

The Effects of Organizational Size on Tourism Industry Enterprises in Iran

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ABSTRACT

The main research issue of the present study is to examine the communication media selection as perceived by the top managers in the Small and medium tourism Enterprises (SME_s). We used media Naturalness Theory (MNT) to assess media preferences in these firms. The data from top managers / owners of tourism SME_s was collected including individual characteristics, historical data of firms, and other firms- specific factors. The results of this study show that small enterprises intend to use high natural and when they grow, they tend to use low natural media. This is consistent with MNT and opens up possibilities for further researches of communication in SMEs.

KEY WORDS: Organizational Size, Media Selection, Tourism Industry, SMEs.

1- INTRODUCTION

The information age has had a dramatic impact on our society, and this has been felt both positively and negatively (Ariss, 2002). Technology availability shapes an evolution in organizational communication and processes. Internet and computer have created one of the most challenging environments for innovative organizational communication in the recent century. These technologies are usually presented as a complex opportunity and challenge for smaller firms to reduce communication cost, lead to the emergence of new ways of interacting, and make the communication processes richer and wider.

Computer – Mediated communication (CMC) has entered our personal and professional lives. Advances in communication technology have made electronic media, such as e- mail Instant Messaging (IM), ordinary ways of communication for people in the workplace. CMC has experienced a dynamic and rapid growth in the late 1990s. The rise of Internet has created one of the best environments for innovative organizational communication in the past decade. Because of rapidly changing competitive context, top managers should have the ability to creatively identify and assess multiple emerging opportunities. This competency is a strong contributor to the implementation of innovative communication needed to achieve the high growth desired by these firms. The popularity of negotiation media is growing due to enhanced technology which makes communication easier than ever. The growth of the number of communication media, for example e- mail, Instant Messaging, and Video Conferencing as well as everyday life are evident. It should be noted that, It is no longer an option for most SMEs to ignore the modern technologies and take a "wait and see" attitude. Because, the electronic communication represents an opportunity for durable interaction, and obviously, this interaction is not silent and forgotten, it has to be retrieved daily. Also, because of its easy access, represents an opportunity of inter – organizational communication for SMEs, aiming at improving the relationship of manager with the employees and market. E- communication is changing the needs of customers, who are increasingly less loyal, take more frequent vacations of shorter duration, and take less time between choosing and consuming a tourism product (Werthner, 2004). E- communication also is expected to reduce operational costs since electronic information tends to be more accurate, timelier, and easily available. Another benefit of e- communication could be the higher efficiency obtained in business transactions due to a fast and accurate processing of information (Lal, 2002).

The importance of interaction in SME_s has roots in the external context that is changing per moment. The ratio of rejection to modern communication technologies decreases with the increase in the SMEs size. Furthermore, SMEs in the biggest size, is all adopters. The size factor may have played the role in influencing communication media usage in this research. Pratt (2002) found that more than 80 percent of SMEs were using Internet to communicate (via e- mail and IM) and gather business information. Iacovou, Benbasat, & Dexter (1995) state that a major reason that SMEs become

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technology – based firms and use e-communication is due to external pressure. Broadly defined, pressure from trading partners and costumers seemed to be the logical reason for adopting modern communication technologies.

The growing interest in communication effect on tourism development is paralleled within the European Union by a switch from large organizations to small firms. The World Tourism Organization predicts one billion international arrivals in the year 2010. On average, tourism is expected to grow faster than other economic sectors. Over 30 different industrial components have been identified to serve travelers that explain the industry's heterogeneity. Due to its SME structure (specially, when taking a destination point of view) it has great importance for regional development.

Generally, the arguments advanced in favor of targeting SMEs are the ability to create new jobs at a time when major corporations are downsizing; improvements to industrial relations and working environment; diversified and flexible industrial bases; stimulating competition; leading to an energetic enterprise culture; and the ability to stimulate innovation (Wanhill, 2000). Research and anecdote suggest categories of goods selling best by SMEs are often similar to large firms such as Yahoo!, ebay, and Amazon (Drew, 2003). However, the importance of tourism SMEs in job creation, innovation and economic change is widely accepted. Shaw and Williams (1990) noted that there are sufficient instances of SMEs with little market stability, low levels of capital investment, weak management skills and resistance to advice or change that cause barriers to successful tourism development. There are a number of potential barriers for tourism SMEs conducting communication on the modern media. Technical factors such as access to broadband (ADSL, ISDN) and application of appropriate communication software could present difficulties to some firms.

The number of SME employees varies according to the agency providing the definition. In a European wide context a SME is defined in employment terms as a company with a workforce less than 250 employees, a definition that embraces readily the importance of tourism businesses in Europe.

The US Small Business Administration uses a cut – off of fewer than 500 employees. Harrison, Mykytyn, & Riemenschneider (1997) and Iacovou et al. (1995) utilized a cut – off of fewer than 200 employees. For this study we have used "less than 250employees" according to the European Union (EU) definition. About one – third of SMEs are successful, one – third are surviving in a straggle that could go either way, and the remaining third should not be in business the first place (Wanhill, 2000).

Previous researches noted that SMEs have generally adopted Information and Communication technology (ICT) and its subsets (such as communication tools, e – business, etc.)to a somewhat lesser extent in comparison to large firms. So the size is an important factor in ICT adoption. This appears reasonable since by definition, large firms in comparison to SMEs, own considerably more resources to allocate on new technologies (Spanos, Prastacos, & Papadakis, 2001). Studies have indicated that SMEs perceived e-commerce and ICT as an important communication tool only and would not make further adoption for more e-commerce technologies unless they witness their effectiveness in the business environment (Santarelli & D'Altri, 2003). Soh Yap, & Raman (1992) pointed to the lack of use of adequate hardware and software systems in SMEs, with the result that the existing systems are deficient, troubled and risky. Broadly defined, SMEs are more willing to risk trying new communication technologies if they feel there are adequate third – party and consultants support for the technology.

In SMEs, the project leader or entrepreneur should manage the communications, proposals, and requests. Due to the central role of CEO in SMEs, it seemed that they were responsible for the introduction of communication media into their organizations. In some tourism SMEs, CEOs are a bit old fashioned and fearful of new technologies and resistant to "hooking" to the communication technologies.

In contrast to the above findings and arguments, there seems to be no significant diminution in the importance of face – to – face communication in critical aspects of the operations of many SMEs. It should be noted that face – to – face communication usefulness in SMEs arises out of two aspects: First, being physically close brings into play all of the senses. Many consider these to be critically important in business communication. Second is the matter of speed. Information communicated in the face-to-face setting is instantaneously received, as is any resulting response (winger, 2005). Therefore, using survey data, this study undertakes exploratory work in this area by examining the following questions: what kind of communication media have tourism SMEs managers preferred? What are the specifications of chosen media in SMEs? Iran represents an interesting context for the purposes of our investigation; it is the example of an economy in transition and has made remarkable progress toward macroeconomic convergence during the last few decades.

The reminder of the paper is organized as follows: In the subsequent section, the theoretical background on the context of communication media will be briefly discussed. The third section presents the data and methodology used. The forth section presents the results. The paper concludes with a discussion on the findings.

2. THEORETICAL FRAMEWORK

In review of the communication media literature, it was observed that Kock's (2001, 2002) Media Naturalness Theoty (MNT) is recognized by different researchers to identify 'perceived' critical characteristics of media (Winger, 2005; Coughlan, Macredie, & Patel, 2006; Simon, 2006). Kock has proposed the Media Naturalness Theory as a means of understanding communication by focusing on biological and evolutionary factors. Through the MNT, Kock has proposed that humans have evolved so that face – to – face, synchronous interaction is the most natural and therefore optimal mode

of communication. Justification for this proposition is based on physiological evolution in terms of the development of the vocal chords, the auditory senses, and the ability to read and interpret facial affect and body movement. If media that are low in naturalness require from a person more time to complete tasks than does media high in naturalness, we can infer that the former media demand greater cognitive effort. With comparing high natural media such as face – to – face interaction and Video Conferencing (VC) with low natural media such as e-mail and Instant Messaging (IM), it can be concluded that working through computer – mediated systems tend to encounter ambiguity than do people working face – to – face and vocal settings.

The most traditional cut to look at media in the organization is by media differences: Text-based media such as IM, e-mail, and written letters; Vocal media such as telephone, voice mail and answering machine; And visual media such as face-to-face communication and video conferencing. However, to understand the special characteristics within each sector, it is important to distinguish a number of other dimensions, which cuts across the different media sectors and it's not the purpose of this research.

Accordingly, Table 1 shows the characteristics of the different media in terms of study framework.

Table (1): Media Characteristics

Media	Naturalness	Synchronicity	Mode
face – to – face	High	Synchronous	Visual
Telephone	Medium	Synchronous	Vocal
Written Letters	Low	Asynchronous	Text-based
E-mail	Low	Asynchronous	Text-based
Instant Messaging	Low	Synchronous	Text-based
Answering Machine	Medium	Asynchronous	Vocal
Video Conferencing	High	Synchronous	Visual

It should be noted that Synchronicity is the context to which communication media allow individuals to work together on the same activity at the same time: j.e. have a shared focus (Murthy, & Kerr, 2003). Face-to-face and video conferencing modes having non – verbal cues such as body language, facial expressions, and vocal chords, facilitate better understanding and strengthen the basis of trust in negotiations. Telephon and answering modes are vocal. In the vocal mode, the context can express feelings both in terms of what is said how it is said (Winger, 2005). E-mail, IM, and written letters are the low natural media and communication through these media increases the likelihood that the messages will be interpreted incorrectly (Kock, 2002). Its already has been found that message ambiguity increases as media naturalness decreases (Carlson, & Zmud, 1999; Graetz, Boyle, Kimble, Thompson, & Garloch, 1998). Based on the above arguments, the key question being investigated here is whether an increase an the size the firm and changing the ownership leads to low natural media selection by the firms. This suggests the following hypothesis:

Hypothesis 1. *AS the size of SME increases and the ownership changes from self employed to family business; the media selected by top manager of the firm for communication purpose will change from change from high natural media to low natural media.*

This hypothesis investigates interactions between the communication media selection (high natural versus low natural) and the firm size and ownership. In addition, it is also of interest to assess computerization and the firm size media selection in SMEs. Here, computerization address the issue of years that computer penetrated the company. This leads to the hypothesis:

Hypothesis 2. *As the size of SME and computerization year increase; the media selected by top manager of the firm for communication purpose will change from high natural media to low natural media.*

3. DATA AND METHODS

All information was gathered from the CEOs over a three – week period. To ensure data quality and to enhance response, the research instrument was pre – tested in five SMEs and several adjustments made before data gathering. Considerable care was exercised during the field-based validation of the research instrument to ensure content validity by establishing relevance with practice and elimination of wording problems (such as biased, ambiguous, double meaning or inappropriate items). After some modifications, the final questionnaire was mailed to managers including a letter explaining the purpose of the study. A five-point Likert scale (from strongly agree to strongly disagree) was utilized to measure the questions about media in use. It was found that the instrument have high reliability with Cronbach alpha 0.83.

Generalized Linear Model (GLM) was used for data analysis. In fact, the flexibility of the GLM allows handling so many different types of designs that it is difficult to develop simple typologies of the ways in which these design might differ. GLM allows linear transformations or linear combinations of multiple dependent variables. Between the designs, the Factorial Analysis of Variances (ANOVA) selected because of Factorial ANOVA designs representing all possible combinations of the levels of two or more categorical factors.

This study is based on a survey that was conducted during summer 2007. The data was gathered via mailed questionnaires from a population that included 372 Iranian tourism SMEs. They were random selected from a database of Iranair (www. Iranair.com), a standard source for tourism data of Iranian firms.

A total of 78 managers provided complete answers to the questionnaire, giving an effective response rate of 20.96 percent. All respondents were CEOs or top managers directly reporting to the CEOs. 65 CEOs were male (83.3%) and 13 were female (16.7%). The mean of CEOs age was 40.8 years old, with over 15.3 years of business and tourism experience. Over 70% of SMEs were self-employed and 30% of SMEs were family – business and none of SMEs were governmental. Exactly 87.2% of SMEs had fewer than 50 employees and 9% had between 50 and 250 employees and 3.8% had more than 250 employees. The average year that computer permeated SMEs was 7.4 years (median=8 years). The mean of annual sales of SMEs is 167.700\$ with the minimum of 50.000\$ and maximum of 650.000\$.

4. RESULTS

Tables 2 and 3 report differences in media selection based on the firm size ownership. Also, Tables 4 and 5 report differences in media selection based on the firm size and computerization year. The significance was examined using factorial analysis-of variance test. The results show some notable differences that will be discussed subsequently.

Table (2): Factorial Analysis of Variance with Fixed Interaction Effect: the Firm Size and Ownership

Source	Sum of squares	df	Mean square	F	Significance level
Size	155.209	2	77.605	14.617	0.000
Ownership	24.679	1	24.679	4.648	0.034
Size × ownership	15.626	1	15.626	2.943	0.090
Error	387.585	73	5.309		

The Factorial Analysis of Variance (ANOVA) conducted on the data pertaining to firm size and ownership to assess Hypothesis 1 (which it was predicted that as the size of SME increases and the ownership changes from self – employed to family business, the media selected by top manager of the firm change from high natural media to low natural media). The results in Table 2 showed a pattern: There is no interaction between the firm’s size, ownership and media selected by CEOs and it’s not significant. Descriptive statistics are presented in Table 3. Accordingly, the simple effect of the size at media selection was examined. Results reveals that CEO who work in the larger firms, are significantly more used low natural media than are CEOs who work in the smaller firms. Also, family – business enterprises are more used low natural media than self-employed firms.

Table (3): Descriptive Statistics: the Mean of Media Usage

Size	Ownership	F2f	Telephone	Written letters	e-mail	IM	Answering machine	VC	N
Small	Self-employed	4	4	2	2	2	2	2	78
	Family-business	4	3	2	2	1	2	1	78
Medium	Self-employed	2	5	2	4	4	4	5	78
	Family-business	3	5	3	4	3	3	2	78
Large	Family-business	3	3	3	4	3	2	4	78

Table (4): Factorial Analysis of variance with Fixed Interaction Effect: the Firm Size and Computerization

Source	Sum of squares	df	Mean square	F	Significance
size	107.629	2	53.815	10.583	0.000
computerization	100.744	12	8.395	1.651	0.102
Size × computerization	5.391	3	1.797	0.353	0.787
Error	305.092	60	5.085		

The Factorial ANOVA conducted to assess Hypothesis 2 (with which it was predicted that as the size of SME and computerization year increase, the media selected by top manager of the firm will change from high natural media to low natural media). As shown in Table 4, the results didn’t support the second hypothesis and there is no Interaction between

the firms size, computerization year and media selected by CEO and its not significant. Descriptive statistics are presented In Table 5. There is no impact of computerization year on the media selected by the managers. This could be explains by the fact that independent of the computerization year, CMC technologies are used for interaction purposes. It should be noted that all of the participants CEOs and it is desirable for them to use modern technologies and survive in the competition. On the other hand, It has been alleged that mangers preferred using the electronic communication over the face- to- face communication because of their attraction to working with "state- of- the- art" technologies (suh, 1999).

Table (5): Descriptive statistics: the Firm Size, Ownership, and Computerization Year

Source	Mean	N	Min	Max	Median
Size (employees)	31.26	78	4	320	12
Ownership	1.29	78	1*	2*	1*
Computerization(years)	7.4	78	2	14	8

1* =self-employed,2* =family-business.

5. CONCLUSION

The research has thrown some light onto the media for communication being adopted by small to medium – sized tourism enterprises in Tehran. The findings from the present study did not support Hypothesis 1, by which was predicted media differences across the SMEs to be influenced by ownership and company size. Also, there is no support for Hypothesis 2, by which it was predicted media differences across the SMEs to be influenced by computerization year and company size. Previous analyses suggest that the media selection in tourism SMEs has influenced by size of the firms. However, between ownership and computerization year, its just ownership that has impact on media selection in SMEs. It was found that considering the size, Iranian tourism SMEs has shifted toward using CMC in the routine processes.

It should be noted that due to the central role of the CEOs in SMEs and their innovativeness, It seemed that non-adopters of modern communication technologies perceived their CEOs to be less innovative when it came to new technology adoption. Broadly defined, CEO and external competition seemed the logical drivers for modern communication media adoption in SMEs. Concluding from the last argument, SMEs with greater size of the firm are notably advanced in the adoption and use of the modern media in their business. Researchers may speculate about why managers in the present sample used video conferencing less than other communication media in their workplace. A possible explanation is that SMEs are Just like infants because they don’t have enough resources to spend in modern communication tools such as video conferencing. Besides, Face-to-face communication has no cost of technology and it well-suited for interaction in the tourism firms.

Finally, this research introduced important determinant of media selection in tourism SMEs. Researchers can benefit from the research results and hence, they can further introduce more factors and investigate their impact on media preferences. Also , this study can be replicated in the context of their own countries. Communication possesses many aspects and this research introduced one category of media selection to capture the different aspects involved in the criteria for communication in SMEs. However, generalizations from this research should be made with caution. The main limitation corresponds to the number of employees considered in each company. Our sample is mainly of companies whose number of employees is below 250. only 3 firms had more than 250. Thus, the sample may be biased toward smaller firms.

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