

## **MANAGEMENT MODELS IN DIFFICULT SITUATIONS: THE INTERPRETIVE PERSPECTIVE**

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**Abstract:** *The article presents the results of qualitative research concerning management models in difficult situations at the guesthouse. The methodological basis for the referred research is the interpretive approach. The assumption on which the case was based is the claim that the effectiveness of management in a crisis situation depends on both the efficiency of learning processes that result in overcoming the situation and the ability to use a crisis situation as a platform for learning. The research procedure included the use of a customized and pre-tested tool based on the method of Dialectical Inquiry*

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### **1. INTRODUCTION**

Tourism is a part of the economy that is extremely vulnerable to crises with external sources. In contrast to internal sources of crises that can be controlled by managers, external events are beyond such control, and therefore are inherently characterized by a greater degree of risk and uncertainty. In addition, characteristic features of the tourism product, such as seasonality or complementarity, make the risk potentially difficult to manage because the supply of tourist services cannot be quickly adapted to the declining demand [6].

A crisis situation can, from the point of view of an organization, include events or situations that have their origins in the specificity of an organization, which are usually the results of management errors, a faulty structure or maladjustment to the changing environment. On the other hand, there are disasters which are (caused by) events in the environment, unpredictable and, in principle, beyond the control of the organization [9] [11]. Such a clear-cut division is not always observed [6] - researchers offer several approaches to (or typologies/classifications of) crises, whose proportions and criteria determine the type of anti-crisis measures. Crises also appear to be gradable [11]. They fall into the category of difficult situations, which means that one can attempt to determine the extent of a difficult situation and hence assess the severity of a crisis. In this article the expressions "crisis situation" and "difficult situation" have been used interchangeably.

### **2. PARADOXES OF THE CRISIS AND ORGANIZATIONAL LEARNING: RESEARCH ASSUMPTIONS**

Organizational crises may be conducive to the process of intensive organizational knowledge acquisition. Actions undertaken in terms of crisis management often constitute the means for organizational learning. Therefore, a learning process within a company that is the result of the exploration and exploitation of knowledge can prove crucial to its survival. Organizational learning is related to the issues of adaptation, survival, and competitiveness of enterprises in conditions of discrete changes in the environment.

Argyris and Schön's [1], theory represents a perspective from which organizational learning is seen as the sharing of assumptions. Sharing assumptions or cognitive maps among members of an organization constitutes the basis for learning. Organizations are regarded as artefacts based on the cognitive maps their members use to navigate the network of their organizational interactions. Organizational learning consists of the processes of making modifications to these maps. A discrepancy between the anticipated and actual results of an action can lead to the modification of the individual images of the organization and organizational culture.

There are paradoxes of crisis within its very nature. On the one hand it is possible to discover those hidden elements whose existence is unknown to the organization until they finally emerge. On the other hand, due to the form in which this phenomenon manifests itself and its features, it may somehow hamper organizational learning – so important for the enterprise's regeneration. Any crisis causes cognitive inertia, anxiety and fear in its participants [12]. During a crisis the management personnel tend to maintain a balance rather than seek changes.

During crises, organizations engage in normalization processes [12]. This means that they use well-known and acceptable standards and systems: cognitive, psychological and socio-political. The natural tendency of participants in an organization is to attempt to rationalize and/or minimize the importance of events that are not in accordance with their systems of values or frames of reference. Normalization mechanisms allow a fixed, common perception and understanding of a crisis but, paradoxically, reduce the potential for learning. The paradox is that they facilitate learning and - at the same time - inhibit it [2]. Better single-loop learning can reduce the double-loop during crisis.

Paradoxes can be described as problems with two extreme solutions, where both solutions are true [2]. Thus the conflict between innovative learning (double-loop learning), in which both the assumptions and the standards/strategies are modified, and routine learning

(single-loop learning), which concerns only the action strategies (behaviours), constitutes a potential paradox. Innovative learning is a radical change in methods of operation together with a change in the objectives (or standards) and the premises of the action. It can be assumed that single-loop learning, which is based on the ability to detect and correct errors with a given set of operating standards, is the most useful for effective crisis management. In the case of double-loop learning, both the standards and the basic assumptions are modified. Such learning is conducive to innovation, challenging goals, and it is more important for long-term survival. It entails the need to test the cognitive models [1]. Double-loop learning means that difficult tourist market may be an area of development chances of Polish tourist industry in effect of natural impulses of innovativeness resulting from a crisis. Taking these chances depends on the potential of competitiveness of the Polish tourist industry from the point of view of its strategic changing ability [3].

The conflict between exploration and exploitation can also pose a potential problem for organizational learning [5] [2]. Organizational learning involves two aspects: explorative and exploitative. Entrepreneurial activities enhance organizational knowledge through the learning that takes place during the process. Exploitation logic is related to short-term effectiveness. Exploitative learning tools are aimed at making an organization more operationally efficient through improvements to a routine set of activities. Exploitation is using what has already been learned. Explorative learning is creative and focused on experimentation and innovation. Opportunity creation and competence development are not in contradiction with a commitment to the exploitation of opportunities and existing competences [5]. The model of organizational learning should incorporate the strategic tension between assimilating new knowledge and using what has been already learned.

Accepting the thesis that organizational learning may fall under fragmentation, implies an attempt to point out its symptoms. In general fragmentation means that some particular components cease to exist as components of a greater whole, are released and start their independent lives, or, with time, regroup themselves and recombine into another greater entity. Fragmentation may translate into continuity of previous structures in their fragments, different discerning and recognizable states, able to exist independently as well as requiring external reinforcement. In such a syncretic state all elements exist side by side and do not influence each other [8].

The main objective of the research undertaken by the author is to explore the complex relations between management of a tourist enterprise in a crisis situation and organizational learning. This article describes one of the stages of the research. The assumption on which the case was based is the claim that the effectiveness of management in a crisis situation depends on both the efficiency of learning processes that result in overcoming the situation and the ability to use a crisis situation as a platform for learning.

The methodological basis for this part of the research project is the interpretive approach, which is already well-established in management studies [7]. The purpose of

interpretive research is to understand how members of groups, by participating in social processes, establish certain realities and give them meaning, and also show how these meanings, beliefs, and intentions help in working out the social behaviours of the group members [10]. From the interpretive, subjective perspective, the world is not experienced directly as an objective reality. It is created subjectively and is subject to social pre-interpretation, constructed thanks to the norms and patterns possessed by the individual actors. Research methods applied within this perspective must usually meet specific criteria such as contextuality or the search for meanings [7]. This perspective determines one of the possible methodological proposals by extending the range of possible meanings assigned to organizational phenomena.

### **3. THE VILLA NEVE GUESTHOUSE**

The Villa Neve guesthouse is a family business, founded in 2004. The company purchased a ruined palace from the 1920s in Ustrzyki Dolne, in the Bieszczady Mountains. The palace was later renovated. The building, although not a monument in legal terms, is historic in character and was restored in accordance with the guidelines of a conservation officer. The guesthouse started operating in 2007. Part of the investment was financed by means of a bank loan. The company was also granted money from European funds.

Since its inception, the guesthouse has been run, practically single-handedly, by a manager who is also a partner in the company. The manager currently manages the guesthouse remotely, that is, he communicates with employees via phone or the Internet and visits the guesthouse once a month, on average. This practice reflects the vision of development that has been worked out - a vision which, on the one hand, is evolving, but on the other hand is characterized by stability.

The guesthouse employs six people: four women and two men. The posts are not specialized, although the duties of five of the employees primarily involve reception. One person is involved in preparing meals and cleaning. The employees identify themselves with the guesthouse; they trust each other and their employer.

The difficult situations faced by the manager (and which are also felt by the employees of the guesthouse) include seasonally-related business slowdowns. The remote management itself also constitutes a specific type of difficult situation. The manager also perceives certain problems associated with the human potential, especially regarding interpersonal conflicts, but also related to the competences of the employees, as difficult situations. The three types of phenomena mentioned above may occur simultaneously in the guesthouse.

### **4. THE RESEARCH PROCEDURE**

Managerial understandings about organizational functioning must make sense, even if such functioning appears unreasonable and irrational. There must be a model, or models, which grant structure to experience, and reduce ambiguity by filtrating events into recognizable patterns. The meanings of organizational actors whose actions are guided by their own particular understandings of the processes in which they participate are necessary, complementary elements in a valid representation of those processes.

Most of this knowledge and understanding is tacit, communicated in anecdotes, narratives, and stories [4]. The discovery of tacit knowledge requires qualitative research methods.

According to the method of Dialectical Inquiry (DI) organizational actors can operate on the basis of multiple implicit models. DI makes the assumption that models are in conflict. This does not mean that processes are inconsistent. These models stay tacit and organizational actors are unaware of inconsistencies. The logic of processes becomes obscure. The DI framework requires that underlying assumptions, counter assumptions, and contradictions become evident [4].

Using an adapted DI allowed the identification of opposing models, reflecting the behaviours of the manager and the employees of the guesthouse. The technique procedure, based on a free-form interview, was simplified; the author's intention was to highlight the essence of the tool's design, the application of which was subordinated to the adopted research goals - taking into account the heuristic nature of the entire stage of the research. The study involved only the manager of the guesthouse - a partner in the company. Interviews, also in the form of questionnaires, were designed for the whole stage of research, and conducted in October 2011. The research procedure included the first three phases of the method of Dialectical Inquiry: the identification of models, their definition and identification of the constituent premises, including opposing premises.

The logical structure of the tool allows for the identification of the competing models of thought and action. It should be emphasized that the researcher has had no prior assumptions concerning their number and content, nor have they been suggested by the interviewer or the categories included in the questionnaire. The respondent was asked to explain how crisis management worked at the Villa Neve guesthouse. The results of the interview were narratives containing multiple statements, including metaphorical ones. The recorded statements constituted the data that had to be analysed further. Data sources included the remembered experiences of the respondent, who used introspection in order to understand and reproduce the processes associated with the formulation and utilization of knowledge, and also in order to characterize the cultural aspects of the organizations which affect said processes.

## 5. RESULTS AND DISCUSSION

The research procedure allowed for the identification of two operating management models that entail the management of difficult situations, including their opposing premises. The models contain sets of premises that affect organizational learning directly or indirectly. Based on the empirical material collected, it was found that in the process of sharing knowledge in the guesthouse an important part is assigned to competences. The manager believes that employees have knowledge on a specific subject, but his trust in his subordinates is ambiguous. On the one hand, it is sufficient when it comes to the requirements of remote management, but on the other hand it is a barrier to the empowerment of the employees. These two parallel approaches are characterized by different premises.

Displays of confidence can thus be classified into different sets of modes of thought and action, also shared by the employees. Depending on the organizational context, the trust - based on solid foundations - will take on different values on the relative scales.

Although the logic of opposing models differs, the models are equal in nature. Based on the empirical material collected, the models have been provisionally labelled as "remote management" and "relative empowerment of employees". During the research process, the names were perfected. The following expressions were adopted: "control based on trust" and "empowerment to the limits of competences". In the "control based on trust" model, the manager operates, to a large extent, on instinct. The remote management itself is perceived as a difficult situation. The manager attempts to conceptualize problems, and often analyzes the employees' behaviour. It appears that identified remote management is a special case of more general phenomena, which are characterized by control, but at the same time by sufficiently strong confidence in the employees.

Within the "empowerment to the limits of competences" model, the person in charge of the guesthouse does not feel the need to hire an additional manager who would take over part of their duties. They do not deem it viable due to the high expectations set for candidates, with a limited local market, and also with financial constraints.

The methods of managing difficult situations include the following identified actions: training and communication - in case of problems with the employees; the use of promotional online coupons and creation of a new tourism product - two modern conference rooms - as a response to seasonal business slowdowns; and the design and implementation of a remote monitoring system (the object is continuously and fully monitored, and the system installed allows for remote transmission of video and audio in real time) with regard to the problem of remote management. Training and communication that lead to organizational learning apply to all types of processes (phases) of crisis management: prevention, preparation, execution and recovery. The employment of online promotional coupons also includes all said phases.

Design and implementation of remote monitoring and the creation of a new tourism product are examples of double-loop learning, which took place primarily within the "control based on trust" model - both in terms of exploration and exploitation of knowledge. The creation of knowledge concerning the introduction of promotional online coupons also took place within this model. The creation of knowledge was initiated by the manager, who was the originator and mastermind behind the project. It was also the manager who was responsible for doing the groundwork for its implementation. However, use of the knowledge concerning this solution takes place mainly within the second model, where the employees, working independently, participate in the current marketing activities.

The identified models are not a manifestation of fragmentation. The manager uses both models, choosing them according to particular situations, but he does so

rather unconsciously. Extreme solutions would mean that the main focus of the manager and employees would be solely on selected aspects of organizational learning; however, those solutions are not mutually exclusive, but complementary. Fragmentation may manifest itself in the planes of thought and fact [2] [8]; in the case of the guesthouse, one can speak of a continuous recomposition of behaviours and ways of thinking - a recomposition which must be understood as a process - and which does not provide permanent, definitive solutions.

## 6. CONCLUSION

Management models identified in the guesthouse are an example of a paradox the solution to which is found outside the consciousness of the managerial staff. It is possible that this approach helps reconcile other paradoxes that concern

single- and double-loop learning, and also the exploration and exploitation of knowledge. Within both models, the processes of organizational learning (or their elements) take place, but there are situations in which a specific process of double-loop learning tends to occur within a single model. The polarization of the processes can lead to a reduced likelihood of either the single-loop learning or the double-loop learning becoming the dominant one. Similarly, in the case of exploration and exploitation of knowledge, the categorization of the subprocesses of organizational learning into different models can co-determine their relative equality. The characteristic features of the paradox are by definition hypothetical in nature, thus requiring further empirical tests.

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