

# Tourism supply chain post covid-19 change management: the case of tour operators

Managementul schimbării lanțului de aprovizionare în turism după Covid-19: cazul operatorilor de turism

R Karsokiene<sup>1</sup> and A Giedraitis<sup>2</sup>

<sup>1</sup>Doctoral student, Department of Management, Klaipeda University, Campus of social and humanities sciences, Klaipeda, Lithuania

<sup>2</sup>Assoc.Prof., Department of Management, Klaipeda University, Campus of social and humanities sciences, Klaipeda, Lithuania

e-mail: [karsokiene.rima@gmail.com](mailto:karsokiene.rima@gmail.com)

DOI: 10.37789/rjce.2023.14.3.4

**Abstract.** The relevance of this paper is that that covid-19 outbreak, which has been announced by WHO (World Health Organization) on the 30th of March, 2020 and two years later still has continuous effect over most of the world, has caused blockages in all economic sectors, but tourism and its supply chain has been affected the most. The conducted research explores inner-organizational alterations within the tourism supply chain (TSC) management, though the prism of tour operators, in times and post pandemic. Tourism supply chain management strategies have already been adopted by many large tourism service providers, such as hotels and airlines. Therefore the article's main focus is on successful tour-operator change management within the chain, addressing the key elements. Study results present the impact caused by the outbreak on tour-operators in Lithuania and accordingly suggest the template for resilience. Furthermore, an interview based systematic crisis resilience model for tourism supply chain management is introduced.

**Keywords:** tour operators, Covid-19, tourism supply

## 1. Introduction

The effectiveness of Tourism supply chain (TSC) management depends on the targeted actions of the participants within the chain (Pomponi, Fratocchi and Tafuri, 2015). Innovative tourism supply chain management approach is needed to positively impact its business and ensure its continuation (Guan, et al 2020; Gossling, Scott, & Hall, 2020), also to achieve productive performance indicators such as customer satisfaction, profit and profit margin, flexibility, liquidity, reliability, productivity, transparency, sustainability, and risk resilience. A properly functioning TSC is the optimal balance between two opposite poles - efficiency and sensitivity, which represent customers' satisfactory level. This balance is dictated by the adopted tourism supply chain participant performance and governing strategy. The supply chain is as strong as its weakest link, as achievements depend on the entire chain (Long and Chen, 2021).

As circumstances, such as constraints imposed by public administrations, change consumer behavior, business organizations must respond and adjust their supply chain management strategy, considering the region, size and nature of the business. Given the nature of the Covid-19 outbreak, it is useful to provide additional insights into how TSC

management strategies change during crisis: from operational efficiency to favorable conditions, changes in employment relationships, ways to retain and attract customers, to liquidity in the event of disruption and finally resilience against long-term negative consequences.

Tourism has become increasingly subjected to risks that threaten the whole tourism industry itself (Vargas, 2020). Those together with globalization and increasing competitive challenges are encouraging tourism business leaders to seek modern solutions to achieve resilience in the tourism supply chain (TSC), preserving their continuity in adverse economic situations such as Covid-19 epidemic outbreak (Baum and Hai, 2020; Venkatachalam and Raja, 2020). Global developments in recent years have shown that global crises, which require change management models, should be considered as adverse situations.

The aim: After analyzing the importance of the tour-operator in promoting the effective integration of the tourism chain network that supplies the different components of tourism products and services, to justify the need for post-pandemic change management of tour-operators, to disclose their restructuring principles and to provide the change management model for the tourism development chain with measures to be implemented after the pandemic.

The research methodology consists of scientific literature, documentary and statistical data, regarding the effects of the coronavirus pandemic on the tourism supply chain, analysis, as well as qualitative research of 6 largest tour operators in Lithuania. The findings are presented accordingly.

## **2. Tour operator importance as advocating effective integration of the tourism chain network that supply different components of tourism products and services**

Tourism has, over the last half century, emerged as one of the world's largest and fastest-growing economic sectors. Consequentially, it has also become one of the most widely adopted development strategies at the national, regional and international levels, representing an effective and, for many countries, the only realistic means of achieving social and economic development (Soratana, Landis, Jing and Suto, 2021). Tourism supply chain (TSC) management is a set of functional methods for effective coordination of the relationships between participants in the tourism supply chain itself (Zhang, Song, and Huang, 2019; Wongsurawat and Shrestha, 2018; Vsrk and Sriniv, 2016). In order for all participants in the supply chain to work together and for information to flow smoothly between chains, companies must effectively manage business; synchronize, integrate and optimize key supply, production, warehousing, inventory, purchasing, and sales processes (Wilujeng, Nikmah and Sarwoko, 2021). The fragmented but closely interrelated nature of the components of the tourism industry forces tourism companies to engage with many industrial participants - suppliers, distributors, competitors, governmental and private companies - which determine the continuity of TSC business (Eckardt, Font and Kimbu, 2020).

The tourism supply chain is a very broad concept. According to X. Guo and L. He (2012), TSC is an industry that combines various services and professions and is

related to many areas of economic activity. It includes the customer in the center, then such service providers as accommodation, catering, transport, sightseeing, entertainment industries, as well as outbound, domestic and inbound tourism providers, and all related services (Song, 2011). Among the latter - organization and sale of personal and business trips, search and sale of boat, ferry, bus and plane tickets, orders for transportation, insurance, money back guarantee services, bookings of attractions, even organization of weddings in another country, etc. TSC's are an important catalyst for the economic development and integration of each country (Mirakzadeh, Karamian, Khosravi and Parvin, 2021). TSC is also a very flexible industry and, unlike other areas, is often closely intertwined with other industries such as fashion, aviation, cinema, music, crafts, gastronomy and the media, including blogging. Furthermore, all services are unconditionally interconnected. Any shock to one part of the chain affects others (Barua, 2020). The chain reaction disrupts all TSC operations, which undermines corporate performance and profitability and can cause irreparable damage to tourism companies (Larin, Tarasov, Mirotin, Rubliov and Kapski, 2021).

Evidently, tourism supply chain is a complex phenomenon and should be analyzed and managed from an integrated perspective, through the prism of demand, which is best known by the main tourist product provider – the tour operator (Long and Chen, 2021). Demand structures the development in particular tourism destination; it also implies value creation processes, which are usually shaped by a variety of operations, main TSC participants, that play key roles within the TSC system, such as the tour operators, and tourist interests. Key participants of the tourism value chain encompass a range of processes linked to the tourism sector, such as policymaking and integrated planning; product development, promotion, and marketing; distribution and sales, also destination operations and tourism services (Mariani, Czakon, Buhalis, and Vitouladi, 2016). The tour operator is considered to be the largest retailer in the field of TSC. It is like a producer of an organized tourism and has a special place in shaping the whole tourism supply chain (Phillips and Mountinho, 2014). According to authors, tour operator outsources every TSC participant by creating tourist routes, abounding them with services, organizes advertising, calculates and sets prices for travel on those routes, sells travel directly to consumers or smaller travel agencies (2014). Tour operators are settling down for the consumers to whom they provide their services and at the same time expanding the system of the tourism supply chain. Tour operators are a key factor in the success of the whole chain (Guo and He, 2012).

Summarizing, it can be stated that tourists count on tour operators to turn their dream vacations into realities. Booking an outsourced, full packaged, time checked or brand new tour is an easy way for a traveler to explore and experience a foreign land and make sure they hit the best spots. A well-equipped package of services brings a lot of profit to the tour operator and value to the TSC.

### **3. Justification of the need for post pandemic tourism supply chain change management based on the analysis of statistical and scientific literature**

Tourism supply chain change management is a consistent and systematic process aimed at the smooth transition of the organizations to the desired state. Successful

tourism supply chain change management is a process that requires the multifaceted preparation of organizations, managers with different competencies, and the willingness of employees to change.

An innovative tourism supply chain management approach is needed to positively impact businesses and ensure continuation, also to achieve productive performance indicators such as customer satisfaction, profit, profit margin, flexibility, liquidity, reliability, productivity, transparency, sustainability, and resilience. While implementing change during a pandemic is different for every organization, managing it becomes necessary in a volatile environment.

Tourism is a highly adaptive and rapidly changing industry, it depends on many external and internal factors (Mariani, Czakon, Buhalis and Vitouladi, 2016). Despite the recognition of tourism as a priority sector with a contribution to GDP of 15-35% (Hungary, Czech Republic, Austria, Sweden, Italy, France, Spain, Portugal) (Буценко and Кулакова, 2017), post pandemic development rates indicate slow recovery (Gossling, Scott and Hall, 2020).

As the tourism supply chains experienced chaos - in 2020 and 2021 Covid-19 pandemic, the tourism sector in Lithuania shrank by 70-80% (Statista, 2022). According to A. Livina, G. Bukovska, I. Abols and M. R. Gavinolla, tour operators in Lithuania suffered € 9.5 million loss during the year of 2020 (2021). Their income fell by an average of 58%, as it was impossible for tour operators to plan future work due to the daily changing extent of the pandemic and the changing quarantine conditions, hence it was not possible to objectively assess future travel conditions and risks. Lack of government support and communication played a significant role in the financial situation of tour operators, which was also aggravated by the need to reimburse customers for their travel expenses due to quarantine or emergency declarations, as some of those funds were already frozen at destinations.

In order to maintain liquidity, the tourism sector was covered partially by state-guaranteed loans, a downtime system and subsidies for small and medium-sized enterprises, rent and interest compensation measures, negotiations with creditors and partners, and partial restructuring.

Up to today, the omicron variant of Covid-19 pandemic continues to be a global concern. So much so, that the centers for Disease Control and Prevention (CDC) has added more countries to its highest-risk category for travel including Japan, Cuba and Israel. The CDC's Level 4 classification now includes 134 destinations, meaning that more than half the countries in the world are on the agency's "avoid travel" list (UNWTO, 2022). For their part, tour operators made every effort to improve operational efficiency and reduce costs. Summarizing the data about the business of tour operators affected by Covid-19 and modulating the metamorphoses of their long-term planning strategy, principles of success and the future of tourism, it is possible to make a statement that the tour operator business had to adopt change.

German researchers A. Thams, N. Zech, D. Rempel, and A. Ayia-Koi (2020) studied the survival strategy of the travel business after the Covid-19 pandemic and the relationship between business organizers and service users. The paper emphasizes the importance of timely adaptation to change and new working conditions. The

fundamental purpose is to increase organizational performance levels and to maintain these improvements.

Addressing the post-pandemic period in 2021, the problem of tour operator restructuring and the tourism supply chain system industry in Spain was also addressed by T. Gonzalez-Torres, J.L. Rodriguez-Sanches and E. Pelechano-Barahona (2021). The survey conducted by the method of qualitative interviews approached 9 respondents and examined the financial statements and documents of selected companies. Conclusions were reached on various company change management processes, such as the maximum use of state support, coordination of financial and fiscal activities, cooperation with other tour operators, attractiveness management, etc.

The analyzed literature showed a tendency to focus on the importance of change management models' implementation in the tourism supply chain structures, as well as the adaptation to changing business conditions' techniques, the potential for change in corporate governance strategies, and the analysis of changes in corporate governance models and consumer travel habits. Although the impact on the tourism supply chain structures is similar, the organizational aspects of chain participants were divergent. In order to substantiate the aim of this article, it is useful to analyze several specific examples of tour operators in Lithuania and the methods of change management implementation. A qualitative study was selected for this analysis.

#### **4. Methodology**

The method of qualitative research has been systematically chosen in order to examine the principles of activity of a certain group (in this case tour operators) under certain conditions in their natural environment (pandemic impact) to understand the experiences of the subjects and provide an interpretive, holistic evaluation. The strategy of the in-depth semi-structured interview of the phenomenological approach was chosen. The in-depth interview strategy focuses on the experiences of the subjects (Nunkoo, 2018). The semi-structured interview method is based on specific questions provided in advance in the interview plan, but it is likely that in the course of the research the researcher may ask additional questions not included in the plan if he/she thinks it could enrich the research (Tribe, 2015). Qualitative research will help to generalize the defense, gain insights, examine the perspectives of tour operators and refine concepts.

The representativeness of a qualitative research sample is determined by flexible theoretical criteria (Dann, Nash and Pierce, 2018). When conducting a qualitative in-depth semi-structured interview, each case is investigated in detail, therefore a smaller number of cases may provide a sufficient amount of data to achieve the purpose of the study (Tribe, 2015). During the research, the target numbers were chosen accordingly: a total of 6 informants – largest tour operators in Lithuania (4 respondents - X1, X2, X3 and X4) and medium (2 respondents - X5 and X6). Senior employees or managers, with no less than 5 year experience, were addressed, hereinafter referred to as experts in the survey. The field-of-work status of the X5 and X6 experts is defined as a travel agency, but both experts confirmed that in addition to the packages sold, they themselves organize bus tours (X5) as well as leisure, business trips and conferences (X6). All interviews were performed during March and April, 2021. A total of 8 questions were

planned for the experts, but during the validation of the questionnaire with one of the interviewed experts, one question was abandoned and a total of 7 questions remained. The questions were divided into blocks of 2 sections, which were accordingly split up into several subsections. As in qualitative research with phenomenological approach, due to the much closer relationship between the researcher and the respondent, special attention was paid to ethics. Participants did not belong to vulnerable groups, so ethical principles were not difficult to implement.

**5. Change management principles of tour-operators on the basis of the research results**

Performed qualitative expert study of tour operators showed that the activities of tour operators were significantly affected by the Covid-19 outbreak, which led to many challenges in the organizational processes of their operations. As one of the most serious challenges in the history of the travel business, all respondents note the beginning of pandemic, when the movement between the countries was stopped, planes were landed and borders were closed. The tourism supply chain performance is based on people’s travels, and when their demand for forced quarantine around the world ceased, not only did sales stop, but it was impossible to recover the contributions paid to intermediaries, making it difficult for travelers to return their booked trips. Analyzing the experts’ responses in table 1, there was a consensus that employees were the greatest asset, and no one was forcefully fired. The number of employees decreased due to natural change or the choice of the employee, as the business has gone to standstill.

*Table 1.*

*The impact of Covid-19 on tourism business.*

<b>Section 1. Opinion on the impact of covid-19 on tourism business</b>	
Subsection 1.1	<i>Change of activity after the onset of outbreak</i>
<p><i>Quotations:</i></p> <p>„The main challenge was the period of operating restrictions. The company has declared downtime... as long as we had an opportunity to work from home, we kept going“- (X1). "It is difficult to say exactly how the coronavirus will affect our business. The company has sufficient funds to operate in the next financial year, therefore the risk of termination is low ...” - (X2). “...The biggest crisis in the company’s history...” - (X3). “... We did not lay off employees, but suspended operations, employees were on downtime and ballots. At that time, the preservation of businesses and jobs was being addressed. 2020 the summer travel season was very short and particularly difficult for the entire tourism sector. We were limited in our activities. In an effort to take advantage of all opportunities, we organized flights, created conditions for partners to work and earn income. If the travel agency did not take advantage of this and did not participate in sales, then it is not active as a partner...”- (X4). “...Affected one hundred % directly; March, April and May of last year were a time of handling, keeping customers in touch, trying to retain and reassure them. Everyone in the dark ... we did not dismiss the old employees, only those accepted for a probationary period, and a few people left themselves ... ” - (X5); „One of the main goals is not to hurt the service, the second is the staff. We tried not to lose people so that people had downtime to work partly with us, partly elsewhere. State benefits are not enough to pay full salary. It will soon be a year as we barely survive. All resources are exhausted, both the human factor and the company“- (X6).</p>	

Subsection 1.2	<i>Loss assessment</i>
<p><i>Quotations:</i>                  „...The total turnover of all last year is 82% lower compared to 2019” - (X1). "... The company has suffered significant losses, but taking advantage of the opportunity, we will operate a specially purchased aircraft for our own needs, with which we hope to control the most important passenger logistics process without intermediaries ..." - (X2); "... 88% losses compared to 2019..." (X3). "At the moment, we cannot estimate all the losses incurred by the company; it will be seen when this situation is resolved and the flights will be resumed. In any case, the impact of this pandemic on the company's financial performance and the company's overall operations will undoubtedly be significant..." - (X4). "... Losses over 50 %...", "... everything stopped ..." - (X5). "... Income has fallen by 77%, there is no profit and so far the results are not visible ..." - (X6).</p>	
Subsection 1.3	<i>Cost reduction factors</i>
<p><i>Quotations:</i>                  "...The company has optimized costs; costs have been reduced by more than half...salary compensation has been used...we have agreed on a loan...to settle with travelers...working on distribution channels so that we are stronger than ever after recovering from travel ” - (X1). "... We received ... subsidies from investors and European funds, until 2023 we plan to significantly reduce costs ..." - (X3). "... The company has declared downtime and the salary funds have been halved. During this difficult period, the company strived to maintain its business and jobs, and we have optimized our costs to the maximum. The company to receive a soft loan with a state guarantee ..." - (X4). "... We are in partial downtime ... we used the help with the rent of offices, if the owner reduces the rent by 30%, 40% is paid by the state, and the rest by the agency. We gave up one office in Vilnius ..." - (X5). "... The state paid for downtime. We did not receive a grant. State aid is delayed, hopefully the money will reach as soon as possible. The number of offices has not changed ..." - (X6).</p>	

**Source:** compiled by the authors based on the results of interviews.

The responses in the second subsection show that the travel business has almost come to a halt with the onset of the pandemic. The losses were 77-88% (X1, X3, and X6). Comprehensive state aid was needed. It can be argued that the state would spend much more on redundant workers by paying benefits to fund their reorientation; therefore it is more beneficial to subsidize the tourism sector so that people are not laid off. Respondents in both 1st and 3rd subsections mention that the aim was to save the workforce by using state support for downtime. According to the X5 expert, only those employees who were hired for the probationary period were laid off. New reorganization solutions were also sought to support operations: according to the X2 expert, several well-thought-out strategic merger and acquisition decisions were made in the wake of the pandemic to expand expertise and competencies and provide better customer service when tourism recovered.

The analysis of the responses provided by tourism experts shows that many tour operators have taken similar steps to maintain the liquidity of businesses. In terms of management practices, companies have focused on three key performance factors in order to enable uptime: retaining employees, stabilizing customer relationships, and securing business operations. State support was used during downtime to retain employees; companies invested in staff training. In order to meet the needs of customers, as well as to avoid bankruptcy, applications for soft loans were submitted and the accumulated funds of companies were used without paying dividends for the previous



year. However, not all organizations had the same strategy in this regard. While some companies were looking for survival methods, optimizing costs and liquidity, controlling financial flows, managing liabilities, others were intensively and strategically preparing for the future and market recovery: reviewing portfolios, contractual terms, improving information distribution channels, investing in equity development, new technologies and reservation systems, expanded the range of services to be “stronger than ever” after the end of quarantine and the release of travel restrictions (X1). The small number of agencies exploiting this niche could be explained by the fact that many of them lack a clear vision, trust, technological, financial and competent human resources to optimize the performance of companies during the pandemic. However, it is also worth examining what changes companies implemented, trying to remain the most attractive after recovering, all of which are reflected in table 2.

Table 2.

*The change management implementation*

<b>Section 2. Opinion on the change management implementation</b>	
Subsection 2.1	<i>Establishing innovations through ASIT (Agency for Scientific Innovation and Technology) applications</i>
<p><i>Quotations:</i>  “Yes, tourism innovations have been introduced in the travel business...” - (X1). ... Did not participate. – (X2); Did not participate – (X3). "... We have created and integrated an electronic claims register ..." - (X4). "... We did marketing IT project that will launch in April. Updating the website, implementing the principles of gift voucher sales and concentrating on domestic travel ..." - (X5). "... Implemented and improved the CRM (customer relationship management) system and SEO (search engines optimization), also Google awards training ..." - (X6).</p>	
Subsection 2.2	<i>Principles of avoiding levelling</i>
<p><i>Quotations:</i>  "... We focus on increasing operational efficiency and are currently improving customer service ... customers are guaranteed warranty insurance ... all their money for future travel is insured ..." - (X1).  "... Since the spring we have been traveling on a more modern aircraft and in more convenient times. These are our market advantages..." - (X2). "... The company received the award as a favorite tour operator ... long-term cooperation with regular customers, security of employees and customers - a priority, new security procedures at airports, ships, ... faster, cheaper and more efficient synergy; ...restructuring, digitization of activities, airlines and orders ..." - (X3). "... It is very important to have the right expectations ... and a personal connection.... and to offer what is relevant to the client.... focus on advertising ..." - (X5). "... Customer service ..." - (X6).</p>	
Subsection 2.3	<i>Reservation automation processes</i>
<p><i>Quotations:</i>  "... Sales have been automated for a long time, customer service centers work well and when offices are open - older people visit or those who find it harder to use the Internet ..." - (X3). "... Online travel is cheaper, so online shopping is encouraged ..." - (X4). "100 % online. Some come to the office if they want to pay in cash ... exotics need more details, ... and maybe people are more confident when they see us live ..." - (X5). "... During pandemic, consumer confidence in online tickets has declined due to a lack of service or difficulty in contacting ..." - (X6).</p>	
Subsection 2.4	<i>Model for successful business</i>
<p><i>Quotations:</i>  "...The advantages are flexibility in planning activities, pricing system, the possibility to quickly change the direction of destination, the range of products offered and to adapt to market changes ..." -</p>	



(X1). "This year is a year for customers, so we will make every effort to break established market standards, not only to open new destinations, but also to offer extended travel products" - (X2). "... Flexibility, customer satisfaction and loss of ownership, operating in a synergy model - adapting to market changes, speed and efficiency ..." - (X3). "... Flexibility and adaptation to changing conditions ..." - (X4). "... Faith in travel ..." - (X5). "... Be flexible ..." - (X6).

**Source:** compiled by the authors based on the results of interviews.

Most of the companies requesting financing have developed and improved their services - implemented new innovative information systems, travel reservation systems, online services. Others created various augmented presentations of their services and virtual video tours. It can be assumed that the remaining companies did not participate in the innovation tender due to the short deadlines for the implementation of innovations - only a few months gap was given for implementation. The choice of innovation may depend on other reasons. It is worth calculating what added value the new product or service will provide to the target customers, whether it will be the most useful and attractive. Of course, the potential for added value must also be taken into account, as every innovation requires investment, in this case, time and staff resources, and the economic benefits or payback will only happen in the future. New products for the tourism business, in turn, encourage fundamental changes in the motives of tourists to choose a particular nature, route and destination.

The importance of avoiding leveling in the company was examined by N. Dev (2020). According to him, the attitude of consumers to the company through the flexibility of the organization itself directly affect the financial indicators of the organization, the change of which can be a serious signal to managers and owners that the business strategy and methods need to be reconsidered and avoided (2020). Almost all the experts interviewed emphasized that close personal contact with customers (X2), analysis of their needs (X4, X5, X6), image of company reliability, customer safety during travel (X3), as well as increasing operational efficiency and quality of customer service (X1) are the basic principles for avoiding leveling. But if all tour operators follow the above principles, then what makes them exceptional? What methods do organizations seek to be visible? The answer to this question was given by expert X5 - marketing and online advertising. The digitalization is a great tool for implementing various marketing strategies, but it requires a lot of human, financial resources and systematic work, as confirmed by expert X6 in the first category, that the prolonged pandemic and quarantine required much more effort to attract customers than before.

Rapid ability to adapt to market changes is an essential factor for the survival of tour operators (Gretzel, et al, 2020). Technological advancement poses challenges for both the organization and the service user. Authors confirm that services online will only increase with time. In the wake of the pandemic, prolonged quarantine and the closure of tourism businesses, consumers have been encouraged to buy packages online. In the 2.3 sub-category, experts say that there are no major barriers to buying online (X3, X4, X5), but direct contact is still sought by elderly customers or exotic trip buyers, who may need more details from personal experiences of employees on particular destination (X5). The X1 expert says that traveling online is cheaper, which is why the

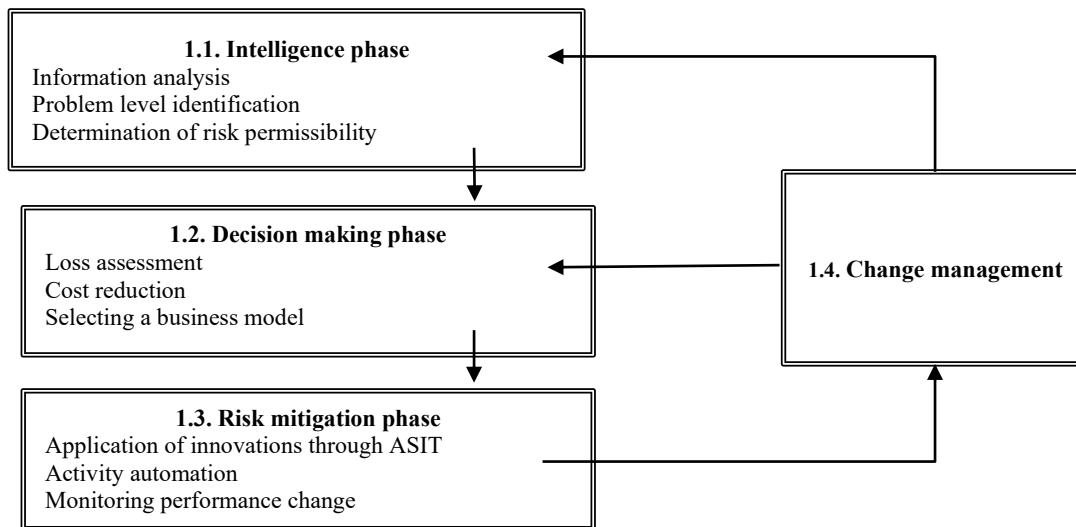
interest in buying a trip online is high. Summarizing the opinion of tourism experts about online bookings, it can be stated that this factor affects all tour operators in a similar way, as the number of direct contacts in companies is decreasing. The European Commission is actively promoting the digital switchover, but it is worth noting that, as in the 2.1 sub-category, both innovation and online technologies are an excellent tool for implementing various marketing strategies, but also require significant human, financial and systematic resources.

Balance is important in every organization. A balanced solution at the right time is the basis for a successful business (Kopczuk, 2020). When the tourism business came to a standstill during the pandemic, tour operators had to balance between survival and the belief that, as the epidemiological situation improved, it would be possible to continue operating on an adequate scale. According to some experts, companies have given up loss-making assets, as well as cooperation with non-performing agents, while others have invested in property, redesigned travel routes to offer customers exceptional services when borders open. However, it can be assumed that during the pandemic, the maximum effort for staying “on board” was put into flexibility (X1, X3, X4 and X6), adaptation to market changes (X1, X4), belief in travel (X5) and development of new products (X2).

The measures analyzed during the expert interview for the successful change management/restructuring of the tour operators post-pandemic are: investments in employees and innovations, digitalization and automation of processes, correctly established customer expectations, cost optimization, maximum use of public funds, flexible sales conditions, continuous cooperation and improvement with service providers, return of deposits from partners in tourism supply chain, focus on future sales, caring for existing customers, expanding destinations to secure areas and full flexibility.

## **6. Change management model presentation**

Restructuring means change, and in the event of a crisis caused by a pandemic, these changes become forced. A smooth and timely restructuring process allows organizations in temporary difficulties to reshape their operations, change the company's strategy, abandon unprofitable forms of activities, and focus on the most efficient ones. The difficulties are successfully overcome by those tourism supply chains that proactively monitor and evaluate key performance indicators - if the indicators are not satisfactory, they take all possible measures to improve their performance, that is, to implement the change. So in order for this sector to remain viable in the future, comprehensive change management was needed to retain competent staff and repay deposits for undelivered services, while funds were frozen at various foreign partners. Change management solutions are traditionally focused on improving the state of the tourism supply chain to implement change. The use of change (crisis) management models does not bring quick results, as decisions to manage them are made late, after the crisis has begun (Figure1).



**Figure 1.** A model for management of change in tourism supply chain after Covid-19

**Source:** compiled by the authors.

The tourism supply chain change management model consists of the four phases listed above in figure 1. Each of the four stages of model are important in its own right, and requires careful conduct to ensure that it contributes towards the successful delivery of change.

### *1.1. Intelligence phase.*

The necessary internal and external information must be collected and analyzed. Emerging risks must be identified, addressed, and monitored. Risk analysis is based on examining all past losses, a forecast of their occurrence for specific customers, and a justification of the methods used to predict or reimburse potential losses. Such information may be collected using formal methods. For example, external information is market analysis, and internal information is analysis of tour-operator businesses' financial statements, management interviews, and a survey of management consultants and employees. Information is also collected through informal methods - by observing or discussing the situation. It is important to distinguish between relevant and inappropriate information when analyzing. Information is the basis for decision-making and it is natural to aim for it to be as accurate as possible and relevant to the problem. The source information received by the manager usually contains a large amount of data that is not directly related to the problem being addressed. In order to focus on a specific problem, it is necessary to exclude from the source data provided information that is not related to the problem under consideration.

### *1.2. Decision making phase.*

The importance of threat analysis is determined by the fact that its results will be used by decision-makers when planning security and risk reduction measures and the

resources needed to implement them. Most of the management decisions made in companies are based on cost information. In order to successfully use cost information, it is necessary to clearly define the objectives that are being pursued and to select those types of costs that would be suitable for the implementation of a specific objective. The goal is focused on reducing the losses incurred by the tour-operator and increasing the efficiency of activities through separate operational processes. This phase allows to assess which risks could potentially have the greatest negative impact. The measurement of risk anticipates changes, anticipates and evaluates the risks to specific tour-operator. The significance of these risks is assessed, as is the risk position and the impact of market changes on a service-by-product basis. Loss assessment allows the tour-operator to assess the extent to which potential risks affect the achievement of its goals, and also allows assessing which risks can potentially have the greatest negative impact. All information received is used in choosing a further business model.

### *1.3. Risk mitigation phase.*

This phase is intended to create and implement security and/or risk reduction measures in order to prevent possible emergency situations and/or reduce their impact, and mitigate possible consequences. It is one of the most important processes in the risk reduction phase, as the prediction and prevention of situations depend on its results. A risk management policy is a means of ensuring risk management in any tour-operator business. It is important that the selected risk mitigation measures are suitable for curbing the risk, and their cost is not higher than the potential losses. It is necessary to evaluate what is more useful (cheaper) for the tour-operator: whether they are losses due to risk realization or costs for risk reduction measures.

### *1.4. Change management.*

The goal and objectives of a change management strategy are determined by the ever-changing tourism business environment in which the tourism supply chain has to operate, let alone the Covid-19 pandemic. In assessing the operational risk of such a tourism supply chain, it is important to break down the entire management process into appropriate systems and their elements. There are following elements of the change management system: management strategy, risk measurement system, information system, and control system. They examine change management as a system that integrates all its inherent elements. Elements of systemic risk management must be analysed through principles of their effective operation; the most characteristic connections between them must be categorized; the purpose of the system and the variables of the objective function must be determined (system results), emphasizing the importance of reducing the potential negative effects of the forces of the tourism business environment.

The presented model covers all the most important phases (functions) of change management in the tourism supply chain, considering the ever-changing post-pandemic environment. In the light of what is set out in this section, it can be assumed that large tour operators are currently leading the market, actively adapting to changing operating and market conditions during the pandemic, maintaining customer confidence,

maximizing costs and automating, investing in human capital - the professional knowledge and personal qualities required for quality human resources. All these listed factors allow stating that the tour operators in Lithuania had to restructure, which has been proven by the research conducted.

## **7. Conclusions**

The rapid spatial diffusion of the covid-19 epidemic outbreak has resulted in the total economic disruption of the tourism supply chain, causing a significant reduction in revenue and creating liquidity issues for all agents. All participating organisations in tourism supply chain are linked to each other in complex patterns. Any shock from one quickly spreads to others, producing cascading effects on the TSC. Considering the objectives of the different organisations, effective management within the supply chain is a key issue in achieving and maintaining competitiveness for the entire supply chain and its individual agents, especially those ones that largely represent customers' satisfactory levels. The tour operator is considered to be the largest retailer in the field of TSC, therefore tour-operators are the key factor in the success of the whole tourism supply chain, which justifies the aim of this article and further investigation into tour-operator post-pandemic change management options. After analysing the scientific literature, the tour-operator sector was identified as the most affected part of the tourism supply chain throughout the covid-19 pandemic. Due to the implementation of various restrictions, consumer fears, and worldwide efforts to stop the spread of the virus, the travel industry has fallen back to the level of thirty years ago as a result of the pandemic and has had a direct impact on the key tourism supply chain participants - the cruise, aviation, accommodation industries and consequentially - tour operator businesses. According to various scientists and given literature analysis, the change management process offers the greatest potential for growth and further development.

Tourism supply chain change management is one of the guarantors of the organizations', such as tour operator business, survival and factors that increase competitiveness. Although the impact on the tourism supply chain structures is similar, the organizational aspects of chain participants were divergent. Foremost components of the tourism supply chain encompass a range of processes linked to the tourism sector, such as policymaking and integrated planning; product development, promotion, and marketing; distribution and sales, also destination operations and tourism services. The main focus of the article is on successful tour operator change management, addressing key elements. Change management depends on an appropriate strategic planning and implementation process within the framework of organisations. Very important enabling sub-factors of tour operator change management are employee empowerment and business flexibility. Managers who want to make major changes in their organisations to remain competitive must work with HR to gain the support of key employees. In addition, the innovations, digitalization, and automation of processes, correctly established customer expectations, cost optimization, maximum use of public funds, flexible sales conditions, continuous cooperation and improvement with service providers, return of deposits from partners in the tourism supply chain, focus on future

sales, caring for existing customers, and expanding destinations to secure areas were identified as crucial elements for post pandemic tour operator business resilience.

The fundamental changes caused by Covid-19 have forced tour operators to implement change management fast. The created model becomes an instrument for initiating and implementing tourism supply chain changes and managing pandemics. A smooth and timely change management process allows tourism supply chains in temporary difficulties to reshape their operations, change their strategy, abandon unprofitable forms of activity and focus on the most efficient ones.

## References

- [1] Barua S 2021 *Understanding Coronanomics: The economic implications of the coronavirus (COVID-19) pandemic*. Manuscript. Internet access: <https://ssrn.com/abstract=3566477>
- [2] Baum T and Hai N T T 2020 *Hospitality, tourism, human rights and the impact of covid-19*. *International Journal of Contemporary Hospitality Management*, **32(7)** (<https://doi.org/10.1108/IJCHM-03-2020-0242>)
- [3] Буценко И Н and Кулакова Д С 2017 *Международный туристический рынок: динамика развития и основные участники. Экономические исследования и разработки*. No1С98-105
- [4] Dann G, Nash D and Pierce Ph 2018 *Methodology in tourism research*. *Annals of tourism research*. Vol **15(1)** ([https://doi.org/10.1016/0160-7383\(88\)90068-0](https://doi.org/10.1016/0160-7383(88)90068-0))
- [5] Dev N 2020 *Digitalisation and Reorganisation of GVCs*. *The Indian journal of labor economics*. (<https://link.springer.com/article/10.1007/s41027-020-00274-x>)
- [6] Eckardt C, Font X and Kimbu A 2020 *Realistic evaluation as a volunteer tourism supply chain methodology*. *Journal of Sustainable Tourism* **28(5)**, 647-662 (doi:10.1080/09669582.2019.1696350)
- [7] Gretzel U et al 2020 *e-Tourism beyond COVID-19: a call for transformative research*. *Information technology and tourism* **22** Published by Springer Link.
- [8] Guo X and He L 2012 *Tourism Supply-Chain Coordination: The Cooperation between Tourism Hotel and Tour Operator*. *Tourism Economics* **18(6)**:1361-1376 (doi: 10.5367/te.2012.0179)
- [9] Gonzales-Torres Th, Rodriguez-Sanches J L and Pelechano-Barahona E 2021 *Managing relationships in the tourism supply chain to overcome epidemic outbreaks: the case of covid-19 and the hospitality industry in Spain*. *International Journal of Hospitality Management*, Spain **92**.
- [10] Gossling S, Scott D and Hall M 2020 *Pandemics, tourism and global change: a rapid assessment of covid-19*. *Journal of Sustainable Tourism* **29(1)**, 1-20 (doi: 10.1080/09669582.2020.1758708)
- [11] Guan D et al 2020 *Global supply-chain effects of COVID-19 control measures*. *Nature human behaviour* (<https://www.nature.com/articles/s41562-020-0896-8>)
- [12] Kopczuk W 2020 *Some Thoughts on Economics and Policy at the Time of the Pandemics*. Department of Economics and SIPA, Columbia University, New York.
- [13] Larin O, Tarasov D, Mirotin L, Rubliov V and Kapski D 2021 *Resilient Supply Chain Management Model*. *SHS Web of Conferences* **93**, 03005 (<https://doi.org/10.1051/shsconf/20219303005>)
- [14] Livina A, Bukovska G, Abols I and Gavinolla M R 2021 *Tourism destination management in a post pandemic context. The recovery tactics of the tourism industry amid covid-19 pandemic conditions in Baltic states*. Emerald publishing limited 11-23 (doi:10.1108/978-1-80071-511-020211001)
- [15] Long Y and Chen Y 2021 *Impact of structural embeddedness on the performance of tourism supply chain integration: a social network perspective*. *Annals of operations research*. (<https://doi.org/10.1007/s10479-021-04354-z>)
- [16] Mariani M M, Czakon W, Buhalis D and Vitouladi O 2016 *Tourism management, marketing and development*. Palgrave McMillan Publishing, London.
- [17] Mirakzadeh A A, Karamian F, Khosravi E and Parvin F 2021 *Analysis of preventive behaviors of*

- rural tourism hosts in the face of covid-19 pandemic: application of health belief mode. Frontiers hypothesis and theory.* (<https://doi.org/10.3389/fpubh.2021.793173>)
- [18] Nunkoo R 2018 *Handbook of Research Methods for Tourism and Hospitality Management*. Edward Elgar publishing Limited. UK, USA. ISBN 978 1 78536 627 7
- [19] Phillips P and Mountinho L 2014 *Critical review of strategic planning research in hospitality and tourism. Annals of tourism research.* **48** (<https://doi.org/10.1016/j.annals.2014.05.013>)
- [20] Pomponi P, Fratocchi L and Tafuri S R 2015 *Trust development and horizontal collaboration in logistics: a theory based evolutionary framework. Supply Chain. ManagemFent International Journal,* **20 (1)**.
- [21] Song H 2011 *Tourism Supply Chain Management*. Routledge publishing, London.
- [22] Soratana K, Landis A E, Jing F and Suto H 2021 *Supply Chain Management of Tourism Towards Sustainability*. Springer publishing, Switzerland. ISBN978-3-030-58225-8
- [23] Statista 2022 *Monthly arrivals in tourist accommodation in Lithuania 2018-2020.* (<https://www.statista.com/statistics/1131007/number-of-monthly-arrivals-short-stay-accommodation-in-lithuania/>)
- [24] Thams A, Zech N, Rempel D and Ayia-Koi A 2020 *An initial assessment of economic impacts and operational challenges for the tourism & hospitality industry due to covid-19.* IUBH *Discussion Papers Tourism & Hospitality*, No. **2**.
- [25] Tribe J 2015 *New tourism research. Tourism recreation research.***30(2)**. (<https://doi.org/10.1080/02508281.2005.11081468>)
- [26] UNWTO (United Nations World Tourism Organisation) 2022 *Tourism enjoys new start to 2022 while facing new uncertainties.* ([www.unwto.org/news/](http://www.unwto.org/news/))
- [27] Vargas A 2020 *Covid-19 crisis: a new model of tourism governance for a new time. Worldwide Hospitality and Tourism Themes* **12(6)**. Emerald Publishing Limited 1755-4217 (doi:10.1108/WHATT-07-2020-0066)
- [28] Venkatachalam S and Raja R 2020 *Issues and challenges affecting tourism supply chain industries in Chennai. Interdisciplinary Journal of Information* **6(7)** 19-28 (doi:<https://www.researchgate.net/publication/342000085>)
- [29] Vsrk P and Srinivas K 2016 *Supply chain management - modelling and algorithms: a review.* Conference paper. (doi:[https://www.researchgate.net/publication/322163335\\_Supply\\_Chain\\_Management\\_-\\_Modeling\\_and\\_Algorithms\\_A\\_Review](https://www.researchgate.net/publication/322163335_Supply_Chain_Management_-_Modeling_and_Algorithms_A_Review))
- [30] Wilujeng S, Nikmah F and Sarwoko E 2021 *Uncertain Supply Chain Management Triple A strategy: For supply chain performance of Indonesian SMEs.* (doi: 10.5267/j.uscm.2021.10.007)
- [31] Wongsurawat W and Shrestha V 2018 *Designing a Sustainable Tourism Supply Chain: A Case Study from Asia. Understanding Complex Systems* (doi: 10.1007/978-3-319-94322-0\_10)
- [32] Zhang X, Song H and Huang G Q 2019 *Tourism supply chain management: a new research agenda. Tourism Management* **30 (3)**, Elsevier.