

QUESTION 1: PESTLE ANALYSIS FOR HOTELS VIVA.

1.1 Introduction

Located in the Balearic Islands of Spain, Hotels Viva is a conglomerate of family-oriented hotels geared towards recreation and entertainment for families, sports enthusiasts and the general public (Hotels Viva 2023). Hotels VIVA offers holiday relaxation services and sports with comfortable and well-equipped facilities in Mallorca. The company operates in the hospitality industry and provides various services, including lodging, relaxation and well-being, sporting events, and adults-only services for 16yrs⁺ and 18yrs⁺ individuals. Owned and managed by the Pascual family, Hotels Viva comprises VIVA Blue & Spa, VIVA Sunrise (Figure 1.1), VIVA Golf Adults Only 18⁺ and VIVA Suites & Spa Adults Only 16⁺ (Hotels Viva 2023). In addition, the group consists of notable partners in aviation and rental fields and a Foundation that caters for corporate social responsibility initiatives.

1.2 PESTLE Model for Hotels Viva for 2019-2021.

Factor	Description
Political	<ul style="list-style-type: none">• Government stability impacts foreign investors and tourists.• Competition laws enforced by the <i>Comisión Nacional de la Competencia</i> (CNC) allow intense rivalry in the industry.
Economic	<ul style="list-style-type: none">• Decreased interest rates, resulting in economic instability• Increased tax rates, consequently reducing the tourism rate.• Increased unemployment rates, leading to lower GDP per capita and disposable income.
Sociocultural	<ul style="list-style-type: none">• Lifestyle of sports and leisure activities favour Hotels VIVA services.• Low education in Spain contributes to lowered wages, consequently attracting foreign investors.• Religious preference of Spaniards may negatively affect Hotels VIVA adult services.
Technological	<ul style="list-style-type: none">• Low level of obsolescence attracts foreign tourists• Extent of technology transfer• Energy costs and availability
Legal	<ul style="list-style-type: none">• Employment laws impact employer-employee relationships.• Adherence to occupational safety and health• Adherence to human rights law
Environmental	<ul style="list-style-type: none">• Recycling technology• Social responsibility• Clean technology

(Author generated)

1.3 Drivers of change within 2019-2021.

The period under study was characterised by major events such as the Covid-19 pandemic and global recession that impacted businesses in Spain and the entire globe. Hence, political and economic factors are the two most recognised drivers of change within 2019-2021.

Beginning with the outbreak of Coronavirus (Covid-19) that necessitated major changes and policies, the Spanish government (like others around the world) placed restrictions on international travel and social gatherings. For a recreational business that relies heavily on tourists and individuals seeking temporary accommodations, Hotels VIVA was greatly impacted by the pandemic and resultant social bans. Danso et al. (2020) also reported a similar trend in Ghana-based hotels, in which over 70% of hotels that operated above 50% capacity before the pandemic now operates below 25% (Figure 1.1).

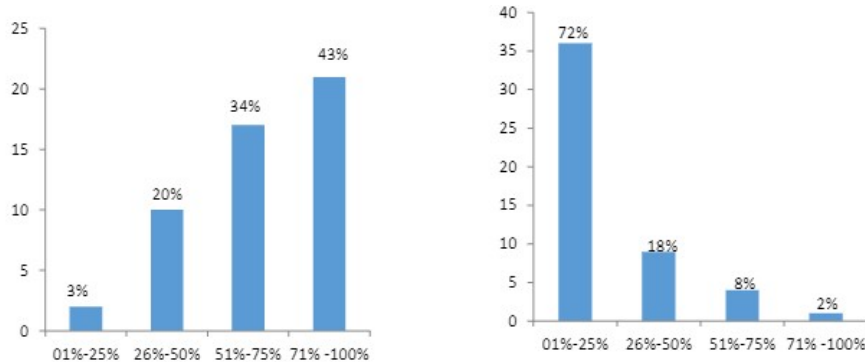


Figure 1.1: Operating capacity of Ghanaian hotels before (LEFT) and after (RIGHT) Covid-19 (Danso et al. 2020).

Similarly, the impact on employees has also been noted as hotels faced a significant reduction in on-site employees and a corresponding rise in those on temporary leave or laid off (Jung et al. 2021). Moreover, there were disruptions in supply chains due to work restrictions imposed by the government (Moosavi et al. 2022). Since the hotel industry is so linked, the risks and effects of interruptions anywhere in the supply chain are shared (McCann and Myers 2020).

In addition, the global economic recession impacted Hotels VIVA revenue due to reduced bed occupancy rates and workforce strains. Like with other hospitality-related businesses in Spain, bed occupancy declined by over 44%, and revenue per available room (RevPAR) plummeted by nearly half (Figure 1.2) (Statista 2021). Similarly, lodgings in Hotels VIVA reduced, with a decline in subscriptions to spa and recreational facilities.

Indicators	YOY change*
Visitors	-68.41%
Overnight stays	-73.28%
Occupancy rate	-43.91%
ADR	-11.3%
RevPAR	-48.6%
Employees	-56.97%

Figure 1.2: Covid-19 impact on YOY indices changes in hotels in Spain (Statista 2021).

According to Foroudi et al. (2021), the pandemic has had several political, economic, and societal effects on hospitality stakeholders. Hence, Milovanović (2021) suggests that hotels comply with safety regulations and reassure potential guests. As the economy gradually becomes stable, normalcy within the industry is achievable.

QUESTION 2: KOTTER'S 8-STEP MODEL FOR ORGANISATIONAL CHANGE.

2.1 How Kotter's 8-Step Change Model works

According to Kotter's 8-Step Change Model, an extension of Lewin's change theory, leadership must start and sustain the kind of changes necessary for organisations to flourish in today's modern competitive market (Galli 2018). Kotter's methodology, illustrated by an eight-step process (Figure 2.1), starts by instilling a sense of urgency in order to raise the organisation's understanding that strategic modifications are required and that opportunities are constantly available (Kotter 2012). Consequently, in the end, a new change is initiated, institutionalised and anchored in corporate culture.

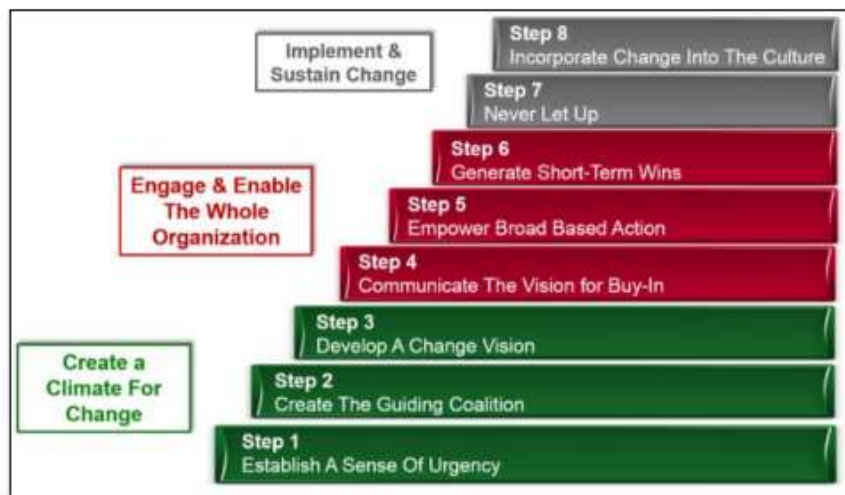


Figure 2.1: Kotter's 8 steps model (Laig and Abocejo 2021).

2.2 Appropriateness, advantages and disadvantages of the Kotter's model

2.2.1 Appropriateness and advantages

Numerous studies have reported applying Kotter's technique to various circumstances and needs for change across different organisations. For instance, Small et al. (2016) and Mørk et al. (2018) reported the usefulness of Kotter's model to improve bedside transitions in critical care and surgical orthopaedic trauma unit, with considerable gains observed upon project completion. Similarly, Dort et al. (2020) found Kotter's model useful in a quality improvement programme in a Canadian surgical department, concluding that the model offered a guiding process to help achieve the needed change.

Similarly, Odiaga et al. (2021) used Kotter's change model to turn the culture of a compartmentalised academic institution into one of interprofessionalism. Motivated by new health education accreditation criteria and demands to reform education, the authors adopted Kotter's model while working with open-minded groups devoted to the "Big Opportunity" to allow a quick cultural transition from a hierarchical institution to an inter-professional learning environment. Wentworth et al. (2018) conducted similar research and highlighted how Kotter's approach functioned as a guide in a multi-year attempt to transform the university's system for student assessment of teaching. This transition necessitated a shift in instrument and technology, demonstrating the appropriateness of Kotter's approach in executing change on a range of projects within higher education institutions.

The rising trend of leveraging data to generate value and influence business decisions necessitates organisations considering adapting to produce data-driven value and, more importantly, executing the transformation while minimising risk efficiently. In their paper, Sittrop and Crosthwaite (2021) investigated the applicability of Kotter's approach in establishing a CRM business intelligence tool for automation use. While some aspects were successful, the authors observed that significant improvements could have been achieved if competencies (Figure 2.2) such as vision communication, leadership abilities with teamwork, and technical proficiency were incorporated before and during the change process.

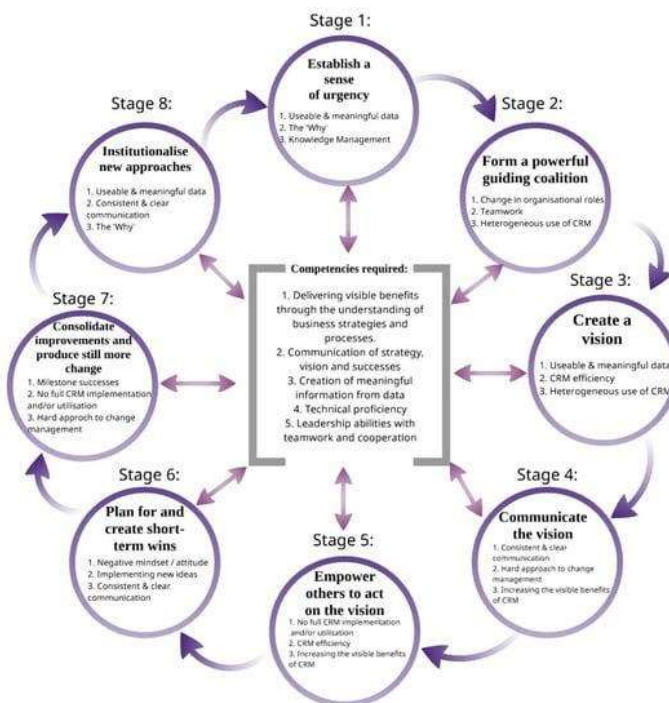


Figure 2.2: Modified Kotter's model for BI projects (Sittrop and Crosthwaite 2021).

Therefore, adhering to change readiness components is essential since the effectiveness of change management procedures inside an organisation directly affects business risk and the resulting financial consequences (Kerzner 2018).

2.2.2 Disadvantages

McLaren et al. (2022) criticised Kotter's model's pervasive effect as harmful, citing employee stress and anxiety as a consequence of pushing organisational transformation. In a similar article, Mayo (2021) questioned Kotter's model's applicability in healthcare due to its limited and linear approach to pushing change, which may be restrictive in emergency situations like pandemic planning and response where operational procedures, execution, and innovation must be completed quickly.

Kotter argues the criticality of following the eight steps sequentially without extended overlapping that may compromise success. Since the steps are dependent on one another, not implementing the previous step appropriately will make it difficult to implement the subsequent steps. This viewpoint is supported by Calegari et al. (2015) who assert that the implementation of Kotter's model to achieve an organisational change presented some challenges, as it was often necessary to cycle back through prior stages before proceeding to the next, particularly in cases after realising short-term wins.

Major change management initiatives are intrinsically challenging to examine due to their complexity. According to Appelbaum et al. (2015), there may be difficulty in executing all eight phases, as well as the requirement for a subsequent follow-up. Also, certain changes do not require specific phases. For instance, updating equipment on a production line or replacing critical software to process operations, steps 7 and 8 may be irrelevant since the modifications are generally irrevocable. Additional instances may include improvements that need a high level of secrecy, in which Steps 1 and 4 are considerably undermined.

2.3 Implications for managers and HR staff

Change occurs everywhere, from little changes to the most difficult challenges faced by human resource (HR) professionals as management deals with re-organisation and downsizing (Stouten et al. 2018). Hence, organisation's performance is dependent on its ability to adapt to changes in its environment. Kotter's model focuses on leading change rather than managing change. In other words, leaders are raised to the highest level of responsibility for implementing

and directing organisational change management (Galli 2019). As a result, without managerial backing, implementing organisational change will be exceedingly challenging. Various strategies and tools might assist managers in thriving in such a volatile shifting environment. On the other hand, managers and human resource personnel must have the skills and knowledge of which change model to use, how to manage and deal with change and the stakeholders involved to guarantee it is maintained and becomes part of the organisational culture.

2.4 Conclusion

Since the 1980s, most sectors and businesses have faced an extremely challenging external environment. As a result, most organisations are willing to adapt, making change management critical in today's society. A well-managed change will bring the organisation to sustainable development, which is also the foundation of an organisation's core competitiveness advantage. Depending on the change required, the appropriateness of Kotter's model is appreciable, as evident in the literature. The fluidity of Kotter's approach has been shown to be a successful framework for driving long-term change in various organisations.