COPYING WITH ORGANIZATIONAL CHANGE IN THE TOURISM INDUSTRY

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ABSTRACT
The paper tackles the issue of organizational change in the tourism industry. The tourism industry is faced with a dynamic and complex environment that exerts constant pressures on its organizations and the adequate response of SMEs in tourism consists in making organizational changes. The paper examines four dimensions of organization’s ability to cope with change: (1) communication between the organization and its external environment, (2) the process dimension, (3) participation and communication, and (3) the capacity for change.

Keywords: organizational change, tourism, readiness for change, change process, communication, capacity for change

JEL Classification: L21, M10, O44

Introduction
A large body of literature puts into light the important social and economic role of tourism, claiming that this industry is one of the large employers in the world and in numerous countries, that it is vital to economic development, including destination development, to sustaining particular lifestyles, or to creating social benefits (Thomas, Shawb and Page, 2011). Tourism is also one of the steadily growing industries in the world. At the same time, the sector is made primarily of small and medium enterprises (By and Dale, 2006).

The tourism industry is faced with an increasingly dynamic and complex environment whose evolution and shifts have a major influence on ability of the SMEs to compete. In this context, they must initiate and implement changes as a key element of their survival or prosperity. However, there is little contributions to the study of organizational change within tourism SMEs in literature, especially as per empirical evidence to support organizational change theories and approaches in this domain (By and Dale, 2008).

The paper responds to a call for revealing the major factors that affect the ability of SMEs in the tourism industry to cope with change. The imperative of organizational change in tourism is explained through the pressures exerted by their external environment, as well as those generated by internal factors. Based on literature, the paper examines some dimensions of the organization’s ability to provide successful responses to the need for change.

1. Organizational change

A definition of the concept of organizational change has not been imposed in the literature, given the many perspectives that exist on this subject. In the most general sense, the term implies a noticeable difference – in form, quality or state – in the dimensions of an entity at different moments of time (Poole and Van de Ven, 2004). Applied to organizations, entities may be individual members and their jobs,
groups, the whole organization a.s.o. As Poole and Van de Ven (2004) put it organizational change involve three aspects: differences in form, different temporal moments, and different states of the entity.

Other authors feel a greater need for conceptual precision and try to specify elements suffering modifications or being subject to human interventions. For instance Wood (2000, cited in Gomes, 2009, p. 179) defines organizational change as structural, strategic, cultural, technological or human transformation with an impact on the organization. By this, the author offers types of organizational changes rather than a precise definition. Burduş, et al. (2003) make a step further and define change as "replacement, modification, transformation of the form and/or the substance of an object, product, work, service, activity or process" (p. 16). We note, on the one hand, the same tendency as in the Wood’s attempt to be more specific when listing types of processes (substitution, modification, transformation). On the other hand they enumerate entities suffering change such as objects, products, works, or services, but they fail to mention an element that is at the heart of organizational changes, respectively the human being. The focus of any change initiative should be on people because they implement it and they suffer its consequences. This notion is expressed for instance by Wischnevsky, Damanpour and Mendez (2011) according to whom the organization change occurs when individual members evolve, moving from certain behaviors and methods of operation to other different ones. Another approach puts an emphasis on the process, resulting a definition of three distinct elements of the organizational change: the current state, the transition state, and the future state. The current state is how work is done, and it is associated with familiar operations, behaviors, procedures, organizational structures, and technologies. Transition is characterized through uncertainty and flux, with new perspectives to be adopted and new behaviours to be learned. The future state is that which is desired because it is supposed that it will be better than the current one in terms of performance. At the same time, the future state is unknown and there is no guarantee that it will be successful.

Bennis (1966, cited in Poole, 2004) makes a distinction between change and changing, respectively between focus on factors producing organizational change and emphasis on bringing about and managing organizational change, which raises the question whether change is planned or unplanned. Not all changes in organizations occurs as a result of an agent’s intentional action. Unplanned changes happens spontaneously or at random and the managerial task is to act immediately once the change is recognized to channel it and minimize possible negative effects or maximize positive consequences (Schremmerhorn, Hunt and Osborn, 2003). On the other side planned change is based on programs, projects or plans that reflect the management’s will to move the organization from the current state to the future state, as a response to effective or anticipated problems or opportunities generated by the external environment, or to a discrepancy between present and desired performance. Planned change is driven by a person or a group of people, usually managers, who takes the responsibility to alter existing work practices and behaviors; the person or the team becomes the agent of change.

Change management can be defined as processes of initiating, designing and implementing deliberate change in the organization under the leadership of change agents and it is generally characterized by features such as novelty, unpredictability and the dominance of human implications. Unpredictability is related to the possibility of unexpected events accompanying change implementation, such as underestimation of the necessary time or other resources, which raises the question as to ongoing reallocations of resources and to negotiation abilities (Boddy and Buchanan, 2000).

2. The imperative of change in tourism

The dynamic and complex evolutions of the environment force SMEs in tourism to initiate and implement changes as a key element of their survival or prosperity. The failure of SMEs to change has negative consequences for their firm competitiveness, as well as for the destination competitiveness, as it happened because of the reluctance of SMEs to change during the transformation of the tourism industry to a buyer’s during the 1980s, or because of the slow response of some tourism SMEs to the ‘dotcom boom’ in the 1990s, when online tourism “eMediaries” replicated their services at a cheaper price (Thomas, Shawb and Page, 2011). The ability to cope with the today pressures for change becomes a key
determinant of competitive advantage and SMEs survival. There is wide agreement among researchers that SMEs in the tourism industry need to develop their capacity for rapid adaptation, flexibility, and innovation (Meyer and Stenaker, 2006).

The need for change is highlighted by the historical perspective of the evolution of tourism as a business activity through the ages, which reveals moments of continuity and change. Continuity means that tourism remained influential in the people`s leisure lifestyles, while change characterizes the evolution of tourism, as a dynamic and ever-changing phenomenon (Page, 2007). People traveled from ancient times from practical reasons: looking for places that were rich in game or suitable for agriculture, and then in order to trade various goods. During the great empires of Africa, Asia and Middle East a necessary travel infrastructure appeared (land and sea routes and roads) and means of transportation were developed. Ancient Greek philosophers recognized and promoted the concepts of leisure upon which tourism is based. In the Roman Empire, many elements of modern tourism were created, such as leisure facilities (i.e. spas, baths and resorts), seaside resorts, summer villas and historical sites that were visited for health, pleasure and spiritual reasons, forms of urban tourism. Rome became a major urban tourism destination, with diversified tourist services provided by inns, bars, tour guides, and souvenir sellers. In the Middle Ages, trade and travel declined, but certain tourism services continue to exist, because, for example, spectators traveling to festivals and knight tournaments needed temporary accommodation and food (Page, 2007).

From the later part of the Middle Ages, pilgrims to the Holy Land created a demand for accommodation and hospitality services (e.g. food, drink) en route. During the Renaissance in Italy a tendency spread among the upper classes to move from town to country for tourism purposes (rest and relaxation) on both a short-term and a long-term basis; the process of withdrawing to a country villa was called villeggiatura. A development in tourism was the Grand Tour, an aristocratic form of tourism, that originated in Great Britain in the sixteenth century and it reached its peak in the eighteenth century. Tourism has evolved dramatically in the industrial period. Great Britain was the first country in Europe to promote rest and relaxation tourism for the growing number of industry workers, although these forms of tourism were initially designed for the economic oligarchy, and owners of factories. The first travel agency, Cox & Kings, was established in 1758; in the 19th century, another company, Thomas Cook, had a significant role in promoting tourism as a business activity (Page, 2007). Since the second half of the 19th century mass tourism began its development.

On the other side, the today imperative for change in tourism is explained through the external pressures exerted by modifications and shifts of organizations` environment. Most of the external factors ask for organizational changes because they give birth to problems for enterprises that need more or less urgent solutions. In other cases, the external environment provides opportunities that proactive enterprises take advantage.

The technological progress is one of the key external factors, especially in the field of information and communication technology (ICT) and transportation. The development of ITC has a significant impact on tourism organizations, for example through creating consumers who are better informed about products, who can make price comparisons between offers or can read comments and opinions of other tourists about destinations or hotels. Also, more efficient and secure electronic payment systems facilitate money transfers, or the progress of mobile communications diminishes the cost of communication between tourists and their friends and family while traveling.

Globalization allows crossing borders more easily, which for the tourism industry can mean an increase in the number of foreign tourists, but also a more intensive competition among tourist destinations. Thanks to globalization, tourism companies can expand their operations globally through vertical, horizontal and diagonal integration, through massive investments in electronic databases and marketing. Global companies need global staff, which grows the number of expatriate employees in tourism. Besides large tourism companies, small niche operators will continue to play a significant role through offering products and services for travelers with particular preferences and requirements.

Geopolitical pressures, defining as long-term realignment of international realities, generate risks and threats (Palmer, Dunford and Akin, 2009). First, there will be problems posed by terrorism, which
tends to be more decentralized; another form of terrorism, cyberspace, is also a risk factor. Terrorism of any kind causes an increase of the security spending, and significant investments are needed for the protection against cyber terrorism and for ensuring biosecurity. Also, travels inherently increase the risk of epidemics, the more that some underdeveloped countries have not adequate systems to monitor the centers of contagion, or they might be reluctant to report infection cases. Any threat has negative influences on tourist flows. Tourists will avoid destinations perceived as less sure and therefore such destinations should pay special attention to protection measures.

Current and foreseeable demographic trends, such as population growth, population aging, or urbanization are major factors of influence on tourism. Also, there are significant developments of the modern lifestyle, such as awareness of health care issues, the human need of clarification of spiritual nature (e.g. searching a meaning of the existence, reflection to the balance between personal life and work), a growing concern for lifetime learning, or an increased interest in local history and culture of the visited destinations. Such demographic trends and modifications in the lifestyle of people have profound impact primarily on tourist flows, for example by increasing the overall number of tourists, or the number of older tourists, who have higher income and a better health status than in the past. Secondly, the tourist’s characteristics change. Today they are fond of products and services that can enrich their life experience (Pine and Gilmore, 1999, cited in.....), they seek interesting and compelling opportunity to discover and learn new things, and they want more flexible ways of spending holidays. Such tendencies of customer behaviour lead to a fragmentation of the tourist market.

Beside such megatrends, increased competition exerts powerful pressures for change. Over time, companies competed by price or quality, and more recently, by flexibility and innovation. All these forms of competition are today a reality faced by organizations, which are required to be performant in terms of efficiency, quality, flexibility and innovation.

Pressures for change come not only from outside the organization, but from their interior environment, too. Sometimes they take the form of the lack of performance that causes a state of dissatisfaction among decision makers, or, on the contrary, they result from the management proactive initiatives. Difficulties can arise because of the growth of the organization. During its evolution, the organization goes through several phases, defined through different paradigms of functioning and management (Greiner, 1972). The points of articulation of the phases are associated with crises involving the need for urgent changes.

3. Dimensions of the ability to coping with change in tourism

The response of SMEs in tourism faced with modifications and shifts in their external and internal environment is to make appropriate and timely organizational changes. Based on literature, we examine four dimensions of their ability to cope with change: (1) communication between the organization and its external environment, (2) the process dimension, (3) participation and communication, and (3) the capacity for change.

3.1 The organizational ability of communicating with the external environment

Compared with large firms, SMEs are more sensitive to external environments, and they are usually more vulnerable to environmental changes and pressures (Guo and Cao, 2014). However, their ability to cope with change can be enhanced by a good communication between the organization and its external environment. Organizations need to be receptive to factors that occur within the external environment (By and Dale, 2008). Capturing external signals can be interpreted as a process of communication, in which the organization has an active role of receptor; it “listens” to the external environment in order to identify pressures for change.

Listening levels differentiate through complexity and they can be scanning, monitoring, forecasting and evaluation. The normal articulation of these activities starts with scanning, by which weak or strong signals transmitted by the environment are captured, then the relevant ones are further
monitored so that patterns of their evolution and likely influence on the organization should be understood, making long-term forecasting, if necessary, and finally, all significant information is evaluated with the view of making possible organizational changes.

Listening to the external environment is a challenging task, because there are several difficulties for SMEs. First, such activities need resources in terms of effort, time, or money for quality external information sources. Second, such activities must be well organized, and a key question is whose responsibility should be the tasks of scanning and monitoring. The solution of a special designed unit to make analysis is unlikely to be convenient for SMEs and, it seems to be more adequate that every and each manager in the organization should be responsible to „listen” to the external environment. Managers’ external social ties have an important role to play in connecting the internal environment with the external environment. These managerial ties depend on the extent to which managers develop close personal relationships with their business partners such as customers and suppliers and with government officials. Their utilization to acquire information strengthens the organizational ability of communicating with the external environment, because information and knowledge about the environment can be timely delivered to firms by these means. (Guo and Cao, 2014). Third, the information and knowledge of managers, as well as those of other employees, especially individuals in direct contact with customers, must circulate within the organization. SMEs may have the advantage of a less numerous staff, a factor that may favor the internal transfer of knowledge, on condition of an open communication climate established in the organization.

3.2 The process dimension

Good management of the organizational change depends on the set of practices forming the process dimension, a decisive factor for success in the running of the changes (Soparnot, 2011). As Neves (2009) puts it, “for a long time evidence has accumulated that the successfulness of change efforts is due not only to their content or substantive nature but also to the processes” (p. 216).

In literature there are many models that describe phases or steps of the change process. The best known is the Lewin’s model of the three-phases: unfreezing, moving and refreezing. Unfreezing mainly involves awareness of a need for change and breaking the balance created by the forces that are pro- and against change. Moving from the organization’s old state to the future state is achieved through management interventions on components and elements of the organization (strategy, work tasks, technology, people, structure, organizational culture, etc.). Finally, refreezing involves an effort of institutionalization of the change by strengthening new patterns of behavior, attitudes, values, and work practices. Kotter (1995) recommends eight steps for change: establishing a sense of urgency, forming a powerful guiding coalition, creating a vision, communicating the vision, empowering others to act on the vision, planning for and creating short-term wins, consolidating improvements and producing still more change, and, finally, institutionalizing new approaches. Even if it seems to be more complex than the Lewin’s three phases construction, Kotter’s model does not vary much from the first one, because the first 4-5 steps, namely establishing the need to change, creating a change team, developing and communicating the vision, or removing obstacles pave the way for making further managerial interventions in the transition phase, which is similar to the aim of unfreezing the organization. Armenakis and Harris (2002) describe three steps of the change process: readiness, adoption and institutionalization. Management is inclined to pay more attention to the technical elements, often neglecting the human element that is an essential factor of success in change implementation (Bovey and Hede, 2001). Contrary to it, Armenakis and Harris (2002) focus on the human dimension, pointing out that during the first stage, readiness, and organizational members must become prepared by obtaining a cognitive state of positive attitudes, beliefs and intentions toward the change.

Carrying out the processes of change requires a significant amount of resources and the ability of SMEs in tourism to cope with change seems to be limited by lack of them, a general characteristic of this type of enterprises. Guo and Cao (2014) describe the environment of SMEs, particularly in emerging economies, as a less munificent environment, because if compared with large-established firms, it is
harder for SMEs to obtain various supports from the market or the government. More than that, the change process is implemented while daily operations are maintained, but the large number of decisions and activities associated with large-scale changes risk crowding out the activities required for the achievement the daily operations (Meyer and Stensaker, 2006).

However, the lack of resources should not be exaggerated because certain key resources are present in SMEs and their potential to implement change can be enhanced by prioritizing issues affecting process requirements. According to the theory of resources the ability to compete not necessarily requires many resources, but rather depends on the firm's ability to combine them properly and what is achieved with them. Therefore, accomplishing change initiatives claimed by environmental pressures depend on how valuable capabilities are developed and combined with a proactive approach. The resource combination activities, defined as activities of acquiring, developing, accumulating, and using resources, have the potential to help a firm in implementing new strategies (Guo and Cao, 2014), including in making changes effectively.

An important factor of successful implementation of change is represented by leadership. As creator of the change, the role of the leader in the process is decisive for three reasons: (1) he personifies the change and produces reasons for it so that the participants will accept its general significance; (2) he creates a team of “supporters” who ensures the propagation of the change; and (3) he encourages debate, argument and consensus (Soparnot, 2011). The organization must have some important abilities in the area of leadership (Judge and Douglas, 2009). First, it is necessary an ability of senior executives to earn the trust of the rest of the organization and to show organizational members the way to meet its collective goals. They should consistently articulate an inspiring vision of the future and they also should show courage in their support of change initiatives. Second, it is the ability of middle managers to effectively link top executives with frontline employees, to show commitment to the organization’s well-being, to balance change initiatives while getting day by day work done, and to voice dissent constructively. Thus, coping with change depends on the ability of an organization to attract, retain, and empower change leaders. As change champions, they are willing and able to challenge the organization’s status quo, have the will and creativity to bring about change, and have the respect of their collaborators. Third, it is the ability of followers (e.g. non-executive employees) to constructively dissent with and/or willingly follow a new path advocated by their leaders, by opening themselves to consider the change proposal, as well as by having opportunities to voice their concerns about change.

Leadership is intrinsically linked with trust between promoters of change and participants; it is a resource of the transition and a facilitating condition of change. Trust is built through a long relationship between people and if it exists during the change process, the transition runs more smoothly. “Trust is a form of guarantee for the behavior of the reformer and the contents and procedure of the change adopted. It is strengthened (or destroyed) during the course of discussions and acts. Its existence can encourage the actors to follow the reformer in his decisions.” (Soparnot, 2011, p. 652).

An important characteristic of leaders is systems thinking; in fact, they must strive to develop the ability of the organization to focus on root causes and recognize the interdependencies within and outside the organizational boundaries. System thinking allows change champions to recognize the interdependent implications of change, the need to align incentives with desired changes, or the value of addressing causes rather than symptoms (Judge and Douglas, 2009).

### 3.3 Participation and communication

The change literature recognizes that staff participation in formulation and implementation of change can contribute to a greater understanding for and commitment to the change (Meyer and Stenaker, 2006). It can contribute to making qualitatively better decisions, to a more powerful commitment to change thanks to organizational members’ perception that their input through participation has an effect, or to facilitating change. On the other side, participation brings costs and possible negative effects, such as being time consuming, or tending to crowd out activities related to daily operations (Meyer and Stenaker, 2006).
In spite of the spending of time, the participation effect of creating an arena for discussion and meaning making has particularly importance, taking into account the fundamental requirements of visibility and framing of the change process. Framing refers to how changes are communicated, the reasons given for change and the rationale behind making a particular set of changes (Meyer and Stenaker, 2006). However, communication is not limited to the announcement of the change, but the entire process is punctuated by moments of communication concerning the progress of the project (Soparnot, 2011). Also, in planned change processes, organizational members are likely to interpret the changes in various ways as they try to figure out the meaning of the proposed strategic change effort, its effect on them, and their role in it. That’s why, participants need an analysis framework to facilitate interpretation and help them in creating a meaning to the process. At the same time, the ability of the organization to communicate means ensuring resources in form of information and facts to organizational members that are necessary for them to adapt the psychological conditions.

The successfulness of change efforts requires a focus of the managers on creating readiness for change by minimizing resistance and transforming organizational members into agents of change (Neves, 2009) and good communication is an essential means of creating this state. The concept of readiness for change refers to more than understanding and believing in change, it can be define as a collection of thoughts and intentions toward the specific change effort (Madsen, Miller and John, 2005). It is reflected in organizational members’ beliefs, attitudes, and intentions regarding the extent to which changes are needed and the organization’s capacity to successfully implement those changes (Armenakis et al., 1993, cited in Drzensky, Egold and van Dick, 2012, p. 97). The inability to create readiness for change at cognitive level is documented as a cause of speculations and rumors, which results in resistance to change (Neves, 2009).

According to Armenakis and Harris (2002), communicating clear and consistent change messages provides the most powerful framework for creating readiness for change. The authors specify five domains of the change message and three strategies of conveying them. In order for organizational members to be motivated and ready for the change, organization’s leaders must shape the employees’ attitude, beliefs, and intentions to the change through communicating change messages that address 6 vital attributes of the change initiative:

- **Discrepancy.** The message reveals the difference between the current state and the future, desired state, creating a sentiment that something is wrong and it must be changed.
- **Efficacy.** The message aims at creating the employees’ confidence that they are able to implement the change initiative.
- **Appropriateness.** The message has to create not only the feeling that a change is needed, but also that the specific change initiative being proposed is appropriate.
- **Principal support.** People must be convinced that resources for changed are ensured and that the leaders are committed to the change on a continuous base.
- **Personal valence.** The change messages must put into light the benefits the organizational members will get, the distribution of positive and negative outcomes, and the fairness of the change.

As important as the content of the change message it is the manner the messages are conveyed. Armenakis and Harris (2002) identified three strategies of conveying the change messages. A frequently used strategy is persuasive communication, the change agent’s direct communication in such forms as speeches, newsletters, memo, and reports. Another one is active participation, with three forms: (1) gradually building skills and knowledge through successive involvement and practice, (2) observing and learning from others, and (3) participation in decision-making. Finally, the strategy of information refers to providing information about the change initiative by using internal sources (e.g. organization’s financial records) and external sources (e.g. sharing article from press, bringing in speakers to inform about relevant events, or consultants to provide expert opinion).
3.4 Organizational capacity for change

Organizations in tourism sector must have the ability to change not just once, but, given the constant flux in the business environment, as a normal response to changes in their environment (Meyer and Stensaker, 2006; Buono and Kerber, 2010). Scholars differentiate between change readiness and the broader concept of change capacity. Capacity for change is an ongoing concept involving processes of continuous learning and adaptation to uncertainty and flux, as well as the ability to implement multiple, often iterative and overlapping changes over time (Buono and Kerber, 2010).

The definition of the change capacity provided by Judge and Douglas (2009) underlines the combination of managerial and organizational capabilities allowing the organization to adapt more quickly and effectively to changing situations. However, organizations make changes not only as reactions to external and internal evolutions, but also as a proactive approach. That’s why the definition of Soparnot (2011) seems to be more comprehensive because she considered the change capacity as “the ability of the company to produce matching outcomes (content) for environmental (external context) and/or organizational (internal context) evolution, either by reacting to the changes (adaptation) or by instituting them (pro-action) and implementing the transition brought about by these changes (process) in the heart of the company” (p. 642). Meyer and Stensaker (2006) had a contribution to the clarification of the concept of change capacity by pointing out that that is not just the ability (resources and capabilities) to change the organization successfully, but also the capability to maintain daily operations and implement subsequent change processes.

The development of the tourism SMEs capacity for change may be limited by the lack of resources and by the concentration on daily operations and on specific change projects. On the other side, SMEs may successfully foster such a capacity by strengthening such organizational dimensions as flexibility, learning, and a culture of change.

Conclusions

This study examined four dimensions of the tourism SMEs ability to cope with change. Capturing external signals is interpreted as a process of communication, in which organizations have the role of a “listener”. Listening to the external environment is a challenging task, because there are several difficulties for SMEs in terms of resources, manner in which such activities are organized, or internal information flows. The identification of the need and the nature of change is an essential task, but copying with change successfully depends not only to the content or substantive nature but also to the processes (Neves, 2009). Carrying out a planned process involves the accomplishment of large series of activities associated with various stages of the transition, as well as it requires a significant amount of resources and adequate leadership. The formulation and the implementation of organizational changes are facilitated by staff participation and communication. Communication is also associated with the readiness for change, involving organizational members’ beliefs, attitudes, and intentions toward the change; clear and consistent messages provide the most powerful framework for creating such a condition of the organization in transition from current state to desired state. On the other side, organizations in the tourism industry have to create readiness for change not just once, for a particular initiative, but as a normal response to the constant flux in the business environment, which means efforts for developing the capacity for change.
References


Drzensky, Egold and van Dick, 2012


