



STRATEGIC CHANGES AND DYNAMIC CAPACITIES IN HOTELS MARKED BY UNCERTAINTY

Wendell de Moura Domingos¹ Yákara Vasconcelos Pereira²

¹ Master in Hospitality and Tourism – PPHTur/UFPE. Federal University of Pernambuco – UFPE. Recife, Pernambuco – Brazil. wendellmdomingos@gmail.com

² Doctor in Management – PROPAD/UFPE. Federal University of Pernambuco – UFPE. Recife, Pernambuco – Brazil. yakara.pereira@ufpe.br

Abstract

Objective: This investigation aims to analyze the existence of similarities and differences in strategic changes and dynamic capabilities between the hotels located in the Coastal Region of Cabo de Santo Agostinho and Porto de Galinhas, two regions at different stages of tourism development and marked by market uncertainties.

Methodology/approach: The qualitative approach and the multiple case strategy are used. Nine organizations were selected and, through the selection of documents and semi-structured interviews with thirteen individuals, the data were collected. To assist the content analysis process, we use ATLAS.ti software.

Originality/ Relevance: This study addresses the adaptation process of hotel in order to gain competitive advantage in uncertain and dynamic markets. The theoretical perspective of dynamic capabilities is adopted in conducting the investigation.

Main results: The results show a relationship between the cooperation strategies of the hotels and the development of tourism activity in the region. The research also lists needs for the development of sensing capabilities, observation of time horizon and flexibility, corroborating the literature.

Theoretical contributions: There is a significant relationship between the level of industrial development with the reaction of companies and the development of dynamic capabilities, contrasting the literature in this regard.

Keywords: Dynamic capabilities. Strategic changes. Hotel management. Uncertainties.

MUDANÇAS ESTRATÉGICAS E CAPACIDADES DINÂMICAS EM HOTÉIS MARCADOS POR INCERTEZAS

Resumo

Objetivo: Esta investigação tem como objetivo analisar a existência de semelhanças e diferenças nas mudanças estratégicas e capacidades dinâmicas entre os hotéis localizados na Região do Litoral do Cabo de Santo Agostinho e Porto de Galinhas, duas regiões em diferentes estágios de desenvolvimento turístico e marcadas pelas incertezas de mercado.

Metodologia/abordagem: São utilizadas a abordagem qualitativa e a estratégia de múltiplos casos. Foram selecionadas nove organizações e, por meio da análise de documentos e entrevistas semiestruturadas com treze indivíduos, foram coletados dados. Para auxiliar no processo de análise de conteúdo, o software ATLAS.ti foi utilizado.

Originalidade/Relevância: Este estudo aborda o processo de adaptação de hotéis a fim de obter vantagem competitiva em mercados incertos e

dinâmicos. A perspectiva teórica das capacidades dinâmicas é considerada na condução da investigação.

Principais resultados: Os resultados mostram uma relação entre as estratégias de cooperação dos hotéis e o desenvolvimento da atividade turística na região. A pesquisa também relaciona necessidades para o desenvolvimento de capacidades de sensoriamento, observação de horizonte de tempo e flexibilidade, corroborando a literatura.

Contribuições teóricas: Existe relação significativa entre o nível de desenvolvimento industrial com a reação das empresas e o desenvolvimento de capacidades dinâmicas, contrastando com a literatura a esse respeito.

Palavras-chave: Capacidades dinâmicas. Mudanças estratégicas. Gestão hoteleira. Incertezas.

CAMBIOS ESTRATÉGICOS Y CAPACIDADES DINÁMICAS EN HOTELES MARCADOS POR LA INCERTIDUMBRE

Resumen

Objetivo: Esta investigación tiene como objetivo analizar la existencia de similitudes y diferencias en cambios estratégicos y capacidades dinámicas entre hoteles ubicados en la Región Costera de Cabo de Santo Agostinho y Porto de Galinhas, dos regiones en diferentes etapas de desarrollo turístico y marcadas por incertidumbres del mercado.

Metodología/enfoque: Se utilizan el enfoque cualitativo y la estrategia de casos múltiples. Se seleccionaron nueve organizaciones y, mediante análisis de documentos y entrevistas semiestructuradas con trece personas, se recopilieron datos. Para ayudar en el proceso de análisis de contenido, se utilizó el software ATLAS.ti.

Originalidad/Relevancia: Este estudio aborda el proceso de adaptación de los hoteles para obtener una ventaja competitiva en mercados dinámicos e inciertos. La perspectiva teórica de las capacidades dinámicas se considera al realizar la investigación.

Principales resultados: Los resultados muestran una relación entre las estrategias de cooperación de los hoteles y el desarrollo de la actividad turística en la región. La investigación también enumera las necesidades para el desarrollo de capacidades de detección, observación del horizonte de tiempo y flexibilidad, corroborando la literatura.

Aportes teóricos: Existe una relación significativa entre el nivel de desarrollo industrial y la reacción de las empresas y el desarrollo de capacidades dinámicas, en contraste con la literatura al respecto.

Palabras clave: Capacidades dinámicas. Cambios estratégicos. Gestión hotelera. Incertidumbres.

Cite as / Como citar

American Psychological Association (APA)

Domingos, W. de M., & Pereira, Y. V. (2022, Special Issue, June). Strategic changes and dynamic capacities in hotels marked by uncertainty. *Iberoamerican Journal of Strategic Management (IJSM)*, 21, p. 1-20, e20635. <https://doi.org/10.5585/riae.v21i2.20635>.

(ABNT – NBR 6023/2018)

DOMINGOS, Wendell de Moura; PEREIRA, Yákara Vasconcelos. Strategic changes and dynamic capacities in hotels marked by uncertainty. *Iberoamerican Journal of Strategic Management (IJSM)*, v. 21, Special Issue, p. 1-20, e20635. June 2022. <https://doi.org/10.5585/riae.v21i2.20635>.

Introduction

Market changes and the consequent increase in competition in the various industrial sectors, due to the revolution in consumer behavior, caused by the advent of technology, changed the dynamics of several sectors of the economy, with emphasis on tourism (Ampountolas, 2018; Verreyne, Williams & Ritchie, 2019). The advancement of the shared economy and the mitigation of barriers to entry this market, in addition to increasing competition, have also intensified competition between companies that have continued to offer hosting services without adapting to the new demands (Fang, Ye & Law, 2016; Lorde, Jacob & Weekes, 2019; Zervas, Proserpio & Byers, 2017).

The complexity in the tourism industry is still instigated by the territorial dispute of different economic activities (Jakus & Akhundjanov, 2019; Rocha Neto & Cravidão, 2015). The development of a region implies the need for constant dialogues between the most diverse sectors. A possible spatial increase, revealed by the dispute for territory between these activities, can contribute to ignoring certain industries in favor of others, depending on the economic and social aspects of the regions (Jakus & Akhundjanov, 2019).

In this environment, characterized by economic turbulence and unpredictable changes, organizations compete with the possibility of renewing and transforming their organizational capabilities, which becomes even more evident in companies inserted in dynamic markets (Nielsen, 2006; Teece, 2007; Teece, Pisano & Shuen, 1997). From these aspects it was identified that the south coast of Pernambuco, a tourist region with significant relevance for regional tourism, presents characteristics that configure the period from 2007 to 2019 as a time of economic transformations arising from the development of the Suape Industrial and Port Complex (CIPS) (Gumiero, 2018).

The complex is inserted between two municipalities with significant relevance for tourism in Brazil, which, taking into account the indicators developed by Butler (1980; 2009), are in different stages of development of tourism activity. Therefore, the objective of this investigation aims to analyze the existence of similarities and differences in strategic changes and dynamic capabilities between the hotels located in the Coastal Region of Cabo de Santo Agostinho and Porto de Galinhas, two regions at different stages of tourism development and marked by market uncertainties; Porto de Galinhas is part of 65 national tourism-inducing destinations (Brasil, 2013) and in the last year it has generated around R\$2 billion through tourism activity for the economy, according to data from the Convention and Visitors Bureau of Porto de Galinhas.

The study of dynamic capabilities in the hotel industry in this location is justified, mainly, for two reasons, firstly by the specificities of the area; and second, for its social importance in terms of job creation and economic growth (Jiang, Ritchie & Verreyne, 2019; Nieves, Quintana & Osorio, 2016). In addition to contributing to qualify the strategies adopted by companies in the sector and to understand the creation of competitive advantage (Costa & Pereira, 2020; Reyes-Santiago, Sánchez-Medina &

Díaz-Pichardo, 2019), since in complex and dynamic environments like these, competitive advantage tends to be temporal (Eisenhardt & Martin, 2000).

Theoretical foundation

The fundamental aspect of dynamic capabilities consists in adapting organizations in a timely manner in response to unpredictable environmental changes (Eisenhardt & Martin, 2000; Teece *et al.*, 1997; Zollo & Winter, 2002). It is important to note that the concept of adaptation from the perspective of dynamic capabilities refers to the adaptability of organizations in the face of complex and emerging markets, in order to create competitive advantage (Wang & Ahmed, 2007). The term should not be associated only with the modifications made by companies to simply survive the market, but also with the anticipated changes made in view of the observed environmental factors.

Likewise, the term dynamic, in this case, refers to the ability to renew competences, and thus adapt and integrate with the changing business environment (Teece *et al.*, 1997), factors that are ignored by the standard positioning of the market or by the industry analysis approach, but are central to this perspective (Teece, 2009). Thus, dynamic resources were proposed as a means of dealing with turbulent markets, helping managers to extend, modify and reconfigure existing resources so that they could correspond to these changes (Pavlou & Sawy, 2011; Teece, 2007).

The relationship between dynamic capabilities and strategic changes in organizations is a discussion that has already been consolidated in academia (Yi, He, Ndofor & Wei, 2015). In research conducted with Chinese companies, it was found that the interaction between these two constructs results in impacts on the speed at which transformations occur and on the performance of organizations (Yi *et al.*, 2015). The discussion has also been proposed from the individual's experiential perspective, in which dynamic capabilities correspond to a creative action that enables the discernment of aspects in transformation in the market and, from this perception, leads to the necessary strategic changes (Maclean, 2017).

Zhara and George (2002) address this aspect by stimulating the internal and external environments and highlight the need to reconfigure organizations to obtain a competitive advantage. The understanding of the company as a complex system that involves aspects related to the relationship with stakeholders (Porter, 2004) and the constant renewal of skills is closely related to the strategic changes developed (Fainshmidt, Wenger & Pezeshkan, 2019; Teece, 2018).

The recognition of patterns that emerge in the environment is essential to detect opportunities (Baron & Ensley, 2006; Lavandoski, Vargas-Sánchez, Pinto & Silva, 2018), but for an effective result to exist, the company must be able to adapt more quickly, making the necessary strategic adjustments for superior performance.

Methodology

For this investigation, the qualitative approach and the study of multiple cases were adopted. It is also a longitudinal study in retrospect, when obtaining and analyzing data from selected companies that occurred over the years.

For the selection of the studied cases, the CIPS coverage area formulated by the New Suape 2030 Master Plan was taken into account, which organizes the location around the enterprise in four areas, based on the economic interference of the complex in the regions. Thus, the area of direct influence 1, formed by the municipalities of Cabo de Santo Agostinho and Ipojuca, constitutes the section of greatest intervention.

After delimiting the locus of investigation, the mapping of hotels located in the Coastal Region of Cabo de Santo Agostinho and in the Region of Porto de Galinhas was carried out. The criterion of a minimum number of four cases was respected for each of the regions, to identify the variances of the applied actions (Eisenhardt, 1989; Voss, Tsikriktsis & Frohlich, 2002). The difference in the size of the developments was observed and hotels of different sizes were selected, so that the interferences of CIPS investment fluctuations could be analyzed from different perspectives. Table I shows the selected hotels.

Hotels A, B, C, and D belong to the Coastal Region of Cabo de Santo Agostinho, while hotels E, F, G, H and I are located in the Porto de Galinhas Region.

Table I

Presentation of the selected cases

Enterprises	Location	Founded in	Number of housing units
Hotel A	Coastal Region of Cabo de Santo Agostinho	2008	28
Hotel B	Coastal Region of Cabo de Santo Agostinho	2003	76
Hotel C	Coastal Region of Cabo de Santo Agostinho	1998	129
Hotel D	Coastal Region of Cabo de Santo Agostinho	2009	300
Hotel E	Porto de Galinhas Region	2000	204
Hotel F	Porto de Galinhas Region	2005	116
Hotel G	Porto de Galinhas Region	1988	208
Hotel H	Porto de Galinhas Region	2006	89
Hotel I	Porto de Galinhas Region	2006	715

Source: prepared by the author (2021).

With regard to the subjects chosen for this study, individuals' access to information that could contribute with relevant data for the identification of changes made by organizations was taken into account. Initially, the owners and members of the strategic summit were selected, with decision-making power and influence on the strategic change of hotels. Individuals who held management or leadership positions and who had significant importance in the process of organizational adaptability, in the period from 2007 to 2015, the period indicated with the greatest transformations, were invited to answer the interview script, even though they were already disconnected from their functions today. The person in charge of the tourism sector in one of the locations was also invited to provide information. At the end of the period designated for the interviews, a total of 14 social subjects were counted.

The data were obtained through the analysis of documents and semi-structured interviews. The crossing of information from these data collection strategies allows the triangulation of the material (Paiva Júnior, Leão & Mello, 2011). In the first moment, official documents were selected that could prove the fluctuations of investments in CIPS. For that, nine national reports and three state reports of the Growth Acceleration Program (PAC) were examined, from 2007 to 2015 - period of greatest economic, environmental and social transformation in the locus of this research -, in order to identify the specific period in which the investment fluctuations occurred. The database of the General Register of Employed and Unemployed (CAGED) was also used, as well as studies dealing with the investments made in CIPS's Direct Influence Area 1, during this period.

The analysis technique used to process this information is the content analysis of Bardin (2011). Based on the assumption that the analyst may be inserted in specific social, political and economic contexts, the set of methodological techniques that apply to the objectivity in the analysis of communications proposed by Bardin (2011) was used as a guarantee of impartiality and eliminating the bias of the researcher.

Analysis of results

In order to facilitate understanding and provide evidence to meet the objective of analyzing the existence of similarities and differences in strategic changes and dynamic capabilities between hotels located in the Coastal Region of Cabo de Santo Agostinho and in the Region of Porto de Galinhas, the presentation of results is divided into three parts. In the first two moments, the analysis of similarities and differences identified in the strategic changes and dynamic capabilities among the organizations of each region are listed. Subsequently, the similarities and disparities between the enterprises in the two regions are discussed.

In order to contribute to assimilation about the contexts that influenced the process of implementing strategic changes and their relationship with dynamic capabilities, it is necessary to list the regions' tourism conditions. Although both locations have developed from the sugarcane culture, they have had different processes of insertion in the tourism industry.

Cabo de Santo Agostinho was initially characterized, still in the 1980s, as a second home destination for Pernambuco families. The summer houses destined for the holiday season were responsible for the occupation on the municipality's coast. The region was markedly associated with the popular public and its means of accommodation were initially presented with simpler structures than the conventional (Silva, 2007).

At the end of the 1990s, hotels with more adequate structures for leisure were installed, and the hotel industry became part of the region's economy. However, the city still lacks infrastructure to support tourism, such as bars and restaurants. Despite the incentives to enhance the city's historical, cultural and natural heritage, tourism “has always been a promise” (Interviewee 9). The “lack of cooperation” (Interviews 1; 7; 8) between the ventures still affects the development of strategies that can strengthen the region as a tourist destination.

On the other hand, Ipojuca, in the early 1990s, found tourism as an important source of financial revenue and local development. The cooperation system adopted by the destination of Porto de Galinhas, through associations, allowed its growth. The Porto de Galinhas Hotels Association itself emerged in 1992, as a result of the union of four hotel entrepreneurs, due to a crisis faced by the destination with the cholera outbreak that caused the decrease in the number of tourists. Since then, a public-private partnership has been formalized with the aim of “boosting the visibility of the destination” (Panrotas, 2012). Currently the municipality demonstrates national relevance and is included in the list of regional tourism inducing destinations. Thus, the significance of the cooperation strategy as a driver of the tourist destination is evident.

From the scenarios presented and taking into account the Life Cycle of Tourist Areas (Butler, 1980, 2009), the Porto de Galinhas Region can be categorized as a consolidated tourist area, since the local economy is markedly associated to tourism (Rocha Neto & Cravidão, 2015). Cabo de Santo Agostinho, on the other hand, has been in a process of development for some time, since it is observed that the destination, despite presenting accommodation equipment, has only recently started to develop landscape changes in order to promote tourism in the region (Interviewee 14).

Having listed the aspects related to tourism development in the two regions, the discussion starts to address the similarities and differences in the strategic changes and dynamic capabilities by region. To help represent the results, ATLAS.ti networks are presented with the interviewees' reports.

The strategic changes implemented by the hotels located in the Coastal Region of Cabo de Santo Agostinho and the dynamic capabilities that provide the basis for these modifications are presented in Table II. Initially, the analysis related to the moment of CIPS expansion are presented, and later the information regarding the stage of slowdown in investments in the port complex is analyzed.

It is observed that the organizations investigated in this region made strategic adjustments in order to take advantage of the opportunities. Jiang, Ritchie and Verreyne (2019), in a study that investigates organizational resilience, point out that even though these establishments, especially smaller ones, have limited financial resources, strategic planning and experience, they have the potential for

adaptive flexibility due to having a simple organizational structure and acting in specific market niches, like tourism.

Table II

Relationship between strategic changes and dynamic capabilities of hotels located in the Coastal Region of Cabo de Santo Agostinho (expansion of CIPS)

Hotels	Strategic Changes (SC)	Dynamic Capabilities (DCs)	Relationship between SC and DCs (microfoundations)
A	Focus	Renewal capability	Reconfiguration of resources to suit the external environment
B	Diversification	Qualification capability	Developing employee loyalty and commitment
		Renewal capability	Processes of identifying target market segments and changes in customer needs; Reconfiguration of resources to suit the external environment
	Focus	Qualification capability	Creating employee loyalty and commitment
		Renewal capability	Processes of identifying target market segments, changes in customer needs and innovation; Reconfiguration of resources to suit the external environment
C	Focus	Qualification capability	Creating employee loyalty and commitment
		Renewal capability	Processes of identifying target market segments, changes in customer needs and innovation; Reconfiguration of resources to suit the external environment
D	Differentiation	Capability to manage threats and mitigate risks	Decision-making protocols; Knowledge management
		Qualification capability	Creating employee loyalty and commitment
	Focus	Qualification capability	Creating employee loyalty and commitment
		Renewal capability	Processes to identifying target market segments, changes in customer needs and innovation; Reconfiguration of resources to adapt to the external environment; Decentralized decision making

Source: Prepared by the author (2021).

Regarding the change in focus, it can be seen that all the enterprises in the region have implemented it. However, it is worth mentioning that Hotel D was the only one to present the micro-foundation of decentralized decision-making. This aspect is able to assist the development of dynamic capabilities and provides sustainable competitive advantage (Teece, 2007; Costa & Pereira, 2020).

Interviewee 11 associates the decentralization of Hotel D with the environmental specifications experienced in the region during this period, as can be seen in the excerpt: “[...] I think these less rigid processes for making decisions happened because this issue with Porto (CIPS) only happened here”. These data corroborates Teece (2007), who emphasizes decentralization as a requirement for obtaining competitive advantage, as it guarantees companies flexibility and approximation between managers and clients.

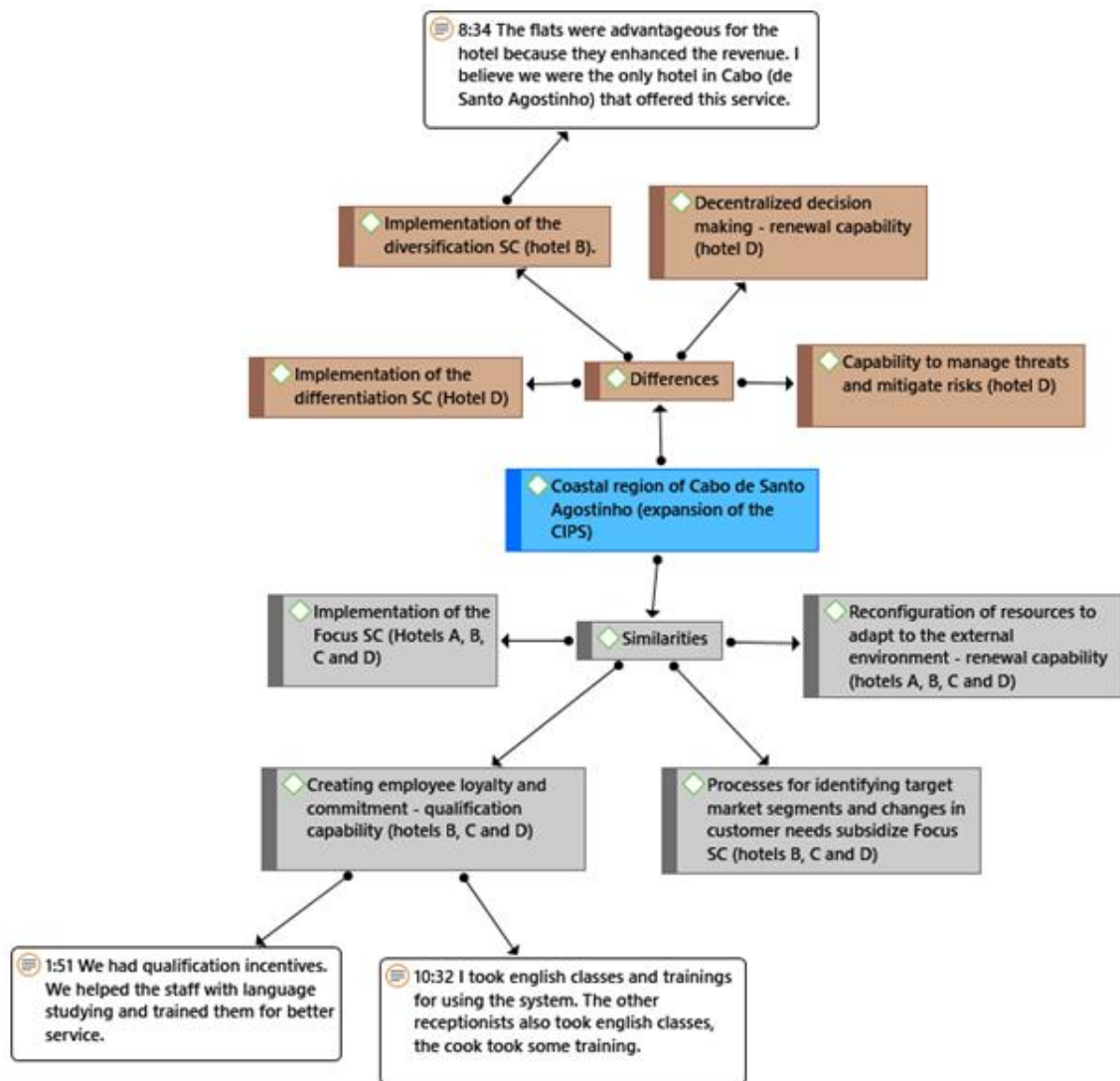
Hotels B, C and D had a strategic change (SC) of Focus based on the same qualification and renewal capabilities. The qualification capability, whose aspects related to the micro-fundament - whose principle is to create employee loyalty and commitment (Costa & Pereira, 2020) - demonstrated a significant relationship with all the presented changes. However, even though the interviewees mentioned problems related to staff retention, Hotel A did not present any evidence to demonstrate incentives for qualification and training or proposals that add value and increase the commitment of its employees.

The only organization to implement the change in differentiation in this region was Hotel D. This modification is based on the ability to manage threats and mitigate risks, and the renewal capability. Only this enterprise demonstrated the adoption of protocols for decision making and knowledge management, micro-foundations of the ability to manage threats and mitigate risks (Costa & Pereira, 2020).

The processes to identify target market segments and changes in customer needs, which is related to renewal capability, support all changes. These processes demonstrate importance to organizations in identifying new opportunities in the market (Baron & Ensley, 2006; Lavandoski *et al.*, 2018).

Figure I

Similarities and differences in strategic changes and dynamic capabilities of hotels located in the Coastal Region of Cabo de Santo Agostinho (CIPS expansion)



Source: Prepared by the author with ATLAS.ti (2021).

At the moment when CIPS investments decelerated (after 2014), it was observed that companies in the region, with the exception of Hotel D, identified the need to redirect the target audience. During the years of CIPS expansion, these companies were dedicated almost exclusively to developing customers and meeting the demand of the port complex. This structural characteristic led to the development of actions without taking into account the future conditions of the region's hotel industry (Porter, 2004).

Interviewee 14 talks about the economic situation in which she found the hotels when she started working in the municipality of Cabo de Santo Agostinho in 2017, three years after the beginning of the second moment in the region:

They (the hotels) told me that with Porto (CIPS), they went through a period of heyday that lasted for a long time. Because they directed the focus to meet the demand of companies, industries in Porto (CIPS). But this did not last long and directly affected leisure tourism. [...] It was a set of shortcomings in leisure tourism, both from the state government and the municipal government, because what I saw was about eleven years without investments in tourism in Cabo (de Santo Agostinho), since the focus was entirely on Suape Port and commerce. [...] After this heyday of Porto (CIPS), many enterprises lost contracts with companies, suffered default and broke. Many establishments suffered many losses because they were completely damaged by the leases.

Other interviewees also describe that moment in the region and present information related to the content of the discussions at meetings between members of the Cabo de Santo Agostinho Hotel Association. It is observed in these interviews that the establishments demonstrate detection capability, and, although they bring relevant information that demonstrate this capability, they don't seem to have developed the apprehension capability to react to this new market transformation (Teece, 2007).

The need that these organizations had to develop new adjustments, in order to redirect the target audience so they could continue to perform their activities is also reinforced by Interviewee 14 (see Figure II). Hotel A, the only one that did not show the qualification capability in the expansion phase of CIPS and the smallest organization investigated, although Interviewee 9 identified needs for adjustments, did not list evidence of change or development of dynamic capabilities and had its activities terminated in 2018. Hotels B and C redirected efforts to resume and develop new customer demand (see Table III).

Table III

Relationship between strategic changes and dynamic capabilities of hotels located in the Coastal Region of Cabo de Santo Agostinho (deceleration of CIPS)

Hotels	Strategic Changes (SC)	Capabilities (DC)	Relationship between SD and DC (microfoundations)
A	Absent	Absent	Absent
B	Focus	Learning capability	Organizational knowledge management
		Capability of getting rid of inefficient resources	Cessation of inefficient resources
C	Focus	Learning capability	Organizational knowledge management
D	Focus	Absent	Absent

Source: prepared by the author (2021).

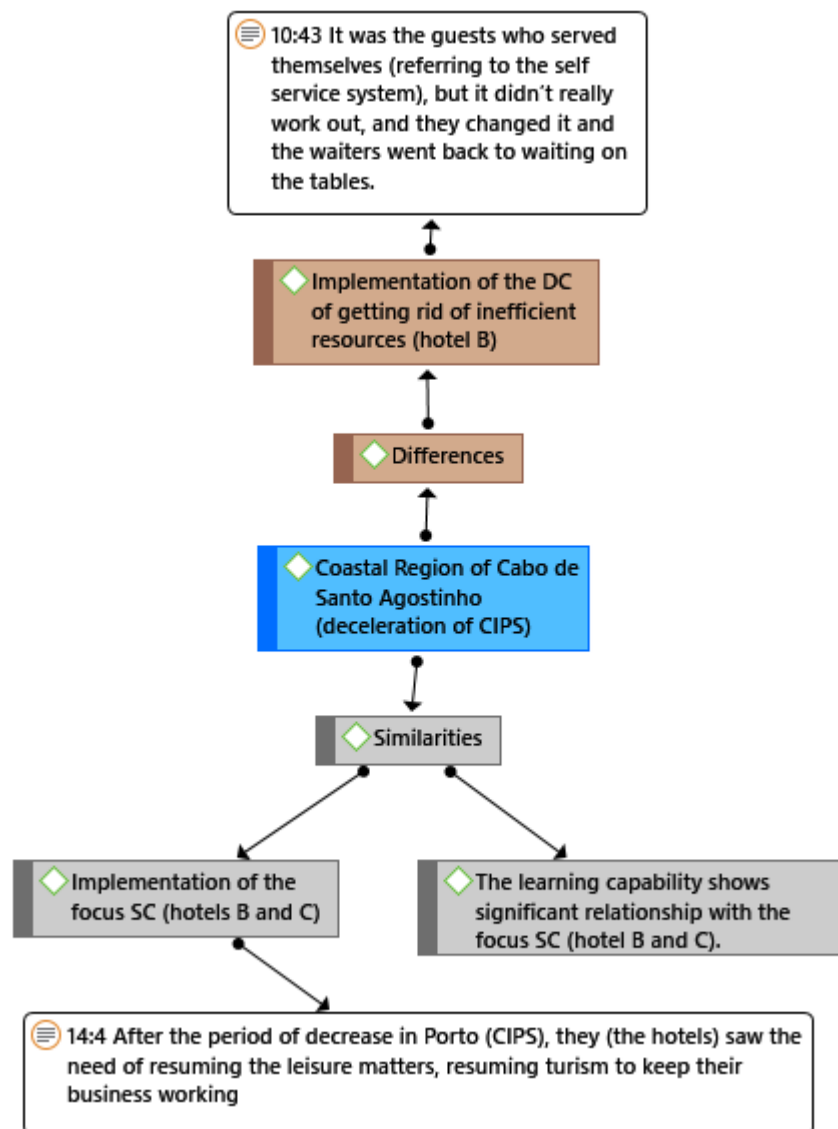
The learning capability, through the micro-foundation of organizational knowledge management (see Figure II), demonstrates a significant relationship with the change in focus in this second moment. Zollo and Winter (2002) emphasize that organizational learning facilitates the development of dynamic capabilities. However, in order to remain competitive in the hospitality market, respondents from organizations B and C who remain in companies today, demonstrated how these ventures adopted processes to develop and manage new knowledge (Nieves *et al.*, 2016).

Hotel B, which in the first moment had adopted a new business design, changing the way the service was offered by the organization, in this new phase, presented adaptive flexibility when exploring

new knowledge and resources in order to obtain competitive advantage. Insofar as these modifications did not represent sources for superior performance, they used to be discarded without major losses (Krupskiy & Grynko; 2018). This organization was the only one to demonstrate the capability to get rid of inefficient resources (see Figure II).

Figure II

Similarities and differences in strategic changes and dynamic capabilities of hotels located in the Coastal Region of Cabo de Santo Agostinho (deceleration of CIPS)



Source: Prepared by the author with ATLAS.ti (2021).

It is observed that, in the first moment, the organizations inserted in the Coastal Region of Cabo de Santo Agostinho were reactive, implementing strategic changes and developing dynamic capabilities in order to take advantage of the opportunities that the transformations in the business environment provided (Reyes-Santiago *et al.*, 2019). In the second moment, only the companies that demanded

greater efforts in adapting to meet only the specific demands of CIPS and redirected the target audience in the CIPS expansion phase showed the need to review their strategic orientation to adapt to the new environment in the second moment.

The hotels in the Porto de Galinhas Region present the strategic changes of Differentiation (hotel E) and Focus (hotels F, G and I). Among the companies selected for this study, in this location, the only one that does not show evidence of adjustments related to strategic orientation or the development of dynamic capabilities that could provide competitive advantage was organization H (see Table IV), a fact that can be justified by the little time spent by respondents in this organization. Thus, it is recognized that this company may have developed some type of dynamic capability or implemented some change, however, the evidence obtained based on the responses of the subjects interviewed by this study is not sufficient for identification. It is also worth noting that this area did not show any strategic changes when the investment in CIPS slowed (after 2014). Afterwards we discuss aspects that may have justified the absence of changes in the second moment.

Table IV

Relationship between strategic changes and dynamic capabilities of hotels located in the Porto de Galinhas Region (expansion of CIPS)

Hotels	Strategic Changes (SC)	Capabilities (DC)	Relationship between SC and DC (microfoundations)
E	Differentiation	Capability to manage threats and mitigate risks	Knowledge management
		Qualification capability	Creating employee loyalty and commitment
		Tourism capability	Generation of personalized service to tourists; Location close to strategic points
F	Focus	Qualification capability	Creating employee loyalty and commitment
		Renewal capability	Reconfiguration of resources to fit the external environment
G	Focus	Qualification capability	Creating employee loyalty and commitment
		Renewal capability	Reconfiguration of resources to fit the external environment
H	Absent	Absent	Absent
I	Focus	Qualification capability	Creating employee loyalty and commitment
		Renewal capability	Reconfiguration of resources to fit the external environment

Source: prepared by the author (2021).

Hotel E was the only one in that region to implement the strategic change of differentiation. This establishment identified the expansion of CIPS as a threat, as reported by Interviewee 2 at various times during the interview. The hotel, which had its operations established since the early 2000s through

knowledge management, deepening the capability to manage threats and mitigate risks, identified the opportunity to differentiate itself and continue to invest in tourism, more specifically in the leisure segment, as the main operating market. It can be seen that Interviewee 2 was hired by the organization in 2008, the beginning of PAC 1 investments, as a reinforcement for the hotel's sports and leisure team. This fact denotes the proactive behavior of the organization's leaders, anticipating environmental changes and possible threats (Nieves *et al.*, 2016; Teece, 2007). The excerpt from Interviewee 2 well represents this aspect: “I was there during the reef implosion, and it changed the landscape. The beach has always been beautiful there in front of the hotel. But soon we started to notice traces of oil on the beach, and that already showed that Porto (CIPS) would not be a good thing”.

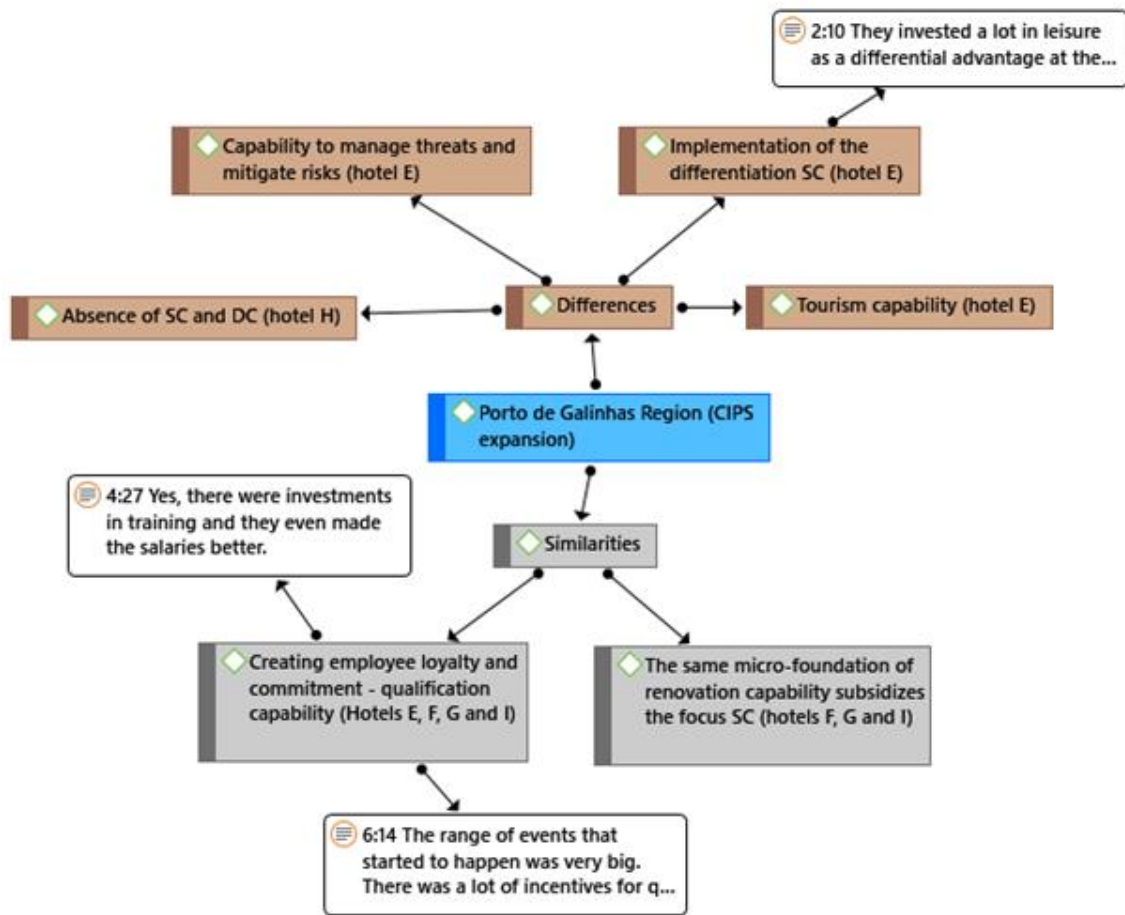
The strategic location of the E enterprise, as well as the generation of personalized service to tourists, micro-foundations of the tourism capability, also influenced the strategic orientation by differentiation, in order to add value and provide exclusivity to customers (Porter, 2004). As well as the change in differentiation and the capability to manage threats and mitigate risks, tourism capability was also developed only at Hotel E (see Figure III).

Qualification and renewal capabilities showed a significant relationship with the change in focus. This fact can be justified by the need for specific training that was provided by the establishments in order to prepare the team to meet the new demand. The respondents reported actions aimed at professional development and wage increases, adopted as criteria for creating employee loyalty and commitment (Costa & Pereira, 2020). During differentiation change, these trainings didn't have the purpose of meeting the new demand, but of increasing the standard of the service offered to their customers.

Unlike Hotel E, which demonstrates a proactive character in the development of strategic change, other ventures, except H, where adjustments were not identified, were reactive. Although the organizations did not anticipate the changes in the market, they revealed flexibility to reconfigure their strategic resources and thus readjust to the changes presented by the environment in a timely manner to acquire competitive advantage (Teece *et al.*, 1997; Teece, 2018).

Figure III

Strategic changes and dynamic capabilities of hotels located in the Porto de Galinhas Region (CIPS expansion)



Source: prepared by the author with ATLAS.ti (2021).

It is observed that, in the Porto de Galinhas Region, the hotels that carried out the change of focus (hotels F, G and I) did so without dedicating efforts to exclusively meet the demands of CIPS, and this change was based on the qualification and renewal capabilities (Costa & Pereira, 2020).

The exclusivity of the capability to manage threats and mitigate risks and the tourism capability present in Hotel E tends to provide it with a competitive advantage, since, in this specific context, it represented capabilities endogenous to its organization that were not developed by its competitors, who, at that time, were focused on adapting services to meet the emerging demand (Eisendhardt & Martin, 2000; Teece, 2007).

One of the most relevant identified aspects was the absence of strategic changes and dynamic capabilities in hotels when the investment in CIPS slowed, which reveals that the enterprises that developed the change in focus and started to serve the new target audience, although have adopted a reactive conduct, did not present a development problem based on convenience mentioned by Porter (2004).

From this moment on, the similarities and differences identified between the organizations of the two locations are presented. The economic changes that occurred at CIPS during the years 2007 to 2015 influenced the market dynamics in the region (Gumiero, 2018; Rocha Neto & Cravidão, 2015). These changes in the business environment drove the emergence of jobs in the transformation and civil construction industries, as can be seen in the CAGED database (2019), a fact that justifies the development of the qualification capacity by most of the investigated hotels (see Figure IV). The micro-foundation of the creation of employee loyalty and commitment underlies the strategic changes implemented.

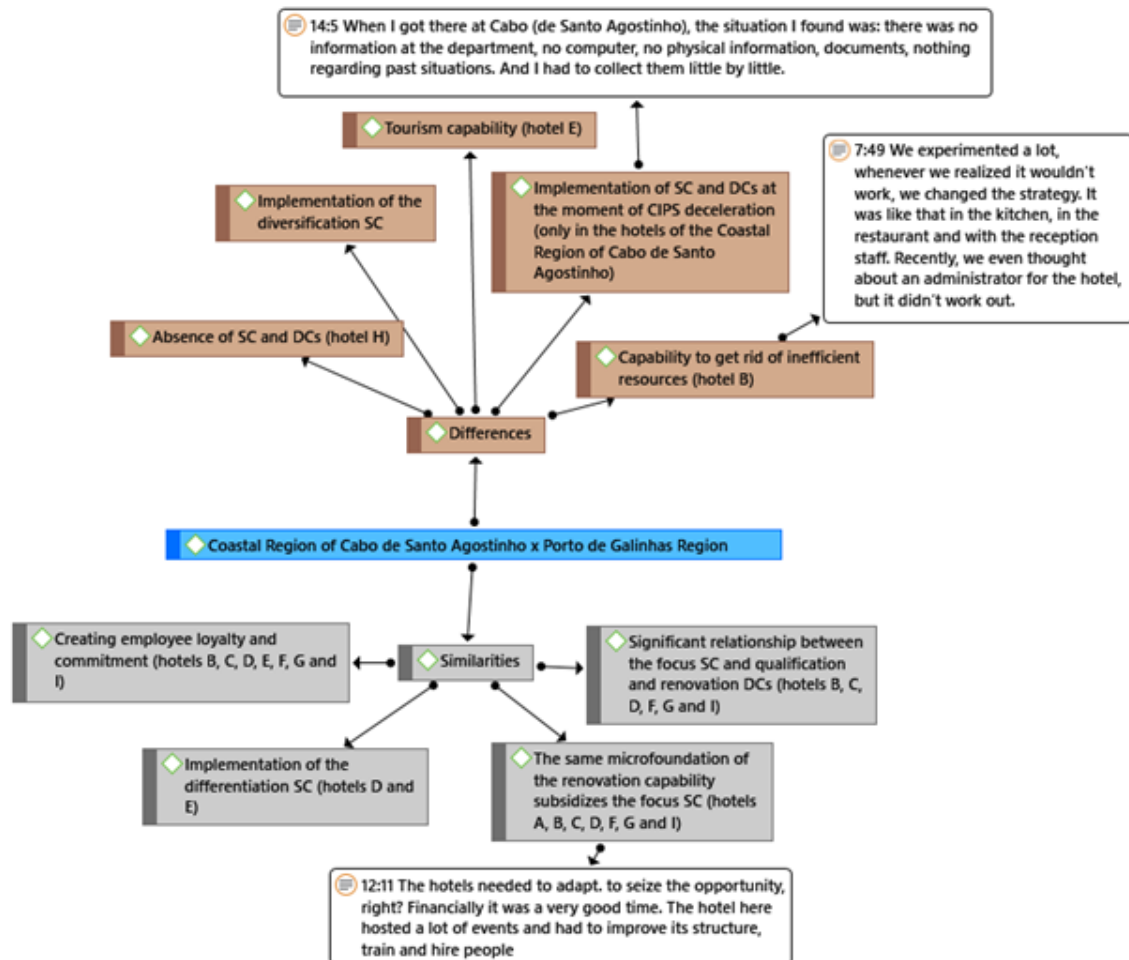
In order to meet the new specific demand, differentiate itself from competitors or even diversify operations, the qualification capability, most commonly associated with the service sector (Costa & Pereira, 2020), proved to be necessary for organizations seeking competitive advantage. Teece (2007) deals with the need to align incentives for qualification and training with the organization's strategic objectives, which seem to have been adequate with the strategic guidelines presented by organizations.

Regarding the strategic orientation of differentiation, hotels E and F, inserted in different regions, implemented the adjustment with different and antagonistic objectives. Hotel E, a well-established organization in the Coastal Region of Cabo de Santo Agostinho, opted for differentiation in order to offer a high standard service to CIPS "most demanding" executive public. Hotel F, on the other hand, reinforced its position in the leisure segment.

The renewal capability proved to be important for organizations in both regions. Faced with environmental changes, companies needed to react (Zhara & George, 2002). Through reconfiguration of resources, the organizations adapted in a timely manner to meet the new demand (Reyes-Santiago *et al.*, 2019) and implemented the strategic change of focus.

Figure IV

Similarities and differences between strategic changes and dynamic capabilities of hotels located in the Porto de Galinhas Region and the Cabo de Santo Agostinho Coastal Region



Source: Prepared by the author with ATLAS.ti (2021).

The companies in the Porto de Galinhas Region that carried out the change in focus did so without redirecting their target audience. In the Coastal Region of Cabo, the only hotel that implemented the change in this way was D, while the other organizations in this area redirected the target audience. This situation can be justified by the level of development of the enterprises (Teece, 2007).

As for the differences identified in the two regions, the most significant one is related to the fact that only the hotels located in the Coastal Region of Cabo de Santo Agostinho present the need for strategic changes with the slowdown of the CIPS. This fact may be associated with the stage of development of tourism activity in both locations. The Region of Porto de Galinhas, taking into account the Life Cycle of Tourist Areas of Butler (1980) is in the consolidation phase, which provides tourism with economic importance. As a result, the more established hotels were not dependent on the demand from the complex.

In contrast, the Coastal Region of Cabo de Santo Agostinho is currently only at the beginning of the development phase of the tourism activity (Butler, 1980), according to information provided by Interviewee 14. In the subsection that deals with the strategic changes implemented by organizations, it should be noted that hotels in this region have developed strategies to obtain competitive advantage based on convenience (Porter, 2004). In this respect, organizations located in the Coastal Region of Cabo de Santo Agostinho have a disadvantage, since, despite having developed dynamic capabilities, they did not anticipate the transformations announced with the CIPS slowdown (Fainshmidt *et al.*, 2019).

Conclusions and final considerations

This investigation has the purpose of analyzing the existence of similarities and differences in the strategic changes and dynamic capabilities between the hotels located in the Coastal Region of Cabo de Santo Agostinho and in the Region of Porto de Galinhas. The results show a different performance among organizations depending on their region of insertion. The implementation of strategic adjustments and the development of dynamic capabilities demonstrates similarities when related to the companies' reactions to external influences.

Even though they were under similar external conditions, the history and the learning capability of the enterprises show significant importance in periods of turbulence. Issues involving standards and routines for decision making and building an appropriate future scenario were also representative for the competitive advantage and survival of organizations.

One of the most significant evidence of this study, which corroborates the theoretical approach of the areas of Strategic Administration and Tourism, consists in the identification of the cooperation strategy between the players as a driver of tourist destinations. It is observed that the consolidation of tourism in the Porto de Galinhas Region has a significant relationship with the association of hospitality organizations. The companies located in the Coastal Region of Cabo de Santo Agostinho do not show the same interaction, and the destination consequently presents obstacles to the effective development of the activity.

With regard to business performance in more competitive scenarios and with unexpected challenges, enterprises need to develop integration skills, environmental sensing and flexibility to adapt in a timely manner to the changes and new demands. For this, it is expected that proactive conducts are adopted for the development of prescriptive strategies that take into account, from the first moment, the possibility of unforeseen occurrences. This investigation shows that the discussion about the development of the port complex and its interference in the region's economy dates back to the 1960s, gaining strength with the resumption of investments from PAC 1 (2007-2010). Even so, the hotels did not adopt actions that would ensure the management of a possible crisis in tourism.

For future studies it is suggested that efforts should be made for comparability in relation to the development of dynamic capabilities and the implementation of strategic changes in organizations inserted under the same external conditions, but which present divergent results.

References

- Ampountolas, A. (2018). Forecasting Hotel Demand Uncertainty Using Time Series Bayesian VAR Models. *Tourism Economics*, 25:5, 734–756. <https://doi.org/10.1177/1354816618801741>
- Bardin, L. (2011). *Análise de Conteúdo* Ed. Revista e Ampliada. São Paulo: Edições 70 Brasil.
- Baron, R. A. & Ensley, M. D. (2006). Opportunity Recognition as the Detection of Meaningful Patterns: Evidence from comparisons of novice and experienced entrepreneurs. *Management Science*, 52: 9, 1331–1344. <https://www.jstor.org/stable/20110608>
- Butler, R. W. (1980). The Concept of a Tourist Area Cycle of Evolution: Implications for management of resources. *Canadian Geographer/Le Géographe Canadien*, 24:1, 5–12. <https://doi.org/10.1111/j.1541-0064.1980.tb00970.x>
- Butler, R. W. (2009). Tourism in the Future: Cycles, waves or wheels? *Futures*, 41:6, 346–352. <https://doi.org/10.1016/j.futures.2008.11.002>
- Costa, J. H. P. & Pereira, Y. V. (2020). The Dynamic Capabilities of AccorHotels in Brazil. *Journal of Hospitality and Tourism Insights*, 3:2, 253–269. <https://doi.org/10.1108/JHTI-03-2019-0034>
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy Management Review*, 14:4, 532–550. <https://doi.org/10.2307/258557>
- Eisenhardt, K. M. & Martin, J. A. (2000). Dynamic Capabilities: what are they? *Strategic Management Journal*, 21:10-11, 1105–1121. <https://www.jstor.org/stable/3094429>
- Fainshmidt, S., Wenger, L., Pezeshkan, A. & Mallon, M.R. (2019). When do Dynamic Capabilities Lead to Competitive Advantage? The importance of strategic fit. *Journal of Management Studies*, 56:4, 758–787. <https://doi.org/10.1111/joms.12415>
- Fang, B., Ye, Q. & Law, R. (2016). Effect of Sharing Economy on Tourism Industry Employment. *Annals of Tourism Research*, 57, 264–267. <https://doi.org/10.1016/j.annals.2015.11.018>
- Gumiero, R. G. (2018). A Concepção de Desenvolvimento nos Quatro Momentos de Implementação do Complexo Industrial Portuário de Suape (1955 a 2015). *Revista Brasileira de Estudos Urbanos e Regionais*, 20:1, 32–50. <https://doi.org/10.22296/2317-1529.2018v20n1p32>
- Jakus, P. M. & Akhundjanov, S. B. (2019). The Antiquities Act, National Monuments, and the Regional Economy. *Journal of Environmental Economics and Management*, 95, 102–117. <https://doi.org/10.1016/j.jeem.2019.03.004>
- Jiang, Y., Ritchie, B. W. & Verreynne, M-L. (2019). Building Tourism Organizational Resilience to Crises and Disasters: A dynamic capabilities view. *International Journal of Tourism Research*, 21:6, 882–900. <https://doi.org/10.1002/jtr.2312>
- Krupskiy, O. P. & Grynko, T. (2018). Role of Cognitive Style of a Manager in the Development of Tourism Companies Dynamic Capabilities. *Tourism and Hospitality Management*, 24:1, 1–21. <https://doi.org/10.20867/thm.24.1.5>

- Lavandoski, J., Vargas-Sánchez, A., Pinto, P. & Silva, J. A. (2016). Causes and Effects of Wine Tourism Development in Organizational Context: The case of Alentejo, Portugal. *Tourism and Hospitality Research*, 18:1, 107–122. <https://doi.org/10.1177/1467358416634159>
- Lorde, T., Jacob, J. & Weekes, Q. (2019). Price-Setting Behavior in a Tourism Sharing Economy Accommodation Market: a hedonic price analysis of Airbnb hosts in the Caribbean. *Tourism Management Perspectives*, 30, 251–261. <https://doi.org/10.1016/j.tmp.2019.03.006>
- Maclean, D. (2017). Dynamic Capabilities, Creative Action, and Poetics. *Revista de Administração de Empresas*, 57:03, 264–272. <https://doi.org/10.1590/S0034-759020170307>
- Nielsen, A. P. (2006). Understanding Dynamic Capabilities Through Knowledge Management. *Journal of Knowledge Management*, 10:4, 59–71. <https://doi.org/10.1108/13673270610679363>
- Nieves, J., Quintana, A. & Osorio, J. (2016). Organizational Knowledge, Dynamic Capabilities and Innovation in the Hotel Industry. *Tourism and Hospitality Research*, 16:2, 158–171. <https://doi.org/10.1177/1467358415600208>
- Paiva Júnior, F. G.; Leão, A.L.S. & Mello, S.C.B. (2011). Validade e Confiabilidade na Pesquisa Qualitativa em Administração. *Revista de Ciências da Administração*, 13:31, 190–209. <https://doi.org/10.5007/2175-8077.2011v13n31p190>
- Panrotas. *Associação de Hotéis de Porto de Galinhas faz 20 anos*. (2012, March 29). https://www.panrotas.com.br/noticia-turismo/hotelaria/2012/03/associacao-de-hoteis-de-porto-de-galinhas-faz-20-anos_76933.html
- Pavlou, P. A. & El Sawy, O. A. (2011). Understanding the Elusive Black Box of Dynamic Capabilities. *Decision Sciences*, 42:1, 239–273. <https://doi.org/10.1111/j.1540-5915.2010.00287.x>
- Porter, M. E. (2004). *Estratégia Competitiva: Técnicas para análise de indústrias e da concorrência*. Rio de Janeiro: Elsevier.
- Reyes-Santiago, M. R., Sánchez-Medina, P.S. & Díaz-Pichardo, R.D. (2019). The Influence of Environmental Dynamic Capabilities on Organizational and Environmental Performance of Hotels: evidence from Mexico. *Journal of Cleaner Production*, 227, 414–423. <https://doi.org/10.1016/j.jclepro.2019.04.245>
- Rocha Neto, J. M. & Cravidão, F. D. (2015). As Disputas Territoriais entre Distintas Atividades Econômicas: o processo de “desturistificação” de Porto de Galinhas frente ao Complexo Portuário de Suape/PE. *PASOS Revista de Turismo y Patrimonio Cultural*, 13:1, 113–130. <http://dx.doi.org/10.25145/j.pasos.2015.13.008>
- Silva, L. B. (2007). *Conflitos Socioambientais na Praia de Gaibu: a influência do turismo na apropriação do espaço e seus efeitos na luta pela efetivação dos direitos sociais*, Dissertação de mestrado em Serviço Social não publicada – Centro de Ciências Sociais Aplicadas, Universidade Federal de Pernambuco, Recife.
- Teece, D. J., Pisano, G. & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal*, 18:7, 509–533. <https://www.jstor.org/stable/3088148>
- Teece, D. J. (2007). Explicating Dynamic Capabilities: the nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28:13, 1319–1350. <https://doi.org/10.1002/smj.640>

- Teece, D. J. (2009). *Dynamic Capabilities and Strategic Management*. New York: Oxford University Press.
- Teece, D. J. (2018). Business Models and Dynamic Capabilities. *Long Range Planning*, 51:1, 40–49. <https://doi.org/10.1016/j.lrp.2017.06.007>
- Verreyne, M.-L., Williams, A.M., Ritchie, B.W., Gronum, S. & Betts, K.S. (2019). Innovation Diversity and Uncertainty in Small and Medium Sized Tourism Firms. *Tourism Management*, 72, 257–269. <https://doi.org/10.1016/j.tourman.2018.11.019>
- Voss, C., Tsiriktsis, N. & Frohlich, M. (2002). Case Research in Operations and Management. *International Journal of Operations e Production Management*, 22:2, 195–219. <https://doi.org/10.1108/01443570210414329>
- Wang, C. L. & Ahmed, P. K. (2007). Dynamic Capabilities: a review and research agenda. *International Journal of Management Reviews*, 9:1, 31–51. <https://doi.org/10.1111/j.1468-2370.2007.00201.x>
- Yi, Y., He, X., Ndofor, H. & Wei, Z. (2015). Dynamic Capabilities and the Speed of Strategic Change: evidence from China. *IEEE Transactions on Engineering Management*, 62:1, 18–28. <https://doi.org/10.1109/TEM.2014.2365524>
- Zahra, S. A. & George, G. (2002). Absorptive Capacity: A review, reconceptualization, and extension. *Academy of Management Review*, 27:2, 185–203. <https://doi.org/10.2307/4134351>
- Zervas, G., Proserpio, D. & Byers, J. W. (2017). The Rise of the Sharing Economy: estimating the impact of Airbnb on the hotel industry. *Journal of Marketing Research*, 54:5, 687-705. <https://doi.org/10.1509/jmr.15.0204>
- Zollo, M. & Winter, S. G. (2002). Deliberate learning and the evolution of dynamic capabilities. *Organization Science*, 13:3, 339–351. <https://www.jstor.org/stable/3086025>