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STUDY OF REENGINEERING PRACTICES IN TOURISM INDUSTRY

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Abstract *The dynamic market conditions characterized by increasing competitive pressures and customer requirements have always prompted organizations (particularly, learning organizations) to adopt innovative management approaches for survival and attain a competitive advantage. Of the various innovative approaches, one that promises extraordinary benefits is the concept of Business Process Reengineering (BPR) introduced by Hammer in the 1990s. BPR brings sweeping changes in the ways organizations operate and serve. It involves a radical shift, a shift from a task orientation/functional orientation to a process orientation. Process Reengineering is a disruptive/obliterative approach; it does away with the existing systems – the organizational, the people, and the technical, thereby, completely transforming an organization. Reengineering efforts are directed toward the objectives of speed, compression, flexibility, quality, innovation, and productivity. The application of this approach can lead to the development of "customer oriented effective organizations". On account of the large and exceptional benefits that BPR promises, it has appealed to and attracted many takers from various industries. Reengineering efforts have been initiated and applied worldwide in various fields (manufacturing, retailing, services) in public and private sectors, multinational corporations, and small and medium enterprises (SMEs). The tourism industry is one with a huge potential and contributes enormously to the economy of a country. Given the growth prospects of this industry, it becomes interesting and imperative to understand how the industry has been keeping pace with changes and adapting innovative approaches. The present study, therefore, is an attempt to provide an account of application of BPR in the field of tourism. BPR has to be a synergistic and synchronized effort. A number of factors exercise their influence in making reengineering projects successful but the Information Technology (IT) plays a pivotal role. The researchers intend to identify all the factors that affect the success of reengineering effort in the tourism industry with a special emphasis on the IT.*

Keywords: *Business Process Reengineering, Tourism, Process orientation, Information Technology (IT)*

Objectives

- To discuss the concept and importance of Business Process Reengineering (BPR).
- To provide an account of application of reengineering practices in tourism industry.
- To identify the various factors that have an impact the success of reengineering in tourism industry.
- To discuss the role of IT in the tourism industry.

Methodology

The present study is primarily based on secondary sources with a special emphasis on empirical studies. A systematic review has been performed and results from various studies have been synthesized through meta-analysis.

Introduction

In this era of globalization and technological revolution, business firms are striving hard to survive and establish a strong presence in the market. There are a number of factors in the internal and external environment that compel organizations to continuously change, adapt, and meet the contemporary expectations of various stakeholders. The markets are changing drastically and these changes are demanding change in production, traditional approach toward innovation, adaptation of latest technology to produce high level of products and services, and adjust businesses as per market and global needs. Organizations that do not change their approach will be out of competition and vanish (Archer and Bowker, 1995). It has been witnessed that it is

learning organizations that are willing to change primarily in order to maintain their competitive position and attain leadership by a way of attracting and pleasing customers through their effective and efficient operating mechanisms. It can be comprehended from the preceding discussion that the need to change arises due to customers (diversified), competition (local and global), and technology (O'Neill and Sohal, 1999).

In order to cope with this dynamism, business firms must and have been embracing various innovative approaches and tools to either strengthen their competitive position or revive their competitiveness. Keeping in view the quantum and rapidity of changes, organizations are increasingly exhibiting interest in those approaches that promise multiplicative levels of improvement rather than fractional increments in performance. The concept of BPR is one such innovative managerial approach that if applied properly can produce ground-breaking results (Weerakkody et al., 2011).

Business Process Reengineering

BPR is an exemplary approach enabled by IT that seeks to transform businesses by reorganizing work around processes that are result-oriented, turning them into "customer-focused effective organizations". The concept was propounded by Michael Hammer in 1990s and first applied by business firms in the United States of America. Hammer and Champy (1993) defined BPR as "the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service and speed". The aim of BPR according to Sherwood – Smith (1994) is "seeking to devise new ways of organizing tasks, organizing people and redesigning IT systems so that the processes support the organization to realize its goals". Davenport (1993) is of the opinion that BPR "encompasses the envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human and organizational dimensions". The perspectives of different authors make it clear that reengineering is process-centered; it involves a shift from a task orientation to a process orientation wherein business processes are analyzed, redesigned with an aim to eliminate those activities that are redundant and do not add value, thereby improving performance. Reengineering is a fundamental, radical, and spectacular change of business processes and the manner of development of their material in order to improve the functionality and performance of the organization. The main objective of the specialists involved in running the action of re-engineering is the business processes (Verboncu, 2013). If people are motivated and work hard, but the business processes are not good and remain as non-value adding activities, organizational performance will be poor (O' Neil and Sohal, 1999). This clearly indicates that process reengineering out rightly rejects the obsolete idea of division of work into simplified tasks and states that organizing work around processes results in product and service efficiency and effectiveness.

If the BPR effort in organizations is focused, it has the potential of generating exceptional benefits in terms of costs and performance. It has been witnessed that those firms where BPR endeavors were initiated have shown that quality was improved by 84%, time to product appearance was decreased by 75%, communication was improved by 61%, developmental costs were reduced by 54%, and profit was increased by 35% (Eric & Stefanovic, 2008). However, several studies have confirmed a fact that BPR does not necessarily contribute to the bottom line (profits) immediately. Therefore, organizations investing in reengineering should have a long-term vision where in the goal should be value addition, growth and competitive advantage in the future. Motwani et al. (1998) have put forth a framework comprising of six stages (phases):

Successful Application of Reengineering Practices

BPR has been successfully applied in both public and private sectors. The overall success percentage of BPR projects is 55.46% (Al-Mashari et al., 2001). Reengineering practices generated huge benefits for giant corporations like Dell, Procter and Gamble, South West Airlines, Ford Motors, Citibank, North Western Bank, Bank of America, Walmart, AT&T, IBM, and Kraft Foods.

As BPR is becoming affordable, SMEs are exhibiting interest in reengineering. Reengineering initiatives have also been introduced in public health sector and municipals in Europe.

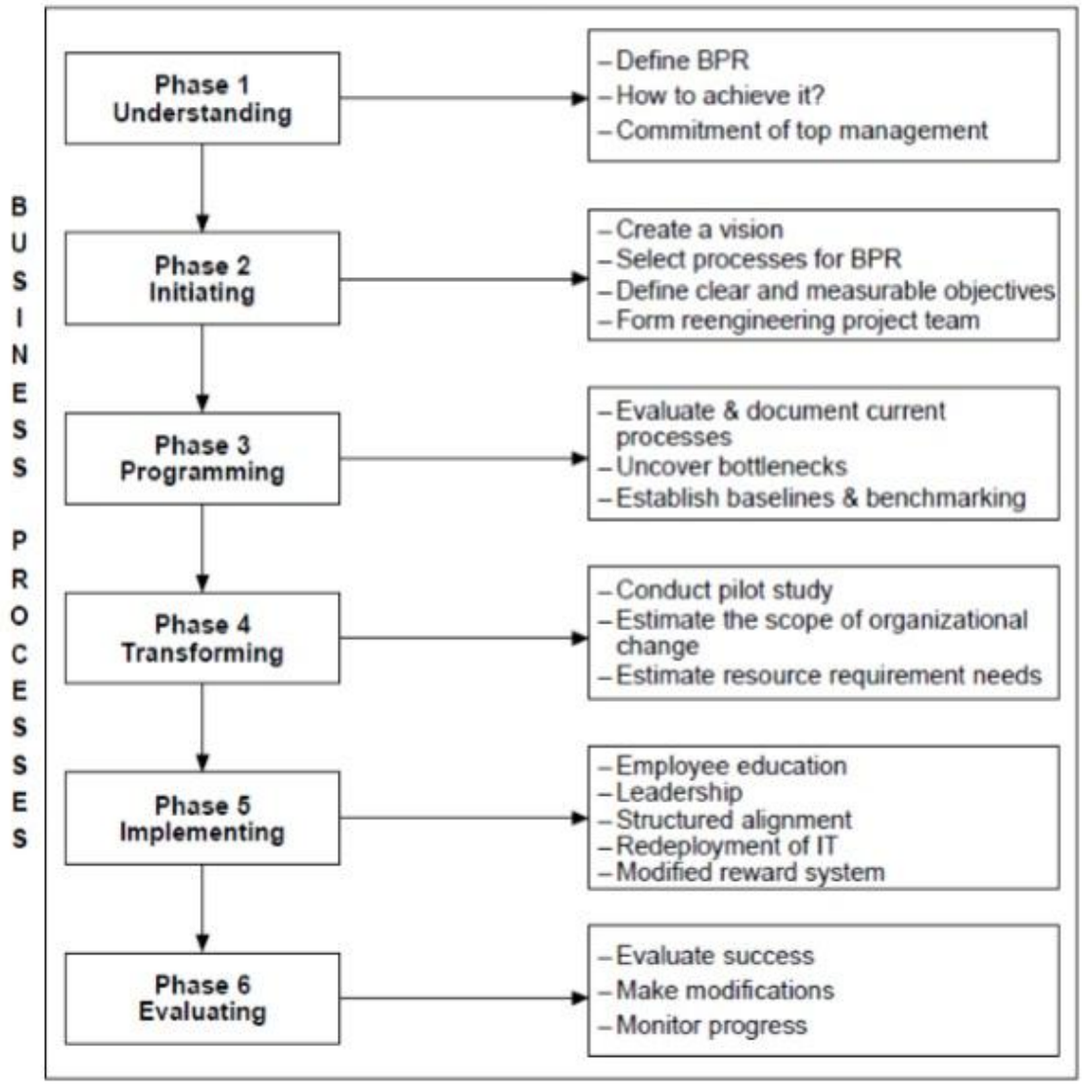

Fig. 1: Stages in Business Process Reengineering Implementation

Reengineering Practices in Tourism Industry

The tourism industry is one of the most attractive, evolving and dynamic industries. A large percentage of the population is directly or indirectly employed in this industry, thereby making it a significant contributor to the economy of nations. Owing to the burgeoning growth and progress of this industry, it becomes imperative and essential for the players in this industry to keep pace with the latest technological developments and innovative managerial approaches. The concept of BPR has gained wide acceptance in the field of tourism as a means of coping with new socio-technological challenges. Reengineering enables existing players in the tourism industry to capitalize on emerging opportunities and combat the threat of entry of exogenous players having a tendency of undermining their competitive position. IT in reengineering is not merely a supporter, but an enabler of activities. It plays a significant role in the coordination, promotion, marketing, and distribution of tourism services. The reengineering of these processes generates a paradigm shift altering the structure of the entire industry (Cooper and Buhalis,1992; Sheldon,1994; Buhalis,1994; Buhalis et al., 1997; Buhalis, 1998).

Reengineering initiatives in tourism can be those that either alter the structure of the industry or those that have an impact on functions (processes) within specific tourism establishments. Continuous reengineering enables destinations to capitalize on contemporary opportunities through better coordination and restructuring of relationships with other business enterprises thereby providing a seamless tourism experience. At a macro level, reengineering practices also have the potential of eliminating intermediaries from the tourism value chain; for instance, travel agents who primarily act as brokers.

At a micro or organizational level (hoteliers, transportation firms, etc.), reengineering efforts result in service efficiency and effectiveness, thereby providing tourists with a better and enriched tour experience. As is clear from the preceding discussion, the process reengineering in the tourism industry influences processes within an organization and links organizations with one another. Focus on processes within a tourism establishment keeps the competitive spirit alive and fosters organizational development and as a logical corollary, cooperation, and linkage between enterprises through reengineering initiatives lead to synergy and infrastructural development of the sector in the long run. Buhali et al., (1997) state that BPR of tourism industry must be driven by marketing principles, as satisfying the final consumer by providing the right products, at the right time and price, following appropriate methods is instrumental in the success of any tourism business or destination as a whole.

As such there is no proven methodology for implementing a reengineering initiative but a number of issues inherent in reengineered processes have often been cited by professionals that are applicable to the tourism industry (Cohen and Ewyk, 1996):

- Several jobs are combined into one: the process changes from an assembly line model to a process team or case-manager one
- The steps in the process are performed in a natural order and work is performed where it makes the most sense.
- Processes have multiple versions.
- Checks, controls, and reconciliations are minimized, because the quality of work improves and because the number of external contact points is reduced.
- Hybrid centralized/decentralized operations are prevalent and often made possible by the use of IT.
- IT-like expert systems, decision-support tools, telecommunications, etc., are used heavily.
- Workers are empowered to make decisions and their jobs are enriched because they deal with multiple tasks instead of single ones.
- People performance is measured more in terms of results instead of level of activity.
- Management style changes from supervision to coaching and from scorekeeping to leading.

Successful Examples of Reengineering from the Tourism Industry

Alpha Flight Services, one of the leading flight caterers based in the United Kingdom, is a classic example from the hospitality industry that implemented the reengineering effort successfully. The company achieved substantial benefits in terms of reduced cycle time, increased stock turns, and improvements in productivity and performance. Another instance of successful reengineering based on a study was in the area of MICE (meetings, incentives, conventions, and exhibitions) (Vivienna and Weeks, 1999). Reengineering application generated huge benefits in terms of costs and performance for Gulliver Travel Agency.

Factors Affecting Reengineering Success in the Tourism Industry

Reengineering projects for process improvement have been undertaken by a number of tourism establishments (hotels, restaurants, travel agencies, lodging facilities, etc.) in the industry. An account of practical examples of BPR implementation clearly suggests that mere project implementation does not guarantee success. More than half of BPR projects failed to deliver the promised results. This fact is quite intriguing. A review of previous studies suggests that organizations fail to capture the intricacies of reengineering concept. Process reengineering demands a change that is all-pervasive, i.e., it involves a change in all aspects – process, structure, culture, and technology. A comprehensive review of studies about process reengineering implementation issues sheds light on the fact that BPR projects fail primarily due to an over emphasis on one of the dimensions of change (especially technological) while ignoring or underestimating the importance of the other dimensions. IT is the backbone of BPR but reengineering is not merely IT.

Watts (1995) calls for the need to establish an "integrative and holistic BPR". Al-Mashari and Zairi (2000) define holistic BPR as a continuum of change initiatives with the varying degrees of radicalness supported by IT means, at the heart of which is to deliver superior standards through establishing process sustainable capacity. Along similar lines, Watts (1995) believed that holistic BPR should recognize the importance of processes and technology and their integration in business vision, structure and relationships, resources and culture.

The previously mentioned definitions clarify the proposition that change should be holistic. A change in one aspect demands a change in all other related and interdependent aspects. Organizations undertaking reengineering projects face unanticipated problems in implementation primarily because of an inadequate understanding of the BPR concept. Various factors exercise an influence on the success of reengineering projects in tourism industry.

These factors (hard and soft factors) have been identified through a comprehensive review of previous studies.

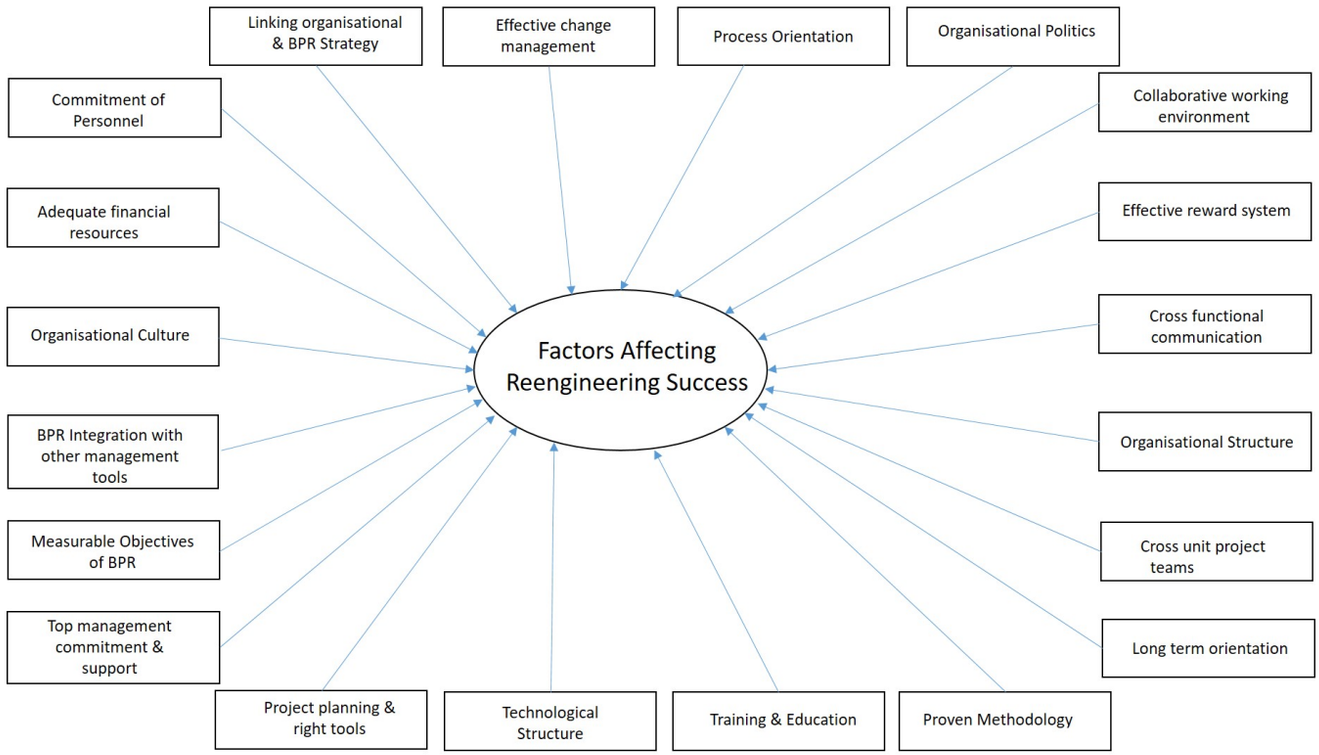

Fig. 2: (Authors Compilation) Factors Affecting Reengineering Success

It has been acknowledged that organizational culture is one of the most important factors that impacts the success of reengineering. Focus should be on fostering, developing, and maintaining a culture that is accommodative and reinforcing. A culture characterized by friendly interactions, employee involvement and empowerment and coordination (Teziovski, et al., 2003; Chan and Spedding, 2003).

Reengineering efforts demand change in structure of an organization. Structure should be preferably flatter (Salimifard et al., 2010; & Ahmad et al., 2007). Since reengineering efforts do necessarily alter power structures, issues related to organizational politics are bound to impact reengineering practices and need to be dealt with skillfully.

IT being an enabler of reengineering is pivotal to BPR success. IT does only speed up processes but integrates processes and reduces and errors, hence improves productivity (Mansar & Reijers, 2005; T. Guimaraes, 1999).

The organization has to shift from being a functional/ task-orientation entity to a process-orientation. It will involve analysis of workflow and redesigning of processes to eliminate redundant activities. Process orientation is therefore central in BPR projects.

Effective change management practices are yet another factor inherent in successful BPR. Effective and focused change management practices are essentially an indicator of successful BPR projects.

Top management commitment, support, sponsorship, and leadership *inter alia* are significant factors for successful reengineering endeavors (Motwani et al., 2005; Ahadi, 2004; Ranganathan and Dhaliwal, 2001; Salimifard et al., 2010; & Terziovski et al., 2003). Leaders should exhibit strong commitment and transformational leadership. Reengineering efforts can prove to be counterproductive if BPR strategy is not aligned with organizational strategy. Creating such a linkage helps employees to easily connect and pursue the BPR with increased enthusiasm when this alignment is demonstrated in terms of customer centric or financial perspectives. Organizations should ensure that a well-laid, sound, and proven methodology is used to implement reengineering initiatives. Undertaking a BPR project is an expensive affair as it requires huge investments; therefore, it is important that firms engaging in BPR have adequate financial resources (Salimifard et al., 2010; Ahmad et al., 2007). One of the most cited factors in literature is collaborative working environment. Collaborative climate reduces resistance to change and simplifies BPR implementation (Hesson et al., 2007; & Al-Mashari et al., 2001).

Cross-functional coordination is yet another prerequisite. In addition, the BPR team composition should be such that it involves members from all functions and areas of expertise. Commitment of employees also has an influence. Literature on BPR implementation issues also brings forth the fact

that many BPR projects have failed because of a short-term orientation. A long-term orientation is a must; thereby, implying that firms investing in BPR should anticipate and expect concrete benefits from the project in the long run because in the short run, it does not contribute directly to the bottom line. In addition to these factors, an effective reward system should be in place that drives employees. Habib and Wazir (2012) opine that educating employees about the change and providing training is quintessential. Lao and Tung, (1999) stated that the availability of complete information at the time of BPR planning and then right tools' selection for the analysis of situation that best suits organizational requirements are vital for reengineering success.

Information Technologies in the Field of Tourism

The enhancements in IT have enormous implications for the tourism industry. IT have been defined as the "collective term to the most recent developments in the mode (electronic) and the mechanisms (computers and communication technologies) used for the acquisition, processing, analysis storage, retrieval, dissemination and application of information" (Poon, 1994).

IT has impacted businesses in diverse ways (Conspectus, 1996).

Significantly enhance competitive edge	79%
Improves information	77%
Better external communications	65%
Manage computers expectations better	63%
Improve decision-making process	61%

Source: Conspectus, August 1996, p. 42.

Fig. 3: Impact of Information Technologies on Businesses (Table)

The processing power as well as the affordability is increasing thereby attracting takers from various tourism establishments. IT in tourism organizations facilitates management, communication between departments and within branches, pre-travel arrangements, travel-related documentation, and post-travel arrangements. IT provide an unprecedented opportunity for horizontal, vertical, and diagonal integration as well as for the development of virtual enterprises (Buhalis, 1997). The IT revolution has not only increased the operating efficiency of individual tourism establishments thus enabling them to improve their competitiveness and differentiate, but also facilitated partnerships in place of competition by providing platforms for transparent interactions. IT is enabling organizations to target and serve on a micro level (individual level) through better connectivity and swift information exchanges resulting in an enriched tour experience. Customized information systems like Computer Reservation Systems, Global Distribution Systems, Destination Management Systems, Destination Integrated Computer Information, and Reservation Management Systems have become the life-line of tourism business. Concisely, IT have the capability to transform and influence the strategic positions of businesses in tourism. It is quintessential for tourism establishments to keep pace with the latest trends in IT and incorporate them to attain customer-centricity and leadership.

Conclusion

Process reengineering is a powerful approach with the potentiality of generating exceptional returns. The article summarized the concept of BPR and its applications. The basic tenet governing the reengineering practices is to focus on arranging work around processes, which facilitates effective and efficient goal accomplishment for organizations operating in any of the sectors/industries. Owing to the huge returns that BPR promises, organizations from varied sectors have adopted BPR practices with great zeal and zest. Tourism industry is a progressive and evolving industry with a great potential and economic significance. The article discussed the applications of reengineering practices in tourism industry. Review of the literature revealed that despite of the huge investments in BPR projects in the industry, many projects could not yield the expected benefits and have failed disastrously. This revelation was both interesting and intriguing. Literature is suggestive of the fact that an overemphasis on any one of the dimensions (factors) in reengineering implementation is the prime reason behind failure of BPR initiatives. Organizations have failed to capture the essence of BPR in its entirety. Process reengineering implementation can be successful only when the concept is understood and adopted from a holistic perspective. Various factors influencing the success of reengineering projects in the tourism industry have been identified. Emphasis has been laid on the fact that BPR is not merely about bringing a change in the technical system; rather, the change should be all pervasive. There should be a simultaneous change in the people/human systems and the organizational structure as well. Lastly, the enabling and facilitating role of IT in the tourism industry has also been discussed. Tourism businesses can capitalize on opportunities emerging out of rapid innovations and advancements in the field of IT.

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