



## Survival and Recovery Strategies of the Iloilo City Tourism Industry in an Intensified VUCA World

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### Abstract

This study explored the survival and recovery strategies pursued by Iloilo City's tourism firms in the face of the COVID-19 pandemic and within the context of a VUCA environment. Taking a concurrent mixed-methods approach, this research integrated descriptive statistics with thematic analysis to map performance trends and strategic responses across nine subsectors of tourism. Observations showed that most firms, particularly mid-sized firms, exhibited operational resilience and maturity by undergoing digital transformation, business diversification, and cost management directed at achieving goals. Strategic responses were classified in a SWOT-based framework by aligning internal capabilities with external challenges. Government responses such as training, grants, and regulation assistance were observed but considered to be reactive and not sufficient for long-term resilience. The study ends with the development of a strategic framework for enhancing tourism MSMEs' crisis-readiness. Findings contribute to tourism resilience literature and offer policy and managerial implications for local government units and tourism stakeholders with operations based on VUCA environments.

**Keywords:** Tourism Resilience, VUCA Environment, Survival Strategies, Recovery Planning, SWOT Analysis, Iloilo City Tourism

### 1. Introduction

#### Background of the Study

Tourism is one of the most dynamic sectors in the global economy, creating significant employment, incomes, and cultural identity preservation. In the Philippines, tourism stimulates a wide array of industries—ranging from transportation and accommodation to food outlets and retailing—thus becoming a vital component of national and local growth. Iloilo City has also seen exploding tourism in recent years because of its heritage sites, food scene, and status as a Meetings, Incentives, Conferences, and Exhibitions (MICE) city (Iloilo City Tourism Development Plan, 2020). But the pandemic revealed how vulnerable the tourism industry was to international disruptions. Travel came to a halt internationally, and most businesses halted operations, reduced scale, or shut down altogether. Far from a brief disruption, COVID-19 amplified an already VUCA setting under which the tourism sector was taking its business. In such an environment, tourism companies had to make timely, responsive responses to a number of uncertainties (Lubowiecki-Vikuk et al., 2023). While the tourism industry has always struggled with seasonality, natural disasters, and political instability, the pandemic tested it. The former thriving hospitality sector in Iloilo City suffered greatly from lockdowns, and big and small enterprises alike were forced to



shift. Not only did short-term survival strategies become required, but longer-term recovery planning based on resilience and innovation also became required.

### Rationale of the Study

While much of the current research on tourism recovery during crises focuses on national-level strategies and broad global trends (Gössling et al., 2020; Sigala, 2020), there's still a significant lack of understanding about how local tourism micro, small, and medium enterprises (MSMEs) react to crises at the city level. This is particularly important in smaller urban areas like Iloilo City, where the growth of tourism largely hinges on MSMEs that operate in complex, unstable, and ever-changing environments typical of a VUCA (Volatile, Uncertain, Complex, and Ambiguous) world. To fill this gap, this study aims to investigate how tourism businesses in Iloilo City dealt with the COVID-19 crisis—not just as a public health issue but as a catalyst for broader organizational changes and sector-wide transformation. The research places COVID-19 within a series of crises that require strategic agility and resilience. To better understand these adaptations, the study employs SWOT (Strengths, Weaknesses, Opportunities, Threats) and PESTEC (Political, Economic, Social, Technological, Environmental, and Competitive) analyses as key analytical tools. These frameworks are not used in isolation; instead, they are integrated into a broader theoretical framework grounded in Resilience Theory and Dynamic Capability Theory, serving as practical ways to apply these theories in real-world contexts. The SWOT and PESTEC frameworks allow the research to effectively address its objectives and research questions by systematically mapping out the internal and external factors that influenced the survival and recovery strategies of tourism enterprises. Specifically, these tools help pinpoint internal business traits and managerial skills (RQ1), evaluate business performance before the pandemic (RQ2), analyze the internal and external conditions that shaped crisis responses (RQ3), and categorize the strategies adopted by firms across different tourism subsectors (RQ4). They also provide insights into the institutional support mechanisms (RQ5).

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### Aim and Research Questions

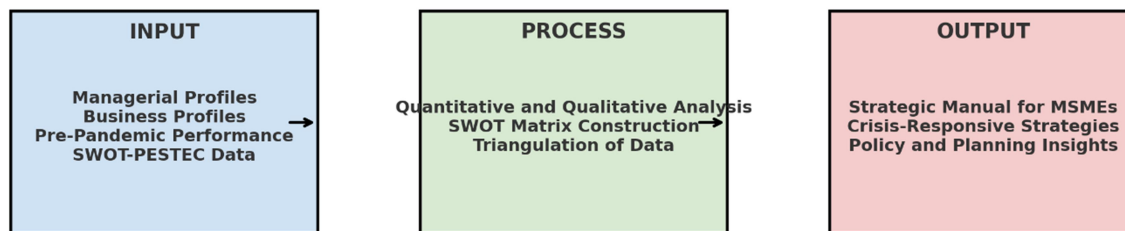
The main aim of this study is to analyze the survival and recovery strategies employed by tourism enterprises in Iloilo City in response to intensified VUCA conditions during the COVID-19 pandemic. To achieve this, the study addresses the following key questions:

1. What are the key characteristics of the tourism enterprises and their managers in Iloilo City?
2. What were the financial and operational performances of these enterprises prior to the pandemic?
3. What internal strengths and weaknesses and external opportunities and threats influenced their responses during the crisis?
4. What survival and recovery strategies were implemented?
5. What forms of institutional support helped shape these strategies?
6. How can these findings inform the development of a manual for tourism resilience?

## Conceptual Framework

The study is guided by two supporting theories: Dynamic Capability Theory (DCT) and Resilience Theory. Resilience Theory focuses on the manner in which organizations absorb and adjust to adverse situations and maintain essential functions (Ledesma, 2014). It encompasses more than recovery through transformation to enable companies to be more resilient after crises (Hall & Koupaei, 2024). This theoretical framework explains how tourism firms coped with disruption and conducted business under uncertainty. Dynamic Capability Theory contributes to this note by explaining how companies sense threat, seize opportunity, and reconfigure resources to respond to change (Teece et al., 1997). During a rapidly evolving crisis such as a pandemic, companies need to be agile in terms of making informed decisions, adopting new models, and rebuilding competitive advantage (Samsudin & Ismail, 2019). To organize the study, the Input-Process-Output (IPO) model was employed. The input phase involves manager and company profiles, previous performance data, and SWOT/PESTEC findings. The process phase involves data collection and analysis through mixed methods. The output is the development of a survival and recovery guide for MSMEs in tourism. The model allows the research to proceed systematically from observation to application so that theoretical insights can be translated into practical tools.

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**Figure 1. Input–Process–Output (IPO) Framework of the Study**

Figure 1 presents the IPO framework that guided the organization and analysis of the research. The Input phase consists of critical information such as managerial profiles, business characteristics, and historical performance, as well as internal and external driving forces of SWOT and PESTEC analysis. The Process phase suggests how quantitative and qualitative methods were applied to examine enterprise responses. It involves descriptive analysis, thematic coding, SWOT matrices construction, and data triangulation. The Output is composed of primary deliverables, including a strategic guide to MSMEs, crisis-responsive strategies, and policy and tourism recovery-planning practical insights. The framework highlights the systematic approach followed to convert raw data into meaningful outcomes that support sector resilience.

## 2. Literature Review

### Tourism and Vulnerability to Crisis

Tourism is among the most susceptible sectors to external shocks due to its reliance on mobility, consumer spending binges, and global connections. The industry has been affected by slowdowns triggered by natural disasters, political instability, and health crises in the past. The COVID-19 pandemic was an all-time-level system



shock that pushed the viability of tourism from the biggest international airline networks to tiny regional firms (Gössling, Scott, & Hall, 2020). The sudden halt of tourism, closing of borders, and health-related issues significantly cut tourism demand and incomes disproportionately affecting MSMEs that lacked the buffer of large corporate coffers.

In the Philippine context, tourism had been the key driver in the development of local economies, particularly secondary cities such as Iloilo, whose heritage and culture-driven tourism spearheaded consistent visitor arrivals. The pandemic disrupted this trend, pushing local stakeholders into reconsidering their mass travel reliance and embracing sustainable business models (Sigala, 2020). Recovery therefore called for more than the simple re-opening of borders—it needed to be guided by strategic moves grounded in business agility and local governance sensitivity.

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### **The VUCA Environment in Tourism**

The acronym VUCA—Volatility, Uncertainty, Complexity, and Ambiguity—originated in military strategy but has now been applied to organizational theory for turbulent operating environments and for requiring responsive decision-making. For tourism, VUCA factors are felt through seasonality in demand, surprise policy fluctuations, complex global supply chains, and continuously shifting consumer behavior (Lubowiecki-Vikuk, Dąbrowska, & Machnik, 2023). Tourism enterprises must cope with short-term uncertainties (pandemic lockdowns) as well as long-term complexities (climate change, political shifts, and technological disruption).

The pandemic did not create the VUCA environment—it amplified it. Hyper-connectivity in tourism made it especially prone to cascading failures, whereby perturbations in one domain (aviation) cascaded through to accommodation, food services, and retail. Those firms with pre-existing strategic flexibility and digital infrastructures coped better with this uncertainty. VUCA-readiness is thus essential to understand in building resilient tourism systems, particularly at city and firm levels.

### **Survival and Recovery Strategies in Tourism**

Tourism crisis writing highlights an array of survival strategies like cost-cutting, staff redundancies, product and service diversification, and digital innovation. Recuperation strategies typically involve restyling the market, niche marketing, partnership, and health and safety investments to regain customer trust (Rivera, 2020). Hotels and restaurants, for example, turned to delivery operations, health-oriented accommodations, and hybrid business models to maintain revenues during lockdowns.

However, these responses vary widely in terms of enterprise size, ownership structure, and managerial ability. Empirical findings suggest that MSMEs use fewer formal contingency planning and more depend on informal networks and public assistance to weather storms (Zsarnoczky, 2019). This necessitates context-specific interventions that are cognizant of the heterogeneity of tourism businesses, particularly in developing economies like the Philippines.

### **Organizational Resilience and Dynamic Capabilities**

Resilience in tourism goes beyond recovery—resilience includes the ability to adapt, transform, and innovate during difficult times. Resilience Theory contends that companies with adaptive systems as well as proactive leadership are better equipped to survive operations during times of crises (Ledesma, 2014). Modern literature



emphasizes resilience as a processional idea evolving from learning and experimentation (Hall & Koupaei, 2024). In tourism, this includes innovation in service delivery, use of digital platforms, and health protocols embedded into business models.

At the same time, Dynamic Capability Theory (DCT) argues that companies perform well in risky environments by sensing threats and opportunities, seizing in strategic action, and reconfiguring assets accordingly (Teece, Pisano, & Shuen, 1997). This theoretical approach is best used in describing product alterations, organizational team reorganization, or reconfiguring of supply chains of tourism organizations in reaction to crises. DCT-based research in tourism has shown that firms with high dynamic capabilities recover faster and sustainably (Samsudin & Ismail, 2019).

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### Empirical Gaps and Localized Insights

While international studies provide relevant frameworks, empirical examination of the ways that smaller urban MSMEs in tourism, such as in Iloilo City, operationalize these theories in practice is limited. Most recovery studies are generalized at national or international levels and do not account for local business ecology, policy environments, and culture. Moreover, existing models neglect the integration of both qualitative observations and quantitative business data—such as previous financial performance and managerial profiles—required to develop comprehensive resilience strategies (Gretzel et al., 2020).

This study's aim is to address these gaps by examining real responses of Iloilo City tourism enterprises using a mixed-methods design. It combines SWOT analysis and thematic exploration of survival and recovery strategies, producing a guide that reflects the diverse challenges and adaptive responses in a localized VUCA environment.

### COVID-19, VUCA Conditions, and the Need for PESTEC-Informed Analysis

The COVID-19 pandemic wasn't just a bump in the road for the tourism industry; it acted as a wake-up call that highlighted the weaknesses we often overlook in a VUCA world. VUCA stands for Volatility, Uncertainty, Complexity, and Ambiguity, and it perfectly describes the ever-changing landscape that the tourism sector, particularly in emerging urban areas like Iloilo City, now navigates. The pandemic's diverse effects interacted with these VUCA elements, leading to a cascade of challenges across political, economic, social, technological, environmental, and competitive spheres. These intertwined pressures are why using PESTEC analysis alongside the SWOT framework makes so much sense.

Politically, the constant changes in policies around lockdowns, border restrictions, and health guidelines created a lot of confusion and disrupted operations for tourism businesses. Economically, we saw a sharp drop in revenue, depletion of capital, broken supply chains, and rising costs. On the social side, consumer fears, shifts in travel habits, and a growing preference for low-contact tourism experiences changed the demand landscape. Technology played a dual role, acting as both a hurdle and a chance for many MSMEs that had to quickly adapt to digital solutions, often without the necessary infrastructure or skills. Environmental issues also came to the forefront,



with sustainability projects being put on hold and an increase in waste from health safety materials. Finally, competition heated up as businesses fought for a smaller slice of the market, often benefiting those that were more resilient before the crisis or had better access to resources.

In this unpredictable and interconnected environment, PESTEC analysis proved to be a vital tool for understanding the external factors that shaped the strategic choices of tourism businesses in Iloilo. It offered a clear framework to interpret how these macro-environmental pressures influenced their decisions moving forward.

### 3. Methodology

The study employed a concurrent mixed-methods study design in examining the response of Iloilo City tourism enterprises to the COVID-19 pandemic in the context of an intensified VUCA environment. The design merged quantitative data on firm performance and managerial traits with qualitative data on survival mechanisms and mechanisms of recovery. This enabled triangulation and increased explanatory validity to the study (Bell, Bryman, & Harley, 2022).

The 18 DOT-certified tourism establishments in Iloilo City comprised the participants, chosen through purposive sampling. The establishments needed to have been operational for five years before the pandemic and are currently in the process of recovery or continuing operations during data gathering. Nine subsectors were covered, including hotels, food and beverage establishments, travel agencies, and wellness centers. Two key tourism officials were also included for the capture of institutional interventions. Given the manageable number of eligible participants, a complete enumeration method was applied.

Data were gathered using three tools: a structured questionnaire for quantitative data on managerial history and business performance; a semi-structured interview guide to ask managers questions for gathering internal and external business conditions and strategic responses; and an interview guide for government aid among tourism officers. All tools were expert validated. Central Philippine University Research Ethics Review Board granted ethical clearance, with confidentiality and informed consent having been strictly adhered to.

Quantitative data were subjected to descriptive statistics, while qualitative data were investigated by thematic analysis following Braun and Clarke's (2006) six-phase model. Patterns of strengths, weaknesses, opportunities, and threats were mapped against strategic actions through the SWOT framework. Results were also classified under SO, WO, ST, and WT strategy typologies. Data integration followed the Input–Process–Output (IPO) model, and it spearheaded the transition from profiling and analysis to the development of a guide to tourism resilience. The process was a template for having an organized but adaptable process to understand enterprise-level decisions and system-level responses to crisis conditions.





## 4. Results and Discussion

### 4.1 Descriptive Analysis

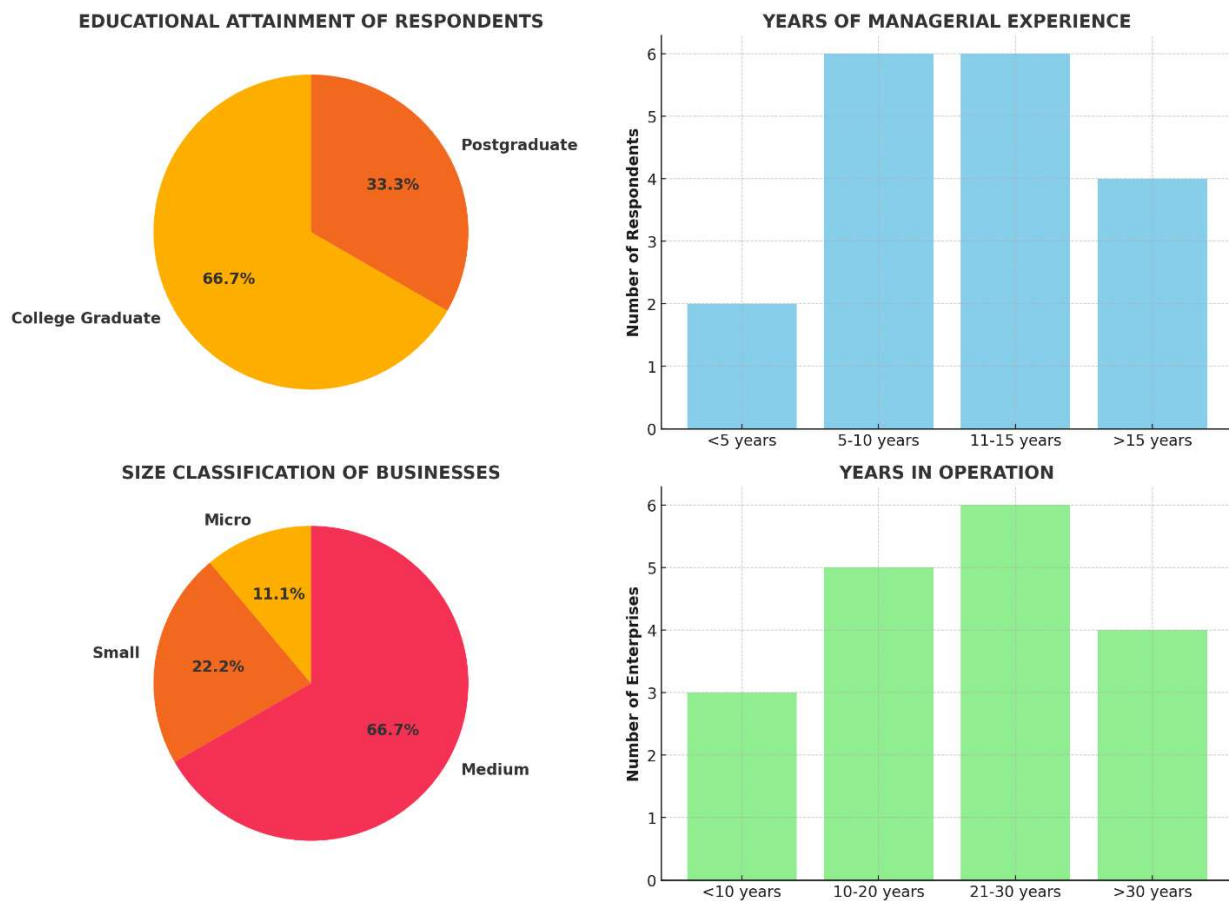


Figure 1. Profile of Respondents and Enterprises in the Iloilo City Tourism Industry

The education background of managers and tourism enterprise firms in Iloilo City is presented in Figure 1. There were more respondents with college (67%) and postgraduate (33%) education, indicating a high educational background. The majority had 5–15 years of managerial experience, which points towards middle career individuals. In terms of business size, 67% were medium in size and 11% were micro-enterprises, showing business maturity and some degree of smaller firm barriers. By business age, most had been operating for over ten years, with nearly one-third having operated for 21–30 years. These profiles confirm a mature and stable tourism industry, which should be able to formulate adaptive measures in a crisis period.

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#### 4.2 Performance Trends (2015–2019)

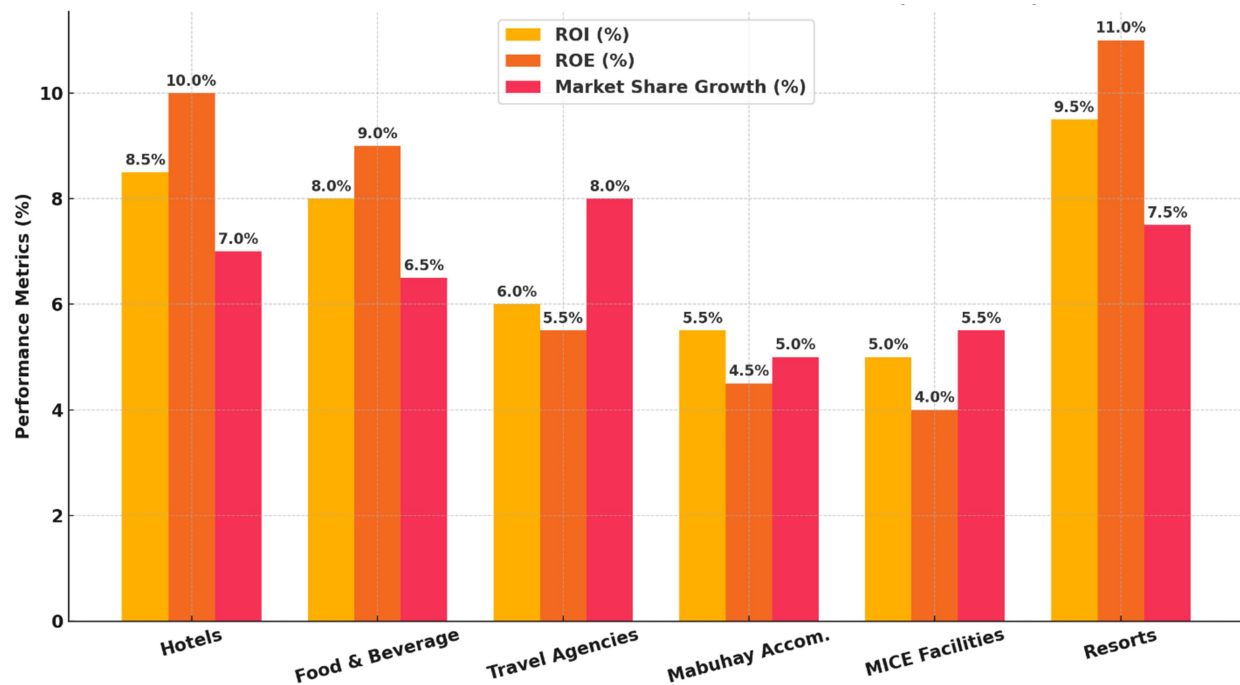


Figure 2. Performance of Trends of Tourism Sub-sectors (2015-2019)

Figure 2 shows that all subsectors broke out with unique trends. Hotels and F&B exhibited excellent growth in ROI and ROE, which indicates efficiency in operations. Travel agencies came out with improved employee ratios and market share despite the lack of asset base. Mabuhay accommodations and MICE venues broke out with modest financial turnaround. Of interest, the resort sector recorded the highest ROI because of domestic tourism. These financial profiles suggested varying levels of preparedness to withstand VUCA shocks.

#### 4.3 Qualitative Thematic Findings





**Figure 3. SWOT  
Strategic Matrix of  
Tourism  
Enterprises in Iloilo**

Figure 3 illustrates the strategic responses of Iloilo City tourism enterprises on a SWOT-based matrix. For the SO quadrant, enterprises utilized built-in strengths such as digital competence and brand reputation to capitalize on emergent opportunities, such as new online markets. The ST quadrant illustrates how firms utilized adaptive leadership and organizational resilience to manage outside threats such as varying policies and rising competition. In the WO quadrant, firms bridged internal gaps by using digital technology and partnerships to meet gaps in handling crises. The WT quadrant reflects defense strategies by which small-scale firms with limited in-house resources reacted with retrenchment and restructuring in an attempt to survive prolonged economic uncertainty. The matrix illustrates how strategic congruence between internal circumstances and external challenges enabled corporations to manage the turbulence of a VUCA environment.

#### 4.4 Government Interventions

**Table 1.** Summary of Government Interventions and Stakeholder Feedback

Government Intervention	Purpose	Stakeholder Feedback
Technical Training	To upskill MSMEs in crisis management and digital adaptation	Helpful but limited in depth and scope
Tourism Recovery Plans	To provide short-term strategic direction for sector recovery	Supported immediate needs but lacked long-term planning
Financial Grants	To deliver financial relief during lockdown-induced revenue loss	Appreciated but insufficient for sustainable recovery



Government Intervention	Purpose	Stakeholder Feedback
Health Compliance Assistance	To ensure compliance with COVID-19 health protocols	Useful yet perceived as reactive, not part of a broader strategic approach

As indicated in table 1, tourism officers indicated assistance through technical training, tourism recovery plans, grants, and assistance with health compliance. The efforts were seen by most MSMEs, however, as reactive rather than proactive, indicating that there were gaps in long-term policy frameworks for tourism resilience.

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## 5. Conclusion and Recommendations

The findings of this study demonstrated how tourism enterprises in Iloilo City managed the multidimensional effects brought about by the COVID-19 pandemic in the middle of an exaggerated VUCA environment. The analysis revealed that while most of the enterprises were able to initiate survival and recovery measures, their effectiveness varied across subsectors. Medium-sized firms, particularly those in the resort, hotel, and food and beverage industries, were financially well off prior to the pandemic. These firms leveraged their internal resources to change during the crisis by seeking digitalization, business model diversification, and cost restructuring. However, smaller businesses struggled more since they had limited access to resources, lacked crisis preparedness, and had no systematic contingency planning.

The study also determined that the tourism business managers were predominantly mid-career and college or postgraduate degree holders, signifying the presence of a competent leadership profile with the potential for alteration under pressure. Nonetheless, readiness was mixed. Based on thematic and SWOT-based analysis, the study classified four general strategy types: leveraging strengths for new opportunities, addressing weaknesses through external assistance, employing resilience to counter external threats, and minimizing risks through operational effectiveness. These strategy types gave valuable insight into how companies aligned internal capabilities with external threats.

Government interventions amidst the pandemic through technical training, financial subsidies, adherence to health protocols, and the development of tourism recovery plans were identified by stakeholders. However, they were widely perceived as being reactive, short-term, and fragmented, and lacking a proactive long-term vision for building the resilience of the tourism sector. The absence of sustained support and forward-thinking policy making was seen as a significant deficiency, especially among MSMEs that required more structured guidance during and in the wake of the crisis.

Based on these findings, this study suggests the development of a comprehensive resilience handbook specifically designed for tourism MSMEs. The handbook is supposed to provide practical tools and templates for business continuity planning, scenario planning, and financial risk analysis. It should also incorporate digital transformation solutions to allow businesses to future-proof their enterprises. Additionally, strategic crisis planning should be institutionalized at the enterprise level. Businesses need to embed risk analysis, stakeholder mapping, and responsive leadership training into the core business operating systems to facilitate organizational agility.



Additionally, the development of public–private partnerships is central to the delivery of synchronized assistance during crises. Institutional partnerships between local government units, industry associations, and support agencies can facilitate faster resource mobilization and policy flexibility. National and local governments must complement this by transforming tourism support programs from an emphasis on short-term relief to designing for long-term resilience. Policies must prioritize the embedding of digital infrastructure, innovation incentives, and continuous capacity-building for MSMEs.

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Finally, tourism governance must be evidence-based. Tourism administrations must put in place performance monitoring systems that can track enterprise health, sector weaknesses, and the efficacy of public interventions. This will enable more targeted policy formulation and support adaptive governance processes that are more capable of dealing with future shocks. Cumulatively, these recommendations provide a roadmap to building the resilience of tourism enterprises in Iloilo City and a framework for other urban tourist cities faced with analogous VUCA conditions.

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