libya revised the 1998 LTMP to reduce heavy reliance on oil as its main source of foreign earnings. The revised LTMP identified a number of strategies to develop the Libyan tourism sector. The LTMP focused on the role of the public sector in short and long-term planning, marketing, infrastructure development and human resource development. The short-term objectives of the LTMP were to improve the international image of Libya and to use tourism as a stimulus for regional development. The longer-term objectives of the LTMP focused on employment generation, increased foreign exchange earnings, promotion of both international and domestic investment into the sector including a focus on the growth of small- and medium-sized tourism-related enterprises (Naama et al., 2008).

The LTMP aimed at attracting one million tourists per year by 2015 and creating more than 8,310 new jobs in less than twenty years (Lanquar, 2011; Naama et al., 2008). The Libyan Government hoped that this plan would attract foreign investment of between US\$27 to 28 billion for infrastructure, new hotels, product development, training and marketing (Naama, 2007). In 2003, the Libyan Government established the Tourism Development Bank, 80 percent financed by the private sector. By 2005, the Libyan tourism sector had attracted more than \$3 billion in newly approved tourism investments, accounting for more than 13,000 new hotel beds (EC, 2009). In 2004, the General People's Congress of Libya introduced a tourist law (Number 7; referred to as 7/2004) to encourage Libyan and foreign investors to invest in tourism projects in Libya and create new jobs in tourism in Libya (CBL, 2004). In 2005,

while more than US\$3 billion (see Table 3.1) in foreign direct investment was committed to tourism projects and improvement of the poor quality of tourism infrastructure, almost none of those projects actually received any funding (Allurentis & UKTI, 2014; Pargeter, 2010). Table 3.1 highlights some of the main investors by nationality, amount of investment, new facilities, and job creation up to end 2005.

Table 3-1: Total Foreign Direct Investment Committed, Tourism Sector, 2005

Project	Investor Nationality	Investment Commitment (USDMM)	Employment Commitment	Proposed of no. Beds	Comments
Green City Tourist Complex (Al-Krawa)	English	1,605	6,325	3,520	Decision for Construction issued
Al-Ghazala Hotel	English	253	1,600	493	
Al-Nakhel Tourist Complex	Italian	223	1,700	1,328	
Al-Nakhel Tourist Village	Maltese	117	276	1,509	
Falfool Tourist City	Swiss	80	1,000	960	
Farwa Tourist Resort	Italian	505	760	3,710	Under Discussion
Al-Bahr Towers Hotel	Pakistani	152	1,000	960	
Ganima Tourist Resort	English	123	1,800	960	
Sed Roos Tourist and Entertainment Complex	Tunisian	9	160	N/A	
Total		3,067	14,621	13,440	

Source: Porter and Yegin (2006)

In the subsequent years of 2003, Libya witnessed a stream of tourist sector investment delegations visiting Libya from Canada, France, Italy, Switzerland, Tunisia and the United States. For example, one of the main tourist investments announced in September 2006 was the 200 million euro contract between Secretary of the Libyan General People's Committee and the General Manager of the Swiss PERCO Holding Company to build the Andalus Tourist Centre in Tripoli (Otman & Karlberg, 2007). This project is a joint venture between the Swiss company (70%) and the Economic and Social Development Fund in Libya (30%) and it is expected that this project will provide 1000 job opportunities to Libyan employees (Andalousvillage, 2015; Otman & Karlberg, 2007). The tourist resort covers an area of four hectares and includes a five-star hotel with 600 rooms (Otman & Karlberg, 2007). Another main tourist project is the Tileel Resort in Subratha City. This project comprises a hotel with 80 luxurious suites, 1,600 rooms, and several conference halls and restaurants (Andalousvillage, 2015; Otman & Karlberg, 2007).

After sanctions against Libya were lifted in 2003 and 2004 respectively, Libyan authorities made reductions in visa requirements and travel barriers and somewhat opened the country (U.S.A.I.B., 2007). As a result, there was an improvement in the tourism destination image of Libya and its relationship with tourism generating markets (EC, 2009; Hurd, 2005). From 2005 to 2010, there was a steady increase in the number of international tourist arrivals compared to previous years: 170,000 in 2005, 260,000 in 2009 and 271,000 in 2010 (Lanquar, 2013, 2015). The main nationalities of international arrivals were Italians, French, Germans, Britons, Spanish and other European nationalities (LGBTTI, 2009a). Indeed, most European tourists were interested in exploring the Acacus Mountains and their surroundings and the Libyan Desert. For instance, between 1999 and 2000, more than 45,000 tourists visited the Acacus and their sites of rock art paintings. Furthermore, between September and May 2004, there were between 35,000 to 50,000 tourists officially visiting the Acacus area (Di Lernia, 2005).

However, travel and tourism direct contribution (2005 to 2010) to GDP and employment was very minor compared with countries of the south-eastern Mediterranean region (e.g. Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia) (SESRIC, 2013; WTTC, 2014). As shown in Table 3.2, in 2009, the World Travel and Tourism Council (WTTC, 2009) estimated that by 2019, the travel and tourism sector's contribution to Libyan GDP would rise from 8.6% in 2009 to 10.2% in 2019, whereas direct and indirect contribution of the travel and tourism sector to employment would rise from 159,000 jobs in 2009 to 232,000 jobs in 2019. However, the 2011 events have undermined these predictions of tourism contributions and growth.

Table 3-2: Estimated Contribution of Tourism to the Libyan Economy

Indicator	Units	2009	2019
Travel and tourism sector's contribution to GDP	%	8.6	10.2
	US dollars (millions)	7703.8	21,607.20
Direct and indirect contribution of travel and tourism to employment	Jobs	159,000	232,000
	% of total employment	8.8	10.4
	Proportion of jobs	1 in 11.4	1 in 9.6

Source: World Travel and Tourism Council (WTTC, 2009)

As shown in Table 3.3, the best available data (Jwaili et al., 2005; LGBTTI, 2006b, 2009a; Thomas, Jwaili, & Al-Hasan, 2003) indicated that the tourism sector in Libya comprises of a large number of small and medium tourism enterprises (SMTEs). The majority of these enterprises operate independently and do not belong to a chain of enterprises. For example, there are 1,055 restaurants and cafés, 498 tourism cooperatives, 378 tourism companies, 303 hotels and guest houses, 91 travel agents, 18 museums and 15 tour operators in the Libyan tourism industry registered with the Libyan General Board of Tourism and Traditional Industries (LGBTT) or currently, the Ministry of Tourism (LGBTTI, 2006b, 2009a; Thomas et al., 2003).

Table 3-3: The Libyan Tourism Sector

Type	Number	%
Local Tourist Offices/ Authority	4	0.17%
Nature Reserve Services	6	0.25%
Tour Operators	15	0.63%
Museums	18	0.76%
Travel Agents	91	3.84%
Hotels and Guest Houses	303	12.80%
Tourism Companies	378	15.96%
Tourism Cooperatives	498	21.03%
Restaurants and cafés	1,055	44.55%
Total	2368	100%

Source: The Libyan General Board of Tourism and Traditional Industries (LGBTTI) (2006b, 2009a) and Thomas et al. (2003). The data in the above table are the best available data to the researcher.

Since 1999, the number of hotels increased from 256 to 303 in 2009. Similarly, the number of available hotel rooms grew by 14.61%, representing a total of 2,252 additional rooms in 2009 compared to 13,162 rooms in 2006. In addition, the number of guests in hotels grew 11.08% to 619,418 in 2009, compared to 557,627 in 2006 (LGBTTI, 2006b, 2009a). The number of international tourist arrivals has grown from 96,000 in 1990 to 271,000 in 2010 (Lanquar, 2013, 2015).

Several reports (Porter & Yegin, 2006; WEF, 2007, 2008, 2009, 2010) during the pre-civil war period have indicated that the quality of the basic components of tourism infrastructure including roads, ports and airports, electricity and telephones, tourism education and training institutions are poor and do not provide adequate support to tourism firms. For example, there have been no operational railways in Libya since 1965, as well as no public bus services since 1970 (Allurentis & UKTI, 2014). When comparing the state of Libyan tourism with Egypt and Tunisia (as shown in Table 3.4), it can be noticeably seen that the contribution of the travel and tourism sector (i.e., hospitality, leisure, entertainment, real estate) to GDP and employment remained significantly higher in Egypt and Tunisia than in Libya. Similarly, the capital investment in travel and tourism in Libya remained smaller than that in Egypt and Tunisia. All the above-mentioned obstacles, which limit the Libyan tourism growth, may be due to an overall lack of recognising the importance of the tourism sector in an economy, presence of corruption and the state's heavy reliance on the hydrocarbon production and exports.

Table 3-4: Tourism in Libya and Neighbouring Countries

Year	Libya		
	T & T sector's contribution to GDP	T & T sector's contribution to employment	Capital Investment In Travel & Tourism
2005	2.80%	2.50%	4.20%
2006	1.25%	1.20%	2.60%
2007	1.10%	0.80%	2.80%
2008	0.70%	0.70%	2.30%
2009	2.20%	2.30%	1.80%
2010	1.90%	1.80%	1.40%
Year	Egypt		
	T & T sector's contribution to GDP	T & T sector's contribution to employment	Capital Investment In Travel & Tourism
2005	7.80%	7.80%	12.40%
2006	7.70%	7.70%	13.80%
2007	7.80%	7.80%	14%
2008	7.50%	7.50%	13.70%
2009	7.10%	7.10%	13%
2010	7%	7%	12.30%
Year	Tunisia		
	T & T sector's contribution to GDP	T & T sector's contribution to	Capital Investment In Travel & Tourism

		employment	
2005	9%	8.10%	12.10%
2006	9.20%	8.20%	12.40%
2007	9.10%	8.20%	12.40%
2008	9%	8.10%	11.10%
2009	8.80%	7.80%	9.80%
2010	8.70%	7.60%	9.40%

Source: (WTTC, 2015a, 2015b, 2015c)

3.6.2.2 Tourism in the Civil-War Period (February 2011 until the end of 2011)

Tourism in Libya is an industry heavily hit by the ongoing fighting and deteriorating security situation. Many hotels, tourism companies, tourism and travel agents, museums and tour operators have shut down and international arrivals decreased sharply from 271,000 in 2010 to 26,000 in 2011. It is worth noting that majority of international arrivals in Libya in 2011 were journalists and media workers working in press, as well as government and non-government activists and advocates for the Libyan revolution (Lanquar, 2015). The dramatic decline of travel and tourism to Libya has led to a fall in travel and tourism's direct contribution to the GDP (WTTC, 2014), a fall in the number of direct jobs within the travel and tourism industry, as well as a fall in capital investment spending by all sectors directly involved in travel and tourism industry, such as restaurants and hotels (WTTC, 2014, 2015b). The travel and tourism competitiveness index of Libya significantly decreased due to military hostilities in 2011, which have led to a decrease in the quality of safety and security, as well as air transport, ground transport and ICT infrastructure (WEF, 2012).

Some Libyan tourism operators (Amamy; Ben-Nasser; Sharksy, personal communication, 26 March, 2012) stated that in addition to the Libyan tourism infrastructure being partially destroyed, some archaeological sites have also not been placed under state protection. Therefore, in 2011, UNESCO Director-General, Irina Bokova, called on all conflict parties in Libya to respect international laws protecting Libya's unique cultural heritage. In a letter to the permanent UNESCO representatives of each of the involved countries, including Libya and the U.S, Bokova wrote, "From a cultural heritage point of view, Libya is of great importance to humanity as a whole" (UNESCO, 2011, 2012). Indeed, the environment of unstable security has resulted in an increase in violent crime and theft, including

organised antiquity theft and smuggling (Lernia, 2015). According to Ben-Nasser (personal communication, 26 March, 2012), an expert and academia in tourism, not only has the Libyan crisis caused a negative impact on the Libyan tourism sector, but it has also left a negative image of Libya, being a dangerous place to visit.

3.6.2.3 Tourism in the Post-Civil War Period (2012 until the end of 2014)

At the beginning of 2012, Libya witnessed a relative improvement in its security and political level. Libyan citizens had the opportunity to elect a 200-member GNC that serves as a parliament. Thereafter, the GNC appointed an interim Prime Minister and Cabinet. In response to the deteriorating security situation in the post-civil war period, the interim Prime Minister, Abdurrahim El-Keib, integrated majority of the former rebels into an interim force, named the Libya Shield Forces (LSF) that acts in parallel with Libya's National Army. To some extent, the National Army and the LSF relatively played a role in improving the security situation (Gaub, 2014).

In 2012, there was a temporary recovery in the tourism industry. During 2012 and 2013, the government made further plans to develop tourism. At the ministerial level, in 2012, for the first time in the country's history, the interim Prime Minister, El-Keib, issued the ministerial decree No.122/ 2012, establishing the Libyan Ministry of Tourism as the General Board for Tourism and Traditional Industries, now called the Ministry of Tourism (Ministerial-Decree-No.122/2012, 2012). The first successful task of the Ministry of Tourism was to sign a co-operative agreement with the United Nations World Tourism Organization (UNWTO) to support the Libya Ministry of Tourism through institutional building and governance, sustainable development, marketing and human resource development (Aranca, 2013).

Furthermore, in 2012, the travel and tourism industry witnessed a revival because of relative political and security stability. Previously, in 2011, many foreign-owned and domestic hotels had to shut down, including global chains that had opened their doors in Tripoli, the capital of Libya, such as Corinthia Bab Africa Hotel, JW Marriott Hotel Tripoli, Rixos Al Nasr Tripoli Hotel, Radisson Blu Hotel, the Four Points owned by Sheraton and the Al Waddan Hotel (EI, 2013). However, in 2012, Libya's hotel industry started attracting domestic business travellers, as well as international leisure tourists and business visitors again. (EI, 2013; Lanquar, 2013). The leisure tourists visiting Libya in the post-civil war period are mostly expatriates

holding foreign nationalities and visitors from neighbouring countries, for example, Tunisia and Egypt. However, attracting other leisure tourists from abroad, primarily the U.S and the West, will remain a major challenge for the future (EI, 2013).

Airlines too are returning to Libya. This includes Tunisian airlines, Etihad Airway, Emirates Airlines, Qatar Airways, Turkish Airlines, as well as several other Arab airlines. British Airways too have announced the resumption of flights to Libya (EI, 2013). Moreover, because of the improved commercial relations between Libya and Turkey, they mutually lifted visa requirements. Thus, Turkish Airlines have taken the major share of the flights in Libya (Beasley & Kaarbo, 2012; EI, 2013). Two state-owned national airlines (i.e. Libyan airlines and Afriqiyah Airways) have restored their devastated airlines and steadily reconnected their networks to reach out to the destinations that were served before the war, such as Malti, Greece and Italy. However, in the post-civil war period, the Libyan airlines and Afriqiyah Airways could face competition from low-cost carriers, such as Ryanair, who are aiming to enter Libya (EI, 2013; Welling, 2012).

At the level of travel and tourism, the situation seemed to be generally satisfactory, largely due to the slight improvement in the security situation. The number of international tourist arrivals increased from 26,000 in 2011 to 104,000 in 2012, representing a growth rate of 300% (see Appendix-1) (Lanquar, 2015). According to the statistics published by the World Travel and Tourism Council (WTTC) (2014), the direct contribution of travel and tourism to Libya's GDP in 2012 was about 3.6% and this is the highest percentage/ contribution since 2005. Similarly, the travel and tourism industry generated 32,000 jobs directly in 2012 (1.9% of total employment). This contribution is higher than in 2011 (1.3%) and is even higher than the previous figures in 2007-2008. The direct contribution of travel and tourism to the country's GDP and employment primarily reflects the economic activity and employment generated by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes the activities of the restaurant and leisure industries directly supported by tourists (WTTC, 2014).

At the infrastructure level, in 2013, the Libyan government aimed to spend US\$2.5 billion to build two new international airports in Benghazi and Misurata cities and upgrade four small airports in Tobruk, Martouba, Kufra and Ghat cities, as well as

US\$7 billion in tourist and hotel construction projects. As a result, the airport capacity will be expanded from five million today to approximately 28 million passengers a year (Allurentis & UKTI, 2014). In 2013, the Libya Rail Implementation Authority (LRIA) aimed to spend US\$4.5 billion on a project to link Benghazi and Sirte with a 554-kilometre rail network and to build a new nationwide bus network through a Public Private Partnership (PPP) basis. Indeed, the Libyan government aims to invest US\$200 billion in the next ten years in infrastructure projects including the following: housing, power and electricity, transportation and communications, education and healthcare improvements, drinking water networks and sewerage system, financial services, as well as safety and security (Allurentis & UKTI, 2014; Libya-Herald, 2013a). It is evident that the Libyan interim government has recognised the importance of tourism and the need to rebuild and modernise the tourism infrastructure.

However, the unstable security situation in 2013/ 14 within Libya remains a major obstacle for doing business and attracting tourists to the country. Since 2013, there have been ongoing political conflicts between parties and the closures of oil terminals, political assassinations by armed militias, theft and murder, accompanied by a weak government, national army and police force (Gartenstein-Ross & Barr, 2015). In 2013, the Libyan Ministry of the Interior announced that the number of murders has risen from 87 in 2010 to 525 in 2012. This represented an increase of 503%. Thefts from shops and offices over the same period escalated from 143 to 783, representing an increase of 448%, while thefts from private homes rose from 1,842 to 2,387, representing an increase of 30% (Libya-Herald, 2013b). Notably, in 2013, Muslim-Brotherhood related militants kidnapped Ali Zeidan, a former Prime Minister of Libya, but freed him a few hours later (ARB, 2013).

These issues have generated an unstable and insecure environment and damaged the country's tourism prospects. For example, the number of international arrivals declined significantly by 108% from 104,000 in 2012 to 50,000 in 2013 (Lanquar, 2015). Moreover, unexpected developments during 2013 continued to weaken travel and tourism performance. The direct contribution of travel and tourism to the GDP decreased from 3.6% in 2012 to 3.3% in 2013, alongside travel and tourism's contribution to employment also decreasing from 1.9% in 2012 to 1.8% of the total employment in 2013 (WTTC, 2014). Furthermore, the direct contribution of travel

and tourism to the GDP has continued to decline, reaching 2.8% in 2014 (WTTC, 2015b). By the end of 2014, foreign investors have fled from the country and all major infrastructure projects have been suspended. Crime levels remain high in many parts of Libya and the country is experiencing internal chaos (Yossef & Cerami, 2015).

At the level of Libyan archaeological sites across Libya, from ancient cities to prehistoric rock art, there were some violent acts of vandalism and theft. As shown in Figure 3.2, some Libyan monuments have been seriously damaged and there are concerns about the illicit trafficking of cultural materials. According to (Lernia, 2015), the greatest threat to Libya's diverse heritage is the trafficking of archaeological materials, for profit or to fund radical groups.

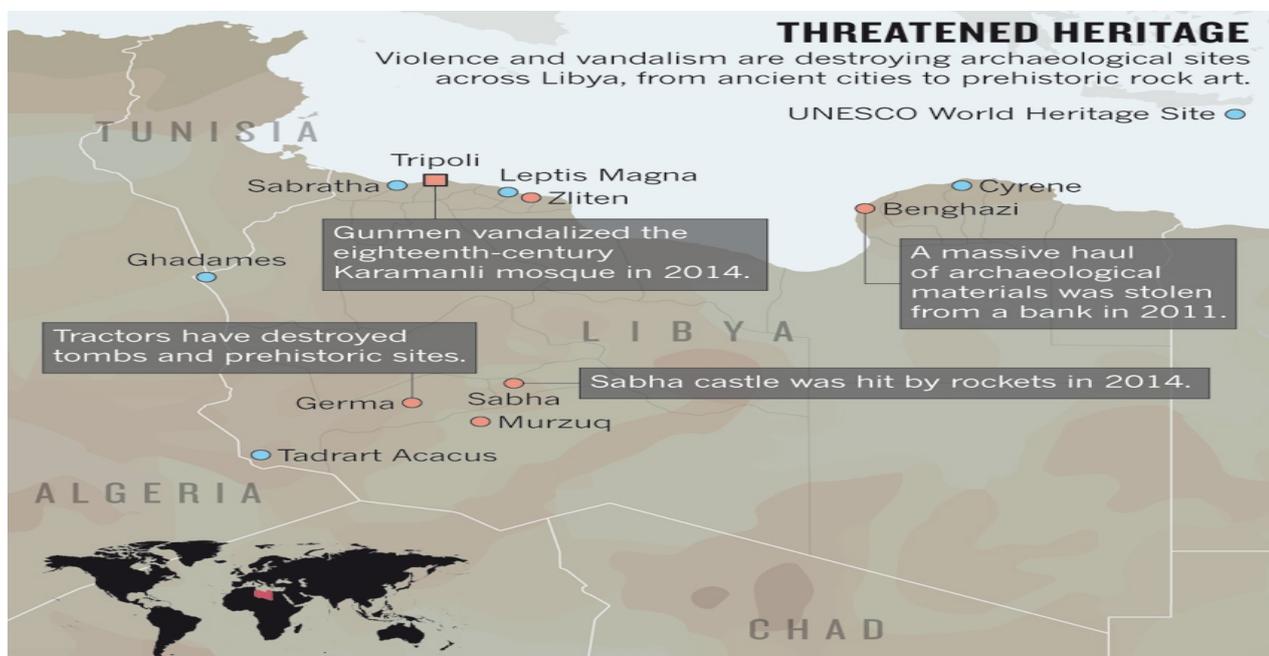


Figure 3.2: The Libyan Archaeological Sites under Threat

Source: Lernia (2015, p. 548)

Indeed, the security situation in Libya remains chaotic and unstable. The six successive transitional governments (from the end of 2012 to the end 2014) have failed to adequately build military and police forces and improve the security situation (BBC, 2015b). Many weapons which may be used against civilian aviation remain in the hands of the militias and extremist groups. A report from Human Rights Watch (HRW) (2013) showed that crime levels remain high in Libya and armed militias conducted many political assassinations and kidnappings, especially

in Benghazi for political and ideological reasons. Therefore, many governments, in particular the U.A.S (DSPS, 2014), the UK (GOV.UK, 2015a) and Australia (Smartraveller, 2015), have advised against all travel to Libya due to its serious state of political and security instability. The ongoing volatility of the security situation has hampered government efforts in 2013/ 14 to rebuild and modernise the tourism infrastructure and improve tourism activity, as well as encourage the return of western tourists and foreign investors (Gartenstein-Ross & Barr, 2015).

3.6.2.4 The Recent Conflict Events (from the end of 2014 to 2015)

This period can be seen as the second Libyan civil war. There are ongoing armed conflicts between three rival parties pursuing to control Libya: 1) the internationally recognised government of the Council of Deputies elected in 2014 located in Tobruck City which has the loyalty of the Libyan National Army; 2) the rival Islamist government of the GNC based in the capital, Tripoli, who have the loyalty of a coalition of the Muslim Brotherhood and Misratan militias and 3) the Shura Council of Benghazi rebels, led by the most extremist group in Libya, so-called “Ansar al-Sharia” (BBC, 2015b; Gartenstein-Ross & Barr, 2015). As such, Libya is now led by two separate governments; one controlled by the coalition of the Muslim Brotherhood and Misratan militias in Tripoli, while the other is the internationally recognised government based in Tobruck city.

In the eastern part of Libya, the Libyan National Army announced the launch of “Operation Dignity” (Karama), in order to overcome the terrorism and extremism from the second largest city in Libya, Benghazi. From mid 2014 up until now (2015), Benghazi has been turned into a battleground mirroring the larger confrontation in Libya. Furthermore, there is considerable damage from the war. However, in the western part of Libya, at the end of 2014, a coalition of Muslim Brotherhood and Misratan militias announced the launch of “Operation Dawn” to seize the Tripoli International Airport, capturing it from the Zintan militia. Members of the extremist-allied Misratan militia burned the Tripoli International Airport after capturing it from the Zintan militia. Shortly after, the Muslim Brotherhood-allied Misratan militias controlled the capital and formed their government (BBC, 2015b; Gartenstein-Ross & Barr, 2015; The_Telegraph, 2015).

In November 2014, the Libyan National Army also announced the launch of another "Operation Dignity" against the Muslim Brotherhood-allied Misratan militias in Western Libya, in order to restore the capital. Currently, the fierce clashes are still ongoing and there is intense fighting and shelling in the Warshafarna areas. On 15 December 2014, the Muslim Brotherhood-allied Misratan militias launched an operation to control the oil ports in the Ras Lanuf and Sidra area. However, the oil ports still remain controlled by the National Libyan army (Gartenstein-Ross & Barr, 2015; The_Telegraph, 2015).

In April 2015, the national army won the battle and the Muslim Brotherhood-allied Misratan militias escaped from the Ras Lanuf and Sidra area to the city of Misrata. In recent times, acts of terrorism in Libya are increasing and becoming more frequent, largely due to attacks conducted by extremist militia groups and members of Islamic State. Terrorism attacks occur particularly in Benghazi, the southern desert regions and Tripoli. The attacks have targeted migrant workers, diplomatic missions and embassies, governmental institutions, for example, bombs have exploded in some hotels in Tripoli and Tobruck (BBC, 2015b; Gartenstein-Ross & Barr, 2015; Smartraveller, 2015). Indeed, the amount of damage caused by recent armed conflicts is not known. However, what is clear is that the travel and tourism industry has suffered from the intense fighting in 2015. The unstable security situation within Libya is still the major obstacle for returning international tourist arrivals and doing tourism business by local and foreign investors.

In 2014, United Nations Secretary-General Ban Ki-moon appointed Mr. Bernardino León as envoy for Libya. Since August 2014, Mr. León has been facilitating a series of talks between the GNC, the Libyan Brotherhood party and the Libyan internationally-recognised parliament in Morocco. On 29 April 2015, the UN says negotiations are in progress and the Libyan parties in Morocco are "very close to a final agreement". Mr. León had stated that they would be an agreement in Libya before July 2015 (UNSMIL, 2015a). However, on Friday 9 October 2015, the UN envoy for Libya, Mr. León, announced that Libyan parties have agreed to form a new National Unity government in the Moroccan city of Skhirat (IBTimes, 2015). Thus, this step will lead to restoring stability, prosperity and unifying Libyan parties' efforts to fight against terrorism.

3.7 Conclusion

In short, this chapter discusses and presents the background of Libyan in terms of civilization, economic and political history. The chapter also discusses the structure of the Libyan economy, as well as the importance of oil and gas sector and sectoral contributions. The Libyan business environment was discussed, showing the changes in the foreign direct investment (FDI), investment regulations and the trading activity laws, as well as showing the legal restrictions on local and foreign firms and business systems in the Libyan market. In addition, this chapter discusses the constitutional developments according to both the pre and post-civil war periods. Tourism in Libya was discussed by first presenting the tourist attractions in Libya and then discussing the Libyan tourism situation in a chronological order; that is, the pre-civil war period, civil war period and post-civil war period.

It can be seen that Libya opened up to tourism in the 2000s. However, the Arab Spring Revolution halted tourism. It can also be concluded that the internal political and armed conflicts, governmental instability and terrorism acts are considered the main obstacles for the development and prosperity of tourism. Thus, the presence of an unstable security environment in Libya since 2011, has raised several questions including how Libyan tourism firms cope with the turbulent challenges during the civil war stage; how tourism firms resume their business operations in the post-civil war stage and how the political, economic, security and constitutional changes impact on the Libyan tourism sector, as well as the role of the government towards tourism during and post-civil war periods. Therefore, there is a need to explore the ability of Libyan tourism firms to meet the challenges in the post-war tourism environment and also to explore the challenges that are associated with the characteristics of the Libyan economy and institutional changes in the post-civil war period.

4.1 Introduction

This chapter discusses and justifies the research paradigm and case study methodology selection. The chapter also discusses the exploratory case study, types of case studies, multiple case study research design and preparation, as well as collection and analysis. Finally, this chapter provides discussions on the criteria for judging quality of the case study research in terms of establishing the validity and reliability.

4.2 Research Paradigm

This section presents and discusses the research paradigm in terms of its definition, types and justifications for selecting it.

4.2.1 Research Paradigm Definition

In conducting research, scholars have emphasised on the importance of constructing a philosophical paradigm and research orientation towards the inquiry (Farquhar, 2012; Saunders, Lewis, & Thornhill, 2009). The term ‘paradigm’ refers to “the basic belief system or worldview that guides the investigator, not only in choices of method but in ontologically and epistemologically fundamental ways” (Guba & Lincoln, 1994, p. 105). Thus, the research paradigm guides researchers to look inside the considerations of ontology, epistemology and methodology. Ontology is concerned with the nature of reality, while epistemology is concerned with the relationship between the researcher and the research or what can be known. Methodology is concerned with how the researcher can discover the reality, i.e. the process of conducting research (Guba & Lincoln, 1994; Lincoln, Lynham, & Guba, 2011).

There are two key epistemological perspectives: the objectivist and subjectivist perspectives. In an objectivist perspective, researchers are independent, objective, unbiased and do not influence gained knowledge (Glynn, 2009). In contrast, for a subjectivist perspective, the researchers are part of the observed phenomenon and cannot be separated, as they seek to understand the perspectives of the participants (Saunders et al., 2009). These two perspectives impact on the methodology chosen; for example, a subjective epistemology usually requires the use of qualitative

approaches (Glynn, 2009). Consequently, the research paradigm guides the entire research process and offers important principles and directions in choosing the approaches, methods and techniques for conducting the research (Farquhar, 2012; Guba & Lincoln, 1994; Lincoln et al., 2011; Saunders et al., 2009).

4.2.2 Different Research Paradigms

In the research methodology literature in the social and behavioural sciences, there has been an ongoing debate about the best paradigm to use (Teddlie & Tashakkori, 2009). However, two extreme paradigms dominate the research literature: positivism and interpretivism, with which two research methodologies are respectively associated, quantitative and qualitative (McEvoy & Richards, 2006).

The positivist paradigm has been the overriding perspective in the physical and social sciences (Guba & Lincoln, 1994), going back to the scientific revolution of the 17th century (Illing, 2013). The positivist paradigm revolves around finding out patterns in observable events and characterising them in the form of generalisable laws, with an emphasis on identifying cause-and-effect relationships; i.e., statistical relationships between dependent and independent variables (McEvoy & Richards, 2006). As a result, positivist researchers seek knowledge phenomena that must be based on empirical observations and measurements. They typically generate and test hypotheses, following what is referred to as the hypothetico-deductive method; that is, theory testing (Farquhar, 2012). Thus, the positivist paradigm is commonly associated with quantitative methods (Punch, 2005). Data are considered value-free and typically collected through large surveys, which are statistically analysed. Research results are usually generalisable to the entire population from which the sample is drawn (Biggemann, 2010; Glynn, 2009).

The interpretivist paradigm is the opposite of the positivist paradigm. The interpretivist paradigm posits that reality is socially constructed and exists only in the perceptions of individuals (Capper, 1993), rather than being an externally singular entity (Ponterotto, 2005). Thus, the interpretivist paradigm proposes that social reality is the result of the subjective interpretations of individuals (Ardalan, 2012). The interpretivist paradigm is rooted in the German intellectual traditions of hermeneutics and phenomenology, in particular in the work of Max Weber (1864-

1920) and Alfred Schiitz (1899-1959) (as cited in Lewis-Beck, Bryman, & Liao, 2004).

Thus, Myers (1997) notes that the philosophical base of interpretive research is hermeneutics and phenomenology. The hermeneutical approach focuses on studying hidden meanings that must be brought to the surface through deep reflection, which can be stimulated by the interactive researcher-participant dialogue (Ponterotto, 2005). Thus, a distinguishing characteristic of interpretivism is the centrality of the interaction between the investigator and the object of investigation, as it is only through this interaction that deeper meaning can be uncovered. The researchers and their participants jointly create or co-construct findings from their interactive dialogue and interpretation (Farquhar, 2012). Another approach is phenomenological in character and argues that subjective interpretations and individuals' perceptions of the world are starting points in understanding (not in analysing or explaining for deriving generalisations as in the positivist paradigm) the social phenomena (Ernest, 1994; Stubblefield & Murray, 2002). Thus, the interpretivism movement considers that multiple individuals perceive social reality differently, interpret it differently and then evaluate it differently (Ernest, 1994). The interpretivist paradigm promotes the value of qualitative inductive research methods that are mainly concerned with providing the contextual depth of complex issues (Kelliher, 2011).

4.2.3 Justification for Research Paradigm

In selecting the research paradigm, research scholars argue that researchers can freely choose the best paradigm for their research question; for example, the research paradigm for a case study may be positivist or interpretive (Myers & Avison, 2002; Veal & Ticehurst, 2005). However, there is a wide consensus that the research paradigm decision is made based on the nature of the investigated phenomenon, the purpose and the nature of the research questions posed, as well as the accessibility of research resources (Azorín & Cameron, 2010; Myers & Avison, 2002; Patton, 1990; Trafford & Leshem, 2008).

It is indeed clear that current research questions like, “how do” and “what are (is)?” (see chapter 1) are more descriptive questions than prescriptive “how should?”. As such, this means that current research questions tend to follow an inductive reasoning, in that they seek to extend the existing literature by making theoretical

contributions in the fields of firms' adaptation in emerging economies (Perry, 1998, 2001). Consequently, the interpretivist paradigm is more appropriate for this thesis, because the researcher is concerned with describing the real world phenomena in Libya; in particular, describing a period of environmental turbulence in Libya, as well as tourism firms' adaptation efforts to turbulent conditions (as shown in chapters 3, 5 and 6). Thus, the meaning of adaptation to environmental turbulence can only be fully understood when the subjective experiences of Libyan tourism managers inform their adaptation efforts to environmental turbulence.

Consequently, this thesis is designed based on the interpretive paradigm's fundamental objectives to gain a rich description and understanding of the adaptation processes that underpin organisational capabilities of the Libyan tourism firms. Firms' adaptation to environmental turbulence and the effects of the characteristics of the Libyan economy and turbulent environments can be best understood by interacting closely with the Libyan tourism managers and analysing their direct experiences, in order to explore their mental constructions; thus, being able to understand and demystify the social reality in Libya (Cohen, Manion, & Morrison, 2013).

Finally, it has been noted that many key studies on dynamic capabilities and organisational adaptation tend to use an interpretivist qualitative research approach (Danneels, 2002; DeSanctis & Poole, 1994; Lee & Kelley, 2008; Narayanan, Colwell, & Douglas, 2009; Pablo, Reay, Dewald, & Casebeer, 2007; Pan, Pan, & Hsieh, 2006; Ravishankar & Pan, 2013; Salvato, 2009; Verona & Ravasi, 2003). This suggests that the understanding of the capabilities and adaptation phenomena requires an interpretivist paradigm, primarily centred on an inductive qualitative research approach, with multiple instruments and processes, including interviews, observations, and documents. In an emerging economies context, several authors have indicated the importance of the interpretivist paradigm in understanding the novel and complex phenomena, such radical transformations in business landscapes that are complex and not well understood (Dixon & Day, 2010; Dixon, Meyer, & Day, 2013; Dixon, Meyer, & Day, 2007; Yan & Lin, 2010).

4.3 Case Study Methodology

There are many research designs within an interpretivist paradigm, such as action research and case study design. This study uses a case study design because it is considered a robust research method, especially when a holistic and in-depth investigation is required to describe, define, and analyse little understood phenomena such as Libyan tourism firms' adaptation (Yin, 1989, 1994a). The case study methodology has been used widely in different types of research and across a variety of disciplines, including sociology, organisations and management (Nazari, 2010). Yin (1984; 1989, p. 23) defines case studies as “an empirical inquiry that investigates a contemporary phenomenon within its real life context; when the boundaries between phenomenon and context are not clearly evident in which multiple sources of evidence are used”.

4.3.1 Justification for Case Study Methodology Selection

Normally, the case study methodology is useful when researchers need to understand a particular problem or a unique situation in great detail, especially when they can identify cases rich in information for an in-depth study (Patton, 1990). A particular case is considered to be rich when “a great deal can be learned from a few exemplars of the phenomenon in question” (Patton, 1990, p. 54). The case study approach is the most appropriate methodology for this study based on three factors. Firstly, the study focuses on a contemporary phenomenon in its real-life context (Perry, 1998, 2001; Yin, 2009). After all, an environmental turbulence is a contemporary and ill-defined event. Thus, there is still a lack of clarity about how Libyan tourism firms adapt to such environmental turbulence (Yin, 2003). Secondly, the research is being conducted within the Libyan tourism industry, where the researcher can exercise little control over behavioural events (Yin, 2009).

Finally, the case study methodology is more appropriate for the current research because the main questions of the study is “how do” rather than “how should” (Perry, 2001; Yin, 2009). As this thesis is exploring a new concept within a new context, the method will investigate how things actually happen. This aligns with the ‘how do’ as compared to the ‘how should’ case study approach (Perry, 2001; Yin, 2009). Hence, this study attempts to addresses the research questions through the collection of rich and detailed data from a series of case studies supported with secondary data.

Furthermore, the case study methodology fits within an interpretivist paradigm (Cousin, 2005) and the terms ‘qualitative research method’ and ‘case study methodology’ are often used interchangeably (Eisenhardt, 1989). Farquhar (2012) maintains that the case study methodology tends to follow an inductive logic, as it tends to build new or extend existing theory, rather than test it.

4.3.2 Exploratory Case Study

The literature on case study methodology proposes a variety of case study typologies. For example, Yin (2003, 2009) developed three typologies of case study that differ in terms of both design structure and research goals. These typologies are: descriptive, exploratory and explanatory. The main purpose of the descriptive case study is to present an in-depth description of all aspects of the case and its context, which Yin labels “descriptive theory”. An exploratory case study is conducted without a prior theory or hypothesis guiding a researcher’s inquiry. Therefore, the primary task of the researcher is to explore various aspects and relationships in the case and to build new or extend existing theory or provide theoretical contributions (Yin, 2003). In contrast, an explanatory case study aims to present data on cause-and-effect relationships (Hancock & Algozzine, 2006), with the primary purpose being to determine the specific causes and its corresponding effects (Yin, 1993).

Consequently, an interpretivist exploratory case study methodology was considered particularly appropriate for the current study for three reasons. First, no research existed on the ability of Libyan tourism firms to adapt to the environmental turbulence. Furthermore, the exploratory case study methodology is more appropriate than an explanatory case study methodology when the phenomenon under investigation is a relatively uncharted area or one with no current knowledge (Benbasat, Goldstein, & Mead, 1987; Yin, 1989, 1994a). Thus, the exploratory case study methodology would play a role in making important theoretical contributions in the area of emerging-economy firms’ adaptation to environmental turbulence. Second, the exploratory case study methodology is more appropriate with the current research questions of "how" and "what" (Yin, 2009). Finally, as the current research questions tend to follow an inductive reasoning, they are more appropriate for an exploratory research study methodology. The inductive reasoning allows the researcher an open mind to let new insights emerge from the exploratory case data (Chan & Hawkins, 2010).

As a consequence, responses of each firm represent a rich story, which is required to be investigated further in depth, particularly with regards to the story about a firm's ability to cope with the changing external environment. This investigative feature can be offered by the exploratory case study methodology with qualitative techniques that are consistent with the fact that organisational capabilities are embedded in firms' managerial and organisational processes and routines. In other words, firms' capabilities are very difficult to identify through the explanatory case study methodology with quantitative techniques (Eisenhardt & Martin, 2000; Green, Larsen, & Kao, 2008). Therefore, the most appropriate method for this study is the exploratory case study.

4.4 Types of Case Studies

Yin (2003, 2009) identifies four types of case study designs based on the number of cases, contexts and units of analysis. As shown in Table 4.1, they are: Type 1 - single case designs (holistic), Type 2 - single case designs (embedded), Type 3 - multiple case designs (holistic), and Type 4 - multiple case designs (embedded). In order to build up an appropriate case study methodology design, the researchers should decide either to use the multiple case study design or the single case study design. Afterward, they should assess whether to use embedded-multiple units of analysis or holistic-single-unit analysis. In this study, multiple case design with holistic analysis (Type 3) was chosen. In addition, multiple case studies do not have embedded designs because there are no clear subunits available for analysis.

Table 4-1: Types of Case Study Designs

Case Study Type	Characteristic
Type 1	One case, holistic, one unit of analysis, case and unit of analysis is indistinguishable
Type 2	One case, embedded units of analysis, not holistic, but still context depended, case and unit of analysis is distinguishable
Type 3	More cases, holistic, case and unit of analysis is indistinguishable
Type 4	More cases, embedded unit of analysis, not holistic, yet context depended, case and unit of analysis is distinguishable

Source: Adopted from Grünbaum (2007, p. 86)

A decision to utilise the holistic, multiple-case design was made based on five reasons. First, a holistic, multiple case study design was chosen in order to gain the benefits of replication logic, which enables explanation of similarities based on the expectation of producing similar results (i.e., a literal replication) or produce diversities based on the expectation of contrasting results but for predictable reasons (i.e., a theoretic replication) (Yin, 2003, 2009). Thus, the replication logic supports transferability or external validity (Eisenhardt, 1989). Second, the multiple case study design is chosen because the researcher is interested in the diversity of firms, as the diversity of cases increases the confidence in any common results that might emerge as the evaluation unfolds (Carden, 2009).

Third, a multiple case study design is considered more appropriate for this study because the research questions call for a rich understanding of the experiences of Libyan tourism firms toward the current phenomenon of environmental turbulence or how tourism firms deal with the environmental turbulence (Farquhar, 2012). Fourth, the multiple case study design is more appropriate because of the exploratory nature of the research and it is not intended to test a well-formulated theory in a single case study design (Yin, 2009). Finally, the evidence or findings from multiple cases are often considered to be more compelling than a single case and thus, the overall study will be regarded as being more robust and rigorous (Eisenhardt, 1989; Yin, 2003).

Understanding the firm's adaptation efforts, from the tourism crisis management and dynamic capabilities perspectives, towards environmental turbulence is a difficult task, as the relationship between environmental dynamism and capabilities development is non-linear and complex. Moreover, this relationship relies on other conditions such as organisational history (Barrales-Molina, Bustinza, & Gutiérrez-Gutiérrez, 2013). As Barrales-Molina et al. (2013) explained, the researcher found himself/ herself driven to recruit more than a single case study for engaging in investigating firm capabilities development (FCD) and its correlation with various complex aspects of environmental turbulence. Moreover, the outcomes of dynamic capabilities are sometimes very similar from one firm to another, even across sectors (Eisenhardt & Martin, 2000; Jantunen, Ellonen, & Johansson, 2012). On the contrary, the actual internal processes leading to dynamic capabilities vary case by case (Jantunen et al., 2012). Therefore, there is no doubt that multiple case studies enable the cross-case analysis (i.e. exploring similarities across Libyan tourism

firms), for building a rich and depth explanatory framework of tourism firms adaptation to environmental turbulence, to be performed.

4.5 Multiple Case Study Research Design

This section discusses the key steps of designing the current study, which are shown in Figure 4.1. It includes three stages: (1) the definition and design step includes theoretical framework, selecting cases and designing data collection protocol; (2) preparation, collection, and analysis includes conducting case study 1, 2..etc, and then doing within case analysis; as well as (3) the final step being analysis and conclusion, including drawing cross-case conclusions, modifying theoretical framework, developing implications and then completing the final report.

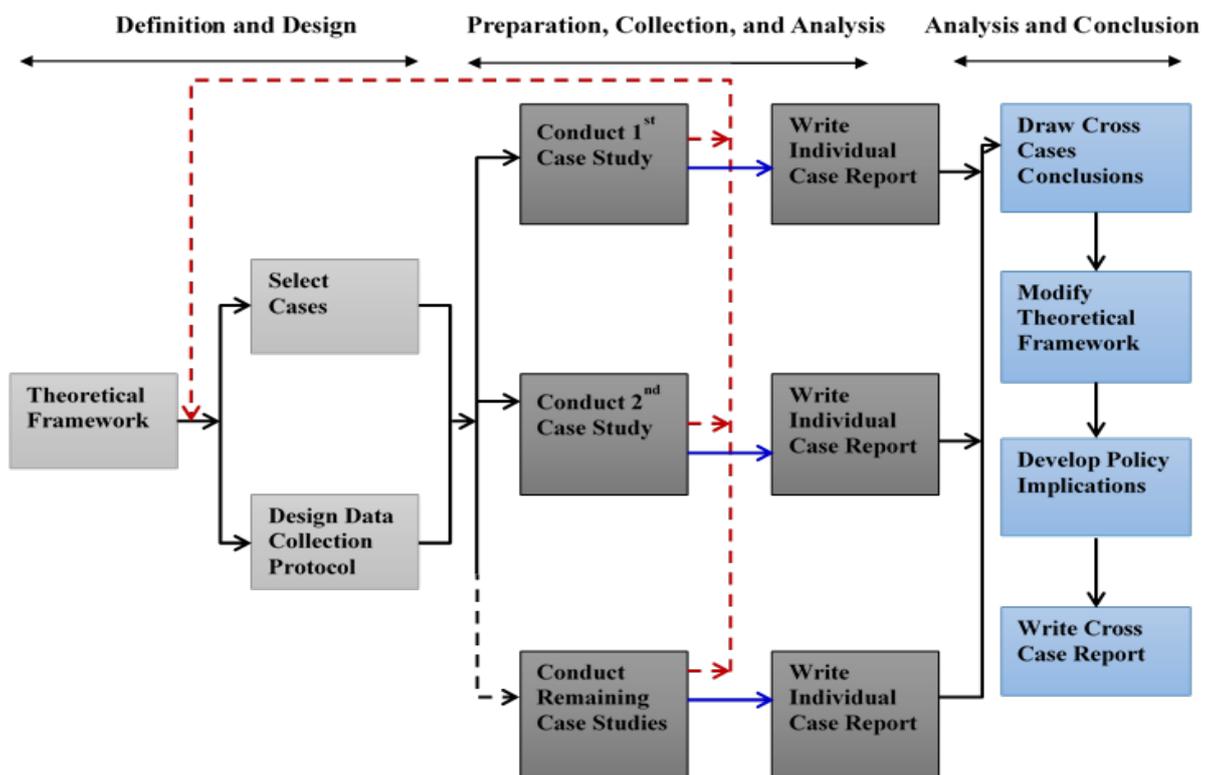


Figure 4.1: Multiple Case Study Design Method

Source: Adapted from Yin (2003)

4.5.1 Definition and Design

This step represents the grounds on which the research plan is based. The theoretical framework, case study selection and design data collection protocol are the main components of this step. The subsequent sections discuss in detail the process of each component.

4.5.1.1 Theoretical Framework and Research Questions

Yin (1994b, 2003, 2009) recommends that in order to overcome some of the barriers to theoretical development, researchers should review the relevant literature and discuss their topic and ideas with their colleagues. This study follows Yin's recommendations. Firstly, the researcher reviewed documents and publications about Libyan tourism crisis and tourism activity, business activity and economy, from the Libyan tourism ministry, the World Economic Forum, UNWTO, African Development Bank (AFDB), International Monetary Fund, European Institute of the Mediterranean and the European Commission's Seventh Framework Research Programme (FP7). The first step played a crucial role in creating a general idea about the Libyan tourism crisis, business activity and economy.

Secondly, the ideas of the first step encouraged the researcher to use open discussions with five specialists in the Libyan tourism context. The researcher had brief telephone discussions with an employee from the Libyan Tourism Board, a tourism specialist from the Libyan Economic Research Center in Benghazi City, two lecturers from two Libyan Universities (Benghazi and Omar Al Mukhtar Universities) and two tourism firm managers. Moreover, regular meetings with the supervisory team allowed for a continuation of discussion of the relevant literature review and the situation of the Libyan tourism crisis, post-war tourism and political instability, as well as recovery efforts. This step played an important role in understanding some aspects of the tourism crisis and the effects of the 2011 civil war.

From the continual discussions with the supervisory team, it has been suggested that the literature on Libya's economy and emerging economies are to be reviewed. The researcher found that the Libyan economy has been in a state of transition to an emerging economy from 2003 until the post-civil war period. Libya's economy is also undergoing a profound transformation caused by political and economic reforms after the civil war. The business environment in Libya is turbulent due to threats coming from political and security instability that affects every aspect of business activities. Thus, it has raised several questions about whether the characteristics of the Libyan economy and business environment have an impact on the ability of tourism firms to adapt to environmental turbulence. Another question raised is about the impact of institutional changes; i.e., the role of government and foreign investors in the post-civil war period.

In addition, the discussions with three tourism managers, relating to firms' recovery efforts, demonstrated that some Libyan tourism firms have successfully achieved some growth in the turbulent post war conditions. Therefore, this result stimulated the researcher to search for reasons: how and why certain Libyan tourism firms could adapt and survive and even flourish in turbulent tourism environment in the post-war period while others faltered. Even before all these, how do these firms cope with the turbulent challenges during the civil war stage? Thirdly, in an attempt to understand how and why some Libyan tourism firms identify and respond to the need for change, the researcher also reviewed the fields of crisis and strategic management.

The researcher found that both tourism crisis management and dynamic capabilities perspectives (Ambrosini & Bowman, 2009; Evans & Elphick, 2005; Teece et al., 1997) provide a useful theoretical foundation for investigating responses and change processes within the tourism firms that enable them to respond to environmental turbulence. Finally, in order to attain the goal of developing a theoretical framework (see figure 4.2) and forming research questions, the researcher synthesised and integrated the ideas, results, and drew from discussions, literature reviews, documents and reports.

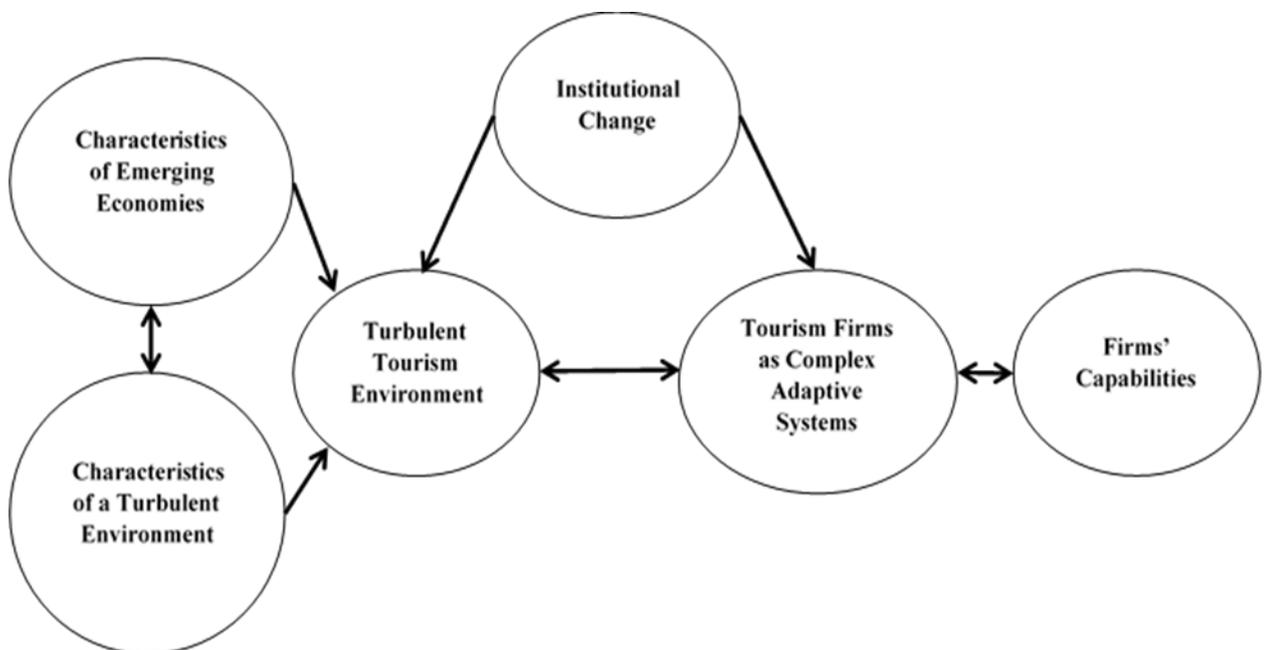


Figure 4.2: The Conceptual Framework for Firms' Adaptation to Environmental Turbulence

4.5.1.2 Selection of the Cases

This section discusses the number of case studies and the process of selecting these cases.

The Number of Case Studies

There is no ideal number of cases. However, “the greater the number of case studies that show replication, the greater the rigour with which a theory has been established” (Rowley, 2002, p. 20). In other words, the number of case studies must be large enough to show how each case relates to another, so as to demonstrate differences or similarities and patterns (Yin, 1981, 2009). Gummesson (2000) argues that the number of cases needed can be determined by theoretical saturation, namely, there is no need to add further cases when the marginal utility of an additional case is considered to be low. Eisenhardt and Perry recommends that the theoretical saturation can be achieved with 6 to 8 case studies (Eisenhardt, 1989; Perry, 1998). Thus, 8 case studies were used to better understand firms’ adaptation to environmental turbulence.

Case Study Selection Processes

This section discusses the method of case studies selection and the stages of selection.

1- Case Study Selection Method

The current study combined and employed the reputational and criterion based selection methods for selecting case studies (LeCompte, Preissle, & Tesch, 1993; Patton, 1990). In the criterion based selection method, the researcher created a list of specific criteria to purposefully select the tourism firms from the Libyan tourism sector, because these firms possess characteristics related to the study’s questions. The reputational based selection was also used to purposefully select recruit interviewees within each case study.

2- Case Study Selection Stages

The first stage of selecting Libyan tourism firms (i.e., case studies) from the Libyan tourism sector began with collecting data and statistics from three sources: (1) the Libyan General Board for Tourism and Traditional Industry (GBTTI), Libyan

Bureau of Tourism Statistics, and Economic Research Center in Benghazi City; (2) available literature about Libyan tourism industry and (3) personal communications. Consequently, a broad list that included 166 tourism firms distributed throughout Libya was generated. However, because of the lack of contact addresses, such as mail, telephones, fax, mobile phone numbers, e-mail, and web-sites, the broad list was refined and narrowed to the point where the new list included 27 tourism firms. All of these tourism firms (see Table 4.2 and Figure 4.3) were located in the two big cities in Libya, i.e. Benghazi and Tripoli Cities.

As Libya was placed as a high risk country, the researcher had to abide by the Risk Management advice. The researcher organised a meeting with a team from Curtin's Risk Management office at Curtin University. All 27 tourism firms (Table 4.3) were checked against the The Australian Department of Foreign Affairs and Trade (DFAT) Consolidated List, which is a list of all persons and entities who are subject to targeted financial sanctions or travel bans under Australian sanctions laws (DFAT, 2015). All 27 tourism firms were not listed. Thus, permission was granted for these 27 tourism firms to be used in the research.

Table 4-2: Tourism Firms within Tourism Sector in Libya

Number of Firms	Location	Areas of Activity	Size of Firm
7	Tripoli	Tourism and Travel	Medium businesses
4	Tripoli	Tour Operator	Small businesses
3	Tripoli	Hotel	Large businesses
5	Benghazi	Tourism and Travel	Medium businesses
6	Benghazi	Tour Operator	Small businesses
2	Benghazi	Hotel	Large businesses

Source: Developed for the current study by the researcher based on the data of General Board for Tourism and Traditional industry (LGBTTI (2009b); Libyan Bureau of Tourism Statistics (LBTS (2010); and Thomas et al. (2003).

Table 4.2 demonstrates that there are 12 travel and tourism firms; 7 of them are operating in Tripoli city, 5 firms operate in Benghazi city, whereas there are 10 tour operators. 4 operate in Tripoli, while 6 others operate in Benghazi city. Finally, there is a total of 5 hotels; 3 in Tripoli and 2 in Benghazi. Figure 4.3 shows the location of Libyan tourism firms in Benghazi and Tripoli.



Figure 4.3: The Major Cities in Libya

Source: CNN (2011)

The second key stage of the case study selection process is to choose cases from among the 27 tourism firms (Table 4.2). In this stage, a set of criteria and procedures were designed by criterion based selection method to select information rich cases. Information rich cases are those from which the researcher can learn a great deal about issues of central importance to the purpose of the research (Patton, 1990, p. 169). Therefore, the aim is not to attain a large and representative sample, but to select tourism firms that can offer the richest and detailed data that can help the researcher to answer the thesis questions.

The first selection criterion is the willingness to participate in the study. The researcher contacted all 27 tourism firms to confirm if the potential tourism firms have an interest in joining the study. Only 16 tourism firms (59%) expressed interest in joining the study. The rest of the 11 tourism firms (41%) refused to participate in the study because they had no desire to participate. Therefore, the number of case studies was modified from 27 to 16 tourism firms. The second selection criterion is the availability and accessibility of secondary data. This criterion was made available via telephone conversations between the researcher and each tourism manager. 11 Libyan tourism firms promised the researcher the necessary assistance and cooperation to access secondary data (notably minutes of meetings, annual reports, statistics and activity progress reports.). However, 5 firms refused to divulge any documental information because of the confidentiality of the required information. Thus, the number of case studies was reduced from 16 to 11 tourism firms.

The third selection criterion is that the tourism firms must be involved in the change processes. To be exact, they should show clear signs of redesigning and modifying

their activities in response to environmental turbulence at the time of the study. This criterion was fulfilled by telephone conversations between the researcher and each tourism manager. The underlying logic behind this criterion is that a firm needs to undertake changes to reconfigure various resources and capabilities in order to keep the pace with the continuously changing environment (Zeng, Douglas, & Wu, 2013). Therefore, this criterion enabled the researcher to identify and analyse the components of capabilities that were embedded in a set of specific managerial and organisational processes and routines that enabled Libyan tourism firms to adapt to environmental turbulence.

The fourth selection criterion is the evidence of success; this criterion represents the reputational-based selection method. Tourism firms should be able to show successful organisational outcomes such as profitability and organisational image or reputation. The profitability criterion was achieved by telephone conversations between the researcher and each tourism manager. The organisational image or reputation criterion was achieved by collecting recommendations and suggestions about 11 Libyan tourism firms from an employee from the Libyan Tourism Board and two tourism specialists from the Libyan Economic Research Centre in Benghazi City; these individuals are very knowledgeable about the Libyan tourism market. The key logic behind this criterion is that dynamic capabilities lead the firms to achieve better performance when they enable firms to modify their processes and practices (Easterby-Smith & Prieto, 2008).

The third and fourth criteria are complementary to each other and were taken into account simultaneously when determining the potential tourism firms. As the firms were involved in redesigning and modifying their activities in response to environmental turbulence, they showed improvements in their organisational outcomes. Finally, the researcher took into account the diversity criterion. The primary logic behind this criterion is that the diversity of case studies strengthens the analysis, in particular, when the same result is observed across a multiplicity of situations and contexts (Snow, Morrill, & Anderson, 2003; Yin, 2009). Therefore, by implementing the third, fourth and final criteria, 8 tourism firms from the original 11 were selected purposively as potential participating firms, while 3 others were eliminated (see Table 4.2 and Figure 4.3).

Table 4-3: Characteristics of the Selected Eight Case Studies

Firm Name	Location	Areas of Activity	Length of Time	Size: Employees	Ownership
A	Tripoli	Tourism and Travel	10 years	35	Mix of Local and Foreign Ownership
B	Tripoli	Tourism and Travel	18 years	10	Local Private Ownership
C	Tripoli	Tourism and Travel	16 years	16	Local Private Ownership
D	Benghazi	Tourism and Travel	13 years	17	Local Private Ownership
E	Tripoli	Tour Operator	14 years	13	Local Private Ownership
F	Benghazi	Tour Operator	4 years	2	Local Private Ownership
G	Benghazi	Hotel	28 years	143	Public Ownership
H	Tripoli	Hotel	10 years	213	Foreign Ownership

Source: Secondary and interview data

Table 4.3 shows four tourism and travel firms (A, B, C, and D). Firm A is run by Italian and Libyan entrepreneurs while the other three tourism and travel firms are run by local entrepreneurs. Firms A, B, C and D can be classified as medium enterprises (MEs). The two local tour operators (E and F) can be classed as small enterprises (SEs). Finally, there are two large sized tourism firms (G and H); Firm G is a locally owned and managed hotel, while Firm H is an internationally owned and managed hotel.

4.5.1.3 Design Data Collection Protocol

This section encompasses five major research activities: informants (sub-units), case study interview instrument, secondary data supported, semi-structured interview design and pilot case study protocol.

1- Informants (Sub-units)

The target informants were CEO, managers, deputy managers and employees who were only deeply and directly involved with key decision-making processes in the firms, with regards to change-responsive actions to environmental turbulence during the war and post-war period. Therefore, it is expected that the target informants are well-informed about the firm's day-to-day operations, overall strategic issues and the tourism industry.

2- Case study Interview Instrument

Interviews are one of the most popular research methods for conducting exploratory research (McNabb, 2013). Yin (2009) notes that the interview is an essential source of case study information. Interviews enable the researchers to gather in-depth information from individuals who are thought to be the most knowledgeable regarding the studied phenomenon and research questions (Kvale, 2008). There are three types of interviews: unstructured, structured and semi-structured. The semi-structured interview was adopted as the main research instrument to collect qualitative data from all target participants. The semi-structured interview was selected because it is well suited for situations where the researcher desires to capture specific information from all interviewees, such as the characteristics of the Libyan economy and environmental turbulence. It also allowed the researcher to ask additional questions to follow up on any interesting answers to the standard questions (Mitchell & Jolley, 2012).

Indeed, semi-structured interviews are more relevant to explore deeply the processes and mechanisms of dynamic capabilities (Eriksson, 2013) and specific responses during the civil war period. Moreover, the semi-structured interview is the most useful method for the exploration of perceptions and interpretations of tourism managers regarding the characteristics of environmental turbulence and the Libyan economy. A pilot study was conducted to test the semi-structured interview procedures (see section 4.5.1.3 - pilot case study protocol). However, ethics clearance had to be sought before a pilot study could be conducted.

3- Secondary Data Supported

Secondary data were sought in an effort to triangulate the cases, as the triangulation of the thesis data from primary (the interview data) and secondary (documentation data) sources can serve to enhance and improve the validity (Yin, 1994a). Other sources besides the semi-structured interviews were: 1) firm archival/ document financial reports, meeting minutes, operating manuals and internal memorandums; 2) internet information sources available at the tourism firms' websites that include biography, videos, news and an overview of the tourism services and products

offered by the firms, as well as 3) telephone calls and email-correspondences that were implemented as a follow-up to the semi-structured interviews.

The researcher used telephone and email contacts in order to verify interview data and obtain clarifications and further information about the research issues, results and interpretations. 4) Other secondary data have been collected from various government, semi-government and non-government organisations, including the United Nations World Tourism Organisation (UNWTO), World Travel & Tourism Council, the World Economic Forum, OPEC, the African Development Bank Group, Central Bank of Libya, World Health Organisation (WHO), International Monetary Fund and the World Bank. All of these data were used extensively in combination with the interview data in chapter six to answer the research questions.

4- Semi-structured Interview Design

One of the main aims of the interview design is to identify what information the researcher wishes to gain during the interviews. The current study used the guidelines proposed by Rittchie and Lewis (2003) for designing semi-structured interviews.

Introduction: The researcher designed and prepared welcoming sentences and encouragement to maximise rapport with interviewees and followed with a brief personal introduction about him and what he does. The researcher formulated the participant information sheet (see Appendix-3, section-A), which included details about the nature and purpose of the research, audio-record permission and participant's confidentiality and anonymity. A verbal consent form (see Appendix-3, section-B) was used because the interviews were conducted via the telephone and personal preferences. As the participants were hesitant to sign written informed consents and return them by email, a verbal consent form was designed as a readable, easy-to-fill model, paying special attention to the language, layout, organisation of the information sequence and typography. Only the verbal (and not written) consent form was selected because it was already planned that all interviews are to be conducted via the telephone and Skype, as recommended by the Human Research Ethics Committee at Curtin University. The researcher estimated it would take about 10-15 minutes to complete this section.

During the interview: In order to correctly guide interviewees during the interviews, the researcher designed a question template (see Appendix-4). This template was divided into four broad categories according to the research questions: 1) questions about tourism firms' responses to turbulent environment; 2) questions about the Libyan economy; 3) questions about business and tourism environments; 4) questions about institutional changes.

Ending the interview: The researcher created and prepared verbal signals that indicated to the interviewees the end of interview. An example included, "Was there anything that you were expecting to talk about today that I did not mention in my questions?" However, although ending signals were used, the interviewees did not provide additional insights on the topic, because the interviews were saturated and the interview data gathered was repetitive (Creswell, 2003).

After the interview: The last section of the interview design included expressions of thanks and appreciation for the interviewees' valuable contributions to the study.

5- Pilot Case Study Protocol

The pilot case study is the final stage prior to conducting the main study. The main purpose of a pilot case study is to refine data collection plans with respect to both the content of the data and the procedures to be followed (Yin, 2009). A pilot case study was undertaken to test the semi-structured interview technique, interview questions, data recording procedure and equipment. More importantly, it is intended for ensuring clarity in the language and central concepts used. The criteria of convenience and willingness were used to select a pilot case study.

The telephone interviewing technique was used to collect pilot case data because of safety reasons and travel restrictions. Initially, the researcher planned to gather data for case studies by face-to-face interviews. However, the researcher was not granted the permission (by Curtin University) to travel to Libya. Furthermore, the safety concerns and travel restrictions to Libya, having an alert level of "do not travel" as assigned by the Department of Foreign Affairs and Trade (DFAT), were taken into consideration. Thus, the Human Research Ethics Committee and the Risk Management team at Curtin University recommended to the researcher to collect

data interviews via the telephone and not the face-to-face interview method (see ethical considerations under the section 4.5.2.2 - Data Collection).

Two respondents were interviewed; one was a CEO and the other was a deputy manager. Interviews, lasting around 55 to 60 minutes, were recorded upon the approvals of interviewees, as they gave their verbal consent before being interviewed. All the interviewees speak Arabic and all the interviews were conducted in the Arabic language. This pilot case study had limitations due to the small number of interviews, but it was fruitful and yielded significant findings. The pilot study data demonstrated the following results. Firstly, feedback from interviewees indicated that the interview questions were clear and understandable, and that the interviewees would be able to interpret the questions as the researcher had intended for them to. Secondly, there was an ambiguity in the term 'environment' ('Al-bii'aas' as pronounced in Arabic) when the researcher asked questions about the business environment and environmental turbulence. Interviewees misunderstood the term 'environment' to mean the physical and biological aspects. Therefore, the researcher had to clarify the term at the beginning of each interview. Secondly, interviewees preferred to be interviewed on the weekends or after office hours work in Libya (11:00 PM Perth Time, 5 PM Libyan Time) and they were fully available at the end of the day or on the weekend.

Next, the researcher gained practical experiences in conducting telephone interviews by trial and error. For example, the researcher noted that Libyan managers value continuity and hate interruptions. Thus, the researcher gave interviewees ample opportunity to tell their stories freely without interruption. The lesson learnt is that when interviewees talk about events, the researcher has to use verbal expressions such as, "how interesting, is that right?"; "I hear what you're saying"; "I can imagine the problem"; "yep" and "that sounds fine". Such expressions encouraged the interviewees to share more about their experiences and provide examples of responsive and adaptive efforts to both civil-war and post-civil war periods. The pilot case study also helped the researcher to use an additional communication channel, which is the Skype interview (Hamilton, 2014). During the pilot case study research, the interviewees suggested Skype-based sessions. In brief, the findings of the pilot case study were fruitful in terms of the interview interactions between the researcher and interviewees, the format and content of the interview questions and the length.

Thus, the pilot case study provided multiple insights to the researcher on the feasibility of the case study protocol.

4.5.2 Preparation, Collection and Analysis

The preparation, collection and analysis phase involved the gathering of qualitative data from each of the eight selected Libyan tourism firms, as well as the writing up of individual case study reports. The analysis and conclusion phase involved drawing cross-case conclusions, modifying the theoretical framework, developing policy implications and writing the cross-case study report.

4.5.2.1 Preparation

The preparation for the collection of interview data began with contacting each tourism manager by telephone and e-mail to confirm the most suitable date and time for an interview session. Thereafter, an interview schedule was developed to guide the interview from start to finish. All tourism firms' managers expressed that they were willing to share their stories and experiences about Adaptation to environmental turbulence, their opinions about the Libyan economy, tourism and business environment and institutional change.

4.5.2.2 Data Collection

This section encompasses three major research activities: ethical considerations, interview data collection and secondary data collection.

Ethical Considerations

Before collecting the main field data, ethical consideration was taken into account. Form C, which is an ethical approval from the Human Research Ethics Committees (HRECs) at Curtin University, Perth, Australia was first submitted. Ethical considerations were met by using the following procedures: 1) the researcher received Form C ethical approval from the Curtin Human Research Ethics Committees (HRECs) for the research's data collection techniques and respondents' rights, privacy, and, confidentiality. Therefore, this research was conducted in accordance with the rules and policies of Curtin University's Human Research Ethics Committee and Code of Conduct for the Responsible Practice of Research. The researcher had planned to conduct interviews via face-to-face meetings. However, as the Department of Foreign Affairs and Trade (DFAT) has assigned travels to Libya

with the alert level of "do not travel", the Human Research Ethics Committee at Curtin University recommended that the researcher conduct the interviews via telephone or Skype instead; 2) before each telephone interview, all respondents were informed about the research's aims and interview questions and given clear instructions, either in writing or orally, regarding the voluntary nature of the investigation and the fact that respondents have the right to withdraw at any stage of the research. Afterward, a verbal consent form was obtained from each respondent prior to their admission in the study; 3) before each telephone interview, the researcher read a Verbal Consent Form (see Appendix-3 Section-B) to each respondent who then gave the researcher permission to tape each interview and publish the information; 4) all case study data collected were stored both in electronic form and hard copy at the School of Management for five years after the publication of the dissertation; 5) only the researcher and his supervisors had access to the data. In anticipation of unexpected and undesirable events, the data were also stored on an external hard drive, encrypted and password protected. The data, obtained from participants at the interview, were kept confidential and anonymised and the names of interviewees will not be included in any report or publication relating to the research.

Interview Data Collection

Initially, the researcher used a reputational sampling method (LeCompte et al., 1993), generally known as snowball sampling, to select more interviewees within each case study. Here, an interviewee is asked to refer someone who might have the expertise about the case study questions. The interviews were telephone-and-Skype semi-structured (Hamilton, 2014; Panneerselvam, 2004) with CEO, managers, deputy managers and employees invited to share stories and experiences about Adaptation to environmental turbulence in Libya. Dates and times were arranged and confirmed with the interviewees by telephone and e-mail three to four days prior to the interview session. At the beginning of each interview, the researcher spent 10-15 minutes, reading and clarifying the participant information sheet, which includes details about the thesis's purpose and interview questions, audio-record permission and participant's confidentiality. A verbal consent form was also read to each participant before conducting the interview.

The identified participant from each tourism firm was interviewed in depth using the designed semi-structured interview schedule for approximately fifty minutes to one hour on the phone or by Skype. The length of the interview session was sufficient to collect detailed data about the adaptation to environmental turbulence, as well as participants' opinion about the Libyan economy and business and tourism environment. All telephone-and-Skype semi-structured interviews were conducted over a period from August 2013 to March 2014. The main advantage of interviewing more than one participant at each case is that it provides data that complete another's, so as to understand more fully the firms' adaptation phenomena. However, for large sized tourism firms, the researcher could only interview one participant (from Firm H), as the rest of Firm-G staff refused to be interviewed. Table 4.4 shows the profile of respondents/ participants who were interviewed in each tourism firm. Most of the participants are CEOs and the CEO Deputy and the total number of interviews is 20. Moreover, Table 4.4 shows the secondary data that were collected.

Table 4-4: Case Studies Interview Details

Firm Name	Interview Participants	Location	Areas of Activity	Communication Mean	Number of Interviews	Secondary Data
A	1-CEO 2- Company-Secretary	Tripoli	Tourism and Travel	1-Telephone 2-Skype	2	Internal Report, Annual Report, and Website
B	1- CEO 2- CEO-Deputy 3- Employee	Tripoli	Tourism and Travel	1-Telephone	3	Annual Report, Internal Report and Website
C	1- CEO 2- Marketing Director 3- Employee	Tripoli	Tourism and Travel	1-Telephone 2-Skype	3	Internal Report and Website
D	1- CEO 2- CEO-Deputy 3-Employee	Benghazi	Tourism and Travel	1-Telephone 2-Skype	3	Internal Report, Annual Report and Website
E	1- CEO 2- CEO-Deputy	Tripoli	Tour Operator	1-Telephone 2-Skype	3	Internal Memorandums, Annual Report and Website
F	1-CEO 2-Front-line Employee	Benghazi	Tour Operator	1-Telephone	2	Annual Report and Website
G	1- CEO 2- CEO-Deputy 3-Assistant Manager	Benghazi	Hotel	1-Telephone 2-Skype	3	Assessment Summary Report, Annual Report and Website
H	1- Chief Financial Officer	Tripoli	Hotel	1-Telephone	1	Annual Report and Website
Total					20	

To sum up, for the twenty interviews, the average time of each interview conducted to examine Libyan firms' adaptation to environmental turbulence was 65 minutes. The telephone based interviews were recorded with a digital recorder, while the Skype based interviews were recorded with the Skype call recorder, which automatically records the audio from the interview conversation.

Secondary Data Collection

All organisational secondary data were collected by two methods: first, some tourism firms' managers scanned written documents, converted them to pdf files and then emailed them to the researcher. Second, a third party in Libya collected written documents from tourism firms and posted the documents to the researcher by International mail. The secondary data collection included written documents, such as annual reports, meeting minutes and internal reports (see Table 4.4). Other secondary data sets were gathered from publicly available information from the firms' websites and online press releases. Moreover, documents about Libyan tourism and business environments and economy were collected by the researcher's friends and the websites and databases of various government, semi-government and non-government organisations. Secondary data enabled the researcher to triangulate the thesis's results from varied data sources for the purpose of building compelling assertions about interpretations (Eisenhardt, 1989).

4.5.2.3 Data Analysis

Multiple case studies data generated from multiple qualitative data sources (interview transcripts, documents, and Internet website) were analysed in two phases: within-case analysis and cross-case analysis (Eisenhardt, 1989; Yin, 2003). In the first phase, within-case analysis is conducted through analysing the data of each case study individually after which the researcher concluded the results about the research matters for each individual case. Yin (2003) suggests three general strategies for analysing within-case study data. The first strategy is the reliance on theoretical propositions. The second strategy is trying to think about and test rival explanations. Finally, the third strategy is to develop a case description or report for each individual case study.

The last strategy is appropriate for this study, because theoretical propositions are absent, as well as the original aim of the case study is descriptive (Yin, 2003). The case description strategy is aiming to develop a comprehensive descriptive and narrative framework or report for each individual case study. In particular, the case study report method describes, narrates and organises all the case study data and information (Yin, 2009). However, the description strategy was used along with template analysis (as shown in chapter 5) (King, 2004), which was used to reveal how each case study or firm formed its responses during and post-civil war period.

The second phase of case study data analysis is to conduct cross-case analysis (Eisenhardt, 1989). The cross-case analysis was undertaken using template analysis (King, 2004) (as shown in chapter 6) to identify the themes and relationships between them (i.e. dynamic capabilities of Libyan tourism firms, characteristics of the Libyan economy and environmental turbulence, and institutional changes).

4.5.2.3.1 Qualitative Data Analysis Processes

Nine procedures were carried out in the qualitative data analysis processes. The key procedures are as follows:

First: All semi-structured tape-recorded interviews were saved as audio files on a password protected computer and copies of the audio files were uploaded onto the Dropbox website.

Second: The researcher transcribed semi-structured tape-recorded interviews as soon as possible after each interview into verbatim transcripts and a voluntary assistant reviewed the transcription for accuracy. For generating more accurate transcripts, all interview transcripts were also checked word by word by the researcher and the errors corrected. Afterwards, each interview transcript was saved as a Microsoft-word document on a USB storage device and then uploaded onto the Dropbox website.

Third: 13 interview transcripts were sent by email to the interviewees to comment on for verification and feedback, so as to increase the credibility of the study (respondent validation) (Eisenhardt, 1989; Yin, 1989, 2003). However, some email responses were delayed by about two months. Short telephone and Skype interviews were made with 7 interviewees to clarify issues relating to interview transcripts.

Fourth: All interview transcripts were originally in Arabic. Thus, after receiving feedback and comments from interviewees, interview transcripts were translated into English by the researcher and then reviewed independently by a third reviewer from Curtin University, to ensure the reliability of the translated materials (Holstein & Gubrium, 2013). Each translated transcript was saved as a Microsoft-word document on a USB storage device and then uploaded onto the Dropbox Website.

Fifth: 20 translated interview transcripts were uploaded onto the NVivo 10 for computer-aided qualitative data analysis. Qualitative data from the case studies were analysed using template analysis assisted by the NVivo software (King, 2004).

Sixth: A case study report was written by integrating the interview data and firm documentary data into a narrative style and telling form. Each case study report (as presented in Chapter 5) included relevant background information and data source, as well as details of the firms' responses to environmental turbulence. Within case study data analysis, template analysis was used in conjunction with NVivo to analyse and organise each firm's response during and post-civil war periods.

Seventh: During the writing of the case chapter, the researcher found that there was a need to collect data about tourism firms' responses during and post-civil war periods. Thus, the researcher contacted some interviewees via telephone and email to collect further information from a few tourism firms.

Eighth: In the cross-case study data analysis, template analysis was used in conjunction with NVivo, to analyse interview and secondary data in order to create codes, categories and themes/ concepts. Thus, codes, categories and themes were used to answer all research questions and then the initial template (see Table 4.5) and theoretical framework were modified. In other words, the results of the template analysis led to the creation of a template hierarchy for each research question (as shown in chapter 6).

Ninth: Finally, in chapter seven, the conceptual framework for firms' adaptation to environmental turbulence (Figure 1.1 and 2.3) is refined based on the results presented in chapter six. Then, the refined framework and its components are discussed in the light of the literature review for comparisons and clarifications.

4.5.2.3.2 Template Analysis

Template analysis is known as a “codebook” or “thematic coding”, which represents a particular way of thematically analysing qualitative data, such as interview transcripts or any kind of textual data. The template analysis can be used to analyse any form of textual data within a range of epistemological positions (King, 2004; O'Reilly, Dogra, & Ronzoni, 2013). The rudimentary idea of template analysis of qualitative data is that a list of themes is revealed from the contextual data.

Moreover, themes are indicative of the salient and common issues that emerge in response to the questions asked.

The most basic idea of template analysis is that the researcher produces the initial template (“a list of codes”) in a hierarchical form. The initial template represents textual themes identified in literature and is defined a priori. However, it is modified and added to as the researcher reads and interprets the textual data. As such, the template is organised in a hierarchical manner where the template represents the relationships between themes (King, 1998, 2004)

Template analysis is deeply embedded in health-care qualitative research (Brooks, McCluskey, Turley, & King, 2015; Waring & Wainwright, 2008b). However, it is not so well established in business and management research (Crabtree & Miller, 1999; King, 2004; Waring & Wainwright, 2008b). Thus, it is innovative to implement template analysis in different areas (Waring & Wainwright, 2008a). Nevertheless, recently, researchers in the area of strategic management have started using template analysis as their analytical tool. This has provided them with a useful way of analysing their qualitative data (Biedenbach & Müller, 2012; Ellonen, Wikström, & Jantunen, 2009; Razzak, 2013). This means that template analysis is gaining popularity in the field of business management, as it is being utilised more widely.

In view of scholars, (Chambliss & Schutt, 2012; Check & Schutt, 2011; Engel & Schutt, 2009), the analysis technique should be selected based on the research question under investigation. However, they emphasised that the researcher’s preferences and experiences inevitably have an important influence on the qualitative data analytic technique chosen. The template analysis was selected because of five reasons, which are listed below:

First: Template analysis is a flexible tool, because it is located at the interface between content analysis (i.e. the initial template is determined before the analysis) and grounded theory (i.e. the initial template is revised throughout the analysis). That is, it combines deductive and inductive approaches to data analysis. In this case, the template analysis facilitates the aims of the study through comparing themes that are generated by the collected data with the initial template (Easterby-Smith, Thorpe, & Jackson, 2012). Therefore, template analysis enables the researcher to use a priori

theory as an instrumental tool in analysing qualitative data; however, it does not hinder innovative research enabled by an inductive approach (Marks, 2008).

Second: King (2004) states that the distinct advantage of template analysis exists in the fact that it is a highly flexible technique that can be modified to suit the needs of a study in a specific area. It does not come with a lot of prescriptions and procedures, and as such is especially welcome to researchers who want to take an experiential approach to organisational research. Thus, given the fact of the exploratory nature of this thesis, the flexibility of template analysis technique would be advantageous.

Third: Template analysis is appropriate for this study because this thesis does not aim to analyse the language used like discourse analysis, or focus on the analysis of stories that interviewees tell like narrative analysis. Rather, this study aims to construct an interpretative template, including responses of Libyan tourism firms, as well as the characteristics of the Libyan economy and business and tourism environments, and institutional changes.

Fourth: As discussed previously in this chapter, this thesis has embraced the interpretivist stance. Thus, template analysis enables the researcher to embrace interpretivist assumptions through using words, labels and concepts which interviewees use to construct the reality of firms' adaptation to environmental turbulence in the form of a template. Creating the initial template and revising it will assist the researcher to create the final template, which is basically a reflection of the reality of the phenomenon of firms' adaptation to environmental turbulence.

Fifth: Template analysis and an exploratory case study research complement each other. As there is little in the literature about a topic in the Libyan context, the template analysis provides a basis for constructing a new correlational framework, which depicts the relationships among the constructs in the final template, that is, the firms' adaptation to environmental turbulence template.

4.5.2.3.3 Template Analysis Steps

It is important to note that the template development process is not an isolated step from its usage in the analysis of the qualitative texts (King, 2004). Template analysis comprises of three primary steps: (a) creating the initial template, (b) revising the initial template and (c) creating the final template. These three steps are explained below.

First: Creating the Initial Template

The template analysis technique starts with designing an initial template consisting of a list of themes identified prior to the data collection phase, as the pre-defined themes guided data analysis (King, 1998). The crucial point in creating the initial template is to avoid starting with too many pre-defined themes as it may make the analysis more difficult and prevent the researcher from considering data which conflicts with research assumptions (King, 1998, 2004). At the opposite extreme, the crucial problem of a small number of pre-defined themes leaves the researcher lacking in any clear direction and feeling overwhelmed by the mass of rich and complex data (King, 2004).

The process of developing the initial template is similar to the process of creating a code manual or coding scheme suggested by Crabtree and Miller (1999) and very similar to the “code-start list” suggested by Miles and Huberman (1994). Therefore, Crabtree and Miller (1999); King (2004); and Miles and Huberman (1994) declare that pre-defined themes or a priori codes (i.e. the initial template) should be particularly pertinent to research questions and conceptual issues of the study. Thus, the first issue for the researcher to confront is how extensive the initial template should be. According to King (2004, p. 259), the main sources for creating the initial template are the “interview topic guide ... the academic literature, the researcher’s own personal experience, anecdotal and informal evidence, and exploratory research”.

In this thesis, the research and interview questions, the academic literature or theoretical framework, as well as the results of the pilot study served as a basis for an initial template consisting of four key themes as shown in Table 4.5. However, prior categories and codes were developed based on the relevant literature review. Because of the hierarchical organisation of the template analysis, the prior categories were created to describe the four key themes, while the prior codes were created to describe the prior categories.

The initial template in this thesis (Table 4.5) comprised of a set of pre-defined themes derived first from the literature review. The researcher reviewed literature about tourism crisis management and dynamic capabilities, business turbulent environments, emerging economies and institutional change. Furthermore, the pre-

defined themes were also identified based on the research and interview questions and the results of pilot study. As can be seen from Table 4.5, the initial template comprised of four key themes (highest-order levels), subdivided into nine categories (second-order levels) and twelve codes (lower-order levels). The details below describe the key themes, categories and codes:

- 1-** The first highest-order level is the characteristics of emerging economies. It consists of two second-order levels “categories”: (1) infrastructure and (2) liberalisation. Each level of the second order comprises of one lower-order level “code” as shown in the table below.
- 2-** The second highest-order level is the characteristics of turbulent environments. It consists of three second-order levels “categories”: (1) dynamism, (2) unpredictability and (3) complexity. Each level of the second order comprises of one lower-order level “code” as shown in the table below.
- 3-** The third highest-order level is institutional change. It consists of two second-order levels “categories”: (1) government and (2) foreign investors. Each level of the second order comprises of one lower-order level “code” as shown in the table below.
- 4-** The fourth highest-order level is dynamic capabilities. It consists of two second-order levels “categories”: (1) civil war responses and (2) post-civil war responses. Each level of the second order comprises one lower-order level “code” as showed in the table below.

Table 4-5: The Initial Template

A Priori Themes	A Priori Categories	A Priori Codes
1. Characteristics of Emerging Economies	1.1. Infrastructure	Transportation, electricity, etc.
	1.2. Liberalisation	Restrictions
2. Characteristics of Turbulent Environments	2.1. Dynamism	Security and political situation
	2.2. Unpredictability	Security and political situation
	2.3. Complexity	Security and legal situation
3. Institutional Change	3.1. Government	Regulations and institutional support
	3.2. Foreign Investors	Entrepreneurship development Promoting privatisation
4. Dynamic Capabilities	4.1. Libyan tourism firms' responses during the Libyan civil war period	Detection
		Responses
	4.2. Libyan tourism firms' responses in the post-civil war period	Sensing
		Identification
		Renewal

Second: Revising the Template

The interview transcripts and secondary data were analysed in order to revise the initial template assisted with the NVivo 10. Codes, categories and themes (the initial template) were entered into the NVivo software in order to prepare them for analytic purposes. In the revising stage, two-cycle coding processes were adopted (Saldaña, 2009). In the first cycle coding process, descriptive coding and In Vivo coding methods were used. The InVivo coding method was used to choose a word or short phrase in the interviewee's language that has resonance, while descriptive coding was used to summarise in a word, the basic topic of a passage of the interview transcripts and secondary data (Saldaña, 2009). As shown in Figure 4.4, the interview transcripts and secondary data were transformed into meaningful units of information, combining units into codes and then combining codes into categories.

In the second cycle coding processes, pattern coding and axial coding methods were utilised. Pattern coding was used to sort the coded interview and secondary data to find meaningful commonalities. On the other hand, axial coding was used to identify relationships within the coded qualitative data and how codes, sub-categories, categories and themes may be linked together (Saldaña, 2009). The coding methods

in the two-cycle coding processes (i.e. descriptive coding, InVivo coding, pattern coding and axial coding methods) were used simultaneously in conjunction with the three types of template analysis's modification ways (i.e. insertion, deletion and changing) (King, 1998, 2004; Saunders, Lewis, & Thornhill, 2007; Saunders et al., 2009) to revise the initial template (see Figure 4.4). This led to some of the pre-defined codes, categories and themes being revised, refined and deleted where appropriate. Furthermore, new codes and categories were developed and even the places of some of the key themes in the template hierarchy were changed.

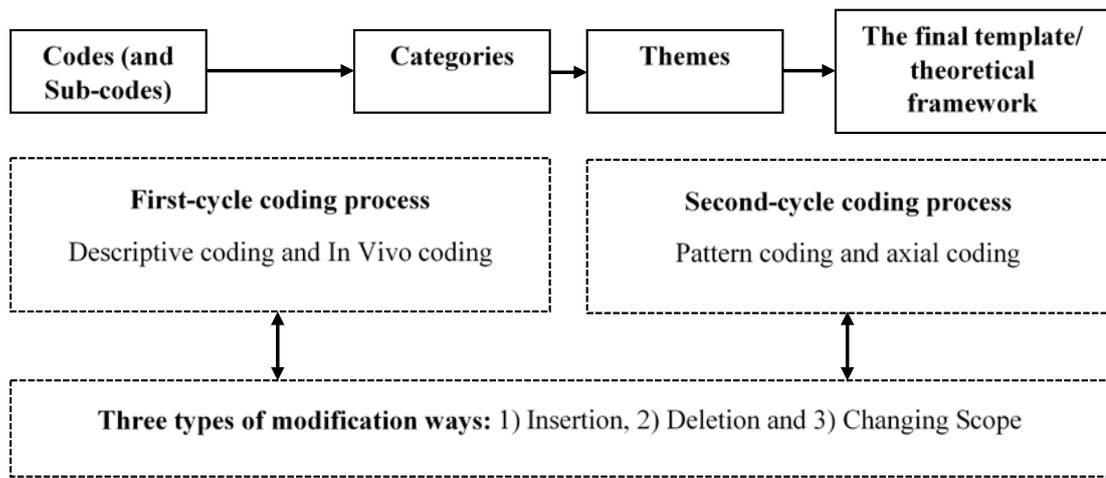


Figure 4.4: The Process of Revising the Initial Template

Here are the explanations of the three types of modification:

Insertion: The researcher identified many issues in the qualitative text that are of relevance to the research questions. However, they are not covered by existing categories and codes. The researcher inserted new categories into the four existing themes and in turn, new codes were inserted into the new categories (King, 2004). For example, one of the most significant insertions in this analysis was that new categories, which are dependent on one commodity, unregulated import and inadequate infrastructure, were inserted into an existing highest-order level of theme “characteristics of emerging economies”. At the same time, new codes, for example transportation, finance and education were inserted into the new category, which is the inadequate infrastructure and so on. The new insertions were organised in a hierarchical manner, reflecting the hierarchical relationships between themes, categories, codes and sub-codes.

Example of new insertion

Characteristics of Emerging Economies

1. Dependence on one commodity
 - 1.1 The primary source of GDP
 - 1.2 Government revenue
 - 1.3 The lack of commitment to the tourism sector

Deletion: One theme and several initially defined codes and categories were deleted during the revising stage because the researcher perceived no need for them (King, 2004). This is because they became too abstract and inappropriate or were highly irrelevant. For example, under the “institutional change” theme, the category “foreign investor” and code “entrepreneurship development” were deleted as well from the initial template as they were not needed. This is because they were not empirically supported by qualitative data. Moreover, under the characteristics of “turbulent environments”, the three categories: dynamism, unpredictability and complexity were deleted and replaced with new categories, which are security uncertainty and volatility, weak institutions and legal complexity. Likewise, the researcher found that for the theme “dynamic capabilities”, codes such as “detection, responses, sensing, identification and renewal”, had to be deleted and replaced with new ones as shown in Figure 6.4 and Figure 6.5 in chapter six.

Example of new theme, categories and codes as a result of the deletion processes

Business development capability (**new theme**)

1. Information acquisition component (**new category**)
 - 1.1 Scanning (**new code**)
 - 1.1.1 Field visits and conversations (**new sub-code**)
 - 1.1.2 Internet and secondary data
 - 1.1.3 Observation and experience
 - 1.2 Informal networks
 - 1.2.1 Managerial ties
 - 1.2.2 Social ties
2. Opportunity identification component (**new category**)
3. Resource reconfiguration component (**new category**)

Changing Scope: The categories and codes that are either too narrowly or too broadly defined to be useful, will need to be re-defined at a lower, second or higher level order (King, 2004). The researcher used this kind of modification in revising the initial template. For example, the term ‘identification’ was initially at a lower-order level, defined narrowly as one of the sub-component code within the dynamic

capabilities theme. As the qualitative data analysis progressed, it became apparent that the identification should be broadened. Consequently, the researcher revised the template to include it as a second-order level category. Thus, “identification” is defined as one of the major components of the business development capability.

Third: The ‘Final’ Template

One of the most difficult decisions that critical researchers face when constructing an analytical template is where to stop the process of developing the template (King, 2004). Rutherford, Quinn, and Mathur (2004) believe that the standard answer is that the researcher continues the qualitative data collection and analysis back and forth until the codes, categories and themes (the template) are saturated and the phenomenon under examination is exposed in its entirety. However, Cowan (2009) states that it might be difficult to decide when codes, categories and themes are saturated or when the phenomenon is sufficiently well understood. Therefore, the question is when exactly can the researcher say that the codes, categories and themes are saturated? Charmaz (2008a) provided the clear answer, as she states that saturation is achieved when new qualitative data no longer spark new insights. In other words, saturation is the point when further qualitative data fail to produce new information (Kotch, Wingate, Williams, Telfair, & Kirby, 2013).

Consequently, for reaching the final template “saturation”, the researcher followed the guidelines reported by King (1998, 2004, 2014):

- First, the final templates (as shown in chapters 5 and 6) were considered ‘final’ because all sections of the qualitative text – interview transcripts and written texts – are clearly relevant to the research questions, as no section of the qualitative data remaining uncoded.
- Second, qualitative data – interview transcripts and written texts – were read through and the coding scrutinised five times since November 2013 to June 2014. This made the researcher recognise similar instances repeatedly (i.e., saturation) and feel comfortable with the current template.
- After regular consultations with the supervisory team, it was easier for the researcher to make a confident judgment that the point has been reached, in order to stop further development of the template.

Thereafter, the initial template was revised and modified continuously until all of the qualitative data collected were coded and analysed carefully. In other words, the researcher continued to read, reread and interpret the text transcripts and secondary data until the researcher could reach the final template that links themes, categories and codes to the research objectives and questions (Saunders et al., 2007, 2009).

Fourth: Using NVivo 10 in Template Analysis

The qualitative data from the case studies were analysed using template analysis assisted with NVivo 10. NVivo has been considered to be very appropriate to template analysis as King (2004) states, “the central role of the template structure in template analysis makes it an approach which is particularly well-suited to computer-assisted analysis” (p.266). The researcher used the following procedures: First, the initial template (see Table 4.5) was entered into the NVivo software and then a list of nodes representing pre-existing themes, categories and codes was created. Second, after participants confirmed accuracy of the transcripts, twenty transcripts were uploaded onto the NVivo and assigned interviewee identification codes so as to ensure anonymity (see Figure 4.5). Third, the researcher used the NVivo to modify the initial template by revising existing codes, creating new codes and indexing segments of text to particular codes, categories and themes. Moreover, complex search and retrieval operations were conducted quickly, linking research notes to codes, categories and themes. Finally, the NVivo assisted the researcher to develop the final template and put this template in hierarchical form.

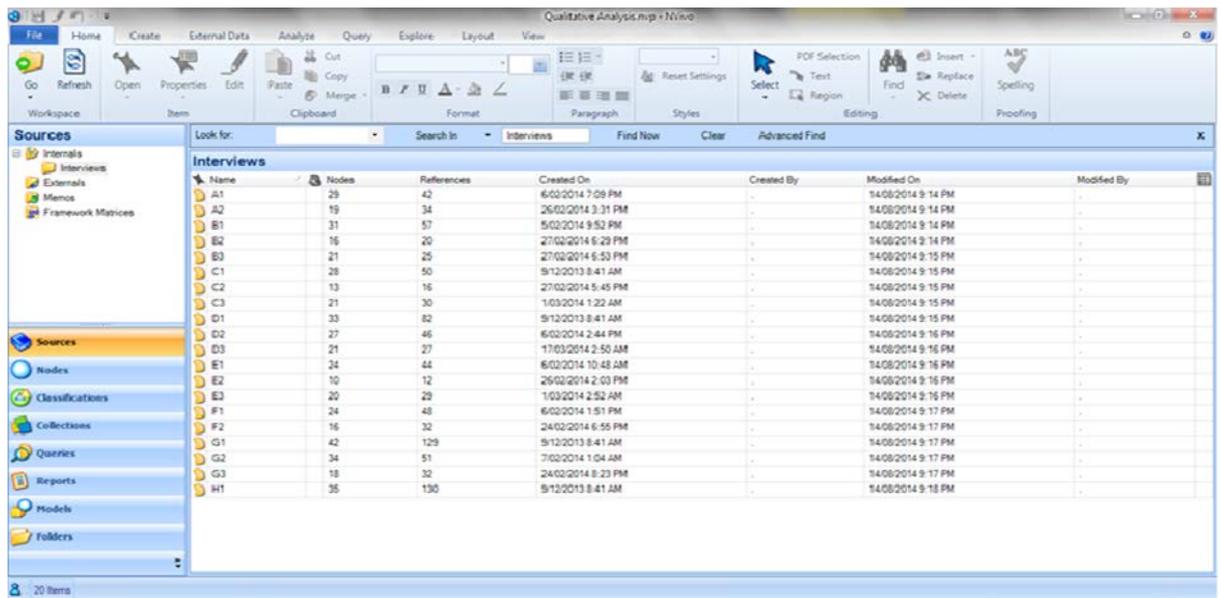


Figure 4.5: The Main Screen of NVivo

4.6 Criteria for Judging Quality of Case Study Research

A major aim of the quality criteria of case study research/ research qualitative is to ensure that data collection and analysis meet tests of validity and reliability.

4.6.1 Establishing Validity

Yin (2009) suggests the following main tests for establishing validity in case study research: (a) construct validity, (b) internal validity/ credibility and (c) external validity/ transferability.

4.6.1.1 Construct Validity

Construct validity refers to developing and using a sufficient operational set of measures for the concepts under study. This enables subjective judgments on data collection to be avoided (Yin, 2009). The researcher used three strategies suggested by Yin (1984, 2003, 2009) to increase construct validity: 1) the case study data were collected through the use of multiple sources of evidence. The multiple sources include: 1) semi-structural interviews, tourism firms' documents, Internet websites and external reports; 2) a chain of evidence was established by connecting the study's questions, semi-structure interview questions, collected data, and conclusions and 3) allowing the key interviewees to review and judge the researcher's summary of draft case study reports, transcripts and findings for feedback.

4.6.1.2 **Internal Validity/ Credibility**

In qualitative research, internal validity is similar to credibility. Internal validity is the extent to which causal conclusions can be drawn. Internal validity, is more of a necessity in explanatory studies (Mayer, 2011) rather than descriptive or exploratory studies (be it whether the studies are case studies, surveys or experiments) (Yin, 2009). Thus, the internal validity is not of a major concern, because the current study is an exploratory case study. However, the researcher still sought to strengthen the internal validity (credibility of findings) through the triangulation method as suggested by Yin (2003, 2009) and Patton (2000). Triangulation is a well-known strategy to strengthen the internal validity of a thesis through “the act of bringing more than one source of data to bear on a single point” (Marshall & Rossman, 1999, p. 146).

Therefore, the triangulation method included using multiple methods to gather sources of data about the same phenomenon to enhance the validity of the evaluation and research results. It was utilised in semi-structured interviews with different interviewees who have tourism and hotel experience. In addition, a number of methods (for instance, analysing organisational data documents), external documents or other secondary data (for instance, analysing tourism industry documents and economic documents), as well as electronic databases were used to enhance substantiative evidence. Furthermore, the internal validity was enhanced by participants’ concordance (Kumar, 2010), whereby the researcher emailed the findings about firms’ responses and characteristics of emerging economies and turbulent environments, along with some interpretations to three participants who participated in the study for confirmation, congruence, validation and approval. Therefore, feedback of results and interpretations improved the overall credibility of this thesis and assisted in providing a clear understanding of the phenomenon under examination.

4.6.1.3 **External validity- Transferability and Generalisation**

The concept of external validity in qualitative research is referred to as transferability and generalisation. This refers to “the degree to which the results of qualitative research can be generalized or transferred to other contexts or settings” (Venkatesh, Brown, & Bala, 2013, p. 13). A multiple case studies design can be seen as

generalising to theory and not to populations. Therefore, if a series of results in a case can be understood in terms of the literature or existing theory, that constitutes a type of external validity (Mills, Durepos, & Wiebe, 2010; Yin, 2009).

The researcher achieved external validity by employing replication logic in the multiple case design (Yin, 1994a, 2009), wherein the results of each case served to replicate and confirm the inferences drawn from the other case studies. Thus, when the pattern gained in the second case study was similar to the pattern in the first case study, the researcher interpreted this as the replication logic (Gibbert, Ruigrok, & Wicki, 2008; Yin, 2003). Moreover, because the researcher adopted multiple case studies design, it has been shown that multiple case studies design itself enhances external validity, as Leonard-Barton stated, (1990, p. 258) “multiple case studies on a given topic clearly have more external validity, i.e., generalizability, than does a single case”. Transferability (generalisation) was also achieved by creating detailed and rich descriptions of research context, cases and participants i.e., thick descriptions (Mertens, 2010). Thick descriptions (chapter three, five and six) can enable the readers to determine the value of results, to allow the readers to gain a clear understanding of the phenomenon under investigation. Thus, thick descriptions enable readers to make their own judgements about the results’ transferability to other situations or contexts (Mertens, 2010). The transferability of the thesis results were also enhanced by limiting or reducing social desirability bias. This was done by ensuring anonymity for interviewees (Maryon & Bruner, 2000), as during the interview session, the researcher sought to convince subjects of the anonymity by making the interviewees have the feeling of being anonymous.

4.6.2 Reliability/ Dependability

The concept of reliability in the qualitative research is similar to dependability. Reliability is concerned with the absence of random error, enabling later researchers to attain the similar findings and conclusions if they followed the same research procedures as described by earlier researchers (Gibbert et al., 2008; Yin, 2009). Thus, dependability requires the researcher to keep a rich and detailed record of the research process for other researchers to replicate, so as to bring about a certain level of dependability (Kumar, 2010). In order to produce a reliable case study, the researcher sought to achieve transparency and replication (Gibbert et al., 2008).

First, the transparency was achieved by performing the following procedures: 1) using a case study protocol (see Appendix-5) in which all eight case studies and all twenty informants were subjected to the same sequence of entry and exit procedures and interview questions; 2) the researcher created similarly organised document databases for each case study the researcher investigated on. Each firm's database included interview-questions, interview audio-files, interview transcripts (both the Arabic and English versions of the interview transcripts), e-mail correspondences, postal correspondences, organisational documents, interview notes and external secondary data, such as tourism and economic reports and 3) the researcher created an analytic database containing qualitative data procedures, all data interpretations, case study reports, figures and tabular materials. Second, the replication was accomplished by entering both document databases and an analytic databases into a case study database for facilitating retrieval for subsequent researchers (Yin, 1994a), that is to say, to facilitate the replication of the case study (Gibbert et al., 2008).

4.6 Conclusion

This chapter provided information and discussions on the research interpretive paradigm and case study methodology. The types of case studies were also adopted to conduct the current research. The key matters of the case study methodology design included the process of selecting the cases and design data collection protocol. In addition, ethical consideration was made by gaining the approval from the Human Research Ethics Committee of the school Management of Curtin University, Perth Australia. Qualitative data collection and analytic techniques were explained. Finally, the quality of case study methodology was ensured by establishing validity and reliability.

Chapter 5

Within-Case Analysis

5.1 Introduction

This chapter presents the case studies' findings of eight firms that have experienced turbulent environments caused by the Libyan civil war and post-civil war conditions. The interviews and documentary data of each case study were individually examined to describe in detail how each tourism firm responds. The tourism firms' responses are presented in a chronological order as follows: the pre-civil-war period before 2011 represents a normal and stable period and firms could grow; the civil-war period represents an extremely insecure and hostile period and it began from February 2011 and came to an end in August in 2011. The third period is the post-civil-war period that represents complexities and challenges because it is full of uncertainties. To provide the appropriate level of consistency in the presentation of the eight cases, the details of each case are structured as per the firm's background and their respective responses to environmental turbulence.

5.2 Case 1: Firm-A

5.2.1 Firm Background

Firm-A is a tourism and travel firm, headquartered in Tripoli, the capital city of Libya. The firm was founded in 2004 by owner-manager with both local and foreign ownership. The firm required an initial investment of 2000,000 Libyan Dinars (about US\$1,600,000). The employment level has notably changed over time, from 8 employees to 35 employees in 2013. Table 5.1 provides a summary of the background information of the firm.

Table 5-1: Firm-A–Firm Demographics

Firm-A	Registration Details
Headquarters	Tripoli
Year of Foundation	2004
Ownership Structure	Mix of Local and Foreign Ownership
Industry	Tourism
Capital	2000,000 LYD (about US\$1,600,000)
Employees	35

Source: Secondary and interview data

5.2.2 Firm's Responses to Environmental Turbulence

The firm's responses are displayed chronologically from pre-civil-war times through to the civil-war and into post-civil-war times.

5.2.2.1 The Pre-Civil-War Period

From 2004 till January 2011, the main focus of the firm's operations was on Sahara adventure and heritage sites tours. The firm focused on providing tourism and travel services to tourists, especially those from Italy, the U.K, France and Germany etc. There was a specific unit, the transportation unit, which specialised in coordinating and linking between the headquarters of the firm in Tripoli and its camps in the Sahara desert. This unit was responsible for transporting tourists from Tripoli city to the camps, which were located in the Sabha City. Before 2011, the firm had inter-firm collaboration arrangements. It coordinated with local small tourism and travel agencies in East and West Libya, especially when there were tourist-groups who had demand for archaeological site tours in Cyrenaica in East Libya. The core product and services that the firm offered included: two beautiful camps. One was in the Acacus region with the capacity to accommodate 40 tourists and the other was a mobile camp, which moves seasonally between Waw An-Namus Mountains and Awbari Lakes, with the capacity to accommodate 10 tourists. The firm also offered tours to heritage sites in Cyrenaica in East Libya and Ghadamis at the edge of the Libyan Sahara. It further provided supplementary services and products such as tickets, hotel bookings and travel insurance.

5.2.2.2 The Civil-War Period

As documented in meeting reports including two internal minutes and internal correspondence memos between committee members dated February and March 2011, the firm immediately took action in a high-risk period at the beginning of the Libyan civil war. Specifically, on the 20th of February 2011, the CEO held a formal meeting with staff of the firm to discuss and assess circumstances surrounding the firm and then suggest risk-containment mechanisms by which to respond to the risks during the war period. At a meeting (dated 20/21 February 2011), it was concluded that an auto-theft risk is more likely to happen. Therefore, the management agreed to form a crisis committee to take on the precautionary steps to address the potential risks/ dangers that the firm may be exposed to. As CEO-informants said:

“Since the night of the twentieth of February 2011, I was in contact with all employees who are in Tripoli for the purpose of discussing the current situation and how we cope with any possible risks like stealing a company’s car” [CEO–Interviewee-A1, 2013].

The crisis committee consisted of the CEO, Company-secretary and three employees from cross-functional areas: operation and sales unit and transportation unit. They immediately created and implemented two steps: 1) protecting the firm’s assets from thieves and vandals by assigning seven employees to participate in guard and security duties. The firm recruited two rebels belonging to the Libyan NTC through the help of a third party from the local council of Tripoli and 2) reducing costs via the shutdown of the firm’s operations. As a result, the firm laid off 23 employees temporarily because the firm could not generate enough funds to pay employees; majority of the laid-off employees were living in Sabha city. Moreover, the firm stopped using the firm’s cars and only provided wages for individuals who are responsible for guarding and protecting the firm. As CEO-informants said:

“Our attention was first directed toward protecting the firms (...) So, we have certainly succeeded in protecting the firm from thieves; also we saved firm’s asset, resources and properties” [CEO–Interviewee-A1, 2013].

As shown in Table 5.2, the firm developed a “Crisis Response Capability”. The crisis response capability* focuses on creating and implementing a set of operational routines/ activities that are associated with assessing the potential risks and protecting the firm from the potential risks. Based on typologies of capabilities as shown in chapter two, which indicate that dynamic capabilities enable a firm to renew itself through creating or modifying operating capabilities or routines (Breznik & Hisrich, 2014; Winter, 2003), the crisis response capability here is a dynamic capability. Current findings in this chapter reveal that the crisis response capability has led to the creation of a new set of operational capabilities that enable tourism

* In the next sections, it will be noticed that the crisis response capability of tourism firms has a dynamic nature. It operates to create preventative and responsive activities to protect the “resource base” of a firm in particular tangible assets (or resources) during the civil war period. However, only one tourism firm, Firm-E, created an ad hoc problem solving by selling off all business assets and abandoning the activities totally.

firms to perform their tasks to assess potential risks and protect the firms' assets from potential risks during the crisis event.

5.2.2.3 The Post-Civil-War Period

The evidence from two interview transcripts revealed that most of the firm's ability to pursue and create new opportunities and change its focus was based on personal networking activities. Through interpersonal connections with some relatives in East Libya, business counterparts and government officials in the local business community in Tripoli city, the firm's executives gained access to market information about potential opportunities relating to providing tourism services to domestic tourists and providing accommodation and camping services to excavating scientists from the UK. More specifically, in August 2012, the CEO obtained market information relating to domestic tourism from his relatives who live in Benghazi City in Eastern Libya and operate a travel and tour service. They told the CEO that there are a group of Libyan youths who are seeking a unique adventure tourism experience in the Acacus region and Waw An-Namus Mountains in the Great Sahara Sea. The CEO-interviewee, for example, commented on the opportunity recognition process:

“my relatives, who have operate in a travel field and live in Benghazi, told me that there is Libyan clients/ customers who have a desire to experience a desert adventure and visit the heritage villages in south Libya”[CEO-Interviewee-A1, 2013].

In response to this opportunity, the firm created a cheaper marketing communication means to connect with the potential market segment (i.e. Libyan youths). That is, secondary data show that a decision was taken and implemented to design and print two batches of 3,000 colour business cards including the following elements: company name, company logo, web site address, email address, company postal address, and telephone numbers (landlines and mobiles). Email correspondence with the CEO demonstrated that the two batches of colour business cards were sent by him via the postal service to his relatives in Benghazi, who in turn passed on the business cards to the largest possible number of local tourists in Benghazi. An internal report showed that within two weeks, 64 phone-calls from local tourists enquired about available trips to Sahara. The firm could only secure 34 local tourists;

most of them were university students. This gave the firm an opportunity to re-build its camp near the Sabha region. The secretary of company said:

“What I would like to say again is that I felt tourists want to see and experience during a trip sand dunes and self-drive experiences. They have had a great experience especially in the magical sand dunes of the Ubari and Murzuq Sand Sea” [Secretary-Company-Interviewee-A2, 2013].

The CEO’s relatives in Benghazi used buses to transport 16 local tourists from Benghazi to Tripoli, while 18 tourists travelled to Tripoli by an airplane. When the tourists arrived in Tripoli, the firm provided a free overnight stay to all local tourists in a three-star hotel. Within 24 hours, seventeen existing 4WD vehicles were equipped with two spare tyres and a water tank, for each vehicle to provide local Libyan tourists on board with cold refreshments. The trip costs 590 Libyan Dinar (LYD) about \$500 for each tourist for one week. During the desert trip to the firm’s camp located in Sabha City, the firm provided self-drive services for local tourists who showed an interest in experiencing crossing sand dunes by themselves. The secretary of company said:

“So currently we are operating seventeen 4WD vehicles (...) where we have rebuilt our camp in the Sahara area, where we transferred all the camping gear from tents, beds, mobile kitchen to sunshades” [Secretary-Company-Interviewee-A2, 2013].

A trip and activity report dating back to 2012 as well as interview data revealed that during the tourists’ stay in the camp, the firm provided protection services to its tourists through making an agreement with the local authority in the city of Sabha in terms of ensuring the security/ safety of tourists. The firm hired three security men from the tourist police unit of the local authority in Sabha city for a short period of time to make sure that the local tourists were safe and comfortable during their camping trip and outdoor experience in the Wadi al-Hayat area in the middle of great Sahara Sea. One interviewee, for example, commented:

“We firstly focused on safety issues, where we have coordinated with Local authorities in the city of Sabha in South Libya for protecting our camp (...)” [CEO–Interviewee-A1, 2013].

At the end of 2012, the firm planned to diversify its tourism competencies/ activities in order to maximise its earning capacity and reduce its exposure to market declines. The CEO and Secretary of the company focused on sensing activities, which are seen through observing and talking with Libyan people standing in front of foreign embassies in Tripoli city, who were seeking to get a visa. They also collected and reviewed the fact sheet from <http://www.thelibyareport.com> concerning the health conditions and problems in Libya. They discovered that there was an increase in the number of Libyan people who were interested in travelling to Turkey, Greece and Italy for medical purposes. In part, the demand on medical visas can be explained by the fact that Libya's health care system has suffered from the Libyan civil war. The secretary of company said:

"Two months ago, we discovered that there is an increase in the number of Libyan people who travel to Tunisia, Egypt, Turkey, and Italy for medical tourism" [Secretary-Company-Interviewee-A2, 2013].

In response to the demand for medical visas in Libya, the firm established a new unit called the travel service unit. Two employees of this unit were assigned to download the Visa Application Forms from the embassy's website and filled in the applications on behalf of clients, especially those who could not read and write in English. Two employees went to the embassies everyday and offered Libyan people visa application preparation and lodgement services. Shortly afterwards, the Libyan people flocked to the firm to get advice about visa application preparation and submission. The travel service unit used a web based reservation system to meet Libyan people's needs in terms of booking plane tickets and hotel rooms, as well as renting flats at the destination. Indeed, the ability of the firm to seize the medical visas opportunity was enhanced by its headquarters in Tripoli City, as all foreign embassies and diplomatic missions are located in Tripoli. A typical comment from the CEO regarding the medical tourism field he had perceived was:

“(...) so we currently operate in facilitating travel procedures such as applying for a visa, obtaining valid travel documents, and making mail correspondence regarding medical treatment in other countries. To tell the truth, medical tourism field is a profitable field, but we do not have enough resources to invest heavily in such field” [CEO–Interviewee-A1, 2013].

The data from Case 1 would seem to indicate that challenges and uncertainties in the post-civil war period compelled the firm to further diversify their business activities and to identify and serve a new market segment. The interview with the firm’s CEO revealed that he utilised his personal relations with officials in the Libyan Tourism Ministry as a means to seize opportunities. The tourism officials provided the CEO information relating to a set of explorers who wanted to go to Libya for the purposes of research and discovering some dinosaur fossil exploration sites in southern Libya. The following is a quote from the CEO:

“I have strong relationships with a number of individuals who work in Libyan tourism Ministry and Libyan chamber of commerce, they provide me valuable information (...) currently, there are a number of researchers, who are from University of London, they will come to the Libyan Sahara for both excavating and studying remnants of fossils in the Libyan Sahara. Currently, we are planning to prepare necessary resources to offer accommodation and camping services” [CEO–Interviewee-A1, 2013].

As shown in Table 5.2, the firm developed a “business development capability”, which describes the ability of the firm to reconfigure its resources (i.e. resource base), based on the opportunity for related diversification in order to compensate for the lack of international tourists. Thus, the business development capability led to creating new markets (i.e. local tourism and visa service market) and products (i.e. Sahara tourism services and visa application preparation).

Table 5-2: Measures undertaken by Firm-A and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“Since the night of the twentieth of February 2011, I was in contacts with all employees who are in Tripoli for the purpose of discussing the current situation and how we cope with any possible risks like stealing a company’s cars” [CEO–Interviewee-A1, 2013].</p> <p>“We have held three meetings in two days with most employees in order to obtain a clearer picture of the state of the firm and current security in Tripoli. As result, we put forward a plan related to participating employees in protecting firm’s building and cars” [Secretary-Company-Interviewee-A2, 2013].</p>	<p>-Flow of information: through formal and informal telephone conversations between management and employees about war conditions.</p> <p>-Information exchange: through formal and informal discussion and meetings between management and employees about the state of the firm and protection efforts.</p> <p>-Careful examination, consultations and discussions on what is going on in Tripoli during February, 2011</p> <p>-Employees and management participation in identifying and assessing potential risks and suggesting protection efforts.</p>	<p>Crisis communication</p> <p>Risk assessment</p>	<p>Crisis Response Capability</p>

<p>"I and the four employees were seeking to respond to an insecure situation through protecting the firms from thieves, threats and criminal attacks; therefore, our attention was first directed toward protecting the firms". [CEO-Interviewee-A1, 2013].</p> <p>"The manager has decided to reduce the number of employees who are doing similar tasks and all of them are from Sabha city, so all operations in the south were shutdown to maintain costs" [Secretary-Company-Interviewee-A2, 2013].</p>	<p>-Crisis team: establishing a crisis committee consisting of 5 members.</p> <p>-Employees' participation in protecting the firm.</p> <p>-Recruitment: recruiting security guards.</p> <p>-Cost reduction/ savings: through the shutdown of all operations of the firm.</p>	<p>Risk reactive processes</p>	
Post-civil-war period responses			
Examples	First-Order Level: Codes/Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>"My relatives, who operate in the travel industry and live in Benghazi, told me that there is Libyan clients/customers who have a desire to experience a desert adventure and visit the heritage villages in south Libya" [CEO-Interviewee-A1, 2013].</p> <p>"(...) Currently, there are a number of researchers, who are from University of London, will come to Libyan Sahara for both excavating and studying remnants of fossils in Libyan Sahara, now we are planning to prepare necessary resources to offer accommodation and camping services. Where did you get such information related to</p>	<p>-Managerial ties: acquiring and exchanging market information or knowledge through political and kinship ties for discovering opportunities relating to existing resources.</p> <p>-Sensing activities: scanning (detecting) and recognising the opportunities through field visits, discussions and reviewing secondary information for discovering opportunities relating with existing resources.</p>	<p>Identification of Opportunity for Related Diversification</p>	Business Development Capability

<p>British researchers? I have strong relationships with a number of individuals who work in the Libyan tourism Ministry and the Libyan Chamber of Commerce; they provide me valuable information [CEO-Interviewee-A1, 2013].</p> <p>"Two months ago, we discovered that there is an increase in the number of Libyan people who travel to Tunisia, Egypt, Turkey, and Italy for Medical tourism" [Secretary-Company-Interviewee-A2, 2013].</p>			
<p>"so currently we are operating seventeen 4WD vehicles (...) where we have rebuilt our camp in the Sahara area, where we transferred all the camping gear from tents, beds, mobile kitchen to sunshades" [Secretary-Company-Interviewee-A2, 2013]. "We firstly focused on safety issues, where we have coordinated with Local authorities in the city of Sabha in South Libya for protecting our camp (...)" [CEO-Interviewee-A1, 2013]. "(...) so we currently operate in facilitating travel procedures such as applying for a visa, obtaining valid travel documents, and making mail correspondence regarding medical treatment in other countries. To tell the truth, medical tourism field is a profitable field, but we do not have enough resources to invest heavily in such field" [CEO-Interviewee-A1, 2013].</p>	<p>-Realignment: recombining, transferring and redeploying resources</p> <p>-Creation: developing an operational security routine and travel service unit for providing visa application preparation and lodgement services, online flight booking services and hotel reservation services.</p>	<p>Reconfiguration processes</p>	

5.3 Case 2: Firm-B

5.3.1 Firm Background

Firm-B is a locally-owned tourism and travel firm, founded in 1996 in cooperation within CEO's family and their relatives. The firm employed 10 staff members and its main headquarters is located in Tripoli. The firm required an initial investment of 25,000 Libyan Dinars (about US\$20,000).

Table 5-3: Firm-B–Firm Demographics

Firm-B	Registration Details
Headquarters	Tripoli
Year of Foundation	1996
Ownership Structure	Family Ownership
Industry	Religious Tourism
Capital	25,000 LYD (about US\$20,000)
Employees	10

Source: Secondary and interview data

5.3.2 Firm's Responses to Environmental Turbulence

The firm's responses were displayed chronologically from the pre-civil-war times through to the civil-war and into the post-civil-war times.

5.3.2.1 The Pre-Civil-War Period

In the pre-civil-war period, the firm operated in the pilgrimage tourism field. The firm specialised in providing Hajj and Umrah (i.e. religious pilgrimage) services to Libyan people who were interested in visiting two holy places in Saudi Arabia, namely Mecca and Medina. The firm offered the Hajj service only once a year, in the month of Dhu al-Hijjah (the Month of Hajj or Pilgrimage), as per the Islamic Calendar. The firm provided a religious journey from Libya to Saudi Arabia, in particular, to the city of Mecca. In addition, the firm offered the Umrah service, which is almost similar to the previous one, except that it is provided at any time of the year. In the pre-civil-war period, the firm had networking relationships with firms in Saudi Arabia. These relationships centred on coordinating and arranging with religious organisations in Saudi Arabia to receive Libyan pilgrims at the airport and provide transport, accommodation and food services.

5.3.2.2 The Civil War Period

All of the three interviewees did not talk a lot (in great detail) about the firm's responses during the civil-war. The interview data revealed that during the civil war in 2011, the firm responded to insecure conditions at the beginning of Libyan civil war by taking and implementing two major strategies. The first plan was concentrated on creating and implementing new procedures to reduce all of the firm's costs as far as possible. The second step was represented in the decision to shut down all firm's operations until the Libyan civil-war is over. The following quote from CEO interviewee illustrates the negative effects of civil war:

“Unfortunately, in the conflict period, I missed many customers and profitable dealings with religious tour companies (...) and currently the situation is still insecure, with a little violence occurring rarely” [CEO-Interviewee-B1, 2014].

The interview data and secondary data did not show exactly what responsive and selective actions were adopted by the firm to recognise risks in its surroundings and respond to them promptly. However, through an email-correspondence with the CEO in January 2014, he stated that there have been phone-calls between him and all the employees of the firm. The employees expressed their willingness to protect the firm in February 2011. Thus, the CEO selected a set of employees to protect the firm, as the employees were assigned to protect the firms from thefts by staying at the firm's buildings. As one interviewee said:

“I remembered from the first day of the revolution that some of the employees phoned me to inform me that we should meet and discuss our situation and the state of the firm. We were scared because we thought something bad may happen to my firm's building. We met the next day and we agreed to assign employees to protect the firm, but three employees volunteered to stay within the firm and protect it” [CEO-Interviewee-B1, Email Correspondence, 2014].

For three months, the CEO provided free food, drinks and prepaid mobile balance cards to the employees, as a way to motivate them and keep in touch with the employees. The annual report in 2011 showed that the employees were paid their salaries during their participation in the protection of the firm's assets during the civil

war. The CEO of the firm adopted new cutback procedures to deal with the deterioration of the tourism business. The new procedures involved completely reducing all kinds of costs, especially administrative costs like copying or direct costs like labour, which was reflected in the shutdown of the firm's operations. As one interviewee said:

“In fact, Mr. XXX was very generous with us, he has been behind us and support us all what we need from food and drink during our stay in the company for the purpose of protecting it” [Employee -Interviewee-B3, 2014].

As shown in Table 5.4, the firm developed a “Crisis Response Capability”. The crisis response capability operates to create a set of operational routines/ activities that are associated with protecting the firm and saving it through, for example, participating employees in protection efforts.

5.3.2.3 The Post-Civil War Period

In the post-civil war period, the deputy CEO has successfully obtained valuable market information through his personal relationships based on which new business opportunity was identified. In particular, the Deputy CEO has relationships with some hotel employees who told him that there are foreign journalists and war-correspondents who needed transport services to cover the latest news and events and deliver reports instantly from event places. Hence, the opportunity was to provide transport services from Sirte and Bani-Walid cities to Tripoli City and from Tripoli city to Nafusa Mountains and then to Zuwara city. One of the respondents expressed his opinions about doing business in transport activity during the post-civil war period:

“As I see, the civil war and post-civil war periods have created new business opportunities in the field of providing transport services to correspondent, foreign journalists and visitors throughout Libya”.
[Deputy CEO –Interviewee-B2, 2014].

An internal report revealed that in response to the opportunity of providing transport services, the firm bought a used 2006 Mitsubishi Rosa Deluxe minibus with 25 passenger seats at a cost of 11,800 Libyan Dinar (LYD) (US\$ 9,000) and rented two

Toyota Previa GL Van minibuses with 6 passenger seats. Subsequently, the firm started its operations through visiting the hotels that are located within the city of Tripoli and meeting foreign journalists, war-correspondents and visitors, offering transport services and then exchanging phone numbers. From the western side of Western Libya, the firm started providing transport services from Tripoli city to Nafusa Mountains and then to Zuwara city for covering news, while from the eastern side of Western Libya, it provided transport services from Sirte and Bani Walid cities to Tripoli City. The transport service cost was US\$ 10-15 per hour for each passenger. Moreover, the firm provided customised services, by using two Toyota Previa GL Van minibuses with 6 seats. The firm also provided customised transport services for correspondents and reporters working for the Al-Jazeera and Al-Arabiya news channel to cover events in the western part of Libya. The following comment of the CEO interviewee for example, indicates the importance of transport services in saving his firm from the shutdown:

“I could save my business through operating road vehicles to take foreign journalists, correspondents, and visitors from hotels in Tripoli city to Nafusa Mountains and then to Zuwara city Vice versa” [CEO–Interviewee-B1, 2014].

Moreover, as a means of diversifying the firm into a related business area in order to survive under the conditions of instability, the CEO discovered other opportunities in the travel area. During visits by the CEO to some friends of other firms, he was given ideas about the commercial activity in Tripoli city. Thus, he recognised the opportunity to provide ticket-booking services of domestic flights, especially between Benghazi and Tripoli. Interview data and email correspondence showed that in response to the airline ticket booking opportunity, the CEO visited the headquarters of Libyan Airlines and Afriqiyah Airways in Tripoli. The CEO entered into dialogues with the directors of the marketing and sales department in both companies. However, the CEO failed to persuade the directors to sign a contract to sell domestic airline tickets. However, through recommendations and assistance from the CEO’s friends, he got permission from a tourism and travel company in Tripoli to sell domestic airline tickets. In response to this opportunity, he used the existing old assets to operate in the ticket selling area. As the CEO-informant said:

“I really don't have much to say on the rejection decision from airlines. I opted for the second option, which is looking for a travel company [Alternative]. With the assistance of some friends, I could obtain a right to sell airline tickets using the travel company's name” [CEO–Interviewee-B1, Email Correspondence, 2014].

Email correspondences showed that in response to the above opportunity, the firm redeployed the existing old assets (i.e. three computers, two desks, two printers, one fax machine and one photocopier) and installed airline ticketing software onto two computers. Part of the main building of the firm was modified and refurbished to suit domestic ticket service requirements - a new ticket office counter was installed and the walls were painted. Thus, the firm partially transformed into an airline ticket seller, as it sold domestic airline tickets to people travelling to Benghazi, Sirte, Sabha, Tobruck and Al-Abraq. To enhance the ability to provide better services, the firm employed two new employees with experience and knowledge about the airline ticketing software. The following quote from one employee-interviewee sums up by saying:

“We spent nearly 1,500 Libyan Dinar [about US\$ 1,200] on carrying out some renovations inside a firm's building in order to suit the task of selling airline tickets (...) Our daily sales are about 5 tickets on a good day and 2 tickets on a bad day, but during June 2013 we sold more than 200 tickets”[Employee –Interviewee-B3, 2014].

As shown in Table 5.4, in the post-war period, the firm developed a “Flexibility capability”. The flexibility capability reflects the ability of the firm to transform itself (resource base) in the market, through repositioning from a religious tourism provider to the provider of transportation and airline tickets, in order to survive in the post-civil war period. The flexibility capability is considered a dynamic capability, as it reflects the ability of the firm to change the nature of the business and the way of doing things to adapt to the new situation.

Table 5-4: Measures undertaken by Firm-B and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“I remembered from the first day of the revolution that some of the employees phoned me to inform me that we should meet and discuss our situation and the state of the firm. We were scared because we thought something bad may happen to my firm’s building. We met the next day and we agreed to assign employees to protect the firm, but three employees volunteered to stay within the firm and protect it” [CEO-Interviewee-B1, Email Correspondence, 2014].</p>	<p>-Dialogue: telephone dialogues between the CEO and all the employees about the firm and the process of protection.</p> <p>-Participation: employees’ willingness to participate in the protection processes as well as assigning three employees to keep an eye on and protect the firm and its resources.</p>	<p>Protection By Employee-Participation</p>	<p>Crisis Response Capability</p>
<p>“In fact, Mr. XXX was very generous with us, he has been behind us and support us all what we need from food and drink during our stay in the company for the purpose of protecting it” [Employee -Interviewee-B3, 2014].</p>	<p>-Employee Support: regularly providing employees with food, drinks and prepaid mobile balance cards that they need during the civil-war period, to motivate them, as well as continuing to pay the salaries of employees who assisted in protecting the firm’s assets.</p>	<p>Protection By Employee-Incentive</p>	
<p>“The demand in the tourism and hospitality industry has been significantly decreased (...) because of war circumstances and the situation was still insecure, with a little violence occurring rarely, I could save my business through shut-down all firm’s operations and reducing any kind of costs even personal costs</p>	<p>-Cost Savings: reducing all kinds of costs of the firm, including administrative costs like copying or direct costs like labour, through the shutdown of all operations of the firm.</p>	<p>Cost Reduction/Savings</p>	

<p>those associated with meals and transport the operation costs as possible” [CEO-Interviewee-B1, 2014].</p> <p>“war conditions have forced us to close temporarily the firm and stay at home and the manager told us that he cut salaries and he is looking at the issue of cutting jobs”[Deputy CEO - Interviewee-B2, 2014].</p>			
Post-civil-war period responses			
Examples	First-Order Level: Codes/Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“The civil war and post-civil war periods have created new business activities, like transporting foreign journalists and visitors throughout Libya”. [CEO –Interviewee-B1, 2013].</p> <p>“I have close relationships with some hotel employees who told me that foreign journalists need transport services, afterwards, I built business relationships with journalists and correspondents, as they called me when they need transport services from Sirte and Bani Walid cities to Tripoli City”. [Deputy CEO – Interviewee-B2, 2014].</p> <p>“I really don't have much to say on the rejection decision from airlines. I opted for the second option, which is looking for a travel company [Alternative]. With the assistance of some friends, I could obtain a right to sell airline tickets using the</p>	<p>-Interaction Ties: collecting market-related information by using close business relationships and in-depth interaction with some hotel employees in Tripoli city for discovering new opportunities.</p> <p>-Informal market-search efforts: searching, scanning and collecting market information through informal visits and conversations with his friends from other firms and exchanging discussions, ideas and opinions about the commercial activity in Tripoli city (for recognising and identifying new opportunities).</p>	Sensing efforts	Flexibility Capability

<p>travel company's name" [CEO–Interviewee-B1, Email Correspondence, 2014].</p>			
<p>"After the civil war especially in 2012, we invested in transport activities, as we bought a number of vehicles to provide transport services to Libyan and foreign journalists from Tripoli to Nafusa Mountains" [Employee -Interviewee-B3, 2014].</p> <p>"I could save my business through operating road vehicles to take foreign journalists, correspondents, and visitors from hotels in Tripoli city to Nafusa Mountains and then to Zuwara city Vice versa" [CEO–Interviewee-B1, 2014].</p> <p>"We spent nearly 1,500 Libyan Dinar [about US\$ 1,200] on carrying out some renovations inside a firm’s building in order to suit the task of selling airline tickets (...) Our daily sales are about 5 tickets on a good day and 2 tickets on a bad day, but during June 2013 we sold more than 200 tickets" [Employee – Interviewee-B3, 2014].</p> <p>"I had saved all office equipment during the war at my house,</p>	<p>-Acquisition of Resources: acquiring new resources through renting, recruiting and purchasing actions.</p> <p>-Renewal of Resources: improving/renovating processes for modifying and refurbishing part of the main building of the firm to meet ticket service requirements.</p> <p>-Rearrangement of Resources: redeploying and rearranging old resources/ assets (i.e. three computers, two desks, two printers, one fax machine and one photocopier) to meet ticket service requirements.</p>	<p>Reconfiguration processes</p>	

<p>but when I have decided to sell airlines-tickets, I found myself I'm lucky to reuse the office equipment again. I could reuse three computers to operate an air booking software to sell flight tickets" [CEO-Interviewee-B1, Email Correspondence, 2014].</p>			
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5.4 Case 3: Firm-C

5.4.1 Firm Background

Firm-C is a locally-owned tourism and travel company and was founded in 1998. The firm is located in Tripoli and employed around 16 employees. The firm started with an initial investment of 80,000 Libyan Dinars, which is equivalent to US\$65,000.

Table 5-5: Firm-C–Firm Demographics

Firm-C	Registration Details
Headquarters	Tripoli
Year of Foundation	1998
Ownership Structure	Private
Industry	Tourism
Capital	80,000 LYD (about US\$65,000)
Employees	16

Source: Secondary and interview data

5.4.2 Firm's Responses to Environmental Turbulence

This section presents and discusses the firm's responses from the pre-civil-war times through to the civil-war and post-civil-war period.

5.4.2.1 The Pre-Civil-War Period

In the pre-civil-war period, the firm operated camel riding and 4WD trips in Libyan Sahara. The firm operated two sites. The first site is located in Tripoli city, which was responsible for attracting tourists from the European Union, looking for camel riding and driving 4WD vehicles in the Libyan desert, along with visits to archaeological sites. After attracting European tourists and arriving in Tripoli, the firm transports them to the second site, which is located in El-Alwinat city (i.e. city in Southern Libya).

The second site is an operational site that includes all operational assets of the firm from 4WD vehicles to a mobile camp. Moreover, the firm offered tailored services to tourists who were interested in visiting the Kufra District of south-eastern in Cyrenaica, Libya; in particular, to visit the Kufra desert oasis. Finally, the firm provided supplementary core services to international tourists, including travels offer

visa, air ticket services and hotel booking services in hotels located within the city of Tripoli.

5.4.2.2 The Civil War Period

During the civil war, the firm did not operate at all. Interview data and an email correspondence with the CEO showed that the CEO and his management team made a decision to move all of the firm's movable assets - cars, inventory, office equipment and computers, desks, chairs and electric generators - from El-Alwinat City to the firm's headquarters in Tripoli city. Shortly afterwards, the CEO and his management team decided to assign seven employees as security guards to protect and look after the firm's assets and properties. Finally, the CEO and his management team decided to reduce or downsize employees working in the second site locating in El-Alwinat City by 100% (i.e. 9 employees), with the intention of reducing costs. Thus, they shut down all of the firm's operations. As the CEO-informant explained:

“The major part of collective responsibility to save our business was to guard the firm and its assets and properties (...) because the weapons were widespread in everywhere” [CEO-Interviewee-C1, 2013].

Email correspondence showed that on the first night of the Libyan civil war, the CEO and six employees, who work in the first site in Tripoli, organised an emergency meeting at the headquarters of the firm to discuss and assess the crisis of the Libyan civil war. In this meeting, they discussed the possible challenges (i.e. potential risks as there was no police presence on the roads leading to El-Alwinat), when moving the firm's assets from El-Alwinat City to Tripoli. The decision was taken to move the firm's movable assets to Tripoli, due to the lack of a secured warehouse or a safe place to keep the firm's assets in El-Alwinat City, especially the cars. Thus, the CEO and his colleagues assigned five employees to hire three Egyptian workers to assist in the transfer of operational equipment to Tripoli. On 11 March 2011, the CEO of the firm decided to downsize the firm's number of employees from 16 to 7, followed by a shutdown of all operations in order to reduce costs and in response to the challenges due to the civil-war. As the CEO-informant explained:

“About 18 February 2011, I met the employees in company's headquarters and discussed what we can do in light of the serious

security situation and how we can protect the company and property from theft or vandalism. The upshot was that much argument we all agreed to transport all movable properties and equipment to a safe place in Tripoli until the situation has calmed down” [CEO–Interviewee-C1, Email Correspondence, 2014].

In addition to the participation of employees in transferring operational equipment from El-Alwinat City to Tripoli, the employees helped in protecting the firm’s assets in Tripoli. The firm relied on its employees in the process of protecting assets and resources and properties in Tripoli City. As shown in Table 5.6, the firm developed a “Crisis Response Capability”. The crisis response capability operates to create a set of operational routines/ activities that are associated with protecting the firm from potential risks and also reducing costs.

5.4.2.3 The Post-Civil War Period

After the end of the Libyan civil war, in particular after October 2011, the firm started looking for new commercial and tourism activity through making formal visits and having discussions with local business community in Western Libya. Specifically, in return for some material compensation, the CEO and marketing director engaged in conversations on the cell phone and visits to some Libyan private brokers in Misurata city for the purpose of obtaining market-related data and seeking assistance in doing a new commercial activity. As a result of the discussions and consultations with Libyan private brokers, the CEO and marketing manager reached a decision relating to targeting any investment opportunity associated with a domestic transport market in Tripoli. Specifically, they recognised that providing transport services to small hotels’ clients and college/ university students is the best available choice for them. As one of the informants explained:

“I and Mr XXX came to the conclusion after two months of fortnightly sessions in counselling, that we have to turn our attention to provide transport services to residents and visitors of Tripoli area”[Marketing Director –Interviewee-C2, 2014].*

* The letters are an anonymous name

As documented in the firm's report in December 2012, the firm imported two used minibuses. It imported one used Mitsubishi Rosa deluxe mini coach with 24 seats (or 24 passengers) and one used Toyota Commuter with 12 seats (or 12 passengers) from the Netherlands through a Libyan broker working in the export of used cars to North Africa or what is called the Arab Maghreb Union (AMU). The following comment of the marketing director- interviewee for example, indicates the criteria for recruiting two drivers and two assistances to operate those vehicles:

“So we've hired two drivers who are well-informed on the ins and outs of the Tripoli city, and would drive our clients through the shortest possible route to guarantee clients do not have to fear of reaching late! (...) we also hired two assistants who served as bodyguards and providing a kind of protection and guidance” [Marketing Director –Interviewee-C2, 2014].

The CEO and the marketing director made direct contacts and frequent personal visits to a number of small hotels and hostels operating within the city of Tripoli. They had regular conversations with hotel employees and clients about providing transport and rental services and they distributed business cards and promotional stickers to them. Indeed, within three to five days, the firm began receiving five to seven phone calls daily from a group of clients staying in hostels, asking for transport services. Thus, the Toyota Commuter minibus was utilised every day to transport clients across different locations in Tripoli, the city centre in particular. An employee-interviewee described the peak demand period for transport services and its reasons:

“I'm used to pick customers up every day during the afternoon period between 4:00 P.M to 6:00 P.M, and this is the only period in which we receive the phone-calls for the purpose of talking customers from a hotel doorstep to the city centre (...) this is may be due to the fact that the restaurants and cafes during evening period begin to open its doors until midnight” [Employee –Interviewee-C3, 2014].

However, it seems that the operational capacity of the firm was not fully utilised. The Mitsubishi mini coach with 24 seaters was not in used when the demand for transport

services from hotel customers were few. As a consequence, two employees visited and spoke with students of Tripoli University who lived in a hall of residence, about providing transport services from their hall of residence to the main campus of Tripoli University (the university housing was about 7 kms away from the main campus). The firm succeeded in making a verbal agreement with a group of female students to transport them every day at 7:00 am to the main campus of Tripoli University and pick them up at 3:00 pm back to their hall of residence. An informant explained:

“As you know that the state does not provide public transportation services to the residents of Tripoli. So, it is easy to see that most of those who have buses have used them in providing transport services. But, my focus was basically on transport University students, especially the female category, residing in University Housing residences halls locating in Sidi El-masri and Al-sharqiya areas” [Marketing Director – Interviewee-C2, 2014].

In 2011 or during the civil war, the firm utilised the shutdown period to dispose of liquidation, all the 4WD vehicles, refurbish the main building and install some new resources such as a diesel electric generator. This step played a role in seizing the opportunities that were identified in 2012. An internal report demonstrated that during the shutdown period (i.e. the civil war period), the firm spent 1,350 Libyan Dinar (about US\$ 1,020) to make slight renovations and refurbishments to the building of the firm. The firm also purchased and installed small business phone system with four lines for 828 Libyan dinar (about US\$630) and a diesel electric generator for 1555 Libyan Dinar (about US\$1,183), which was useful as they were facing frequent electric power cuts. The firm also purchased and installed two surveillance cameras for 330 Libyan Dinar (about US\$250). Finally, on 22 June 2011, the CEO sold all the 4WD vehicles: three Toyota Land Cruiser Single-Cab cars and seven Toyota Land Cruiser Station Wagon cars; the total value of the cars is 186,000 Libyan Dinar (about US\$141,550).

As shown in Table 5.6, the firm developed a “flexibility capability”. The flexibility capability enabled the firm to transform itself from a Sahara tourism agency to a transportation company, by upgrading its resource base for developing new transport

capabilities and skills that were used to seize such opportunities. In other words, the flexibility capability has a dynamic feature because it enabled the firm to change the ways in which it operated, in order to operate under the new conditions in the post-civil period.

Table 5-6: Measures undertaken by Firm-C and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“After events directly, I phoned the company's employees and I talked with everyone until midnight about what is happening in Tripoli, as Libyans staged a protest demonstration against Gaddafi's regime. As a result of telephone calls with employees was that we have to meet tomorrow morning. About 18 February 2011, I met the employees in company's headquarters and discussed what we can do in light of the serious security situation and how we can protect the company and property from theft or vandalism. The upshot was that much argument we all agreed to transport all movable properties and equipment to a safe place in Tripoli until the situation has calmed down” [CEO–Interviewee-C1, Email Correspondence, 2014].</p>	<p>-Crisis communication: informal meeting among employees and the CEO about discussing and assessing the potential risks and how to protect the firm’s assets.</p>	<p>Crisis communication</p>	<p>Crisis Response Capability</p>
<p>"Let me say that I have to recognise that my firm was not exposed to theft and no one touches any assets. I and firm management moved all firm’s vehicles, furniture, office equipment and electric generators from El-Alwinat City to the headquarters of the firm in Tripoli. So, my next responsibility was to protect and look after the firm and its assets and properties” [CEO-Interviewee-C1, 2013].</p>	<p>-Transference: actions relating to moving valuable assets safely away from the place of danger/ risks.</p>	<p>Transference</p>	

<p>"We paid salaries to our employees to protect the firm". [Marketing Director -Interviewee-C2, 2014].</p>	<p>-Protection through employee participation: the employees' participation in the processes of transferring the firm's assets/ resources to a safe place. Moreover, it reflects the employees' participation in protecting the firm's assets and resources.</p>	<p>Protection through employee participation</p>	
<p>"During the revolution events from 02/2011 to 10/2011, we did not operate at all, as we shut down all activities and operations (...) <i>we were compelled to shut-down the firm not by our free choice</i> but simply by war-conditions, as there was no market for tourism" [Employee -Interviewee-C3, 2014].</p>	<p>-Cost reduction/ savings: the actions of downsizing the firm's employees and to shut down the firm's operations in order to reduce costs.</p>	<p>Cost reduction/ savings</p>	
<p>Post-civil-war period responses</p>			
<p>Examples</p>	<p>First-Order Level: Codes/Subcategories</p>	<p>Second-Order Level: Major Categories</p>	<p>Aggregate Dimensions: Theme</p>
<p>Firms responses in quotations</p>	<p>Measures</p>	<p>Components</p>	<p>Capabilities</p>
<p>"I and Mr XXX came to the conclusion after two months of fortnightly sessions in counselling, that we have to turn our attention to provide transport services to residents and visitors of Tripoli area" [Marketing Director -Interviewee-C2, 2014].</p> <p>"We noticed that there is a growth and improvement in an auto rental business" [Employee -Interviewee-C3, 2014].</p> <p>"We have worked with local small hotels in terms of providing car rental services to hotels' clients and foreign travellers" [Employee -Interviewee-C3, 2014].</p>	<p>-Market-sensing efforts: spotting, interpreting and pursuing the post-civil war environment through making discussions and getting advice from professionals. It also related to visiting and talking with customers as an attempt to discover the potential demand.</p>	<p>Market-sensing efforts</p>	<p>Flexibility capability</p>

<p>"In 2012, we bought new phone system package and playground equipment. We also bought two new diesel electric generators because of daily power shortages from General Electricity Company of Libya (GECOL) in Tripoli". [CEO-Interviewee-C1, Email-Correspondence, 2014].</p> <p>"I've made several visits to a number of hotels and hostels within the city of Tripoli for the purpose of offering transport services to customers who reside in those hotels, of course, I have met with customers and gave them business-cards and told them to call us if they need transport services" [CEO-Interviewee-C1, 2013].</p> <p>"I and my mate met and talked female students who reside in the hall of residence and offered transport services and then we agreed with a number of students to provide transport services every morning to transport them to the Tripoli University" [Employee - Interviewee-C3, 2014].</p> <p>"So we've hired two drivers who are well-informed on the ins and outs of the Tripoli city, and would drive our clients through the shortest possible route to guarantee clients do not have to fear of reaching late! (...) we also hired two assistants who served as bodyguards and providing a kind of protection and guidance" [Marketing Director -Interviewee-C2, 2014].</p>	<p>-Upgrade and preparation: the actions of refurbishing and acquiring processes for preparing the firm for new opportunities.</p> <p>-Demand creation: promotional actions involving efforts to create a communication channel with potential hotel customers through visiting and distributing promotional materials and face-to face interviews with customers.</p> <p>-Acquisition: actions of obtaining new assets and recruiting new employees.</p>	<p>Reconfiguration processes</p>	
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5.5 Case 4: Firm-D

5.5.1 Firm Background

Firm-D is a locally-owned travel and tourism company headquartered in Benghazi City. The firm was founded in the year 2000, with an initial investment of 400,000 LYD (about US\$320,000). The firm has 17 employees.

Table 5-7: Firm-D–Firm Demographics

Firm-D	Registration Details
Headquarters	Benghazi
Year of Foundation	2000
Ownership Structure	Private
Industry	Travel and Tourism
Capital	400,000 LYD (about US\$320,000)
Employees	17

Source: Secondary and interview data

5.5.2 Firm's Responses to Environmental Turbulence

This section presents and discusses the firm's responses from the pre-civil-war times through to the civil-war and post-civil-war period.

5.5.2.1 The Pre-Civil-War Period

In the pre-civil war period, the firm specialised in two tourism activities. The first is an archaeological visiting field, as the firm provided visiting services for European tourists who seek journeys to archaeological Greek and Roman sites (they are also known as the spectacular ancient city of Cyrene) in the Jebel Akhdar uplands near Shahat City. In addition, it provided visiting services to the Apollonia Museum (also known as the Susa Museum), which is located near to Susa City. A collection of statues, busts and mosaics, which were found on the ancient Greek and Roman sites are currently housed in the Apollonia Museum.

The firm also provided supplementary core services, including hotel and restaurant bookings in Benghazi and Shahat Cities and transport services between Benghazi, Shahat and Susa Cities. Furthermore, the firm had a special unit that was responsible for receiving tourists at the Benina International Airport in Benghazi city. When the tourists arrive at the Benina International Airport, they are transported by buses to XXX and YYY hotels for one or two days and then transported to the Shahat city, where there are two employees who are responsible for booking on behalf of tourists

at Buyut-ash-shabaab hostel, Cyrene resort, Cave Restaurant and Barga Restaurant. The second tourism activity is tourism consultation. In 2004, the firm was licensed by the Libyan General Board for Tourism and Traditional Industry (LGBTTI) to provide investment and consultation services for foreign companies wishing to invest in the East Libyan tourism sector.

5.5.2.2 The Civil War Period

The civil war period in the eastern region of Libya was shorter than in the western region of Libya. This is because the eastern region fell completely into opposition hands in three days and became relatively safe. Also, the civil war period in the eastern region of Libya was estimated to be between three to seven days. During the Libyan civil war, the firm's responses to insecure conditions were quite similar to all previous firms' responses. Therefore, it shows that the firm has quickly adopted steps in response to the war: 1) an immediate procedure was conducted to shut down all the firm's tourism and travel activities and operations in Benghazi and Shahat cities; 2) the second step was to protect the firm's assets in both Benghazi and Shahat cities. All the firm's vehicles and equipment in Benghazi were transferred to Shahat City, because there was a wider protest movement that was spreading rapidly throughout Benghazi. Thus, Benghazi was not a safe place to keep the firm's assets. As one interviewee said:

“We were in constant contact during the first three days of the revolution in order to find out what is happening and what might be happened in the company, like theft or armed attack or robbery. So, my main responsibility was to keep constant contact with most employees, where we have held regular meetings in Benghazi about how to protect the firm's assets” [CEO –Interviewee-D1, 2013].

Shahat city fell completely into opposition hands in a day and it became safe. Thus, all the firm's employees were in direct communication with each other to immediately put a plan in place to protect the firm and its assets and properties. For example, in the minutes of the meeting dated 16 February 2011 at 5:15 pm between the management and employees, eight employees of the firm were assigned the task of transferring all of the firm's vehicles and important equipment (movable assets) to a safe place in Shahat city and evacuating the entire firm's headquarters in Benghazi.

The decision of moving the firm's assets was based on the observation and assessment that Shahat city was noticeably more safe than Benghazi city and 3) a quick step was implemented to reduce any kind of immediate costs, so as to prevent a situation in which the firm may become bankrupt. The following quote from the Deputy CEO Interviewee illustrates the impact of the civil war on tourism and the air traffic:

“The big problem now is many international airlines like Emirates, Qatar Airways and Etihad Airways do not exist in Libya. So, when there are airways companies and security, there will be tourists” [Deputy CEO–Interviewee-D2, 2014].

As shown in Table 5.8, the firm developed a “crisis response capability”. The crisis response capability reflects the ability to create a set of operating routines/ activities to protect the firm's assets through transporting and keeping the firm's assets in a safe place.

5.5.2.3 The Post-Civil War Period

Indeed, during both the civil and post-civil war period, it was popular for the visitors in Benghazi city to ask for transport services, especially people who work in the press/ media. This is because there was a large influx of Arab and international relief organisations, as well as journalists, reporters and news agencies in all the cities of the eastern region of Libya, especially Benghazi. For this reason, the CEO and his deputy saw they could realistically achieve a growth through providing transport services for the benefits of hotel visitors, news reporters and journalists through utilising existing firm resources with some modifications, i.e. cars. The CEO- Informant explained the way that he recognised this opportunity:

“On a personal level, I relied on my personal efforts to know what is going in Benghazi (...)I researched the conditions in Benghazi and really felt that there was a chance to provide transport services to foreign people who came to Benghazi” [CEO-Interviewee-D1, 2013].

Telephone-conversation with the Deputy CEO demonstrated that through the field visits and interviews with foreign journalists and civil organisations, the CEO and his deputy discovered that the journalists needed transport services. As such, the CEO

and his deputy recognised this situation as an opportunity to provide transport services. To make use of this opportunity, the firm sought to acquire new assets. Secondary data showed that the firm added a new vehicle into its fleet of minibuses by purchasing a Toyota Hiace minibus with 12 seats, in addition to existing two luxury Mercedes mini-buses with 16 reclining seats for each minibus and one Mitsubishi minibus with 25 seats. Subsequently, the firm changed its price policies. In particular, they reduced their transporting service prices to attract more customers. As one interviewee said:

“We focused on the security aspect of the firm and we assigned two employees to protect journalists and reporters during covering events in Libya” [CEO- Deputy–Interviewee-D2, 2014].

The firm also provided transport services to clients from XXX and YYY hotels in Benghazi city. Specifically, the firm provided transport services to hotel visitors, journalists and reporters who covered Libyan revolution news and war affairs. The luxury Mercedes mini-buses with 16 reclining seats was dedicated to transporting journalists between the Ajdabiya and Brega Districts. The following quote from an interviewee demonstrated that the firm provided protection services to journalists during the period of coverage of events in Benghazi:

“Moreover, we focused on the security aspect of the firm and we assigned two security employees to protect journalists and reporters during covering events in Libya” [CEO- Deputy–Interviewee-D2, 2014].

“(...)For improving firm's demand, we reduced the service prices” [CEO- Deputy–Interviewee-D2, 2014].

As shown in Table 5.8, the firm developed a "flexibility capability". The flexibility capability enabled the firm to adjust its resource base by changing from a tourism service provider to a transportation service provider. Thus, from a dynamic capabilities perspective, a flexibility capability is dynamic as it adjusts the ways in which the firm operates, so as to adapt to new requirements in the post-civil war period.

Table 5-8: Measures undertaken by Firm-D and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“We were in constant contact during the first three days of the revolution in order to find out what is happening and what might be happened in the company, like theft or armed attack or robbery. So, my main responsibility was to keep constant contact with most employees, where we have held regular meetings in Benghazi about how to protect the firm’s assets” [CEO – Interviewee-D1, 2013].</p>	<p>-Crisis communication: actions of collecting and disseminating information during the crisis through formal meetings and verbal or telephone communication to discuss, assess and identify the potential risks and then taking a decision relating to identified risks.</p>	<p>Crisis Communication</p>	<p>Crisis Response Capability</p>
<p>“On 21 February 2011, we assigned eight employees to move all Company vehicles and mobile equipment from a dangerous situation in Benghazi to a safe place in Shahat City.” [Deputy CEO–Interviewee-D2, Email Correspondence, 2014].</p>	<p>-Transference: actions of transporting and keeping the firm’s assets in a safe place.</p>	<p>Transference</p>	
<p>“During the civil war, we had decided to halt all tourism and travel activities, where we were no longer able to continue. We also reduced firm’s spending costs as minimally as possible to prevent a situation in which the firm may become bankrupt.” [CEO –Interviewee-D1, 2013].</p>	<p>-Cost reduction/ savings: the actions of the management to reduce the firm’s costs and expenditures through a shut-down of the firm's operations.</p>	<p>Cost Reduction/ Savings</p>	

<p>“I’ve personally participate in protecting the company through staying inside offices in conjunction with some colleagues. We lie awake all night and in the morning I go to my house, and then come back to the company’s headquarters at the sunset” [Employee–Interviewee-D3, 2014].</p>	<p>-Employee participation: the voluntary participation of employees in the process of moving and protecting the firm’s assets.</p>	<p>Employee Participation</p>	
<p>Post-civil-war period responses</p>			
<p>Examples</p>	<p>First-Order Level: Codes/Subcategories</p>	<p>Second-Order Level: Major Categories</p>	<p>Aggregate Dimensions: Theme</p>
<p>Firms responses in quotations</p>	<p>Measures</p>	<p>Components</p>	<p>Capabilities</p>
<p>“On a personal level, I relied on my personal efforts to know what is going in Benghazi (...) I researched the conditions in Benghazi and really felt that there was a chance to provide transport services to foreign people who came to Benghazi” [CEO-Interviewee-D1, 2013].</p> <p>“We visited and talked with many foreign journalists, media workers and members of civil organisations for three and a half hours. We left that day with a wonderful feeling that need transport services and we can target them” [Deputy CEO–Interviewee-D2, Email Correspondence, 2014].</p>	<p>-Market-sensing efforts: the actions of detecting and identifying potential opportunities in the post-civil war period through field visits and interviews with customers and relying on personal efforts in studying and analysing the circumstances surrounding the firm.</p>	<p>Market-Sensing</p>	<p>Flexibility Capability</p>
<p>“Moreover, we focused on the security aspect of the firm and we assigned two employees to protect journalists and reporters during covering events in Libya” [CEO- Deputy–Interviewee-D2, 2014].</p>	<p>-Purchase: actions of acquiring new assets.</p> <p>-Recruitment: actions of employing new qualified guards to work in the firm to provide protection services to customers.</p>	<p>Resources Acquisition</p>	

“(...) For improving firm's demand, we reduced the service prices” [CEO-Deputy-Interviewee-D2, 2014].

-Reconfiguration: the actions of redistributing/ reconstituting processes and new resources with existing ones through redeploying and synthesising new employees and resources, in order to provide transport services.

Reconfiguring Processes

5.6 Case 5: Firm-E

5.6.1 Firm Background

Firm-E is a locally-owned tour operator, located in Tripoli, founded in 2000 and started with an initial investment of 80,000 LYD (about US\$65,000). The firm has 13 employees.

Table 5-9: Firm-E–Firm Demographics

Firm-E	Registration Details
Headquarters	Tripoli
Year of Foundation	2000
Ownership Structure	Private
Industry	Tour Operator
Capital	80,000 LYD (about US\$65,000)
Employees	13

Source: Secondary and interview data

5.6.2 Firm's Responses to Environmental Turbulence

The firm's responses were displayed chronologically from pre-civil-war times through to the civil-war and post-civil-war times.

5.6.2.1 The Pre-Civil-War Period

In the pre-civil war period, the firm specialised in offering pre-paid vacations to three archaeological sites in West Libya. The firm mainly operated as an intermediary between the tourists, especially those from Europe, and some tourism service providers located in Tripoli by jointly organising holiday programs. However, the firm had the largest share in terms of making all the necessary transport arrangements to transport tourists from Tripoli to popular archaeological sites in West Libya such as Kabaw, Nalut and Gharyan.

The secondary data demonstrated that all the firm's offers were created based on negotiating contracts with local tourism firms in Tripoli. Hence, the firm engaged in the planning and coordinating of personalised holiday programs with local tourism firms. Due to the improvement in the field of visiting archaeological services, in 2008, the firm bought four Toyota Land Cruiser 4x4 Station Wagons. This led to the expansion of its fleet to 7 vehicles from its initial number of three Toyota Land Cruiser 4x4 Station Wagons.

5.6.2.2 The Civil War Period

In the civil war period, the firm faced difficulty in finding customers or tourists, in addition to financial problems and an attack from an unknown militant group. Thus, the CEO decided to sell all of the firm's movable assets (i.e. seven Toyota Land Cruiser Station Wagon vehicles, office furniture, computers, desks, chairs and electric generators), except for the main building. This decision resulted in the layoff of all employees. Therefore, from February 2011 till the end of 2012, the firm shut down all of its operations. Later, the CEO started thinking about a new business and tourism activity that may offer opportunities in the future. As the CEO-Informant here explained his effort to save his firm:

“At the beginning of civil war, I tried to reduce the operating costs as minimally as possible as an attempt to save what can be saved, but after the firm was attacked by a militant in May 2011, I sold all equipment and assets of the Firm and stopt all my commercial activities” [CEO-Interviewee-E1, 2013].

As shown in Table 5.10, the CEO of the firm has chosen a voluntary liquidation technique to liquidate the firm. This strategic decision represented the last resort and involved selling off all business assets and abandoning the activities totally. Consequently, the CEO of the firm transformed the resource base (whether tangible or intangible) into cash resources. The voluntary liquidation cannot be seen as a kind of ad hoc problem solving method.

5.6.2.3 The Post-Civil War Period

At the beginning of 2013, the CEO of the firm and his deputy used their personal connections, personal observations and conducted some research to explore the business and tourism activities in Libya. Moreover, the CEO made visits and discussions with his counterparts, such as friends, in order to obtain information about tourism and transport activities and investment potential in Libya. For example, the CEO and his deputy entered into discussions with managers of other tourism and travel firms about similar problems and difficulties. Later, the CEO and his deputy conceived the idea that the investment in wedding/ marriage services could be an attractive business. Indeed, their business idea was based on the fact the new Libyan Government subsidies and wage increases provided a good incentive to

significantly encourage Libyan-Tripolitan young people to marry and raise children. Thus, they saw the Libyan Government subsidies as the main factor in creating new opportunities for wedding/ marriage services. As the CEO-informant explained the effect of the government policies:

“We did not collect commercial information by formal means, but we relied on our personal efforts to find new business activities and understand the general situation in Tripoli (...) It was clear for us that when the transitional government provided financial support via salaries and subsidies to Libyan people and rebels, we knew that such support will motivate Libyan young people to marry early” [CEO–Deputy, Interviewee-E2, 2014].

The internal report confirmed that the CEO invested 60,000 Libyan Dinar (about US\$49,000) in a wedding/ marriage business service. He changed the firm structure from a tour-service provider into a wedding service provider. Specifically, the processes of reconstructing, renovating and beautifying led to the transformation of the firm’s headquarters into a wedding/ marriage hall consisting of two floors with 150 seat capacity; the first floor allocated for men, while the top floor is for women. The high ceilings of the hall are decorated with Libyan-Islamic decorations. In order to effectively run the wedding/ marriage hall, the CEO recruited five Libyan supervisors; three of them are men and the others are women, as well as thirteen Bangladeshi workers who were working before the civil-war as cleaners and caterers in the foreign companies in Tripoli. In addition, posters, radio and television advertising were used to promote the wedding hall services. The firm provided complementary services associated with marriage/ wedding, such as the designing of wedding invitation cards, photography services and wedding transportation services. As the CEO-informant explained:

“I deliberately recruit the female element in the hall, as you know that the Libyan society is very sensitive on the issue of mixing between men and women. So, the female element helps us in avoiding the awkwardness and the occurrence of any problems” [CEO- Interviewee-E1, 2013].

In addition, the firm offers a flexible range of menus to suit the Libyan people. In fact, the firm offers a wide range of traditional Libyan food, including Shorba Libiya, Rishda, Bazin, Couscous and Usban. In the summer of 2013 (June, July and August), the firm received more than 12 wedding requests. To begin, the firm requires an initial 600 Libyan Dinar deposit (about US\$500) to reserve the hall, while the second deposit (600 Libyan Dinar), is due two days prior to the function. The following quote from the CEO–informant shows the importance of what customers need to do before the wedding:

“The first thing a customer needs to do is to book a hall at least a month before the wedding (...) you know that every wedding party has its own unique set of requirements, so we always ask each customer to provide all his/her requirements and wishes, this helps us in the process of making arrangements” [CEO- Interviewee-E1, 2013].

As shown in Table 5.10, the firm developed a “business development capability”. *The* business development capability has a dynamic nature, because it enabled the firm to identify new business opportunities and guide the deployment of resources through the disposing of existing assets and acquiring of new assets or new resource bases and ways in which the firm operates.

Table 5-10: Measures undertaken by Firm-E and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Response
<p>“At the beginning of civil war, I tried to reduce the operating costs as minimally as possible as an attempt to save what can be saved, but after the firm was attacked by a militant in May 2011, I sold all equipment and assets of the Firm and stopt all my commercial activities” [CEO–Interviewee-E1, 2013].</p>	<p>-Voluntary liquidation: actions of liquidating the firm involve selling off all business assets and abandoning the activities totally. Also, a voluntary liquidation may refer to an ad-hoc committee formed for the purpose of dissolving the firm.</p>	Voluntary Liquidation	Ad Hoc Problem Solving
Post-civil-war period responses			
Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“In the pre-conflict period, I used to browsing Internet and reading tourism journals, as I joined in the http://www.libyamonitor.com and I receive weekly bulletin” [CEO- Interviewee-E1, 2013].</p> <p>“We did not collect commercial information by formal means, but we relied on our personal efforts to find new business activities and understand the general situation in Tripoli (...) It was clear for us that when the transitional government provided financial support via salaries and</p>	<p>-Market-sensing efforts: actions of searching and detecting the post-civil war business environment by using exploratory means like the Internet, personal observation and experience, visiting, discussions, commercial information exchange and business ties.</p>	Market-Sensing Efforts	Business Development Capability

<p>subsidies to Libyan people and rebels, we knew that such support will motivate Libyan young people to marry early” [CEO–Deputy, Interviewee-E2, 2014].</p>		
<p>“We've put 60,000 LYD capital into the Wedding-Marriage business, as I changed the previous main building of my firm, to make it more suitable for Wedding-Marriage activities” [CEO- Interviewee-E1, 2013].</p>	<p>-Transformation: the actions of creating a major part of the resource base through completely transforming the existing form of the firm as an organisational entity into new form.</p>	<p>Transformation Processes</p>
<p>“What we did is we recruited Bangladeshi workers, as Bangladeshi workers have good experiences and they accept low salaries” [CEO–Deputy, Interviewee-E2, 2014].</p> <p>“I deliberately recruit the female element in the hall, as you know that the Libyan society is very sensitive on the issue of mixing between men and women. So, the female element helps us in avoiding the awkwardness and the occurrence of any problems” [CEO- Interviewee-E1, 2013].</p>	<p>-Recruitment: the actions of recruiting new human resources to exploit the wedding- marriage opportunity.</p>	<p>Recruitment Processes</p>
<p>“The first thing a customer needs to do is to book a hall at least a month before the wedding (...) you know that every wedding party has its own unique set of requirements, so we always ask each customer to provide all his/her requirements and wishes, this helps us in the process of making arrangements” [CEO- Interviewee-E1, 2013].</p> <p>“For the Libyan menus, we offered most of the Libyan traditional food like Shorba, Bazin and Usban...These kinds of food are (among) Libyan western and</p>	<p>-Integration and coordination: the actions of synthesising and embedding previous experience, acquired and shared knowledge into new operational capabilities. Subsequently, orchestrating and deploying new operational capabilities and tasks among employees to perform daily activities.</p>	<p>Integration and Coordination</p>

southern people's favourites" [CEO- Interviewee-E1, 2014].			
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5.7 Case 6: Firm-F

5.7.1 Firm Background

Firm-F is a locally-owned tour operator, founded in 2010. The firm started with an initial investment of 12,000 LYD (about US\$9,800) and employed 2 employees.

Table 5-11: Firm-F–Firm Demographics

Firm-F	Registration Details
Headquarters	Benghazi
Year of Foundation	2010
Ownership Structure	Private
Industry	Tour Operator
Capital	12,000 LYD (about US\$9,800)
Employees	2

Source: Secondary and interview data

5.7.2 Firm's Responses to Environmental Turbulence

This section presents and discusses the firm's responses toward the environmental turbulence from the period 2011 till the beginning of 2014.

5.7.2.1 The Pre-Civil-War Period

In the pre-civil war period, the firm was authorised by the local tourism authority in Benghazi to provide tourist visa services, including the issuing of official invitation letters for tourism purposes. The firm's aim was to operate as an intermediary among the tourists. Tourism firms and other local tour operators operating in the eastern coastal region of Libya (through communicating with tour operators in Greece and Malta) are attracting tourists who are interested in visiting ancient Roman and Greek archaeological sites in Cyrenaica.

5.7.2.2 The Civil War Period

During the period from the beginning of the civil-war in 2011 till the end of 2011, the CEO of the firm decided to shut down all operations. This is because the firm had limited financial resources and the tourism recession in 2011 made it impossible for the firm to operate or switch to an alternative business activity. According to available data, the firm responded to the civil war period by shutting down temporarily until the situation in Libya improves. The rationale for the temporal shut-down was to reduce costs such as electricity and salaries of employees without any

work done. It has been observed that the firm does not possess high-value operational assets such as automobiles and recreational vehicles; however, the main operational assets including office equipment, which are three computers, one photocopier, two printers, one fax machine and one refrigerator. In response to any potential threats especially theft incidents, the CEO and his employee transferred all of the firm's operational assets to his personal warehouse. The CEO-informant explained why he shut down his firm:

“(...) events in Benghazi did not give me any chance to work, because the Benina International Airport was closed and airlines were banned from flying from Benghazi to other countries due to safety concerns. What can I do in such a situation, close the firm and go home” [CEO-Interviewee-F1, 2013].

As shown in Table 5.12, “crisis response capability” operates to create operational routines to transfer the tangible resources from a risky to a safe place, as well as reducing or saving costs.

5.7.2.3 The Post-Civil War Period

In the post-civil war period, at the beginning of 2012, the CEO of the firm was given advice by his friends to operate in a travel activity or as an airline ticket retailer. One of his friends has business ties with officials who work in the Libyan Airlines-Benghazi branch; this friend helped the CEO to obtain licence from the Libyan Airline to open an airline ticket retailer/ office in the same headquarters of the firm bearing the brand name “Libyan Arab Airlines”. The retailer/ office specialised in the selling and re-selling of airline-tickets. On the other hand, the interview data indicated that it seems that the CEO is directed towards a related diversification policy, namely searching for related opportunities that are well-matched with existing resources and capabilities of the firm. As the CEO-informant said:

“One of my friends has relationships with officials in Libyan Airlines-Benghazi branch. He really helped me in getting a contract from the company” [CEO-Interviewee-F1, 2013].

Specifically, the CEO created a related opportunity through frequent visits and negotiation/ discussions with some officials in XXX hotel, about getting permission

to provide hotel reservation services. It was agreed that the CEO takes 8% commission on the clients he attracts. Likewise, through his personal ties with some people who owned small car rental firms, the CEO also identified rental reservation service opportunity by using mobile phone to manage car rental reservations. Thus, the CEO acted as an intermediary between car rental firms and XXX hotel clients. The following quote from the CEO-interviewee demonstrates that he diversified the firm into several related businesses:

“So, the popular policy among many Libyan businessmen is to focus on one or two business activities. But, for me, I diversified the effort into travel and hotel businesses, as they are interrelated and complement one another, so they fit my experience” [CEO-Interviewee-F1, 2013].

For seizing the identified opportunities, the CEO recruited an employee who is knowledgeable about computer reservations system (CRS). Thus, the firm could provide a range of airline reservation services to a number of destinations from Libya to the Arab countries. Moreover, the firm could provide hotel and car rental reservation services in cooperation with XXX hotel and car rental firms by phone-calls. As a front line employee -Interviewee–informant said:

“the firm could provide airline reservation services, in particular, booking airline tickets from Benghazi to Tripoli and booking airline tickets from Libya to Saudi Arabia for Pilgrim purposes and from Libya to Alexandria, Tunisia, and Turkey ” [Front Line Employee-Interviewee-F2, 2014].

Consequently, as shown in Table 5.12, the firm developed a “business development capability”. The business development capability reflects a dynamic feature as it describes the ability of the firm to purposefully reconfigure its resource base, based on the opportunity for related diversification processes in order to respond a turbulent environment in the post-civil war period.

Table 5-12: Measures undertaken by Firm-F and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
“(…) events in Benghazi did not give me any chance to work, because the Benina International Airport was closed and airlines were banned from flying from Benghazi to other countries due to safety concerns. What can I do in such a situation, close the firm and go home” [CEO-Interviewee-F1, 2013].	-Cost reduction/ savings: actions of temporarily shutting down the firm’s operations in order to reduce costs.	Cost reduction/ savings	Crisis Response Capability
“From the first moment of the events, I moved all machines and office equipment, three computers, copier, and fax machine print figs and refrigerator, where I kept all of them <i>in my storehouse</i> ” [CEO-Interviewee-F1, 2014].	-Transference: the actions of transferring all of the firm’s operational assets and putting them in a safe place.	Transference	
Post-civil-war period responses			
Examples	First-Order Level: Codes/Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
“(…) they advise me to operate in a travelling activity, as one of my friends has relationships with officials in Libyan Airlines-Benghazi branch. He really helped me in getting a contract from the company” [CEO-Interviewee-F1, 2013].	-Friendship recommendation and business ties: the actions of pursuing and creating a new opportunity through friends’ recommendations and business	Identification of opportunity for related diversification	Business Development

<p>“So, the popular policy among many Libyan businessmen is to focus on one or two business activities. But, for me, I diversified the effort into travel and hotel businesses, as they are interrelated and complement one another, so they fit my experience” [CEO-Interviewee-F1, 2013].</p>	<p>ties.</p> <p>-Personal searching efforts: personal efforts aim to scan the post-civil war period through field visits and discussion with the intention of pursuing potential opportunities.</p>		<p>Capability</p>
<p>“We signed new contracts with Libyan Arab airline Company to operate as a travel agency” [front line employee-Interviewee-F2, 2014].</p> <p>“the firm could provide airline reservation services, in particular, booking airline tickets from Benghazi to Tripoli and booking airline tickets from Libya to Saudi Arabia for Pilgrim purposes and from Libya to Alexandria, Tunisia, and Turkey” [front line employee-Interviewee-F2, 2014].</p> <p>“(…) until we can operate travel agent, I bought Internet equipment and then an employee from the Libyan Airlines came and installed the reservations software on two computers and linked them with the company website. But, I faced a problem for several weeks related to appoint someone who has knowledge of reservations software, but I eventually obtained an employee by one of my acquaintances in Benghazi” [CEO-Interviewee-F1, 2014].</p>	<p>-Acquisition: the actions of recruiting new human resources, purchasing and installing new physical resources.</p> <p>-Transformation: the actions of discarding unusable operational resources or replacing old operational resources with new ones that are suitable for identified opportunities.</p>	<p>Reconfiguration processes</p>	

5.8 Case 7: Firm-G

5.8.1 Firm Background

Firm-G forms a part of the Libyan Tibesty hotel chain, which is owned by Arab Foreign Investment Co controlled by the Libyan Government. The firm is situated in Benghazi City, founded in 1984 and built by P.S. Mitsubishi Construction Co., Ltd. The firm is classified as a four-star hotel and employs 131 staff employees.

Table 5-13: Firm-G–Firm Demographics

Firm-G	Registration Details
Headquarters	Benghazi
Year of Foundation	1984
Ownership Structure	Public
Industry	Hospitality
Capital	Unknown
Employees	131

Source: Secondary and interview data

5.8.2 Firm's Responses to Environmental Turbulence

This section presents and discusses the firm's responses toward the environmental turbulence from the period 2011 to 2013.

5.8.2.1 The Pre-Civil-War Period

In 2009, the firm underwent a renovation process to meet the demand of clients from all area in the world. The firm offers 24/ 7 room services: including singles and doubles, as well as luxurious suites to choose from. Also, all rooms come with an ensuite bathroom and television. Wi-Fi technology is provided throughout the hotel and restaurants where clients take their drinks and coffee. It also offers a conference room with a capacity of 300 people and an event hall with a capacity of 400 people. Prior to the Libyan civil war, in 2010, the number of hotel clients was 932 clients; about a third of them were from Libyan public companies, such as the Arabian Cement Co and the Arabian Gulf Oil Company.

5.8.2.2 The Civil War Period

Interview data and results from an assessment report dating August 2011 revealed that the firm quickly responded to the civil-war conditions in 2011 by calling an emergency board meeting. The outcome of the meeting was to form a crisis

committee, consisting of the CEO, company-secretary and three employees. The committee responded to the civil-war conditions through assigning employees to protect the hotel. Specifically, the committee nominated some employees from the different divisions and levels and recruited a group of anti-Gaddafi rebels belonging to the NTC. The employees and rebels played a significant role in protecting the hotel's assets, building and preventing thefts or damages. The following quote from the CEO-interviewee indicated a feeling of worry about the firm's assets:

“To be honest, the hotel board members were extremely frightened during the civil war, because in 2009 and 2010, XXX Company [i.e. a parent company] spent 24 Libyan millions as the cost of maintenance and renewal of XXX Hotel and training programs in Tourism and Hospitality Institute in Tripoli City, this cost is not low!” [CEO-Interviewee-G1, 2013].

The assessment summary report indicated that the responses of the firm were both formal and informal communication including informal telephone conversations and a formal meeting between board members and employees to determine and assess the potential risks, such as theft and burglary and thereafter, adopting a protection plan. The communication played a role in creating a single voice that achieved credibility and a timely response in setting up a crisis committee that was responsible for the implementation of the protection plan. As the CEO-Informant said:

“I've closely supervised employees who have been assigned to protect the hotel by an advisory committee. Where there were five workers who are responsible for guarding the external area of the hotel with the help of three rebels who know how to use the weapons. While the rest of the workers who are nineteen workers, they are responsible for guarding the hotel from the inside” [Deputy CEO- Interviewee-G2, 2014].

As shown in Table 5.14, the firm developed a “crisis response capability”. The crisis response capability is related to creating routines/ activities to protect the firm's resource base.

5.8.2.3 The Post-Civil War Period

The interview data revealed that in the post-war period, the firm found itself in front of great opportunities. On one hand, many foreign journalists, humanitarian relief organisations and employees from the International Red Cross and Red Crescent Movement came to Benghazi city in February 2011 and needed hotel services. On the other hand, the NTC expressed a desire to use a level or floor as temporary government offices. The CEO- interviewee spoke about some of hotel's clients who asked for hotel services:

“(...) journalists from International news channels and News agencies, such as, Reuters, BBC News, Al-Jazeera, Sky News, and Russia 24 (...) came to XXX hotel, of which many have become regulars” [CEO - Interviewee-G1, 2013].

According to the interviewees, the main reason why foreign clients chose the hotel was based on security and safety reasons. The Deputy CEO-interviewee gave an example to demonstrate why foreign clients chose the hotel:

“(...) foreign people whether journalists or tourists avoid to use such [small] hotels, the main reason for that is that, as foreign people told me, the small hotels have no the emergency exit and fire detection alarm systems and protection equipment (...) in comparison to small hotels, there are the two factors that we have been able to use to differentiate our hotel, which are security and safety, and quality” [Deputy CEO- Interviewee-G2, 2014].

The firm responded and seized such opportunities by implementing a number of policies. Specifically, the CEO quickly responded by equipping and offering hotel room services, editing rooms, press conference rooms, studios, meeting rooms, round table rooms and Internet services. As a result, the firm attracted journalists and some TV channels rented some rooms as channel offices in the hotel. As expressed by the CEO:

“I can say that the hotel has become a meeting point for many news channel employees” [CEO - Interviewee-G1, 2013].

In order to enhance the ability of the firm to meet the growing demands and provide good services, the firm acquired new resources and integrated them with existing resources. The interview and secondary data showed that in 2011, the firm signed a contract with a supplier from Alexandria in Egypt to provide primary resources in order to seize the opportunities. The following is a comment from the CEO:

“We could acquire the main foodstuffs, such as, red/white meat, fish, vegetable, fruit, honey, and eggs etc (...) we also rent eight cooks and two chefs. Indeed, the civil war period was an opportunity and the demand was good, so we used all the necessary resources to meet such demand” [CEO - Interviewee-G1, 2013].

On the other hand, during the Libyan civil war, the so-called local/ Libyan Civil Society Organisations (CSOs) that provided humanitarian support to voluntary and community organisations, which were not pre-existing in Libya, emerged. Such organisations in Eastern Libya took an active part in the civil-war through making aid efforts in the local communities and encouraging freedom of expression. Thus, the firm targeted such CSOs by offering and organising places for meetings and forums to the benefit of the Libyan CSO, government institutions and news agencies. In addition, secondary data showed that at the end of 2011 and the beginning 2012, the NTC used a set of connected rooms in the hotel as temporary offices to run the affairs of the country during a transition period. Correspondingly, an assessment summary report showed the firm coordinated with some local small hotels in Benghazi to transfer the clients to the firm, when the small hotels had no capacity to take any further bookings. The CEO-Interviewee showed why the hotel could receive extra clients:

“We have a high accommodation capacity with high standards; thus, sometimes some small hotels transfer customers to the XXX hotel”
[CEO- Interviewee-G1, 2013].

It can be seen that the civil war-period has created four unrelated opportunities for the firm: (1) foreign journalists and humanitarian organisations; (2) CSOs; (3) National Transitional Council and (4) receiving clients from the small hotels. However, such unrelated opportunities are suitable for the existing physical resources, capabilities and existing knowledge. Thus, the unrelated opportunities

helped the firm widen its knowledge base. For protecting the hotel clients and responding to the potential risks, the firm created and implemented a number of operational security procedures. A set of security operational procedures were developed and adhered to by all reception, porters and hotel guards, that of paying attention to client data and bags. For example, it is not allowed for clients who carry weapons to enter the hotel. This in turn, could aid in preventing the occurrence of any problems and bomb actions. As Assistant-Manager-interviewee said:

“We activated a monitoring system to monitor everything in the hotel and created a set of security procedures that promote safety and security at the hotel. For example, it is not allowed to anyone who carries a weapon to enter the hotel” [Assistant Manager- Interviewee-G3, 2013].

As shown in Table 5.14, the firm developed a “business development capability”. The business development capability is dynamic because it reflects the ability to respond to changes in the new conditions, through identifying business opportunities and changing the ways in which the firm operates. This capability can be seen clearly in major shifts in the managerial mindsets of the top management of the firm in the post-civil war period. In particular, through practising customised/ tailored processes, the top management changed its orientation from standardised processes to customised processes that are tailored to each client's needs, as shown above in the case of offering special rooms (such as the editing room) for specific functions and purposes. The shifts in managerial mindsets can also be seen in management decisions regarding creating inside operational security and safety procedures, that may make hotel clients feel safer and more comfortable during their stay in the hotel.

Table 5-14: Measures undertaken by Firm-G and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“The hotel board members decided to form an internal committee with employees from different divisions to protect the hotel and its assets. This was made with the cooperation of rebels Anti-government rebels belonging to National Transitional Council of Libya (NTC)” [CEO- Interviewee-G1, 2013].</p> <p>“Thus, the first task or step was the Hotel protection plan during and post-civil war period. To be honest, the hotel board members were extremely frightened during the civil war, because in 2009 and 2010, Tibesty Company [i.e. a parent company] spent 24 Libyan millions as the cost of maintenance and renewal of XXX Hotel and training programs in Tourism and Hospitality Institute in Tripoli City, This cost is not low!” [CEO-Interviewee-G1, 2013].</p> <p>“We greatly depended on the personal efforts whether for protected hotel’ assets (...)” [Assistant Manager- Interviewee-G3, 2013].</p> <p>“I’ve closely supervised employees who have been assigned to protect the hotel by an advisory committee. Where there were five workers who are responsible for guarding the external area of the hotel with the help of three rebels who know how to use the</p>	<p>-Crisis communication: the actions of creating formal and informal communications, meeting between the top management and employees for determining and assessing potential risks.</p>	Crisis Communication	Crisis Response Capability
	<p>-Crisis committee: it is responsible for making a protection plan to protect the resource base.</p>	Crisis Committee	
	<p>-Protection by employee participation: employees’ participation in the process of protecting the hotel through working together as a protection team.</p>	Protection by Employee Participation	
	<p>-Recruitment: the action of grafting the protection team through recruitment of guards.</p>	Recruitment	
	<p>-Security procedure reconfiguration: the actions of creating and deploying a set of operational procedures and activities to protect the firm’s assets.</p>	Security Procedure Reconfiguration	

weapons. While the rest of the workers who are nineteen workers, they are responsible for guarding the hotel from the inside” [Deputy CEO- Interviewee-G2, 2014].

“This was made with the cooperation of rebels Anti-government rebels belonging to National Transitional Council of Libya (NTC)” [CEO-Interviewee-G1, 2013].

Post-civil-war period responses

Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“I seized this visiting opportunity by offering editing and press conferences rooms, interview studios rooms, meeting rooms, press releases/documentaries rooms, round table rooms; as well as, internet services” [CEO- Interviewee-G1, 2013].</p>	<p>-Customisation: the actions of making or changing some parts of the hotel to be suitable for clients’ particular needs. Thus, customised/ tailored processes reflect a good utilisation of the existing resource base.</p>	<p>Customisation</p>	<p>Business Development Capability</p>
<p>“We have a high accommodation capacity with high standards; thus, sometimes some small hotels transfer customers to the hotel” [CEO- Interviewee-G1, 2013].</p> <p>“We could acquire the main foodstuffs, such as, red/white meat, fish, vegetable, fruit, honey, and eggs etc (...) we also rent eight cooks and two chefs. Indeed, the civil war period was an opportunity and the demand was good, so we used all the necessary resources to meet such demand” [CEO - Interviewee-</p>	<p>-Acquisition: the actions of exchanging clients with other hotel, as well as the actions of procurement of materials and recruiting human resources (Networking and recruiting processes).</p> <p>-Recombination: the actions of integrating and coordinating new resources with the existing resources in order to produce new</p>	<p>Reconfiguring and Recombining</p>	

G1, 2013].

“We activated a monitoring system to monitor everything in the hotels and created a set of security procedures that promote safety and security at the hotel. For example, it is not allowed to anyone who carries a weapon to enter the hotel” [Assistant Manager-Interviewee-G3, 2013].

“(…) journalists from International news channels and News agencies, such as, Reuters, BBC News, Al-Jazeera, Sky News, and Russia 24 (…) came to XXX hotel, of which many have become regulars” [CEO - Interviewee-G1, 2013].

products and services.

-Interior protection: the actions of creating safety procedures to respond to any potential insecurity incidents through detecting any security threats.

5.9 Case 8: Firm-H

5.9.1 Firm Background

Firm-H is a five-star hotel in Tripoli. It is located in the city centre and is 0.5 km from the central business district and 35 km from Tripoli international airport. The firm is managed by the Hotels International Limited Company located in Malta and was opened in 2003 with an initial investment of €65.00 million (about US\$83 million). The firm employs 397 employees.

Table 5-15: Firm-H–Firm Demographics

Firm-H	Registration Details
Headquarters	Tripoli
Year of Foundation	2003
Ownership Structure	International
Industry	Hospitality
Capital	€65 million (about US\$83 million)
Employees	397

Source: Secondary and interview data

5.9.2 Firm's Responses to Environmental Turbulence

This section presents and discusses the firm's responses toward the environmental turbulence from the period of 2011 to 2013.

5.9.2.1 The Pre-Civil-War Period

The firm was built purposefully with the business community in mind and has since become the most prestigious venue for business in Libya. The firm offers 24/ 7 lodging services. It has 299 rooms; some have panoramas of the city, while others have Mediterranean coast views, including 65 executive rooms. Free Wi-Fi is provided throughout the hotel. The firm also offers executive suites; most of them are situated on the 25th floor, with impressive skyline views across the city and sea. In addition, the firm offers a conference room with a capacity of 1000 people and provides facilities including events' planning, an exhibition centre, banquet hall and syndicate meeting rooms. Finally, the firm offers a set of commercial offices and retail units for rent.

5.9.2.2 The Civil War Period

In the post-war period, the firm followed a different strategy. After reviewing three reports for the years 2011, 2012 and 2013, it showed that unlike all of the previously mentioned firms, this firm developed a distinctive strategy consisting of five main plans. The first plan may be named as “business uninterrupted step”. In spite of the war situation in Libya, the firm kept its hotel activities going, in fact, not even closing for a single day, ensuring that its services are in full operation throughout the war period. The second plan was to protect its properties; the firm took immediate measures to protect its personnel and its properties and reduced the relative impact on the operational results through getting assistance from the General Security Directorate (GSD) in the city of Tripoli. As the Director of finance-informant explained:

“The current Government has formed a committee to award compensation for free hotel services during the revolution (...)” [Director of finance - Interviewee-H1, 2013].

The third plan was “limited utilisation or exploitation”. In order to maintain minimum hotel activities during the war, the board of directors of the firm made the decision to open or utilise only two hotel properties. In this way, the firm continued business uninterruptedly throughout the period of civil-war without suffering or sustaining any material damage and, in consequence of this step; the firm gained an advantage that helped it to be successful in securing hospitality business until the end of 2011. The fourth plan was to reduce employment salary levels and overhead costs, such as, the depreciation of hotel buildings and maintenance. The fifth step was to provide free services or may be named as “humanitarian and societal contributions” during the Libyan civil-war. This step was clearly manifested in providing free temporary places of accommodation to some Libyan people and employees who were working with international humanitarian organizations. As the Director of finance-informant explained:

“Sir, let me tell that we contributed in the Libyan revolution through providing free services to persons who operate in humanitarian work from international organisations like Doctors Without Borders. We also provide free services to Libyan people, not only our hotel but many hotels

in Libya. Although, we are a private sector company, we freely contributed in the revolution from February till May in 2011” [Director of finance - Interviewee-H1, 2013].

As shown in Table 5.16, the firm developed a “Crisis Response Capability”. This capability focused on creating a set of operational routines to protect the firm and its resources.

5.9.2.3 The Post-Civil War Period

After Libya was declared to have been liberated from Gaddafi's rule, the NTC moved from the city of Benghazi to Tripoli and decided to use the third floor of the hotel as headquarters of its executive board, which served as a transitional government. As the third floor was used as a temporary administrative building for staff of the executive board, the Finance-Director -informant explained:

“A chairman of the Libyan National Transitional Council, Mr Jalil visited our hotel more than once and afterwards we received the representatives from the Council, and as a result of the meeting, the third floor became an interim Government place” [Director of Finance-Interviewee-H1, 2013].

The data obtained from the annual report for the year ending 31 December 2012 showed that as a respond to the NTC opportunity, the interiors of the hotel were completely refurbished. Various food and beverage outlets were opened to provide a wider choice of services that best suits guests of the hotel and the staff of the executive board of the NTC. Shortly after, the occupancy level of the hotel improved, especially in mid of 2012 and the firm returned to a normalised level of guest services. However, revenues were still far off from the levels recorded in the pre-revolution years. A considerable part of the revenue was generated by the opening a number of food and beverage outlets during the course of 2012 and offering lower salaries to some lower grade employees.

Interestingly, the results obtained from the interview indicated that after the Libyan civil war, the hotel was fully liberated from the hands of the Gaddafi's internal security apparatus. That is, in pre-civil war period, the hotel was semi-watched by members of Gaddafi internal security apparatus through accessing client data or

opening computer files (registered client data) in order to look at client data for security reasons as the apparatus claimed. However, in the post-war period, the processes of the internal security apparatus regulating certain activities were removed. Thus, in the post war period, the hotel simplified client registered procedures by increasing the attention paid to client data protection, privacy and confidentiality. The attention of the hotel front office unit was changed from concentrating on complex procedures, on account of security reasons, to simplify registered procedures, on account of marketing reasons. The following quote from the Director of Finance-interviewee shows how they worked before and after the revolution:

“(...) there is a clear difference in terms of the work method between pre-conflict civil war period and post-conflict civil war period. When we talk about the pre-conflict period, I can say that work procedures were complex and prolonged, and required a special attention. (...) the El-amen Aldakely [the internal security apparatus] always intervened in our work and hotel procedures especially in registration and accommodation procedures” [Director of Finance - Interviewee-H1, 2013].

Similar to Firm-G, the emergence of the civil society phenomenon during and after the civil war has also formed a profitable opportunity to the firm and even created a new market for hotels in Libya. Because the firm has quality tangible resources, such as a conference room with capacity 1000 people, an exhibition centre and meeting rooms, it attracted a large number of clients. The interview transcript shows that in 2013, the firm received about 600 guests from local and international non-governmental organisations. Moreover, the Libyan-Turkish Cooperation Conference attracted about 750 guests in this conference. The Director of Finance-interviewee showed how the hotel has exploited its potential for growth:

“Our hotel’s potential and abilities enabled us to achieve growth results comparable with pre-conflict period, we could organise many press conferences and meetings, as well as workshops, seminars, and international conferences on political stability and Libya’s future” [Director of Finance - Interviewee-H1, 2013].

Furthermore, the firm developed an idea of the deposit account policy. A deposit account is a money account opened in the name of big hotel clients who are organisational entities, which may be a private company or a public institution. When a hotel client asks for room reservations, the firm withdraw the room rent from the client's money account. However, when the firm does not have available rooms, it reserves rooms in other hotels on behalf of its clients and withdraws room rents from the client's money account. The number of clients who accepted the deposit-account offer was 700 clients. The Finance-Director -interviewee expressed the significance of this policy by saying that:

“We are not only building relationships with our clients, but we are also building relationships with others hotels (...) For example, we have relationships with XXX Hotel and YYY Hotel in Tripoli” [Director of finance - Interviewee-H1, 2013].

At the beginning of 2013, the firm encountered a problem. The demand for Presidential suites was not as great or as rapid as the pre-Libyan civil war period. For solving this situation, the firm changed its marketing or pricing policy. The firm decided to change a pricing policy for targeting another marketing segment, which is businessmen and wealthy people. The plan was to reduce the prices of Presidential suites from 20% to 25%, as the Presidential suites prices begin from \$450, \$550, \$600 to \$750 per day. This step played an important role in overcoming a deep recession in the Presidential suites. The Finance-Director - interviewee expressed his views about it:

“The discount policy was a good solution to activate the demand”
[Director of Finance - Interviewee-H1, 2013].

At the end of 2012 and at the beginning of 2013, the firm engaged in practicing market-scanning activities. For example, the interviewee, who is a finance director, visited competitive hotels and made personal interviews with competitive hotels' clients about why they chose that particular hotel. If they received any discounts,etc. In addition, there were ongoing market-scanning efforts conducting by skilled employees to identify the critical issues in Libya which aimed at getting in contact with potential clients and business entities. The firm recognised that a demand on hotel rooms was very high and predominantly from business entities. In an attempt to

respond to this demand, the firm provided 24-hour reservation services, while other competitive hotels only provided 8 hour-reservation services due to security reasons, that is, from 8:00 am to 3:00 pm. As described by the interviewee, she named 24-hour reservation services as “any-time services”. Despite the difficult security conditions during the night, the firm continued to work to provide any-time services. The Finance-Director -informant referred to the positive effects of any-time services by saying that:

“In this way, we were able to build strong relationships with many customers [...] indeed; we distinguished ourselves from others”
[Director of Finance - Interviewee-H1, 2013].

As shown in Table 5.16, the firm developed a “Business Development Capability”. The business development capability is dynamic in this context because it changed the ways in which the firm operates in the post-civil war period.

Table 5-16: Measures undertaken by Firm-H and its developed capabilities

Civil-war period responses			
Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
N/A The findings are only gleaned from secondary data.	-Business uninterrupted action: the actions of keeping hotel activities going and saving a minimum of hotel activities during the war for ensuring that the hotel could maintain operations throughout the war.	Business uninterrupted actions	Crisis Response Capability
N/A The findings are only gleaned from secondary data.	-Reduction of activity volume/ level: the actions of utilising few properties/ resources for business uninterruptedly, in order to minimise the potential material damage.	Reduction of activity volume/ level	
N/A The findings are only gleaned from secondary data.	-Protection: the actions of protecting hotel employees and properties through getting assistance from the police.	Protection	
N/A The findings are only gleaned from secondary data.	-Cost reduction/ savings: the actions of reducing costs through reducing all employees' wages and depreciation of hotel buildings and properties by adopting some ways to lower depreciation expense.	Cost reduction/ savings	

<p>“Sir, let me tell that we contributed in the Libyan revolution through providing free services to persons who operate in humanitarian work from international organisations like Doctors Without Borders. We also provide free services to Libyan people, not only our hotel but many hotels in Libya. Although, we are a private sector company, we freely contributed in the revolution from February till May in 2011” [Director of Finance- Interviewee-H1, 2013].</p>	<p>-Societal contribution and commitment: the actions of producing a good organisational image in the public's mind by way of societal and humanitarian contributions. Thus, it can be seen as an implicit source of differentiation in the hospitality market.</p>	<p>Societal contribution and commitment</p>
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Post-civil-war period responses

Examples	First-Order Level: Codes/ Subcategories	Second-Order Level: Major Categories	Aggregate Dimensions: Theme
Firms responses in quotations	Measures	Components	Capabilities
<p>“(...) I visited the new firms and I asked them why they chose this competitive hotel and this city, what services, discounts that the competitive hotels provided to them, and did they choose competitive hotels for security purposes (...)” [Director of Finance - Interviewee-H1, 2013].</p> <p>“A chairman of the Libyan National Transitional Council, Mr Jalil visited our hotel more than once and afterwards we received the representatives from the Council, and as a result of the meeting, the third floor became an interim Government place” [Director of Finance - Interviewee-H1, 2013].</p>	<p>-Market-sensing efforts: the actions of informal discussions and interviewing competitors’ clients in order to identify opportunities by analysing the collected data.</p>	<p>Market-sensing efforts</p>	<p>Business Development Capability</p>
<p>“Members of the internal security forces had come every day to the hotel and investigated with foreign guests for State Security purposes “<i>As they claim</i>”. Indeed, hotel reception manager always</p>	<p>-Renovation: the actions of refurbishing in order to prepare the firm to seize the identified opportunities.</p>	<p>Reconfiguration processes</p>	

<p>told me that “my most embarrassing moment is when I said to the hotel foreign guest there will be members of the internal security forces will investigate with you. (...) I can say that “<i>Alhamdulillah=Praise to God</i>”. Happily, we are no longer controlled by members of internal security apparatus. (...) changed from being concentrated on using complex security procedures and protocols to being concentrated on trying out easy and new ways of working with hotel clients. The reception manager can manipulate and protect guests’ data without restricting and security interventions and the guests feel comfortable. (...) I can summarise to a large extent by saying that there is flexibility in different activities (...)” [Director of Finance - Interviewee-H1, 2013].</p>	<p>-Service/ product offer preparation: the actions of preparing and providing/ offering services to seize an emerging opportunity.</p> <p>-Simplification: the actions of revising and simplifying client-procedures for improving the performance of the front office department and protecting client personal information.</p>	
<p>“our hotel’s potential and abilities enabled us to achieve growth results comparable with pre-war period, we could organise many press conferences and meetings, as well as workshops, seminars, and international conferences on political stability and Libya’s future” [Director of Finance - Interviewee-H1, 2013].</p> <p>“We created a deposit account policy, as we have 700 permanent clients; such clients put money into hotel accounts for future uses. When one client asks us to reserve some rooms for his/her guests or employees, we directly reserve the room and deducted room rents from client’s deposit account. If we do not have available rooms, we reserve rooms in other hotels on behalf of our clients and we deducted room rents from client’s deposit account. Thus, we are not only building relationships with our clients, but we are also building relationships with others hotels” [Director of Finance - Interviewee-H1, 2013].</p> <p>“We have faced a problem, which is the demand on the presidential</p>	<p>-Customer acquisition: the actions of creating/ attracting new customer-segment by changing a price policy or reducing prices.</p> <p>-Customer retention: the actions of focusing on keeping existing customers with the hotel by offering personalised services like the deposit account offer.</p>	<p>Customer relationship practices</p>

suites is low. The presidential suites are allocated for Ministers and Presidents, but we cannot wait till minister or president comes and uses such suites; but we have to exploit them. So, we decided to change a price policy for targeting wealth businessmen. For example, if businessmen come to the hotel and he/she wants an ordinary suite, we offer presidential suites with reducing in the prices, and the suite prices begin from \$450, \$550, \$600, to \$750 per day. So, we offer discounts ranging from 20 to 25%” [Director of Finance - Interviewee-H1, 2013].

“The discount policy was a good solution to activate the demand” [Director of Finance - Interviewee-H1, 2013].

“In this way, we were able to build strong relationships with many customers [...] indeed; we distinguished ourselves from others” [Director of Finance - Interviewee-H1, 2013].

5.10 Conclusion

This chapter presented the results of within-case analysis for each case study individually, as each case shaped an independent information-rich case. These results were concerned with the firms' responses to turbulent business environment within eight case studies. Four travel and tourism firms, two tour operators and two hotels were investigated chronologically based on the pre-civil-war period, civil-war period and post-civil-war period. Indeed, in the civil war period, almost all tourism firms developed the crisis response capability, which led to the creation of a set of operational activities to protect the firms from potential risks. This capability has a dynamic nature since it led to creating new operational routines/ activities, which can be seen as zero level capabilities, based mainly on protection purposes.

The four travel and tourism firms (i.e., A, B, C and D) and two tour operators (i.e., E and F) demonstrated adaptive capabilities through partially and/ or completely updating their existing resource bases and transforming towards a new market, which is a domestic transport and travel market. Therefore, the travel and tourism firms and tour operators showed the ability to change their fixed and movable assets. Moreover, the ways in which the firms operate based on the emerging opportunities reflected related and unrelated diversification behaviours. The obvious examples are Firm-B and Firm-H, as both firms modified resource bases (e.g. fixed and movable assets, operational capabilities and employees etc.) to seize new related opportunities in order to adapt to the unfavourable conditions in the post-civil war period. Other firms, such as Firm-A and Firm-F modified their resources bases to seize both related and unrelated opportunities. Indeed, the dynamic capabilities of the four travel and tourism firms, as well as two tour operators explained that the case-study firms replaced and/ or modified existing business processes, some assets and operating capabilities for developing new business models to respond to new market opportunities in the post-civil war period.

On the other hand, it seems from the data that the fixed assets of the hotel firms (i.e., Firm-G and Firm-H) made it more challenging for them to engage in unrelated diversification, so as to capitalise on more external opportunities in the post-civil war period; as the ability to exploit such opportunities needed to match or modify existing resources, assets, and capabilities. However, Firm-G and Firm-H are

excellent hotels and have a unique bundle of resources that makes them attractive. Overall, it may be concluded from the tables of actions, processes and capabilities of all tourism firms, that the effects of dynamic capabilities, particularly in regard to addressing environmental turbulence, are similar across cases. However, the dynamic capabilities' details (i.e., actions/interactions and components) are to some extent different across cases or are varied case by case.

6.1 Introduction

Utilising a cross-case analysis of eight case studies, this chapter addresses all four-research questions. By using template analysis, the cross-case analysis will compare and contrast the data of the individual cases along with the available secondary data, in order to address the findings of each research question. For structural and practical purposes, the findings of each research question have been given its own template. The final template of each question was structured hierarchically in such a way that it displays the findings in a linear style, to enable the reader to form a picture of the structure of the themes, categories and codes within the template (King, 1998).

6.2 The Impact of Characteristics of Emerging Economies on the Libyan Tourism Sector

This section aims to answer the following research question:

- **Research question 1:** What characteristics of emerging economies are showcased in Libya and how do they impact on the Libyan tourism sector?

6.2.1 Characteristics of Emerging Economies

The following sections present the findings of the characteristics of emerging economies as shown by the case-study data.

Characteristics of Emerging Economies	
1. Dependence on One Commodity	
1.1	The Primary Source of GDP
1.2	Government Revenue
1.3	The Lack of Commitment to the Tourism Sector
2. Unregulated Import	
2.1	Excessive Orientation On Import
2.2	Lack of Government Intervention and Regulations
2.3	Poor Quality of Imported Goods
2.4	Threat to Beach and Desert Environment
3. Inadequate Infrastructure	
3.1	Transportation
3.2	Finance
3.3	Education

Figure 6.1: Final Template - Characteristics of Emerging Economies

Figure 6.1 shows that the theme level headings 1, 2, 3 characterise the Libyan economy in the post-civil war period. The category level headings 1.1, 1.2, 2.1, etc. are seen as the indicators of the key themes and interpreters of the Libyan economy's current situation and its impact on the Libyan tourism sector. In the following sections, the characteristics of the Libyan economy as an emerging economy are presented.

6.2.1.1 Dependence on One Commodity

The majority of respondents indicated that the Libyan economy is heavily dependent on one commodity, which is the oil wealth that is considered as the main source of GDP and revenue funding of the government. This point has been expressed by one of the interviewees in the following way:

“The Libyan economy is nothing without petroleum resources (...) so, our life and business are depended on the oil wealth” [CEO-Interviewee-E1, 2013].

Although the Libyan pre-civil war economy is one of the most oil-dependent in the world (IMF, 2013), the post-civil war period demonstrated how oil revenues impacted on the Libyan economy. The Libyan civil-war in 2011 triggered a 70% decrease in the oil production capacity along with an estimated contraction of 53% in non-hydrocarbon outputs (European Commission, 2013). This resulted in a contraction of Libya's economy by approximately 62% in 2011. By contrast, in the post-civil war period, 2012, crude oil production has recovered by nearly 90% of the level before the civil-war had been reached. This significantly led to an increase in the oil GDP by 211% when compared to 2011 (European Commission, 2013). This is also demonstrated by the WB (2015b), as the crude oil production rapidly recovered in the year after the revolution, fuelling rapid GDP growth and swelling government budget revenues. However, in 2013, Libya's oil production decreased by insecure conditions to about 993.3 thousand barrels per day, which led to a decrease in the 2013 GDP by about 27% compared to 2012 (OPEC, 2014). This was reflected in the interviews:

“I think that when we compare the Libyan economy to neighbouring countries like Egypt and Tunisia, we can say that the Libyan economy is a single-income economy. In the light of the fact that the oil output is about at

one million barrels per day, I expect that the oil revenues will help Libya to pull through from war effects” [Secretary-Company–Interviewee-A2, 2013].

The interview data also revealed that the impact of the one commodity dependence on the tourism industry and tourism development. Indeed, lucrative oil revenues made governments, whether in the era of the Gaddafi regime or in the post-civil war era, give top priorities on modernising and updating the oil and gas and petrochemicals industry, especially crude oil and natural gas transportation infrastructure. In other words, Libya did not commit investment funds to new tourism projects, neither did they improve existing tourism infrastructure in industries other than oil. The lack of commitment towards tourism resulted in a decreasing quality of the basic characteristics of the tourism infrastructure; in particular airports, terminals, roads and power and the low quality of tourism infrastructure (this is apparent in Appendix-6). Indeed, the roots of the issue of governmental negligence go back to 2011, as both pre and post-civil war governments neglected the economic diversification programs, resulting in the relatively weak contribution of tourism industry to the GDP. As one interviewee puts it:

“There should be clear strategies that direct the economy, but I regret to inform you that the oil wealth has made us as Libyan Citizens do not exercise pressure on the Government to build factories and tourism projects and bring new jobs” [CEO-Interviewee-F1, 2013].

For example, when comparing oil rents and travel and tourism direct contribution to the GDP, it can be noticed that the travel and tourism industry’s direct contribution* to GDP was 3.7% in 2005 and it decreased to 2.8% of the GDP in 2014. However, oil’s contribution to the GDP was 33.8% in 2000 and increased to over 60% in 2014 (WTTC, 2014, 2015b). Moreover, the lack of commitment can be seen in the pre and post civil war reports, in 2005/ 06 and 2013/ 14, where about US\$10 billion was allocated to expenditure in tourist and hotel construction projects;

* The direct contribution of Travel & Tourism to GDP reflects the economic activity produced by industries such as hotels, restaurants, leisure and recreation services, travel agents, airlines and other passenger transportation services (excluding commuter services).

however, none of these projects have been implemented up until now (Allurentis & UKTI, 2014; Porter & Yegin, 2006). This was highlighted in the interviews:

“Since 1969, we have suffered from the weakness of government support for tourism activities and projects and the government has only provided promises and not provide credit and financial incentives, and development programs. Well, the reality on the ground says that, this is attributed due to the Government's dependence on the oil sector as a main source of income. But this is the opposite of what is happening in neighbouring countries, especially our sister “Egypt”, the Egyptian state strongly supports tourism enterprises, especially small ones. For instance, the Egyptian Tourism Authority provides facilities and technical supports to small enterprises that use camels to transport tourists around the Giza Pyramids and the Sphinx. While, in Libya, we are missing such supports, the government authorities have not aware of the importance of tourism sector in the economic development” [CEO-Deputy –Interviewee-B2, 2014].

6.2.1.2 Unregulated Import

Before the Libyan civil war, the phenomenon of heavy dependence on imports was rampant. The secondary data indicated that before 2011, domestic food production met only about 25% of local demand and Libya relied on foreign imports for 75% of its food needs (DiPiazza, 2005). In addition, this percentage has been increasing since 2011 and it has since reached 80% (FAO, 2015). The analysis of the interview data revealed that there have been rapid and dramatic changes in import patterns and dependency over the last three years. The interviewees noted that Libya has been more inclined towards excessive import liberalisation of industrial, food and consumer products. For example, in the post-civil war period, an enormous amount of cheap used cars have been imported from the European Union without quota restrictions or government interference/ intervention to curb excessive import orientation. As one interviewee puts it:

“I cannot say it [Libyan economy] is free in the real sense of the word; but, it is moving towards economic liberalisation. But, unfortunately, I cannot deny that there are no quota and restraint regulations to regulate

the Libyan import market, as the dealers can import anything and everything in large or small quantities. There is no doubt that the free economy is regulated by a set of laws and regulations, but I feel there is a kind of randomness in the way we regulate our economy” [CEO-Interviewee-G1, 2013].

The following interviewee quotations illustrate the impact of excessive import liberalisation on the Libyan tourism sector:

“You may hear that some Government’s members say that the Libyan economy is free of governmental restrictions. But, the problem I’m seeing is that the current Government has opened the floodgates to massive volume of cheap and shoddy goods from China and second-hand cars and old dilapidated cars from Netherlands. [Interviewer: so just how important is it for you as a Libyan tourism businessman]. ... Yes, personally, I think that this will lead to an excessive reliance on shoddy imported goods and then reflecting in the quality of tourism services, especially, hotel and transport services. Look at Benghazi; it is teeming with second-hand small [mini] buses that have caused traffic jams, where we are not accustomed to this traffic congestion before 2011, and at the same time, such buses have provided very bad transport services” [CEO-Deputy-Interviewee-D2, 2014].

Indeed, Libya has experienced six governments since the fall of the former regime in 2011. However, none of them played any role in regulating the import processes and making import inspection policies and procedures about examining the volume of imports and health concerns of imported products. Indeed, there is a clear failure to enforce regulations and monitor the quantities of second-hand goods entering the Libyan marketplace. The major consequence of this failure is demonstrated by the interviewees/ tourism CEOs who expressed their concerns about the negative effects of excessive openness to imports and the lack of government intervention. The unregulated imports of used goods have resulted in rubbish being dumped around some areas in the Sahara and sea, which may cause a substantial environmental damage to the beach and desert environments, thereafter threatening the Libyan tourism industry. One interviewee provided an example:

“There are daily scenes of people throwing damaged car and equipment rubbish randomly in the Libyan Sahara and other people leaving their rubbish on the shores or burning it on. I was in Libya's north east coast three weeks ago; I noticed there is a huge problem with garbage, especially plastic bottles and bags mostly exist next to small villages. Here, I'm asking is this the openness towards the outside world that new Libyan politicians with dual nationality talking about! The problem is not only governmental but it is also societal, some teachers told me school students leaving their rubbish behind at decks and playgrounds” [CEO-Deputy- Interviewee-G2, 2014].

6.2.1.3 Inadequate Infrastructure

The best available secondary data along with interview data indicated that one of the main characteristics of the Libyan economy that has a great influence on the Libyan tourism sector is the inadequate infrastructure. The interview data show that the quality of Libya's basic infrastructure is poor and underdeveloped, as well as a substantial part of the Libyan infrastructure including airports, roads and power is urgently needed to be renewed to be in line with business standards. For example, most respondents reported that a part of the transportation infrastructure was partially destroyed during the civil war in 2011. In particular, the Benghazi and Mistreat ports were subjected to damage, as well as some communication/ telephone lines of Almadar Company (which is the big national Libyan mobile operator) were subjected to vandalism. The following interviewee talked about the impact of civil war on the transportation infrastructure:

“We saw homes and roads destroyed; we saw airports bombed, and we are still seeing all other collateral damage resulting from the proliferation of weapons! I truly don't know what the Libya Government is waiting for to act?” [CEO-Deputy-Interviewee-D2, 2014].

As shown in Appendix-6, six global competitiveness reports issued by (WEF) covered the years 2008, 2009, 2010*, 2012, 2013 and 2014, revealing that the overall quality of basic tourism infrastructure in the pre-civil war period was desperately

* 2011 report did not cover Libya because of the social unrest in the country at the time the survey was carried out.

poor and has become worse since the fall of the Gaddafi regime in 2011. All the six reports clearly indicated that the basic components (i.e. transportation, electricity, telephones, education and finance) of the tourism infrastructure are the major barriers in doing tourism business and to tourism and travel enterprises engaged in tourism-related activities. For example, the two major airports in Libya: 1) Benina International Airport and 2) Tripoli International Airport are damaged and not functioning properly, which led to a suspension of international passenger traffic and a reduction of domestic passenger traffic. As a consequence, travel agents and tourism firms have faced a major challenge regarding accessing air transport services. Furthermore, this challenge has become more acute with road transports, as there are serious risks related to road traffic accidents because of the low quality of the roads that negatively influence travel and tourism activity. A recent report (Hassounah, 2013) indicated that because the roads are fragmented and underdeveloped, road traffic accidents in Libya are one of the most significant public health issues in Libya. As one interviewee commented on the negative effect of the current road networks on tourism in Libya:

"In my view, I think the majority of road-networks were built based on local Libyan society's needs, without taking into account of building good roads to easily access to tourist attraction places" [Director of Finance - Interviewee-H1, 2013].

Challenges facing the Libyan tourism sector have become more complex due to several factors, including the fact that there has been no operational railways in Libya since 1965 and that there has been no public bus services since 1970 (Allurentis & UKTI, 2014). In this regard, the Global Enabling Trade Report issued by the WEF (2014c) indicated that delays caused by domestic and international transportation, as well as telecommunications infrastructure are the most problematic factors for trade and business in Libya. The other major area of infrastructure is finance. As shown in Appendix-6, the overall quality of the Libyan financial sector in Libya is very poor. For example, the tourism firms have faced difficulties raising money by issuing shares on the stock market and obtaining bank loans, as well as the Libyan financial sector does not provide a wide variety of financial products and services to firms. Thus, some secondary sources (IBRD & WB, 2014; Porter &

Yegin, 2006; St-John, 2013) showed that the Libyan tourism and travel firms find it difficult to scale-up their operations because of difficulties associated with accessing bank credit and subsequently, they depend on private capital. As one interviewee said:

“It seems to me that the Libyan tourism sector is facing unprecedented pressures-volatile (...) and poor tourism infrastructure” [CEO–Interviewee-A1, 2013].

On the other hand, the interviewees raised the issue of low quality of education in the field of hospitality and tourism, accompanied by a small number of specialised institutes in this field. This is apparent in Appendix-6, as Libya performs poorly in terms of the overall quality of the educational system. For example, the quality of management or business schools in Libya is poor and do not provide relevant education services, as well as the level of access to the Internet in schools is limited. A new report (WEF, 2014c) referred that the Libyan educational system is not providing the skills that should be relevant to the needs of the job market. Hence, the Libyan firms’ managers are not satisfied about the output of the tertiary and intermediary educations in all disciplines. Libyan graduates generally need extensive retraining to make them more employable and productive citizens (Porter & Yegin, 2006; St-John, 2013). Reports (WEF, 2007, 2014b, 2014c) from 2007 till 2014 showed the inadequately educated workforce is still considered as one of the most problematic factor for trade and business in Libya. As one interviewee puts it:

“Most Libyan job-seekers do not speak English very good and have not a strong desire to work as hard as Egyptian and Tunisian workers. To employ an Libyan employee like this, I will need to pay at least 2,000 Dinar as a teaching fee” [CEO-Deputy, Interviewee-E2, 2014].

6.2.2 Summary of the Impact of Characteristics of Emerging Economies on the Libyan Tourism Sector

It can be seen that the case studies and secondary data answered the first research question by identifying three characteristics of the Libyan economy that have an impact on the Libyan tourism sector. The findings showed that the characteristic of dependence on one commodity has a negative impact of the Libyan tourism sector. Lucrative revenues of the oil sector have led to the lack of commitment to investment

funds in tourism infrastructure projects, which reflected in the low quality of the tourism infrastructure and the weakness of the Libyan tourism sector performance in the country's GDP. The dependence on one commodity has contributed in creating the second characteristic of Libyan economy, which is unregulated import. The growth of oil revenues with weak local industries has made the Libyan authorities adopt excessive import liberalisation policies, especially in the last three years.

From tourism practitioners' perspective, the excessive import liberalisation has led to a significant increase in the number of cheap second-hand imported goods, such as cars. This has subsequently led to the problem of traffic congestions in the two major cities in Libya, Benghazi and Tripoli. Indeed, the lack of government intervention in regulating the Libyan import market has made interviewees/ tourism CEOs concerned about the effects of unregulated imports of used goods on the tourism industry, as the second-hand imported goods have significantly resulted in rubbish being dumped around some areas in the Sahara and sea. Therefore, second-hand imported goods form a substantial environmental damage to the beach and desert environments, and thus threaten the future of the Libyan tourism sector.

The last characteristic is inadequate infrastructure. The findings showed that the current infrastructure forms a great barrier for hotel, tourism and travel enterprises engaged in tourism-related activities. For example, tourism firms face a challenge regarding accessing transport services because of the low quality of the airports and roads, as well as a lack of railways and bus services. In addition, the financial and education infrastructure constitutes a great challenge to the Libyan tourism sector. In particular, the education infrastructure is not providing the skills that should be relevant to the needs of the job market, as the tourism managers prefer foreign workers over the locals for their skills.

6.3 The Impact of Characteristics of Turbulent Environments on the Libyan Tourism Sector

This section aims to answer the following research question:

- **Research question 2:** What characteristics of turbulent environments are showcased in Libya and how do they impact on the Libyan tourism sector?

6.3.1 Characteristics of Turbulent Environment

The Libyan investment and business environment continues to suffer from domestic insecurity, political uncertainty and a weak legal framework. The civil war in 2011 has resulted in an uncertain security situation becoming a main constraint to doing business in the country.

Characteristics of Turbulent Environment
1. Security Uncertainty and Volatility
1.1 Crime, and Armed and Political Conflicts
1.2 Weaknesses of Military and Security Forces
1.3 Terrorism-related Issues
2 Weak Institutions and Legal Complexity
2.1 Absence of Institution Intervention
2.2 Lack of Law Enforcement Capacity
2.3 Legal and Bureaucratic Difficulties

Figure 6.2: Final Template - Characteristics of Turbulent Environment

As shown in Figure 6.2 the interview and secondary data demonstrated that the security uncertainty and volatility, as well as weak institutions and legal complexity themes are distinguishing characteristics of the turbulent environment in Libya. There is a degree of inter-relatedness/ interactions between the two themes and its sub-themes affecting all the Libyan firms’ operations, private or public, industrial or service oriented. The following comment describes the effect of security uncertainty:

“(...) if you want to start doing tourism business, you cannot know what will happen tomorrow(...) It is unknown how long the insecurity situation will last, probably it will last for two or three years till the tourists come to Libya. So, what I would to say is that no one can venture into the tourism domain in Libya at the moment (...) [CEO–Interviewee-C1, 2013].

6.3.1.1 Security Uncertainty and Volatility

The interview and secondary data indicated that the fall of the Gaddafi regime left a security semi-vacuum in Libya. This was followed by weapons proliferation among non-state groups that led to the spread of crime, theft and political assassinations accompanied by the weaknesses of National Army and police forces. In addition, some former rebels, who are now classified as militias by the United Nations have refused to integrate into the National Army for ideological and political reasons. Consequently, the militias and the Libyan Muslim brotherhood party have capitalised

on the vacuum, by joining together to form a new body parallel to the National Army, called the Libyan National Shield, which currently is engaging in armed conflict with the National Army led by General Khalifa Haftar. As one interviewee talked about the effect of insecurity to the Libyan economy:

“As we saw in 2009 and 2008, the Libyan economy was vulnerable to sudden drops in oil prices, but currently our economy is vulnerable to political instability and internal tensions. Actually, I think the Libyan civil-war was framed as a battle for the financial machinery of oil industry” [CEO–Interviewee-A1, 2013].

Majority of the interviewees asserted that security and political volatility are at the forefront and are the most unpredictable factors facing tourism, travel and hospitality entrepreneurs/ investors. This is true in the light of the current reality, since the overthrowing of Gaddafi back in 2011. Libya has still been facing continuing political and security volatility and the situation has become precarious in the early months of 2015, as division or even fragmentation danger is looming over the country. The armed and political conflicts have led to an uncertain future and widespread instability becoming a main constraint to the Libyan tourism’s attractiveness to international tourists, domestic and foreign investors and businesses. For example, as a result of security uncertainty surrounding the investment opportunities in Libya, net foreign direct investment (FDI) inflows dropped by 50.7% to US\$702 million in 2013 and 5.0% in 2014. It is further estimated to decline by 4.0% in 2015 (AM, 2014). As one interviewee said:

“Libya now is like a flower opening, but I always say that we need a high level of security for international tourists to come to Libya. So, the Government should acknowledge that the tourism sector is very unlikely to take off till safety and security related problems are tackled” [CEO–Deputy, Interviewee-E2, 2014].

Another interviewee is unsure about what will happen under the uncertain conditions:

“When we take a look at Benghazi, it is not difficult for us to notice the negative results of wave of political assassinations and armed conflicts, not only on the tourism and hospitality sector, but also on the entire

businesses in the city. So, I am of the opinion that that it is not profitable to continue doing tourism business activity in Benghazi. When we read the security situation since 2011, we can imagine that everything can be happened at any time with negative results, so tourism activity is undergoing a very difficult stage since 2011” [CEO-Interviewee-D1, 2013].

Indeed, the Libyan tourism sector went into a downturn/ recession that hit many tourism firms, travel agents and hotels, forcing them (in particular hotels) to cut prices. Many firms, especially tourism firms ended workers’ employment, as a means to deal with the harsh conditions. One hotel CEO talked about the hotel occupancy rate volatility in the post-civil war period, due to the security situation and instability in Libya:

“I am often unclear about what is happening in Libya, everything is under changing, business, policy and security. Take for example, in the period before the civil war, we were accustomed annually to receiving clients and tourists from August till November, during this period, our hotel had always succeeded in attracting many leisure and business guests, many of whom stay in the hotel several times in a row on a regular basis, especially during last three months of every year. But, in the post-conflict period, the XXX hotel faced a huge reduction in the number of guests in such season. Sometime hotel rooms are occupied, but mostly none are available, and suddenly no guests or fewer guests visited the hotel. In fact, I've never seen this before! Now I can say that the hospitality activity in Libya is no longer as it was. So, no one can guarantee he/she will succeed in doing business in Libya” [CEO-Interviewee-G1, 2013].

Appendix-1 shows international tourist arrivals and receipts in the Middle East and North Africa from 2010 to 2013. It can be seen from the data in Appendix-1 that during the Arab Spring revolutions in 2011, almost half of the MENA countries faced a remarkable reduction in the number of international tourist arrivals and receipts: Egypt (-32.4%), Jordan (-5.95%), Lebanon (-23.7%), Libya (-90%), Palestine (-14.1%), Syria (-40.7%), Yemen (-19.1%). However, it can obviously be

noticed that Libya in 2011 experienced a huge loss in tourism receipts, after an increase in 2010 (US\$60 million); specifically, international tourism receipts decreased sharply by 86.67% in real terms to US\$8 million in 2011 (Lanquar, 2015; UNWTO, 2012, 2013, 2014). Libya is the only country that faced serious political unrests and armed conflict in 2011, unlike the other MENA countries of the Arab Spring. In 2012 or after the end of the Libyan Civil War and the relative stability, the number of international arrivals, who were looking for investment opportunities, increased by 300% to 50 thousands in total.

However, the fear of kidnapping and terrorism actions kept international tourists/business visitors from returning to Libya. This situation has negatively impacted the local tourism economy, particularly small and medium tourism enterprises/ firms, as in 2013 the total number of visitors decreased by about 52%. However, 2014 may be seen as year zero of the Libyan tourism sector because of the armed conflict (Lanquar, 2015; UNWTO, 2013). The contribution of travel and tourism to GDP has remarkably decreased when comparing the pre-civil war period with the post-civil war period. For example, the direct contribution of travel and tourism to the GDP in 2013 was about LYD 1,693 million and this is significantly less than the contributions in 2009 and 2010 (WTTC, 2014). This really reflected the negative effects of the unstable security environment that have led to the declining tourism and travel activities. In West Libya for example, the Fajr Libya coalition destroyed a large part of the Tripoli international airport and it is no longer working. One interviewee talked about the effects of the current situation:

“(...) the Government should collect the weapons that are widespread on every street. Since few days ago; I heard a businessman was kidnapped! When the kidnapping news stories reach the foreign investors; they will not come to Libya or they will not go into partnership with us. So, you can see that the security is the primary concern when dealing with business and foreign partnership” [CEO–Interviewee-E1, 2013].

Four global competitiveness reports from the World Economic Forum (2010, 2012, 2013a, 2014b), along with a global enabling trade report from the WEF (2014c) and the Arab world competitiveness report from EBRD (2013) showed an increased awareness of terrorism and violent crime and theft activity. As a result, it has caused

an increase in the costs of doing business in Libya. The business costs of crime and the violence index decreased gradually with the rampant deterioration of the security situation in Libya. Indeed, the deterioration of the security situation in Libya is brought about by decreasing the reliability of the Libyan National Army and police services to enforce law and order. Thus, the suspension of recent investments in the tourism infrastructure projects has made the situation more baffling and confused. One interviewee made the following statement about tourism investment and instability:

“From my experience, the capital is coward! Who wants to invest in this crazy business climate, where there is a high political instability? If the foreign investors cannot find security and safety, they will not come to Libya” [CEO-Interviewee-G1, 2013].

6.3.1.2 Weak Institutions and Legal Complexity

Since the end of 2011, the absence of intervention by institutions and the lack of the law enforcement capacity and implementation have become signs that cannot be concealed. The interview data revealed that Libyan authorities have been unable to provide adequate security for its people and to rein or exert authority over the militias, thus resulting in chaos and instability in society. This is due to the absence of real institutions that have the authoritative means of enforcing law and order. However, regrettably, most Libyan institutions in West Libya, except Central Bank of Libya, are repeatedly at the mercy of militias who impose their own agendas on the government. As a result, the violent actions of militias and the insecure situation have been fostered partly by the institutions’ inability to impose law and order throughout the country. Some reports (ADB, 2014a; Foreignaffairs, 2014; Messner, 2012; Mikail, 2013) indicated that the use of violence, the power of the militias and the weakness of law enforcement capacity and implementation in Libya have influenced legislation, undermined the central government and decreased confidence in the government and its institutions. Thus, this makes the security situation more complicated and imposes bigger challenges to tourism businesses and tourism development in Libya. One interviewee made a relevant comment on this topic:

“The government did not do clear steps, as the government lost the ability to govern oil ports and terminals in the east Libya and it also lost

the ability to control borders with neighbouring countries” [CEO-Deputy- Interviewee-G2, 2014].

At the regulatory environment level, there are legal and bureaucratic difficulties in doing tourism business in Libya. A recent report from the African Economic Outlook (AEO)(2014) indicated that the regulatory environment is opaque and difficult to predict and the rigidity of business laws affects most entrepreneurs/ businesses; as doing business in Libya involves multiple unavoidable obstacles, procedures and excessive bureaucracy to formally operate. For example, the development of local tourism firms is restricted by legal and bureaucratic difficulties in the business environment; it takes almost 35 days to start a new business in Libya, compared to 11 days in Tunisia (WB, 2014).The major legal and bureaucratic difficulties in doing business in Libya include starting a new business (171st out of 189th countries), getting credit (186th), protecting investors (187th), reinforcing contracts (150th), paying taxes (116th) and registering property (189th) (WB, 2014) and the efficiency of business legal frameworks in settling disputes (135th out of 144thcountries) (WEF, 2014b). One interviewee evaluated some parts of the tourism legal framework:

“I can describe doing business in Libya by two words “May Allah helps us”. (...), we do not have standards to measure the business activity in Libya, we do not have a strict control on prices and the current chamber of commerce does not play any role in improving business relationships; let's say, if I need a bus from Benghazi to Tripoli, there is no specific transport prices...Even in tourism and hospitality market, there are no price regulations” [CEO-Interviewee-B1, 2013].

Another interviewee stated about legal restrictions on the tourism activities:

“The current regulative framework restricts the tourism activity. Take the case of Dubai experiment, the tourism activity is free or not restricted, so what we need is to open tourism without restrictions and barriers” [CEO- Interviewee-E1, 2013].

The following interviewee talked about the lack of regulatory and legal agencies to fight and regulate the price competition in the tourism and travel market:

“But there's fierce competition between companies in Libya in terms of prices. You may not know that the profit margin in the Libyan tourism sector is very low and unlike other business sectors. But, you may know that the price competition does not encourage business continuations and development. So, I call/ask the state bodies, especially the Chamber of Commerce to intervene to protect the market in terms of educating Libyan dealers/businessmen about the negative effects of price competition. Actually, I can imagine that the price competition is useless and a waste of resources. In addition, I noticed that there are nouveau riche traders who heavily and extensively exercise price competition that surely will damage the tourism and travel market. I might be wrong but I think that the price competition can be seen as money laundering behaviours” [CEO-Interviewee-E1, 2013].

6.3.2 Summary of the Impact of Characteristics of Turbulent Environments on the Libyan Tourism Sector

Returning to the research question posed at the beginning of the section 6.3, it is now possible to state that the turbulent environment in Libya has two main characteristics: security uncertainty and volatility, as well as weak institutional and legal complexity. The security uncertainty and volatility characteristic reflect armed and political conflicts, and terrorism and criminal acts have led to an uncertain security situation and instability becoming a main constraint to the Libyan tourism's attractiveness to international tourist arrivals, domestic and foreign investors/ business visitors, as well as net foreign direct investment (FDI) inflows. As such, the Libyan tourism sector has gone into a downturn/ recession, which is reflected in the weak contribution of travel and tourism sector to the country's GDP. Moreover, the uncertainty in security and volatility characteristic have contributed in increasing the incidence of crime and violence, imposed costs on tourism businesses in Libya and suspended recent investments in the tourism infrastructure projects. Thus, the security uncertainty and volatility characteristic reveals the weakness of the Libyan National Army and police services to enforce law and order, as well as improve security for tourism purposes.

Since the first characteristic has caused the Libyan authorities not to be able to provide adequate security, it has also been partly responsible for the weak

institutions. In other words, it has played a role in the absence of the real institutions' role in enforcing the law and ensuring order in Libya. Therefore, the turbulent environment has created unfavourable conditions for tourism growth and development. Furthermore, the legal and bureaucratic difficulties have affected the hotels, tourism and travel firms' operations, as doing tourism business in Libya involves multiple bureaucratic procedures and unnecessary requirements. The ineffective legal framework has brought about the impeding of the development of the Libyan tourism sector, as well as the lack of anti-monopoly legislation for regulating the price competition in the tourism and travel market.

6.4 The Impact of Institutional Change on the Turbulent Tourism Environment

This section aims to answer the following research question:

- **Research question 3:** How does institutional change impact on the turbulent tourism environment and tourism firms in Libya?

The third research question addresses the role of both the Libyan government and foreign investors in dealing with the turbulent environment and supporting the Libyan tourism sector.

6.4.1 The Role of Government

Institutional Change
1. The Role of Government
1.1 Warranty of Security
1.2 Rebuilding Infrastructure and Support of Industries
1.3 Facilitator of Future Investments

Figure 6.3: Final Template - The Role of Government

The interview results revealed that most of the interviewees considered that all Libyan governments from 2011 to 2014 played only one role in dealing with turbulent environment, which is an attempt to restore security and stability. Since the end of 2011, the Libyan governments have been struggling to integrate former rebel groups that helped topple the Gaddafi regime into the regular armed forces. The Libyan Ministry of Defence took a decision to integrate rebel fighters into four security forces: 1) National Security Directorate; 2) Petroleum Facilities Guard (PFG); 3) Libya Shield Forces and 4) the Libyan National Army. Some of the former

rebels were chosen to go to Jordan for training in order to integrate them into the interior ministry. Thus, there were concrete efforts to restore security and public order and to promote the rule of law through the rebuilding of the Libyan military and security forces. Furthermore, it was expected that the restoring efforts would reflect positively on the tourism activity in Libya in the short-term. One interviewee talked about the impact of the government's efforts to retrieve the security:

“Let me tell you that the security in the hotels and public places is very good, since the interior ministry provides security services to hotels. So, all the public places and hotels are in safe hands. Allow me to give you an example, all Libyan ministers, European and Arabic government officials have visited and stayed at our hotel as well as members of the General National Congress. Also, members of the former National Transitional Council and the current Government have made many meetings in our hotel and used hotel services” [Director of Finance - Interviewee-H1, 2013].

On the other hand, although the interviewees believed that the Libyan government tried to provide a guarantee of security for the country in the post-civil war period, the secondary data demonstrated that the Libyan government played other roles. The government appointed its first post-war tourism minister, as this ministerial post was absent for the past four decades. Thus, the presence of the Minister of Tourism is a good step towards the recognition of the importance of tourism as an important sector in socio-economic development. The first positive step taken by the Ministry of Tourism, was signing a co-operative agreement with the United Nations World Tourism Organization (UNWTO) about training and advisory programs. The UNWTO will provide support to the Libyan Ministry of Tourism through institutional building and governance, sustainable development, marketing and human resource development (Aranca, 2013). UNWTO Secretary-General, Taleb Rifai, said, “This agreement is a very positive step in reviving Libya’s tourism sector and affirms UNWTO’s commitment to Libya during this time of national rebuilding. Tourism will enhance the country’s global image and contribute to its sustainable economic growth and development” (Kasziba, 2014, p. 13). As one interviewee puts it:

“I have heard that the Tibesty Company has received an invitation from the Libyan tourism ministry to attend the international hotel investment forum in Berlin, in Germany in 2014. I really appreciate such invitation from the Libyan tourism ministry, because it will give an opportunity to the Libyan hotels’ representatives to give practical advice about the Libyan hospitality industry to foreign investors” [CEO-Interviewee-G1, 2013].

With regards to facilitating future investments, the Libyan Foreign Investment Company (LFICO) entered into an agreement with the International Hotel Investments plc. (IHI) to build new five-star Corinthia hotel in Benghazi, along with related office, retail and leisure space. The new hotel will comprise of 259 rooms, together with 10,000 square metres of office space, 2,000 square metres of retail space, two restaurants, meeting rooms, banqueting halls, a spa and a business centre. In addition, Ravanelli, one of the first Italian companies to return to work after the Revolution, signed a US\$32 million contract with a local authority in Cyrene and started rebuilding infrastructure projects near to the ancient Greek and Roman ruins (Allurentis & UKTI, 2014).

Furthermore, secondary data indicated that in the event that the government succeeds in retrieving the security situation and ensuring the stability of the country, there will be a planned or anticipated role of the government in the next few years to improve and rebuild the tourism infrastructure. In 2014, the Libyan government allocated US\$2.5 billion to build two new international airports in Benghazi and Misurata cities and upgrade four small airports in Tobruk, Martouba, Kufra and Ghat cities. Also, it is expected that the new airports will expand the airport capacity from five million to approximately 28 million passengers a year. In addition, the Libya Rail Implementation Authority (LRIA) aims to spend US\$4.5 billion project to link Benghazi and Sirte with a 554 kilometre rail network and the LRIA also aims to build a railway-line from Misurata to Sabha at the centre of a mineral-rich area (Allurentis & UKTI, 2014). The Libyan government is also seeking to build a new nationwide bus network through a private sector venture or a Public Private Partnership (PPP) basis (Allurentis & UKTI, 2014; Libya-Herald, 2013a). At the level of hotel and tourism projects, the Libyan government aims to spend US\$7 billion in tourist and hotel construction projects (Allurentis & UKTI, 2014). Only

one interviewee reported that the Libyan government is seeking to upgrade some harbours:

“The Libyan Government signed contracts to repair and maintain two harbours, one in Benghazi and other in Tobruck city. Thereby, I expect such contracts will have a positive role in moving the Libyan economy and hospitality industry towards a better growth path in the medium term”[CEO-Interviewee-G1, 2013].

6.4.2 Summary of the Impact of Institutional Change on the Turbulent Tourism Environment

It can be seen that the third research question is answered by revealing the role of the government. The case-study and secondary data showed that there are the three roles of the Libyan Government in dealing with the effects of characteristics of the Libyan economy and the turbulent environment. The first role is the government's efforts towards the rebuilding of the military and security forces to restore security and stability for providing a guarantee of security. Although it is expected that this role will have a positive impact on tourism activity, there are still security and armed challenges, such as disarming militias and anti-terrorism. Indeed, Libya has experienced five to six governments since 2011. All of them have not done much to restore security and stability to the Libyan economy as a whole. As a result, tourism would be the last sector that the government would be interested in resurrecting.

The second role is the government's efforts towards the rebuilding of tourism infrastructure and supporting the tourism and hospitality industries through some hotel and infrastructure projects, as well as obtaining support of international organizations such as UNWTO. However, this role is very limited or premature compared to the magnitude of the challenges facing the government, such as the old and damaged infrastructure. The third role is the potential role. In the next few years, it is expected that the Libyan Government will play a significant role in investing in huge tourism infrastructure projects, such as airports, rail network, nationwide bus network, as well as tourist and hotel construction projects.

One the other hand, the interview and secondary data showed that the foreign investors have not yet played any visible role in the post-civil war period. Contrary to what was expected, there is a consensus among the interviewees that foreign

investors do not have a significant presence at the current period. Majority of the interviewees believe that this is a normal situation because of the poor security situation in Libya. Thus, the part of the third research question regarding the foreign investors has not been answered by the available interview data. As a result, it seems from the data that that government is the only major driver of change in Libya.

6.5 Firms' Response to Turbulent Environments

This section aims to answer the following research question:

- **Research question 4:** How do tourism firms respond to the turbulent environment in Libya?

All the results of chapter five i.e., within case analysis have been synthesised and incorporated into two types of capabilities as shown below. The template analysis indicated that the interviewed Libyan tourism firms' responses to turbulent environment can be displayed chronologically from the civil war to post-civil war times. Thus, the firms' responses are demonstrated based on the two periods.

6.5.1 Response by Tourism Firms to the Civil War Period

The results of analysis showed that the interviewed Libyan tourism firms developed a set of responses that are basically reactive actions to an unexpected crisis in 2011. The interviewed tourism firms' responses represent the crisis management capability, which consists of two components, crisis assessment and crisis response component. The crisis assessment component is based on establishing a cooperative relationship between employees and management, with the purpose of collecting and analysing information during the war for determining risks and challenges. In addition, the second component is aimed at developing operational responses to risks and challenges. In both components, the participation and cooperation of employees with their managers played a key role in determining and avoiding risks and challenges.

Crisis Management Capability	
1. Crisis Assessment	
1.1	Communication and Preparation
1.2	Information Collection
1.2.1	Information Collection by Participation
1.2.2	Information Collection by Exchange
1.3	Information Analysis
1.3.1	Analysis by Crisis Committee
1.3.2	Analysis by Participation
2. Crisis Response	
2.1	Formation of a Crisis Committee
2.2	Response by Participation and Recruitment
2.2.1	Response by Employee Participation
2.2.2	Response by Guards Recruitment
2.3	Response by Transference and Reduction
2.3.1	Response by Resource Transference
2.3.2	Response by Cost Reduction/Savings

Figure 6.4: Final Template - Crisis Management Capability

Crisis Management Capability

As shown in Figure 6.4, the crisis management capability consists of two components: the crisis assessment and crisis response components. These two components are associated with identifying potential risks of crisis and protecting the firm's resource from such risks. The following sections provide details of each component.

Crisis Assessment

The findings revealed that at the beginning of the Libyan civil war in 2011, there was close formal and informal communication/ contacts between the top management and the employees. That is, there were formal and informal meetings, telephone conversations and contacts for discussing the issues of civil unrest and forming an ad hoc committee. During formal and informal communication, there were formal and informal information collection ways including the exchange of information between the management and some employees. As one interviewee said:

“We were in constant contact during the first three days of the revolution in order to find out what is happening and what might be happened in the company, like theft or armed attack or robbery. So, my main

responsibility was to keep constant contact with most employees, where we have held regular meetings in Benghazi about how to protect the firm's assets" [CEO –Interviewee-D1, 2013].

In addition, there are various evidence from the interview data that there were analytic processes including consultation and discussion processes, as well as opinions and exchange of ideas, as the management and the employees participated in an examination of what is going on during February 2011. Thus, the efforts of the management with the participation of the employees reflected in assessing and identifying potential risks associated with the Libyan civil-war period; the obvious example is that car-thefts that were occurring almost daily during 2011. As one interviewee said:

"Well, actually, we have held three meetings in two days with most employees in order to obtain a clearer picture of the state of the firm and current security in Tripoli. In the light of these meetings, we put forward a plan related to participating employees in protecting firm's building and cars" [Secretary-Company-Interviewee-A2, 2013].

Crisis Response

The formal and informal contacts have resulted in the formation of a committee that consists of some members from the top management as well as employees from cross-functional areas. The committee was responsible for suggesting and developing mechanisms to deal with potential risks that may threaten the interviewed Libyan tourism firms with significant harm. For example, documents from one of the tourism firms showed that there were two formal meetings, on 20 and 21 February 2011, between the management of the firm and employees, where it was agreed that a crisis committee should be formed in order to find ways to protect the firm and its assets and properties. As one interviewee said:

"The hotel board members decided to form an internal committee with employees from different divisions to protect the hotel and its assets. This was made with the cooperation of rebels Anti-government rebels

belonging to National Transitional Council of Libya (NTC)” [CEO-Interviewee-G1, 2013].

In response to risks during the civil war period, in particular vandalism and theft, the tourism firms took specific defensive steps. The crisis committee assigned the task of protecting firm assets and properties from thieves and vandals to a group of employees to participate in guard duties. In addition, the crisis committee recruited a number of qualified persons to help in the protection processes. The other response was to move all of the firm’s movable assets/ operational resources from the place of danger to a secure warehouse or a safe place. The last response was to reduce costs, especially operational costs via the shutdown of most of the firms’ operations. In particular, some tourism firms reduced direct costs by laying off employees for a temporary period of time because they do not have enough money for them, while other tourism firms stopped providing wages for employees. As two interviewees put it:

"During the civil war, we had decided to halt all tourism and travel activities, where we were no longer able to continue. We also reduced firm's spending costs as minimally as possible to prevent a situation in which the firm may become bankrupt" [CEO -Interviewee-D1, 2013].

“(...) we all agreed to transport all movable properties and equipment to a safe place in Tripoli until the situation has calmed down” [CEO-Interviewee-C1, Email Correspondence, 2014].

Overall, the results revealed that the interviewed Libyan tourism firms focused on developing and implementing a set of operational procedures associated with assessing potential risks and then protected their firms’ resources from such potential risks. Furthermore, the crisis management capability has a dynamic characteristic because it led to creating new operational capabilities based mainly for protection purposes.

6.5.2 Response by Tourism Firms to the Post-Civil War Period

In the post-civil war period, the findings showed that the interviewed Libyan tourism firms survived by adapting their businesses and operations in different product-market domains. Libyan tourism firms collected information about the tourism, hotel

and airlines industries, foreign arrivals, as well as university students. Furthermore, the Libyan tourism CEOs and some employees used their own informal networks to obtain business information, identify opportunities and support that was necessary to facilitate business operations. Tourism firms identified various opportunities; some of these opportunities have no obvious connections to the firms' existing operations. A number of tourism firms identified opportunities in providing the Sahara Desert camp and medical tourism services to local tourists, as well as transport services to international correspondents, journalists and university students.

Other tourism firms have identified opportunities in offering accommodation services, press conference services and editing-rooms for the press and media to foreign correspondents, journalists and news agencies. In order to seize such opportunities, the interviewed Libyan tourism firms modified existing business processes, fixed assets and operating capabilities, so as to develop new business models. This adaption shows that the interviewed Libyan tourism firms have developed a specific type of dynamic capability, which is the business development capability. This capability reflects the ability of Libyan tourism firms to identify business opportunities in the post-civil war period, formulate a specific response to such opportunities and implement a course of action. The below figure and section provide details about the business development capability and its components.

Business Development Capability
1. Information Acquisition Component
<ul style="list-style-type: none"> 1.1 Scanning <ul style="list-style-type: none"> 1.1.1 Field Visits and Conversations 1.1.2 Internet and Secondary Data 1.1.3 Observation and Experience 1.2 Informal Networks <ul style="list-style-type: none"> 1.2.1 Managerial Ties 1.2.2 Social Ties
2. Opportunity Identification Component
<ul style="list-style-type: none"> 2.1 Assimilation <ul style="list-style-type: none"> 2.1.1 Discussions and Opinions 2.1.2 Advice and Consultation 2.2 Transformation <ul style="list-style-type: none"> 2.2.1 Conversion <ul style="list-style-type: none"> 2.2.1.1 Opportunity for Related Diversification 2.2.1.2 Opportunity for Unrelated Diversification
3. Resource Reconfiguration Component
<ul style="list-style-type: none"> 3.1 Acquisition <ul style="list-style-type: none"> 3.1.1 Purchase 3.1.2 Recruitment 3.2 Customisation <ul style="list-style-type: none"> 3.2.1 Modification and Renovation 3.2.2 Recombination and Realignment 3.2.3 Creation

Figure 6.5: Final Template - Business Development Capability

Business Development Capability

Figure 6.5 shows that the business development capability is embedded into three components: 1) information acquisition; 2) opportunity identification and 3) resource reconfiguration.

Information Acquisition Component is related to the gathering of information from customers, friends/ relatives, government officials, competitors and senior managers of other firms. The findings demonstrated that the interviewed Libyan tourism firms engaged in the activities of scanning and monitoring changes in the post-civil war environment, in order to survive under turbulent conditions. The data showed that the CEOs and employees of some tourism firms sensed the business environment by talking with the Libyan people standing in front of foreign embassies in Tripoli city, who were applying for a medical treatment visa. As two interviewees said:

“(...) I visited the new firms and I asked them why they chose this competitive hotel and this city, what services, discounts that the competitive hotels provided to them, and did they choose competitive hotels for security purposes (...)” [Director of finance - Interviewee-H1, 2013].

"Since two months ago, we discovered that there is an increase in the number of Libyan people who travel to Tunisia, Egypt, Turkey, and Italy for Medical tourism" [Secretary-Company-Interviewee-A2, 2013].

On the other hand, CEOs of other tourism firms collected information from discussions with friends or making formal visits and having conversations with businessmen in Tripoli and Misurata cities. Furthermore, other firms collected information about their competitors' guests' preferences and business entities through personal interviews. Employees of some tourism firms detected the potential opportunities by visiting and speaking with students at Tripoli University, foreign journalists, media workers and members of civil organisations who stayed in hotels. Finally, there is a tourism firm that hired private-brokers to obtain market data and seek assistance in starting a new commercial activity. As one interviewee said:

“On a personal level, I relied on my personal efforts to know what is going in Benghazi (...) I researched the conditions in Benghazi and really felt that there was a chance to provide transport services to foreign people who came to Benghazi” [CEO-Interviewee-D1, 2013].

There were also a number of CEOs and employees who collected secondary data, in particular, bulletin from the Internet, such as <http://www.libyamonitor.com> and <http://www.thelibyareport.com>. They reviewed fact sheets about health conditions and problems in Libya. There were also personal efforts from a few CEOs and employees of small tourism firms for the detection of opportunities associated with providing ticket-booking services of domestic flights. In general, the interviewees admitted that it is not difficult to notice the changes in the post-civil war environment. For example, a large number of visitors (e.g., political activists, journalists and media workers), who had greater buying power, came to Libya during and after the Libyan revolution in 2011. As one interviewee said:

“The civil war and post-civil war periods have created new business activities, like transporting foreign journalists and visitors throughout Libya” [CEO –Interviewee-B1, 2013].

The CEOs and employees of tourism firms utilised their informal networks to investigate the post-civil war environment in order to acquire new knowledge. They depended on their personal ties with friends and relatives, political ties with officials in the Libyan tourism Ministry and the Libyan Arab Airlines, as well as business ties with hotel employees and managers of other tourism firms, to obtain market information about the potential opportunities related to their own field. As one interviewee puts it:

“I have close relationships with some hotel employees who told me that foreign journalists need transport services, afterwards, I built business relationships with journalists and correspondents, as they called me when they need transport services from Sirte and Bani Walid cities to Tripoli City” [CEO-Deputy –Interviewee-B2, 2014].

Opportunity Identification Component is associated with identifying profitable business opportunities. CEOs and employees of tourism firms engaged in an assimilation stage, where they examined and interpreted the market information obtained from their information acquisition. The CEOs entered into discussions and conversations with their deputies and employees and became involved in consultation and advice with businessmen, managers of other tourism firms and private-brokers, about the potential opportunities in the post-civil war period. The interview data revealed that tourism firms transformed the assimilated knowledge into a number of opportunities. As one interviewee said:

“We left that day with a wonderful feeling that they need transport services and we can target them” [Deputy CEO–Interviewee-D2, Email Correspondence, 2014].

Both assimilation and transformation may reflect a cognitive process of translating acquired information into specific profitable opportunities. The interviewed Libyan tourism firms identified eight opportunities: domestic tourism services, wedding–marriage services, car rental reservation services, accommodation and camping services, transport services for foreign journalists, war-correspondents, university

students and hotel clients, conference services to COS, medical tourism services, as well as office-rental services to media agencies and the NTC of Libya. As two interviewees said:

"I and Mr XXX came to the conclusion after two months of fortnightly sessions in counselling, that we have to turn our attention to provide transport services to residents and visitors of Tripoli area" [Marketing Director -Interviewee-C2, 2014].

(...) It was clear for us that when the transitional government provided financial support via salaries and subsidies to Libyan people and rebels, we knew that such support will motivate Libyan young people to marry early" [CEO–Deputy, Interviewee-E2, 2014].

The findings revealed that the eight opportunities can be classified into two types of opportunities based on a diversification of both products and markets (i.e., related and unrelated opportunities). In terms of related diversification, a few firms made minor alterations to their pre-civil war resource base. However, other tourism firms saw that there was a chance to grow by seizing opportunities that were unrelated to their pre-civil war resource base. This refers to opportunities for unrelated diversification. Furthermore, there are other tourism firms who have mixed the two types of opportunities, that is, they seized both related and unrelated opportunities. The opportunities for unrelated diversification have led to the creation of new markets for a number of tourism firms (i.e. domestic tourism market, wedding market and transport market). As one interviewee said:

"So, the popular policy among many Libyan businessmen is to focus on one or two business activities. But, for me, I diversified the effort into travel and hotel businesses, as they are interrelated and complement one another, so they fit my experience" [CEO-Interviewee-F1, 2013].

The following example shows the opportunity for both related and unrelated diversifications. Specifically, in the pre-civil war period, Firm D operated a cultural heritage tourism and hotel reservation service. In the post-civil war period however, Firm D used the same resource base (e.g., vehicles and telephone) in providing transport and hotel reservation services for the benefits of new customers. On the contrary, another example shows the opportunity for unrelated diversification. In the

pre-civil war period, Firm B operated in the pilgrimage tourism field (i.e., arranging travel to the Hajj), while in the post-civil war period, Firm B created a new resource base (e.g., buying new vehicles and airline ticketing software) and used it to provide transport and ticket-booking services. However, the findings revealed that Firm A, Firm G and the Firm H used the same resource base for seizing both related and unrelated opportunities. Thus, they did minor alterations to their resource bases.

Resource Reconfiguration Component is associated with transforming (i.e., acquisition and customisation) resource bases according to new related and unrelated opportunities. In response to the identified opportunities, the interviewed Libyan tourism firms have modified their resource bases by developing purchasing and recruitment processes (i.e. acquisition). The data revealed that a few tourism firms responded to transport opportunities by purchasing minibuses and hiring other ones, while others imported deluxe mini coach minibuses from the European Union. A number of tourism firms also responded to a ticket-booking opportunity by purchasing a DSL modem, wireless router and Computer Reservations System (CRS), in order to link the CRS with airlines' websites. These tourism firms recruited new employees who were knowledgeable about the CRS, while others hired drivers, assistants and qualified guards to seize the transport opportunity. Similarly, a tourism firm recruited new local employees and foreign workers to assist in providing wedding–marriage services. As one interviewee said:

"After the civil war especially in 2012, we invested in transport activities, where we bought a number of vehicles to provide transport services to Libyan and foreign journalists from Tripoli to Nafusa Mountains"
[Employee -Interviewee-B3, 2014].

In addition, one tourism firm substantially modified its resource base by investing in changing the firm structure from an old form, e.g. a tour-service provider, into a new one, e.g. a wedding service provider (i.e., customisation). This firm made investments in a new wedding hall by renovating the firm's former building. Another tourism firm responded to a new market created by foreign journalists covering the civil war by quickly modifying and tailoring hotel rooms in order to be used for editing, press conferences, interviews and meetings, as well as providing Internet

services. Another tourism firm modified and tailored a set of connecting rooms as temporary government offices for the NTC. As one interviewee said:

“We've put 60,000 LYD capital into the Wedding-Marriage business, as I changed the previous main building of my firm, to make it more suitable for Wedding-Marriage activities” [CEO- Interviewee-E1, 2013].

Finally, a few tourism firms modified their price policy by reducing prices in order to target a new market segment. Thus, it can be seen that many tourism firms have been partially transformed into new firms with new operational capabilities and knowledge. For example, one tourism firm has even become an airline ticket seller, as it now sells domestic airline tickets to those who want to travel to Benghazi, Sirte, Sabha, Tobruck and Al-Abraq. Another tourism firm completely transformed into a new firm, as the CEO sold all their movable assets and invested in providing wedding services with new types of operational capabilities. As one interviewee said:

“We spent nearly 1,500 Libyan Dinar [about US\$ 1,200] on carrying out some renovations inside a firm's building in order to suit the task of selling airline tickets (...) Our daily sales are about 5 tickets on a good day and 2 tickets on a bad day, but during June 2013 we sold more than 200 tickets” [Employee –Interviewee-B3, 2014].

6.5.3 The Results of Firm Performance

Majority of the case-study firms demonstrated good financial performances or improvements in the financial and/ or operational performance after the Libyan civil war in 2011. However, the available secondary data of three case studies (i.e. Firm-H, Firm-G and Firm-E) provided the most accurate quantitative data and historical information on the financial and/ or operational performance, so as to show the changes in the firms' performances. That is to say, the available financial data from the firms' annual financial reports and interviews (H, G and E) allowed the researcher to compare the yearly firm performance and assess the impact of the change processes/ responses. Furthermore, the data of Firm-H, firm-G and firm-E represent two related fields, which are travel and tourism.

Table 6-1: Performance Indicators of Firm-H

Items	Pre-civil war Period		Civil-war	Post-civil war Period		Change (%)				
	2009	2010	2011	2012	2013	11/09	11/10	11/12	11/13	12/13
Turnover/Sales (\$US'000)	34,363	25,320	14,182	17,528	20,899	-59	-44	24	47	19
Occupancy level/rate (%)	69	56	35	48	59	-49	-38	37	69	23
Average room rate (\$US)	317	260	243	225	221	-23	-7	-7	-9	-2
Revenue per available room (\$US)	218	145	85	108	130	-61	-41	27	53	20
Gross operating profit incentive before fees (\$US'000)	18,623	11,701	4,950	5,215	6,966	-73	-58	5	41	34

Source: Financial analysis summary and annual reports from 2009 to 2013

Table 6.1 highlights the operational performance of Firm-H from 2009 to 2013. Thus, the historical financial data on the firm's performance enabled the researcher to observe changes in the firm performance over five years. The firm registered a gross operating profit before the incentive fees of \$US4.950 million in 2011, which is less than \$US18.623 million (-73%) in 2009 and \$US11.701 million (-57%) in 2010. Similarly, the occupancy level indicator significantly reduced from 69% in 2009 to 35% in 2011. The last two indicators are an average room rate and revenue per available room indicators*. Both indicators showed that there is a decline in the room sales performance, as the average room rate markedly decreased from \$US317 in 2009 to \$US243 in 2011. Likewise, the revenue per available room sharply decreased from \$US218 in 2009 to \$US85 in 2011; thus, there is a noticeable decline in the operational performance of the firm from 2009 to 2011.

However, the above results have to be interpreted with caution in the light of what took place in Libya in 2011. The Libyan civil war conditions have actually reduced the number of visitors/ guests to the firm, which reflected negatively on the operational performance compared with previous years. Nevertheless, as shown in

*1) The occupancy indicator reflects the number of rooms (beds) let in hotel to total rooms (beds) in hotel; 2) the average room rate indicator reflects the day's revenue from room letting to number of rooms let in the day; while 3) the revenue per available room indicator reflects the total daily room letting revenue to the total hotel rooms (both sold and unsold).

Table 5.16 in chapter five, business uninterrupted actions and cost reduction/ savings as components of crisis response capability (see section 5.9.2.3 and Table 5.16 in chapter five) achieved positive results in the operational performance, as the firm was not exposed to losses in 2011 and maintained minimum profits. Despite the war period, Firm-H decided to keep two of its properties open for business throughout the war and reduced all employees' wages level and depreciation of the hotel building and properties. As a result of this strategy, the firm secured US\$14.182 million turnover or revenue in 2011.

As shown in section 5.9.2.3 in chapter five, in the post-civil war period, in 2012 and 2013, Firm-H sought to improve the operational performance through sensing, reconfiguration and customer relationship processes, as shown in Table 5.16 in chapter five. All of these processes represent the practice of the business development capability. Therefore, the financial data demonstrated that, despite the insecurity conditions in the post-civil war period, the firm could improve the operational performance. The firm registered a gross operating profit before incentive fees of US\$5.215 million in 2012, an improvement of US\$265 thousands (+5 %) compared with 2011. The firm registered a further improvement in the gross operating profit before incentive fees of 6.966 million in 2013, an improvement of 2.016 million (+41%) compared with 2011 and 1.751 million compared with 2012 (+34%). The firm registered the revenue per available room to be US\$130 in 2013 (+20% compared with 2012) with occupancy increasing to 35% in 2011, 48% in 2012 and 59% in 2013. On the other hand, since 2009, the average room rate has been on a steady decline. The average room rate dropped from US\$317 to US\$243 between 2009 and 2011, and declined further to US\$221 in 2013. A financial analysis summary of Firm-H attributed a reduction in the average room rate to increasing competition in the market.

Therefore, the operational performance of Firm-H in the pre-civil-war period is better compared with the post-civil war period. However, even though there were insecure circumstances in 2012/ 13, it seems far more sensible to say that the firm could gradually improve the operational performance through practising market-information acquisition efforts, reconfiguration processes (such as, renovation and service/product offer) and customer relationship practices (such as, customer acquisition and customer retention), as all these processes form the business

development capability. In other words, the business development capability affected the operational performance by changing some internal processes in order to adjust easily to environmental turbulence.

Table 6-2: Performance Indicators of Firm-G

Item	Pre-civil war Period	Annual Growth	Civil-war	Annual Growth	Post-civil war Period
Years	2010		2011		2012
Turnover/ Sales (\$US'000)	1,203	166.33%	3,204	-51.13%	1,524
Total Lodging revenues (\$US'000)	663	158.82%	1,716	-51.54%	831
Restaurant revenues (\$US'000)	501	172.65%	1,366	-50.64%	633
Other revenues (\$US'000)	39	210.26%	121	-50.77%	60
Occupancy level/ rate (%)	30	150.00%	75	-33.33%	50
Number of guests	932	163.41%	2,455	-36.70%	1,554

Source: Annual report in 2011 and interview data

According to the data of Firm-G, the sales (“turnover”) were US\$1.203 million in 2010 and increased to US\$3.204 million in 2011; thus, the sales increased by a growth rate of 166.33%. The strong growth rate was attributed to an increase in the number of visitors who came to Benghazi when the Gaddafi regime lost control of vast swaths of Libya's east. The firm received 2,455 guests in 2011, who were mostly foreign journalists, media workers, people from humanitarian relief organisations and employees from the International Red Cross and Red Crescent Movement, who came to cover the news in Libya. Thus, the firm witnessed a strong growth in guest numbers, occupancy rate and revenues. Consequently, this resulted in a significant improvement in the performance status at the end of 2011.

As shown in chapter five and in Table 5.14 and Table 6.2, the performance indicators indicated that the firm demonstrated the ability to seize the opportunities (i.e. 2011 guests) by exploiting the existing resources and capabilities and acquiring the organisational resources and capabilities, whether human and financial. In other

words, the firm customised/ tailored some rooms according to the guests' needs (e.g. editing rooms and press conference rooms), acquired and integrated new resources, as well as provided security services for seizing the opportunities. Thus, the firm revealed the business development capability, which reflects the ability to respond to identified opportunities through changing the ways in which the firm makes its living through customised/ tailored and reconfiguration processes.

However, the indicators in Table 6.2 indicated that the firm's performance declined significantly in 2012, as the growth rate of the number of guests decreased significantly. Then, there was also a decrease in the occupancy rate and revenues. This may be because of the after effects of the liberation of Libya at the end of 2011. Not only did the Libyan NTC moved from the city of Benghazi to Tripoli, but a large number of guests/ visitors (e.g. foreign journalists, media workers, non-government activists and politicians and business visitors) also moved to Tripoli for business, political and press purposes. This can be seen in Table 6.1; the performance of Firm-H improved significantly in 2012 compared with 2011, because the move of the NTC to Tripoli caused an increase in the number of visitors to Tripoli. On the other hand, the large increase in crime levels, political assassinations and kidnappings in Benghazi have affected the performance of hotel industry in Benghazi.

Table 6-3: Performance Indicators of Firm-E

Items	Pre-civil-war period	Civil war period	Post-civil war period	
	2010	2011	2012	2013
Type of business	Tour operator	During 2011, the CEO liquidated the firm by way of a voluntary liquidation, as the CEO saw that the investment in the tourism field is no longer profitable.	In 2012, the CEO and his deputy came to the conclusion that the investment in the wedding-marriage services is attractive and thus they invested in the wedding-marriage field.	Wedding/marriage provider
Revenues (\$US)	23,080			14,320
The rate of return on investment (ROI)	9.37%			6.73%

Source: Annual report in 2013 and interview data

In the pre-civil war period, Firm-E was a tour operator and specialised in offering pre-paid vacations to archaeological sites. On the other hand, as a result of

deteriorating tourism in 2011, as well as being incapable of creating growth and profits in 2012, the firm was liquidated. The CEO of the firm invested 60,000 Libyan Dinar (about US\$49,000) in a wedding–marriage activity. Thus, the organisational form and the activity of the firm were from a tour-service provider field into a wedding service provider field.

The nature of the business and activity of Firm-E in the pre-civil war period is different from the post-civil war period; thus, there are doubts about an accurate comparison of performance (via revenues) in the two periods. However, the ROI reflects the efficiency of the management's performance or the management's ability to identify and implement good projects, since the higher this return, the better. Thus, by comparing ROIs in both periods, it can be seen that the ROI in the pre-civil war period (9.37% in 2010) is better than the ROI in the post-civil war period (6.73% in 2013). However, although the ROI indicated that the return from the tourism activity is better than the return from the wedding–marriage activity, the security conditions and tourism recession in Libya forced the CEO to enter a new business field with a low rate of return.

Indeed, as shown in chapter five in Table 5.10 and the ROI in Table 6.3, the firm could successfully demonstrate business development capability, which enabled it to transform from a tour activity to a wedding–marriage activity through the liquidation of old resources and building a new resource base to adapt quickly under environmental turbulence.

6.5.4 Summary of Response to Turbulent Environments

It can be concluded that the case study and secondary analyses answered the fourth research question by showing how Libyan tourism firms respond to turbulent environments. Libyan tourism firms during the civil war period developed a crisis management capability. This capability consists of two components: crisis assessment and crisis response components. The crisis management capability concentrates on executing a set of operational processes/ activities associated with assessing potential risks and protecting the firm from the potential risks. The crisis management capability has a dynamic feature because it has led to the creation of a new set of operational capabilities. These enable tourism firms to create and perform

operational tasks to assess potential risks, as well as protect the firms' assets from potential risks during the crisis event.

In addition, the Libyan tourism firms developed a particular type of dynamic capabilities, which is a business development capability. The findings demonstrate that the business development capability can be classified as one specific type of dynamic capability because it purposefully adjusts the ways in which Libyan tourism firms operate, so as to adjust quickly to turbulent environments and then exploiting the identified opportunities. The data revealed that the business development capability is embedded in the information acquisition, opportunity identification and reconfiguration components respectively. These components are connected serially in the problem-solving episode towards the end. Therefore, the business development capability firstly enables tourism firms to sense and interpret changes and development in external environments and then it introduces information into the tourism firms. Secondly, after analysing the acquired information, both opportunities and threats are recognised by the tourism firms. Thirdly, the resource base needs to be restructured, modified and leveraged so as to seize opportunities or meet threats.

Indeed, the best available financial data revealed that the operational/ financial performances of the firms were improved by practising the business development capability. There is no clear evidence from the data that the business development capability has directly affected the firms' performances. However, it seems that the business development capability has indirectly affected on the performance through improving some internal processes, activities and operational capabilities, in order to adjust to the environmental turbulence.

6.6 Conclusion

This chapter provided the cross-case results produced by the template analysis technique in order to address the four research questions. Based on the template analysis findings, characteristics of emerging economies and turbulent environment were identified and their impact on the Libyan tourism sector is also demonstrated. Moreover, the role of the Libyan government in the post-civil war period and the responses of the Libyan tourism firms during and post-civil war periods were revealed and discussed in detail.

7.1 Introduction

The findings of the template analysis presented in the previous chapters (chapters 5 and 6) are discussed in this chapter. The main aim of this chapter is to compare and contrast the results with theoretical arguments presented in the literature review, in particular with studies conducted in the context of the emerging economies. In the first section of this chapter, the conceptual framework for firms' adaptation to environmental turbulence (Figure 1.1) is refined based on the results presented in chapter six and then the refined framework and its component are discussed in the light of the literature review for comparisons and clarification. In the next sections of this chapter, the components of the refined framework, which are characteristics of emerging economies and turbulent environments, institutional change and firms' responses to the turbulent environment, are compared and contrasted with the literature review to extend the theory when results were inconsistent with existing literature.

7.2 Discussions of Findings

This section discusses the empirical findings with reference to the literature review in chapter two. The below discussion is structured as follows: it starts with the framework for firms' adaptation to environmental turbulence and it follows with the components of the empirical framework for tourism firms' adaptation to environmental turbulence during and post-civil war. These components are the characteristics of emerging economies and turbulent environments, institutional change and firms' varying responses to turbulent environments.

7.2.1 The Empirical Framework for Tourism Firms' Adaptation to Environmental Turbulence during and Post-Civil War

The empirical framework for tourism firms' adaptation to environmental turbulence during and post-civil war reflects the ability of tourism firms to adapt in civil war and post-civil war periods in emerging economies. Based on the current results (Figure 7.1), the following three characteristics of emerging economies were identified: dependence on one commodity, unregulated import and inadequate infrastructure in Libya. These characteristics have effects on tourism development and the ability of

tourism firms to expand their activities and to increase their size and even undertake new and/ or better tourism projects. The findings of the thesis also indicated that the turbulent environments have two characteristics, which are security uncertainty and volatility, as well as weak institutions and legal complexity in Libya. These two characteristics are linked to a chaotic deterioration of conditions in the post-civil war period, noticeably, unstable social, security and political situations. The two characteristics of the turbulent environments have continued to serve as a barrier to Libyan tourism's attractiveness to international tourist arrivals, domestic and foreign investors and businesses.

The findings showed that both the Libyan Government and tourism firms responded to the effects of the characteristics of emerging economies and turbulent environment. The government played an indirect role in supporting the tourism firms through an attempt to rebuild the army, improve existing infrastructure and sign contracts for future infrastructure projects. Similarly, the Libyan tourism firms developed a crisis management capability to cope with the unstable security environment during the civil war, as well as a business development capability to survive in the uncertain environment in the post-civil war period. To date, there has been no systematic research to examine the ability of tourism firms to adapt and survive during and post-war periods in emerging economies. Therefore, this thesis advances the knowledge about tourism firms' adaptation to environmental turbulence during and post-civil war in emerging economies.

The empirical framework (Figure 7.1) was developed using the data from Libya, but it can be applied in a different contexts; thus, it can provide a basis to analyse firms' adaptation and transformation processes in war and post-war periods in emerging economies. The current framework extends earlier empirical and theoretical frameworks proposed to study organisational transformation and adaptation of firms in emerging economies. Notably, it was a conceptual framework of organisational transformation that focused on the institutional upheaval as a driver of organisational learning and transformation, which also indicated that attempts to "change formerly state-owned firms will be difficult until the institutional context becomes more predictable and stable" (Newman, 2000, p. 616). However, in addition to institutional change, the current framework suggested that the characteristics of emerging economies and turbulent environments serve as external drivers of organisational

change or sources of turbulence that influence the tourism firms to make necessary changes, by developing organisational capabilities to continue operating in turbulent environments. The current framework also indicated that the organisational capabilities of tourism firms can be enhanced by the government's intervention to lessen the negative effects of ongoing economic, political, security and institutional changes in emerging economies.

Uhlenbruck et al. (2003) developed a conceptual model of resource development of privatised firms in transition economies. They suggested that the reconfiguration of resources, as well as the adaptation of organisational structure and processes are essential to achieve strategic flexibility and thereafter to improve performance. In addition, Malik and Kotabe (2009) developed a model of the dynamic capability development mechanisms in Emerging Market Manufacturing Firms (EMF). They identified three mechanisms for dynamic capability development: organisational learning, reverse engineering and manufacturing flexibility. However, the current framework suggested that there are two mechanisms or components for crisis management capability, as a dynamic capability: crisis assessment and crisis response that are essential for survival during the war period. There are also three components for business development capability: information acquisition, opportunity identification and resource reconfiguration, which are essential to achieve business development in the turbulent environments within emerging economies.

Zhou et al. (2006) empirically tested the model of organisational changes in an emerging economy and found that organisational changes are driven by past performance, opportunity and capability to change. However, the current framework indicated that firms' adaptation and changes in emerging economies are inevitable due to ongoing economic, political, security and institutional changes. Dixon et al. (2010) developed a theoretical framework of organisational transformation in transition economies that posits that the development of dynamic capabilities is passed through three stages: 1) break with the past; 2) exploitation and deployment and 3) exploration and innovation. However, the current framework shows that tourism firms developed dynamic capabilities through two turbulent stages: 1) during a crisis event stage, where crisis management capability is developed to identify potential risks of crisis and protect the firm's resources from such risks; 2) the post-

crisis event stage, where business development capability is developed to identify business opportunities and then actions are taken to modify the resource base, in order to achieve congruence with the changes in the post-crisis event stage through the seizing of opportunities.

The current framework (Figure 7.1) combines two different types of firms' organisational capabilities according to the stage of the crisis i.e., crisis event stage and post- crisis stage (Becken & Hughey, 2013; Coombs, 2014). The first capability is the crisis management capability that is related to the war period, while the second is the business development capability that is related to the post-war period. Thus, this is the first time that tourism crisis management and dynamic capabilities perspectives are synthesised and used to understand tourism firms' responses to environmental turbulence in emerging economies. This is contrary to the tourism crisis and disaster management models (e.g Becken & Hughey, 2013; Faulkner, 2001; Hystad & Keller, 2008; Ritchie, 2003) that are mainly based on the data from natural disaster/ catastrophe case-studies and the assumption that a crisis follows a phased lifecycle including pre-crisis, crisis and post-crisis. The crisis management part of the current framework is based on data from armed conflict–case studies and the assumption that the Libyan civil war as a crisis happened unexpectedly. Specifically, the current crisis management part reflects tourism firms' responses during the crisis phase of an event without a prior preparedness plan. Thus, the tourism firms' crisis-stage responses are based on their first-hand observation of crisis events, assessments and experiences. Section 7.2.5.1 expands on this discussion.

Furthermore, the current framework for firms' adaptation to environmental turbulence provides a new contribution to the dynamic capabilities literature in the emerging economies setting by filling the gap on the need to study “how firms adapt and learn in the face of environmental changes in emerging economies” (Malik & Kotabe, 2009, p. 422; 2011, p. 196). In other words, chapter five and section 6.5 in chapter six contributed significantly to narrow the above knowledge gap, by providing a new understanding of how tourism firms adapt and change gradually over three distinctive periods: pre-civil war, civil war and post-civil war. Sections 7.2.5.1 and 7.2.5.2 expands on this discussion.

As shown in chapter five, by tracing the history of the tourism firms in the pre-civil war period and comparing it with during and post-civil war period, it can be noted that before the civil war period, tourism firms could grow and prosper as this period represented a stable period. During the civil war period however, tourism firms developed a set of operational responses associated with protecting the firms from potential risks through, for example, including employees in protection efforts. The last period is the post-civil war period, where tourism firms demonstrated adaptive capabilities to change the ways in which they operate in order to operate under the new conditions in the post-civil period. Consequently, the firms' responses component of the current framework reflects new and valuable information on firm-level changes and responses that still remain relatively unexplored in emerging economies (Shirokova, Berezinets, & Shatalov, 2014), rather than state-level changes and responses, such as privatisation in emerging economies that have been well documented in previous studies (Dharwadkar, George, & Brandes, 2000; Hoskisson et al., 2000; Peng, 2003).

Finally, the current framework is particularly valuable in providing new insights into post-war state-level changes with regards to uncovering changes in the economic, political, legal and security factors in emerging economies and their influence on tourism firms. Sections 7.2.2 and 7.2.3 provide more details about the effects of changes. Moreover, although extensive research has been carried out on business and entrepreneurship in emerging economies, such as China (Zhou et al., 2006), countries of Central and Eastern Europe (Hoskisson et al., 2000; Shirokova et al., 2014), Latin America and Asia (Bruton, Ahlstrom, & Puky, 2009; Hoskisson et al., 2000; Malik & Kotabe, 2009) and Russia (Volchek, Jantunen, & Saarenketo, 2013), there has been limited business and entrepreneurship dealings in the MENA region. As Libya is one of the MENA countries, the current framework holds the promise of transferability to a variety of settings in some MENA emerging economies, for example, Algeria. In the following sections, the components of the empirical framework for tourism firms' adaptation to environmental turbulence during and post-civil war are discussed in detail separately.

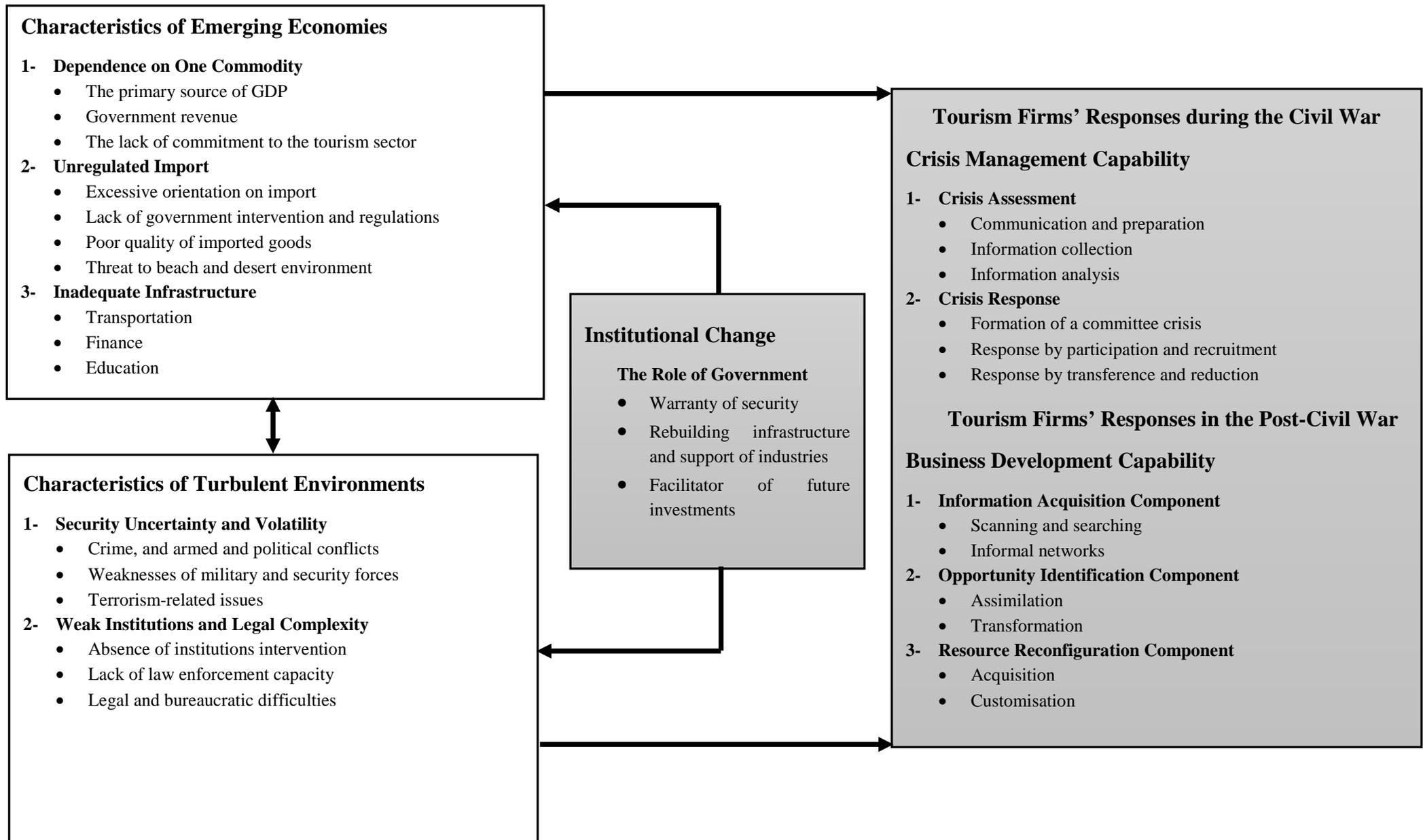


Figure 7.1: The Empirical Framework for Tourism Firms' Adaptation to Environmental Turbulence during and post-civil war

7.2.2 Characteristics of Emerging Economies

The first component in the the empirical framework for firms' adaptation to environmental turbulence is the characteristics of emerging economies in Libya. The following characteristics of emerging economies were identified: dependence on one commodity, unregulated import and inadequate infrastructure. According to current results, such characteristics have limited tourism development and the ability of tourism firms to take advantage of available opportunities to expand their activities.

Existing research has identified several characteristics of emerging economies, namely the following: (a) they have gone through a process of liberalisation, that is why they have undergone major legal reforms to support economic liberalisation efforts (Hoskisson et al., 2000; Keen & Wu, 2011; P. H. Kim & Li, 2014); (b) they are low-income and rapid-growth economies using economic liberalisation as their primary engine of growth (Hoskisson et al., 2000); (c) they have inadequate infrastructure (Enderwick, 2012; Sheth, 2011); (d) they lack reliable institutions and stable institutional commitments (Keen & Wu, 2011; Meyer & Peng, 2005) and (e) they lack economic and political stability (Enderwick, 2012; Hoskisson et al., 2013; Sheth, 2011). However, according to some authors, there has been a noticeable absence in existing literature of a full recognition of the distinctive characteristics of emerging economies (Bruton et al., 2008; Roztocki & Weistroffer, 2008). In addition, there is considerable disagreement in the literature concerning the number and types of the characteristics of emerging economies. Thus, this thesis contributes to existing knowledge about the characteristics of emerging economies by introducing new and different characteristics (i.e., three characteristics) that are applicable to some emerging economies.

Indeed, there is a vast amount of literature on doing business and entrepreneurship in some emerging economies such as China and countries of Central and Eastern Europe, Latin America and Asia. It examines many aspects such as institutional developments (Bevan, Estrin, & Meyer, 2004), privatisation (Dharwadkar et al., 2000; Liu & Judge, 2012), foreign direct investment (Bevan et al., 2004; Brewer, 1993; Ramasamy, Yeung, & Laforet, 2012), organisational transformation (Dixon et al., 2010; Uhlenbruck et al., 2003), strategies of multinational enterprises (MNEs) from developed countries in emerging economies and multinationals from emerging economies (Aybar & Ficici, 2009; Hoskisson et al., 2013; Santangelo & Meyer,

2011). However, the existing literature (e.g. Gemayel, 2004; Lagoarde-Segot & Lucey, 2008; Turk-Ariss, 2009) on other emerging economies, in particular the MENA countries, is scant and mainly related to aspects like capital markets, stock markets, banking systems, foreign direct investment, country risk, uncertainty and economic reforms. Thus, this thesis contributes to this limited area of research by shedding new light on the effects of the dependence on one commodity, unregulated import and inadequate infrastructure on the tourism sector and tourism development in Libya. However, some of these characteristics are typical of emerging economies and potentially transferable or generalisable to other emerging economies, especially in the MENA area, in terms of causes and processes. In the following paragraphs, each of the three characteristics of emerging economies are discussed and compared with previous studies.

First, in the case of Libya, the massive financial returns of one commodity have made the successive governments keen to promote local and foreign investments in the sector of that one commodity (e.g. oil-related infrastructure). Thus, they partially overlooked other poorly developed sectors, including travel, hospitality, tourism and leisure industries. This has led to the lack of diversification in the country and a failure to improve the aging infrastructure. The dependence on one commodity has resulted in a lack of basic cognisance of the economic importance of tourism as a source of foreign currency earnings and employment, and as a revenue source for the country's GDP. The consequence of dependence on one commodity confirms previous findings (Mansfeld & Winckler, 2008; SESRIC, 2008, 2010, 2013) and contributes additional evidence that suggest superior returns from one commodity dependency have resulted in a lack of commitment towards the tourism sector and tourism infrastructure development.

This result may be explained by the fact that many oil-rich emerging economies, in particular in the MENA region, have viewed international leisure tourism as economically unnecessary (Mansfeld & Winckler, 2008; Sharpley, 2002, 2008) or culturally undesirable (Aziz, 2001). In contrast to current findings (i.e., Libyan case) however, there are some oil-rich emerging economics in the MENA region, in particular the United Arab Emirates (UAE) and Bahrain, that have been more successful, to some extent, in diversifying away from the oil and gas sectors, as they used the oil revenues in financing the vast majority of tourism-facilitating

infrastructure projects, including infrastructural facilities around the major hotels and tourism sites, seaports, roads and supporting tourism and hospitality firms (Aziz, 2001; Khan, 2014; Mansfeld & Winckler, 2008).

Next, the second characteristic is unregulated import. From the Libyan government officials' perspective, trade liberalisation in the post-civil war period is understood as the quick opening up of all doors without quality inspection institutions in place and with the absence of real executive overseeing of the importing process. From the tourism perspective, the unregulated import of goods, as explained in the section 6.2.1.2 in chapter six, poses a threat to natural tourist attractions, in particular the beaches and the Sahara desert, as well as the quality of transport services in the major cities and raises health concerns of second-hand commodities. Thus, the consequences of the unregulated import of goods pose future threats that can negatively affect the future of tourism industry in Libya, through the impact on the natural environment.

Indeed, although extensive research has been carried out on tourism in emerging economies, no single study has reported about unregulated import and its relationship with the tourism sector in the emerging economies context. Thus, this study provides an important opportunity to advance the understanding of effects of unregulated import policies on the tourism activity in emerging economies. However, the findings are based on telephone and Skype interviews; field visits are also needed to provide complementary data, such as photographs of the effects of unregulated import, especially on natural tourism attractions.

The result of unregulated imports may be explained by sudden major fiscal and economic changes in Libya since 2011. As indicated by the World Bank (WB) (2015b), the six post-civil war governments (2011-2014) translated lucrative revenues of the one commodity (i.e., oil revenues) into high wages, significant subsidies (i.e., they represented 69% of GDP) and transfers, as a means of buying security and stability. However, increased disposable income has led to the fuelling of consumption boom, which has created a spike in imports. Indeed, the excessive import is likely to be related to one commodity dependency and the backwardness of local industries, especially in food production. Thus, this result may offer a future

explanation to this phenomenon in some emerging economies; especially those that still experience political, economic and fiscal changes in the MENA region.

Third, the inadequate infrastructure is also an important characteristic. Although Libya has attractive tourist sites, tourist infrastructure deficiencies which are prevalent in transportation, finance and education, represent major obstacles. These three components are critical for tourism development, as a lack of any one component will limit tourism activities and opportunities, and thus inhibit the tourism sector's growth. In fact, this finding is in line with those previously published on the effects of the lack of tourism-related infrastructure on the tourism development in emerging economies (Henderson, 2006; Prideaux & McNamara, 2013; Reid & Schwab, 2006; Saufi, O'Brien, & Wilkins, 2014; SESRIC, 2008, 2010, 2013; Shunnaq, Schwab, & Reid, 2008; Tohamy, 2002). For example, current findings have confirmed the findings of Henderson (2006) who reported that infrastructure inadequacies have made many emerging economies, in particular in the Middle East region, including Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Palestine, Qatar, Saudi Arabia, Syria, the UAE and Yemen, to be some of the least developed tourism destinations in the world.

Some published studies (SESRIC, 2008, 2010, 2013) show that although the majority of the emerging economies have natural tourism potential, they are poor countries and have no ability to finance tourism infrastructure projects. However, this differs from the findings presented here; Libya is an oil-rich nation with only 6.2 million in population and has a high level of financial reserves, estimated at US\$190 billion in 2012 (St-John, 2013). Accordingly, the present study provides different evidence stating that the key issue in Libya is not finance, but rather, a lack of real political will and effective leadership. In particular, post-civil war governments have failed to begin reconstructing the aging and damaged facilities. Moreover, the unstable security conditions and the importance of oil sector in the Libyan economy have jointly made the tourism sector last in the priority list of the government.

7.2.3 Characteristics of Turbulent Environment

The second component in the empirical framework for firms' adaptation to environmental turbulence is the characteristics of the turbulent environment. According to the findings of this thesis, the security uncertainty and volatility factor

was identified as the major characteristic of the turbulent environment. This characteristic is new in the Libyan case, compared to before the civil war period. Since 2011, crime, political conflicts, terrorism-related issues and the weaknesses of the army and police have continued to serve as a barrier to the Libyan tourism sector's attractiveness to international tourist arrivals, domestic and foreign investors and businesses.

The literature addressed the following major risk factors, which negatively influence tourism development in many countries around the world. These are terrorism (e.g. Araña & León, 2008; Korstanje & Clayton, 2012; Pizam & Smith, 2000; Richter & Waugh, 1986; Tarlow, 2006); war and political instability (e.g. Issa & Altinay, 2006; Morakabati, 2013; Neumayer, 2004; Saha & Yap, 2014; Smith, 1998; Sonmez, 1998; Timothy, 2013); health concerns (e.g. Baxter & Bowen, 2004; Kuo et al., 2008; Padilla et al., 2010; Strielkowski, 2014; Wilder-Smith, 2006) and crime issues (e.g. Baker & Stockton, 2014; Dimanche & Lepetic, 1999; Ferreira & Harmse, 2000; Lorde & Jackman, 2013).

The present study confirms the above findings and contributes additional details showing that the Libyan tourism sector is not only influenced by one factor alone, like the recent terrorist attack in Sousse in Tunisia (BBC, 2015a; GOV.UK, 2015b), or the continued political instability in Egypt (Mansfeld & Winckler, 2015). Rather, the Libyan tourism sector is influenced by a combination of multiple and interrelated risk factors, which are security uncertainty and volatility, including crime, armed and political conflicts and terrorism, along with the weak army and police. Indeed, all of these factors simultaneously limit the tourism development in Libya. Thus, this thesis has advanced extant literature by about the effects of the interaction between armed and political conflicts. Furthermore, terrorism and the weaknesses of the army on tourism development are far more severe than the effects of only one factor, like political conflict. This finding suggests that the weakness of the Libyan National Army and security apparatuses have significantly contributed in creating a turbulent security environment. This turbulent security environment has not only influenced the tourism sector and international tourist flows to Libya, but also the tourism sectors in neighbouring countries. For instance, in the 2015 Sousse attacks in Tunisia (Palmer, 2015), the gunman who killed 38 tourists in Sousse, is believed to have received weapons training from terrorist groups in Libya (Skynews, 2015).

The second characteristic of a turbulent environment is weak institutions and legal complexity. The previous first characteristic, which is security uncertainty and volatility, is partly responsible for weakening governmental institutions' efforts to support law enforcement and security agencies. To date, there has been no discussion in the tourism literature in emerging economies regarding the complex interaction between a worsening security situation and the weakness of the institutions and their combined impact on tourism businesses and development. Thus, this thesis provides important insights into correlating an unstable security situation, the weakness of the institutions and lack of effective mechanisms to limit or manage conflicts. In fact, this has been observed in the Libyan case, as the weakness of the institutions has become ever more evident during the violence between rival armed militias and high crime rates in 2012-13 and 2014, which resulted in an uncertain security situation becoming a serious constraint of doing tourism business in the country.

This thesis also found that legal and bureaucratic difficulties increase legal complexity and difficulties in getting credit, enforcing contracts and protecting investors. According to the thesis's findings, legal and bureaucratic difficulties have discouraged existing tourism firms from expanding their existing operations and deterring other potential domestic firms and foreign investors, in particular, at the entry level. The findings of this investigation complement those of the pre-Libyan civil war literature (e.g., Alfergani, 2010; Jwaili et al., 2005; Porter & Yegin, 2006; WEF, 2009, 2010). Moreover, the result of legal and bureaucratic difficulties confirms the 2011 interim constitution of the NTC (LC, 2011). Article 35 of the interim constitution declared that all preceding laws and regulations (i.e. from the previous regime) are to remain in effect. As a result of this Article, bureaucratic and legal hurdles faced by entrepreneurs remain unchanged. Indeed, the result of legal and bureaucratic difficulties also confirms the findings of the reports conducted by the World Economic Forum (WEF (2009, 2010, 2011, 2012, 2013a, 2014b, 2014c) and the World Bank (WB (2009, 2010, 2011, 2012, 2013, 2014), in terms of the difficulties in doing business and the price competition in Libya and other emerging economies.

Thus, the present study confirms findings of the Libyan pre-civil war literature (WEF and WB) and contributes additional evidence that suggests (according to section 6.3.1.2 in chapter six) that the Libyan tourism regulative framework does not support

enough tourism development and liberalisation, as indicated by one interviewee: “*what we need is to open tourism without restrictions and barriers*”. This is contrasted with the United Arab Emirates (UAE) experiment, where due to progress within economic and institutional reforms, the UAE has succeeded in increasing economic openness and turning to tourism as a means of achieving economic growth and diversification (Hvidt, 2011; Sharpley, 2002). Furthermore, the UAE has significantly improved its ranking on the Travel & Tourism Competitiveness Index (TTCI) over the recent years (WEF, 2013b, 2015). Yet, this does not mean that the Libyan government is not pro-tourism. However, it can be speculated that a marginal shift in institutional framework, laws, and regulations would benefit Libya in general and the tourism sector in particular. The findings in section 7.2.5 suggest that tourism firms are well placed and have demonstrable dynamic capabilities. Thus, if they obtain enough institutional support, then tourism has the potential to flourish and tourism firms could achieve growth and development.

The findings in this section seem to contradict with the findings in section 7.2.4. The findings of sections 7.2.3 and 6.3.1.2 reveal that the weak institutions influenced negatively on the security situation in Libya. At the same time, it can be seen that in sections 7.2.4 and 6.4.1, the successive governments have attempted to improve the rule of law by rebuilding the army institution and security apparatuses. Indeed, in some ways and at some times, the governments were weak, but in other instances, they have tried to take on a stronger role. Currently, the huge political division and Fajr Libya (Libya Dawn) coalition of militias stand as a stumbling block in front of the governmental institutions’ efforts to stabilise the country.

7.2.4 Institutional Changes

As indicated in chapter six, this thesis is unable to demonstrate the role of foreign investors as an agent of institutional change with regards to, for example, entrepreneurship development and promoting privatisation. It is likely that the political and security situation in Libya remains unpredictable and unstable. As such, the unstable situation represents an obstacle to attracting foreign investors. However, as shown in section 6.4.1 in chapter six, the Libyan government has tried to improve the turbulent situation by playing three roles. The first two roles are the warranty of security and rebuilding infrastructure, while the third role is related to future investments in the tourism infrastructure.

There are some studies (Akama, 2002; Fletcher & Morakabati, 2008; Ladki & Dah, 1997; Upadhayaya et al., 2011) conducted in the context of tourism in developing countries. They examined the effects of conflict, terrorism and political unrest on tourism, as well as the challenges that are facing post-war tourism development and the government's reconstruction plan and role in shaping tourism policies. However, these studies have little to say about government intervention or the role and responsibility of government to manage post-civil war tourism. Indeed, most of the related studies have mainly provided detailed information about the role of the government in responding to post-disaster- natural events-tourism recovery (Huanga & Min, 2002; Huanga et al., 2008; Prideaux, 2004; Ritchie & Campiranon, 2014; Robinson & Jarvie, 2008). Therefore, the current findings, as shown in section 6.4.1 in chapter six, make a contribution to the post-civil war/ crisis recovery literature by providing some data about the role of the government in recovering the tourism through improving security and some part of the infrastructure.

Nevertheless, comparing the current results with those of the related previous cases including armed conflict, such as Rwanda and Nepal (Gatsinzi & Donaldson, 2009; Selvanathan, 2007; Upadhayaya et al., 2011), the Libyan government is not playing a crucial enough role. However, this should not be surprising, because the top governmental priority has been firstly assigned to the primary commodity, the oil sector, in the country. In 2012, the Libyan government made tremendous efforts to recover crude oil production by nearly 90% of the level before the civil war started, which significantly led to an increase in the oil GDP by 211%, as compared to 2011 (European Commission, 2013). Yet, when the security situation improves, it is anticipated that the government will play a more supportive and an important role in tourism recovery; as the results of section 6.4.1 in chapter six reveal that the government will have a role (if government commitment is met) relating to future investments in the tourism infrastructure.

7.2.5 Tourism Firms' Responses to Turbulent Environment

This section discusses the responses of the interviewed Libyan tourism firms to the turbulent conditions during and after the Libyan civil war. Based on the findings of this thesis, the interviewed Libyan tourism firms developed two types of responses: the first response is the crisis management capability, which is related to the Libyan

civil war period, while the second response is the business development capability, which is related to the post-Libyan civil war period.

7.2.5.1 Crisis Management Capability

This thesis revealed that the crisis management capability consists of two components, which are crisis assessment component and crisis response component. The crisis assessment component is based on establishing a cooperative relationship between employees and the management with the purpose of collecting and analysing information during the war for determining risks and challenges. However, the second component aimed at developing operational responses to risks and challenges. In both components, the participation and cooperation of the employees with the managers played a key role in determining and avoiding risks and challenges.

Although extensive research has been carried out on a crisis management in the tourism and hospitality sectors (e.g. Becken & Hughey, 2013; Blake & Sinclair, 2003; Evans & Elphick, 2005; Fall & Massey, 2006; Ghaderi, Som, & Wang, 2014; Hitchcock & Darma Putra, 2005; Ritchie, 2008; Rittichainuwat, 2006) to help tourism managers manage crisis situations, it has not dealt with the concept of crisis management capability and its components. In other words, no previous studies have examined how tourism firms develop a crisis management capability during crises, such as a war. Therefore, this work contributes to tourism crisis management knowledge by providing empirical evidence demonstrating how tourism firms respond to environmental turbulence via developing crisis management capability, which primarily reflects the ability of protecting the firms' resource bases (e.g., tangible assets) from risks during the crisis/ war period. As shown in chapter five, the majority of the interviewed tourism firms in this study reacted defensively when they were dealing with turbulent conditions during the war/ crisis event. Thus, the crisis management capability supports the reactive approach of crisis management, whose purpose is to limit the damage during the crisis event (Eccles, Newquist, & Schatz, 2007).

The practical purpose of crisis management capability seems to be consistent with the existing ideas of tourism crisis and disaster frameworks for the tourism sector (E.g. Becken & Hughey, 2013; Evans & Elphick, 2005; Faulkner, 2001; Huanga et

al., 2008; Hystad & Keller, 2008; Ritchie, 2004). In particular, the components of the crisis management capability, which are crisis assessment and crisis response, are consistent with the actions of the crisis response phase in the 4Rs model (i.e., reduction, readiness, response and recovery) (Becken & Hughey, 2013), consistent with the actions of the crisis event stages in the three-stage approach (i.e., pre-crisis, crisis event, and post-crisis) (Evans & Elphick, 2005; Page et al., 2006; Paraskevas & Arendell, 2007), as well as with the actions during the emergency phase in the tourism disaster management framework (i.e., pre-event, prodromal, emergency, intermediate, long term and resolution) (Faulkner, 2001; Huang et al., 2008; Ritchie, 2004). For example, the crisis assessment and crisis response component of the crisis management capability are equivalent to the emergency responses of implementation of the tourism crisis plans during the immediate crisis period in some tourism and disaster models. Therefore, the way in which Libyan tourism firms responded to an ongoing crisis is similar to the response to a one-off crisis.

However, contrary to the actions of the crisis response phase in tourism crisis and disaster frameworks (e.g. Evans & Elphick, 2005; Faulkner, 2001; Hystad & Keller, 2008; Ritchie, 2004), this thesis contributes to existing knowledge by providing new reactive actions of the crisis assessment and response components. The actions of the crisis assessment component are information collection by employee participation and exchange, as well as analysis by crisis committee and employee participation. These actions are heavily dependent on human resource participation. Similarly, the actions of the crisis response component are responses by participation and recruitment and responses by transference and reduction; these actions are also heavily dependent on human resource participation. Therefore, human resource is the key component of crisis management capability.

The thesis also makes an important contribution to the field of tourism crisis management by introducing and discussing the importance of responses by employee participation during the crisis event. To date, there has been limited discussion on the literature of tourism crisis management regarding how the participation of employees can affect response processes during the crisis period. In fact, the findings reveal that the participation of employees during the crisis event played a significant role in determining risks, as well as designing and implementing reactive responses. The clear example from the study is that the firm's employees participated voluntarily in

transferring firms' assets from a place of risk to a place of safety and protecting the assets. Thus, the voluntary participation of human resources during the crisis event was the main mechanism in the crisis assessment component and crisis response component of crisis management capability, though participation in designing and implementing responses to environmental turbulence.

Based on typologies of capabilities, which indicate that dynamic capabilities, as first-order capabilities, enable a firm to renew itself through creating or modifying operating capabilities or zero-level capabilities (Breznik & Hisrich, 2014; Winter, 2003), the crisis management capability here is a dynamic capability. Current findings, especially in chapter five, reveal that the crisis management capability has led to the creation of a new set of operational capabilities that enable tourism firms to perform their tasks to assess potential risks and protect the firms' assets from potential risks during the crisis event. Overall, the findings of this thesis make a major contribution to research on tourism crisis management by demonstrating how tourism firms, which are from one of the MENA countries, especially at the firm level, responded to war conditions and political instability during what is called the Arab Spring Revolution in 2011.

7.2.5.2 Business Development Capability

The findings showed that in the post-civil war period, the interviewed Libyan tourism firms developed a business development capability. The business development capability reflects the ability of Libyan tourism firms to identify business opportunities in the post-civil war period, formulate a specific response to such opportunities and implement a course of action.

From the perspective of tourism crisis management frameworks, the business development capability can be seen as a "crisis recovery stage or business resumption stage" (Huanga et al., 2008). In the aftermath of the crisis, the interviewed Libyan tourism firms moved as quickly as possible to develop specific skills and actions to resume business as usual or adapt to the new conditions in the post-crisis stage (Huanga et al., 2008; Jaques, 2007). Therefore, this is the first study providing an important opportunity to advance the understanding of tourism firms' responses to the post-civil war conditions from a dynamic capabilities perspective. No previous studies have examined tourism firms' responses in the post-civil war

period in emerging economies. Therefore, this work contributes to existing knowledge by demonstrating the business development capability as a specific case or empirical evidence of the crisis recovery phase or business resumption stage in the 4Rs model (Becken & Hughey, 2013; Evans & Elphick, 2005), resolution phase in both the tourism disaster management (Faulkner, 2001) and strategic crisis frameworks (Ritchie, 2004).

As shown in the section 7.2.1 in this chapter, the primary contribution of this study is an emergent framework (Figure 7.1) for how tourism firms adapt in a turbulent environment in emerging economies. On the other hand, the crisis management capability and business development capability sections contribute to the emerging economy literature by filling the gap on “the need to study how firms adapt and learn in the face of environmental changes in emerging economies” (Malik & Kotabe, 2009, p. 422; 2011, p. 196). Therefore, this thesis provides a new understanding of the ability of tourism firms in emerging economies, especially in politically unstable countries, to adapt to turbulent tourism environments from both the crisis management and dynamic capabilities perspectives.

This thesis demonstrates that the business development capability is embedded in three components: information acquisition, opportunity identification and resource reconfiguration. The information acquisition and opportunity identification are similar in purpose to the notion of sensing and learning capabilities (Bowman & Ambrosini, 2003; Shuen et al., 2014; Teece et al., 1997), adaptive capability (C. L. Wang & Ahmed, 2007), market-searching efforts (Gebauer, 2011) and opportunity recognition (Baron, 2008). They are also connected to exploration and exploitation activities in organisational learning (March, 1991). The information acquisition and opportunity identification are similar in function to the market-orientation notion (Kohli & Jaworski, 1990; Narver & Slater, 1990). Therefore, the main purpose of information acquisition and opportunity identification components for the organisations in this study is to attain insights about the opportunities and threats in the post-civil war period.

The third component of the business development capability is resource reconfiguration. Resource reconfiguration is consistent with managing threats, reconfiguration processes (Feiler & Teece, 2014; Teece, 2007, 2012), as well as

integration and coordination processes (Eisenhardt & Martin, 2000; Pavlou & El-Sawy, 2011). On the other hand, the primary purpose of the resource reconfiguration component for the organisations in this study is to seize identified opportunities and meet threats by acquiring new resources and recombining them with current ones, and then customising those resources with existing and new tasks and activities with the purpose of adaptation to environmental turbulence. In the following paragraphs, each component of the business development capability is discussed separately.

For clarification, the below paragraphs discuss the components, subcomponents and sub-subcomponents of business development capability. For example, information acquisition is a component, a scanning is a subcomponent and field visits and conversations are sub-subcomponents. The same order can be found within identification and reconfiguration components.

Information acquisition is a component

 Scanning is a sub-component

 Field visits and conversations are a sub-subcomponent

The first component of the business development capability is information acquisition. This component is related to the gathering of information from the market, in particular from customers, friends/ relatives, government officials, competitors and senior managers of other firms. Thus, the findings reveal further evidence that information acquisition is the first and most critical part of any form of dynamic capability (Feiler & Teece, 2014; Helfat & Peteraf, 2015; Pavlou & El-Sawy, 2011; Shuen et al., 2014; Teece, 2007, 2012). On the other hand, the current study provides sub-components or micro-foundations for the information acquisition component that are quite different from the sub-components stated in the literature.

For example, in the literature, information acquisition includes the following elements; consultants, printed material, economic, technological and social reports, research and development (R&D), new members, skunkworks, process improvement teams, dialogue and action science (Woerkom & Poell, 2010). It also includes internal and external communication networks and basic in-house research (Cassiman & Veugelers, 2006); the investment in R&D and related market activities and new technologies (Feiler & Teece, 2014; Teece, 2007); experimentation in laboratories and innovation centres (Feiler & Teece, 2014; Reinmoeller & Van Baardwijk, 2005); market orientation (Pavlou & El-Sawy, 2011); individual studies

and efforts (Karagouni & Kalesi, 2011); maintaining relationships or cooperations with customers, universities, suppliers, sector, firms, trade shows; and attendance at forecasting workshops (Karagouni & Kalesi, 2011; Reinmoeller & Van Baardwijk, 2005; Teece, 2007; Wilden & Gudergan, 2015).

In contrast to earlier studies, because of the nature of the tourism sector, the current results reveal that the first sub-component of the information acquisition is associated closely with the individual-personal and collective efforts of CEOs and employees, that is, human resources or human assets. In particular, the scanning activities of the information acquisition component are greatly dependent on the individual experience, effort and participation of the employees and CEOs in field visits and discussions, surfing the Internet and personal observations and experience. The employees' interaction and cooperation with one other and with their CEOs played a significant role in knowledge acquisition and creation. For example, one CEO and his secretary have together collected commercial data via observing and talking with Libyan people, as well as reviewed the fact sheet about health conditions. They saw that there is an opportunity related to providing medical tourism visa services. Therefore, the CEOs' interactions with employees are considered critical for knowledge acquisition.

The second sub-component of the information acquisition component is associated with informal networks that include managerial and social ties (Peng & Luo, 2000; Woolcock & Narayan, 2000). The findings showed that the interviewed tourism CEOs used their interpersonal contacts with external entities, such as governmental officials, to acquire new knowledge for creating a deep understanding of changes in the post-civil war tourism and business environments and then identifying opportunities and threats. Moreover, the interviewed tourism CEOs used their ties with friends, relatives/ family members, as well as tribal bonds and regional loyalties to obtain business information. By using informal networks (i.e., managerial and social ties), the interviewed tourism CEOs obtained project approval or policy support to reduce institutional barriers and received a preferential treatment. This type of informal networks is termed 'Wasta' in Libya, which is similar to 'Guanxi' in China (Brandstaetter, Bamber, & Weir, 2015).

The informal networks in this study are seen as a crucial component of dynamic capabilities in the context of the Libyan tourism sector. In fact, this result has not previously been discussed in the literature; this is because, much of the dynamic capabilities literature tended to focus on developed countries and ignored the particular background of developing countries. Thus, this provides a new contribution to the dynamic capabilities literature in the emerging economies context. This thesis shows that managerial and social ties are acting as facilitators of inter-organisational learning such as knowledge acquisition (Zahra & George, 2002; Zollo & Winter, 2002); knowledge-sharing network (Dyer & Nobeoka, 2000); resources acquisition (Danneels, 2011); as well as social network and elite institutional ties of managers (Belliveau, O'Reilly, & Wade, 1996).

Some studies in the emerging economies indicated the importance of the relationships between managerial ties, knowledge acquisition, absorptive capacity and innovation (Gao, Xu, & Yang, 2008; Kotabe, Jiang, & Murray, 2011; Payne, Moore, Griffis, & Autry, 2011; Shu, Page, Gao, & Jiang, 2012). Thus, this thesis supports these studies by revealing the significant role that managerial and social ties (components of dynamic capabilities) play. Indeed, the interviewed Libyan tourism CEOs' use of informal networks confirmed the fact that due to the institutional inadequacies of formal legal and regulatory frameworks in this emerging economy, the interviewed CEOs relied on informal networks to secure scarce resources and institutional support, as such facilitating business transactions and acquiring business information (Kotabe et al., 2011; Narayanan & Fahey, 2005). In addition, the current results are in accord with other studies indicating that managerial ties enhance the ability of firms operating in emerging economies to learn more rapidly and adapt to turbulent environments more quickly through enhancing the market orientation of a firm leading to superior performance (Chung, 2012; Li & Zhou, 2010).

The second component of the business development capability is the opportunity identification. This component is associated with identifying profitable business opportunities. Indeed, the interviewed CEOs and employees of tourism firms engaged in an acquired-information assimilation stage, where they examined, interpreted and understood the market-information obtained via the information acquisition. The opportunity identification component is very similar in purpose to absorptive capacity (Arthurs & Busenitz, 2006; C. L. Wang & Ahmed, 2007; Zahra

& George, 2002). The absorptive capacity is considered a form of dynamic capability embedded in a firm's routines and processes (which promotes organisational change and evolution) (Vega-Jurado, Gutiérrez-Gracia, & Fernández-de-Lucio, 2008) and defined as “the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends” (p. 37). Researchers have suggested that the absorptive capacity consists of four sub-components: knowledge acquisition, assimilation, transformation and exploitation (Zahra & George, 2002).

However, this thesis considers assimilation and transformation as sub-components of the opportunity identification, as they are associated with converting the acquired information into commercial purposes or commercially useful information. Moreover, because the knowledge exploitation of the absorptive capacity is associated with creating new competences by incorporating acquired and transformed knowledge into firm operations (Zahra & George, 2002), the current data indicate that the knowledge exploitation is quite similar in purpose to the reconfiguration component, as explained below. Overall, the assimilation sub-component of the opportunity identification component in this study is related to analysing, interpreting and understanding the information obtained by the acquisition component. However, the transformation focuses on combining existing knowledge with assimilated knowledge, so as to discover the opportunities and threats in the post-civil war period. In the following paragraphs, the sub-components of the opportunity identification component are discussed.

The first sub-component of opportunity identification is assimilation. Current findings reveal that assimilation's sub-components include discussions and opinions, advice and consultation. These elements contrast with those observed in earlier studies, such as shared knowledge within the cross-functional project team, R&D activities, inter-unit links and networks and IT-based knowledge codification system (Cadiz, Sawyer, & Griffith, 2009; Lewin, Massini, & Peeters, 2011; Wenpin, 2001; Zahra & George, 2002). However, all of these elements, whether those identified in the current study or in the literature, lead to the same goal, which is understanding business opportunities (Zahra & George, 2002). Therefore, the assimilation sub-component acts as an enabler of understanding change in the post-civil war period.

The second sub-component of the opportunity identification is transformation. The transformation sub-component consists of one process, which is conversion. The conversion process is associated with transforming assimilated-information into specific profitable opportunities. Based on the findings of this thesis, conversion is exemplified in the ability of the interviewed tourism firms to identify two types of opportunities according to the diversification levels, which are related and unrelated opportunities. The related opportunities are new businesses that are suitable for tourism firms' current resource bases, while unrelated opportunities are new businesses that are not suitable for tourism firms' current resource bases. Indeed, the results of the conversion process are in accord with previous studies (Zahra & George, 2002), indicating that the transformation component helps firms to open the "black box", that is, facilitate the recognition of entrepreneurial opportunities and altering the way the firms see themselves and their competitive landscape.

This is supported by the thesis findings, as there are some tourism firms, as shown in chapter five - Firm-A, Firm-B and Firm-E - who enter into business segments that show no direct relation to their existing knowledge, resources and capabilities. Here, this refers to opportunities for unrelated diversification. These firms saw that there was a chance to survive and grow by seizing two or three opportunities that are unrelated to their resource bases. Such firms have made major alterations to their resource bases or changed the ways in which the firms operated in order to operate under the new conditions in the post-civil period. However, other tourism firms, as shown in chapter five - Firm-D and Firm-H - saw that there was a chance to survive and grow by seizing opportunities that are related to their existing knowledge, resources and capabilities. Here, this refers to opportunities for related diversification. These tourism firms have made minor alterations to their resource bases.

To date, there has been no discussion in the dynamic capabilities literature regarding the question posed by Arend and Bromiley (2009, p. 78): "Is dynamic capabilities perspective consistent with related diversification or unrelated diversification?" Thus, this thesis makes a contribution to the research on dynamic capabilities by demonstrating that the dynamic capabilities perspective is in line with both related diversification and unrelated diversification. In the unrelated diversification process, the interviewed tourism firm, Firm-E, has made major alterations to their resource

base, including tangible, intangible, human assets as well as capabilities (Helfat et al., 2007). In addition, the opportunities for unrelated diversification led to the creation of new markets for tourism firms, for example, as shown in chapter five - domestic tourism, wedding services and transport markets.

However, in the related diversification process, tourism firms, Firm-D and Firm-H, have made minor alterations to their resource bases and they are still operating in the same market. Other tourism firms like Firm-A has invested in both types of opportunities, that is, they seized opportunities for related and unrelated diversification. However, the fixed assets of the hotel firms, Firm-G and Firm-H, made it more challenging for them to engage in unrelated diversification processes and capitalise on more external opportunities in the post-civil war period. They seized unrelated opportunities by making minor alterations to their resource bases.

The final component of the business development capability is the resource reconfiguration component. This component is similar to those identified by Dixon et al. (2013); Feiler and Teece (2014); Shuen et al. (2014); Teece (2007, 2012); Teece et al. (1997). The resource reconfiguration component consists of acquisition and customisation. The acquisition sub-component is associated with acquiring tangible and human assets for investing in related diversification and unrelated diversification. However, the customisation sub-component is associated with purposefully modifying tangible, intangible and human assets, as well as capabilities according to both related and unrelated diversification.

The acquisition and customisation components are different to those observed in earlier studies. These studies regarded the reconfiguration activities as rather inconclusive and there was no general agreement about the number and types of reconfiguration activities. For example, in Teece's (2007) study, there are redeployment, business model redesign, tangible and intangible asset-realignment activities and the revamping of operating routines. There are also transformation and recombination (Ambrosini & Bowman, 2009; Shuen et al., 2014); patching (i.e., add, combine and split) and transfer processes (i.e., replication and brokering) (Eisenhardt & Martin, 2000); coordination, integration and synchronisation (Pavlou & El-Sawy, 2011); resources acquisition (Dixon et al., 2013; Helfat et al., 2007) and consolidation and restructuring (Dixon et al., 2013).

However, all the reconfiguration activities, whether in the current study or in the literature, are associated with transformation, which in turn requires a recombination of existing tangible, intangible and human assets, as well as operational capabilities. Having acquisition and customisation as sub-components of resource reconfiguration support previous studies regarding the process of transforming resources (Dixon et al., 2013; Uhlenbruck et al., 2003); revamping of operating capabilities (Pavlou & El-Sawy, 2010, 2011); business model redesign (Dixon, 2013); as well as tangible and intangible asset-realignment (Feiler & Teece, 2014; Teece, 2007). Therefore, the main purpose of the reconfiguration component is to transform resources to respond to opportunities for related and unrelated diversification, in order to survive under turbulent conditions in the post-civil war period. Overall, the findings of this thesis advance the understanding of scholars as to why certain tourism firms from emerging economies perform better in developing new organisational capabilities and therefore, are more likely to successfully adapt to turbulent environments.

7.3 Conclusion

In this chapter, the framework for firms' adaptation to the environmental turbulence is discussed in terms of existing literature. In particular, the results of the characteristics of the Libyan economy, turbulent environments and institutional change are discussed with existing relevant literature. However, the results of tourism firms' responses to turbulent environment are discussed with the literature regarding tourism disaster and crisis management and dynamic capabilities. Within the discussion sections, the contributions of the current study in each section are demonstrated through comparing and contrasting findings with the existing literature.

Implications, and Future Research**8.1 Introduction**

In this final chapter, a summary of the thesis is provided in the context of how well it addresses the research questions. The theoretical and methodological contributions to tourism crisis management, dynamic capabilities and emerging economies literature arising from this thesis are highlighted. Furthermore, based on the findings of the thesis and the discussions in chapter seven, managerial implications are provided. At the end of this chapter, the limitations of this thesis, as well as the suggestions for future research are also discussed.

8.2 An Overview of the Thesis

The first chapter of this thesis introduces the context of the thesis covering issues; in particular, the context background, research and objectives and significance, conceptual framework and the definitions of terms. The main research questions of this thesis are:

- 1- What characteristics of emerging economies are showcased in Libya? How do they impact on the Libyan tourism sector?
- 2- What characteristics of turbulent environments are showcased in Libya? How do they impact on the Libyan tourism sector?
- 3- How does institutional change impact on the turbulent tourism environment and tourism firms in Libya?
- 4- How do tourism firms respond to the turbulent environment in Libya?

In the second chapter, the literature review was conducted in three different areas. The first area is tourism crisis and disaster management, which includes the definitions of the types of tourism crises; managing tourism crises and disasters; as well as tourism disaster and crisis frameworks. In the second section, the concept of dynamic capabilities; typologies of capabilities; building dynamic capabilities and components of dynamic capabilities were discussed. The third area includes the characteristics of emerging economies and their impact on tourism sectors.

Chapter three provided a background to Libya, the country under investigation. The economic structure, business environment and constitutional development were presented. Tourism in Libya is presented in terms of tourist attractions and tourism development. In addition, the tourism development is discussed according to three different periods: tourism in the pre-civil war period, tourism during the civil war period and tourism in the post-civil war period.

The main purpose of chapter four is to explain the research design and methodology. In this chapter, the research methodology is discussed and justified in terms of the research paradigm, case study methodology and design. The primary study was qualitative and exploratory; thus, the study is based on qualitative data collected by interviews and secondary data from eight case studies of Libyan tourism firms. The data were later analysed using template analysis assisted with the NVivo software. Finally, the quality criteria of case study research were used to ensure that the data collection and analysis met the tests of validity and reliability.

In chapter five, within-case analysis was conducted to explore how each tourism firm responded to environmental turbulence. Each tourism firm's response was presented in a chronological order or according to three different time periods: the pre-civil war, civil war and post-civil war periods. The chapter showed that tourism firms have undergone a transformation as a result of changes in the civil war and post-civil war periods. In chapter six, the cross-case analysis was conducted to compare and contrast the data of the individual cases, along with the available secondary data, in order to address the thesis's questions. In chapter seven, the conceptual framework for firms' adaptation to environmental turbulence (Figure 1.1) was refined by the results of chapter six. The refined framework and its components were discussed in the light of the literature review to extend the theory and to enhance the ability to generalise.

8.3 Contribution

The following section summarises the main contributions of the thesis, which are theoretical and methodological contributions.

8.3.1 Theoretical Contribution

This thesis makes theoretical contributions to the body of knowledge in several areas from emerging economies, the turbulent tourism environment, institutional change and tourism crisis management literature to dynamic capabilities.

8.3.1.1 Contributions of the Empirical Framework for Tourism Firms' Adaptation to Environmental Turbulence during and Post-Civil War

The findings from the empirical framework for tourism firms' adaptation to environmental turbulence during and post-civil war make several contributions to the current literature. First, the current framework (Figure 7.1) represents the first attempt to fill the gap on the need to study "how firms adapt and learn in the face of environmental changes in emerging economies" (Malik & Kotabe, 2009, p. 422; 2011, p. 196). Thus, this framework offers insights to understand the characteristics of emerging economies and turbulent environments that are acting as drivers of change and triggers for micro/ firm-level changes and responses, which still remain relatively unexplored in emerging economies (Shirokova et al., 2014). Thus, because Libya is one of the MENA countries, the current framework holds the promise of transferability or generalisability to a variety of settings in some other MENA emerging economies, for example, Algeria.

Second, the current framework (Figure 7.1) provides a new basis to analyse firms' adaptation and transformation processes in war and post-civil war periods in emerging economies. Thus, it extends earlier empirical and theoretical frameworks (Dixon et al., 2010; Malik & Kotabe, 2009; Newman, 2000; Uhlenbruck et al., 2003; Zhou et al., 2006). In particular, the framework provides the basis for an explanation on how economic, political, security and institutional changes in emerging economies serve as drivers of organisational transformation and adaptation for tourism firms. The framework also offers an interpretation of the role of the government in supporting tourism firms develop relevant responses to seize available opportunities.

Third, the present framework is likely to be particularly valuable to the tourism crisis management and dynamic capabilities literature. The framework synthesised both tourism crisis management and dynamic capabilities perspectives to understand tourism firm-level changes and responses during and post-civil war periods. Thus,

this is the first study to combine tourism crisis management and dynamic capabilities perspectives, in order to understand tourism firms' responses during crisis event and post-crisis stages.

8.3.1.2 Contributions of Characteristics of Emerging Economies

This work contributes to the existing knowledge of emerging economies by providing different characteristics (i.e., dependence on one commodity, unregulated import and inadequate infrastructure) that are applicable to certain types of emerging economies, particularly in the MENA region. In particular, it sheds new light on the effects of dependence on one commodity, unregulated import and inadequate infrastructure on the tourism sector and tourism development in Libya. This information is potentially transferable to countries in the MENA area who share similar characteristics.

In addition, the characteristics of emerging economies provided here can be seen as a response to the need for showing different characteristics of individual countries like Libya, and their impacts on tourism business and entrepreneurial activity (Bruton et al., 2008). Thus, the characteristics of the Libyan economy represent post-Arab Spring characteristics that limit the tourism development and the abilities of tourism firms to do business in the tourism field. In other words, the current findings contribute to a better understanding of consequences of dependence on one commodity, as superior returns from one commodity dependency have resulted in a lack of commitment towards the tourism sector and tourism infrastructure development. Moreover, this thesis provides an important opportunity to advance the understanding of effects of unregulated import policies on the natural tourism attractions in emerging economies. In fact, the findings pertaining to the unregulated import may reflect this phenomenon in some emerging economies; especially those with experience in political, economic and fiscal changes in the MENA region.

Finally, the findings pertaining to the tourist infrastructure deficiencies confirm earlier research in emerging economies. In particular, infrastructure inadequacies have made some emerging economies in the MENA region the least developed tourism destinations in the world. However, unlike poor emerging economies with inadequate financial resources, this thesis provides evidence that oil-rich emerging economies lack real political will and effective leadership to finance tourism product

development projects and tourism infrastructure projects, as indicated in chapter seven; the oil-rich emerging economies view tourism activity as economically unnecessary or culturally undesirable.

8.3.1.3 Contributions of the Characteristics of Turbulent Environment

From the security side, the present research explores, for the first time, the effects of the interactions between armed and political conflicts, terrorism and weaknesses of the army on tourism development, which are far more severe than the effects of only one factor, like political conflict. This finding shows that the weakness of the Libyan National Army and security apparatuses have significantly contributed in creating a turbulent security environment. This turbulent security environment has not only influenced the tourism sector and international tourist flows to Libya, but also influenced tourism sectors in neighbouring countries, such as Tunisia. Thus, the turbulent security environment can be understood by correlating an unstable security situation, the weakness of the army and government and a lack of effective mechanisms to limit or manage conflicts. Finally, from the legal side, the findings of legal and bureaucratic difficulties faced by tourism entrepreneurs confirm previous findings and even the pre-Libyan civil war literature.

8.3.1.4 Contributions of Institutional Changes

This study found limited contributions about government interventions or the role and responsibility of the government to manage post-civil war tourism. However, these findings contribute to the post-civil war/ crisis recovery literature by assisting in the understanding of the role of governments in the post-civil war period, in terms of restoring security and stability for providing a warranty of security, as well as rebuilding tourism related infrastructure.

8.3.1.5 Contributions of Tourism Firms' Responses to Turbulent Environment

This thesis makes a major contribution to research on firms' responses in emerging economies by advancing the understanding of how and why certain Libyan tourism firms could adapt and survive, even flourish during and post-civil war periods, while others faltered. Therefore, as indicated in section 8.3.1.1, the empirical findings in this thesis filled a gap on "the need to study how firms adapt and learn in the face of environmental changes in emerging economies" (Malik & Kotabe, 2009, p. 422; 2011, p. 196). In the following sections, the contributions regarding the firms'

responses, which are the crisis management and business development capability, are presented.

8.3.1.5.1 Contributions of Crisis Management Capability

This work contributes to the tourism crisis management knowledge by providing empirical evidence demonstrating how tourism firms developed the crisis management capability during the civil war period. Such a capability enabled tourism firms to protect their resource bases that include tangible assets from risks during the crisis/ war period. Tourism firms during the civil war period made changes in response to risks as they arise and behaved reactively without pre-planning or proactive coordination. Their responses, which include crisis management capabilities, support the reactive approach of crisis management whose purpose is to limit the damage during the crisis event (Eccles et al., 2007).

The analysis of tourism firms' responses during the civil war period undertaken here, has extended the tourism crisis management frameworks knowledge by providing specific responsive actions during a crisis stage, for example, the 4Rs model and the three-stage approach (see chapter two). That is, the responsive actions of the crisis assessment component are information collection by employee participation and exchange, and analysis by crisis committee and employee participation. Similarly, the actions of the crisis response component are responses by participation and recruitment, and responses by transference and reduction. The responsive actions of both components of crisis management capability (i.e., crisis assessment and crisis response) are heavily dependent on human resource participation during the crisis event or emergency.

Therefore, this thesis sheds new light on the importance of employee participation during the crisis event. This study also offers some insights into the literature of tourism crisis management regarding how the participation of employees can impact on response processes during the crisis. Specifically, the study shows that the participation of employees during the crisis event plays a significant role in determining risks, designing and implementing reactive responses. For example, the employees contributed voluntarily in transferring firms' assets from a place of risk to a place of safety and protecting the assets. Thus, the voluntary participation of human resources during the crisis event is the major component of crisis management

capability, as the participation of human resources has a role in the designing and implementing of responses to environmental turbulence. In addition, the crisis management capability is based on data from armed conflict–case studies, while most tourism crisis and disaster management frameworks are primarily based on the data from environmental disaster/ catastrophe case studies. This thesis offers a new crisis context within which to examine how tourism firms respond.

The present study has demonstrated, for the first time, that crisis management capability is a form of dynamic (first-order) capability, whose goal is to create a set of operational routines/ capabilities that are associated with assessing potential risks and protecting the firm from such potential risks. This seems to be a particularly worthwhile addition to both tourism crisis and dynamic capabilities literature, because the crisis management capability, as a first-order capability, is associated with change and not intended to change itself. Overall, the findings of this thesis make a major contribution to research on tourism crisis management by demonstrating how tourism firms, which are from one of the MENA countries, especially at the firm level, responded to war conditions and political instability during what is called the Arab Spring Revolutions in 2011.

8.3.1.5.2 Contributions of Business Development Capability

One of the important contributions of this thesis is the advancement of an understanding of tourism firms' responses to post-civil war conditions. From the perspective of tourism crisis management frameworks, the tourism firms' post-civil war responses, which are a business development capability, represent an empirical evidence of the crisis recovery phase in the 4Rs model (Becken & Hughey, 2013; Evans & Elphick, 2005) and the resolution phase in the tourism disaster management framework (Faulkner, 2001). Therefore, this study adds to tourism crisis management models knowledge by providing case studies that exemplify how tourism firms resumed their business operations in the post-civil war stage, even though the crisis was ongoing and the security situation was uncertain. As such, the present study makes noteworthy contributions to post-crisis tourism management literature, by showing how tourism firms develop specific capabilities to resume business as usual or adapt to the new conditions in the post-crisis stage.

From the dynamic capabilities perspective, the business development capability is a form of a dynamic (first-order) capability, which enables tourism firms to change the ways in which they operate, in order to adapt to turbulent conditions in the post-civil war period. The purposes of the components of business development capability, which are information acquisition, opportunity identification and resource reconfiguration, corroborate with earlier studies (Protogerou, Caloghirou, & Lioukas, 2011; Teece, 2007). On the other hand, the study has made some progress towards enhancing the understanding of these components by providing new some sub-components in the literature; for example, informal networks and social ties.

The present study adds to the growing body of literature showing that informal networks in this study are seen as a crucial component of dynamic capabilities, in the case of an emerging economies context. The matter of informal networks has not been discussed in the dynamic capabilities literature. This is because, much of the dynamic capabilities research has tended to focus on developed countries and ignored the particular background of developing countries. The elements of informal networks, which are managerial ties and social ties, are new in dynamic capabilities literature. Yet, they are acting as facilitators of inter-organisational learning such as knowledge, acquisition, knowledge-sharing network, resources acquisition and social network and elite institutional ties of managers.

Researchers have suggested that the absorptive capacity consists of four sub-components, namely knowledge acquisition, assimilation, transformation and exploitation (Zahra & George, 2002). However, the findings of this thesis consider assimilation and transformation as sub-components of the opportunity identification. The elements of the assimilation component, which are discussions and opinions, as well as advice and consultation are different to those observed in earlier studies. However, the elements of assimilation, whether those identified in the current study or in the literature, have all led to the same goal, which is that of understanding.

The transformation component is exemplified in the ability of tourism firms to identify two types of opportunities, related and unrelated, according to the diversification levels. This finding contributes to answer the question posed by Arend and Bromiley (2009, p. 78): “Is dynamic capabilities perspective consistent with related diversification or unrelated diversification?” In other words, the current

findings have made a contribution to the research on dynamic capabilities, by demonstrating that the dynamic capabilities perspective is in line with both related and unrelated diversification. The results of this study also contribute to the understanding of why certain tourism firms from emerging economies perform better in developing new organisational capabilities and therefore, are more able to successfully adapt to turbulent environments.

Overall, this thesis contributes to the tourism literature and tourism crisis management literature, by adopting and applying the dynamic capabilities perspective in the tourism context, through developing an understanding of how successful firms adapt and survive in a crisis. Thus, the thesis plays a vital role in broadening this perspective and its applications in the context of emerging economies that have experienced unstable conditions.

8.3.2 Methodological Contribution

As indicated in chapter four, template analysis is deeply embedded in business and management research located within a healthcare setting (Brooks et al., 2015; Waring & Wainwright, 2008b). However, it is not as well established in other business and management research settings (King, 2004). In particular, template analysis has not been used much in the context of tourism. The use of multiple case studies with template analysis is relatively unusual. Thus, the current study paves the way for other researchers to adopt this approach. Template analysis is an effective method to thematically organise and analyse the responses of case studies that experience the same tourism crisis, according to the sequence of chronological events in the crisis life cycle (i.e., pre-crisis, crisis and post-crisis). For example, template analysis enabled the researcher to analyse case studies according to three time periods: pre-civil war, civil war and post-civil war periods respectively. By analysing the firms' histories according to three time periods, the researcher could trace the history of the tourism firms in the pre-civil war period and compare it with during and post-civil war periods. As such, changes in business processes and tactics or tourism firms' behaviours over the Libyan civil-war life-cycle could be detected.

Although template analysis is an unfamiliar method in strategic management literature, it has been found in this thesis to be able to support and employ a process view of dynamic capabilities (Narayanan et al., 2009) via tracking, identifying and

clustering of the specific processes (which constitute dynamic capabilities that were embedded or latent in the qualitative data). For example, the hierarchical organisation of codes enabled the researcher to cluster and label the following: similar raw data into similar lower order processes; similar lower order processes into higher order components and finally, similar higher order components into a specific capability.

In this study, Figure 6.4 and Figure 6.5 in chapter six show how template analysis enabled the researcher to extract the hierarchical organisation of the crisis management and business development capabilities. Consequently, template analysis can play a role in addressing the ongoing debate regarding the underlying processes that constitute dynamic capabilities and whether they could be measured by empirical research (Helfat & Peteraf, 2009). Also, in this thesis, the hierarchical coding feature of template analysis was found to be a very effective way to link and describe qualitative relationships among themes, categories and codes. For example, as shown in Figure 6.1 in chapter six, the three themes are identified as indicators of the characteristics of the Libyan economy, while the codes and categories are identified as the interpreters of these characteristics. Template analysis was found to be as an effective tool to build an interpretative structure of the phenomenon under investigation. For example, a reader can quickly form a general idea about firms' adaptation to environmental turbulence by looking at the final templates in chapters five and six.

8.4 Managerial Implications

The results of the data analysis evidently have important implications for major stakeholders, be it the Libyan government, the Libyan tourism sector or international tourism investors. The proposed framework (Figure 7.1 in chapter seven) was refined and the economic, political and security factors that influence tourism development and growth were identified. Hence, the refined framework could assist policy-makers by providing a set of factors that needed to be addressed, in order to succeed in promoting and improving the tourism sector in Libya and other similar emerging economies. Collectively, the current results put forward recommendations to the major stakeholders in Libya on how to promote the tourism as discussed in the subsections below.

8.4.1 Implications for the Characteristics of the Libyan Economy

The most significant implication for practice is that Libyan policy-makers must seek to develop a phased development plan to reduce the country's dependency on oil as the major source of income, to address the varied tourism-related infrastructural issues including hotels and resorts, roads and telecommunications, that are currently underdeveloped, as well as the obstacles to tourism development. The early stages of such a plan must begin with enhancing the cognisance of the importance of tourism in economic diversification and involving both public and private sectors in tourism-related infrastructure investment. The benefits of tourism development are for individual Libyans- the government does not need the money. Tourism can help ordinary people rebuild their lives post-civil war, as the experiences of Rwanda and Nepal (Gatsinzi & Donaldson, 2009; Selvanathan, 2007; Upadhayaya et al., 2011) provide guidance to Libyan policy-makers. The plan must be supported by marketing and promotion activities, which inculcate the perception that Libya is open for business and is seeking further cooperation with foreign companies to capitalise on the potential for contracts to deliver the infrastructure and construction. In addition, the natural environment is a major concern in the tourism development of the country. Libyan policy makers must impose some laws to confront the unregulated import of second commodities that threaten the Sahara desert and sea environments, that is, there is a need to governmental protection of the key tourism assets.

8.4.2 Implications for the Characteristics of Turbulent Environment

The findings of this thesis have confirmed that security uncertainty and volatility have continued to serve as a barrier to international tourist arrivals to Libya, as well as domestic and foreign investors and businesses in Libya. Hence, the Libyan Government must strive to make joint efforts with neighbouring countries (Algeria, Chad, Egypt, Niger, Sudan and Tunisia) to consolidate control over the borders to prevent the flow of weapons to criminals and terrorists, as well as stop the flow of illegal immigrants. Moreover, the Libyan government should seek technical assistance and cooperation with the UN, the EU and the U.S in the field of security cooperation and training of the army and police forces, and increasing the capacity of employees of the Department of Interior to impose security and stability across the country by enforcing security inside cities. Thus, the improvements in the effectiveness of the Libyan National Army and police services will play a role in

enforcing law and order and reducing the cost to business because of unstable security conditions. Finally, the improvement in the Libyan security situation can raise awareness of Libya's tourism potential in the major source tourism markets, such as the EU, by altering tourists' perceptions of Libya as an unsafe destination. In other words, these efforts can play a role in sending a message of reassurance to related parties about tourism activity, especially domestic and foreign investors, as well as domestic and international tourist arrivals.

In addition, the Libyan tourism sector can be supported by making some changes to tourism related-regulations and legislation, in order to cope with legal and bureaucratic difficulties and obstacles. In particular, changes should be made to the following regulations: that of starting a new business, getting credit, protecting investors, reinforcing contracts, as well as paying taxes and registering property, as they all influence domestic businesses and foreign investors. Although the tourism firms in this study have not received direct support from the government or the Libyan tourism ministry, they have shown crisis management capabilities to protect their assets and properties during the civil war. In addition, in the post-civil war, they have shown business development capabilities to invest in related and unrelated diversification. Therefore, it is not difficult to imagine how legislative and institutional supports would benefit Libya in general and help flourish tourism sector in particular.

8.4.3 Implications for the Institutional Change

The Libyan government has sought to support the Libyan tourism sector through improving the security situation and rebuilding some tourism-related components of infrastructure. However, the Libya government's involvement has been limited to date and should be tangible and direct especially in the post-civil war stage of tourism, as the tourism sector cannot survive in the long-term without governmental support. Indeed, there are four governmental priorities that are required to support the tourism sector and achieve tourism growth in the post-civil war period.

First, government commitment. Until the tourism sector can utilise the Libyan tourism assets - archaeological (particularly Greek and Roman) heritage, deserts, beaches and mountains effectively - there must be a governmental commitment to allocate adequate resources from its national budget to finance post-civil war tourism

development and infrastructure improvement, and even provide financial incentives or fiscal subsidies to local tourism firms.

Second, budget and action plans. A sufficient budget for financing tourism infrastructure projects and tourism plans are essential for post-civil war tourism development. In the pre-civil war period in 2005, the Libyan government developed the Libyan Tourism Master Plan (LTMP) and allocated US\$3 billion for tourist and hotel construction projects; yet, none of these projects have been implemented up to now (Allurentis & UKTI, 2014; Porter & Yegin, 2006). Thus, as mentioned above, governmental commitment is necessary for overcoming financial difficulties regarding the development of the tourism sector. The LTMP must be revised according to the 2011 war circumstances and the armed conflict events in the post-civil war; for example, the inadequate pre-civil war infrastructure components, such as electricity, transportation and telecommunications, have become worse since the war.

Thus, the revised LTMP should include short-term actions to re-establish basic tourism related infrastructure components, especially electricity, drinking water distribution, roads and airport landing facilities. In the mid and long-term periods, the government should help the tourism sector in terms of providing major tourism related-infrastructure including hotels, lodging houses, resorts, seaside facilities, shopping districts, heritage attractions, railways, restaurants, exhibition centres, shopping malls, as well as health and educational requirements. The revised LTMP should be explicit about the role of the government in re-establishing the regulatory environment for encouraging foreign direct investment to invest in tourism-related service projects and joint ventures with local tourism businesses.

Third, promoting and marketing the tourism sector. In order to raise the awareness and re-engineer images of Libya abroad as a potential destination in key source markets, marketing tools and techniques are needed to reassure and attract foreign visitors. In the short term, the government can draw on the experience of tourism brand destination specialists, digital marketing experts and advertising companies, who are located in the source markets. For example, the Libyan government should look to the EU to raise awareness and create positive images of Libya as a country and Libyans as friendly and welcoming people. After this, the

promotional message must slowly move on to the stimulus stage by creating the demand for visiting Libya. In the long-term, the Libyan tourism marketing campaign can be transferred to other potential source markets, such as the USA and Canada. The main reason for concentrating on source foreign markets (i.e., EU, USA and Canada) and not regional markets, is that the pre-civil war statistics (LBTS, 2010; LGBTTI, 2006a, 2009b) indicated that majority of international tourist arrivals who chose Libya as a tourism destination, are from the European Union, the USA and Canada.

Fourth, human resource development. The last priority is that there should be government involvement in terms of providing education and training facilities. The government should coordinate with the universities and other education providers to design educational tourism programmes, aiming at building tourism leaders and managers' capabilities and the entrepreneurial development skills needed to apply tourism planning and development, environmental protection, as well as understand the opportunities and challenges in the post-civil war tourism environment. In addition, governmental support is necessary to develop existing hospitality and tourism training institutions and create new ones for developing skills in culinary arts, food and beverage management, events management, meetings and lodging management. Therefore, the human resource development will not only benefit the Libyan Government, but it will also help Libyans to benefit from tourism development.

The Libyan Tourism Ministry must support meetings and workshops with Libyan tourism CEOs and managers to discuss and find the best way to encourage and support ongoing training programmes, through creating networks within the tourism firm and inter-organisational networks among Libyan tourism firms for exchanging their experiences and doing practical exercises. The training programmes can include on-the-job training, job rotation, workshops, conferences and apprenticeships. The Libyan Tourism Ministry must invite foreign tourism experts from neighbouring countries, in particular Tunisia and Egypt, to provide technical assistance and training; for example, relating to terrorism security issue, tourism planning and sustainable tourism development. Overall, tourism training and education can help in developing skills, knowledge and competencies of human resources.

8.4.4 Implications for Tourism Firms' Responses to Turbulent Environment

In terms of crisis management capability, it has been noted that the crisis assessment and crisis response components greatly depend on the participation, communication and collaboration of the employees, managers and CEOs aiming to face real risks during the civil war period in 2011. This indicates that within the interviewed tourism firms in this study, there is a kind of cooperative organisational culture that facilitates effective group functioning and teamwork during the crisis stage. Therefore, the policy-makers of tourism firms must seek to motivate or enhance cooperative organisational culture by providing intangible stimulants and incentives, such as a recognition of the importance of collective group culture and greater employee participation during the crisis event, training opportunities, career development, praise and certificates, as well as financial incentives.

The results of this study suggest that in general, the interviewed tourism firms did not prepare proactive crisis management efforts, but they managed to quickly establish and execute a set of reactive actions in response to the unanticipated armed conflict outbreak in 2011 that threatened their firms' survival and existence. However, the interviewed tourism firms' CEOs saw the 2011 events as an opportunity to analyse and utilise their crisis experiences and newly gained knowledge as an organisational learning basis for developing specific proactive crisis management competencies. Therefore, the policy-makers in the tourism firms must create and dedicate a set of operational routines/ capabilities to carefully monitor the post-civil war circumstances, for recognising a potential crisis and then making attempts to avoid or at least minimise the consequences of the potential crisis.

On the other hand, the business development capability illustrates the need for the interviewed tourism firms' CEOs to pay attention to information acquisition, identification and reconfiguration. The three components reflect three key implications including: 1) the importance for tourism firms to be continually sensing change and utilising their networks for this. This can be achieved by investing in activities related to scanning and searching out the turbulent environments and analysing the organisational environment. For example, this includes programs for the development of professional training in marketing research; 2) the assimilation of opportunities when they emerge and to seize them through a range of diversification approaches and finally, 3) the reconfiguration of the organisation so that it is best

suitable for the new opportunities and a diversified product/ market. However, tourism managers need to pay attention if they sense opportunities that are suitable or unsuitable for their firms' existing resource bases, since they have an impact on the decision to customise such resource bases. Having said that, the decision to customise is costly and risky, as it requires a substantial investment of resources.

Due to institutional inadequacies of formal legal and regulatory frameworks in emerging economies, the interviewed tourism firms' CEOs need to be aware of the role of informal networks (i.e., managerial and social ties) and interactions beyond organisational boundaries. These informal networks act as knowledge-sharing networks and enable firms to learn more rapidly and then adapt to turbulent environments more quickly through facilitating business transactions and acquiring business information. The rich explanations of the adaptation and transformation processes underlying the business development capability can help policy-makers in other industries and settings understand which actions and processes are needed to build dynamic capabilities, in order to ensure the survival and achieve success for their own firms.

8.5 Limitations

This thesis provided useful insights into the ability of tourism firms to adapt to environmental turbulence during and post-civil war in emerging economies. However, like all other empirical research, there are certain limitations inherent in the thesis that should be acknowledged.

Firstly, the findings related to the characteristics of the Libyan economy, turbulent tourism environment and institutional changes are based only on interviews with tourism practitioners i.e., CEOs, managers and employees. A potential concern is that there may be interviewees' biases in the responses and views expressed toward the post-civil war tourism circumstances. However, the interviewees' biases were limited by reducing social desirability bias. Social desirability bias was limited by ensuring anonymity for interviewees (Maryon & Bruner, 2000), as during the interview session, the researcher sought to ensure that the interviewees felt confident about being anonymous. In addition, multiple interviews were conducted with both the same and different participants at each case study and these were compared with

documentary evidence to enable triangulation of the findings (Marshall & Rossman, 1999)

Another noted limitation is that this thesis's findings are based on data collected from August 2013 to March 2014. Therefore, there is a possibility that the recent economic, security, and political development from the end of 2014 to 2015 may affect some explanations and conclusions drawn from this thesis.

Next, the findings relating to the effects of unregulated import policies on the tourism activity in emerging economies are based on telephone and Skype interviews. Thus, there is a limitation relating to the lack of complementary data, such as field visits about the effects of unregulated import, especially on natural tourism attractions. However, the researcher was not granted permission to travel to Libya to conduct field visits. This was due to the safety concerns and travel restrictions to Libya, as travelling to Libya had an alert level of "do not travel" as assigned by the Department of Foreign Affairs and Trade (DFAT). Thus, the Human Research Ethics Committee and the Risk Management team at Curtin University recommended for the researcher to collect data interviews via the telephone not the face-to-face method. However, despite the limitations of this thesis, the researcher had sought to minimise their impacts through the use of multiple interviews and case studies, along with documents and evidences about Libyan tourism firms and the Libyan business environment and economy.

Another limitation is that since this thesis has been limited to the Libyan tourism firms' context, the empirical framework for Libyan tourism firms' adaptation to environmental turbulence during and post-civil war may not apply to tourism firms in all emerging economies. That is, the framework's findings may not be presumed to be used in its entirety for the purpose of understanding or interpreting the turbulent tourism environments in other emerging economies.

One other limitation of this thesis is that there were difficulties in gathering detailed data by the telephone interview technique. The researcher found that, during the data analysis period, there was a need to collect more data, as the researcher phoned the interviewees several times to gather some missing data. However, some interviewees refused to speak further with the researcher. Furthermore, the findings about the characteristics of emerging economies and turbulent environments, the role of the

government, the crisis management and business development capabilities revolved around the Libyan tourism context. As such, this may limit the transferability of the findings to other contexts, in particular, beyond the MENA region.

8.6 Future Research

This thesis adopted the multiple case study strategy as an appropriate method for investigating the contemporary phenomenon in Libya. Consequently, the findings and empirical framework can help to pinpoint some valuable areas for potential research. The framework for Libyan tourism firms' adaptation to environmental turbulence during and post-civil war can be used to develop testable hypotheses for future empirical research. Thus, the first future research suggestion is to test this framework empirically (section 7.2.1) in different emerging economies contexts (in the MENA region) by surveying all tourism firms in Libya and in other MENA countries, as an effort to generalise the findings of the framework in this thesis.

In future investigations, it might be possible to use the quantitative research method to investigate the effects of the characteristics of emerging economies on the development of tourism sectors in other contexts, especially in the MENA region. This thesis has been unable to demonstrate the role of foreign investors as an agent of institutional change with regards to, for example, entrepreneurship development and promoting privatisation. Thus, additional research is recommended to examine the role of foreign investors in Libya or the MENA region, especially when the security and political conditions have become stable. As this study investigated the role of the government from tourism managers' perspective, there is a need to conduct interviews with Libyan governmental officials, especially those who work in the Libyan Tourism Ministry, so as to examine the role of the government towards the tourism industry during and post-civil war periods.

Further research is needed to examine the crisis management and business development capabilities in other tourism business environments in the MENA region. In addition, further research should be undertaken to investigate how the business development capability can affect a firm's performance. There is also a need to understand whether the experiential knowledge that tourism firms accumulated during the Libyan civil war in 2011 helped them to develop new crisis

responses or proactive responses, that is, a special study is needed to investigate the role of organisational learning in developing effective crisis management strategies.

Overall, the findings of this thesis generated several important insights into the tourism crisis and disaster managements, dynamic capabilities and emerging economies literature, as well as for practitioners who are interested in investing in Libya or simply, emerging economies in general.

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APPENDICES

APPENDIX-1

International tourist arrivals and receipts in the Middle East and North Africa (MENA)

Destinations	International Tourist Arrivals								International Tourism Receipts						
	(In thousands)				Change (%)				(US\$ million)				Change (%)		
	2010	2011	2012	2013	10-Sep	11-Oct	11/12	Dec-13	2010	2011	2012	2013	11-Oct	12-Nov	Dec-13
Bahrain	..*	..	..	..	..	..	..	..	1,362	1,035	..	..	-24.01	..	..
Egypt	14,051	9,497	11,196	9,174	17.9	-32.4	-18.1	17.9	12,528	8,707	9,940	6,044	-30.5	14.16	12.8
Iraq	1,518	..	..	..	20.3	..	..	..	1,660	1,544	..	..	-6.99	..	..
Jordan	4,207	3,960	4,162	3,945	11	-5.9	-5.2	5.1	3,585	3,000	3,460	4,117	-16.32	15.33	8.7
Kuwait	207	269	..	..	-30.3	30	..	..	290	319	425	298	10	33.23	0.6
Lebanon	2,168	1,655	1,365	1,274	17.6	-23.7	-6.7	-17.5	8,064	6,871	..	..	-14.79	..	..
Libya	271	26	104**	50	4.2	-90	300	-52	60	8	..	..	-86.67	..	..
Oman	..	..	..	..	..	..	..	..	780	996	1,095	..	27.69	9.94	..
Palestine	522	449	488	545	31.9	-40.7	11.3	8.8	667	795	..	..	19.19	..	1.8

Qatar	1,519	2,527	..	..	-8.4	66.4	..	..	584	1,170	2,857	3,456	100.34	144.19	7.3
Saudi Arabia	10,850	17,498	13,664	13,213	-0.4	61.3	-7.4	-21.9	6,712	8,459	7,432	7,651	26.03	-12.14	16.2
Syria	8,546	5,070	..	..	40.3	-40.7	..	..	6,190	..	..	..	..	..	..
United Arab Emirates	7,432	8,129	8,977	9,990	9.1	9.4	11.3	10.4	8,577	9,204	10,380	..	7.31	12.78%	..
Yemen	1,025	829	..	..	0.3	0	..	..	1,161	783	..	940	-32.56	..	2

* .. = figure or data not (yet) available.

The majority of international tourist arrivals in Libya in 2011 were journalists and media workers working in press, government and non-government activists and advocates for the Libyan revolution. However, the international tourist arrivals in 2012 and 2013 were mainly businessmen who came for business purposes/ trips and not for leisure purposes (Lanquar, 2015). **Source: World Tourism Organization (UNWTO) (2012, 2013, 2014) and Lanquar (2015).

APPENDIX-2



Natural and Archaeological Sites in the Libyan Desert

Note that: Photo 1 is Umm al-Maa oasis, photo 2 is Ubari Oasis, photo 3 is Tadrart Acacus Mountains and photos 4, 5 and 6 are engraved and painted rock art with figures and animals from the Tadrart Acacus Mountains, Fezzan District, Libya.



Archaeological Sites Included in the UNESCO World Heritage List

Note that: Photos 1 and 2 are Cyrene (Shahat), located in Cyrenaica, which is the eastern coastal region of Libya. Photo 3 is Sabratha and Photo 4 is Leptis Magna; both Sabratha and Magna are located in Tripolitania, which is the western coastal region of Libya. Photos 5 and 6 are the Old Town of Ghadamès.



Libyan Beaches

Note that: Photo 1 is Alburdi beach, photo 2 is Ra's al Helal beach, photos 3 and 4 are Zuwarah beach.



World War II Cemeteries

Note that: Photos 1 and 2 are of the Commonwealth Cemetery, photos 3 and 4 are of the English Cemetery, photos 5 and 6 are of the German Cemetery and photos 7 and 8 are of the French Cemetery.

APPENDIX-3

Section-A: Information sheet for participants

FIRMS ADAPTATION TO ENVIRONMENTAL TURBULENCE: THE CASE OF THE LIBYAN TOURISM SECTOR

Information sheet for participants

I'm a PhD student at Curtin University of Technology- School of Management. I'm conducting research about how Libyan tourism firms adapt to a turbulent environment. I'm now talking to and tourism managers in Libya tourism sector. My research objectives are:

1. To explore the role of characteristics of Libyan economy and of turbulent environments in creating the turbulent tourism environment in Libya;
2. To uncover the impact of institutional change on the turbulent tourism environment and tourism firms;
3. To examine the role of the turbulent tourism environment in enforcing Libyan tourism firms to respond to environmental changes in a prompt manner.
4. To develop and test a model of firms' adaptability across the tourism sector in Libya. The interviews will be recorded digitally. The questions will be read and the researcher will record the respondents' answers. The interviews will be the internet and telephone.

The data collected from this project will be stored and no one can access to the data. The findings of interviews will be used for research purposes only.

Please note that you are under no obligation to take part in this project and may withdraw from the project at any time. Any concerns or complaints regarding this project should be directed to the Principle Investigator: Hafez Mansour, and my supervisor: Dr Bella Butler, or Curtin University's Human Research Ethics Committee. This study was reviewed and approved by the Human Research Ethics Committee, Curtin University [Approval number: School of Management]

Thank you for your time.

Hafez Mansour School of Management Curtin University of Technology Unit 4/18 Clydesdale Street, Burswood, Perth, WA, 6100, Australia Mobile Phone: +61478143109 Hafezel.mansour@postgrad.curtin.edu.au	Dr. Bella Butler Senior Lecturer (Strategy) School of Management Curtin University of Technology GPO Box U1987 Perth WA 6102 +61 8 9266 3091 Bella.Butler@cbs.curtin.edu.au	Human Research Ethics Committee (Secretary) C/- Office of Research and Development, Curtin University of Technology GPO Box U1987 Perth WA 6845 9266 2784 hrec@curtin.edu.au
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Section-B
Verbal Consent Form for Individual Respondents

**FIRMS ADAPTATION TO ENVIRONMENTAL TURBULENCE: THE CASE
OF THE LIBYAN TOURISM SECTOR**

Was verbal consent for participation in the interview given by interviewees?

Yes

I the undersigned voluntarily agree to take part in the study ‘Firms Adaptation to Environmental Turbulence: The Case of The Libyan Tourism Sector’

- I have read and understood the Information Sheet provided. I have been given a full explanation by the investigators of the nature, purpose, location and likely duration of the study, and of what I will be expected to do. I have been given the opportunity to ask questions on all aspects of the study and have understood the advice and information given as a result.

- I understand that all personal data relating to research participants is held and processed in the strictest confidence and that any information which might potentially identify me will not be used in any publications resulting from this study.

- I understand that I am free to withdraw from the study at any time without needing to justify my decision and without prejudice.

- I confirm that I have read and understood the above and freely consent to participating in this study. I have been given adequate time to consider my participation and agree to comply with the instructions of the study.

Name of participant (BLOCK CAPITALS):

Signed:

Date:.....

APPENDIX-4

Questions of interviews

Libyan Economy

1. How do you think the Libyan economy compares to that of other countries (Such as Egypt)?
.....
.....
2. How free is the market in Libya?
.....
.....
3. What are the changes in the economy and business environment in the last two years?
.....
.....
4. How does the current government influence the business environment in Libya?
.....
.....
5. What impact do you think the civil war had on the economy?
.....
.....
6. How is it recovering?
.....
.....

Business Environment

1. How would you describe the current situation for doing business in Libya, compared to before the war?
.....
.....
2. Do you think that currently competition has become more predictable?
.....
.....
3. Can you foresee what your competitors do next?
.....
.....
4. Do you know what your consumers expect?
.....
.....
5. How well are you able to plan ahead?

.....
.....

6. How would you characterise the effect of civil war on the business environment in Libya?

.....
.....

Tourism environment

1. Can you describe the tourism sector in Libya?

.....
.....

2. How quickly the situation is changing in the tourism environment/sector?

.....
.....

Institutional change

1. Have there been any changes to legal framework (legislative, regulatory, or jurisprudential) or institutional framework (including policy statements, guidelines, directives, and protocols)?

.....
.....

2. What is the impact of government change/ policy change on your business?

.....
.....

3. What role does government play in tourism sector post-war?

.....
.....

4. What role does government play in e.g. shaping regulative framework, promotional programs, and educational training programs?

.....
.....

5. How would you characterise the positive or negative effect of foreign investors on the post-conflict tourism sector?

.....
.....

6. How does Libyan government play role in supporting tourism firms to overcome obstacles posed by the war through, for example, investment in tourism infrastructure and funding transport system?

.....
.....

Tourism Firms

1. What has tourism firm done to respond to the changes in Libya (if anything)?

-

2. What does tourism firm do about collecting information - what information do firm need to do business and where do firm get it?

 3. How do tourism firms use these data and information?

 4. What changes have tourism firms made to firm's routines, staffing, products, marketing and markets, policies, strategies and systems?

 5. How would you characterise how tourism firm collect, analyse, and assimilate information and knowledge about the tourism environment?

 6. How would you characterise how tourism firm exploit internal and external information and knowledge into concrete actions?

 7. How would you characterise how tourism firm integrate and combine existing resources into new ones so as to respond to changes outside of the firm/sector? Physical and human resources, financial resources, and experiences?

 8. How would you characterise how tourism firm can reconfigure its resources (e.g., information systems, financial systems) as needed to adapt to changes in the tourism environment?

APPENDIX-5

Case Study Protocol

The Number Of Cases	A total of eight cases
The Unit Of Analysis	Tourism Companies, Hotels, Tour Operators, Travel Agents.
Research Instrument	Semi-structured interviews will be conducted with participants via Skype on the Internet and telephone and recorded digitally.
Units Of Data Collection	<ol style="list-style-type: none"> 1- Manager/ CEO 2- Deputy Manager 3- Assistant Manager 4- Employee
Choice of Case Studies and Participants	<p>Case study participants will be chosen on the basis of several criteria:</p> <ol style="list-style-type: none"> 1- Tourism firms that are under the umbrella of the Libyan General Board of Tourism and Traditional Industries will be chosen, these firms are typically more vulnerable to institutional and governmental interference; 2- The willingness to participate in the study; 3- The availability of secondary data and accessibility of secondary data; 4- The tourism firms must be involved in change processes and evidence of success; 5- The right balance between older, better established and newer organisations; and 6- Case study participants who have witnessed and experienced the events of the revolution since its the beginning until the end and still occupy this job at the moment.
A Pilot Case Study Preliminary work on gathering the company data (websites, reports, newspaper, etc.)	A pilot case study will be conducted with a single unit analysis to refine data collection plans with respect to both discussed questions and the procedures to be followed. The analysis of results of a pilot case study will allow the determination of potential problems and the finding of a suitable way to resolve these problems.
Case Study Procedures	<ol style="list-style-type: none"> 1-The case study participants will be recruited purposively, according to their own experiences and knowledge in the tourism industry in Libya. 2-All case study participants will be interviewed only once. The interview will take approximately one hour. 3-The interviews will be made using Skype via the Internet and telephone, due to the current limits on travelling to Libya at this time. 4-Each case study will involve semi-structured, in-depth, supported by relevant documents. 5-Verbal informed consent will be obtained at the start of each interview. 6- Data will be analysed with the help of qualitative analytical techniques supported by the NVivo software. 7-In order to protect interviewees' privacy, names of interviewees and their organisations will be kept strictly confidential, and all names will be changed in the study. In other words, the original names of interviewees and their organizations will not be included in the dissertation. 8- The data collected from this project will be stored, encrypted, and password-protected on external hard drive.
Internal Company Documents, which will be requested from each company	<ol style="list-style-type: none"> 1-Business Strategy, if it is available; 2- Marketing Plan, if it is available; 3- Business Plan, if it is available; 4- New Procedures Information; 5- Customers/ Marketing Research; 6- Client Agreements; and 7- Financial Reports/ Annual Report.

APPENDIX-6

Libyan infrastructure

Key Indicators	Sub-indicators: Infrastructure	Pre-civil war Period			Civil-war	Post-civil war Period		
		2008	2009	2010	2011	2012	2013	2014
Infrastructure	Basic Infrastructure							
	Transportation							
	Quality of basic infrastructure (1-7, best)	2.4	2.9	3.2		2.9	2.3	1.9
	Quality of roads (1-7, best)	3	3.3	3.1		3.1	2.5	2.1
	Quality of railway infrastructure (1-7, best)	1- There have been no operational railways in Libya since 1965. 2- There have not been any public bus services since 1970.						
	Quality of port infrastructure (1-7, best)	2.8	3.3	3.2		3.5	3	2.6
	Quality of air transport infrastructure (1-7, best)	2.9	2.9	2.9		3.3	2.9	2.4
	Available airline seat kilometres - Rank (1=the best)	77/134	76/133	77/139		101/144	87/148	79/144
	Electricity and Telephones							
	Quality of electricity supply (1-7, best)	4.6	4.9	4.3		4.3	3.9	2.8
	Mobile telephone subscriptions/ 100 pop. - Rank (1=the best)	68/134	85/133	90/139		10/134	22/148	9/144
	Fixed telephone lines/ 100 pop. - Rank (1=the best)	78/134	*	74/139		79/144	85/148	82/144
	Education							
	Quality of primary education (1-7, best)	2.8	2.7	2.5		2.2	2.5	2.5
	Quantity of education, (1-7, best)	5.6	5.5	5.5		5.8	5.7	6
	Secondary education enrolment rate - Rank (1=the best)	49/134	48/133	48/139		11/134	12/148	20/144
	Tertiary education enrolment rate - Rank (1=the best)	32/134	34/133	37/139		46/134	47/148	41/144
	Quality of the educational system (1-7, best)	2.6	2.4	2		2	1.9	1.9

Quality of math and science education (1-7, best)	3.6	3.7	3.1		2.4	2.7	2.9
Quality of management schools (1-7, best)	2.6	2.2	2.2		2.3	2.2	2.3
Internet access in schools (1-7, best)	2	2.3	2.3		2.2	1.8	1.6
Finance							
Availability of financial services (1-7, best)	*	*	2.7		2.8	2.5	2.1
Affordability of financial services (1-7, best)	*	*	2.4		2.5	2.3	2
Financing through local equity market (1-7, best)	2.2	2.3	2.3		2.1	1.9	1.8
Ease of access to loans (1-7, best)	3	3.3	2.5		2.4	1.9	1.5
Venture capital availability (1-7, best)	2.3	2.8	2.7		2.3	2	1.6
Soundness of banks (1-7, best)	4	4.3	4.4		3.4	2.8	2.7
Regulation of securities exchanges (1-7, best)	2.7	2.7	2.4		2.4	2.1	2