

ENTREPRENEURIAL DESIGN OF QUALITY INITIATIVES IN SMALL TOURISM BUSINESSES¹

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Abstract

The objective of this paper is to explore the importance of design aspects of an entrepreneurial organization, seen from quality perspective. Organization change and development of this type has its own specifics. Thus, the paper projects several transformation phases of the small tourism business toward the completion of an organization in accordance with the needs and wants of the tourists and employees. Quality initiative will benefit tourism business if real nature and perspectives of quality process in the tourist organization is understood, and if steps of implementing the quality initiative are right made and one. But in practice, everything is not so easy. The paper identifies some challenges that address the hardness of accepting quality philosophy in the small tourism businesses. Implementing quality change into small business setting has some challenges, which needs to be overcome in order to develop flexibility, effectiveness and efficiency of the tourism business.

Key words: entrepreneurship, design, change, quality, small business, tourism

INTRODUCTION

Work results are the direct product of multiply interactions, people decisions and choices. For people who are at different levels in the organizational structure, the

¹ review scientific paper

language of quality is a common language of communication and understanding. Error done in one part of the organizational structure can influence the whole organization. Doing things right at the first time can benefit everyone in the small tourism business. Total Quality Management (TQM) as a management philosophy which integrates all organizational functions (marketing, finance, design, engineering, and production, customer service, etc.) helps toward meeting customer needs and fulfilling organizational objectives. TQM views an organization as a collection of processes. It maintains that organizations must experiment to continuously improve these processes by memorizing and applying the knowledge and experiences of workers. The simple objective of TQM is “Do the right things, right the first time, every time.” As such, TQM places great emphasis on continuous improvement of products and organizational processes through never ending cycle of experimenting, designing, learning and embedding entrepreneurial spirit into core organizational values. Because business today is so complex, everybody needs cooperation from everyone in completing his own tasks and company purpose. The need for doing things together and quality of the work done is crucial for motivating employees. We want and we need employee cooperation, if we want to make and sell quality perfection of the tourist product. Seeing this, every working activity in the small tourism businesses can be seen from the aspects of quality (di) satisfaction.

Based on the previous generalizations, the paper focuses on design aspects of entrepreneurial organization, seen from quality perspective. Design is a broadly applicable, multidisciplinary process. Under creative design we understand a great variety of methods and processes on how to work with creative processes (Crilly, 2010; Cross, 1997a,b; Dorst and Cross, 2001) to transform the present into a preferred and future situation. Design process is a continuous process of exploring new alternatives from simultaneously working with problem and solutions (Matthew, 2010). For an effective organizational change and development from quality perspective, the business must understand *quality* and core values in its operations; tourist product meaning and quality competitiveness; and the role of quality initiatives in gaining and supporting market superiority. Prioritizing optimal business strategy (which fits organizational capabilities) based on continuous quality improvement gives the business competitive advantage over its competitors. Strategy is selected after careful consideration of all factors influencing the environmental viability of the business. The paper will project possible strategy in the conveying of the quality

system in a small tourism business, and also, will review some potential problems with quality management initiative in a small business setting. At the end, we will focus on some specific challenges that influence small tourism business quality initiatives.

SPECIFICS OF THE TOURIST PRODUCT

“Quality” means fulfilling tourist needs with products and services without errors. Development of Quality culture in all activities will follow quality output, i.e. qualitative tourist product. The tourist product is not a one-sided object, but a collection of several material and non-material products (services) which are combined by the tourist consumption. The tourist product is not singular.. According to that “the tourist product is a collection of diverse privileges, products and services for the fulfillment of the tourist needs of the consumer during his journey or visit” (Јаќоски, Миладиноски, 1989:200). But, what we mean under the term "Quality" from the tourist product perspective?

WHAT WE MEAN UNDER THE TERM "QUALITY"?

Since quality is such an important factor, a series of related questions have to be raised and answers discussed. When we say "Quality", we must explain what we mean under the term: product quality, process quality, operation quality, quality of the management, etc. Definition must satisfy some aspects of the problem: techniques, technology, economy, sociology, and psychology base of the definition. The term "Quality" is a multidisciplinary. There is a "Quality" from the point of view of the tourist (useful value of the tourist product, price and delivery time), and "Quality" from the point of view of the producer (quality of the tourist product standardized with normative and trade agreements, costs, producing and delivery time). Quality of the "process" means quality of the organizing and producing the tourist product with minimum standards defined by tourists.

Different authors have different views of the term “Quality” (Deming, 2000; Ishikawa, 1991; Feigenbaum, 1991; Juran, 1998; Crosby, 1995). UNWTO (United Nations World Tourism Organization) defines *Quality* as “the result of a process which implies the satisfaction of all tourism product and service needs, requirements and expectations of the consumer at an acceptable price, in conformity with mutually accepted contractual conditions and the implicit underlying factors such as safety and security, hygiene, accessibility,

communication, infrastructure and public amenities and services. It also involves aspects of ethics, transparency and respect towards the human, natural and cultural environment”². According to Nenadál (2008) “Quality is the decisive factor of the stable economic production efficiency of a business – companies with modern systems of quality management show decidedly better long-term results than companies traditionally oriented to indicating the quality through technical control.” According to Deming, good quality means a predictable degree of uniformity and dependability with a quality standard suited to the customer. For Juran, quality is "fitness for intended use" which basically says that quality is "meeting or exceeding customer expectations." Deming states that the customer's definition of quality is the only one that matters. Quality by the above views is determined by the tourist, not an engineer, marketing manager or CEO of the company. For us, to say that our product is quality product, product must meet some specifications by form (configuration), consistent geometry, function (expected performance), trustiness, etc. Product characteristics must be in accordance with tourist expectations every time and all the time. Having into consideration quality management research results, small tourism businesses can implement a range of organizational development initiatives into organizational structure, like six-sigma, strategic quality management, total quality management, or change management design. Every initiative should be embedded into organization strategic management in order to succeed.

SELECTING OPTIMAL BUSINESS STRATEGY BASED ON QUALITY IMPROVEMENT

Quality is planned, ensured, managed and improved through the quality management system (QMS). The QMS is a management system to manage a business from quality viewpoint. QMS is mainly concerned with continuous improvement in all work, from top management strategic planning and decision-making, to detailed execution of work elements by the frontline workers. QM holds the belief that mistakes can be avoided and defects can be prevented. That leads to continuously improving all aspects of work, as a result of continuously improving capabilities, people, processes, and technology and machine capabilities. Mistakes may be made by people, but most of the mistakes are caused, or at least permitted, by faulty systems and processes. The root cause of mistakes can be identified and eliminated, and repetition can be prevented by

² http://cf.cdn.unwto.org/sites/all/files/pdf/concept_note_4_3.pdf

changing the process. We can summarize three major mechanisms of prevention: preventing defects from occurring; detecting defects early in the process through inspection at source or by the next operation to prevent them being passed down to the next process; and if mistakes recur, stopping production until the process can be corrected, to prevent the production of more defects.

In reality organizations worldwide employ different quality strategies to be functional and effective – they define company as oriented towards fulfilling customer needs and thus raises company's competitive ability. We will review some of them according to Pegels, 1995; and Ghobadian, and Gallear, 1996. *Primary* implemented strategies are: employee innovations; team work in problem solving; participate leadership and teamwork; and implementation of ISO 9000 standards series. *Secondary* implemented strategies are: continued contact with the customers; engaging clients to define work systems (Holliday Inns); and embedding communication and information technology in customer service (Holliday Inns Worldwide).

We can note that, when the change (quality management strategy implementation) is closely examined as a problem (which is in fact a problem) of optimal control or adaptation, a few things are needed: Model – adequate model which will be a true representative of the specific occurrence (the state of the organization and the desired state); Aim - preferred state, which comes from the model; Activity (action) – instrumentarium which reaches the aim; and Feedback information – in the aspect of retreat toward which the model leads relative to the expected state. The above stated steps give a rough frame in the projection of a possible strategy in the conveying of the quality system in a small tourism business.

QUALITY MANAGEMENT STRATEGY INTRODUCTION IN A SMALL TOURISM BUSINESS

The strategy, which has to introduce the quality initiative, has into account the following: the present situation of the small tourism business which needs to be changed into some future situation; in the future the small tourism business will function according to specific requirements – according to plan; the change from one condition to another will not require the small tourism business or its member's additional costs. According to that, we will try to project several transformation phases of the small tourism business toward the completion of an

organization in accordance with the needs and wants of the tourists and employees.

PHASE I: *Understanding the need for quality in small tourism business.* In this phase, the management summarizes the experience of the introduction of ISO 9000 quality management model in Macedonia and in the world; understands requirements of the market niche and foreign tour operators; and creates own definition and understanding to TQM philosophy and its application in the company operations.

PHASE II: *Building motivation for Quality.* In this phase, management gets clear insight into benefits of management support to the quality initiative implementation (profit growth, rating, export, technological progress, work quality, good relations, etc.); uses information and analysis to identify the reasons for dissatisfaction of the present situation in the small tourism business by all stakeholders; ensures participation in the completion and introduction of the quality initiative through information and analysis; makes visible and introduces a reward system (bonuses, payment system, promotion, acknowledgements, career progression, status symbols); and ensures a sufficient period of transformation of the present to the desired situation.

PHASE III: *Top management actions in the quality initiative* should convince followers to support attitude of the leader (support for quality, presentation of the future situation, suitable attitude of the future situation, rewards for persons aiding the change, giving support to the organization's capability to introduce quality in its line of work); management is building company culture through use of symbols and language (acknowledgement of the achievements, grand names for specific projects and positions, arrangement of the working hours of the general manager); and promotes stability during the change (timetable of the change, parts of the organization with guaranteed stability or step by step change).

PHASE IV: *Redirection of the small tourism business.* In this phase, management develops clear vision for the future (leading philosophy, culture, objectives, mission, quality politics, organization strategy, plans and programs for quality, necessary resources for their realization); is consistent and communicates development (description of the work places and tasks, introduction of a reward system, establishment of new relations – communication on a horizontal and vertical level); introduces quality changes

into the organizational structure- new position of *Manager for quality* (member of the management, general manager, company president), allocates necessary resources for the realization of the change (cadre, financial means, training and education, consultant services), plans for the realization of the change (benchmarks, performance standards, responsibility specifications of the key people and groups, constructs structures for the change management (pilot Projects, experimental units, work teams), and develops feedback mechanisms (research of the way of functioning, interviews, informal communication, documentation in the system, external evaluation, external organization rating) for updating and motivating employees toward the common goals.

PHASE V: *New organization* becomes visible and effective by satisfying and surpassing the needs and wants of the tourists (examining and acknowledging the needs and wants of the tourists, satisfying the confirmed needs and wants, foreseeing the future needs and wants with the aim of launching a new product on time), with implementation of continued improvement process cycle (personal and professional development, quality personal relations in the organization, managerial realization and efficiency, organization productiveness), and recognized by the business environment as an organization based on quality philosophy and entrepreneurial market vision (common vision, tourist created organization, learning organization, independent problem solving, continued innovation and experimentation, common knowledge, creating external networks, unions, open organizations, investing in the human resources, fulfilling personal objectives, creativity, quality work life/culture.)

Beckhard and Pritchard (1992) have underscored the basic steps in *managing a transition* to a new system such as QMS: task identification, creating supporting management structures, designing mechanisms to communicate the change, and allocating resources.

Task identification would include assessing readiness, creating a model of the desired state, such as TQM; announcing the change goals to the organization; and allocating responsibilities and resources. This final step incorporates outside consultation and training and allocating someone within the organization to oversee the effort. This should be a responsibility of top management.

Designing transition management structures is also a responsibility of top management. Management must be engaged as leaders rather than relying on a

separate staff person or function to oversee the effort. An organization wide management committee to oversee the effort may be more appropriate.

To communicate the change, management employs different techniques - special meetings attended by executives, meetings can be designed as input or dialog sessions, may be used to initiate the process, and QM newsletters keep employees aware of activities and accomplishments.

Allocating of resources for the change effort is important because outside consultants will be required. Consultants are chosen based on their prior relevant experience. All management staff after receiving training in change management which they can then pass on to other employees should be actively involved in QM system design and implementation. A cooperative relationship with consultants and clear role expectations and description of activities must be defined.

In summary, management assesses the need for change is clear and that Quality Management is an appropriate strategy. Management styles and organizational culture must go hand in hand with QM. If not, this should be corrected or QM implementation should be avoided or delayed until appropriate conditions exist. QM implementation is a long-term process. Management needs to maintain their commitment, keep the process visible, provide support, and hold people accountable for results, but, also maximize employee involvement in design of the QMS.

CHALLENGES THAT INFLUENCE SMALL TOURISM BUSINESS QUALITY INITIATIVES

According to Galliar (1995), small business quality initiatives face following barriers:

- In the small business dominate personality of the business owner. Many small business owners lack formal management training, that can influence their flexibility and readiness for organizational culture change
- Small management team means little backup and overstretching the human capacities in managing day to day work

- Some of the demoralized workers can negatively influence the quality of the work done
- Small business often needs quality management standard certification. Meeting requirements of the standard can be overwhelming for a small business
- Small business is constantly improving services to meet customer demands. Limited time and staff resources, is blocking the management in initiating complicated organizational change
- Small business culture is less prone to information sharing, that is way use of outside consultancy services is avoided

Small businesses access to capital is mainly through the family members. Capital for growth, or short-term credit is very difficult to raise.

Main motive of venturing is self-employment. If the satisfactory income is present, there is no need into expanding the business.

Some owners can prefer relaxed life style and less stress and competition. Some of the investors have different objectives, maintaining control and ownership of the small business. Having this into consideration, growth and expansion is not first choice for many business owners.

Lack of the adequate training and necessary skills is one of the major reasons for conformance quality problems. Some of the employees need basic skills improvement in order to perform their specific tasks. The basic skills necessary for minimal job performance include reading, writing, and performing general mathematics in order to understand technology instructions or manuals. Technical training is needed for basic statistical process control for defect prevention and conformance to quality.

Small businesses lack staff infrastructure to engage in data collection and processing as larger ones, because complex statistical analysis requires educated human resources. Small business cannot re-route limited funds into collecting data through seasonal customer surveys and that affects reliability of information and decision making.

There are many quality management methodologies available for successfully navigating through organizational culture change. One should have in mind that quality initiative change requires long-term commitment.

CONCLUSION

Every working activity in the small tourism business can be seen from the aspects of quality (dis) satisfaction. Seeing this, every employee should take care about quality in his/her area of responsibility. The language of quality is a common language of communication and understanding through the whole organizational structure. There is a quality from the point of view of the tourist (useful value of the tourist product, price and delivery time), and "quality" from the point of view of the tourism business (quality of the tourist product, standardized with normative and trade agreements, costs, producing and delivery time).

The management has a key role in promoting business efficiency and effectivity of implementing quality initiative in the tourism business. The management behavior helps in establishing positive attitude between employees toward implementing quality initiative in the small tourism business. The management needs to change the organizational culture in one, which supports quality initiative throughout whole organizational structure.

The paper projects several transformation phases of the small tourism business toward the completion of an organization in accordance with the needs and wants of the tourists and employees. Quality initiative will benefit tourism business if we understand the real nature and perspectives of quality process in the tourist organization, and if the steps of implementing the quality initiative are right made and one. But in practice, everything is not so easy. We identify some challenges that address the hardness of accepting quality philosophy in the tourist organization. The challenges, needs to be overcome in order to develop flexibility, effectiveness and efficiency of the small tourism business. Entrepreneurship, design, and quality initiatives are all ingredients of the innovation process. This paper explores a solution focused approach in organization development — that of entrepreneurial organization design from a quality perspective. The paper extends prior research and raises issues on entrepreneurship, design, and quality, and promotes links between these notions in the establishment and ongoing development of organization. Future research questions might include: What design processes are used by entrepreneurs in

organizational development? Will applying design processes in organizational development follow an active customer involvement and what are the limitations on the enterprise design in small tourism businesses?

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