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# **Building a Dynamic Capability for Resilience: The Case of a Tour Operator Confronted with a Succession of Disruptive Events**

## **Abstract**

There are few studies on outbound tour operators which organize and sell trips on different foreign destinations. We also do not have an understanding of whether and how they modify their capabilities when faced with disruptive events. This means that one question remains largely unanswered: How does an outbound tour operator build resilience? Our qualitative study shows that resilience building takes place through the creation of a dynamic capability for resilience. This dynamic capability is built through the routinization of a successful experimentation. The factors underpinning this dynamic capability are the ability to identify the magnitude of the event, successful event management and implementation of changes. The commitment of employees and customers also promote the creation of the dynamic capability.

**Keywords:** resilience, dynamic capability, disruptive event, outbound tour operator

## 1. Introduction

Resilience is an emergent area of research in the tourism literature. Tourism resilience refers to “the ability of social, economic or ecological systems to recover from tourism induced stress” (Orchiston, Prayag and Brown, 2016:145). Most studies so far have focused on ecological/environmental resilience of tourism systems (Orchiston et al., 2016). There are only a few studies on business resilience (see notably Biggs et al. 2012; Cioccio and Michael, 2007 or Dahles and Susilowati, 2015). Such resilience refers to “the capacity for an enterprise to survive, adapt and grow in the face of turbulent change” (Dahles and Susilowati, 2015: 37). These studies have tended to focus on understanding the factors affecting resilience (Cioccio and Michael, 2007; Becken, 2013) rather than on how businesses build resilience over time. For example, we know very little about whether the management of several disruptive events requires the modification of operational capabilities, i.e., the building of a dynamic capability (DC) for resilience?

In the tourism literature, studies on resilience focus on local tourism businesses (inbound focused) located in disaster areas, but the tour operators organizing and selling trips to destinations from a different location (outbound tour operators) have yet to be considered. For this reason, we studied an outbound tour operator to understand how such a business builds resilience over time. We adopted a DC approach. This theoretical framing is deemed appropriate as DCs are about refreshing and changing an organization’s resource base to address rapidly changing environments (Teece et al., 1997).

We carried out a qualitative study of one tour operator that confronted three disruptive events: the 9/11 attacks in New York, the 2004 Tsunami in the Indian ocean and the 2010 ash cloud in Iceland. We contribute to the literature by providing a nuanced empirically based understanding of resilience and by illuminating how business resilience is built over time. We show that through managing several disruptive events over time, the tour operator built a DC

for resilience. From a process point of view, we show that the DC for resilience is built through the routinization of a successful experiment. From a content perspective, we highlight that in the case of an outbound tour operator three factors promote resilience: the ability to identify the magnitude of the event, the ability to successfully manage the disruptive event, and the ability to implement changes. We also show that customers and employee commitment make it possible to build a DC for resilience. It also shows that the business' social and environmental practices help generate customers and employee commitment.

## **2. Theoretical base**

### **Organizational resilience**

*Streams and definitions:* The term resilience has received broad attention in a variety of disciplines (Akgün and Keskin, 2014) but in the management literature, the concept emerged in the 1980s, and there is a range of definitions and research streams (Linnenluecke, 2015).

There are essentially two views on resilience (Ortiz-De-Mandojana and Bansal, 2016; Akgün and Keskin, 2014). The 'passive' perspective emphasizes resilience as the ability of a firm to regain its initial state after having been subjected to a shock to reduce losses (Bhamra et al., 2011; Borekci et al., 2015). This is what Orchiston, Prayag, and Brown (2016) and Prayag et al., (2018) call the adaptive dimension of resilience. In comparison, the 'active' perspective (Akgün and Keskin, 2014) reflects the proactive activities firms need to engage in to thrive when facing adversity and turbulence (Hamel and Valikangas, 2003). The ability to thrive in complex, uncertain and threatening environments (Lengnick-Hall and Beck, 2005) to create new opportunities before disruptive events occur (Hamel and Valikangas, 2003) characterizes this aspect of resilience. This is the planned dimension of resilience (Orchiston, Prayag and Brown, 2016; Prayag et al., 2018).

Recent work, while remaining close to these conceptualizations, argues that resilience goes beyond mere recovery and regularly transforming organizational resources and competences (Jaaron and Backhouse, 2014). For instance, Barasa, Mbau, and Gilson (2018: 497) argue that “organizational resilience is achieved by a combination of absorbing the challenges faced, and changing by adapting and transforming so as to continue to thrive in the face of challenges”. This implies it is necessary to develop capabilities to learn from current crises and build better preparedness (Jaaron and Backhouse, 2014). Better preparedness eases the implementation of changes after the occurrence of the crisis. Changes can be incremental or drastic (Dahles and Susilowati, 2015). Businesses need to transform their resources continuously to build organizational resilience in the face of multiple disruptions (Ates and Bititci, 2011; Boin and van Eeten, 2013; Sahebjamnia, Torabi, and Mansouri, 2018).

***Resilience in tourism research:*** Here, resilience has been studied from a range of angles from individual (Dai, Zhuang and Huan, 2019) to organizational resilience (Voltes-Dorta, Rodriguez-Déniz and Suau-Sanchez, 2017). The majority of studies are about the capacity of social-economic-ecological systems to deal with disruptive events by maintaining the stability of the tourism-related regional economy (Luthe and Wyss, 2014). For example, Strickland-Munro, Allison, and Moore (2010) have studied the impacts of protected area tourism on communities through resilience concepts. Liu and Pratt (2017) have shown that for the majority of destinations, international tourism demand displays resilience to terrorism. In this context, Becken (2013) has developed a resilience framework for tourist destinations, and proposed eleven resilience surrogates like the diversity of markets and segments, diversity of tourist activities or again degree of operational flexibility.

There are only a few studies related to organizational resilience. Most of these studies are on local tourism businesses. They pertain notably to when businesses deal with crises, how they manage them, and how they learn from experiencing them. For example, Cioccio and

Michael (2007) indicate that when facing natural disasters, small tourism businesses can do little to manage the event during its occurrence and can only act in the recovery stage. Small businesses lack the training, skills, and resources to initiate preliminary planning. The authors also highlight that they must act in a collective process with community-based initiatives given that all businesses are dependent on where their location. They must develop collective approaches to marketing to rebuild the confidence of future visitors.

Dahles and Susilowati (2015) explain that tourism businesses display resilience in three ways: survival, adaptation, and innovation. The authors show that in front of crises, the businesses that survived directed marketing efforts towards their domestic market which is less impacted by crises. Businesses also implemented diversification and innovation strategies as not to be entirely dependent on tourism for their revenues.

Finally, studies highlight the importance of crisis knowledge management to enhance the resilience of tourism organizations. This characterized by inducing a breakdown of activities (Rerup, 2009) and impacts on individuals at the psychological level (Nan and Lu, 2014). Paraskevas et al. (2013) show that a crisis management system strengthens an organization's defense mechanisms, limits potential damages and allows it to bounce back to normalcy faster. Four factors influence the organization's ability to manage crisis knowledge: organizational leadership, structure, crisis culture and communication.

We mobilize the tourism literature and the concept of resilience to explain the organizational ability of a tour operator to retain core functions in the face of unanticipated crises (Ortiz-De-Mandojana and Bansal, 2016). Akgün and Keskin (2014) indicate that only a few researchers have discussed the concept of resilience as an organizational capacity, and even fewer have considered resilience as a DC. Hence our purpose to understand whether outbound tour operators develop resilience by modifying their operational capabilities when facing disruptive events, i.e., do they develop a DC for resilience?

## **The Dynamic Capabilities View**

**Definitions:** DCs are defined as “*the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments*” (Teece et al., 1997: 516).

DCs are about strategic change and induce the modification of the resource base (Teece et al., 1997; Eisenhardt and Martin, 2000; Zollo and Winter, 2002; Winter, 2003). Teece (2007) developed a framework, proposing that there are three phases to the DC process: the ability to sense an opportunity, seize the opportunity and transform organizational resources. We adopt this framework as it is operational in the sense that it describes the upstream phases to the modification of resources.

**The formation of dynamic capabilities:** Sensing opportunity essentially comes from information gathering (Teece, 2007). There are two main factors at the origin of the identification of an opportunity: (1) access to existing information, (2) new information and new knowledge. Thus, businesses must continuously explore new technologies and markets to identify the opportunities for technological change and the latent demands of customers. Opportunity discovery and creation can originate from the cognitive and creative capacities of individuals (Teece, 2007). This led to the introduction of the concept of dynamic managerial capabilities (DMC) (Adner and Helfat, 2003): “*the capabilities with which managers build, integrate and reconfigure organizational resources and competencies*” (Adner and Helfat, 2003: 1012).

Adner and Helfat (2003) and Helfat and Martin (2015) argue that there are three core DMC underpinnings: (1) managerial human capital, (2) managerial social capital and (3) managerial cognition. Helfat and Peteraf (2015) also introduced the concept of managerial cognitive capability and indicated that sensing activities result from perception and attention.

Recent studies have advanced that information system (Roberts, Campbell and Vijayasathy, 2016) and crowdsourcing (Felin and Powell, 2016) are other sensing sources.

When an opportunity is identified, it should be seized. This involves the firms deploying a set of activities that will enable to deliver value to customers (Teece, 2007). This requires making strategic choices in investments and adjusting the company business model. Then, the company must exploit the opportunity. This induces the modification of the resource base and involves recombining, reconfiguring organizational assets and structures, managing knowledge, and changing routines (Teece, 2007). Learning, i.e., experience accumulation, knowledge articulation, and knowledge codification follows (Zollo and Winter, 2002; Zollo and Singh, 2004).

***Dynamic capabilities in tourism research:*** DC studies have focused on knowledge (Nieves and Haller, 2014; Nieves, Quintana and Osorio, 2016) and managerial underpinnings (Krupskiy and Grynko, 2018; Nieves and Haller, 2014) to explain the development of DCs. Some show that organizational knowledge provides firms with several options to increase their ability to develop different types of DCs (Nieves and Haller, 2014). Nieves et al. (2016) argue that, in the hospitality sector, beyond existing knowledge, it is the aptitude of firms to renew their knowledge resources that facilitate the development of DCs. Collective knowledge helps opportunity sensing and the modification of the resource base. Studies also highlight the importance of managerial human capital such as the level of employees' knowledge, skills, and abilities (Nieves and Haller, 2014) to develop DCs. Firms with highly qualified employees are more able to perceive the need for change and respond to it by renewing the resource base than firms with less qualified staff. Krupskiy and Grynko (2018) also highlight the importance of the role of managers' cognitive style in the DC of tourism companies. Other studies have focused on the DCs which positively influence the performance of tourism firms such as hotel chains (Leonidou et al., 2015).



### **3. Methodology**

#### **3.1 The case**

As we are studying resilience, we chose a sector that experiences frequent disturbances. The tourism sector is such a sector. It has had to face a range of major external shocks, such as natural disasters, armed conflicts, economic crises, epidemics, and terrorist acts. All these affect the destinations. Travelers do not wish, at least in the short term, to go and visit these locations. We studied an outbound tour operator, not only because they operate in the tourism sector but also because there are a limited number of studies on outbound tour operators.

We studied Voyageurs du Monde. It was founded in 1979 and acquired by the current senior management team in 1996. All of these senior managers worked beforehand in the finance industry. When they bought the enterprise, it was medium-sized and had a turnover of €45 million. Following the acquisition, the management team repeatedly refreshed and changed the resource base using a range of activities: business acquisitions, travel agency openings, activity diversification, and new product development. Today, it is among the top-fifteen French tour operators.

It was chosen because it was confronted with three disruptive events in a row and implemented changes after each which resulted in the transformation of the resource base: the September 11, 2001 (9/11) attacks in New York, the 2004 Tsunami in the Indian Ocean, and the 2010 ash cloud following the eruption of a volcano in Iceland.

#### **3.2 Data collection**

We collected data between 2007 and 2013 at Voyageurs du Monde's head office. Consistent with most qualitative research, our primary data source was semi-structured interviews. First, we conducted interviews to study the management of disruptive events. We interviewed the organizational actors in the crisis unit as they were directly involved in the

management of the events. We interviewed at least three persons per disruptive event to be able to triangulate the data and correct any *a posteriori* rationalization. We interviewed the CEO, the General Manager (GM), the Human Resources Manager- also responsible for customer service- (HR/ CSM) as well as the Department Managers (DM) for the USA, the Arab World, Asia, and Europe. The interviews conducted to investigate disruptive events revealed the importance of social and environmental practices in managing these events.

In a second step, we conducted interviews to collect data on the firm's social and environmental practices. For this, we interviewed the CEO, the General Manager, the Human Resources Manager, the 'Social and Environmental responsibility' department manager, the General Services manager as well as the Department and Product Managers. Some respondents were interviewed several times to supplement previous interviews or to verify some discordant information. We conducted a total of 23 interviews which ranged from one hour to an hour and a half. All were recorded and transcribed in full.

We used an interview guide developed to collect the data on each event in chronological order. As the respondents were interviewed in the context of several disruptive events, we specified that we wanted to study the events separately one after the other to avoid interference. We, therefore, asked respondents to trace the events in chronological order. For this reason, we used the narrative method to ensure we would collect the rich enough data needed to reconstruct a story (Pentland, 1999). The aim was to achieve a high degree of precision in the phenomenon studied by collecting data on contextual factors (Langley, 1999).

We also used external sources which included publicly available archival resources to identify the impact of disruptive events on the firm but also on the sector, and to identify the changes in firms' turnover.

### **3.3 Data analysis**

The analysis of the data included two stages. First, we conducted a descriptive coding analysis (Miles and Huberman, 1994) with the data being analyzed using the narrative method (Langley, 1999) to trace the process of managing of each event in chronological order by identifying the trigger, management and end of the event (Langley, 1999; Pentland, 1999). To do this, we established a list of codes based on our conceptual framework. This list evolved during the research: we added new codes after data collection and then gave them a clear definition (Miles and Huberman, 1994). A narrative for the management of each event characterizing each phase of the management process was then written from the interviews verbatim (see findings section). We then compared the management process of each disruptive event. The comparison showed that the management process of events meets the three components of Teece's (2007) framework (figure 1). We concluded that the process implemented by the firm was a DC.

**Insert Figure 1 here**

Then, we conducted a thematic coding (Miles and Huberman, 1994) to understand the factors underpinning the DC. We linked each phase of the DC to a cause or explanation. Specifically, we sought to understand the sensing, bypassing and transforming mechanisms. The mechanisms identified were the ability of the managers, their social capital, diversification, and the knowledge acquired from the previous event (see table 1).

**Insert Table 1 here**

We then developed higher codes and found three underpinnings: the aptitude to identify the magnitude of the event, the successful management of the occurrence of the disruptive event, and the implementation of changes (see table 2).

**Insert Table 2 here**

We identified employee commitment and customer engagement as underpinning the successful management of the disruptive event. We then coded the interviews on the firm's social and environmental practices to understand which ones promote the engagement of employees and customers (see figure 2).

**Insert Figure 2 here**

## **4. Findings**

### **4.1 Building of dynamic capability for resilience**

#### ***Event 1: 9/11 Attacks on New York***

The 9/11 attacks had a profound impact on the firm's operations. Then, the firm had the largest share of its turnover with the United States. Sales fell by 30%, and sales in the USA were heavily affected, they no longer had customers and as consequence employees were afraid of losing their jobs. This event generated the firm's first crisis.

*Sensing threats:* The identification of the threat is essential to avoid losing time in managing the crisis. The more time the firm loses, the more money it loses. We highlight the importance of leaders in anticipating the consequences of events. They were able to identify that it was a long-term event. It resulted in a significant decline in business: *"In 3 months we lost all the profits achieved in the previous 9 months!"* (GM). The interruption of activities with a drop in turnover and by the emotional impact on employee characterized the crisis: *"We realized that the travel specialists in the United States had little to do and that in the Arab world it was pretty much the same. And there is nothing worse than leaving a salesperson without sales because it is when that a person gets depressed, is not going well, etc. I went down to the agency; people were crying!"* (HR/ CSM)). This event caused the firm's first crisis.

The managers immediately understood the magnitude of the situation and their decisions were immediate. Unlike their peers they responded right away: *"On September 15 their plan of*

*attack and their response plan were ready ... compared to other players in tourism who did not take the measures right away. They lost a quarter, lost money for a quarter” (HR/ CSM).* The realization that they had to react quickly was facilitated by the information system which allowed them to see in real time the firm’s sales. After 9/11, sales were down. At the same time, managers gathered information to get an appreciation of the scale of the event: *“They used sources such as media, competitors but also other sectors of activity, statisticians and professionals in economic forecasting” (HR/ CSM).*

*Bypassing threats:* To overcome this disruptive event, the firm implemented several responses. The first was to set up a crisis unit: *“We set up very quickly a crisis unit made up of our managers, from the general management to our CEO, and the directors of destinations and me in this case regarding customer relationships” (HR/ CSM).* The firm also developed close contacts with its customers, thanks to its employees’ commitment and involvement. It set up a toll-free number that customers could call. The employees agreed to extend their working hours: *“We took turns to take the front line and have a phone hotline from 9 am to 8 pm” (HR/ CSM).* Employees’ commitment and loyalty were also visible through their transfer to other positions where the firm had needs but could not recruit, due to the crisis: *“We asked employees to be very flexible, we told them OK listen, right now, you do not have much to do in your business. We're going to train you; you're going to do accounting” (HR/ CSM).*

Then, the firm had to rationalize costs. As the turnover had decreased, it could not maintain its usual cost base. It decided to do so by having a recruitment freeze: *“So all the people I had planned to recruit at that time obviously we told them we could not” (HR/ CSM).* It also made redundancies.

9/11 created a feeling of fear among customers that led to travel plans cancellation requests. Customers did not want any longer to go to the United States or the Arab countries. The firm reassigned customers to safer destinations. This was possible because people still wanted to

travel: *"We redeployed our forces to Europe, to destinations that seemed more secure to our customers. Because despite it all, the customers still wanted to leave, they had planned a holiday"* (HR/ CSM). The responses implemented allowed to bypass the crisis and build a capability in disruptive event management.

*Transformation of resources:* The management of disruptive events allowed the firm to identify organizational failures and to implement changes to address these shortcomings. So, after 9/11, one of the organizational failures which the firm identified was the reliance on the USA as it represented a significant share of the firm's activities. This alerted managers to understand the importance of diversifying the firm's destinations. Thus, the firm restructured its activities and services through strategic and organizational changes. At the strategic level, this meant first diversifying to avoid excessive reliance on a single destination and notably the USA. With this in mind, new destinations were developed: *"New destinations have been created, the France destination is the direct result of 9/11. We put a lot of resources on Europe,"* (GM). The firm has also set a cap for each destination at 15% of turnover to minimize risk. At the organizational level, the firm merged sales' departments so that each department specialized on at least two destinations. This was implemented to prevent the sales agents of one destination from being inactive if their destination was impacted: *"We created destinations' 'pairs' not only to address seasonality but also to develop the skills of the salespersons so that could be more easily redeployed to somewhere else. So, we created these binomials, for example, Europe and the Arab World"* (CEO).

After managing this event, the Voyageurs du Monde also changed its remuneration system to foster a team spirit, important in times of crisis. Like many other tour operators, Voyageurs du Monde offers bonuses linked to performance, but it does not use individual or firm-wide bonuses. The bonuses are given to the sales team to promote teamwork, knowledge sharing, and inter-dependence between team members.

## ***Event 2: Tsunami 2004 in the Indian Ocean***

The Tsunami's disruptive event did not give rise to any crisis. There was no interruption of activities or emotional effect on employees. This is notably due to the lessons learned and the changes that followed the management of the previous event (9/11).

*Sensing threats:* Following the Tsunami, the firm implemented the capability in management of disruptive events developed during the 9/11 attacks' event. As mentioned above, this capability is characterized by the high responsiveness of the firm. The firm's reaction was immediate because of the lessons learned from the previous event: "*Very quickly we mobilized the crisis management team*" (DM).

*Bypassing threats:* The implementation of the disruptive event management capability is characterized by the reactivation of the operational responses implemented during the preceding event. Thus, a crisis unit was set up: "*Everyone knows their role in the crisis unit, and everyone takes to it fairly quickly*" (HR/ CSM). We also observed the operational response to the development of closer proximity with the customer, which is supported by employee commitment. The firm assisted the customers who were at the affected destinations: "*So we sent some people from Voyageurs du Monde directly to the disaster zone to assist our customers*" (DM).

The deployment of staff from unaffected departments implemented during the event following the 9/11 attacks was brought back during the Tsunami: "*The organizational changes that took place after 9/11 were reactivated, that is, the specialists from South-East Asia and Indonesia went to work in other sectors, until demand came back,*" (HR/ CSM). Customers who had planned to travel to countries impacted by the natural disaster were redirected to other destinations. This reduced the firm's financial losses.

The structuring of the activities and services that followed the first event allowed the firm to reduce the impact of the Tsunami, and this means that it did not lead to a new crisis: *“The Tsunami did not have the same effect as 9/11. After the Tsunami, we were able to keep all the jobs in the firm thanks to the changes we implemented after 9/11,”* (HR/ CSM). The reduction of the share of each destination limited the impact losses in the affected departments: *“The fact that we diversified the destinations allowed us to offset the sales losses of the Asia department”* (DM). The merger of sales departments allowed overstaffing and prevented the sales persons from impacted departments from having no activity.

*Transformation of resources:* The management of the Tsunami disaster allowed the firm to become aware that it was unable to locate its customers in the event of a natural disaster. *“And we realized that our computer systems did not allow us in a short time to get out all the files, all the contact information of the people who could be in any place in the world”* (DM). To compensate for this weakness and develop its proximity to customers in the event of a natural disaster, the firm then set up a computer system for locating customers. *“Following the Tsunami, we put in place this system which allows us today to have all the files concerned in 2 hours, to contact each customer, to know where he or she is, to know if everything is OK”* (GM). Simultaneously, the firm strengthened its customer service insofar as it understood the importance of close contacts with customers in the event of a disruptive event.

### ***Event 3: Ash cloud***

The disruption of the 2010 ash cloud had a heavy impact on the firm as it occurred during the Easter break holidays and because the firm could not offer its customers alternative travel arrangement as they did during 9/11 or the Tsunami.

*Sensing threats:* During the ash cloud event, the managers understood this was going to be a lasting event and that it would have serious consequences: *“It concerned the departures and*



*arrivals of the whole world. (...) it happened during the Easter weekend, we had 3500 customers involved!”* (CEO).

It is understanding that the event would last over time that triggered the firm to refuse to issue refunds to customers from the outset. If it had started to refund its customers as soon as the event began, this would have set up a precedent and would have to do so for all customers. This would have generated heavy losses. Some firms did so and suffered such massive losses. The ash cloud arrived when many customers had planned to travel: *“In the ash cloud crisis, we told our customers “We suggest you postpone the travel. You can carry out this travel to the same destination with the same service providers without incurring any cancellation fees”, ”* (HR/ CSM).

*Bypassing threats:* Immediately after the event, thanks to its previous experiences, the firm set up a crisis unit in which each organizational member played a precise role. As with previous events, the firm focused on customer relations, employees agreed to work on Sundays to assist clients: *“It lasted about 10 days, and for 10 days we worked non-stop from 8:30 am to midnight every day, seven days a week ... to assist our customers”* (DM). Thanks to the system that was set up after the Tsunami event, the firm was able to locate its customers and contact them directly to get news from them. The firm was then able to assist them on site.

Nevertheless, during the ash cloud, Voyageurs du Monde could not reassign customers to safer destinations because planes could not take off. While 9/11 was the first major crisis for the firm, the ash cloud was the most serious crisis, as no aircraft could take off from the European airspace. The firm could not direct its customers to other destinations nor could it reimburse all customers, as this would have resulted in heavy losses: *“So if we reimbursed any customers who cancel, we’d go bankrupt!”* (DM).

Thus, the firm offered customers the chance to postpone their same travel plans to next year or to go to another destination later rather than being refunded. Some customers were hostile to

this proposal, but others accepted without hesitation. They perceived it as helping a firm they considered responsible and committed to sustainable development: *“We had 90% of our customers who were understanding and told us they were willing to postpone their travel or change their destination because we are strongly committed to protecting the environment and that they do not want to take down a firm like ours. And, so we used this argument to convince the 10% of customers who did not accept our offer”* (DM).

*Transformation of resources:* After managing the ash cloud event, the firm took up insurance to cover the additional costs stemming from an unforeseen event. *“Certainly, it involves agreeing to pay for more expensive insurance, but at the same time, it means that in this situation there would be insurance to bear the additional costs generated by a delay in traveling back”* (GM). Improved insurance offerings have enhanced the disruptive event management capability as this new service allow for better management of the customer relationship during a disruptive event in which customers are stuck in a destination.

## **4.2 The role of social and environmental practices in building a dynamic capability**

### ***Social practices of firm favorable to employees' commitment***

Managing disruptive events illustrates the importance of employees' commitment and involvement in managing unusual situations. This involvement emanates to a large extent from the firm's social practices that aim at motivating the staff and maintain a sense of belonging to the firm. The firm promotes involvement through its participative management style, corporate culture, transparency, accessibility of the top managers, and the firm's loyalty to its employees.

The firm adopted a management style based on the participation of all employees. Managers encourage employees to express their ideas and be creative. Voyageurs du Monde's culture, based on social and humanistic values, promotes the well-being of its employees: *“People feel comfortable because we have a very collegial management team. Everybody can say anything*

*they want” (DM). Internal transparency is also an organizational feature that promotes motivation because it promotes trust in management and a sense of belonging. It is a firm where the results, statistics, turnover, etc. are fully transparent to everyone. This transparency is coupled with the accessibility of the top managers. This also has a motivational effect. “Our leaders are generally quite open. Sometimes J.F.R (CEO) can send an email on a subject that can go beyond statistical data. For example, the results of the [Soccer] World Cup teams. It allows us to go beyond the professional sphere” (Destination Manager).*

The firm’s loyalty to its employees is also a factor that encourages employees’ commitment. For example, after 9/11, the firm could not hire the people it planned. But it was committed to hiring those people as soon as the situation got better: *“this guy was supposed to start at Voyageurs just after 9/11... I called him on the 13th or the 15th to tell him that it would not be possible. He said, but it's not possible I resigned from my job! I know, but I have no choice. But I was committed to recruiting him, and he came to Voyageurs in April 2002 as soon as we felt we were going to be able to recruit... we respected our commitments” (HR/ CSM).*

### ***Customer commitment***

Customer commitment came mainly to the fore during the ash cloud event when the firm could not re-assign customers to alternative destinations. Customers agreed to postpone their travel arrangements, and this avoided major losses. Customer commitment and loyalty have been high and a result of the firm’s social and environmental practices and its communication about it.

In 2007, the firm started to adopt enhanced social and environmental practices and became ATR certified (a French accreditation meaning ‘Action for Responsible Tourism’). The firm trades essentially with providers that share similar socially and environmentally practices and ethos. It also seeks to influence providers by asking them to embrace these practices: *“We send a questionnaire to the hotels: what are you doing regarding sustainable development? And they send us the information. For example, we recycle water; we sort waste, we use low energy*

*bulbs. Then, when we go, we will check. "Show me your low-energy light bulbs ... things like that"* (Destination Manager).

It has also taken measures to offset CO<sub>2</sub> emissions. A sum is deducted from each ticket sale to donate to an association fighting against deforestation: *"We offset 20% of the emissions: that means that it represents €5 on a trip in Europe or North Africa and it represents €10 on a long-haul trip"* (HR/CSM). This helps the firm achieve customer satisfaction: *"Our customers said they were sensitive to the CO<sub>2</sub> issue and congratulated us for putting in place a system like this"* (HR/CSM).

The firm also introduced an accounting metric to identify providers whose tax arrangements are not in line with Voyageurs du Monde's ethos: *"the accounting system allows the detection of accounts held in tax havens, and we have asked our providers to change accounts if they hold such accounts"* (GM).

## **Discussion**

### **Resilience building**

We contribute to the tourism literature. The first contribution is to understand how businesses which organize and sell trips build resilience. We show that the business builds resilience following a process characterized by low resilience to the first event. When the business is first confronted with a severe disruptive event it does not have the responses allowing it to overcome the event and avoid it become a crisis. In front of this first event that generates a crisis, the business developed actions to overcome the situation. This characterizes the passive aspect (Akgün and Keskin, 2014) and the adaptive dimension of resilience (Orchiston, Prayag and Brown, 2016; Prayag et al., 2018). The actions taken by the business make it possible to manage the crisis, and a learning phase follows. The crisis revealed organizational failures up to then unknown, and that needed to be addressed. In our study, these were over-reliance on one

destination and the working in silos of the departments. Given this, the firm decided to reduce the share of each destination, diversify and merge departments. Thanks to the lessons learned and the ensuing strategic and organizational changes (Dahles and Susilowati, 2015) the business' resilience was strengthened and the second disruptive event did not generate a crisis. Indeed, as time and events pass, the firm becomes more and more resilient (Hamel and Välikangas, 2003). Thus, in the context of the Tsunami event, it is active aspect (Akgün and Keskin, 2014) and planned dimension (Orchiston, Prayag and Brown, 2016; Prayag et al., 2018) of resilience that took place. The same conclusion applies to the third event.

### **Dynamic capability for resilience**

Our second contribution is to show that managing several disruptive events takes the aspect of a DC. To manage the events, the firm has modified its operational capabilities through the development and improvement of a capability in disruptive event management. The longitudinal method we adopted afforded us to study the formation and the successive implementations of the DC and to make our second contribution: we brought to the fore that the routinization of successful experimentation underpins the building of a DC for resilience.

The components of Teece's (2007) framework characterizes the formation of the DC. Sensing the threat allows to react in time and avoid wasting time. During the bypassing phase, we observed a process of experimentation which consists of finding a solution to overcome the generated crisis. The first event was an unusual situation and the firm that did not have organizational responses to overcome the crisis. This required transforming its routines and finding new actions to address the encountered situation. Thus, crisis management led to the emergence of new routines and activities, developed to overcome the crisis. These activities enabled not only the management of the crisis but also it generated crisis management knowledge. This process is at the origin of the creation of a new capability (Sirmon *et al.*, 2007). The management of the crisis led to the resource transformation phase.

The DC previously created is deployed and redeployed during the second and third events. This showed that the DC was now embedded within the firm and could be mobilized at subsequent disruptive events. As in the 9/11 attack, the deployment and redeployment of DC during the Tsunami and Ash cloud events were characterized by the sensing, bypassing and transforming phases. We can, therefore, suggest that the DC for resilience derives from the routinization of successful experimentation. The firm deployed capability in disruptive event management formed during the first crisis. The improvement of the capability in disruptive event management through incremental modifications (Sirmon *et al.*, 2007) characterizes the transformation phase. With each event being unprecedented, this has the effect of generating new knowledge and incremental modifications leading to the improvement of the initial capability.

### **Factors underlying the building of a dynamic capability for resilience**

Our third contribution relates to the explanation of the building of the DC for resilience from a content perspective. We confirm and add to the literature. We highlight the importance of three factors that make it possible to build resilience: the ability to identify the magnitude of the event, successful event management and implementation of changes. Similarly, to literature, we highlight the importance of managerial underpinnings in the DC building process (Krupskyi and Grynko, 2018; Nieves and Haller, 2014), and show the role of computer systems (Roberts *et al.*, 2016) in facilitating the identification in real time of the changes in turnover or other KPIs.

We emphasize the importance of the ability to find a suitable response to manage the situation facing the firm. We confirm that success crisis management depends on the business' capacity for innovation (Dahles and Susilowati, 2015; Sirmon *et al.*, 2007) and that diversification (Meyer, 1982; Dahles and Susilowati, 2015) is also a mechanism that promotes the management of disruptive events. Our findings also highlight the importance of organic

structural design (Jaaron and Backhouse, 2014) to adapt the organizational activities to the unprecedented situation through the continuous operation of activities to meet customer expectations.

In the tourism literature, studies highlight the importance of knowledge for DC formation (Nieves and Haller, 2014; Nieves, Quintana and Osorio, 2016). We show that the implementation of changes which is supported by learning is an element undergirding the DC for resilience. We found a first level of learning about the responses to be implemented to overcome the disruptive event (Paraskevas et al., 2013). We also observed a second level (post-event) learning process related to the strategic and organizational changes implemented to overcome the failures that could have led to the worsening of the impact of the disruptive events.

We also extend the literature by revealing factors yet to be brought to the fore in the literature. We show the role of customer and employee commitment as factors underpinning the building of a DC for resilience. In the resilience literature, while studies highlight the role of open communication and trust to develop employees' commitment (Jaaron and Backhouse, 2014), we show that social and environmental practices bolster customer and employee commitment. While Ortiz-De-Mondojana and Bansal (2016) have a nuanced view of resilience by recognizing that resilience provides flexible, sensing resources that help firms survive and adapt to the environment, we mobilize social and environmental practices to explain resilience in businesses. We show that social and environmental practices further both employee motivation and commitment, and customer commitment which in turn contribute to the management of disruptive events and building a DC for resilience. The participative management style, the remuneration system, corporate culture, transparency, accessibility and accessibility of the top managers and the firm's loyalty to employees are factors that help make this happen.

The resilience factors related to customer and employee commitment are new in the tourism literature. This is so because studies have so far focused on the businesses operating in situ in the disaster areas. Scholars indicate that in such context businesses do little to manage the event during its occurrence and must wait for things to return to their normal course (Cioccio and Michael, 2007). Our study presents an alternative scenario. We evidence that for the tour operator we studied when a destination is impacted by a disruptive event, businesses can implement change to overcome the event.

## **Conclusion**

We illuminate how an outbound tour operator can overcome overseas disruptive events. We reveal that resilience building takes place through the building of a DC. First, our findings show that the experimentation of new routines and the integration of these routines in the organizational memory facilitates the building of DC for resilience. Second, we highlight three factors underpinning this DC: the ability to identify the magnitude of the event so that rapid reaction is possible, the successful management of the event to avoid financial losses and the implementation of changes to overcome organizational failures. Finally, developing social and environmental practices to legitimize the firm and to obtain customer and employee commitment can help the firm to face to disruption and build DC for resilience.

Future research is needed. Further research could investigate whether within some businesses the DC can manifest itself directly by a high resilience. Another avenue of research could be related to examine whether the factors promoting resilience identified for the outbound operator are relevant to businesses located in disaster areas.

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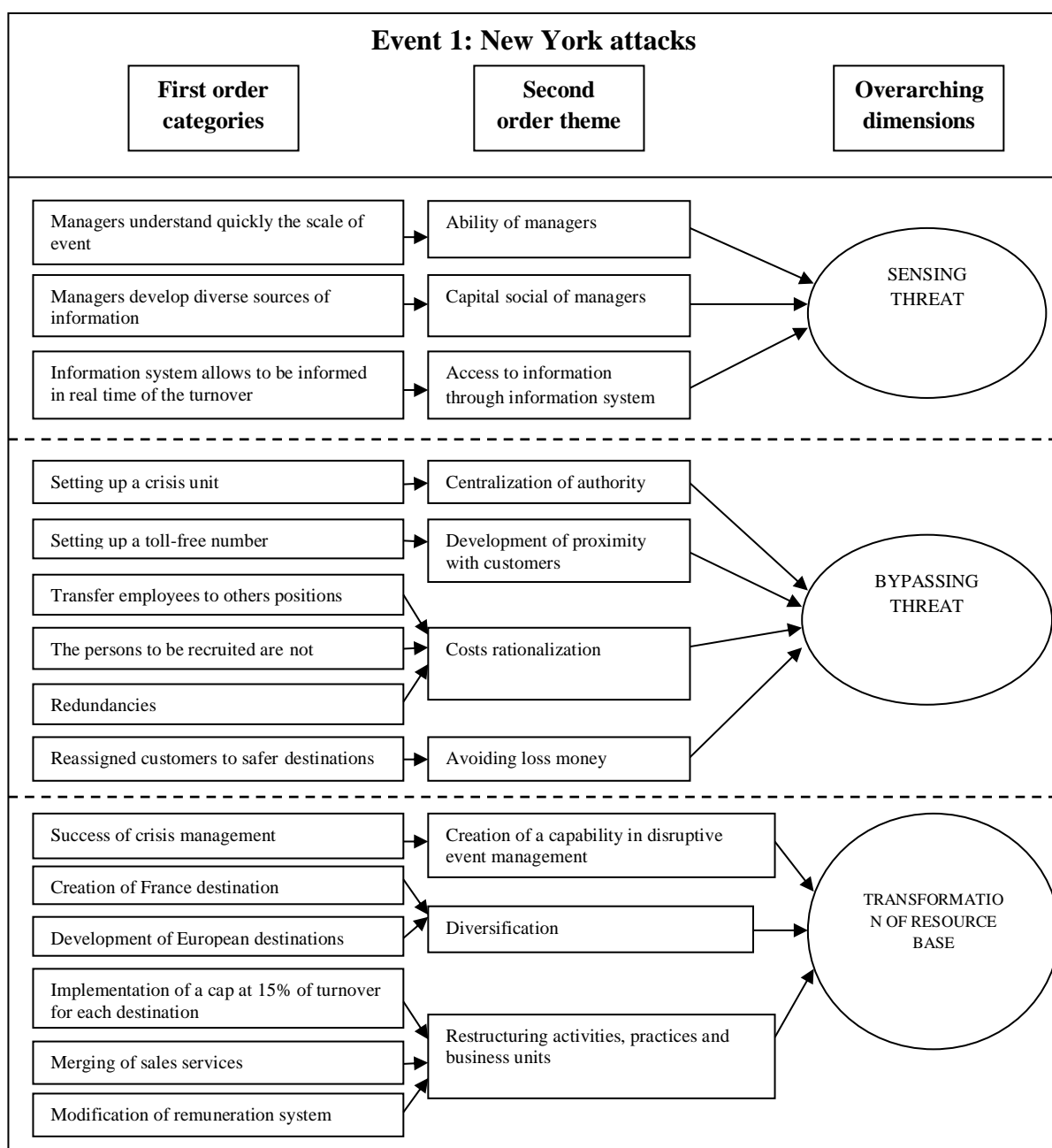


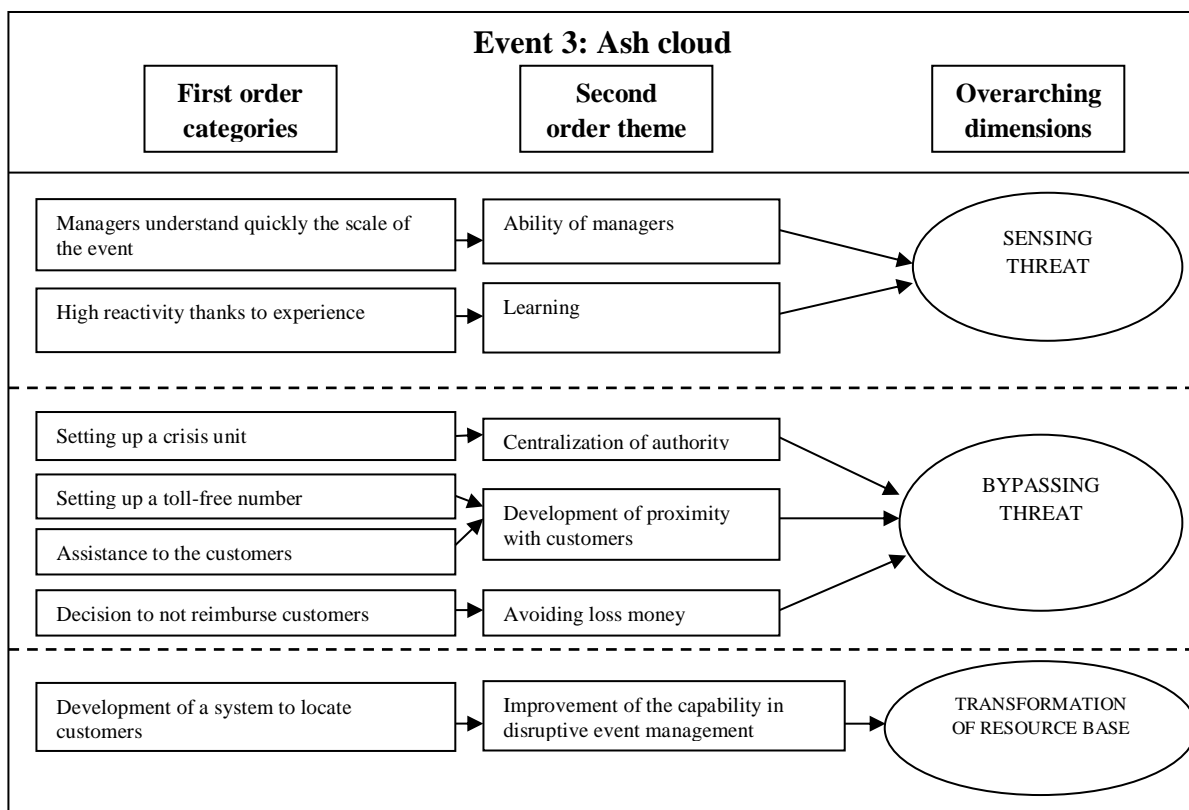
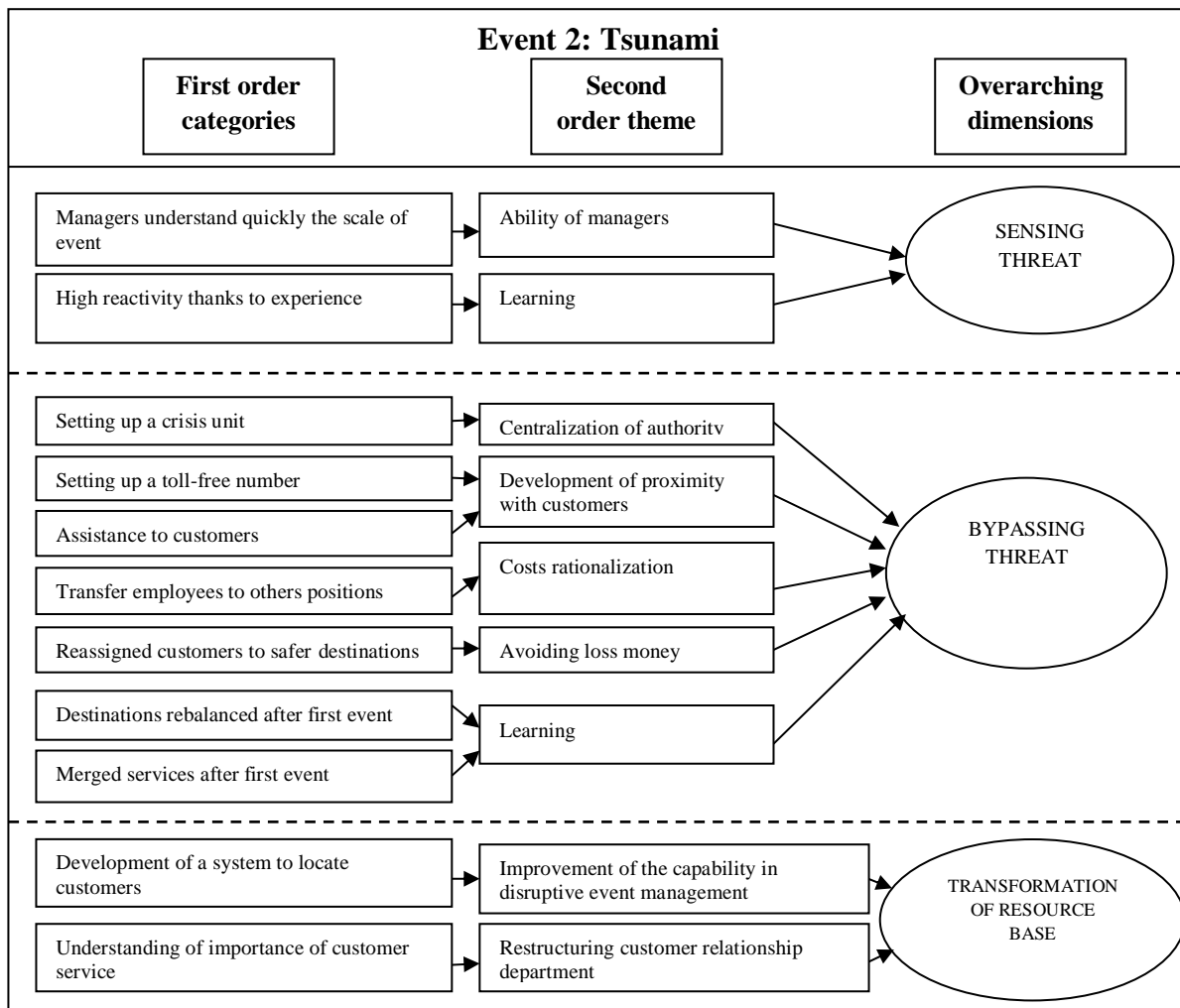
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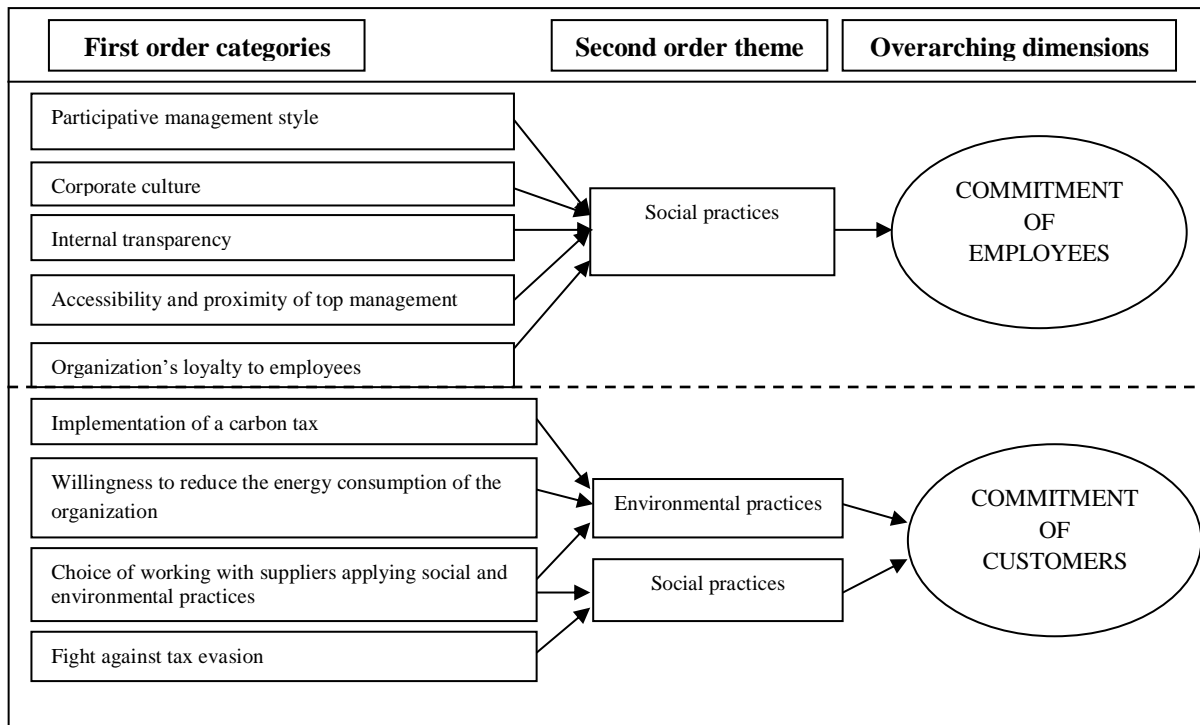
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**Figure 1: Data structure**





**Figure 2: Social and environmental practices**



**Table 1: Thematic coding to identify mechanisms inducing DC building**

	Sensing		Bypassing		Transformation	
	<i>Factors that characterizes the phase</i>	<i>Mechanisms which promote the factors</i>	<i>Factors that characterizes the phase</i>	<i>Mechanisms which promote the factors</i>	<i>Factors that characterizes the phase</i>	<i>Mechanisms which promote the factors</i>
<b>9/11</b>	Identification of threat	Aptitude of managers Social capital of managers	Establishment of a crisis unit	Aptitude to find an adapted answer	Building of capability in disruptive event management	Acquisition of knowledge about organizational weaknesses
	Identification of decline in sales	Information system	Rationalization of costs	Aptitude to find an adapted answer	Setting a cap for each destination at 15% of turnover	
			Development of customer proximity	Employees commitment	Diversification	
			Reassignment of customers	Diversification	Merger of services	
			Deployment of staff	Employees commitment	Change in the remuneration system	
<b>Tsunami</b>	Identification of the threat	Aptitude of managers	Establishment of a crisis unit	Acquisition of knowledge from previous event	Customer Identification System	Acquisition of knowledge about organizational weaknesses
			Development of customer proximity	Acquisition of knowledge from previous event	Improvement of the capability in disruptive event management	
			Customer Support	Employees commitment		
			Reassignment of customers	Diversification		
<b>Ash cloud</b>	Identification of the threat	Aptitude of managers Social capital of managers	Establishment of a crisis unit	Acquisition of knowledge from previous events	Implementation of new insurance	Acquisition of knowledge about organizational weaknesses
			Development of customer proximity	Employees commitment	Improvement of the capability in disruptive event management	
			Decision not to reimburse customers	Customers commitment		

**Table 2: Higher codes: factors underpinnings DC building**

<b>Underpinnings</b>	<b>Higher codes</b>
Ability of managers	The ability to identify the magnitude of the event
Social capital of managers	
Computer system	
Ability to find a suitable response to manage the situation	Successful management of the event
Diversification	
Employee and customer commitment	
Acquisition of knowledge from previous event	Implementation of changes
Acquisition of knowledge about organizational weaknesses	