

# UNDERSTANDING THE MULTIFACETED DYNAMICS OF ORGANIZATIONAL CHANGE WITHIN THE HOSPITALITY INDUSTRY

Ousanee Sawagvudcharee\* and Buncha Limpabandhu\*\*

## Abstract

Moving towards a change, a paradigm<sup>1</sup> under organizations within the hospitality industry, operation successfully changes, or fails, or continues on as before. This significantly depends on how people and change agents understand the paradigm. It also depends on developing approaches to change and handling them along with a change situation. In addition, it is important that people and change agents can understand significant parts of the hospitality organization and the relationship between them. It is also important that they can clarify them properly. Moreover, investigating a paradigm change can offer a useful way of looking at what is happening to organizations within the hospitality industry. One way of doing this is through the meta-theory of Knowledge Cybernetics<sup>2</sup> (KC) as KC can help people and change agents generate knowledge to become knowledge creation or recognition to relate to comprehensive organizational learning. Examples of the issues that are involved are provided by the brief examinations of the Thai Airways International's privatization, the merger of Arby's Restaurant Group with Wendy's Restaurant conducted by Triarc Company Inc, and the takeover of Turtle Resort by lenders.

**Keywords:** Knowledge Cybernetics, Hospitality Industry, Paradigm Life Cycle, Organizational Change, Social Viable System Model,

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\*Dr. Ousanee Sawagvudcharee obtains a Doctor of Philosophy (Ph.D.) in Business Administration from Institute of International Studies (IIS-RU), Ramkhamhaeng University, Thailand. Currently, she is working as a Lecturer in School of Management at Shinawatra University.

\*\*Dr. Buncha Limpabandhu obtains a Doctor of Business Administration (D.B.A.) in Management from Shinawatra University, Thailand. Currently, he is working as a Lecturer in the International Business at School of Management, Shinawatra University.

## **1. INTRODUCTION**

Nowadays, most organizations seek for suitable strategies, techniques, tactics, and proper scenarios to handle their complex systems because they are in a turbulent business environment. They want to survive in an unpredictable and changing business environment. This includes hospitality organizations, which may be faced with a variety of factors, both internal and external to the organization. These factors include financial turmoil, economic downturn, political turbulence, technological change, cultural change, strategic phenomena, and natural disasters (Yolles & Sawagvudcharee, 2017). These cause consequences in the mode of takeovers, joint alliances, or business partnerships, which must happen in order for the organization to continue its growth or survival in the turbulent business environment. Otherwise, people would need to shut down their business. In such situations, many organizations within the hospitality industry pass through a transitional period that may be developmental or transformational, leading to dramatic change. If a paradigm changes, or dies, or continues on as before, it will reflect organizations within the hospitality industry. It is important to have an in-depth understanding of significant parts which are contained

within hospitality organizations. It is also important to have a better accessibility to information regarding how the paradigm shift will cause change. These can be covered with the notion of Knowledge Cybernetics (KC). KC can help people and change agents understand a connection between individual people, social communities, knowledge procedures of communication, and organizational learning. To understand the relationship among them is necessary for proper correlation between improvement of the hospitality organization and social collective viability. It can help to explore knowledge formation and its relationship to information. Illustrations of the issues that are involved are provided by brief examinations of Thai Airways International's privatization, the merger of Arby's Restaurant Group with Wendy's Restaurant conducted by Triarc Company Inc, and the takeover of Turtle Resort by lenders.

## **2. LITERATURE REVIEW**

A hospitality organization always has ongoing activity, which is sensitive and shows complexity. It requires comprehensive team work. It involves understanding of variety and diversity, such as different attitudes, beliefs, and cultural values. It shows inseparability, heterogeneity, complexity, and lack

of ownership. Simply put, a hospitality organization is a type of organization providing pleasure or kindness in hospitable ways to strangers or guests in terms of products and services (Sawagvudcharee, 2010). Nowadays, hospitality organizations have critical problems in efficient development, improvement, planning, finance, performance, recruitment, operations, and psychology of management. These occur, because they seek to meet demand and to become stabilized in the global business without wobbles from the impacts of the external or internal environment. It is commonly known that a hospitality organization is likely to have a turbulent environment where things change rapidly. The organizations within the hospitality industry have been confronted with many changes, requiring them to react to the consequences of such change. People in the industry are seeking for suitable solutions, to anticipate problems and take advantage of possible opportunities. These solutions could help the organizations to implement any changes required. Hence, creativity and innovation should be the keywords for people to create within a hospitality organization. It would

be better to understand what is involved in the hospitality organization and be able to clarify each action properly. One way of working towards this is through the meta-theory of Knowledge Cybernetics (KC), which can help people and change agents generate knowledge that becomes recognized and can be related to form comprehensive organizational learning.

## **2.1 A structural process of the hospitality organization through Knowledge Cybernetics**

The structural process of a hospitality organization includes legitimizing the environment, culture, strategy, organizational structure, operations, as well as tasks involving multiple environments. These operate under a reflection of the external environment which often has impacts on the hospitality organization. Figure 1 represents the model of the six structural processes of the hospitality organization which is shown in detail through the concept of Knowledge Cybernetics (KC). KC is applied to help people in the hospitality industry consider problems in-depth, including details rather than avoiding them and analyzing the problem only roughly.

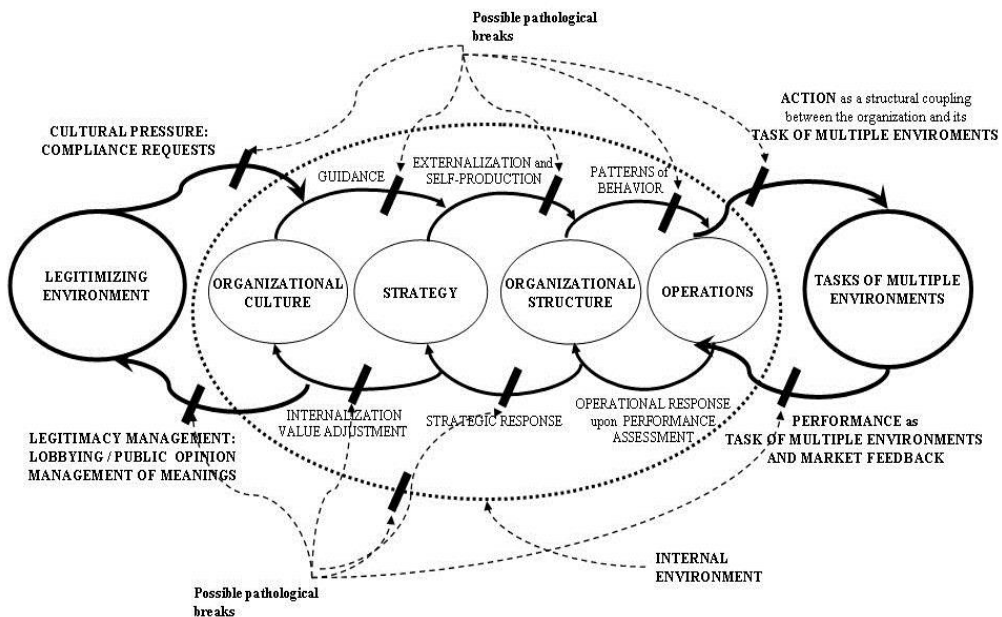


Figure 1. The model of the six structural processes of the hospitality organization shown through Knowledge Cybernetics (Adapted from Fink and Mayrhofer, 2009)

Figure 1 shows that there are six structural processes involved in a hospitality organization. These are (1) Legitimizing environment, (2) Organizational culture, (3) Strategy, (4) Organizational structure, (5) Operations, and (6) Tasks of multiple environments. These six processes are structured in the hospitality organization, while the organization is running its business. Each of them is important to organizations within the hospitality industry as they help them to move through a cornerstone of different facets. For example, when people want to build or improve a resort, they must understand and be aware

of the legitimizing environment, as this may be a pressure affecting the resort's ability to continue running. This could create resistance and conflict from people, both inside and outside the resort. The legitimizing environment is about being legitimate under the environment in which the hospitality organization is running a business. The second process is organizational culture which is based on culture as part of a cognitive base. The third process, which people must be able to clarify properly, is strategy, where people create in order to run the hospitality organization. The next one is organizational structure which

represents the various levels, authorities and hierarchies of the hospitality organization. The fifth process is operations, which consists of the procedures or methods of working, or modes of action within the hospitality organization. The last process is tasks of multiple environments, in which contemporary factors may have an impact on the hospitality organization. These often affect the organization by offering reflection which may force the hospitality organization to change. These processes should be carried out properly for the successful running of the hospitality organization, otherwise pathology will occur to break the relationship between the weaker processes, leading to failures or problems.

It is well-known that hospitality organizations are confronted with a turbulent business environment. Most organizations seek for appropriate scenarios to handle the destabilizing situations facing them, allowing their complex organizational systems to survive and grow in an unpredictable and changing business environment. Therefore, with these factors in mind, the concept of Knowledge Cybernetics (KC) can be a fresh metaphor for social collectives. This helps people in a hospitality organization to recognize more than just knowing how to convert data

into information, transforming data in to knowledge, and integrating systems and technology to manage and control the organization.

## **2.2 Understanding Hospitality Organizations Under the Concept of Knowledge Cybernetics**

Hospitality organizations are complex (Sawagvudcharee, 2010). They are always faced with complicated situations that affect and influence their capacity to continue to exist. One of the necessities for business survival is the proper creation and analysis of knowledge with more accessible and in-depth analysis. This can help people to enhance the capacity to develop an analytical exploration of factors. It is crucial to hospitality organizations, to be able to fill the gaps between knowledge and business strategy. It also fulfills the relationship between knowledge and sustainable competitive advantage in a viable system, such that the hospitality organization may be similar to its contemporaries. The concept of Knowledge Cybernetics (KC) is a radical meta-theory because it can aid knowledge retention in the hospitality organization without high turnover or reliance on technology.

The meaning of hospitality is broader than the commonly known, hotels and restaurants. It includes all

businesses where there is a correlation between host and guest (O'Connor, 2005, p. 268). Fundamentally, hospitality refers to hotels, restaurants, casinos, catering, resorts, member clubs, conventions, attractions, special events, and other services for tourists. In terms of characteristics, the hospitality industry can be defined as a service industry that is classified under five core characteristics: (1) intangibility, (2) inseparability, (3) heterogeneity, (4) perishability, and (5) lack of ownership (Brotherton, 1999). It requires effective team work, sustainable knowledge development, as well as being service minded, and opened minded. These characteristics of the nature of the hospitality industry, exist in an exhausting 24 hour demand, creating a turbulent, and fragile organizational environment. The hospitality industry can be compared with a viable system in a complex organization. This organizational complexity involves a variety of different actions which require ways of improving various capacities in order to carry on in complex situations. Yolles (2000: p.1203) mentioned that *"A viable system is an active, purposeful, and adaptive organization that can operate in complex situations and survive."* The viable system often takes action in turbulent, complex, and changing situations by generating knowledge carefully to form a perfect part of a

strategy; knowledge cybernetics can take action to assist people in coping with turbulent change, in modern times. It is not just managing knowledge or applying technology, integrating systems to manage knowledge. Since knowledge is not manageable because it is a *'fluid mix of framed experience, values, contextual information, and expert insights...'* as defined by Davenport (1998). It should include ontological inquiry<sup>3</sup>, as well as epistemological inquiry<sup>4</sup>, to be considered under the concept of 'knowledge cybernetics' and can help the hospitality organization to easily reduce risks and minimize impacts.

Knowledge cybernetics (KC) was inspired by the theoretical creation of Schwarz and was developed in post-normal science. It concentrates on complicated and turbulent situations in complex systems, like organizations (Yolles, 2008). Yolles (2006) implied the term of knowledge cybernetics *"... is concerned with social dynamics based on knowledge and knowledge processes, and recognizes the importance of communication and control."* Yolles (2006) also mentioned that *"knowledge cybernetics is principally concerned with the development of agents like autonomous social collectives that survive through knowledge and knowledge process."* These bring the knowledge management process, to become one of the business process

scenarios, in order to gain competitive advantage in the present day business environment. It is because there are competitors around them, when people think there are no competitors. Today, there is nothing certain, when people think there is certainty in the business environment. Therefore, it is important to have an in-depth understanding of what is happening around the viable system of the hospitality organization. This can be viewed via a knowledge base to leverage a competitive advantage and strategic implementation in

organizations within the hospitality industry. Therefore, to view a hospitality organization through the concept of Knowledge Cybernetics (KC) can help people to categorize significant issues into three domains of ontological inquiry (Existential: Knowledge = Believing), (Noumenal: Information = Thinking), and (Phenomenal: Empirical Data = Doing), as well as gather data in terms of the epistemological inquiry, as an autonomous agent, as shown in Figure 2.

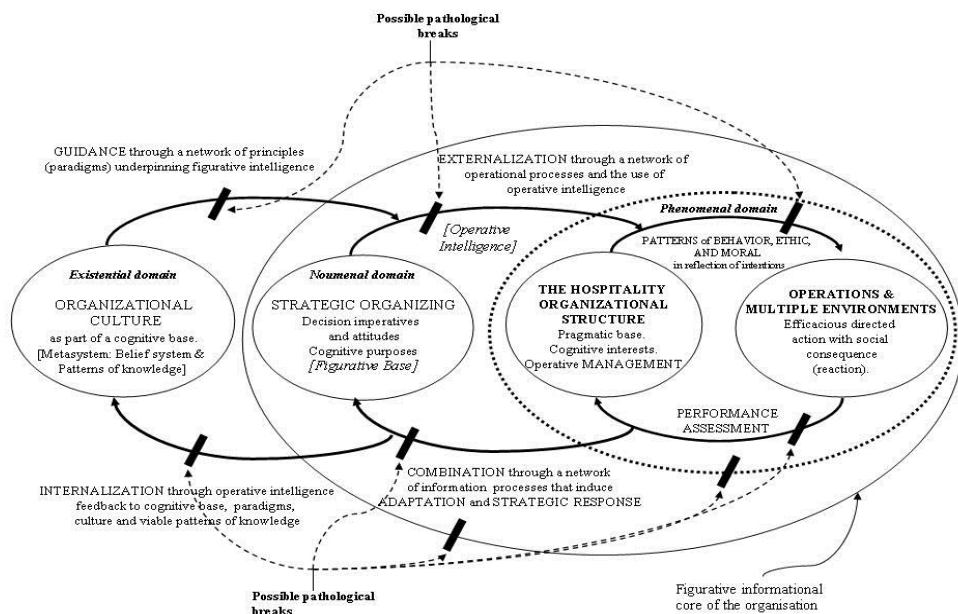


Figure 2: The hospitality organization as seen in terms of Knowledge Cybernetics (KC). (Adapted from Dynamic Model Illustration, Hatch and Cunliffe (2006) - Component Dimensions of Organization Theory)

Figure 2 provides an illustration of how the hospitality organization lies within the structure of reference provided by Knowledge Cybernetics (KC) through the Social Viable Systems (SVS) model<sup>5</sup>. The idea of knowledge cybernetics is developed from the Social Viable Systems (SVS) concept and the Viable System Model<sup>6</sup> (VSM). It assists people in dealing with complicated situations. It provides ideas to the interested people, who can develop a more in-depth understanding from both ontology and epistemology. This includes thoughts, attitudes, beliefs, cultural values and cultural diversity, strategies, politics and power, and other kinds of intangible, and tangible but uncertain factors, as well as certain factors. It can be done by having self-organization, self-regulation, self-reference, and self-production. KC enables people to draw an organizational pattern. It provides an analytical tool to diagnose the organization in terms of its cultural attributes, pathology, and coherence to each attribute. This can assist the organization in avoiding the risk of high turnover through knowledge, and also enables the organization to create a knowledge cycle. It operates through three domains: (1) Existential domain (based on culture as part of a cognitive base), (2) Noumenal domain (about strategy as part of a figurative base), and (3) Phenomenal domain (based on the

organizational structure and multiple environments around the hospitality organization). There are interactions between behavior, ethics, and morals, as well as, the hospitality organization's organizational performance (Yolles & Sawagvudcharee, 2012).

The three domains should be managed and operated effectively, as their performance will significantly impact the ability to run the hospitality organization. Competitors in one's industry, if ignored, will likely result in failure of one's own business (Tepeci, 1999; Gray, Matear & Matheson, 2000; Andrews, Roberts & Selwyn, 2007). The dynamic business environment and unpredictability of competitors' actions, add complexity to the operation of one's business (Tepeci, 1999; Gray, Matear & Matheson, 2000; Andrews, Roberts & Selwyn, 2007). These uncertain situations can cause some organizations to repeatedly change their situation (Hing, 1997; Burnes, Cooper & West, 2003; Andrews, Roberts & Selwyn, 2007). Therefore, these three domains can be considered as a worldview picture to help people to gather data from reality, and to handle crisis situations, in a dynamic environment.

Furthermore, when the hospitality organization faces problems, from either internal or external factors, weakening the organization, pathology may occur,



breaking the relationship between any of the weaker domains, according to Figure 1. Consequently, the weakened domains will lose control and fail to operate, causing a crisis in the organization, particularly when the hospitality organization is facing change. It is imperative to manage proper relationships between each domain interactively, as well as to have an in-depth understanding of how to analyze information, leading to sustainable knowledge. This is because properly creating and analyzing knowledge with better understanding, in-depth analysis is one of the necessities for the survival of hospitality organizations today, because the organization can help people to enhance their capacity to

develop the analytical exploration of factors (Olsen, West & Tse, 1998). Therefore, to be able to explore the details of the hospitality organization through the meta-theory of Knowledge Cybernetics (KC) can help the organization to fill the gaps between knowledge and business strategy, and fulfil the relationship between knowledge and maintaining a sustainable competitive advantage.

### 2.3 Modeling a Corporate Personality Change Situation using the Social Viable System (SVS) model

A model of how the hospitality organization operates following situational change is represented in Figure 3.

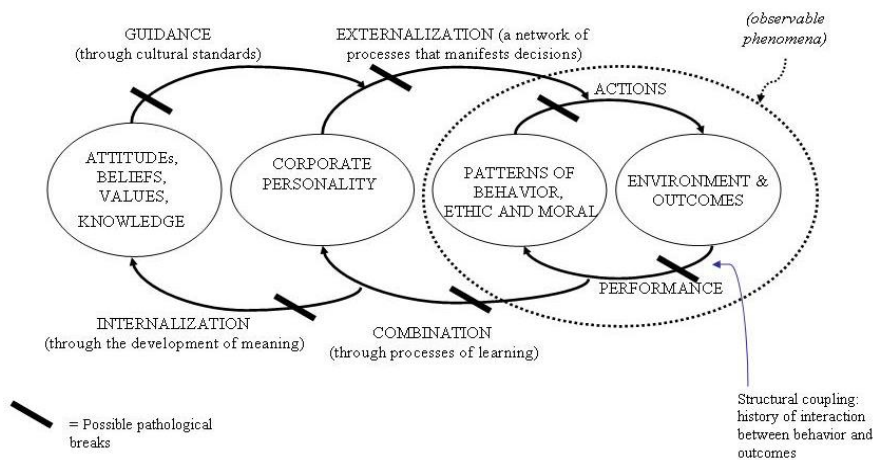


Figure 3: The Model of Corporate Personality - Focus on the Hospitality Organization Following Situational Change, Through the Use of the Social Viable System (SVS) Model (Adapted from Fink and Mayrhofer, 2009).

Figure 3 represents a model of the hospitality organization when it is experiencing a changed situation. Six processes can be distinguished as follows: -

1. Guidance (self-generation): This is about how the culture (in terms of the systems of attitudes, beliefs, values, and knowledge) of an organization provides guidelines or overviews to cope with situations, whether problems or opportunities, and the identification or conversion of a corporate entity. This guidance provides an opportunity for people to clearly understand individual stakeholders in relation to the various groups of the hospitality organization.
2. Externalization (self-production): This is how information within an organization can influence decision making processes to deal with situations, either for coping with problems, or seeking opportunities for a corporate entity. It is important to have a good in-depth analysis to understand information, before using knowledge to reduce risks and confusion.
3. Action: This is how actions are taken, from gathering patterns of behavior, and the ethics and morals of an organization, to develop outcomes that can handle situations, either for dealing with problems or seeking opportunities for a corporate entity.
4. Performance: This is about the effectiveness and efficiency of the manner in which the chosen actions are performed, in suitable circumstances.
5. Combination (self-production learning): This is the process of how an organization combines their experiences from action, through the processes of learning, to develop effective knowledge which can be used for any appropriate purpose.
6. Internalization (self-creation learning): This is the process of learning from experiences that are transformed into new knowledge.

According to Figure 3, within the six processes, four domains are involved: -

1. Attitudes, beliefs, values, and knowledge: This domain is about attitudes, beliefs, values, and knowledge which run through cultural standards. The domain provides opportunities for people to understand in-depth information of the

organizational culture. It helps people to see what is going on around the viable system of the hospitality organization. This is seen via cultural standards to leverage a competitive advantage and suitable strategic implementation in the corporation.

2. Corporate personality is about the social personality of a corporation, which tries to generate an individual personality whilst establishing its corporate personality.
3. Patterns of behavior, ethics, and morals: This domain is about the behavior, ethics, and morals of the corporate entity. The domain helps people to understand human behavior within organizations, and identify ethical and moral issues. It eventually leads to operating more effectively, both from the inside and outside of the corporate entity. Having an in-depth understanding through individual learning can also lead people to develop proper organizational learning without this domain.
4. Environment and outcomes: This domain is about the environment and the

outcomes of organizational action. It indicates that people should be careful, and be aware of the environment around an organization which will influence the actions taken both inside and outside. This includes the outcomes from what the organization has achieved, which can be monitored and checked to provide feedback on performance.

Furthermore, when a hospitality organization faces problems and cannot continue handling those processes properly, it becomes weak. Pathology will occur to break the relationship between any of the weaker processes and cause the organization to fail to manage a change.

#### **2.4 A Joint Alliance or Takeover Situation: Modeling a Corporate Personality Change Situation through the Social Viable System (SVS)**

A model of how the hospitality organization operates in a changed situation through the use of the Social Viable System (SVS) model, in the case of a joint alliance or a takeover situation can be represented as Figure 4 shows.

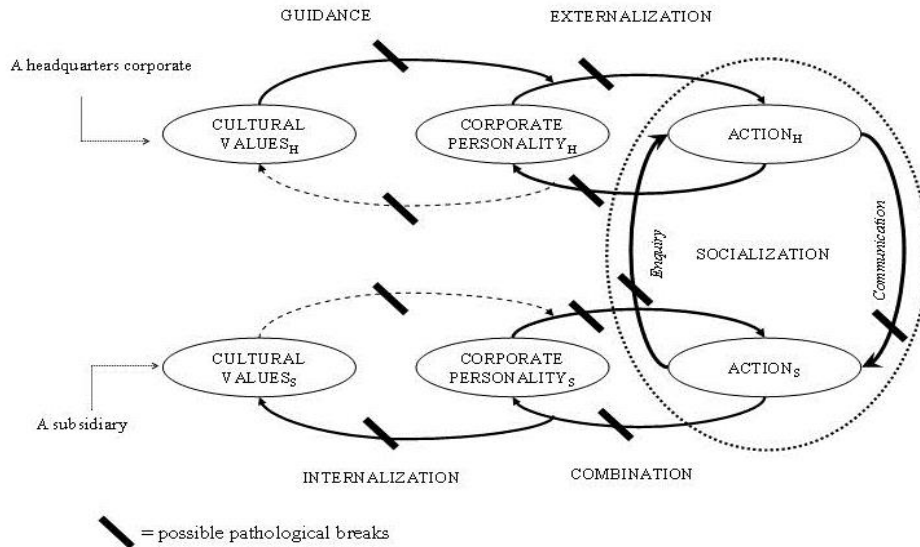


Figure 4: The Paradigm Cycle in a Case of a Joint Alliance or a Takeover Through the Use of the Social Viable System (SVS) Model (Adopted from Fink and Mayrhofer, 2009)

Figure 4 represents the paradigm cycle when the hospitality organization is changed through a joint alliance or takeover. It is represented through the use of the Social Viable System (SVS) model, which shows how to implement the migration of knowledge between the headquarters of the corporate entity and its subsidiary. Figure 4 shows the division of cultural values, corporate personality, and actions, into 2 parts: one is for the headquarters and another is for its subsidiary. Each part of the cultural values and corporate personality is connected separately between the headquarters and its subsidiary.

However, when the headquarters and its subsidiary must take action, they must interact with each other using proper communication via appropriate transmission channels to share knowledge and develop new knowledge for suitable usage of its subsidiary. For these reasons, the company needs socialization to manage knowledge, as well as two-way feedback and a knowledge cycle for future cooperation. In addition, if the hospitality organization cannot deal with any issue of the division in each part, pathology will occur to break the relationship between any of the weaker divisions.

## 2.5 The Paradigm Life Cycle

The factors impacting the hospitality industry have been increasing, both in speed and frequency (Blum, 1996; Olsen, West & Tse, 1998). Many organizations in the hospitality industry often seek a new strategy to understand and handle change (Blum, 1996; Olsen, West & Tse, 1998). In order to pass

through change, the paradigm which the organizations operate under may also need to change (Yolles, Sawagvudcharee & Fink, 2010). Examining the paradigm change can provide a useful way of looking at what is happening to the organizations in the hospitality industry. The cycle of paradigm change is represented in Figure 5.

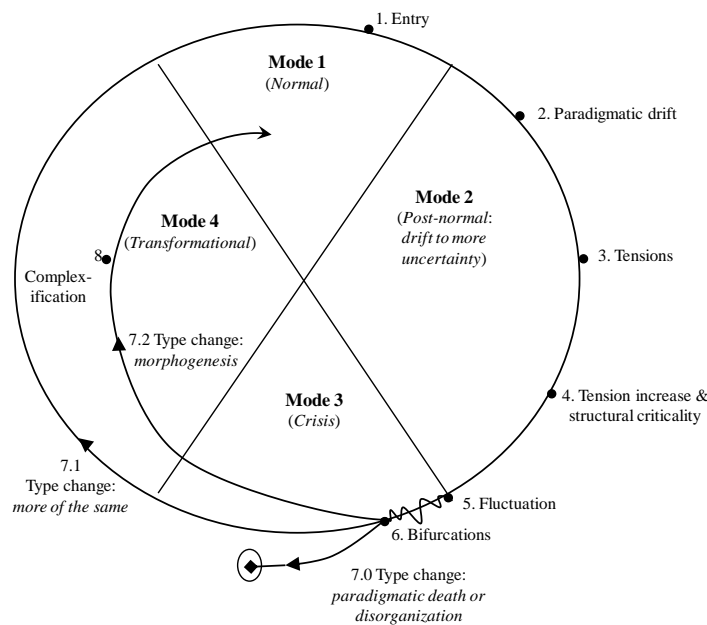


Figure 5: The Paradigm Life Cycle. (Adopted from Schwarz, 1997)

Figure 5 shows the cycle of organization, it is in Mode 1 (normal), which is prior to the change situation, when the organization is in equilibrium, and everything is predictable. After that,

organization, it is in Mode 1 (normal), which is prior to the change situation, when the organization is in equilibrium, and everything is predictable. After that,

the organization will move to Mode 2 (post-normal), which occurs during or after a significant event like a take-over, joint-alliance, or an organizational growth by moving through 3 steps: (1) Paradigmatic drift, (2) Tension development, and (3) Tension increase and structural criticality. Mode 2 represents a complex situation. Generally, when an organization is in Mode 2, it will often try to maintain the balance of the organization, as this is just the beginning of implementing their change plan, change strategy, or change scenario. The organization may then pass on to Mode 3 (crisis), referring to Figure 4. When they are in Mode 3, if work is not undertaken properly via fluctuation steps and bifurcation steps to maintain the balance of the organization, they could fail and may pass on to Type 7.0 change which is death. To be in Type 7.0 change, means the organization may have either failed or it may have lost its identity in some way. If not in Type 7.0 change, the organization might pass on to Type 7.1, change, which means that the organization regains its balance and continues on as before. On the other hand, the organization may pass to Type 7.2 change, which is morphogenesis. This means that the organization undergoes changes of a cultural nature. In contrast, if the culture cannot adjust, it will create a cultural lag that leads the organization to become unstable,

cumbersome, and resistant to change. This often occurs when the comprehension of values fails and value inconsistency develops. When the organization is in Mode 4 (transformation), the 8<sup>th</sup> step, there is complexification, as the organization has changed.

### **3 FINDINGS AND DISCUSSIONS**

As previously mentioned, most organizations experience change situations often, both inside and outside of themselves (Olsen, West & Ching-Yick Tse, 1998). This leads to the paradigm of organizations that might change because the paradigm interconnects a number of interlinked and interdependent subsystems of the organization, including within hospitality organizations. Therefore, the organizational growth of Starbucks Coffee Company, the Midwest Airlines Merger, and the privatization of Thai Airways International could bring the paradigm of each organization's change.

#### **3.1 The privatization of Thai Airways International**

According to the annual report of Thai Airways International Public Company Limited (2009), Thai Airways International was originally a joint venture between Thailand's domestic carrier, Thai Airways

Company (TAC), and Scandinavian Airlines Systems (SAS) in the 1960s. On April 1, 1977, the Thai government purchased the joint venture to become totally owned by Thais. Thai Airways International was greatly expanded by the merger agreement with the Thai Airways Company (TAC), which was a domestic airline at that time. After the continued improvement of Thai Airways International, the Thai government, under Prime Minister General Prem Tinsulanonda decided to allow the organization to become a commercial aviation transporter in both the international and domestic markets. Thai Airways International was previously a State-Owned Enterprise (SOE) of the country. In the 1990s, according to Privatization International (1998), the organization decided to implement the privatization process in terms of corporate privatization to meet the Thai government's demand to improve the SOEs of the country. The organization entered into a situation of organizational change and the paradigm in which the organization operated under, began to change. Looking at the paradigm life cycle of the privatization of Thai Airways International, it can be seen that the organization was in Mode 1 (normal) before the privatization process was announced. At that time, the change agents of the privatization of Thai Airways

International, made plans and predictions in order to keep everything as stable as possible. The change agents drew pictures to predict what would be. Everything was predictable. When the Thai government decided to implement the privatization process, the organization moved towards instability. The organization needed to maintain the stable nature of the paradigm and to respond to problematic situations that had occurred around them, in particular with resistance and conflict from the internal and external participants of the organization. The name Thai Airways International was changed to become Thai Airways International Company Limited. Although the privatization process was completed, Thai Airways International Public Company Limited, is still in a complex situation involving a crisis; changes have resulted in regression of development and a dysfunctional organization. The organization still has tried to maintain its performance to avoid failure and can become a successful, transformed and changed organization in terms of a totally new commercial airline with better profits. This can be demonstrated by the organization still being in Mode 3 (crisis) between the fluctuation step, and bifurcations. Significant major problems that the organization has confronted are concerned with

attitude, culture, organizational structure reform, and political and power influences, as the organization was previously governed by the Thai government and run as a SOE; this includes a bureaucratic structure with many levels of authority in the organizational hierarchy. In addition, the organization has also confronted difficulties coping with understanding its internal and external environments. Hence, It could be seen that the organization has passed to Type 7.0 change for a while, after the privatization process, and recently the organization has tried to improve itself, to be either Type 7.1 (more of the same) or Type 7.2 (metamorphosis), if the change agents of the organization are able to understand what went wrong and solve several problems with a better understanding. This could be an interesting organizational change case study, within the field of hospitality for the country, in terms of managing airline change.

### **3.2 The Merger of Arby's Restaurant Group with Wendy's Restaurant conducted by Triarc Company Inc.**

According to Arby's Restaurant Group report (1993), the restaurant was established on July 23<sup>rd</sup>, 1964. The first restaurant was located in Ohio, the United States of America. The organization, Arby's Restaurant

Group, was well-known in the quick service segment with a variety of menus to serve customers, including nutritional menus. Since then, the organization had expanded nationwide, with its headquarters located in Atlanta, State of Georgia, in the United States of America. The organization has improved continuously, since it started running the business.

In 1993, according to Triarc Report (2012), Arby's Restaurant Group was purchased by Triarc Company Inc., Triarc Company Inc. also purchased Wendy's Restaurant (one of the leading fast-food restaurants in the United States of America). After the merger was completed, the new company was established as Wendy's/Arby's Group Inc. and operated under the nation's third largest quick service restaurant company. The new organization is distinguished by traditions of quality food and service under the same vision, and continues improving the stakeholder value by enhancing the strengths of the organization with vibrant restaurant brands. The combined organizational elements affect Arby's restaurant Group, (including Wendy's Restaurant and Triarc Company Inc.) allowing it to face a changing situation and unstable environment. By looking at the organizational change of Arby's restaurant Group towards the transformation of paradigms, according to Figure 4, it



can be determined that the restaurant was in Mode 1 (normal) prior to the change situation. At that time, everything was predictable and constant because the change agents of the restaurant had prepared a change plan to forecast what the possible outcomes would be. The restaurant had taken the stability step. After that, the restaurant agreed to be taken over by Triarc Company Inc. and merged with Wendy's Restaurant by moving to Mode 2 (post-normal). From this action, referring to Figure 4, Arby's restaurant passed to Mode 2 and started taking (1) the paradigmatic drift, (2) Tension development, and (3) Tension increase and took structural criticality steps. In this mode, if the organization, including the corporate headquarters are aware of the significant details of individuals, groups, and the differentiation of each restaurant, in terms of attitudes, beliefs, values, and structure, these help to draw concentration on their influences and their relationships on the choices that the organization could make, supporting the change framework which is to be implemented. Moreover, if the organization can get to the bottom line of knowledge, and is able to properly apply its findings to fill gaps and pitfalls between individual groups, the organizations, their knowledge, and business strategies, the organization may be

able to pass from Mode 3 (crisis) to Mode 4 (transformational) either to Type 7.1 (more of the same) or Type 7.2 (morphogenesis). On the other hand, if the organization cannot remain in balance, the organization might fail or lose its identity in some way, and the organization may be in Type 7.0 (paradigmatic death) and fail due to organizational change. Therefore, this could be another interesting case study of the organizational change in the hospitality industry in terms of transformation of paradigm to watch continuously how the organizational change will move.

### **3.3 The Takeover of Turtle Bay Resort by Lenders**

Turtle Bay Resort is located on Kahuku, which is on a coast of the North Shore in Oahu, Hawaii, the United States of America (Turtle Bay Resort Report, 2010). According to The Resort Report (2014), it was explained that the resort aimed to be a luxury resort on the coast. Turtle Bay Resort is another illustration of transformation of paradigms. The change occurred before the resort was completely taken over by a consortium of investment management firms. At that time, the resort was in equilibrium and everything was predictable. Prior to the change, according to Figure 4, the resort was

in Mode 1. After that, the resort moved to Mode 2 (post-normal), changes which occurred from implementation of the take over until the completion of the significant event. During that time, the resort grew by moving through a paradigmatic drift, tension development, tension increase and structural critically. During Mode 2, according to Figure 4, the change situation of the resort was complicated. The change agent tried to maintain the balance of the organization to be able to move forward to the next step by implementing a change plan, change strategy, and change scenario. Later on, and in reference to Figure 4, the resort passed on to Mode 3 (crisis) and the change agents of the resort regained its balance to continue on as before, so that the resort was in Type 7.1 change which is more of the same and then passed to Mode 4 (transformational) to bring the resort to be changed.

#### **4. CONCLUSION**

These days, people live in a changing world, and to have a better understanding of the in-depth analysis with information to convert to knowledge, it is essential for them to deal with change and to ensure their business can survive in chaotic situations (Olsen, West & Tse, 1998; Zopiatis, 2007). Understanding in-depth information to convert to

knowledge is a useful way of looking at what is happening around the hospitality industry environment, particularly when the hospitality organization is in a transforming situation. A transforming situation consists of attitudes, beliefs and culture values. These bring change agents to be stuck and puzzled in a labyrinth. From this, the paradigm of the organizations may either change or die, if the organization fails, or to continue on as before. The meta-theory of Knowledge Cybernetics (KC) can be used to allow investigation of paradigm change, and provide another opportunity for prediction by looking at what is happening to the hospitality organization as it goes through organizational change. To see the hospitality organization through KC can help people to understand what they should be aware of and to improve recognition in terms of managing proper organizations, such as the three domains (Existential, Noumenal, and Phenomenal) and significant parts of the hospitality organization (culture, strategy, structure, and environment). To start getting down to the bottom line in those three domains can help people to carefully gather data, convert this to information, and transform to knowledge for appropriate usage. These can also help the organization to develop the knowledge cycle to remain with the organizations without the prospect of forcing

employees into retirement. Organizations within the hospitality industry are faced with change because they are soft, sensitive, complex, and fragile (Olsen, West & Tse, 1998; Andrews, Roberts & Selwyn, 2007). These can bring collapse, suffering, and failure to the hospitality organization that is confronted with change. The use of the Social Viable System (SVS) model can let people, in particular change agents, know what to look for when dealing with change. This can allow change agents to recognize the bottom line. This can also let change agents learn and understand the how, what, when, where, why, and develop a better understanding of preparing a proper change plan, change strategy, and change scenario.

In terms of the paradigm life cycle in organizational change, it represents the connection between each of the four modes of science and how change agents can move towards the change in their organization. Each mode represents what the paradigm holders must do to make sure that the paradigm works and can be accepted. When the paradigm starts to adopt the modes, organizations enter in Mode 1 (normal) that the paradigm holders see is 'simple' in the sense that this can be represented as a stable system in equilibrium. Then, organizations would be moved to the second

mode, which its paradigm holders see is complex. In Mode 2 (post-normal), organizations operate at the boundary of instability so that they must work to maintain the stable nature of the paradigm, such as having the capacity to respond to problems and situations that challenge the paradigm and endanger the organization's survival. Then, organizations might move into crisis, which is Mode 3. During the third mode, if change agents can keep the balance of their organizations, they might be able to pass to Mode 4 (transformational) either in Type 7.1 change (more of the same) or Type 7.2 (morphogenesis), and the organizations are changed.

Illustrations of the paradigm life-cycle can provide a variety of viewpoints towards organizational change in the hospitality industry. Overall these illustrations show that the organizations studied, passed on 2 modes of the paradigm life cycle while they were in the change situations: (1) normal and (2) post-normal. There was an exception with the takeover of Turtle Resort by lenders which passed on Mode 3 (crisis) and Mode 4 (transformational) in Type 7.1 change which is more of the same. In contrast, the Thai Airways International's privatization, and the merger of Arby's Restaurant Group with Wendy's Restaurant conducted

by Triarc Company Inc were stuck on mode 3, which is crisis, as most of the change agents are still trying to deal with the attitudes, beliefs, cultural values, and knowledge of the stakeholders.

In conclusion, to handle a change, there is no one best way, nor one correct choice of change. On the other hand, people and change agents must concentrate on the three domains (existential, noumenal, and phenomenal). They also must be able to clarify issues which are involved in a change, which should be done via the concept of Knowledge Cybernetics (KC). The idea of KC can be part of a significant strategy that helps the hospitality organization to use their in-depth information, with a better understanding. It also helps people to generate substantial knowledge to become knowledge creation or recognition, relating to comprehensive perfect learning. Therefore, people and change agents should seek for opportunities to reduce a lack of clarity, a lack of appropriate choice of change, and reduce the regression of organizational development. These should minimize employees' resistance, and conflicts in the hospitality organization.

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## ENDNOTES

<sup>1</sup> **The paradigm** is a pattern or example. In business, it is a framework of behaviours or set of action rules governing people's actions and assumptions. An organizing framework that contains the concepts, theories, assumptions, beliefs, values, and principles that inform a discipline on how to interpret subject matter of concern. It also means a model of something.

<sup>2</sup> The term of **knowledge cybernetics** was inspired by the theoretical creation of Schwarz and it was developed in post-normal science which is concentrated on complexity and turbulent situations (Yolles, 2008). Yolles (2008) defined that "*Knowledge cybernetics is a paradigm of complex systems*" A complex system is a kind of a system that involves a variety of interrelationships as well as a variety of interconnected parts within one organization. In addition, systems within a complex system are opened to allow people to model what people see and make inquiries into ontology and epistemology, so that people can develop their understanding to improve the working process, the problem-solving and decision-making processes.

<sup>3</sup> **Ontological Inquiry**

<sup>4</sup> **Epistemological Inquiry**

<sup>5</sup> **The Social Viable Systems (SVS) model** helps people to deal with complex situations. It is based on Schwarzian model of Autonomous Viable Systems. It gives ideas to people who must have a better in-depth understanding from both ontology and epistemology view points. These include cognitive, attitudes, beliefs, cultural values and cultural diversity, strategies, politics and power, as well as other kinds of intangible, tangible and uncertain, or certain situations by having self-organization, self-regulation, self-reference, and self-production. It aids the practical process of analysing problems in human organizations and helping to improve an organization's function.

<sup>6</sup> **The Viable System Model (VSM)**

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