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Business and Security:

Security in the Icelandic Travel Industry

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Abstract

This research-based thesis is about business and security in the Icelandic Travel Industry. The conclusion supports the hypothesis which is that businesses that are highly regulated and have foreign ties and partners are more likely to be aware of a bigger range of security issues and use more kinds of solutions, than small ones working only within the Icelandic market and with limited or no global ties.

This study will be looking at three respects in which security issues - in the new wider international definition - are relevant for enterprises in the Icelandic travel industry: their own survival, responsibility to clients, and relevance to global threats (e.g. terrorism, smuggling). How aware are businesses in the Icelandic travel industry of the three types of security connection applying to them; of their related responsibilities; and of the range of options (conceptual, professional, public-private partnership) for dealing with these in the present environment?

The first chapter offers a theoretical framework for the research by first of all looking at international relations theories. The impact of globalization and the debate on broader and deeper definitions of security will be discussed, leading to a focus on risks to human lives and the concept of societal security. It will be seen that these newer approaches –with their increased focus on non-military threats, broader human needs, and transnational processes – tend to highlight the importance of non-state actors in both dangerous and constructive roles, and thus create a logical case for looking at the relevance of business in more detail.

The second chapter is a case study on business and security in the Icelandic travel industry. Seven companies were involved and business representatives from each company answered a detailed questionnaire on business as a target or victim, business responsibility and whether they felt security as a burden. Additionally a government view will be reported.

The third chapter offers some possible ways forward as to how to respond to a broadening security agenda as it relates to business. Several relevant initiatives are

of interest here that are currently being carried out on a global scale and especially derived from the work of the United Nations.

The fourth chapter will summarize the main conclusions from previous chapters.

Preface

This is the final assignment of M.A in International Relations and is 30 credits. The advisor for this assignment is Alyson J.K. Bailes, a guest lecturer at the University of Iceland.

I would like to give thanks to the company representatives that participated in this research. All of them were prepared to open their doors and answer some serious questions regarding a sensitive topic.

Government officials and other key players in the travel industry are also thanked for their time and patience.

Special thanks to Páll Ásgeir Davíðsson, the director of EÞIKOS at the University of Reykjavík.

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I. Framework

1.1 Introduction

Tourism in Iceland is an essential part of the country's income and has increased steadily in recent years. In the light of current events in the global economy and more specifically in Iceland; it is probably going to become an even more important part of the Icelandic economy and perhaps restore in part the Icelandic reputation abroad.

There are some issues that are interesting to assess in the area of business and security. It can be stated that the world has become 'smaller' due to globalization and many problems and issues have come up that require attention. States are no longer the sole actor or security provider in the international system. Actors other than the state, such as individuals and businesses, can be viewed as a part of the problem and also part of the solution. The main focus in this research-based study will be on business and security, and more specifically, security in businesses that operate in Icelandic tourism.

Iceland is a peaceful nation which has no standing army but at the same time it is connected to the outside world and the threats that all states are facing. Recent events in the international economic crisis underline the global ties that Iceland has to the outside world and the impact that this small state can have on the outside world. Not only are there uncertain times ahead which nobody can

speculate on with any accuracy, but the lessons of the crisis have a direct link with security and how the notion of the concept has broadened and widened.

Business is a part of society and its actions can be dangerous for society, as has often happened both in failed states and functioning states. Well known examples are the exploitation of diamond mines in failed states and environmental damage caused by industry in functioning states. In weak states and those states that are less developed, business exploitation can contribute to violence and oppression. In developed societies the range of possible problems lie in the area of environmental damage; resource depletion along with economic crime and issues involving terrorist financing; and failure by business to maintain its own operations when these are crucial for national supplies and infrastructure. A solid state function, law and regulation are an important part of the structure to ensure that business does not cause harm either by its actions or failures.

Business is also beneficial in several ways to society and can play an important part before, during and post-crisis in failed or fully functioning states. With regard to the Icelandic tourism industry, security is essential and private businesses carry a great responsibility in their operations. All of the businesses that were approached during the present research stated that safety and security is their number one concern. First of all it is demanded by the government; but businesses also know that one bad accident or failure could be a death sentence for their operation. Against that background, the present research is not designed to embarrass any individual company or sector; but mainly to look at what is taking place within several businesses, and to assess the situation as it is and what possible ways lie ahead.

If security and safety issues are the top concern for the travel business, then it would be fair to stipulate that businesses should have a complete security guide of some sort, addressing a wide range of threats - not only those affecting safety for the customer and staff, but regarding survival of the business as well. This is one of the main recommendations that emerge from this report and it holds good not only for business in tourism but for business in general.

1.2 International Relations Theory

On a general note, international relations theory has only gradually and recently begun to offer possible frameworks for analyzing business roles in security. In realist theory the state-centric approach is particularly strong. Realism has been the most dominant theory in international relations and security studies. The foundations of the theory were laid by Thucydides, Machiavelli, Hobbes and Rousseau. In realist theory individuals are organized in states and each state acts in a unitary way in pursuit of its own national interest. The states exist in an anarchic international system where there is no authority. Because of the anarchy in the international system the state can only rely on itself and as a result states' main concern is to manage their insecurity. The states rely primarily on balancing the power of other states and deterrence to keep the international system intact and as non-threatening as possible.[1]

Realism sees that the best description of world politics is a "jungle" characterized by a "state of war", not a single continuous war or constant wars but the constant possibility of war among all states. Therefore the realist looks at a period of peace as a period of non-war. The possibility of war requires that states follow "realpolitik" and be self-interested, prepare for war and calculate relative balances of power.[2] Realists limit their view to the study of state power since the states are the primary actors of power in the world. Therefore the studies of other sources of power or influence are of secondary importance.[3]

Liberal theories provide counter arguments to the realist perspective. Liberals do agree with realists that there is anarchy in the international system but point out that cooperation can be beneficial. Liberalism sees human nature as basically good and holds that people can improve their moral and material conditions. Bad human behavior is therefore a product of inadequate or corrupt social institutions and of misunderstanding among leaders. Injustice, war, and aggressions are not

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[1] Mingst, Karen A: *Essentials of International Relations.* New York and London, 2004. 65-66.
[2] Doyle, Michael W: *Ways of War and Peace* New York and London, 1997. 18.
[3] Sutch, Peter and Juanita Elias: *International Relations the Basics.* London and New York, 2007. 43.

inevitable but can however be moderated or even eliminated through institutional reform or collective action. Human freedom is therefore best achieved in democracies and through capitalism.[4]

Nineteenth-century liberalism saw man as capable of satisfying his natural needs and wants in rational ways which could be achieved by each individual by pursuing his own freedom and autonomy without excessive state structures. In liberal theory the market is very important as free trade create interdependencies between states which in turn raise the cost of war.[5] Since the 1970s, liberalism has been better known under the name of neoliberal institutionalism. Both liberals and the neoliberal school of thought adhere to cooperation between states that will benefit both parties. Security is essential to neoliberals and institutions help to make security possible. Institutions provide a guaranteed framework of interactions and because the framework is in place it is an indication of future interactions. This type of interaction is not only related to security issues but also human rights and other important global goods.[6]

Thus, liberal approaches to managing the security dilemma call for the international community or international institutions to coordinate actions in order to manage power. The notion of collective security is based on the proposition that an aggressive use of force by any state against another must be stopped and will be met by united action by all or many states, where they will join against the aggressor. The aggressive state will know this fact in advance and therefore will choose not to act. Another important liberal ideal is arms control and general disarmament schemes. The logic of the approach to security is that fewer weapons equal greater security. Arms control and disarmament will reduce the costs of the security dilemma.[7]

These efforts have not in fact been the final solution to the security dilemma but various treaties have made a somewhat positive impact. Liberal institutionalism is therefore focused on state and intra-state institutions that deal mainly with the

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[4] Mingst, Karen A: *Essentials of International Relations.* 2004. 62.
[5] Ibid. 62-63.
[6] Ibid. 64.
[7] Ibid. 218-220.

public through democratic means. Non-state actors do not hold any power or right to construct rule-based systems themselves and liberal thinking generally considers the power of businesses on a multinational level as an obstacle to good international governance.

Constructivism is a relatively new approach to international relations but has returned international scholars to the fundamental questions on the nature of the state and the concepts of sovereignty and citizenship. Constructivism has opened new substantive areas of investigation such as the role of gender and ethnicity. Constructivism is not a uniform theory, but its followers do share the position that since the world is so complicated no overarching theory in international relations is possible.[8]

The major theoretical proposition by constructivists is that state behavior is shaped by elite beliefs, identities and social norms. Individuals' collectivities shape and change culture through ideas and practices. Therefore state and national interests are the result of the social identities of these actors. The object of study is then the norms and practices of individuals and the collectivity where no distinction made between domestic or international politics. Power is important according to constructivists but not only in military, economic and political terms: there is also power in ideas, culture and language. Power then exists in every exchange among actors.[9]

Constructivism could easily be adapted to looking at how private sector actors work together, internally as well as with public actors. This approach has the benefit of helping to understand the different kinds of 'power' without de-legitimizing any of them. However this has not been systematically applied in practice to the analysis of public-private relations.

International relations theory has not only focused on the power of large states and power: recent developments of it have looked at small states as well. This allows scholars to examine state experiences and relationships beyond the

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[8] Ibid. 74-76.
[9] Ibid.

traditional scope. Christine Ingebritsen notes that: 'Theoretical developments in the field of international relations provide new opportunities for small state theorizing. For example, constructivist approaches to international relations encourage a broader conception of power to include what a state perceives its power to be. By incorporating non-objective measures of power, this approach (not by intent, but by effect) expands the scope of legitimate topics for investigation in international relations.'[10]

Barry Buzan has done a lot of work in the field of security studies that stresses a broadening of the security concept. His reasoning for adopting a broad interpretation of security entails three elements. The first argument is the rising density of the international system that creates a powerful interplay between anarchy and interdependence. The link between the structure of political fragmentation and the rising tide of mutual activities in several sectors creates among other things interdependency regarding security issues on a broad scale. Therefore, narrow views of national security are inappropriate and counterproductive. The rising density changes the profile of threats and vulnerability by which the security problem is defined.[11]

The fading of the traditional military threat which can be traced to the end of the Cold War has caused other types of threat to become clearer but at the same time other types of threat are rising in importance regardless of a military threat. States have increasingly adapted themselves to a liberal economy making their domestic structures vulnerable to difficulties in the international economy. This can also be considered when addressing societal threats and environmental threats. It is therefore becoming increasingly difficult to act without coordinating with others. Basically the reality of the policy environment calls for adopting a broader security concept.[12]

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[10] Ingebritsen, Christine: 'Learning from Lilleput.' *Small States in International Relations*. Eds. Christine Ingebritsen, Iver Neumann, Sieglinde Gstöhl and Jessica Beyer. Reykjavik and Seattle, 2006. 288.

[11] Buzan, Barry: *People, States and Fear*. United Kingdom, 2007. 287-288.
[12] Ibid.

The second argument made by Buzan has to do with the useful political qualities of security. A broad form of the concept works against the opposition between Idealists and Realists which has often been obstructive and false. To make a solid base for the concept in both anarchy and interdependence helps to sink illusions at both extremes of the theoretical spectrum that have for a long time clogged policy debates. The illusions mentioned refer respectively to the conception of national security based on reducing vulnerability by increasing power, and the optimistic dream of some sort of world government.[13] According to Buzan; 'None of these ideas can be sustained in a system politically structured as an anarchy, in which density creates conditions of high interdependence.'[14]

One of the many purposes of a broader conception of security would be to reduce the military coloring of the concept and furthermore to establish the idea that national security in any sector is only achievable in an international context. The use of the term international security or common security would be helpful in making that link. The idea of the interdependency and internationality of security has already made some headway. Buzan estimates that national security will remain a relevant concept but because the logic of security contains a strong international and collective dimension, it avoids the destructive zero-sum logic of power. If properly handled, policy can avoid the extremes of power and peace and find a balance between national and collective security interests. The third argument for adopting the broad security agenda involves the intellectually attractive qualities of the idea. The concept of security provides a way to link together many areas of theory and analysis within International Studies that have been isolated from each other.[15]

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[13] Ibid.
[14] Ibid.
[15] Ibid. 288.

1.3 Globalization

International security, prior to World War II, was conceptualized almost exclusively in terms of questions of war, peace and armed conflict. National security was dedicated to protecting the nation and its territory from an outside attack or internal subversion. A broader definition of security has however been in development which extends among other things to include economic and social well-being. The postwar period has furthered the definition by including the security of a safe, nontoxic environment and the security of political, civil and social rights where human security is a top concern. With the end of the Cold War, new and difficult security issues have made their way to the top of national and international agendas. Challenges such as AIDS, hunger and pollution have not been solved and therefore both the new and old security issues will continue to dominate the list of problems in international relations.[16]

One of the aspects that are important when looking at security is globalization. Jan Aart Scholte identifies the concept of globalization; 'as the spread of trans-planetary – and in recent times also more particularly supra-territorial – connections between people.'[17] To explain further he states that globalization involves reduction of barriers to trans-world social contacts. Globalization has enabled people, physically, legally, linguistically, culturally and psychologically, to engage with each other wherever they might be situated.[18]

But what then about globalization and (in)security? Scholte concludes that contemporary social life is steeped in insecurities and that many problems have had significant connections with globalization. People in different contexts across the globalizing world have faced various different combinations of challenges to security. Some people have therefore been confronted with more imminent threats to survival than others. No one has been completely safe in both objective and

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[16] Mingst, Karen A: *Essentials of International Relations.* 2004. 228-229.
[17] Scholte, Jan Aart: *Globalization a Critical Introduction.* New York, 2005. 59.
[18] Ibid.

subjective terms and globalization has often been blamed for heightened insecurities.[19]

The relationship between increased globalization and human security is however complex. First of all, the implications of globalization are both positive and negative. It is apparent that globalization has been associated with many kinds of harms to human security but it is not the sole source of damage. Growing global connections are only a part of the problem, and some of the negative impacts of globalization on security have been blown out of proportion. Airplane crashes and terrorist attacks have killed far fewer people than the media coverage would suggest. NGO's have played up global humanitarian emergencies to attract publicity and raise revenue. Furthermore people have been encouraged to buy more insurance than probabilities warrant. These examples and others show that people have experienced exaggerated distress regarding globalization.[20]

Scholte further states that number of other negative effects of globalization on human security have been largely unnecessary and avoidable. It has not been inevitable that increased trans-planetary connectivity should perpetuate, among others things, armed conflicts, crime and other instabilities. In cases where contemporary globalization has had negative implications, it has in his view been the fault of policy choices which are often along neoliberal lines. Alternative approaches towards globalization could help eliminate these harms and perhaps generate positive outcomes. It is however undeniable; that certain problems of human security have been to a significant degree innate in the shift towards a more global scale of social relations. It is a fact that larger and faster trans-planetary movements of people and produce have created greater problems of disease control and labor saving technologies have generated extra difficulties for provision of waged employment.[21]

Scholte furthermore states that: 'Contemporary large-scale globalization has also imposed unavoidable challenges of building new strategies of cultural and

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[19] Ibid. 311-315.
[20] Ibid.
[21] Ibid.

psychological security that address a contest of more plural and hybrid identities. Also, as a shift away from territorialist geography, globalization has brought inescapable problems of developing different bases of social cohesion to replace the nationalist-statist formula of old. More generally, globalization has invariably contributed to a backdrop of uncertainty that tends to accompany any significant social change. Dealing with human insecurity is therefore a major political challenge in contemporary globalization.'[22] It is apparent that no social order can provide absolute security, but when the evidence of positive and negative impact of globalization are looked at it is perhaps legitimate to ask whether globalization needs to produce as much insecurity as it has done so far.[23]

Globalization has posed critical problems for international relations scholars and for the theoretical framework of realism and liberalism mentioned above. These long standing schools of thought have now been forced to rethink key assumptions and values along with the discourse of their theoretical perspective, in order to address globalizing issues. The very core of realist theory is now problematic due to global issues. Realism has claimed primacy of the state regarding both security and politics. But the global problems that the world is facing concerning the environment, disease, human rights and other non-state actors pose a great challenge to realist assumptions since no one state can effectively address them alone. These issues may threaten the security of the state but the traditional military solution cannot remedy them. Realists respond to these issues by saying that the state primacy is not in jeopardy although they have had to add qualifications to the theory. The fundamentals of state security are no less important today than before but what has changed is the security discourse which has been broadened to include human security.[24]

Globalizing issues are more easily integrated into liberal theory since the premises of liberal thinking underline the importance of individuals and the possibility of cooperation. Liberals introduced the notion of multiple issues that may be as important as state security and the idea that power is a multidimensional concept.

[22] Ibid. 315.
[23] Ibid.
[24] Mingst, Karen A: *Essentials of International Relations.* 2004. 310.

Neo-liberals recognize the need for international institutions that facilitate interactions between states. Such a framework ensures transparency and the new global issues can be dealt with under that sort of cooperation. While state security is a very important part of their argument, liberals have also embraced the notion of other forms of security such as health and human rights.[25] Awareness of globalization, and the new range of risks and threats it brings, underlines the fact that it is hard to ignore problems for human life that originate outside the traditional framework of the nation state.

1.4 The Security Debate: Broader and Deeper

Security is an essentially contested concept which means that there is no universal agreement on the ideological and moral foundation of its definition. However, notions of security have become broader and wider especially in the late 20th century. There is an ongoing debate in security studies on the 'wide' versus the 'narrow' definition. The debate grew out of dissatisfaction with the intense narrowing of the field of security studies during the Cold War period. It was stimulated by the rise of the economic and environmental agendas in international relations during the 1970s and 1980s and the rise of concerns with identity issues and transnational crime during the 1990s.[26]

As noted in *Security: A New Framework for Analysis:* 'The issue-driven widening eventually triggered its own reaction, creating a plea for confinement of security studies to issues centered around the threat or use of force. A key argument was that progressive widening endangered the intellectual coherence of security, putting so much into it that it's essential meaning became void. This argument perhaps masked a generally unspoken political concern that allowing nonmilitary

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[25] Ibid.

[26] Buzan, Barry, Ole Wæver and Japp de Wilde: *Security A New Framework for Analysis.* London, 1998. 2.

issues to achieve security status would have undesirable and counterproductive effects on the entire fabric of social and international relations.'[27]

Traditionally, security has been fixed in terms of external military threats or risks posed to a state by another state or by internal armed threats from non-state actors. The changes that have taken place in the contemporary security environment have resulted in multiple of attempts to define and conceptualize, both politically and theoretically, these changes and their implications for states, societies and individuals. The narrow traditional conception of security has first of all been broadened by addressing the nature of possible threats to life and adding elements like terrorism, organized crime and disease. Furthermore the concept has deepened by addressing the objects that are being threatened; moving away from the traditional state concept, to include global security, sub-national groups and individuals.[28]

There are two main sets of schools of thought that have driven the 'broadening' of the security agenda since the end of the 1990s. The first is the realization is that non-military threats have a serious impact to life in poorer societies which entails both economic weakness and political oppression. These problems are often a contributing factor in causing actual conflict. The second school of thought is the powerful reaction in the USA due to the terrorist attacks of 9/11 which drew attention to the risks that non-state actors could pose for a strong state with unconventional armaments. The first realization or school of thought led to the formulation of the United Nations Millennium Development Goals and to a growing debate on a 'responsibility to protect' and on 'human security' as a goal both for development policy and potential outside intervention. The second realization led to the 'new threats' agenda which combines terrorism, weapons of mass destruction, proliferation, violent crime and the role of chaotic states in promoting these dangers.

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[27] Ibid.
[28] Sköns, Elisabeth: 'Analyzing Risks to Human Lives'. *SIPRI Yearbook 2007.* Oxford University Press and Stockholm International Peace Research Institute, 2007. 244. Retrieved on December 28th 2008 at: http://yearbook2007.sipri.org/files/YB0707.pdf

1.4.1 Human Security and the Responsibility to Protect

The Millennium Report presented by Kofi Annan, the former Secretary-General of the United Nations, in 2000 highlighted several global issues that needed to be addressed. It stated that the benefits of globalization were obvious with new opportunities and higher living standards but at the same time the benefits had been unequally distributed. Non-state actors were interacting without the state and the effects had been dangerous at times. Crime, terrorism, pollution and weapons were all spreading and circulating much faster and in greater numbers than before. General popular awareness about threats and injustice far away had risen and people were expecting states to react. States needed to be strengthened by drawing strength from each other with common institutions where rules and values are shared. The common institutions needed to serve as an arena for states to cooperate with non-state actors.[29]

There were other interesting passages in the Millennium Report that underlined the notions of freedom from want and freedom from fear. These two topics underline the broadening and deepening idea of security. The theme of freedom from want points out that in spite of great global economic gains there were 1.2 billion people in 2000 living on less than 1 dollar a day. The combination of extreme poverty and inequality between countries makes other problems worse, including conflict. Reducing extreme poverty by half before 2015 was thus defined as a millennium goal of the UN. The argument on freedom from fear noted that wars between states were now less frequent but internal conflicts and wars had been very destructive. Security was therefore identified less as just defending territory, and extended more towards the general aim of protecting people. The report argued that states were failing to secure the freedom of future generations to sustain their lives on the planet. There was therefore a need to revive the debate and organize action in several areas such as climate change, water crisis, defending the soil and preserving natural resources.[30]

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[29] Annan, Kofi: 'We the Peoples the Role of the United Nations in the 21st Century.' UN official website. Retrieved on November 25th 2008 at: http://www.un.org/millennium/sg/report/index.html
[30] Ibid.

According to Elizabeth Sköns, security in less developed countries will not be solved with traditional military solutions. In her analysis, Sköns argues that the use of military and weapons will not reduce the largest risks to human lives. She uses the WHO data and risk assessments to underline that most premature deaths in the world are caused by factors of hunger, poverty and environmental problems which cannot be prevented or managed by military means and require non-military preventive interventions. Thus if a global security policy were to be formulated with an agenda to save lives, non-military interventions should be prioritized. For example, 8 million lives a year could be saved at a cost of around 57 billion dollars in health interventions. These numbers, and the total cost of attaining the Millennium Development Goals which has been estimated at 135 billion dollars in annual official development assistance by the year 2015, are small in comparison with the level of military expenditure which was 1200 billion dollars in the year 2006.[31]

Sköns states that; 'This point can be regarded as wishful thinking or a normative statement, but there are other reasons for shifting priorities in resource allocation for security objective.'[32] She also notes that: 'The synergies between risk factors and prevention strategies for disease and for collective violence suggest that there is an overlap in the agendas of freedom from want and freedom from fear. These synergies have theoretical implications for different concepts of security.'[33]

There is a possibility of trade-offs between different types of security strategies due to the overlaps between the risk factors. While addressing one type of security threat, other types of security threats can be considered, so that one does not have a negative impact on the other. Sköns' analysis ends by stating that using the resources of the world constructively - which would include transfers from the richer to those who are in more need - global cooperation is likely to improve human survival in a direct ways as well as to strengthen international security indirectly.[34]

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[31] Sköns, Elizabeth: 'Analyzing Risks to Human Lives'. 2007. 265.
[32] Ibid.
[33] Ibid. 265-266.
[34] Ibid. 266.

This analysis points to an important factor regarding security matters. Military action and weapons will not be a solution to reducing risks to human lives. If a global security policy existed where the main aim would be to save lives, then it would have to be done by non-military methods. All the arguments above help to underline that security issues are not only a matter for the state, but for global society in general. Threats are not only produced by states but non-state actors as well. The state alone cannot address all threats and risks by itself but needs cooperation with other states and organizations, and with non-state actors that are willing and able to play a constructive part.

1.4.2 The New Threats Agenda

In developed countries since the end of the Cold War, traditional war between states has not been the main threat to the state or the public, but rather non-state threats. The threats are in many senses intangible because the enemy does not have a state or a home address, but seem to be anywhere and everywhere. The events of 9/11 powerfully underlined the threat of non-state actors in a changed global environment. The US, which for a long time viewed itself as invulnerable, was driven to launch a war on terrorism. István Gyarmati notes that US and European thinking has evolved towards a general recognition that some kind of threat from terrorists and organized crime does exist. This view has strengthened although the US and Europe have different judgments as to how imminent and dangerous the threats are.

These new threats have created new needs to protect countries, property and lives. Before the events of 9/11 governments believed that they knew what the potential threats where and where they came from. The new enemy has no state, no territory, no property, no soldiers and no citizens to protect. These opponents are not afraid to die but welcome it as it can be the highest honor they will achieve. The actions that can and have been taken against terrorists include prevention, where intelligence, police work and cutting off resources come in play. But in the

belief that these efforts were not sufficient, the USA called for pre-emptive strikes which in turn raised some serious questions about the role of international law and international institutions.[35]

Another threat concerns organized crime, often on a global scale, which has reached new dimensions. The destructive power of organized crime groups has escalated and their activity can also be found within Europe. This means that there is an increasing demand for security on the individual, business, societal and state level.[36] Gyarmati further states that it is obvious that neither states and governments nor private persons and companies alone will be able to address the new threats. Defending against the threats will become increasingly more difficult and expensive. The positive side is that private groups have recognized that security can no longer be provided by the state alone. This has resulted in countless companies that specialize in security. Security of citizens and property cannot be viewed as the sole responsibility of the state. Citizens and companies cannot claim that through paying taxes, all their security needs are fulfilled. Several industries are particularly concerned about security in the light of new non-state threats, most obviously in the aviation industry, and others are predicted to follow such as the transportation industry, transportation systems and chemical and medical facilities.[37]

The broader security agenda that has developed especially from the mid 20th century and since the end of the Cold War underlines the fact that serious attention needs to be paid to the roles of non-state actors. Non-state actors can both be good or bad; essentially a non-state actor is what a state actor is not. The non-state actors who are relevant to security range from supranational organizations, multinational business corporations, and individuals to terrorist or criminal networks.

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[35] Gyarmati, István: 'Security and the Responsibilities of the Public and Private Sectors'. *Business and Security Public-Private Sector Relationships in a New Security Environment.* New York, 2004. 29.
[36] Ibid.
[37] Ibid.

Non-state actors in the private business sector can be a part of the problem if they are involved with money laundering and terrorist finance. However other non-state actors can be a part of the solution as a part of a security strategy designed to make up for weaknesses of failed states, and/or to support the state in new security dimensions while sharing and easing resource burdens.

A quick example would be the relevance of non-state actors in Iceland in case of a big natural disaster; the role for multinationals could include taking care of air and sea security and the continued flow of vital goods, businesses could lend equipment and work with insurance issues, but on the other side criminals could take advantage of the situation. Furthermore the role for non-governmental organizations can be manifold in respect to the Red Cross, churches and rescue volunteers.

1.5 Societal Security

One of many new security agendas that have developed as a result of the broadening debate is known as societal security. Although national security has been a focal point in security affairs, it is possible to zoom in on the nation and add another layer to the picture – focusing on the roles and needs of social communities and individuals within them - which gives us the framework of societal security.[38] The idea of societal security has been developed particularly by Nordic countries and additionally by some German thinkers for their own needs. It is tailored to richer developed countries that have relatively well functioning business sectors and empowered social actors. In this respect it is both an equivalent and a contrast to the more top-down and protective 'human security' concept applied to the Southern hemisphere.

In a recent report by Alyson Bailes: 'What role for the private sector in societal security', it is stated that: 'Concern about protecting the societies of developed

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[38] Buzan, Barry et.al: *Security A New Framework for Analysis*. 1998. 119.

countries from a range of non-military and/or non-traditional threats and risks has grown steadily since the Cold War.'[39] Even though there is a reduced threat of actual war for European states other issues have grown in prominence as European populations' exposure to life threatening risks has grown in several areas. First of all there is a new and more 'transnational' form of terrorism, crime, smuggling and illegal human movement. Secondly there is a new risk of disease and pandemics that affect animals, crops and humans. There is also a greater diffusion of risks between continents and societies due to increased global travel where amongst other things there has been changing pattern of energy supplies. Society is also at risk from the current and expected impact of environmental degradation and climate change, including an apparent rise in extreme weather and natural disasters. Finally there is a growing human dependence on complex and often fragile infrastructures as a result of continuing urbanization and technological development.[40]

As Alyson Bailes states in a research report on: 'Norden, Societal Security, and the Role of Business: A Comparison of Nordic Central Government Practises', government and business sometimes seem to occupy different worlds in modern Nordic societies. In the Cold War the concept of total defence bridged the gap by putting business and society under military leadership if an attack would take place. Since the early 1990s, the weakening of this concept (everywhere except in Finland) has also weakened links between state security and business elites. The non-military threats just mentioned and the pressures of integration and globalization are now, however, drawing attention back to societal dimensions of security and to potential roles of business both regarding defence outsourcing and in public-private interplay.[41]

The situation specifically regarding societal security in Iceland is quite different than in other Scandinavian countries: 'Iceland has no army and up to 2007 relied

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[39] Bailes, Alyson: 'What role for the private sector in 'societal security?' EPC Issue Paper no. 56. October 2008. Retrieved from website on November 21st 2008 at:
http://www.epc.eu/TEWN/pdf/725649730_EPC%20Issue%20Paper%2056%20What%20role%20for%20private%20sector%20in%20societal%20security.pdf
[40] Ibid.
[41] Bailes, Alyson: 'Norden, Societal Security, and the Role of Business: A Comparison of Nordic Central Government Practices'. Report presented to the Swedish Defence College Febuary 2008. Publication pending 2009.

on stationed US forces both for external defence and several civil security functions. It only slowly developed its own civil emergency handling system, based on local 'defence committees' and relying greatly on volunteerism and improvisation. In recent years the Ministry of Justice has built up a stronger coordinating structure based on the police hierarchy and since the US unilateral withdrawal of 2006, has taken the lead in plugging gaps e.g. in rescue capacity. A new Civil Protection Act will further strengthen central coordination and create a new council chaired by the PM as needed. No formal public-private partnership exists but the private sector makes some niche contributions and has shown solidarity in humanitarian cases at home and abroad. The implications of growing Icelandic investments abroad could draw more attention to private-sector security responsibilities in future.'[42]

Bailes notes that what is lacking in the Icelandic system is a systematic involvement of business in emergency planning and training with the exception of airlines. So far, Iceland has relied on the police-led central civil protection structure regarding emergency needs. On the same note no use has yet been made of advance contracts for business assistance or the loan of assets.[43]

Bailes' main conclusion (in a passage written before the 2008 financial crisis) is that: 'As things stand it is hard to argue that Iceland really needs a more elaborate inter-sectoral dialogue on, or machinery for, societal security tasks arising purely with in the country. The main drivers for any new effort in this field, over the next five years or so, are likely to be external: the rising number of Icelanders travelling and living aboard, and the country's hugely expanded financial and service industry which has so far given little systematic attention to the implications of its large new property holdings and other investments in locations with far more complex security challenges than the homeland.'[44]

So far there has not, for instance, been much discussion in Iceland about risks of terrorist or criminal exploitation of Icelandic money, although some larger firms

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[42] Ibid.
[43] Ibid.
[44] Ibid.

have shown active concern about ethical issues of globalization. According to Bailes' analysis; the delay and difficulty in accommodating societal security issues into the national policy framework reflects the fact that Icelandic security policy has remained rather under conceptualized and reactive, driven not only by events but also by externally generated trends and agendas.[45]

What can be said then of possible developments in societal security as it relates to Iceland? As reported in a more recent research study on ''Societal Security' and Iceland' by Bailes and Þröstur Freyr Gylfason, an elite opinion survey was carried out in Iceland in the spring of 2008. The findings were that many Icelanders would welcome new policy approaches as a way to update, balance, and widen ownership of national security policies.[46]

A clear majority were in favor of experimenting with the introduction of 'societal security' or something similar. Another interesting finding is that most respondents stated that the Icelandic system already had elements of societal security without naming it as such.[47] A clear majority believed that Icelandic conditions would continue to shift in a direction that should increase interest in and acceptance of societal security-type approach over the next 5-10 years. This was because of external reasons such as globalization and a growing economic interdependence, but also internal reasons such as worsening economic and social stresses. Furthermore a mention was made of growing awareness of business security problems and growth in business's own security awareness.[48]

Security is essential to states, businesses and individuals. The concept of security is, as noted above, contested by many and there is no common ground on the theory of what it entails. It is however impossible, with regard to the present research to ignore the development of the security concept to a broader and deeper level. The end of the Cold War, globalization, and rigorous debate has promoted the development of the notion of security to cover all threats to humankind. In

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[45] Ibid.

[46] Bailes, Alyson and Þröstur Freyr Gylfason: ''Societal Security' and Iceland'. *Stjórnmál og Stjórnsýsla*. Volume 1, Issue 4. Reykjavík, 2008. 23. Retrieved on December 21st 2008 at: http://www.stjornmalogstjornsysla.is/images/stories/eg2008v/alyson08.pdf.

[47] Ibid. 37.

[48] Ibid. 43.

sum, the security concept in its broader and deeper terms is relevant and has merits when it comes to assessing and looking at the situation in the present environment. Realists cannot deny the fact that governments and other entities are taking non-military threats into consideration in their actual policy making, and are increasingly realizing that no one country will solve global threats or problems on its own.

It is true that threats in failed states differ from those than a state such as Iceland is facing when terrorism or intra-state conflict are involved. However, Iceland is exposed to many other non-state threats domestically and on a global scale. The findings above indicated that Iceland is on a continuing path to discover and formulate a security agenda regarding both hard and soft security: although due to the special Icelandic situation, a domestic military development is not a part of the agenda.

II. Case study

2.1 Security Agendas, Awareness, and Solutions in the Icelandic Travel Industry

As was noted above; the Icelandic travel industry in general makes up an important part of the economy. Therefore several company representatives were interviewed on the three levels of security mentioned earlier. The results support the hypothesis: Businesses that are highly regulated and have foreign partners are more likely to be aware of a bigger range of security issues, and use more kinds of solutions, than small ones working only within the Icelandic market.

In constructing a specific security questionnaire[49] for Icelandic business it was assumed that the special Icelandic environment and small population make some of the main dangers associated with tourism elsewhere - such as environmental degradation, cultural interference and crimes especially directed to tourists - not greatly relevant. Therefore it was possible to narrow down and focus the relevant security issues into two main groups.

The first group deals with elements that could target the individual businesses and could deliberately or accidentally endanger their functioning. The second category is broken down first into businesses' responsibility for the security of their customers, and secondly, their need to share the burden of guarding against global

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[49] See appendix.

non-state hazards such as criminal and terrorist movement, smuggling of dangerous items and terrorist financing. On this last point the companies were also asked how much of a 'burden' such broader security concerns were for them and how they coped with it.

The companies were selected to represent a broad range of the travel industry inside and outside the country. 28 companies were contacted and invited to participate but 7 of them ended up being involved in this research – a response rate of 25%. The businesses selected were involved with several aspects of tourism ranging from various forms of transportation to adventure and accommodation.

Security matters are often a vulnerable part of a business operation, and the companies interviewed were guaranteed that their anonymity would be protected. That is achieved in this report by the use of letter codes instead of their real names. The pseudonyms used are: AA for aviation company A, AB for aviation company B, SA for sea transport and entertainment business A, SB for sea transport business B, LA for a land transport and entertainment business A, EA for an adventure business A and finally, HA for a tourist housing accomodation business.

Some of the businesses initially approached welcomed this initiative while others were not as enthused. A part of the explanation why so many companies did not want to come on board lies in the economic crisis that hit the country at the same time this research was carried out. Some of the businesses had to lay off staff, sometimes up to 50% and therefore could not spend the appropriate time on the research. Another part of the explanation can be traced to a lack of interest: and some of the businesses simply did not have the resources of knowledge to participate. Other speculations can also be put into the mix but at least, the minimum number of companies to provide a representative range was achieved.

It is worth noting that when the initial requests were made to many of the businesses, it was clear that some of them were even puzzled as to whom the researcher should be forwarded to. In smaller businesses the vast majority of

questions asked did not seem to apply to their operation, and on the other hand in some larger businesses, the security structure was layered within several divisions of the company. The layering of security issues raises a question about possible problems of response to a crisis or other security-related demands, when there are several people in separate divisions dealing with different aspects of safety and security matters. Although this practice could have an understandable explanation due to the vast range of security and safety issues, there are other factors that can be thrown into the mix.

Among the reasons that businesses gave for not participating, some interesting answers came up. In one case, the representative of a fairly large tour operator said that nobody at any level of the business was interested to talk about security. The issue of security is not an easy task and some of the businesses available had to admit their shortage of knowledge; but at the same time several were interested to know more about various aspects of the subject, especially relating to Corporate Social Responsibility (CSR, see below esp. section 3).

It is important to note, before turning to the discussion of company answers, that safety laws and regulations in the Icelandic travel industry are strict. The government along with its relevant agencies; and private actors such as insurance companies, work together on a broad scale of issues. There is an ongoing initiative regarding safety and security matters in general. According to government officials and other actors in the travel industry there is an extensive cooperation between them. The Icelandic safety and security regulatory system has high standards and that system as such is not the main focus in this research, but rather security matters across a broad range relevant to each company.

There certainly are both old and new security issues on the horizon; many of them intractable such as natural disasters and violent weather, but also others that depend more on cooperation and company initiative. One interesting example regards car rentals. Recent data show that there has been a major decrease in car accidents involving foreigners in just one year, due to preventative measures by the government, private parties and others. The statistic shows that there have

been almost 50% fewer injured parties between the year 2007 and 2008.[50] The fact is that Iceland has unpredictable weather and road conditions can vary, but getting the information to the customer along with better road markings has proved beneficial. This kind of cooperation is worth noticing.

Another good example is a handbook that the Icelandic Travel Industry Association published for its members, especially in the hotel, hostel, restaurant and club businesses. A private security firm was hired to produce a manual on various risks and threats, which gave detailed information on how to respond to everything including fire and earthquakes.[51] There is without a doubt a deep commitment to security matters on many levels and even the companies themselves agree that security is a priority within the business. Business, safety and security in the Icelandic travel industry go hand in hand.

Even though laws and regulations are in place, however, some companies state that government surveillance could be more efficient. The impact of globalization and a broader security agenda relating to societal security and even CSR is becoming an increasing factor in the global community, and that community includes Iceland. In the light of this development, companies were consulted on what the situation is currently within Iceland and what possible ways lay ahead. How far have they gone with applying international trends in risk analysis and response beyond the legal and regulatory framework?

2.2 Business as Target/Victim

The first level of analysis takes a look at business as a target/victim. As has been stated above security in a globalized world involves many threats and risks besides the traditional military ones. The companies were asked what non-military threats created uncertainties for their business. The top two concerns for businesses were accidents and natural disasters including violent weather. All

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[50] *Sjóvá.* Data Publication pending in 2009. Official Website: http://www.sjova.is/
[51] The Icelandic Travel Industry Association: *SAF Security Handbook*. Retrieved on January 3rd 2009 at: http://www.saf.is/saf/is/leit/frettir/Default.asp?ew_0_a_id=311250

businesses (100%) stated that accidents are main threat to their operation and 74% of the businesses listed natural disasters including violent weather as the other main threat.

Each business has, however, a different view of the full range of threats for its operation which, will be detailed below. In addition, the businesses were asked to comment on how they handle the challenges that specific threats and risks present for their businesses, what actions are taken by the businesses to prevent and plan for threats and risks, and where they look to for advice on assessing and/or handling risks.

The aviation company AA is a highly regulated business with some foreign partners and relationships but most of its operation takes place domestically. Natural disasters including violent weather along with accidents are considered the top two concerns for their operation, since it relies so much on weather conditions. In the context of handling the challenges that threats and risks present for the company, AA states that there are strong security demands and high standards of prevention. In bad weather condition the business stops flights even though some other similar businesses do not. Stopping flights means financial loss, but security is the number one priority especially in connection with the weather. The business itself has a lot of its own security measures which include training the staff. Due to the nature of the business, cooperation with the authorities is a big part of the security agenda. The government assesses threats such as terrorism and would cooperate with the business if such threat factors were increasing. Smuggling is a good example; if the government had information about increased threat in that area, the business and the government would cooperate fully.[52]

When the business takes action on its own account regarding security matters, training the staff is an essential part. Insurances are of course obligatory. Security equipment is a fundamental part of the operation, including emergency boats that are situated inside the aircraft. Even though 90% of the operation is over land, the

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[52] AA representative, interviewed by Edda Hrönn Hannesdóttir. (October 3rd 2008).

boats are there; this is done to underline the trustworthiness of the operation. It is essential that the customer trusts the business. Emergency plans are firmly in place within the business and also with business partners. Business continuation planning, if the operation would stop fully due to a major event, is not covered by a set handbook: however the AA representative was fully convinced that the business would deal with that situation. On the other hand there is an ongoing discussion within the business about the importance of business continuation planning that needs to be done and seriously considered.[53]

Emergency exercises are in place in cooperation with authorities and the Red Cross. In addition, the business devotes conscious effort to preparation in case of emergencies, especially when it comes to the flow of information. An organization and response plan is in place, because the business recognizes that if anything would go wrong it is vital to be able to respond to the media for example on the condition of the aircraft. Regarding energy security, the business does not have any emergency stocks but that issue has not presented any problems so far. The business gets advice on assessing risks mainly from the government and international institutions such as IATA, EU and EEA bodies. In addition to that there is an ongoing, constant surveillance by the authorities. The AA representative stated that there is probably no industry as highly monitored as aviation and that is good basis for security.[54]

The other aviation firm, AB, is a highly regulated business operating domestically and abroad with a lot of foreign associations. The AB representative stated that all threats are taken into consideration both for domestic and foreign operations, regardless of how big the threat is at any given time. Although major accidents and natural disasters including violent weather were the top two concerns, threats such as terrorism, economic and financial instability, and criminal activity including industrial espionage, energy security and information security were also on their list of possible threats that are looked at especially within the operation.

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[53] Ibid.
[54] Ibid.

The economic and financial instability is currently considered a major threat because it can hurt the energy security which is vital for the operation.[55]

AB handles the challenges presented to the company by such risks within the framework of very firm laws and regulation from the government. The business has all the quality control and security measures needed to maintain its operations. The main concern within the business is about flight safety. The business has a lot of preventive actions in place and in addition is always ready for the unexpected. The business has a powerful crisis management and emergency response capacity and security is always number one. The actions taken within the business include special insurance, extensive staff training, special security equipment, emergency plans and stocks. Along with that there is a business continuation plan in place.[56]

As was noted above with AA, the aviation business operates under a heavy regulatory framework set by the government, the appropriate international institutions and the Red Cross. AB stated that advice on assessing risks is also taken from business associations and professional consultants, and the company is also under an agreement with a private security company operating abroad.[57]

The sea transport and entertainment company SA is a highly regulated business with some foreign association. SA states that natural disasters including violent weather is a constant threat to the operation. The visible change in weather patterns each year, which some may call global warming, is becoming a worry. The threat of accidents is also a top concern and a lot of effort is put into prevention. There are other threats as well especially the economic and financial instability that has become a concern, and one of the actions the company has taken is to change the currency for its business into Euros. Another concern related to the economic issue is energy security, which includes the question of what process will take place in the future regarding the fuel used on the vessels. Therefore the business has put a special emphasis on finding less-polluting energy

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[55] AB representative, interviewed by Edda Hrönn Hannesdóttir. (October 10th 2008).
[56] Ibid.
[57] Ibid.

sources to run its operation and a part of that is incorporating a hydrogen generator in their vessels.[58]

In regard to handling risks facing the business the SA representative stated that natural disasters including difficult weather is logically something that is out of one's control, but better boats could be a partial response to that threat. Accidents are on the other hand something that can be prevented or contained with better maintenance. There was an incident in one of the vessels where a fire broke out, and this became a wake-up call for the business whereby it reflected on what could be done better.[59]

 The SA representative stated that even though the boats are officially inspected it does not seem to be enough to guarantee best safety practice. Inspection can perhaps be improved, but the representative thought action could be taken by inside initiative from the business which can lead the way. The business has, for instance, taken some measures to stabilize personnel matters, as the incident mentioned could be related to malpractice from a staff member who was supposed to take care of these matters.[60]

The business also takes the initiative on security matters by reviewing its insurance policy. It is impossible, according to the SA representative, to insure everything. Complete insurance to replace a boat that has sunk is so expensive that the business has not even tried to get that for its operations. Training the employees is also an important factor for the business. The authorities do offer security courses, which all the company's staff participate in, not only the staff on board the ships. There has been an increased awareness within the business that has led to more staff meetings, and on an international note the business has also been certified by Green Globe[61]. Within the Green Globe agreement, it is

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[58] SA representative, interviewed by Edda Hrönn Hannesdóttir. (November 7th 2008).
[59] Ibid.
[60] Ibid.
[61] *Green Globe 21* is a worldwide benchmarking and certification program which facilitates sustainable travel and tourism for consumers, companies and communities. It is based on Agenda 21 and principles for Sustainable Development endorsed by 182 governments at the United Nations Rio de Janeiro Earth Summit in 1992. Retrieved December 19th 2008 at www.greenglobe21.com

stipulated that there should be regular training and meetings, so the participation in that scheme has had a positive effect on the business operation.[62]

Security equipment such as vests and other necessary equipment are fully in place, along with emergency plans on board which are provided by the government. In the event of a death on board there are standard procedures in place; however, the guidelines for the business itself to handle such a case are pending as a part of a security plan that was worked on in 2008. As with some other firms that participated in the research, SA does not have in place a documented business continuation plan; however the manager does have ideas in case of a total stop for the business. Again the representative stated that there seems not to be a lot of government supervision; but the business on its own initiative hired trained personnel to follow up on a regular security exercise on board the ships. Advice on risk assessment comes mainly from the government and business associations. However it is interesting to note that since the business is a part of Green Globe; it undergoes not only environmental assessments by this scheme but also a review of risk factors in general.[63]

The other shipping company SB is a highly regulated business with foreign relationships and ties. A part of its domestic operation falls within the focus of this research. SB notes that some such operations take place in a difficult sea environment known for bad conditions, thus natural disasters including violent weather are a number one concern. Accidents are also a great concern for the business. In the area of handling the challenges that risks present for the business, the staff is highly trained to respond to crisis beyond what is required. In the event of major crisis this special part of the operation would automatically fall under the government. This is because SB has a contract with a branch of the government to run this specific domestic operation.[64]

Risks assessment within SB is an ongoing and constant process and not only with regard to vessels but also its onshore headquarters. The business takes deliberate

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[62] SA representative, interviewed by Edda Hrönn Hannesdóttir. (November 7th 2008).
[63] Ibid.
[64] SB representative, interviewed by Edda Hrönn Hannesdóttir. (October 22nd 2008).

action regarding threats and risks by using special insurance, staff training, special security equipment, and emergency plans along with business continuation planning. Emergency stocks are not considered a high priority within the business. SB gets advice on assessing risks from the national and local government along with international institutions such as IMO and EU regulations. SB also undergoes inspections from the EEA which specifically cover security issues. Professional consultants are used according to need but the business itself runs a very powerful security division with responsibility both for safety and security assessment. Additionally the business also uses a private security company for some of its operations.[65]

The land transport firm LA is a regulated business with partial foreign association. Regarding major threats, LA defines natural disasters including violent weather and accidents as its top two concerns. As mentioned by other businesses, economic instability is also becoming a threat to the operation. One thing that LA mentions in its analysis and that others did not mention, is the business competition within market. When there is a bad weather, the business has to decide whether to go out and operate. The decision to go out is made on a case to case basis but if the conditions are bad LA simply cancels tours. In case of an accident there is a contingency plan in place and this is a special concern because most of the operation is on the road by buses. In such a case there is a lot of cooperation between the business and the authorities and the Red Cross.[66]

The business takes deliberate action regarding threats and risks by using insurance which is obligated by the authorities. There is a special training for the drivers who take classes in emergency response, but the office staff is not trained for any specific threats or risks as it is not considered that the headquarters are under specific risk or threat. There is no special security equipment beyond what is required in the buses such as seatbelts but there are special plans activated in the buses in case of an emergency.[67]

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[65] Ibid.
[66] LA representative, interviewed by Edda Hrönn Hannesdóttir. (October 9th 2008).
[67] Ibid.

A comprehensive risk assessment for the business is currently taking place which had not been done systematically before. This is due to orders from the authorities that originated in an EU requirement. As with some other businesses that participated, LA does not have in place a full business continuation plan, but the representative did assume that the manager had some indication of how to respond to a total stop to the business. Fuel is vital for energy security, so the economic instability is a source of uncertainty and could become a problem since the business is operating fully on the domestic market. There are no emergency exercises in place within the business and no emergency stocks. In regard to risk assessment LA receives advice from the authorities and business associations. LA is also a part of an international group that brings together bus operating companies, and this is beneficial for information sharing.[68]

The adventure firm EA is a regulated business with no official global ties. The threats that the business estimates to be on the top of its list are economic and financial instability and accidents. The EA handles the challenges that the main risks present for its business by consulting with the authorities, while recognizing the importance of active and trained employees. When the business takes deliberate action regarding threats and risks it involves insurance, staff-training, special security equipment and emergency plans. According to the company representative, it does not receive any special assistance or consultation to assess threats and risks.[69]

The accommodation firm HA is a regulated business with some global connections and ties. HA sees many threats and risks that need to be considered regarding its operation. The top concerns for the day to day operation are accidents. On a broader note however the business operation is threatened if the customers could not travel to the country. Obviously that issue has to do with energy security and economic and financial instability. When the business takes deliberate action regarding threats and risks it involves insurance, staff-training, special security equipment and emergency planning. These issues have been worked on extensively within the business. However there are some issues, such

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[68] Ibid.
[69] EA representative, interviewed by Edda Hrönn Hannesdóttir. (October 30th 2008).

as business continuation planning and emergency exercises, that have not been specifically worked on. The HA has had assistance and consultation from the local and national authorities along with private security companies.[70]

In summary: from the information given by the companies; it is apparent that the range of security awareness is greater in the highly regulated companies with foreign business relationships. It is also noticeable that no company except for one, AB, has a business continuation plan in place. For most companies natural disasters including violent weather and accidents are the top two concerns but there are other issues that follow closely behind. Economic and financial instability hit Iceland's economy in a serious way in the months when the interviews took place. Several companies stated that the economic situation meant uncertain times ahead for the operation, especially regarding energy security and also the concern whether any customers would use their services. But as will be discussed in more detail below, there are positive prospects ahead due to a cheaper currency which will perhaps draw more tourists to the country. The government and the tourist industry in general have made special efforts for marketing and there has been a clearly increased reliance upon tourism.

2.3 Business Responsibility

The second level of analysis in this survey concerned business responsibility. The businesses that participated were asked which of these kinds of responsibility they would say that their operation has for security and safety in their operations: security and safety of their own employees and equipment and security and safety of their customers. The most common response from all businesses under both these categories was that that their responsibility was great. The third aspect discussed was the responsibility of the business for helping with public security especially in regard to criminals, smugglers and terrorists, and the answers varied as can be seen below.

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[70] HA representative, interviewed by Edda Hrönn Hannesdóttir. (December 4th 2008).

The businesses were then asked what main ways they had of fulfilling their responsibilities, and what preventive measures were in place - aside from working with the authorities - to tackle the risks of criminals and others exploiting the business for bad purposes. Further, the businesses were asked if they would help in security emergencies that were not their direct responsibility if a crisis would take place in Iceland. Finally, the businesses were asked in general whether the company had any specific set of business standards and ethics on security and/or corporate social responsibility.

AA stated that the government regulation on staff health and safety go a long way towards ensuring that responsibilities are met regarding the staff. Training is an essential part of ensuring the safety of the staff and the training covers for example handling dangerous goods and equipment. The responsibility for the passenger starts from the point he checks in and ends when he leaves the airport; however, it is important to note that this cannot cover the case if a passenger shows reckless behavior of some sort. Regarding public safety and security the business is not responsible for example suspicious packages that arrive late at night, but the authorities are notified if something suspicious takes place. On a more general note, security matters are top priority for AA. Aircrafts that do not have lights in the toilets do not fly because security is number one, punctuality number two and service number three.[71]

The main ways AA meets its responsibility for the physical security of the staff and equipment involve surveillance, appropriate training, and a quality manager who checks on the staff regularly and can ask to see their licenses at any time. Regarding the passengers, surveillance is also an important factor. The quality manager that was mentioned earlier reports to the state authorities, so it is highly important that the business operation is perfect. The staff are alert regarding strange behavior and do report if anything is out of the ordinary. So the safety and security of the passenger is looked after not only at the airport itself but on board as well, where everything is according to the highest security standards.[72]

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[71] AA representative, interviewed by Edda Hrönn Hannesdóttir. (October 3rd 2008).
[72] Ibid.

AA operates mostly domestically and it is interesting to note that Icelandic domestic flights are the only ones in Europe that do not have a security screening process for passengers and their bags, as the threat is not regarded as high. If this seems like a gap that could be exploited, the AA representatives stated that it had not led to any serious problems - but this issue will be looked at more closely in the next section. There are preventive measures in place - aside from cooperating with the police - to tackle those who intend to use the business for bad purposes; they involve surveillance cameras and staff training. AA is ready to help in security emergencies that are not the company's direct responsibility. They have done so for a long time and the representative stated that such cases would be approached with a positive attitude. There is no formal structure on CSR within AA, but the business has been active in supporting various projects.[73]

AB's answers resemble those given by AA. The sense of responsibility is high for the safety and security of both staff and passengers. There are strict regulations in place and a very formal authority. The quality inspections by the authorities further reinforce the safety and security agenda. The main ways that AB carries out its responsibility for the physical security of the staff and equipment involve training where 90% of the training covers security matters and the other 10% cover service matters. AB has also found it necessary to train the staff in self-defence. With regard to the health, safety and security of passengers in the event of crisis the highly trained staff is a crucial part. Experience of actual events that have transpired shows that the professional response of the staff has been a key point. Aside from working with the police to tackle those who intend to use the business for bad purposes, AB takes some measures on its own that are incorporated in inside rules; but mostly these matters are in the hands of the authorities in accord with regulations.[74]

According to the AB representative it is important for the business to inform the authorities of any suspicious activity. AB has helped and will continue to help in security emergencies at home and abroad that are not its direct responsibility. In

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[73] Ibid.

[74] AB representative, interviewed by Edda Hrönn Hannesdóttir. (October 10th 2008).

regard to business standards on security matters the staff has ethical rules that are followed and a strict legal framework. Although AB has contributed to various charitable projects, there is not a formal CSR framework in place, but a policy on environmental issues has been developed within the business.[75]

SA's sense of responsibility for staff and passengers is high. Insurance plays a big part in meeting responsibility. Asked about responsibility for public security, the SA representative replied that the responsibility lies in not contaminating the sea; which is one of the business's environmental standards. The main ways SA carries out its responsibility for physical security of the staff and equipment involve observing regulations provided by the authorities. Moreover appropriate clothing and shoes are provided to the staff by the business along with training in emergency control.[76]

Regarding the health, safety and security of the passengers in the event of a crisis there is almost a full pharmacy in the boats. The passengers are asked to be dressed appropriately in warm clothing but all children are put in life-vests and information on their safety is provided when arriving on board. There are no specific preventive plans aside from cooperating with police to tackle those who intend to use the business for bad purposes. There have however been some shady requests through the internet which the business is aware of and will not respond to. SA is prepared to help in security emergencies that are not its direct responsibility, and has been active with assistance to those in need by using company equipment without taking a fee - regardless of whether the business is asked to participate or acts by itself. SA does have a handbook for the staff concerning business standards and ethics which covers how the staff should conduct itself and security issues.[77]

CSR is not integrated into any formal framework within the business. As noted, however, SA recently became a member of Green Globe which sets out guidelines that SA has been integrating into its operations. These rules include for example

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[75] Ibid.
[76] SA representative, interviewed by Edda Hrönn Hannesdóttir. (November 7th 2008).
[77] Ibid.

that the business should support a good cause. SA has made efforts in this area, which up to now may have been spread in too many directions, but it is under advisement to concentrate in the future on something in particular. Even though a lot of the guidelines for business responsibility may apply to businesses operating in failed states, there are many points that can be applied in Iceland such as buying domestic products.[78]

SB takes complete responsibility for staff and passengers in regard to its operation. Responsibility for public security matters is reflected in the fact that SB works closely with the customs and police regarding several sensitive issues where the SB representative could not go into in any details. Nevertheless the service provided in cooperation with authorities has a strong like with public security matters. The main ways the business carries out its responsibility for the physical security and the staff and equipment involves education and training along with the appropriate clothing and shoes. Here, however, it is important to note that even though the business provides and educates the staff, there are examples where some of the staff neglect the rules set out for them regarding safety and security and that is something the business cannot guarantee. Insurance is also an important part of provision for staff safety and security. The staff are trained in giving first aid help and the SB headquarters have evacuation officers appointed for case like an earthquake or if hazardous chemicals were released. Furthermore there is a mandatory group crisis management system for the staff.[79]

Regarding the health, safety and security of the customers in the event of a crisis it is important that customers do not go into dangerous areas and the appropriate measures are taken to prevent that. Insurance is an important part of that equation and it is SB policy to take care of the customer to best of their abilities. There are various preventive measures in place within the business to tackle those who intend to use the business for bad purposes. It is a constant process to improve the company's protection but an important part involves cooperation with the authorities who are notified about suspicious things. In case of an emergency that

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[78] Ibid.
[79] SB representative, interviewed by Edda Hrönn Hannesdóttir. (October 22nd 2008).

was not directly related to the business, the SB representative stated that the business would absolutely participate.[80]

There is a specific set of business standards and ethics on security which is found in the security policy statement of the business where the responsibility towards staff and society is defined. There is also a statement of the company's environmental policy. This information is available on the Intranet website of the company. It is also interesting to note that foreign business partners sometimes ask for the company's security policy.[81]

LA's sense of responsibility towards staff and customers is consistent with what the companies above have stated. Insurance is an important factor in that regard. Regarding the question of helping with public security, there is no particular policy on that issue within the company; however the LA representatives stated that in case of suspicious activity, that would be reported to the authorities. To meet its responsibility regarding the physical security of the staff and equipment, LA provides training and is responsible for the equipment used in its operations.[82]

Regarding the business responsibility for the health, safety and security of the customers in the event of a crisis, each case is viewed separately. The main threat to the customer would be in the event of a car crash whereas the manager would organize the response. For example there was an accident in 2008 where one of the buses was in a car accident. The manager went directly to the site and another staff member to the hospital. Cooperation with the Red Cross is an important factor in case of all emergencies along with the appropriate authorities. There are no specific preventive measures at place in LA for public security concerns because managers consider that the business is not at high risk of exploitation and thefts. The LA representative states that the business would very likely help out in security emergencies that are not its direct responsibility. There are some specific

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[80] Ibid.
[81] Ibid.
[82] LA representative, interviewed by Edda Hrönn Hannesdóttir. (October 9th 2008).

elements of business standards and ethics on safety and security in the staff manual which is currently under revision. CSR is not a part of the operation.[83]

EA's approach to responsibility regarding staff and customers is consistent with what other businesses have stated above. The main way that EA meets its responsibility for physical security of staff and equipment involves training and information. EA does not plan for any natural disasters or major crisis in its operation where special measures would be needed for the health, safety and security of their customers. EA has participated in helping in emergencies that are not its direct responsibility and where its own customers are not involved. In general, the EA representative stated that the company has a specific set of business standards and ethics, which are influenced by standardized international security measures.[84]

HA feels a strong responsibility regarding staff and customers. A well trained staff is essential for the security and safety of the customer. Regarding the question of public security, the HA representative stated that the business saw it as an important responsibility to follow the law and be available for authorities if needed. Training the staff to detect suspicious customers is also important along with setting up rules and standards within the business. The main way HA carries out their responsibility towards the staff are training, holding seminars, writing clear instructions and placing them appropriately. There is regular training and preventive measures in place, but the responsibility of the staff is underlined by asking them to maintain their individual knowledge and follow the set rules. Thus if something is broken, it needs to be reported.[85]

In order to secure the health, safety, and security of the customer in the event of crisis, the foundation of the company's operations must be solid, and this means reviewing the situation in light of security on a regular basis. There is a quality control in place which entails daily inspections and maintenance of the facility which is not only a safety issue but has a lot to do with comfort. There are some

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[83] Ibid.
[84] EA representative, interviewed by Edda Hrönn Hannesdóttir. (October 30th 2008).
[85] HA representative, interviewed by Edda Hrönn Hannesdóttir. (December 4th 2008).

preventive measures in place regarding those who intend to use the business for bad purposes. Procedures for registering customers are carried out by law and when necessary to cooperate with authorities. As all companies have stated, HA is also willing to participate in emergencies that are not its direct responsibility. There is no specific set of business standards in place on security besides what has been stated above. However the HA representative states that a staff policy will be issued in early 2009 which will include several rules that can be connected to CSR.[86]

As can be seen from the examples above, all companies recognize the responsibility they have towards their staff and customers. On the question of responsibility related to public responsibility the answers vary. AA stated that cooperation with the authorities is an essential part of public security, which entails amongst other things informing of suspicious packages that may contain drugs. AB did not specifically address the matter of public security but it can be concluded that AB operates on similar basis as AA. On a different note, SA regards its responsibility towards public security as not contaminating the sea and another part of its active responsibility is to look for new energy solutions for the future. SB works closely with the authorities regarding several sensitive issues which the representative could not explain in detail. This indicates that SB puts special emphasis on public security.

LA does not have any particular policy regarding public security, but cooperates with the authorities, and suspicious behavior would be reported. EA did not mention anything on the issue of public security. And finally HA considers public security matters to be an important issue and considers that it entails following the law and being available for the authorities when needed along with reporting on suspicious behavior. In sum, the companies that did comment on public security did so by recognizing the importance of cooperation with the authorities. However, some of the companies look beyond cooperation with the authorities and are conscious of the future prospects of alternative energy solutions and a further broad range of security matters.

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[86] Ibid.

2.4 Security as a Burden for Business

The third topic in this part of the survey focused on whether security is a burden for the company in terms of the time and resources it takes up. The analysis also asked whether the cost of security is so high that it could put the viability of the business's operations in question. This section also takes into consideration the range of views that the companies expressed on the development of risks for their operations and the possible development over the next decade in security matters.

AA stated that security is not a burden and is always the number one priority. Indeed, avoiding it would save the company a lot of money but that does not give the business the liberty to lessen security in any way. The fact is that the strict standards imposed on the business do not allow any bad judgment or ethics. Hypothetically, if security matters were suspended the cost would be very low but on the other hand nobody would want to travel with the airline. There has not yet been a risk so great within AA that it has had the potential to close down the business. Even though the security cost is high it gives the business a great level of confidence vis-a-vis the customers. Furthermore, AA has gone beyond its legal duty and introduced some costly security measures by its own initiative.[87]

The AA representative stated that supervision has increased since the terrorist events in 2001. As was noted above, there is not a security check with domestic flights but that is due to the fact that there is no threat identified. Customers are a bit surprised at the non-existent security check and it bewilders the tourists when they can literally go straight on board. This exception from security checks is saving the company a lot of money but that may change in the coming years due to regulations from above that may be put in place. Another future variable that the AA representative mentioned was the location of the domestic airport. There is an ongoing debate on where it should be located and that could cost the

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[87] AA representative, interviewed by Edda Hrönn Hannesdóttir. (October 3rd 2008).

business greatly if authorities will decide to move it outside the city. The current economic situation is preventing any further action on the move.[88]

AB did not have any specific comments about the burden of security on the company. The fact remains that AB does not have any choice in these matters. The total set of risks for AB is developing in such a way that regulations and other formal instructions are becoming heavier and more demanding. The AB representative saw that development as having some benefits. On the other hand the downside is that Iceland is a small country. The future vision for AB in the next decade involves increased involvement with environmental issues so that the company can lessen the impact it has on the environment.[89]

SA's representative said that some may find it a burden to carry rescue boats for everyone aboard, but it is not considered a burden within the business. According to the representative it is a good thing that security standards are high, but it is important to keep in mind that the standards should not get out of all proportion. The conclusion, then, for SA would be that security is not a burden but insurance is very expensive. The risks for the company are developing as the overall set of risks are getting worse. This is especially related to energy security in the near future whereby there may not be enough currency to buy oil. The weather pattern is also getting worse and that affects the safety and security of the customer. The SA representative estimates that over the next decade different times will be ahead especially regarding energy security.[90]

SB considers security an essential part of the operation and a minimum burden. The security division within the company does cost a lot of money but it is worth while because of the amount of progress and work that has been done. It is a fact that regulations and responses to 9/11 have been strict. The SB representative even thought that some of them were over the top, over-burdensome and farfetched in relation to the situation in Iceland where such incidents have never taken place. The demands are therefore high but debatable according to SB. The

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[88] Ibid.
[89] AB representative, interviewed by Edda Hrönn Hannesdóttir. (October 10th 2008).
[90] SA representative, interviewed by Edda Hrönn Hannesdóttir. (November 7th 2008).

total set of risks for SB is developing for the worse, due not so much to particular threats increasing but the range of threats changing and widening. In the future SB would like to see less heavy security regulations because they are more often than not, not applicable to Iceland.[91]

LA considers security as a minor burden for the company. That can be linked to the fact that there are not a lot of governmental constraints from above. The only concern expressed for the development of risks for the company was due to the economic situation and energy security.[92]

EA considers security as a minor burden for the company. The operation is focused on the safety and welfare of the customer. The business estimates that in the next decade efforts for consumer protection will be growing and therefore the company needs to respond to increasing demands.[93]

HA considers security a minor burden because people realize the importance of a safe and secure environment. A lot of the projects regarding safety and security issues are a part of the daily business routine. Information security is a priority within the business. The HA representative estimated that the security of the customer will be increasingly important and that the business will have to adjust to stricter legislation, surveillance and the demands of the customer. In recent years the HA has noticed that foreign travel agents require proof from HA to establish that all licenses are valid and fulfill the security standards of the customer. Even though the proper licenses and paperwork are handed to those foreign agencies that request them, the HA has also had to open up its business to foreign security inspectors working for the agency.[94]

According to all companies involved in the research, security is a minor burden in their operation. First of all it is a requirement by law but on the other hand it makes the companies trustworthy. It can be stated that safety and security matters go hand in hand with the quality of the company. It goes without saying that if

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[91] SB representative, interviewed by Edda Hrönn Hannesdóttir. (October 22nd 2008).
[92] LA representative, interviewed by Edda Hrönn Hannesdóttir. (October 9th 2008).
[93] EA representative, interviewed by Edda Hrönn Hannesdóttir. (October 30th 2008).
[94] HA representative, interviewed by Edda Hrönn Hannesdóttir. (December 4th 2008).

there were no safety and security standards to follow nobody would want to travel with a company. What is interesting to note is that AA does not need to do security checks on its customers domestically for which it has a special exception. The representative stated that this may change in the future which would mean increased financial spending for the company.

The companies however have various views on what the close future holds and how the global development of trends such as terrorism has impacted tourism. The events of 9/11 resulted in very restrictive laws and regulations which had direct impact on Iceland as well. Although there is a general acceptance and understanding of stricter rules, some of those measures have been over the top. The requirements have been farfetched to a certain degree especially for a place like Iceland. The SB representative stated specifically that hopefully the over the top requirements would become less. Environmental and energy security issues are also a future concern for a couple of the companies.

What is also interesting is that consumers are becoming more demanding regarding safety and security matters. Two companies mentioned that in their opinion, pressure for consumer protection and consumer demands will increase over the next years. Foreign business partners are asking the companies to verify their quality, security and environmental policies and even; as was noted by HA, sending inspectors to the location to do a safety and security check of the company. This is due to increasing demands related to the responsibility of the business. It is not enough to send a foreign business partner a policy paper on the company's environmental policy but they want to see what sort of stamps and certificates the company holds.

Two of the companies above specifically mentioned the importance of joining Green Globe. To become a part of Green Globe is an elaborate process but the company representatives stated that it has been worth the effort. HA specifically stated that becoming a part of a scheme with global standards has not been a burden but made the business stronger. This is not only from an environmental point of view, as there are several aspects that need to be taken into consideration when becoming a part of Green Globe. SA also stated that not only did the

company need to look at their environmental policy by becoming a part of Green Globe but also to review other security issues, such as the ways the company could possibly cause problems. The increased global demands placed upon the companies will most probably continue. This aspect could be connected with CSR in the sense that companies are becoming aware of their social responsibility in a broad range of ways. The situation of CSR in Iceland will be elaborated in more detail in the final chapter.

2.5 Official Frameworks: Government and National Tourist Board

The legal framework in Iceland regarding tourism and transportation is very strict. Not only are there legal frameworks and regulations on consumer protection, insurance and surveillance on businesses but also a lot of encouragement to businesses to adopt a green policy and other CSR-related approaches. Tourism, in its various forms, is not only a subject for the Ministry of Industry and the Ministry of Transportation but is a subject that is linked to all ministries in one way or the other.

In order to get an overview and insight from a government point of view on business and security matters in Icelandic tourism, Helga Haraldsdóttir, the office manager for tourism within the Ministry of Industry was consulted.[95] She stated that security issues regarding the tourist 'on the go' can be found on very different levels. In a report made by the Ministry of Transportation from the year 2004, 'Afþreying í Ferðaþjónustu', security matters in tourism were addressed.[96] The conclusions were that it was not necessary to establish any separate surveillance

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[95] It is important to note that tourism as a category was recently moved from the Ministry of Transportation to the Ministry of Industry. The matters concerning transportation such as aviation are still located at the Ministry of Transportation. Tourism in general terms used here covers matters both concerning transportation and tourism.

[96] 'Afþreying í Ferðaþjónustu': Report published by The Ministry of Transpotation, 2004. Retrieved from website January 3rd 2009 at: http://www.ferdamalastofa.is/ResearchLoader.asp?cat_id=564&Page=Research&Tab=2&ID=3&rID=38

under either the Ministry of Transportation or the Ministry of Industry. The main argument for that conclusion was that there is a strong institutional framework already in place that is taking care of surveillance and security matters. If a separate entity were identified to do the same it would only create duplication.[97]

It is a fact that increased reliance has be put on the tourist industry in Iceland due to the recent financial crisis, but security matters such as individual physical security are not being especially looked at within the Ministry of Industry at the moment. However, the educational level of those working within tourism has increased and business managers are more aware, raising the bar and observing the international development in tourism. It is therefore possible to state that as quality has increased, security matters have also moved along. On the issue of threats currently facing tourism, Haraldsdóttir, mentioned about energy security which can become devastating for the market. Another great threat is that important markets such as Germany are in decline due to the economic crisis.[98]

On a broader scale, Haraldsdóttir further states that there are also ongoing debates on how to use the land, whereby different branches have different needs and interest: the interests of the agriculture, big industries and tourism do not go hand in hand. Responsibility for threats such as a major pandemic is firmly established on the governmental level. The current strength of tourism can be found in the currency rate which makes it inexpensive to visit the country, but it is important to note that that can also be dangerous if Iceland gets the image of a 'cheap' place to visit.[99]

Regarding the businesses in the travel industry, Haraldsdóttir confirmed that there is a lot of cooperation between the companies and the government. The companies have to follow laws and regulations: if some businesses go beyond what is required from them by offering more comfort or security equipment that can also be interpreted as a part of the competition between them. It is a very positive aspect that the travel industry has its own platform and the government

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[97] Haraldsdóttir, Helga, interviewed by Edda Hrönn Hannesdóttir. Office Manager of Tourism at the Ministry of Industry. (November 14th 2008).
[98] Ibid.
[99] Ibid.

responds to their needs. Currently the economic crisis has underlined the cooperation between the public and the private, whereby both parties have put money and effort to marketing in order to attract tourists to the country. Finally, in the official's view there are uncertain times ahead and it is quite impossible to predict the future challenges.[100]

The first 'tourism assembly' since tourism was put under the Ministry of Industry took place on November 20th 2008. In his speech, the Minister of Industry Össur Skarphéðinsson disclosed many new projects and strategies to promote tourism in Iceland. He stated that information from Statistics Iceland, which was revealed recently for the first time; support the claim that the share of tourism in domestic product is a lot higher than shown in former statistical returns. The number of tourists to Iceland has increased by around 60% over the years 2000-2007 and there has been a 51% increase on tourist nights spent in the country over the same time. Total purchases on domestic tourism in the year 2006 were almost 135 billion ISK which is 11, 5 % of the GDP.[101]

The Minister noted that it was interesting to compare contributions from tourism on the one hand and the aluminum and related big industry on the other. The conclusion was that from the year 2000-2006 the contribution from tourism had been twice the size of that from heavy industry. In his opinion the Icelandic nation, due to the economic situation, has to rely on the fishery sector, metallic industry and tourism to obtain currency. Tourism plays an essential part in this regard by obtaining currency worth 56 billion ISK in the year 2007 alone. Tourism has obtained more currency than heavy industry in later years except for very recently due to an increase in the aluminum sector. The projects and strategies to promote tourism in Iceland will be based on increased marketing abroad and strengthening the infrastructure in tourism. The idea is to make Icelandic embassies abroad into marketing offices. The money that is planned to be spent on marketing has been increased fivefold from previous funds. Funds for

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[100] Ibid.
[101] 'Ferðaþjónusta Efld'. *Morgunblaðið*. Volume 319, Issue 96.(Friday, November 21st. 2008). 14.

development projects will be reconsidered and hopefully increased and research on tourism will be strengthened.[102]

Dr. Anders Steene, in his speech given at the conference on *Tourism and Safety* in Reykjavík in the year 1999, stated that travelling and tourism has always been associated with certain risks. In the old days travelling was filled with danger and hardships, from the pilgrimages in the 10th century to 19th century trips with a train or steam boat. The risks were associated with the fact that there were no genuine travel arrangers to help plan the trip and there was a high risk of being robbed during the trip. It was also difficult to get transportation and when the destination was reached, there may not have been a suitable place to stay in. The problems Steene mentions are a nostalgic and historic memory.[103]

The problems associated with 20th century and 21st century travel are war, terrorism, crime and disease. The risks involved in tourism in today's society are related to the individual as well as to the society that is being visited. There is a third party in the equation which is the company. The company is also interested in questions dealing with risk.[104] Steene notes that: 'Finally we have to realize that it has to be an interplay and co-operation between tourist companies and the government, all with the goal to give the tourist a good product and experience.'[105] In his concluding remarks he notes further that: 'Co-operation between the business and society is necessary to make the best possibilities for the tourist to have a nice experience of his holiday. To give that experience one has to assess the chain of events to try to find all the weak points in the tourist product.'[106]

Overall, there are not many weak points regarding safety and security in the Icelandic tourist industry in general. There has been an increased development regarding financial security matters of the individual tourist along with increased consumer protection and consumer awareness. Several people interviewed during

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[102] Ibid.
[103] Steene, Anders: 'Iceland: Tourism, Risk and Safety'. Speech made at the conference ,*Tourism and Safety*. Reykjavík, March 19th 1999.
[104] Ibid.
[105] Ibid.
[106] Ibid.

this research, both from the government and individual companies stated that the Icelandic image is highly praised on a global scale.

However the government was not entirely praised by two of the companies consulted. One criticism was that surveillance of the branch was not effective enough. The other criticism was that the authorities should be more active in developing, educating and interacting with the companies, especially in the light of increased pressure for participation in global quality-oriented and environmental non-governmental organizations. These examples could be isolated and not a general concern, but it can be deducted that increased pressure on companies to become involved in organizations that give a 'global quality stamp', so to speak, may result in increased cooperation between the government and companies.

It is however possible to say that Iceland is a peaceful state and that many of the risks that other states have to deal with have never been an issue in Iceland. There is no history of terrorism within the country, yet when the globalization aspect is taken into account, it is clear that the events of 9/11 did affect airlines and travel on a global scale. Thus it is possible to say that there was an indirect affect of terrorism upon business in Iceland, even if terrorism is still considered a low risk for the country.

On a different note there are clear dangers specific to the country, such as natural disasters and violent weather that sets the tone for the risks that businesses considered to be high on their list. This balance of problems in part simply reflects the fact that Iceland is situated in the northern, developed hemisphere. But it is also interesting to note that businesses operating at sea are very aware and concerned about the current change of weather patterns, and cannot but wonder if it has to do with the climate change.

Pétur Rafnsson is a project manager with the Icelandic Tourist Board and has decades of experience with the situation in Iceland. In his opinion there are some issues that need to be addressed in the field of recreation or adventure tourism. The fact is that the aviation industry and transport by sea are in very good shape,

because there is a regulatory institution backing them up, but there is a need to give similar backing to the new businesses that are selling adventure and risk related recreation. The government has as of yet not responded to the situation fully, although the businesses have developed some procedures in cooperation with officials by their own initiative.[107]

In regard to foreign tourists, Rafnsson believes that it is necessary to inform them about local hazards especially before they arrive in Iceland. He did contact the Icelandic Civil Aviation Administration with the idea of issuing some sort of pamphlet to put on the airplanes, but as it turned out, the companies did not want to 'terrorize' the traveler and therefore the project was dropped. Regarding the current situation in Iceland relating to the financial crisis, Rafnsson believes that there have been severe mistakes made regarding crisis management. He believes that there should be a board on the highest governmental level that would deal with crisis management. This board should incorporate high level officials and specialists in public relations and specialists. It is simply not a good situation when there is no one to answer difficult questions from the media abroad. This kind of work needs to begin immediately in times of crisis. It is a shame that this sort of arrangement is not in place in Iceland. In his estimation the future will hopefully have more regulations, not only to cover concerns regarding financial insurance of each company, but also security, risk assessment and other issues relating to quality control in the security sphere.[108]

Although the cooperation between the government and companies is functioning well there seems to be room for improvement on both sides of the fence. The companies are detecting global pressure to update their company profile on several issues such as the environment and society related aspects. And a government official stated that there is room for improvement by the government to issue a pamphlet that would inform a tourist on the special set of dangers that can be found in Iceland.

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[107] Rafnsson, Pétur interviewed by Edda Hrönn Hannesdóttir. Project Manager in the Icelandic Tourist Board. (October 23rd 2008).
[108] Ibid.

Another interesting idea was to place a crisis response unit that can respond to foreign media, especially in light of the economic dilemma that took place in Iceland in the fall of 2008. In that case the official stated that if a response unit had been in place it could have helped with keeping up the good Icelandic reputation.

But while speculations and debates continue the fact remains that global threats and risks are looming. A change in weather pattern along with other risks and threats mentioned are pressing for some action to be taken either at the government or company level. However, it would be a good way forward if the public and the private sector would work on this together. At the moment these matters and other security related aspects are not up for a special discussion at the government level. The top priority has been put on marketing to draw more tourists to the country.

III. A Way Forward

Overall it is fair to state that all the businesses covered in this study operate fully under the laws and regulations that the authorities put before them. Furthermore, all of the companies interviewed have helped in emergencies that affected Icelandic society and they will continue to do so, even if it is not their legal responsibility. At the end of the day the companies are also providing jobs in the community and contributing to society. A pessimist could say that businesses are only concerned with making a profit, but it may equally be asked why anyone would go into business if the goal was not to make a profit. The more important question perhaps is the issue of how is a business making its profit.

There have been many international problems concerning business operations. The reality is often displayed in the news where, for example, a business seeking profits in the shady diamond industry in a failed state such as the Congo seems to show no consideration for human rights. The issues of failed states are not related to the Icelandic reality, but there are several aspects that do apply when it comes to business and security. It is a fact that Iceland is a part of the international community with all that it entails, and the global development of norms and standards regarding business and security is becoming more important. Some of the companies surveyed noted that the consumer has also become much more aware and demanding.

As was mentioned above, Iceland has relied on improvisation in several areas regarding security issues. Responses are often event-driven or created on a case by case basis. As will have been noted above, many of the companies interviewed here stated that in many cases they would rely and have relied on improvisation when reacting to threats. This attitude is further reflected in the fact that most of them do not have a business continuation plan, although many of them said they have ideas on how to respond. On the other hand and as also noted by Bailes in the studies quoted above, Icelanders have done a very good job on improvisation with civil emergencies. The fact remains that the companies operating in such an open and transnational business as tourism are detecting pressure from foreign partners and the global society to be socially responsible. So what are the possible ways forward?

3.1 A Continued Cooperation between Business and Government

It is logical to assume that since there has been an extensive cooperation between businesses in the travel industry and the government, this will continue to develop. The question remains in what direction the development will go. From the business side the opinion has been stated that it would be helpful if the government would keep up a stricter surveillance. Another view mentioned was that follow-up measures by the government seemed to be lacking to a certain degree. The government should offer a greater consultative effort to the businesses that were trying to move ahead with the trend of global development.

According to the government representatives interviewed, however, there is no special need to look at security, in its broad definition as it relates to the travel industry. The government seems confident that matters are in order and currently the main focus is helping businesses in the travel industry with their marketing strategy, in response to the economic hardships that are facing Iceland. The marketing strategy is in its own way very much a matter of business security,

because strengthening the marketing strategy will hopefully result in more business and that is an important feature of keeping the Icelandic private sector alive.

What could be improved within the business sector itself is to start with further ground-work on business continuation planning. As noted above, many of the representatives stated that a plan of this type is not formally in place within the companies. Even though some of the representatives stated that they had a strong idea on how to react; that may not be sufficient in the long run. A possible way forward with this could be somewhere along the lines of the British example. The British Cabinet Office has put guidelines up on an internet site that contains advice for businesses on security and how to cope with emergencies. It provides information to help businesses of all sizes to prepare for emergencies, and when something happens, to ensure that disruption is minimized and recovery is effective. This includes information about ways in which the government engages with business to prepare for emergencies and regional sources and local support for businesses. Furthermore there are tools a business can use to implement business continuation planning within the company.[109] This is a good example on how the government can lay down the ground-work for businesses to follow.

Another issue highlighted among the Icelandic businesses is that when contacted, it was sometimes difficult for the staff to figure out who took care of security matters within the company. This can potentially be dangerous in case of a major threat and even when foreign business partners are asking for specific information. Since foreign partners or those seeking a business relationship are increasingly asking for details and evidence of policies and broader security agendas, it would be a good step forward to have these affairs in order. A clearer chain of command can mean a more secure business profile. It goes without saying that transparency could be a key element in this regard.

On a more specific note, a further strengthening of dialogue and cooperation between government bodies and the Icelandic Travel Industry Association, on a

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[109] 'Preparing for Emergencies': British Cabinet Office. Retrieved on December 27th 2008 at: http://www.preparingforemergencies.gov.uk/business/index.shtm

broadened security agenda, is a possible way forward in these matters. Although a lot of good work has been done there seems to be more room for improvement especially over formulating and implementing a broader security agenda within the companies, and in relation to relevant aspects of CSR and global standards. This sort of work can possibly strengthen the travel industry in its image and competitiveness as well.

Even though there is room for improvement regarding the cooperation between business and government, there are many things revealed by this study that are positive and promise development along a good path. Some of this can be related to the Icelandic mentality where risks are dealt with case by case and when they do come up. The fact remains that there is global pressure on the businesses and the 'case by case' method may not be the best way to handle matters in the long term. Foreign partners and customers are asking for certain certifications and company policy on environmental issues and contributions to society.

3.2 The United Nations as a Leader: A Global Perspective

As some business representatives stated above, there is a lot more to business than making a profit. The reality is that clients abroad are interested in how the business is doing business. The businesses have been asked if they have a membership with global organizations, about their environmental policy, and even their security policy. In such cases, the Icelandic companies have responded to the demand by considering new ways to update the operations, for instance by becoming members of a global green policy movement and taking a stand on the company's values and where it is headed. It is clear that business and even global business is becoming more concerned with the broader image of company operations. Are there any global guidelines that Icelandic companies could make better use of to get a quick start in this process?

In regards to businesses and their responsibility there are two main UN frameworks that are appropriate to mention. The first framework is the Global Compact, a strategic policy initiative for businesses that are committed to align their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. By following these principles the businesses, as the primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.[110]

As mentioned by Páll Ásgeir Davíðsson, the leading Icelandic expert on CSR – see more below - the Global Compact is an essential building block when businesses start to incorporate CSR in their policies. According to the Global Compact documents, the objectives of the international community and the business world have never before been so aligned. There are common goals involved in this process such as building markets, combating corruption and safeguarding the environment, and this has resulted in growing partnership and openness among businesses, government, the civil society and the UN. Furthermore, many businesses recognize the need to collaborate with international actors in the current global context where there are both challenges and opportunities – as sketched in the above discussion. The Global Compact stands as the largest corporate citizenship and sustainability initiative in the world.[111]

The Global Compact has two operating objectives. The first one is to mainstream the ten principles in business activities globally. The principles are on human rights, labor standards, environment and anti-corruption. As an example, principle 8 is on the environment goes as follows: 'Businesses should undertake initiatives to promote greater environmental responsibility.' The suggestions made for a business taking steps toward the compact is to re-define the company vision, policy and strategies. Work with suppliers to improve environmental performance and extend responsibility up the product chain and down the supply chain. Another step is to adopt voluntary charters, codes of conduct, internally and also

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[110] 'UN Global Compact'. United Nations Official Website. Retrieved on December 19th 2008 at: http://www.unglobalcompact.org/AboutTheGC/index.html
[111] Ibid.

through sectoral and international initiatives, to confirm acceptable behavior and performance along with variety of measurements that will strengthen the agenda.[112]

The second objective of the Compact is to catalyze actions in support of broader UN goals including the MDG which has been discussed in an earlier chapter. In sum, the Global Compact is a tool to assist the private sector to manage the increasingly complex risks and opportunities facing it in the environmental, social and government dimensions, in a way that will in turn, as is stated, benefit all.[113]

On April 7th 2008, the United Nations Human Rights Council issued a report on the *Promotion and Protection of all Human Rights, Civil, Political, Economic, Social and Cultural Rights, Including the Right to Development.* The reporting team was led by John Ruggie who is a Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises. The report presents a conceptual and policy framework to anchor the business and human rights debate and furthermore is also meant to help guide all relevant actors. The framework is centered on three core principles which are: the duty of the State to protect against human rights abuses by third parties, including business; the corporate responsibility to respect human rights; and the need for more effective access to remedies. All three principles form a complementary whole where each supports the other in achieving sustainable progress.[114]

There are several reasons why this work has been found necessary. According to the report, the international community is still in the early stages of developing human rights regime that provides more effective protection to individuals and communities against corporate-related human rights harm, and the framework now offered is intended to help achieve that goal. As business is the major source of investment and job creation, markets are a powerful force that can generate

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[112] Ibid.
[113] Ibid.
[114] Ruggie, John: 'Promotion and Protection of all Human Rights, Civil, Political, Economic, Social and Cultural Rights, Including the Right to Development'. Official United Nations website. Retrieved on November 16th 2008 at: http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf

growth and wealth. But when history is taken into consideration, it is apparent that markets pose a great risk as well both to society and business when their scope and power far exceed the reach of the institutional underpinnings. The cause of the business and human rights problem lies in the governance gaps that have been created by globalization. These gaps have then in turn provided an environment where companies can act in a harmful way. It is stated in the report that there is no single magic solution for the situation, but the proposed framework rests on a set of differentiated but complimentary public and private responsibilities as mentioned above.[115]

The fact that an organ of the UN has found it necessary to create such a framework highlights the global situation within business and security. The framework is designed not only to address the several complex issues that have risen in failed states, but also to be considered by business in general. The issue of human rights and business also has a direct link with the broader and deeper notion of security discussed in chapter 1 above. The framework presented by Ruggie, is based on three principles that were mentioned above but will be looked at now in more detail.

The first principle stresses the general nature of the state's duty to protect, which is well understood by human rights experts within governments and beyond. This principle is however less internalized and developed when it comes to the diverse array of policy domains through which states may fulfill their duty with respect to business activities. The challenge includes the question of how states can foster a corporate culture which is respectful of human rights, whether at home or abroad. This should be viewed as to top priority for governments because of the escalating exposure of people and communities to corporate-related abuses, along with a growing exposure of companies to social risks which they do not seem to manage fully on their own. Governments are in the position to set an example and can support and strengthen the market pressures that impel businesses to be active on this front. On the international level, an effective guidance and support is needed for states to achieve greater policy coherence which would be guided by the

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[115] Ibid.

human rights treaty bodies. To sum up, states provide the basis of the human rights regime and that is why the states duty to protect is a core principle of the business and human rights framework.[116]

3.3 Corporate Social Responsibility

Corporate Social Responsibility or CSR is a trend that emerged in the western business practice over the last couple of decades, and which seeks to integrate business into the society as a responsible and ethical citizen. Although this concept has been most popular in the US and the UK, a lot of European coutntries (along with the EU as an institution) are incresingly witnessing a similar change as more businesses are making a commitment to create a private sector that is environmentally and socially aware. The concept of CSR is not easily definable as there are several diferent definitions in exsistence among acedemics, business practitioners, government officials and activists from the non-governmental sector.[117] But the main version and the one used by the EU emphasizes that CSR covers social and environmental issues. CSR should be intergrated into a business strategy and operations and on a volunatry basis. One important aspect of CSR is how enterprises interact with their internal and external stakeholders, for example their own employees, neighbours and others.[118]

Archie B Carroll states that the concept of CSR has a bright future. CSR has an impressive history associated with the evolution of the concept and definition which can be traced to the 1950s. His assessment for CSR‛s future is based on the expectation that attention will be given increasingly to performance measurement initiatives, as well as theoretical developments regarding CSR. But for these concepts to develop further, empirical research is needed so that practice may be reconciled with theory. The concept of CSR will remain an essential part of

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[116] Ibid.

[117] 'Accelerating CSR in New Europe': European Union. Retrieved on December 21st 2008 at: http://www.acceleratingcsr.eu/en/csr

[118] Ibid.

business language and practice due to its vital underpinning for many other theories, and must stay consistent with what the public expects of the business community today. It is therefore more than likely that new dimensions will emerge in which to think about businesses responsibilities to the stakeholder society, particularly at the global level, and in new and emerging technologies, branches, and commercial applications. In this context, it appears that the CSR concept has a bright future because at its core, it addresses and captures the most important concerns of the public regarding business and society relationships.[119]

CSR is closely connected to a broader security agenda. A business that has made an extensive review of its operation in light of the Global Compact and CSR, has made a good inventory of its operation overall. In the process it will become aware if it is producing any environmental damage, social damage or any other risks that are highlighted in this sort of inventory. As was noted above, any business that is a part of Green Globe has to go through some assessments where not only the environmental factor is closely looked at but also contributions to society in general. Therefore a company that has adopted the notions and assessment of these standards is most likely better equipped to respond to crisis.

3.4 The Icelandic Situation and CSR

In order to assess the situation in Iceland regarding CSR, Páll Ásgeir Davíðsson[120], one of the leading experts in Iceland in the field of CSR and the director of EÞIKOS, the Icelandic Centre for Corporate Social Responsibility at the University of Reykjavik, was consulted. He states that CSR is very closely connected to the current understandings of security and goes even further. However there is no clear definition of the concept and it continues to develop.

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[119]Carroll, Archie B: 'Corporate Social Responsibility'. *Business and Society*. Volume 38, Issue 3. Chicago, 1999. Retrieved December 4th 2008 at:
http://proquest.umi.com/pqdweb?index=0&did=44660325&SrchMode=1&sid=1&Fmt=2&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1228659925&clientId=58117
[120] Davíðsson, Páll Ásgeir, interviewed by Edda Hrönn Hannesdóttir. Director of EÞIKOS, the Icelandic Centre for Corporate Social Responsibility at the University of Reykjavík. (October 9th 2008).

The definition depends on the business itself, the kind of operation it is involved with and in which state the business operates and the situation of the particular state.

Mr. Davíðsson states that the old business model, which is now collapsing, has been based on maximizing the shareholder's income. The responsibility for the business manager therefore lies in maximizing the money side, but how one does it and with what products has not been a major concern. A company generally follows the set rule of law and regulations, makes money and the story may end there. What has happened now is that with globalization and an increased impact of private sector activity, the old business model has come under great criticism. In the current situation, businesses have been going out to foreign markets where regulations, standards and conditions have been weaker. When firms exploited the new markets using the old business model, scandals arose with businesses such as Adidas and Nike using children to manufacture their products. By conducting business this way it could be said that the worth of the human life is less in different parts of the world.[121]

These events pushed forward a growing interest among consumers and shareholders in the responsibility of business. Funds that are involved in CSR have grown a lot in later years. This has also inspired businesses, human rights organizations and industries to come together and work on CSR in industries ranging from diamonds to chocolate. Various standards and guidelines have emerged from this work although they are not legally binding. The UN has also been one of the major contributors with their Global Compact, as noted, sets out 10 basic standards that a business can follow.[122]

More and more companies are growing out of the old business model and are perhaps more concerned with being a responsible player in the society. The practical benefits are manifold, such as a good reputation and improved access to markets. The reason why businesses are going into this direction can also be

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[121] Ibid.
[122] Ibid.

linked with outside pressure from other businesses. This process is well known in the US but in Iceland the CSR concept so far has very few roots.[123]

Icelandic businesses in general have assisted the society in traditional crisis such as natural disasters, but may not place their efforts under the name of security. EÞIKOS is trying to help businesses to be more targeted in their efforts regarding CSR. In light of new threats there has to be a systematic method in the effort that is made. A company can also use CSR in its own defence, in the sense that if a business chooses to be independent in its efforts and then gets involved in a scandal, they could instead say that they followed the UN guidelines: it is regrettable that a certain event took place, but they were within the CSR process. This is likely to make a much better impact than if a business would say they had just never thought of CSR. A short analysis for Iceland is that CSR is important but has not been developed systematically up until now, and the knowledge of the concept has not been there. There is however a clear interest in Iceland for developing further the concept and understanding of CSR, due not least to pressure businesses are encountering from abroad.[124]

Foreign business partners are asking for example if their Icelandic partner is a member of the Global Compact, what standards it has established for itself, or what it is doing about the environment. They want their partners to follow the same procedures they have themselves and they do not want to be drawn into problems. Nor will they just take such standards on trust, but ask for the stamps of quality. As for businesses that see opportunities in this area and want to go ahead, but they need proper instructions: as with security matters, the issue cannot be taken care of by somebody unqualified but must be based on a good foundation. The foundations do exist, businesses have realized that this trend matters and want to be a part of it, but the work is just beginning in Iceland. Some minimum strategic steps have been made such as teaching and open meetings to promote CSR. Guidelines are out there, above all in the Global Compact, and an Icelandic business could say that for a start it would go on fulfilling those. That would cover issues of the environment and human rights. The business should then write

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[123] Ibid.
[124] Ibid.

reports to the UN where it registers what it is doing exactly to fulfill the items in the Global Compact. Businesses need to sit down and look at their operation, who are their stakeholders? – and so forth. There is no exact formula for this; some businesses choose to make environment or staff as a top priority. The range of issues and methods for greater responsibility is open ended.[125]

There are certain needs that laws and regulations fulfill, and it is a part of CSR to obey law, and even influence laws. But businesses are worried about a wide variety of things that go beyond that legal framework. It is not the duty of a business to respond to crisis where their customers are not involved, but they want to take part in that and would be showing responsibility by improving their capacity to respond beyond their legal framework. Is there a gap? A part of CSR is that the business asks itself 'What do I need to do'.[126]

It is therefore safe to conclude that adaptation of CSR into business is a part of improving the broad security agenda. If a business is socially aware and strategically looking at its responsibilities towards staff, environment and society in general, it means that the security profile of the business is strong because it has thereby become more aware of the broader security agenda. As was noted by one of the companies in the study, when adopting Green Globe the requirements assessed did not only concern environmental issues but included an assessment of how the company could be harmful or induce risk of any kind. The benefits of adopting a CSR- related policy include driving the company to make an overall assessment that was not there before.

There has been some criticism on CSR where it could be said that companies only use CSR as a public relations tool. This is why Ruggie's first and third elements, detailed above, are also needed to make CSR work on a transparent basis. This means surveillance and protection by the state and a chance for the individual to seek redress if business has not lived up to its promises.

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[125] Ibid.
[126] Ibid.

The work in Iceland specifically is under construction so to speak but the future looks bright in this area. Amongst other things, EÞIKOS is preparing to present its work to the authorities and the next step could be to get the Confederation of Icelandic Employers on board. Many companies are making efforts related to a broader security agenda. An assessment of a broad range of security matters is a beneficial process and can be achieved through several ways mentioned above. Adopting the UN Global Compact or becoming a member of a global organization that concentrates of business responsibility or an adaptation of CSR in some form will make any business stand on a firmer ground and be more prepared to react to various risks and threats that are relevant to the contemporary global society.

IV. Concluding Remarks

The concept and theory of security has developed over the latest years to acquire a much broader and deeper meaning. Traditional wars have not occurred in western countries for some time but other risks and threats have been a major concern. The threats and risks cannot be defined within boarders of one country but affect countries regardless of their military status. Environmental problems and diseases are a major threat that cannot be resolved without major collaboration between states on a global level.

Other serious threats are the uncertainties that non-state actors such as terrorists are bringing to the mix. These enemies of the states do not have any specific citizenship and therefore are not an easy target to eliminate. The fear this factor brings to the global society is a major concern and has affected societies in many ways, while in regard to the theme of this research the events of 9/11 brought the travel industry in some serious problems. These non-state events and actors, along with other factors, have underlined the need for debate on a broader security agenda.

Societal security is a part of the evolving debate and as was noted above, research show that in Iceland a clear majority of those recently surveyed were in favor of experimenting with the introduction of societal security or something similar. The Icelandic system already has elements of societal security in place without naming

it as such. A clear majority in the survey also stated that over the next decade, Icelandic conditions will continue to shift in a direction that that should increase interest in and acceptance of societal security-type approaches. This can be traced to external reasons such as globalization and a growing economic interdependence. Furthermore it was mentioned that growing awareness of business security problems and growth in business's own security awareness will also underpin a shift in this direction.

In sum there are several factors at play in the broad security framework. The security environment has changed and the set of answers to respond to crisis and threats vary. However business and security go hand in hand and globalization and non-state actors are in various ways pushing companies to come up with their own solutions.

Regarding the Icelandic businesses involved in this research, there are some very positive points that have been developed regarding the broad security agenda. The companies that work under heavy government regulations along with having foreign connections, and/or are a part of organizations such as Green Globe, are much more aware of security matters and have more solutions to offer. Due to the special situation in Iceland regarding natural disasters and violent weather, these were at the top of all companies' list of concerns closely followed by accidents.

According to all the companies interviewed safety matters are of the highest concern to them. Some of the highly regulated businesses are also looking towards the future by working on the agenda of possible energy solutions for the future. In addition the companies are also aware of their responsibility to devote attention to how to minimize the damage they cause to the environment.

The economic and financial instability that hit the Icelandic economy in a serious way in the months this research took place has also had some major impact on the travel industry. There are definitely uncertain times ahead for some businesses especially regarding energy security and the amount of customers. The Icelandic currency is actually cheaper to buy for tourists visiting the country but that is a two-edged sword. Even though the currency might attract more business, this can

also result in some damage to the image of the country where it can be viewed as a 'cheap' place to visit.

The government along with businesses has made efforts regarding marketing strategies; in order to draw more business into the country. But at the same time there are no special precautions being taken, or collaboration offered, in line with the concept of broader security agendas to help the companies to strengthen relevant aspects of the business environment. Most of the businesses interviewed, for example, do not have a business continuation plan in place and that could be devastating if some major risk or threat would arise.

All the companies do however recognize the responsibility they have towards the safety and responsibility of staff and customers. On the question of business responsibility related to public safety more generally, responses did however vary. AA stated that cooperation with the government is an essential part of their operation and in turn a service to the public. SA saw their responsibility not only as being to inform of any suspicious behavior, but took another stand as well when they stated that not contaminating the sea – so far as the nature of their operation allowed - was an important part of their duty. Additionally SA is also looking ahead and supporting alternative developments regarding energy solutions. SB put special emphasis on public security and has a special relationship with the authorities which the representative could not elaborate further due to the sensitivity of the subject.

A couple of the highly regulated companies stated that a heavy burden on the company can arise from strict regulations that originate from abroad. In many cases the regulations stipulate extreme measures, which seems to place a disproportionate burden on the company given that a certain threat has never been detected in Iceland. The companies that did express their dissatisfaction with this development have no intention to ignore these orders but would like to see some of the procedures minimized to a certain degree.

It is safe to assume that all the companies are law abiding and will be a responsible actor in society but the companies that are thinking outside the box so

to speak are also looking at a much broader security agenda. This has entailed steps in international cooperation with Green Globe and other similar organizations. Additionally it is possible to state that the companies that are looking ahead into the future and considering what will take place in the area of energy and so forth are much more aware of security matters: they are not only conscious of the traditional threats such as smuggling and so forth but are also looking at future risks and preparing accordingly.

This development within some of the companies can be traced to the fact that consumers are becoming more demanding regarding safety and broad security matters. Two companies mention that in their opinion; consumer protection and demands will only increase in the coming years. Foreign business partners are asking companies for their quality, security and environmental policies and one example given was that business partners were sending inspectors on location of the company to look at the quality of its arrangements. This is a clear example of the fact that on a global level the demands for security and responsibility are increasing, and this development should encourage companies to take a close look at their broader role regarding security matters. As the HA representatives stated, the impetus to make this sort of inventory within the company has not been a burden but made the company more valuable and equipped to respond to these demands.

It is logical to assume that a continued and extensive cooperation between businesses in the travel industry with the government will develop further in the future. Some criticism was implicit in the view of certain companies that the government did not keep up surveillance to a satisfactory degree. Another conclusion emerging is that the government should offer a more sustained effort of consultation and support to those businesses that are taking a step further to move with the trends of global developments regarding a broader security agenda. Government officials stated that there is no special broad security effort in the making even though there is increased pressure on the travel industry. As noted above, alongside government efforts to support marketing strategies, some attention to a broader security agenda for the companies could go a long way to prepare the business environment for difficult times ahead.

The main idea behind CSR is that companies take initiative to start working on a range of issues regarding social responsibility. This means that pure profit should not be the main goal for a company but contribution to society in general should be an important factor. One possible solution proposed when looking towards the coming years would be to adopt CSR as a broader framework for relevant business standards, and for Icelandic businesses to become more aligned with or directly adopt the UN Global Compact. Even though CSR as a concept is only currently in development in Iceland; there are several tools that businesses can use to broaden their horizon in this respect by their own initiative.

Since most companies participating in the survey have made headway in this area already, to a certain degree, the travel and tourism sector as examined here could be a good place to initiate this agenda. This idea is further strengthened by the fact that many company representatives were positive on the matter. The reality is that the concept of CSR in Iceland has not developed fully but there seems to be a good foundation within EÞIKOS that looks promising. In sum it is possible to state that the Icelandic situation is for the most parts in a good state. The government and the businesses are cooperating closely on several issues.

The safest conclusion made in Bailes's and Gylfason's research on: 'Societal Security and Iceland' was that over the medium to long term, both external and internal pressures seem bound to guide Iceland towards a more comprehensive understanding, and practice of security. This seems to be to the point also emerging from the research reported in this present study. The pressure from the outside, as reported above, has been great. Foreign business partners are asking some of the businesses for their security strategy, environmental policy and global certifications.

Some of the companies have found it necessary to implement several changes to their operations to answer the demands, with positive results. The possible way forward as presented in this research is a further collaboration between government bodies and existing business organizational frameworks. Such cooperation has already had positive results in some areas. What is of main

concern here is not a broad security solution for a single type of business operation but for all companies providing service in the travel industry.

It is difficult to speculate and imagine what sort of impact the economic crisis will have on Iceland, not only regarding the country's image and finance but also on security in general. It seems impossible for a state that has been working on a global scale, within global institutions and involved with so many global issues to retreat from the world. It has been stressed by many citizens that answers are needed as to what the government is going to do and also what they are doing within the crisis. Week after week the outlook becomes darker and this has without a doubt a serious impact on all levels of society. There is a chain reaction: if the businesses are not doing well it affects employment, which affects families and so forth.

Tourism has been up for discussion as a part of possible ways ahead for Iceland. The work that has been done within Iceland regarding business and security; clearly needs further improvement but it seems to be happening automatically for some parts. Businesses abroad have put pressure on the Icelandic travel industry regarding their ties with recognized global organizations, and most of the positive responses made are due to the initiative within the businesses and not from the government. That is a positive way forward in many respects. It shows that businesses are going beyond their legal duty so to speak and flowing with global demands and norms.

Even though there are uncertain and perhaps dark times ahead economically, this can also become a fertile ground for businesses to take a close look at their operation and ask some serious questions about their role not only in the Icelandic society but the global society in general. Profit and responsibility do not have to be opposed to each other: as one representative stated above from a business which incorporated for example Green Globe. The elaborate process has only resulted in a better business practices.

On the whole, most of the interviewees in this study - whether from the private or the public sector - stated that the people working in tourism are positive

individuals that work hard to achieve their goals, and will look forward to solving the tasks that lie ahead.

V. List of Resources

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VI. Appendix: questionnaire

University of Iceland
Fall semester 2008
Edda Hrönn Hannesdóttir
MA-student International Relations
English Version

A. Classifying the company

B. Business as victim/target

1. Security in a globalized world involves many threats and risks besides
    traditional military ones. Which of these threats/risks do you regard as
    creating dangers and uncertainties for your own company?
    Terrorism
    Natural disasters and violent weather
    Accidents including fire
    Criminal activity including industrial espionage
    Cut-off of energy and other basic supplies
    Information seucrity (computer-controlled operations, internet access.
    (Any other you wish to mention?)

2. Can you grade these risks in order of importance or at least, say which 1-2
    are most worrying for you? (If you operate both in Iceland and abroad)
    would you give a different estimate for your Icelandic and for your foreign
    operations?

3. How do you handle the challenges that the main risks present for your
    company?   - First, do you have a view on which of them should be taken
    care of by someone else (e.g. government) and which ones require action
    by yourself?

4. When the company takes deliberate action, does it include any of the
    following: Special insurance
    Training for employees
    Special security equipment
    Emergency plans
    Emergency exercisies
    Business continuation planning
    Emergency stocks

5. Does your company get advice on assessing your risks, and/or on handling
    specific risks, from any of the following?

National and local government
International institutions (IMO, IATA etc; EU/EEA bodies)
Your own business partners
Business associations
Professional consultants
Private security companies
Any others??

C. Business Responsibility

1. In general, which of these kinds of responsibility would you say your
    company has for security and safety in your own operations:
    Security of your own employees and equipment
    Security of passengers/guests/customers
    Helping with public security e.g. against criminals, smugglers, terrorists?

2. What are the main ways you carry out your responsibility for physical
    security of the staff and equipment (e.g. avoiding accidents, criminal
    attacks and theft)?   (If applicable)Are the answers different for operations
    within Iceland, and abroad?

3. What are the main ways you carry out responsibility for the health, safety
    and security of your passengers/guests/customers?) in the event of crisis
    or natural disasters. Does it include any of the following: insurance, staff-
    training or special security equipment.   (If applicable) Are the answers
    different for operations within Iceland, and abroad?

4. What preventive measures are in place at your business (aside from
    cooperating with police and authorities) to tackle criminals, smugglers and
    those who intend to use the business for bad purposes?

5. Is it possible that you would also want to help in security emergencies that
    are not your direct responsibility, e.g. natural disasters affecting
    communities in Iceland, tsunami-type events where your own customers
    are not involved?

6. Overall, does the company have a specific set of business standards and
    ethics on security, and/or corporate social responsibility? How are these
    made known?

D. Security as a Burden for the Company

1. Overall, would you say that security is a minor or a major burden for your company in terms of the management time and the resources it takes up?

2. Have you ever seen a risk that it actually makes your costs so high that the business is not worthwhile?

3. Do you have an opinion about how the total set of risks for your company is developing – staying the same, getting worse, changing in nature? Do you expect your company's handling of this matter will have to change say over the next 5-10 years?

Spurningalisti

A. Skilgreining á fyrirtæki.

B. Fyrirtækið sem skotmark.

1. Í hnattvæddum heimi eru margar nýjar ógnir og mikil áhætta fyrir utan „hefðbundnar" hernaðarógnir. Hverja af eftirtöldum ógnum telur fyrirtækið að leiði af sér ógn og/eða óvissu fyrir starfsemi fyrirtækisins?

    Hryðjuverk

    Náttúruhamfarir og erfitt veður

    Óhapp, s.s. eldsvoði

    Glæpastarfsemi og njósnir

    Óstöðugleiki í efnahagslífinu

    Skortur eða erfiðleikar varðandi orkuöryggi eða aðrar nauðsynjar

    Upplýsingaöryggi (tölvur, internet)

    Önnur atriði

2. Getið þið gefið ofantöldum ógnum einkunn í röð mikilvægis eða a.m.k. gefið til kynna hvaða tvö atriði færu efst á listann? (Ef starfsemi er einnig erlendis, þá einnig nefna röð mikilvægis.)

3. Hvernig tekst fyrirtækið á við þær ógnir sem eru ofarlega á listanum? Hafið þið skoðun á því hvaða aðili eigi að sjá um að takast á við þessar ógnir (t.d. yfirvöld) og hvaða ógnir fyrirtækið þurfi að takast á við að eigin frumkvæði?

4. Þegar fyrirtækið tekst á við ógnir/áhættu að eigin frumkvæði, felur það í sér einhver af eftirtöldum atriðum?

    Tryggingar

    Þjálfun starfsfólks

    Sérstakan öryggisbúnað

    Neyðaráætlanir

    Áframhaldandi viðskiptaáætlanir

Neyðaræfingar

Neyðarbirgðir

Önnur atriði

5. Fær fyrirtækið aðstoð og/eða ráðgjöf við að meta áhættu og ógnir sem steðja að fyrirtækinu frá einhverjum af eftirtöldum aðilum?

Yfirvöldum

Alþjóðlegum stofnunum

(til dæmis IMO: Alþjóðasiglingamálastofnuninni, IATA: Alþjóðasamtökum flugfélaga o.s.frv.; ESB: Evrópusambandinu/EES: Evrópska efnahagssvæðinu)

Viðskiptafélögum

Fyrirtækjasamtökum

Faglegum ráðgjöfum

Einkareknum öryggisfyrirtækjum

Önnur atriði

C. Ábyrgð fyrirtækisins.

1. Hver er ábyrgð fyrirtækisins hvað varðar öryggi, almennt, í eftirtöldum málaflokkum?

   a. Öryggi starfsmanna og útbúnað sem er nauðsynlegur til þess að starfrækja fyrirtækið.

   b. Öryggi viðskiptavinarins.

   c. Veita aðstoð varðandi öryggi almennings gegn t.d. glæpum, smygli og hryðjuverkamönnum.

2. Hverjar eru helstu leiðir fyrirtækisins til að rækja ábyrgð sína gagnvart líkamlegu öryggi starfsfólksins og útbúnaði? Og ef fyrirtækið starfar erlendis, hvernig er málum háttað þar?

3. Hvaða helstu leiðir eru notaðar til þess að tryggja heilsu og öryggi viðskiptavinarins ef náttúruhamfarir eða annað hættuástand skapast, t.d. með tryggingum, þjálfun starfsfólks og/eða sérstökum öryggisbúnaði? Og ef fyrirtækið starfar erlendis, hvernig er málum háttað þar?

4. Hvaða fyrirbyggjandi aðgerðir eru til staðar í fyrirtækinu (fyrir utan að starfa með yfirvöldum) til þess að vinna gegn glæpum, smygli og þeim sem hyggjast nota fyrirtækið í slæmum tilgangi?

5. Er möguleiki á því að fyrirtækið vilji hjálpa til í neyðartilvikum sem eru ekki á ykkar ábyrgð, t.d. í náttúruhamförum sem steðja að í samfélögum á Íslandi, þar sem ykkar eigin viðskiptavinir eiga ekki hlut að máli?

6. Á heildina litið, hefur fyrirtækið skráðar reglur (eins konar siðferðisreglur) hvað varðar öryggismál og/eða samfélagslega ábyrgð fyrirtækja? Ef svo er, hvernig eru þessi mál gerð opinber?

D. Öryggi sem íþyngjandi þáttur fyrir fyrirtækið.
1. Á heildina litið, er öryggi minniháttar eða meiriháttar byrði fyrir fyrirtækið með tilliti til tíma, fjárráða og vinnustunda sem fara í þann málaflokk?

2. Hafið þið einhvern tímann metið það svo að viðbrögð við áhættu eða ógn gæti gert kostnaðinn við að starfrækja fyrirtækið svo mikinn að þeim væri betur sleppt?

3. Hafið þið skoðun á því hvernig öryggisógnir og áhætta hefur þróast með tilliti til fyrirtækisins? Eru þessar ógnir þær sömu, að versna eða að breytast á einhvern annan hátt? Eigið þið von á því að fyrirtækið taki öðruvísi á þessum málum á næstu 5-10 árum?