

Perceived environmental uncertainty in tourism: A new approach using the Rasch model

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Abstract

One of the core steps in all strategic management processes, but especially in tourism firms, is the consideration of the organisational environment. A methodology for scanning that environment is presented from the perspective of perceived environmental uncertainty, according to its dynamism and complexity. To that end, the Rasch model [Rasch, G. (1980). *Probabilistic models for some intelligence and attainment tests*. Chicago: University of Chicago Press (First publication in 1960, Chicago, IL. MESA Press)] is applied, and both dimensions are considered latent variables defined by a set of items. The concepts are assessed using a sample of tourism firms located in the Canary Islands (Spain). The results confirm that dynamism and complexity are related to the perception of uncertainty, and a specific function is presented. The environmental uncertainty can then be explained and determined with regard only to the managers' perceptions, without the need to include parameters. The methodology also enables managers and institutions to identify the most uncertain perceived items.

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Managers' perceptions of the environment are part of the strategy-making process (Bourgeois, 1980).

1. Introduction

Most of the literature related to management and economic issues in tourism defines the organisational environment in an increasingly hostile, volatile, competitive and complex state (Chon & Olsen, 1990; Olsen, 1999). In such circumstances, it has been said that the only way of facing up to the volatile environment is by analysing it (Crawford-Welch, 1991). The impact of the business environment on organisational behaviour is also clear from the definition of environmental scanning (Aguilar, 1967, p. 1): It is the process of searching for and collecting

information about events, trends and changes external to the firm that guide its future course of action.

Those ideas are incorporated into this study, which focuses on environmental analysis as a part of the strategic management process from the point of view of the organisation. Research on environmental analysis from this perspective, although limited, is characterised by a prescriptive approach (Olsen, 2004). Olsen cites the difficulty in identifying and measuring the representative variables of the environment as a reason for the lack of contributions in the field. Our study examines a measure of the organisational environment in tourism, and proposes an alternative paradigm for measuring variables. The approach taken here is from the cognitive perspective. This perspective of managerial processes uses bounded rationality (Simon, 1957) and the impossibility of entering the decision-making process possessing all the information as one of its main bases. The importance of individual perceptions¹ of the world is stressed.

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¹Perceptions are "the mental image one develops regarding his or her world" (Olsen, West, & Tse, 2007).

Applying this cognitive approach, perceived environmental uncertainty is considered to be the dimension that characterises the environment. One reason for this decision is that perceived environmental uncertainty is more relevant than the external (objective) environment and is a key input in the strategic management process (Bourgeois, 1980).

The objective of this paper is to analyse the environment according to the main dimension used in the literature, namely, uncertainty. We propose an alternative paradigm for measuring variables that allows us to obtain the perceived uncertainty due to dynamism and complexity from managerial perceptions without introducing external and objective parameters. The methodology introduced by Rasch (1980) is applied, which will reveal more about how managers perceive their environment. Those findings and the proposed methodology that led to that environmental scanning are our main contributions.

The rest of the paper is organised as follows. We begin with a review of the theoretical background of environmental scanning in tourism in Section 2. The research objectives and methodology are then presented in Section 3, starting with a description of the information and sample collecting processes. Section 4 gives an explanation of measurement scales, including the features of the Rasch model (Rasch, 1980). Section 5 discusses the results, particularly those related to complexity, dynamism and uncertainty and in the final section we present our conclusions, implications and future lines of research.

2. Theoretical background: environmental scanning and tourism

2.1. Environmental scanning in the general literature

Most of the literature about organisation–environment links has, in some way, included the concept of environment (Fahey & Narayanan, 1986). Authors have usually made decisions about one of the three following perspectives (Bourgeois, 1980):

2.1.1. The levels of the environment or environments as objects

After the work by Dill (1958), most authors (for example, Fahey & Narayanan, 1986; Thompson, 1967), identified a general environment and a kind of task or industry environment. The former includes the factors that influence all the industries in an area. Those items are usually grouped into economic, political, social, and technological sectors (Daft, Sormunen, & Parks, 1988; Fahey & Narayanan, 1986) although other sectors have been added by some authors, such as Lewis and Harvey (2001), who propose their scale for the natural environment. Another approach is taken by Porter (1980), who define the task environment, in terms of competitive forces (new entrants, substitutes, suppliers, buyers and competitors), as being case-specific for a particular industry.

2.1.2. An understanding of the environment: objective or perceived

This issue has engendered a major debate on organisational theory (Smircich & Stubbart, 1985) centred around two main trends:

- The environment as an objective entity characterised by means of external data independent of the subject. This perspective is followed, for example, by Dess and Beard (1984), Keats and Hitt (1988), Rasheed and Prescott (1992) and Tosi, Aldag, and Storey (1973). The environment is defined via data such as the instability of total sales in order to measure its dynamism (Dess & Beard, 1984). They define objective measures as those “in which qualified observers can apply the same scientifically rigorous measurement procedures in research on similar samples of organisational environments”. According to that view, the environment will be the same for each person in the firm, irrespective of age or experience. This perspective emphasises the recognition of what already exists (Smircich & Stubbart, 1985).
- The environment as a subjective reality. This characterisation of the environment is formed by means of perceptions. Daft et al. (1988), Duncan (1972), Lawrence and Lorsch (1967), McCabe and Dutton (1993), Sawyerr (1993) and Swamidass and Newell (1987) are just some of authors who follow this interpretation. Bourgeois (1980) states that the objective environment is “real” and external to the organisation, while the perceptions are also real, formed within the organisation and crucial to the strategic process. These perceptions are the result of a procedure in which the individual builds reality through cognitive processes (Kiesler & Sproull, 1982).

According to that latter view, the environment becomes a mental representation expressed in a cognitive structure (Lenz & Engledow, 1986). Following those ideas, the only reality that exists for the decision-maker is the one that is perceived, and the perceptions are affected by the firm and the industry (Sutcliffe & Huber, 1998).

Bearing in mind that managers undertake their tasks through mental representations of the world (Kiesler & Sproull, 1982), environmental perceptions will be the external information to be used as a factor in the strategic process (Bourgeois, 1980).²

In short, the uncertainty of the environment does not matter, what is more important is “that managers view the environment as uncertain and act on their perceptions” (Sutcliffe & Zaheer, 1998).

²Stubbart (1989) considered managerial cognition as the missing link in strategic management. In his paper, it is demonstrated that the discipline has passed quickly through cognition although implicitly assuming a cognitive basis for much of the strategic process.

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