Agentic Response to Institutional Constraints in Tourism and Hospitality Sectors

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Abstract—**Institutionalism has demonstrated the behaviours of legitimacy, prevailing social rules and practices in tourism and hospitality continuities. The central idea is that organizations conform to the rules and belief systems in the institutional environment, in particular constraints or pressures because of isomorphism. Despite this, little is known about the human agency in responding their institutional constraints and changing the embedded environment. It is important to understand how different individual agencies respond to the constraints that brought by the tourism policies, arrangements and administrations, and how these responses influence the change temporally. These issues are explored from the agency perspective that considers the responses of the individual agencies which shape different degree of changes when institutional constraints are bounded. This perspective is applied through a quality study to illustrate the government, industry and organizations involvement in tourism and hospitality reforms in Macau between 2002 and 2017.**

Keywords—Institutional constraints;agentic responses; tourism and hospitality reform

I. INTRODUCTION

There has been an increasing recognition among tourism and hospitality scholars for the regulative, normative and cognitive influences of institutional environment [1] on the development of tourism and hospitality industries [2]. With a general understanding that these institutional forces may promote or restrain recurring patterns of legitimate behaviors [3], the main research focus is on how the 'rules of game' can be enacted in the tourism sector by shaping the cultural values and norms, business practices and government policies [4].

However, those studies focus only on the isomorphic pressures of institutional factors from a macro perspective. The roles and contributions of agency in shaping the development of tourism sector has largely been ignored [5]. Human actors as part of the institutional context may respond to institutional constraints differently and their collective agentic responses may lead to different outcomes that will hamper or promote the development of tourism and hospitality industries [6, 7]. Drawing on the institutionalism research on tourism and hospitality organizations [8], this qualitative study explores how the actors cope with the constraints posed by the changes in the institutional environment and shape the development of

the Macau tourism industry over the previous decade. We hope to shed some new light on a nascent stream of agency-based studies [9] by mapping the impact of their collective responses.

This paper is divided in four parts. After this brief overview of the research topic, the related theoretical perspectives about the institutionalism and agency are reviewed. Following the methodology, the main findings and the conclusion are presented afterwards.

II. LITERATURE REVIEW

A. Institutionalism in Tourism and Hospitality Sectors

Institutions are "the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction" [10]. They affect one's strategic choice because individual, collectives and organizations are actors bounded by formal rules (including laws and regulations) and informal constraints (e.g. norms and self-imposed codes of conduct) [1].

Institutional theory has been adopted in tourism literature because it provides a holistic and dynamic approach to understand the development of tourism and hospitality industries, such as, different stages of tourism transformation [4], institutional initiative on tourism policies to the growth, spread of concepts and implications of practise on sustainable tourism among different geographic areas [8], the coevolutionary process of tourism institutions [11] and the pre-conditions of institutional change in the U.S. hospitality industry [2]. Majority of the previous study have been proposed that there is homogeneity of organizational forms and practices in explaining organizations' behaviour of legitimacy. These research advocate the institutional pressures or constraints are the main force in driving the individual, collective and organizational alignment with the institutional environment that lead to isomorphism and legitimacy. Particularly, they emphasize on the role of the government in regulating polices to change the tourism rules and practices, aiming to maintain the legitimacy among tourism actors [6].

However, these studies have fallen short of analyzing the agentic role by which specific actors in defending, changing and ultimately producing the tourism and hospitality industries. By focusing on the actions or behaviours of individual actors, it

is able to locate the changing roles of tourist and hospitality agency through their embodied responses.

B. Agentic Responses

Agency refers to motivation and creativity in the action of actors, their ability to alter their own scripted habits. It also refers to an ability for an actor to aspire and mould their own social setting, a capability to change social rules and resource distribution [1]. In respect to their embedded roles in the institutional settings [12], the actions of individual agency have a deep impact on organizations and institutions rather than simply being constrained by them [13].

Embedded in a social structure, agents have to pursue their interests by making choice within constraints [14]. The action of "choice-within-constraints" concerns much about the nature of the relationship between the agents and their environment. The choices of the agents are made through the interest within the bounded internal and external organizational relationships, normally through *pro-action* or *re-action* of the agents relying on the exercise of their power [15].

As Lawrence and Suddaby [16] formally correspond to the agency vs. structure debate in the institutional framework, they highlight the roles of agency in creating, maintaining and sometimes disrupting institutions and fields of work. Combining the insights of agency and institutional perspectives, Oliver [7] identifies five strategic responses of agents, ranging from passive action to active resistance, including acquiescence, compromise, avoidance, defiance, and manipulation. She argues that agents may behave differently as a response to different institutional constraints. The tendency of legitimacy ranges from the higher institutional pressure (acquiescence) to lower institutional pressure (manipulation), and the lower the degree of social legitimacy perceived to be attainable from conformity to institutional constraints, the greater the likelihood of organizational resistance to institutional pressure or constraints.

Drawing from the institutional perspective, we bring together the "agency" of actors and the institutional constraints of the tourism and hospitality context. In arguing with the organizations' behaviour of legitimacy, which is formally and informally enforced by government and its agents (Scott, 2002), and their norms and cognitions influence individual behavior, this paper explores the relations between varies of agentic responses to their institutional constraints and the nature of the tourism and hospitality industries to identify different roles played by the agency.

III. METHODOLOGY

A. Research Setting

Given the identified research gap of the agentic response to the institutional constraints, it is unclear their relationships with the outcome of institutional changes. The lack of research on this topic in a tourism and hospitality setting resulted to the adoption of qualitative approach [17, 18]. In the past two decades, the rapid institutional change happened in Macau provided an appropriate context for the focus of this research in understanding the dynamics of agentic responses to the institutional constraints. Given the limitations of Macau's small geographical setting, a narrow scope of internal demand for economic growth, as well as its underdeveloped internal infrastructure and related tourism facilities, the Macau SAR government terminated its casino industry's monopoly and determined to develop Macau as one of the "World Casino Tourism" destinations. In the fulfillment of this objective, the Macau government granted out 3 gaming concessions. The strategic move of a liberalization of the casino industry facilitated not only Macau's gaming profit, but also the new entrants of global enterprises, such as MGM, Venetian, Wynn, Crown, Marriott, Starwood and Intercontinental in developing their world casinos, hotels, exhibitions and conventions, and shows and retail businesses. The changes of the broader institutional over the past two decades forced both local and foreign actors to give responses for their pressures and expectations in the tourism and hospitality industries.

B. Data Collection

The research was conducted in Macau between 2015 and 2017 and both in-depth interviews and on-site observations were carried out to analyze the period from the onset of the transition of the tourism and hospitality industry from year 2002 to 2017. The first two researchers interviewed 82 Chinese informants representing a diverse range of tourism and hospitality institutions (e.g., tourism agency, casinos, hotels, retail shops, transportation, and government institutions in related to tourism and hospitality sectors), occupations (e.g., human resources, sales, engineering, financial, house keeping, concierge, and tutors in both tourism and hospitality), job ranks (e.g., general managers, department manager, supervisors, front-line staff and civil servants), and demographics (54% were male while 56% were female, ranging from 20 to 52 with an average age of 37, and the average education level was undergraduate). Data was collected through semi-structure interviews with an average of approximately 60 minutes and were immediately recorded and transcribed into English within a week. The three researchers met frequently to discuss the data, followed-up questions and interview process. The interview protocol started with interviewee's perceptions on the pressures and constraints they face during the institutional transition of the tourism and hospitality industry in Macau. Then the researchers focused on specific responses that were linked to their perceptions on degree of autonomy as they seek to different changes.

C. Data Analysis

Interview data was triangulated with the on-site observations and other archival documentation, such as newspaper articles, government reports and publications, conference proceedings, and internal company document. This process lasted until all the researchers agreed with the found evidence of theoretical saturation [18]. Data was analyzed to identify theoretical categories of agentic responses in related to their institutional constraints during a process of change. The unit of analysis was the perception on the episodes, which was a specific incident, activity, event, story or experience that interviewees explained about their reactions on the changes of tourism and hospitality industry. Iterating around episodes, the three researchers independently conducted line-by-line open

coding and the emerged themes were exchanged and later sent to each other for the agreement of both first- and second-order codes of each theme. After a continual process of data revisit, new data collection and subsequent data analyses, three second-order responses themes (comply, avoid and influence) were emerged when actors faced a high institutional constrain in respected to different degree of autonomy (low, moderate and high). This future elaborated to three outcome of change (status quo, developing and revolution).

IV. FINDINGS

The liberalization of the gaming industry in 2002 had driven a big change in the tourism and hospitality markets in Macau. With new policies and regulations promoted by the local government and new industry norms and code of conducts induced by the global competitors, majority of the respondents commented that they faced different types of institutional constraints or pressures which resulted a new business environment. Institutional constraints that limit the the behaviors of informants in the tourism and hospitality were found in different institutions, including regulative constraints (new regulation, rules and policies), normative constraints (organizational norms, code of conduct, standard operating procedures, and rituals), and cognitive constraints (culture differences, individual beliefs and expectations). Informants believed these constraints had negative connotations because their actions in problem solving were limited or restricted. It is not surprising that a response to eliminate or reduce constraints should be given when a problem solving became necessity. It is reviewed that how they responses depended much on the status and power of individuals or organizations to pursue their interests. In general, three responses were described, namely, compliance, avoidance and influence. In explaining the relationship between constraints and responses, interviewees reported that the degree of the autonomy is a prerequisite. They determined their viewpoints on power to justify the constraints in the organization, which caused them to 1) comply with the constraints in order to maintain the status quo, 2) avoid struggling with the constraints to make any change, and 3) influence the constraints to transform their environment.

Compliance: According to the informants' perspectives, they did not merely respond to internal organizational constraints. Rather, a variety of governmental policies in changing the tourism and hospitality environment had be undertaken to somehow force the situation confronting the actors in the organizations to make compliance more necessary. In this situation, they react passively over constraints as informants had no ability to maintain autonomy over the decision.

These rules and regulations should be for long term and we should have much advance notice. However, we have no power to resist the tourism department to change in the short run....so what we can do? The only response is to abide the new polices all in a sudden. (Hotel manager, 35 years old, male)

Avoidance: Decision makers with moderate power over constraints evoked a different sense of response to the other two types, those with low and high power over constraints.

They reacted neither actively nor passively, but escaped or buffered themselves from direct struggle with the constraints.

We have both explicit and implicit norms here. Normally, I allow my subordinates to sleep under the table in the lounge where no one can see them during the breaks. Definitely, I do not contest the unforbidden standard operating procedures while my colleagues have sufficient time to get rest in such a harsh environment. (Pit manager, 38 years old, male)

Influence: In response to high constraints, interviewees informed that only powerful dominators would able to control the surroundings the institutional settings. They affect the rules through laws of the government, policies of the organizations, and the norms of the people towards the tourism and hospital industries.

Engaging in a problematic competition is the topic to be discussed in our intuitional environment as it becomes steadily more important for both tourism and hospitality over time, local organizational decision makers who are political stable should have the choice to shape new norms and codes of conduct for facilitating our sectors better. (Event manager, 30 years old, female)

The findings indicate that when weighing whether individual or organization actors can maintain or change the tourism and hospitality environment depends much on they either react passively or actively. Actors' responses associated with high constraints involve ones' perceptions about the types of autonomy within their environment, which might facilitate or impede themselves to pursue their own interests and affect their own surroundings. Three patterns of institutional responses are defined in Table I. Pattern A represents a passive role where respondents perceive less personal or organizational power to make any effect and envisions low possibility of impact can be made. With low power at hand, actors comply with high constraints which problems are recognized but a status quo has been maintained. Pattern B represents an inactive role of the actors who are able to invoke moderate change in the tourism or hospitality industry. Although this group is able identify the problem, they choose to give avoidance because these actors perceive themselves with relatively limited power to yield influential institutional configuration. Patter C represents a proactive role of the actors. Perceiving a high degree of individual authority over constraints, this group actively influence their organizations and the tourism and hospital environment.

V. DISCUSSIONS AND CONCLUSION

The paper clearly presents that institutional agents have played a vital role in affecting the tourism and hospitality industry [8]. The very institutional constraints at various levels of tourism or hospitality structures have created different types of agentic responses. Understanding the role of agents in reacting to institutional constraints may help managers, operators and decision-makers to make better 'choice' between the natures of their autonomy, which could better facilitate the tourism and hospitality institution.

TABLE I.   AGENTIC RESPONSES TO INSTITUTIONAL CONSTRAINTS AND THEIR OUTCOME OF CHANGE

	Institutional Constraints	Degree of autonomy over constraints	Agentic Responses	Legitimation: Stance toward field change
Pattern A	High	Low	Comply Agents have to compromise, acquiesce or accept constraints (Passive action)	Low Status quo: Problem recognition/identification but agents are not able to make changes
Patten B	High	Moderate	Avoid Agents try to loosen, escape or conceal constraints (inactive action)	Moderate Developing: Problem recognition/identification but agents are not able to make changes or able to make limited changes
Pattern C	High	High	Influence Agents try to manipulate, shape or reconstruct constraints (proactive action)	High Revolution: Agents are able to make changes with autonomy or self-interest

Although a homogeneity of organizational forms and practices in explaining organization behaviour of legitimacy are commonly proposed as being important factors in tourism and hospitality development [6], our study has argued the proactive role played by the agency. Though there is a dialectic relationship between the agents and their tourism and hospitality environment, it is suggested that they can still manage to navigate the sphere of influence by engaging in an active role of agency [7]. We also argue that in increasingly turbulent and fast-changing tourism and hospitality contexts, such as Macau, individual, organizations or government agents need not only to conform with the institutional environments to which they belong, but also engage in active agency for changing the rules of the game and turning the institutions which affect the development of tourism activities, such as entrepreneurship, tourism products or facilities, and establishing tourism-related firms [11].

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