

Organizational structure of new ventures in the tourism sector by COVID- 19

Estructura organizacional de los nuevos emprendimientos en el sector turístico por el COVID- 19

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ABSTRACT

Tourism for a country is a sector that generates income and helps to improve the quality of life; in addition, it has become the driving force for rural communities full of history, in which various activities are carried out based on their customs, providing tourists not only distraction, but also knowledge and empathy. Tourism helps countries to get out of poverty; it has the potential to boost economic growth; although much of its work belongs to the informal economy, communities that come together to strengthen in one way or another their family economy, seek through tourism the generation of resources, many of them coming to form as recognized organizations. Hence, this work seeks to identify the organizational structure of new ventures in the tourism sector in the crisis represented by COVID-19, in order to learn about new innovative forms of entrepreneurship and describe the economic effects on

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the sector under study; this research will seek its results using a qualitative and descriptive methodology based on the observation of information from the tourism sector that has been affected by the health crisis of COVID-19.

Keywords: Entrepreneurship, Organizational Structure, Covid-19, Tourism, Innovation.

INTRODUCTION

Currently, tourism has been one of the sectors most affected by the covid-19 health crisis since it has affected a vast chain of values in the hotel and tourism sector; the coronavirus has caused an impact on the tourism sector at an economic level, producing the need to promote and implement health measures that allow these sectors that were harmed by the pandemic to recover. During the first months of 2021 the arrival of international tourists has been reduced, generating millionaire decreases to the income of the tourism sector, as in 2020, according to data provided by the World Tourism Organization (UNWTO).

Most of the people working in the tourism sector are working within the informal economy or micro, small and medium enterprises; the business entities of the mentioned sector employ a large number of women and young people, within rural communities, indigenous peoples and many other places full of history; tourism has had a great relevance since it has been the driving force to generate income for rural communities, full of attractive places and history; In the last two years, according to statistical data and projections of the "Model of International Tourism Demand" (MDTI) unemployment has been growing, a potential of 6 million direct tourism jobs have been lost in 2020 and is expected to increase by one million more by 2021, and 9 million indirect and induced jobs with equal growth for this year, caused by the loss of 68 million tourists and with growth to 73 million by the end of 2021 in all of Latin America and the Caribbean.

While the crisis situation due to the coronavirus contagion increases, the decline in the economy of tourist destinations decreases, generating severe economic impacts every day; according to studies conducted by Adventure Travel Trade Association, which indicates that a crisis of this type develops in three different phases in which organizations must act with strategies that contribute to move forward from a fall in their financial indicators. In the first phase, tourism is in the waiting room, as countries prioritize health and productive sectors that cover basic needs; then the second phase is when tourism organizations must prepare for the safe operational return, as the number of infected people begins to decrease and governments give the green light to tourism activities; and finally in the third phase, a new way of life will have been adapted in the minds of people, and it is where innovation will mark a differentiating point for organizations or companies dedicated to this tourism sector.

Now, a key question in this regard is formulated in each of these phases: What organizational structure should these innovations or ventures in the tourism sector maintain in this time of crisis? What is sought with this question is: to analyze the

organizational structure of new ventures; to identify the new innovative forms of the tourism sector; and, to know the economic effects that the pandemic left to this sector. The following work evaluates the results of the health crisis that affected tourism in Latin America and the rest of the world in its economy, giving priority to these sectors that, with strategies that will be seen below can improve economic growth. Likewise, with the statistics and data it will be possible to analyze and elaborate specific actions that will be of benefit to achieve a better performance of the trade of the aforementioned sector, as well as the outstanding management of tourism in the country. On the other hand, the research seeks to reflect the importance of the tourism sector. The contribution of the following work will be very useful for the population who have interest, concern or at the same time are related to the tourism trade, providing them with knowledge about the influence of the coronavirus.

Tourism, made up of companies, tourist destinations and government agencies in this sector, must confront this health crisis with tourism diagnostic studies, which should contribute to strategies that contribute to decision-making by the country's tourism stakeholders, as indicated in their publications. (Viniestra, 2016, p. 269)

The disruption of the tourist activity started with the air transport companies, it was expanding in a few days to the complete tourist services: accommodation, catering. For Zúñiga (2014) In the current situation it is not possible to speak only of a contraction of tourist demand, both domestic and international. Travel to tourist sites has come to a complete halt, thus slowing down the entire socio-economic dynamic associated with them, such as the movement of tourists, hikers and visitors around the planet, which forces the search for new opportunities for regeneration and, therefore, represents a great challenge for the sector.

Epidemics, pandemics and other crises, be they health crises, climatic catastrophes or terrorist attacks, all of which have negative social, political and economic consequences in the different regions, sectors or countries of this planet. The World Health Organization (WHO) has demonstrated with data the main effects caused by the different crises that have attacked the world, chronologically.

- SARS: Severe Acute Respiratory Syndrome, 2003, Asia, Europe, North and South America, 7740 deaths and 40 million dollars in losses.
- H1N1: Swine Flu, 2009, pandemic, 18641 deaths and 50 million dollars in losses.
- EVD: Ebola, 2013, Africa, Italy, North America and United Kingdom, more than 11,000 dead and \$53 million in losses.
- COVID-19, 2019, pandemic, 3-May-20, more than 244,000 dead and \$280 billion in losses.

Since tourism is an important sector worldwide, comparative studies have been carried out among countries such as Italy, France, China and Spain. Sandoval et al. (2020) In the research of Sandoval et al., alternatives are included to reactivate tourism in these four countries, which are the ones with the highest tourist income worldwide, due to their main destinations.

- **France.** For the tourist reopening of this country the tourist must have medical certificates of entry and exit, comply with the following conditions at the entrance:
 - Be a resident in France, or be in transit;
 - Doctors, nurses or have a health profession;
 - To be in the line of freight, passenger and cargo transportation;
 - Being part of a diplomatic mission, or border official.
- **Italy.** The reopening of some of its tourist areas in theaters, cinemas, concerts, and other spaces with indoor and outdoor events. The shows will be developed with pre-assigned seats complying with the minimum distance of one meter, both for administrative staff and spectators, complying with the maximum capacity of 1,000 people for outdoor meetings and 200 people for indoor venues. Some cities in this country offer promotions that help to encourage tourism, together with the reopening of international flights, with sanitary measures and respect for the distance.
- **China.** It is the first country to open its tourist destinations, due to its controls against Covid-19. However, travel within China is complicated by the different movement restrictions for those who want to enter the country's capital.
- **Spain.** It partially reopened public places, while the Government authorized international travelers not to keep quarantine when entering the country, in the hope of attracting foreign tourism. Thus, the Minister of Foreign Affairs stated that "there may be restrictions to mobility as a result of emergency measures to control outbreaks of contagion".

COVID19 -is the most recent pandemic to occur on the planet. *"Both this new virus and the disease it causes were unknown before the outbreak broke out in Wuhan, China in December 2019. COVID19 is now -a pandemic affecting many countries around the world."* The COVID-19 (coronavirus) pandemic is not just a pandemic affecting people's health, it is more of a catastrophe problem affecting society and the economy. *"Regarding the economic impact, the World Tourism Organization, as of March 27, 2020, estimated a 20-30% reduction in international tourist arrivals that will cause a loss of 300-450 billion US dollars"* (Berselli, 2018, p. 610)

Organizational structure is *"the formal distribution of jobs within an organization, a process that involves decisions about job specialization, departmentalization, chain of command, span of control, centralization and formalization."*(Díaz-Andreu, 2014, p. 26). Companies define their organization according to their size, command modality, business activities, work areas, number of workers, among others. Hence, companies maintain their organizational structure *"according to all the activities or tasks they intend to perform, through a correct structure that allows them to establish their functions and departments in order to produce their services or products, through order and adequate control to achieve their goals and objectives"*. Acosta (2014) It establishes that the theory exposed by Mintzberg (1991) in his book *"Design of Efficient Organizations"* who complemented Fayol's theory and structured the organization in five phases; as follows: the figure maintains as a base the

"operative nucleus" who in a company are represented by the operators or workers, these in turn maintain a union with the "Strategic Summit" which is located at the top of the diagram, and that for the administrative practice are the top managers of a business, their communication with the bases are made through the "middle line" known as the heads of area or departments; At their sides the figure supports the presence of the "technostructure" and the "Support Staff" who are known as the specialized team and work analysts that complement or strengthen the organization.

For Díaz-Andreu (2014) tourism took shape over time, being "... a privilege of the wealthy who were small groups of great economic power, many of whom traveled for pleasure and out of a desire to stand out as an important person". Nowadays, tourism becomes "... a necessity and in a pleasure accessible to large masses entitled to participate in recreation and rest." (Marulanda & Morales, 2017, p.54)

Governments consider the tourism sector as one of the resources that generate income and increase the Gross Domestic Product (GDP). Experts in this area agree that tourism is supporting the economies of a country, increase employment, and improve the lifestyle of sectors, even if they are vulnerable, but with history. "Tourism activity has the potential to boost economic growth and investment at the local level, which in turn becomes employment opportunities, income distribution and boosting other activities such as agriculture, fishing and handicrafts in the receiving localities" (Villegas, 2019, p. 39)

Tourism and the pandemic have met in a very strong way, since the presence of the virus has generated a reverse reaction against this sector; employment has decreased, losses have been generated and in many cases tourism related businesses have been closed. Those familiar with the problem indicate that the sector will have a very long time span, it will almost take more than 10 years for a recovery in normal financial terms; however, to (Zuluaga & Moncayo, 2014, p. 89) "... the sector can recover and attract investments that will create many jobs, especially for the most vulnerable groups, such as women and young people in 72 months".

The drop in tourism has caused, in addition to unemployment and business losses, a decrease in the tax burden for this sector, a lower number of foreign tourists and thus a decrease in the circulation in the consumption chain in the interior of a country, among other things. (Castañeda, 2014, p. 37) *The private sector has released studies that measure the impact of the disease on the sector, as well as proposals for the reactivation and opening of hotels and sites of interest*".

The economic and social relations that the pandemic has left in this study sector have been considered by experts in their studies as radical alterations and its consequences would last about 5 to 10 years. Therefore, this crisis, according to (Bernal, 2013, p. 489) "... has been forcing companies to adapt their internal functioning to the measures of social distancing and with them the support of information and communication technologies, to which all organizations will have to adapt".

In Ecuador, according to studies conducted by the Universidad Técnica Particular de Loja (2020) "... 90% of the tourism industry is made up of MSMEs, 80% of which are affected

by the pandemic in the labor, productive and economic spheres. The most affected sectors are tourism operation services, tour guides, restaurants, lodging, and events".

The economic outlook with respect to international tourism shows a 22% drop with an equivalent of 80 billion dollars in revenues; and a further decline is projected that could reach a 78% drop in revenues, making 2020 the year with the worst economic data since 1950. The elimination of between 100 and 120 million jobs in the sector is also expected.

MATERIALS AND METHODS

The methodological design of this research is qualitative, since it will investigate the organizational structure of new ventures in the tourism sector during the COVID-19 crisis, analyzing innovative forms of economic revival in the tourism sector in the face of the health crisis. We will apply techniques and tools based on the collection and observation of information from bibliographical references.

Obtaining direct and reliable information, as long as an adequate and controlled procedure is carried out when observing tourism in these times of COVID-19, as in its organizational structure of the new enterprises in crisis of COVID-19 and its economic effects, collecting information in bibliographic files, web pages, books, magazines and scientific articles, in order to draw different conclusions.

Techniques based on bibliographic and descriptive observation cards will be used to analyze the printed material. Information was sought in different web pages, related news, works done by graduate students, different scientific articles. The research elaborated in the theoretical framework of the study is used.

RESULTS

Entrepreneurs in times of crisis before Covid, create new companies, which in turn implement new work businesses, boost competition and increase productivity by promoting technological and service changes.

In many countries, tourism enterprises have shown a decrease in their income and therefore in their profits, their operations have had to be reorganized, especially in restaurants, where the on-site service in many of them reached zero income, many of them reached the total closure of their production; other establishments, whose structure is mostly family businesses endured a partial closure, and improved service processes, by managing a production whose sales were made at home, or with exclusive on-site diners.

The hotel industry was also affected by this health crisis; travelers, who were already few in number, did so to visit tourist sites, but avoided staying overnight in cities or places that were not their residence; This hotel segment has sought strategic alliances to guarantee, through discounts, promotions and agreements, the permanence of tourists in cities or places with the purpose of occupying their facilities, showing in them a whole restructuring in the health area, with improvements in image, hygiene and very useful prevention activities to increase the confidence of their clients and at the same time guarantee the life of all the actors of this tourist sector.

Demand in the sector under study has not improved, nor is an improvement expected; rather, a contraction is expected for tourism services, as governments propose policies or preventive actions even when the pandemic ends, this new lifestyle should be studied by organizations involved in tourism, in order to manage adaptive strategies to the change that has caused the crisis.

In addition to the above, this health situation has forced businesses to adjust their operations to adapt to and use control measures, supported by technology and communication, which should be applied in all organizations regardless of their size; other organizational actions include inter-institutional cooperation with companies in the same sector, complementary sectors, and the government, which act as specialized agents and thus improve logistics, in order to generate strategies that lead to solving financial and marketing problems.

Studying demand means not only assessing the impact on mobility restrictions for people, but also analyzing the contraction in demand for tourism services due to this economic and health impact, even after the pandemic.

Competitiveness in tourism must be taken into account by those companies dedicated to this type of business. New ventures should focus on promoting the territory and its attractions, seeking not only a healthy distraction, but also moments of relaxation, contact with history and nature, and ensuring a place where health and safety for life itself prevails.

Identify new innovative forms of entrepreneurship in the tourism sector by COVID- 19

As a strategy to improve the current situation, we discuss the need to implement a wide range of fiscal and monetary policies to develop plans to support disadvantaged sectors, both small and medium-sized enterprises. They are designed to limit the negative impact on the condition of households, businesses and financial institutions, and to support economic recovery. In addition, the main reactivation strategies are the lowering of the price of travel services, promotion on social networks and the company's migration process towards management and marketing through a more efficient and innovative online model.

Institutions such as the Inter-American Development Bank have pointed out that, in order to advance in the recovery of the productive sectors and with it the tourism sector, particularly entrepreneurship, additional innovative measures will be necessary. The following recommendations are intended as a contribution to the aforementioned sector, grouped in three main areas and summarized in the following points:

Agreements and Data

- Public-private cooperation to establish, communicate, implement and monitor the health and safety agreements of the different production departments.
- Large-scale management of diagnostic tests and antibodies.
- Establish a system of risk certification of individuals

Digital Media

- Provide credit, subsidies and co-financing for the adoption of technology (software, applications and digital platforms, hardware, etc.).
- Co-funding of digital services (digital maturity measurement, expert advice, strategy, digital skills training)
- Business support services providing quotations through digital platforms
- Review the update of the regulatory framework to support the remote office and the digital transformation of SMEs (e-signatures, payment methods and e-commerce).
- Support capacity building and network security infrastructure for small and medium-sized enterprises.

Business Strengthening Activities

- Strengthening the strategic value chain and discount promotions for customers
- Opportunities to implement new sustainable businesses or, conversely, to implement new business restructuring services on a global scale.
- Modernization of the productive sector in response to the needs of the health and economic crisis.

To learn about the economic effects on the tourism sector by COVID- 19.

Trade relations and governance by the state have been affected by the pandemic. Economic analysts point to contractions in the tourism sector, even though the pandemic situation may pass, since these areas, in some countries, have been reducing their dynamism due to political and social crises that were present before the health problem.

The pandemic has caused global problems, especially at the health, social and economic levels, the latter of which has affected the tourism sector. The effects that have stagnated the economic activity of several countries, among other aspects, are: a) the interruption or reduction of the supply chains of products, b) the decrease in the production of the main economies, c) the deterioration in the prices of raw materials; this has been the result of the confinement measures and restrictions established by governments to avoid an increase in the contagion curves.

The World Tourism Organization (WTO) reports a 20% to 30% decrease in the number of visitors to tourist sites. Thus, Ecuador would be affected with the entry of foreign tourists from developed countries and with economic power, which translates into a decrease in international visits of about 450 thousand people.

Companies in this sector seek government support in order to avoid a fall similar to the one caused by the Ecuadorian crisis, such as the national holiday in 2002, and the political crisis that occurred at the beginning of the 21st century; all these antecedents are cited with the sole conviction that governments should help to ensure that liquidity problems do not become financial problems of profitability and solvency. Governments should be made aware of the importance of promoting tourism in the different geographical areas

of their territory in order to generate resources that are important at the time of seeking sustainability for the country.

Tourism in rural communities, through policies that support the popular and solidarity economy, will allow more organizations to appear, and these in turn increase local employment, which would strengthen the economy through community entrepreneurship and rescue the customs, cultures and traditions, forming tourist attractions in them. On the other hand, tourism is integral, encompassing history, geography, nature, technology, among other resources; but at the same time, it depends on innovative strategies to improve its offer and attractiveness; even more so when the crisis has brought about a new normality that generates changes in people's habits.

The reactivation of tourism is an action that should seek to regenerate, revive and boost business in this sector, especially if the country has natural and historical resources that have been abandoned due to government decisions aimed at generating income through other means of development, which are gradually being depleted.

It is still necessary to solve problems that the tourism sector will keep pending, while it generates responses to the pandemic in the short term; these problems will have to be addressed in parallel, as well as sequentially, with employees, customers and distribution channels, seeking in each of the problems, conditions of response with liquidity and financial equilibrium.

Administrative efficiency will not be sufficient with the strategies analyzed above, but it will be prudent to maintain an administration in times of crisis based not only on its own experience left by the pandemic, but also to emulate the success stories of other organizations that have been able to excel in previous crises and today have been strengthened.

Planning is the main tool to which organizations should give light to immediate action, the design of a Strategic Plan that allows structuring the return of the business to a normal state in an optimal and immediate way, this work should be done without ignoring the risks and prioritize the lives of people at all times.

When talking about normality, one must ask: What is the new normality in the tourism sector after Covid-19? What will be the tourist's behavior after the pandemic, so that businesses can establish new processes, new products, and new services, thus ensuring the success of the companies in Post-Covid?

Finally, to return to analyze the post-Covid organizational structure, with the issues of health, there will be and fiscal policies generated by governments to protect life, new processes will be created, in some cases new positions or areas of work, which will lead organizations to restructure, in search of success.

CONCLUSIONS

The pandemic has had an impact on the tourism industry, so that the companies have adopted preventive measures such as distancing and elementary sanitary actions, they have implemented biosecurity protocols and with them the presence of technology and communication, to which they adapt to this new organizational structure, regardless of

the size of the business; also, these organizations receive support from the government with economic resources, training and financial relief.

Tourism is the sector that has lagged the most in entering the normal activities of a country, this has caused liquidity problems in most of these businesses, and in some of them more severe financial problems; in spite of that, new ventures have been reactivated. It was analyzed that entrepreneurs seek new innovative ways, creating new businesses, which in turn generate employment, boost the sector and increase the productivity of a region; this is how the creation of online ventures, have taken force in social networks; thus covering the unsatisfied demand that grew due to the health problem caused by Covid-19, this is one of the strategies that could be adapted to the tourism sector, among other activities that help to boost the economy of these organizations. For businesses whose activity is tourism, it was clear in their strategic diagnoses that the pandemic generates a serious threat to the sector; affecting the income of the company, its workers and the community that benefits from the presence of these organizations. The businesses that close, the unemployment that increases, the lack of government support to rural communities, the underutilization of natural resources with historical presence, as well as technology and communication, all these problems must be grounded in a strategic planning for this sector to have in mind the advantages and disadvantages at the time of an organizational restructuring after the pandemic.

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